

Following an internal review, this month's Market Monitor sees a change of indices provider for some of our global equity market coverage. The FTSE100 and S&P500 remain as the premier benchmarks for their respective markets but FTSE Russell are increasingly looking to charge licenses for their benchmarks and it is perhaps not a coincidence that an increasing number of our preferred equity funds now favour the MSCI set of indices. These are similar in their construction in that they are market-cap weighted, although they typically tend to exclude around 15% of the smallest market participants by weight. This focus on larger businesses is more consistent with our investment approach.

Most major stock markets performed well in July and all of the indices we track ended the month higher in both local currency and sterling terms. The FTSE 100 index rose by 1.5% finishing just below 7,750 whilst the MSCI World index was up by around 3.8%¹. When dividends are included the index has produced a positive total return of around 3.2% since the start of the year. The Shanghai Composite index is down around 15% in the year to date in sterling terms and is currently trading around the same level it was in February 2016.

The FTSE 100 continues to display some intra-month volatility but the overall index level has been between 7,500 and 7,800 since early May.

The MSCI World index increased 3.8% during the month and has returned nearly 9% in the 3 months to the end of July. The MSCI Europe ex UK index rallied around 5%, erasing losses from June and is up 2% over 3 months. MSCI Asia Pacific ex Japan and the MSCI Japan indices were up by around 1.7% and 1% respectively in Jul whilst the more volatile MSCI Emerging Markets index returned 2.9% but remains down 4.5% over 3 months, and by 1.6% since the start of the year.

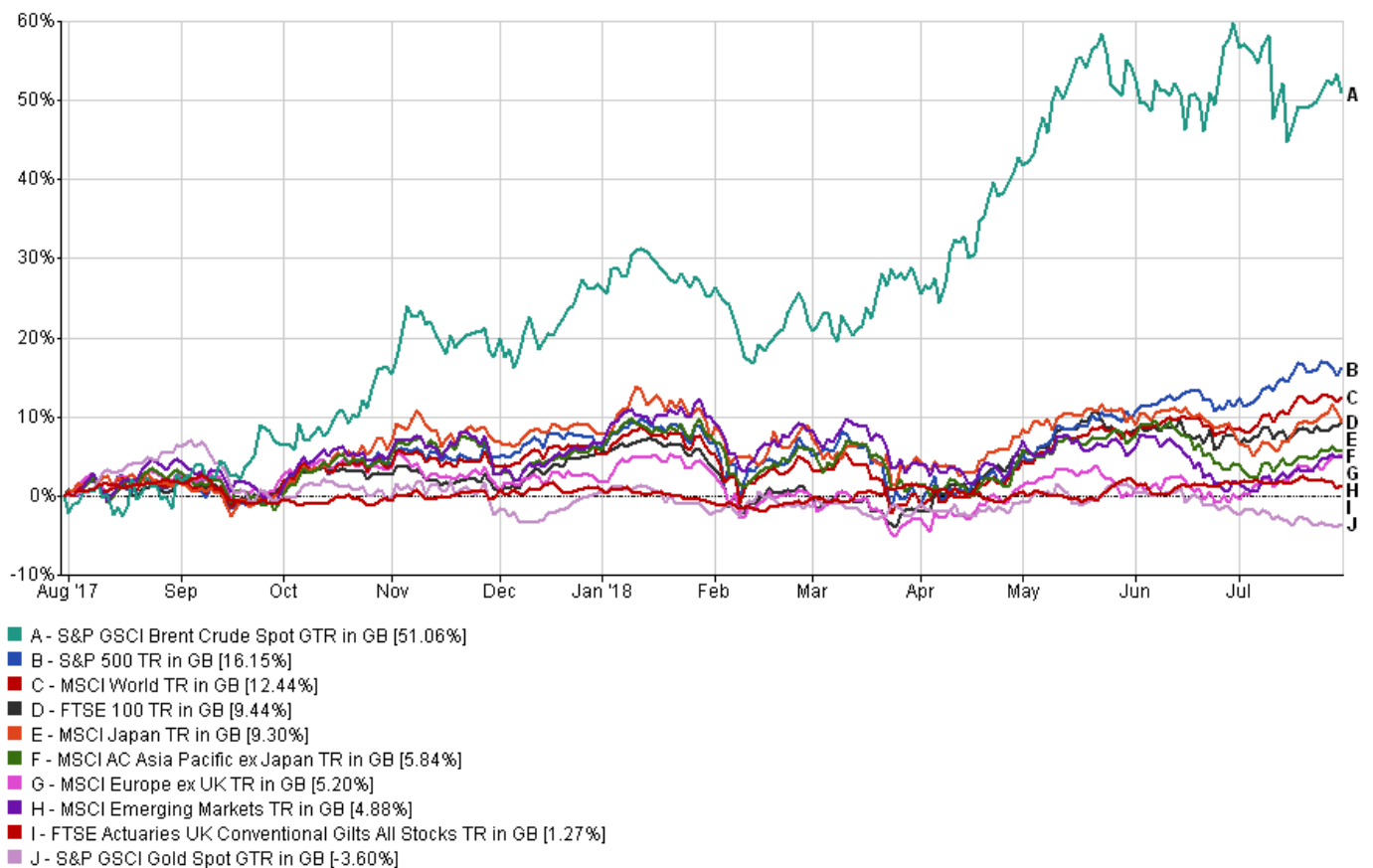
Yields on government bonds fell during the month with the yield on the benchmark 10-year UK gilt increase to 1.33% in anticipation of the Bank of England Bank Rate increasing to 0.75% in August. This benchmark yield has been fairly volatile in the last 12 months, with the yield dropping as low as 0.95% whilst hitting highs of 1.69%. The price of fixed interest investments falls as bond yields rise and the FTSE Actuaries UK Conventional Gilts All Stocks index fell 0.4% in July and is flat over the last 12 months having gained only 1.3%. Having started the year at 2.4%, the yield on 10 US Treasury stocks rose sharply to close just below 3%. Japanese and Swiss 10 year government debt yields remain close to zero.

