

MARKET UPDATE

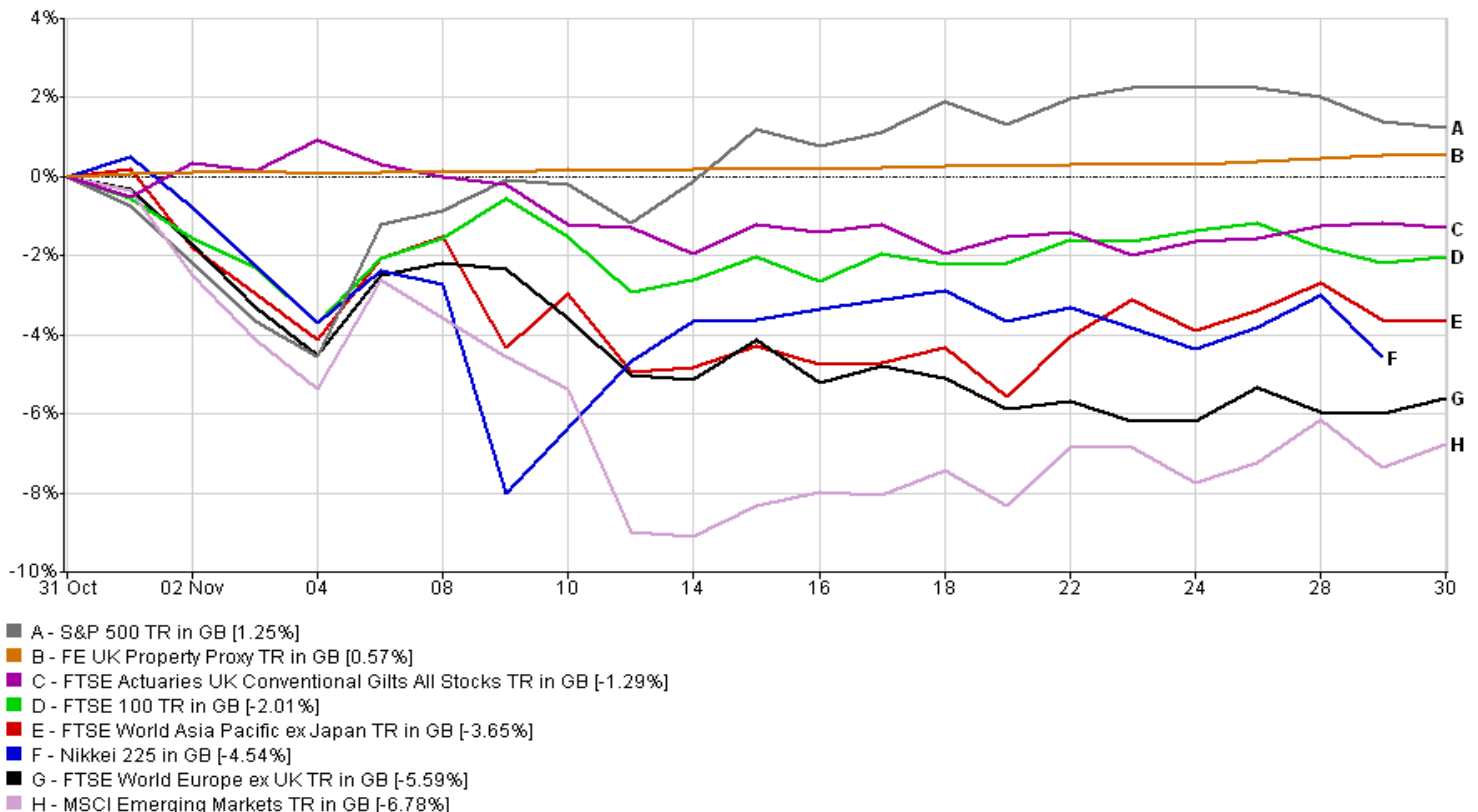
BECKETT ASSET MANAGEMENT

November 2016

Investment markets have been turbulent since Donald Trump was voted 45th President of the United States of America, but he doesn't move into the White House until 20th January, leaving markets to ponder the effects of a campaign of tax-cuts, fiscal splurges and protectionism in the meantime. If he is truly protectionist, his actions may hurt global trade and reduce global growth which has affected Emerging Market assets this month in particular (see chart below). If he were to implement all the spending he's alluded to, it would be quite inflationary and, as we near the December Fed interest rate decision (which is expected to be an increase), bond yields have risen. Closer to home we had the Autumn statement from new chancellor Phillip Hammond. Despite the gloomy economic predictions, UK business investment data remains buoyant – at least for the time being. Oil has had a volatile month with OPEC agreeing a cut in production on the last day of the month to come into effect in January, although whether they implement it is a different story.

