

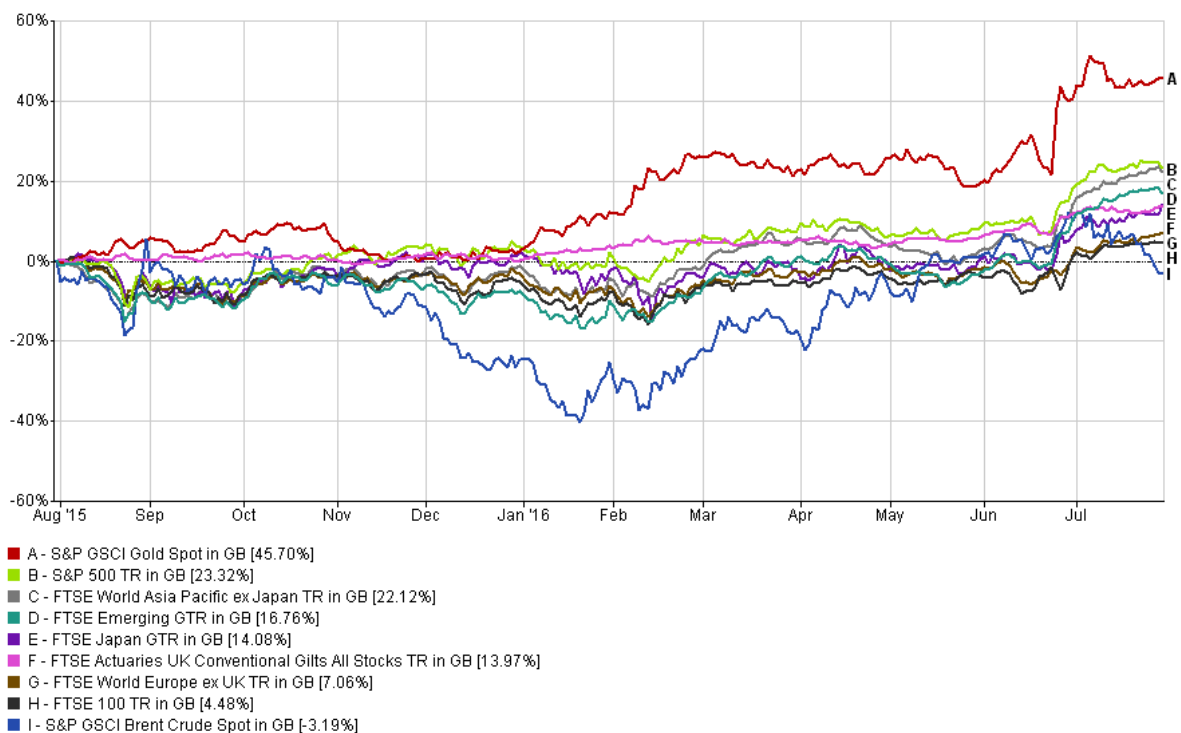
Global equities rose in July, mainly due to increased expectations of further global monetary stimulus as opposed to any improvement in fundamental data. We remain cautious and expect markets to be unsettled in the months ahead. This is despite the Bank of England's interest rate cut and renewed quantitative easing operations and ongoing loose monetary policy in Europe and Japan.

Year to date the FTSE 100 is up over 10% in total return terms. Over the same time period the FTSE Index of UK Conventional Gilts rose by over 13% and gilts are now even more expensive than they were at the start of the year.

