

Close Sustainable Balanced Portfolio Fund

Monthly fund manager update

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MONTHLY PERFORMANCE

The Close Sustainable Balanced Fund delivered negative returns in December, falling -1.19% which compared favourably with the Investment Association 40-85% Shares Sector which declined -1.42%. The Fund finished 2022 comfortably ahead of this sector: -8.03% vs -10.04%.

MONTH IN REVIEW

The strong autumn market rally unwound partially in December, as the recessionary implications of the US Federal Reserve taking interest rates from zero to a range of 4.25%-4.5% within the space of a year set in. Equities fell -2.1% in sterling terms whilst sterling bonds declined by -3.6%. The top three positive contributors to fund performance in the equity space were Novo Nordisk, Admiral and GSK, while the most significant detractors were Accenture, Applied Materials and Partners Group.

LOOKING AHEAD

With rising conviction that yields have peaked we have bought some gold – which although it does not yield anything itself also doesn't carry any earnings risk – while we have

invested some cash in long-term Treasury bonds, which will benefit from interest rate cuts in a recession, as a way to protect portfolios. We are looking for final confirmation that the US is entering recession before moving outright long duration.

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