ForresterHyde

CHARTERED FINANCIAL PLANNERS

Investment Outlook

Spring 2020

www.forrester-hyde.co.uk

"Let's get Brexit done, but first my friends let's get breakfast done"
- Boris Johnson, British Prime Minister

Key Points - UK

- Britain left the EU on 31/01/20.
- Boris embarks on a period of fiscal expansion.

Introduction

Having voted to leave the EU on 23 June 2016, we finally left on 31 January 2020, ending over 3 years of uncertainty – or did it? We left without a Trade Agreement and with Brussels requiring Britain remains fully aligned. There is a realistic prospect of a 'no deal' departure on 31 December 2020.

Post the Woodford saga, Fund Managers have to assess their entire UK based range as well as some European funds, then publish a 'warts and all' report to help Investors determine whether they are getting fair value. We have been analysing funds in depth since we launched our Wealth Management Programme in April 2008. As a consequence, we withdrew Investors' funds from Woodford back in March 2018. Hargreaves Lansdown, Britain's largest investment platform, retained Woodford Equity Income as one of the top 50 funds it was promoting to Investors, over 5 years this fund is ranked 199 out of 199 funds. Questions have been asked about the relationship between Hargreaves, Woodford and other poorly performing funds Hargreaves promoted, to include Jupiter India, 63rd out of 79, M&G Recovery, 191 out of 199 and Schroder Small Cap Recovery, 51 out of 79. Overall, 33 of the funds Hargeaves promoted in January 2019 underperformed the average for their sector.

The new rules may also force Institutions to justify why Investors hold more expensive versions of an investment, when a cheaper version is available. At Forrester-Hyde we put the Investor first, and look to provide value for money. From the outset we adopted a wholly transparent approach, foregoing commission or any sort of incentive payment, instead charging the Investor a highly competitive Adviser Charge.

UK Equity

Boris Johnson delivered on his electoral promise and Britain left the EU on 31 January 2020, a historic date. However, we have yet to conclude trade negotiations and with the EU demanding alignment a no deal scenario is back on the table.

The Conservatives won the Election on 12 December 2019 with 365 seats to Labour 203, removing political uncertainty. We view the outcome as a positive, with Investors increasingly bullish on the Pound. The change in sentiment comes as the Pound stumbled last year on the expectation of a rate cut.

The UK unemployment rate remains low on a par with the US and significantly lower than France, 8.6%. Wage growth is in net positive territory, particularly as UK inflation fell to 1.3% in December. HMRC tax receipts rose from £307.8bn 2000-01 to £623.4bn 2018-19.

The Conservative Government is embarking on a period of fiscal expansion, confirming HS2 will go ahead and pledging additional investment for Transport, the National Health Service and Policing. The Bank of England announced an additional £14bn of Gilt sales this fiscal year.

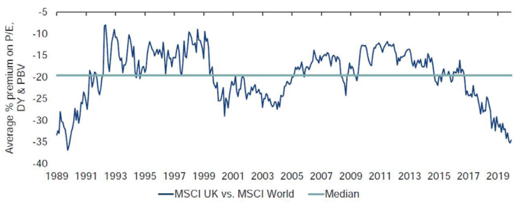
Since December, global asset allocators are shifting money back into UK Equity, focusing on mid-cap stocks. British Tech start-ups won record overseas investment, raising £10.1bn in 2019, up £3.1bn on 2018, securing more new capital than their French and German counterparts combined. Mergers and acquisition activity is at a ten year high to include Cobham, Greene King and Inmarsat.

PWC launched a report at the World's Annual Economic Forum in Davos. The report claimed Britain would outperform the Eurozone over two years following Brexit. It went on to say "Chief Executives from around the globe are poised to unleash a wave of investment in Britain" and that the "UK is the fourth most important Nation for business growth plans after the US, China and Germany".

To date, we have favoured large cap stocks generating overseas earnings, but now look to rotate to more domestically focused Companies. UK valuations are at decade lows relative to International Equities, as demonstrated below:

UK equities look cheap vs. the rest of the world

Source: Artemis Funds, 2020



We are moving from negative UK to neutral increasing exposure in the Balanced Portfolio by 4%. Our Investment Team have spent over forty hours in face to face meetings with Fund Managers in the run up to the Election and, as a consequence, are introducing three new funds:-

- Amati UK Smaller Companies Fund
- Royal London UK Income Fund
- Man GLG Undervalued Assets Fund

More information on each is available towards the back of this document.

