

Close Tactical Select Passive Funds

Monthly fund manager update

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MONTH IN REVIEW

November was an interesting month; all equity markets were negative in local currency terms, but Japan and the US finished up due to GBP depreciation. Despite challenging equity markets, the Close Tactical Select Funds performed well, all delivering positive returns. The Conservative fund performed notably well delivering +0.6% versus its peer group (Investment Association Mixed Investment 20-60% Shares sector) which was negative.. This was thanks, in part, to its relative higher weighting to fixed income.

Interestingly, November moved away from the 'old-economy vs. new-economy' rotations so common this year. Last month's best-performing equity investment, the First Trust ISE Cloud Computing ETF, was down in November -1.0%, while the more value-oriented First Trust US Equity Income ETF was up +2.5%. However, November's best equity investment was the tech-heavy VanEck Video Gaming and eSports ETF, which gained +8.5%, followed by the Invesco S&P 500 US Technology Sector ETF. The LGIM Cybersecurity ETF fared worst, falling -3.5%.

Sterling fixed income investments were all positive with longer duration outperforming shorter duration. Continuing

from October, corporate bonds underperformed government bonds by almost 2%. Within the asset class, inflation-linked bonds yet again performed best: the Lyxor FTSE Actuaries UK Inflation Linked Gilts ETF added +6.2%, outperforming some equity markets by a significant margin.

Physical gold ETCs outperformed the broader commodity complex this month, gaining circa 3% versus the UBS CMCI Composite ETF which fell -0.6%. The iShares FTSE Global Infrastructure ETF outperformed its benchmark and was up +0.8%.

GENERAL POSITIONING

We have kept a steady course throughout the year and plan to keep it into 2022. We might make some small rebalancing trades, but this won't change our broad asset allocation. The Funds are currently overweight equities vs. fixed income, with regional preferences for the US, EM and Asia.

Within our underweight fixed income position we still prefer corporate bonds to government bonds, and short duration to long duration. Within alternatives, we now only hold infrastructure and commodities, with the latter split 50-50 between gold and other commodities.

IMPORTANT INFORMATION

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