

US GDP fell by an annualised 32.9% over the last quarter, the greatest drop in output since records began in 1947, reflecting the impact of the Coronavirus driven lockdown on the country and the world. The number of recorded Coronavirus cases in the US grew by 77% in July increasing to 4.64 million from 2.64 million at the end of June, although this has been overshadowed somewhat by reports of potential vaccines.

US equity markets have been driven higher; the Nasdaq 100 rose by 7.4% and S&P500 increased by 5.6% over the month. Growth and momentum stocks drove the increase. The US government bond market remains unconvinced of the recovery, with yields on the benchmark 10 year government bond falling from 0.65% at the start of the month to 0.54% at the end. The US Dollar fell 4% over the month against a basket of currencies as the fall in bond yields coupled with rising domestic and geopolitical uncertainty weighed heavy on the worlds reserve currency.

Due to this weakness in the US Dollar, Sterling rose to 1.317 (GBP/USD) during the month after ending June at 1.239 (GBP/USD). The 5.5% gain in July for Sterling against US Dollar has the effect of suppressing the US priced market indices over the month.

Within UK markets Technology (+6.8%) and Mining (+2.5%) were the only two sectors to make a positive contribution over the month. Oil and Gas (-11.6%) and Telecommunications (-10.7%) were by far the most negative contributors, with the larger companies in the FTSE 100 (-4.2%) underperforming the FTSE 250 ex Investment Trusts (-1.2%). Quality (-0.4%) and Growth (-1.5%) companies were preferred over Value (-6.8%) over the period continuing the recent trend. In the year to date Growth and Quality companies have outperformed Value by 34.5% and 28%, creating a bifurcated market in terms of valuation. UK government and investment grade corporate bond market yields continued to fall through the month. The UK 5 Year Gilt set an all time record trading at -0.15% during the month and the 10 year Gilt yield was 0.11% at month end.

