



Manager  
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Date  
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Capital is at risk.  
Please read full risk  
warning at the end  
of this document.

Monthly Commentary: November 2024

## Multi-Cap Growth

- ▶ Portfolio of exceptional, primarily UK companies selected from across the market cap spectrum
- ▶ Companies must have a sustainable competitive advantage and growth underpinned by one or more long-term structural trends
- ▶ They must also demonstrate resilient earnings growth and an attractive valuation

### Performance

During October, the fund's 'P' class units fell 0.3%, while the FTSE 100 fell 1.5%, the FTSE 250 fell 2.9% and the FTSE SmallCap (ex-IT) fell 1.0%.

Ten-year Gilt yields rose from 4.1% to 4.5%, as investors anticipated a fiscally expansive UK Budget, which is what Chancellor Rachel Reeves delivered. Deferred debt targets and tax-and-spend policies are likely to lead to higher short-term growth and inflation, which potentially means less room for interest rate cuts.

Online reviews platform **Trustpilot** was the fund's largest riser during the month, as investors warm to positive trading updates and understand the multi-year rollout potential of the company's products in North America. Building materials company **CRH plc** was also a riser, on limited notable news flow, as US investors see the valuation arbitrage opportunity versus smaller competitors. Both companies continue to buy back stock with excess capital. Internet infrastructure software company **Cloudflare** rose after announcing another high-profile appointment to its management team, increasing confidence in the ability of the business to invest and scale up. Packaging company **Smurfit WestRock plc** impressed as Q3 results highlighted confidence in pricing trends and synergies from its recent merger. **Smurfit** trades on a forward price-to-earnings multiple of about 10x, which is significantly below competitor valuations. We expect this discount to close as the new US investor base sees further positive progress.

Disappointing performers included small-cap semi-conductor manufacturer **IQE**, which fell as its CEO departed. Fortunately, an experienced Chairman and CFO are stepping in for the short term, until a suitable replacement can be found. Shares in oil and gas services business **Hunting plc** fell after a minor downgrade to expectations. This was due to lower gas prices in North America affecting demand for the company's onshore engineering division. Aerospace and defence components manufacturer **Senior plc** also disappointed, as it announced that strikes at Boeing would lead to delays in orders for several months. However, the order book is still growing, and we see the setback as a temporary one.

### Portfolio activity

Stock turnover remained low during the month. We made small additions to existing holdings in **Senior plc**, **JD Sports** and **Rentokil Initial**. We marginally reduced existing holdings in **IQE**, which has continued to disappoint, and **Volusion Group** and **JTC**, both of which have performed well of late.

Data source:  
Morningstar,  
Canaccord, FTSE  
[www.ftserussell.com/  
legal/legal-disclaimer](http://www.ftserussell.com/legal/legal-disclaimer)

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## Investment outlook

After the month end, US voters elected Donald Trump as president-elect. Pro-growth Republican policies, including lower tax and reduced regulation, should be positive for business. The dollar has strengthened and companies with North American and international earnings have rallied, which fits well with our fund's strategy. With the twin headwinds of the UK Budget and the US election now behind us, business leaders have a more stable environment in which to make decisions and invest with confidence in their companies.

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## Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. Our funds invest for the long-term and may not be appropriate for investors who plan to take money out within five years. The Fund will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Fund will be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions. The Fund invests mainly in the UK therefore investments will be vulnerable to sentiment in that market which may strongly affect the value of the Fund. In certain market conditions some assets may be less predicatable than usual. This may make it harder to sell at a desired price and/or in a timely manner. In extreme market conditions redemptions in the underlying funds or the Fund itself may be deferred or suspended.

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Copies of the Prospectus and Key Investor Information Documents are available from [www.ifslfunds.com](http://www.ifslfunds.com) or can be requested as a paper

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