

Close Managed Funds

Monthly fund manager update

JUNE 2020

**MANAGED FUNDS TEAM**

MONTH IN FOCUS

As global risk assets continued their recovery from the March 2020 corona-crisis lows, all four Close Managed Funds delivered positive absolute returns for the third month in a row, and finished ahead of their respective IA Sectors for the quarter. Leading the way for the month were the Growth and Balanced funds, which delivered +2.13% and +1.56% respectively, whilst Conservative and Income funds returned +1.04% and +0.98% over the same period.

THOUGHTS FROM THE TEAM

June proved to be a month where Asian and emerging market equities led the way, with the majority of our managers in this space generating double digit returns. The Schroder Asian Total Return fund (a long-standing holding across Conservative, Balanced, and Growth funds) delivered +10.04% over the period. The funds' top holdings include technology companies such as Samsung, TSMC (the global leader in the manufacture of semi-conductors), Alibaba (the Chinese equivalent of Amazon) and Tencent (the closest US equivalent of which would be Facebook). These four companies also feature amongst the largest holdings in the RWC Global Emerging Markets Fund, which returned +10.83% for the month, alongside companies like Mercado Libre, which is the number one online retailer in Latin America. The top performing funds overall across the range were two we hold solely in the Growth fund; namely the Scottish Mortgage Trust, which was up +12.92%, and the Allianz China A-Share, which returned +12.63%. Again, both have significant tech exposure, with the Allianz fund also

providing exposure to financial stocks in the region and the Chinese consumer. The laggards for the month were mainly in the UK and Europe, with the European Opportunities Trust, falling -7.57% over June due to a stock specific issue. We had a one-to-one conversation with the manager, Alexander Darwell, and are happy to retain the holding at this stage, primarily due to the longer-term track record of the manager and his strategy. Elsewhere, the funds benefitted from what were generally positive absolute and relative returns from our credit and fixed income positions across the range, whilst the majority of our alternative holdings also delivered positive returns.

In terms of activity during the month, we began tentatively adding back to equities, although we still remain underweight relative to our long term strategic asset allocation for now. We added a new position within our UK equity allocation by introducing the JPM UK Equity Plus Fund, which aims to track the index while simultaneously taking select under or over-weight positions in certain stocks through the use of derivatives. Elsewhere, we added to the European Opportunities Trust on weakness around its stock specific issue once we were sure that this had been resolved, and were able to add to the holding at a discount to its Net Asset Value (NAV); we also topped up our Allianz China A-Share holding in the Growth fund as well as our credit positions more broadly across the range.

CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 30 JUNE 2020

	YTD	2019	2018	2017	2016	2015
Close Managed Income Fund	-6.5%	10.3%	-3.7%	6.4%	9.1%	4.5%
IA £ 20-60% Equity	-4.1%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Conservative Fund	-2.9%	11.2%	-4.3%	7.0%	8.6%	4.2%
IA £ 20-60% Equity	-4.1%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Balanced Fund	-1.7%	15.3%	-5.1%	10.8%	10.4%	4.7%
IA £ 40-85% Equity	-4.3%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close Managed Growth Fund	-0.2%	17.5%	-6.0%	14.3%	10.3%	6.3%
IA £ Flexible Investment	-4.0%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE :

FE Analytics as at 30.06.2020, data as at 02.07.20. Performance is total return, net income reinvested after fees, X Acc share class.

IMPORTANT INFORMATION

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