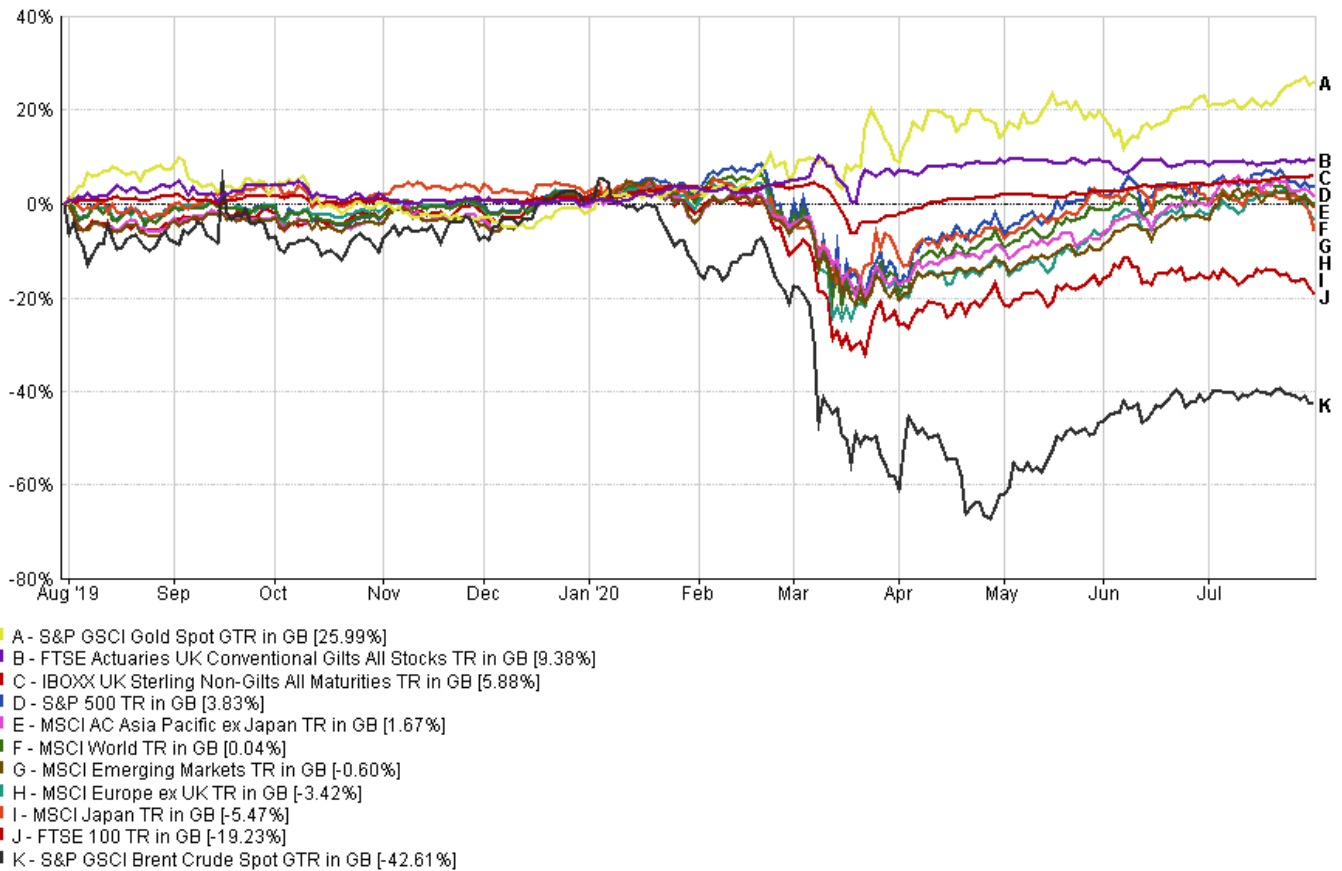
July ended on a sour note for European markets with the release of the GDP Growth data for the second quarter. Germany (-10.1%), France (-13.8%), and Italy (-12.4%) all recorded double digit declines in GDP growth however Spain (-18.5%) was much worse than expected. GDP for the Eurozone bloc as a whole declined -12.1%, the largest contraction on record. MSCI Europe ex UK fell -0.5% and is down by -3.1% over the past year.

Within Asia and Latin America, strong markets in Taiwan (+15.5%), India (+9.4%) and China (+9.3%) offset some weakness in Hong Kong (-0.7%), Mexico (-1.2%) and Japan (-3.6%). With the geopolitical risk rising between US-China this month, there has been an increased focus on the domestic Chinese 'winners' in a decoupled world, particularly within technology.

Bond yields falling, fears of a Covid-19 resurgence and geopolitical tensions rising provided the backdrop for the gold price to grow 8.5% over the month, reaching a new all time high intra month of \$1,983 (per ounce). Brent Crude was relatively calm rising 4.5% over the month, a recovery of 57.7% over the past 3 months, finishing July at \$43.30 (per barrel). As the following charts show the oil price is down by around 40% over the last year.

