

Global equity markets delivered another month of gains, with MSCI World returning 2.4%<sup>1</sup> over the month. The global index has recovered almost 20% over the last 3 months and 35.6% since the start of the rebound on 23 March. After the rapid decline in equity markets over 22 days between February and March, the rebound has been assisted by an unprecedented amount of global monetary and fiscal stimulus. The gains have been made despite the acceleration of Covid-19 infections across the US, Brazil and India. In the Far East and Europe lockdowns are being relaxed as the infection rates reduce. The economic cost of the virus is huge, but markets are believing that the recovery has started and will gather pace through the rest of the year. In the coming weeks the second quarter and half year company reports will be released. Then we will be able to get a greater understanding of the damage that has been done to company cash flows and balance sheets.

Asian (excluding Japan) and Emerging markets were strong in the month as economic data pointed towards a recovery and the fact that Asia has done relatively well in containing the coronavirus. MSCI Asia ex Japan returned 6.7% and MSCI Emerging Markets returned 6.6% over the month, driven by growth companies and cyclical sectors in Taiwan, China and Korea. Despite the Bank of Japan promising an extra ¥35trillion of stimulus, MSCI Japan returned 0.1% over the month. Continental Europe markets were strong, following on from the 4.1% return last month MSCI Europe ex UK returned 3.8% in June with the market driven by German and French large cap value stocks.

Despite polling that showed Democrat US president nominee Joe Biden with a healthy lead in the race to become the next US President the FAAMG<sup>2</sup> dominated large cap growth stocks of the Nasdaq continued to climb higher returning 6.4% and reaching a new all time high in the month. The S&P 500 only managed to gain 1.9% over the same period. During the month the US Federal Reserve (Fed) kept interest rates at 0% whilst also placing a minimum under its monthly purchases of Treasuries of \$80bn per month and mortgage backed securities of \$40bn per month. Furthermore Jerome Powell (Fed Chair) told the market that “we’re not thinking about raising rates. We’re not even thinking about thinking about raising rates” underlining that the low interest rate environment is likely to last through 2021 and into 2022. The Fed’s range of unemployment expectations by year end was wide at 7% - 14% demonstrating the unpredictable and potentially volatile nature of the next six months.

The Bank of England kept interest rates at their record lows of 0.1% and extended the Quantitative Easing program by £100bn, however slowed down the pace of purchases from £13.5bn weekly average to £4.5bn. Supported by the central bank UK corporate credit yields narrowed however the FTSE Act. All Gilts index fell slightly, with the UK 10 year Gilt yielding 0.17% at month end. UK equity indices were driven by the more value orientated Utility, Basic Material and Financial sectors with Health Care, Pharmaceuticals and Consumer Services being laggards over the month. The FTSE All Share was up 1.0% over the month and the FTSE 100 rose by 1.7%, resulting in a total return of 9.1% over the past 3 months and a capital return of 8.8%.

With geopolitical tensions rising on all continents around the world Gold continued to rise, finishing the month up 2.8% and 25.7% over the past year at \$1,784 (per Ounce). As cuts to OPEC+ production took hold, Brent Crude oil price consolidated its gains from May rising 8.4% in June to \$41 (per barrel).

