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PRIVATE CAPITAL

Throgmorton Select Portfolios



Monthly Commentary September 2020

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“During August optimism continued to rise and markets extended their post pandemic rally, with the MSCI World Index up around 6%”



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Market Update & Portfolio Positioning

August Review

Optimism continued to rise in August amid mounting hopes for a COVID-19 vaccine and solid global growth. Throughout the year, the ability to contain the coronavirus has been the dominant driver of countries relative economic performance, but this has been impacted more recently by the use of local lockdown measures and the numbers of newly confirmed cases.

Numerous key economic indicators point to continuing strength, with the Eurozone and UK in expansionary territory. Furthermore, German business sentiment and Korean consumer confidence continued to strongly rebound. In the US housing market, new housing starts and existing home sales all exceeded expectations and show no signs of deceleration. These housing trends are likely to be sustainable due to historically low borrowing rates.

Markets extended their post-pandemic rally in August. Japan was the top performer, returning around 7%, shortly followed by developed markets as tracked by the MSCI World Index, which returned around 6%, outperforming the MSCI Emerging Markets Index and Europe, both of which still performed strongly with around a 5% return.

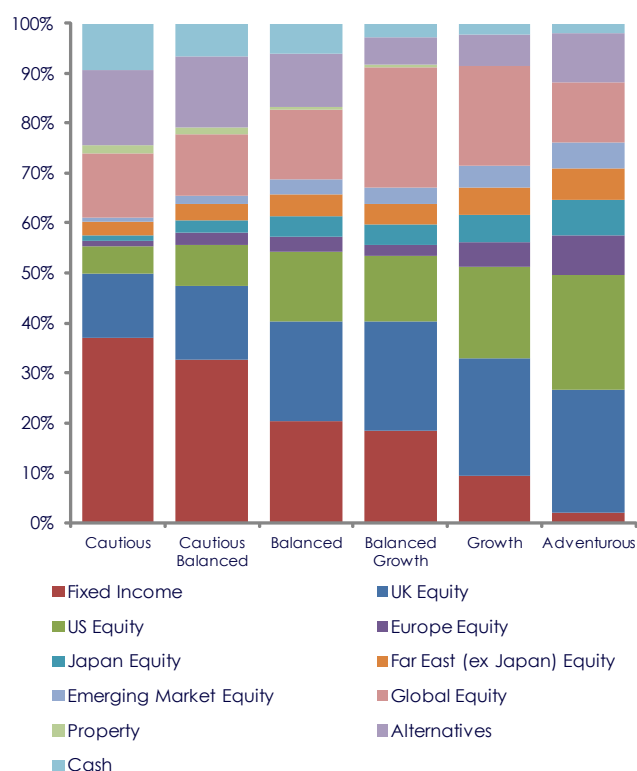
Corporate bonds noticeably underperformed equities. US corporate bonds lost around 2% in aggregate. However, monetary policy should remain supportive to economic growth and markets for the foreseeable future.

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Cornelian

Asset Allocation as at 31/08/2020



LGT Vestra Portfolio Positioning

We continue to favour US markets and are overweight to the region. As a result we remain underweight UK equities, predominantly due to the uncertainty of the outcome of the ongoing Brexit trade deal negotiations.

We debated making a shift into European equities following the approval of the European Union pandemic recovery package, but decided to hold off from adding specific European funds into the portfolios at this time. However, we do already have some exposure to this region in our portfolios through our Global equity funds.

Cornelian Portfolio Positioning

In the portfolios, our allocations to the UK, Emerging Markets, European and Asia ex-Japan equities all outperformed their respective markets. The Blackrock European Dynamic, BlackRock Emerging Markets and JOHCM Japan funds were notable positive performers. Within alternatives, positive contributions were also delivered, with the LXI REIT and Hipgnosis Songs funds also providing strong growth. Finally, Babcock was sold from the portfolios at the beginning of the month following a poor trading update.

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 31/08/2020

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	1.82	8.65	27.16	5.42
SP4 Cautious Balanced	2.73	9.44	31.12	6.52
SP5 Balanced	3.50	9.90	36.63	8.54
SP6 Balanced Growth	2.32	10.34	40.28	9.38
SP7 Growth	3.59	10.75	43.59	10.67
SP8 Adventurous	4.92	10.29	43.82	11.65

Data source FE Analytics 31/08/2020. 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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