Chris Davis,
Chief Investment Officer

1-Year Performance in Sterling Terms to 31 July 2020

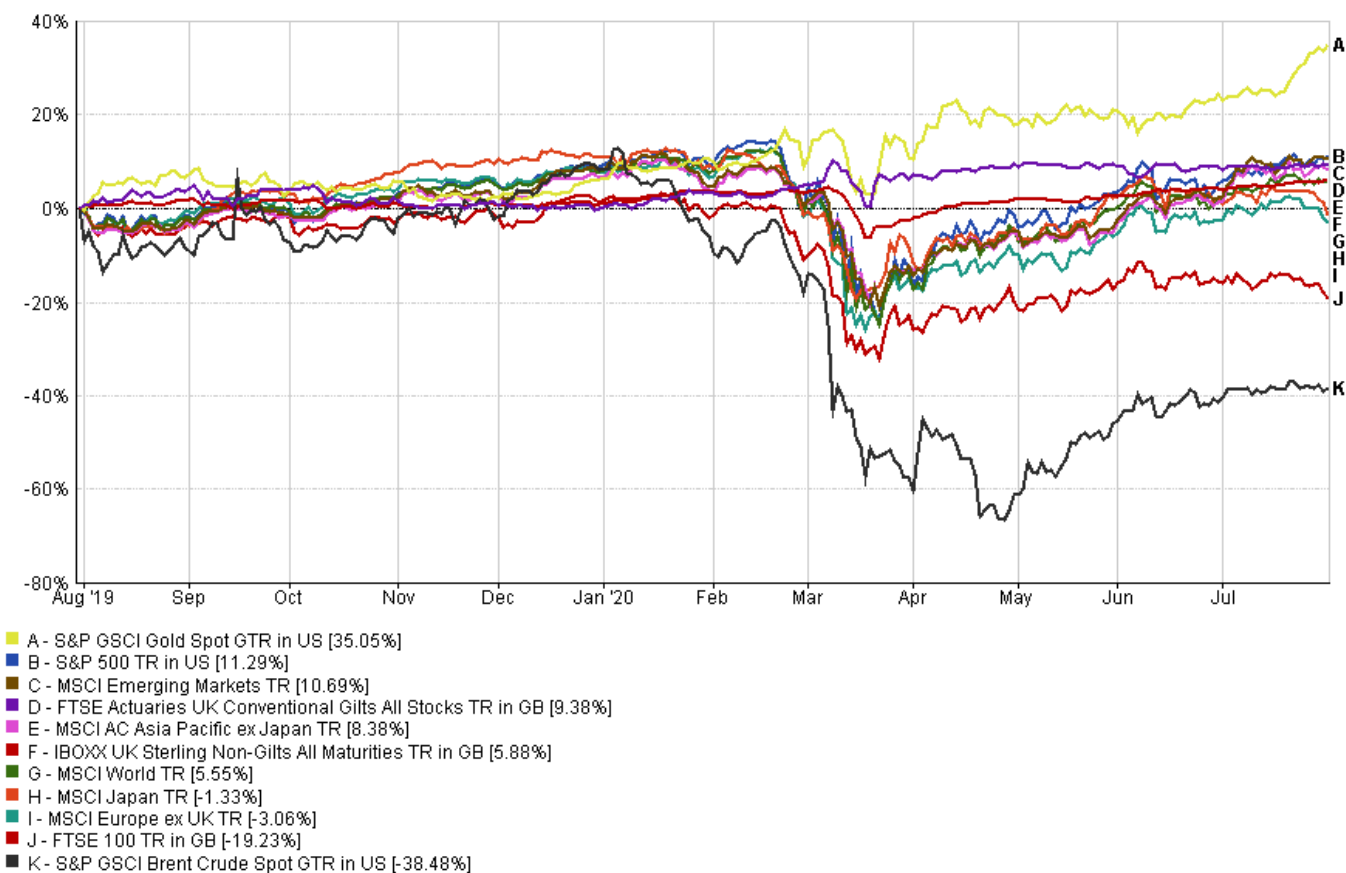


Cumulative Performance in Sterling Terms to 31 July 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	0.4%	-0.1%	5.6%	9.4%	19.0%	32.2%
IBOXX UK Sterling Corporates All Maturities	1.5%	3.7%	2.2%	5.9%	14.3%	30.1%
MSCI World	-1.4%	8.4%	-0.2%	0.0%	24.9%	70.8%
FTSE 100	-4.2%	0.6%	-17.6%	-19.2%	-9.6%	7.7%
S&P 500	-0.6%	8.3%	2.6%	3.8%	38.7%	98.6%
MSCI Europe ex UK	-1.6%	11.3%	-2.6%	-3.4%	5.8%	38.0%
MSCI Asia Pacific ex Japan	1.6%	11.8%	5.7%	1.7%	13.5%	66.8%
MSCI Emerging Markets	2.6%	13.2%	3.5%	-0.6%	9.3%	60.2%
MSCI Japan	-7.4%	0.2%	-6.9%	-5.5%	5.8%	38.0%
S&P GSCI Gold Spot	2.2%	10.2%	22.8%	26.0%	50.8%	104.0%
S&P GSCI Brent Crude Spot	-1.2%	51.6%	-34.3%	-42.6%	-13.5%	-22.9%

