EB Wealth

QUARTERLY REPORT
Q2 2020

Global Overview

Global sector performance for the period 01/04/2020 - 30/06/2020				
Markets	**Country**	**Index (ex div) / Sector**	**Performance for the Period 01/04/2020 to 30/06/2020**	**Performance for the Period 01/04/2020 to 30/06/2020**
North America	USA	Nasdaq	45.98%	18.18%
		S&P 500	31.4%	-0.36%
		Dow Jones	26.19%	-8.45%
UK	UK	FTSE 100	8.13%	-22.44%
		FTSE All-Share	9.72%	-22.44%
Europe	Germany	Xetra DAX	29.01%	-8.01%
	France	Paris CAC 40	13.7%	-20.82%
	EU Countries	FTSEurofirst 300	13.2%	-15.45%
Asia	Japan	Nikkei 225	20.17%	-6.44%
	China	Hang Seng	6.54%	-13.83%
	India	Nifty 50	34.16%	-9.1%
South America	Brazil	Sao Paulo Se Bovespa	45.01%	-13.21%
	Mexico	SE IPC	9.88%	-16.69%
Other Markets	South Africa	JSE FTSE ALL SHARE	27.42%	-3.46%
	Australia	S&P AUST	12.73%	-11.4%
	Russia	RTS	24.97%	-21.08%
	Canada	S&P/TSX COMPS	25.57%	-5.44%
Commodities	N/A	Gold	24.63%	28.67%
		Silver	71.78%	34.2%
		Brent Crude Oil	87%	-33.68%
		Copper	32.26%	2.5%

The stock indices around the world rallied in Q2 after suffering falls in the latter part of Q1. In some indexes, there were record amounts of growth for a quarter. Despite the recovery, all the indexes in the table above were still at a loss for the year, apart from the Nasdaq. Commodities continued to perform well as they tend to do in times of economic downturn.

Coronavirus Continued . . .

The economic landscape of the world has changed drastically in the last few months; the COVID-19 pandemic, coupled with the oil standoff between Russia and Saudi Arabia, saw stock Indices around the world falling between 20-30% towards the end of Q1. During Q2, the Indices have rebounded slightly with hopeful signs that economies around the world will recover.

This recent crash meant many global investors lost significant value in their portfolios. However, due to the defensive position EB Wealth employed last year (in order to prepare for Brexit), many of our clients were protected from significant falls. This meant that we were in a better position to invest in the market when prices were low and have successfully seen the value of our portfolios increase in a time of economic downturn.

Additional good news can also be seen as the UK government has gradually begun to ease lockdown. With schools reopening along with non-essential shops, further industries re-opening in July and the number of cases and deaths falling, the economy should continue to recover throughout Q3. However, it should be noted that there is a growing concern that the onset of colder weather towards the end of Q3 could bring about a second wave of COVID-19.

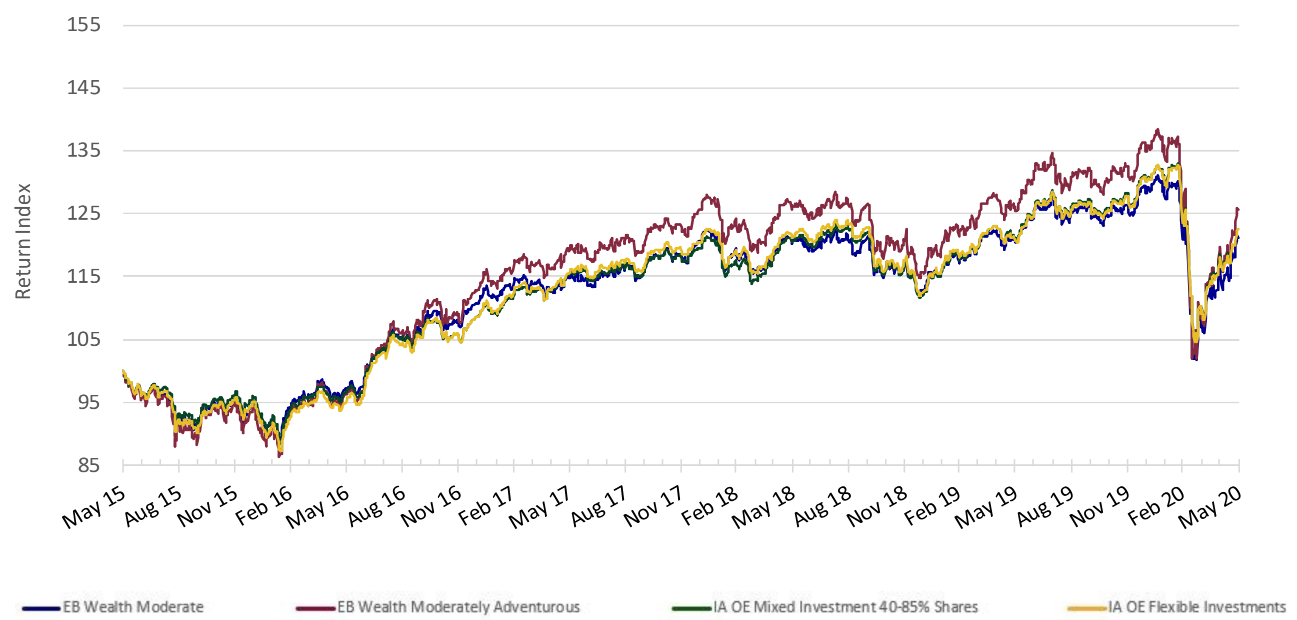
In relation to pensions, Rishi announced changes in the adjusted annual income limit from £150,000 to £240,000, as well as the threshold limit rising from £110,000 to £200,000. This means people who were previously on £150,000 will now be able to contribute the full £40,000 towards their pension before paying tax, whereas previously they only would have been able put £10,000 tax-free. This opens up further opportunities for our clients to invest.

