THORNTONS
INVESTMENTS

Thorntons Cautious
Investor Factsheet Q1 2024

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	3.7%
Five Year Monthly Volatility	8.2
Estimated OCF of model	0.54%
Investment fee	0.2% (VAT Exempt)
Comparison Benchmark	IA Targeted Absolute Return

Data sourced from Financial Express as at 31 March 2024

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.

Performance from Inception

Cautious Model Total Return 31/12/14 -31/03/2024

A - *Thorntons Cautious Model Portfolio*
B - *IA Targeted Absolute Return*

31/12/14 - 31/03/24
Data from FE fundinfo

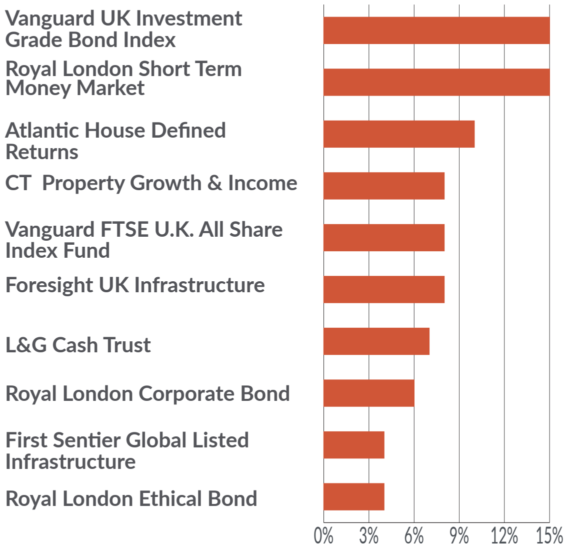
Performance - Cumulative	Q1	YTD	1 year	3 years	5 years	2014
Thorntons Cautious Model Portfolio	0.5%	0.5%	5.0%	4.7%	13.4%	36.2%
IA Targeted Absolute Return Sector	2.5%	2.5%	6.3%	9.4%	16.4%	22.8%

Discrete Calendar Year	2023	2022	2021	2020	2019
Thorntons Cautious Model Portfolio	5.9%	-8.4%	7.6%	1.1%	11.2%
IA Targeted Absolute Return Sector	4.3%	-0.4%	3.5%	2.6%	4.4%

Industry Allocation

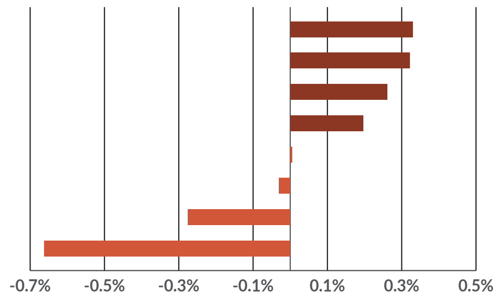
- 29.0% - Bonds
- 26.0% - Other
- 24.0% - Cash
- 8.0% - Property
- 8.0% - UK Equities
- 5.0% - International Equities

Top Ten Holdings



Top And Bottom Contributors To Performance Q1 2024

- Vanguard US Equity Index Fund
- Vanguard FTSE U.K. All Share Index Fund
- Atlantic House Defined Returns
- Royal London Short Term Money Market
- Vanguard UK Inv Grade Bond Index Fund
- Ninety One Global Gold
- CT Property Growth & Income
- FP Foresight UK Infrastructure Income



Platform Availability

abrdn, Fidelity International, M&G wealth, nucleus, Scottish Widows, transact take control, Quilter, wealthtime, 7IM

Market Commentary

The start of 2024 had a similar feel to the end of last year. The rate of inflation has continued to pull back in an encouraging way, Western central banks have promised to cut interest rates (just not necessarily when) and Artificial Intelligence continued to generate most stock market excitement. There were also some signs of green shoots of economic confidence emerging after a long economic winter in Europe, whilst the US economy continues to defy expectations with above expected growth. Hopes of economic recovery, inflation under control and falling interest rates to come, provided a fertile backdrop that led many stock markets to record all-time highs; including Japan for the first time in nearly 35 years. Even the Chinese market showed signs of life, despite the unresolved problems in its property market and the UK market sprung back to life in March.

Bond markets, however, lost a step as a brighter economic outlook and sticky 'last mile' inflation restrict the capacity for yields to come down. The drop in the value of UK gilts overwhelmed the income from them, leading to a -1.7% return over the quarter. The rise in bond yields also weighed on property values, as property yields normally require a premium over bonds; UK property returned -0.1% over the first quarter. The well aired problems in China's property market continue to be largely unresolved, but authorities seem to be in no rush to either enact a massive write-off, or massive bailout. A little bit of both over time looks more likely, although this might be analogised as financial water torture, China and Emerging stock markets in general has a decent quarter, up roughly 5%.

The US again provided the best stock market return, +11.2%, as most of the dominant tech stocks continued to surge, although this time there some notable negative returns from Tesla and Apple. Japan continued its stock market recovery with a +10% quarter, whilst Europe was not far behind with a +8.2% return. The UK market continued to lag, with a +2.5% return, but it recovered from a weaker start, with a +4.2% return in March. If economic recovery does take hold the UK stock market will look increasingly attractive with a high exposure to commodities. Which leads on to the best performing asset class over the quarter, commodities, +12.5%. Apart from iron ore declining, nearly all commodity prices rose, with oil notably strong over concerns about spreading conflict in the Middle East and OPEC+ supply restrictions. Gold was also a winner +8.2%, despite the headwind of higher bond yields, as geopolitical tensions drove strong buying by some central banks.

The brighter view of the global economy coming out of hibernation can be contrasted with major conflicts in Ukraine and Gaza, as well as heightened political tensions. The general elections in Russia may have produced no surprise, but the global roster this year (which includes European and US elections) does have the potential to surprise – some local elections in Europe have seen extremist parties make strong gains. The financial gains of the first quarter are unlikely to be repeated over the year, but that does not mean that they won't be positive and UK equities still look attractive.

Portfolio Commentary Q1 2024

The first quarter of 2024 was generally positive for financial markets, after a shaky start, with the Cautious portfolio +0.5%. Bond funds struggled to make much return with higher yields offset by falling prices as expectations of interest rate cuts got pushed back. The worst performance came from Foresight UK Infrastructure Income, -8.3%, where investment valuations were hurt both by higher cost of debt assumptions and lower prices for energy production. CT Property Growth & Income, -3.4%, was also negatively affected by higher bond yields. The last negative, Ninety One Global Gold, -0.8%, was a surprise with the new record high gold price, but we do expect the value of the miners in the fund to catch up quickly.

The best performer was Vanguard US Equity Index, +11%. with Vanguard FTSE UK All Share Index, +4%, a (distant) second best. Atlantic House Defined Returns, +2.6%, continued to deliver a consistent attractive return, whilst Royal London Short Term Money Market, +1.3%, provides a good return with no capital risk. There was another good return from Royal London Sterling Extra Yield Bond, +3.6%, and an encouraging 3% positive return from the small position in Vanguard Emerging Markets Stock Index, after a long period of weakness for emerging markets.

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