

VIEWPOINT

Newsflash

A new month and the 91st issue of Viewpoint from **Financial Partners**.

This document will be made available on our website www.f-p.hk

Table of Contents

Market commentary	1 – 3
Market performance	4 – 5
Asset allocation dashboard	6
Contact	7
Important notes	8

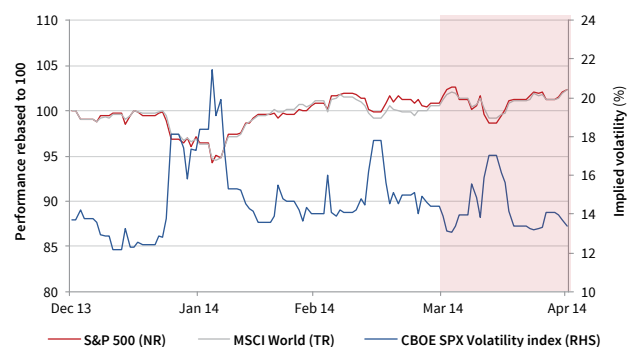
Momentum Global Investment Management (Company Registration No. 3733094) has its registered office at The Rex Building, 62 Queen Street, London, EC4R 1EB.

Momentum Global Investment Management Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom, and is an authorised Financial Services Provider pursuant to the Financial Advisory and Intermediary Services Act 37 of 2002 in South Africa.

Market Commentary

In a relatively quiet month for news flow, markets failed to establish a clear trend while volatility continued to fall. Over the month both the MSCI World index (developed equities) and the MSCI Emerging Markets index were flat to moderately up, while bond yields generally drifted down slightly, leading to gains of 1.1% for global government bonds. Credit outperformed sovereign debt as yields compressed and investors continued their search for spread, duration and yield. Notably, however, investment grade credit outperformed high yield, with a return of 1.2% compared to 0.6% for lower quality paper. Emerging market (EM) bonds continued their recovery post 2013's sell-off, returning 1.9% in April to make them one of the best performing asset classes to date in 2014 with a return of 5.4%.

Figure 1: Volatility trending downwards as markets remain range bound



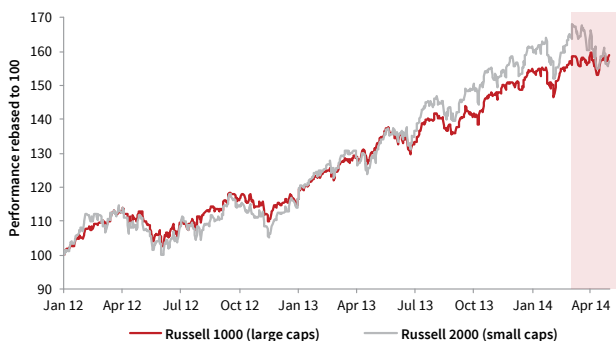
The most significant moves in equity markets were between regions. UK equities returned 3.2% in sterling terms, buoyed

by a stream of positive news from the economy and the corporate sector, while Japan was down again (-3.4% in yen terms) to bring its year to date decline to close to 10%. In EM, Russia was weak, down by 5.9% over the month and 19.6% year to date, as international sanctions began to undermine confidence in the economy.

As with the previous month, sector moves were a key feature in markets during April. Previously high flying growth / momentum stocks, especially those in the biotech and technology sectors, peaked in late February before falling, including declines of around 3% in April for biotech (Nasdaq Biotech index) and 7% for internet stocks (Nasdaq Internet index). From their peaks this year these indices have now fallen by around 16%, unwinding what appeared to be rich valuations.

Small cap stocks have also underperformed so far this year, especially in the US and UK, with signs of profit taking by investors following their sharp outperformance in recent years and with valuations approaching parity with large cap stocks (whereas small caps usually trade at a discount reflecting their greater risk). So far this year small cap stocks in the US are down by 2.8% while large cap stocks are up by 2.5%.

Figure 2: Small cap stocks enter a period of underperformance

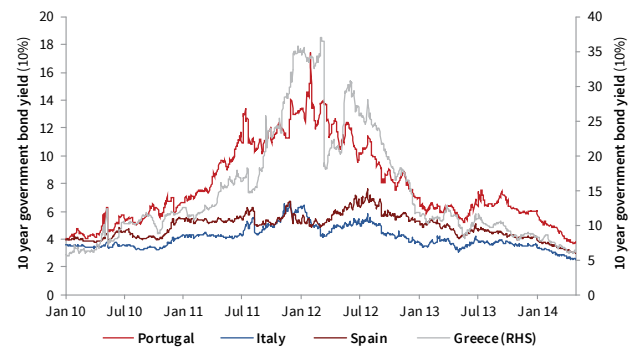


In the US, economic data remains difficult to interpret given the impact on activity of the severe winter weather. First quarter growth registered 0.1%, well below the previous quarter's 2.6%, but forward indicators are currently consistent

with a rebound in Q2. The UK grew by 0.8% in the first quarter and forecasts for the year are rapidly being revised up to over 3%, a big surprise to most economists but reflecting the strength in both manufacturing and the important services sector, together with the recovery in the housing market. Less encouraging was data from China, where first quarter GDP fell to 7.4% year-on-year, below the government's 7.5% target for 2014. Trade figures and leading indicators from China also disappointed and point to a continuing slowdown in growth this year. Although Beijing reacted with some small stimulative measures, credit growth continues to be reined in and this is likely to be the dominant force during 2014.

