

Close Sustainable Balanced Portfolio Fund

Monthly fund manager update

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MONTHLY PERFORMANCE

The Close Sustainable Balanced Fund returned +2.4% in November, -1.3% less than the Investment Association 40-85% Shares Sector return of +3.7%. However, so far in 2022 the Fund has returned -6.9%, which is +1.9% higher than the -8.8% average return delivered this peer group.

MONTH IN REVIEW

Global equity markets continued to rally in November, rising by +5% as the Federal Reserve signalled that the pace of interest rate increases would slow. However, this translated into a muted +0.9% gain for GBP investors due to a +4.1% appreciation in sterling amidst a risk-on backdrop. Sterling bonds also rose in November, with the ICE Bank of America Sterling Broad Market index up 3.1%.

Our bias towards cash and cash-like short-duration bonds within fixed income limited our ability to participate in the bond market rally, which was led by corporate bonds where we maintain a very light positioning. The top three equity contributors were Applied Materials, 3i Group and Microsoft, while the most significant detractors were Roche, RELX and GSK.

In terms of activity over the month, we added to duration within our fixed income allocation through the purchase of US Treasuries, while we bought the Royal Mint Responsibly Sourced Physical Gold ETC within our alternatives allocation. Both trades reflect rising conviction that yields may have peaked.

LOOKING AHEAD

With substantial holdings in cash and short-term sovereign debt we are looking for opportunities to become more constructive on the lower valuations for equities and corporate bonds. In particular, we are watching the unfolding business cycle, to see whether the current downturn stabilises and turns back up. Conversely, should a recession be confirmed we would reduce equities further, look to add further duration within fixed income and add to gold in order to protect portfolios.

IMPORTANT INFORMATION

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