

# CII STUDENT PRESENTATION

NOVEMBER 2016

TWITTER @USTEWART [WWW.7IM.CO.UK](http://WWW.7IM.CO.UK)

# MAKING MONEY IN A MAD WORLD

**GREXIT**

**BREXIT**

**TREXIT**

**OR JUST SHOW ME  
THE EXIT**



# A Hard BREXIT?



# A changing landscape



# Unexpected Outcomes

- The Vote
- New Prime Minister
- Euro Triumvirate
- Laboured Labour
- Markets Reactions

# And more to come?

- President Trump or Clinton
- A New Merkel
- End of Hollandeise?
- UK Election?
- & What is Brexit?

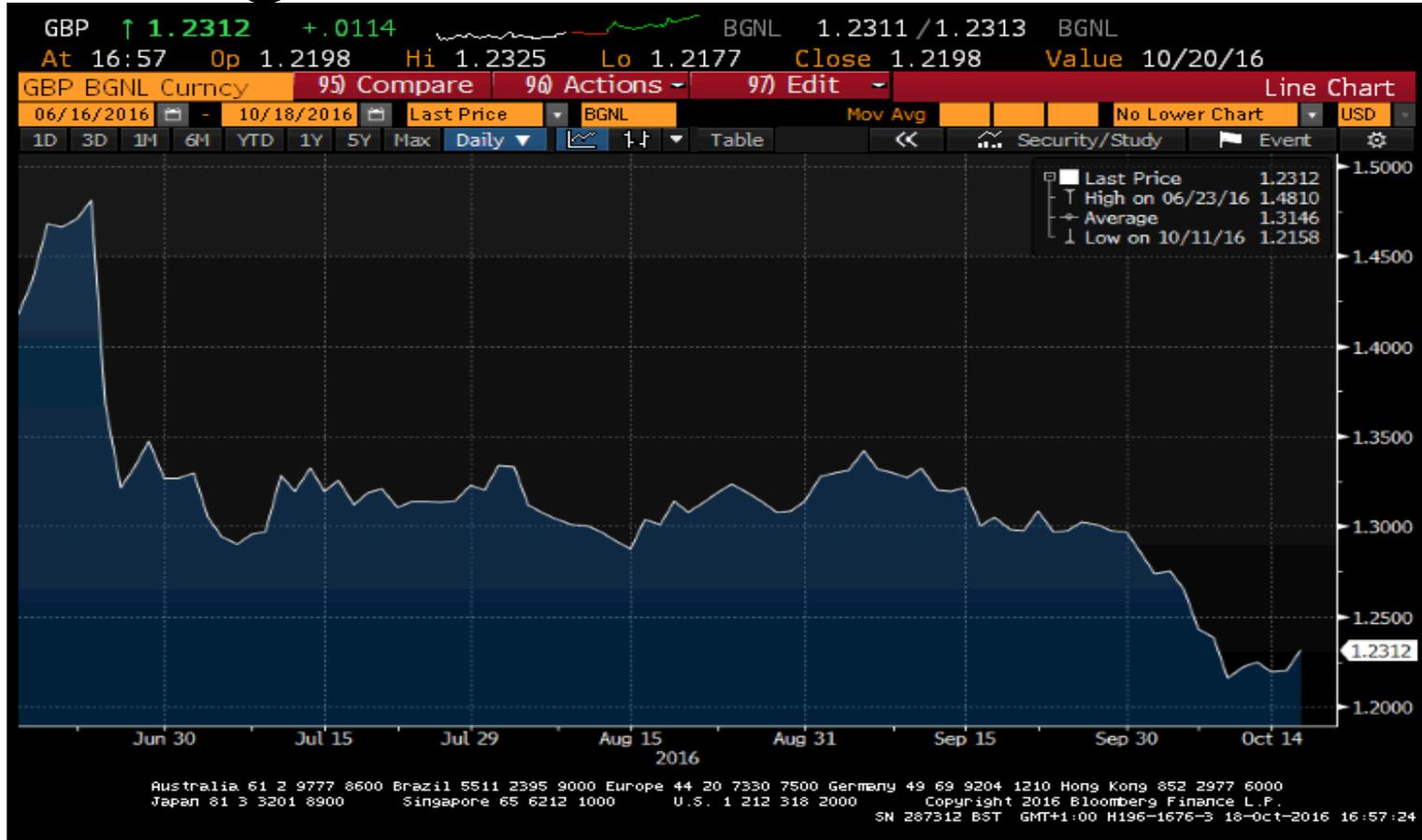


**REFERENDUM  
BECOMES A  
NEVERENDUM?**

# A KEY MOMENT OF POLITICS & ECONOMICS

# A RECAP

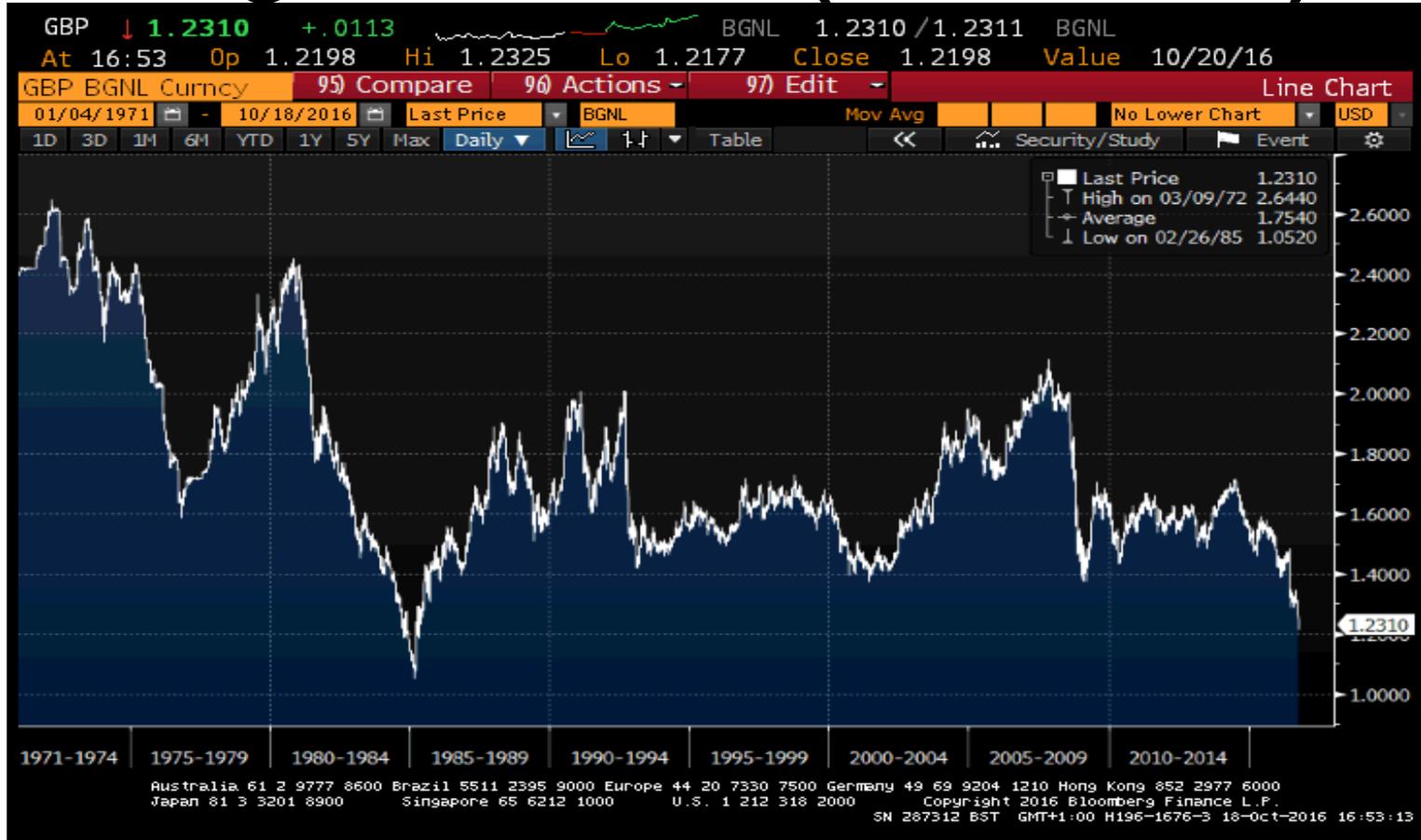
# Sterling - US Dollar



SOURCE: BLOOMBERG

16/06/2016 – 18/10/2016

# Sterling - US Dollar (since 1971)



SOURCE: BLOOMBERG

4/1/1971 – 18/10/2016

# FTSE 100 vs FTSE 250



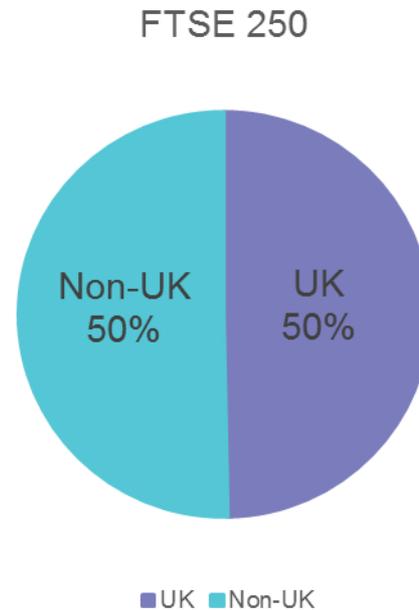
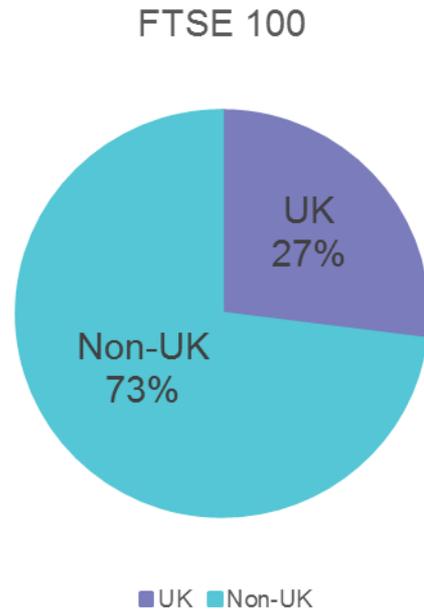
SOURCE: BLOOMBERG

16/6/2016 – 18/10/2016

# FTSE 100 vs FTSE 250

It's all about where you make your money:

## Revenue exposure



SOURCE: FACTSET

# The considered media view



# More stimulants...rates & QE?



# RISING RATES – RISING FEARS?

# Geo political scares



# An unexpected bear?

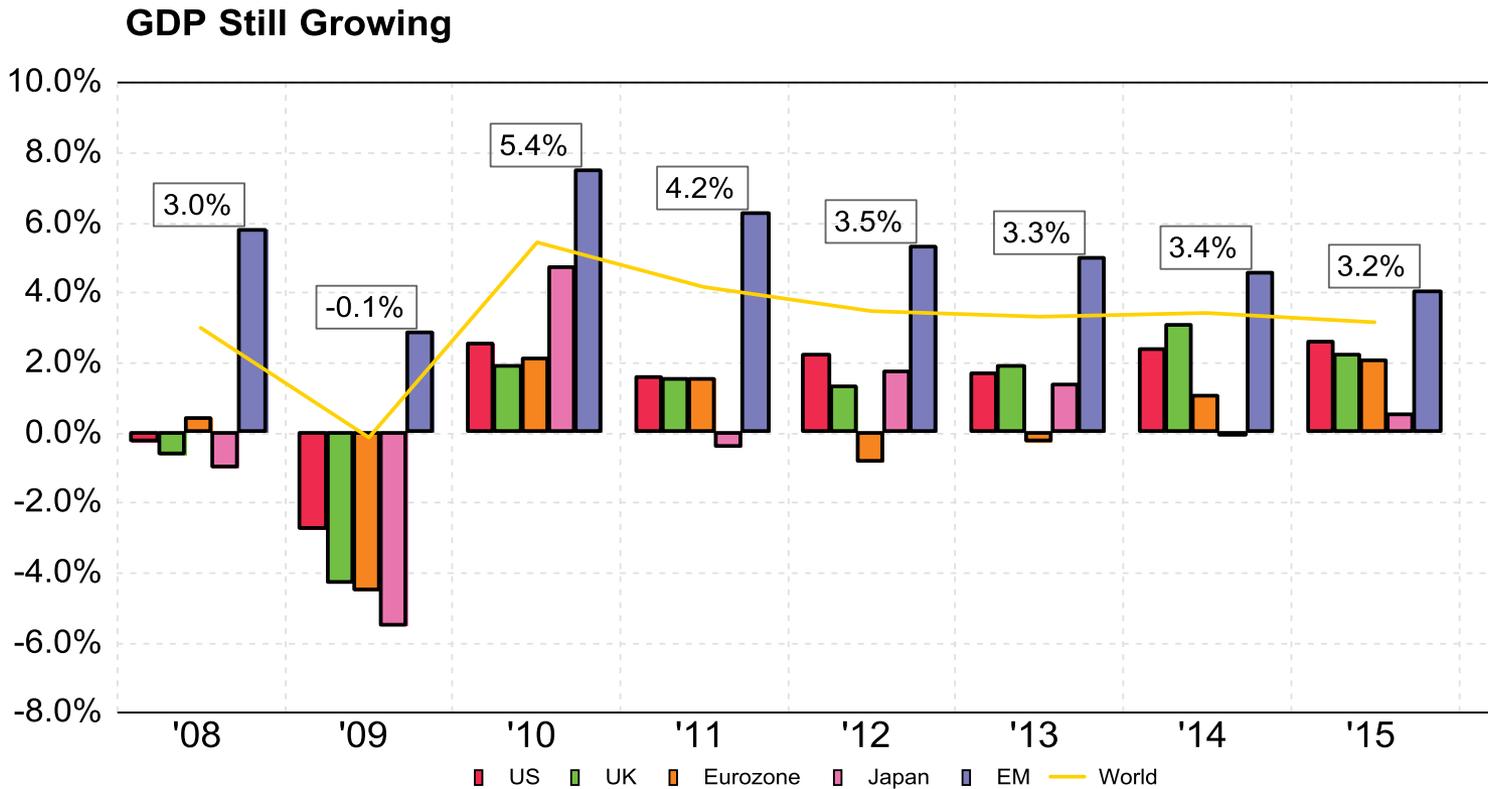


# Unprecedented stimuli

- Low Rates
- Infrastructure Spending
- Quantitative Easing
- Commodity Price falls

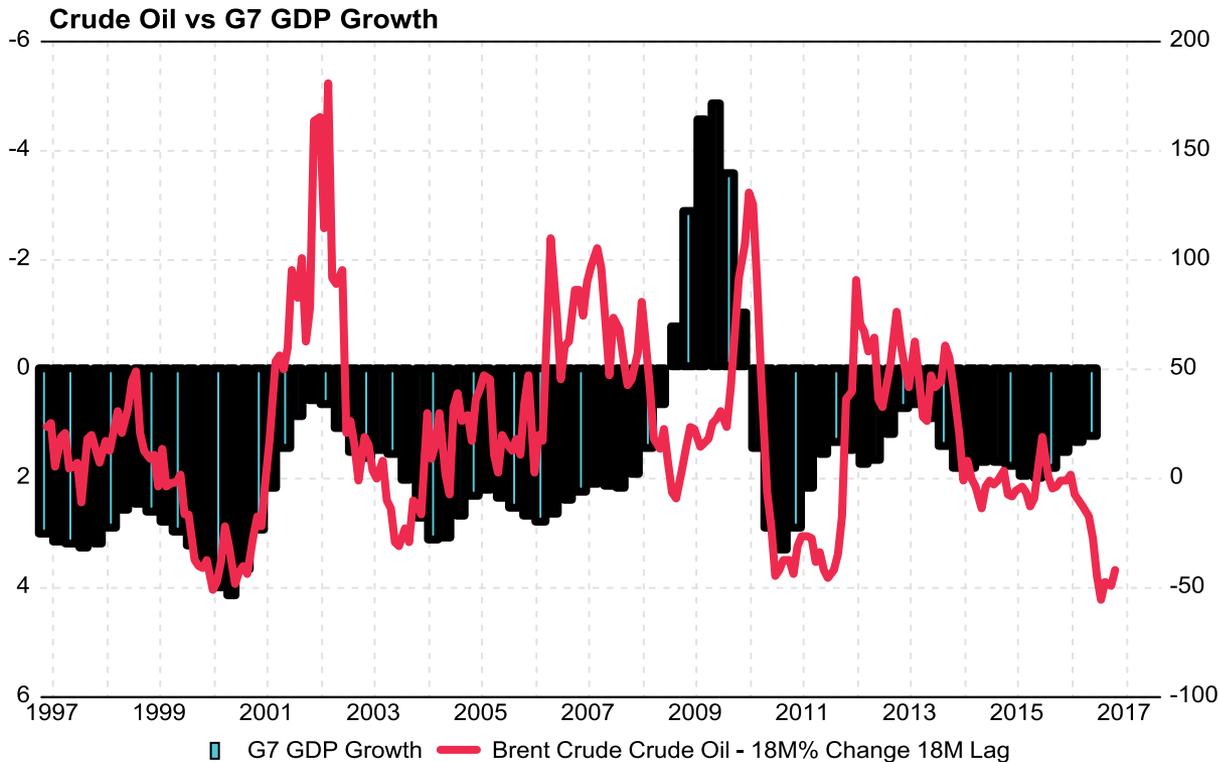
# GDP growth still positive

Average global growth close to static but changes in regional growth rates notable.