Oil prices gave away some of the recent gains, losing 6% in \$US terms. However, over the last 12 months they have returned around 50% and remain highly volatile. Gold prices slipped around 1.7% in the month and are slightly down over 12 months, shedding 3.6% of their value in this time.

Richard O'Sullivan

¹ All returns are expressed in Sterling terms and inclusive of reinvested dividends unless otherwise specified

1-Year Performance in Sterling Terms to 31 July 2018



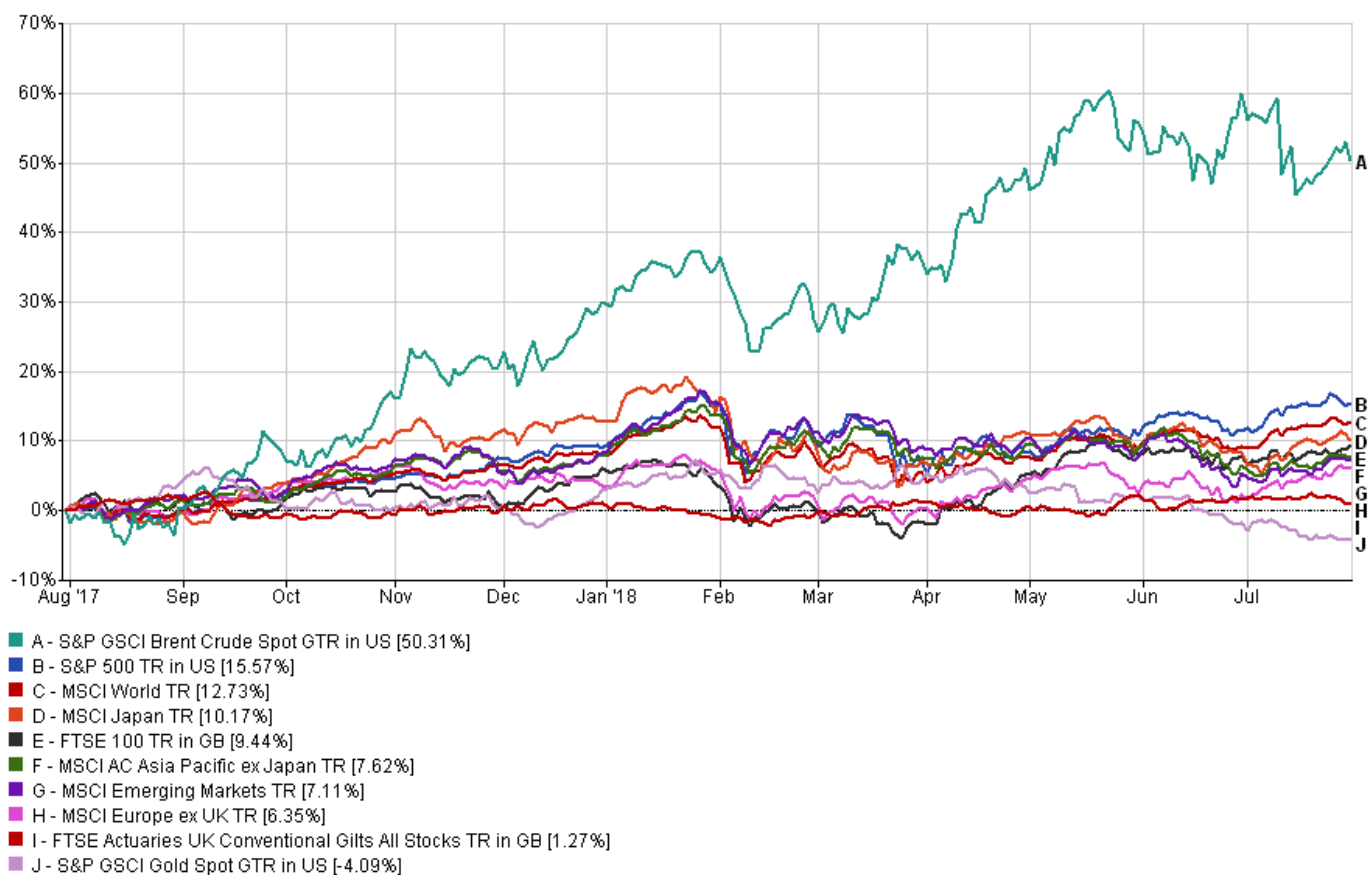
31/07/2017 - 31/07/2018 Data from FE 2018