While COVID-19 continues to dominate the news, other noticeable events have occurred in the world economy. Relations between China and the USA have continued to improve as many tariff exemptions have been applied to goods in both countries. This helped China become the USA's top trading partner again and has helped provide a timely boost to the Chinese economy that suffered huge falls in Q1.

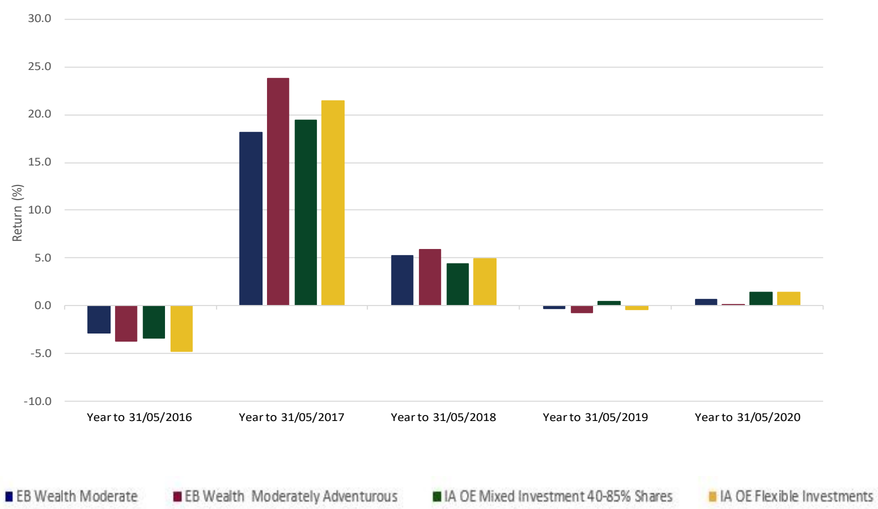
In April, Sir Keir Starmer won the election for the Labour Party, due to Jeremy Corbyn's resignation. With the next general election in 2024, it will be interesting to see whether he can reverse Labour's recent misfortune and bring them back to government. Whilst it is difficult to predict how long COVID-19 will continue to affect the world economy, EB Wealth remains confident in its investment strategies to continue building your portfolios.

Tharshan Balenthiran
EB Wealth

EB Wealth Portfolio Performance



This chart shows year to date performance of our Moderate and Moderately Adventurous fund portfolios over the last five years. We have also included the IA OE Mixed Investments 40-85% returns and IA OE Flexible Investments as benchmarks. Please see the last page for more information in relation to the benchmarks along with further information on our portfolio returns.



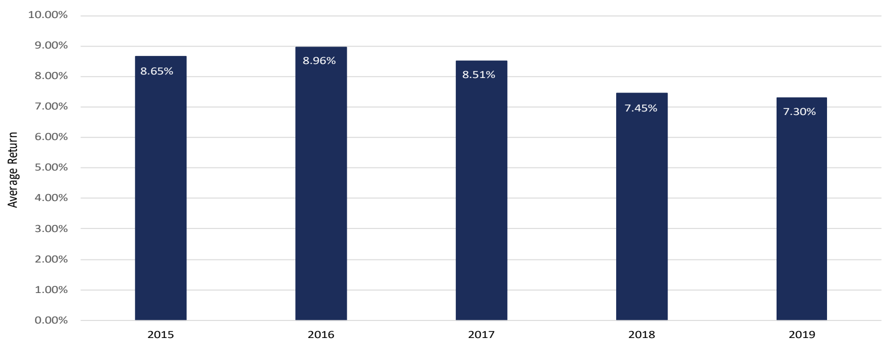
Discrete Annual Performance

This chart shows the discrete annualised performance of our Moderate and Moderately Adventurous fund portfolios over the last five years.

We also run Cautious, Moderately Cautious and Adventurous portfolios and information on these portfolios can be obtained upon request

Structured Product Average Return

This chart shows the average return achieved on our structured products recommendations on a discrete annualised basis.



