

INVESTMENT OBJECTIVES

The progressive model aims to provide a medium to high risk investment that targets capital growth over a three to five year period, whilst still generating a respectable level of income. Typically the majority of the portfolio will be invested in equities with the balance spread across property and government and corporate bonds. The model is invested across a range of funds to achieve its aim.

3 to 5 year volatility target of 10 to 13.

FACTS AND FEES

Historic Model yield	1.9%
Five Year Monthly Volatility	10.4
Estimated OCF of model	0.52%
Investment fee	0.3% + VAT
Comparison Benchmark	IA Mixed Investment 40-85% Shares

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 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.

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

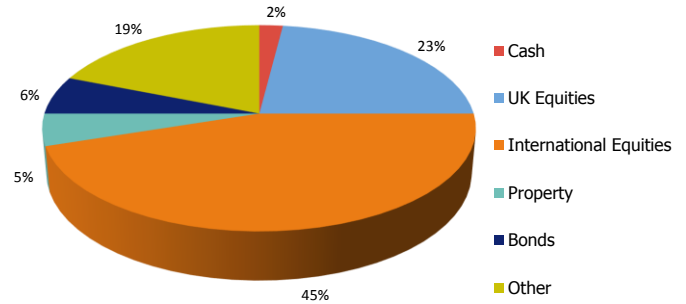
ZURICH

nucleus

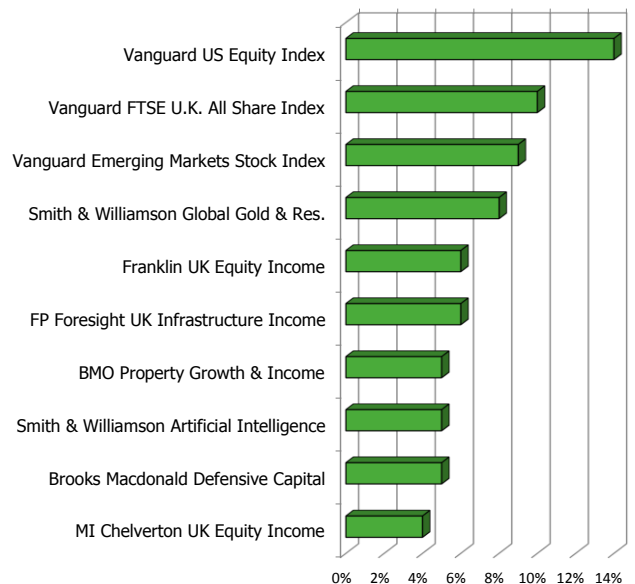
Thorntons Progressive  
Q1 2021

As at 31 March 2021

ASSET ALLOCATION



TOP 10 HOLDINGS



PORTFOLIO COMMENTARY Q1 2021

The Progressive portfolio saw a small positive return of 0.8% in the first quarter, with performance heavily split between positive equity performance and negative bond and gold 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. Bond markets sold off and the Vanguard UK Investment Grade fund returned -3.6%, however, the Royal London Sterling Extra Yield fund, +2.2%, was a notable outperformer.

UK equity was the biggest driver of positive performance, with Vanguard FTSE All Share +5.7%, Franklin UK Equity Income +5.3%, and strong performance from Chelverton UK Equity Income +9.6%. The Vanguard US Equity fund, +5.4%, also added to positive performance, however, Sanlam Artificial Intelligence fund, -1.4%, and Baillie Gifford Japanese Smaller, -5.6%, suffered as tech stocks sold off. Property provided a small positive contribution, with BMO Property Growth & Income +1.5%. Alternative funds were mixed, with Brooks MacDonald Defensive Capital +2.2%, whilst Foresight UK Infrastructure was down 1.4%. There were no portfolio changes during the quarter.

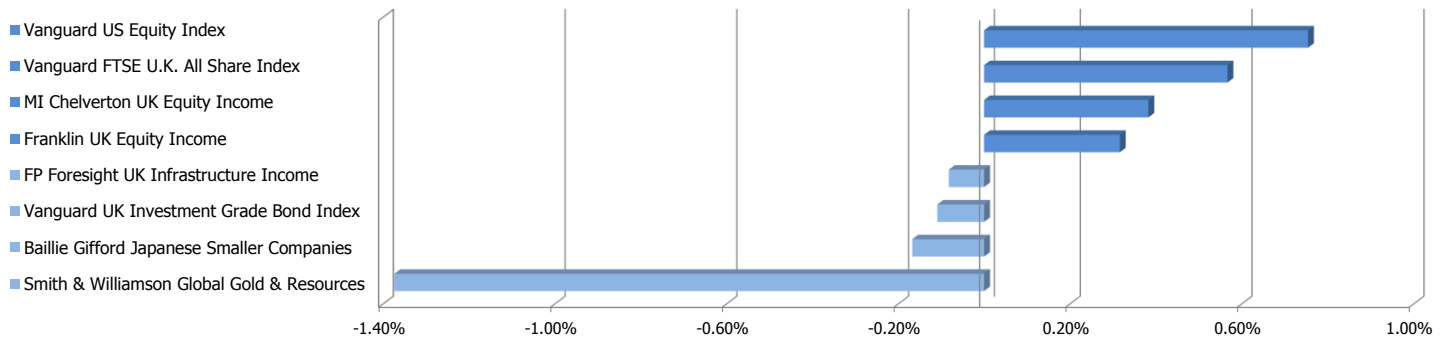
PERFORMANCE FROM INCEPTION

Progressive Model Total Return 31/12/14 - 31/03/2021



Performance	Cumulative						Discrete Calendar Years				
	Q1	YTD	1 Year	3 Years	5 Years	Since 31-Dec-14	2020	2019	2018	2017	2016
<b>Thorntons Progressive Model Portfolio</b>	0.8%	0.8%	30.2%	18.9%	43.6%	48.6%	5.1%	15.5%	-6.8%	11.6%	14.2%
<b>IA Mixed Investment 40-85% Shares Sector</b>	1.6%	1.6%	26.4%	21.3%	44.3%	48.2%	5.3%	15.8%	-6.1%	10.0%	12.9%

TOP AND BOTTOM CONTRIBUTORS TO PERFORMANCE Q1 2021



REGULATORY NOTICE

Thorntons Investments is a trading name of Thorntons Investment Management Limited a company registered in Scotland No. SC438886 whose registered office is at Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. Thorntons Investment Management Limited is authorised and regulated by the Financial Conduct Authority. This information has been prepared using all reasonable care. It is not guaranteed as to its accuracy, and it is published solely for information purposes. Our opinions are subject to change without notice and we are not under any obligation to update or keep this information current. It is not to be construed as a solicitation or offer to buy or sell securities and does not in any way constitute investment advice. Past performance is not a guide to future performance. The value of investments can fall as well as rise and you may not get back the amount you have invested. The income from an investment may fluctuate in money terms. If an investment involves exposure to a currency other than that in which acquisition of the investment is invited, changes in the rates of exchange may cause the value of the investment to go up or down.

Get in touch

Phone  
01382 797 600

Website  
www.thorntons-investments.co.uk

Dundee  
Whitehall House  
35 Yeaman Shore  
Dundee  
DD1 4BU