

Following the Conservative party election victory and US-China trade truce, markets started the year with optimism. This was quickly displaced by fear as increased US-Iran tensions and the spread of the 2019 Novel Coronavirus outbreak generated more caution.

The oil price was the main beneficiary of increased tensions in the middle east. However, as the prospect of conflict diminished, analysts focus shifted to the potential impact that the coronavirus could have on global growth. The Brent Crude oil price declined, moving from \$69<sup>1</sup> to \$58 (per barrel) by the end of the month. Conversely the gold spot price rose 4% over the month to \$1,578 (per T. oz).

Government bond yields fell around the world through the month, with the first 4 weeks of 2020 witnessing the largest inflows into bond funds in any 4 week period over the past 15 years. The benchmark US 10 year government bond yield fell from 1.91% to 1.52%, the German 10 year bond yield fell from -0.17% to -0.48% and the UK 10-year government bond yield fell from 0.82% to 0.53%. The fall in UK government bond yields resulted in the FTSE Actuaries UK Conventional Gilts All Stocks index gaining 3.5% over the period.

As investors realised the depth and veracity of the coronavirus contagion, Emerging and Asian equity markets retreated. The MSCI China index fell 9% between 20 January to 31 January, despite the main Chinese market being closed for the final 6 days of the month due to an extended lunar new year holiday. Although the Chinese central bank placed \$171bn of additional liquidity into the financial system, markets fell a further 7.9% once they reopened on 3 February. MSCI Asia Pacific ex Japan and MSCI Emerging Markets have returned 8.9% and 6.5% respectively over the past 12 months to 31 January.

After being up 3% during the month and reaching another new high the S&P 500 index fell back to finish the month down 0.1%. Strong earnings reports from Microsoft, Apple and Amazon supported the Information Technology sector, with Energy, Materials, Healthcare and Financial sectors the main detractors.

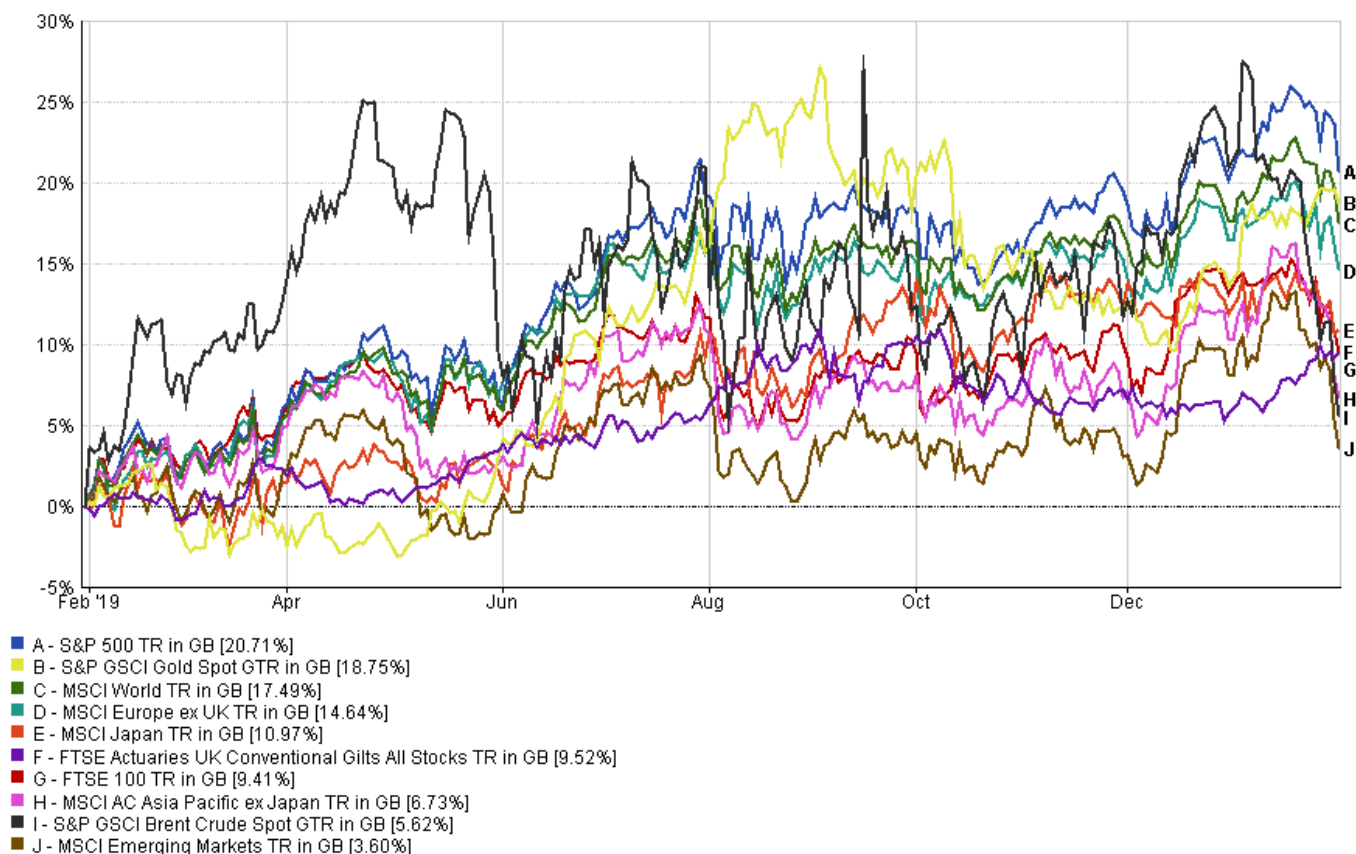
Resistance to global fears was weaker in the export driven European markets as the demand for quality outweighed value. On the continent the MSCI Europe ex UK fell 1%, with mid-cap growth companies outperforming large-cap value. In the UK the FTSE All Share declined 3.3%, with Oil & Gas, Financial Services and Consumer Services sectors hurting the index the most. The bifurcation of the market continued to stretch further as UK quality outperforming UK value by 4% over the month, continuing the long-term trend. Over the last year the FTSE 100 index has risen 9.4% with the dividend yield of 4.8% exceeding the capital growth element of 4.6%.

