By **Jeff Prestridge**

MONEY EDITOR AT LARGE

ALL of the financial noise over the past few days has centred on falling bond prices – not just here in the UK but also in the US and elsewhere.

It's a headache for Prime Minister Andy Burnham, as lower bond prices drive up yields and mean higher government borrowing costs, and I imagine it will be a headache for us at the end of next month when the Chancellor's Budget hits us with yet more taxes on our hard-earned wealth.

Yet this worrying backdrop shouldn't deter you from investing for the future.

Although stock market turbulence may be a feature in the coming weeks and months, it's key you keep funding your pension and Isa on a regular basis. Investing only pays if you commit to the long term, and don't get scared when markets go through volatile periods.

Last month I looked at some of the 'Steady Eddie' investment funds that you should hold for the next decade or more – sturdy, a little boring, but ultimately rewarding in terms of growing your wealth.

Today I want to introduce you to some of the funds which financial experts believe will thrive in investment themes that will dominate the future, be it space exploration, biotech, robotics or the rise of fast-growing economies in the East. By their very nature these funds will be volatile, sprinting upwards in share price terms one moment, falling back the next, but they represent the future and will provide some long-term panache to your portfolio, as well as diversity.

I see them as satellite funds – fizzing with potential and a great complement to the more broadly invested core funds you should hold too.

I'm a huge believer in such a core-satellite investment approach. The core, representing the vast majority of your portfolio, provides solid returns while the satellite holdings give you the opportunity to earn some spectacular profits, both short and long term.

Here are some of the themes and funds that could deliver your portfolio added sparkle in the coming years. Or, as Annabel Brodie-Smith, communications director at The Association of Investment Companies, says: 'Some va-va-voom!'

SPACE EXPLORATION

FOLLOWING the stock market launch of SpaceX in June, shares in the company founded by Elon Musk have settled at just below $150 – they launched at $135 and peaked shortly afterwards at $225.

Yet there is no disputing the fact that SpaceX's debut on the US's Nasdaq stock market marked a coming of age for the global space sector, which embraces everything from rockets and spacecraft through to satellite systems.

As a result, space is viewed by many financial experts as a distinct asset class with annual revenues expected to triple between now and 2035. Or as Mark Boggett, chief executive of investment firm Seraphim Space, eloquently put it a few days ago: 'Old space put humans on the moon. New space is building the commercial infrastructure of the global economy.'

The opportunity to make money from this asset class is expanding.

Shares in SpaceX can be bought without hassle through UK investing platforms, while Seraphim Space Investment Trust, whose shares trade on the London Stock Exchange, provides exposure to some of the space businesses yet to list on a stock market.

Over the past year its shares have increased in value by more than 170 per cent. Its biggest holding is Finnish firm ICEYE, a manufacturer of sophisticated radar satellites which allow for uninterrupted monitoring regardless of weather or light.

Alongside Seraphim Space are a number of exchange-traded funds (commonly referred to as ETFs) which track the performance of space-related stock market indices. They are run by the likes of Van Eck (Space Innovators) and iShares (Space Technologies). Both can be purchased via investing platforms and have respective market tickers of JEDG and STRR.

The sector's growing maturity is reflected in the launch a few days ago of Seraphim New Space UCITS ETF (ticker: SERA). This gives investors exposure under one roof to a portfolio comprising both listed space companies and Seraphim Space's array of unlisted holdings.

So a blend of listed firms such as SpaceX and Rocket Lab (a builder of rockets designed to launch satellites into orbit) alongside private companies such as ICEYE.

Boggett says the fund is a game-changer, providing investors with a route into the companies 'building the communications, intelligence and infrastructure that will underpin the future global economy'.

ROBOTICS

ALTHOUGH artificial intelligence (AI) has been the dominant investment theme in recent years, the growth in robotics has not been far behind it.

The swelling in the ranks of robots has been relentless, as evidenced by last month's World Robot Conference in Beijing and the concurrent World Humanoid Games. Some 300 companies displayed 3,000 robotics products at the conference, while one of the 2,000 robots which competed in the games shattered Usain Bolt's 100m record of 9.58 seconds by finishing in 9.39 seconds.

'We are seeing new advanced technology all the time in this exciting area,' says Jason Hollands, managing director of Bestinvest, part of wealth manager Evelyn Partners.

'It's not simply about humanoid robots but the use of robots across business – whether it be in warehouse control systems, industrial automation or software that allows machines to operate more efficiently, boosting productivity.'

