



# Close Brothers Asset Management

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CLOSE SELECT FIXED INCOME FUND

For financial intermediaries only

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# Close Select Fixed Income Fund

## ABOUT THE FUND

### Objective

Capital preservation and deliver a high level of monthly income

### Philosophy

Best ideas across investment grade, high yield and unrated

Unconstrained in terms of credit quality, duration and currencies

'Keep it simple', focus on stock selection

50-70 conviction holdings

## WHY THIS FUND?

Income of a high yield bond fund

Risk of an investment grade bond fund

Flexibility of a strategic bond fund

Strong track record

At a cost of just 0.48% OCF\*

### SOURCE:

\*Close Brothers Asset Management as at 31<sup>st</sup> March 2020.

# Differentiating features

## MARKET INEFFICIENCIES

- Liability matching, passive funds and index trackers: forced buyers of all investment grade bonds
- Rating agencies: ratings are expensive; and methodologies reward size and scale
- Large bond funds: individual investment ideas may not add value

## HOW WE DIFFER

- 'Bottom-up' stock selection: in-depth research underpins ideas
- Experts in unrated bonds: internal rating assessment provides 'upgrade' alpha
- High 'active' positions: nimble strategy and high conviction portfolio
- Long-term perspective: we buy bonds on a 'hold to maturity' basis

SOURCE:  
Close Brothers Asset Management



**Buy recommendation:** 25-Jul-17

**Rating upgrade:** 7-Aug-17

**Details:** Fitch assigned an inaugural rating of 'A' (from Unrated)



**Buy recommendation:** 5-Oct-17

**Rating upgrade:** 7-Mar-18

**Details:** Fitch assigned an inaugural rating of 'A+' (from Unrated)



**Buy recommendation:** 5-Jan-17

**Rating upgrade:** 11-Feb-19

**Details:** Fitch upgraded rating to A-(from BBB+)

# Fund holdings



Utilities **6%**



Insurance **29%**



Real Estate **4%**



Food **11%**



Diversified Financials **8%**



Banks **18%**

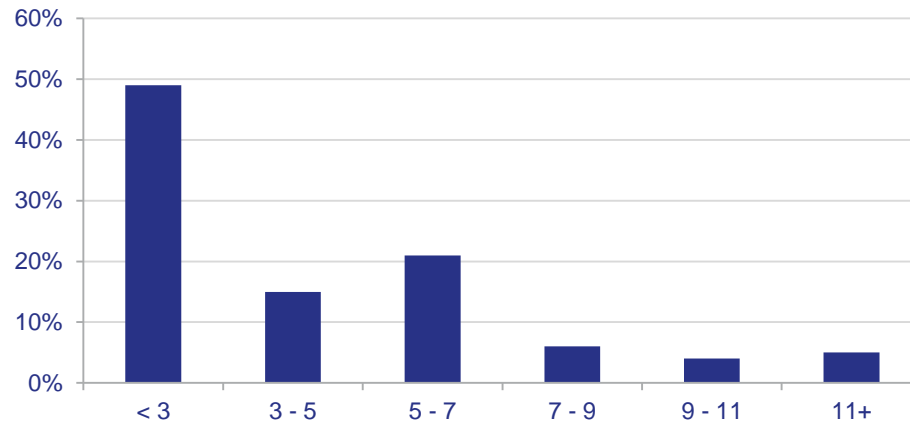


Other **24%**

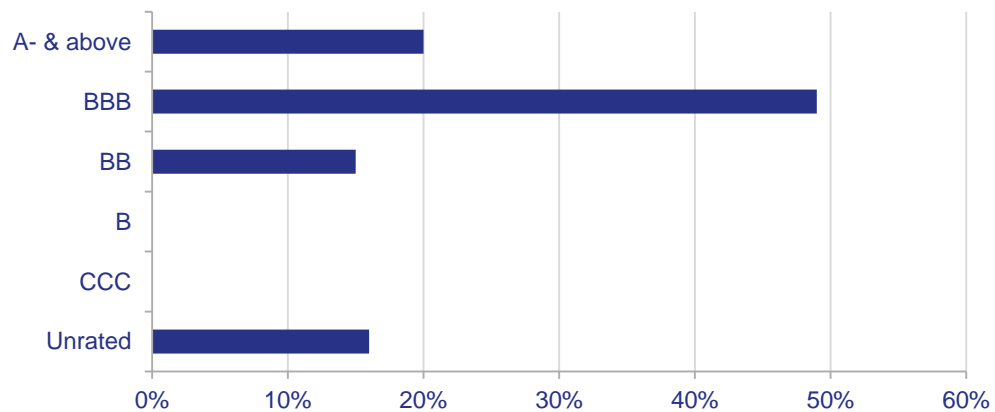
SOURCE:  
Close Brothers Asset Management as at 30<sup>th</sup> June 2020.

