

UK Equities

Chris St John & George Luckraft

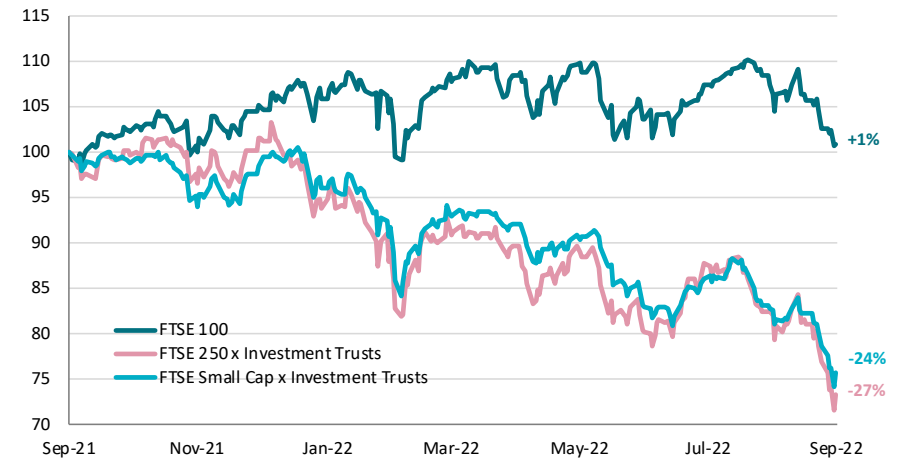
12 October 2022

UK Market Performance drivers

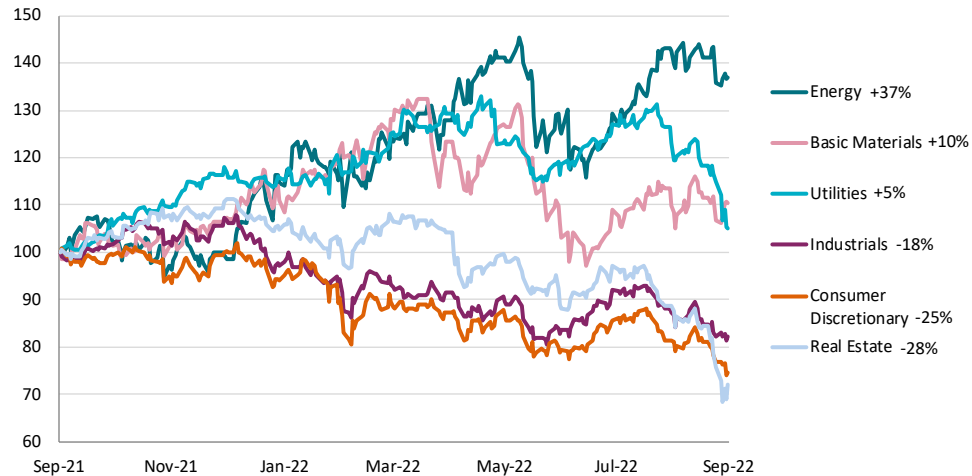
MSCI United Kingdom Growth vs Value



Market cap performance



FTSE All Share top & bottom sector performance

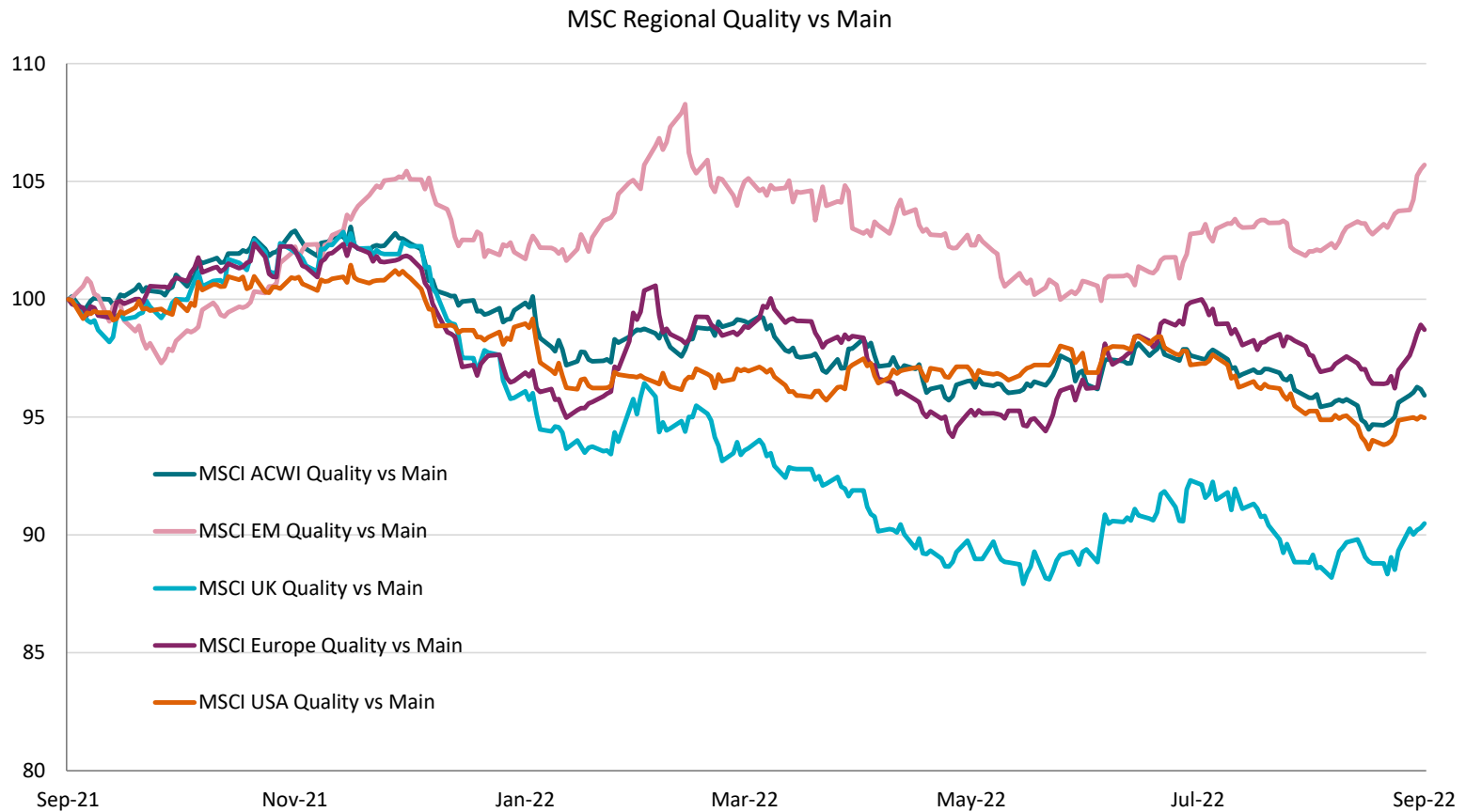


FTSE All Share top & bottom names by contribution to YTD return

	FTSE All Share average weight	Total Return	Contribution to FTSE All Share return
Shell Plc	5.57	40.69	1.46
AstraZeneca PLC	6.25	13.63	0.78
Glencore plc	2.41	44.87	0.75
BP p.l.c.	3.13	33.00	0.73
HSBC Holdings Plc	4.23	24.97	0.68
Ocado Group PLC	0.25	-71.58	-0.24
Barclays PLC	1.21	-21.09	-0.27
Flutter Entertainment Plc	0.72	-32.30	-0.30
Scottish Mortgage Investment Trust	0.61	-45.01	-0.34
Prudential plc	1.30	-37.75	-0.58

Source: FactSet, as at 30/09/2022. Total Return in GBP **Past performance is not a guide to future performance.**

