

# EdenTree R&S UK Equity Fund

## Q4 2024 Commentary



### PERFORMANCE

	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Fund (B Class)	-2.5%	0.5%	0.8%	-14.3%	-6.9%	32.3%
FTSE All Share TR GBP*	-0.4%	1.9%	9.5%	18.5%	26.5%	81.9%
IA UK All Companies	-1.2%	1.0%	8.0%	5.2%	15.6%	66.7%
Sector Quartile	3	3	4	4	4	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested.  
Data as at 31.12.2024

### MARKET REVIEW

The final three months of 2024 were a tricky period for UK equities, as interest rate expectations rose and inflation proved stickier than expected. The new government's October budget did not help, with a rise in government spending and borrowing, combined with higher taxes, loaded mainly onto employers. This served to dampen already dull expectations of growth in the UK economy.

Interest rate sensitive sectors such as utilities, construction and property were all weak. In contrast, banks bounced, finishing off a strong year, as a steeper yield curve is mostly beneficial for them. Also, some of the UK market's stocks with a lot of overseas earnings bounced, especially those with exposure to the US. This included names such as Compass Group, IAG and InterContinental Hotels.

### PERFORMANCE & ACTIVITY

The fund underperformed the market during the quarter. A contributor to this was our relatively low exposure to banks, combined with some of our exposure to construction, such as Marshalls and Ashtead. Utilities holdings such as SSE and National Grid were also weak.

In contrast, many of our US-exposed holdings did well. This included Sage Group, which posted strong results during the quarter, as well as Compass Group and Halma. Wise, the currency transfer platform, bounced strongly, also after strong results.

We took profits in Wise as it became our largest holding and we also trimmed distribution business Diploma, which had performed strongly, at a time when there was evidence of weak industrial activity in many of its markets.

### OUTLOOK

At the start of 2025, UK equities remain at multi-decade lows in terms of valuations, while takeover activity in UK names is at a high. Clearly there is value there. At the same time, the highest quality UK companies (where we hold names such as London Stock Exchange Group, Compass Group, Halma and Diploma) are at higher valuations, but mostly at levels commensurate with the growth on offer, especially when compared to equivalents listed in the US. Our portfolio contains a range of compounders (lower growth but reliably steady businesses) through to higher growth, more speculative businesses, but we remain confident in the overall risk and reward prospects for the portfolio. It remains a widely diversified portfolio, spread across many different industries and sectors that we believe should offer resilience against the unpredictable. Vital

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to this is our Responsible & Sustainable investment process, which we feel offers added due diligence and screening across all of the Fund's holdings to ensure that we only invest in businesses that we confidently believe are engaging in best practice across all aspects of their operations.

### PERFORMANCE DISCRETE

	12 Months to 31/12/2020	12 Months to 31/12/2021	12 Months to 31/12/2022	12 Months to 31/12/2023	12 Months to 31/12/2024
Fund (B Class)	-5.6%	15.1%	-20.1%	6.4%	0.8%
FTSE All Share TR GBP*	-9.8%	18.3%	0.3%	7.9%	9.5%
IA UK All Companies	-6.2%	17.1%	-9.2%	7.3%	8.0%
Sector Quartile	2	3	4	3	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested.

Past performance is not necessarily a guide to future returns.

\*As the Fund invests in a diverse range of UK companies and sectors, we compare the Fund's performance to the FTSE All Share Index, however the portfolio manager is not bound or influenced by the index when making investment decisions.

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Please note that the value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations, you may not get back the amount originally invested. Past performance is not necessarily a guide to future returns.

A full explanation of the characteristics of the investments is given in the Key Investor Information Document (KIID). Any forecast, figures, opinions statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, EdenTree Investment Management's own at the date of this document. They are considered to be reliable at the time of writing, may not necessarily be all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecast made will come to pass.

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For further information please speak to your normal EdenTree representative, visit [www.edentreeim.com](http://www.edentreeim.com) or call our support team on **0800 011 3821**

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