To conclude, the Liontrust Special Situations Fund within our Core Portfolios won the Gold Award at Portfolio Adviser Awards 2020. This was not the only fund in our Portfolios to win an award:-

Fund	Ranking
Liontrust Special Situations	Gold
Man GLG Undervalued Assets	Nominated
Legg Mason IF RARE Global Infrastructure Income	Nominated
BlackRock Corporate Bond	Gold
Janus Henderson Strategic Bond	Gold
Baillie Gifford Strategic Bond	Nominated
LF Miton European Opportunities	Nominated
LF Miton US Opportunities	Nominated
Baillie Gifford Japanese	Platinum
Fidelity Emerging Markets	Gold
Fundsmith Equity	Nominated
ASI Global Smaller Companies	Gold

The Amati UK Smaller Companies Fund was also nominated for an award in the UK Small Companies Sector.

We move Neutral to benchmark.

Key Points - US

- Trump remains in office, despite Impeachment attempts.
- Unemployment Falls 225,000 and wage growth at 3.0% is forecast.

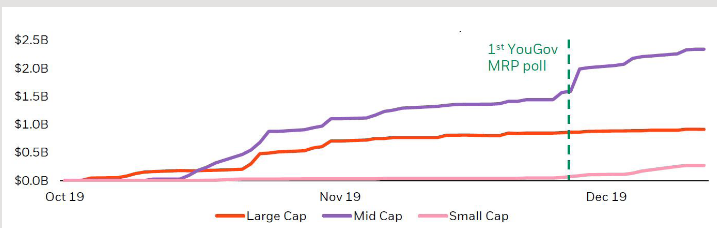
US Equity

Trump triumphs – he has not been impeached, raising the odds of a second term. His approval rating is at its highest level since he came into office. The economy continues to flourish and the Democratic primary battle is in a state of fractious confusion.

The US and China finally unveiled their "Phase One" Trade Agreement, running to 86 pages. The document did not refer to Chinese cyber theft, China's use of industrial subsidies or its barriers against investing in some US technology. Critics might argue the agreement was not worth the disruption caused during negotiation to global trade. US and Chinese officials have said they were ready to enter "Phase Two" of talks, but there is no clarity on whether a deal will be reached by the November 2020 Election.

Cumulative global flows (USD) into UK mid cap exchanged-traded products

Source: Blackrock 2020



Key Points - Europe

- Germany post Public Sector Surplus of €49.8bn.
- EU Members Seek to agree the seven year budget.

Key Points - Japan

- Bank of Japan maybe tapering QQE by stealth.

Officials at the Federal Reserve are profoundly concerned about the low level of US inflation. The Personal Consumption Expenditure Index at 1.6% YonY is well below the 2% target rate.

The US added more jobs than forecast in January, with non-farm payrolls increasing by 225,000, up from 147,000 in December. The Federal Reserve confirmed it would hold short-term interest rates between 1.50% - 1.75% to the end of 2020, although Analysts are forecasting a 0.25% rate cut. Wages rose 3.1% in January YonY, and wage growth throughout 2020 is expected to steady at 3.0%.

Government Bonds rallied as risk adverse Investors sold Equities, pushing down the benchmark ten year US Treasury to 1.58%, while the two year dropped to 1.41% GDP, growth is stable at 2%, well shy of Trumps 3% goal and down on 2018, 2.9%.

Notwithstanding, we continue to be positive and overweight benchmark but trim exposure.

European Equity

German GDP growth slowed last year to its lowest rate in six years, falling to 0.6%, as global trade tensions, export weakness and a persistent downturn in the automotive industry took their toll on Europe's largest economy. Most Analysts believe the economy will pick up, if only slightly in 2020, with growth forecast at 1%. The labour market remained buoyant with unemployment falling to 3% of the workforce, while average hourly wages rose 3.5%. Pressure is mounting on the Government to boost public investment funded from the towering budget surplus. Finance Minister, Olaf Scholz, unveiled a record €13.5bn surplus in the federal budget. The German Statistics Office said last week that the overall surplus of Germany's public sector was €49.8bn in 2019, equivalent to 1.5% of GDP.

In France, the Prime Minister, Edouard Philippe, vowed to press ahead with the radical reform of the Country's costly and complex pension system, despite highly disruptive nationwide strikes.