It's a view many experts share. Earlier this year, Daegal Tsang, a fund manager with Pictet Asset Management, told Wealth that the world is 'still at an early stage in terms of what robots can and cannot do.' Tsang is part of a team that runs the £10billion investment fund Pictet Robotics.

Ben Kumar, head of strategy at fund manager Seven Investment Management, describes himself as a 'big' robotics fan. He says: 'One thing that almost everyone agrees on is that more automation is coming our way. Yes, in business, but also in areas such as assisted healthcare, social care and driving.'

Funds in this area that Hollands and Kumar like include iShares Automation & Robotics and L&G Global Robotics and Automation. Over the past year, the funds have recorded respective returns of 40 and 26 per cent.

Both funds, say the experts, provide investors with geographic diversity given significant investments outside the US.

Pictet Robotics has a better record over the past year with a return of 47 per cent, but part of this can be attributed to its holdings in AI 'darling' stocks such as Nvidia, TSMC and ASML which Hollands says many investors are likely to already own through mainstream global equity funds.

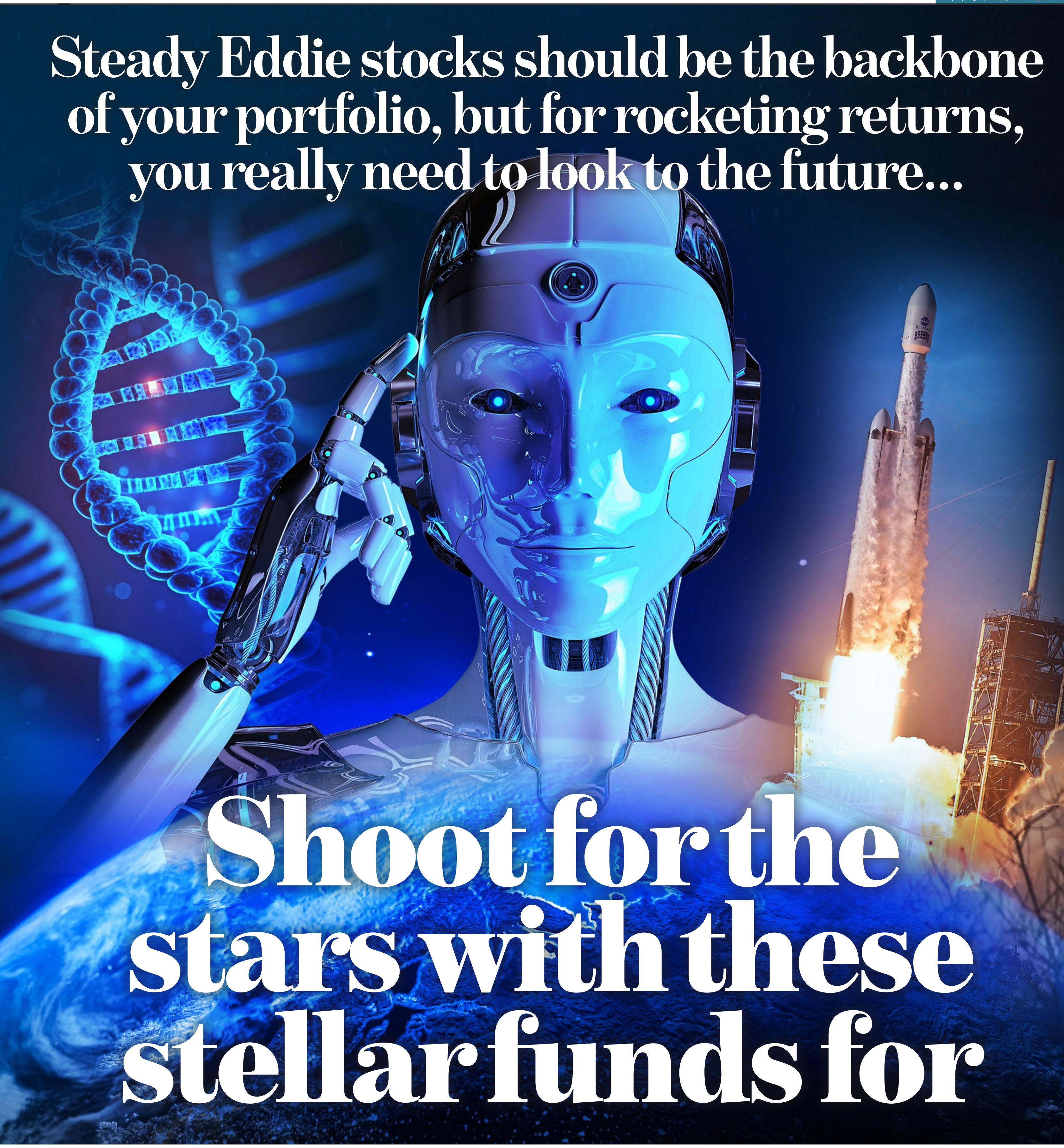
BIOTECH

BIOTECHNOLOGY, embracing genomics, immunotherapy and gene editing, is opening the door to medical breakthroughs that could help win the battle against diseases such as cancer. Let's hope so.

