

Close Managed Funds

Monthly fund manager update

JULY 2020



MANAGED FUNDS TEAM

MONTH IN FOCUS

It was another relatively strong month for markets as they continued to rally from their March lows, before selling off modestly towards the end of the month. Nonetheless, July was ultimately positive for the Close Managed Funds range, with all four funds beating their respective sector benchmarks and finishing in positive territory. Managed Growth led the way again with a return of +1.62%, followed by Managed Balanced which returned +1.34%. Managed Income continued to recover against the income and value headwind with a return of +0.74%, which was broadly in line with the Managed Conservative fund's return of +0.76%.

THOUGHTS FROM THE TEAM

It was another month during which markets with greater exposure to growth areas, such as the US and Asia, outperformed those more value-orientated regions like the UK, Europe, and Japan. For active fund managers, the ability to tilt their holdings or style away from challenged companies or sectors during troubled economic periods is of considerable value, and we believe the benefits of this approach have been evident during 2020. The strongest performers over the month were once again the Baillie Gifford American fund with a +8.18% return for July, followed by the Allianz China A-Shares fund which delivered +8.03%.

Elsewhere within the equity space, the KLS Sloane Robinson fund, which invests across emerging markets, posted +5.33% for the month. The fund has a sizeable weighting to Chinese and Asian technology and consumer services companies, such as Tencent, Alibaba, and Samsung, which have been considerable contributors to the fund's recent performance. Yet again, the UK was lagging laggard amongst major equity indices with a desultory -4.53% return, although thankfully almost all of our underlying fund managers managed to

deliver better performance than the main UK index. The only exception was the Schroder Income fund, which has a strong value and income focus.

In fixed income markets, it was another positive month as credit spreads continued to tighten. Our best performing funds were the Janus Henderson Strategic Bond fund and the Allianz Strategic Bond fund, both of which returned over 2% for July – the latter of which we added to the Managed Income, Conservative and Balanced funds on the first of the month.

Within the alternatives space, we saw strong returns from our infrastructure and gold holdings over the month.

Infrastructure in general benefitted from narrowing discounts, while some of our holdings were also boosted by increasing confidence around energy pricing. The Renewables Infrastructure Group Plc (TRIG) appreciated by +5.22% for the month, while GCP Infrastructure delivered a return of +4.71%. With regards to our gold exposure, the Invesco Physical Gold ETC added +4.58% on the back of negative rates and economic and political uncertainty.

In terms of activity, other than the Allianz Strategic Bond fund already mentioned, we added to alternatives in the form of the Hipgnosis Song fund, which is a portfolio of music royalties. We have watched the asset class and the strategy for some time now and decided to add the fund to the Managed Income and Conservative funds. We also added the Neiderhoffer Smart Alpha fund within the Managed Conservative, Balanced, and Growth funds. The fund aims to deliver an absolute return from a series of short term trading strategies in fixed income and currency markets. The strategy should be of particular benefit during periods of notable volatility.

CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 31 JULY 2020

	YTD	2019	2018	2017	2016	2015
Close Managed Income Fund	-5.8%	10.3%	-3.7%	6.4%	9.1%	4.5%
IA £ 20-60% Equity	-3.7%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Conservative Fund	-2.2%	11.2%	-4.3%	7.0%	8.6%	4.2%
IA £ 20-60% Equity	-3.7%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Balanced Fund	-0.4%	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	1.4%	17.5%	-6.0%	14.3%	10.3%	6.3%
IA £ Flexible Investment	-3.9%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE :

FE Analytics as at 04.08.2020, data as at 31.07.20. Performance is total return, net income reinvested after fees, X Acc share class.

IMPORTANT INFORMATION

This document is only intended for use by UK investment professionals and should not be distributed to or relied upon by retail clients. The value of investments will go up and down and clients may get back less money than they invested. Past performance is not a reliable indicator of future returns. The information contained in this document is believed to be correct but cannot be guaranteed. Opinions constitute our judgment as at the date shown and are subject to change without notice. This document is not intended as an offer or solicitation to buy or sell securities, nor does it constitute a personal recommendation. Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of Close Brothers Group plc, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86. CBAM5424