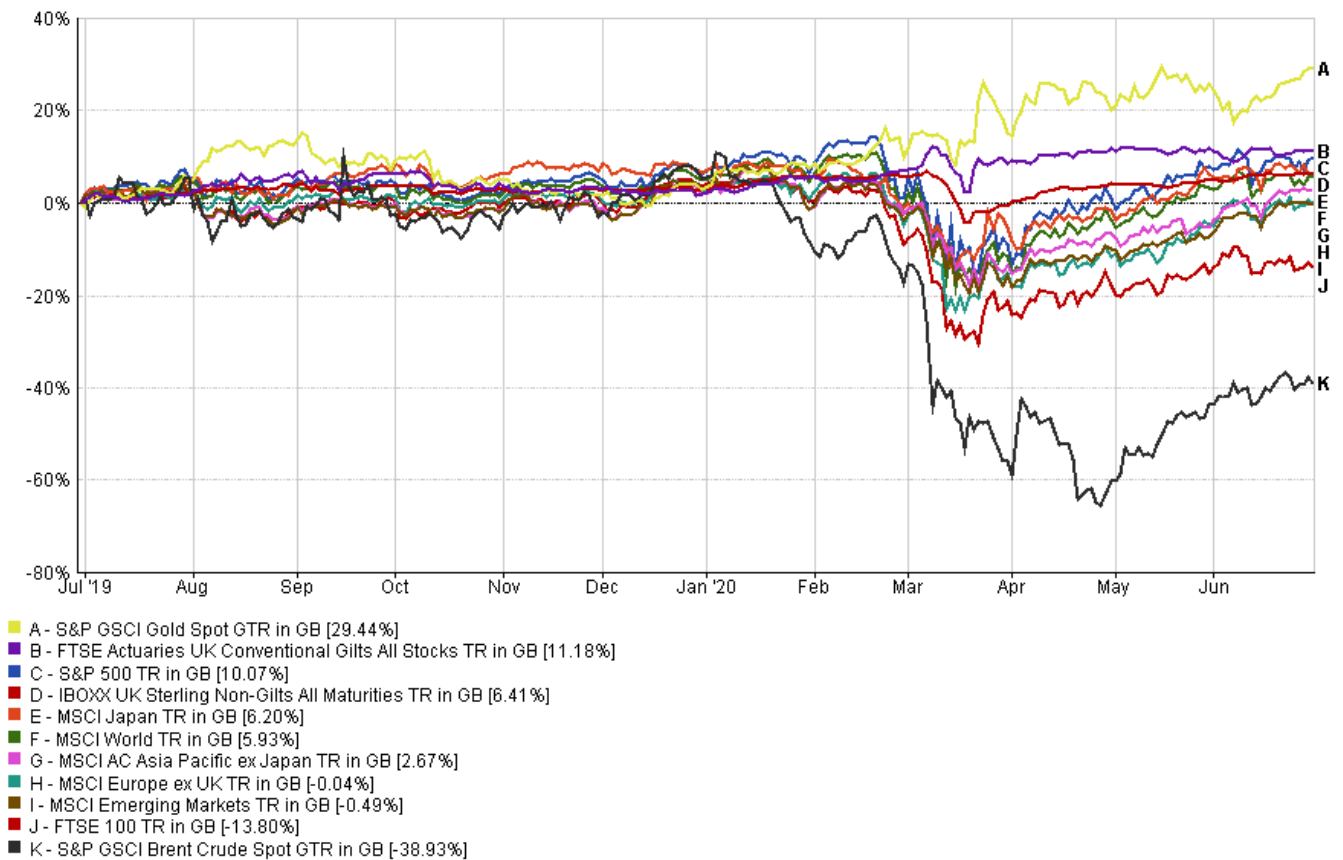
*Chris Davis, Chief Investment Officer*

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

<sup>2</sup> FAAMG – Facebook, Apple, Amazon, Microsoft & Google (Alphabet)

