



April 2021 Market Commentary

Global Equities Markets (%)						
As of 30/04/2021	1 Month	3 Months	1 YTD	1 Year	3 Years	5 Years
S&P 500	4.94	11.93	10.26	32.33	63.44	129.34
FTSE All Share	4.29	10.60	9.70	25.95	7.68	39.92
MSCI Europe (ex-UK)	4.23	9.29	6.84	33.31	25.55	70.68
MSCI ACWI IMI	3.98	8.99	8.30	34.93	44.10	102.09
MSCI Asia Pacific (ex-Japan)	2.22	0.28	3.90	35.71	33.38	106.45
MSCI Emerging Markets	2.13	0.88	3.50	35.48	23.63	90.65

Source: Morningstar

Overall Market Backdrop, April

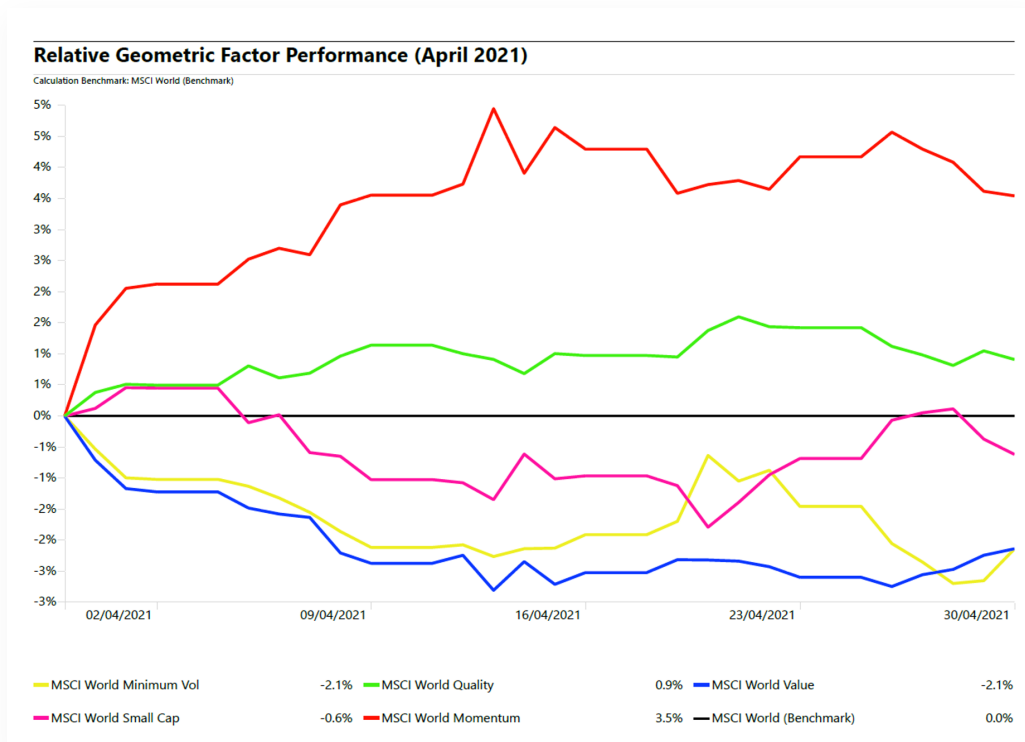
- The optimism that spearheaded equities in Q1 has continued to run through in April; vaccine rollouts in the UK and USA has sustained the momentum gathered in Q1, which has resulted in over 35% of American and 55% of British adults now having received at least one dose of vaccine, expectedly both these regions are the top performers of the month.
- Successful vaccine rollouts have created an atmosphere of optimism for global growth and this is shown by the rise in bond yields, the US 10-year treasury has increased by 71 basis points YTD.
- Recovering from 2-months of underperforming the market benchmark, Momentum was the best performing factor in April, with a return of 6.42%.

Drivers of Market Conditions in April

- While US equities benefited from the vaccine rollout success, there were three further drivers pulling the S&P 500 Index to hit its all-time high.
 - o Biden's stimulus package was passed and worth approximately 9% of US GDP. The stimulus package proved to be a catalyst for risk-on assets as it provided an upshoot to US growth expectations and forecasts for 2021.
 - o The US economic restart is now well underway and has started strongly due to the combination of pent-up demand across multiple sectors and excess savings.
 - o Strong economic data helped bolster US equities as the rally was pushed higher by a good performance from the corporate earnings reports. More than 65% of S&P 500 companies that have reported earnings have beaten estimates.

- o Even with the strong performance, it wasn't all smooth sailing for US equities in April; US stock markets faced a period of decline on the back of potential tax hikes proposed by the Biden administration.
- Despite robust US economic data, US treasury yields fell at a steady pace throughout April. The US treasury is well thought of as a safe-haven compared to other government bonds, therefore, renewed concerns around the virus spreading globally may have stoked demand for the haven asset.
- The German Bund and UK Gilts saw yields increase throughout the month. The German Bund reacted to the Eurozone's COVID-19 vaccination program which brought further optimism to Investors.
- There is a caveat to the economic recovery being seen across the world; the easing of restrictions is running simultaneously with virus mutations. Virus mutation may threaten the reopening of economies.
- There is evidence to suggest that global equity performance was not only driven by vaccine progress but steered forward by a strong rebound in global goods demand; European and Japanese equities saw increases of approximately 8% and 9% respectively while these regions have only vaccinated approximately 10% and 1% of their population respectively.
- The Emerging Markets and Asia Pacific regions struggled when compared to the other global equity markets in April, this was mainly due to the prolonging effect of the Chinese equity sell-off which started in February.

How did Factors Perform in April?



The chart shows the relative Factor performance benchmarked against a global index (MSCI World). Performance data is for each factor index over the course of the month, with the market benchmark being the black line horizontally shown along the x-axis.

- When looking at economics on a global scale, many investors are now at an uncertain stage in markets. Investors are grappling with how to interpret unusual growth dynamics; in April we saw investors rotate into momentum stocks which were driven by growth stocks as bond rates fell.
- Alongside momentum stocks, investors also rotated from classic re-opening themes such as value and small-cap to quality consumer companies.

Factor Performance (%)						
As of 30/04/2021	1 Month	3 Months	1 YTD	1 Year	3 Years	5 Years
MSCI World Momentum	6.42	5.51	5.89	32.91	63.52	149.05
MSCI World Quality	4.84	9.63	6.84	27.96	69.85	135.90
MSCI World	4.29	10.00	8.41	32.40	47.77	104.01
MSCI World Small Cap	3.52	10.46	12.23	51.36	42.04	103.42
MSCI World Value	2.79	13.23	11.58	28.11	23.04	64.73
MSCI World Minimum Vol	2.60	5.41	2.90	7.62	29.90	60.70

Source: Morningstar



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