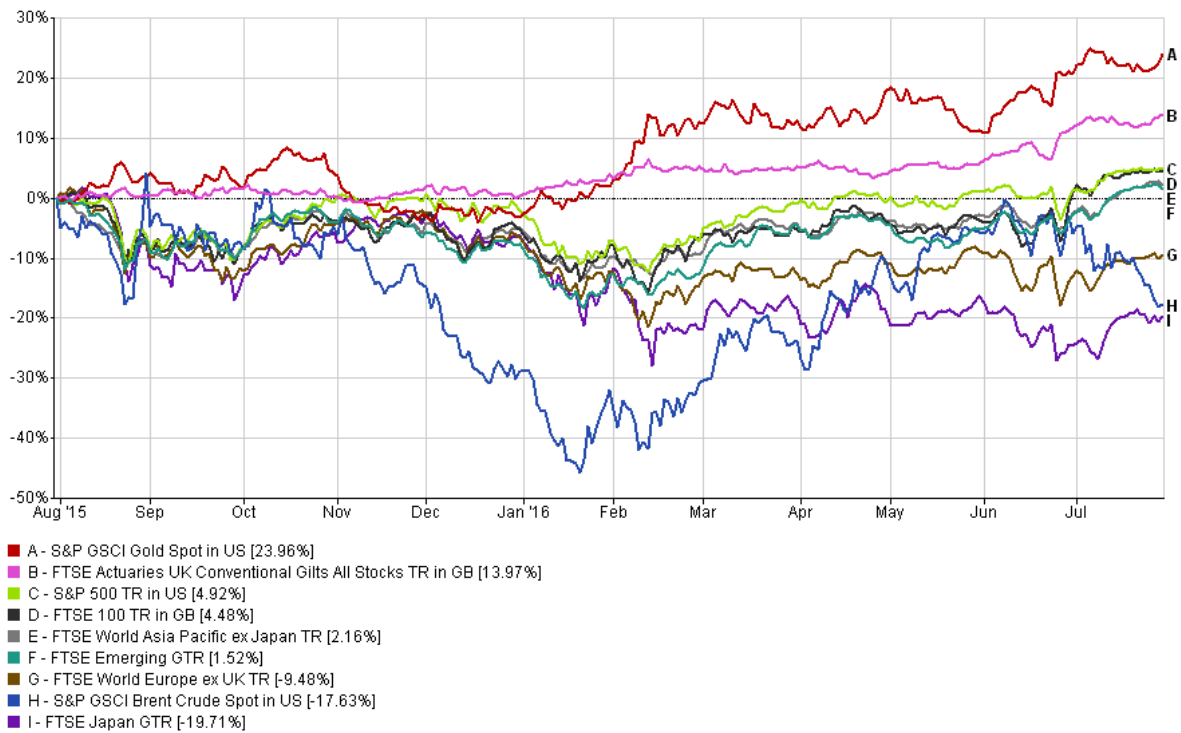
The extraordinary impact of Sterling's devaluation following the Referendum can be clearly seen in the returns provided below when the local currency numbers are compared to the returns when translated into Sterling. This is particularly true for the US and Japan. The S&P 500 has risen 23.32% in Sterling terms in the last year, compared to 4.92% in US dollars. The comparison is even starker for Japanese equities with the FTSE Japan up 14.08% in Sterling terms and losing 19.71% in Yen terms.

Commodity prices have increased so far in 2016, in particular oil and gold. It is always important to take a long term view though and the longer term data show the inherent volatility of both of these commodities and also their exposure to currency risk as they are priced in US dollars. The US dollar price of oil is down more than 17% over the last year and is more than 60% below its value 5 years ago. This volatility appears to be driven by sentiment rather than supply or demand and this is one of the reasons why we do not actively invest in this area.

1-Year Performance in Sterling Terms to July 2016



1-Year Performance in Local Currency Terms to July 2016



31/07/2015 - 29/07/2016 Data from FE 2016

Cumulative Performance in Sterling Terms to July 2016

	3m	6m	1y	3y	5y	YTD
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	9.65%	9.69%	13.97%	28.02%	45.80%	13.66%
FTSE 100 (GBP)	8.66%	13.09%	4.48%	13.38%	39.22%	10.28%
S&P 500 (GBP)	16.57%	20.63%	23.32%	53.89%	124.26%	19.08%
FTSE World Europe ex UK (GBP)	9.57%	14.06%	7.06%	22.21%	45.00%	10.49%
FTSE World Asia Pacific ex Japan (GBP)	17.30%	27.43%	22.12%	22.37%	32.09%	23.58%
FTSE Emerging (GBP)	16.98%	29.77%	16.76%	17.65%	12.78%	26.03%
FTSE Japan (GBP)	13.66%	17.15%	14.08%	34.17%	60.58%	11.68%
S&P GSCI Brent Crude Spot (GBP)	1.39%	29.22%	-3.19%	-53.51%	-53.82%	28.28%
S&P GSCI Gold Spot (GBP)	16.06%	29.91%	45.70%	18.06%	2.89%	42.14%

