

## WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

10 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:** Equities still offer the best relative value as Bonds and Commodities still disappoint. UK Equities appear to offer best relative value largely influenced by the strength in the Pound. Asia and Emerging markets are highly sensitive to US Monetary policy with fears that the Federal Reserve may reduce liquidity. Disappointing US Jobs data was announced on Friday which dampened stockmarket performance. The Pound remains strong against most other currencies.

INVESTMENT SECTOR	Short	Long	RelValue	GENERAL COMMENTS:
<b>BONDS:</b>	↓	↓	↓	<b>BONDS: Poor Value - best to avoid for now</b>
UK Gilts	↓	↓	↓	Poor relative value
UK Index Linked Gilts	↓	↓	↓	Poor relative value and deteriorating further
Global Bonds	↓	↓	↓	Still poor relative value
UK Corporate Bonds	→	→	→	Outlook is neutral
UK High Yield Bonds	↑	↑	↑	Best of the category, relative value is improving
<b>UK STOCKS:</b>	↓	↑	↑	<b>UK STOCKS: Small Caps still continue to perform</b>
UK Growth	↑	↑	↑	Improving sector good relative value
UK Income	↑	↑	↑	General improvement
UK Large Cap	↑	↑	↑	Large Caps have improved recently
UK Mid Cap	↑	↑	↑	Generally strong
UK Small Cap	↑	↑	↑	Strongest UK sector positive outlook good relative value
<b>OVERSEAS STOCKS:</b>	↓	→	↓	<b>OVERSEAS: Avoid Japan, Asia and Emerging Markets</b>
North America	↑	↑	↑	Generally strong though not helped by Pound strength
Europe	↑	↑	↑	Improvement in 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
<b>THE POUND:</b>	↑	↑	↑	<b>THE POUND: Generally strong short/longer term</b>
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	↑	↑	↑	Yen weakness - strength in the Pound longer term
<b>COMMODITIES:</b>	↓	→	↓	<b>COMMODITIES: Gold &amp; Silver still poor.</b>
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.	↓

### Disclaimer

Financial Themes LLP is a directly authorised firm regulated within the UK under the Financial Conduct Authority [Registration Number 510065]. The content of this overview is intended as a guide on how we believe investment markets have performed. Our opinions are intended to serve merely as a guide to investors. Financial Themes LLP cannot accept any responsibility for any losses incurred should investors decide to use this data for their own purposes. Investors should note that investments can fall as well as rise and that past performance is no guarantee for future investment returns.