



THORNTONS INVESTMENTS

Investment Objectives

The Thorntons Cautious model portfolio aims to provide a low risk investment that preserves capital value and generates a sustainable return greater than that achieved from a deposit account over a five-year period. Typically the majority of the portfolio will be invested in bonds and alternative assets, with a smaller allocation to equities and property. The model is invested across a portfolio of funds and exchange traded instruments.

Target five-year annualised volatility of 4.2 to 6.3

Key Facts

Historic Model Yield	3.9%
Five Year Monthly Volatility	6.5
Estimated OCF of model	0.41%
Investment fee	0.2% (VAT Exempt)
Comparison Benchmark	IA Mixed Investment 0-35% Shares

Data sourced from Financial Express as at 31 March 2025

Date of Inception 31 December 2014

Managers

Matt Strachan BSc (Hons) Econ, ACSI
Matt is the CIO at Thorntons Investments and has over 30 years of international investment management experience, including managing an OBSR rated N American fund.

Ciaran Garvey BSc Econ & Fin, MSc Fin, FCSI

Ciaran is an investment manager at Thorntons Investments, he has over 10 years industry experience after graduating from University College Dublin and Heriot Watt University.

Thorntons Cautious Investor Factsheet Q1 2025

Performance from Inception

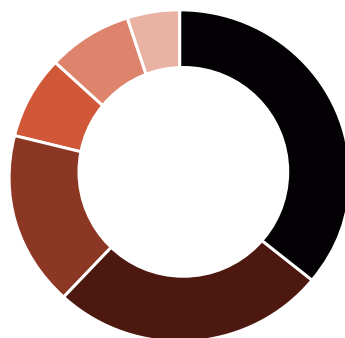
Cautious Model Total Return 31/12/14 -31/03/2025



Performance - Cumulative	Q1	YTD	1 year	3 years	5 years	Incept
Thorntons Cautious Model Portfolio	2.0%	2.0%	5.8%	3.9%	28.2%	44.1%
IA Mixed Investment 0-35% Shares Sector	0.4%	0.4%	3.3%	2.9%	15.1%	26.9%

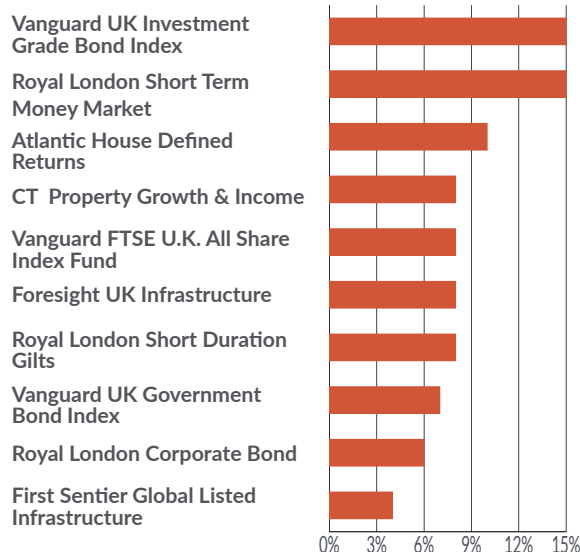
Discrete Calendar Year	2024	2023	2022	2021	2020
Thorntons Cautious Model Portfolio	4.2%	5.9%	-8.4%	7.6%	1.1%
IA Mixed Investment 0-35% Shares	4.4%	6.0%	-10.9%	2.8%	3.9%

Industry Allocation

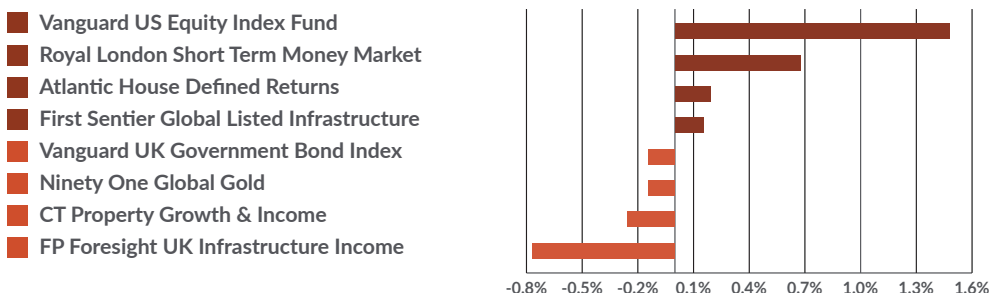


36.0% - Bonds
26.0% - Other
17.0% - Cash
8.0% - Property
8.0% - UK Equities
5.0% - International Equities

