

INVESTMENT OBJECTIVES

The adventurous model aims to provide capital growth over a three to five year period. A low level of income will also be generated. Typically the portfolio will predominantly be invested in equities, mostly international, with a small allocation to property and bonds. The model is invested across a range of funds to achieve its aim.

3 to 5 year volatility target of 12 to 16.

FACTS AND FEES

Historic Model Yield	1.7%
Five Year Monthly Volatility	10.7
Estimated OCF of model	0.49%
Investment fee	0.3% + VAT
Comparison Benchmark	IA Flexible Investment
Data sourced from Financial Express as at 31 March 2021	
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 OBR 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.

MARKET COMMENTARY

The success of the UK vaccination programme has given real light to the end of the dark economic tunnel that we have been through over the winter months and allowed financial markets to anticipate a strong economic recovery. Equity markets had a positive first quarter, with the FTSE 100 returning 5%, just ahead of US stocks, +4.8%, and European equity, +3.4%. Japan was the weakest of the main stock markets, +0.2%, as new more infectious variants of Covid-19 gained a foothold and restrictions were introduced.

Along with the rapid roll-out of vaccines in the UK and US, fiscal policy has been designed to pump-prime economic growth as lockdown measures are removed. This has seen some rotation in equity from tech/growth stocks to recovery/cyclical stocks; from growth to value. This rotation has also lifted commodity prices, especially metals and oil, with a basket of commodities up more than 9% over the quarter. The corollary of this was a further decline in the price of gold, -11%, as confidence in vaccination and economic recovery gained traction.

Also performing poorly were bonds, with UK gilts returning -7.1%, as falls in capital values overwhelmed meagre coupon returns. Although central bank monetary policy remains highly supportive, with large bond buying programmes, investors are showing concern over inflation. A spike in inflation is now expected as the sharp fall in prices at the onset of the pandemic begin to drop out of annual calculations, but if the economic recovery is robust and quickly closes the output gap, supply disruption caused by Covid-19 could make inflation stickier.

Covid has undoubtedly changed the economic landscape, with work-from-home and online shopping the most obvious, so there is still a great deal of uncertainty as to how recovery will evolve. This is most obviously true for property, returning 1.6% for the quarter, where there is still a high degree of uncertainty; will people return to offices, or not?

Despite some Brexit disruption and costs, sterling has been one of the strongest currencies this year, +3.6%, which has tapered returns from overseas investments. With a number of stock markets rising to new highs, most notably the US, a sharp recovery in profits is already baked into share prices, however, with a valuation discount on the UK, there is still probably room to recover some of the UK equity underperformance that has been suffered over the last few years.

Platform Availability:

