



THROGMORTON
PRIVATE CAPITAL

Monthly Market Update



September 2020

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August Market Commentary

“Markets extended their rally in August, with the MSCI World Index returning 6% on the back of continued optimism and solid global growth”



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Optimism continued to rise in August amid mounting hopes for a COVID-19 vaccine and solid global growth. Throughout the year, countries' ability to contain the coronavirus has been the dominant driver of their relative economic performance, but this has been impacted more recently by the implementation of local lockdowns and the numbers of newly confirmed cases, which has escalated in Australia and certain parts of Europe including Germany, France, Spain and the UK, but have reduced in the US.

Since the national restrictions of the spring were lifted, country specific activity data has posted unprecedented swings as the delicate trade-off between re-opening economies and managing infection rates were balanced. Mobility indicators have continued to improve in August, albeit at a slower pace than previous months, as governments resisted further large scale shutdowns. Thus, the rapid post-lockdown recovery in global growth appears to be over. Global growth still remains above average, but is beginning to moderate.

Numerous key economic indicators point to continuing strength, with the euro zone and UK in expansionary territory. Furthermore, German business sentiment and Korean consumer confidence continued to strongly rebound. In the US housing market, new housing starts and

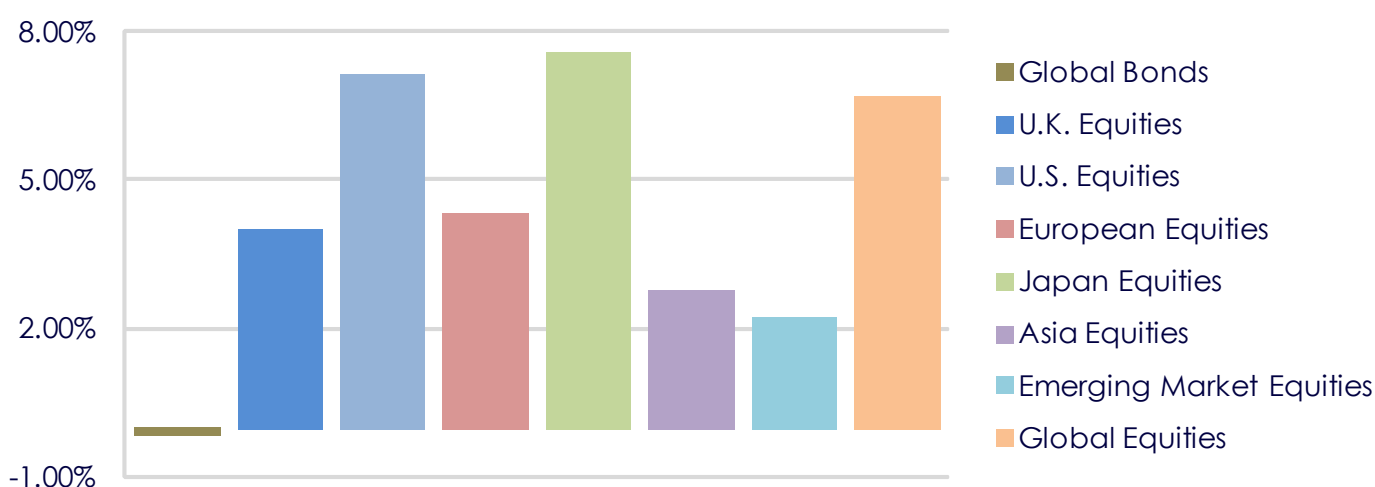
show no signs of deceleration. These housing trends are likely to be sustainable because of historically low borrowing rates.

Markets extended their post-pandemic rally in August, however relative regional performance shifted. Japan was the top regional performer, returning around 7%, closely followed by developed markets as tracked by the MSCI World Index which returned around 6%, which outperformed the MSCI Emerging Markets Index

and Europe both of which still performed strongly with around a 5% return.

Corporate bonds noticeably underperformed equities. US corporate bonds lost around 2% in aggregate. Investors in US bonds have had to reconcile concerns over COVID-19's persistence and the lack of renewed fiscal stimulus from the US Federal Reserve. However, monetary policy should remain supportive to economic growth and markets for the foreseeable future.

Discrete Monthly Performance as at 31/08/2020



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 31/08/2020

	1 Year %	3 Years %	5 Years %	Volatility % ²
Global Bonds	5.54	12.19	22.28	4.73
U.K. Equities	-4.38	-4.98	1.69	15.90
U.S. Equities	21.23	47.55	90.57	14.80
European Equities	10.30	9.62	30.83	15.40
Japan Equities	10.16	13.38	32.59	13.63
Asia Equities	11.60	11.98	56.79	16.41
Emerging Market Equities	14.49	8.75	51.45	17.41
Global Equities	16.79	32.43	64.15	14.41

Data source FE Analytics 31/08/2020. Indices used: Global Bonds: Bloomberg 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.

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