

WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

14 February 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: Stockmarkets rallied this week after falling for the previous two weeks. Improving economic data and a benign outlook from Central Banks to maintain liquidity has helped reverse earlier losses. The Pound rallied against most other currencies buoyed by the announcement that the Bank of England will keep interest rates low for the foreseeable future to protect the still fragile recovery. Precious metals, notably Gold and Silver have rallied as investors look beyond equities.

INVESTMENT SECTOR	Short	Long	RelValue	GENERAL COMMENTS:
BONDS:	→	→	→	BONDS: Poor this week as investors took more risk on
UK Gilts	→	→	→	Short term weakness
UK Index Linked Gilts	↓	→	↓	Possible deflation risk makes IL Gilts a poor return
Global Bonds	↓	↓	↓	Sterling strength this week removed any short term gains
UK Corporate Bonds	→	→	→	Flat outlook which may move lower shorter term
UK High Yield Bonds	→	↑	→	Outlook still mixed depends on risk appetite
UK STOCKS:	→	→	↑	UK STOCKS: Short term improvement in Mid/Small caps
UK Growth	→	→	↑	Flat short term better longer term prospects
UK Income	→	→	↑	Flat short term better longer term prospects
UK Large Cap	→	→	↑	Flat short term better longer term prospects
UK Mid Cap	↑	↑	↑	Improving sector across short to medium term
UK Small Cap	↑	↑	↑	Good longer term relative value
OVERSEAS STOCKS:	↓	↓	↓	OVERSEAS: Avoid Japan, Asia and Emerging Markets
North America	→	↑	↑	Better relative strength in US smaller companies
Europe	↑	↑	↑	Improved in the short term good prospects longer term
Japan	↓	↓	↓	Pound strength against Yen and weak market - avoid
Asia Pacific	↓	↓	↓	Still poor value not recommended
Emerging Markets	↓	↓	↓	Still worst sector across global stockmarkets
THE POUND:	→	↑	↑	THE POUND: Rallied this week against most currencies
Pound v US Dollar	→	↑	↑	Notable Dollar weakness has given GBP relative strength
Pound v Euro	→	↑	↑	Pound strengthened this week against the Euro
Pound v Yen	→	↓	↑	The Yen weakened significantly this week against GBP
COMMODITIES:	↑	↓	↓	COMMODITIES: Short term price increases are evident
General Commodities	↑	↓	↓	Short term rally though still poor longer term
Gold	↑	↓	↓	Short term prices are improving
Silver	↑	↓	↓	Prices are starting to improve shorter term

INVESTMENT OUTLOOK - LEGEND

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

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