Equity Style Factor Returns – to 30 September 2022

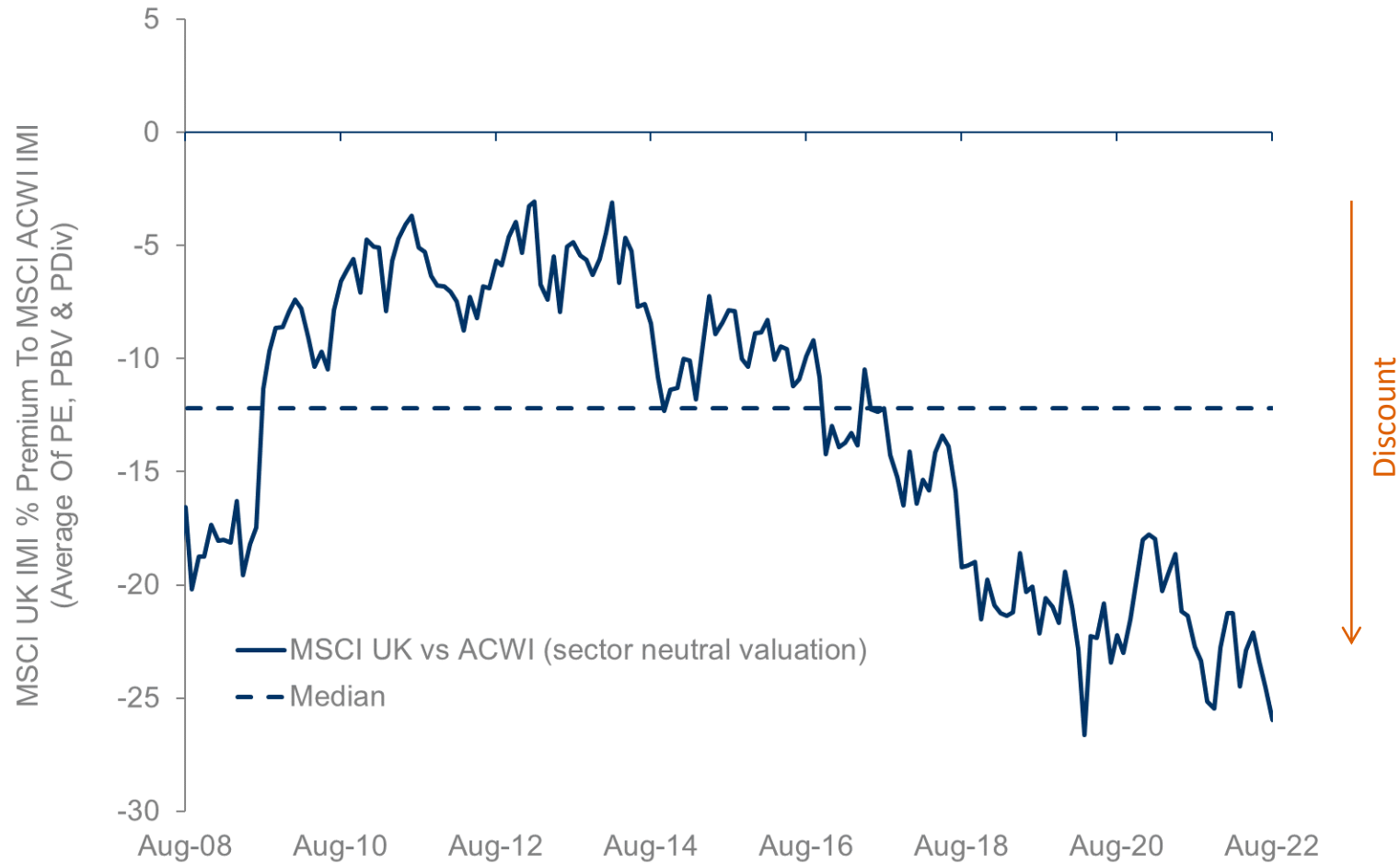


Quality:

- Low Debt to Equity, Low Earnings Variability and High Return on Equity

Valuations

UK versus Global Sector Neutral Average Valuation Premium



Sources : MSCI, IBES, Morgan Stanley Research Note : Average relative valuations use 12M forward data where available (forward P/E data starts in 1987) and trailing data where forward P/E not available. 31st August 2022

