

Close Tactical Select Passive Funds

Monthly fund manager update

JUNE 2021



WEIXU YAN
Investment Director

MONTH IN REVIEW

The Close Tactical Select Passive Fund range posted positive returns in June: the Conservative Fund added +1.41%, the Balanced Fund was up +1.73% and the Growth Fund advanced +2.26%; only the Balanced Fund failed to beat its relevant IA sector (by 0.21%).

The first half of the year has been one of sector rotations: seemingly each month of 2021 to date, has seen 'value' outperforming 'growth' and vice versa. June was again no exception. While in May the cloud computing, cyber security and eSports themes underperformed the broader market, this month they rebounded strongly - partly helped by sterling depreciating against most major currencies.

The First Trust Cloud Computing ETF (+11.1%) was the best performing investment in June, having been the worst performer last month. The worst performing equity investment this month, was the Amundi Solactive UK Mid and Small Cap ETF which fell -1.9% as holdings underperformed their large-cap counterparts.

June delivered another month of steady performance in sterling-denominated fixed income, with corporate bonds up by +0.9% and marginally outperforming gilts. The performance differential between short duration bonds and the broad longer duration indices was more significant in

June, approaching 1.0%. Inflation-linked bonds were the laggards within the fixed income space, but by a small margin: the Lyxor FTSE Actuaries UK Inflation Linked Gilts ETF was down -0.1%.

Physical gold underperformed broad commodities this month by a significant margin of just over 6.0%. The general UBS CMCI Composite (Commodity) ETC was up +2.2% (again, partly driven by weaker sterling) while Physical Gold ETCs were down -4.2%. The iShares FTSE Global Infrastructure ETF advanced +1.2% in June, once again slightly outperforming its benchmark.

GENERAL POSITIONING

We increased our equity weighting in June by adding exposure to the Amundi Solactive UK Mid and Small Cap ETF. This was to help to close our relative underweight position in UK equities. In terms of broad asset allocation, the Funds remain overweight equities versus fixed income. Within equities, we currently prefer emerging markets and Asia versus other developed markets.

Within our marginally underweight fixed income allocation, we are still overweight corporate bonds relative to government bonds, and prefer short duration to long duration. Within alternatives, we currently only invest in infrastructure and commodities, with the latter now split 50-50 between gold and more general commodities.

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.

CBAM5426