

WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

08 November 2013

INTERPRETATION: The tables below provide a summary of our research on the outlook for various asset classes based on Short and Long Term time frames. The RelValue indicator gives an indication of how much "Relative Value" can be achieved by investing in this asset when compared to all other available assets. General Comments apply to each asset class.

GENERAL OBSERVATIONS: The big event of the week was the down grading of France's credit rating by Standard & Poor's. Market breadth in both the UK and the US turned negative. US Jobs data helped lift US Stock prices which caused a sell off in US Treasuries. The Euro sold off hard after the ECB surprised the market by cutting interest rates to a record low with speculation that rates may fall further. Gold fell by more than 2% on the week. Bonds and Commodities still remain relatively unattractive in our view.

INVESTMENT SECTOR	Short	Long	RelValue	GENERAL COMMENTS:
BONDS:	↓	↓	↓	BONDS: Poor Value - best to avoid for now
UK Gilts	→	↓	↓	Poor relative value - avoid
UK Index Linked Gilts	→	↓	↓	Poor outlook
Global Bonds	↓	↓	↓	Poor relative value
UK Corporate Bonds	↑	↑	→	Improving outlook
UK High Yield Bonds	↑	↑	→	Best of the category, relative value has improved
UK STOCKS:	↑	↑	↑	UK STOCKS: Strong value especially in small cap
UK Growth	↑	↑	↑	Strong short/long term outlook good relative value
UK Income	↑	↑	↑	Strong short/long term outlook good relative value
UK Large Cap	↑	↑	↑	Good short/long term outlook good relative value
UK Mid Cap	↑	↑	↑	Strong long term outlook good relative value
UK Small Cap	↑	↑	↑	Strong short/long term outlook good relative value
OVERSEAS STOCKS:	↓	→	↓	OVERSEAS: Strong European sector the rest is mixed
North America	→	↑	→	Short term has dipped, longer term relative value mixed
Europe	↓	↑	↑	Short term weakness, good longer term relative value
Japan	↓	→	↓	Poor outlook - better opportunities elsewhere
Asia Pacific	↓	→	↓	Poor outlook - better opportunities elsewhere
Emerging Markets	↓	→	↓	Poor outlook - better opportunities elsewhere
THE POUND:	↓	↑	↑	THE POUND: Generally strong both short and longer term
Pound v US Dollar	→	↑	↑	Still strong longer term, possible short term weakness
Pound v Euro	↑	↑	↑	France downgrade gave short term in Euro
Pound v Yen	→	↑	↑	Still strong longer term, possible short term weakness
COMMODITIES:	↓	→	↓	COMMODITIES: Precious metals fell hard this week
General Commodities	→	→	→	Poor outlook - better opportunities elsewhere
Gold	↓	→	↓	Poor short term, poor relative value
Silver	↓	→	↓	Poor short term, poor relative value

INVESTMENT OUTLOOK - LEGEND

Strongly Positive.	↑
Positive.	↑
Neutral.	→
Negative.	↓
Strongly Negative.	↓

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