THORNTONS
INVESTMENTS

# Thorntons Progressive
# Investor Factsheet Q1 2024

## Investment Objectives

The Thorntons Progressive model portfolio aims to provide a medium to high risk investment that generates capital growth and some income over a five-year investment period. Typically the majority of the portfolio will be invested in international and UK equities with the balance spread across property, alternative assets and corporate bonds. The model is invested across a portfolio of funds and exchange traded instruments.

Five-year annualised volatility target of 10.5 to 12.6

## Key Facts

| | |
|---|---|
| Historic Model Yield | 2.5% |
| Five Year Monthly Volatility | 11.6 |
| Estimated OCF of model | 0.47% |
| Investment fee | 0.2% (VAT Exempt) |
| Comparison Benchmark | IA Mixed Investment 40-85% 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.

## Performance from Inception

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


*A - Thorntons Progressive Portfolio*
*B - IA Mixed Investment 40-85% Shares*

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

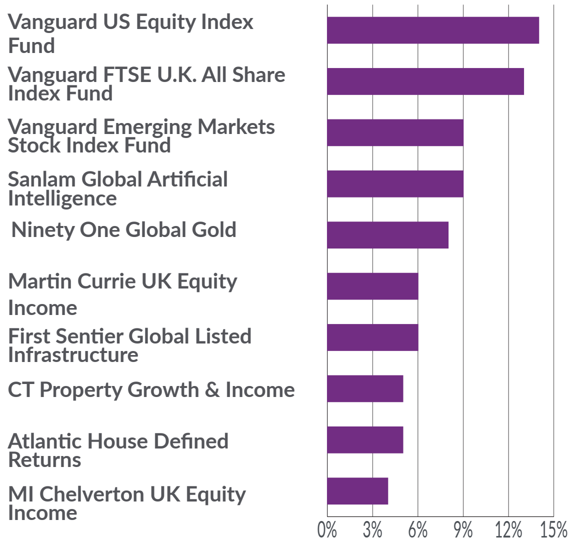
| Performance - Cumulative | Q1 | YTD | 1 year | 3 years | 5 years | 2014 |
|---|---|---|---|---|---|---|
| Thorntons Progressive Model Portfolio | 4.5% | 4.5% | 10.6% | 14.0% | 31.0% | 67.2% |
| IA Mixed Investment 40-85% Shares Sector | 4.2% | 4.2% | 10.2% | 10.7% | 28.7% | 64.0% |

| Discrete Calendar Year | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Thorntons Progressive Model Portfolio | 9.8% | -9.6% | 10.7% | 4.8% | 15.4% |
| IA Mixed Investment 40-85% Shares Sector | 8.1% | -10.0% | 10.9% | 5.3% | 15.8% |

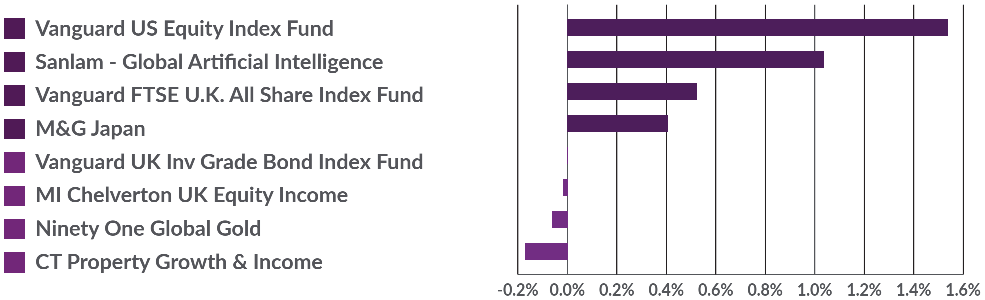
## Industry Allocation

- 45.0% - International Equities
- 23.0% - UK Equities
- 19.0% - Other
- 6.0% - Bonds
- 5.0% - Property
- 2.0% - Cash

## Top Ten Holdings




## Top And Bottom Contributors To Performance Q1 2024




## Platform Availability

abrdn, Fidelity International, M&G wealth, nucleus, Scottish Widows, transact, 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 Progressive portfolio +4.5%. 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. Another, surprising, negative was Ninety One Global Gold, -0.8%, given that the gold price reached a new record high, but we do expect the value of the miners in the fund to catch up quickly. There was also a disappointing -0.5% return from Chelverton UK Equity Income, as smaller companies lagged behind larger stocks.

There were some strong performers, with M&G Japan, +13.5%, Sanlam Global Artificial Intelligence +11.5%, closely followed by Vanguard Japan Stock Index +11.4%. The best contributor was the biggest holding, 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.

## Get In Touch


**Phone:**
01382 797 600

**Website:**
*www.thorntons-investments.co.uk*

**Dundee**
Whitehall House
35 Yeaman Shore
Dundee
DD1 4BU