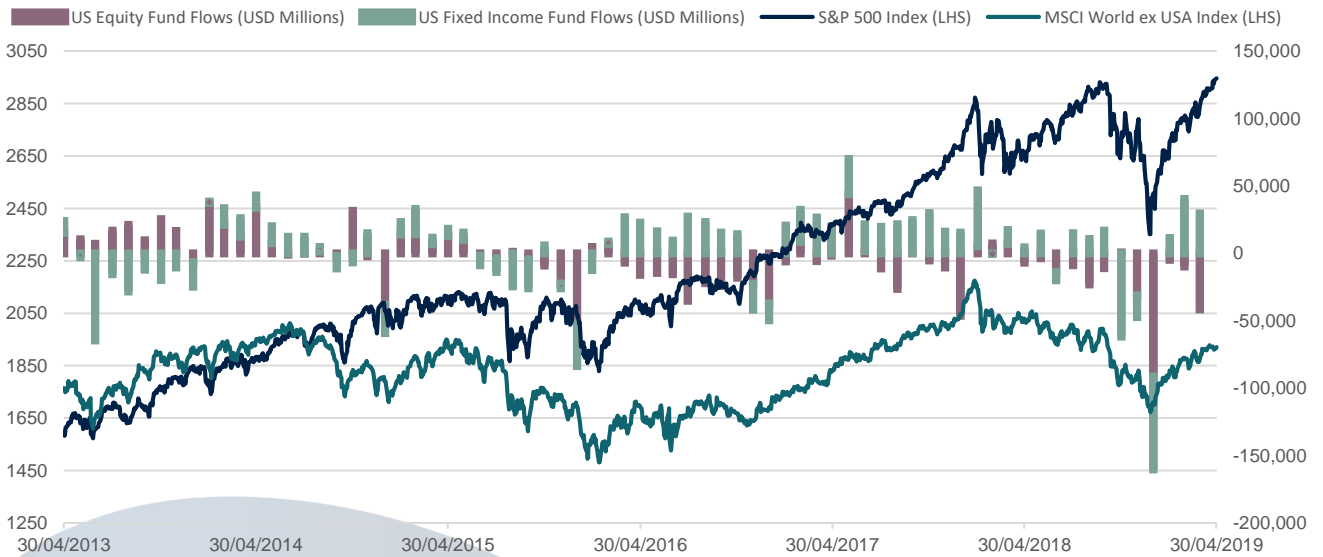


Another All-Time High

The cream always rises to the top. Despite three years of Federal Reserve rate hikes and tightening financial conditions that began in December 2015, the US stock market has continued to make new all-time highs. The S&P 500 Index representing America's largest 500 publicly listed companies hit a daily peak of 1,562 in October 2007 before the throes of the global financial crisis hit in 2008. It took four years to recover back to this level in early 2013 and since then has not looked back, hitting recent peaks of 2,873 in January 2018, 2,931 in September 2018, and now 2,946 in April 2019. Impressively, this was achieved without the supporting investor flows into active and passive US equity funds, which have been broadly negative since 2014 as investors have switched into fixed income and cash. Driven by share buybacks and a rising technology sector, US equities have also significantly outperformed their foreign counterparts, which have struggled to keep apace since 2013.

Incredibly, a decade after the global financial crisis US equity prices have nearly doubled in value from their pre-crisis peak. Equally staggering has been the four-month recovery this year from a sharp -20% decline in the fourth quarter to register fresh all-time highs in April. Is there anything that can stop this raging bull or is this recent pick up in volatility a sign of late-cycle bull market fatigue? Most likely it's too early to tell, but one thing is resoundingly clear – the US market is still the cream of the equity crop.

