



THORNTONS INVESTMENTS

Investment Objectives

The Thorntons Moderate model portfolio aims to provide a medium risk investment that balances income generation and capital growth over a five-year period. Typically the portfolio will be invested across a spread of UK and International equities, bonds, property and alternative assets. The model is invested across a portfolio of funds and exchange traded instruments.

Target five-year annualised volatility of 8.4 to 10.5

Key Facts

Historic Model Yield	2.8%
Five Year Monthly Volatility	9.7
Estimated OCF of model	0.43%
Investment fee	0.2% (VAT Exempt)
Comparison Benchmark	IA Mixed Investment 20-60% Shares

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.

Thorntons Moderate Investor Factsheet Q1 2024

Performance from Inception

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



Performance - Cumulative	Q1	YTD	1 year	3 years	5 years	2014
Thorntons Moderate Model Portfolio	3.5%	3.5%	9.3%	12.7%	23.7%	56.0%
IA Mixed Investment 20-60% Shares Sector	2.5%	2.5%	7.7%	5.3%	17.2%	39.7%

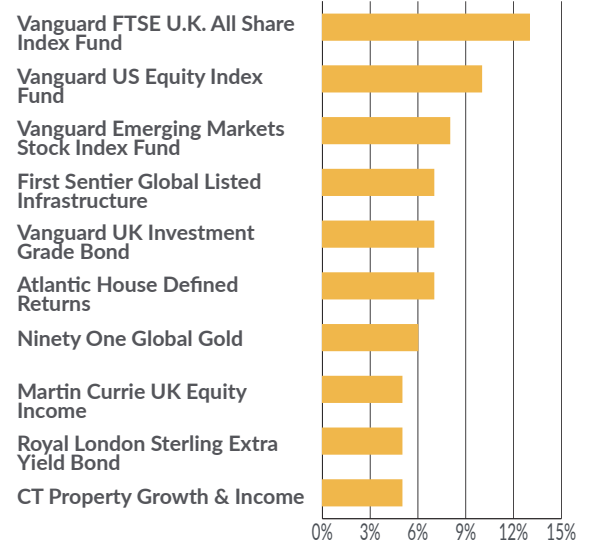
Discrete Calendar Year	2023	2022	2021	2020	2019
Thorntons Moderate Model Portfolio	8.8%	-8.1%	9.6%	1.1%	13.4%
IA Mixed Investment 20-60% Shares Sector	6.8%	-9.5%	7.2%	3.5%	11.8%

Industry Allocation

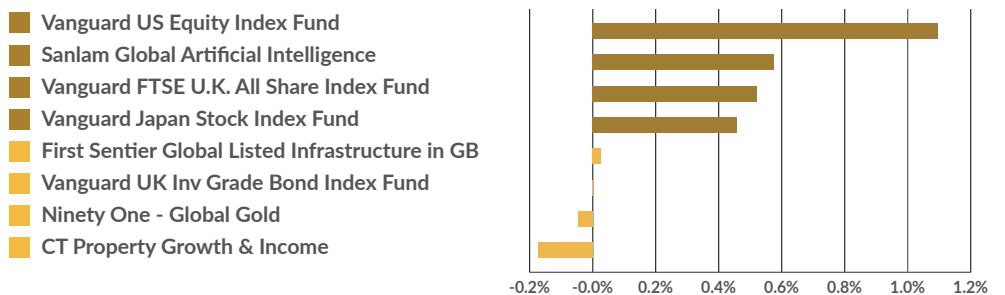


- 33.0% - International Equities
- 20.0% - Other
- 18.0% - UK Equities
- 12.0% - Bonds
- 12.0% - Cash
- 5.0% - Property

Top Ten Holdings



Top And Bottom Contributors To Performance Q1 2024



Platform Availability



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 Moderate portfolio +3.5%. Bond funds struggled to make much return with higher yields offset by falling prices as expectations of interest rate cuts got pushed back. This also impacted CT Property Growth & Income, -3.4%, as higher debt costs diminish property investment returns and property valuations. The other 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. Higher debt costs also weighed on the value of investments in First Sentier Global Listed Infrastructure, +0.4%.

There were some strong performers, with Sanlam Global Artificial Intelligence +11.5%, closely followed by Vanguard Japan Stock Index +11.4%. The best contributor was one of the biggest holdings, Vanguard US Equity Index, +11%, whilst Vanguard FTSE UK All Share Index, +4%, also added to positive portfolio performance; Vanguard FTSE Developed Europe ek-UK Equity Index, +6.7%, performed better, but is a smaller weight. Royal London Sterling Extra Yield Bond, +3.6%, continued to deliver good performance, despite general weakness in bond markets.

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