

June was a lacklustre month for both equities and bonds. Equities declined in the UK (-2.4%) and Europe (-1.3%) and were flat in other regions and at the global level (FTSE World index). The only exception was the FTSE Asia Pacific ex Japan index which gained 1.5%.

UK

In essence UK equity markets have been a tale of two halves in the year to date. The FTSE 100 has had a total return of 4.7% across the entire period. This was driven by a gain of 3.7% in the first quarter. The second quarter has proven more turbulent and the FTSE 100 gained only 1%.

The FTSE 100 ended the month at 7,337 having finished May at 7,519 and having started 2017 at 7,142. In the last month the inconclusive election result and the modest strengthening of Sterling compared to the US Dollar both took their toll.

Turning to sector data, the utilities sector was the largest detractor in June, falling by over 8%. More importantly for our UK fund choices, the tobacco sector fell by over 5% over the month. The financial sector was the only area to produce a meaningful positive return and this was just 0.5%. Our UK fund choices were not immune to the decline, but most outperformed the FTSE 100.

It is important to note that in the year to date the consumer goods (14%) and tobacco (11%) sectors have been amongst the best performing sectors. Conversely, oil and gas (-11%) and utilities (-2%) have been the worst performers.

Bonds

The price of sovereign bonds declined in all the major countries in June following remarks from a number of central bank governors that monetary policy could become tighter. As a result of comments from Bank of England Governor Mark Carney, 10-year gilt yields rose to 1.3% (prices fell). The fall in gilt prices caused the FTSE Actuaries UK Conventional Gilts All Stocks index to finish the month at a loss of 2%.

Taking a longer view the index has lost nearly 1% in the last twelve months. Slowly, but surely, gilt prices are correcting after being artificially inflated by an era of extraordinary monetary policy.

