



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	2.6%
Five Year Monthly Volatility	9.6
Estimated OCF of model	0.38%
Investment fee	0.2% (VAT Exempt)
Comparison Benchmark	IA Mixed Investment 20-60% Shares

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.

Thorntons Moderate Investor Factsheet Q4 2024

Performance from Inception

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



Performance - Cumulative	Q4	YTD	1 year	3 years	5 years	Incept
Thorntons Moderate Model Portfolio	0.4%	9.0%	9.0%	9.0%	20.7%	64.3%
IA Mixed Investment 20-60% Shares Sector	0.1%	6.1%	6.1%	2.6%	13.8%	44.5%

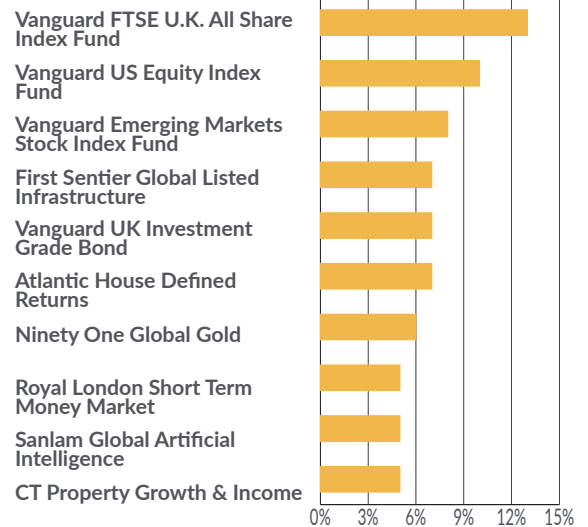
Discrete Calendar Year	2024	2023	2022	2021	2020
Thorntons Moderate Model Portfolio	9.0%	8.8%	-8.1%	9.6%	1.1%
IA Mixed Investment 20-60% Shares Sector	6.1%	6.8%	-9.5%	7.2%	3.5%

Industry Allocation

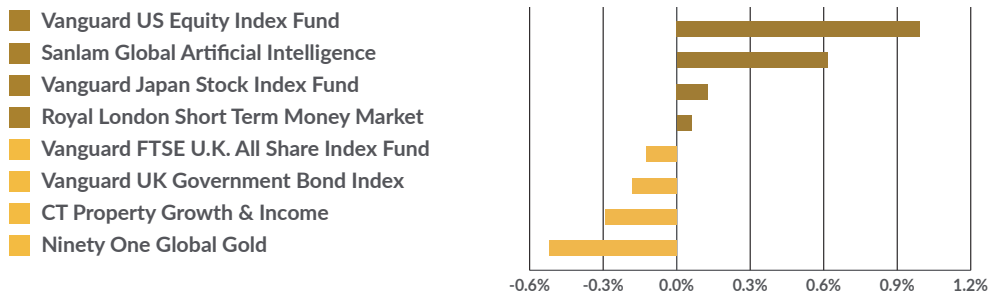


- 33.0% - International Equities
- 20.0% - Other
- 18.0% - UK Equities
- 17.0% - Bonds
- 7.0% - Cash
- 5.0% - Property

Top Ten Holdings



Top And Bottom Contributors To Performance Q4 2024



Platform Availability



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 Moderate portfolio made a further gain of 0.4% over the final quarter of 2024, with a mix of performances from its different investments, returning 9.0% 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. The Vanguard US Equity Index fund, +9.9%, provided the biggest positive contribution, but Sanlam Global Artificial Intelligence, +12.3%, was the best performer. Japan added positively, although to a lesser extent, with the Vanguard Japan Index fund +3.2%. Also making small positive contributions were alternative investments, First Sentier Global Listed Infrastructure, +0.2%, and Atlantic House Defined Returns, +0.7%. The Royal London Short Term Money Market fund, +1.2%, continued to deliver a steady return.

Holding back portfolio performance was European and UK equities, with Vanguard FTSE Developed Europe ex-UK Index -4.1% and the larger position in Vanguard FTSE UK All Share Index -0.8%. The fall in gilts saw the Vanguard UK Government Bond Index -3.7% and weighed heavily on property, with CT Property Growth & Income -5.9%. 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.

Get In Touch

Phone:
01382 797 600

Dundee
Whitehall House
35 Yeaman Shore
Dundee
DD1 4BU

Website:
www.thorntons-investments.co.uk

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.