SOURCE: FACTSET

# Oil 'Stimulus' Still to Come?



Source: FactSet

Big falls in the oil price have always been followed by periods of higher GDP growth in G7 economies

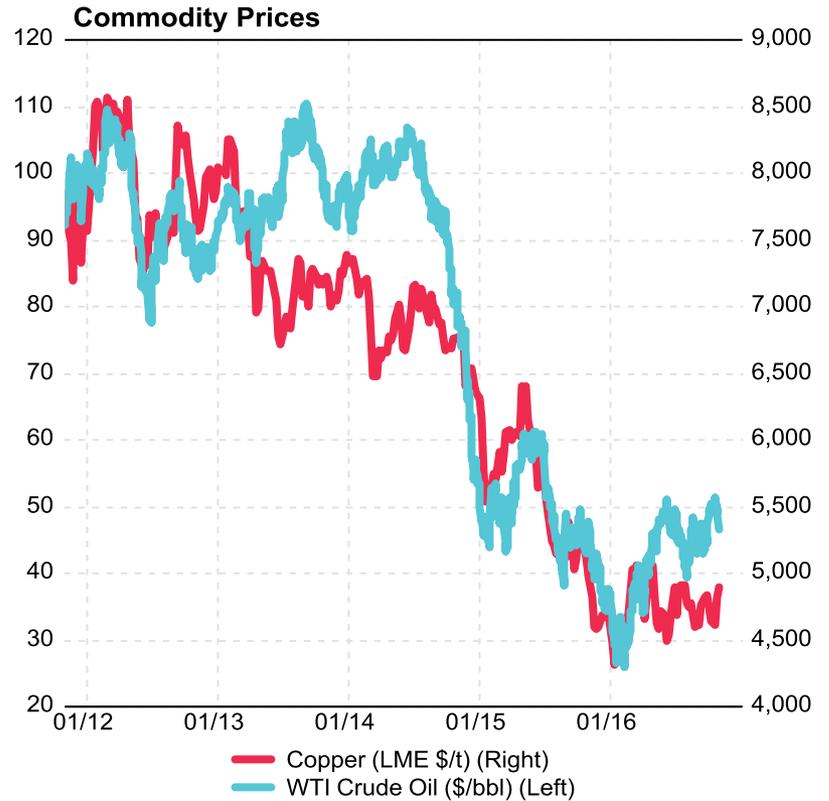
So far, consumers have saved much of the oil windfall. This may change...

SOURCE: FACTSET

# Commodities – rolling 5 years



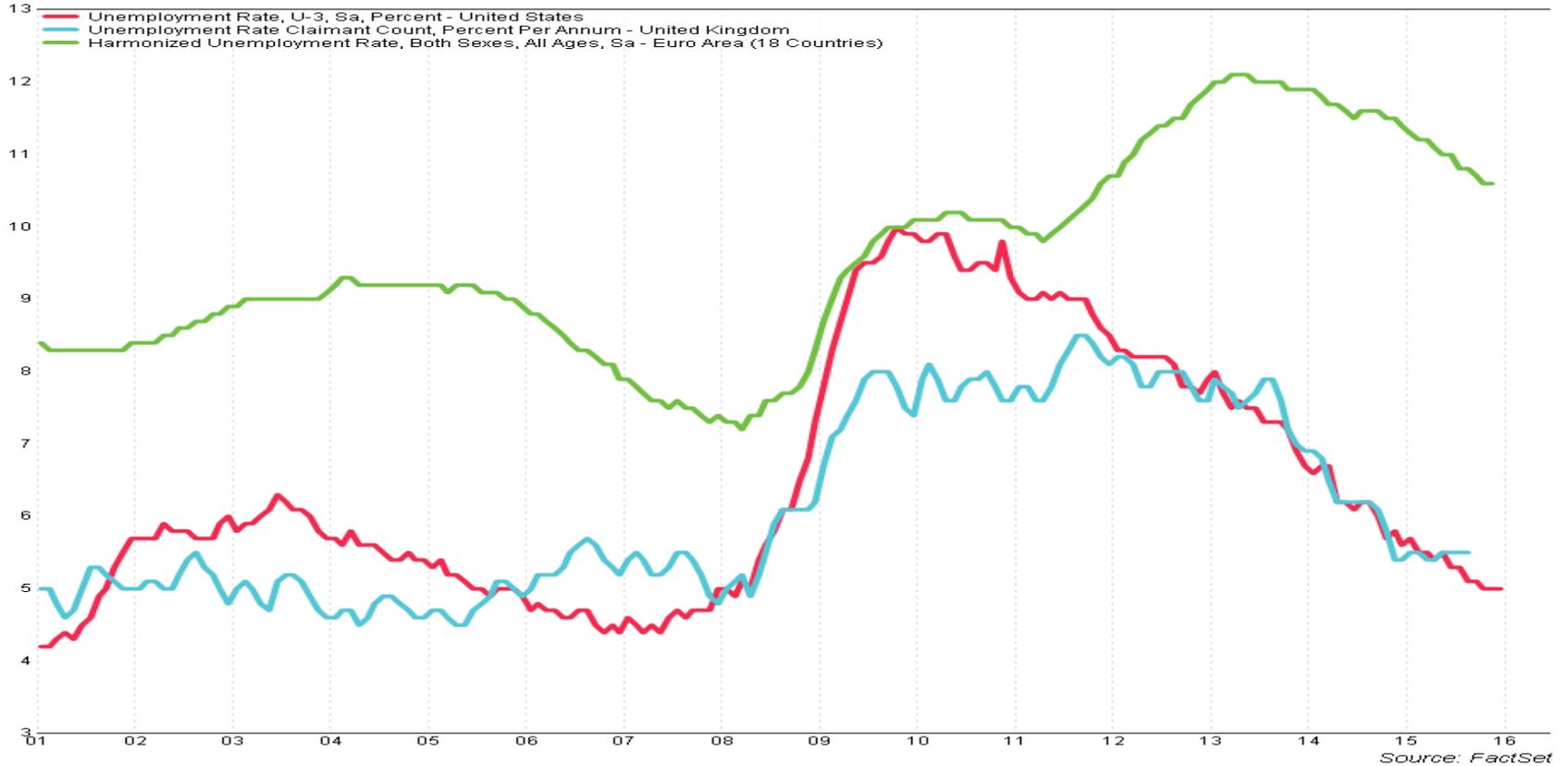
Source: FactSet



Source: FactSet

SOURCE: FACTSET. Copper, Gold, Crude Oil (WTI)

# Unemployment is falling

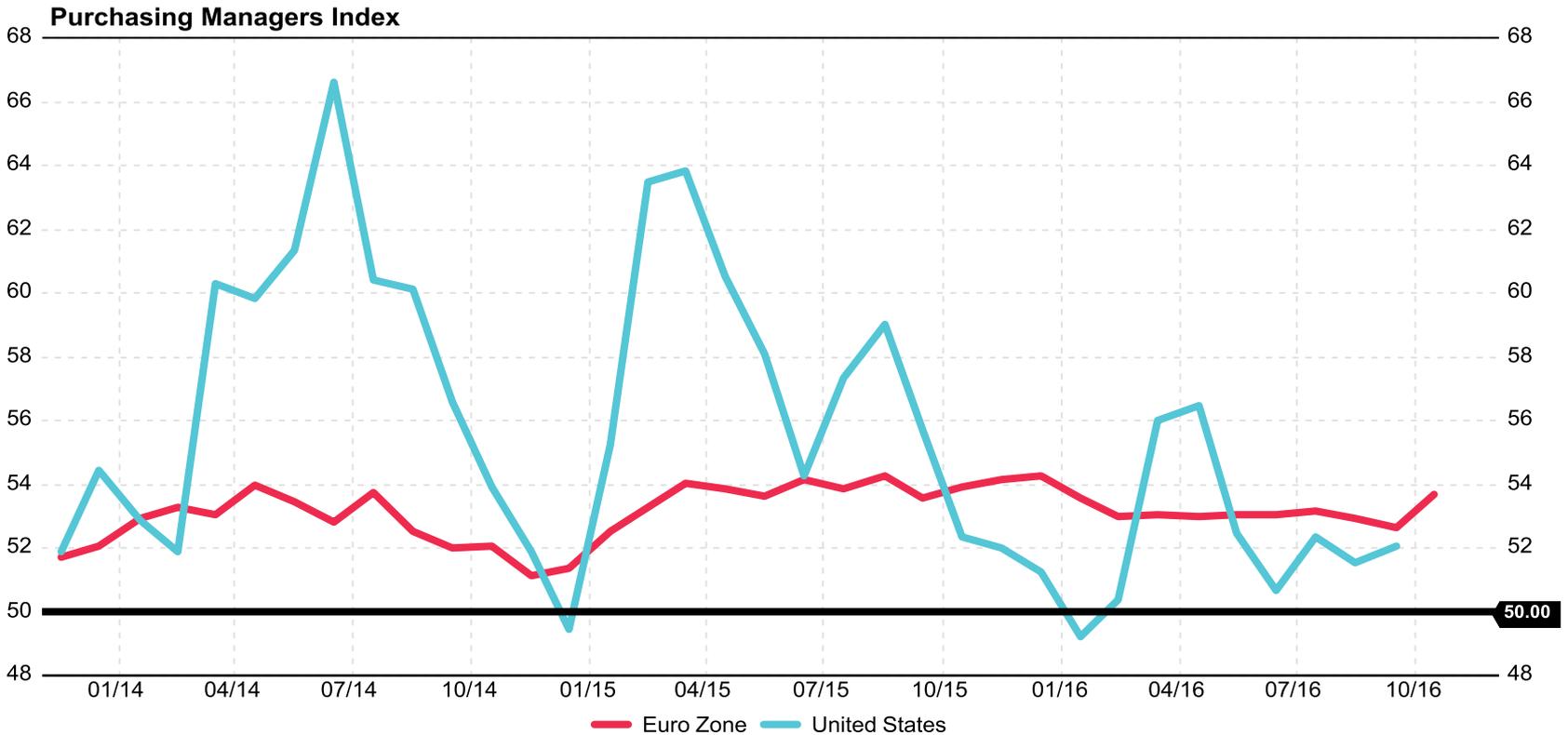


**GREEN** – EUROPEAN, **RED** - UNITED STATES, **BLUE** - UNITED KINGDOM

SOURCE: FACTSET

# Purchasing Managers Index US/EU

Purchasing managers surveys indicate a growing economy.



Source: FactSet

SOURCE: FACTSET



# USA – higher pressure?

Rates Change?

Economic growth

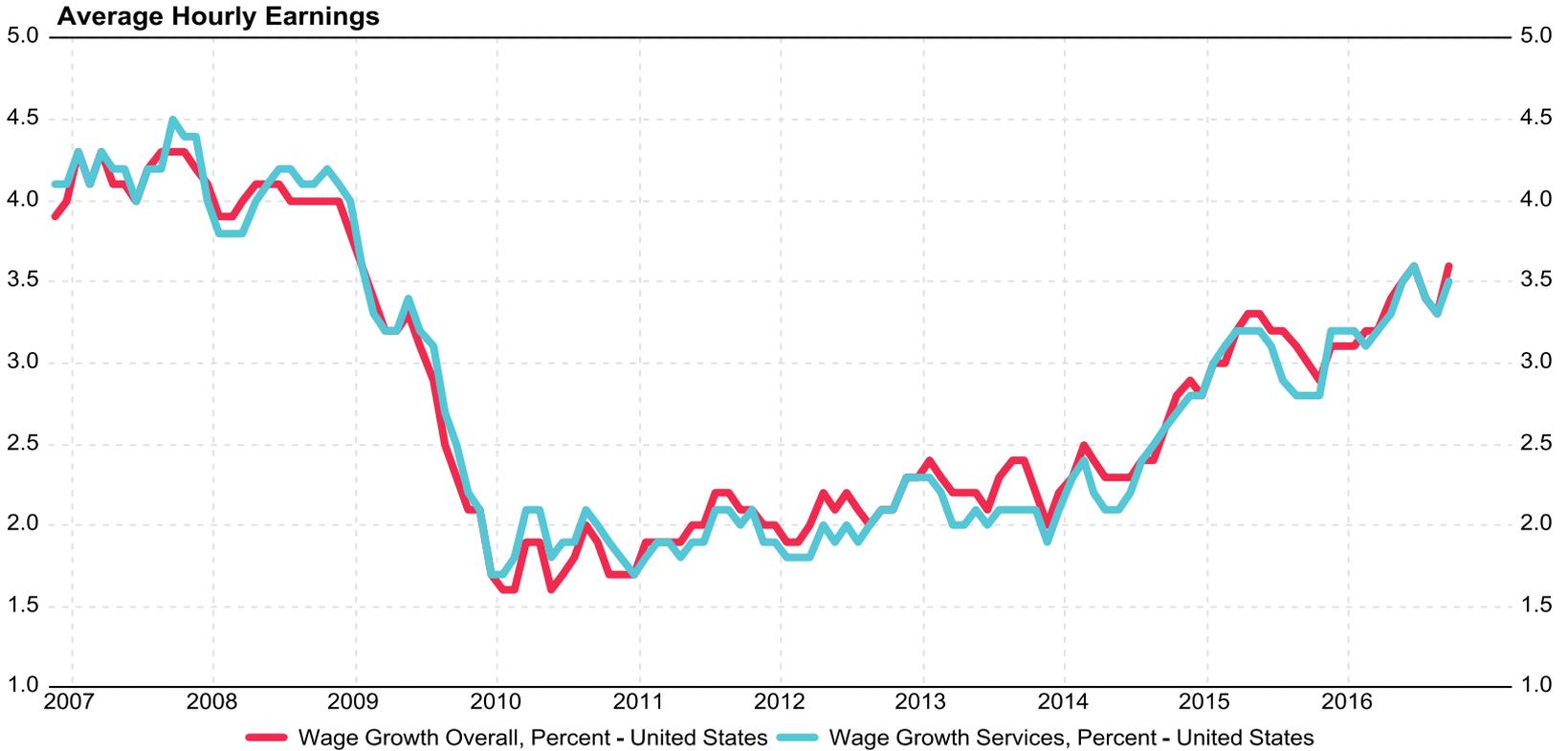
Housing  
improving,  
unemployment  
falling

Corporate  
Earnings

Trump vs Clinton  
&  
Congress

Frackers Fracked

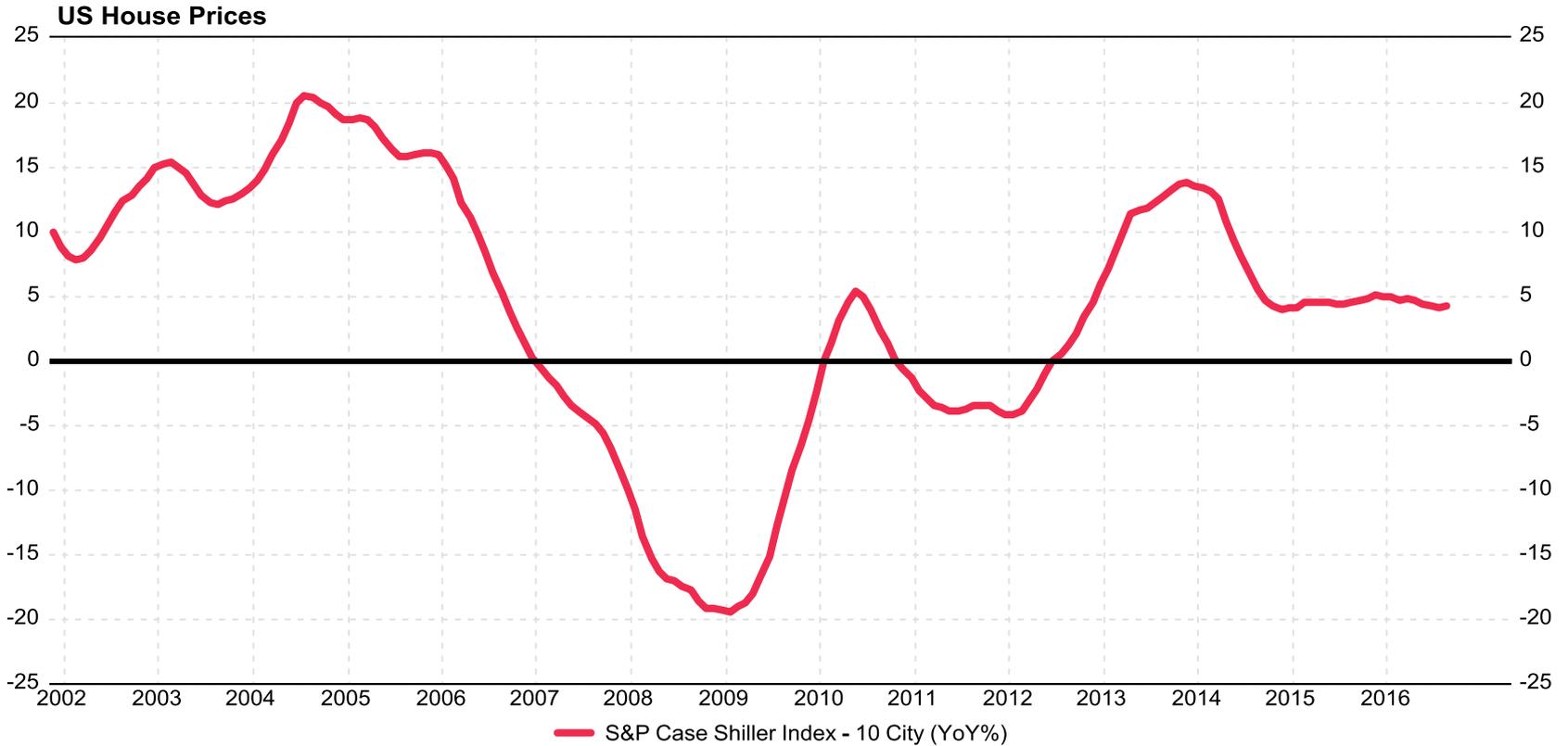
# US wage growth is rising



Source: FactSet

SOURCE: FACTSET.