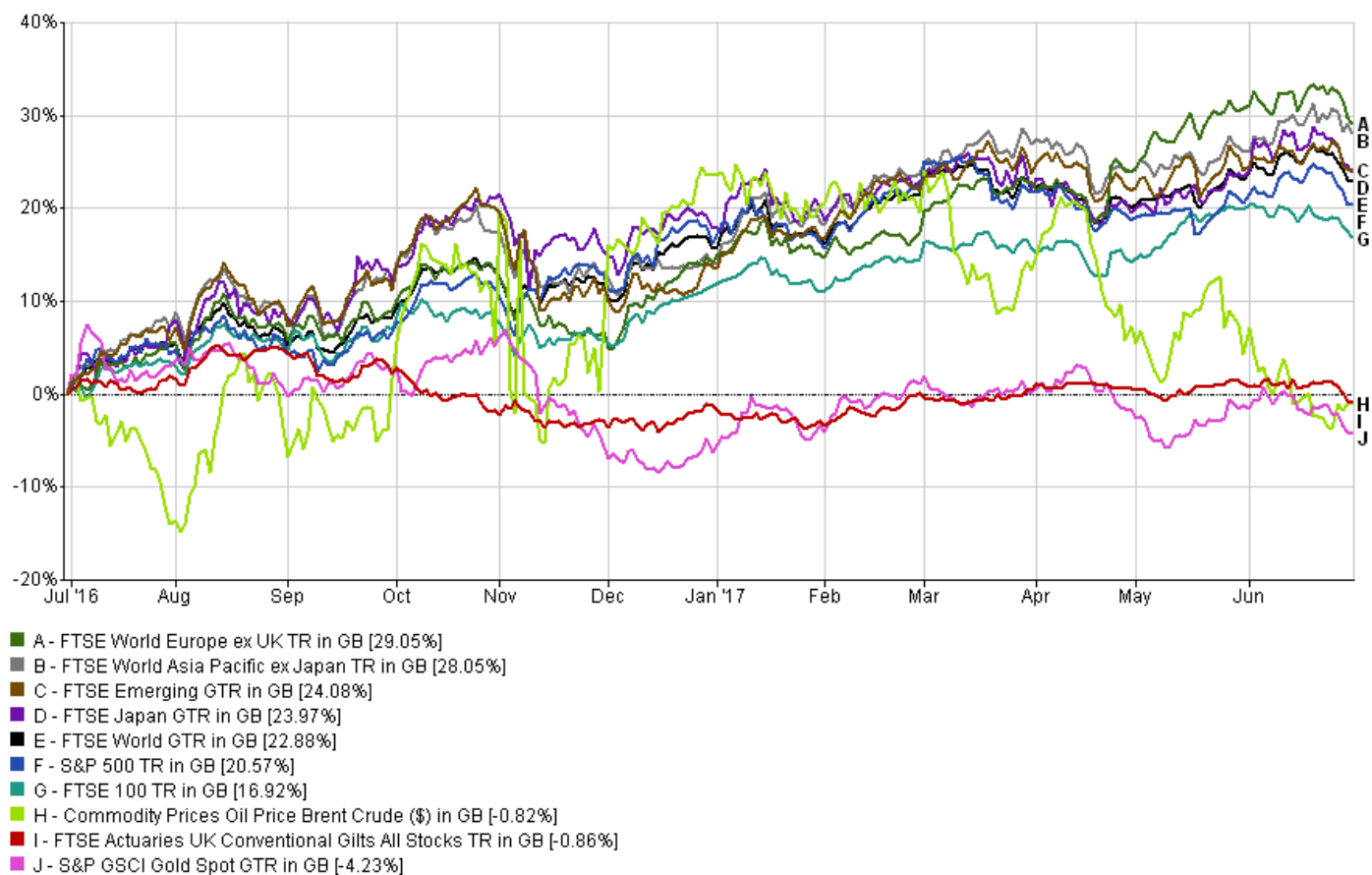
Commodities

A rather dismal month was rounded out by gold prices falling 3%. This once again underscores the volatility of this asset class, which does not reward investors with any interest or dividend.

The one bright spot was the decline in oil prices, which should help to moderate inflation. Brent crude dropped 5% in the last month in Sterling terms and is down 20% in the year to date.

Georgina Ogilvie-Jones

1-Year Performance in Sterling Terms to June 2017



30/06/2016 - 30/06/2017 Data from FE 2017

Cumulative Performance in Sterling Terms to June 2017

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	-1.96%	-1.29%	0.32%	-0.86%	22.48%	22.37%
FTSE World (GBP)	-0.15%	0.51%	6.16%	22.88%	54.73%	107.89%
FTSE 100 (GBP)	-2.44%	1.00%	4.69%	16.92%	21.61%	58.23%
S&P 500 (GBP)	-0.04%	-0.91%	3.70%	20.57%	70.11%	131.46%
FTSE World Europe ex UK (GBP)	-1.27%	5.16%	13.00%	29.05%	38.38%	105.91%
FTSE World Asia Pacific ex Japan (GBP)	1.50%	0.94%	12.22%	28.05%	42.87%	71.56%
FTSE Emerging (GBP)	-0.06%	0.24%	9.18%	24.08%	37.30%	48.89%
FTSE Japan (GBP)	0.48%	1.53%	5.22%	23.97%	58.99%	97.41%
Brent Crude Spot Price (GBP)	-4.97%	-12.52%	-19.79%	-0.82%	-44.19%	-39.50%
S&P GSCI Gold Spot (GBP)	-3.12%	-4.47%	2.16%	-4.23%	21.38%	-9.16%

