

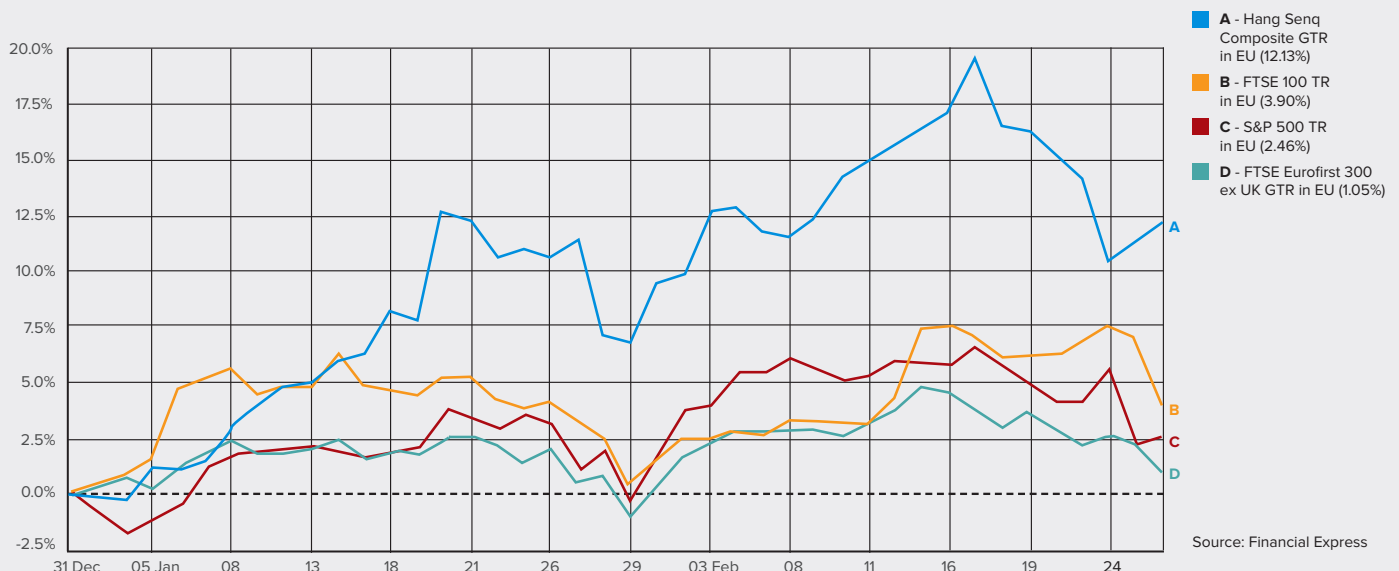


## Month in Review

Insofar as world equity markets are concerned, February was a classic game of two halves. Markets started out strongly in the early part of the month driven by optimism around the vaccine rollout and the anticipated opening of world economies. However, towards the end of the month, we saw some distinct wobbles in many equity markets. The immediate cause of this was a sudden rise in bond yields which in turn was brought about by emerging concerns around inflation, the fear being that the massive support programmes combined with the rapid opening up of economies will fuel price rises for many goods and

services. We feel that such inflation spikes will certainly occur over the year ahead but that they will be highly transitory in nature. The twin forces of ongoing advances in technology and globalisation of trade are likely to act as significant deterrents to inflation taking a sustained hold. On the other hand we would also expect equity market wobbles to be a recurring feature on the landscape in the year ahead as vaccine rollouts and regearing of economies will not move forward in a straight line and disappointments will be a recurring feature.

### Major Equity Markets Year to Date (in euro terms)



## Equity Markets

Despite some concerns around volatility and even a possible correction, we feel 2021 could be a positive year for equity markets on balance. The massive \$1.9 trillion stimulus package being proposed for the US will put money in peoples' pockets and a significant portion could find its way into equity markets from retail investors with excess cash. On top of that, optimism around global trade and companies taking advantage of pent up spending desires among consumers will support equity

markets. Funds exposed to Asia have already done well this year but are likely to continue to outperform as these economies are perceived to not just offer relative value but to be ahead of the game in terms of the Covid cycle and better placed to take advantage of the global recovery. Other sectors we would favour would include small and mid-sized companies around the globe as well as companies seen to offer an ESG exposure to investors.

### Equity Market Performances (in euro terms)

Market*	Performance Feb 2021*	Performance 1 Year*
Ireland	+3.2%	+7.6%
UK	-0.3%	-7.9%
Japan	-1.1%	+20.0%
Europe	-0.0%	+5.2%
US	-0.7%	+10.9%
China	+1.3%	+20.1%

\*Source: Financial Times, Financial Express

## ESG

It seems like the whole world is talking about ESG (Ethical, Social, Governance) themes these days and there is no doubt that it has become part of the mainstream when it comes to investment. The focus on ESG has also been reflected in the strong outperformances delivered by any fund seen to be operating in this space. While ESG

performances have been relatively strong of late, there is still plenty of evidence to suggest that ESG as an investment theme is still at a relatively early stage of its development and could still have much further to go. We would encourage all clients to take on some exposure to the theme in their pension and investment portfolios.

