

After a strong start to October equities sold off in the second half of the month led by European markets, the Oil price and ‘Quality’ companies. Concerns over a second Coronavirus wave were realised during the month, with record daily US cases and renewed lockdowns in Europe. Furthermore, the uncertain nature of the US presidential election and the lack of another round of US fiscal stimulus resulted in global equities falling -3.1%¹ over the month.

The only regions to have a positive month were Asia ex Japan (+2.1%) and Emerging Markets (+1.5%), due to the strong return in Chinese markets (MSCI China +5.2%). The technology sector in Asia was particularly strong assisted by the region’s largest holdings Tencent (+18%) and Alibaba (+8%).

Despite a robust earnings season and reporting that the US economy had expanded at a rate of 33.1% in the third quarter, US markets declined for a second month in a row. The S&P 500 lost -2.7% over the month, with Energy and Technology companies leading the decline. The Energy sector (-4.5%) was hurt by the decline in the Oil spot price (-11.3%) over the month as investors worried about demand for oil. The Technology sector (-5.1%) was the worst performing sector with Apple (-6.0%), Visa (-9.1%) and Mastercard (-14.6%) major contributors to the decline of the sector and the global ‘Quality’ index (-3.7%). Payment companies Visa and Mastercard were hit hard due the lack of international transactions taking place and the slower growth in US spending.

Increased hospitalisations of coronavirus cases have led governments to reintroduce more stringent lockdown measures throughout Europe. This has caused investor sentiment to deteriorate despite better than expected GDP data in France and Germany. The German market (DAX Index -7.4%) was the major contributor to the MSCI Europe ex UK index falling -5.4% over the month. SAP, the German software provider fell -31% as it cut its forecast warning that the coronavirus resurgence will depress corporate spending on its software in the future.

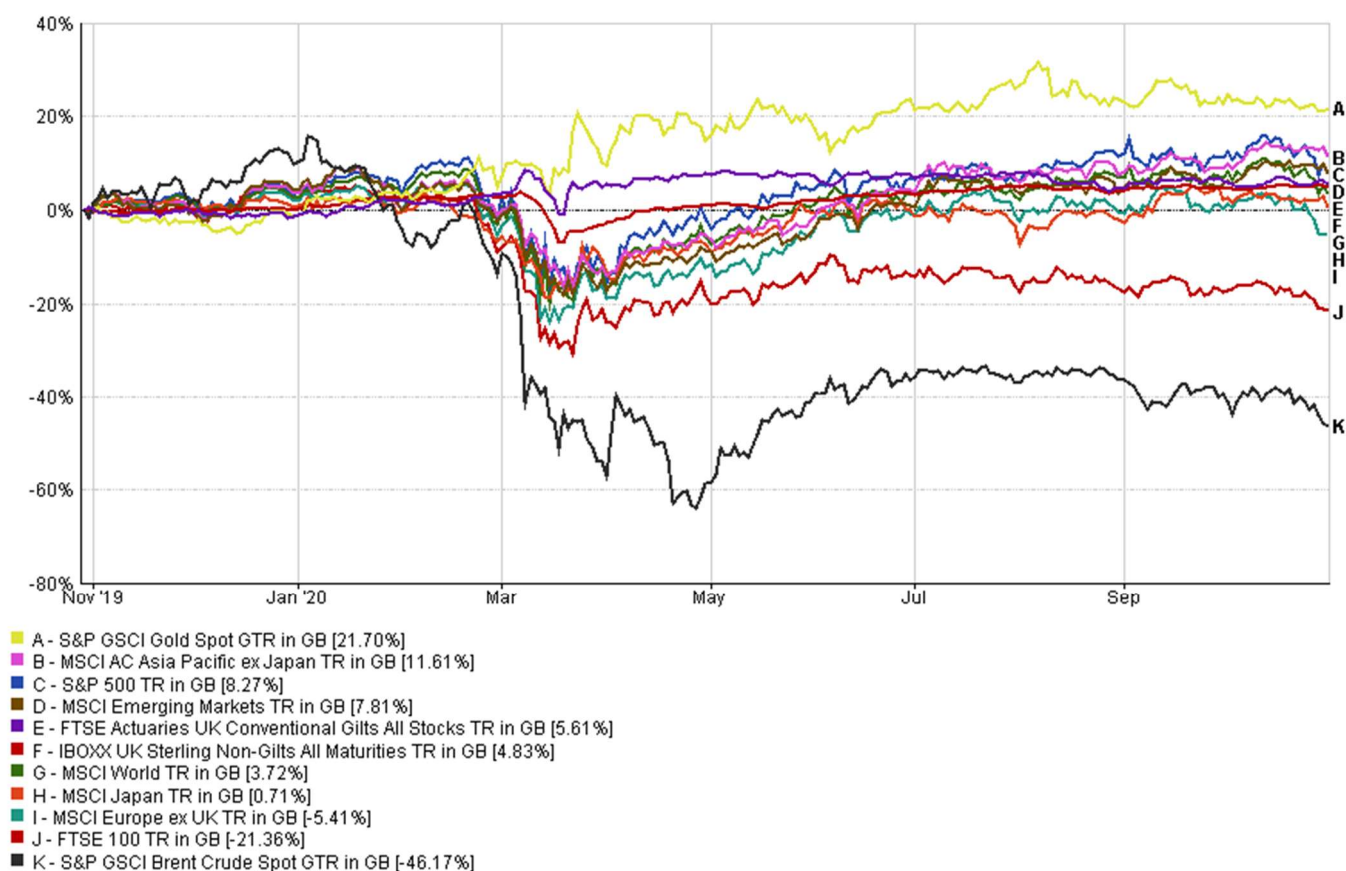
With Brexit deadlines come and gone negotiators are in Brussels in search of a breakthrough. Sterling has remained steady around the 1.30 (£/US Dollar) level throughout the month. In the UK, Healthcare (-8.5%), Consumer Goods (-7.5%) and Technology (-7.4%) sectors were the poorest performing over the month, as investors sold ‘Quality’ and sought relative ‘Value’ in the Utilities (+2.1%), Telecommunications (+1.3%) and Financials (-0.3%) sectors. The small-cap FTSE All Small (excl Investment Trusts) index (+1.8%) and mid-cap focussed FTSE 250 (excl. Investment Trusts) index (-1.0%) outperformed the FTSE 100 (-4.8%) index.

