



## Comment

September 2023

### Value stocks outperform in September

After spending most of the year lagging the general market, stocks with a bias to value roared back into favour in September and, overall, delivered a better total return than the market as determined by the major indices weighted by market capitalisation.

Part of this was due to a renewed decline in sterling as sentiment about inflation, and hence interest rates, shifted away from the UK to the US. As usual, a weaker sterling favoured resource stocks and other international companies that typically invoice in dollars.

In addition to currencies there are other, fundamental, reasons behind the resurgence in resource stocks. Oil prices have risen as a result of supply constraints from the world's two biggest producers. In addition, there is a growing realization that the move to up the proportion of electricity in the overall energy mix will require a massive increase in metal production. Some estimates suggest another 10 million tonnes of copper will be needed every year, equivalent to about 50% of current production.

In contrast the worst performing sector was property as the perception that interest rates will stay at elevated levels for longer becomes embedded. Furthermore, there seems to be an acceptance that working from home will fundamentally change the commercial property market.

Valu-Trac Investment Management Limited

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

Valu-Trac Investment Management Limited. Authorised and regulated by the Financial Conduct Authority (FCA), registration number 145168. Head Office: Orton, Fochabers, Moray, IV32 7QE Telephone : +44 (0)1343 880217 Registered in England No. 2428648 Registered Office: Level 4, Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

Visit our Website at <https://www.valu-trac.com/administration-services/clients/munro/>