## Cash

While not all consumers have experienced the pain of negative rates to date, we would expect all banks to gradually move in this direction in relation to all deposit

accounts. We would also expect that this will be a medium term rather a short-term phenomenon.

## Property

For several obvious reasons, property across the globe has experienced more volatility than any other major asset class over the past year. The very serious question marks hanging over the future of retail properties cannot be ignored. However, we feel the concerns around office

properties are overdone and that the demand for quality office space will return. We would encourage clients to consider taking advantage of some of the very large discounts available on many of the listed property funds, particularly those offering a strong income.

## Market Outlook

Inflation concerns, extended lockdowns, vaccine delays and high valuations are likely to mean further volatility, and possibly a stock market correction, over the course of 2021. Despite this backdrop, we are cautiously positive about the year as a whole and we feel equity markets

are more likely to finish the year ahead of where they are now. With cash and mainstream bond markets offering little or nothing to investors, we see cash continuing to flow into equity markets a trend which will be bolstered by optimism in relation to post Covid economic recovery.

## Fund in Focus - Schroder Sustainable Growth Fund

For our monthly Fund in Focus we have highlighted one of the funds in our ESG Investment Strategy. The Schroder Sustainable Growth Fund aims to provide capital growth by investing in equities of companies worldwide which meet the investment manager's sustainability criteria which include the following:

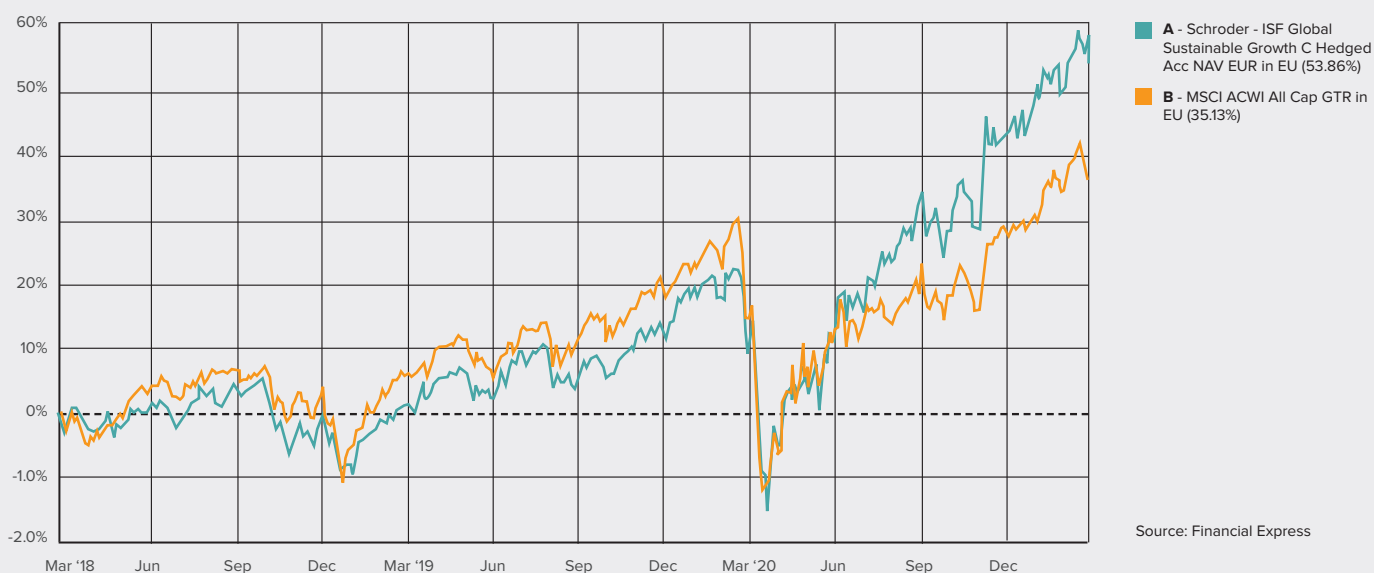
- Managing the business for the long-term
- Recognising the company's responsibilities to its customers, employees and suppliers
- Respecting the environment

In addition, the investment manager believes that when aligned with other drivers of growth, this can result in earnings stronger growth which is often under appreciated by the market.

Issues such as climate change, environmental performance, labour standards, or board composition that could impact a company's value will be considered in the assessment of companies.

The fund has been a consistent outperformer over the past few years but particularly so over the past year. The fund offers a very broad global exposure to the ESG opportunity and should be a core equity holding in client pension and investment portfolios.

### Schroeder Sustainable Growth vs. World Index over 3 years



## Personalised Investment Service

Whether you're new to the investing or a sophisticated investor we have tailored investment services to suit you.

## Dedicated Support

Working closely with your Client Advisor we can deliver bespoke investment solutions all built on a foundation of sound financial planning.

## Holistic Investment Advice

Our Investment Advisory team are guided by leading-edge research, alongside our clear and consistent investment selection process. This insight ensures your portfolio remains in line with your objectives.



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