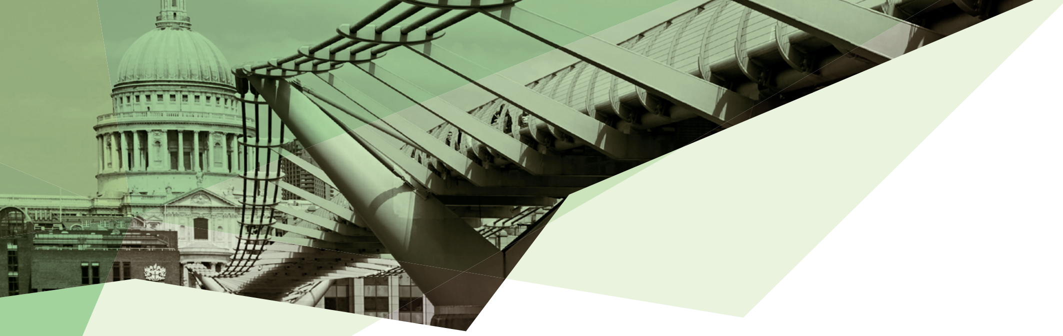


Investec
Wealth & Investment

View from the bridge

January 2020

Background

During the latest quarter some of the storm clouds affecting both the global economy and investor sentiment lifted to some degree.

On the domestic front, the political uncertainty and Brexit parliamentary stalemate that had dogged the whole of the calendar year was resolved with a Conservative win in the General Election with a majority, the scale of which surprised most observers. Internationally the mood was also lifted by signs that the US and China had made sufficient progress in their trade talks for a "phase one" deal potentially to be signed in January. Though much work remains to be done on both these topics before uncertainty can be lifted for good, investors reacted by pushing most equity market indices into a strong fourth quarter move that left many at or close to new all-time highs. Sterling began a bounce well before the election date as opinion polls continued to point towards a lacklustre level of support for the Labour Party and made fresh progress in the immediate aftermath of the result outcome, though some of that latter move was lost after it emerged that the newly re-elected UK Prime Minister Boris Johnson would seek to limit by legislation the length of the transition phase after Brexit to a mere eleven months. Despite that cooling of support for sterling, it gained approximately 5% during the quarter, as measured on a trade-weighted basis, which for sterling investors took some gloss off the returns achieved by overseas equity markets.

Nevertheless, as can be seen from the graph, global markets produced a very strong return during the calendar year as a whole and, even when allowing for the weakness in Q4 2018 that depressed valuations at this stage last year, a more than satisfactory total return of 19% over the two full years. Global bond markets unsurprisingly struggled to maintain their peak level once investors became less nervous and, in sterling terms, retraced the majority of the ground gained between January and September. Nevertheless despite those foreign currency headwinds the total return for sterling-based investors proved more rewarding than UK cash deposits.

As we noted in our last Review, global economic growth for 2019 was proving to be more disappointing than almost any forecast made by economists a year ago and, despite ongoing support and looser monetary policy from a number of Central Banks, the latest estimates for the year as a whole have shown little or no improvement, leaving the likely outcome according to consensus at around 3.1%, well short of the 3.8% recorded for 2018 and 3.9% of 2017. The shortfall is shared almost equally between the advanced economies and the developing world, with both aggregates between 0.5% and 0.75% below the rate of advance in the prior year. In the advanced economies, the principal disappointments were seen in Germany and Italy, while the US outcome is now expected to be far short of its 2018 level but not too far below earlier forecasts. Only Japan has matched its prior year's (very modest) growth rate. Among the emerging economies, the larger shortfalls are expected to have been experienced in India, where the 2019 outcome is now forecast to be only 5.5% compared with 7.4% for 2018, and in Russia, whereas China should still report growth of above 6%, albeit slower than the preceding year. In the final weeks of the year, there has been some edging up of forecasts for growth in the year ahead, in light of the probable ratification of the first phase of the US/China trade talks, such that the prognosis for 2020 is for global growth to be a little better than for the year just ended, with the major proportion of such improvement emanating from the emerging world.

Total Returns to a Sterling Investor

Source: Refinitiv Datastream

Past performance should not be taken as an indication or guarantee of future performance

Bond Markets

Compared with investor expectations at the end of 2018, the path of interest rates and bond yields throughout the past year has proved surprising. At that stage most economists were foreshadowing a number of positive adjustments by the US Federal Reserve (Fed) to its monetary policy, but in the event it felt able to implement three reductions during the course of the year, of which one fell during the final quarter now under review.

