



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary January 2022

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

"Inflation is now considered a persistent problem, which along with concerns about Omicron, caused a downturn in equity markets"



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Director
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December Review

Following strong returns in November, equity markets experienced a downturn during December. News of the spread of the Omicron variant and persistent inflation continue to concern investors. Inflation has become more persistent than originally expected, with supply-chain bottlenecks, rising energy and raw material costs, all contributing.

During December, the Bank of England decided to raise interest rates to 0.25%. The US Federal Reserve (Fed) announced that they would double their tapering program to \$30bn a month and are also expected to raise interest rates three times in 2022. However, the European Central Bank has confirmed that interest rate increases are still some way off.

China is currently grappling with a deterioration of its property sector, brought on by a tightening of lending conditions which culminated in a few high-profile company defaults. To prevent the economy falling into a recession and provide some stimulus, the People's Bank of China cut the Required Reserve Ratio to encourage more lending in the economy.

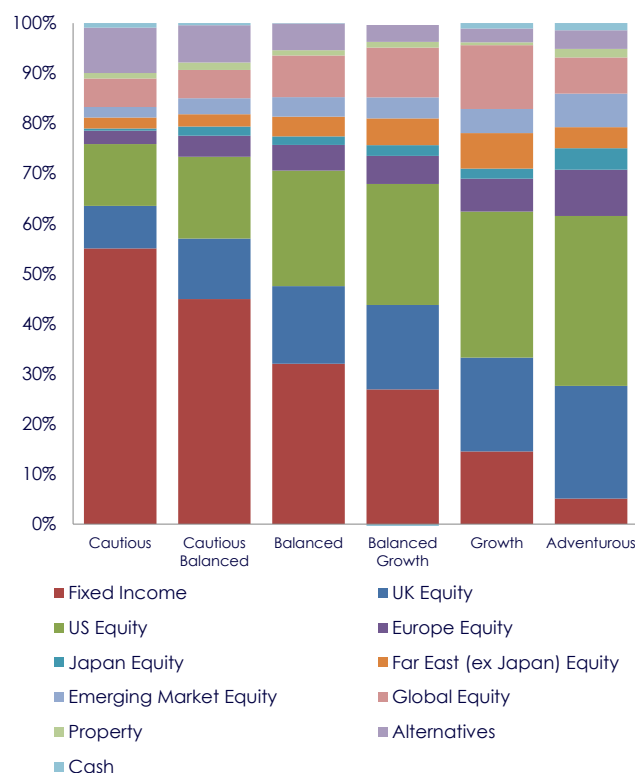
LGT Vestra Portfolio Positioning

In the Model Portfolios, we have held a reduced exposure to the sectors sensitive to the pandemic such as airlines and high street retail. However, we have maintained our exposure to government bonds as a diversifier.

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Asset Allocation as at 31/12/2021



We continue to remain selective about our equity exposure, favouring those companies with high margins, strong balance sheets, recurring revenues and showing earnings growth.

Cornelian Portfolio Positioning

December provided positive returns for the portfolios. The international equity allocations in the portfolios produced strong contributions to overall portfolio performance, as did the UK equity allocation.

Our corporate bond allocations, in particular, the Allianz Strategic Bond and TwentyFour Strategic Income funds, outperformed government bonds as sentiment improved and interest rates were raised.

The alternatives allocation performed well over the period, driven by strong returns from commercial property and infrastructure allocations – HICL, Assura and BMO Commercial Property Trust were notable positive contributors.

We have banked some of the gains made and increased exposure to assets with a degree of inflation protection embedded within them.

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 31/12/2021

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	4.18	19.94	23.73	5.26
SP4 Cautious Balanced	6.55	26.42	30.15	6.31
SP5 Balanced	8.89	33.93	36.77	8.35
SP6 Balanced Growth	10.98	38.42	43.71	9.34
SP7 Growth	12.65	43.89	47.22	10.57
SP8 Adventurous	15.16	49.60	49.73	11.67

Data source FE Analytics 31/12/2021. 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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