

# Close Managed Funds

## Monthly fund manager update

SEPTEMBER 2020

**MANAGED FUNDS TEAM**

### MONTH IN FOCUS

September was a difficult month for UK, and to a lesser extent, US equities, which led to slightly negative returns across all four funds in the Close Managed Funds range. However, the funds were all broadly in line with their respective IA sectors over the month.

The Managed Conservative Fund led the way with a return of -0.35% for the month, followed by Managed Balanced (-0.45%), Managed Growth (-0.55%) and finally Managed Income (-0.59%).

### THOUGHTS FROM THE TEAM

Within equity markets, the best performing regions during September were Asia, Japan, and emerging markets, which all outperformed the UK, US, and Europe (although a couple of our European managers delivered good performance). Japanese markets performed particularly strongly in sterling terms, and our top performing holdings were all Japanese equity funds: the Baillie Gifford Japanese fund (held in Managed Conservative, Balanced, and Growth) returned +8.45%, while the Coupland Cardiff Japan Income & Growth Trust (held in Managed Income) returned +6.62%.

Another strong performer was the Schroder ISF Asian Total Return fund, where the portfolio tilt towards tech names like TSMC and Alibaba helped to deliver a return of +3.80% for the month.

The UK and the US were difficult places to be for equity investors during September, in either the active or passive space. Barring the Baillie Gifford American and the JPM US Equity Income funds, all our managers posted negative returns for the month.

In general, it was a risk-averse month for fixed income. Many of our managers with higher yielding credit exposure posted negative returns, while gilts and investment grade bonds managed to eke out a small positive return.

It was also a somewhat mixed picture for our alternative holdings, where most of our infrastructure investments were negative, as were a couple of our absolute return style funds, and real estate holdings. Notable exceptions included the Lumyna Sandbar Global Equity Market Neutral fund, which added a further +2.48% to its strong year-to-date returns; whilst BBGI (a globally exposed infrastructure fund) delivered a return of +2.73% following its interim results at the end of the summer - where it announced a small increase to NAV and a dividend increase. Overall, our diversifiers have done their job during a tumultuous year so far.

In terms of portfolio activity, we made some changes within the Managed Conservative Fund during the month, where we sold the Chelverton UK Equity Income Fund, and used the proceeds to add the Baillie Gifford UK Equity Alpha Fund (already held in the Managed Balanced and Managed Growth Funds), while we also added to some of our other UK holdings, the NASDAQ and emerging markets. The reason was to tilt the portfolio towards more growth-orientated markets, which has been a theme across the portfolios this year. Elsewhere, we also participated in a capital raise for the Hipgnosis Song fund (which generates income from music royalties) within the Managed Income and Conservative Funds, where we already hold the strategy.

**CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 30 SEPTEMBER 2020**

	<b>YTD</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Close Managed Income Fund</b>	<b>-5.3%</b>	<b>10.3%</b>	<b>-3.7%</b>	<b>6.4%</b>	<b>9.1%</b>	<b>4.5%</b>
IA £ 20-60% Equity	-2.9%	11.8%	-5.1%	7.2%	10.3%	1.2%
<b>Close Managed Conservative Fund</b>	<b>-1.3%</b>	<b>11.2%</b>	<b>-4.3%</b>	<b>7.0%</b>	<b>8.6%</b>	<b>4.2%</b>
IA £ 20-60% Equity	-2.9%	11.8%	-5.1%	7.2%	10.3%	1.2%
<b>Close Managed Balanced Fund</b>	<b>1.8%</b>	<b>15.3%</b>	<b>-5.1%</b>	<b>10.8%</b>	<b>10.4%</b>	<b>4.7%</b>
IA £ 40-85% Equity	-2.5%	15.8%	-6.1%	10.0%	12.9%	2.7%
<b>Close Managed Growth Fund</b>	<b>4.4%</b>	<b>17.5%</b>	<b>-6.0%</b>	<b>14.3%</b>	<b>10.3%</b>	<b>6.3%</b>
IA £ Flexible Investment	-1.8%	15.7%	-6.7%	11.2%	13.8%	2.0%

**SOURCE :**

FE Analytics as at 02.10.2020, data as at 30.09.20. Performance is total return, net income reinvested after fees, X Acc share class.

**IMPORTANT INFORMATION**

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