Market Commentary UK

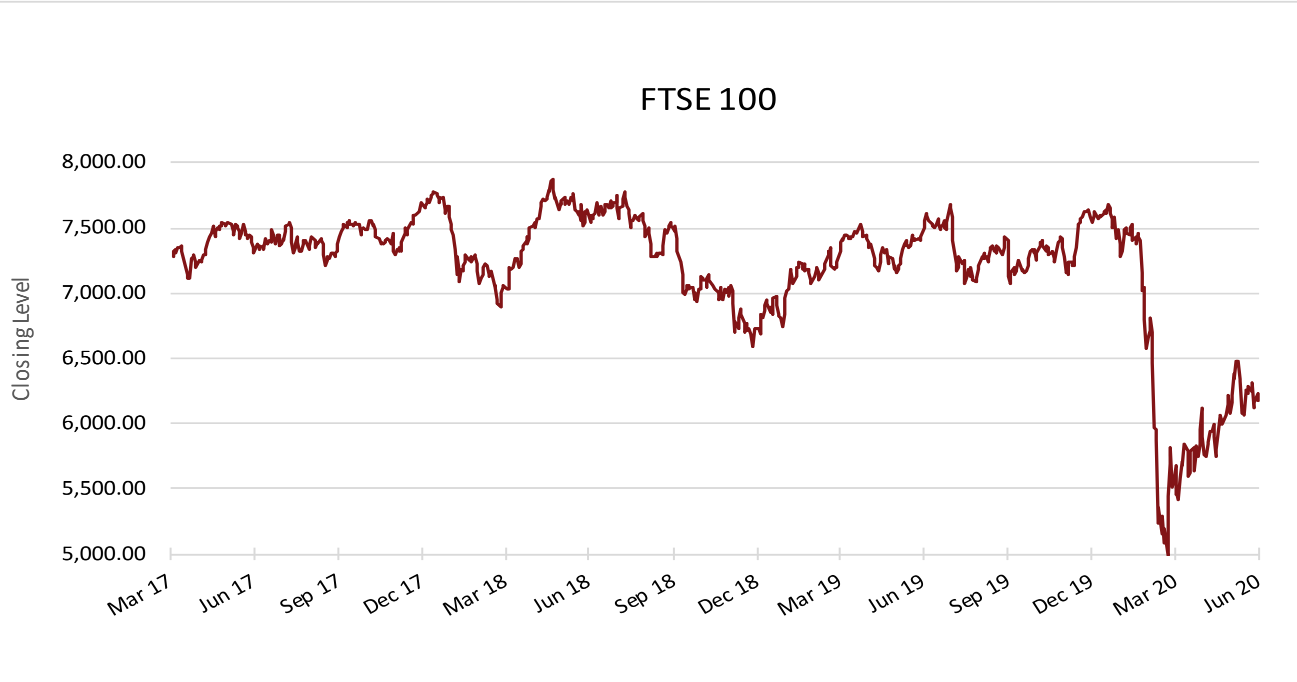
Macroeconomic Highlights 01/04/2020 to 30/06/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	16%	Fell from -3 %
Yearly Inflation	0.6%	Fell from 1.7%
Wage Growth Including Bonuses	-0.2%	Fell from 2.7%
Unemployment Rate	4.1%	Increased from 4.0%
Interest Rates	0.1%	Remained at 0.1%

Following the dramatic fall experienced in Q1, the index rebounded quickly due to investors backing a quick economic recovery following an overwhelming wave of support from central banks and taxpayers worldwide. Rishi's furlough scheme helped the economy and more importantly prevented unemployment numbers from spiraling out of control.

Despite the index pushing back above 6,000, more progress is needed. According to the Office of National Statistics, the UK economy suffered a record collapse, falling by 19.8% between April and June. This was fueled by the national lockdown that forced most shops to close, and consequently plunged the UK into a recession. In total, the UK economy has shrunk by 21.8% since 2019.

With most investors cautious that the recession could last well into 2021, it will be interesting to see whether the index will continue to recover in Q3. It should also be noted that most of the economic pain has been absorbed by the UK government.

Whilst the index has recovered well, we remain extremely cautious as there is a strong chance that there could be a "second spike" of COVID-19 cases, which could wreak havoc on the already weakened UK economy, and therefore reverse the gains seen in Q2.