Top Ten Holdings



Top And Bottom Contributors To Performance Q1 2025



Platform Availability



Market Commentary

A review of the first quarter of 2025 is more than overshadowed by the tariffs announced by President Trump at the start of April. Not only were they broader and more punitive than expected, but the initial response from China has been to respond in kind. The threat of an ongoing trade war has naturally spooked markets, with almost all financial assets falling and in many cases undoing the gains of the last year.

Investment returns over the first quarter were mixed, as markets tried to digest a raft of US Presidential executive orders and prepare for tariffs. Not surprisingly gold did well, rising over 15 percent in sterling terms, as investors sought a safer haven in an increasingly uncertain environment. Additionally there has been significant gold buying by some central banks, wishing to reduce their exposure to the dollar and the risk of US sanctions. Also benefitting from moves to lower exposure to 'risk assets' (generally financial assets that do well in strong economic growth environments), were bonds especially government bonds and particularly US government treasuries. Interestingly the US dollar lost value over the first quarter, normally seen as a safe house it may reflect the uncertainty that the new US administration has brought or possibly their stated desire to see a lower dollar. Sterling's trade weighted value rose over the quarter.

The weaker dollar compounded a fall in the US stock markets so that in sterling terms US equities fell 7%. This was one of the worst financial asset class returns, but follows an exceptional period of US equity outperformance. The concentration, however, of performance in a handful of tech stocks in the last few years and valuation premium against the rest of the world, has been a concern. We have limited our exposure, because of these factors and are keeping that underweight stance for the time being. The corollary of this is a higher relative weighting in UK equities, where we see valuations as much more attractive. The UK stock market rose 3.5% over the quarter and we hope this is the start of an unwinding of a long period of relative underperformance. The best performance was from European equities, up nearly 9%, where the German election and commitment to a €500m spending package raised hopes of European fiscal stimulus to offset general economic malaise.

Asian and Japanese stock markets dropped roughly 2½% in aggregate, as they began to anticipate US tariff introduction. Although significant exporters to the US, Asia is increasingly becoming an integrated economic block. There has also been a significant mood change in China. The announcement of AI tool DeepSeek performing at similar levels of effectiveness to western AI, but purportedly at a fraction of the cost, has re-energised their tech sector and been warmly embraced by President Xi.

To date economic data has not been overly exciting, but not too concerning either. With Trump's tariffs, analysts are scrambling to try and quantify what the economic impact will be. At the moment it is a finger-in-the-air job as the uncertainties are so great, but the one thing that is certain is that inflation will be higher in the US and growth, globally, will be lower. Whether it turns negative is still to be seen. Bond markets and commodity prices have quickly moved in a fashion consistent with expecting a recession, but that is by no means certain. Trade deals could be struck quickly and relative calm returned.

Portfolio Commentary Q1 2025

The Cautious portfolio returned 2% over the quarter, despite US market weakness in March undermining earlier positive performance. The US weakness dominated negative attribution, with Vanguard US Equity Index -7.8%. The defensiveness of the portfolio showed in only two other investments having negative returns, Foresight UK Infrastructure Income, -1.8%, where weather conditions were unhelpful for renewable energy production and iShares Emerging Markets Equity Index, -4.8%. The later was a new investment which replaced Vanguard Emerging Markets Stock Index (+5.2% at time of sale), but which fell by a similar amount after the switch.

On the positive side all of the investments in different bond funds were up over the quarter, with the Royal London Corporate Bond fund, +1.7%, the best. There was also another solid return from the Royal London Short Term Money Market fund, +1.2%. The standout performance, however, came from Ninety One Global Gold, +31%. This is mainly invested in gold miners and the fund outperformed the price of gold, as miners share prices have significantly lagged behind over the last few years. Vanguard FTSE UK All Share Index, +4.5%, had the second biggest positive contribution, whilst CT Property Growth & Income, +1.7%, and Atlantic House Defined Returns, +1.6%, proved the value of alternative asset diversification in the model.

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