



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary October 2022

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Market’s reacted badly to the UK’s mini budget. Equity and bond prices fell and concerns about future mortgage rates impacted the housing market”



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Director
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September Review

Equity and bond markets declined in September. This was especially the case in the UK as markets reacted very negatively to Kwasi Kwarteng’s “Mini Budget”. Sterling fell in value against all major currencies and the yield on UK Gilts markedly increased. This led to the capital value of bonds falling and concerns about future mortgage rates and the knock on effect this could have on the UK housing market.

Global bonds were also impacted by the US Federal Reserve, European Central Bank and Bank of England further raising their respective interest rates, with implied increases in the future as they try to tackle persistently high rates of inflation.

LGT Wealth Portfolio Positioning

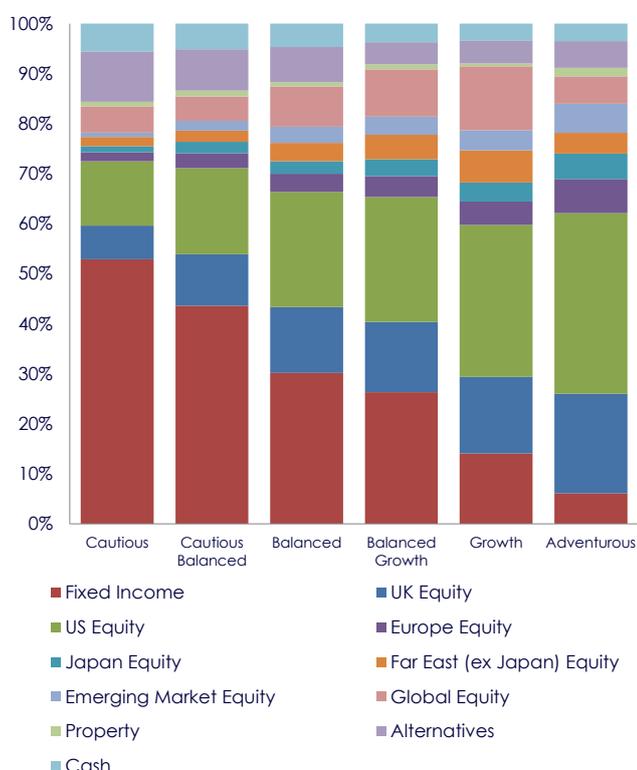
We have been adding to our absolute return and cash holdings throughout the current market volatility, which has to a degree protected the portfolios. Equity holdings across the portfolios have subsequently been reduced.

We have benefited from Sterling’s weakness over the last few months. However, we are reducing some of the US Dollar exposure in the Balanced, Growth and Adventurous portfolios by moving from an unhedged US equity exposure to a hedged holding via the T Rowe US Smaller Companies fund.

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Asset Allocation as at 30/09/2022



Cornelian Portfolio Positioning

Our bond holdings produced a negative return, but the performance was better than the market as a whole. Short-dated investments such as the TwentyFour Absolute Return Credit fund held up relatively well in September's downturn, especially as it holds US Treasuries, which have benefited from the weakness in Sterling.

Our international equity holdings marginally outperformed the wider market, with the L&G Global Health and Pharmaceuticals Index Trust and the Polar Capital Global Convertible fund underlining their defensive credentials.

The direct UK equity holdings modestly underperformed the domestic market. DS Smith, the paper and packaging company, was sold and the funds raised used to purchase a holding in Intertek, who are a testing and inspection company that generate a high level of cash and has a business model which is less economically sensitive to the market cycle.

Infrastructure funds and commercial property REIT's fell in the aftermath of the "Mini-Budget", as investors started to price in a higher 'risk free' rate of interest. However, the portfolios absolute return holdings produced a flat return.

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 30/09/2022

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-10.83	-4.16	3.20	6.39
SP4 Cautious Balanced	-10.55	0.05	8.04	7.48
SP5 Balanced	-10.23	3.63	12.09	9.44
SP6 Balanced Growth	-10.43	5.42	15.91	10.42
SP7 Growth	-9.78	8.61	18.98	11.70
SP8 Adventurous	-8.29	13.87	23.19	12.83

Data source FE Analytics 30/09/2022. 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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