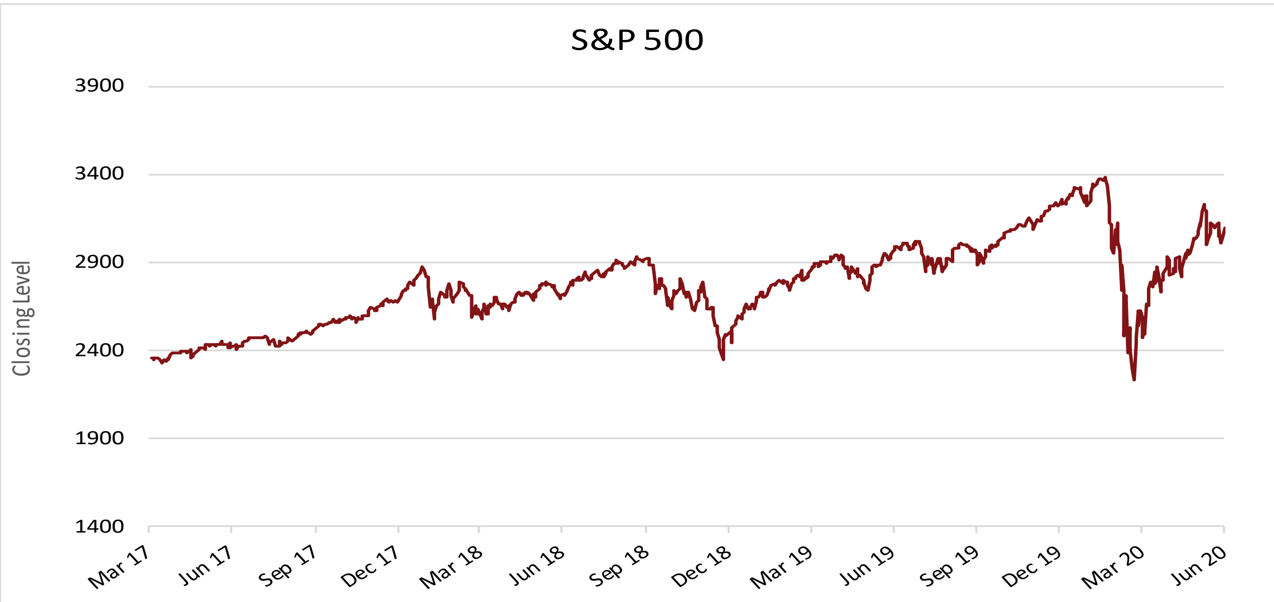
Market Commentary US

Macroeconomic Highlights 01/04/2020 to 30/06/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-31.4%	Fell from -5.0%
Yearly Inflation	0.3%	Fell from 2.1%
Wage Growth Including Bonuses	-3.94%	Fell from 3.23%
Unemployment Rate	13.1%	Increased from 3.8%
Interest Rates	0.25%	Remained at 0.25%

The S&P 500 carried on where it left off in Q1, by continuing recovery in Q2, leading to a growth of 20.5%, the strongest quarter in over 20 years. This growth was spurred on by the easing of lockdowns throughout the states along with the various stimulus packages that have totaled over $3 trillion. However, these stimulus packages have inflated the US budget deficit to record levels.

On another positive note, US unemployment dramatically reduced in Q2 from the spike that was seen at the start of lockdown, decreasing from 14.7% in April all the way down to 11.1% at the end of the quarter. All current signs point towards unemployment falling even further in Q3, possibly down to single figures, all of which should boost the recovery of the US economy.

In non-COVID-19 related news, Joe Biden has secured the democratic nomination. As a part of his campaign pledge, he has pledged to bring more manufacturing jobs to the US, especially in the automotive sector. With the US election in November being one of the most anticipated elections in recent history, we remain cautious given the results of the election could have a dramatic effect on the index.



