THROGMORTON
PRIVATE CAPITAL

Monthly Market Commentary

June 2020

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May Market Update

"to date the US S&P 500 Index is close to being in positive territory for 2020, wiping out all of its Q1 losses & having rallied by over 46% from its March low"

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Developed market economies, which came to a sudden stop during the pandemic lockdown period of March and April, entered the recovery phase in May. The global economy almost certainly remains in recession, but governments and central banks have moved decisively, committing fiscal and monetary support at a speed and scale never before seen in peacetime.

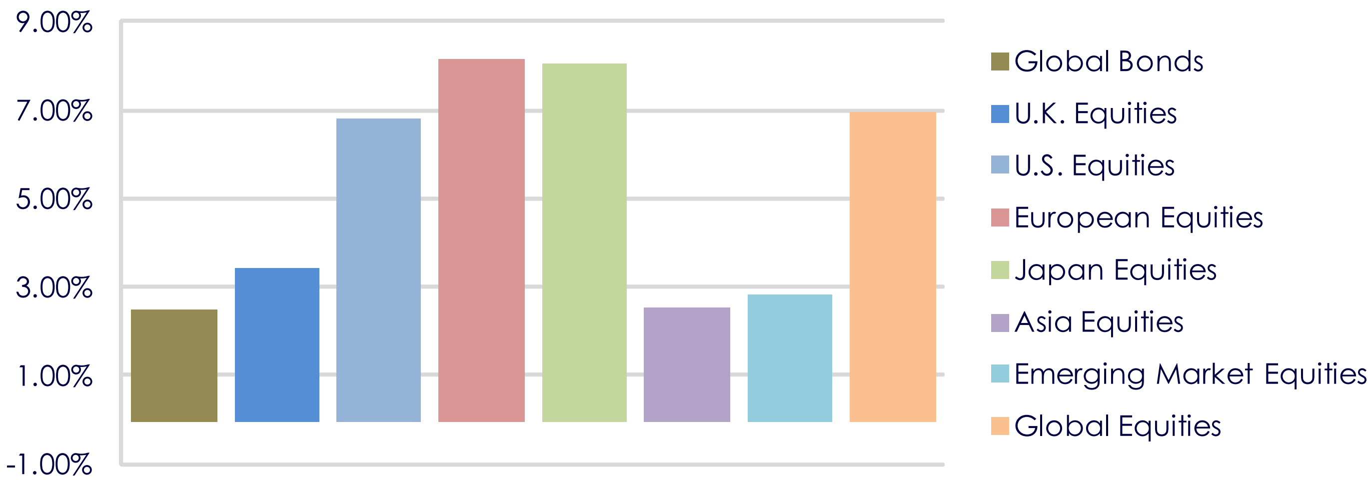
Two months on and much progress has been made. The current economic outlook differs profoundly from the landscape of late March, with countries around the world reopening their economies and the disruption from COVID-19 easing. For example, in the US, initial jobless claims were almost 10 times higher at the end of May than they were in January, but they fell steadily over the month, halving from approximately four to two million. In addition, Euro area politicians have proposed an EU Recovery Fund, which sends out an important signal of their fundamental commitment to European unity.

Furthermore, equity markets have come a long way too, with a sharp rebound in stocks appearing to run entirely counter to some truly shocking macroeconomic data released during May. Indeed, to date (9th June 2020) the US S&P 500 Index is close to being in positive territory for 2020 (at 3,206), wiping out all of its Q1 losses and having rallied by over 46% from its March low.

This crisis unfolded faster than any previous crisis and while the economic contraction is likely to be deep, the recession may well be relatively short-lived. Indeed, some market participants and economic commentators think that GDP growth potential over the long-term is unlikely to be meaningfully impaired by the current disruption. There may even be reason to be constructive on future productivity, as technology adoption has recently had a big boost, in part because of the new 'work from home' trend.

Above all, there are still many risks to consider, but we believe that the developed economies passed through the trough of the recession during April and whilst the shape of the future recovery is still highly uncertain, we think that the overall trajectory of economic growth from this point onwards is likely to be positive.

Discrete Monthly Performance as at 31/05/2020



All investment involves risk. It is important you understand that past performance is not a guarantee of future performance. The value of investments and any income derived from them may go down as well as up and you might not get back the full amount you invested.

Cumulative Performance and Annualised Volatility as at 31/05/2020

	1 Year %	3 Years %	5 Years %	Volatility %2
Global Bonds	7.65	15.63	45.05	9.47
U.K. Equities	-11.16	-8.37	6.91	12.88
U.S. Equities	14.35	37.40	91.57	13.44
European Equities	1.48	2.80	32.25	12.78
Japan Equities	9.06	15.22	43.74	12.11
Asia Equities	-3.33	4.93	36.54	15.08
Emerging Market Equities	-2.52	3.95	28.94	15.82
Global Equities	8.88	24.05	63.95	12.64

Data source FE Analytics 31/05/2020. Indices used: Global Bonds: Boomberg Barclays Global Aggregate, UK Equities: FTSE All Share, US Equities S&P500, European Equities: FTSE Developed Europe (Ex UK), Japan Equities: MSCI Japan, Asia Equities: FTSE World Asia Pacific (Ex Japan), Emerging Markets Equities: MSCI Emerging Markets, Global Equities: MSCI World. Volatility annualised over 5 years.