ascentric

Standard Life

FundsNetwork

transact
take control

7IM

novia

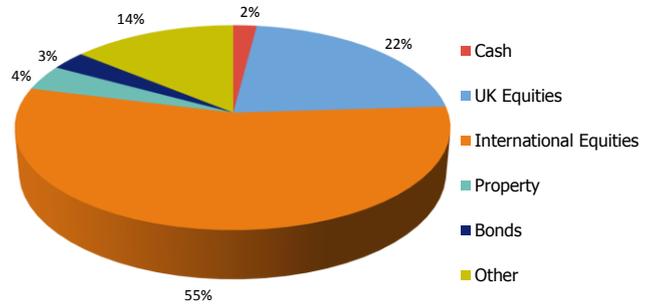
ZURICH

nucleus

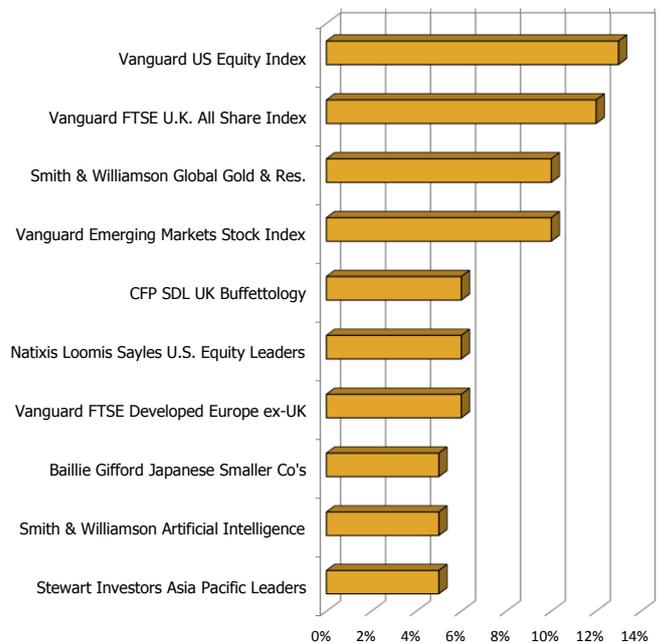
Thorntons Adventurous
Q1 2021

As at 31 March 2021

ASSET ALLOCATION



TOP 10 HOLDINGS



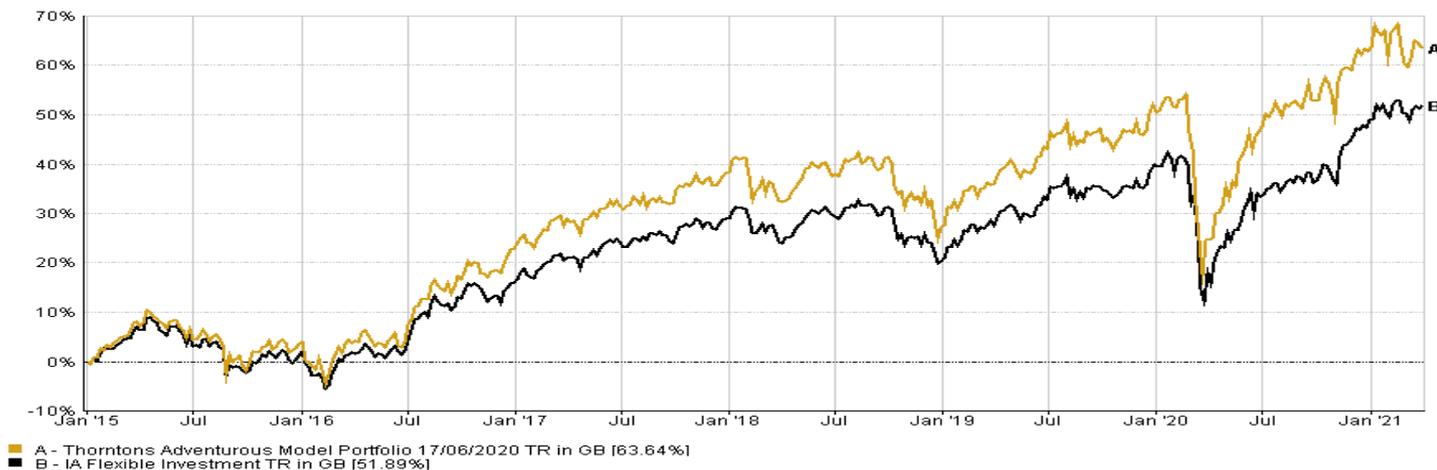
PORTFOLIO COMMENTARY Q1 2021

The Adventurous portfolio had a small negative return of -0.1% in the first quarter, with performance heavily split between positive UK equity performance and negative gold and tech/growth stock performance. With the price of gold dropping 11%, the Smith & Williamson Global Gold and Resources fund declined 17.2% and was the biggest detractor to performance. We still see it as valuable insurance against numerous risks that markets face. Despite bond markets selling off the Royal London Sterling Extra Yield fund notably outperformed, +2.2%.

UK equity was the biggest driver of positive performance, with Vanguard FTSE All Share +5.7% and Franklin UK Equity Income +5.3%, along with the Vanguard US Equity fund, +5.4%. Other regional stock markets performed less well and Sanlam Artificial Intelligence fund, -1.4%, and Baillie Gifford Japanese Smaller, -5.6%, suffered as tech stocks sold off. SDL UK Buffettology, -0.4%, and Natixis Loomis Sayles US Equity Leaders, +1.3%, both excellent long-term performers, also had weaker quarters. Property provided a small positive contribution, with BMO Property Growth & Income +1.5%, whilst Foresight UK Infrastructure was down 1.4%. There were no portfolio changes during the quarter.

PERFORMANCE FROM INCEPTION

Adventurous Model Total Return 31/12/14 - 31/03/21

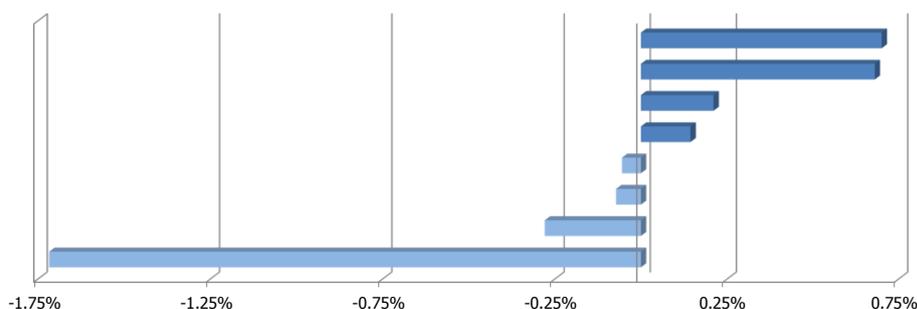


31/12/2014 - 31/03/2021 Data from FE fundinfo 2021

Performance	Cumulative						Discrete Calendar Years				
	Q1	YTD	1 Year	3 Years	5 Years	Since 31-Dec-14	2020	2019	2018	2017	2016
Thorntons Adventurous Model Portfolio	-0.1%	-0.1%	31.4%	23.6%	57.0%	63.6%	8.8%	18.1%	-7.9%	13.0%	17.9%
IA Flexible Investment	2.2%	2.2%	29.1%	22.5%	49.3%	51.9%	6.7%	15.7%	-6.7%	11.2%	13.8%

TOP AND BOTTOM CONTRIBUTORS TO PERFORMANCE Q1 2021

- Vanguard US Equity Index
- Vanguard FTSE U.K. All Share Index
- Franklin UK Equity Income
- Vanguard FTSE Developed Europe ex-UK Equity Index
- FP Foresight UK Infrastructure Income
- Sanlam Artificial Intelligence
- Baillie Gifford Japanese Smaller Companies
- Smith & Williamson Global Gold & Resources



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