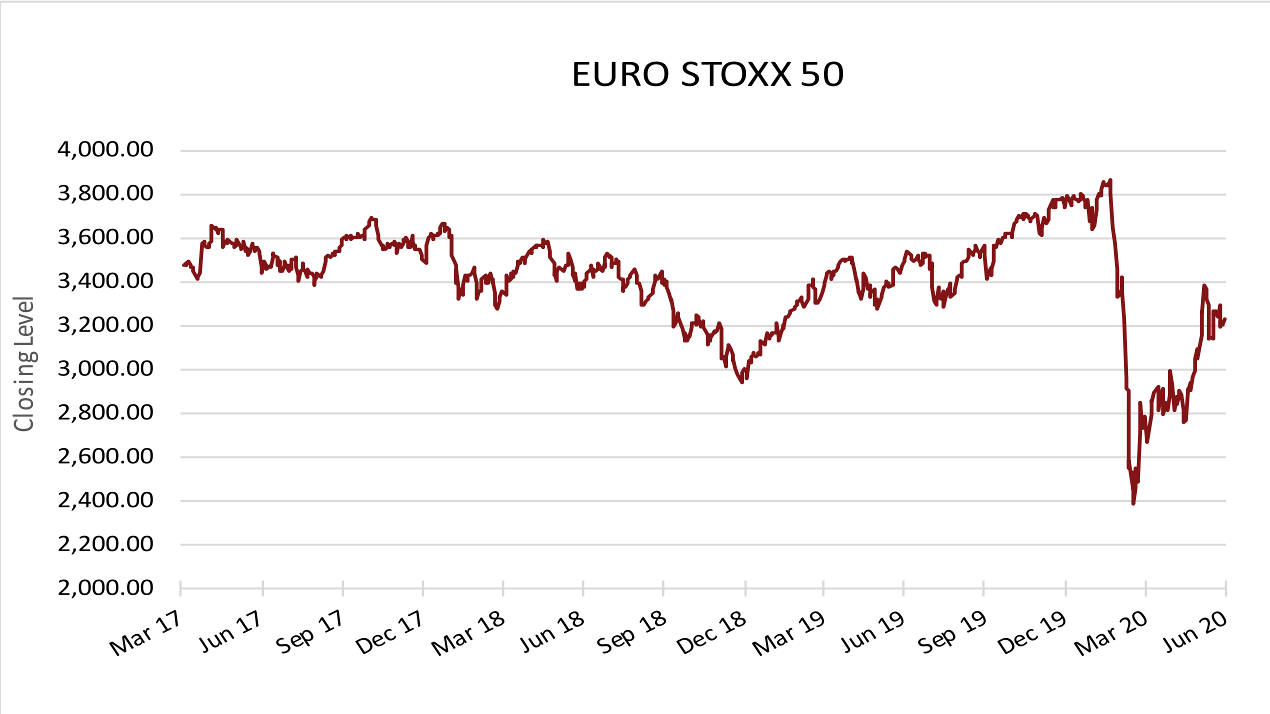
Market Commentary Europe

Macroeconomic Highlights 01/04/2020 to 30/06/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-11.7%	Fell from -3.7%
Inflation	0.2%	Fell from 1.1%
Wage Growth	4.5%	Increased from 3.7%
Unemployment Rate	7.6%	Increased from 7.3%

At the onset of Q2, most countries in the eurozone had implemented nationwide lockdowns, causing major economic disruption throughout the continent. It was only towards the end of May that countries started easing these lockdown measures, which could go some distance towards explaining why recovery in Europe has been slower than other regions. Europe was also labelled by the WHO as the epicentre of the COVID-19 pandemic in April, with over 200,000 deaths. However, towards the end of Q2, the situation has improved, with considerably less cases and deaths.

Despite the index recovering in Q2, GDP was still down by 12.1% in the eurozone, and by 11.9% in the EU. Towards the end of the quarter, the European Commission proposed a €750 billion fund, which should help the European economy with its recovery in Q3. All sectors in Europe posted a positive return in the quarter, as various fiscal support was provided by governments. However, the energy sector is still struggling, with oil prices remaining low.

Whilst Europe bore the brunt of the virus in April, it has made significant progress in reducing cases and the number of deaths since then. We believe that the economy will continue to recover throughout Q3, as lockdown eases even further across the continent.



Market Commentary Japan

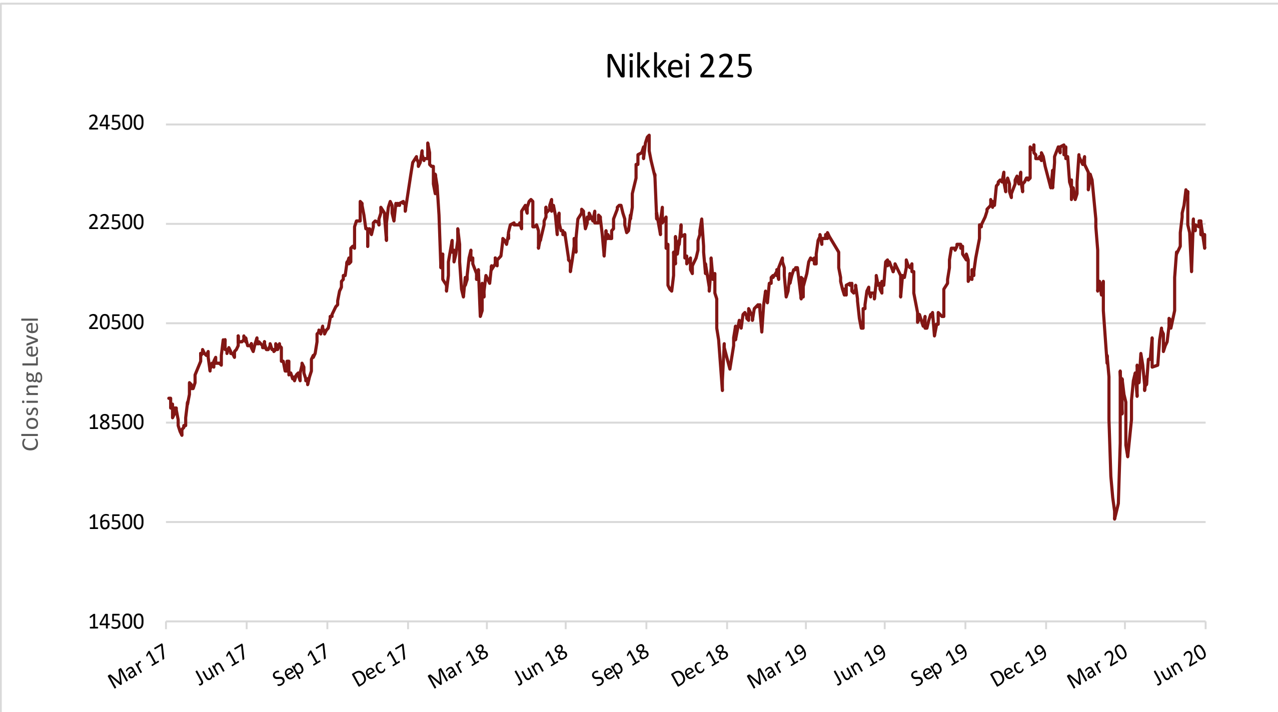
Macroeconomic Highlights 01/04/2020 to 30/06/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-1.9%	Fell from -0.5%
Inflation	0.1%	Fell from 0.5%
Unemployment Rate	2.8%	Increased from 2.4%

