Movement in Great Britain

Parliamentary elections will be held on the British Isles in July. The most important question is whether a future government will be able to stop the country's long decline. However, in view of the structural problems of de-industrialisation, demographics and Brexit, the outlook is bleak.

In the UK, industry accounts for around 9 % of gross domestic product. But in contrast to the United States of America, where the industrial share is currently around 11 %, the incentives and financial resources for re-industrialisation are lacking. And the self-imposed exit from one of the world's largest economic areas - the EU - has further weakened the UK's attractiveness, particularly for direct investment from abroad. The years of weak investment in the UK are a clear indication of this misery. The German government would be well advised to take a close look at developments in the UK. After all, the de-industrialisation that has long been underway and is desired by many politicians for climate protection reasons has long since reached Germany. Like the UK, the German economy is suffering from a pronounced lack of investment.

The decline of the UK has long been reflected in the poor performance of British stocks. It speaks for itself that the 40 stocks in the French CAC 40 are now worth more than the 100 stocks in the FTSE 100 Index. While the FTSE 100 Index has recorded an average annual performance of 5.8 % over the last ten years, the comparable figure for the American S&P 500 was 12.4 %. The DAX recorded a value of 6.4 % and the Japanese TOPIX rose by 11.4 % per year (both in local currency).

In recent weeks, however, the UK stock market has been noticeably buoyant. It is not least the favourable valuations on the island that have recently attracted attention. A number of takeover bids have sparked share price enthusiasm for some British dividend stocks. One example is the development of XP Power Ltd. The manufacturer of energy technology and inverters received a takeover bid from Advanced Energy. The situation is similar at the fund platform Hargreaves Lansdown, where private equity groups have registered takeover interests. Takeover rumours also concern the Bloomsbury publishing group and the Kingfisher DIY chain. The media company Future plc also had a spectacular year. The year-long fall in the share price has ended with a rapid 60 % jump since the end of April.

The upward movement on the

British stock market that has been observable for several weeks is characterised by great breadth. Shares from the second and third tiers of the stock market are suddenly participating in the upswing. Significantly increased interest in takeovers and mergers is fuelling the share price performance of a number of companies.

LOYS funds are also benefiting from the improved sentiment on the UK stock market. Without exception, all LOYS funds have an overweight UK position. While LOYS Aktien Europa has a good 30 % of its fund assets invested in UK dividend stocks, LOYS Premium Dividende, which also invests in Europe, has more than 50 %. Meanwhile, LOYS Global has a 20 % share of British equities and even LOYS Philosophie Bruns has a 14 % share. On balance, the good performance in May is therefore due not least to the upward trend in UK equities.

It now remains to be seen whether the forthcoming general election on 4 July will provide fresh impetus for the City of London.

Sincerely yours,

Fund managers and co-investors

Dr. Christoph Bruns Ufuk Boydak

This text was originally published in German.

Contact us

Gerrit Braith

Managing Partner Sales / Marketing

braith@loys.de

Tel. +49 (0) 69 2475444-01

Benjamin Hots

Sales Manager

hots@loys.de

Tel. +49 (0) 69 2475444-14

Peter Maser

Sales Manager

maser@loys.de

Tel. +49 (0) 69 2475444-02

Alexander Piira

Sales Manager

(LOYS Suisse AG)

piira@loys.de

Tel. +41-41 766 77 35

Impressum - Company Details

Publisher:

LOYS AG
Heiligengeiststr. 6-8
26121 Oldenburg

Contact us:

Telephone: +49 (0) 69-2475444-0
info@loys.de

Responsible person:

Ufuk Boydak
CEO LOYS AG
www.loys.de