



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary November 2021

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Inflation is a concern, rising above central bank targets, which signals that interest rate rises may be getting closer”

October Review

The global economy continues its recovery from the pandemic. However, concerns around inflation have resurfaced, leading to equity markets giving back some of the gains they made in September. Inflation has risen beyond most central banks stated targets, leading to a number of them signalling that interest rate rises are getting closer. However, this rate decision is complicated as fiscal support is being cut and employment protection schemes unwound, which may cause unemployment to rise. Furthermore, should supply chain difficulties and higher energy costs slow economic growth, any action on raising interest rates may be delayed.

LGT Vestra Portfolio Positioning

With the inflationary pressures in mind, we continue to look for exposure to companies that are in a position to pass on any price rises, rather than see a reduction in their profit margins. Typically, such companies have been able to navigate successfully through the changes and challenges of the COVID-19 pandemic. However, we are happy with the equity fund holdings within the portfolios and have made no changes.

We have, however, reduced exposure to US Treasury Inflation Protected Securities (TIPS) and bought a short duration bond index fund. This position was taken with the view of allocating the funds back into more conventional bond funds when yields are higher and at a more attractive level.

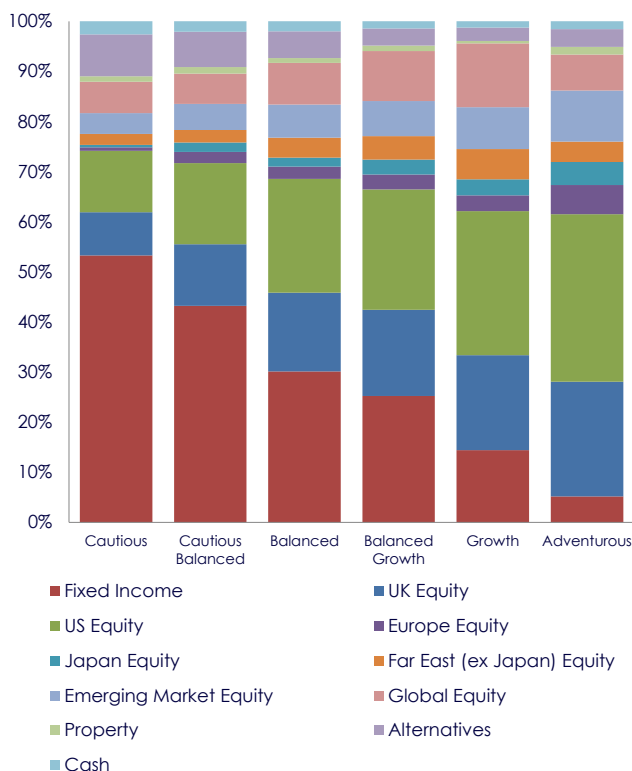


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Asset Allocation as at 31/10/2021



Cornelian Portfolio Positioning

October was a month of positive performance in the portfolios. The equity allocations delivered positive returns. The Findlay Park American Fund and iShares S&P 500 Financials ETF were notable contributors.

Alternatives produced mixed returns. Our commercial property Real Estate Investment Trusts (notably Impact Healthcare and LXI) and infrastructure holdings delivered strong positive returns. However, gold lagged as the US Federal Reserve announced that it would taper its quantitative easing programme.

In terms of portfolio activity, we purchased the Amundi Prime Japan ETF across the portfolios. This offers low cost exposure to the Japanese stock market. This fund includes an ethical investment screen which excludes companies involved in the production or sale of controversial weapons. This includes anti-personnel mines, cluster munitions, as well as chemical, biological or depleted uranium weapons.

Towards the end of the month, following a sharp-sell off in shorter-dated UK gilts, we also purchased some exposure to this asset class for the lower-risk portfolios.

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 31/10/2021

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	7.14	16.34	22.07	5.37
SP4 Cautious Balanced	11.48	21.78	28.15	6.44
SP5 Balanced	15.00	26.92	34.92	8.46
SP6 Balanced Growth	18.77	30.98	41.91	9.44
SP7 Growth	21.34	34.65	44.64	10.68
SP8 Adventurous	25.35	38.61	46.26	11.78

Data source FE Analytics 31/10/2021. 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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