



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary August 2019

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“In the U.S. the S&P 500 Index reached a new all-time high toward the end of July, but global equities overall produced slender returns of only 0.3%”

July Review

Global equities delivered a small positive gain in July amid reassuring global macroeconomic data, a temporary truce in the U.S./China trade war and dovish monetary policy by global central banks.

Although the S&P 500 Index's 1.5% U.S. dollar gain achieved a new all-time market high toward the end of the month, global equities in aggregate produced slender returns. The MSCI All-Country World Index only produced 0.3%, as cyclical sectors dragged on the overall performance.

Central bank actions pushed global government bond yields lower, albeit more ambiguous rhetoric emerging from the U.S. Federal Reserve meeting at the end of July, pushed back against the market's expectations. Corporate bond markets rallied against the backdrop of accommodative monetary policy and decent macroeconomic growth.

LGT Vestra Portfolio Positioning

Technology was the strongest performing sector for July. The weakening of the pound on No-Deal Brexit concerns benefitted portfolio performance. The S&P 500 Index was up almost 5.5% in sterling terms over the month, and for U.K. investors the U.S. was the best performing geographic region. Developed market sovereign bonds had a strong month, because of investors' expectations that the Federal Reserve would cut U.S. interest rates.



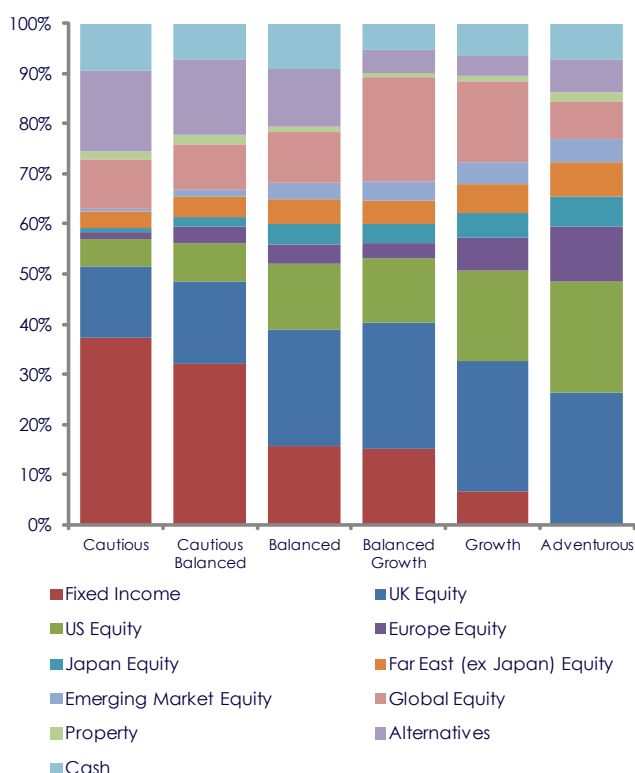
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Cornelian

Asset Allocation as at 31/07/2019



Cornelian Portfolio Positioning

The positive momentum observed in June continued during July and the portfolios delivered another month of strong performance.

We sold our holding in U.K. insurer Direct Line. Weak current pricing and elevated claims has resulted in a more difficult trading environment. The stock rallied during the first half of the year and we used this opportunity to sell.

Smith & Nephew, the advanced medical technology group, was purchased. The company operate across three broad franchises; Orthopaedics, Sports Medicine and Ear, Nose and Throat (ENT) and Advanced Wound Management. The Company sells into markets with an attractive underlying growth rate of around 4% per annum. The new CEO has instigated significant change and improvement in the business and there is reason to believe that these transformations will result in growth rates at, or above, the 4% market rate, which should result in a re-rating of the stock. Long-term, the group's activities are supported by the ageing demographic trends in the developed world and the increasing provision for healthcare in the emerging world. The business is defensive, cash generative and attractively valued.

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 31/07/2019

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	4.67	15.12	31.19	4.33
SP4 Cautious Balanced	4.46	17.38	35.54	5.26
SP5 Balanced	4.01	21.39	43.08	6.78
SP6 Balanced Growth	5.02	25.38	49.31	7.22
SP7 Growth	4.32	26.25	51.84	8.30
SP8 Adventurous	3.14	24.95	50.36	9.16

Data source FE Analytics 31/07/2019. 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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