

Close Managed Funds

Monthly fund manager update

AUGUST 2020



MANAGED FUNDS TEAM

MONTH IN FOCUS

As the summer months draw to a close, the enduring theme of Growth markets outperforming Value continued and both of our higher risk strategies remained ahead of their respective sector benchmarks – Managed Balanced with a monthly return of +2.60% and Managed Growth with +3.44%.

Despite being more skewed towards income and 'Value', Managed Conservative and Managed Income still delivered solid returns of +1.25% and +1.05% respectively, albeit slightly lagging their IA benchmark.

THOUGHTS FROM THE TEAM

Over the month, our tech and consumer services managers were the leading performers within our portfolios. Scottish Mortgage Trust led the way with +10.64% while its US focused open-ended cousin, Baillie Gifford American, also delivered +9.99%. More generally, it was a good month for US markets: the iShares NASDAQ 100 ETF (held within the funds) delivered +9.20%, the S&P 500 returned +5.22% and the Brown Advisory US Flexible fund also managed a strong +7.16%.

Elsewhere, our Emerging Market exposure did well, particularly the KLS Sloane Robinson Emerging Market fund, which returned +8.02%. Perhaps unsurprisingly considering its stellar returns, this fund has significant exposure to tech names such as Samsung, Alibaba (the Chinese Amazon), and Tencent (the Chinese Facebook equivalent).

In terms of equity fund selection, the majority of our managers outperformed their regional indices and it was heartening to see our UK managers do well in what has been a poorly performing market so far this year. With a couple of exceptions, our UK managers are not only ahead over the month, but are outperforming the main UK market on a year-to-date basis too.

It was a mixed bag within Fixed Interest, where longer-dated credit and UK gilts had a negative month. On a more positive note, a number of our shorter-dated and High Yield funds made it into positive territory. The best performer within Fixed Income was the Schroder Strategic Credit fund, which delivered +1.00%. The fund is exposed to 'cross-over' credit, i.e. those issues rated 'BBB' and 'BB' which are a combination of Investment Grade and High Yield bonds.

In Alternatives, it was another good month (although gold posted a small negative), and it was positive to see LXi REIT, which is exposed to long-tenanted commercial real estate in the UK, return +7.59% as it continues to bounce back from its spring lows.

Over the month, we added a new holding to the Managed Income fund in the form of the Trojan Global Income fund. This fund invests into quality, defensive businesses with an ability to pay a sustainable and growing dividend. We funded this partly through trimming some of our Fixed Income positions. Elsewhere, we added to the Neiderhoffer Smart Alpha fund, bringing it up to a fuller position size following our initial purchase back in July.

CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 31 AUGUST 2020

	YTD	2019	2018	2017	2016	2015
Close Managed Income Fund	-4.8%	10.3%	-3.7%	6.4%	9.1%	4.5%
IA £ 20-60% Equity	-2.5%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Conservative Fund	-1.0%	11.2%	-4.3%	7.0%	8.6%	4.2%
IA £ 20-60% Equity	-2.5%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Managed Balanced Fund	2.2%	15.3%	-5.1%	10.8%	10.4%	4.7%
IA £ 40-85% Equity	-2.1%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close Managed Growth Fund	4.9%	17.5%	-6.0%	14.3%	10.3%	6.3%
IA £ Flexible Investment	-1.5%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE:

FE Analytics as at 02.09.2020, data as at 31.08.20. Performance is total return, net income reinvested after fees, X Acc share class.

IMPORTANT INFORMATION

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