

# A top-performing British Fund is adding to its bets on Australia

Isabella Ward - 20th March 2026



A top-performing British fund is reallocating money out of the UK and into Australian assets in the expectation that the Aussie will extend its recent strength against a weakening sterling.

Credo Dynamic Fund managers have reallocated 3% of their £116 million (\$155 million) fund out of short-dated UK government bonds and local equities and into equivalent Australian dollar assets since the middle of January. It's the first direct investment Down Under for the fund, which started in 2017 and has beaten 94% of peers over the past five years.

While the UK stock market has been seen as a potential haven during the Iran war, with its tilt toward sectors like commodities and energy, investors are wary economic weakness and political uncertainty may sink the pound. Meanwhile, Britain's former colony still benefits from commodity tailwinds, with a stronger economy and rising interest rates. Last week, the Aussie hit its highest level against sterling in more than two years.

*"We're a sterling fund but all of a sudden neither the dollar nor sterling are necessarily looking so good,"* said Rupert Silver, a senior portfolio manager and Credo's head of fixed income. With local elections approaching that may cause uncertainty, he expects further pound weakness, so *"diversity in currency has been a big thing,"* he said in an interview.

Australian dollar-denominated assets are attractive to Silver, who sees that currency climbing. The Reserve Bank has already raised its key interest rate twice this year, with traders fully pricing in another three quarter-point hikes before it's through, compared with two for the UK. Plus, Australia appears to be among the more politically stable developed countries, he added.

The heavy weighting of financials and commodities in Australia's stock indexes appeals to Silver. He bought shares in the iShares MSCI Australia UCITS ETF, which is nearly two-fifths banks and around a quarter commodity stocks.

Increasing interest rates should be a tailwind for Australian banks, he said, and the fact that it's dominated by four main lenders keeps profits high and competition low.

While miners have experienced a pullback in recent weeks as attacks on energy infrastructure in the Middle East push up their fuel costs, Silver believes this is temporary. He maintains that commodity stocks are a good haven in eras of higher inflation and due to strong dividends, and they're set to benefit from precious metal prices and investment linked to AI, data centers, electrification and energy security.

*"All assets are high, geopolitical risks are high and we just felt it was time to be prudent,"* Silver said. *"Not necessarily battering down hatches, avoiding all risk, but just unsure exactly where the tail events come from."*

[Subscribe to Bloomberg to access more articles and stay updated with the latest insights, analysis, and news.](#) ■