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<sup>1</sup> All performance data is total return and in local currency, unless otherwise stated.

## 1-Year Performance in Sterling Terms to 31 January 2019

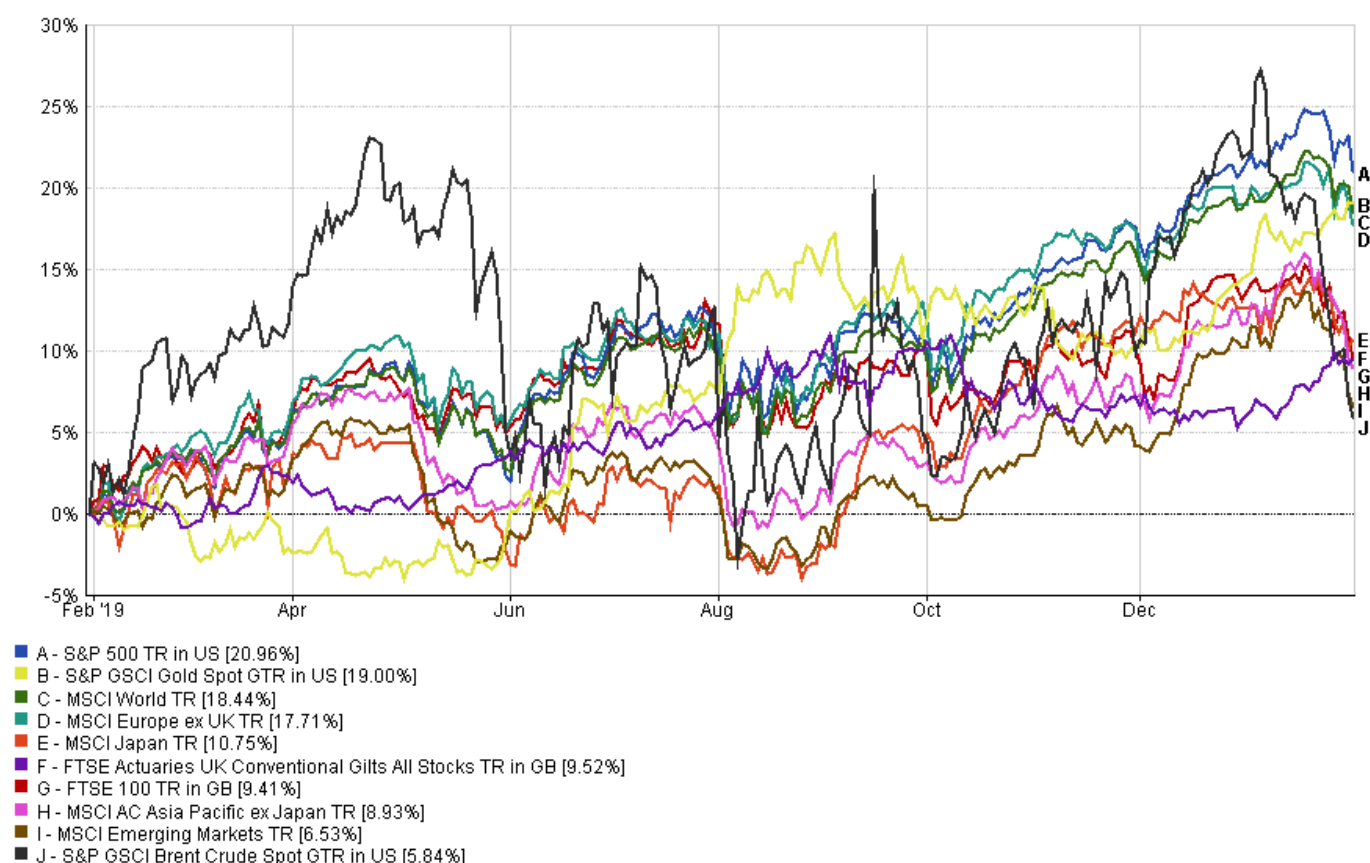


## Cumulative Performance in Sterling Terms to 31 January 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	3.5%	1.4%	3.5%	9.5%	15.4%	20.0%
MSCI World	-0.1%	3.3%	0.3%	17.5%	32.1%	75.3%
FTSE 100	-3.4%	1.1%	-2.0%	9.4%	16.5%	32.3%
S&P 500	0.4%	4.6%	1.2%	20.7%	40.9%	97.9%
MSCI Europe ex UK	-1.6%	0.9%	-0.9%	14.6%	22.6%	47.4%
MSCI Asia Pacific ex Japan	-3.2%	0.4%	-3.8%	6.7%	22.1%	47.0%
MSCI Emerging Markets	-4.2%	0.4%	-4.0%	3.6%	19.8%	41.9%
MSCI Japan	-0.9%	-0.6%	1.6%	11.0%	17.3%	59.2%
S&P GSCI Gold Spot	4.5%	2.4%	2.6%	18.8%	22.3%	36.3%
S&P GSCI Brent Crude Spot	-12.7%	-2.6%	-12.7%	5.6%	15.2%	3.0%

Source: Financial Express

## 1-Year Performance in Local Currency Terms to 31 January 2019



## Cumulative Performance in Local Currency Terms to 31 January 2019

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	3.5%	1.4%	3.5%	9.5%	15.4%	20.0%
MSCI World	-0.3%	5.2%	7.6%	18.4%	37.6%	55.9%
FTSE 100	-3.4%	1.1%	-2.0%	9.4%	16.5%	32.3%
S&P 500	-0.1%	6.6%	9.0%	21.0%	47.6%	73.7%
MSCI Europe ex UK	-1.0%	2.8%	6.6%	17.7%	26.4%	33.8%
MSCI Asia Pacific ex Japan	-2.5%	2.7%	3.9%	8.9%	30.3%	35.5%
MSCI Emerging Markets	-3.3%	2.9%	4.8%	6.5%	28.9%	36.6%
MSCI Japan	-1.6%	1.5%	9.2%	10.7%	18.3%	28.9%
S&P GSCI Gold Spot	4.0%	4.3%	10.4%	19.0%	28.2%	19.7%