Ukraine agreed a new $5.5bn three year loan with the IMF. In recent years the economy has grown by 2.3% annually.

Collectively, EU members will be seeking to agree the MFF, Multiannual Financial Framework, the seven year EU budget. Britain's departure blew a €60bn hole in the budget, as we were the second largest contributor. The 'frugal' states, Netherlands, Austria, Sweden and Denmark are demanding a budget of not more than 1% of EU gross national income.

The European Commission proposes 1.1%, the equivalent of €1.25tn over seven years. Charles Michel, the new Belgian President of the Council has staked his reputation, summoning every EU leader to Brussels targeting resolution by the end of February. Net recipients, Poland, Hungary and Spain want no cuts, whilst France and Ireland are demanding the Common Agriculture Policy is protected – interesting times!

We remain negative, and underweight benchmark.

Japanese Equity

The Bank of Japan purchased ¥4.37tn ($39bn) of Exchange Traded Funds, ETFs, last year. Officially, the Central Bank is targeting ¥6tn as part of its radical monetary easing programme, "QQE", the fact is it undershot target last year raising the question, is this tapering by stealth? In the early months of 2020 the Bank of Japan support may no longer be there, leaving markets to fend for themselves.

Exposure to Japan is via the Baillie Gifford Japanese Fund managed by Matthew Brett. The fund launched on 8 October 1984, has £3,1bn under management at 31 December 2019. The returned 18.5% in 2019 and the top 10 holdings are shown below:

Top 10 Holdings

Source: FE Analytics December 2020

Baillie Gifford Japanese
SoftBank
Sumitomo Mitsui Trust
INPEX
SBI Holdings
Rakuten
Kubota
GMO Internet
Misumi
FANUC
Sony

We remain marginally underweight benchmark.

Key Points - EM

- Coronavirus could scupper China's Growth Target.
- Russia Attempts to boost the Economy.

Key Points - Alternatives

- Legg Mason Fund Returns 12.94% 01.09.19 – 12.02.20.
- Green Lobby Driving Capex in Renewable Energy Sources.

Emerging Markets

Many businesses across China are set to remain closed despite the Government's efforts to restart the World's second largest economy. The Coronavirus outbreak could scupper Beijing's 6% GDP growth target. The epidemic may also prevent China increasing its purchase of US goods and commodities by $200bn over the next two years, as agreed in Phase 1 of the trade deal with the US.

India's economy is set to grow at 5% in the current financial year, its slowest pace in eleven years according to the latest Government forecasts. Growth has been hit by cooling private consumption, slowing industrial activity and stagnant investment.

Turkey cut its benchmark interest rate for the fifth consecutive time to 11.25% in an effort to boost economic growth. However, inflation rose in December to 11.9%, against an inflation target of 8%. President Recep Tayyip Erdogan is looking to drive a credit fuelled recovery following last year's recession.

Joko Widodo, Indonesia's President, plans to overhaul several dozen tax and labour market rules as South East Asia's largest economy strives to boost foreign investment, and he seeks to grow the economy above the annual rate of 5%.

Russia's President, Vladimir Putin, approved a Cabinet reshuffle in an attempt to boost the economy. The new Administration are looking to increase planned expenditure by as much as 10%, swelling State expenditure by $32bn, equivalent to 1.5% of GDP. The U-turn follows years of public anger over the state of the economy, which has driven Putin's approval rating to a thirteen year low. Real incomes have fallen for five of the last six years. Russia's budget surplus was 1.8% of GDP last year and the country boasts one of the largest foreign currency reserves.

This quarter we introduce the First State Asia Focus Fund. The Fund launched on 24 August 2015, is managed by Martin Lau and at 31 December 2019 had £758.1m under management. The Fund is benchmarked against the MSCI Asia Pacific ex Japan Index and the Country breakdown is shown below:

Country Breakdown
Source: FSSA January 2020

First State Asia Focus	%
China	19.80
India	17.80
Hong Kong	13.10
Taiwan	11.40
South Korea	7.60
Singapore	6.40
Australia	4.80
Japan	4.80
USA	3.70

The fund replaces the Schroder Asian Income Fund.

We remain positive and marginally overweight to the benchmark.

Alternatives

Our Benchmark has zero exposure to this sector but we gain exposure via two funds:-

- Legg Mason – IF Rare Global Infrastructure Income
- JPM – Global Macro Opportunities

Since inception Investors have been rewarded with a 12.94% uplift on value in the Legg Mason Fund (01.09.2019 – 12.02.2020).

