



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary January 2021

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“The US election result and vaccine announcements led to equity markets continuing their rally during Q4, despite the significant rise in infection rates ”



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Market Update & Portfolio Positioning

Q4 Review

The pandemic took a turn for the worse over Q4 as new infection rates rose significantly. However, concerns over the rising infections were overshadowed by the US election result and announcements regarding the approval and efficacy of vaccines.

This led to equity markets continuing their rally during Q4 and significantly outperforming fixed income assets (bonds). Within equity markets, the vaccine announcements led to one of the largest momentum changes in history, with the sectors hit hardest by the Pandemic, such as energy, traditional retail, hotels, airlines and financial services all rallying strongly, while the benefactors during the Pandemic such as technology, online retail, health care and home improvement, lagged.

LGT Vestra Portfolio Positioning

We decided that the portfolios were well positioned and that within our equity assets we would continue to hold quality growth funds such as the Threadneedle UK Equity Income and Evenlode Global Income funds.

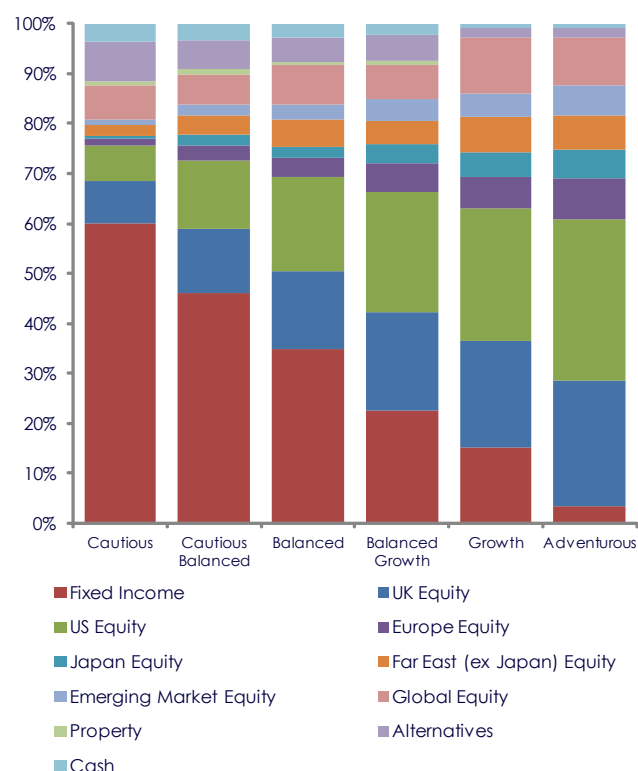
However, a change in the fixed income space was made with a view to taking profits on some of the corporate bond funds that we had previously added to the portfolios early in 2020, with the Janus Henderson Strategic Bond fund being replaced by the Allianz Strategic Bond fund.

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Cornelian

Asset Allocation as at 31/12/2020



We are continuing to monitor our exposure to global equities, US equities and technology stocks and may consider further fund diversification as well as taking profits on some of these holdings.

Cornelian Portfolio Positioning

The portfolios produced another month of positive performance and ended the year at new highs, despite the extreme market volatility over the course of 2020.

Positive contributions to performance were generated by all asset classes. However, the strongest contributors were equity allocations. In particular, our tactical preference for UK equities was rewarded as the region outperformed most other major developed markets over the month. In addition, our active UK equity allocations also outperformed their sector as a whole.

December was a good month for our active fund manager allocations in Europe, Emerging Markets and Japan, which outperformed their sectors. Sterling strengthened as much needed Brexit clarity emerged, leading to a reduction in returns from overseas assets. However, this was mitigated by our Sterling hedged international equity exposures, which were put into place earlier in Q4.

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 31/12/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	6	14	31	5
SP4 Cautious Balanced	7	16	39	6
SP5 Balanced	8	17	46	7
SP6 Balanced Growth	8	19	52	9
SP7 Growth	8	20	58	10
SP8 Adventurous	8	20	64	12

Data source FE Analytics 31/12/2020. 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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