Cumulative Performance in Sterling Terms to 31 July 2018

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-0.35%	0.82%	2.10%	1.27%	12.49%	26.35%
MSCI World	3.79%	8.91%	6.65%	12.44%	53.84%	81.85%
FTSE 100	1.52%	4.12%	5.28%	9.44%	30.36%	41.46%
S&P 500	4.36%	12.05%	8.85%	16.15%	66.34%	107.58%
MSCI Europe ex UK	4.98%	4.30%	2.01%	5.20%	37.32%	55.44%
MSCI Asia Pacific ex Japan	1.73%	1.30%	-1.59%	5.84%	55.56%	64.06%
MSCI Emerging Markets	2.86%	-0.80%	-4.54%	4.88%	53.82%	49.28%
MSCI Japan	1.05%	1.75%	1.96%	9.30%	42.57%	64.58%
S&P GSCI Gold Spot	-1.73%	-2.67%	-1.33%	-3.60%	30.34%	4.84%
S&P GSCI Brent Crude Spot	-5.42%	5.74%	20.69%	51.06%	34.57%	-40.46%

Source: Financial Express

1-Year Performance in Local Currency Terms to 31 July 2018



31/07/2017 - 31/07/2018 Data from FE 2018

Cumulative Performance in Local Currency Terms to 31 July 2018

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-0.35%	0.82%	2.10%	1.27%	12.49%	26.35%
MSCI World	3.15%	4.80%	0.68%	12.73%	29.03%	66.60%
FTSE 100	1.52%	4.12%	5.28%	9.44%	30.36%	41.46%
S&P 500	3.69%	6.72%	0.41%	15.57%	39.83%	79.61%
MSCI Europe ex UK	3.97%	1.83%	0.44%	6.35%	11.48%	52.67%
MSCI Asia Pacific ex Japan	1.10%	-1.70%	-5.60%	7.62%	30.50%	53.00%
MSCI Emerging Markets	1.69%	-3.01%	-7.44%	7.11%	32.01%	50.36%
MSCI Japan	1.46%	-0.87%	-3.55%	10.17%	8.28%	62.07%
S&P GSCI Gold Spot	-2.37%	-7.31%	-8.98%	-4.09%	9.56%	-9.29%
S&P GSCI Brent Crude Spot	-6.02%	0.71%	11.33%	50.31%	13.12%	-48.48%

Source: Financial Express

Calendar Performance in Sterling Terms to 31 July 2018

	YTD	2017	2016	2015	2014	2013
FTSE Actuaries UK Conventional Gilts All Stocks	0.06%	1.83%	10.10%	0.57%	13.86%	-3.94%
MSCI World	6.80%	11.80%	28.24%	4.87%	11.46%	24.32%
FTSE 100	3.22%	11.95%	19.07%	-1.32%	0.74%	18.66%
S&P 500	9.44%	10.62%	32.67%	6.58%	20.02%	29.10%
MSCI Europe ex UK	3.18%	15.84%	18.62%	5.11%	-0.73%	25.28%
MSCI Asia Pacific ex Japan	-0.10%	25.13%	27.34%	-4.12%	9.21%	1.49%
MSCI Emerging Markets	-1.62%	25.40%	32.63%	-9.99%	3.90%	-4.41%
MSCI Japan	1.44%	13.25%	22.12%	15.91%	1.95%	24.80%
S&P GSCI Gold Spot	-3.94%	3.02%	28.52%	-5.72%	4.36%	-29.98%
S&P GSCI Brent Crude Spot	19.26%	5.49%	53.23%	-42.51%	-44.83%	4.96%

Source: Financial Express

Calendar Performance in Local Currency Terms to 31 July 2018

	YTD	2017	2016	2015	2014	2013
FTSE Actuaries UK Conventional Gilts All Stocks	0.06%	1.83%	10.10%	0.57%	13.86%	-3.94%
MSCI World	4.47%	19.67%	9.97%	2.26%	9.92%	27.35%
FTSE 100	3.22%	11.95%	19.07%	-1.32%	0.74%	18.66%
S&P 500	6.13%	21.10%	11.23%	0.75%	12.99%	31.55%
MSCI Europe ex UK	2.72%	15.25%	3.42%	8.66%	7.58%	23.37%
MSCI Asia Pacific ex Japan	-0.40%	22.20%	11.16%	-2.73%	4.18%	11.36%
MSCI Emerging Markets	-1.18%	27.42%	12.06%	-5.83%	7.17%	3.92%
MSCI Japan	-2.25%	21.00%	-0.28%	11.52%	10.32%	54.77%
S&P GSCI Gold Spot	-6.85%	12.79%	7.75%	-10.88%	-1.75%	-28.65%
S&P GSCI Brent Crude Spot	15.65%	15.49%	28.46%	-45.66%	-48.07%	6.94%

Source: Financial Express

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