

Close Tactical Select Passive Funds

Monthly fund manager update

NOVEMBER 2020



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Investment Manager

MONTH IN REVIEW

November saw most equity markets rally hard on positive vaccine news. Having been mostly left behind since the pandemic started, more traditional value stocks (some of which are sometimes referred to as real / old word economy companies) benefited most, outstripping tech stocks in a reversal of the trend seen over much of 2020

This rotation effectively closed some of the performance gap between the two investment styles. Regular readers may remember that we had already positioned for this leg of a so-called 'k-shaped' recovery, by adding to our broader equity exposure. This proved beneficial across the board for the Close Tactical Select Passive (TSP) funds, with Conservative advancing 4.66%, Balanced 6.83% and Growth 8.39% over the month. On a year-to-date basis both the Conservative and Growth funds are now in positive territory, while the Balanced fund stands at -0.1%.

European equities were the strongest performers in November. The standout performer across the TSP range was the xtracker Euro Stoxx 50 ETF, which delivered at +17.9% (after lagging in October). UK equities were also very strong, with the broad market up over 13.0%. In the US, Tech sector ETFs were also all up, but lagged behind the broad markets. The only US tech ETF to outperform the market was the First Trust Cloud Computing ETF, which advanced +13.4%.

Within the fixed income space, corporate bonds continued their outperformance versus government bonds, while

Inflation Linked Gilts were more or less flat. The funds' best performing investment within the GBP fixed income markets was the Lyxor GBP Liquid Corporates ETF, which returned +2.5% as long dated bonds outperformed the shorter duration bonds.

Alternative assets were mostly positive with the UBS CMCI Composite ETF up strongly (+6.6%) and outperforming broader commodities. Gold was the primary detractor in this space, ending the month down over -8.2%. Elsewhere, the iShares FTSE Global infrastructure ETF was another positive contributor, returning 3.4%.

GENERAL POSITIONING

With major position changes traded in October, November was relatively quiet and trades were mainly due to inflows. We need to allow time for the new investments and the changes implemented to come to fruition. The cash position is still higher than we would usually run as we actively seek new positions in the alternatives space following the recent disposal of the JPM Managed Futures ETF ahead of the closure of the strategy. We are looking to put some of the available cash to work shortly as we position the funds for 2021. Our fixed income allocation will be increased and brought closer to a neutral position across the range, however we will remain overweight corporate bonds relative to government bonds, and continue to prefer short duration to long duration bonds. Within alternatives, the funds currently only hold investments in infrastructure and commodity securities, with the commodity exposure predominantly in gold.

**CLOSE TACTICAL SELECT PASSIVE FUNDS DISCRETE PERFORMANCE
 AS AT 30 NOVEMBER 2020**

	YTD	2019	2018	2017	2016	2015
Close TSP Conservative Fund	0.3%	12.1%	-4.2%	6.5%	14.3%	1.9%
IA £ 20-60% Equity	1.6%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close TSP Balanced Fund	-0.1%	15.3%	-5.3%	9.1%	17.6%	2.5%
IA £ 40-85% Equity	2.8%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close TSP Growth Fund	0.7%	17.7%	-5.5%	11.8%	16.4%	1.8%
IA £ Flexible Investment	4.0%	15.7%	-6.7%	11.2%	13.8%	2.0%

Source: FE Analytics as at 02.12.2020; YTD figures as at 30.11.2020; all are X Acc share classes; performance is total returns, net of fees with dividends reinvested.

IMPORTANT INFORMATION

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