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Mark Swain

co-manager of the Smith & Williamson Enterprise fund

SHORT IN FUND MANAGEMENT FIRM/ SUPERDRY

One of our best trades has been our short position in a well-known fund management company – it has struggled with outflows this year, particularly in fixed income.

The share prices of asset managers always tend to suffer in periods of equity market weakness as their revenues and profits are so sensitive to the headline market indices. This was a classic case of the market's expectations not reflecting a much tougher reality.

Less successful was our long position in Superdry, which we have exited. It has a fast-growing online business with a highly differentiated and good-quality product offering. However, it was hit by the perfect storm of extremely unusual weather and the departure of its founder (and associated concerns in relation to what he might ultimately do with his stake), as well as broader worries about the longer-term future of the high street.

"The share prices of asset managers always tend to suffer in periods of equity market weakness as their revenues and profits are so sensitive to the headline market indices"

Tom Dawson

investment manager at Redmayne Bentley

AMAZON/MELROSE INDUSTRIES

Amazon has been a clear winner in my portfolios, returning north of 38% year-to-date. Despite a recent sell-off in global markets, the company continues to produce double-digit sales growth at a gross margin of around 41%. The shares are often evaded for their lofty valuations, currently residing on a prospective price-to-earnings ratio of 80x. However, I strongly believe the company has attractive growth potential in its current and future revenue streams.

Most disappointing this year has been Melrose Industries. Melrose has a successful track record in delivering its strategy of 'buy, improve, sell'; however, its recent takeover of GKN, a UK stalwart tracing its engineering roots back to 1759, has seen a sharp re-rating of the company. The shares have lost over 18% year-to-date, following a statutory loss of £256m reported in its most recent trading statement. It is early days for GKN, but the share price suggests Melrose may have bitten off more than it can chew.

"Despite a recent sell-off in global markets, [Amazon] continues to produce double-digit sales growth at a gross margin of around 41%"

Gaurav Narain

fund adviser to the India Capital Growth fund

RADICO KHAITAN/ MANPASAND BEVERAGES

India's liquor market traditionally resembled a commodity play, dominated by United Spirits. Its sale to Diageo in 2012 changed everything, expediting a shift in focus away from volume towards pricing discipline – creating an opportunity for smaller scale, premium producers like Radico Khaitan. Higher growth and better margins have been the result and it has now cornered the fast-growing vodka market. Evidence of our thesis of higher market free cashflow generation paying down debt has seen the stock re-rate this from a price-earnings ratio of 15x to 25x so far this year, delivering a 50% return.

We also hold Manpasand Beverages, which manufactures and sells fruit juices in India. In May the stock corrected 79% as its auditor Deloitte resigned before the AGM, on account of the company providing insufficient data. However, our background checks show the market's concerns surrounding corporate governance are overblown. We believe the investment thesis and growth prospects remains intact; its product Mango Sip is now the third-largest mango drink in India. We are adding more to the position as the company now trades at an attractive price-earnings ratio of around 9.5x.

Fernando Bernad Marrase

partner and portfolio manager at AzValor Asset Management

CAMECO/NEW GOLD

Buying US gold, silver and copper mining company New Gold was a mistake. We bought it following a 70% fall related to the weak gold price cycle. In addition to the attractive opportunity in gold miners, New Gold offered a bonus: the Rainy River greenfield development was destined to become their biggest and most valuable asset. We were comforted by the team's great track record but underestimated the probability of cost overruns. The lesson we learned was to avoid mining companies (a tough enough space) undertaking transformative greenfield projects.

More positively, we invested in Cameco, a world-leading and low-cost uranium Canadian miner, after more than a 70% drop in both Uranium spot prices and its stock. Uranium is the feedstock for nuclear energy – a much-needed source of low carbon energy – and a growing market with more reactors under construction in countries such as China or India, than planned closures in the West. During the year, increasing demand triggered a 25% rise in spot prices, as well as in Cameco's stock – a recovery which we believe is still in its early innings.

"Uranium is the feedstock for nuclear energy and a growing market"