THROGMORTON PRIVATE CAPITAL

Monthly Market Commentary

July 2020

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June Market Update

"To the end of June 2020 the MSCI All Country World Index was up 19.4%, which represented the best monthly performance since 2009."

It was a historic quarter for financial markets. Coming into the quarter, markets had just begun to rebound after the outbreak of COVID-19 and subsequent government mandated lockdowns, which caused the MSCI All Country World Index to lose 33% of its value in just a month. However, as governments and central banks intervened forcefully with stimulus packages of unprecedented size and scope, and the growth rate of coronavirus cases began to slow, markets were quick to react. To the end of June 2020 the MSCI All Country World Index was up 19.4%, down only 8.3% from its pre-COVID-19 high, which represented the best monthly performance since 2009.

To mitigate the economic effects of the outbreaks and the lockdowns, governments around the world have been actively implementing a wide range of stopgap measures, which generally have proved quite effective. Governments have provided direct support to households and legislated several grant and lending programmes to bolster the corporate sector. Altogether, the fiscal stimulus amounts to almost 4% of global GDP.

Central banks, including those in emerging markets, were quick to respond in an unparalleled manner, cutting interest rates and introducing / re-introducing Quantitative Easing (QE). Indeed, the US Federal Reserve further extended the scope of their previous QE programme to include the purchase of corporate bonds and Exchange Traded Funds.

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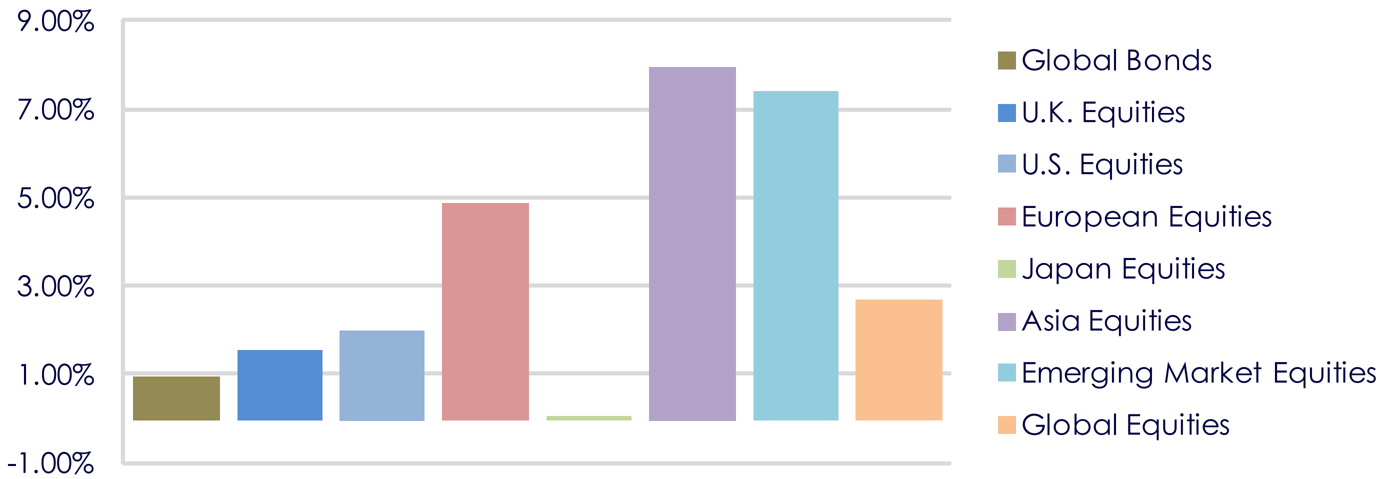
Thanks to this intervention, and the fact that the pre-COVID-19 economy was stable, economic activity rebounded more quickly and strongly than anticipated. Chinese activity set the precedent, showing that an economy which had suffered from one of the largest outbreaks could recover even whilst partial lockdown measures remained in place. This was further highlighted by better than expected US jobs and consumer spending data, thus giving investors confidence that global growth had not been markedly damaged and that any recession would not be prolonged.

During Q2 2020, the US S&P 500 Index was up over 20% largely due to its exposure to the technology sector. The Eurostoxx was not far behind, as it benefited from the proposed European recovery fund, allaying fears of a further debt crisis in the peripheral regions.

It is expected that the global economy should benefit from above average global growth, despite the fear of a second wave of infections, especially whilst markets are supported by government and central bank intervention.

Discrete Monthly Performance as at 30/06/2020



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.

Cumulative Performance and Annualised Volatility as at 30/06/2020

	1 Year %	3 Years %	5 Years %	Volatility %2
Global Bonds	7.35	17.55	51.57	9.29
U.K. Equities	-12.99	-4.60	15.17	12.61
U.S. Equities	10.07	40.20	105.47	13.16
European Equities	0.04	9.34	47.10	12.60
Japan Equities	6.20	14.77	50.80	11.87
Asia Equities	-1.21	11.63	58.16	15.05
Emerging Market Equities	-0.49	11.22	46.55	15.87
Global Equities	5.93	27.71	77.68	12.36

Data source FE Analytics 30/06/2020. Indices used: Global Bonds: Boomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.