

Fortem Capital US Income Fund



Quarterly Commentary – 28th June 2024

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The Fund's objective is to provide an annual income of 4% p.a. whilst providing for capital growth such that the Fund's total return tracks the S&P 500 Index's net total return.

Benchmark US equities posted another quarter of strong returns. The Fund, which tracks the major US benchmark, also had a strong quarter as a result increasing in value by 3.8%.

Big, tech, AI exposed & growthy were once more the things one would ideally have liked their stocks to be in order to see the strongest returns and, given that those characteristics dominate the benchmark, as long as the future remains bright for mega-cap growth then so it does for the US benchmark index.

However, it is notable that those stocks are no longer dragging others with them to nearly the same extent as in recent history, meaning that investors who eschew benchmark equity exposure, particularly in the US, are currently paying a heavy price. This is illustrated by the market cap weighted benchmark's 4.2% return far outstripping the equal weight version which posted a negative return on -2.6%; big is beautiful.

A historic problem for US benchmark equity for investors in need of income is its lack of natural yield, which is a problem that is growing as the index becomes dominated by stocks that pay none. However, the Fund again paid a dividend during the quarter making the 12m historic yield 4.0%. Income investors are no longer required to choose between benchmark exposure and yield.

Total Return	2024	Q2
UK 100	7.9%	3.7%
US 500	15.1%	4.2%
Europe 50	10.4%	-2.1%
Japan 225	19.1%	-1.8%
Hong Kong 50	6.2%	8.9%
US 2000	1.5%	-3.3%
Swiss 30	11.0%	4.0%
Global Equity	11.8%	2.6%
Global Bond	-3.2%	-1.1%
Commodities	2.4%	1.5%
PGF	4.0%	1.7%
AGF	0.8%	0.0%
DGF	3.4%	0.5%
USI	14.3%	3.8%
ARF	3.9%	-0.6%

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