



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

121 GEORGE STREET EDINBURGH EH2 4YN

0131-225-5722

e-mail: investortrust@churchofscotland.org.uk

Church of Scotland – Deposit Fund Factsheet Q1 2025

After a tricky February, albeit one with good returns, March was a period where market fears manifested once more in risk-off behaviour. This was felt most keenly within equities, however, bonds also struggled as an increasingly bellicose President Trump announced aggressive tariff measures, going beyond anything seen in his first term. With this shift towards America first and its associated trade policies, the US economy faces further headwinds to its growth outlook, which was appearing to soften in the months prior. Inflation concerns also persisted, with tariffs seen as inflationary in nature. This combination of potentially slower growth and above target inflation meant investors became increasingly concerned about stagflation and the difficulties faced by the Federal Reserve.

Against this backdrop, US Treasuries attracted further safe haven demand, returning +0.2% for March and +0.2% for the quarter. It was a different story for Europe though. Germany's decision to remove their debt brake and spend huge sums on infrastructure and defence put pressure on European Sovereign bonds, with significant new issuance expected to fund these new spending programmes. Consequently, returns on European sovereign bonds turned negative for the year after returning -1.8% in March. Gilts also had a tough time in March (-1.2%) but managed to stay in positive territory for the year, with the chancellor's spring statement placating bond investors.

For equities, fears over potential stagflation led to a significant risk-off move in March. The S&P 500 suffered its worst monthly performance since 2022, returning -5.6% and entering negative territory for the year. The Magnificent Seven fared even worse, ending the quarter in bear market territory, with big tech valuations under further pressure. Europe was down in March (-3.7%) but held onto gains for the quarter (+5.9%). This was down to the outperformance of certain sectors such as defence companies and financials, which continued to outperform on the prospect of significant fiscal stimulus in Germany. The FTSE 100 performed similarly to other European markets: down -2% in March but up +6.1% for the year. With continuing hints of future stimulus coming from the Chinese Government, emerging markets were benign during the period, returning +0.6% in March and +3% for the year. A stronger Yen continued to provide a headwind for Japanese equities as the Nikkei returned -3.4% in March, taking the year-to-date loss to -9.9%. Global value stocks were the big winner, with the MSCI World Value Index outperforming its growth equivalent by approximately 13% in Q1.

Commodity were strong in March, with copper's return of +11.5% the standout performer, closely followed by gold and silver at +9.3% and +9.4% respectively. Gold reached a fresh all-time high on fears of resurgent inflation. The oil price crept up slightly during the month (+2.1% for Brent Crude), ending relatively flat on the quarter.

Within currencies, the US Dollar was weak, with the Dollar Index falling -3.2% in March, taking it into negative territory for the year. The Japanese Yen was also weak during the period. Sterling managed to gain versus the Dollar but fell -1.5% against a stronger Euro.

All figures quoted are local currency returns (and USD returns for commodities).



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

121 GEORGE STREET EDINBURGH EH2 4YN

0131-225-5722

e-mail: investortrust@churchofscotland.org.uk

FUND HIGHLIGHTS

- Total Fund = £ 146.5 million (as at 31st March 2025)
- Invested with 8 Financial Institutions
 - £74.0 million maturing within 3 months
 - £38.0 million maturing within 4 to 6 months
 - £34.5 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.