Though President Trump may claim some influence in this pivot, having previously remonstrated with the Fed Governor Jerome Powell that US monetary policy was unnecessarily restrictive, the need for the Fed to offset the impact of trade tensions on both domestic and international confidence levels was paramount and the lack of any meaningful increase in US inflation provided the appropriate room for manoeuvre. This lower path for US rates cushioned the impact of global trade tensions and was echoed by many other authorities around the world, though the pace of such action proved materially slower during the fourth quarter, in part because some Central Banks (such as those in Europe and Japan) had little scope to loosen policy but also as hopes rose of a successful resolution to trade uncertainties.

Though policy remains extremely accommodative throughout the developed world, and Central Banks are not forecast to tighten their approach in the near term, bond investors reversed their approach during the autumn which led to 10yr bond yields rising quite markedly in the fourth quarter. Gilt yields rose by 33 basis points to reach 0.82%, whilst US Treasuries recorded an almost identical increase to 1.92% and those across much of Europe reflected similar patterns, with most, except Germany and Switzerland, ending in positive territory: for example French 10yr yields moved from -0.23% at end-September to 0.11% at end-December. In Germany however, where economic growth has proved most disappointing within the Eurozone, yields ended the year at -0.19%, its least negative reading since May. Sterling corporate bonds performed less poorly than gilts, thanks both to its index having shorter duration (so offsetting some of the impact on capital values from higher yields) and due to a slightly brighter climate expected by the year end.

As the chart here illustrates, the main Central Banks in the US, Europe and the UK have implemented very loose monetary policy throughout the decade that followed the financial crisis, with interest rates being kept below the level of prevailing inflation, except by the US for a brief period a year ago. Until the global growth outlook appears more certain, we do not see much change in this stance, though there is scope, absent any threat of a US recession, for 10yr yields to edge a little higher.

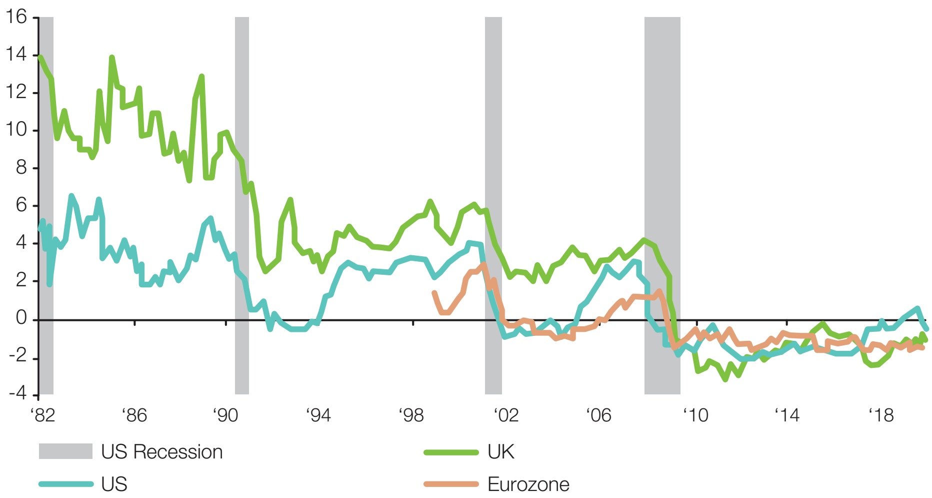
In contrast to the developed world, bond yields elsewhere offer returns mostly well above the prevailing rate of domestic inflation; countries such as Brazil and Mexico have 10yr yields about 3.5% higher than their local inflation rate, whilst the gap in South Africa is almost 5%, though of course those potentially attractive sounding numbers do come with associated local currency risks.

Capital returns to a sterling investor

	3mth% to 31/12/19	6mth% to 31/12/19	12mth% to 31/12/19	12mth% to 31/12/18	12mth% to 31/12/17	12mth% to 31/12/16	12mth% to 31/12/15
Gilts	-4.4	0.8	4.1	-2.2	-1.0	6.9	-2.6
FT All-Share	3.3	3.4	14.2	-13.0	9.0	12.5	-2.5
FTSE 100	1.8	1.6	12.1	-12.5	7.6	14.4	-4.9
Europe ex UK	0.7	2.0	16.6	-12.2	14.1	15.7	2.4
US	1.0	5.5	23.9	-0.4	9.1	30.7	5.0
Japan	0.3	5.7	11.9	-10.4	13.2	20.7	15.9
Far East ex Japan	-2.2	-5.4	9.1	-8.4	10.7	23.6	-7.0
World	0.9	4.1	19.7	-5.5	10.6	26.2	1.8