There was no safety to be found in the traditional safe havens of Government debt and Gold. Gold fell -0.8% over the month and FTSE Actuaries index of UK Conventional Gilts index fell -0.5% in the month to increase the loss over the past 6 months to -2.3%. The IBOXX UK index of Sterling Corporate debt rose 0.1% over the month.

Chris Davis,
Chief Investment Officer

¹ Performance data in local currency, unless otherwise stated.

1-Year Performance in Sterling Terms to 31 October 2020

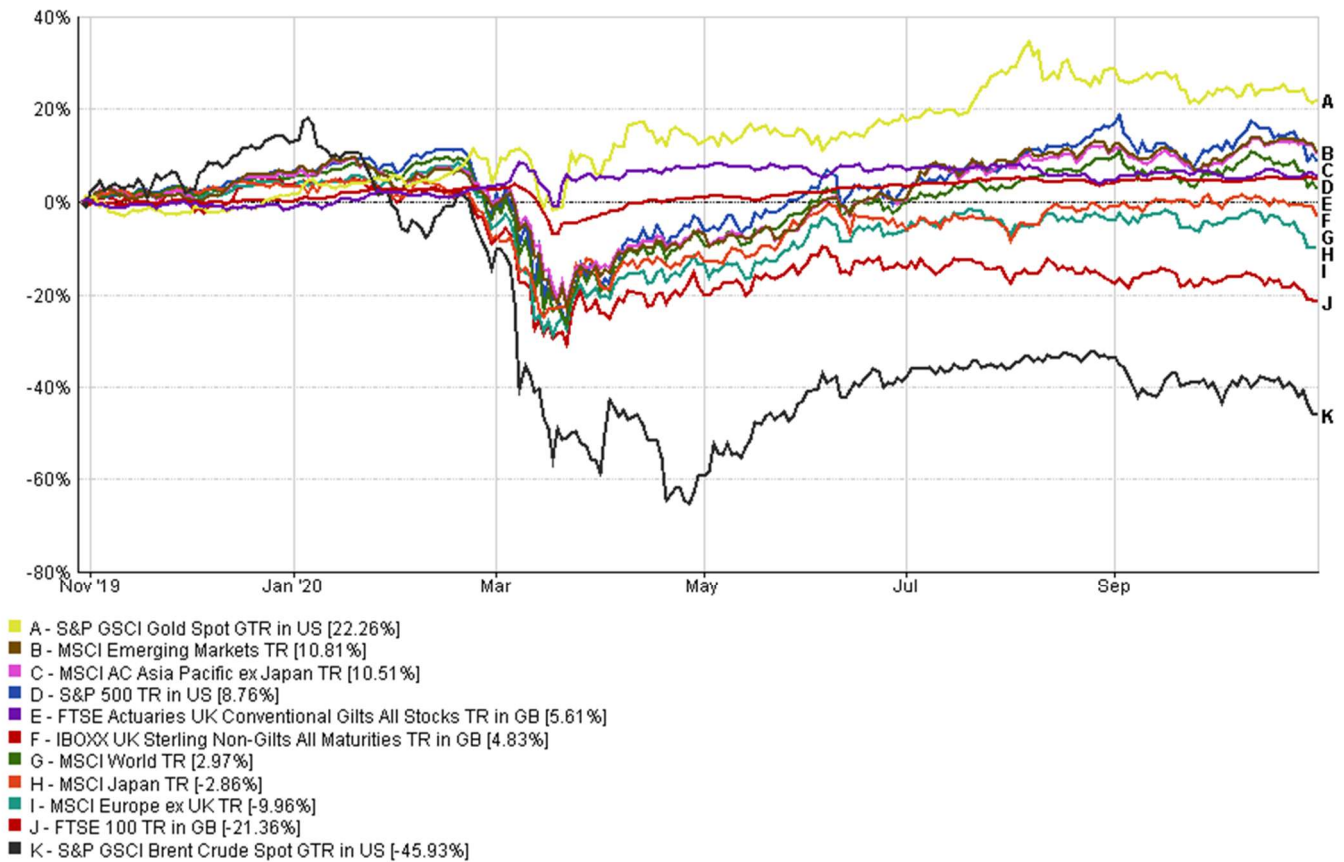


Cumulative Performance in Sterling Terms to 31 October 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-0.5%	-2.2%	-2.3%	4.8%	17.0%	28.9%
IBOXX UK Sterling Corporates All Maturities	0.1%	-0.3%	3.4%	4.3%	14.1%	30.7%
MSCI World	-3.1%	1.3%	9.8%	4.4%	22.2%	76.5%
FTSE 100	-4.7%	-4.6%	-4.0%	-20.5%	-16.1%	7.0%
S&P 500	-2.7%	1.8%	10.2%	9.2%	35.9%	101.6%
MSCI Europe ex UK	-5.8%	-3.2%	7.8%	-4.8%	-0.9%	39.4%
MSCI Asia Pacific ex Japan	2.4%	5.4%	17.9%	11.9%	15.0%	84.4%
MSCI Emerging Markets	2.0%	4.2%	18.0%	8.3%	8.8%	74.8%
MSCI Japan	-1.6%	8.5%	8.7%	0.4%	8.5%	53.4%
S&P GSCI Gold Spot	-0.8%	-3.9%	5.9%	20.9%	46.0%	86.1%
S&P GSCI Brent Crude Spot	-11.3%	-14.6%	29.5%	-45.3%	-36.3%	-28.4%

Source: Financial Express

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



Cumulative Performance in Local Currency Terms to 31 October 2020

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks	-0.5%	-2.2%	-2.3%	4.8%	17.0%	28.9%
IBOXX UK Sterling Corporates All Maturities	0.1%	-0.3%	3.4%	4.3%	14.1%	30.7%
MSCI World	-3.1%	0.0%	10.9%	3.3%	18.6%	46.9%
FTSE 100	-4.7%	-4.6%	-4.0%	-20.5%	-16.1%	7.0%
S&P 500	-2.7%	0.3%	13.0%	9.1%	32.3%	68.8%
MSCI Europe ex UK	-5.4%	-3.3%	4.0%	-9.5%	-4.6%	11.1%
