

**PRESS RELEASE**

**4 February, 2020**

**Stocks and shares investment falls marginally in Q4 2020 as demand levels off, but investors come rushing back in January amid retail investor surge**

- *Scottish Friendly's latest Investor Index reveals the number of new stocks and shares ISA policies opened in the three months to December fell by -3%*
- *The value of new investments in Q4 is down -24% on the peak recorded in Q2 2020*
- *However, sales in January increased 33% year-on-year to reach a new record high*
- *Demand for investments in stocks and shares ISAs among 18 to 34 years olds is rising again and the value invested is up nearly 10% quarter-on-quarter*

The number of new stocks and shares ISA policies opened in Q4 2020 fell marginally by -4% on Q3 as investor demand reached its lowest level since the first quarter of 2020 (see figure 1), according to Scottish Friendly's Investor Index.

However, latest figures show that amid a surge in retail investor activity, Scottish Friendly's January sales hit a new high last month, up by a third (+33%) year on year.

Scottish Friendly's Investor Index tracks adult investment ISA policy sales and the total value of these new policies among Scottish Friendly's UK-wide customer base, with quarterly activity measured against a base rate of 100.

The value of all new investments in Q4 2020 is equal to Q3 and remains down by -24% on the peak seen in Q2 2020.

The latest Index figures show levels of new investment into stocks and shares have levelled off following a rush of activity in the second quarter of 2020, when official data revealed that the UK household savings ratio had reached an all-time high of 29.1%.

Since Scottish Friendly started tracking the Index data in Q1 2019, older investors have consistently been the most active. However, while new policy sales and new policy value dropped among investors in the higher age brackets (35 to 49 and 50 to 64) in Q4, demand has increased among younger investors (see figure 2).

The number of stocks and share ISA policies opened by people aged 18 to 34 rose by +4% quarter on quarter while the value of new investments was up +9% on Q3.

There is also evidence of a clear gender swing when looking at how investment activity has changed year-on-year. New policy sales and new policy value were both higher among women in Q4 2019 but they have dropped by -4% and -21% respectively in Q4 2020 (see figure 3).

In contrast, new policy sales among men increased during this period, up +15% year-on-year in Q4 2020. New policy value is down slightly (-4%) among male investors quarter-on-quarter but considerably less than among female investors.

**Kevin Brown, savings specialist at Scottish Friendly said:** “The past 12 months have been particularly volatile for the Index and it shows how investors’ interaction with stocks and shares has swung wildly.

“In 2019, the Index was relatively stable with minor fluctuations in new policy sales and value, but as the pandemic struck in Q1 2020 we saw a huge drop off in activity before a big spike in the three months to June. A period of levelling off then followed in the second half of the year and in the run up to Christmas, which traditionally impacts households’ capacity to save.

“Early in 2021, we are seeing another new wave of activity as interest from retail investors spikes once again and we expect this increased demand will continue throughout much of Q1.

“The long-tail of the Wall St blitz seems to be galvanising many retail investors and while not everyone may be willing to start trading stocks, it is helping to contribute to increased stock market awareness.

“At Scottish Friendly, we try to break down the barriers to investing and we are encouraged to see more people being introduced to stocks and shares at a time when cash returns remain at record lows.”

*Remember that the value of investments can go down as well as up and you could get back less than you paid in.*

*Tax treatment depends on individual circumstances which can change in the future.*

**-ENDS-**

**Figure 1: Total UK stocks and shares ISA sales**

Quarter	New Policy Sales	New Policy Value
Q1-2019	100	100
Q2-2019	96	94
Q3-2019	103	102
Q4-2019	102	101
Q1-2020	80	72
Q2-2020	112	119
Q3-2020	111	91
Q4-2020	107	91
Change from previous quarter	-3%	-1%
Change since Q1 2019	+7%	-9%

**Figure 2: Total UK stocks and shares ISA sales by age**

Quarter	New Policy Sales			New Policy Value		
	Aged 18 to 34	Aged 35 to 49	Aged 50 to 64	Aged 18 to 34	Aged 35 to 49	Aged 50 to 64
Q1-2019	100	100	100	100	100	100
Q2-2019	95	89	107	77	90	108
Q3-2019	91	99	116	89	95	120
Q4-2019	93	96	119	84	102	119
Q1-2020	74	77	87	62	74	76
Q2-2020	113	105	126	111	112	135
Q3-2020	91	108	133	68	90	123
Q4-2020	95	100	129	74	84	117
Change from previous quarter	+4%	-7%	-3%	+9%	-7%	-5%
Change since Q1 2019	-5%	+0%	+29%	-26%	-16%	+17%

**Figure 3: Total UK stocks and shares ISA sales by gender**

Quarter	New Policy Sales			New Policy Value		
	Females	Males	Female vs Male	Females	Males	Female vs Male
Q1-2019	100	100		100	100	
Q2-2019	91	101	90	98	90	109
Q3-2019	103	103	101	110	98	112
Q4-2019	105	99	107	114	93	123
Q1-2020	77	82	93	73	70	105
Q2-2020	104	120	87	119	118	100
Q3-2020	112	109	103	103	85	121
Q4-2020	101	114	88	90	89	101
Change from previous quarter	-10%	+5%		-12%	+6%	
Change since January 2019	+1%	+14%		-10%	-11%	

**Methodology (defined by Union Data):**

The Scottish Friendly New Investor Index measures the quarterly status of the UK savings and investment market using adult stocks and shares ISA sales data from Scottish Friendly.

The Index was initiated in Q1 2019 and this quarter was scored as 100, providing a benchmark for future editions of the New Investor Index. A score greater than 100 indicates performance higher than in Q1 2019 while a score lower than 100 will indicate contraction in the savings and investment market vs that quarter. Similarly, a lower index than a previous quarter indicates market contraction while a larger index score indicates an increase in the savings and investment market.

This index is designed to be as reflective of the whole of the UK savings and investment market as possible. To ensure that any observed changes in the Index are not directly associated to Scottish Friendly’s specific market performance or marketing strategies our data analytics partner, Union Data, have converted the raw sales data to indices using models to:

- Protect commercial sensitivities within the data
- Remove seasonality inherent within the data, for example, ISA sales tend to peak at the beginning and end of the tax year (April 5th)
- Remove factors specific to Scottish Friendly’s performance within the wider savings and investment market including the size of the customer base and marketing budget

More technical details available on request.

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**Editors notes:**

**About Scottish Friendly**

Scottish Friendly is a leading UK mutual life and investments organisation. It provides investors and their families with a wide range of investment and protection solutions and provides life and investment products and services to other financial organisations.

Scottish Friendly has roots stretching back to 1862. Established as the City of Glasgow Friendly Society, its name changed in October 1992 when it took over Scottish Friendly Assurance.

In recent years Scottish Friendly has significantly restructured its business. The Group has flourished through a three-part growth strategy of organic growth, mergers and acquisitions, and business process outsourcing.

[www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk)

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