Source: Datastream

Real policy rates



Source: JPMorgan Nov 2019

United Kingdom

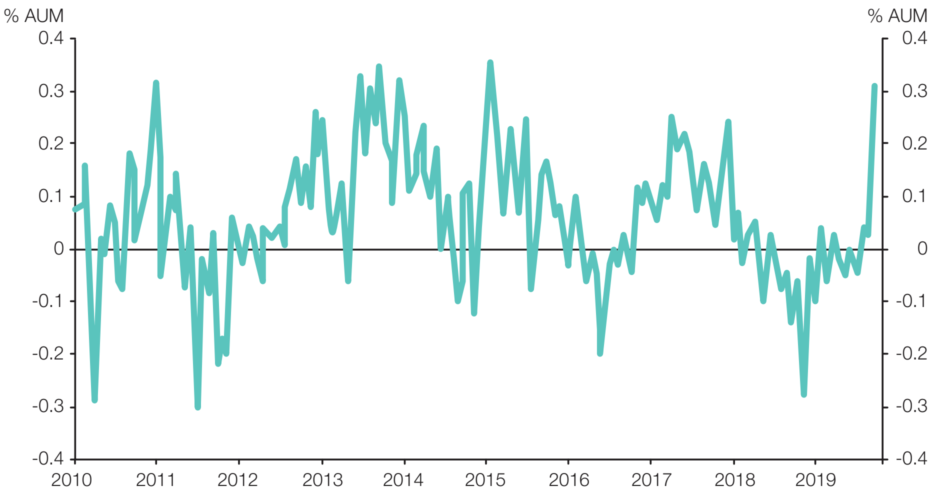
By far the most significant event of the past quarter was the calling of a General Election, the first to be held in the month of December for almost a century (last in 1923). As is now well understood, the result was a resounding victory for the (previously minority) Government under Boris Johnson, which was returned with a substantial majority of 80 seats, much larger than had been reflected in any opinion poll during the campaign.

Such a majority was the largest for more than 30 years since Mrs Thatcher's reappointment in 1987 and provides Mr Johnson with the ability to pass the Withdrawal Bill through Parliament and move the UK into a transition period, during which his Government will seek to negotiate a Free Trade Agreement with the European Union. Though such a negotiation will not be straightforward, and certainly not if it needs to be resolved before the end of 2020, the use of a definitive end-date does mean that he has not got an empty threat to use in discussions across the Channel.

In the wake of the sizeable Tory victory, both Labour and the Liberal Democrats will be seeking new party leadership after their poor showing (Labour experienced its worst result since the 1930s, whilst the Liberal Democrats lost ground compared with their 2017 results), while the Scottish Nationalists (SNP) will seek to resurrect their campaign for devolution in the wake of their successful electoral outcome. The scale of the Conservative majority in Westminster, together with the fact that fewer than half of Scottish votes cast were in support of the SNP, is likely to mean this rallying call falls on stony ground south of the Border.

Ignoring politics to focus on the economy has proved difficult in the past year, since the Brexit uncertainty accompanying the political impasse has been all pervasive, in terms of consumer and corporate behaviour. During the election campaign, all the major parties pledged to implement a more expansionary fiscal stance, with greater public sector expenditure being promised in all cases. The domestic economy is in need of such a boost, since household savings have been rising in the past two years (restraining consumption) and business capital spending will continue to await more clarity on our trading relationship with the EU. Moreover the sluggish economic growth rate in 2019 (in only one month since February has it exceeded 0.2%) is despite a material loosening of fiscal policy already. The calendar year outcome is

Global Fund Flows to UK Bonds and Equities



Note: Data are expressed as 4-week moving averages of flows as a percent of AUM.

Source: EPFR Global, Goldman Sachs Global Investment Research

not expected to reach the 1.3% rate recorded for 2018 and current projections (before any new Government policy initiatives have been announced) for 2020 are for an even lower pace of growth.

The election outcome reawakened international investors' interest in the UK, both in terms of resolving some of the outstanding uncertainty that had inhibited corporate capital deployment within the UK by overseas companies and in terms of augmenting the appeal of UK assets to inward portfolio capital flows. The latter reaction can be seen in the chart here, which reflects behaviour both before (as pollsters indicated a solid Conservative majority) and after Election Day. The movement of sterling during this period will also have been a contributory factor. Ordinarily any such overseas interest in UK equities would have been implemented predominantly through the purchase of shares in the FTSE 100 members, as those names are much more familiar to international investors. On this occasion however their ambition was to access exposure to domestic assets: with more than 70% of FTSE 100 companies' economic footprint being outside the UK, that universe of companies would not fulfil the desired objective, which meant that this new flow of cash prompted a strong bounce in the shares of mid and small sized companies. The total return during the fourth quarter was just above 10% for the former and just below for the latter, in comparison with less than 3% total return from the FTSE 100 index. Reflecting this skew, leisure, retailing and construction shares featured among the strongest sectors of the UK equity market.