Since the US Presidential election result, Emerging Market and European equity holdings have been the biggest detractors from performance. There have been concerns around how a strong US Dollar may impact Emerging Markets and a level of nervousness about what President-elect Trump may do when it comes to trade policies. Indeed this weekend saw Mr Trump launch somewhat of a verbal attack on Twitter aimed at China's foreign currency devaluations and their policies in the South China Sea. As mentioned previously, Fixed Income has also suffered over this time as higher inflation expectations and expected US Federal Reserve rate rises have led to a sharp rise in bond yields (meaning prices have fallen). There have been a few bright spots since the US election though. Our US and UK Small cap exposures, Bricks and Mortar Property and hedged European and Japanese weightings have all been positive contributors. The hedged currency funds did much better than the unhedged because Sterling strengthened against the Euro and Yen this month reversing some of the falls year to date.

The Italian reform referendum took place on the 4th December; the polls showed a "no" vote was the most likely outcome and the polls proved to be more accurate this time. Italy's reformist Prime Minister, Matteo Renzi, has confirmed that, true to his word prior to the vote, he will resign. It is unclear exactly what the next steps from here will be: either a new technocratic caretaker government or a reasonably quick General Election are what many expect. Financial markets have worried that



31/10/2016 - 30/11/2016 Data from FE 2016

this could mean the anti-euro 5-Star Movement could come closer to power- although exit polls suggested that the main driver behind much of the “no” vote was actually not to do with the EU or the Euro. The Austrian Presidential election re-run saw the Austrian people reject the far-right Freedom Party candidate.

The box to the right shows the key political events lining up for the remainder of the year and into 2017. There appears to be lots for markets to worry about so we are cautious. The Republican party in France selected François Fillon as their election candidate. It is seen as a favorable outcome as he seems to be in a better position to defeat Marine Le Pen of the National Front. His stance will be more market friendly and his rhetoric indicates he has been observing the global protest votes and is more likely to strike a chord with middle-France, the voters who will be looking for change.

5 Dec	Start of UK Govt. appeal against Article 50 ruling
20 Jan	Trump inauguration
22 Jan	1st round of French socialist primaries
29Jan	2nd round of French socialist primaries
Feb	Le Pen’s campaign starts in France
12 Feb	German Presidential Election (The president has no real power and can't stop any laws, only pass them on to the Federal Constitutional Court)
15 March	Netherlands General Election
26 March	Saarland Election Germany
23 April	1st round of French Presidential election
07 May	2nd round of French Presidential election
07 May	Schleswig-Holstein Election Germany
14 May	North Rhine Westphalia election Germany
June	Election of lower house in France
Sept?	Germany general election

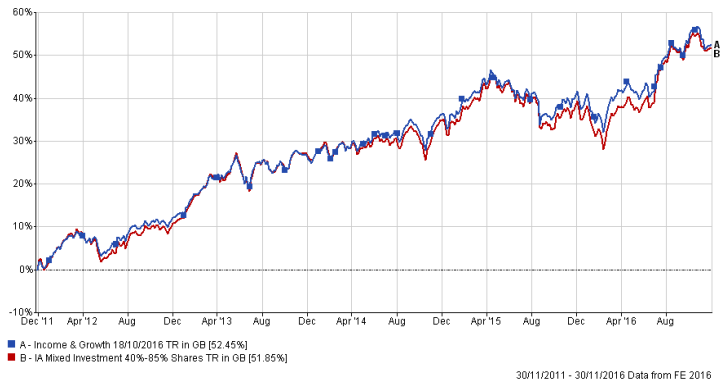
5 YEAR MODEL PERFORMANCE* VERSUS BENCHMARK

DEFENSIVE MIXED ASSETS MODEL



*DEFENSIVE MIXED ASSET MODEL PERFORMANCE SINCE INCEPTION AS NOT 5 YEARS OLD

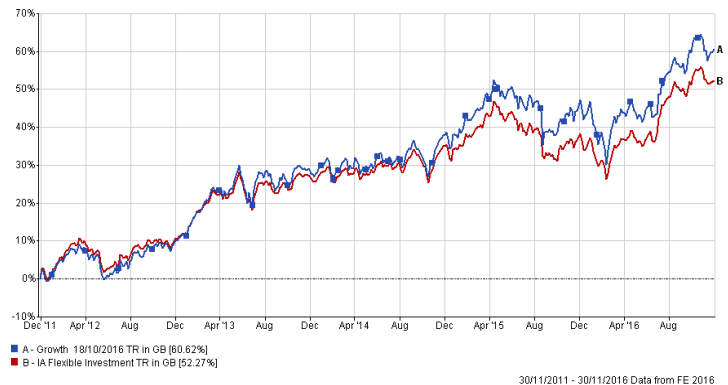
INCOME & GROWTH MODEL



INCOME MODEL



GROWTH MODEL



BAM figures take into account normal dealing costs BUT NOT BAM fees.

Source: FE Analytics – Total Return. IA: Investment Association

The investments mentioned in this report are intended as long-term investments. Some of them may go down as well as up and you therefore may not get back the full amount invested. Where investments are denominated in foreign currencies, changes in the rate of exchange may have an adverse effect on the value or price of the investment in Sterling terms. Past performance is not necessarily a guide to future performance. This document should not be construed as an offer document or solicitation and is circulated because the contents may be of incidental interest. The opinions stated are those of Beckett Asset Management Ltd, which is authorised and regulated by the Financial Conduct Authority.