Source: Financial Express

Calendar Performance in Sterling Terms

	YTD	2016	2015	2014	2013	2012
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	0.32%	10.10%	0.57%	13.86%	-3.94%	2.51%
FTSE World (GBP)	6.16%	29.59%	4.34%	11.29%	22.36%	11.83%
FTSE 100 (GBP)	4.69%	19.07%	-1.32%	0.74%	18.66%	9.97%
S&P 500 (GBP)	3.70%	32.67%	6.58%	20.02%	29.10%	10.16%
FTSE World Europe ex UK (GBP)	13.00%	19.69%	5.35%	0.16%	25.18%	17.82%
FTSE World Asia Pacific ex Japan (GBP)	12.22%	31.69%	-4.40%	5.01%	2.72%	17.72%
FTSE Emerging (GBP)	9.18%	35.43%	-10.31%	7.87%	-5.29%	12.76%
FTSE Japan (GBP)	5.22%	22.68%	17.58%	2.73%	24.95%	3.34%
Brent Crude Spot Price (GBP)	-19.79%	88.37%	-31.97%	-46.75%	-0.94%	-2.56%
S&P GSCI Gold Spot (GBP)	2.16%	28.52%	-5.72%	4.36%	-29.98%	1.42%

Source: Financial Express

Calendar Performance in Local Currency Terms

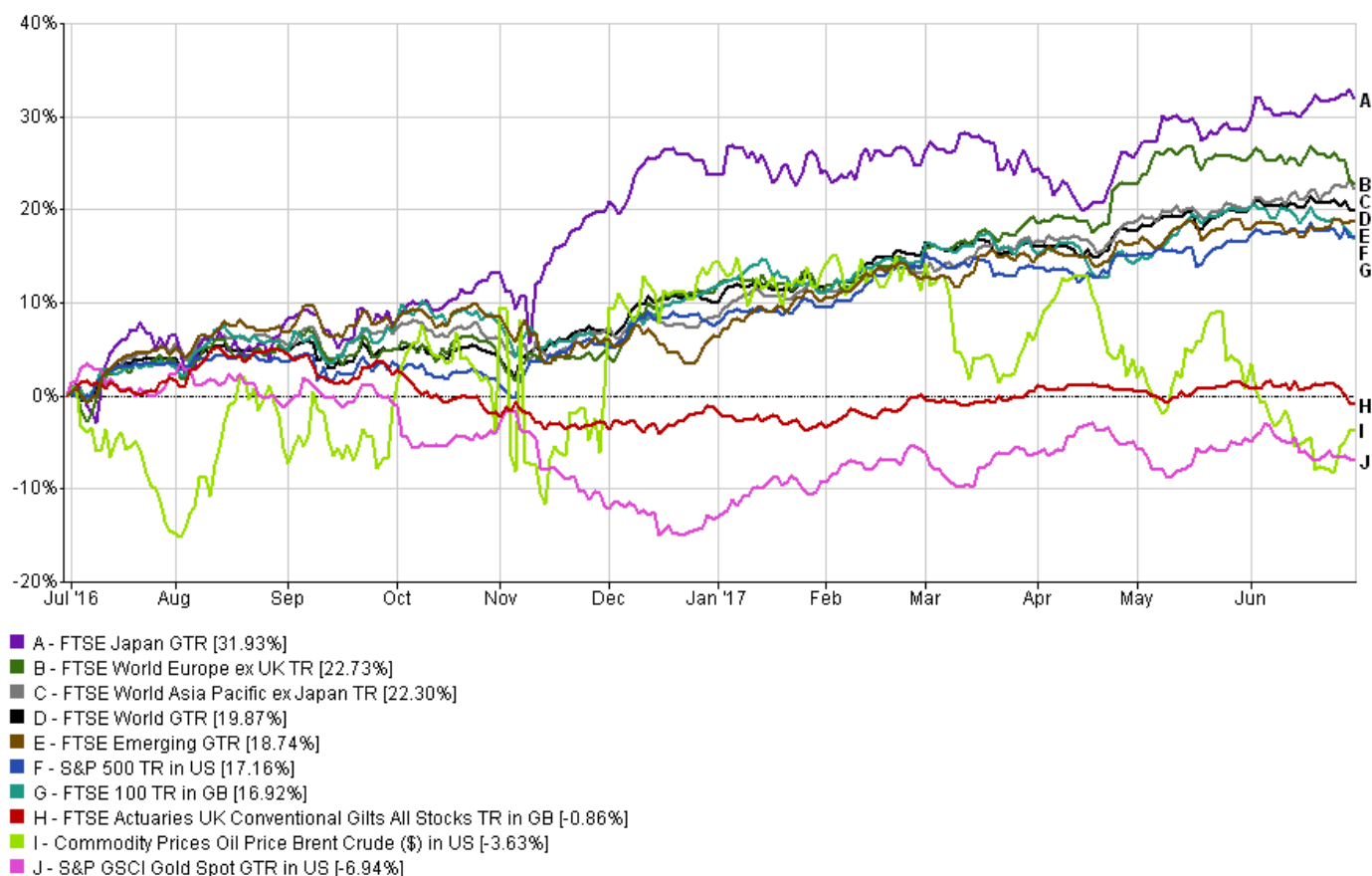
	YTD	2016	2015	2014	2013	2012
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	0.32%	10.10%	0.57%	13.86%	-3.94%	2.51%
FTSE World (Composite)	8.93%	9.97%	2.26%	9.92%	27.35%	16.70%
FTSE 100 (GBP)	4.69%	19.07%	-1.32%	0.74%	18.66%	9.97%
S&P 500 (USD)	9.01%	11.23%	0.75%	12.99%	31.55%	15.22%
FTSE World Europe ex UK (Composite)	10.35%	3.42%	8.66%	7.58%	23.37%	20.54%
FTSE World Asia Pacific ex Japan (Composite)	12.79%	11.16%	-2.73%	4.18%	11.36%	19.07%
FTSE Emerging (Composite)	11.59%	12.06%	-5.83%	7.17%	3.92%	18.79%
FTSE Japan (Yen)	6.55%	-0.28%	11.52%	10.32%	54.77%	21.46%
Brent Crude Spot Price (USD)	-15.68%	56.92%	-35.28%	-49.87%	0.93%	1.92%
S&P GSCI Gold Spot (GBP)	7.39%	7.75%	-10.88%	-1.75%	-28.65%	6.08%

