

# Quarterly Investment Round Up

Q2 2020

## Introduction

In addition to 30 June being the end of Q2, it also marked 100 days of lockdown in the UK. We are now at the point where we can get a haircut, watch a film at the cinema and enjoy a pint in the pub once more. Stock markets bounced back in Q2 as the expectation of worse case scenarios of the CV-19 pandemic were seen as being unlikely to happen. However, not everything went back up, with hospitality and food services being some of the most affected.

## UK Equities

Gains in UK equities were seen in Q2 as lockdown measures appear to have contained the virus. Whilst this was the best quarter for the FTSE100 in a decade its returns were some way short of some other indices due to its weighting to oil and banking.

The DIY boom resulted in the likes of B&Q seeing some of the largest increases along with Paddy Power with online gaming and the return of European football.

**Brexit returns to the agenda as deadline for extension passes**

## US Equities

US bounced back early in Q2 outperforming other markets with the easing of lockdown restrictions. However, as new cases started back on the increase towards the end of the quarter, some states had to reconsider their lockdown measures.

Retail sales improved along with Information Technology sectors which have been strong throughout the pandemic.

**Interest rates in US to remain at current levels until at least the end of 2022**

## European Equities

**European stocks had their best quarter in 5 years**

Eurozone equities also saw strong gains in the quarter with lockdown restrictions lifting, albeit Spain, Italy and France left it until later in the quarter to make changes to their restrictions.

All sectors showed gains in the quarter. Information Technology saw some of the strongest increases with the Energy sector being the main underperformer.

Swedish firm Sinch showed gains of 103% for the quarter whilst Spain's Banco de Sabadell fell by 34%.

## Fixed Income

With economies across the globe being impacted by lockdowns, this has led to governments and central banks supporting the economy at unprecedented levels. The view is that there is little expectation of interest rates increasing in the near future, with 74% of interest rate managers not expecting to see rate increases in the US until 2023.

## Index Returns

STOCK MARKET RETURNS	% Change Q2 2020	% Change 12 months
FTSE All Share	10.2	-13.0
S&P 500	20.5	7.5
FTSE Eurofirst (ex UK)	17.8	-4.5
MSCI World	19.5	3.4
MSCI Emerging Markets	18.2	-3.1

BOND MARKET INDICES	% Change Q2 2020	% Change 12 months
FTSE Actuaries UK Conventional Gilts All Stocks	2.5	11.2
FTSE Actuaries UK Indexed Linked Gilts All Stocks	10.3	10.6
Iboxx GBP Non Gilts Overall TR Index	7.19	6.41

Source: BlackRock and Russell, July 2020. This is for information purposes only.