



## Comment

May 2023

### Looking for direction

Equity markets had a lacklustre month in May either trading slightly down or flat and the fund followed the trend. Because of its tilt towards high dividend paying shares the fund experiences the ex-dividend effect at this time of year. Most companies with December year ends declare results in February or March and then go ex-dividend in April and May. Clearly this impacts the capital value of the shares as they fall to reflect the amount paid out in dividends. The total return of course is captured by the accumulation units as the dividends are retained to be reinvested. Nevertheless, the simple equity indices that only measure capital reflect this trend. Over time these high dividend paying shares may recover as investors are attracted by the enhanced yield at the lower price. Provided, naturally, that the market expects dividends to be maintained or potentially increased.

Despite the uncertainty over the US debt stand-off currencies were not a significant factor during the month.

Valu-Trac Investment Management Limited

#### **VT Munro Smart-Beta UK Fund**

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