



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary September 2018

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“Global equity markets produced a +0.8% return in August. However, when the U.S. is excluded, global equities declined 2.3%”

August Review

Overall, global equity markets produced a 0.8% return in August, driven by the U.S. However, when the U.S. is excluded, global equities declined 2.3%, dragged down by emerging market returns.

NAFTA negotiations took a step forward but the U.S. Administration implemented a second round of tariffs on Chinese imports and seemed determined to carry out a third round; as investors sought safe havens, developed market sovereign bonds rallied across the globe.

Economic data out of developed markets was generally solid, with upward surprises in U.S. economic activity. In emerging markets, currency disarray in Argentina and Turkey were the major developments.

LGT Vestra Portfolio Positioning

The Morgan Stanley US Advantage Fund was up 7% during the month as it continues its phenomenal run for the year, driven by exposure to the Technology Sector which is continuing to provide positive returns during 2018.

Un-hedged funds also outperformed their hedged equivalents in the US, Europe and Japan owing to the strengthening of the US Dollar, Euro and Yen.



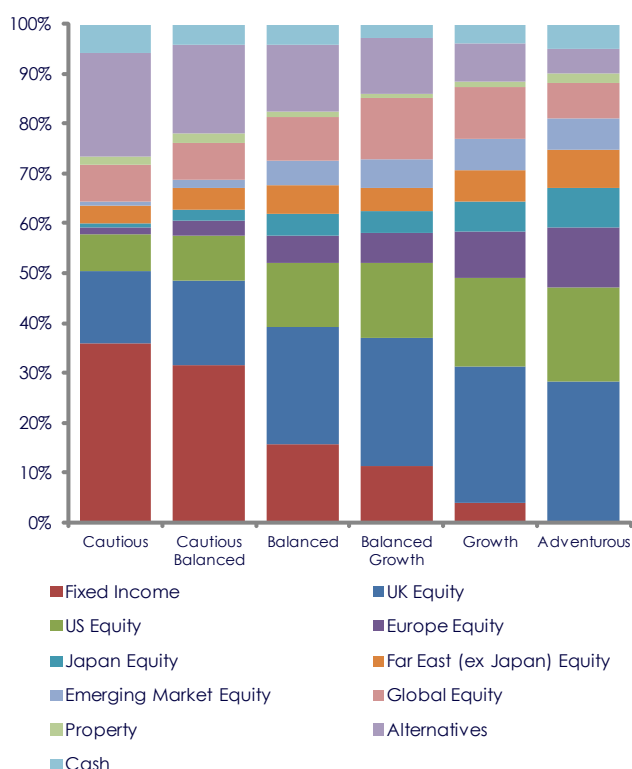
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Cornelian

Asset Allocation as at 31/08/2018



Cornelian Portfolio Positioning

Over the month of August, Cornelian reduced exposure to Japanese equities across the portfolios as it is unclear whether Government policy is producing the desired effects on the economy. Furthermore, should President Trump's rhetoric on trade tariffs turn into additional action, it is likely that China will continue to weaken their currency against both the US Dollar and the Japanese Yen. This would be a headwind for Japanese stock markets given an over-representation of export companies.

The proceeds from these sales were invested into US equities, where Cornelian continue to have a positive outlook and believe upgrades to company earnings will provide positive surprises to the market. They also expect productivity to improve markedly in the coming years and this will ensure that the Federal Reserve will not need to increase interest rates at a pace which would unsettle investors.

Esure was sold following a takeover by a private equity firm. Cornelian decided to crystallise gains following the takeover and reinvest the proceeds into an existing holding, 'Direct Line', where they continue to see significant upside.

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 31/08/2018

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	2.21	19.85	32.37	3.83
SP4 Cautious Balanced	2.58	23.08	37.57	4.65
SP5 Balanced	3.64	29.27	47.14	5.72
SP6 Balanced Growth	4.57	33.59	51.94	6.14
SP7 Growth	4.72	36.24	55.89	6.94
SP8 Adventurous	4.24	36.07	56.29	7.60

Data source FE Analytics 31/08/2018. 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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