# Statistics

## MATURITY PROFILE - YEARS



## RATING PROFILE



Yield = 3.3%

Duration = 3.4 years

Avg. rating = BBB+

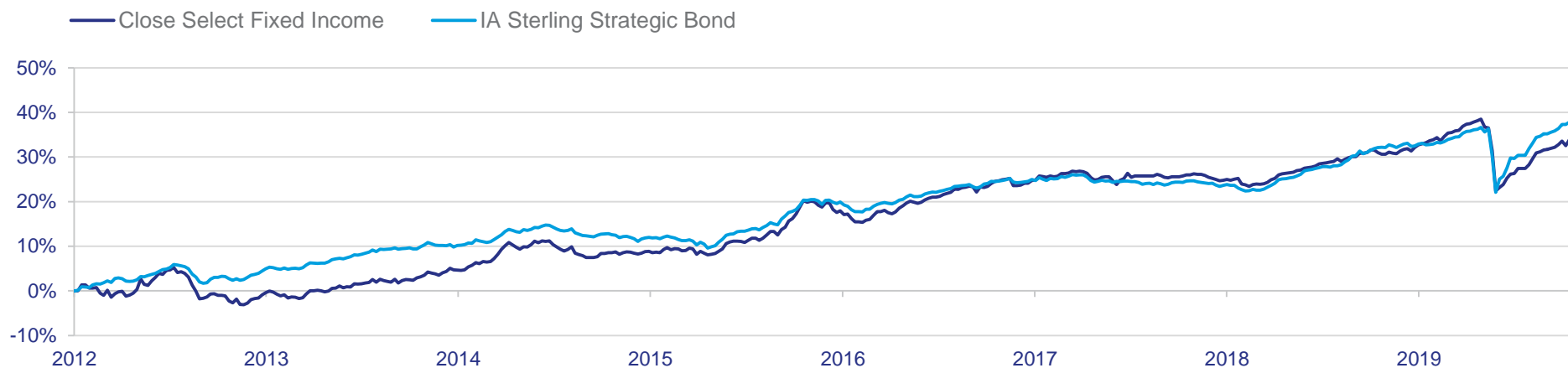
Max. drawdown = -9.8%

Positive return (months) = 61%

### SOURCE:

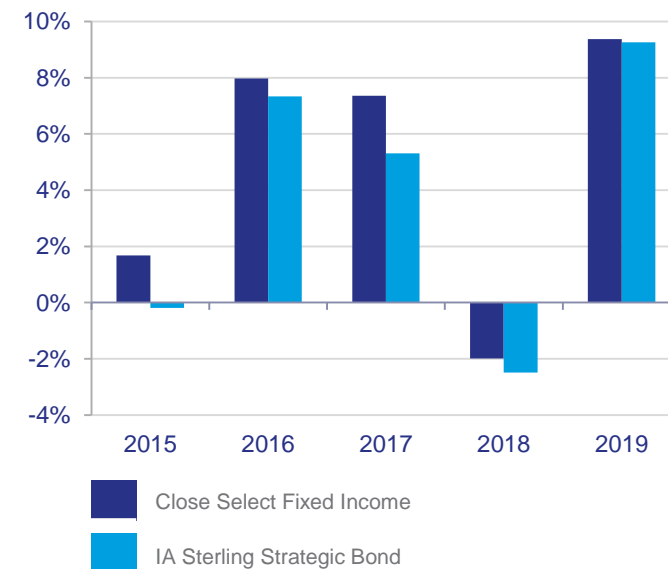
Close Brothers Asset Management and FE Analytics; data as of 31<sup>st</sup> August 2020. Ratios used are over 5 years from month end whilst using the IA Sterling Strategic Bond as the benchmark. The 'X Acc' share class was used. Past performance is not a reliable indicator of future results.

# Performance



CUMULATIVE PERFORMANCE	1 M	3 M	6 M	YTD	1 YR	3 YR	5 YR
Close Select Fixed Income Fund	1.80%	4.06%	-1.28%	-0.46%	2.87%	7.77%	24.68%
IA Sterling Strategic Bond	0.16%	3.28%	1.41%	2.72%	3.66%	10.19%	22.91%

DISCRETE PERFORMANCE	2019	2018	2017	2016	2015
Close Select Fixed Income Fund	9.37%	-1.99%	7.36%	7.97%	1.68%
IA Sterling Strategic Bond	9.26%	-2.49%	5.31%	7.33%	-0.19%



## SOURCE:

Close Brothers Asset Management and FE Analytics; data as at 31<sup>st</sup> August 2020.

Past performance is not a reliable indicator of future results. Performance figures are net of fees.



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