

WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

29 November 2013

INTERPRETATION: Below is a summary of our research on the outlook for various asset classes based on Short - Long Term time frames for Sterling based Investors at this time. 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 asset classes.

GENERAL OBSERVATIONS: Further strength in the Pound, notably against a weaker Yen causing Japanese Stocks to offer relatively poor value. This also applies to overseas equities generally and helps explain the relative under performance of UK Large stocks when compared to UK Smaller companies. Bonds remain poor value and should be avoided. Commodities look even worse with Precious Metals approaching recent 2 year lows reinforcing our negative stance on this sector, a position we have held for months.

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	↓	↓	↓	Very poor relative value
UK Corporate Bonds	↓	→	→	Outlook is neutral to negative
UK High Yield Bonds	↑	↑	↑	Best of the category, relative value is improving
UK STOCKS:	↓	↑	↑	UK STOCKS: Small Caps still continue to perform
UK Growth	↓	↑	↑	Short term weakness longer term relative value
UK Income	↓	↑	↑	Short term weakness, good longer term
UK Large Cap	↓	→	→	Now weakest sector in the short term
UK Mid Cap	↓	→	→	Short term rally this week though still poor relative value
UK Small Cap	↑	↑	↑	Strongest UK sector positive outlook good relative value
OVERSEAS STOCKS:	↓	→	↓	OVERSEAS: Avoid Japan, Asia and Emerging Markets
North America	↑	↑	→	Short term improvement, longer term relative value mixed
Europe	↑	↑	↑	Short term gains, good longer term relative value
Japan	↓	→	↓	Stock gains were negated by further Yen weakness
Asia Pacific	↓	→	↓	Poor outlook - better opportunities elsewhere
Emerging Markets	↓	→	↓	Poor outlook - better opportunities elsewhere
THE POUND:	↑	↑	↑	THE POUND: Continues to remain very strong.
Pound v US Dollar	↑	↑	↑	Short term strength longer term relative value
Pound v Euro	↑	↑	↑	Further short term strength in the Pound
Pound v Yen	↑	↑	↑	Significant Yen weakness - further strengthens the Pound
COMMODITIES:	↓	→	↓	COMMODITIES: Gold - worst November since 1978
General Commodities	→	→	→	Poor outlook - better opportunities elsewhere
Gold	↓	↓	↓	Very poor outlook across all readings
Silver	↓	↓	↓	Very poor outlook across all readings

INVESTMENT OUTLOOK - LEGEND

Strongly Positive.



Positive.



Neutral.



Negative.



Strongly Negative.



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