## 1-Year Performance in Sterling Terms to 30 June 2020

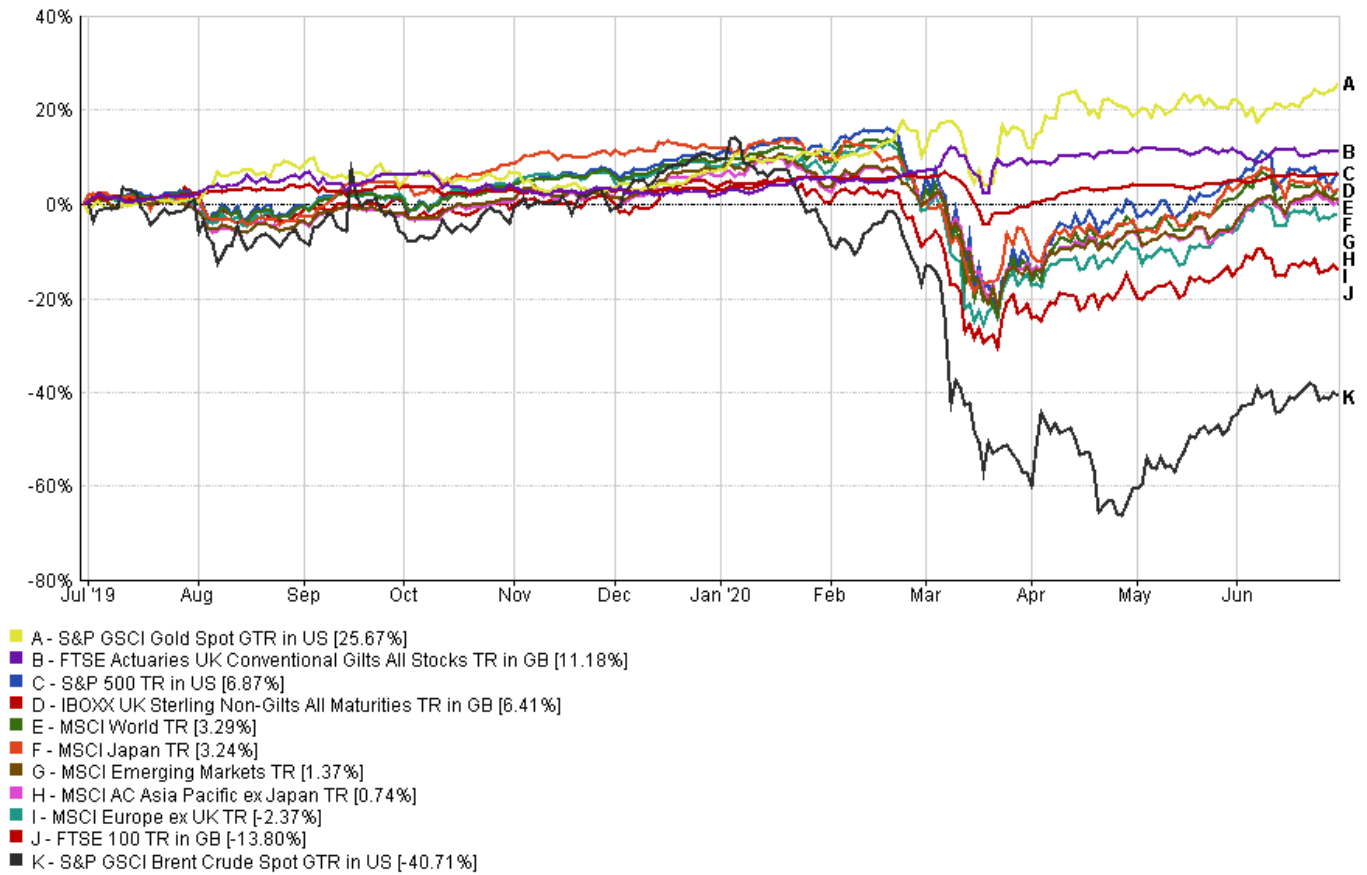


## Cumulative Performance in Sterling Terms to 30 June 2020

|   | 1m    | 3m    | 6m     | 1y     | 3y    | 5y     |
|---|-------|-------|--------|--------|-------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks | -0.6% | 2.5%  | 8.9%   | 11.2%  | 18.9% | 33.8%  |
| IBOXX UK Sterling Corporates All Maturities     | 1.3%  | 7.0%  | 3.3%   | 6.4%   | 13.3% | 30.0%  |
| MSCI World                                      | 2.7%  | 19.8% | 1.0%   | 5.9%   | 27.7% | 77.7%  |
| FTSE 100  | 1.7%  | 9.1%  | -16.9% | -13.8% | -4.8% | 15.5%  |
| S&P 500   | 2.0%  | 20.8% | 3.6%   | 10.1%  | 40.2% | 105.5% |
| MSCI Europe ex UK                               | 4.9%  | 18.1% | -2.6%  | 0.0%   | 9.2%  | 46.7%  |
| MSCI Asia Pacific ex Japan                      | 8.2%  | 18.8% | 0.7%   | 2.7%   | 15.7% | 57.1%  |
| MSCI Emerging Markets                           | 7.4%  | 18.5% | -3.3%  | -0.5%  | 11.2% | 46.6%  |
| MSCI Japan                                      | 0.0%  | 12.0% | -0.4%  | 6.2%   | 14.8% | 50.8%  |
| S&P GSCI Gold Spot                              | 2.9%  | 12.5% | 25.6%  | 29.4%  | 48.4% | 87.6%  |
| S&P GSCI Brent Crude Spot                       | 8.5%  | 38.7% | -41.9% | -38.9% | -7.2% | -35.7% |