We favour this Sector as Governments are looking to stimulate economies, with Central Banks providing fiscal stimulus. The Green Lobby is increasingly vociferous.

In the UK, petrol, diesel and hybrid cars will not be sold after 2035. The pressure is on to invest in renewable energy. The EU has committed to 32% of electricity being generated from renewable sources by 2030, California 60% by 2030 and the State of Virginia 100% by 2050. This process requires heavy capex expenditure.

Legg Mason are committed, but are looking for earnings growth to support higher multiples in the Infrastructure Sector. We are increasing exposure by 1%.

The JPM fund returned 5.19% in the period 01.01.20 - 11.02.2020. The Fund uses themes to direct investment and has a new theme called Climate Change Response, focusing on climate change response as economies transition from carbon sourced energy to renewables. However, the prospectus targeted a return of Cash + 7% but in reality has been inconsistent, so we are looking to take recent profit reducing exposure by 1%.

We are positive to a zero benchmark.

Key Points - Property

- Flows into the BMO Fund have been Positive.

Property

There is a more positive air to the asset class post Brexit with the exception of Retail. Suspension of withdrawal from the M&G Fund did not improve sentiment. However, flows into the BMO Fund have been positive in December and January. Guy Glover and his team are acquisitive and have been viewing a total of five properties in Cambridge and Oxford.

Our contrarian position has negatively impacted in the short term. Whilst we are long term Investors, the Committee elected to further reduce exposure to this sector, although the decision was not unanimous.

The BMO Fund is well managed, broadly invested and debt free, with very limited retail exposure.

Thie fund does not invest in Residential Property, but sales of £1m+ homes hit a decade long high over the last six months of 2019.

We remain positive to a zero benchmark but are reducing exposure.

Key Points - Fixed Interest

- Above Average Returns Generated in 2019.
- We Remain Positive Global Credit.

Fixed Interest

2019 was the year of Central Bank rate cuts, 100+ in total. This underpinned strong above average returns from the Fixed Interest Investment Funds we hold in our Portfolio, see below:-

Fixed Interest 2019 Performance
Source: FE Analytics December 2019

Fund	%
Allianz Gilt Yield	7.09
Baillie Gifford Strategic Bond	11.50
BlackRock Corporate Bond	8.91
Janus Henderson Strategic Bond	9.58
Rathbone Strategic Bond	6.47
TwentyFour Dynamic Bond	9.43
Vanguard Global Credit Bond	11.50

At the Portfolio Adviser Awards 2020 both the Janus Henderson and Blackrock Funds won the gold award for their respective sector.

In what was Mark Carney's last meeting as Governor of the Bank, the MPC delivered a mixed message. There was optimism on the pick-up in domestic activity and the global outlook, but growth forecasts for the UK were cut to just 0.75% for 2020 (50bp down on the November statement), and 1.5% and 1.75% respectively for 2021 and 2022 (both 25bp cuts from November). We now bid farewell to Governor Carney and welcome his successor, Andrew Bailey.

Entering 2020 the initial risks facing fixed income Investors were geopolitical tensions and Central Bank movements. However, the unforeseen outbreak of the Coronavirus has taken centre stage. It saw the performance of 'risk free' assets; both five and 10 year USTs rally by around 40bp between 1st and 31st January. At this stage the impact is still up for debate.

Focusing on Central Banks we expect the US Federal Reserve (Fed) to either ease rates to 1.5% in April 2020, or pause for this year ahead of the Presidential election. We remain underweight government bonds, as we see limited value from current yields, but maintain an exposure for their hedging role in a portfolio context. On Global corporate credit, we are still positive, as Central Banks keep liquidity conditions benign.

Timing is practically impossible and instead we focus on selecting Fund Managers that can manage through the short-term noise and deliver strong risk-adjusted returns over the long term. This quarter we are rotating between Rathbones Strategic Bond Fund to Rathbones Ethical Bond Fund, both managed by Bryn Jones. The Ethical Bond Fund has a higher duration of 6.27 years and delivers a higher yield of 3.40%. Whilst Ethical in nature The SRI process only begins once the fixed income investment process has been completed. The Fund utilises research by Rathbone Greenbank, a specialist ethical investment unit of Rathbone Investment Management, who apply a mixture of negative and positive criteria. The fund invests in green bonds and charities in areas such as social housing, sustainable transport, renewable power and environmental initiatives. It has been one of the best performing funds in the Corporate Bond sector and we retain conviction in the manager Bryn Jones, who is head of fixed income at Rathbones and has managed the £1.5 billion strategy since 2004.

