



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary March 2022

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“With inflation and central bank policy concerns already causing market volatility, Russia’s invasion of Ukraine served to escalate matters further”



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February Review

Russia’s invasion of Ukraine at the end of February sparked fresh turmoil for markets which are already grappling with stubbornly high inflation and increasingly hawkish forward guidance from the US Federal Reserve (Fed), the Bank of England (BoE) and the European Central Bank (ECB). The market now expects the Fed to raise rates by 1.5% throughout 2022, with a view to combating the high rate of inflation, which was at its highest level for 40 years in February at 7.5%. The first Fed rate rise is expected in March 2022 despite the current market volatility. The BoE raised rates by 0.25% in February and committed to unwinding its asset purchase programme by the end of 2023. The ECB also surprised investors by suggesting it may raise rates later this year.

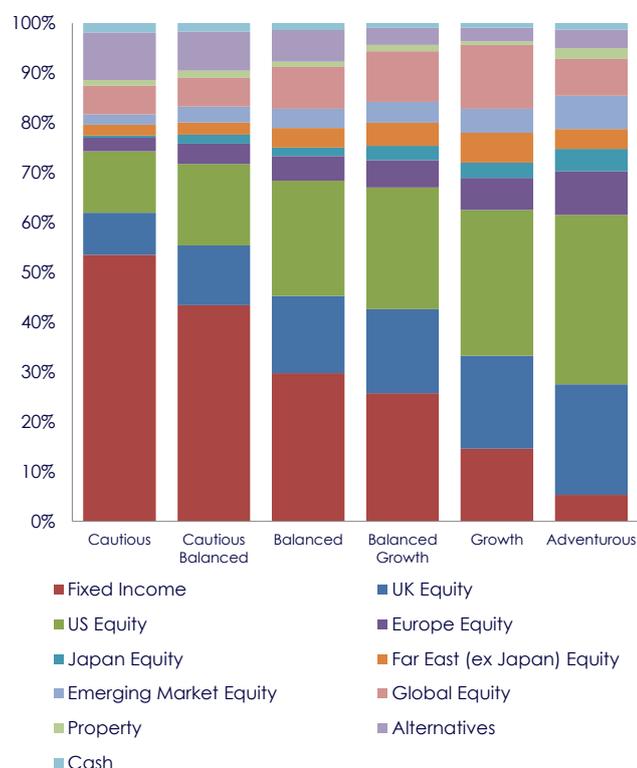
LGT Vestra Portfolio Positioning

We implemented changes to the portfolios to make them more robust in the face of heightened market volatility. This included the introduction of the Ruffer Diversified Return Fund. We also decided to further diversify our global equity holdings and reduced the amount held in the Fundsmith Equity Fund and reinvested this money into the Evenlode Global Income Fund. Despite these changes, we remain confident in the overall composition of the portfolios and are not deviating from our preference of owning quality profitable businesses, who have unique business models and generate high levels of cash.

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Asset Allocation as at 28/02/2022



Cornelian Portfolio Positioning

Within our fixed income holdings, the Starwood European Real Estate Finance and Sequoia Economic Infrastructure Income funds performed relatively well given the degree of inflation protection embedded within their underlining investments.

The holding in the iShares Physical Gold Exchange Traded Fund (ETF) produced strong returns as a result of its inflation protection credentials and safe haven status.

Overall, our international equities produced negative returns, with the exception of the iShares S&P 500 Financials Sector ETF, which produced a positive return. Our UK equity holdings performed well as a result of their relatively high exposure to financial and commodity stocks.

During February, the holdings in Barclays and the iShares S&P 500 Financials ETF were sold as part of a move to de-risk somewhat and lock in the profits made. The L&G Global Health & Pharmaceuticals Index Trust was bought. The sector is relatively economically insensitive and generating impressive cash flow. Companies in the sector have plenty of flexibility to protect profitability should input and labour costs continue to rise at a meaningful rate.

All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Investment Performance and Volatility as at 28/02/2022

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	1.01	10.75	15.43	5.54
SP4 Cautious Balanced	2.07	15.45	20.80	6.60
SP5 Balanced	2.74	19.41	24.96	8.68
SP6 Balanced Growth	3.85	22.69	30.30	9.66
SP7 Growth	4.30	25.13	32.58	10.95
SP8 Adventurous	6.76	29.68	36.16	11.96

Data source FE Analytics 28/02/2022. Figures are net of underlying fund costs, but gross of all other charges, such as discretionary management fees, platform custody charges, adviser charges & where applicable transaction costs. 1. Performance figures are representative of Cornelian's funds & LGT Vestra's MPS portfolios, which are a reasonable reflection of the performance of LGT Vestra's Volare funds given that the investment process, asset allocation & fund selection is identical to that of the MPS portfolios. 2. Volatility figures calculated on a three year annualised basis.

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