Japan has been spared from the worst of the COVID-19 pandemic, and this is reflected in the performance of the Nikkei 225 index, which almost recovered to pre COVID-19 levels in Q2. Japan has had relatively few deaths compared to major economic superpowers and, along with the fact that there was only a "soft lockdown" implemented by the Japanese government, the Japanese economy was still running strongly when other countries around the world came to a standstill.

The Japanese government provided 2.2 trillion in stimulus, to help boost consumer spending, which fell by 15.5% in Q2 compared to the previous year, even though disposable incomes jumped up by about 13.4% in the same period.

Despite the Nikkei Index recovering well during Q2, Japan's GDP fell by 7.8% in the quarter, a deeper contraction than the one it suffered after the 2008 global financial crisis. However, experts believe the economy did begin to grow again towards the end of the quarter and that this will be reflected in the figures for Q3.

At EB Wealth, we forecast that the Japanese economy will continue its strong recovery in Q3. However, with COVID-19 cases rising again towards the end of Q2, we remain cautious and will adjust our investment strategies accordingly.



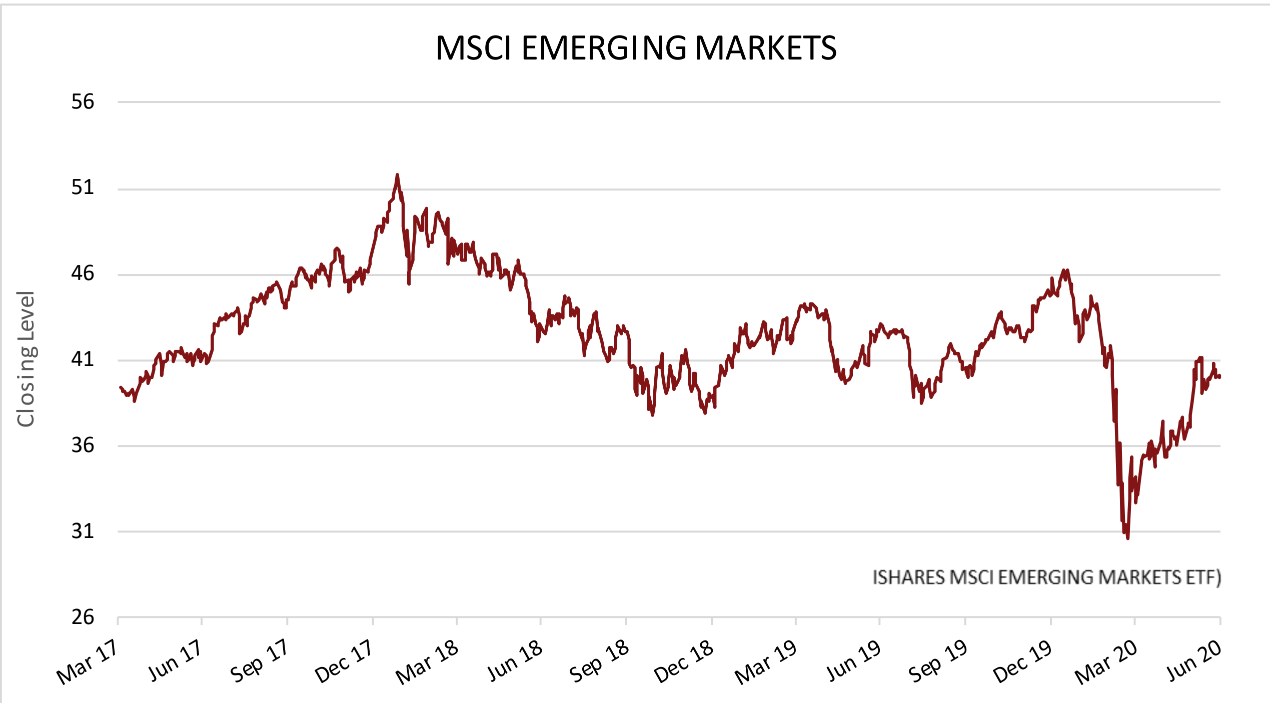
Market Commentary Emerging Markets

The MSCI Emerging Markets Index performed noticeably well during Q2, posting its strongest return in over a decade; this was despite the fact that Latin America became the epicentre of the virus in the latter half of the quarter. These returns were made stronger due to the weakness of the US dollar. If the dollar continues to be weak in Q3, we expect the countries who borrow substantially in US dollars, such as Argentina and Indonesia, to continue to post strong numbers.

