

# Market Maps

## Monthly Performance Report

FTSE  
Russell

### Full Year 2021 (GBP Edition)

#### Overview of 2021: Stocks score another blockbuster year

Stocks rode reopening tailwinds to new heights in 2021, ultimately overcoming bouts of risk-off turbulence fuelled by new virus outbreaks, surging inflation and the looming withdrawal of crisis-driven policy support. As Fed signals grew progressively hawkish, US Treasury yield finished higher (albeit below Q1 peaks), the US dollar soared and gold fell.

#### Global Asset Classes

Most equity markets delivered double-digit gains in 2021, as did oil and other commodities. Inflation-linked bonds strongly outperformed government and corporate bonds, which ended flat or lower. Gold lost ground, despite a Q4 rebound. (page 3)

#### Global Equity Markets

Canada, northern European markets (led by the Netherlands) and the US topped developed-market returns, far outpacing markets in Asia Pacific and Japan. Emerging markets ended flat, weakened by double-digit losses in China and Brazil. (page 4)

#### Industry-Weighted Performance Contributions

Cyclically sensitive industries generally outperformed defensive stock groups. Though technology dominated US returns, industrials and financials were among the strongest contributors across markets. (page 5)

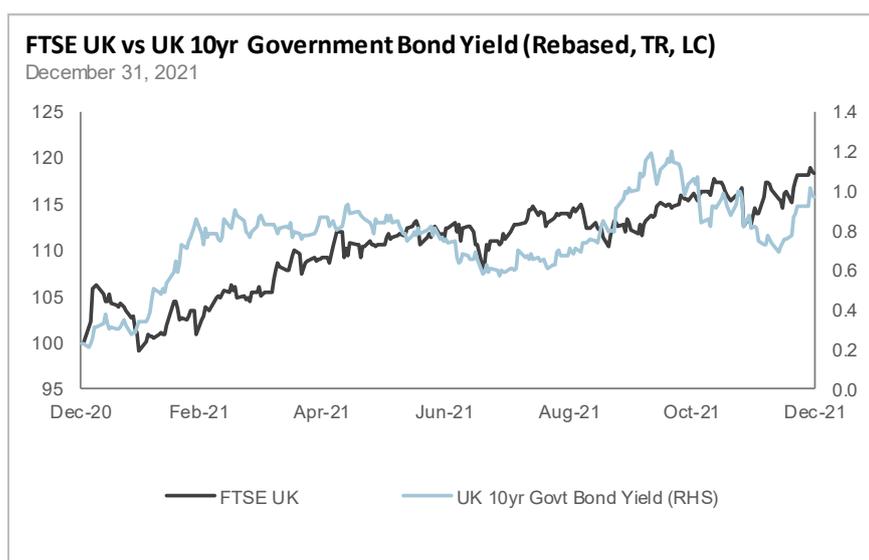
#### Alternative Indices: REITs, FTSE4Good, Environmental Opportunities & Infrastructure

REITs outperformed in most markets (ex EM and Eurozone) and vs other alternative indices in 2021, particularly in the US. Despite strong Q4 rebounds, returns for regional Environmental Opportunities were modest. Infrastructure fell, particularly in EM. (page 8)

#### Foreign Exchange

The US dollar rallied strongly vs most developed and emerging-market currencies, with the yen and the Turkish lira suffering the sharpest declines. Sterling strengthened against both the yen and euro. (page 9)

**Appendix** - Asset Class Risk/Returns (1-Year and 5-Year Annualised), Correlation, Regional Performance and Country Exposure.



**+18.4%**

FTSE 100 Total Return  
FY 2021

**+16.9%**

FTSE 250 Total Return  
FY 2021

**+53.0%**

Move in Oil Price  
FY 2021

**+74 bps**

Move in UK Gilt 10yr Yield  
Since January 1, 2021

**+33.1%**

FTSE UK Energy  
Total Return FY 2021

**+10.1%**

FTSE UK Staples  
Total Return FY 2021

#### For professional investors only

Source: FTSE Russell and Refinitiv. Data as of December 31, 2021. Past performance is no guarantee of future results. Please see the end for important legal disclosures.

## Market Milestones in 2021 – Markets ride shifting recovery crosswinds

### Highlights

**Vaccine/reopening euphoria (Q1)** Rotation into small-cap cyclical stocks accelerates as vaccination rollouts, passage of a massive US relief bill and continuing ultra-easy central-bank policies boost confidence in the global recovery. Markets hit turbulence in March amid a supply-side pick-up in inflation and sharp spike in US Treasury yields.

**Risk rally momentum (Q2)** Risk rally continues despite notable (albeit short-lived) reversals in May and June in reaction to surging commodity prices, supply and labour shortages and less dovish signals from the Fed and other major central banks. Small-cap value rally loses traction.

**Delta/inflation headwinds (Q3)** Equities end period with modest gains or losses following a steep September sell-off sparked by higher-than-expected inflation readings, hawkish central-bank pivots, rising Delta variant cases and China's widening regulatory crackdown. Large-cap growth stocks outperform small-cap value counterparts.

**Omicron/Fed tightening talk (Q4)** Threats to global growth from the fast-spreading Omicron variant, looming central-bank tightening and fading hopes for another big US spending bill spur risk-off sentiment and volatility in final stretch of the quarter, weighing particularly hard on developed Asian and emerging markets.

### Main Q4 Events

- US unemployment falls to 4.2% (Nov) vs 4.8% (Sept); avg. hourly earnings up 4.3% YoY (Nov) vs 4.2% (Sept).
- US core CPI rises to 4.9% YoY in Nov, vs 4.6% prior month.
- At Dec meeting, Fed announces plans to double monthly QE tapering to \$30BN in Jan. 2022 and signals 3 rate hikes.
- ECB's Lagarde confirms plans to double asset buying temporarily to cushion the ending of its Covid-19 emergency programme in Mar 2022.
- BoE first among G7 to lift policy rate (by 15bps) at December meeting, after unexpectedly leaving it unchanged in Nov.
- PBOC makes 0.5% cut to bank reserve requirement ratio; and reduced one-year loan prime rate by 5bps; officials send out dovish signals, pledge further policy support.
- BoJ lengthens timeline for withdrawing from emergency programmes; extends loan assistance to small/mid-size firms.
- December flash PMI output composites slides to 56.9 vs 57.2 (Nov) in the US; to 53.2 (vs 57.6) in the UK; to 53.4 (vs 55.4) in the Eurozone; and to 51.8 (vs 53.3) in Japan.
- China's Caixin manufacturing index fell just below expansionary 50 level in Nov, a 19-month low.
- OPEC+ sticks to current plans to add 400K barrels/day each month through 2022; US and other nations tap oil reserves.
- Debt-laden China Evergrande announces plans to "actively engage" with creditors on a restructuring plan after missing payment deadlines.

### FTSE UK vs FTSE All-World ex UK Indexes (Local Currency, TR, Rebased)

