

# Close Tactical Select Passive Funds

## Monthly fund manager update

JULY 2020

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Investment Manager

### MONTH IN REVIEW

July ultimately proved to be a mixed month for investors. With sterling strengthening against most other major currencies, UK investors' foreign asset holdings delivered muted returns in GBP terms – despite strong nominal performance in local currency terms. Japanese equities were amongst the worst performing assets, falling c. -7.0% in GBP terms over the month.

Due in part to the broad multi-asset blend across the Close Tactical Select Passive (TSP) Fund range, however, the performance of the funds has been pleasing, with the Balanced and Growth funds only marginally in negative territory over a month where the broad UK equity index fell more than -4.0%. So far, this year has proven to be materially better for active management, due largely to the higher stock return dispersion witnessed within sectors. As such, on a year-to-date (YTD) basis, we are not surprised to see a slight performance lag to the respective Investment Association peer groups (which are largely actively managed) across the TSP range.

Asia-Pacific and emerging market equities were again the best performing regions for sterling investors, with the Amundi MSCI EM UCITS ETF the best performing equity investment held within the TSP range – returning +2.3% for the month. The worst performing equity investment was the HSBC FTSE Japan Index fund, which tracked the index down -7.1%.

In fixed income, corporate bonds outperformed government bonds, while inflation-linked gilts were marginally positive

over the month. The strongest performing fixed income holding across the TSP range in July was the Lyxor iBoxx Sterling Liquid Long Dated Corporate Bond UCITS ETF – which was up +2.5%.

Alternative assets were mostly negative, with the UBS CMCI Composite UCITS ETF down -1.1%. Gold continued its upward trend however, with the Invesco Physical Gold ETC posting gains of +4.6%.

The iShares FTSE Global Infrastructure ETF performed poorly in July; with GBP strength an additional headwind, the fund fell -3.1%. Trend-following hedge fund-type strategies also had a difficult month, again, partly as a consequence of GBP strength. The JPM Managed Futures ETF was down only -0.7% on a GBP-hedged basis (which we hold within the TSP range), but down -6.2% on a non-hedged basis.

### GENERAL POSITIONING

The TSP range has been positioned with a long term outlook in mind, and the asset allocation calls have not materially changed in July. We have maintained our equity underweight, although we are edging closer to a neutral position. Our fixed income allocation remains untouched from last month, but this too is now closer to neutral across the range following market movements. The funds remain overweight corporate bonds relative to government bonds, and we continue to prefer short duration rather than long duration paper. Within the alternatives space, we continue to be underweight property / REIT investments while overweight commodities, mainly via our gold holdings.

**CLOSE TACTICAL SELECT PASSIVE FUNDS DISCRETE PERFORMANCE  
 AS AT 31 JULY 2020**

	<b>YTD</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Close TSP Conservative Fund</b>	<b>-3.5%</b>	<b>12.1%</b>	<b>-4.2%</b>	<b>6.5%</b>	<b>14.3%</b>	<b>1.9%</b>
IA £ 20-60% Equity	-3.7%	11.8%	-5.1%	7.2%	10.3%	1.2%
<b>Close TSP Balanced Fund</b>	<b>-6.0%</b>	<b>15.3%</b>	<b>-5.3%</b>	<b>9.1%</b>	<b>17.6%</b>	<b>2.5%</b>
IA £ 40-85% Equity	-4.3%	15.8%	-6.1%	10.0%	12.9%	2.7%
<b>Close TSP Growth Fund</b>	<b>-7.0%</b>	<b>17.7%</b>	<b>-5.5%</b>	<b>11.8%</b>	<b>16.4%</b>	<b>1.8%</b>
IA £ Flexible Investment	-3.9%	15.7%	-6.7%	11.2%	13.8%	2.0%

**SOURCE:** FE Analytics as at 04.08.2020; YTD figures as at 31.07.2020; all are X Acc share classes; performance is total returns, net of fees with dividends reinvested.

**IMPORTANT INFORMATION**

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