United States

Economic growth in the US has been on a softening path during 2019, with consensus expectations for Q4 of 1.6% year-on-year being well below the likely outcome for the full year of 2.3% and in major contrast to the 2.9% recorded for calendar 2018.

This slowing reflects a range of influences, partly a delayed response to the Fed's rate increases in 2018, partly a fading of earlier fiscal stimulus from President Trump's tax reforms and partly concerns over the trade deal with China. It is notable that US exports, though representing no more than 12% of GDP, are expected to have fallen over the year as a whole, though some resolution of the trade impasse should provide a better backdrop for global shipments in the year ahead.

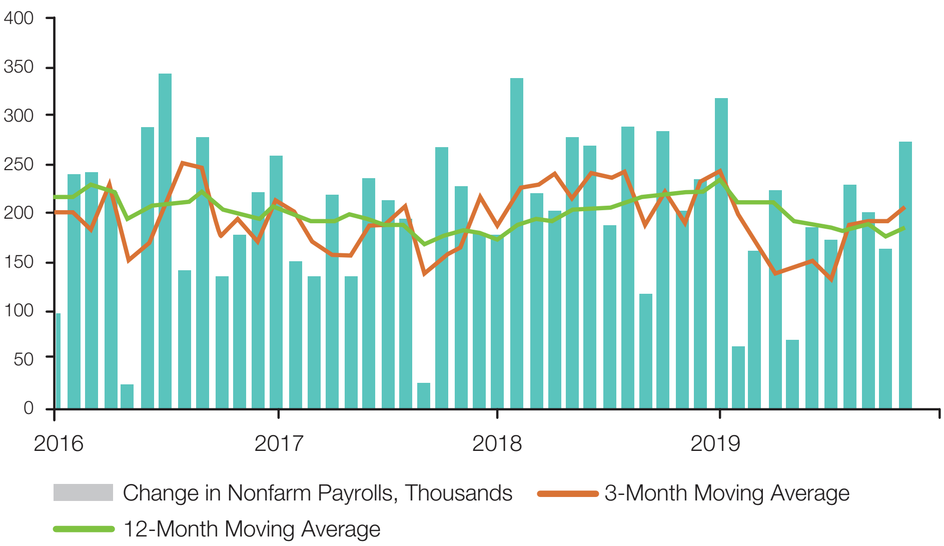
Despite this slower pace of economic growth, new job creation has remained at heady levels, as can be seen from the chart. Although the twelve-month moving average is slightly lower now than a year ago, it nonetheless reflects a very strong latter half of 2019 compared with the earlier months of the year. The fall in Treasury yields earlier in the year will have helped mortgage affordability and has turned housing starts into a positive contributor to activity.

Apart from the focus on a potential détente in the trade war with China, the other principal political spotlight has been on the potential impeachment of Mr Trump and how that might influence the outcome of the next Presidential election, now due within twelve months. The Democrat-led House of Representatives approved two articles of impeachment (for abuse of power and obstruction of Congress) in December following a three-month inquiry; the trial process under the US constitution will now move to the Republican-led Senate. This will mark the third US President to undergo an impeachment trial, with both previous defendants (Andrew Jackson in 1868 and Bill Clinton in 1999) being acquitted. Given the composition of the Senate, a similar outcome on this occasion is widely expected, though whether the impeachment process itself will weaken the Trump re-election campaign is less clear-cut. During the next few months the US election bandwagon will start to roll, with the early Primaries in February and March starting the process leading to the selection of the presidential candidates (July for the Democrats and August for the Republicans). Currently there are still a dozen candidates in the running for the Democratic nomination, though only four appear to register support above 10% in surveys of Democratic Party voters. It should of course be remembered that Donald Trump was not a front-runner for the Republican nomination at this stage four years ago!