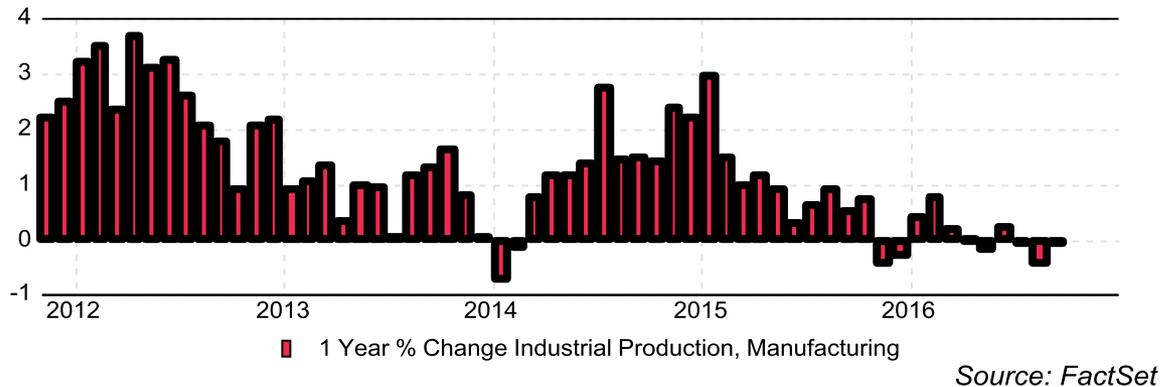
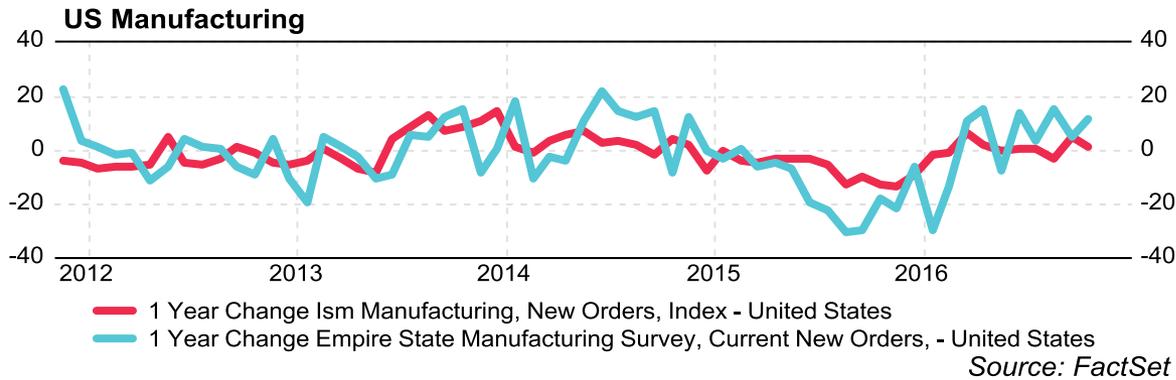
# US house prices are strong



Source: FactSet

SOURCE: FACTSET

# US manufacturing rebound



Recent surge in New Orders components is consistent with decent pick up in YoY manufacturing growth in US

SOURCE: FACTSET

# The world benefits

## Countries who export to the US

Country	% of exports to US
China	16.7%
Japan	17.8%
South Korea	10.7%
Germany	7.9%
France	6.9%
UK	10.5%

# Regional storms



# Eurozone

The Future of the  
Euro ?  
&  
BREXIT?

Further financial  
integration

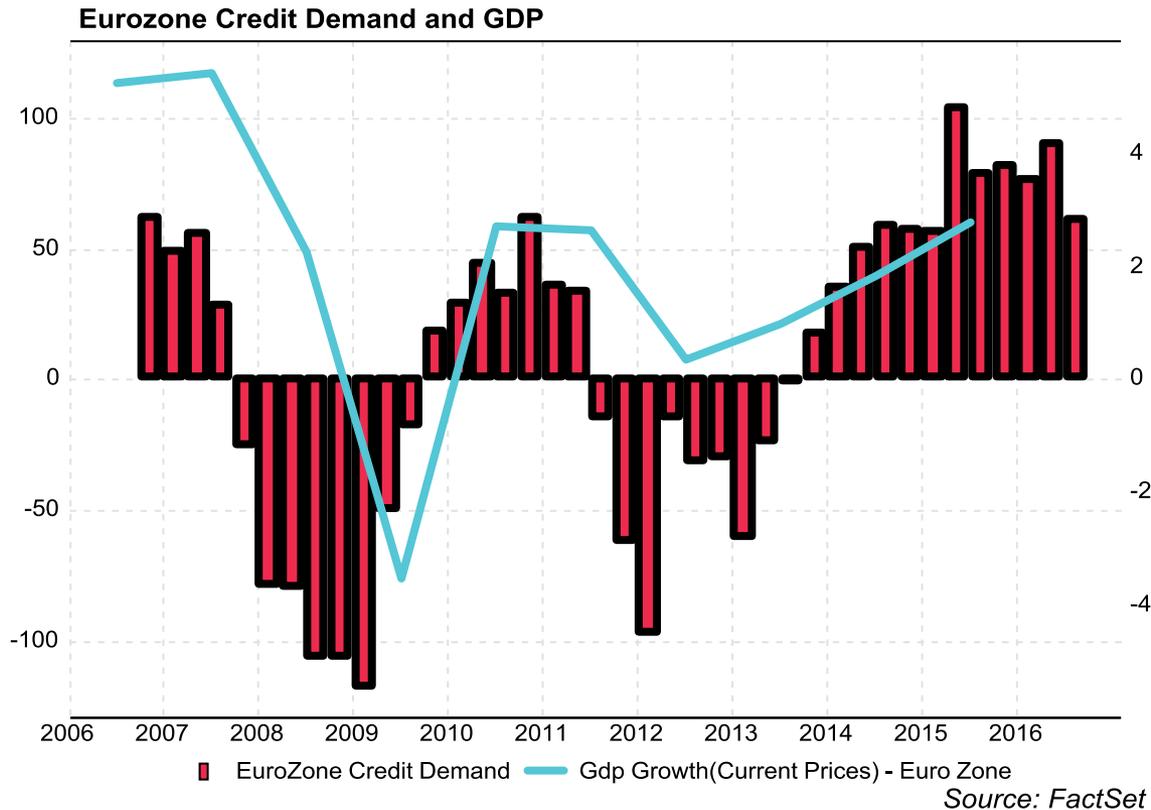
QE =  
Growth?

German &  
Italian Banks

Company  
earnings rising at  
double digit rates

Immigration &  
Borders

# Eurozone recovery



Recovery in credit demand is continuing in Europe – bodes well for GDP growth?

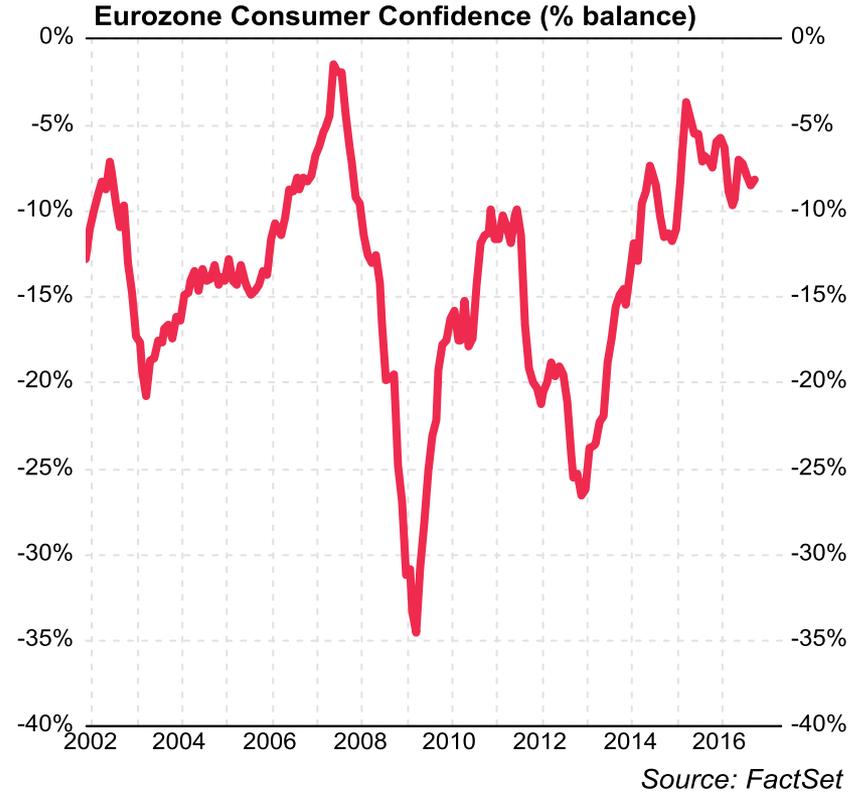
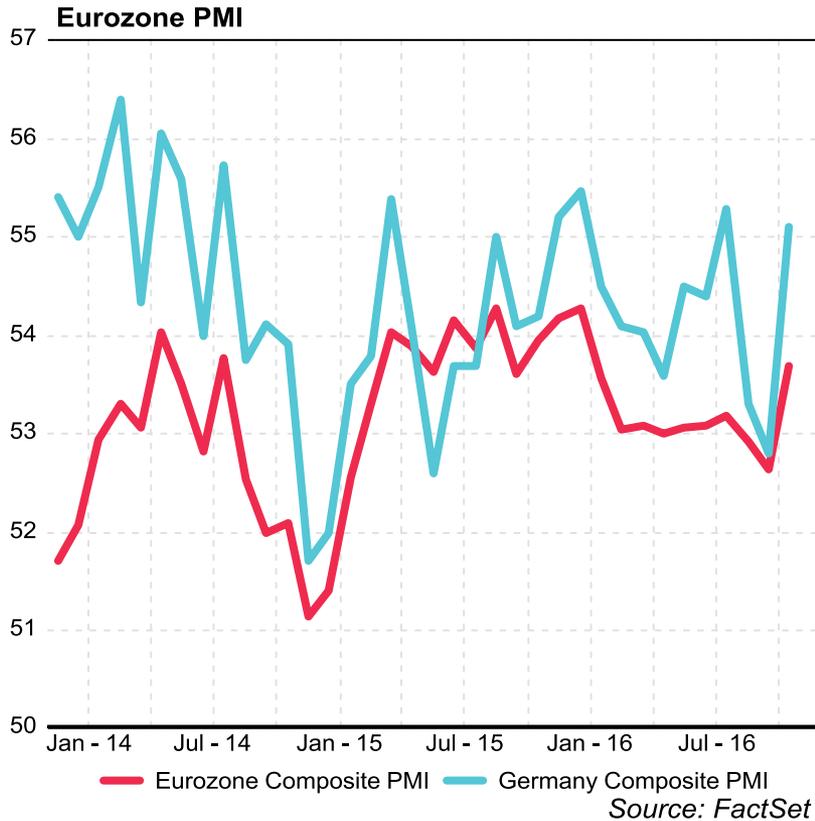
SOURCE: FACTSET

# “Truth in engineering”



Chattanooga Times Free

# EZ survey data – holding up



SOURCE: FACTSET

# Watch it Shorty!



# P-Russia



# Russia

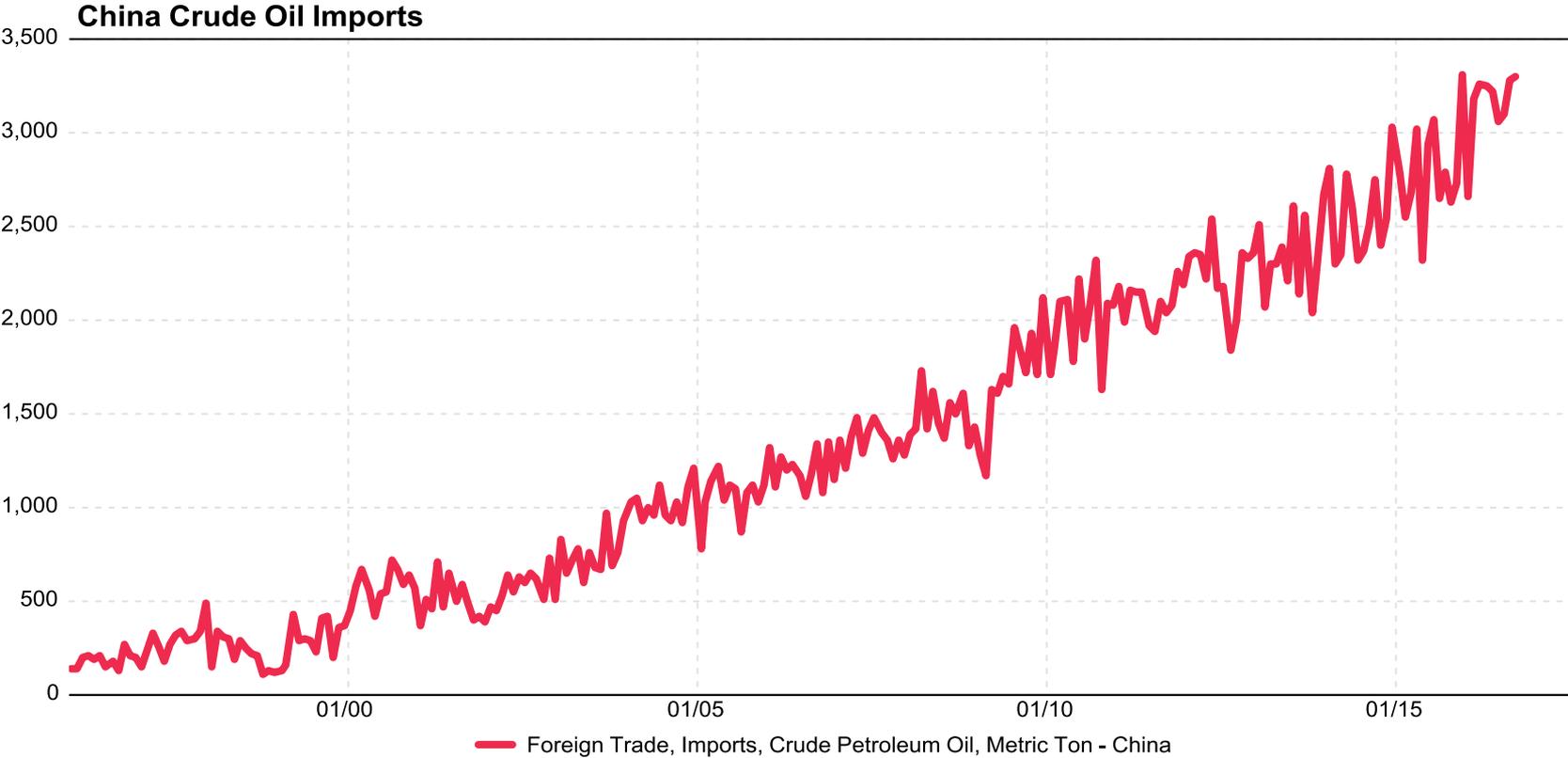
- Year 2 Recession
- Budget pain
- Central Bank Reserves
- Sanctions Effects?
- Government spending
- Geo-politics



# China

- Industrial production up (6.2% vs. 5.9% consensus)
- Consumer spending up 10.6% vs. 9.9% expectations
- 'Rust belt' benefitting from improvements in commodity prices
- Foreign capital reserves beating consensus
- Government spending also up, funded by debt
- Decline in private fixed investment

# Chinese demand



Source: FactSet

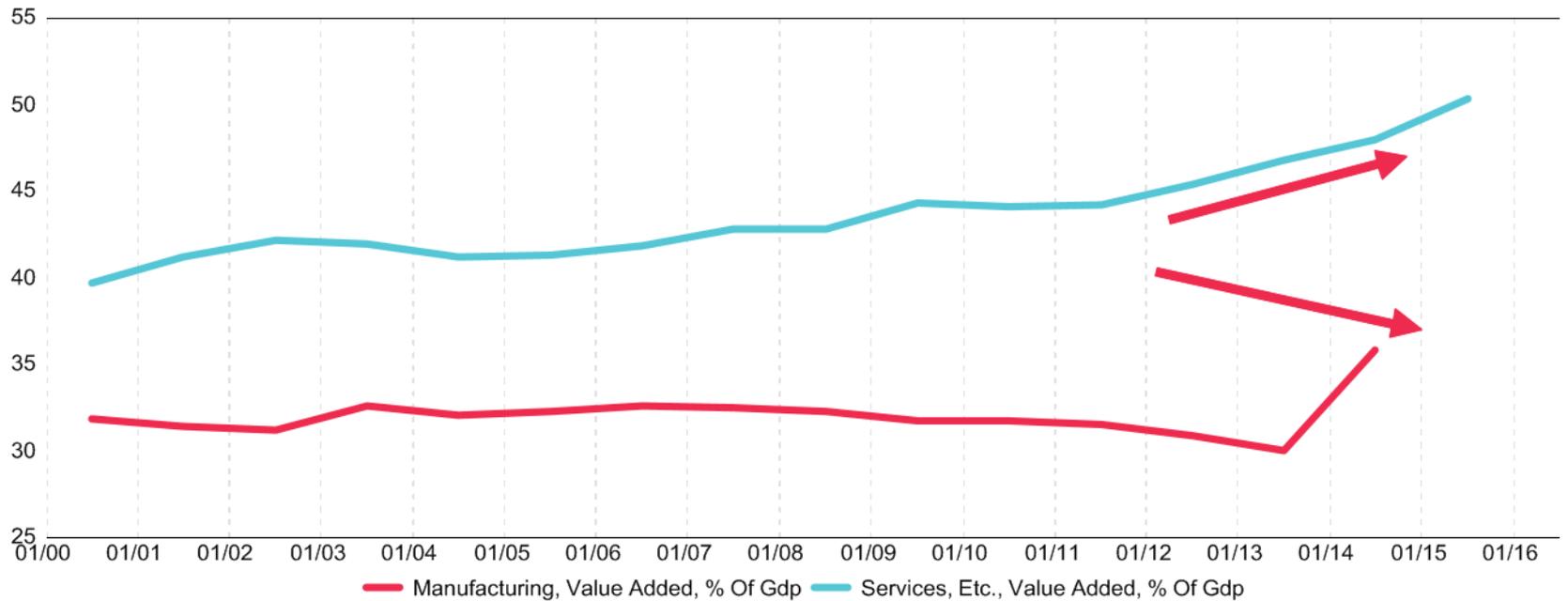
SOURCE: GENERAL ADMINISTRATION OF CUSTOMS, CHINA

# The China sea-sores



# China in transition

Services matter more than manufacturing and construction... and are growing far faster.

