

## A positive start to a busy year



### Month in brief

- **Equity markets pick up with UK equities rebounding to start of December levels**
- **Listed property launches a comeback after a challenging December**
- **Mixed outlook for businesses with both cut backs and positive earnings**
- **Sterling appreciates against the Dollar and the Euro**
- **Steady month for liabilities as they remain relatively flat**



Shacadi Gordon  
Associate



Click to watch  
Shacadi's February update

The woes of December's market falls drifted into the first few days of January but quickly picked up with positive performance from a number of growth markets.

Equity markets performed well with UK equities getting back to start of December levels. UK investment grade corporate bonds picked up nicely although high yield returns were relatively flat.

There were some notable bad news stories relating to big businesses. Retailers struggled in general over Christmas and there were a number of job cuts related news items including Tesco, Santander and BlackRock. These stories were counterbalanced by some positive earnings surprises including Shell and Facebook, but the market outlook remains turbulent.

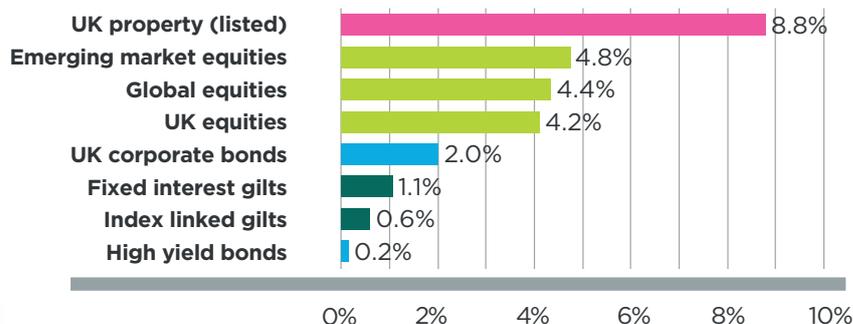
The US government shutdown ended in late January having lasted just over a month. Workers were either put on leave or forced to work unpaid whilst Donald Trump and Democratic politicians disagreed on their budget over the funding of the US/Mexico border wall. The lost economic output is expected to meaningfully impact US GDP.

Sterling picked up versus the Dollar and in particular over the Euro over January. 29 January saw Parliament vote to reject a no-deal Brexit. This was of some reassurance to the markets but, given the EU's stated position of not wishing to renegotiate the draft withdrawal terms, the future remains unclear.

Listed property launched something of a comeback over the month, demonstrating the volatile nature of listed property prices versus the more stable direct property market.