US Equities Outperforming Without Inflows

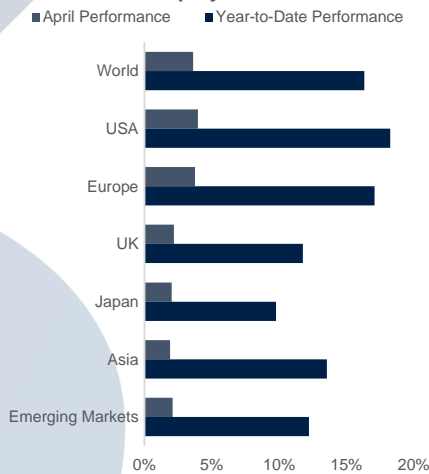


Source: Signia Wealth, Bloomberg. Data as at 30/04/2019.

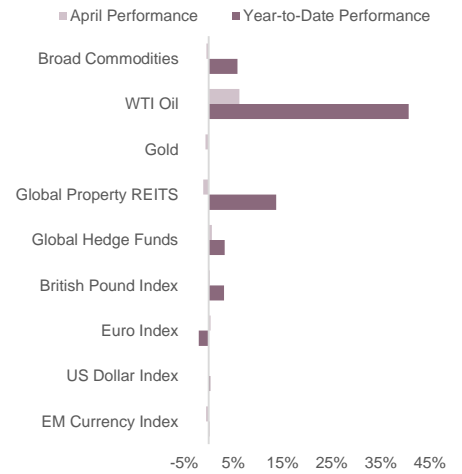
Fixed Income Returns



Equity Returns



Alternative & FX Returns



Source: Bloomberg, Signia Wealth. Data as at 30/04/2019.

Global Agg: Bloomberg Global Aggregate TR Hedged GBP; Global Sovereign: Bloomberg Global Treasury TR Hedged GBP; Global IL: Bloomberg World Govt Inflation Linked Bonds 1-10Y TR Hedged GBP; Global IG: Bloomberg Global Corporate TR Hedged GBP; Global HY: Bloomberg Global High Yield TR Hedged GBP; EM\$ Sov: Bloomberg Emerging Markets Sovereigns TR Hedged GBP; EM\$ Corp: Bloomberg EM USD Corporate 10% Cap Hedged GBP; EM Local Sov: Bloomberg EM Local Currency Govt TR Unhedged USD; Equities: Equity indices reflect net total returns in local currency, except Asia and EM in USD; Commodities: Bloomberg Commodity TR Index; Global Property REITs: FTSE EPRA/NAREIT Global Index; Global Hedge Fund: HFRX Global Hedge Fund Index; British Pound: Bloomberg British Pound Index; Euro: Bloomberg Euro Index; US Dollar: Bloomberg US Dollar Index; EM Currency: JP Morgan Emerging Market Currency Index.

Fixed Income

- Global sovereign debt was down slightly on the month in a risk-on environment as investors rotated into riskier assets
- It was a positive month for spread sectors with global Investment Grade and High Yield bonds benefitting from lower volatility, continued strong economic data and in the case of High Yield Credit, higher oil prices
- Emerging market local currency sovereign debt suffered this month on the back of weaker EM FX currencies versus the rising dollar and resurfacing risks in Turkey and Argentina