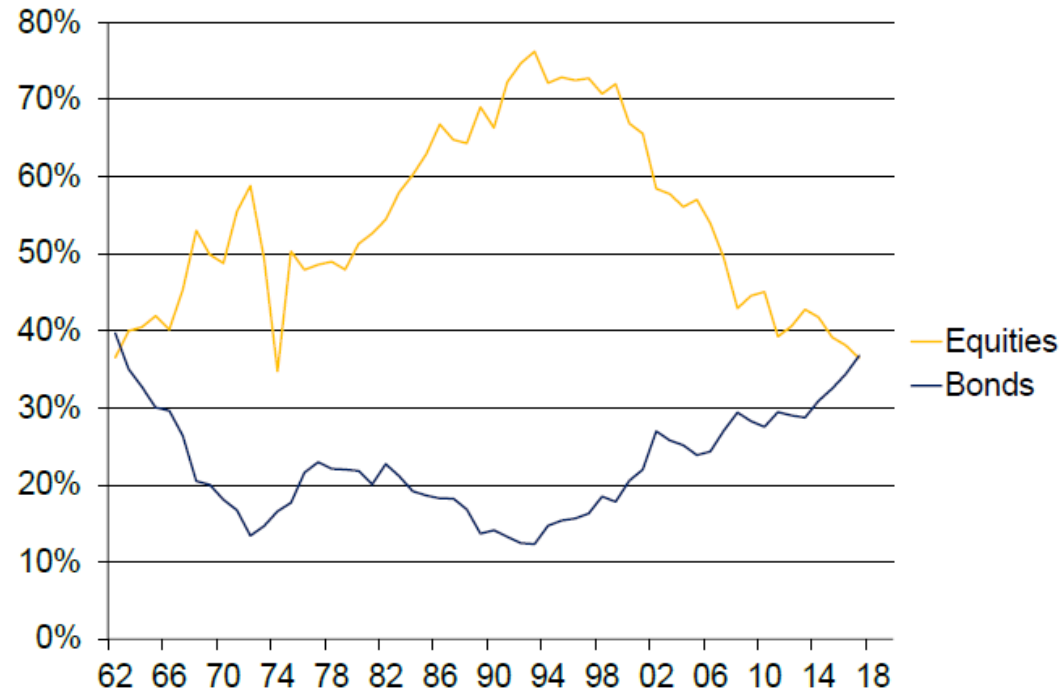
Current valuations reflect material earnings contraction

Example of Future PLC



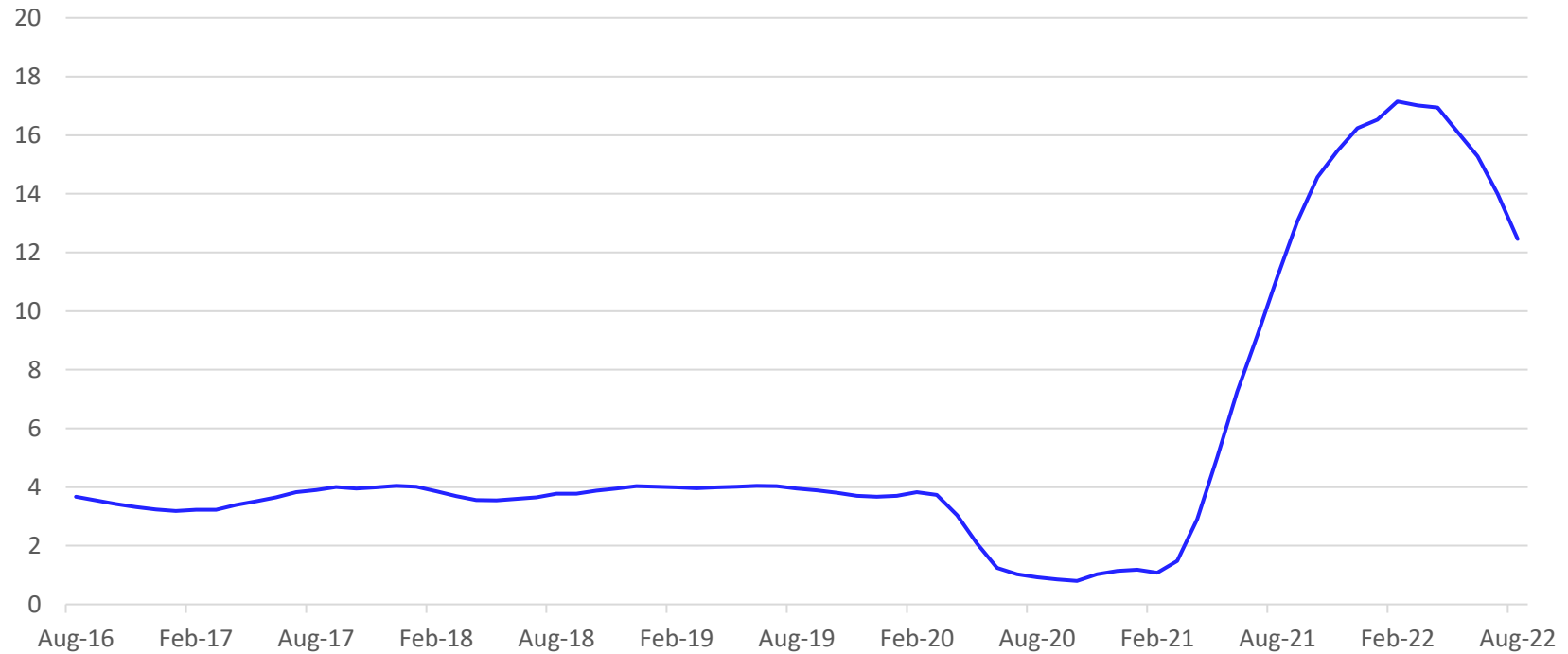
Source: Bloomberg as at 30/09/2022. *EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization.