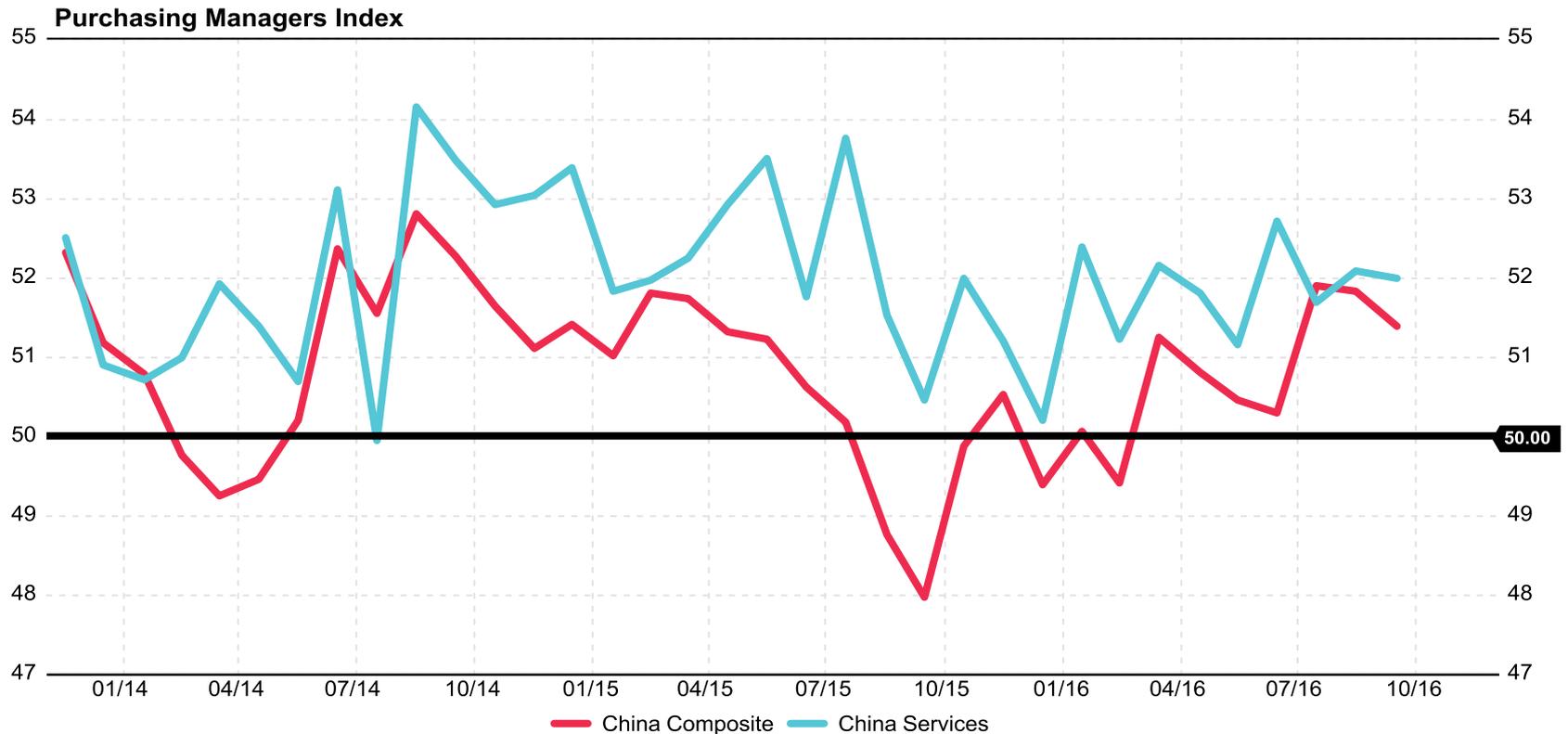


Source: FactSet

SOURCE: FACTSET

# Purchasing Managers Index

Purchasing managers surveys indicate a growing economy.



Source: FactSet

SOURCE: FACTSET



# Japan

- Shinzo Abe claims victory
- A vote for Abenomics?



SOURCE: GOOGLE IMAGES

# Japan

Islands Dispute

Back In Recession

Debt 220%+ of  
GDP

Abe-nomics

Corporate Cash &  
Yen Weakness

Nappy Sales

# Broken brics?

China  
Change of Life

India  
Post election

Russia  
Economics post  
Election

Brazil  
Weaker Exports

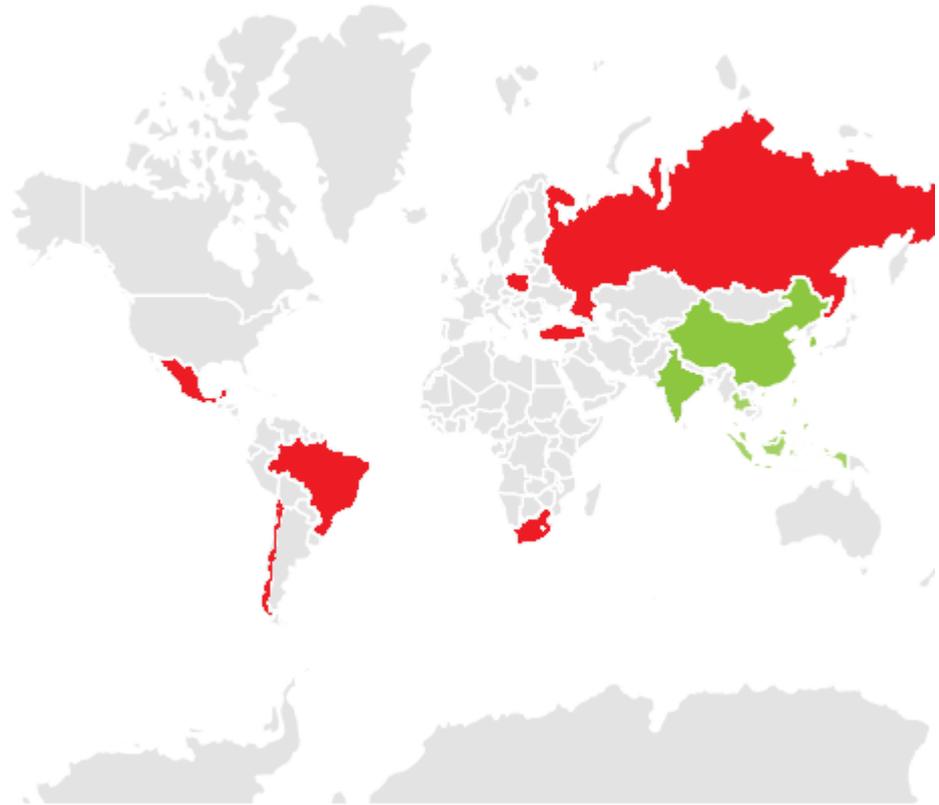
South Africa  
Political issues

Turkey  
On the Cusp

# ...Favour commodity importers

## MSCI Emerging Markets

- China**
- South Korea**
- Taiwan**
- Brazil
- South Africa
- India**
- Mexico
- Russia
- Malaysia**
- Indonesia**
- Thailand**
- Turkey
- Poland
- Chile
- Philippines**
- Hong Kong**
- Singapore**



SOURCE: ISHARES / 7IM



# Under new 'Nannygiment'



# UK

Jobs & growth vs  
Inflation?

No Power or  
Transport strategy

The 2 Unions

Fixing the  
Financing system

Investment &  
Personal Tax  
Reform?

World's  
6<sup>th</sup> - 8<sup>th</sup> - 10<sup>th</sup>  
?

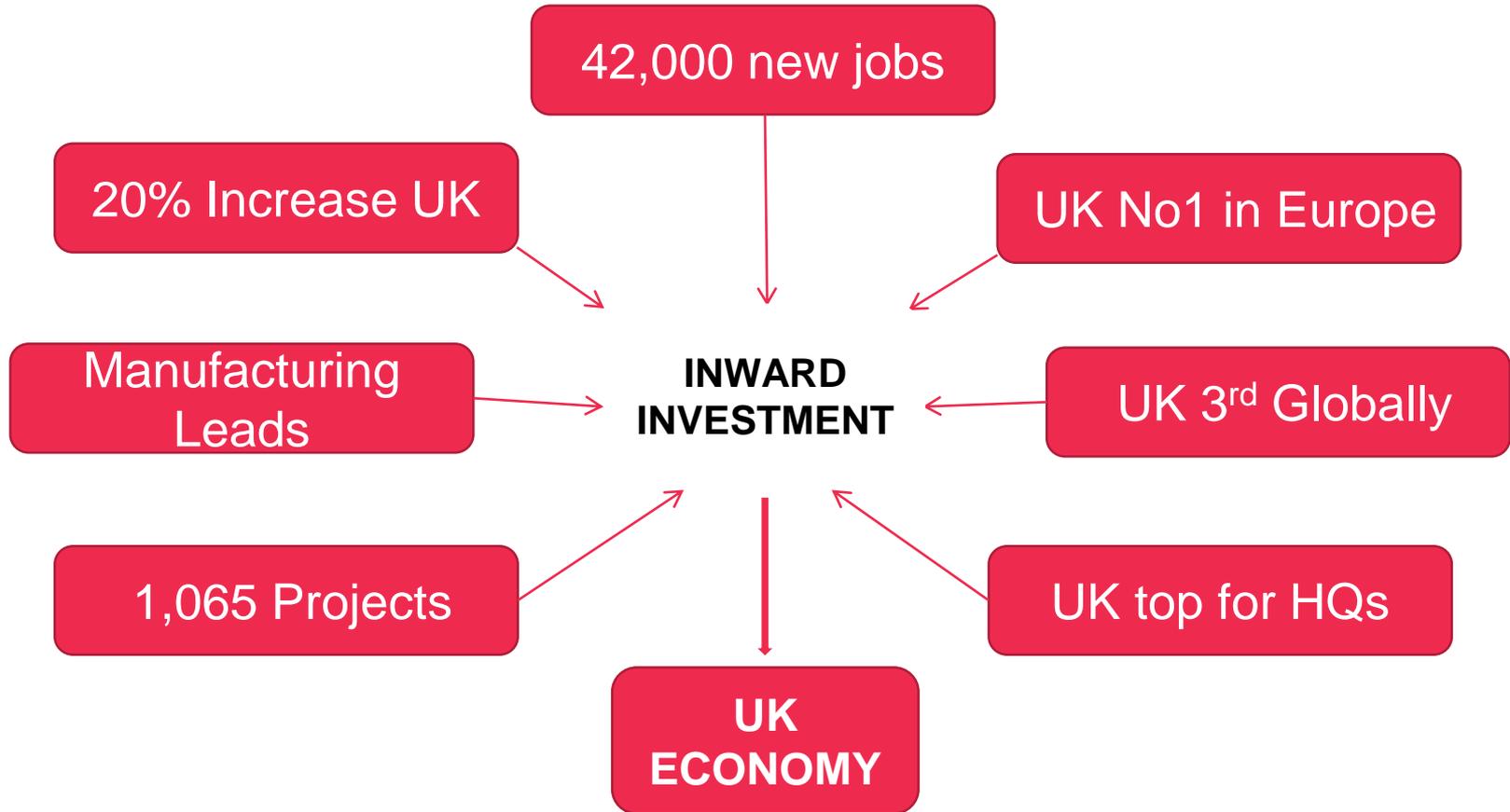
# Post referendum issues

- Confidence
  - Inward Investment 15 vs 16
  - Debt Funding
  - Spending Corporate/Personal
- Political Leadership
  - Prime Minister
  - Government / Opposition

# Brexit key economic issues

- Currency £ volatility
- Trading Agreements Single Market access
- Employment
  - Immigration EU/Non EU
  - Employment Rights
- 2017 Growth Outlook (BoE slashed)
- Inflation
- Budget Collar Loosens