The index was also boosted by China returning to some sense of normality, with the manufacturing industry, the heartbeat of the Chinese economy, returning to almost full capacity. The China-USA trade war has only seemingly reached a peaceful moment as both countries have stripped away tariffs that were implemented last year, paving the way for China to become the top trading partner of the USA again. How long this current agreement will last is anyone's guess. Perhaps after the US presidential election, we will have a clearer picture of how the trade war will continue.

China proposed a new security law in Hong Kong towards the end of Q2, which strained relationships with its trading partners and also resulted in a skirmish with India in the Himalayas, all of which dragged the index down slightly at the end of Q2.

We believe that the current signs show that the index will continue strongly in Q3. However, a lot of this will depend on whether there is a second wave of COVID-19 cases and China's political problems.

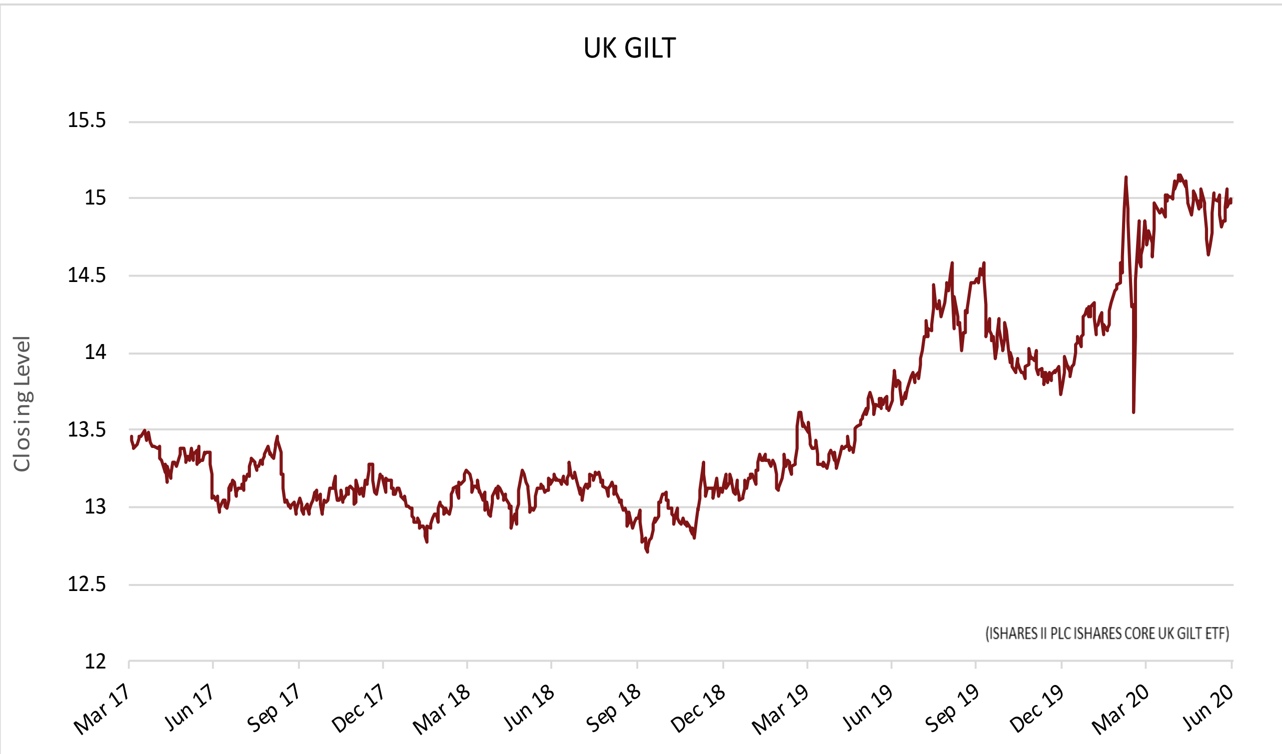


Market Commentary Fixed Interest

As with other financial crises in the past, the UK Gilt Index has continued to rise throughout Q2, expanding on its growth from the end of Q1. With the UK government enacting various schemes and policies to help support individuals and businesses, they needed to find a way to finance this. This was mostly financed through the selling of gilts, £167.8 billion of which was purchased by the Bank of England (BoE) in Q2, bringing gilts under BoE ownership up to a total of £745 billion.

