

# PRESS RELEASE

## LLOYDS BANK INVESTOR SENTIMENT INDEX

LLOYDS  
BANKING  
GROUP



Friday 21st April 2017

APRIL

### OVERALL INVESTOR SENTIMENT



4.25%

### BIGGEST RISER (INVESTOR SENTIMENT)



European equities  
12.29%

### BIGGEST FALLER (INVESTOR SENTIMENT)



UK equities  
-14.42%

### APRIL KEY POINTS

- Investor sentiment has again dipped since March but is still significantly higher than this time last year
- UK equities saw the biggest drop from 23.48% to 9.06%
- Investor sentiment mirrors asset class performance which is also up year-on-year, although down on last month.

### THE MONTH'S ANALYSIS

UK investor sentiment has dipped again in April, by 1.65% to 4.25%. However, sentiment is still significantly higher than it was this time last year, when it was -0.24%, suggesting that investors remain relatively upbeat especially when looking at opportunities around the world.

Investor positivity towards UK-listed companies fell significantly this month by 14.42% to score at just 9.06%. This decline in popularity coincides with the formal triggering of Article 50 which may have led to investors becoming more cautious towards UK equities while they wait to see the political and financial market reactions play out.

The fall was not reflected in actual performance which saw UK equities improving by 0.9% for the month, and 17% for the year.

Investor sentiment towards European equities also rose by 12.29%, from -34.40% to -22.11% suggesting that investors are increasingly less concerned by Europe's own geopolitical uncertainty. In fact, sentiment towards European equities is up 14.20% year-on-year.

Actual performance of asset classes is positive over a 12 month view. All asset classes have seen a rise over the last year, apart from UK property which is down 2.7%. However, looking at last month's performance, it is a less positive picture. Six out of the 11 asset classes have experienced deteriorating performance in the last 30 days. Commodities saw the biggest drop falling 3.9%. Nevertheless, Eurozone equities and emerging market equities are the best performers on a month-by-month basis up 5.6% and 3.5% respectively.

### INVESTOR SENTIMENT INDEX



5.89% since March 2017

4.25% since April 2017

### SENTIMENT OVER 12 MONTHS

#### BIGGEST RISER



Emerging market shares  
21.19%

#### BIGGEST FALLER



UK property  
-3.1%

### APRIL PERFORMANCE

#### TOP ASSET CLASS



Eurozone shares  
5.6%

#### BOTTOM ASSET CLASS



Commodities  
-3.9%

### OUR CHIEF INVESTMENT OFFICER SAYS

Markus Stadlmann, CIO, Lloyds Private Bank:



April saw a further reduction in sentiment from March with the most dramatic drop being in investors' sentiment towards the UK. Despite this, we still remain fairly positive about the overall health of the UK economy in 2017.

In light of Theresa May's decision to seek a General Election, the volatility of UK equities and bonds could be elevated over the short-term. Overall however, we remain optimistic as a long-term investment strategy (rather than short-term distraction) is key.

The outlook for global earnings is relatively bright and it is also clear investors are looking further afield for opportunities due to the uncertainty facing the UK. Sentiment towards emerging market shares, closely followed by Japanese equities, shows the biggest increase over 12 months. Conversely, a dip in sentiment towards the US is not that surprising, as the market awaits progress with President Trump's policies.

This month's investor sentiment tallies with our longer-term investment strategy. The fading investor appetite in April for UK corporate bonds, UK government bonds, and UK property, is in line with our recent decision to reduce strategic allocations to those asset classes. However, we agree with the warmer reception that investors are giving to international opportunities, having recently increased our exposure to global equities.



### NOTES TO EDITORS

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 4,745 adults, of which 1,126 were investors. Fieldwork was undertaken 30th March - 3rd April 2017. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

Table 1: Net Sentiment

	Net Sentiment April 2016	Net Sentiment March 2017	Net Sentiment April 2017	Monthly PP Change in Net Sentiment Mar. 2017 - Apr. 2017	Annual PP Change in Net Sentiment Apr. 2016 - Apr. 2017
UK shares	2.18%	23.48%	9.06%	-14.42%	6.88%
Eurozone shares	-36.31%	-34.40%	-22.11%	12.29%	14.20%
US shares	1.72%	0.51%	-0.38%	-0.89%	-2.10%
Japanese shares	-11.49%	4.39%	7.06%	2.67%	18.55%
Emerging market shares	-2.42%	15.05%	18.77%	3.72%	21.19%
UK government bonds	-0.90%	-0.52%	-4.68%	-4.16%	-3.78%
UK corporate bonds	-2.46%	3.38%	-2.89%	-6.27%	-0.43%
UK property	40.88%	30.55%	27.34%	-3.21%	-13.54%
Gold	34.67%	41.93%	38.61%	-3.32%	3.94%
Commodities	-4.80%	13.90%	11.82%	-2.08%	16.62%
Cash	-23.72%	-33.44%	-35.88%	-2.44%	-12.16%
Average*	-0.24%	5.89%	4.25%	-1.65%	4.49%

\*Average excluding cash

Source: Investor Sentiment Index

Chart 1: Lloyds Bank Private Banking UK Investor Sentiment Index



Table 2: Asset Class Performance

	1 month change (%)	3 month change (%)	6 month change (%)	12 month change (%)
UK shares	0.9%	3.3%	6.5%	17.0%
Eurozone shares	5.6%	8.5%	8.6%	8.7%
US shares	0.0%	5.6%	8.9%	15.1%
Japanese shares	-1.3%	-0.5%	13.2%	10.4%
Emerging market shares	3.5%	6.8%	6.2%	6.7%
UK government bonds	-0.1%	1.4%	-3.0%	4.1%
UK corporate bonds	-0.3%	0.5%	-2.7%	5.2%
UK property	-0.9%	0.9%	1.0%	-2.7%
Gold	-0.4%	8.2%	-5.5%	0.1%
Commodities	-3.9%	-5.1%	0.4%	8.4%
Cash	0.0%	0.1%	0.1%	0.4%

Source: Datastream, all data to end of trading 31st March 2017

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