The most encouraging data came from the euro area, where most indicators are pointing towards an improved economy in 2014, with growth potentially as high as 2%. The euro area composite PMI (Purchasing Managers' Index) rose to 54 in April, financial conditions have eased substantially as reflected in further falls in peripheral European government bond yields, and confidence indicators have been rising, especially in the periphery which has suffered severe austerity in the past four years. This drop in peripheral European government bonds yields has been a notable feature of the past 12 months. So far this year yields on 10 year Spanish and Italian bonds have fallen by around 1%, taking them to their lowest levels since the euro was launched in 1999, while in Greece and Portugal yields have fallen by over 2% to 6.2% and 3.6% respectively.

Figure 3: Government bonds yields imply a return to health for peripheral Europe



Despite generally encouraging data from the US and Europe, inflation remains remarkably subdued. In the US, consumer price inflation registered 1.5% year-on-year in March; in the euro area inflation was steady at 0.7% in April, well below the European Central Bank's (ECB's) reference rate of close to 2%. In response to concerns over deflation in Europe, and given the continued strength of the euro, ECB President Mario Draghi indicated that further monetary stimulus might be necessary, specifically referring to the appropriateness of "a broad based asset purchase programme" (quantitative easing) for the first time.

The return of confidence to the boardroom has led to a resurgence in mergers and acquisitions (M&A). In the first four months of the year global M&A deal flow reached USD 1.2 trillion, 42% up from the same period last year and not far short of the record of USD 1.4 trillion in 2007. While this is often seen as a warning sign of excess in markets as the corporate sector takes on increasing debt and risk, there is evidence that this is a more sustainable and well grounded cycle than in 2007. This time, for example, much more of the deals are being financed with equity or equity plus cash, with over half the deals so far this year financed on this basis compared with less than a quarter in 2007, when 76% of the deals were cash (debt) financed.

The Ukraine / Russia crisis rumbled on in April, with Russian separatists ignoring the Geneva accord between the Russia and the West. An extension of sanctions on key Russian individuals coincided with further capital flight from the country, while rising inflation forced the central bank to hike interest rates by a further 50 basis points (0.5%) following the 150 basis points rise in March. The dangers of an escalating conflict are clear, but diplomacy remains the most likely solution.

The prospect of a steady pickup in the key US economy and in Europe through the remainder of 2014 should bolster investor confidence following the wobbles seen in Q1. Improved sentiment towards EM assets and lately the euro area are also encouraging signs, and it appears clear that while the Federal Reserve gradually removes its ultra loose monetary policy, both the ECB and the Bank of Japan will continue to ease. Although there are clear risks on the horizon, notably the impact of tapering in the US and the potential for a policy misstep in China, the underlying economic and corporate news and the continuation of zero interest rate policy are all positives for markets.

Market Performance

Asset Class/Region	Index	To 30 April 2014		
		Currency	Month	Year to date
Equities				
UK - All Cap	MSCI UK NR	GBP	3.2%	1.7%
UK - Large Cap	MSCI UK LARGE CAP NR	GBP	3.7%	1.5%
UK - Mid Cap	MSCI UK MID CAP NR	GBP	0.3%	1.6%
UK - Small Cap	MSCI SMALL CAP NR	GBP	-3.6%	-0.9%
United States	S&P 500 NR	USD	0.7%	2.4%
Continental Europe	MSCI Europe ex UK NR	EUR	1.0%	4.5%
Japan	Topix TR	JPY	-3.4%	-9.9%*
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	1.0%	2.0%
Global developed markets	MSCI World NR	GBP	-0.1%	0.4%
Global emerging markets	MSCI EM (Emerging Markets) NR	GBP	-0.8%	-1.9%
Bonds				
Gilts - All	BofA Merrill Lynch Gilts TR	GBP	0.7%	3.0%
Gilts - Under 5 years	BofA Merrill Lynch Gilts TR under 5 years	GBP	0.1%	0.6%
Gilts - 5 to 15 years	BofA Merrill Lynch Gilts TR 5 to 15 years	GBP	0.6%	3.2%
Gilts - Over 15 years	BofA Merrill Lynch Gilts TR over 15 years	GBP	1.3%	4.8%
Index Linked Gilts - All	BofA Merrill Lynch Inflation-Linked Gilts TR	GBP	0.9%	4.2%
Index Linked Gilts - 5 to 15 years	BofA Merrill Lynch Inflation-Linked Gilts TR 5 to 15 years	GBP	1.0%	3.6%
Index Linked Gilts - Over 15 years	BofA Merrill Lynch Inflation-Linked Gilts TR over 15 years	GBP	1.0%	5.0%
UK Corporate (investment grade)	BofA Merrill Lynch Sterling Non Gilts TR	GBP	1.1%	3.6%
US Treasuries	JP Morgan United States Government Bond Index TR	USD	0.6%	2.3%
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	1.2%	4.2%
US High Yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	0.6%	3.6%
Euro Government Bonds	Citigroup EMU GBI TR	EUR	1.0%	4.8%
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	0.9%	3.3%
Euro High Yield	BofA Merrill Lynch Euro High Yield Constrained TR	EUR	1.5%	4.6%
Global Government Bonds	JP Morgan Global GBI	GBP	0.0%	2.0%
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	GBP	0.0%	1.7%
Global Convertible Bonds	UBS Global Focus Convertible Bond	GBP	-0.8%	2.2%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	GBP	0.7%	3.5%

