
A STOCKPICKING MONTH

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LF Canlife UK Equity Fund Update

Trade war rhetoric dominated the headlines, but fortunately had little impact on the UK market, with investors remaining focused on company results. Equities were broadly flat in aggregate, although we witnessed strong performances from a number of individual holdings, which enabled the LF Canlife UK Equity Fund to lock in some profits. Both gambling operator GVC and catering supplier SSP (the owner of Upper Crust franchises amongst others) both saw significant share price rises. We trimmed our positions as a result, which enabled the Fund to add to ITV and JD Sports, both of which we believe are exciting opportunities.

A new position was also added within the financials space – IG Index – which we believe will benefit as market volatility increases. The company has a good cashflow profile, recently upgraded earnings and retains a low correlation to the rest of the sector. The other major change saw a reduction in our materials weighting, with our mining exposure reduced over some China concerns. We also eliminated our holding in RPC Group.

Instead, we bought industrial and infrastructure specialist Babcock. With a number of government contracts, it has good earnings security and a defensive profile, whilst trading at an attractive valuation given its quality. The overarching theme of the month was one of profit taking, as we looked to recycle proceeds into areas we feel offer more value at present. Despite global macro concerns, in our view the UK market remains attractively valued, with a number of opportunities ripe for active stockpicking.

Important Information

The value of investments may fall as well as rise and investors may not get back the amount invested. Income from investments may fluctuate.

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