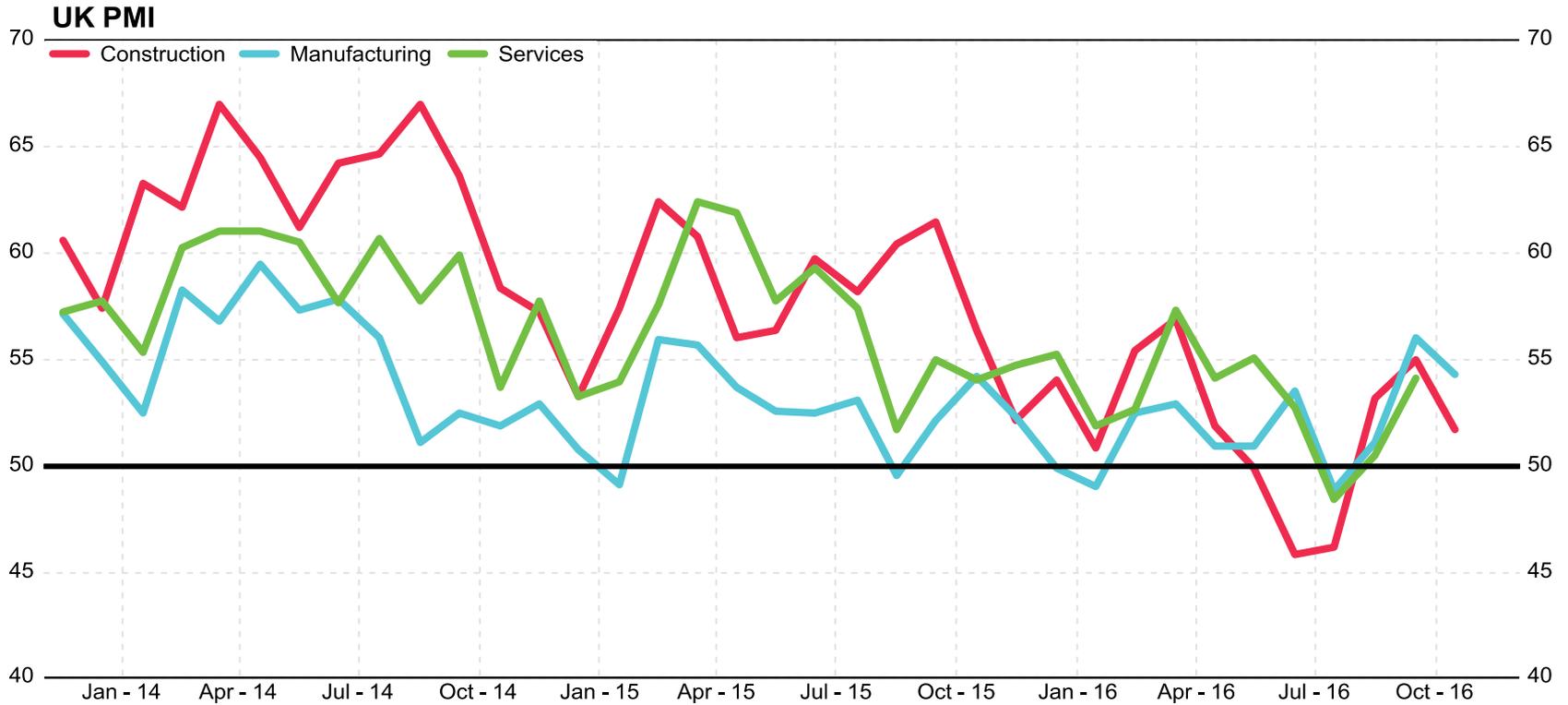
# UK – 2015 pulling power



# Krankies – The love child



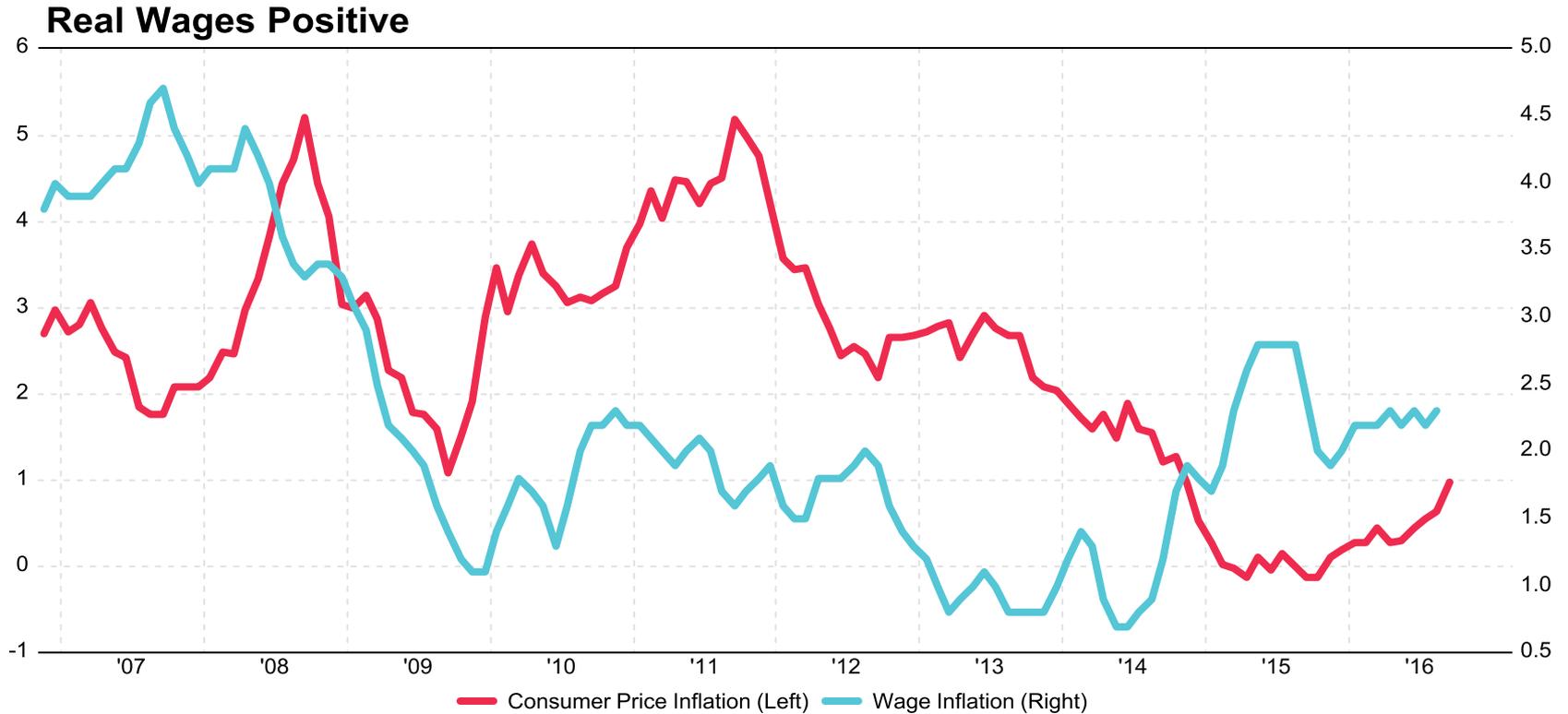
# PMI UK x 3



Source: FactSet

SOURCE: FACTSET

# Jobs, wages, confidence, sales

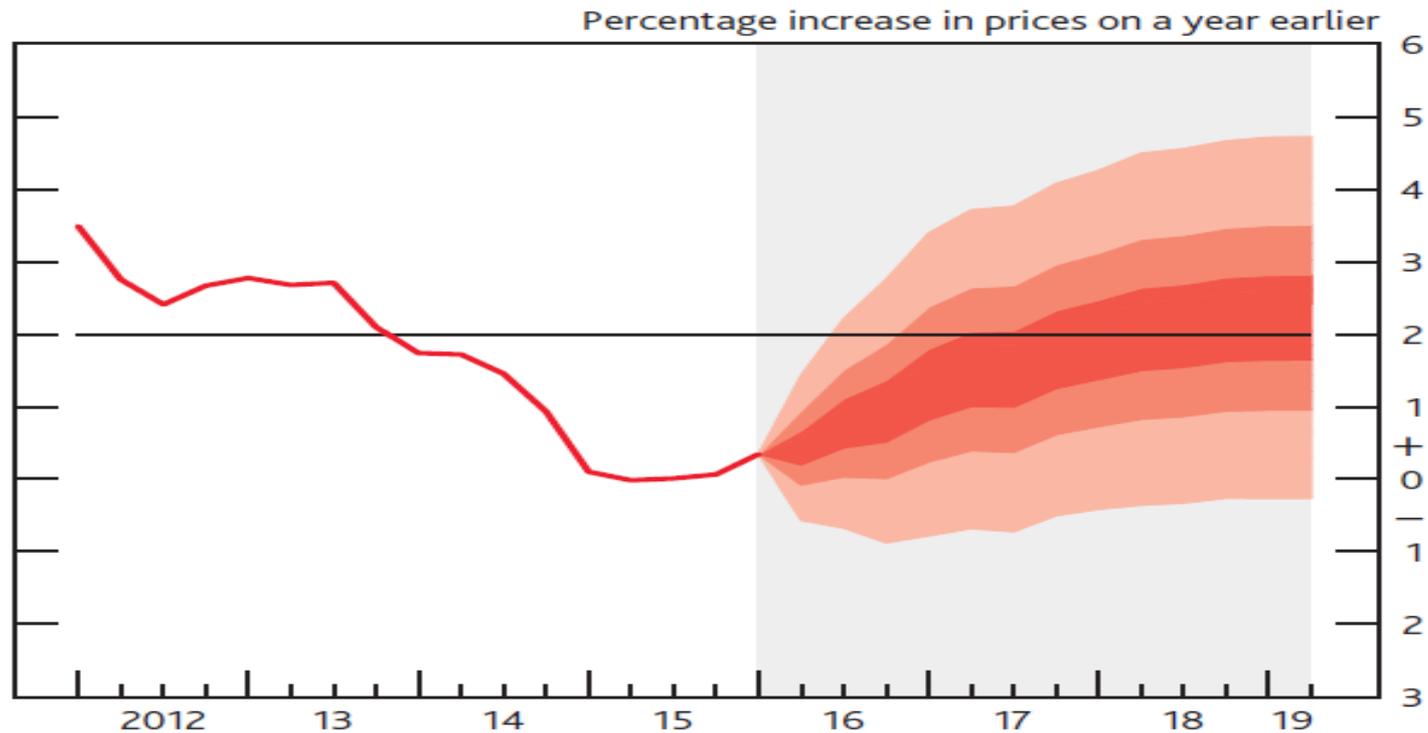


Source: FactSet

SOURCE: FACTSET

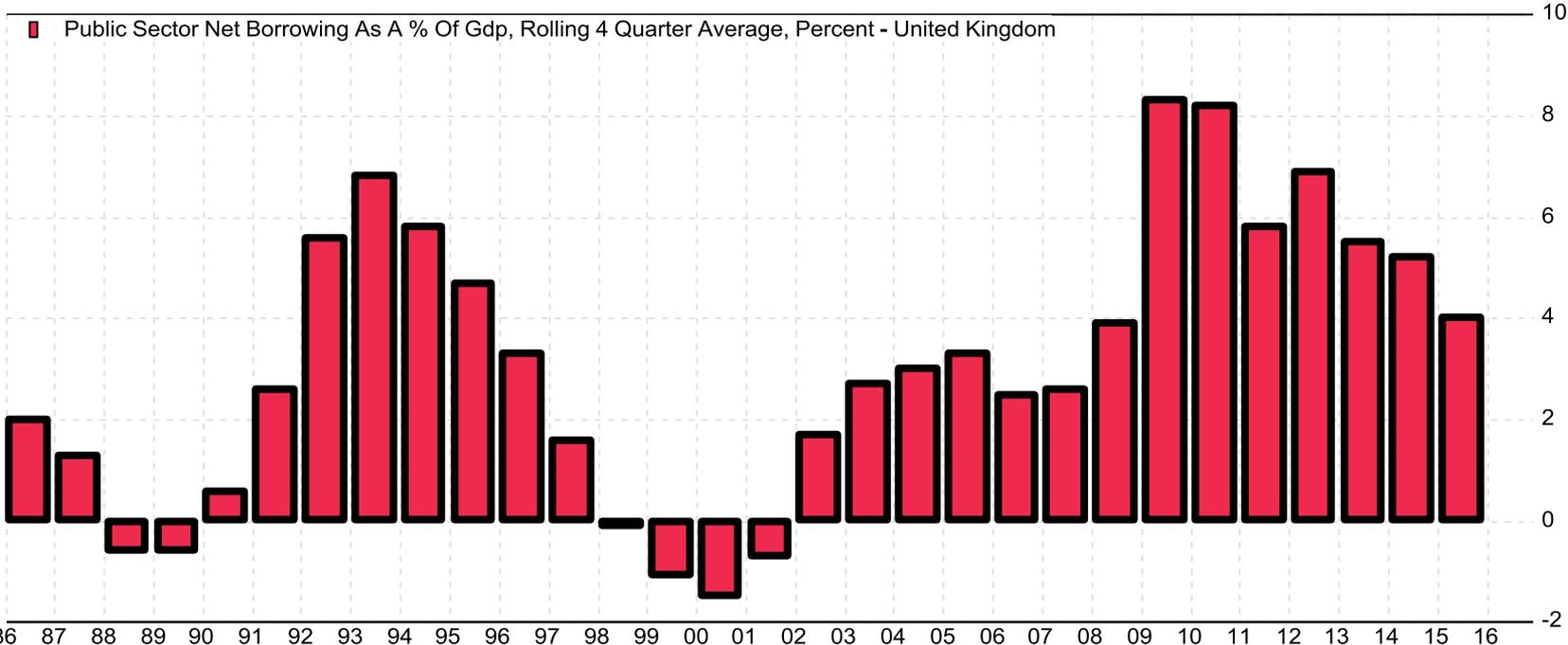
# The long and winding road

Inflation likely to stay low in the mid-term



SOURCE: BANK OF ENGLAND

# Government deficit



Source: FactSet

SOURCE: FACTSET

# Understanding our debt

- Annual Government Income: £716
- Money Spent: £784
- Debt Interest: £36 (47)
- Debt: £1,752,000,000,000

# Key risks to the view

- Eurozone Green/K shoots
- China change of life
- UK Brexit nerves
- US debt, deficit & demand

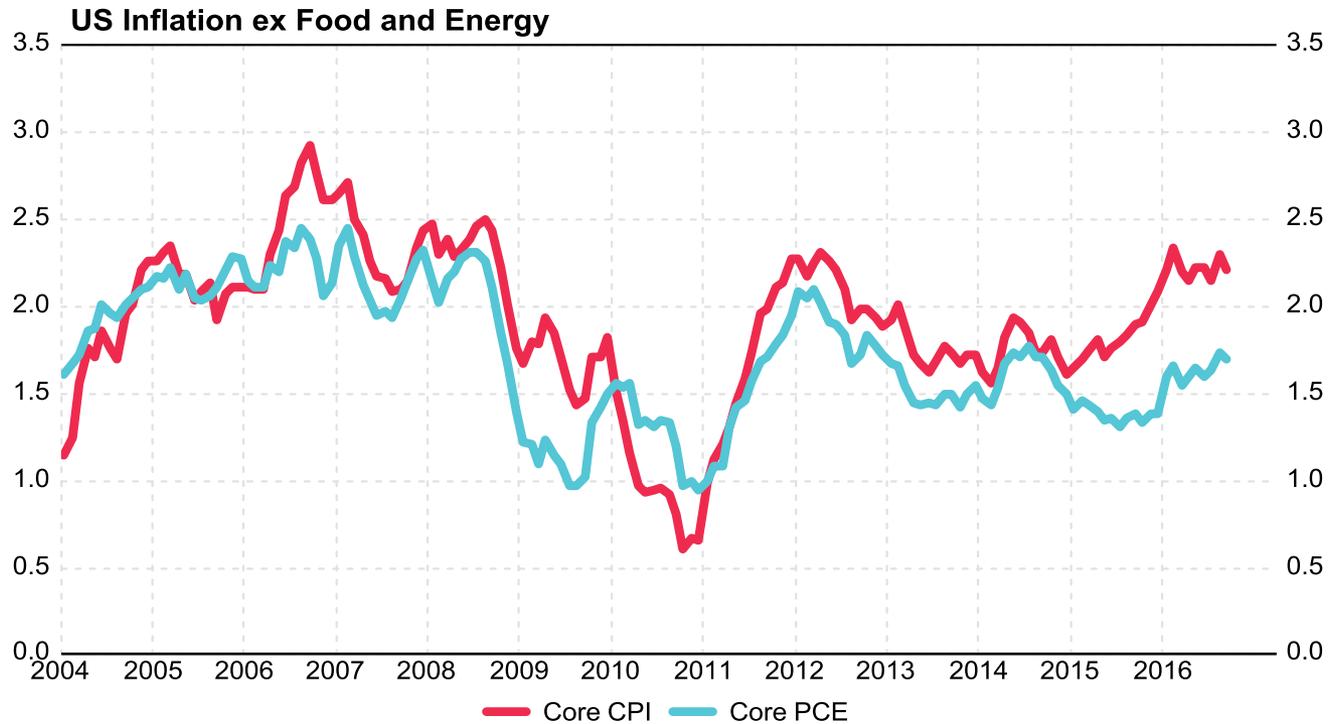
# The symbiotic relationship



# Inflation?

Headline was in line with expectations

- But core rose above consensus



Source: FactSet

SOURCE: FACTSET

# Considered view



# Someone Changed The Rules!

- Pensions - Your Problem
- Annuities - Your Problem
- Health & Age Care – Your Problem

& Then

Low Interest rates

When Safe becomes Risky - Government Bonds

Your Life Span



# REBUILDING INVESTMENT CONFIDENCE

# Key word for economy - confidence



# Power of compounding

Today's value of £100 invested at the end of the of 69 years

## 1 – without reinvesting income

Nominal Equities	£9,148
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## 2 – gross income reinvested

Nominal Equities	£179,265
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# Being out of the market



## RETURNS OF THE FTSE100 OVER THE LAST 20 YEARS AND THE EFFECT OF BEING OUT OF THE MARKET

PERFORMANCE OF A £10,000 INVESTMENT BETWEEN 2 JANUARY 1996 & 31 DECEMBER 2015 AND THE CONSEQUENCE OF MISSING THE BEST TRADING DAYS OUT OF THE 5,056 DAYS EXAMINED

SOURCE – BLOOMBERG. DATA BASED ON 20-YEAR ANNUALISED RETURNS FROM FTSE100 TOTAL RETURN INDEX

# EXPECTED RETURNS



# EXPECTED OUTCOMES

# Choosing next year's top asset class

## Could you?

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hedge Funds	9.4%	Gold 15.0%	EM Equity 41.8%	UK Property shares 45.5%	EM Equity 48.8%	UK Property shares 47.3%	EM Equity 36.2%	Global Govt Bonds 50.7%	EM Equity 64.1%	Private Equity 41.1%	Index-Linked 15.9%	Private Equity 25.7%	Private Equity 41.2%	US Equity 20.9%	Japan Equity 16.5%
Corporate Bonds	7.2%	UK property 5.6%	UK Property shares 30.6%	UK Property 16.3%	Japan Equity 40.8%	European Equity 20.5%	Gold 27.6%	Gold 42.6%	Private Equity 47.6%	Gold 54.7%	Gilts 15.6%	UK Property shares 25.4%	US Equity 29.8%	Index-Linked 19.0%	UK property 12.5%
UK property	5.6%	Gilts 9.2%	European Equity 30.7%	Private Equity 15.1%	Private Equity 39.4%	UK property 19.1%	Commodities 20.6%	Emerging Market Bonds 22.5%	UK Equity 30.1%	EM Equity 25.9%	Gold 10.5%	EM Equity 17.4%	European Equity 24.5%	UK property 17.5%	Timber 10.5%
Cash	5.5%	Corporate Bonds 9.1%	Japan Equity 28.2%	EM Equity 14.4%	Commodities 33.0%	EM Equity 17.9%	European Equity 17.1%	Timber 9.5%	European Equity 18.3%	Commodities 21.8%	Emerging Market Bonds 9.8%	Corporate Bonds 15.6%	Japan Equity 23.6%	UK Property shares 15.7%	UK Property shares 8.2%
Emerging Market Bonds	4.3%	Index-Linked 8.2%	Private Equity 25.2%	UK Equity 12.8%	Gold 30.6%	UK Equity 16.8%	Global Govt Bonds 7.6%	Gilts 7.4%	US Equity 14.5%	US Equity 19.2%	Global Govt Bonds 8.0%	European Equity 14.8%	UK Equity 20.8%	Corporate Bonds 12.2%	US Equity 7.2%
Gold	4.1%	Global Govt Bonds 7.9%	UK Equity 22.0%	European Equity 12.6%	Timber 27.4%	Private Equity 13.5%	Cash 5.9%	Cash 6.2%	Gold 14.4%	Emerging Market Bonds 16%	UK property 7.6%	Emerging Market Bonds 13.2%	UK Property shares 19.1%	Emerging Market Bonds 12.2%	Emerging Market Bonds 7.0%
Gilts	3.0%	Commodities 6.3%	US Equity 16.1%	Index-Linked 8.5%	Emerging Market Bonds 25.4%	Gold 9.4%	UK Equity 5.3%	Index-Linked 3.7%	Emerging Market Bonds 13.9%	UK property 15.1%	Corporate Bonds 5.4%	UK Equity 12.3%	UK property 8.7%	Timber 10.4%	Private Equity 6.6%
Global Govt Bonds	1.8%	Hedge Funds 4.3%	Hedge Funds 74.3%	Corporate Bonds 6.5%	European Equity 22.5%	Cash 4.7%	Index-Linked 5.9%	Japan Equity -0.6%	UK Equity 14.5%	US Equity 2.5%	US Equity 10.8%	US Equity 10.8%	Hedge Funds 6.4%	Gilts 7.1%	Global Govt Bonds 2.0%
Index-Linked	-0.5%	Cash 4.1%	Emerging Market Bonds 15.4%	Gilts 6.6%	UK Equity 22.0%	Hedge Funds 4.3%	Gilts 5.9%	Corporate Bonds -8.5%	Corporate Bonds 12.3%	Japan Equity 13.5%	Cash 0.6%	Gilts 7.6%	EM Equity 3.8%	EM Equity 5.6%	European Equity 1.1%
EM Equity	-0.6%	Emerging Market Bonds -2.1%	UK property 10.9%	Hedge Funds 6.0%	UK Property shares 21.2%	Timber 3.7%	Emerging Market Bonds 4.9%	Commodities -11.8%	Commodities 12.0%	Index-Linked 8.9%	Timber 0.0%	Japan Equity 3.7%	Corporate Bonds 1.3%	Global Govt Bonds 5.1%	UK Equity 1.0%
Timber	-5.0%	UK Property shares -2.2%	Corporate Bonds 9.7%	Japan Equity 4.9%	UK property 19.1%	Index-Linked 2.9%	Hedge Funds 4.5%	US Equity -14.5%	UK Property shares 11.6%	Corporate Bonds 8.7%	UK Equity -3.5%	Hedge Funds 3.4%	Timber 1.5%	Gold 4.5%	Cash 0.6%
UK Property shares	-8.0%	Timber -8.5%	Gold 8.4%	Cash 4.6%	US Equity 16.3%	US Equity 1.7%	US Equity 4.1%	UK property -22.5%	Index-Linked 6.4%	Global Govt Bonds 7.4%	Commodities -7.8%	Gold 2.3%	Index-Linked 0.5%	Japan Equity 3.0%	Corporate Bonds 0.6%
US Equity	-9.4%	EM Equity -14.7%	Index-Linked 6.6%	Commodities 4.2%	Corporate Bonds 12.2%	Corporate Bonds 0.6%	Timber 2.6%	Hedge Funds -22.6%	UK property 2.2%	Gilts 7.2%	Hedge Funds -8.0%	UK property 2.1%	Cash 0.5%	Private Equity 2.5%	Index-Linked -1.0%
UK Equity	-13.5%	Japan Equity -21.5%	Cash 3.6%	Emerging Market Bonds 4.0%	Index-Linked 9.0%	Gilts 0.7%	Corporate Bonds 0.2%	European Equity -38.0%	Cash 1.5%	Hedge Funds 4.6%	UK Property shares -10.1%	Cash 0.9%	Gilts -2.0%	UK Equity 1.2%	Hedge Funds -2.4%
Commodities	-14.6%	UK Equity -23.4%	Global Govt Bonds 9.7%	US Equity 3.2%	Gilts 7.5%	Emerging Market Bonds -3.5%	UK property -1.6%	UK Equity -29.5%	Japan Equity -0.2%	UK Property shares 1.9%	Japan Equity -11.2%	Timber 0.8%	Global Govt Bonds -5.2%	Cash 0.5%	Gilts -4.9%
Private Equity	-20.5%	European Equity -29.1%	Gilts 2.1%	Global Govt Bonds 2.7%	Cash 5.0%	Global Govt Bonds 6.8%	Private Equity -6.7%	EM Equity -36.6%	Timber -0.2%	Cash 0.7%	European Equity -17.6%	Index-Linked 0.6%	Emerging Market Bonds -8.4%	Hedge Funds -2.8%	Gold -5.5%
European Equity	-20.9%	US Equity -29.7%	Commodities 0.5%	Timber 1.7%	Hedge Funds 4.0%	Japan Equity -7.7%	Japan Equity -9.5%	UK Property shares -46.8%	Gilts -1.2%	European Equity -0.6%	Private Equity -17.6%	Global Govt Bonds -2.8%	Commodities -11.3%	European Equity -9.9%	EM Equity -5.4%
Japan Equity	-27.5%	Private Equity -30.2%	Timber -0.8%	Gold -4.1%	Global Govt Bonds 3.8%	Commodities -14.6%	UK Property shares -36.7%	Private Equity -64.5%	Global Govt Bonds -7.0%	Timber -0.8%	EM Equity -16.1%	Commodities -5.4%	Gold -29.4%	Commodities -11.6%	Commodities -20.3%

