

Close Sustainable Balanced Portfolio Fund

Monthly fund manager update

APRIL 2022



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MONTHLY PERFORMANCE

The Close Sustainable Balanced Fund returned -1.7% in April, comfortably ahead of the Investment Association (IA) 40-85% Sector return of -2.1%. For the year so far, the Close Sustainable Balanced Fund has returned -4.4% which is pleasingly 1.4% ahead of the -5.7% returned by the IA Sector.

MONTH IN REVIEW

Equity markets resumed their decline in April, with investors continuing to price for higher interest rates. Against this backdrop, both the broad bond market and global equities fell (-2.9% and -2.8% respectively) in sterling terms, with the Fund benefiting from its c.15% cash weighting and short bond duration at 2.5 years.

Equities belonging to more defensive sectors, such as healthcare names GlaxoSmithKline, Bristol Myers-Squibb and AstraZeneca, contributed positively to performance. Semiconductor-related stocks fared less well with Nvidia and Applied Materials comprising the two largest detractors.

Alternatives holding Greencoat UK Wind also featured in the top ten contributors to performance, offering largely unhedged exposure to higher electricity prices.

LOOKING AHEAD

With substantial holdings in cash and short-term gilts we are looking for opportunities to become more constructive on the lower valuations for equities and corporate bonds. In particular we are watching for the Federal Reserve to become less 'hawkish' with respect to interest rate increases, and also following the unfolding business cycle to see whether the current downturn stabilises and turns up. Conversely, should a recession be confirmed, we would reduce equities further and look to buy longer-duration gilts in order to protect portfolio.

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