

Close Managed Funds

Monthly fund manager update

MAY 2020



MANAGED FUNDS TEAM

MONTH IN FOCUS

Following April's bounce back in risk appetite, May was another positive month for risk assets and by the end of the month three out of four of the Close Managed Fund range were getting close to recouping their 2020 losses. All four strategies produced a healthy positive return. The more risk averse Managed Income and Managed Conservative delivered +2.72% and +2.70% respectively, whilst Managed Balanced and Managed Growth posted returns of +4.16% and +5.11% respectively, and were ahead of their strategic and sector peer groups.

THOUGHTS FROM THE TEAM

Over the month, it was European and Japanese equity markets that led the way in terms of positive performance, closely followed by the US.

From a sector perspective, it was a continuation of the April trend with Tech, Healthcare, and Consumer Services leading the charge although there were signs of the rally broadening somewhat. As investor confidence in lower COVID-19 case numbers and a relaxing of social distancing measures globally gave cause for hope, other sectors delivered positive numbers towards the end of the month. Consequently, the top performing equity funds were from the 'rapid growth' space, favouring Baillie Gifford (again) with their American, Japanese, and somewhat pleasingly UK Alpha funds delivering returns of +9.79%, +8.73%, and +11.76% respectively. We've talked about the top holdings in the Baillie Gifford American fund before, but in the UK the biggest positions in Ocado, Rightmove, and Autotrader show that

even in the UK it is possible to find tech-driven companies taking market share.

It is pleasing to see that the top performer in the Close Managed Fund range was the RWC Continental European Equity Fund. A quick look at its top holdings gives an insight as to how markets are viewing company valuations, with HelloFresh (the German meal kit delivery business) and Novo Nordisk (a Danish pharmaceutical firm) being the two largest holdings.

In fixed income, credit continued its recovery on the back of central bank liquidity measures and a warming of investor sentiment. The Nomura Global Dynamic Bond fund was one of the best performers with a return of +3.35%, with short-dated issues generally doing well alongside emerging market debt. In fact, the Active Funds 1167 Global High Income fund delivered +7.33% for the month. Within the alternatives space, we saw a more diverse selection of returns with UK property and gold both doing well, along with infrastructure - albeit other alternative strategies funds were more modest.

There was very little trading over the month and we retained our underweight position to equities. During the month, we added credit exposure from cash to Managed Conservative, and took some profits in the Baillie Gifford American fund. We reallocated these funds to two other US holdings, as part of a general portfolio management housekeeping exercise.

CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 31 MAY 2020

	YTD	2019	2018	2017	2016	2015
Close Managed Income Fund	-7.4%	10.3%	-3.7%	6.4%	9.1%	4.5%
IA £ 20-60% Equity	-5.4%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Conservative Fund	-3.9%	11.2%	-4.3%	7.0%	8.6%	4.2%
IA £ 20-60% Equity	-5.4%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Balanced Fund	-3.2%	15.3%	-5.1%	10.8%	10.4%	4.7%
IA £ 40-85% Equity	-5.9%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close Managed Growth Fund	-2.3%	17.5%	-6.0%	14.3%	10.3%	6.3%
IA £ Flexible Investment	-5.9%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE :

FE Analytics as at 03.06.2020, data as at 30.05.2020. Performance is total return, net income reinvested after fees, X Acc share class.

IMPORTANT INFORMATION

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