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Throgmorton Select Portfolios



Monthly Commentary February 2019

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Market Update & Portfolio Positioning

“January was a positive month for equity markets, with the MSCI AC World Index returning 7.9%. This feels like a rebound from a very poor Q4 2018”



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January 2019 Review

January was a uniformly positive month for major equity markets, with the MSCI All Country World Index returning 7.9%. Most of this performance can be understood as a rebound from a particularly poor fourth quarter 2018. However, European equities under performed their global peers during the Month, with weak manufacturing data giving little solace to investors concerned about the region's downturn.

The Federal Reserve paused its interest rate hiking cycle, but the partial U.S. Government shutdown will hurt U.S. GDP and investor sentiment over the first quarter 2019. In China, credit and infrastructure data showed that the Government's economic stimulus measures are gaining traction in the economy, but not enough to stem an overall slowdown in growth.

LGT Vestra Portfolio Positioning

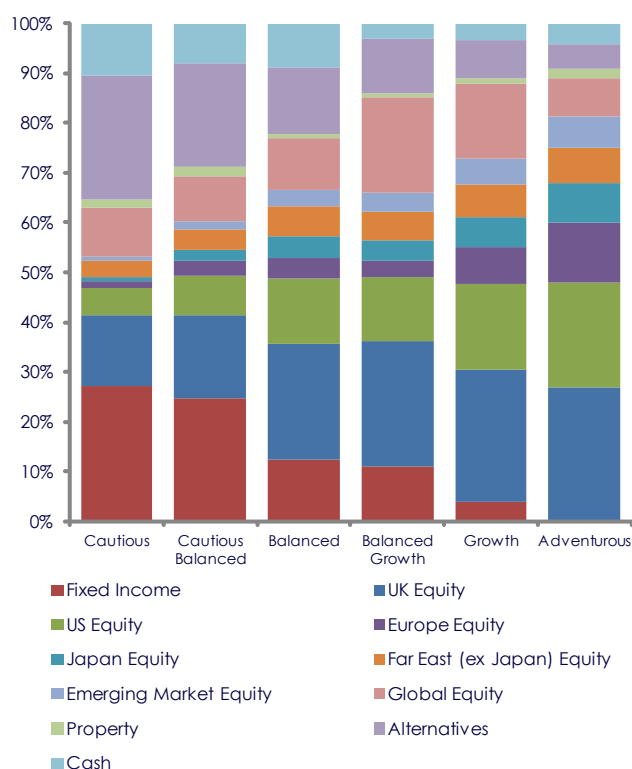
January was a very different market environment to the challenging preceding three months. Risk assets displayed a confident recovery as investors reacted favourably to weakening global growth, a more flexible Federal Reserve and some more clarity around Brexit. The best performing sectors were those that suffered the most during Q4; U.S., U.K. smaller companies and value stocks. The funds in the portfolios that benefited most from this were R&M Global Recovery, Schroder U.S. Mid Cap and Merian U.K. Smaller Companies.

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Cornelian

Asset Allocation as at 31/01/2019



Cornelian Portfolio Positioning

A position in the Robotic Process Automation (or RPA) software company, Blue Prism, was bought in January. RPA is a software solution that enables businesses to automate mundane, administrative tasks leading to transformative cost and efficiency gains and improved customer experiences. The RPA market is growing rapidly as corporations increasingly adopt the technology. However, market penetration is still at an early stage. Blue Prism is one of the few developers at the forefront of this technology and will continue to benefit as the market grows. Their sales are high margin, recurring in nature and are conducted through partners, enabling them to grow very quickly.

The underlying causes of the market falls in the latter part of 2018 were a reassessment of risk, brought about by rising interest rates, and/or the drawing to an end of quantitative easing in western economies. The Federal Reserve has capitulated on quantitative tightening and further interest rate rises and the fourth quarter earnings season has been better than feared. In contrast to October 2018, company share prices have been rising strongly in reaction to relatively dull, but reassuring trading updates. This is a good sign and we anticipate further equity market recovery.

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 31/01/2019

	1 Year Return % ¹	3 Year Return % ¹	5 Year Return % ¹	Volatility % ²
SP3 Cautious	-1.67	15.11	26.81	4.24
SP4 Cautious Balanced	-2.19	17.97	30.26	5.12
SP5 Balanced	-3.82	21.18	35.72	6.57
SP6 Balanced Growth	-3.68	24.49	39.60	7.01
SP7 Growth	-4.93	26.38	41.37	7.96
SP8 Adventurous	-5.94	26.62	40.52	8.66

Data source FE Analytics 31/01/2019. 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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