Pension Funds driven substantial UK equity pressure



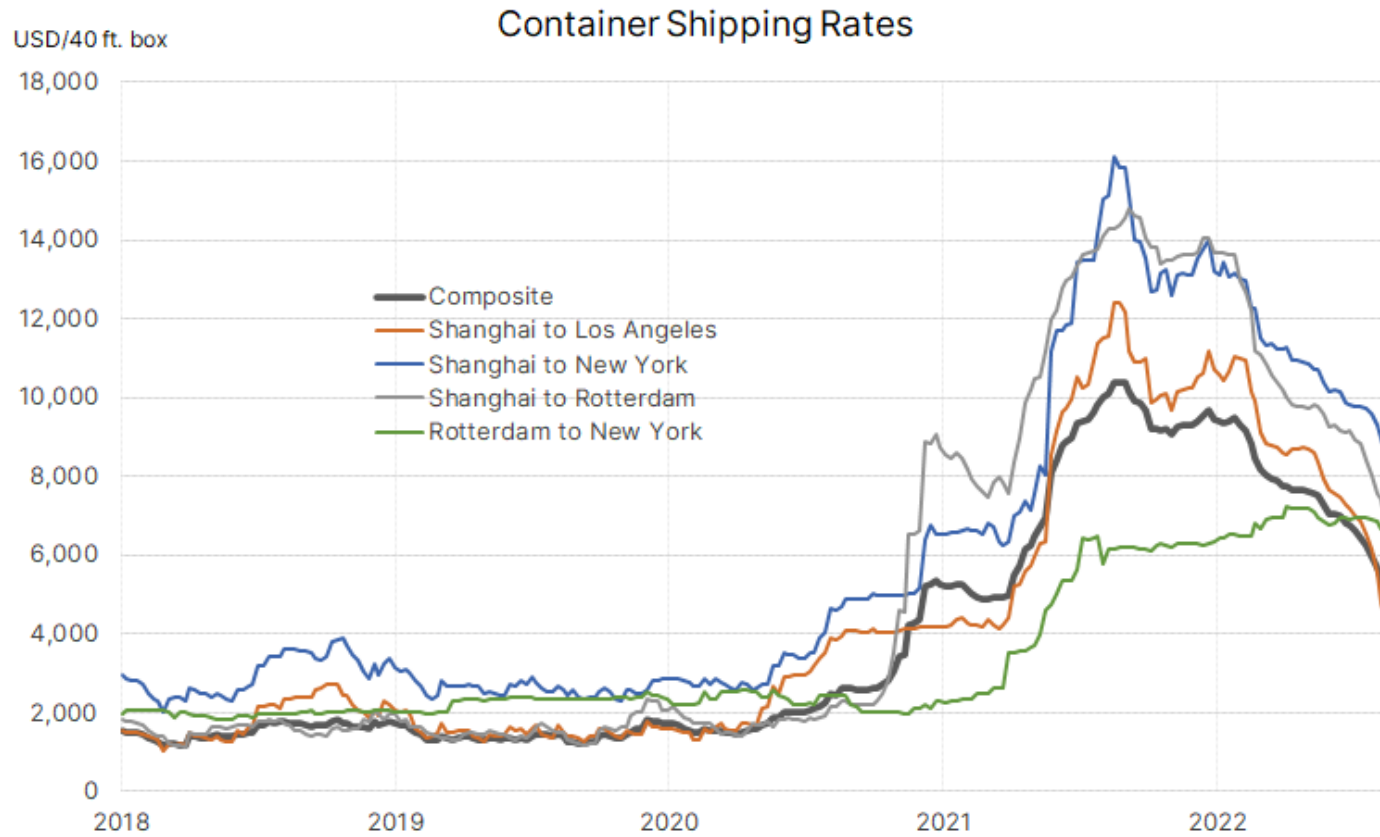
Source: Citi. As at 03/10/2022

Future Inflation – US Housing 30% of US CPI



Source: Bloomberg, US Zillow Rent Index All Homes YOY. Data to 31/08/22. For illustrative purposes only.

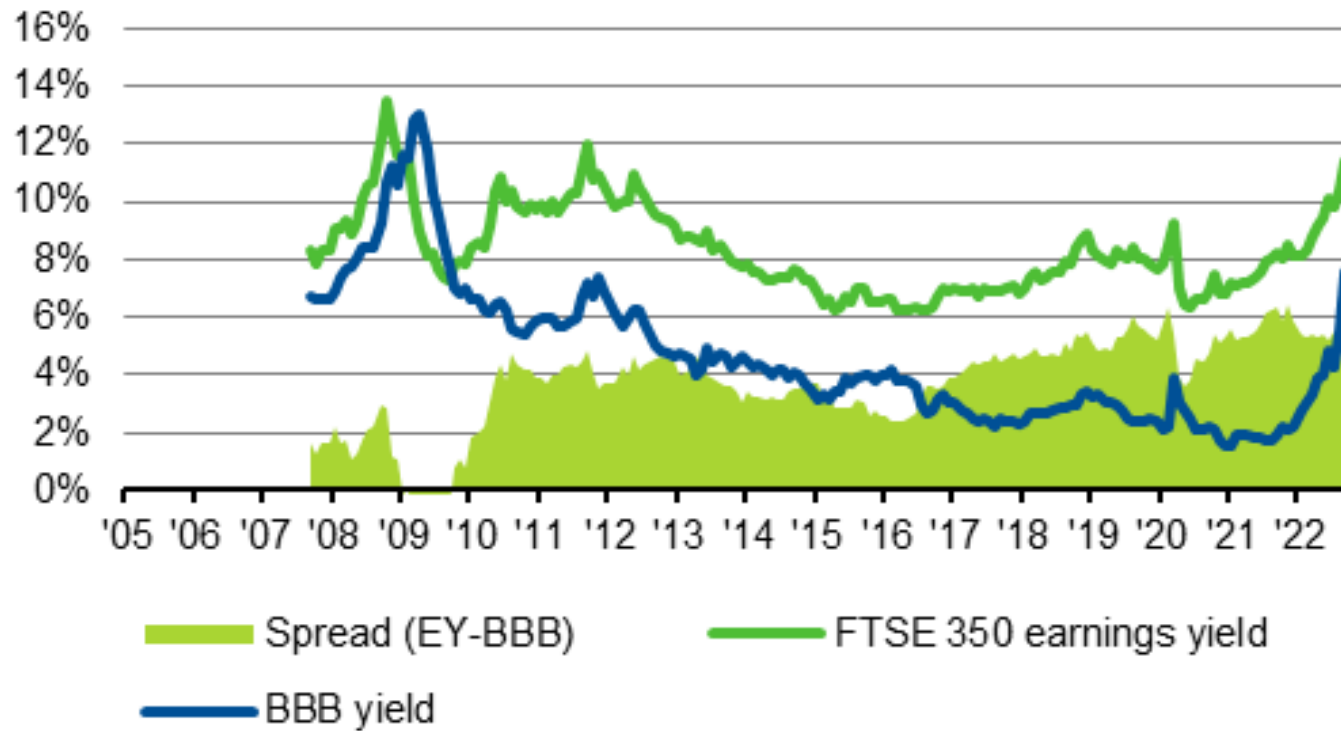
Costs deflating



Source: Drewry, Bloomberg & Saxo Group

Still cheaper to buy than build – despite recent move in rate

FTSE 350 historical earnings yield vs. BBB credit spread



Source: Liberum, Datastream. As at 06/10/2022

M&A – activity picking up

2022 activity year to date



Source: All confirmed takeovers and companies that have received approaches. As at 17/09/2022.

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