

# Close Managed Funds

## Monthly fund manager update

MAY 2021



### MANAGED FUNDS TEAM

#### MONTH IN FOCUS

Unfortunately, May was a negative month for much of the Close Managed Fund range, with the exception of Managed Income, which continued its redemption story as markets still favoured value and short duration areas of equity and fixed interest markets. On the whole, the Close Managed Funds were also slightly behind their IA sector benchmarks, again with the exception of Managed Income, which returned +0.5% in absolute terms.

#### THOUGHTS FROM THE TEAM

In equities, the UK and Europe outperformed the US and Emerging Markets as value and inflation-tilted areas did better, reversing a recovery in growth assets during April. One of the better performers was the Alliance Bernstein Europe ex-UK Equity fund, which returned +3.6%, against +1.6% for the Europe ex-UK index. We first added the fund a couple of years ago and now hold it in Conservative, Balanced, and Growth. It invests into 'quality' European businesses, where the fund managers believe the long-term value of the company is not priced correctly by the market. We think it straddles 'value' and 'quality' as investment styles, and so it is pleasing to see the fund performing well now that 'value', at least, is starting to be rewarded by market sentiment.

Continuing the 'value' theme, we also saw strong returns from the Schroder Income fund, which delivered +3.8% against the UK index that returned just +1.3%. Finally, within the equity space, it was not only 'value' and income that did well: the

benefit of being diversified was plain to see in China, which has had a poor start to the year and did better in May. It was encouraging to see our holding in the Allianz China A-Share fund return +3.6% against -0.4% for Emerging Markets more broadly.

In fixed income it was an uneventful and positive month as inflation fears continued to ease and a sense of a 'transitory' period of price rises as opposed to a sustained era of inflation started to emerge. Against this backdrop our gilt holdings were the best performers, but we also had a +1.0% return from our Emerging Market debt exposure in the form of the 1167 Active Funds Global High Income fund.

Within alternatives it was generally a good month, with positive returns from most of our infrastructure holdings. The Renewables Infrastructure Group (TRIG) in particular had a strong month with more favourable views on the sector as it delivered +3.4%. Elsewhere gold performed well during May and returned over +4% in sterling terms.

#### ACTIVITY

We added small cap exposure to the Balanced fund through the Tellworth UK Smaller Companies fund, and continued to add to 'value' by including the River & Mercantile Global Recovery fund to Conservative.

We also made some cosmetic adjustments to our US positions within Balanced by trimming some core growth allocation and recycling back into core value.

---

#### IMPORTANT INFORMATION

This document is only intended for use by UK investment professionals and should not be distributed to or relied upon by retail clients. The value of investments will go up and down and clients may get back less money than they invested. Past performance is not a reliable indicator of future returns. The information contained in this document is believed to be correct but cannot be guaranteed. Opinions constitute our judgment as at the date shown and are subject to change without notice. This document is not intended as an offer or solicitation to buy or sell securities, nor does it constitute a personal recommendation.

Close Brothers Asset Management is a trading name of Close Asset Management Limited (Registered number: 01644127) and Close Asset Management (UK) Limited (Registered number: 02998803). Both companies are part of Close Brothers Group plc, are registered in England and Wales and are authorised and regulated by the Financial Conduct Authority. Registered office: 10 Crown Place, London EC2A 4FT. VAT registration number: 245 5013 86. CBAM5424