Source: Financial Express

## 1-Year Performance in Local Currency Terms to 30 June 2020



## Cumulative Performance in Local Currency Terms to 30 June 2020

|   | 1m    | 3m    | 6m     | 1y     | 3y     | 5y     |
|---|-------|-------|--------|--------|--------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks | -0.6% | 2.5%  | 8.9%   | 11.2%  | 18.9%  | 33.8%  |
| IBOXX UK Sterling Corporates All Maturities     | 1.3%  | 7.0%  | 3.3%   | 6.4%   | 13.3%  | 30.0%  |
| MSCI World                                      | 2.4%  | 18.5% | -5.3%  | 3.3%   | 22.2%  | 41.3%  |
| FTSE 100  | 1.7%  | 9.1%  | -16.9% | -13.8% | -4.8%  | 15.5%  |
| S&P 500   | 1.9%  | 20.4% | -3.4%  | 6.9%   | 33.4%  | 61.4%  |
| MSCI Europe ex UK                               | 3.8%  | 14.7% | -9.5%  | -2.4%  | 5.6%   | 16.0%  |
| MSCI Asia Pacific ex Japan                      | 6.7%  | 15.4% | -4.8%  | 0.7%   | 13.6%  | 28.8%  |
| MSCI Emerging Markets                           | 6.6%  | 16.7% | -5.5%  | 1.4%   | 14.0%  | 28.2%  |
| MSCI Japan                                      | 0.1%  | 11.5% | -7.8%  | 3.2%   | 4.8%   | 4.5%   |
| S&P GSCI Gold Spot                              | 2.8%  | 12.1% | 17.1%  | 25.7%  | 41.1%  | 47.4%  |
| S&P GSCI Brent Crude Spot                       | 8.4%  | 38.2% | -45.8% | -40.7% | -11.7% | -49.5% |

Source: Financial Express

## Calendar Performance in Sterling Terms to 30 June 2020

|   | 2020   | 2019  | 2018   | 2017  | 2016  | 2015   |
|---|--------|-------|--------|-------|-------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks | 8.9%   | 6.9%  | 0.6%   | 1.8%  | 10.1% | 0.6%   |
| IBOXX UK Sterling Corporates All Maturities     | 3.3%   | 9.3%  | -1.5%  | 4.3%  | 10.7% | 0.5%   |
| MSCI World                                      | 1.0%   | 22.7% | -3.0%  | 11.8% | 28.2% | 4.9%   |
| FTSE 100  | -16.9% | 17.3% | -8.7%  | 11.9% | 19.1% | -1.3%  |
| S&P 500   | 3.6%   | 25.7% | 1.0%   | 10.6% | 32.7% | 6.6%   |
| MSCI Europe ex UK                               | -2.6%  | 20.0% | -9.9%  | 15.8% | 18.6% | 5.1%   |
| MSCI Asia Pacific ex Japan                      | 0.7%   | 14.6% | -8.6%  | 25.1% | 27.3% | -4.1%  |
| MSCI Emerging Markets                           | -3.3%  | 13.9% | -9.3%  | 25.4% | 32.6% | -10.0% |
| MSCI Japan                                      | -0.4%  | 15.0% | -7.5%  | 13.3% | 22.1% | 15.9%  |
| S&P GSCI Gold Spot                              | 25.6%  | 13.5% | 3.2%   | 3.0%  | 28.5% | -5.7%  |
| S&P GSCI Brent Crude Spot                       | -41.9% | 32.4% | -10.0% | 5.5%  | 53.2% | -42.5% |

Source: Financial Express

## Calendar Performance in Local Currency Terms to 30 June 2020

|   | 2020   | 2019  | 2018   | 2017  | 2016  | 2015   |
|---|--------|-------|--------|-------|-------|--------|
| FTSE Actuaries UK Conventional Gilts All Stocks | 8.9%   | 6.9%  | 0.6%   | 1.8%  | 10.1% | 0.6%   |
| IBOXX UK Sterling Corporates All Maturities     | 3.3%   | 9.3%  | -1.5%  | 4.3%  | 10.7% | 0.5%   |
| MSCI World                                      | -5.3%  | 27.3% | -7.4%  | 18.5% | 9.0%  | 2.1%   |
| FTSE 100  | -16.9% | 17.3% | -8.7%  | 11.9% | 19.1% | -1.3%  |
| S&P 500   | -3.4%  | 30.7% | -4.9%  | 21.1% | 11.2% | 0.7%   |
| MSCI Europe ex UK                               | -9.5%  | 26.4% | -11.3% | 13.6% | 2.3%  | 8.3%   |
| MSCI Asia Pacific ex Japan                      | -4.8%  | 19.0% | -10.6% | 30.2% | 7.4%  | -4.1%  |
| MSCI Emerging Markets                           | -5.5%  | 18.1% | -10.1% | 30.6% | 9.7%  | -5.8%  |
| MSCI Japan                                      | -7.8%  | 18.5% | -15.1% | 19.7% | -0.7% | 9.9%   |
| S&P GSCI Gold Spot                              | 17.1%  | 18.0% | -2.8%  | 12.8% | 7.7%  | -10.9% |
| S&P GSCI Brent Crude Spot                       | -45.8% | 37.7% | -15.3% | 15.5% | 28.5% | -45.7% |

Source: Financial Express

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