Given his domestic and international political pressures, President Trump will need the economy to be in his favour in 2020. This is all the more important since many of the "swing states" (those where the election outcome is least clear) have suffered more than average across the US from the recent growth deceleration and where workers' weekly earnings are rising at only about half the rate experienced in the rest of the US. He is likely to be helped by the probability that the Fed is on hold on its interest rate policy between now and November, but not by the fact that US corporates are prone to become less willing to sanction further capital spending the nearer one gets to the election. The trend in US corporate profits might also constrain such expenditure: despite nominal US economic growth being above 4% for the past year and interest costs having fallen, corporate earnings are expected by analysts to emerge at almost identical levels to those of 2018, due to weakness in the energy and materials sectors.

The US equity market by contrast performed stunningly well over the past year, with a capital gain in dollar terms approaching 30%, all of which came from an upward re-rating of shares with no help from underlying corporate profits. In the final quarter, investor returns were about 9%, though most of that would have been offset to sterling-based investors by the recovery in the pound. That rise in indices means that Wall Street ends the year on a rating of about 20X likely corporate earnings, but faster global economic growth in the year ahead indicates that corporate profits elsewhere in the world should rise more strongly than those in the US.

US Job creation remains robust



Source: High Frequency Economics Dec 2019

Europe

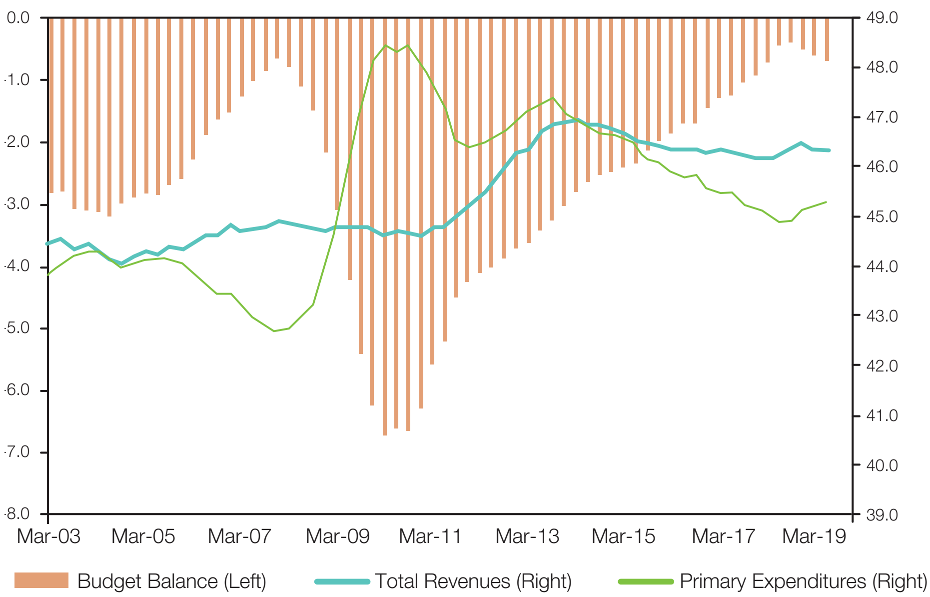
In our last Review we highlighted that the recovery over the summer in Eurozone money supply should lead to an improved reading in European purchasing manager data. As we noted in the introductory paragraphs, Europe has seen much of its disappointment in growth concentrated in Germany and Italy.

An analysis of the components of economic activity indicates that much of this shortfall can be laid at the door of manufacturing and thereby international demand via exports. In particular the automotive sector of European manufacturing has had a torrid time. Eurozone domestic demand rose by 2.3% over the year ending in September, well ahead of GDP, which was depressed by very weak trade activity levels. Such anaemic rates, plus the prospect in the late summer that the trade friction would intensify, persuaded the European Central Bank (ECB) to cut interest rates again and restart its asset purchase programme. That marked the final action of the outgoing ECB President Mario Draghi before handing over the reins to Christine Lagarde. As is becoming well understood, she is not a fan of even looser monetary policy, but is increasing the pressure on politicians across the Eurozone to implement a more supportive fiscal approach, in a magnified version of Mr Draghi's valedictory message on leaving office. The last few months featured a material bounce in the ZEW Economic Sentiment Indicator for Germany, which in the summer had plumbed depths last seen in 2009, staging a recovery from -44 to +11, the most positive reading since the spring of 2018.