Source: Financial Express

Currency Movements

Sterling appreciated 0.6% against the Euro, 1% against the US Dollar and 2% Japanese Yen in the last month. These movements are reflected in 1-month Sterling and local performance data for the relevant indices.

1-Year Performance in Local Currency Terms to May 2017



30/06/2016 - 30/06/2017 Data from FE 2017

Cumulative Performance in Local Currency Terms to May 2017

	1m	3m	6m	1y	3y	5y
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	-1.96%	-1.29%	0.32%	-0.86%	22.48%	22.37%
FTSE World (Composite)	0.20%	3.13%	8.93%	19.87%	27.36%	87.51%
FTSE 100 (GBP)	-2.44%	1.00%	4.69%	16.92%	21.61%	58.23%
S&P 500 (USD)	0.58%	2.93%	9.01%	17.16%	29.23%	91.69%
FTSE World Europe ex UK (Composite)	-2.04%	2.94%	10.35%	22.73%	24.46%	88.98%
FTSE World Asia Pacific ex Japan (Composite)	1.86%	5.04%	12.79%	22.30%	22.08%	60.44%
FTSE Emerging (Composite)	0.78%	3.83%	11.59%	18.74%	18.83%	48.37%
FTSE Japan (Yen)	2.73%	6.35%	6.55%	31.93%	33.96%	130.24%
Brent Crude Spot Price (USD)	-4.38%	-9.12%	-15.68%	-3.63%	-57.60%	-49.90%
S&P GSCI Gold Spot (GBP)	-2.51%	-0.77%	7.39%	-6.94%	-7.79%	-24.77%

Source: Financial Express

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