



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary June 2019

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"This year's rally in equity markets came to a halt in May, with many major markets delivering negative returns"



Matthew Cove DipFA
Director
01304 371 753

Market Update & Portfolio Positioning

May Review

This year's rally in equity markets came to a halt in May, with many major markets delivering negative returns. They were derailed at first by the collapse of the trade negotiations between the U.S. and China, and the U.S. President's announcement of tariffs on Chinese and Mexican imports. In addition, both U.S. and Chinese economic data disappointed. Developed economy labour markets remained strong, which soothed recession concerns. With the exception of Italy, developed world government bonds rallied, where the results of the European Parliamentary elections set up conditions for escalating tensions with the European Commission.

LGT Vestra Portfolio Positioning

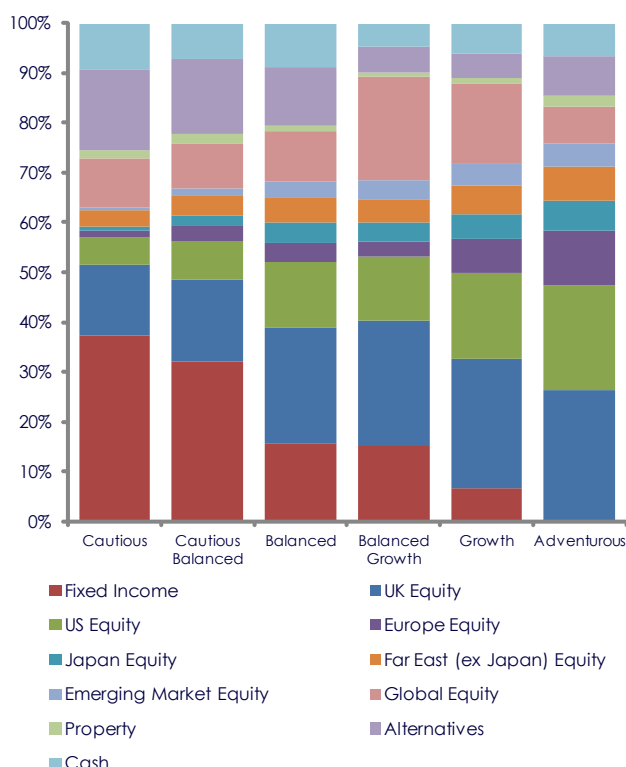
The FTSE 100, European markets, S&P 500 and Emerging Markets fell by 2.4%, 4.4%, 5.7% and 6.7% respectively. Despite the tougher market backdrop, we have maintained our exposure to global equities and continue to see relative value in this asset class, especially as both central bank policy and the macroeconomic data throughout the US and Asia remain supportive of equities. Recent corporate earnings (particularly in the US) have also positively surprised, which strengthens our view of maintaining our current equity exposure with a bias towards actively managed funds with the potential to outperform during the current periods of market volatility being experienced.

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Cornelian

Asset Allocation as at 31/05/2019



Cornelian Portfolio Positioning

As political risks increased over the month of May, our fixed income and gold allocations delivered positive contributions to the performance in the portfolios.

We have lowered risk in the portfolios by reducing the overall allocation to equities (both UK and overseas) and further adding to our position in gold to increase diversification, which is also denominated in the U.S. Dollar which is viewed as a 'safe haven' currency.

We remain less positive on the prospects for Sterling and we have therefore reduced our exposure to Sterling hedged share classes within our international equity funds.

The authorities in China have announced a myriad of targeted policy initiatives designed to stimulate and stabilise the economy, whilst in the U.S. the unemployment rate is low and falling, real wages are growing at a healthy rate, and should the US consumer start to spend, this should be supportive of risk assets producing positive returns for the rest of 2019.

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 31/05/2019

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	0.99	16.25	25.80	4.23
SP4 Cautious Balanced	0.31	18.67	28.97	5.16
SP5 Balanced	-1.27	21.89	34.26	6.65
SP6 Balanced Growth	-0.60	25.57	39.49	7.08
SP7 Growth	-1.94	26.65	40.63	8.14
SP8 Adventurous	-3.43	25.72	38.55	8.98

Data source FE Analytics 31/05/2019. 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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