

Close Managed Funds

Monthly fund manager update

AUGUST 2022



MANAGED FUNDS TEAM

MONTH IN FOCUS

August proved a good month for the Close Managed Funds, with all four funds in the range ending the month in positive territory, and all bar Managed Growth ahead of their respective Investment Association (IA) sector peer groups (in brackets): Managed Conservative returned +0.21% (-0.55%), Income +0.25% (-0.55%), Balanced +0.50% (0.09%) and Growth +0.52% (+0.52%).

That said, as is often the case during the summer months, markets appeared uncertain about the direction of a number of trends, most notably inflation, interest rates, and recessionary indicators.

THOUGHTS FROM THE TEAM

August began in a similar vein to July with growth-focused assets benefiting from a tempering of expectations about the extent of future interest rate rises, and ended with renewed fears around the same subject. This inflection point occurred towards the end of the month and was not helped by the cessation of gas flowing through the Nord Stream 1 pipeline from Russia to Europe. All this led to a somewhat unspectacular month for equities, with the US, Asia, and emerging markets in positive territory (in sterling terms), whilst the UK and Europe fell.

Among our holdings, the strongest performers were the tech/consumer services exposed Baillie Gifford American fund, which returned +4.4%, and the Redwheel Global

Emerging Market fund, which has exposure to a number of commodity names, and delivered +5.9% for the month. There were also some decent returns from Asian and emerging market income-paying funds (held within Managed Income). For example, the Matthews Asia ex-Japan Dividend fund rose +5.1%, and the Capital Emerging Market Opportunities fund delivered +4.7%. Both areas have had a challenging year, but equally demonstrate the relevance of being diversified across income sources.

Fixed income gave up much of the returns gained in July and anything barring short duration assets performed poorly. Reversing last month's trend, it was the mortgage backed securities exposed TwentyFour Monument Bond fund that performed best, with a monthly return of +1.3%. It was a decent month for alternatives too, which largely did their job to offset negative returns from fixed income and some equity markets. Commodities, absolute return/hedge strategies, and music royalty funds were all in positive territory, with a more mixed picture in infrastructure. Our holding in The Renewable Infrastructure Group was the top performing asset in the alternatives space, with the +6.3% total return over the month bringing in the year-to-date return into double digits.

ACTIVITY

We undertook very little trading during the month, except to top up some of our credit and government bond positions, mainly in Managed Balanced. But the team was very active researching new ideas, meeting fund managers and conducting due diligence.

IMPORTANT INFORMATION

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