

>futureMoney

QUARTERLY REPORT

January 2025

The Future Money strategies are run with the aim of providing investors with carefully risk managed investment solutions.

This report is designed to provide an insight into how the four strategies have been managed, along with the thought processes behind the investment decisions made by the fund managers.

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Market Commentary

In 2024, Future Money investors saw a positive year with each portfolio surpassing its inflation-linked comparator. Equities were generally strong, but bond markets were more challenged. While most of the year was characterised by falling inflation and the prospect of interest rate cuts, as 2025 came into view these trends deteriorated, and bond investors grew more cautious.

Donald Trump's re-election gave a short-term boost to equities, as the assumption of lower taxes and deregulation awoke animal spirits. Yet, together with the threat of tariffs, concerns developed that these policies would lead to renewed inflation, higher interest rates and greater debt issuance, tempering expectations and creating a negative end to the year.

UK politics also played a part in the weakening of sentiment. The Autumn Budget delivered higher taxes, primarily in the form of elevated National Insurance contributions, which has been deeply unpopular among the business community. Borrowing has also increased. Disappointingly for markets, the greater public spending this allowed is forecast to create no long term boost to economic growth. With only a small level of 'headroom' built into these plans there was little space for a deterioration of conditions, of which the US-inspired debt concerns created, calling the UK's fiscal plans into question early in the New Year.

Portfolio Changes

Under Donald Trump, higher inflation and interest rates are anticipated and therefore the infrastructure holdings have been removed from the portfolios and replaced with increased US equity positions and with the initiation of Japanese equity exposure.

While we continue to believe that many large US technology firms are overvalued, other areas of the US market are at more appropriate price levels and the US economy is expected to remain dominant. As such, increases to the US have been made, but on a selective basis with the increases made to funds which track the 'equal weight' version of the S&P 500, which has lower exposure to tech relative to more traditional 'market cap weight' funds.

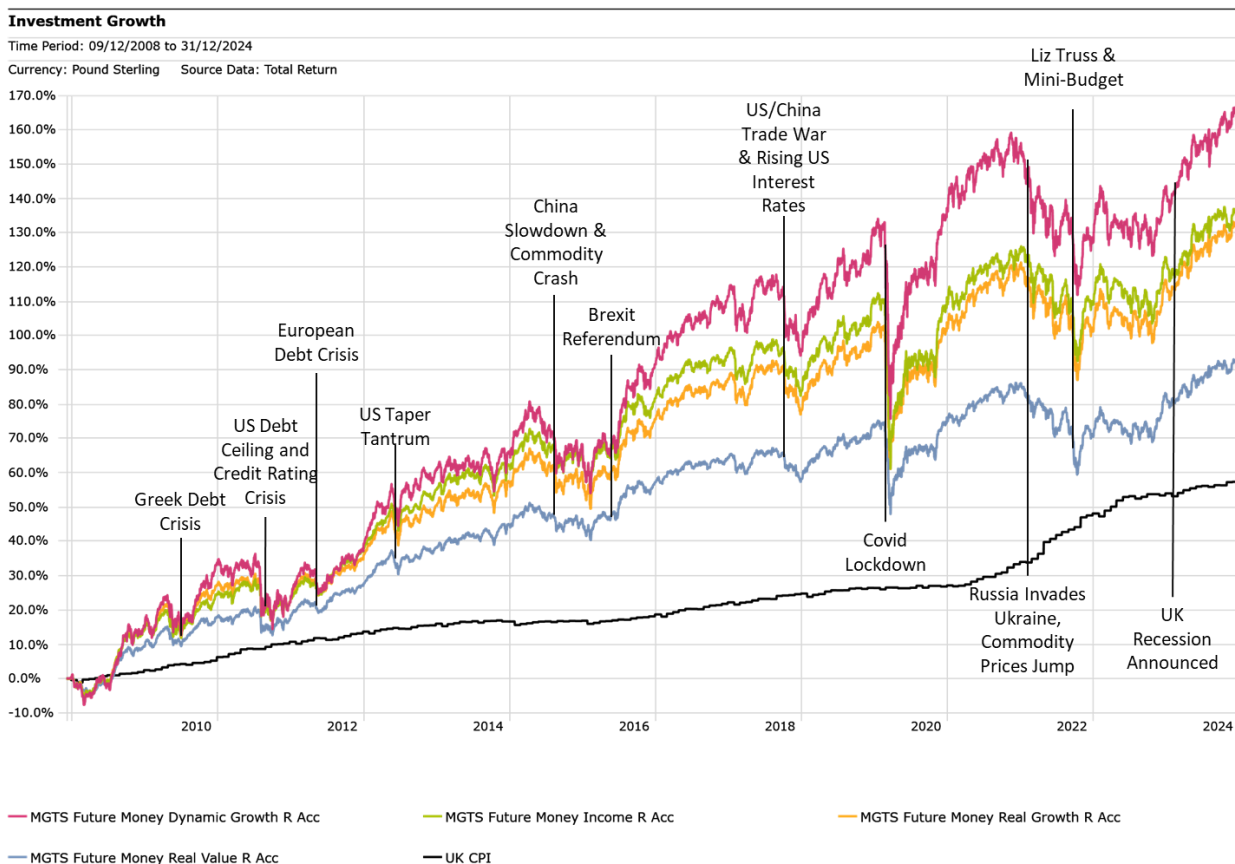
Japanese exposure has been added to reflect the improvements achieved in Japan's economy following a multi-decade battle with deflation and also in reflection of an improved focus on shareholder interests among corporate boards. As such, to maintain no exposure is no longer appropriate, with approximately neutral positions having been added to Real Value, Real Growth and Dynamic Growth. No Japanese exposure has been added to Income due to Japan being a low-yield environment.