SOURCE: BLOOMBERG, THOMSON Reuters as at 1 JANUARY 2015

# It works!

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hedge Funds 9.4%	Gold 13.0%	EM Equity 41.6%	UK Property shares 45.3%	EM Equity 46.8%	UK Property shares 47.2%	EM Equity 36.2%	Global Gov Bonds 50.7%	EM Equity 64.1%	Private Equity 41.1%	Index-Linked 16.9%	Private Equity 25.7%	Private Equity 41.2%	US Equity 26.9%	Japan Equity 16.5%
Corporate Bonds 7.2%	UK property 5.8%	UK Property shares 30.8%	UK property 18.3%	Japan Equity 40.6%	European Equity 28.5%	Gold 27.8%	Gold 42.8%	Private Equity 47.6%	Gold 34.7%	GBs 15.6%	UK Property shares 35.4%	US Equity 26.8%	Index-Linked 19.0%	UK property 12.5%
UK property 6.8%	GBs 8.2%	European Equity 30.7%	Private Equity 15.7%	Private Equity 38.4%	UK property 18.1%	Commodities 20.6%	Emerging Market Bonds 22.9%	UK Equity 30.1%	EM Equity 23.6%	Gold 10.3%	EM Equity 17.4%	European Equity 24.5%	UK property 17.5%	Timber 10.5%
Cash 5.5%	Corporate Bonds 8.1%	Japan Equity 28.2%	EM Equity 14.4%	Commodities 22.0%	EM Equity 17.9%	European Equity 17.1%	Timber 9.5%	European Equity 16.3%	Commodities 21.6%	Emerging Market Bonds 9.8%	Corporate Bonds 15.8%	Japan Equity 23.9%	UK Property shares 10.7%	UK Property shares 8.2%
Emerging Market Bonds 4.3%	Index-Linked 8.2%	Private Equity 25.2%	UK Equity 12.8%	Gold 30.6%	UK Equity 16.8%	Global Gov Bonds 7.6%	GBs 7.4%	7M Balanced MM Fund 14.5%	US Equity 19.2%	Global Gov Bonds 6.6%	European Equity 14.8%	UK Equity 26.6%	Corporate Bonds 12.2%	US Equity 7.2%
Gold 4.1%	Global Gov Bonds 7.3%	UK Equity 22.0%	European Equity 12.6%	Timber 27.4%	Private Equity 13.5%	Cash 5.0%	Cash 8.2%	US Equity 14.5%	Emerging Market Bonds 16%	UK property 7.5%	Emerging Market Bonds 13.2%	UK Property shares 10.1%	Emerging Market Bonds 12.2%	Emerging Market Bonds 7.0%
GBs 3.0%	Commodities 6.0%	US Equity 16.1%	Index-Linked 8.5%	Emerging Market Bonds 23.4%	Gold 9.4%	UK Equity 5.3%	Index-Linked 3.7%	Gold 14.4%	UK property 15.1%	Corporate Bonds 5.4%	UK Equity 12.3%	7M Balanced MM Fund 11.9%	Timber 10.4%	Private Equity 6.6%
Global Gov Bonds 1.8%	Hedge Funds 4.5%	Hedge Funds 14.6%	Corporate Bonds 6.9%	European Equity 22.5%	7M Balanced MM Fund 5.5%	Index-Linked 5.2%	Japan Equity -0.6%	Emerging Market Bonds 13.9%	UK Equity 14.6%	US Equity 2.5%	US Equity 10.6%	UK property 6.7%	GBs 7.1%	Global Gov Bonds 2.6%
Index-Linked -0.9%	Cash 4.1%	Emerging Market Bonds 13.4%	7M Balanced MM Fund 6.7%	UK Equity 22.6%	Cash 4.7%	GBs 5.3%	Corporate Bonds -8.5%	Hedge Funds 13.4%	Japan Equity 13.6%	Cash 0.8%	7M Balanced MM Fund 9.0%	Hedge Funds 5.4%	7M balanced MM Fund 6.3%	European Equity 1.1%
EM Equity -0.8%	Emerging Market Bonds -2.1%	UK property 10.0%	GBs 6.6%	UK Property shares 31.2%	Hedge Funds 4.5%	Emerging Market Bonds 4.9%	7M Balanced MM Fund -10.0%	Corporate Bonds 12.3%	7M Balanced MM Fund 11.1%	Timber 0.6%	GBs 7.8%	EM Equity 3.8%	EM Equity 5.6%	UK Equity 1.0%
Timber -5.6%	UK Property shares -2.2%	Corporate Bonds 9.7%	Hedge Funds 6.5%	UK property 19.1%	Timber 3.7%	Hedge Funds 4.5%	Commodities -11.8%	Commodities 12.0%	Commodities 4.9%	UK Equity -3.5%	Japan Equity 3.7%	Corporate Bonds 1.9%	Global Gov Bonds 5.1%	7M Balanced MM Fund 0.7%
UK Property shares -6.0%	Timber -6.5%	Gold 8.4%	Japan Equity 4.0%	7M Balanced MM Fund 16.3%	Index-Linked 2.9%	US Equity 4.1%	US Equity -14.5%	UK Property shares 11.8%	Corporate Bonds 8.7%	7M Balanced MM Fund -5.0%	Hedge Funds 3.4%	Timber 1.5%	Gold 4.5%	Cash 0.6%
US Equity -9.4%	EM Equity -14.7%	Index-Linked 6.6%	Cash 4.6%	US Equity 16.8%	US Equity 1.7%	7M Balanced MM Fund 2.7%	UK property -22.5%	Index-Linked 6.4%	Global Gov Bonds 7.4%	Commodities -7.8%	Gold 2.3%	Index-Linked 9.5%	Japan Equity 3.6%	Corporate Bonds 0.6%
UK Equity -13.3%	Japan Equity -21.5%	Cash 3.5%	Commodities 4.3%	Corporate Bonds 12.2%	Corporate Bonds 9.8%	Timber 2.9%	Hedge Funds -22.8%	UK property 2.2%	GBs 7.2%	Hedge Funds -8.0%	UK property 2.1%	Cash 0.5%	Private Equity 2.5%	Index-Linked -1.0%
Commodities -14.8%	UK Equity -23.1%	Global Gov Bonds 3.7%	Emerging Market Bonds 4.0%	Index-Linked 9.0%	GBs 0.7%	Corporate Bonds 0.2%	European Equity -28.0%	Cash 1.5%	Hedge Funds 4.8%	UK Property shares -12.1%	Cash 0.9%	GBs -2.0%	UK Equity 1.2%	Hedge Funds -2.4%
Private Equity -20.5%	European Equity -21.1%	GBs 2.1%	US Equity 3.2%	GBs 7.9%	Emerging Market Bonds -5.5%	UK property -1.8%	UK Equity -29.5%	Japan Equity -0.2%	UK Property shares 1.9%	Japan Equity -11.2%	Timber 0.8%	Global Gov Bonds -6.2%	Cash 0.6%	GBs -4.9%
European Equity -20.0%	US Equity -28.7%	Commodities 0.9%	Global Gov Bonds 2.7%	Cash 5.0%	Global Gov Bonds -8.6%	Private Equity -6.7%	EM Equity -36.6%	Timber -0.2%	Cash 0.7%	European Equity -17.8%	Index-Linked 0.6%	Emerging Market Bonds -8.4%	Hedge Funds -2.8%	Gold -5.3%
Japan Equity -27.5%	Private Equity -32.2%	Timber -0.8%	Timber 1.7%	Hedge Funds 4.0%	Japan Equity -7.7%	Japan Equity -9.5%	UK Property shares -46.8%	GBs -1.2%	European Equity -8.0%	Private Equity -17.8%	Global Gov Bonds -2.8%	Commodities -11.3%	European Equity -3.0%	EM Equity -5.4%
			Gold -4.1%	Global Gov Bonds 3.9%	Commodities -14.8%	UK Property shares -38.7%	Private Equity -21.1%	Global Gov Bonds -7.0%	Timber -9.3%	EM Equity -18.1%	Commodities -8.4%	Gold -29.4%	Commodities -11.8%	Commodities -30.5%

SOURCE: BLOOMBERG, THOMSON Reuters as at 1 JANUARY 2015

# It works!

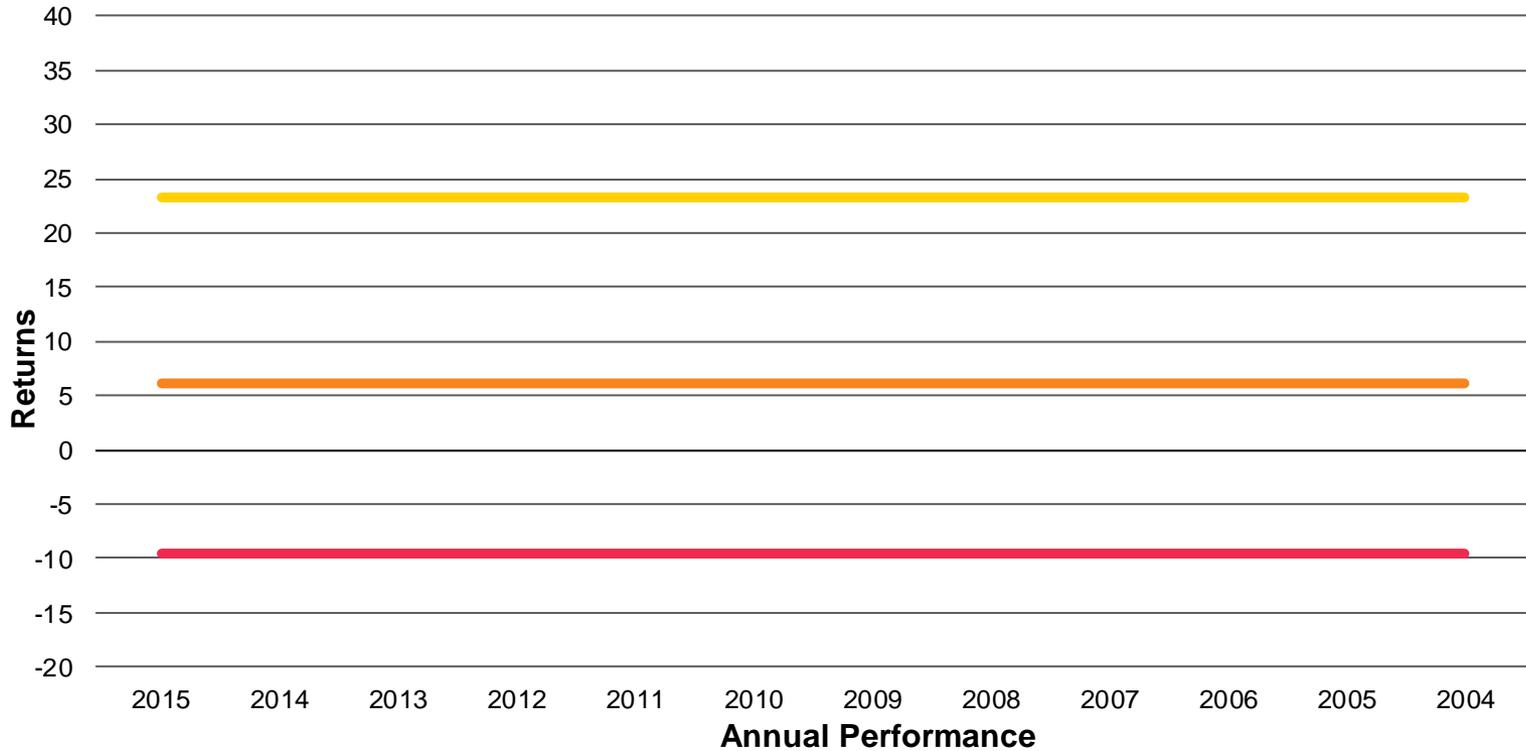
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hedge Funds	9.4%		EM Equity 41.6%	UK Property shares 45.3%	EM Equity 48.8%	UK Property shares 47.9%	EM Equity 36.2%	Global Govt Bonds 50.7%	EM Equity 64.1%	Private Equity 41.1%	Index-Linked 19.9%	Private Equity 25.7%	Private Equity 41.2%	US Equity 20.9%	Japan Equity 16.5%
Corporate Bonds	7.2%	UK property 9.6%	UK Property shares 30.8%	UK property 18.3%	Japan Equity 40.8%	European Equity 20.5%	Gold 27.6%	Gold 42.8%	Private Equity 47.6%	Gold 34.7%	Gilts 15.6%	UK Property shares 25.4%	US Equity 29.8%	Index-Linked 19.0%	UK property 12.5%
UK property	6.8%	Gilts 9.2%	European Equity 30.7%	Private Equity 15.1%	Private Equity 39.4%	UK property 18.1%	Commodities 20.6%	Emerging Market Bonds 22.5%	UK Equity 30.1%	EM Equity 23.9%	Gold 10.3%	EM Equity 14.8%	European Equity 24.5%	UK property 17.5%	Timber 10.5%
Cash	5.5%	Corporate Bonds 9.1%	Japan Equity 28.2%	EM Equity 14.4%	Commodities 33.5%	EM Equity 17.9%	European Equity 17.1%	Timber 9.5%	European Equity 18.3%	Commodities 21.8%	Emerging Market Bonds 9.8%	Corporate Bonds 15.6%	Japan Equity 23.8%	UK Property shares 15.7%	UK Property shares 8.2%
Emerging Market Bonds	4.3%	Index-Linked 8.2%	Private Equity 25.2%	UK Equity 12.8%	Gold 30.6%	UK Equity 16.8%	Global Govt Bonds 7.6%	Gilts 7.4%	7IM Balanced MM Fund 14.5%	US Equity 19.2%	Global Govt Bonds 8.0%	European Equity 14.8%	UK Equity 24.5%	Corporate Bonds 12.2%	US Equity 7.2%
Gold	4.1%	Global Govt Bonds 7.9%	UK Equity 22.0%	European Equity 12.6%	Timber 27.4%	Private Equity 13.5%	Cash 5.9%	Cash 6.2%	US Equity 14.5%	Emerging Market Bonds 16%	UK property 7.6%	Emerging Market Bonds 13.2%	UK Property shares 19.1%	Emerging Market Bonds 12.2%	Emerging Market Bonds 7.0%
Gilts	3.0%	Commodities 6.9%	US Equity 16.1%	Index-Linked 8.5%	Emerging Market Bonds 23.4%	Gold 9.4%	UK Equity 5.3%	Index-Linked 3.7%	Gold 14.4%	UK property 15.1%	Corporate Bonds 5.4%	UK Equity 12.3%	7IM Balanced MM Fund 11.9%	Timber 10.4%	Private Equity 6.6%
Global Govt Bonds	1.8%	Hedge Funds 4.3%	Hedge Funds 14.9%	Corporate Bonds 6.9%	European Equity 22.5%	7IM Balanced MM Fund 5.5%	Index-Linked 5.3%	Japan Equity -0.6%	Emerging Market Bonds 13.9%	UK Equity 14.5%	US Equity 2.5%	US Equity 10.8%	UK property 8.7%	Gilts 7.1%	Global Govt Bonds 2.0%
Index-Linked	-0.5%	Cash 4.1%	Emerging Market Bonds 13.4%	7IM Balanced MM Fund 6.7%	UK Equity 22.0%	Cash 4.7%	Gilts 5.3%	Corporate Bonds -8.5%	Hedge Funds 13.4%	Japan Equity 13.5%	Cash 0.8%	7IM Balanced MM Fund 9.0%	Hedge Funds 6.4%	7IM Balanced MM Fund 6.3%	European Equity 1.1%
EM Equity	-0.8%	Emerging Market Bonds -2.1%	UK property 10.9%	Gilts 6.6%	UK Property shares 21.2%	Hedge Funds 4.3%	Emerging Market Bonds 4.9%	7IM Balanced MM Fund -10.0%	Corporate Bonds 12.3%	7IM Balanced MM Fund 11.1%	Timber 0.0%	Gilts 7.6%	EM Equity 3.8%	EM Equity 5.6%	UK Equity 4.0%
Timber	-5.0%	UK Property shares -2.2%	Corporate Bonds 9.7%	Hedge Funds 6.0%	UK property 19.1%	Timber 3.7%	Hedge Funds 4.5%	Commodities -11.8%	Commodities 12.0%	Index-Linked 8.9%	UK Equity 3.5%	Japan Equity 3.7%	Corporate Bonds 1.9%	Global Govt Bonds 5.1%	7IM Balanced MM Fund 0.7%
UK Property shares	-6.0%	Timber -6.5%	Gold 8.4%	Japan Equity 4.9%	7IM Balanced MM Fund 16.9%	Index-Linked 2.9%	US Equity 1.1%	US Equity -14.5%	UK Property shares 11.8%	Corporate Bonds 8.7%	7IM Balanced MM Fund -5.0%	Hedge Funds 3.4%	Timber 1.5%	Gold 4.5%	Cash 0.6%
US Equity	-9.4%	EM Equity -14.7%	Index-Linked 6.6%	Cash 4.6%	US Equity 16.9%	US Equity 1.7%	7IM Balanced MM Fund 2.7%	UK property -22.5%	Index-Linked 6.4%	Global Govt Bonds 7.4%	Commodities -7.8%	Gold 2.3%	Index-Linked 0.5%	Japan Equity 3.0%	Corporate Bonds 0.6%
UK Equity	-13.3%	Japan Equity -21.5%	Cash 3.8%	Commodities 4.2%	Corporate Bonds 12.2%	Corporate Bonds 0.8%	Timber 2.6%	Hedge Funds -22.8%	UK property 2.2%	Gilts 7.2%	Hedge Funds -8.0%	UK property 2.1%	Cash 0.5%	Private Equity 2.5%	Index-Linked -1.0%
Commodities	-14.8%	UK Equity -23.4%	Global Govt Bonds 3.7%	Emerging Market Bonds 4.0%	Index-Linked 9.0%	Gilts 0.7%	Corporate Bonds 0.2%	European Equity -28.0%	Cash 1.5%	Hedge Funds 4.8%	UK Property shares -10.1%	Cash 0.9%	Gilts -2.0%	UK Equity 1.2%	Hedge Funds -2.4%
Private Equity	-20.3%	European Equity -29.1%	Gilts 2.1%	US Equity 3.2%	Gilts 7.9%	Emerging Market Bonds -3.5%	UK property -1.8%	UK Equity -29.9%	Japan Equity -0.2%	UK Property shares 1.9%	Japan Equity -11.2%	Timber 0.8%	Global Govt Bonds -5.2%	Cash 0.5%	Gilts -4.9%
European Equity	-20.9%	US Equity -29.7%	Commodities 0.5%	Global Govt Bonds 2.7%	Cash 5.0%	Global Govt Bonds -6.8%	Private Equity -6.7%	EM Equity -36.6%	Timber -0.2%	Cash 0.7%	European Equity -17.6%	Index-Linked 0.6%	Emerging Market Bonds -8.4%	Hedge Funds -2.8%	Gold -5.3%
Japan Equity	-27.5%	Private Equity -30.2%	Timber -0.8%	Timber 1.7%	Hedge Funds 4.0%	Japan Equity -7.7%	Japan Equity -9.5%	UK Property shares -46.6%	Gilts -1.2%	European Equity -0.6%	Private Equity -17.6%	Global Govt Bonds -2.8%	Commodities -11.3%	European Equity -3.0%	EM Equity -5.4%
				Gold -4.1%	Global Govt Bonds 3.8%	Commodities -14.6%	UK Property shares -36.7%	Private Equity -64.3%	Global Govt Bonds -7.0%	Timber -0.8%	EM Equity -18.1%	Commodities -5.4%	Gold -29.4%	Commodities -11.8%	Commodities -20.3%

SOURCE: BLOOMBERG, THOMSON REUTERS AS AT 1 JANUARY 2016  
 THE VALUE OF INVESTMENTS MAY FLUCTUATE IN PRICE OR VALUE AND YOU MAY GET BACK LESS THAN THE AMOUNT  
 ORIGINALLY INVESTED. PAST PERFORMANCE IS NOT A GUIDE TO THE FUTURE.