We remain negative to benchmark.

Key Points - Conclusion

- 2019 was a Positive year for investors with our Balanced Portfolio returning 15.82%.

Conclusion

2018 was a bruising year for Investors, but the tables turned in their favour in 2019. Looking forward, threats around global trade and a hard Brexit have lowered and less uncertainty should allow business confidence and corporate earnings to recover in 2020. Economic growth forecasts are not strong enough to drive up interest rates, nor weak enough to kindle fears of recession. The discount rate applied to anticipated earnings is likely to remain helpfully low and with credit spreads contained.

UK Equities are back in favour and offer value when compared with overseas multiples. On balance the UK Market offers an attractive risk premium, both in its own context and when compared to other markets.

The manufacturing PMI rose, but hovers below positive territory. The services PMI also improved, with both business activity and new business indicators rising to their highest levels since September 2018.

We see three themes, all too familiar. Brexit, Global trade and Monetary Policy. Brexit has provoked a boost to the UK economy but talks between the UK and EU will be heated, certainly in the second half of the year approaching the 31 December deadline and with intransigence on both sides.

We are of the view that Trump needs to seal a deal with China ahead of the November Presidential Election. The 'Phase One' deal produced a rally in industrial cyclical stocks and if these gains are to be sustained 'Phase Two' negotiations will need to be credible. Our current view is that given his approval rating and disarray in the Democrat nominations, Trump is likely to be elected – however a lot can change between now and November.

On the subject of Monetary Policy, we have near full employment, rising commodity prices and modestly improving global growth. This may feed through to inflationary pressure later this year with a resulting impact on Bond yields.

Socially responsible investing will also feature as the Green Lobby gains momentum, ESG (Environmental, Social and Governance) are not commonly part of mandatory financial reporting. Though Companies are increasingly making disclosure in their Annual Report and Accounts.

Fund Panel Update

FH Core

Allocation Increased | Allocation Decreased | Fund Added | Fund Removed

Fund Name	Conservative	Cautious	Balanced	Assertive	Adventurous
Artemis - US Extended Alpha I Acc	2	3			
Baillie Gifford - Strategic Bond B Acc	-1	-1			
BMO - UK Property Feeder 2 Acc		-1	-1	-3	-2
First State - Asia Focus B Acc GBP			2	2	2
Franklin - UK Equity Income W Acc		2	1	1	1
Janus Henderson - Strategic Bond I Acc		-1	-1		
JPM - Global Macro Opportunities C Acc	-1	-1	-1	-1	
LM - IF RARE Global Inf Inc X (H) Acc			1	1	
LF Miton - US Opportunities B Acc	-2	-4	-1		-1
Lindsell Train - UK Equity Acc				-5	-7
Liontrust - Special Situations I Inc	2	1	1	3	6
Marlborough - Special Situations P Acc				-3	-4
Man GLG - UK Income C Professional Acc	-3	-6	-9	-9	-11
Man GLG - Undervalued Assets C Acc		4	6	9	9
Rathbone - Ethical Bond Fund I Acc	4	4	4		
Rathbone - Strategic Bond Fund I Acc	-4	-4	-4		
Royal London - Cash Plus Y Acc	-1	-1	-2	-1	
Royal London - UK Equity Income M Acc	3	6	7	9	11
Schroder - Asian Income Z Acc			-2	-2	-2
Schroder - Recovery Z Acc		-3	-4	-5	-7
TB Amati - UK Smaller Companies B Acc			2	4	5
Vanguard - Global Credit Bond (H) Acc	1	2	1		

Funds Introduced

First State Asia Focus - First State offer a well-resourced Asian equity team comprising of investment professionals from Hong Kong, Singapore & Edinburgh. The portfolio manager, Martin Lau has been investing in this region since 2003 and has an excellent long-term track record. This benchmark agnostic strategy offers core Asian equity exposure whilst exposing investors to a lower level of volatility than peers within the sector.

Man GLG Undervalued Assets - We are reintroducing the fund which runs an extremely disciplined process, investing in undervalued and unloved companies that have the potential to recover in the longer term. With a strong, differentiated investment process makes this fund is a useful addition to our portfolios.