Also for the Income portfolio, while infrastructure has been reduced, it has not been removed altogether, with the higher yields available from these assets being a greater consideration here. The proceeds from the infrastructure reduction have been used to increase M&G Global Dividend, which provides greater US exposure while avoiding the overstretched valuations of large US tech by instead focusing on lower-valued, higher-yielding stocks.

The Benefits of Staying Invested

From time to time investment markets can go through difficult periods due to poor economic news or political crises. It can be difficult to keep a cool head at times of major turmoil and it may be tempting to consider selling when this occurs. Yet, history shows the benefits of remaining invested when markets fall, with recoveries often following the most disruptive periods.

The following chart shows the performance of the Future Money portfolios since inception, with the major news stories of the time highlighted. This shows that for long term investors, while the downs may be less comfortable than the ups, remaining invested provides a strong chance of growing the value of your money over the long term.



Past performance is no guarantee of future performance. The value of investments can fall as well as rise and investors may not get back their original investment.
Source: Morningstar Direct

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
MGTS Future Money Real Value R Acc	9.0	7.8	-0.5	8.4	8.6	4.9	1.1	7.3	4.6	-3.9	9.9	1.1	5.7	-8.2	7.4	3.6
MGTS Future Money Real Growth R Acc	14.4	11.0	-3.9	10.3	11.4	4.6	1.8	9.6	6.7	-4.8	13.2	0.7	8.4	-8.7	7.4	5.7
MGTS Future Money Dynamic Growth R Acc	15.0	15.9	-8.7	12.8	16.9	3.1	1.5	13.9	10.4	-7.4	17.8	2.8	7.3	-10.7	7.2	7.2
MGTS Future Money Income R Acc	2.6	9.2	7.3	-5.8	14.6	0.0	2.6	9.2	7.3	-5.8	14.6	0.0	6.8	-7.0	6.6	4.4
CPI	2.9	3.7	4.2	2.7	2.0	0.5	0.2	1.6	3.0	2.1	1.3	0.6	5.4	10.5	4.0	2.2

Data Source: Morningstar Direct. Currency: Pound Sterling. Total return.

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Important Information

Please note that the contents are based on the author's opinion and are not intended as investment advice. This information is aimed at professional advisers and should not be relied upon by any other persons.

Any research is for information only, does not constitute financial advice or necessarily reflect the views of the author and is subject to change.

It remains the responsibility of the financial adviser to verify the accuracy of the information and assess whether the fund is suitable and appropriate for their customer.

Past performance is not a reliable indicator of future performance. The value of investments and the income derived from them can fall as well as rise and investors may get back less than they invested.

Important information about the funds can be found in the Supplementary Information Document and NURS-KII Document which are available on our website or on request.

For any information about the Future Money funds please contact the authorised corporate director, Margetts Fund Management Ltd, on 0121 236 2380, admin@margetts.com or at 1 Sovereign Court, Graham Street, Birmingham B1 3JR. A copy of their Terms of Business which relates to investments into the funds can also be obtained using these contact details.

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