



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary October 2020

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Market Update & Portfolio Positioning

“International trade is picking up after steep drops, but further market volatility is expected given the escalating risks of a second Covid-19 wave”



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September Review

The post Covid-19 economic recovery appears a little uneven across the world. Recent US economic data has been very positive, whereas activity in the UK, where Brexit is looming, is not as positive. In addition, the risk of a second Covid-19 wave and consequent lockdowns is growing. Given the escalating risks, market volatility may pick up in the coming months. However, there are also many positive indicators that are picking up such as international trade increasing after steep drops in May and June. This has led to a broad economic recovery in many places, but has benefitted China in particular.

The best performing market in September was Japan with a return of 4.58%, shortly followed by Global Bonds (3.20%) and Emerging Markets (1.91%). The worst performing market was the UK with a -1.69% return.

LGT Vestra Portfolio Positioning

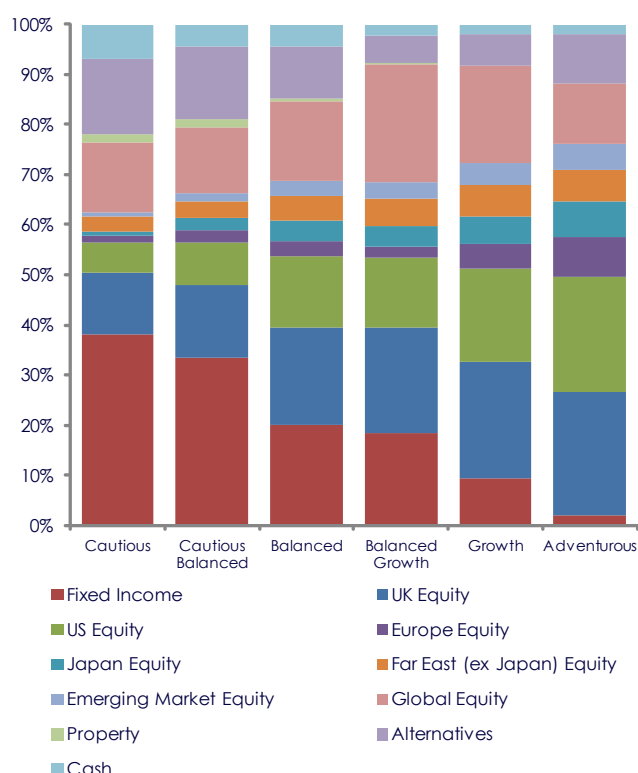
We have been holding significant cash positions in the lower risk portfolios for some time. However, we decided to add to global equity and high quality government debt. For the former, this was achieved through the introduction of a new fund, Evenlode Global Income, which focuses on owning quality companies that generate an increasing dividend over time. For the latter, we increased the exposure to US Treasuries through the Vanguard US Government Bond Index fund.

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Cornelian

Asset Allocation as at 30/09/2020



In the higher risk Model Portfolios, we have also introduced the Evenlode Global Income fund at the expense of the R&M Global Recovery fund.

Cornelian Portfolio Positioning

International equities provided the largest positive contribution to returns over September. Notable positives were the JOHCM Japan, Baillie Gifford Japanese, Findlay Park American, Schroder Asian Total Return and BlackRock European Dynamic funds.

It was a difficult month for corporate bonds. However, our holdings in the Twentyfour Absolute Return Credit and Baillie Gifford Strategic Bond funds generated positive returns.

Within our allocation to alternatives, positive returns from the absolute return funds were outweighed by negative returns from the listed holdings in property and infrastructure.

During September, a stake in Hipgnosis Songs Fund was bought for the low risk portfolios, having already been held in the medium to high risk portfolios. The company has continued to make encouraging progress building a well-diversified portfolio of songs of exceptional quality.

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 30/09/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	1.72	9.38	27.61	5.41
SP4 Cautious Balanced	2.26	10.32	31.90	6.51
SP5 Balanced	2.83	11.11	38.24	8.51
SP6 Balanced Growth	1.84	11.81	42.43	9.34
SP7 Growth	2.55	12.21	45.86	10.63
SP8 Adventurous	3.15	11.59	45.85	11.61

Data source FE Analytics 30/09/2020. 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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