Rathbone Ethical Bond - This is replacing the Rathbone Strategic Bond Fund. The Fund provides exposure to high-quality, investment grade credit whilst adhering to a strict ethical criteria which includes investing in green bonds in areas such as social housing, sustainable transport, renewable power and environmental initiatives. It has been one of the best performing funds in the Corporate Bond sector and we retain conviction in the manager Bryn Jones, who is head of fixed income at Rathbones and has managed the £1.5 billion strategy since 2004.

Royal London UK Income - Martin Cholwill has managed the portfolio since 2005 and demonstrated the ability to both outperform peers within the sector and consistently deliver income distribution. Royal London have a successful UK equity team whereby each manager is responsible for their own portfolio, allowing for quick and decisive stock selection. The crux of this strategy is free cash flow since this determines whether a company can support, maintain and avoid cutting a sustainable dividend.

TB Amati UK Smaller Companies - This is an unconstrained quality growth fund. The strategy benefits from a disciplined investment philosophy that has been implemented since 2000 and has provided consistent alpha generation over the longer term. Amati's process also benefits from their VCT and AIM portfolios which provides them with exposure and invaluable insight into growing UK companies from a seed stage.

Fund Panel Update

FH Passive Plus

Allocation Increased | Allocation Decreased | Fund Added | Fund Removed

Fund Name	Cautious	Balanced	Assertive
BMO - UK Property Feeder 2 Acc	-2	-2	-3
iShares - 100 UK Equity Index (UK) D Acc	-7	-11	-15
Janus Henderson – Strategic Bond I Acc	1		
JPM - Global Macro Opportunities C Acc	-1	-1	-2
LM - IF RARE Global Inf Inc X (H) Acc	1	2	2
Marlborough – Special Situations P Acc	-3	-4	-6
Natixis – H2O MultiReturns N Gr Acc			1
Polar Capital – Global Insurance I Acc	-1		
Royal London - Cash Plus Y Acc	1		
Royal London - FTSE 350 Tracker Z Acc	8	12	17
TB Amati - UK Smaller Companies B Acc	3	4	6

Funds Introduced

Royal London FTSE 350 Tracker - The FTSE 350 is a market cap weighted index and is formed of UK-quoted companies from both the FTSE 100 and FTSE 250. The benefits of this index are its exposure to mid cap companies which tend to be more domestically focused, a sector which nows faces a favourable backdrop given both valuations and the increased certainty around Brexit.

FH Specialist

Allocation Increased | Allocation Decreased | Fund Added | Fund Removed

Fund Name	Distribution	Ethical
AXA – Framlington Managed Inc Z Inc	-4	
BlackRock - Cont European Inc D Inc	-1	
BMO - Responsible UK Income 2 Inc		1
BMO - UK Property Feeder 2 Inc/Acc	-2	-3
EdenTree – Amity Sterling Bond B Acc		2
Franklin Templeton – UK Equity Inc W Inc	2	
JPM - US Equity Income C Inc	-4	
Marlborough – Multi Cap Income P Inc	1	
Rathbone - Ethical Bond Fund I Inc	5	
Threadneedle - US Equity Income LNI	3	

Funds Introduced

Threadneedle US Equity Income is managed by the highly experienced Head of US equities, Nadia Grant, alongside the support of Threadneedle's central research team consisting of over 25 investment professionals. This strategy typically holds 50-70 stocks offering both dividend growth and premium income, targeting 150% of the S&P yield. The US market offers a wide opportunity set and this fund seeks to capture alpha from across the sector and yield ranges by taking advantage of behavioural biases within the market.

Performance

Portfolio	1 Year %	3 Year %
Forrester-Hyde Adventurous Model Portfolio	15.91	26.70
Forrester-Hyde Assertive Model Portfolio	14.69	23.76
Forrester-Hyde Balanced Model Portfolio	13.10	19.58
Forrester-Hyde Cautious Model Portfolio	10.77	14.74
Forrester-Hyde Conservative Model Portfolio	8.54	11.68

Portfolio	1 Year %	3 Year %
Forrester-Hyde Passive Plus Assertive Model Portfolio	14.55	24.08
Forrester-Hyde Passive Plus Balanced Model Portfolio	12.98	20.67
Forrester-Hyde Passive Plus Cautious Model Portfolio	11.01	17.11