S&P GSCI Brent Crude Spot	-13.1%	-0.8%	-6.0%	5.8%	20.7%	-9.6%

Source: Financial Express

## Calendar Performance in Sterling Terms to 31 January 2019

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	3.5%	6.9%	0.6%	1.8%	10.1%	0.6%
MSCI World	-0.1%	22.7%	-3.0%	11.8%	28.2%	4.9%
FTSE 100	-3.4%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	0.4%	25.7%	1.0%	10.6%	32.7%	6.6%
MSCI Europe ex UK	-1.6%	20.0%	-9.9%	15.8%	18.6%	5.1%
MSCI Asia Pacific ex Japan	-3.2%	14.6%	-8.6%	25.1%	27.3%	-4.1%
MSCI Emerging Markets	-4.2%	13.9%	-9.3%	25.4%	32.6%	-10.0%
MSCI Japan	-0.9%	15.0%	-7.5%	13.3%	22.1%	15.9%
S&P GSCI Gold Spot	4.5%	13.5%	3.2%	3.0%	28.5%	-5.7%
S&P GSCI Brent Crude Spot	-12.7%	32.4%	-10.0%	5.5%	53.2%	-42.5%

Source: Financial Express

## Calendar Performance in Local Currency Terms to 31 January 2019

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	3.5%	6.9%	0.6%	1.8%	10.1%	0.6%
MSCI World	-0.3%	27.3%	-7.4%	18.5%	9.0%	2.1%
FTSE 100	-3.4%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	-0.1%	30.7%	-4.9%	21.1%	11.2%	0.7%
MSCI Europe ex UK	-1.0%	26.4%	-11.3%	13.6%	2.3%	8.3%
MSCI Asia Pacific ex Japan	-2.5%	19.0%	-10.6%	30.2%	7.4%	-4.1%
MSCI Emerging Markets	-3.3%	18.1%	-10.1%	30.6%	9.7%	-5.8%
MSCI Japan	-1.6%	18.5%	-15.1%	19.7%	-0.7%	9.9%
S&P GSCI Gold Spot	4.0%	18.0%	-2.8%	12.8%	7.7%	-10.9%
S&P GSCI Brent Crude Spot	-13.1%	37.7%	-15.3%	15.5%	28.5%	-45.7%

Source: Financial Express

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