

## Close Managed Funds

### Monthly fund manager update

JANUARY 2021



#### MANAGED FUNDS TEAM

#### MONTH IN FOCUS

January was an unusual month, relative to recent history, in that it was the cyclical recovery areas of the market and small cap equities that did the best. More broadly, markets grappled with the efficacy of different vaccines and their supply. With the exception of Growth, all of the Close Managed Funds had a negative month. Balanced outperformed its Investment Association sector, but both Income and Conservative fell narrowly short of their respective sectors.

#### THOUGHTS FROM THE TEAM

The best equity performance once again came from the Baillie Gifford American fund, which returned +6.5%, against a fall of -1.4% for the broader US market. Although, it seems, we mention the fund every month, it's worth reiterating the types of company the fund invests in, namely: Tesla (EVs), Shopify (online retail), Amazon (online retail/cloud computing), Trade Desk (online advertising), Wayfair (online retail), Roku (digital streaming), Netflix (digital streaming), Chegg (online education), Alphabet (online advertising), and Appian (cloud computing). It's hard not to see that the pandemic has acted as a considerable tailwind for such businesses and it seems quite possible that while economists and talking heads argue about inflation and economic growth, companies like those mentioned will continue to make inroads into our everyday lives. Elsewhere, we also had strong returns from the Legg Mason Royce US Smaller Companies fund, which we added to Managed Growth in December, delivering +5.7% for the month.

We had solid returns within Asia and to a lesser extent emerging markets, which were both standout equity markets globally in January. The Invesco Asian fund returned +5.2%, and the Schroder Asian Total Return fund delivered +3.8%.

It was a negative month generally for fixed income assets, on the back of fears of higher inflation emerging from a global economic recovery. Consequently, most of our holdings were slightly negative for the month, although most outperformed their respective indices. The best performers (both held in Managed Income) were the TwentyFour Monument Bond fund and the Royal London Sterling Extra Yield, which returned +0.1% and +1.0% respectively.

Within alternatives it was a mixed bag for our infrastructure holdings, as indeed was the case for our two music royalty funds. It was a better month for our two property REITs, where the LXi REIT delivered the best performance of the month with a +10.2% return from a portfolio of long lease index-linked assets.

It was a relatively quiet month for activity within the funds, but we took the opportunity to add to positions in Asia and emerging markets within Managed Growth, as well as UK smaller companies and the UK more broadly. For the rest of the funds, we remained happy with the overall positioning and levels of cash.

**CLOSE MANAGED FUNDS DISCRETE PERFORMANCE AS AT 31 JANUARY 2021**

	<b>YTD</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Close Managed Income Fund</b>	<b>-0.5%</b>	<b>0.3%</b>	<b>10.3%</b>	<b>-3.7%</b>	<b>6.4%</b>	<b>9.1%</b>
IA £ 20-60% Equity	-0.4%	3.5%	11.8%	-5.1%	7.2%	10.3%
<b>Close Managed Conservative Fund</b>	<b>-0.7%</b>	<b>3.5%</b>	<b>11.2%</b>	<b>-4.3%</b>	<b>7.0%</b>	<b>8.6%</b>
IA £ 20-60% Equity	-0.4%	3.5%	11.8%	-5.1%	7.2%	10.3%
<b>Close Managed Balanced Fund</b>	<b>-0.1%</b>	<b>9.0%</b>	<b>15.3%</b>	<b>-5.1%</b>	<b>10.8%</b>	<b>10.4%</b>
IA £ 40-85% Equity	-0.3%	5.3%	15.8%	-6.1%	10.0%	12.9%
<b>Close Managed Growth Fund</b>	<b>0.4%</b>	<b>13.5%</b>	<b>17.5%</b>	<b>-6.0%</b>	<b>14.3%</b>	<b>10.3%</b>
IA £ Flexible Investment	-0.1%	6.7%	15.7%	-6.7%	11.2%	13.8%

**SOURCE:**

FE Analytics as 31.01.2021, data as at 03.02.2021. Performance is total return, net income reinvested after fees, X Acc share class.

**IMPORTANT INFORMATION**

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