Source: Financial Express

1-Year Performance in Local Currency Terms to 31 July 2020



Cumulative Performance in Local Currency Terms to 31 July 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	0.4%	-0.1%	5.6%	9.4%	19.0%	32.2%
IBOXX UK Sterling Corporates All Maturities	1.5%	3.7%	2.2%	5.9%	14.3%	30.1%
MSCI World	3.4%	10.8%	-1.9%	5.5%	24.6%	42.6%
FTSE 100	-4.2%	0.6%	-17.6%	-19.2%	-9.6%	7.7%
S&P 500	5.6%	12.7%	2.1%	11.3%	38.0%	67.0%
MSCI Europe ex UK	-0.5%	7.5%	-9.1%	-3.1%	4.5%	9.6%
MSCI Asia Pacific ex Japan	6.9%	13.9%	4.3%	8.4%	16.9%	41.8%
MSCI Emerging Markets	8.1%	16.0%	5.6%	10.7%	17.6%	44.9%
MSCI Japan	-3.6%	3.1%	-9.6%	-1.3%	0.8%	-1.0%
S&P GSCI Gold Spot	8.5%	14.6%	22.3%	35.0%	50.2%	71.5%
S&P GSCI Brent Crude Spot	4.9%	57.7%	-34.6%	-38.5%	-13.8%	-35.2%

Source: Financial Express

Calendar Performance in Sterling Terms to 31 July 2020

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	9.4%	6.9%	0.6%	1.8%	10.1%	0.6%
IBOXX UK Sterling Corporates All Maturities	4.9%	9.3%	-1.5%	4.3%	10.7%	0.5%
MSCI World	-0.3%	22.7%	-3.0%	11.8%	28.2%	4.9%
FTSE 100	-20.4%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	3.0%	25.7%	1.0%	10.6%	32.7%	6.6%
MSCI Europe ex UK	-4.1%	20.0%	-9.9%	15.8%	18.6%	5.1%
MSCI Asia Pacific ex Japan	2.3%	14.6%	-8.6%	25.1%	27.3%	-4.1%
MSCI Emerging Markets	-0.8%	13.9%	-9.3%	25.4%	32.6%	-10.0%
MSCI Japan	-7.7%	15.0%	-7.5%	13.3%	22.1%	15.9%
S&P GSCI Gold Spot	28.3%	13.5%	3.2%	3.0%	28.5%	-5.7%
S&P GSCI Brent Crude Spot	-42.6%	32.4%	-10.0%	5.5%	53.2%	-42.5%

Source: Financial Express

Calendar Performance in Local Currency Terms to 31 July 2020

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	9.4%	6.9%	0.6%	1.8%	10.1%	0.6%
IBOXX UK Sterling Corporates All Maturities	4.9%	9.3%	-1.5%	4.3%	10.7%	0.5%
MSCI World	-2.1%	27.3%	-7.4%	18.5%	9.0%	2.1%
FTSE 100	-20.4%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	2.0%	30.7%	-4.9%	21.1%	11.2%	0.7%
MSCI Europe ex UK	-10.0%	26.4%	-11.3%	13.6%	2.3%	8.3%
MSCI Asia Pacific ex Japan	1.7%	19.0%	-10.6%	30.2%	7.4%	-4.1%
MSCI Emerging Markets	2.2%	18.1%	-10.1%	30.6%	9.7%	-5.8%
MSCI Japan	-11.1%	18.5%	-15.1%	19.7%	-0.7%	9.9%
S&P GSCI Gold Spot	27.1%	18.0%	-2.8%	12.8%	7.7%	-10.9%
S&P GSCI Brent Crude Spot	-43.2%	37.7%	-15.3%	15.5%	28.5%	-45.7%

Source: Financial Express

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