



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary May 2020

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Over the next year huge government policy support is relatively certain. As a consequence, in time, we expect a strong bounce for markets”

April Review

April was marked by a rally in equities as COVID-19 infection rates peaked. Investors drove the MSCI All Country World Index 10.6% higher, helped by governments' and central banks' economic support measures, which have provided a huge influx of liquidity. The S&P 500 Index retraced more than half of its sharp 35% plunge in March, rising by 14.3% in April. Global bond markets also participated in the rally. Over the next year, unprecedented government monetary and fiscal policy support is relatively certain and as a consequence, in time, we expect a strong bounce back for markets.

LGT Vestra Portfolio Positioning

Given the level of support provided to corporate bond markets by central banks, we are currently positive on this sector. We have increased exposure to this asset class by adding the Muzinich Global Tactical Credit and Janus Henderson Strategic Bond Funds to the lower risk portfolios.

We were also positive on U.K. equity, but are currently concerned that the U.K. is highly exposed to resources and energy, parts of the market that we currently don't favour. Coronavirus also makes U.K./EU trade negotiations more likely to stall. Therefore, we have sold our exposure to the Vanguard All-Share and the L&G Mid-Cap index tracker funds, reallocating the proceeds to the Morgan Stanley Global Brands Fund, which is focused on defensive sectors that are less disrupted by the state of the economy.



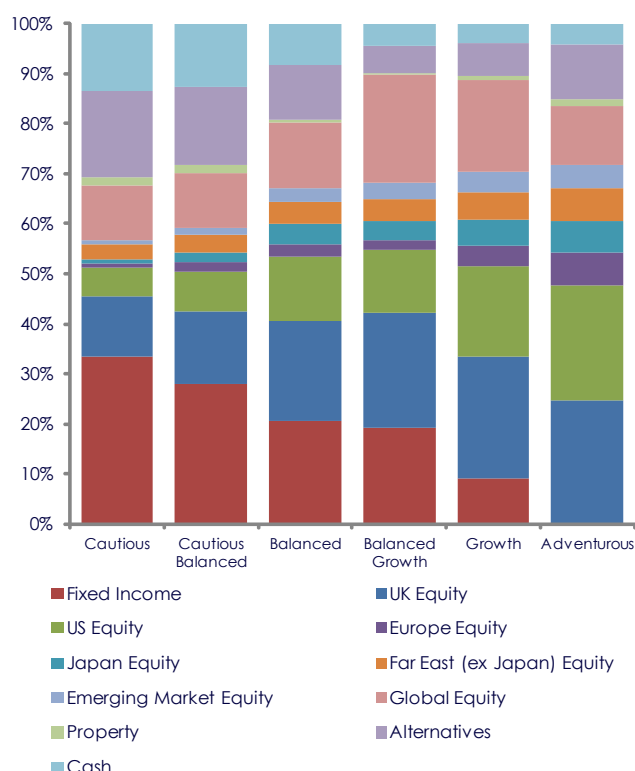
Matthew Cove DipFA
Director
01304 371 753

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Cornelian

Asset Allocation as at 30/04/2020



In addition, we have switched out of the BlackRock Asia Special Situations fund and into the Schroders Asian Total Return fund.

Overall, the portfolios have held up relatively well year to date in spite of the uncertainty. It is encouraging to see that many of the most recent trades that we have implemented are paying off, such as the inclusion of CG Dollar and Muzinich Global Tactical Credit, while some of our longer standing investments such as Morgan Stanley U.S. Advantage and Fundsmith continue to outperform their respective benchmarks.

Cornelian Portfolio Positioning

The portfolios delivered a strong month of performance. Positive contributions came from a broad range of asset classes; within equities, our active allocations in the U.K., Europe, Japan, Emerging Markets and the U.S. outperformed their respective benchmarks; and in this respect the BlackRock Emerging Markets and European Dynamic and Baillie Gifford Japanese funds were notable. Fixed income also delivered positive returns with strategic bond funds performing well over the period. Within the alternatives sector, all asset classes delivered positive returns with gold continuing to benefit from its safe haven appeal.

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 30/04/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-0.52	5.79	17.62	5.58
SP4 Cautious Balanced	-0.95	6.10	19.63	6.69
SP5 Balanced	-2.77	5.07	21.55	8.69
SP6 Balanced Growth	-4.05	5.55	23.84	9.52
SP7 Growth	-4.42	5.27	24.93	10.82
SP8 Adventurous	-4.50	4.43	24.05	11.79

Data source FE Analytics 30/04/2020. 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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