

Close Tactical Select Passive Funds

Monthly fund manager update

DECEMBER 2020



WEIXU YAN
Investment Manager

MONTH IN REVIEW

December was a fairly quiet month but saw most equity markets post positive returns. This clearly benefitted the Close Tactical Select Passive (TSP) range of funds in terms of absolute performance, while it was very pleasing to see each risk profile outperform its respective IA sector peer group as well: Conservative returned +2.15%, Balanced +2.56% and Growth +2.93% over the month. Despite finishing 2020 in positive territory, however, each strategy lagged its IA benchmark for the year given the predominately active approach of contributing investment managers. (See table below).

In December, emerging market equities proved to be the best performing region, advancing by around +5.0%. Nonetheless, technology stocks elsewhere also fared well with the LGIM Cyber Security ETF the best investment in the TSP range, delivering +11.3%, while the First Trust Cloud Computing ETF advanced +4.6% - both outperforming broader US equity markets.

In the UK, the Brexit deal buoyed UK mid-caps which outperformed their more international large-cap peers: the Vanguard FTSE 250 ETF (+6.4%) outperformed the Vanguard FTSE 100 ETF (+3.5%) by almost 3.0% over the month.

Corporate bonds only marginally outperformed government bonds in December, however positioning by maturity was a

more important factor within fixed income markets in December as shorter-duration issuance generally underperformed. Our best-performing holding in Sterling fixed income markets was the Lyxor GBP Long-Dated Liquid Corporates ETF, which delivered a +2.0% return.

Alternative assets were mostly positive with the Invesco Physical Gold ETC the best performing holding in the asset class (+4.0%), outperforming the broader commodity complex. Meanwhile, the iShares FTSE Global Infrastructure ETF was the main detractor, falling -1.9%.

GENERAL POSITIONING

Regular readers will remember that some months ago we signalled our intention to invest some of our cash into broad-based equity ETFs in order to better position ourselves for 2021 - which is exactly what we have done. Additionally, we have changed our provider for exposure to equity markets in Japan, preferring the Amundi Prime Japan ETF as it helped to reduce costs without fundamentally changing our positioning.

We have been gradually increasing our fixed income allocation from underweight towards neutral across the TSP range. We are still overweight corporate bonds relative to government bonds, and prefer short duration to long duration. Within alternatives, we are currently only invested in infrastructure and commodities, the latter being mainly gold.

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

	YTD	2019	2018	2017	2016	2015
Close TSP Conservative Fund	2.5%	12.1%	-4.2%	6.5%	14.3%	1.9%
IA £ 20-60% Equity	3.5%	11.8%	-5.1%	7.2%	10.3%	1.2%
Close TSP Balanced Fund	2.5%	15.3%	-5.3%	9.1%	17.6%	2.5%
IA £ 40-85% Equity	5.3%	15.8%	-6.1%	10.0%	12.9%	2.7%
Close TSP Growth Fund	3.6%	17.7%	-5.5%	11.8%	16.4%	1.8%
IA £ Flexible Investment	6.7%	15.7%	-6.7%	11.2%	13.8%	2.0%

SOURCE:

FE Analytics as at 05.01.2020; YTD figures as at 31.12.2020; all are X Acc share classes; performance is total returns, net of fees with dividends reinvested.

IMPORTANT INFORMATION

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