



THROGMORTON
PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary June 2022

Independent Advice. Bespoke Solutions.

Market Update & Portfolio Positioning

“The headwinds that investors face remain significant and have led to market fears that interest rates rising too quickly might trigger a recession”



Matthew Cove DipFA

Director

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May Review

Headwinds for investors continue to remain significant. Inflation continues to rise and developed market central banks have responded by raising interest rates. The Russian invasion of Ukraine and lockdowns imposed in China have added to supply chain difficulties. These headwinds have had a negative impact on both bond and equity markets.

The US Federal Reserve and the Bank of England, signalled intentions to increase interest rates further. Furthermore, the European Central Bank has confirmed that they will raise their interest rate in July. Markets remain wary that if interest rate rises are too fast, the risk of recession will increase. It is therefore a delicate balancing between rate rises and combating inflation.

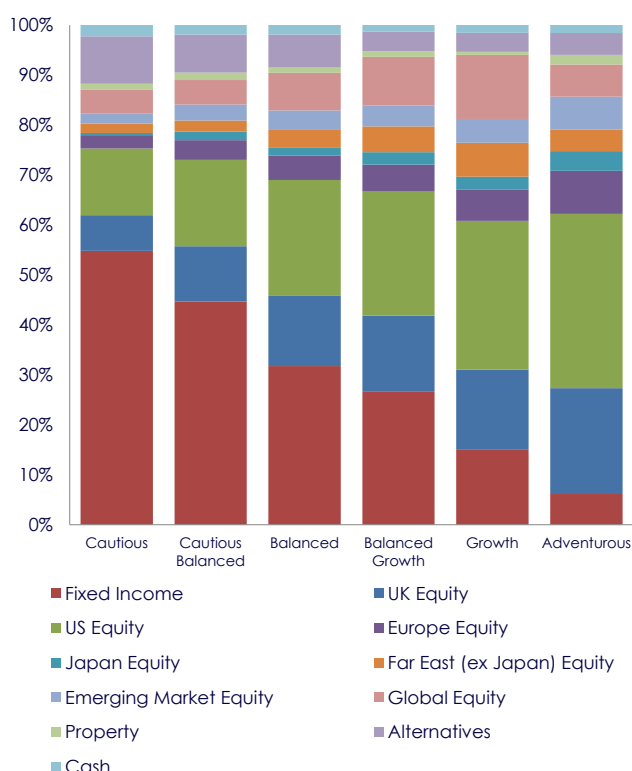
LGT Vestra Portfolio Positioning

Changes were made to the equity and cash holdings in our portfolios. Firstly, we reduced our weighting in the Fundsmith Equity Fund and reallocated the proceeds into a US index tracker. This trade allowed us to add to our exposure to the energy and banking sectors where we have been previously underweight. We also decided to reduce the amount of cash held and deployed this into short duration, high quality bonds via the Vanguard Global Short Term Bond Index Fund. This is a low volatility fund that is yielding significantly more than it was 6 months ago due to the increase in short term interest rates.

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Asset Allocation as at 31/05/2022



Cornelian Portfolio Positioning

Most equity markets experienced a modestly negative month in May. Bond markets continued to experience an aggressive sell off, with government bonds being the worst performers. However, despite the sell off and continuing inflationary pressures our bond funds produced positive returns.

Within the overseas equity portfolio, the Findlay Park American fund, Waverton European Capital Growth fund and the JPMorgan Emerging Markets Income funds all performed well.

BP and Shell performed well in our UK equities allocation as they continue to benefit from rising energy prices. The windfall tax imposed on UK based energy production assets has little impact on these large, globally diversified companies.

The 'Other Assets' segment of the portfolio gave up some of the gains from April as the gold price, Hipgnosis Songs Fund and Greencoat UK Wind share prices slipped back. More positively, Assura, the Medical Centres specialist REIT, performed strongly as it reported an acceleration in rental growth.

Very limited changes to the portfolio were made in May

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 31/05/2022

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-3.50	5.54	9.83	5.65
SP4 Cautious Balanced	-2.78	10.72	15.00	6.72
SP5 Balanced	-2.39	14.70	18.59	8.80
SP6 Balanced Growth	-2.20	17.08	23.22	9.79
SP7 Growth	-1.72	20.62	25.54	11.10
SP8 Adventurous	0.56	27.66	30.15	12.13

Data source FE Analytics 31/05/2022. 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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