



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

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Church of Scotland – Deposit Fund Factsheet Q1 2024

Another quarter, another strong period for risk assets, with several equity indices reaching all-time highs. Resilient economic data lent further support to the soft landing narrative and Q4 earnings were solid enough for equities to maintain their positive momentum. The picture was less rosy for bonds however, with central bankers tempering expectations of early rate cuts as well as there being a few upside surprises in the latest inflation readings.

Actual monetary policy changes were once again few and far between, however, the Bank of Japan's remarkable monetary policy experiment came to an end in March, with the first interest rate hike in seventeen years. This also marked the first time in eight years that Japanese interest rates were in positive territory. At the other end of the scale, the Swiss National Bank became the first of the central banks with a G10 currency to cut rates in this cycle.

Against this largely positive backdrop, global equities posted strong returns, with the MSCI World Index up +9% during the period. Japanese equities continued their incredible run, with the Nikkei recording its best quarter since Q2 2009, with a return of +21.4%. The S&P 500 recorded back-to-back double-digit quarterly returns for the first time in over a decade, returning +10.6%, to reach a fresh all-time high. According to Deutsche Bank, the S&P was in positive territory for 16 of 18 weeks – the first occurrence since 1971. European equities were not far behind, with the Stoxx 600 returning +7.8%, also ending the quarter at a record high. UK equities lagged once more, with the FTSE 100 returning +4%. The laggards also included emerging markets, with the MSCI Emerging markets up +2.4%. Returns for this group were generally weighed down by underperformance from Chinese and Brazilian equities. Growth stocks continued to outperform value stocks, developed markets outperformed emerging markets and large cap stocks outperformed small caps.

Commodities enjoyed steady returns over the period, with the CRB Index returning +5.1%. Oil prices continued their sharp rebound, with Brent and WTI returning +13.6% and +16.1% respectively. Gold continued its strong momentum with a return of +8.1%. This was in defiance of rising US real yields, which gold has an inverse relationship to historically. Industrial metals also had a solid quarter, with copper prices up +3%. The poorer performing commodities were soft commodities, with weakness for the likes of corn (-6.2%) and wheat (-10.8%). Natural gas prices continued to fall also.

FUND HIGHLIGHTS

- Total Fund = £ 109 million (as at 31st March 2024)
- Invested with 5 Financial Institutions
 - £23.0 million maturing within 3 months
 - £32.0 million maturing within 4 to 6 months
 - £54.0 million maturing over 6 months

PLEASE NOTE: Deposits taken by the Deposit Fund are exempted from the Financial Services and Markets Act 2000, by virtue of the Financial Services and Markets Act 2000 (Exemption) Order 2001. Investments in the Growth and Income Funds and deposits in the Deposit Fund are **NOT** covered by the Financial Services Compensation Scheme.

Extracted from Thomas Miller Investment Manager's Investment Report for The Church of Scotland Investors Trust Deposit Fund as at 31 March 2024