* estimate

Source: Bloomberg

FP Viewpoint

Page 4

Market Performance

Asset Class/Region	Index	To 30 April 2014		
		Currency	Month	Year to date
Property				
UK Direct Property	UK IPD All Property TR	GBP	0.0%*	3.9%*
Global Property Securities	S&P Global Property USD TR	GBP	1.4%	4.2%
Currencies				
Euro		GBP	-0.5%	-1.1%
US Dollar		GBP	-1.3%	-1.9%
Japanese Yen		GBP	-0.3%	1.0%
Commodities & Alternatives				
Commodities	RICI TR	GBP	0.0%	4.2%
Agricultural Commodities	RICI Agriculture TR	GBP	0.5%	12.1%
Oil	ICE Crude Oil CR	GBP	-0.2%	-4.1%
Gold	Gold Spot	GBP	-0.6%	5.2%
Interest Rates			Current rate	Change at meeting
United Kingdom	8-May-14	GBP	0.5%	-
United States	30-Apr-14	USD	0.3%	-
Eurozone	8-May-14	EUR	0.3%	-
Japan	30-Apr-14	JPY	0.1%	-

* estimate

Asset Allocation Dashboard
■ Positive ■ Neutral ■ Negative

Asset class	View
Equities	
Developed equities	●
UK equities (relative to developed)	●
European equities (relative to developed)	●
US equities (relative to developed)	●
Japan equities (relative to developed)	●
Emerging market equities	●
Fixed Income	
Government	●
Index-linked (relative to government)	●
Investment grade (relative to government)	●
High yield	●
Loans	●
Emerging market debt	●
Convertible bonds	●
Alternatives	
Commodities	●
Property (UK)	●
Currencies	
USD	●
Euro	●
Yen	●

For more information, please contact your adviser or alternatively contact:

Financial Partners Ltd.
泛柏資產管理有限公司
24/F, Kinwick Centre
32 Hollywood Road
Central, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
client.services@f-p.hk
www.f-p.hk
A Member of Wealthnet

Important Notes

This communication is issued by Financial Partners Limited 泛柏資產管理有限公司 and/or a Financial Partners' related company (collectively, and individually "FP") solely to its clients, qualified prospective clients or institutional and professional investors. Unless stated otherwise, any opinions or views expressed in this communication do not represent those of FP. Opinions or views of any FP company expressed in this communication may differ from those of other departments or companies within FP, including any opinions or views expressed in any research issued by FP. FP may deal as Distributor or Agent, or have interests, in any financial product referred to in this email. FP has policies designed to negate conflicts of interest. Unless otherwise stated, this e-mail is solely for information purposes.

This message may contain confidential information. Any use, dissemination, distribution or reproduction of this information outside the original recipients of this message is strictly prohibited. If you receive this message by mistake, please notify the sender by reply email immediately.

Unless specifically stated, neither the information nor any opinion contained herein constitutes as an advertisement, an invitation, a solicitation, a recommendation or advice to buy or sell any products, services, securities, futures, options, other financial instruments or provide any investment advice or service by FP.

No representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any figures,

forecasts, prospects or returns (if any) contained in the message. Such figures, forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. The assumptions and parameters used by FP are not the only ones that might reasonably have been selected and therefore FP does not guarantee the sequence, accuracy, completeness or timeliness of the information provided herein. None of FP, its group members or any of their employees or directors shall be held liable, in any way, for any claims, mistakes, errors or otherwise arising out of or in connection with the content of this e-mail.

This e-mail and any accompanying attachments are not encrypted and cannot be guaranteed to be secure, complete or error-free as electronic communications may be intercepted, corrupted, lost, destroyed, delayed or incomplete, and/or may contain viruses. FP therefore does not accept any liability for any interception, corruption, loss, destruction, incompleteness, viruses, errors, omissions or delays in relation to this electronic communication. If verification is required please request a hard-copy version. Electronic communications carried within the FP system may be monitored.