INDEX INVESTMENT STRATEGY

August 30, 2019

As Britain struggled to chart a course towards an EU exit deal, U.K. stocks weighed heavily on the S&P Europe 350 in August, while sovereign bond prices rose across the continent.

The S&P Europe 350 declined 1.4%, with the Financial and Energy sectors leading the way down. Defensive equities gained, as Utilities and Consumer Staples both added 3.4%.

Sovereign yields notched new all-time lows in Italy, Germany and Greece as the market positioned for further central bank stimulus, and reacted to higher equity volatility. Bond indices ticked up across the board.

U.K. Prime Minister Boris Johnson effectively suspended parliament for much of the time remaining before the October 31st ‘Brexit’ deadline; fears of a “no deal” outcome helped send the S&P United Kingdom down to a 4% loss this month.

Switzerland was a bright spot: the region’s equities made the largest positive contribution to the S&P Europe 350, while the S&P Switzerland Sovereign Bond Index gained 4.4%.

Source: S&P Dow Jones Indices LLC and/or its affiliates. Data as of August 30, 2019 except* as of August 29. Index performance based on total return. Returns for indices containing more than one currency area are in Euros, otherwise local currency. DJ Sustainability™ Eurozone Ex-Agriculture, Tobacco, Gambling, Armaments & Firearms, and Adult Entertainment Index. Charts and graphs are provided for illustrative purposes. Past performance is no guarantee of future results. For more information, please visit our website at www.spglobal.com
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