Source: Financial Express

Cumulative Performance in Local Currency Terms to July 2016

	3m	6m	1y	3y	5y	YTD
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	9.65%	9.69%	13.97%	28.02%	45.80%	13.66%
FTSE 100 (GBP)	8.66%	13.09%	4.48%	13.38%	39.22%	10.28%
S&P 500 (USD)	5.65%	12.91%	4.92%	34.77%	81.39%	7.27%
FTSE World Europe ex UK (Composite)	1.70%	2.96%	-9.48%	25.22%	50.96%	-3.17%
FTSE World Asia Pacific ex Japan (Composite)	6.11%	13.41%	2.16%	16.12%	27.35%	7.50%
FTSE Emerging (Composite)	6.06%	16.29%	1.52%	19.28%	24.55%	10.01%
FTSE Japan (Yen)	-1.33%	-7.17%	-19.71%	22.44%	72.44%	-14.29%
S&P GSCI Brent Crude Spot (USD)	-8.11%	20.95%	-17.63%	-59.28%	-62.64%	15.56%
S&P GSCI Gold Spot (USD)	5.19%	21.60%	23.96%	3.39%	-16.78%	28.04%

Source: Financial Express

Calendar Performance in Sterling Terms

	YTD	2015	2014	2013	2012	2011
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	13.66%	0.57%	13.86%	-3.94%	2.51%	15.79%
FTSE 100 (GBP)	10.28%	-1.32%	0.74%	18.66%	9.97%	-2.18%
S&P 500 (GBP)	19.08%	6.58%	20.02%	29.10%	10.16%	2.23%
FTSE World Europe ex UK (GBP)	10.49%	5.35%	0.16%	25.18%	17.82%	-14.71%
FTSE World Asia Pacific ex Japan (GBP)	23.58%	-4.40%	5.01%	2.72%	17.72%	-12.93%
FTSE Emerging (GBP)	26.03%	-10.31%	7.87%	-5.29%	12.76%	-18.36%
FTSE Japan (GBP)	11.68%	17.58%	2.73%	24.95%	3.34%	-12.91%
S&P GSCI Brent Crude Spot (GBP)	28.28%	-31.54%	-44.40%	-0.68%	-1.69%	13.73%
S&P GSCI Gold Spot (GBP)	42.14%	-5.28%	4.25%	-29.34%	2.26%	11.05%

Source: Financial Express

Calendar Performance in Local Currency Terms

	YTD	2015	2014	2013	2012	2011
FTSE Actuaries UK Conventional Gilts All Stocks (GBP)	13.66%	0.57%	13.86%	-3.94%	2.51%	15.79%
FTSE 100 (GBP)	10.28%	-1.32%	0.74%	18.66%	9.97%	-2.18%
S&P 500 (USD)	7.27%	0.75%	12.99%	31.55%	15.22%	1.47%
FTSE World Europe ex UK (Composite)	-3.17%	8.66%	7.58%	23.37%	20.54%	-12.71%
FTSE World Asia Pacific ex Japan (Composite)	7.50%	-2.73%	4.18%	11.36%	19.07%	-12.84%
FTSE Emerging (Composite)	10.01%	-5.83%	7.17%	3.92%	18.79%	-12.09%
FTSE Japan (Yen)	-14.29%	11.52%	10.32%	54.77%	21.46%	-17.98%
S&P GSCI Brent Crude Spot (USD)	15.56%	-35.28%	-47.54%	0.97%	2.83%	12.89%
S&P GSCI Gold Spot (USD)	28.04%	-10.46%	-1.64%	-28.17%	6.96%	10.23%

Source: Financial Express

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