Thorntons Cautious
Investor Factsheet Q4 2024

THORNTONS
INVESTMENTS

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	0.41%
Investment fee	0.2% (VAT Exempt)
Comparison Benchmark	IA Targeted Absolute Return

Data sourced from Financial Express as at 31 December 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 -31/12/2024

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

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

Performance - Cumulative	Q4	YTD	1 year	3 years	5 years	Incept
Thorntons Cautious Model Portfolio	-1.3%	4.2%	4.2%	1.1%	10.0%	41.2%
IA Targeted Absolute Return Sector	0.7%	6.0%	6.0%	10.2%	17.0%	27.0%

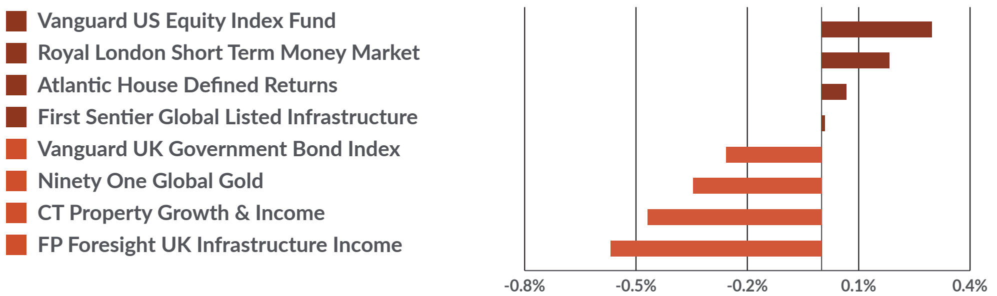
Discrete Calendar Year	2024	2023	2022	2021	2020
Thorntons Cautious Model Portfolio	4.2%	5.9%	-8.4%	7.6%	1.1%
IA Targeted Absolute Return Sector	6.0%	4.3%	-0.4%	3.5%	2.6%

Industry Allocation

- 36.0% - Bonds
- 26.0% - Other
- 17.0% - Cash
- 8.0% - Property
- 8.0% - UK Equities
- 5.0% - International Equities

Top Ten Holdings

Top And Bottom Contributors To Performance Q4 2024



Platform Availability

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

Market Commentary

The final quarter of 2024 proved to be a mixed bag, with a range of positive and negative events teasing markets in different directions. The biggest positive influence came from the election success of president-elect Trump and the Republican Party in both Houses. The US stock market surged on expectations of lower taxes, less regulation and higher growth, with a particular boost to those business sectors that had backed Trump financially. The counter to this was a notable rise in bond yields (a fall in bond prices), as policy announcements are likely to lead to higher budget deficits and inflation. The dollar also strengthened, as a result, and over the quarter the US stock market rose by nearly 10% in sterling terms.

In contrast to the robustness of the US economy, Japan, Europe and the UK have been anaemic in comparison. The much awaited UK budget failed to breathe much life into growth hopes and with little to encourage company confidence the UK stock market had a negative return of -1%. Even worse, UK gilts returned -5%, partly reflecting increased fiscal deficit projections and yields being pulled up by moves in US treasuries. Europe, beset by political turmoil in Germany and France, fared no better with their broad stock market down nearly 3%. Japan, where a change in prime minister initiated a snap election, saw its stock market up more than 2%, in sterling terms, helped by the Bank of Japan setting a more dovish tone on the likely pace of interest rate increases.

The promise, or threat, of tariffs by Trump has weighed on international markets, particularly Asian countries who export much of their produce to the US, and especially China on whom 100% tariffs have been touted. China is still trying to deal with its own internal problem of a property bust and has yet to convince investors that it has put sufficient measures in place to provide a floor, with Emerging Market stock indices falling 1.2% over the quarter. This in turn weighed on prices of industrial metals, for which China is the principle consumer, although in contrast there were some significant price increases for agricultural commodities (watch out for the price of your next coffee) and energy, notably natural gas. Thankfully the price of oil stayed pretty flat.

Despite a strengthening dollar and higher than expected yield curves, gold continued to appreciate reflecting continued military hostilities as well as heightened political tensions between East and West in advance of the Trump Presidency; central bank buying of gold remains strong. Indeed despite the exceptional returns from US equities and excitement over Artificial Intelligence (AI) for 2024 as a whole, gold outperformed with a sterling return of nearly 30%.

Sadly we start 2025 with conflict and uncertainty still very much to the fore, but as 2024 demonstrated financial markets can still deliver positive returns in difficult environments, they are always trying to weigh future prospects. The exceptionalism of the US and its dominance of AI was reflected in just five stocks accounting for half of the US stock market gain, an extraordinary concentration of investment return. It also leaves their valuations embedding a very positive outlook. In contrast other market valuations are pricing in a degree of negativity, particularly the UK market. We expect a broader spread of returns in 2025.

Portfolio Commentary Q4 2024

The Cautious portfolio declined 1.3% over the final quarter of 2024, with mixed performances from its different investments, reducing the final return to positive 4.2% over the year. The US stock market was the dominant driver of positive performance in the final quarter as it had been for the year as a whole, with the Vanguard US Equity Index fund, +9.9%, providing the biggest positive contribution. The Royal London Short Term Money Market fund, +1.2%, continued to deliver a steady return, as did Atlantic House Defined Returns, +0.7%, showing the protective benefit of autocalls. There was also a credible, but small positive return from First Sentier Global Listed Infrastructure, +0.2%.

In contrast the sell off in gilts (Vanguard UK Government Bond Index returned -3.7%) and bonds elsewhere, dragged down most of the rest of the portfolio. The problems for longer term bonds, which raises the cost of debt, weighed even more heavily on property, with CT Property Growth & Income -5.9%, and UK infrastructure, Foresight UK Infrastructure -7.1%, as both areas rely heavily on debt financing. Finally and somewhat surprisingly the Ninety One Global Gold fund was down, -8.7%, despite the price of gold being up. Gold miners are now at substantial discounts to the underlying value of their reserves and, if the price of gold remains high, is an anomaly we expect to close this year.

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