

Close Portfolio Funds

Monthly fund manager update

OCTOBER 2020



RIITTA HUJANEN
Managing Director

MONTH IN REVIEW

The Close Portfolio Funds all delivered negative returns in October. The Conservative fund declined -2.42%, Balanced -3.28% and Growth -4.13%. All three funds underperformed their relevant IA Sectors which returned -1.15%, -1.69% and -1.25% respectively. The Conservative fund remains ahead of its IA Sector year-to-date (YTD), but the Balanced and Growth funds are currently lagging their respective IA Sectors on a YTD view.

THOUGHTS IN OCTOBER: IGNORE THE NOISE

These are indeed strange times. In some ways, there is much to discuss and digest: US Presidential Elections, a second wave of the Covid-19 virus amid further lockdowns across the UK and Europe, further debates around stimulus measures and Brexit (still)! On the other hand, however, this all seems like short-term 'noise' when one tries to consider the longer term investment perspective. There is so much talk about politics, some of which is very partisan and passionate, but the reality is that this is often the case, and has been for centuries.

As the Arabic proverb goes, *the dogs bark but the caravan moves on*. The political backdrop can certainly have short-term implications for investors, as we saw in October as volatility increased and profit-taking emerged. Yet, despite all the temporary turbulence, various uncertainties and much debate, we have seen only relatively modest negative returns from the funds YTD and I am still of the belief that it is possible to end 2020 in positive territory. When one looks further ahead, longer term opportunities are still there to be had for the kind of profitable and resilient businesses that we like to invest in. These companies will continue to innovate, prosper and move on while the dogs bark. In light of this, we have increased our equity holdings in eBay and Cerner (a US healthcare software provider) during October, as we look to

reduce the cash weighting that had been set aside to take advantage of further market volatility.

So we look forward with confidence and with the opinion that it is better to light a candle than to curse the dark. This remains the year of patience, and of sticking to long term investment objectives.

A NEW ARRIVAL TO THE PORTFOLIO FUNDS FAMILY

The start of November marks the [official launch of the new Close Sustainable Balanced Portfolio Fund](#) (which launches along with the Close Sustainable Bond Portfolio Fund). We are delighted to offer this very important product for clients who seek a dedicated sustainable investment approach for their savings. This new fund will be co-managed by myself and Richard Stroud, who has been a member of the CBAM Funds team for over five years.

I believe the Close Sustainable Balanced Portfolio Fund will prove to be a perfect little sister to our existing suite of "Classic" Close Portfolio Funds. As with the other funds, it will invest mainly in direct equities and bonds, while the investment process will follow the same stock-picking and valuation framework. So, if you like these funds, you might also like the new Sustainable Fund.

The major distinction, of course, is the intentional focus on sustainability. To do this, we will apply two additional screens as part of the investment process, which are designed to both screen out unethical practices, and focus on investment opportunities with positive track-records of sustainability.

This is obviously just a brief announcement and introduction to the new fund. Please do not hesitate to contact us if you are interested in finding out more. From December, we will be producing a separate monthly update for the Close Sustainable Balanced Portfolio Fund.

CLOSE PORTFOLIO FUNDS DISCRETE PERFORMANCE AS AT 31 OCTOBER 2020

	YTD	2019	2018	2017	2016	2015
Close Conservative Portfolio Fund	-3.0%	12.5%	-2.7%	9.0%	5.4%	2.0%
IA 20-60	-4.0%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close Balanced Portfolio Fund	-5.5%	17.1%	-2.9%	11.8%	6.3%	2.9%
IA 40-85	-4.1%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close Growth Portfolio Fund	-4.0%	21.9%	-3.4%	12.5%	6.8%	2.9%
IA Flexible Investment	-3.1%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE :

FE Analytics 03.11.2020; 2020 (YTD) data as at 31.10.2020; fund performance is total return net of fees with dividends reinvested for X Acc share class.

IMPORTANT INFORMATION

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