The chart illustrates how much austerity has been brought to bear in Europe since the financial crisis, with the combined Budget Deficit now only about one-tenth of the level reached a decade ago. The scale of this deficit at 0.8% of GDP compares with 2% in the UK, 5% in the US and 4% in Japan; the principal reason for this anomaly is of course Germany, which is still running (and advocating) a surplus of more than 1%. This gives Germany ample room to become more stimulatory, a thought reinforced by its very low debt levels (only 60% of GDP compared with more than 85% across the Eurozone as a whole). How Germany responds to this opportunity is however less clear. One option, which would allow them to loosen the purse strings but adhere to their policy framework of rules known as black zero and the debt brake, is provided by the movement towards greener energy production. Historically Germany had a high reliance on nuclear energy, which contributed almost a quarter of electricity production but, following the Fukushima disaster in Japan, many of the German plants were closed and now only seven of the original 17 remain operational. However the closure of that nuclear capacity has made the country more dependent on coal and lignite as a source of electricity generation (28% at the last count), until such time as more capacity in renewable form through wind and solar is fully developed. A temporary package of fixed capital investments, by measures designed to accelerate the number of renewable energy projects, would endorse Germany's green credentials as well as boosting the economy in the near term and is eminently justifiable.

If economic activity in Europe has proved a disappointment, compared with hopes at the start of 2019, then conversely corporate profit expectations for the same year have been surprisingly resilient. Projections have been revised down but relatively modestly and are still for faster growth than is expected from Wall Street. Moreover expectations for the growth rate in 2020 are intact, compared with a downward revision of about 7% for global profits generally. During the final quarter of 2019, the total return from European equities lagged that from Wall Street in local currency but, when calculated for a sterling investor, were almost the same. The lower rating for European equity markets, a P/E of less than 15X, together with an appealing dividend yield of more than 3.5%, one of the highest in the developed world at a time when investors are hungry for income, should leave shares well placed to profit from any increased confidence about global economic growth.

Eurozone Governments can spend more in the future



Source: Citi Research Nov 2019

Far East & Emerging Markets

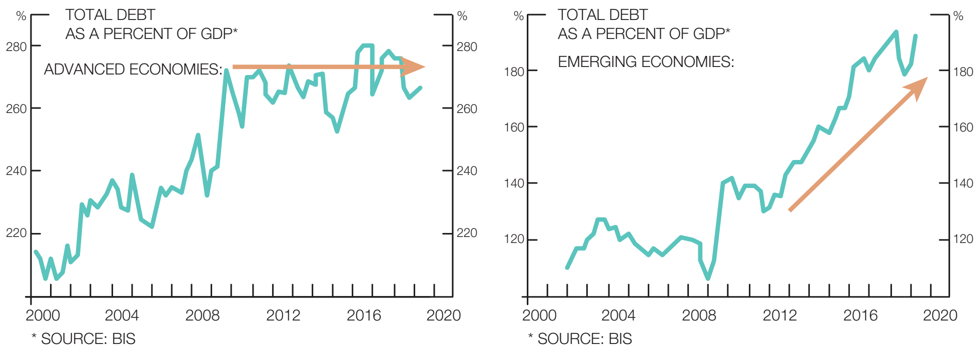
As highlighted earlier, emerging markets have borne their fair share of the downward revisions to global economic growth in 2019. In light of the trade tensions that were prevalent (and escalating) for much of the year, such an outcome was unsurprising given the open nature of many of the economies to global trade.

However the year has ended with the likely prospect that the first phase of an agreement between the US and China will be signed very soon, although it is probable that sparring between these parties will remain a feature for many years to come, given the issues yet to be resolved covering intellectual property and technology transfer. Those risks might intensify as those topics might be even harder to resolve if there were to be a Democrat in the White House next year, hence there is some incentive for the Chinese to keep the momentum going this year.

Despite all the headlines about trade, the trajectory of economic growth in China is little changed. Growth in Q3 was reported as 6%, but manufacturing activity was a depressant with the latest purchasing managers' data announced at 50.2, only fractionally above the psychologically important 50 level. The authorities will want to maintain a supportive stance to growth, but are mindful of not recreating the liquidity issues that surfaced in the shadow banking system previously. Cuts to the Reserve Ratio Requirement (now at 10.5%, down from 16.5% at the start of 2018) should allow the formal (and more secure) banking regime to accommodate a shift in the growth of credit away from the shadow banking sector. China has also been using its fiscal policy to support growth, with a rise in government deficits to finance both personal taxation cuts and for enhanced infrastructure spending, especially in the area of pollution control.

