



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary May 2018

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“April provided positive returns in most major markets after initial signs of stabilisation in global economic activity buoyed equities ”

April Review

Most major markets provided positive returns after two months of negative performance, with the MSCI All-Country World Index rising by 1.0% over the month. April's gains bring the year-to-date return to 0.2%.

Initial signs of stabilisation in global economic activity buoyed markets after data earlier in the year showed a deceleration, with equities benefiting from strong first quarter earnings. While the Federal Reserve seems to be on a rigidly structured interest rate hiking path, the probability of other major central banks raising rates was pushed back marginally. Global government bond yields rose markedly, mainly due to growing concerns about inflation.

LGT Vestra Portfolio Positioning

During April, all of the equity funds in our portfolios made positive returns. UK equity was the best performer, alongside Japan and India.

The FTSE 100 rose strongly, up almost 7% for the month, as investors were bolstered by a weaker pound and high dividend yields. The Schroders Income fund, which we hold in all of the portfolios, gained almost 8%.

Our exposure to UK index-linked gilts slightly hurt performance as bond yields rose. Despite this, we are not anticipating a bond-market collapse, unless there is an unexpected surge in inflation



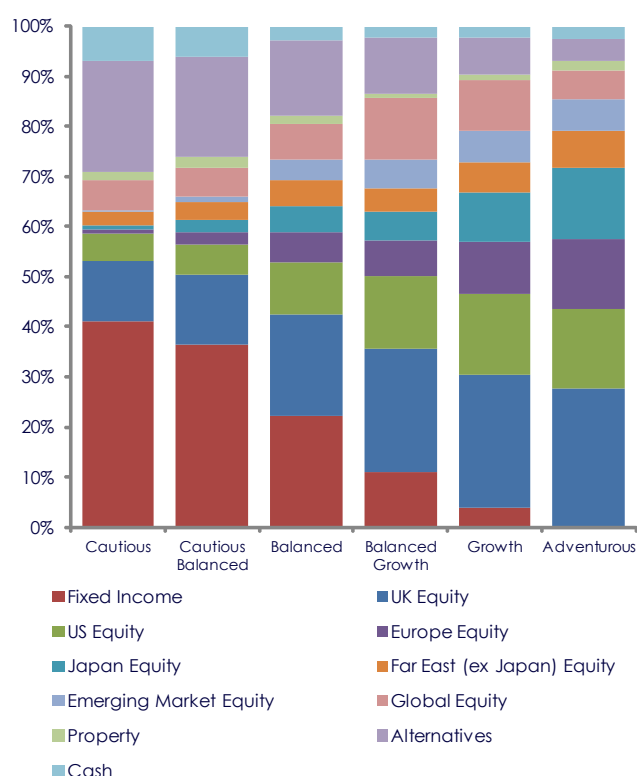
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Cornelian

Asset Allocation as at 30/04/2018



Cornelian Portfolio Positioning

We reduced exposure to inflation-linked UK Government bonds in April, but purchased a short-dated gilt that offers us the opportunity to reinvest at more attractive yields if interest rates rise in the near future.

In addition, we switched a proportion of our European equity into a currency hedged share class feeling it prudent to reduce the funds' overall exposure to currency risk.

The fall in equity markets earlier this year has coincided with upgrades to earnings forecasts, meaning that market valuations no longer look stretched.

We think that companies in the US will deliver earnings inline or better than those currently forecast and that once concerns around accelerating wage inflation and a trade war with China are behind us, investors will once again focus on the positive earnings story.

We therefore remain positive on equity risk and higher yielding corporate bonds.

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 30/04/2018

| | 1 Year Return % ¹ | 3 Year Return % ¹ | 5 Year Return % ¹ | Volatility % ² |
|-----------------------|------------------------------|------------------------------|------------------------------|---------------------------|
| SP3 Cautious | 3.85 | 15.37 | 29.28 | 4.37 |
| SP4 Cautious Balanced | 3.14 | 13.90 | 28.40 | 4.45 |
| SP5 Balanced | 4.64 | 19.49 | 40.67 | 5.74 |
| SP6 Balanced Growth | 5.29 | 21.65 | 44.49 | 6.57 |
| SP7 Growth | 7.04 | 26.36 | 50.02 | 7.12 |
| SP8 Adventurous | 6.90 | 26.71 | 53.09 | 7.80 |

Data source FE Analytics 30/04/2018. 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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