

# Close Tactical Select Passive Funds

## Monthly fund manager update

JANUARY 2021



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 Investment Manager

### MONTH IN REVIEW

2021 started positively with equity markets rallying in the first week, before declining towards the tail end of the month. Developed market equities were slightly down in January, but many indices across Emerging Markets and Asia posted positive returns.

Overall our range of Close Tactical Select Passive (TSP) Funds were mainly negative, but our overweight allocation to EM and Asian equities were positive contributors. Close TSP Conservative fell -0.54%, Balanced -0.28% but Growth added +0.03%. All strategies were ahead of their respective IA sectors (see table below).

Despite the challenging backdrop generally for market returns, stocks related to the digital economy fared well: the LGIM Cyber Security ETF was the best performing holding in the range, delivering +4.2%, followed closely by the First Trust Cloud Computing ETF which added +3.9%; both outperformed broader equity market indices.

Similar to December, corporate bonds only marginally outperformed government bonds, but it was positioning by maturity which proved more important; shorter duration outperformed longer duration in corporate credit as well as

government bonds markets. The worst performing investment of our Sterling fixed income holdings was the Lyxor GBP Long Dated Liquid Corporates ETF which fell -3.0%.

Alternative assets were mixed. The Invesco Physical Gold ETC was the worst performer, delivering -2.3% and underperforming broader commodities, while the iShares FTSE Global infrastructure ETF was also down -0.8%.

### GENERAL POSITIONING

In January, we continued to add to equities in line with our asset allocation call from December. A notable trade was the addition of VanEck's Video Game and eSports ETF in the fund range. The ETF performed well in January gaining +2.9% and outperforming global developed equity markets, which were down slightly. However, as we bought the ETF on 26<sup>th</sup> of January, the funds were able to enjoy only a fraction of that outperformance.

Our fixed income allocation remains marginally underweight; we are still overweight corporate bonds relative to government bonds and prefer short to long duration issues. Within alternatives, we now only invest in infrastructure and commodities, the latter being mainly gold.

### CLOSE TACTICAL SELECT PASSIVE FUNDS DISCRETE PERFORMANCE AS AT 31 JANUARY 2021

	YTD	2020	2019	2018	2017	2016
<b>Close TSP Conservative Fund</b>	<b>-0.5%</b>	<b>2.5%</b>	<b>12.1%</b>	<b>-4.2%</b>	<b>6.5%</b>	<b>14.3%</b>
IA £ 20-60% Equity	-0.4%	3.5%	11.8%	-5.1%	7.2%	10.3%
<b>Close TSP Balanced Fund</b>	<b>-0.2%</b>	<b>2.5%</b>	<b>15.3%</b>	<b>-5.3%</b>	<b>9.1%</b>	<b>17.6%</b>
IA £ 40-85% Equity	-0.3%	5.3%	15.8%	-6.1%	10.0%	12.9%
<b>Close TSP Growth Fund</b>	<b>0.0%</b>	<b>3.6%</b>	<b>17.7%</b>	<b>-5.5%</b>	<b>11.8%</b>	<b>16.4%</b>
IA £ Flexible Investment	-0.1%	6.7%	15.7%	-6.7%	11.2%	13.8%

### SOURCE:

FE Analytics as at 03.02.2021; YTD figures as at 31.01.2021; all are X Acc share classes; performance is total returns, net of fees with dividends reinvested.

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**IMPORTANT INFORMATION**

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