MSCI Asia Pacific ex Japan	2.1%	3.0%	17.3%	10.3%	13.9%	52.8%
MSCI Emerging Markets	1.5%	2.0%	18.3%	10.8%	12.5%	52.5%
MSCI Japan	-2.5%	5.7%	9.0%	-3.0%	-2.8%	11.2%
S&P GSCI Gold Spot	-0.8%	-5.3%	8.5%	20.8%	42.1%	55.8%
S&P GSCI Brent Crude Spot	-11.3%	-15.8%	32.8%	-45.4%	-38.0%	-40.0%

Source: Financial Express

Calendar Performance in Sterling Terms to 31 October 2020

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	7.0%	6.9%	0.6%	1.8%	10.1%	0.6%
IBOXX UK Sterling Corporates All Maturities	4.7%	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	-24.0%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	4.8%	25.7%	1.0%	10.6%	32.7%	6.6%
MSCI Europe ex UK	-7.1%	20.0%	-9.9%	15.8%	18.6%	5.1%
MSCI Asia Pacific ex Japan	7.8%	14.6%	-8.6%	25.1%	27.3%	-4.1%
MSCI Emerging Markets	3.4%	13.9%	-9.3%	25.4%	32.6%	-10.0%
MSCI Japan	0.1%	15.0%	-7.5%	13.3%	22.1%	15.9%
S&P GSCI Gold Spot	23.3%	13.5%	3.2%	3.0%	28.5%	-5.7%
S&P GSCI Brent Crude Spot	-51.0%	32.4%	-10.0%	5.5%	53.2%	-42.5%

Source: Financial Express

Calendar Performance in Local Currency Terms to 31 October 2020

	2020	2019	2018	2017	2016	2015
FTSE Actuaries UK Conventional Gilts All Stocks	7.0%	6.9%	0.6%	1.8%	10.1%	0.6%
IBOXX UK Sterling Corporates All Maturities	4.7%	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	-24.0%	17.3%	-8.7%	11.9%	19.1%	-1.3%
S&P 500	2.3%	30.7%	-4.9%	21.1%	11.2%	0.7%
MSCI Europe ex UK	-12.9%	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	4.2%	18.1%	-10.1%	30.6%	9.7%	-5.8%
MSCI Japan	-6.0%	18.5%	-15.1%	19.7%	-0.7%	9.9%
S&P GSCI Gold Spot	20.4%	18.0%	-2.8%	12.8%	7.7%	-10.9%
S&P GSCI Brent Crude Spot	-52.2%	37.7%	-15.3%	15.5%	28.5%	-45.7%

Source: Financial Express

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