



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary August 2022

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Equity & bond markets staged a recovery as investors anticipated that the peak in interest rates may be near as economic indicators weakened”



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Director

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July Review

Equity and bond markets staged a recovery in July as forward looking economic activity indicators weakened, allowing investors to anticipate a lower, and perhaps earlier, peak in the interest rate cycle. However, central banks' current aggressive interest rate hikes to combat inflation, pose a danger to global economies as they may push them into recession.

LGT Vestra Portfolio Positioning

Cash was raised in the portfolios during July. In the lower risk model portfolios, we reduced our larger individual holdings in order to reduce concentration risk and keep them diverse. The lower risk portfolios have faced a difficult year. However, they have navigated this relatively well due to the allocations to shorter duration bonds and alternatives. This has meant we had limited exposure to longer duration bonds, particularly UK Gilts, which have performed very poorly so far in 2022.

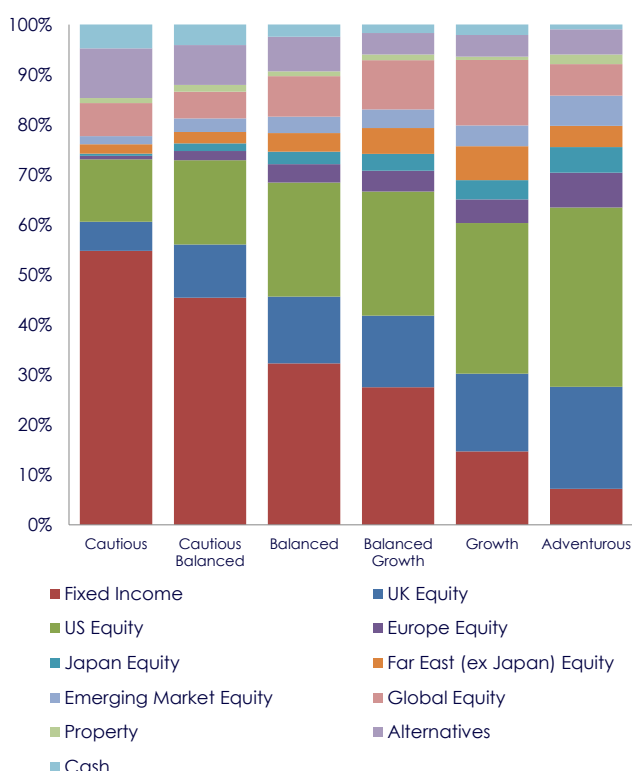
For the balanced and higher risk model portfolios, cash was raised through a targeted reduction in the more expensive funds such as the Brown Advisory Global Leaders and T Rowe Price US Smaller Companies.

The portfolios produced positive returns in July. The MS US Advantage in particular performed well with a +10% return. Furthermore, our lack of exposure to energy companies paid off as energy prices fell significantly.

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Asset Allocation as at 31/07/2022



Cornelian Portfolio Positioning

The portfolios' corporate bond allocations performed well as did our international equity holdings. The best performers in the international equity allocations were the Blackrock European Dynamic Fund, the Findlay Park American Fund, the Legal and General Global Technology Index Trust and the Baillie Gifford Japanese Fund.

The funds' direct UK equity portfolio outperformed its peer group significantly. Weir Group and Experian were stand out performers. Weir Group's first half profits beat expectations and their order book grew sharply. Experian's quarterly trading update highlighted continued strong sales growth.

Within other assets, all sub asset classes produced positive returns except for gold, which struggled somewhat in the more risk tolerant environment. The commercial real estate allocations produced a strong return, with the Supermarket Income REIT being the best performing holding.

Trading activity during July was light, with no new outright purchases or sales across the fund range.

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 31/07/2022

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-6.26	1.10	9.39	6.07
SP4 Cautious Balanced	-5.67	5.32	14.43	7.17
SP5 Balanced	-5.33	8.08	18.24	9.18
SP6 Balanced Growth	-5.32	9.81	22.52	10.17
SP7 Growth	-4.88	12.35	24.88	11.48
SP8 Adventurous	-2.67	18.16	29.41	12.59

Data source FE Analytics 31/07/2022. 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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