India has continued to disappoint with growth well below prior projections. Q3 was measured to be a mere 4.5%, the lowest growth rate for more than five years. A sharp rebound is expected for the fourth quarter, but still leaving the outcome for the full year at around 5.5%, well below the 7.4% achieved in 2018 and original forecasts of 6.8% for 2019. Both fixed investment and domestic consumption lay behind the weakness and prompted the Indian Central Bank to embark on a programme of rate cuts, which began from a level of 6.5% in January and finished the year at

Debt levels still rising in EM



Source: BCA Research

> "The Indian Government under Mr Modi seems prepared to finance growth through looser fiscal policy, with projections that the public deficit could reach 6% of GDP this year."

5.15%. In light of inflation being around the Bank's 4% target, it is expected that interest rates can still fall a little further in forthcoming months. The authorities also unveiled a cut to corporation tax to help revive the economy, which should facilitate an improvement in business confidence and lead to growth in the year ahead getting back above 6% by the forthcoming year-end. The Indian Government under Mr Modi seems prepared to finance growth through looser fiscal policy, with projections that the public deficit could reach 6% of GDP this year.

Notwithstanding the undoubted superior long run potential economic growth in the emerging economies, and the relatively low rating on which their equity markets stand (less than 15X for the year just ended), many commentators point to the escalating levels of debt, as can be seen in the chart here. In contrast to the advanced economies, where a modest rise in the level of Government debt to GDP has been offset by a fall in private sector debt (and all the more intriguing given the ultra-low interest rates available to borrowers), both Government and private sector debt levels have climbed sharply – Government debt from 36% to 51% of GDP since 2011 and private sector debt from 96% to 141% over the same period (and this despite the much higher prevailing interest rates). Given that total debt levels are still some way below those in the advanced world, this is not yet a red flag to investors, but the trend needs to be watched carefully, especially if a period of faster economic growth does not emerge.

Japan

The Japanese economy narrowly avoided a decline in Q3, as GDP growth was recorded as an anaemic 0.1%. Nevertheless for 2019 as a whole, Japan is likely to be the only major developed economy where economic growth is expected to have exceeded the rate achieved in the previous calendar year, albeit a modest 0.9% compared with 0.8% for the prior twelve months.

Domestic demand held up well, buoyed by both extremely low unemployment, which remained at its lowest reading since the early 1990s, and spending brought forward by consumers ahead of the autumnal increase in VAT. Tourism associated with the Rugby World Cup would also have been a factor in the third quarter and some further effect is likely to have persisted into Q4. Capital expenditure remained supportive of economic activity as Japan continued its preparation for next year's Olympic Games but exports suffered from both weak external demand and from continuing uncertainty about the US/China trade negotiations.

Interest rate policy set by the Bank of Japan remains supportive with money market rates in negative territory and this has kept the yen from strengthening; indeed during the fourth quarter the currency slipped by more than 3% when compared with the euro and fell slightly versus the dollar, but was over 8% down against a politically buoyant pound, effectively offsetting for sterling-based investors the stock market Q4 bounce. Such currency weakness should help Japan's international competitiveness but the easing of trade tensions in light of the apparent first phase agreement between China and the United States is likely to do more to boost Japanese export activity over the winter months. Prime Minister Abe, as of Q4 the longest serving premier in Japanese history, indicated he would not intend to serve a fifth term when the present one ends in 2021, but continues to struggle with insipid economic growth and negligible levels of inflation. His biggest challenge however remains Japanese demographics-the number of births in calendar 2019 was the lowest recorded in more than a century and was 0.5m below the number of confirmed deaths, thus increasing the pressure on Mr Abe in his remaining two years of office to develop a more effective immigration plan.

> "Tourism associated with the Rugby World Cup would also have been a factor in the third quarter and some further effect is likely to have persisted into Q4."

Alternative Assets

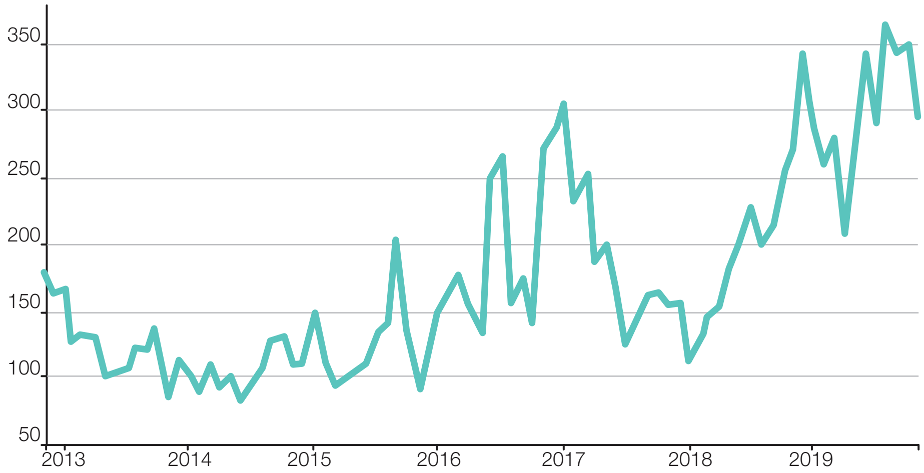
Headlines in the real estate sector continue to be made mostly by the poor health of retailing, with further evidence of store closures and tenant pressure for rent reductions. In the run-up to the UK election consumers were also watchful about expenditure levels and even the usual Black Friday sales appeared to prompt lacklustre responses.

