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PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary April 2018

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“Volatility returned to markets, but we remain positive as an imminent US recession derailing economic growth seems unlikely in the near future ”



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Market Update & Portfolio Positioning

First Quarter Review

Volatility returned to equity markets during the first quarter of 2018, whilst global markets (MSCI All Country World Index) returned -0.96%.

Trade headlines dominated as the US imposed tariffs on Chinese imports. This was seen as an indicator that protectionist policies could potentially disrupt future global economic growth. In addition, the US Federal Reserve raised interest rates on the back of a healthy US economy and indicated that rates may increase at a faster pace than previously expected, which led to further market disruption. Finally, towards the end of the period, markets were specifically impacted by concerns over heightened fears of increased regulation of technology stocks.

However, we remain positive on markets because an imminent US recession that could derail global economic growth, seems unlikely in the near future.

LGT Vestra Portfolio Positioning

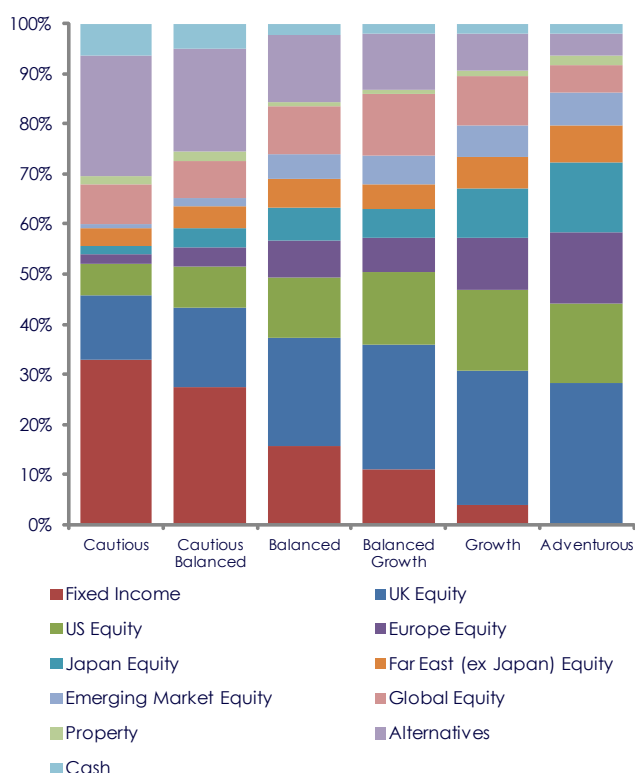
Over the period, Vestra's portfolios have been fairly resilient. Sectors such as European infrastructure, index-linked gilts and absolute return strategies all produced positive performance, whereas technology, global cyclical and Indian equities suffered the most. During March the Bank of England decided to keep interest rates at 0.50%. Vestra are anticipating two interest rate rises this year depending on growth, employment and inflation data.

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Cornelian

Asset Allocation as at 31/03/2018



Cornelian Portfolio Positioning

In March, Cornelian established a position in Royal Dutch Shell across all their portfolios. They think Shell's strategy has shifted materially towards capital discipline and shareholder returns. The average cost of production per barrel of oil is being brought down significantly and as a result cash generation is set to improve, thus giving their dividend payments increased resilience.

Cornelian remain positive on equity risk and higher yielding corporate debt and subscribe to the view that the fall in equity markets earlier this year has coincided with upgrades to earnings forecasts, meaning that market valuations no longer look stretched. They believe that companies in the US will deliver earnings inline or better than those currently forecast and that once issues such as accelerating wage inflation and a potential trade war with China are resolved, investors will re-focus on the positive earnings story. This constructive view is supported by the increasingly positive picture being painted by companies that are exposed to the economic cycle.

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 31/03/2018

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
Cautious	1.96	12.65	27.51	4.31
Cautious Balanced	2.01	14.29	31.99	5.14
Balanced	2.18	17.72	40.34	6.24
Balanced Growth	3.23	20.76	44.09	6.74
Growth	3.11	21.74	47.29	7.54
Adventurous	2.51	20.87	47.50	8.13

Data source FE Analytics 31/03/2018. 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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