# Theory: Balanced

All data refers to C Class Accumulation Units

As at 30 September 2016



— Average Expected Return

— Expected Minimum Return

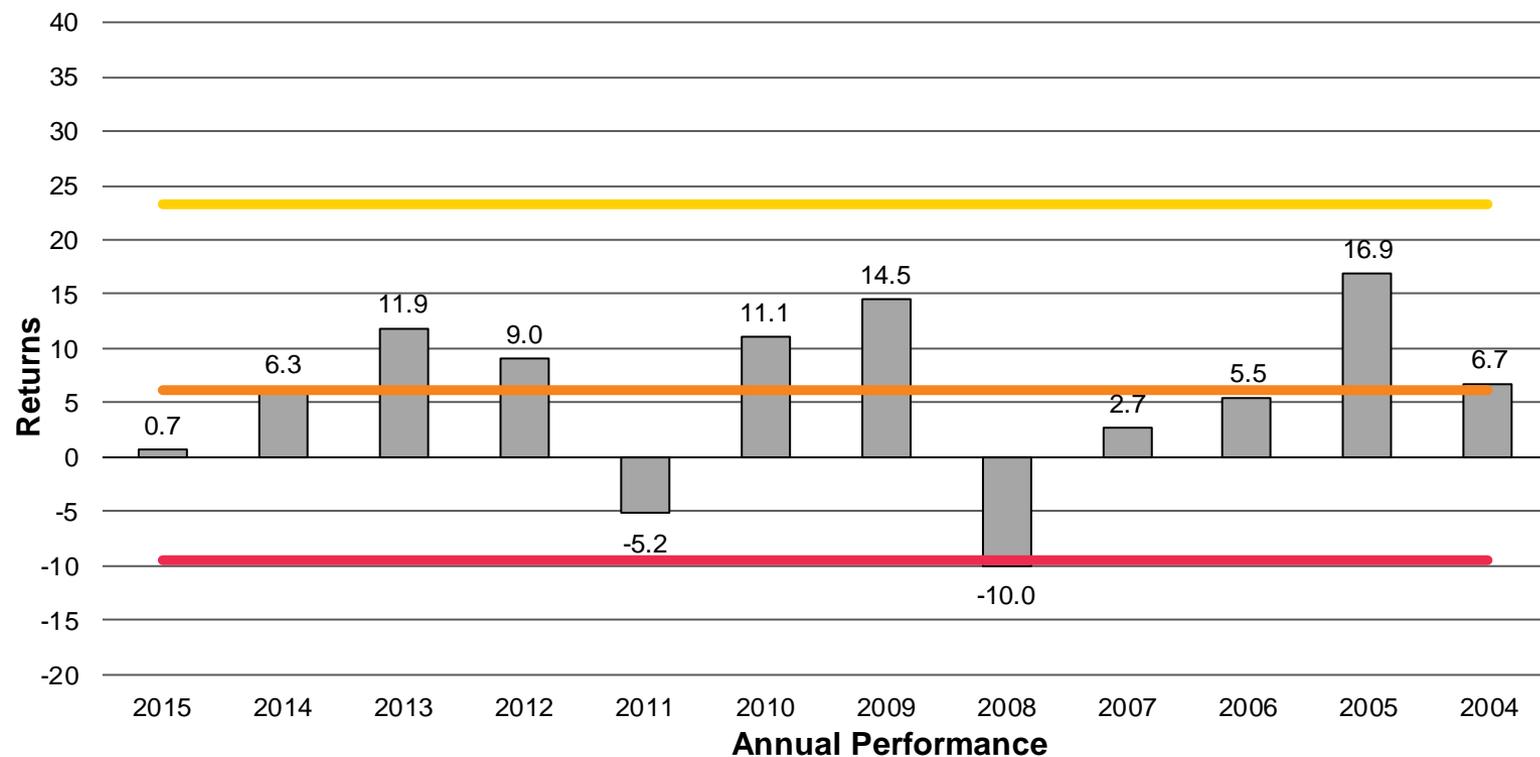
— Expected Maximum Return

N.B. Expected Maximum and Minimum Return ranges given current market assumptions and current Strategic Asset Allocation are based on 90% confidence level.

# Reality: Balanced

All data refers to C Class Accumulation Units

As at 30 September 2016



— Average Expected Return

— Expected Minimum Return

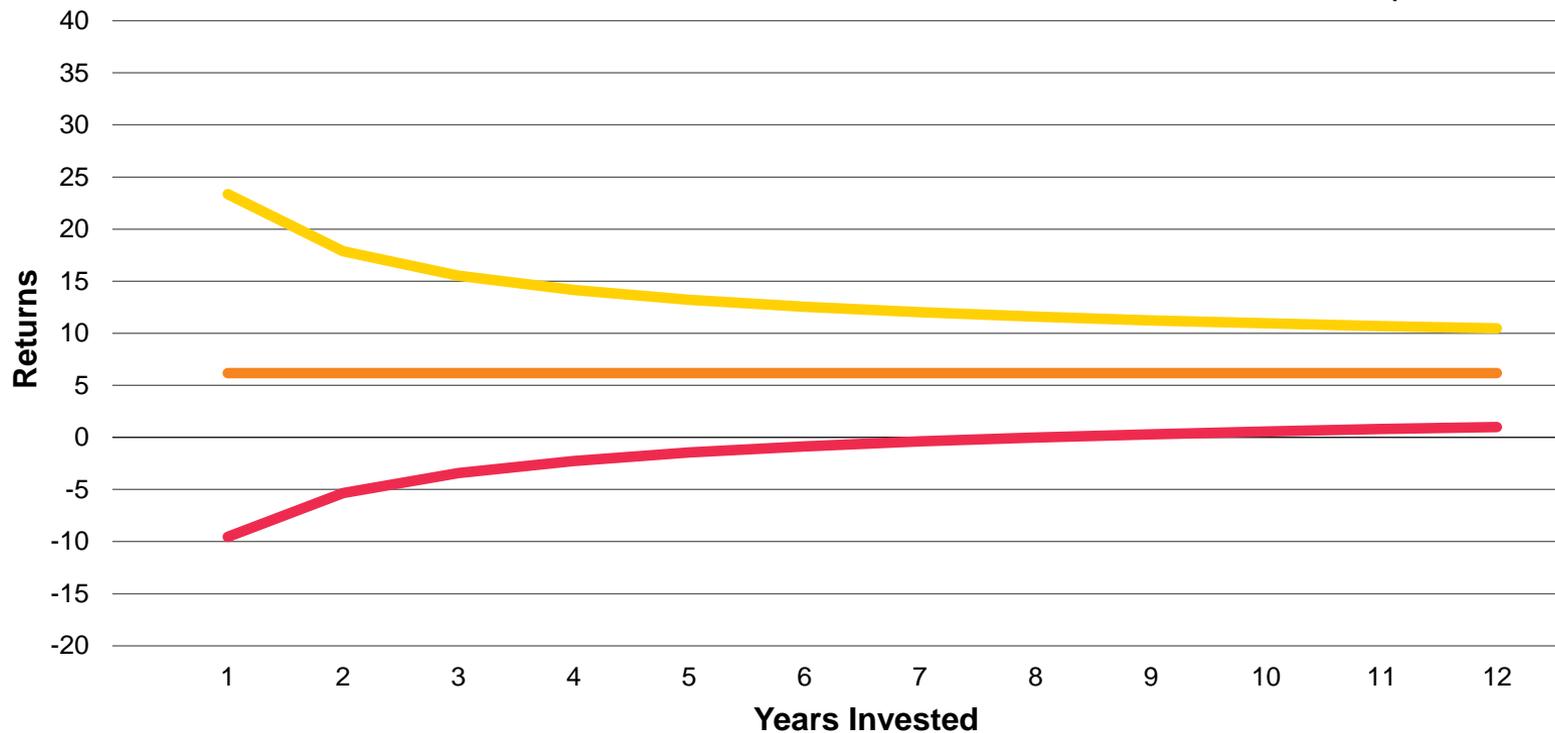
— Expected Maximum Return

N.B. Expected Maximum and Minimum Return ranges given current market assumptions and current Strategic Asset Allocation are based on 90% confidence level. The bars represent the discrete performance. Past performance is not a guide to the future.

# Theory: Balanced

All data refers to C Class Accumulation Units

As at 30 September 2016



— Average Expected Return      — Expected Minimum Return      — Expected Maximum Return

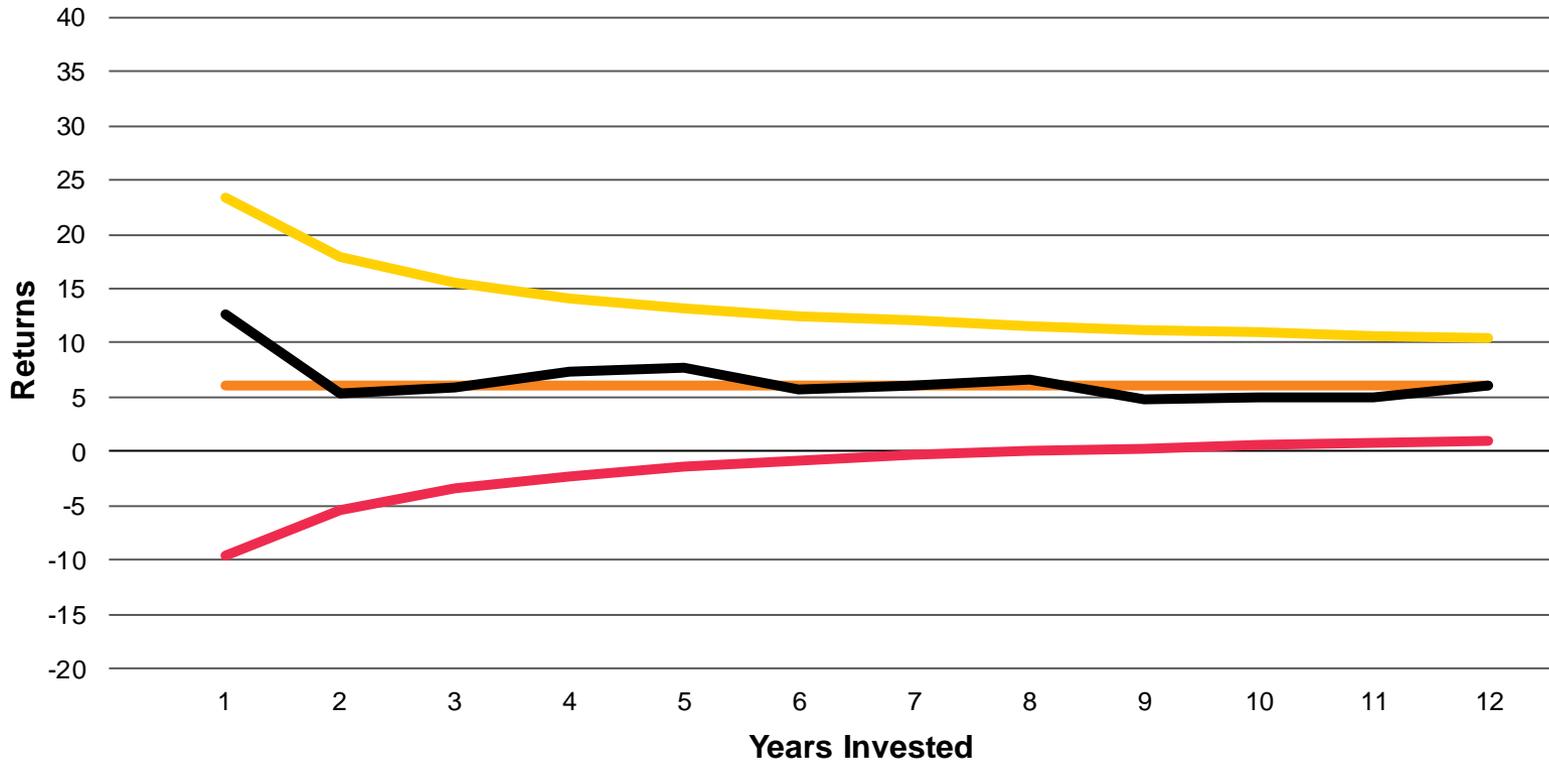
N.B. Expected Maximum and Minimum Return ranges are based on 90% confidence level

SOURCE: FE ANALYTICS  
7IM / MORNINGSTAR STUDY 2016

# Reality: Balanced

All data refers to C Class Accumulation Units

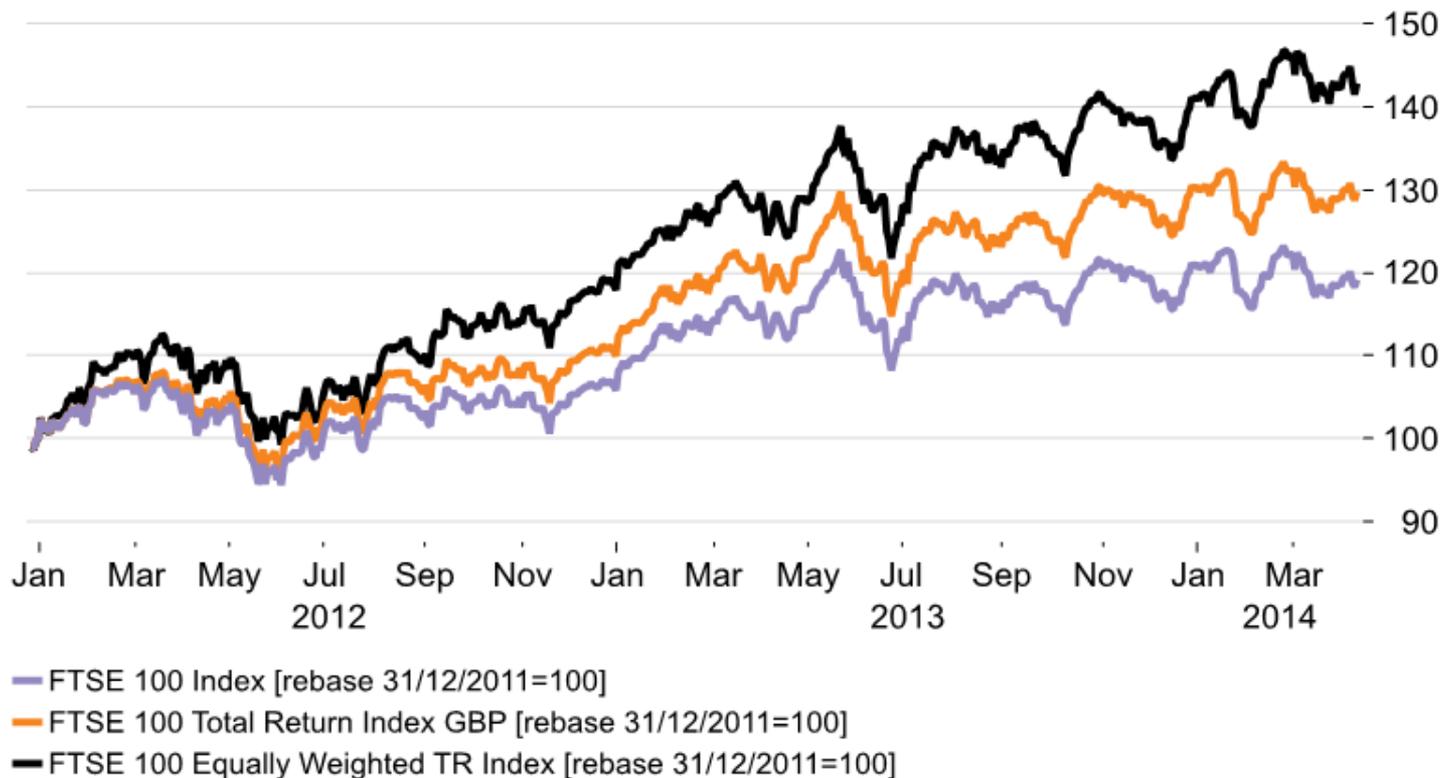
As at 30 September 2016



— Average Expected Return — Expected Minimum Return — Expected Maximum Return — Actual Compound Return

N.B. Expected Maximum and Minimum Return ranges are based on 90% confidence level.  
Past performance is not a guide to the future.