This led to the valuations of retail real estate remaining under significant downward pressure with falls of around 10% being recorded since the start of 2019. The valuations of other segments of commercial real estate did not suffer any such declines, with office assets squeezing out a fractional increase while industrial and logistics assets maintained their previous stance as the strongest performers. Institutional investors continued to shift the balance of their property portfolios away from retail assets (which still represent close to 30% of the universe) but with limited success as transactional volumes declined ahead of the election. These difficulties led to M&G suspending dealings in their daily-traded £2.5bn property fund during the quarter, but did not precipitate a cascade of similar reactions in the way that followed the 2016 referendum outcome. All other UK property unit trusts remained open as usual and the share prices of the stock market listed property vehicles suffered only a very temporary hit before staging a recovery in the wake of the election outcome. The most resilient performers were found mainly in the specialist funds, whose underlying assets were regarded as being minimally sensitive to economic concerns, such as healthcare, student accommodation and social housing, whilst funds that owned logistics assets such as warehouses proved to be the best in the economically sensitive segment.

Outlook

The past year has proved to be a very rewarding one for investors and was achieved against a background of political and trade uncertainty and with little or no help to equity markets from rising corporate profits. As we noted in our opening section, investor returns still look highly appealing if the period is extended back to encompass the very difficult Q4 that occurred in 2018. The chart here illustrates the inflated levels to which global policy uncertainty rose in the past year, compared with the majority of the post financial crisis period. Bulls might argue that, if capital markets can generate those magnitudes of returns when concerns are elevated, what might they do if investors were to become a lot more relaxed? They might also point to the amount of cash sitting uninvested on the market sidelines in the expectation that reduced uncertainty would prompt investors into buying assets, thereby driving market prices even higher. Though the headlines in recent weeks have been along the lines of "Trump agrees deal with China" and "Boris gets Brexit over the line", both messages belie the detail of what still remains to be done. Nevertheless if both go at least partly according to plan with the outstanding negotiations and Central Banks remain on their current path of supportive monetary policy, then it is logical to expect the reading on this chart to drop much further in the months to come. There has been a strong correlation in the past between this reading and the level of global corporate profits - the recent decline in uncertainty indicates an improvement of about 5-6% in corporate earnings, which should rise further if uncertainty does revert towards the norm.

Global Policy Uncertainty Index



Source: Policyuncertainty.com Dec 2019

Bears of risk assets, especially of equities, argue that such a rise in profitability is necessary to substantiate the rise in share prices already achieved. It is certainly fair to say that equity markets are not cheaply rated, but ratings are in part about a balance of investor judgments of the future and the probability of a poor outcome due to policy error feels to have diminished. The preceding paragraph provides some comfort that at least some corporate earnings progress will be made in the year ahead. However there is a US Presidential Election in sight and historians will note that the third year of the US electoral cycle is the most propitious for equity investors, as evidenced by the exceptional returns in the year just ended, and that the final year of the term is less good, though not usually poor. Global financial conditions are once again very supportive of risk assets (and not much of a headwind for bond prices) and Central Banks are expected to err on the side of looser policy rather than risk premature tightening. This should mean that, at least in the near term, the path of least resistance for risk assets remains a gradual uptrend. That gradient is less obvious for bond markets, given their stretched pricing, the potential for inflation expectations to rise once global growth has improved and the prospect of greater sovereign bond issuance if fiscal policy is loosened and not offset by renewed Central Bank purchases. Nevertheless in the near term the scale of downward correction appears modest. However the art of effecting a portfolio balance that facilitates appropriate exposure to the potential rewards of equities, whilst holding other assets (to offset the volatility stemming from equities) that are also capable of generating positive returns, remains a challenge.

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Birmingham	0121 232 0700	**Exeter**	01392 204404	**London**	020 7597 1234
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Bristol	01172 444860	**Guildford**	01483 304707	**Reigate**	01737 224223
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Out of the Ordinary

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