

Close Sustainable Balanced Portfolio Fund

Monthly fund manager update

JULY 2022



GILES PARKINSON
Managing Director

MONTHLY PERFORMANCE

The Close Sustainable Balanced Fund returned 4.1% in July, comfortably ahead of the Investment Association 40-85% Sector return of 3.5%. So far in 2022, the Fund has returned -5.8%, which is 1.9% ahead of the -7.7% returned by the Investment Association peer group year-to-date.

MONTH IN REVIEW

Following double digit declines in the first half of the year, markets rallied strongly in July with the MSCI All Countries World Index, a measure of global equities, rising 4.6% and the ICE Bank of America Sterling Broad Market Index of UK fixed income gaining 2.7%. Elsewhere, commodity prices have been falling which is a leading indicator for potential easing of inflationary pressures – the fund's WisdomTree Copper ETC holding was the second biggest detractor in July, along with equity holdings in Admiral and Bristol-Myers Squibb. The largest contributors to performance were cyclical stocks Partners Group, Ashtead and 3i.

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 likely reduce equities further and look to buy longer-duration gilts in order to protect portfolios. The near-term path is set: will inflation roll over sufficiently to provide central banks with room to manoeuvre, or will the recessionary consequences of their interest rate increases arrive first?

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. CBAM6121