

## WEEKLY INVESTMENT RESEARCH NOTES

Week ending:

21 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:** The UK Stockmarket was up whereas most other stockmarkets consolidated earlier gains. Bonds remain poor value. Commodities appear to be improving. The Pound was flat last week against most other currencies.

INVESTMENT SECTOR	Short	Long	RelValue	GENERAL COMMENTS:
<b>BONDS:</b>	→	→	→	<b>BONDS: Generally poor outlook</b>
UK Gilts	→	→	→	Short term weakness
UK Index Linked Gilts	↓	→	↓	Possible deflation risk makes IL Gilts a poor return
Global Bonds	↓	↓	↓	Sterling strength leaves this a poor option
UK Corporate Bonds	→	→	→	Flat outlook which may move lower shorter term
UK High Yield Bonds	→	↑	→	Outlook still mixed depends on risk appetite
<b>UK STOCKS:</b>	↑	↑	↑	<b>UK STOCKS: Short term improvement in Mid/Small caps</b>
UK Growth	↑	↑	↑	General improvement
UK Income	↑	↑	↑	General improvement
UK Large Cap	↑	↑	↑	General improvement
UK Mid Cap	↑	↑	↑	Improving sector across short to medium term
UK Small Cap	↑	↑	↑	Short term drop in relative value good longer term
<b>OVERSEAS STOCKS:</b>	→	↓	↓	<b>OVERSEAS: Avoid Japan, Asia and Emerging Markets</b>
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 in longer term stockmarkets
<b>THE POUND:</b>	↑	↑	↑	<b>THE POUND: Flat last week against most currencies</b>
Pound v US Dollar	↑	↑	↑	Dollar weakness has helped GBP relative strength
Pound v Euro	→	↑	↑	Pound weakened against the Euro
Pound v Yen	↑	→	↑	The Yen remains weak against GBP
<b>COMMODITIES:</b>	↑	↓	↓	<b>COMMODITIES: Short term price increases are evident</b>
General Commodities	↑	↓	↓	Short term prices are improving
Gold	↑	↓	↓	Short term prices are improving
Silver	↑	↓	↓	Short term prices are improving

### 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.