



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary June 2018

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“The ongoing strength of global growth and benign inflation meant that developed world equity markets rose over the month by more than 1% ”



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May Review

Markets were subject to volatility in May, largely due to heightened political risk including the US administration's approach to global trade, North Korea and Iran. Furthermore, Italy's new populist government added to market concerns. The value of the US dollar also rose significantly against other major currencies.

The ongoing strength of global growth was evident in corporate earnings reports. Moreover, inflation remains benign, and so any change to interest rate policy is set to be gradual. Despite the volatility, developed world equity markets rose over the month by more than 1%, whereas broad fixed income markets were down around 1%.

LGT Vestra Portfolio Positioning

The FTSE 100 was boosted by a rally in the oil price and by Sterling weakening, which benefits the approximate 75% of companies on this index who generate their revenues abroad.

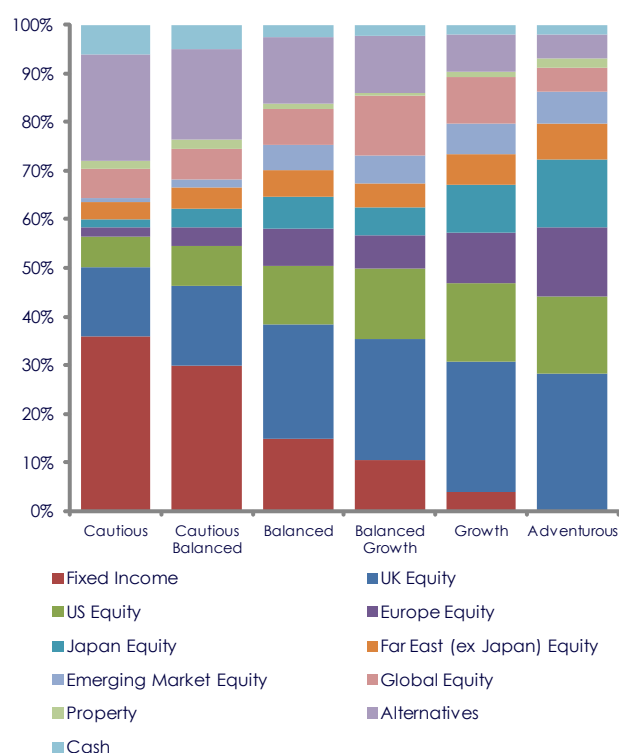
Another result of a weakening Sterling was that the US holdings in the portfolios were the best performers for the month. The S&P returned over 5%, with technology being the best performing asset class. Despite market wobbles in both equities and bonds, generally the month ended positively.

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Cornelian

Asset Allocation as at 31/05/2018



Cornelian Portfolio Positioning

A new holding in Weir Group was introduced across the portfolios. Weir Group's order intake has been strong and the company has recently announced a sizeable acquisition, all contributing to a promising outlook for the business.

British American Tobacco has been sold across the range. The traditional tobacco business model has been disrupted, and whilst the company has diversified into electronic vaping and tobacco heating products, the barriers to entry for such products are considerably lower and a multitude of new entrants have materialised.

The fall in equity markets earlier this year has coincided with upgrades to earnings forecasts, meaning that market valuations no longer looked expensive. Furthermore, banks in the US are continuing to ease their lending standards, which mean more finance is available to businesses.

Given this, we continue to remain positive on equity risk and higher yielding corporate debt.

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 31/05/2018

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	3.31	16.61	31.55	4.40
SP4 Cautious Balanced	2.31	14.17	28.47	4.45
SP5 Balanced	3.99	20.25	40.89	5.75
SP6 Balanced Growth	4.45	22.27	44.17	6.57
SP7 Growth	6.29	27.55	52.68	7.14
SP8 Adventurous	5.88	27.33	52.31	7.81

Data source FE Analytics 31/05/2018. 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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