

WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

03 January 2014

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. The RelValue indicator gives an indication of how much "Relative Value" can be achieved by investing in this asset at this time when compared to all other available assets. General Comments apply to asset classes.

GENERAL OBSERVATIONS: Bonds continue to deteriorate against most other asset classes. Stockmarkets rallied to end 2013 on a high with the UK, Europe and the US markets performing well whilst Japan, Asia and Emerging Markets offering poor value. The Pound remains strong against the other major currencies strengthening in the short term against the Euro. Commodities still performing badly having lost significant value through 2013.

INVESTMENT SECTOR	Short	Long	RelValue	GENERAL COMMENTS:
BONDS:	↓	↓	↓	BONDS: Poor Value - best to avoid for now
UK Gilts	↓	↓	↓	Poor relative value
UK Index Linked Gilts	↓	↓	↓	Poor relative value
Global Bonds	↓	↓	↓	Still 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	↑	↑	↑	Improving sector longer term relative value
UK Income	↑	↑	→	Short term improvement
UK Large Cap	↑	↑	→	Large Caps have improved shorter term
UK Mid Cap	↑	→	↑	Short term improvement, longer term neutral
UK Small Cap	↑	↑	↑	Strongest UK sector positive outlook good relative value
OVERSEAS STOCKS:	↓	→	↓	OVERSEAS: Avoid Japan, Asia and Emerging Markets
North America	→	↑	↑	Generally strong though not helped by Pound strength
Europe	↑	↑	↑	Improvement both short and longer term
Japan	↓	→	↓	Continued Yen weakness gives a negative outlook
Asia Pacific	↓	↓	↓	Poor outlook - better opportunities elsewhere
Emerging Markets	↓	↓	↓	Poor outlook - better opportunities elsewhere
THE POUND:	↑	↑	↑	THE POUND: Generally strong short/longer term
Pound v US Dollar	→	↑	↑	Short term neutral, stronger longer term relative value
Pound v Euro	↑	↑	↑	Short term strength in the Pound v Euro
Pound v Yen	↑	↑	↑	Significant Yen weakness - further strengthens the Pound
COMMODITIES:	↓	→	↓	COMMODITIES: Gold & Silver still poor.
General Commodities	↓	↓	↓	Poor outlook
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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