News, analysis and practical tips for the DIY investor

Brexit – one week on

What have markets and investors been doing since the Referendum? Laith Khalaf, senior analyst at Hargreaves Lansdown, comments

One week on from the Brexit vote, here are a few statistics which paint a picture of how markets and investors have reacted.

It's been a tumultuous week in the markets, full of price swings and contrasting fortunes. As we head into July we can expect more of the same, as the knock-on impact of the I

Global funds and shares have prospered from the Brexit aftermath, leaving UK domestic investments for dust, particularly those investing in small caps and mid caps, and finar

It's been a bad week for active managers who have typically underperformed the UK stock market, largely because they tend to have higher exposure to the mid cap index, wh

Private investors have been pretty sanguine in the face of the Brexit uncertainty, and have actually been buying more than they have been selling.

In a sign of the times, the vast majority of share deals have been placed online, with investors placing 9 times as many share trades by mobile app as they did by telephone.

Looking forward, in the midst of the uncertainty that exists, it's easy to overlook the positive effects a lower pound will have on the stock market. Indeed we have seen this in ac
likely to see a boost to their earnings when translated back into pounds and pence.

Uncertainty is a two way street, and while Brexit will no doubt prove to be a rallying cry for doom-mongers, it pays to keep a level head, to sort fact from opinion, and to form a I

A bad week for active mangers

Since last Thursday the average UK growth fund has returned -3.9% compared to a 1% gain from the FTSE All Share. This is because active managers tend to be more heavil

While this hasn't helped over the last week, holding a health slug of mid caps is a strategy which has served as a big tailwind to active managers over the long term:

	total return to 30th June 2016			
	1 week	5 years	10 years	20 years
FTSE 100	2.7%	31.7%	61.4%	243.2%
FTSE Mid 250	-6.1%	56.5%	127.5%	555.5%
FTSE Small Cap	-2.5%	55.9%	72.3%	245.7%
FTSE All-Share	1.0%	35.5%	68.8%	263.5%

Private investor activity

Private investors have been busy over the last week, we have seen four times as many share trades on our HL Vantage platform as in a typical week.

Buying activity has outpaced selling activity in a ratio of more than 2:1, with 70% of share trades being buys over the last week.

Around 90% of share deals were placed online, with a further 9% placed via mobile apps and 1% placed by telephone.

Which sectors have investors been buying and selling?

Please note the data below refers to flows into out of fund sectors and does not represent new monies entering or leaving the HL Vantage platform. Our Vantage clients hold fu
June to Thursday 30th June.

Out of the 39 fund sectors available, we have seen positive flows into 26 of those sectors. Here are the most popular and least popular sectors:

5 most popular fund sectors

1	Global
2	UK Equity Income
3	Specialist
4	GBP Corporate Bond
5	North America

5 least popular sectors

35	Global Emerging Markets
36	UK Smaller Companies
37	Europe Excluding UK
38	Property
39	UK All Companies

Private investors have been moving out of UK and European growth funds into global, US and income funds.

Global and US funds benefit from international diversification, which spreads risk away from the UK economy and also stands to benefit from a weaker pound.

UK Equity Income is always a popular choice with investors, but is perhaps particularly appealing now because in a low or no growth environment, with ultra-low interest rates,

The popularity of the Specialist sector is almost certainly down to the gold funds in this sector, in particular the BlackRock Gold and General fund which is in the top ten list of fu
in Sterling terms, as it is seen as a safe haven in times of distress.

Likewise bonds are seen as a safe haven, but with gilts yielding so little, Corporate Bond funds have proved popular because while in theory they are more risky, they at least c

Investors are clearly less bullish on the growth prospects for the UK and Europe. Global Emerging Markets funds have also seen outflows- while more remote from the UK, the

Commercial property funds are also in the firing line because if the UK economy weakens, prices could suffer. Some funds have already adjusted fund prices down in anticipati

Most popular shares bought by private investors

1	Lloyds Banking Group plc
2	Barclays plc
3	Taylor Wimpey plc
4	Legal & General Group plc
5	easyJet plc
6	Aviva plc
7	Royal Bank of Scotland Group plc
8	Barratt Developments plc

9	Persimmon plc
10	ITV plc

Most popular funds bought by private investors

In alphabetical order:

BlackRock Gold & General
CF Lindsell Train UK Equity
CF Woodford Equity Income
Fundsmith Equity
HSBC FTSE 250 Index
Legg Mason IF Japan Equity
Lindsell Train Global Equity
Marlborough Multi Cap Income
Marlborough Multi Cap Income
Marlborough UK Micro Cap Growth

Best and worst performing funds

The best performing funds over the last week have been driven by currency, with the Japanese Yen and Brazilian Real appreciating sharply against Sterling. Gold and gold sh

At the bottom of the table we find funds with lots of UK domestic exposure, in particular small caps, mid caps and financials. Steve Davies who manages the Jupiter UK Growth

However, it would be foolhardy to judge a manager's skill by one week's performance. Despite the recent fall the Jupiter UK Growth fund has still outperformed the average fun

	% growth
	23/06/2016 to 30/06/2016
Invesco Perpetual Japanese Smaller Companies	19.9%
WAY Charteris Gold Portfolio WAY	18.4%
Old Mutual Blackrock Gold & General	18.3%
BlackRock Gold & General	18.3%
Junior Gold	18.0%
Investec Global Gold	17.8%
Legg Mason IF Japan Equity A	17.3%
JPM Brazil Equity	17.1%
HSBC GIF Brazil Equity	16.6%
Neptune Emerging Markets	16.2%

Sanlam FOUR Active UK Equity	-11.5%
Threadneedle UK Mid 250	-11.5%
Saracen UK Income Acc	-11.7%
FP Charteris Property	-11.8%
Old Mutual Equity	-11.8%
CF Miton UK Value Opportunities	-12.0%
Saracen Growth Alpha	-12.0%
Barclays UK Lower Cap	-12.4%
Elite Webb Smaller Companies Income & Growth	-12.4%
Jupiter UK Growth	-13.9%

10 best and worst performing shares – FTSE 100

Price change from close on Thursday 23rd June to close 30th June:

Fresnillo PLC	32.7%

Randgold Resources Ltd	30.3%
Mediclinic International PLC	15.0%
Shire PLC	14.6%
AstraZeneca PLC	14.6%
Diageo PLC	13.8%
British American Tobacco PLC	13.3%
BP PLC	13.2%
Unilever PLC	12.3%
GlaxoSmithKline PLC	12.3%

Berkeley Group Holdings PLC	-23.2%
Lloyds Banking Group PLC	-25.1%
Dixons Carphone PLC	-25.1%
Barclays PLC	-25.9%
easyJet PLC	-29.2%
Barratt Developments PLC	-29.8%
International Consolidated Airlines Grou	-29.9%
Persimmon PLC	-31.0%
Taylor Wimpey PLC	-31.2%
Royal Bank of Scotland Group PLC	-31.5%

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