# Smart passive innovation FTSE100



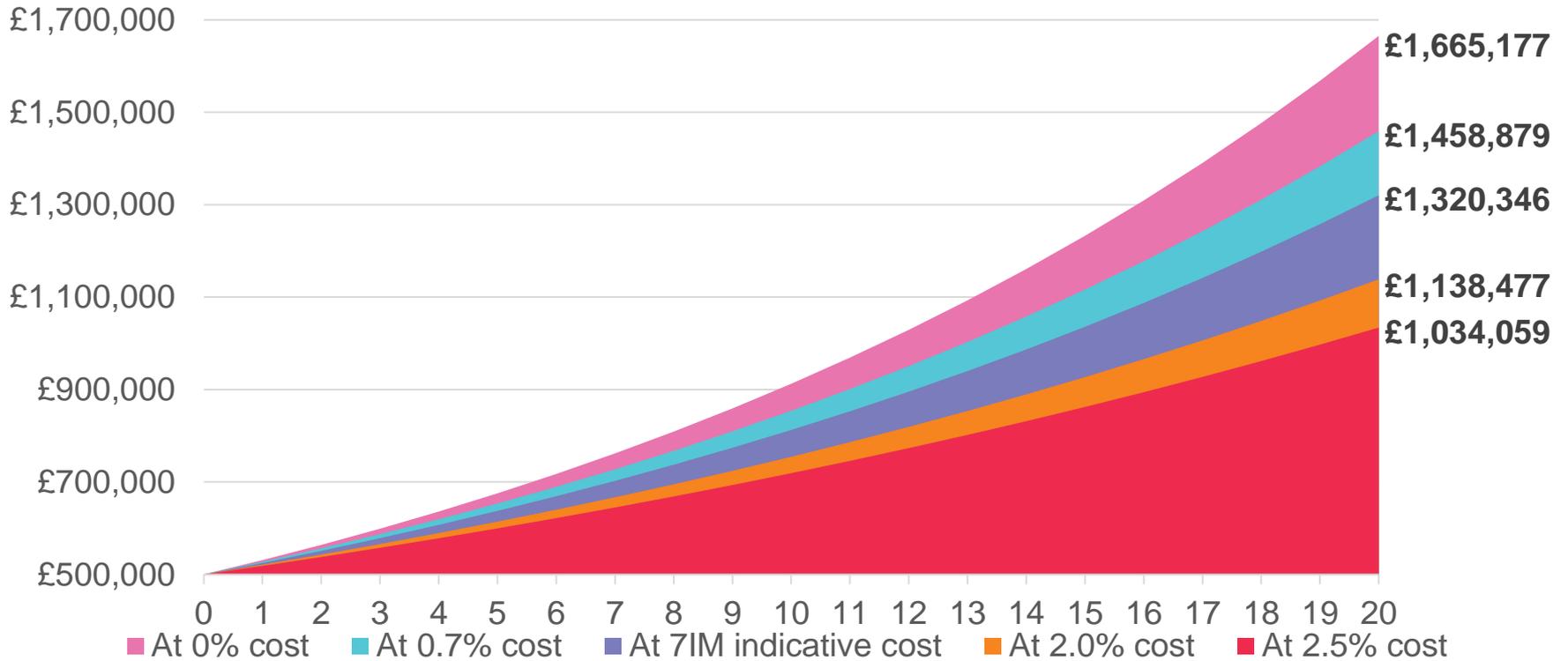
# S&P 500 total return



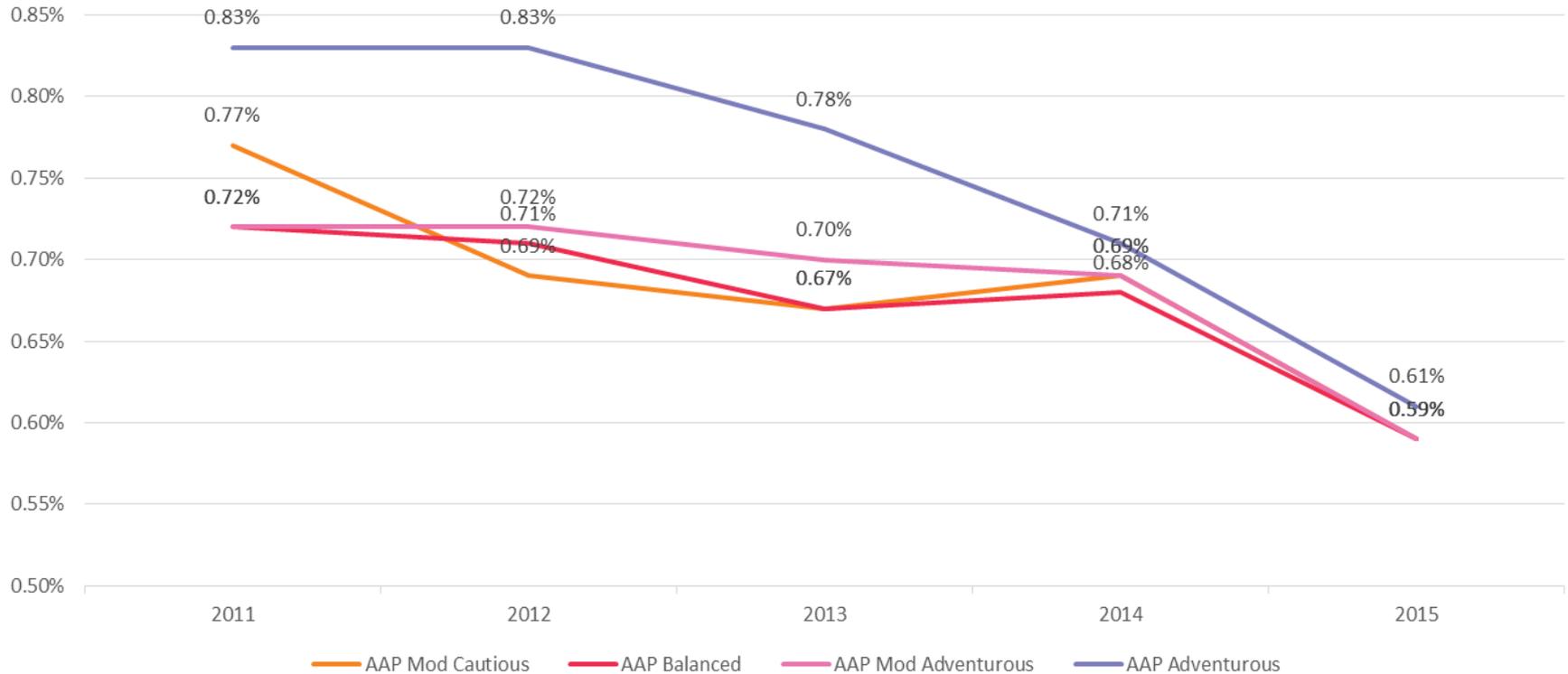
Source: YCHARTS

# Managing the real costs

Compound effect of charges upon an investment of £500,000 growing at 5% p.a. gross over 20 years



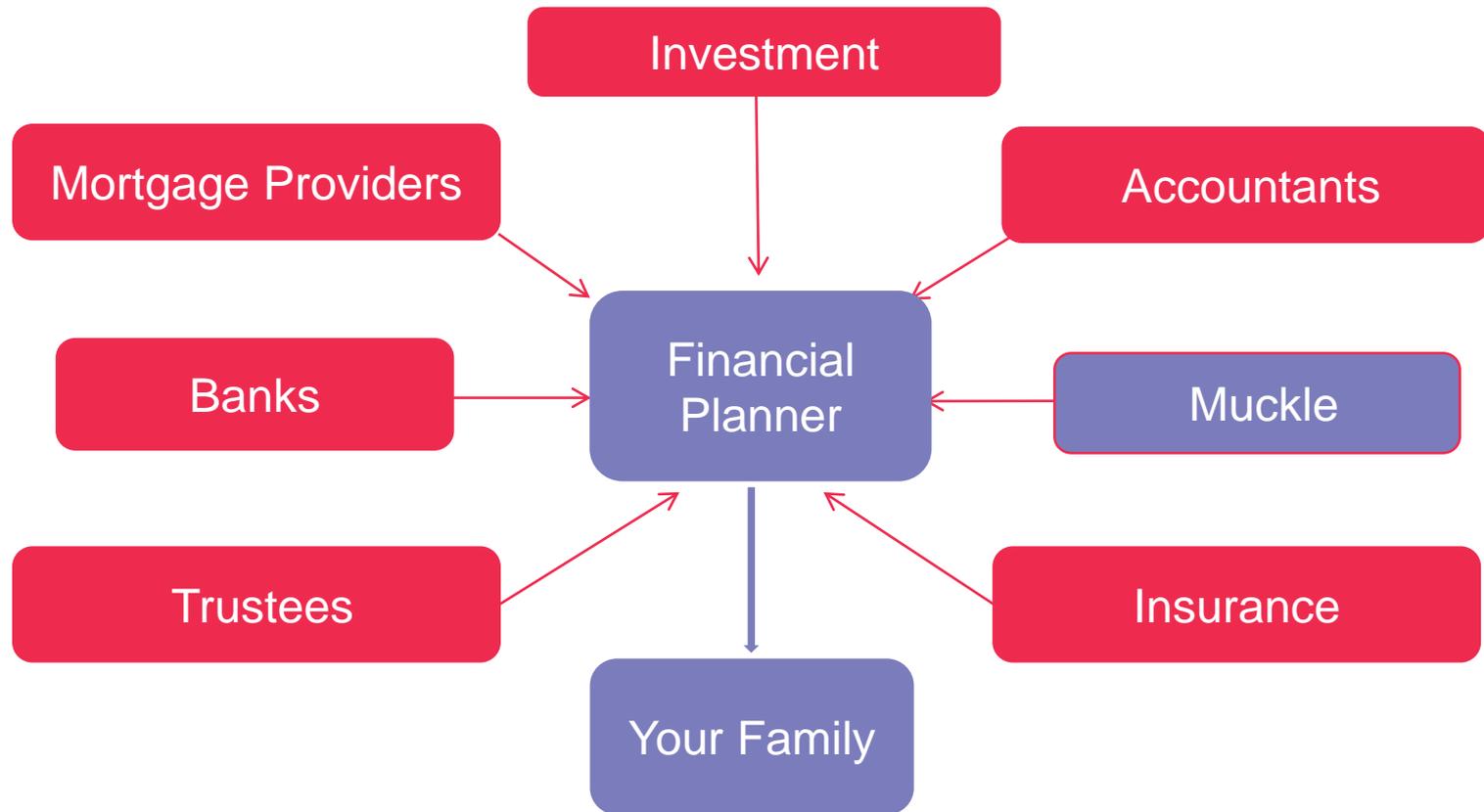
# Pressing down on charges



SOURCE: 2008-2010 LIPPER UK FUND OF FUNDS 'INCLUSIVE' TOTAL EXPENSE RATIO ANALYSIS REPORTS. 2011, 2012, 2013 & 2014 ONGOING CHARGE FIGURES FROM CAPITA FUND ACCOUNTS DATA. 2015 ONGOING CHARGE FIGURES FROM NORTHERN TRUST. N.B. LIPPER AND CAPITA ARE BOTH INDUSTRY STANDARDS BUT HAVE DIFFERENT METHODOLOGIES

# PLANNING YOUR YOUR FUTURE NEEDS

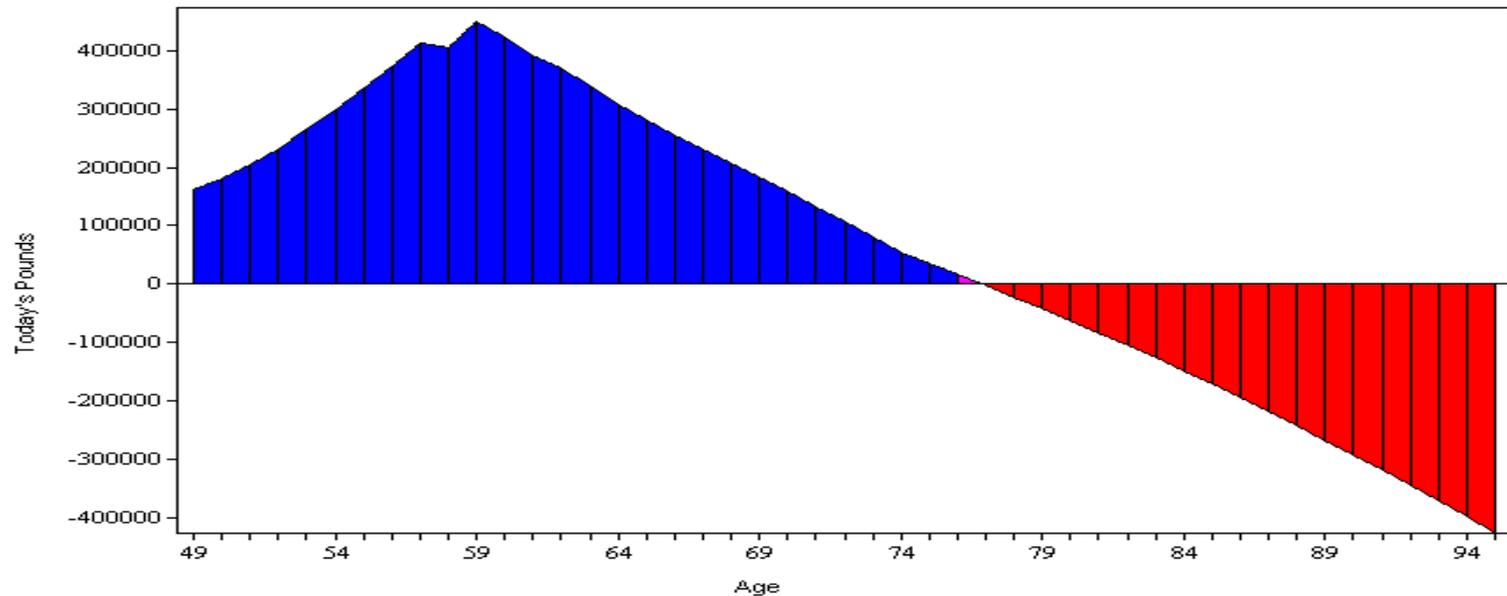
# Your own planning



# Forward financial headlights

Cash flow – income and expenditure

- Now
- Long term future



# INTRODUCING 7IMAGINE & MY FUTURE

YOUR FUTURE AT YOUR FINGERTIPS



# INTRODUCING 7IMAGINE & MY FUTURE

## MY ACCOUNTS FUTURE PROJECTION

GAMING  
SOFTWARE  
MY FUTURE



# MY FUTURE INCOME

Details and Events | Show Income | Today's Money | SAVE | HELP



Bruce's Wealth: £ 72,000 | Charlotte's Wealth: £ 30,000 | Joint: £ 460,000

# So what do you do?

Think broader family assets and liabilities

- Managing family assets

Improve Investment Discipline

- Reducing costs
- Better than average returns
- Reducing risks
- Lower volatility
- Regular financial planning

# Family balance sheet

## ASSETS

House  
Car  
Pension  
Life assurance  
ISAs  
Shares & National Savings  
Cash

## LIABILITIES

Mortgage  
Credit Cards  
Loans

**NET BALANCE £**

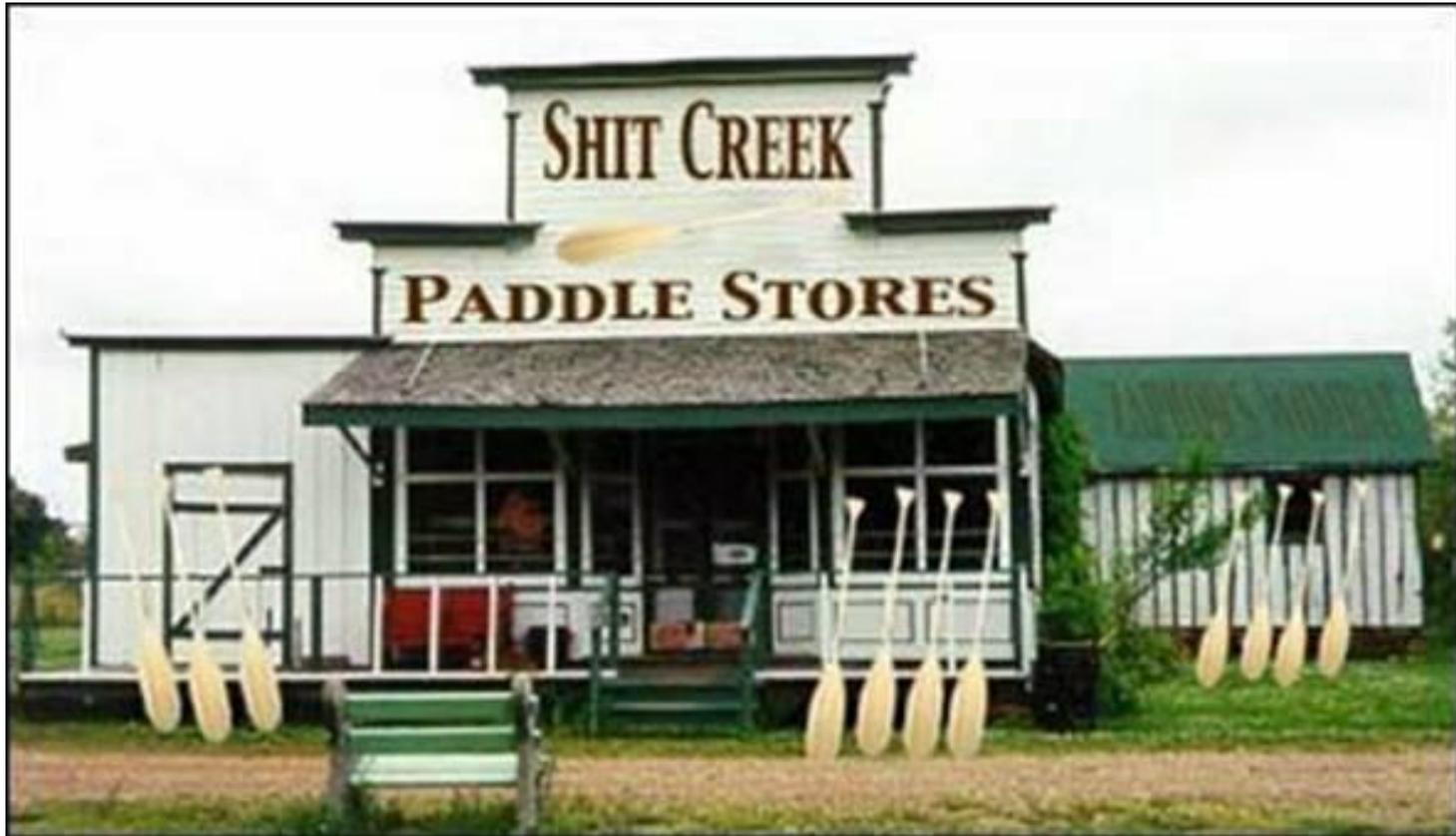


# JERRY & THE PACEMAKER

## GREATEST HITS

MONEY, MONEY, MONEY!    HE AIN'T HEAVY, IT'S HIS WALLET    HERE COMES THE SUN  
 NEWS OF THE WORLD    HEY BIG SPENDER!    MONEY FOR NOTHING (HOPEFULLY)  
 I HEARD IT ON THE HACKLINE    MONEY CAN BUY ME LOVE    WHEN I'M 264  
 DON'T FEAR THE REAPER    NOT KNOCKIN' ON HEAVENS DOOR  
 YOU RAISE ME UP (COURTESY OF VIAGRA)...  
 AND MANY, MONEY MORE!

# The Alternative For Many.....



**THANK  
YOU**