

Close Managed Funds

Monthly fund manager update

NOVEMBER 2019

BACKDROP

| | |
|---------------|-------|
| Global Equity | +2.8% |
| UK Equity | +1.8% |
| UK Gilts | -0.9% |
| UK Corps | -0.2% |

- With the exception of the Close Managed Growth fund, all strategies marginally lagged their sector peer groups.
- During a month of strong equity returns, our selection of Fund Managers generally outperformed with the exception of emerging markets where they lagged the index.
- With markets in 'risk on' mode, fixed Income was weaker generally. Our Fund Managers were good on a relative basis apart from a small exposure to emerging market debt.
- Gold weakened on more positive economic news, hurting our commodity funds. Our other alternative holdings made a positive contribution.

MONTH IN FOCUS

November was a positive month for markets, with only emerging markets delivering a negative return. While the UK prepares to head to the polls for the third general election in less than five years, the UK equity market still managed to produce a positive return. The top performer here was the Baillie Gifford UK Equity Alpha fund, which we added in October, and delivered +5.9%. In the US, all of our growth managers outperformed, with the Baillie Gifford American fund once again leading the way with a return of +7.9% versus +3.7% for the index. In Europe, our active managers posted positive returns except in income strategies, beating the index. Devon European Opportunities Trust (formerly Jupiter) stood out, delivering +8.6% versus just +1.5% for the index. Within fixed income, shorter duration funds did best, with Schroder Strategic Credit providing a return of +0.6%. Alternatives, and especially infrastructure, delivered strong returns despite commodities acting as a slight drag. The LXi REIT, which is a long lease real estate fund focused on

assets such as hotels, care homes, and industrial assets (amongst others), delivered +1.8%.

FUND OF THE MONTH: BAILLIE GIFFORD UK EQUITY ALPHA

The Baillie Gifford UK Equity Alpha fund, managed by Head of UK Equities Gerard Callahan, runs a concentrated, low turnover strategy that invests in companies with above-average earnings growth. This strategy has performed well since 2000 for pension fund clients and its long-term track record is impressive. In September 2010, the Baillie Gifford 350 fund, which had a more diversified, lower performance objective, was renamed the UK Equity Alpha fund and restructured to mirror the pension fund equivalent.

The team's research focuses on a company's ability to grow earnings and to identify the key drivers of this growth by analysing its industry, competitive position, financial strength and the quality of its management. They regularly meet the management of not only the companies in which they invest but also competitors, suppliers, and customers to ensure stories are consistent. The fund is not benchmark-constrained and holds around 30 stocks with a long-term outlook.

CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 30 NOVEMBER 2019

| | YTD | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|-------------|-------------|
| Close Managed Income Fund | 8.4% | -3.7% | 6.4% | 9.1% | 4.5% | 6.4% |
| IA £ 20-60% Equity | 10.5% | -5.1% | 7.2% | 10.3% | 1.2% | 4.9% |
| Close Managed Conservative Fund | 9.7% | -4.3% | 7.0% | 8.6% | 4.2% | 5.7% |
| IA £ 20-60% Equity | 10.5% | -5.1% | 7.2% | 10.3% | 1.2% | 4.8% |
| Close Managed Balanced Fund | 13.3% | -5.1% | 10.8% | 10.4% | 4.7% | 5.5% |
| IA £ 40-85% Equity | 14.1% | -6.1% | 10.0% | 12.9% | 2.7% | 4.9% |
| Close Managed Growth Fund | 15.2% | -6.0% | 14.3% | 10.3% | 6.3% | 5.6% |
| IA £ Flexible Investment | 13.5% | -6.7% | 11.2% | 13.8% | 2.0% | 4.9% |

SOURCE :

FE Analytics 03.12.2019. Performance is total return, net income reinvested after fees, X Acc share class.

IMPORTANT INFORMATION

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