



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary June 2020

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“To date the US S&P 500 Index is close to being in positive territory for 2020, wiping out all of its Q1 losses & having rallied by over 46% from its March low”



Matthew Cove DipFA
Director
01304 371 753

May Review

Developed market economies, which came to a sudden stop during the pandemic lockdown period, entered the recovery phase in May. The crisis unfolded faster than any previous crisis, but governments and central banks have moved decisively, committing support at a speed and scale never before seen in peacetime. The recession is likely to be deep, but may be relatively short-lived. Some economic commentators think that GDP growth potential over the long-term is unlikely to be meaningfully impaired by the current disruption. Indeed, two months on and much progress has been made. The current economic outlook differs profoundly from the landscape of late March, with countries around the world reopening their economies and the disruption from COVID-19 easing. Furthermore, equity markets have come a long way, with a sharp rebound in stocks appearing to run entirely counter to some truly shocking macroeconomic data released during May. Indeed, to date (9th June 2020) the U.S. S&P 500 Index is close to being in positive territory for 2020 (at 3,206), wiping out Q1 losses and having rallied by over 46% from its March low.

LGT Vestra Portfolio Positioning

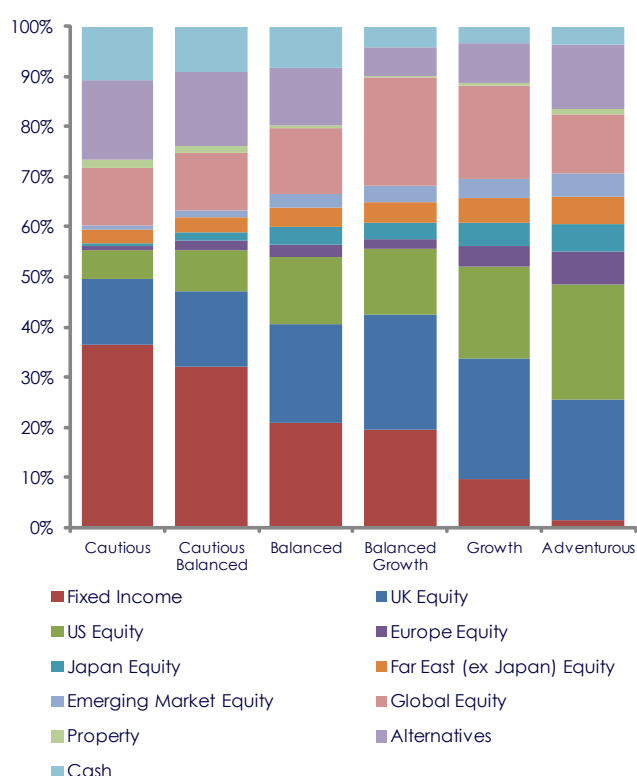
We have been rebalancing the portfolio towards companies that have wide ‘economic moats’, strong balance sheets, plenty of cash, and high levels of recurring cash flow, which means investing in funds like Fundsmith Equity, Lindsell Train Global Equity and Morgan Stanley Global Brands.

Throgmorton Select Portfolios Powered by:



Cornelian

Asset Allocation as at 31/05/2020



The Investment Committee has been discussing our investments in Emerging Markets given coronavirus, the role of absolute return funds, what types of alternatives we feel offer the best genuine diversification and finally, the impact of currency on the portfolios and whether we should hedge our overseas equity exposure. It was agreed to defer any decisions on these areas until visibility in the data improves.

Cornelian Portfolio Positioning

The portfolios delivered positive performance during the month, with the allocations to U.K., European, U.S. and Japanese equities being notable in their outperformance. As technology continued its sector leadership during the rally, the portfolios' global technology equities also outperformed. Strategic bond funds also delivered good performance and the increase in our allocation to corporate bonds proved beneficial. The Alternatives allocation delivered solid returns, driven by consistent contributions from the various asset classes.

We sold Wizz Air from the portfolios during the month because the share price had bounced strongly from its mid-March lows. The company is one of the strongest in the industry, but is clear that many airlines will require state bailouts.

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 31/05/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	2.31	6.30	18.91	5.65
SP4 Cautious Balanced	3.00	6.83	21.39	6.77
SP5 Balanced	2.76	6.09	23.71	8.79
SP6 Balanced Growth	1.60	6.74	26.30	9.63
SP7 Growth	2.67	6.68	27.84	10.94
SP8 Adventurous	3.92	5.94	27.28	11.91

Data source FE Analytics 31/05/2020. 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.

IMPORTANT: Throgmorton Private Capital Ltd 31-33 High Street, Deal, Kent, CT14 6EL Tel: 01304 371753 www.throgmortononline.co.uk is authorised and regulated by the Financial Conduct Authority (FCA). This document is a general communication and is being provided for informational purposes only. It is not designed or intended to be advice or a personal recommendation of any kind. You are recommended to seek appropriate professional independent advice before taking or refraining from taking any action on the basis of the contents of this publication, which does not contain sufficient information to support an investment decision and should not be relied upon in the evaluation of the merits of any specific investment, investment strategy, product or transaction.