

Close Tactical Select Passive Funds

Monthly fund manager update
October 2024



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MONTH IN REVIEW

In anticipation of the US presidential election, October was fairly benign for Close Tactical Select Passives (TSP) with the range returning modest positive returns and all the funds outperforming their respective Investment Association (IA) sector peer groups.

Year-to-date returns are as follows with the respective IA sector peer groups in brackets:

- TSP Conservative: +6.64% (+5.48%)
- TSP Balanced: +8.14% (+7.57%)
- TSP Growth: +9.80% (+7.55%)

Within our equity allocation, our best-performing equity holding in October was the SPDR S&P 500 US Financials ETF, up +8.26%. This US Financials tracker performed strongly in the run up to the US election as the odds of a Trump victory grew. Investors believe that US Financials could be a beneficiary of potential deregulation. At the other end of the scale, the Vanguard FTSE 250 ETF was down -3.42%, with UK mid-cap businesses being a potential loser of the UK Autumn Budget through higher taxation and increases to employers' National Insurance and the minimum wage.

Fixed income returns generally pulled back through October, with longer duration performing worse than shorter duration positions. The weakest performers were the SPDR UK Gilt 15+ ETF which slid -4.88% and the Amundi UK

Government Index-Linked Bond ETF, down -1.88%.

Our alternatives (or diversifiers) had a good month with the broad commodities tracker we hold, the UBS CMCI Composite ETF, up +2.92%, while the gold price continued to advance - gold was our best performing asset in October, adding +8.50%.

Elsewhere, our absolute return fund, the Trium Alternative Growth Fund, was moderately up as expected at +0.17% and the iShares FTSE Global Infrastructure UCITS ETF also advanced, up +2.36%.

GENERAL POSITIONING

We have reduced our cash position by 1% and added to equities. In anticipation of less uncertainty as the US presidential election concludes and investors having more clarity of its outcome and implications, we are putting money back to work.

We have kept our slight underweight in fixed income overall, but maintained higher duration (interest rate sensitivity) in case rates are cut sooner or quicker than anticipated. We are reviewing this and may now slowly move back towards a neutral position. Our allocation to alternatives has also edged higher as we try to build in some portfolio exposure to assets which are less sensitive to interest rate moves.

IMPORTANT INFORMATION

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