Portfolio	1 Year %	3 Year %
Forrester-Hyde Ethical Model Portfolio	16.68	24.16
Forrester-Hyde Distribution Model Portfolio	10.16	16.37

Asset Class	1 Year %	3 Year %
Euro STOXX 50	19.44	25.32
FTSE 100	10.08	17.27
FTSE Actuaries UK Conventional Gilts All Stocks	8.46	13.76
IBOXX UK Sterling Corporate All Maturities	11.33	17.40
MSCI Emerging Markets	8.26	22.44
MSCI World	21.36	36.25
Nikkei 225	16.67	22.18
S&P 500	24.87	45.72

Glossary & Abbreviations

Alpha - A measure of the return of a portfolio relative to an investment benchmark.

ARC Index – A set of risk-based indices designed to be used by private clients and advisers in assessing performance of their portfolio. The index comprises of the performance of a series of private client investment managers.

Basis point – 1/100th of 1% (0.01%).

BBB bonds – Credit rating of a bond considered to be of Investment Grade.

Bear Market – When a market shows signs of decline - prices go down.

Beta – The sensitivity of an asset's or portfolio's return to fluctuations in the return of the market or benchmark.

BoE – Bank of England

BoJ – Bank of Japan

Bottom-up – An approach to active investment management that gives priority to the selection of companies (with less emphasis on sector and country selection) to build up an investment portfolio.

Bull Market – When the prices rise consistently over a period of time.

CAPE Ratio – Cyclically-Adjusted Price-to-Earnings Ratio

Correlation – The extent to which two assets' values rise and fall together.

Covenant Protection – Covenants are conditions tied to an indenture or loan agreement, usually in the form of forbidding certain actions of the issuer, put in place by lenders to protect themselves from borrowers defaulting.

Diversification – A risk management strategy that mixes a wide range of investments within a portfolio in order to reduce overall volatility.

Dividend Cover Ratio – Measures the number of times that a company could pay dividends to its shareholders.

Dividend Yield – The annual dividend on a share divided by the share price.

Duration – The duration is a measure of the average time until a bond's cash flows occur, and of the sensitivity of its price to interest rate changes.

Earnings per share – A common way of expressing company profits – dividing the profits after tax by the number of shares in issue. This is the basis for the calculation of the P/E Ratio.

ECB – European Central Bank

FDI - Foreign Direct Investment

Fiscal Stimulus – Combination of tax cuts and increasing government spending in order to increase aggregate demand within an economy.

G7 Countries – The seven largest IMF-described advanced economies in the world, comprising of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.

GDP – Gross Domestic Product

Growth stock – A stock that is expected to achieve above average earnings growth. Growth stocks normally have a high P/E ratio relative to the market as a whole, as investors are willing to pay a premium for future higher earnings.

IMF – International Monetary Fund

ISM – Institute for Supply Management Index

Large cap stock – A stock with a market capitalisation is among the largest within a market. Medium and Small cap definitions also used.

Liquidity – The extent to which an asset can be bought or sold quickly and cheaply.

Macroeconomics – The study of market behaviour and performance of an economy as a whole, examining general economic factors such as interest rates and national productivity.

MiFID II – A legislative framework instituted by the European Union to regulate financial markets and offer greater protection and transparency for Investors.

Monetary Tightening – When central banks increase interest rates and reduce the money supply within the economy to help control the rate of inflation.

Nominal – Very small or far below the real value or cost.

P/E Ratio – The relationship between the company's Stock Price and Earnings per Share.

The Purchasing Managers' Index (PMI) - Is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

Quantitative Easing (QE) – Is the introduction of new money into the money supply by a central bank, usually via a Central Bank purchasing Government and Corporate bonds.

Quantitative and Qualitative monetary Easing (QQE) – An increase in the size of the balance sheet of the central bank through an increase in its monetary liabilities that holds constant the (average) liquidity and riskiness of its asset portfolio.

Quantitative Tightening (QT) – The counterpart of QE. QT is used to decrease liquidity within the economy.

Top-down - An approach to active investment management which starts with macro-economic factors, followed by business cycle analysis to identify a portfolio distribution across asset classes, then a country/currency mix, a sector distribution and ultimately a stock selection.

Transactional Charges – Expenses incurred when buying or selling a good or service.

Value stock – A stock that appears cheap when compared with other stocks because the share price is low relative to the book value of the equity (or earnings or dividends).

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