MUNRO

Comment

April 2024

Good month for value stocks

Stocks viewed as having a bias to value did well over the month of April, as did the UK market overall, in part because it is viewed as a value-orientated market. Corporate activity in the Materials sector focused attention on these cash generative businesses and triggered an upward revaluation for most of them. This made it the best performing sector in the UK market in April and helped the asset class overall.

Energy stocks also did well even though oil prices were soft. Perhaps a reflection again of the value they offer.

Three other sectors provided positive returns: Health Care, Financials, and Consumer Staples in that order. The remaining sectors moved down modestly over the month as the results season drew to a close with only the smaller companies providing news.

Exchange rates were not a major factor and expectations of changes in interest rates seemed to oscillate so frequently that they provided little overall direction. Consequently, there were few large macro-economic issues for investors to adjust to. After a very strong run over the last six months, on a relative basis, small and medium-sized companies fell back in April and underperformed the market as a whole. Over longer periods, 3 to 5 years, the huge fall in the smallest companies of the UK is truly astonishing and is painful evidence of the flight of the retail investor and the remarkable absence of institutional interest in the asset class.

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