### UK listed property was the strongest performer over the month

One Month to 31 January 2019

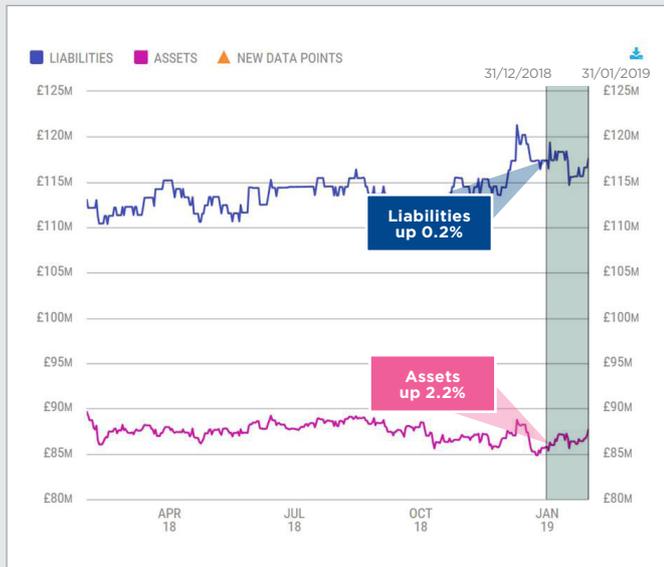


Source: Thomson Reuters Datastream

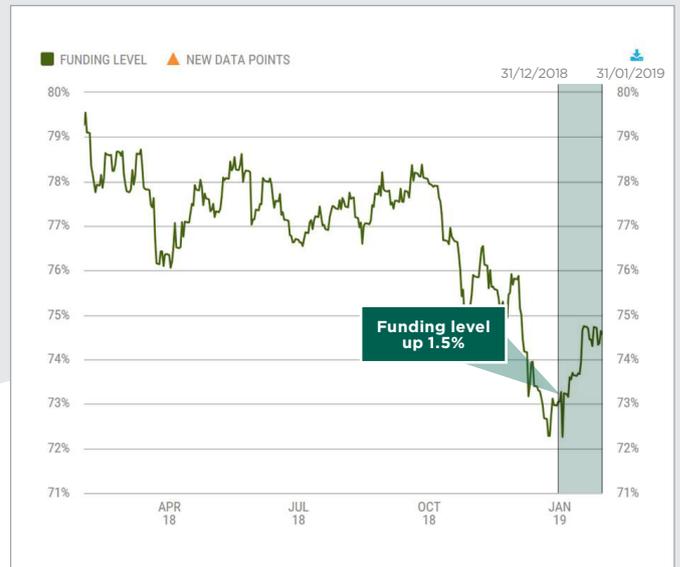


Liabilities were relatively flat at the start and end of the month and the direction of any movement up or down for a specific scheme will have depended heavily on the amount of inflation exposure and the maturity of the scheme.

The funding level of a typical scheme is estimated to have marginally improved as a result of the positive equity market returns.



Source: Radar



Source: Radar

**To discuss any of the issues covered in this edition, please get in touch with Shacadi Gordon.**



**Shacadi Gordon**  
Associate

**t** 020 3327 5305

**e** shacadi.gordon@xpsgroup.co.uk

**Alternatively, please speak to your usual XPS Investment contact.**



**Important information:** Please note the information and opinions expressed herein do not take into account the circumstances of individual pension funds and accordingly may not be representative of the circumstances affecting your fund. This note, and the work undertaken to produce it, is compliant with TAS 100, set by the Financial Reporting Council. No other TASs apply. The note has been written on the basis that decisions will not be based on its contents. Appropriate advice should be obtained before any decisions are made. The information expressed is provided in good faith and has been prepared using sources considered to be reasonable and appropriate. While information from third parties is believed to be reliable, no representations, guarantees or warranties are made as to the accuracy of information presented, and no responsibility or liability can be accepted for any error, omission or inaccuracy in respect of this. This document may also include our views and expectations, which cannot be taken as fact. The value of investments and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount invested. Past performance is not necessarily a guide to future returns. The views set out in this document are intentionally broad market views and are not intended to constitute investment advice as they do not take into account any client's particular circumstances.

Please note that all material produced by XPS Investments is directed at, and intended solely for the consideration of, professional clients within the meaning of the Financial Services and Markets Act 2000 (FSMA). Retail or other clients must not place any reliance upon the contents. This document should not be distributed to any third parties and is not intended to, and must not, be relied upon by them. Unauthorised copying of this document is prohibited.

This document should not be distributed to any third parties and is not intended to, and must not be, relied upon by them. Unauthorised copying of this document is prohibited.

© XPS Investment 2019. XPS Investment is the trading name of Xafinity Consulting Ltd and Punter Southall Investment Consulting Ltd. Registration: Xafinity Consulting Ltd, Registered No. 2459442. Registered office: Phoenix House, 1 Station Hill, Reading RG1 1NB. Punter Southall Investment Consulting Ltd Registered No. 6242672. Registered office: 11 Strand, London WC2N 5HR. Both companies registered in England and Wales. Punter Southall Investment Consulting Ltd (FCA Register number 528774) and Xafinity Consulting Ltd (FCA Register number 194270) are both authorised and regulated by the Financial Conduct Authority (FCA) for investment business.

Part of XPS Pensions Group