BoE also purchased £6.1 billion of corporate bonds in Q2. With the future surrounding COVID-19 still very uncertain, longer maturity gilts have been outperforming shorter maturities, and unless a vaccine is discovered soon, this trend should be expected to continue well into 2021.

As the uncertainty from the pandemic continues, gilts and corporate bonds will continue to rise in price, as investors will continue to be cautious. With the UK government announcing recently that it is going to extend its furlough scheme and provide extra financial support for self-employed people, we believe now is a good time for clients to add gilts to their portfolios.



Our Tactical Allocation

Sector	Forecast	Position	Morningstar Moderately Adventurous Allocation (%)	Tactical Overlay (%)	Moderately Adventurous Final Allocation (%)
US	Unfavourable	Underweight	11	-2	9
UK Large Cap	Unfavourable	Underweight	22	-5	17
UK Mid Cap	Unfavourable	Underweight	8	-3	5
UK Small Cap	Unfavourable	Underweight	5	-3	2
Europe	Unfavourable	Underweight	13	-1	12
Japan	Fair	Neutral	7	0	7
Asia	Unfavourable	Underweight	4	-3	1
Emerging Markets	Favourable	Overweight	9	1	10
Property	Unfavourable	Underweight	5	-1	4
Commodities	Unfavourable	Underweight	5	-2	3
Global Fixed Income	Unfavourable	Underweight	2	-1	1
UK Gilts	Unfavourable	Underweight	2	-1	1
UK Corporate Bonds	Fair	Neutral	2	0	2
UK Inflation Indexed	Favourable	Overweight	2	2	4
Cash	Favourable	Overweight	3	19	22

Notes on EB Wealth Performance Statistics

Our Benchmarks

1. IA OE Mixed Investments 40-85% - this shows the average performance of all funds which qualify for the 'Mixed Investments 40-85%' sector which have the following characteristics:

- Include a range of different investments
- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US dollar, sterling & euro) of which 25% must be sterling
- Sterling requirement includes assets hedged back to sterling

This is broadly in line with what the industry used to refer to as a 'Balanced Managed' fund and is broadly in line with our Moderate as well as Moderately Adventurous portfolios. However, our portfolios have no set mandates as to the amount of exposure we hold in any specific asset class.

2. IA OE Flexible Investments - this shows the average performance of all funds which qualify for the 'Flexible Investments' sector which have the following characteristics:

- Include a range of different investments
- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement

This is broadly in line with what the industry used to refer to as "Specialist". Since we do not impose any asset allocation restrictions on our portfolios, this benchmark is relevant; however, currently our Moderate and Moderately Adventurous portfolios would also fall within the mandate to be considered IA OE Mixed Investments 40-85%.

3. RPI (Retail Price Index) - along with the CPI (Consumer Prices Index), the RPI measures consumer inflation in the UK. Whilst the official measure is now CPI, RPI is still used for many types of cost escalation and we believe is a more relevant figure for measuring real returns. RPI is currently running circa 0.9% higher than the official government CPI figures.

Structured Product Returns

The performance data provided is the average of all structured products we have recommended to clients over the last six years where the return of the product is known i.e. where a product has matured, or an income payment has been received. We have also weighted the performance figures based on the level of investment we have made i.e. if we recommended a greater level of investment in one particular product over another, we have weighted the performance figures accordingly.

As structured products are close-ended investments, clients will only benefit from returns on the products they own personally rather than the average figures published in this report. The average figures are provided to highlight the general benefit of using structured products to reduce the volatility of a portfolio without necessarily impacting the total return.

The structured product returns quoted in this report may change in subsequent reports due to the fact that products which we have recommended, but are yet to mature, have not been included in the returns quoted above. (For example, a five-year product with the potential to pay 6% a year which has not yet matured, will not be included in the figures above. Depending on the outcome of the investment, when the product matures, we will allocate either 6% or 0% a year to the preceding five years).

Our Services

Wealth Management

Pension / SIPP funding
Pension / SIPP investment management
Pensions in retirement / Income drawdown
ISA funding
ISA investment management
Trustee Investments
School Fees Planning
Managing estates under Power of Attorney

Personal Insurances

Life and Critical Illness Cover advice and brokerage
Family Income Benefit advice and brokerage
Mortgage Protection advice and brokerage
Income Protection advice and brokerage
Private Medical Insurance advice and brokerage
Tax Planning / Other

Pension funding and 'in retirement' tax planning

Inheritance Tax planning
Capital Gains Tax planning
VCTs, EISs, ISAs, Bonds
Financial Planning in relation to Marriage, Divorce or bereavement.

Corporate Services

Auto Enrolment and Company Pensions
Partnership/ Shareholder Protection
Key Person Insurance
Employee Benefit Programmes and Communication
Services for Charities
Business Exit Planning

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