

Close Select Global Equity Fund

Monthly fund manager update

March 2025



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Managing Director

STRATEGY OVERVIEW

The Select Global Equity Fund seeks to achieve resilient returns over the long term by acquiring 'cheap durables' – direct interests in predictable businesses that will grow in value and repay their debts purchased at attractive cash-based valuations.

MONTHLY PERFORMANCE REVIEW & ACTIVITY

March saw significant volatility as the global equity markets contended with several key issues that sent major indices down for a second consecutive month. Firstly, global interest rates remain at restrictive levels, with concerns of a 'growth scare' as well as stubbornly high inflation at risk of derailing the 'soft-landing' narrative (curbing inflation without causing a recession). These issues are being compounded by US fiscal policy uncertainty, especially on trade tariffs. New announcements included country-specific tariffs on China, Canada and Mexico, as well as product specific measures on key items such as steel and aluminium, autos and agricultural products. President Trump has set 2 April as a deadline for a number of these levies to go into effect, with markets now seemingly discounting out the so-called 'Trump put' and a more market friendly reversal in trade policy. The 'Fed put' also remains elusive, with interest rate cuts remaining on hold as the Federal Reserve's preferred measure of US inflation core Personal Consumption Expenditures (PCE), remained high – and in fact ticked up in February.

Against this backdrop, we have continued to adopt a more cautious equity outlook, preferring

to own defensive stocks with respect to earnings, valuation multiples and beta. In the month, we excited positions in US technology giant Alphabet, Italian luxury goods company Moncler and US government and defence contractor Booz Allen. The Booz Allen trade funded a switch into consultancy firm CACI, another US government exposed company, but one where we see earnings as being less at risk from federal Department of Government Efficiency (DOGE) cuts, given the business skews to defence and border related security – both Republican priorities. Other new additions were in response to the German fiscal stimulus announcements, which we see underpinning the demand outlook in both defence and infrastructure. These were European listed Heidelberg Materials, the global #2 in cement, and Spie - a facilities management company for infrastructure focused end-markets.

The Close Select Global Equity Fund has delivered strong returns ahead of its Investment Association (IA) Global Equity peer group benchmark year-to-date, as well as from inception in June 2023.

LOOKING AHEAD

We are now the most cautious we have been since turning optimistic in late 2023. Although there are no signs that America has entered recession, fiscal policy uncertainty and still high interest rates are weighing to the downside. We own equities with a bias towards more economically defensive businesses. We would become more constructive if politicians and

policymakers become more responsive to the deteriorating market and economic backdrop.

As a long-term strategy with low turnover, we fully expect and recommend that unitholders judge our performance over a period of five years or more.

IMPORTANT INFORMATION

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