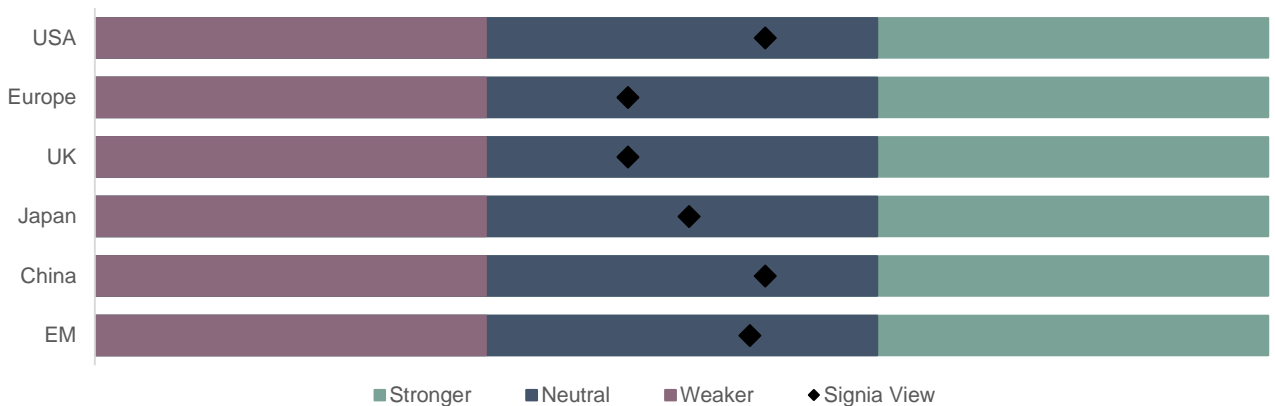
Equities

- US equities posted record highs in April, fuelled by dovish central bank rhetoric and a general improvement in corporate earnings
- Continental Europe witnessed the next best gains, with economic data appearing to stabilise in both core and peripheral countries
- UK and Japanese markets achieved similar positive returns, with the former aided by relatively few Brexit headlines during the month
- Asian and Emerging Market bourses posted positive absolute returns but lagged their developed market peers, as China adopted a cautious stance on its fiscal stimulus

Alternatives & FX

- Oil sustained its stellar performance in April, rallying after the US moved to end sanction waivers for nations importing Iranian oil, however, recent tweets by Trump indicated his intent to lower oil prices, casting doubt on whether current prices can hold up
- The dollar ended April up against most major currencies following good domestic employment data and worries around global trade easing, whilst Sterling was flat as Brexit developments slowed during cross-party talks
- Emerging Market currencies were dragged to a three month low by Argentina and Turkey where economic outlooks continues to deteriorate

Our Economic Growth Outlook Relative to Market Expectations



Source: Signia, Bloomberg. Market Expectations are represented by the Bloomberg Contributor Composite. Data as at 30.04.19.

- **USA:** First quarter economic growth for 2019 of 3.2% annualised beat expectations due to large temporary inventory builds across the corporate sector. A trade war truce with China still holds with both sides working towards a resolution in May. The Fed remains on pause with the path for rates finely balanced. Rising wages and productivity growth is keeping domestic consumers in good health. Despite a partially inverted yield curve a recession in 2019 remains unlikely.
- **Europe:** Economic growth indicators have weakened following the end of the ECB's asset purchase programme and Germany narrowly avoiding a recession in the fourth quarter. Economic expectations remain low but with employment and wage growth in healthy shape, and the ECB announcing plans for a third series of cheap long-term loans for banks, economic growth should stabilise later in the year. European parliament elections are due in May.
- **UK:** The economy remains in a delicate state, despite a strong jobs market, with monetary policy tied to a Brexit outcome. Profit growth is declining as Brexit uncertainty weighs heavily on business confidence and the British Pound, however, the weak currency has helped the manufacturing sector by boosting exports. The Brexit deadline was extended to 31 October to allow the government and lawmakers time to find a solution to the impasse.
- **Japan:** Despite a still accommodative Bank of Japan, economic growth has slowed to a near standstill since peaking at an annualised rate of 2.4% at the end of 2017. With wage growth and consumer sentiment indicators also deteriorating, and a consumption tax hike on the way in October, the outlook for Japanese economy remains bleak for 2019.
- **China:** After relaxing both corporate and personal taxes over the last two quarters in an attempt to stimulate its economy, President Xi Jinping's government announced that they were turning off the stimulative taps as they reaffirmed their outlook for the economy to achieve a GDP target of 6%-6.5% in 2019. Total social financing – a leading indicator and broad measure of credit and liquidity in the economy – picked up in the first quarter for the first time in a year.
- **Emerging Markets:** After slowing in 2018 due to tighter financial conditions and a stronger US Dollar, broad economic growth seems to have stabilised, helped by a Fed pause in the US rate hiking cycle, early signs of a Chinese economic recovery, and thawing of US-China trade tensions. Idiosyncratic risks in Argentina and Turkey have resurfaced but remain contained within the broader EM complex.

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