**PRESS RELEASE**
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# Scottish investors flooding into stocks and shares ISAs as sales outpace the rest of the UK

- *Scottish Friendly's Investor Index reveals the number of new investments into stocks and shares ISAs by Scottish Investors during Q3 2020 is up 28% year-on-year*
- *The number of new policy sales across the UK rose by just +7 in the three months to September*
- *Investment in stocks and shares ISAs by older investors in the UK continues to rise but the among of money invested by 18 to 34 years olds has fallen by -31% quarter-on-quarter*

The number of new investments into stocks and shares ISAs by Scottish investors during Q3 2020 has increased by +28% year-on-year, outpacing the level of demand recorded across the rest of the UK, according to Scottish Friendly's latest Investor Index.

The *Investor Index* tracks the number of new investments into stocks and shares ISAs and the total value of new policies among Scottish Friendly's UK-wide customer base, with quarterly activity measured against a base rate of 100.

The number of new investments into stocks and shares ISAs during Q3 in Scotland was higher than all previous quarterly readings from across the UK since Q1 2019 when the first Index data was captured (see figure 1).

The number of new policy sales across the UK rose (+7%) for the second consecutive quarter in Q3 2020, suggesting that stock market confidence is returning after demand dropped in the first three months of the year.

However, the total value of new investment into stocks and shares ISAs among UK investors dropped by -9% between Q2 an Q3 2020. In Scotland, it fell by just 1% and is still up by more than a fifth (22%) on Q3 2019.

Meanwhile, the Index also reveals that the value of contributions from younger investors (18-24-year olds) in the UK fell by -31% quarter-on-quarter and has fallen -14% since Q3 2019.

In sharp contrast, the value of new investments among investors aged 50 to 64 rose by +7% in the three months to September and is up +20% on the same period in 2019.

Official data from the Office for National Statistics reveals that younger adults, particularly those aged under 24, were hit hardest by unemployment during the second wave of the pandemic. In the three months to October, employment decreased by 90,000 to a record low of 3.51 million for this proportion of Britons[1].

The impact the pandemic is having on younger people's jobs and income explains why the level of investment from 18 to 34-year olds has fluctuated more heavily in the past 12 months than it has among older investors.

Since Q1 2019, the Index reveals three instances when investment among 18 to 34-year olds has fallen quarter-on-quarter, whereas among 35 to 45-year olds and those aged 50 to 64, investment fell only in Q1 2020 when the pandemic first struck.

**Kevin Brown, savings specialist at Scottish Friendly said:** "The overall uptick in new investment is a positive sign that Brits' confidence with investing is beginning to return. The first three months of the year proved a difficult time for markets, and the level of investment in stocks and shares reflected this.

"The easing of lockdown restrictions in Q3 seems to have gone some way to reassuring investors to return to stocks and shares. Some people have been able to set a little extra aside, which may have contributed to the surge in investments. However, we are not seeing this upward trend right across the board as younger investors, particularly those aged 18 to 34, have bowed away from investing.

"There are several factors that could be at play here, including the fact that these adults are more likely to have young dependants and therefore have less money to continually save and invest. In these uncertain times, a more irregular approach to saving could prove a better method for younger families. Putting away a small amount whenever possible can still be an effective way to build up a significant pot over the long-term.

"As lockdown measures fluctuate and we approach the end of the year, we expect total UK investments to decrease, with an upsurge during the first half of next year as people begin to rebuild their finances after Christmas."

*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-**

[1] Employment in the UK: December 2020, Office for National Statistics

### Figure 1: Total sales of stocks and shares ISAs by region

| Quarter | East Midlands | East of England | London | North East | North West | South East | South West | West Midlands | Yorkshire and Humber | Scotland | Wales Cymru |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Q1-2019 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Q2-2019 | 95 | 98 | 87 | 95 | 92 | 99 | 97 | 84 | 93 | 114 | 100 |
| Q3-2019 | 85 | 107 | 94 | 121 | 98 | 100 | 102 | 98 | 113 | 117 | 108 |
| Q4-2019 | 89 | 101 | 101 | 113 | 97 | 92 | 95 | 110 | 112 | 122 | 105 |
| Q1-2020 | 70 | 82 | 78 | 85 | 76 | 76 | 88 | 78 | 84 | 89 | 83 |
| Q2-2020 | 96 | 103 | 118 | 119 | 113 | 108 | 112 | 113 | 132 | 116 | 113 |
| Q3-2020 | 95 | 117 | 111 | 125 | 123 | 109 | 112 | 116 | 133 | 150 | 126 |
| Change from previous quarter | -1% | +14% | -6% | +5% | +9% | +2% | -0% | +3% | +1% | +28% | +12% |

### Figure 2: Total value of all new investment into stocks and shares ISA by region

| Quarter | East Midlands | East of England | London | North East | North West | South East | South West | West Midlands | Yorkshire and Humber | Scotland | Wales Cymru |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Q1-2019 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Q2-2019 | 88 | 93 | 89 | 81 | 96 | 118 | 89 | 85 | 64 | 96 | 98 |
| Q3-2019 | 115 | 93 | 90 | 92 | 110 | 123 | 89 | 101 | 84 | 105 | 110 |
| Q4-2019 | 115 | 80 | 100 | 115 | 116 | 86 | 65 | 127 | 92 | 128 | 124 |
| Q1-2020 | 55 | 76 | 61 | 83 | 75 | 65 | 81 | 82 | 63 | 82 | 75 |
| Q2-2020 | 101 | 113 | 111 | 153 | 146 | 111 | 108 | 137 | 96 | 129 | 147 |
| Q3-2020 | 81 | 123 | 78 | 125 | 127 | 98 | 109 | 131 | 93 | 128 | 118 |
| Change from previous quarter | -19% | +9% | -30% | -18% | -13% | -12% | +1% | -5% | -3% | -1% | -20% |

**Figure 3: 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 | 120 | 108 |

**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.

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