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Rathbone Global Opportunities Fund

Monthly update July 2020

In July, your fund returned 1.4% versus the IA Global sector average which decreased by -0.1%. The fund is up 17.2% year to date.

When performance is highly concentrated in a few stocks ('growth' and tech for instance) you tend to get sharp snapbacks. These reversals gain credibility and airtime from some investors because they can also be quite spectacular. Many whimpers that accompany a rising market are forgotten, yet every "I told you so" burn-out is closely inspected. And the longer and larger the snapback the more navel-gazing it induces.

We saw some examples last month, but they were short lived – probably a prelude to a more meaningful rotation to 'value' at some point later in the year if we get more positive news on

vaccines. For some investors, the temptation to buy laggard companies is irresistible. But valuation alone is a very poor predictor of future performance and is a mirage in the absence of strengthening fundamentals. We believe it makes more sense to buy companies with strong fundamentals, resilient demand drivers and reasonable (but not euphoric) valuations.

Last month, a second wave of the virus in some European countries – and a reacceleration of the first wave in the United States – was enough to keep the 'stay home' stocks winning. Our top performers this month were similar to the year-to-date winners, with resilient and strengthening fundamentals the common thread. These companies included **Sartorius** (vaccine equipment), **Amazon** (ecommerce and cloud-computing titan), **Rollins** (pest control), and **Idexx** (veterinary diagnostics).



Per capita infection rates in past week

Source: Evercore; US State Health Departments

We've been selectively adding to our holdings when it feels appropriate, while finalising our research into some exciting companies which we may add to the fund in the coming weeks.

We still believe renewed national lockdowns among advanced nations are unlikely as doctors and nurses have gotten much

Treatments and hospital fatality rates have improved

COVID deaths as % of hospitalisations



better at treating COVID-19. This has reduced hospital fatality

rates significantly, reducing the strain on hospitals and GPs,

recession in order to save lives.

which softens the political imperative to trigger a double-dip

Source: Evercore; US State Health Departments

According to analysts at Evercore, an investment bank, there are more than 333 therapeutics and vaccines currently in development. 333! Don't bet against human ingenuity to crack the code of this virus.



James Thomson Lead Fund Manager



Sammy Dow Fund Manager

This is a financial promotion relating to a particular fund. Any views and opinions are those of the investment manager, and coverage of any assets held must be taken in context of the constitution of the fund and in no way reflect an investment recommendation. Past performance should not be seen as an indication of future performance. The value of investments may go down as well as up and you may not get back your original investment. Source performance data, Financial Express, mid to mid, net income re-invested.

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