



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary April 2020

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Q1 2020 has been unprecedented in market history, but if COVID-19 can be contained, we expect markets to begin to recover shortly thereafter”



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Director
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Q1 2020 Review

In the history of financial markets, there has never been a quarter like Q1 2020. The outbreak of COVID19 has pushed the global economy into a sharp downturn. Due to lockdown measures around the globe, the speed and depth of the 'sudden economic stop' has been unprecedented. By the end of March, stocks were in a 'bear market' and a global recession is assumed for 2020. The MSCI All Country World Index finished the quarter down 21%. The energy sector was the worst performer of all asset classes as the oil price dropped by more than 50% to around \$25 per barrel. At the same time developed world government bonds have risen to historic highs, with central banks rushing to provide accommodation and liquidity to their respective economies by slashing interest rates (to or near zero) and in some countries introducing or re-introducing quantitative easing (QE) policies. In addition, Government legislators in the U.S., Europe, Australia and Canada complemented central bank actions with an extraordinary fiscal and monetary policy response that introduced measures ranging from direct spending and tax cuts to loan guarantees and grants.

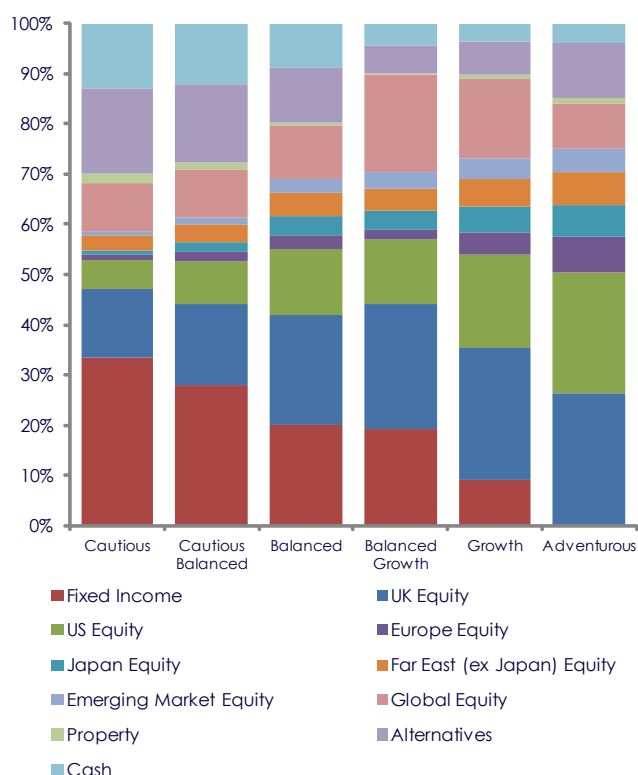
Whilst there is considerable uncertainty regarding the possibility of a second round of coronavirus infections, if the virus can be effectively contained in the short-term, we expect restrictions to economic activity to begin to be lifted later in Q2 2020 and for the U.S. and Europe to begin recovering shortly thereafter as a result.

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Cornelian

Asset Allocation as at 31/03/2020



LGT Vestra Portfolio Positioning

As we remain committed to investing for the long-term, our Investment Committee has been considering investing some of the cash in the model portfolios into the equity market. However, for the time being we feel it's prudent to maintain our current positioning with higher weightings of cash and bonds. Over Q1 2020, funds such as Fundsmith, Morgan Stanley U.S. Advantage and Jupiter Strategic Bond, have generated significant outperformance and our allocation towards high quality corporate and government bonds has added some welcome ballast to the portfolios.

Cornelian Portfolio Positioning

The portfolios benefited from the reduction in risk, enacted earlier in the quarter, when we took the opportunity to reduce the UK equity allocation and increase our exposure to gold. The reduction in sterling-hedged international equities was also beneficial as sterling weakened. Convertible bonds held up well and the Allianz Strategic Bond Fund delivered positive performance. Whilst real estate holding Assura and absolute return holding BH Global performed strongly, our alternatives holdings were not immune to the sell-off. We also converted a proportion of our portfolios into cash to allow us to move swiftly as opportunities arise.

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 31/03/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-3.10	1.47	12.23	5.24
SP4 Cautious Balanced	-3.63	1.04	13.30	6.30
SP5 Balanced	-6.15	-1.54	13.56	8.17
SP6 Balanced Growth	-7.76	-1.58	15.29	8.96
SP7 Growth	-8.29	-2.72	15.00	10.17
SP8 Adventurous	-8.39	-4.13	13.16	11.08

Data source FE Analytics 31/03/2020. 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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