For companies specialising in this area, the financial rewards can be considerable. And for investors, the returns can also be somewhat mind-blowing.

This was highlighted last month when US biotech company Moderna announced that a new cancer vac-

Steady Eddie stocks should be the backbone of your portfolio, but for rocketing returns, you really need to look to the future...



Shoot for the stars with these stellar funds for FEARLESS INVESTORS

cine developed with German pharmaceutical giant Merck had been successful in trials, reducing the risk of skin cancer returning or spreading. Its shares jumped 177 per cent, and are up by more than 500 per cent over the past year.

Exciting? Yes, but as Hollands points out, biotechnology is an area 'where clinical trials can fail, regulatory approval can be delayed, and companies often have to raise substantial amounts of capital before ever turning a profit'.

In other words, it's an investment sector where both the risks and rewards are sky-high.

Kumar agrees. He says: 'There are some 9,000 biotech companies worldwide. Taking the US, the biggest home for biotech, only between 30 and 50 new drugs get regulatory approval every year. So while a few biotech companies make lots of money, lots go bust.'

The best approach for investors is to buy an investment fund which provides diversified exposure to a range of biotechnology and life-sciences companies, and with managers at the helm who can separate the wheat from the chaff.

Suitable funds with well-established track records include stock market listed trusts International Biotechnology (IBT) and RTW Biotech Opportunities (RTW) and Polar Capital Biotechnology. Over the past year, the three have generated respective returns of 59, 63 and 51 per cent.

Investment bank Jefferies recently described the RTW fund, which focuses on healthcare, as the best way to 'access breakthrough biotechnology and medtech innovation in both public and private markets, through a specialist manager with deep scientific expertise and a proven track record of identifying winning assets'.

It said this in the wake of one of the fund's unlisted holdings, Alesta Therapeutics, being bought by US listed pharmaceutical company BioMarin, generating a tidy profit for the fund.

PRE-EMERGING MARKETS

EMERGING market funds have delivered cracking returns for investors over the years and can be great satellite holdings.

Yet a bolder approach is to buy shares in a fund which invests in a country ahead of its stock market obtaining emerging market status – and then reap the rewards when it gets that vital badge and investor capital pours in.

Vietnam is on this runway. Although inflation and high oil prices remain a drag, corporate earnings are robust, growing 47 per cent in the first half.

Later this month it will take the first step to being classified as an emerging market when FTSE Russell, a subsidiary of the London Stock Exchange, upgrades the country to a 'secondary' emerging market ahead of it being granted full status this time next year.

This process, says Dragon Capital, an investment house specialising in the Vietnam stock market, will open up the country to a much larger pool of investment capital.

Dragon manages Vietnam Enterprise Investments, a £900million trust listed in London. Its performance over the past year has been drab – a loss of 1.9 per cent.

Other Vietnam funds, accessible to UK investors, are VinaCapital Vietnam Opportunity and Vietnam Holding.

...AND FORGOTTEN UK SMALLER COMPANIES

THESE have been shunned by investors in recent years, a result of poor performance and greater interest in both the FTSE100 market and the technology story in the United States.

For investors, the returns have been miserable – the average UK smaller companies investment trust has delivered a five-year return of just 4.8 per cent.

But some managers have defied the odds, none more so than Laurence Hulse of trust Onward Opportunities. Hulse launched the trust in early 2023 and has delivered respectable gains of 48 per cent while patiently growing assets to £50million.

The manager, who learnt his trade at investment company Gresham House, likes to do his own thing – 'digging out hidden gems from among the rubble' – through a mix of old-fashioned proprietary research and then putting them through the 'proverbial wringer' before investing.

Others wanting sparkle from a UK smaller companies fund may prefer to put their faith in more established funds such as Aberforth Smaller Companies and Odyssean. Some may run scared because of Andy Burnham's Labour. Fair game.