FP FINANCIAL PARTNERS

momentum

easton Asset Management

Market Weekly Review

Week ending 04 October 2013

Developed equity markets struggled last week following the closure of the US government on the 1st October, which saw some 800,000 workers forced to go on unpaid leave. Having failed to pass the Senate's "clean" funding bill, without any provisions to delay Obamacare, the Republican controlled House of Representatives forced a shutdown of non-essential operations on Tuesday until a new budget deal between them and the opposing Democratic Party could be forged. Having failed to reach a compromise, officials have warned the first shutdown in 17 years could last longer than expected; drawing concern its impact could be magnified if not resolved before the looming debt ceiling deadline on the 16th October.

Comparative, progress was made by the fractured Italian coalition government last week after Prime Minster Enrico Letta won a comfortable victory in a vote of confidence on Wednesday, after securing 235 to 70 votes in favour of the current government. Having ordered five cabinet ministers from his PDL party to resign, former Prime Minister Silvio Berlusconi was forced to renege on his attempts to divide the coalition party and voted in favour of Letta on Wednesday.

Elsewhere in Europe, speaking after the European Central Bank's (ECB) meeting on Wednesday, President Mario Draghi said rates would be left at their current level for an "extended period" after he warned of a "weak, fragile, uneven" Eurozone economic recovery. Whilst the President failed to mention whether another Long Term Refinancing Operation (LTRO) was imminent, he did say the ECB was "ready to consider all available instruments"; comments which saw the euro rise by 0.4% over the day.

Employment figures in the region disappointed, after jobless claims in Spain rose in September. The number of unemployed rose for the first time in seven months to 4.7 million, after the service sector shed 52,000 jobs over the month. In Germany, the number of people out of work rose by a seasonally adjusted 25,000 in September, raising the unemployment rate by 0.1% to 6.9% of the population.

In Portugal, the group of international lenders, otherwise known as the "troika", described the country's EUR 78 billion bailout programme "broadly on track" and granted the country as suitable for its next EUR 5.6 billion instalment of funds. The Portuguese government also raised its forecast for growth this year and the next to -1.8%, from -2.3%, and to 0.8%, from 0.6%.

In the UK, manufacturing, services and housing sectors remained strong in September, after data from Purchasing Managers' Indices all reported above 50; a level above which indicates growth in its respective area. Services in the third quarter increased at the fastest pace since 1997, as the index rose to 60.3, marginally below August's high of 60.5. Housing and manufacturing indices reported at 64.8, and 56.7 respectively, with the only area of concern in the manufacturing survey being a slower rise in export orders.

In Asia, the Bank of Japan's (BoJ) two day policy meeting on Thursday and Friday provided few surprises as its ultra loose monetary policy aimed at beating deflation was left unchanged. Prior to the meeting, Prime Minster Shinzo Abe announced the government's plan to raise its sales tax from 5% to 8%, from 1st April 2014. Earlier on Tuesday, the closely followed Tankan manufacturing survey showed a sharp improvement in sentiment amongst Japanese manufacturers, after rising from 4 to 12 in the third quarter (a positive number indicates more optimists than pessimists in the sector).

Turning to markets, global equities underperformed their emerging counterpart, returning -0.5% against 0.8% in US dollar terms. Fixed income markets were generally stronger, after global government bonds added 0.5% whilst US treasuries fell back by 0.1% however. Finally, global property securities returned - 1.2% to underperform the broader equity market, whilst commodities fell by 0.1% following a 1.9% drop in the gold spot price over the week.

Source: Bloomberg. Returns in US dollars unless otherwise stated. October 2013

FINANCIAL PARTNERS

momentum

easton Asset Management

Market Weekly Review

Week ending 4 October 2013

Asset Class/Region	Index	Currency	Currency returns			
			Week ending 4 Oct 2013	Month to date	YTD 2013	12 months
Developed Market Equities						
United States	S&P 500 NR	USD	0.0%	0.6%	19.9%	21.5%
United Kingdom	FTSE All Share TR	GBP	-1.0%	-0.2%	12.6%	15.5%
Continental Europe	MSCI Europe ex UK NR	EUR	-0.4%	0.3%	15.3%	20.8%
Japan	Topix TR	JPY	-4.4%	-2.5%	37.8%*	59.8%
Asia Pacific (ex Japan)	MSCI Pacific ex Japan TR	USD	-0.4%	0.9%	6.2%	10.7%
Australia	S&P / ASX 200 TR	AUD	-1.9%	-0.2%	16.0%	20.4%
Global	MSCI World NR	USD	-0.5%	0.3%	17.6%	21.3%
Emerging Market Equities						
Emerging Europe	MSCI EM Europe NR	USD	1.0%	1.8%	-1.2%	5.6%
Emerging Asia	MSCI EM Asia NR	USD	0.8%	2.3%	0.6%	7.0%
Emerging Latin America	MSCI EM Latin America NR	USD	0.8%	1.8%	-9.7%	-5.4%
BRICs	MSCI BRIC NR	USD	0.9%	2.1%	-3.1%	2.4%
MENA countries	Dow Jones MENA TR	USD	0.5%	0.7%	17.9%	17.9%
South Africa	FTSE JSE All Share TR	USD	2.1%	2.1%	-20.9%	-11.7%
India	Nifty Fifty TR	USD	3.8%	5.1%	-9.7%	-6.7%
Global emerging markets	MSCI EM (Emerging Markets) NR	USD	0.8%	2.1%	-2.4%	3.7%
Bonds						
US Treasuries	JP Morgan United States Government Bond Index TR	USD	-0.1%	-0.1%	-2.6%	-2.5%
US Treasuries (inflation protected)	Barclays Capital U.S. Government Inflation Linked TR	USD	0.0%	0.0%	-7.3%	-7.5%
US Corporate (investment grade)	Barclays Capital U.S. Corporate Investment Grade TR	USD	-0.1%	0.1%	-2.6%	-2.8%
US High Yield	Barclays Capital U.S. High Yield 2% Issuer Cap TR	USD	0.3%	0.4%	4.2%	6.7%
UK Gilts	JP Morgan United Kingdom Government Bond Index TR	GBP	0.0%	-0.1%	-2.8%	-2.5%
UK Corporate (investment grade)	BofA Merrill Lynch Sterling Non Gilts TR	GBP	0.1%	0.1%	1.0%	2.4%
Euro Government Bonds	Citigroup EMU GBI TR	EUR	0.3%	0.1%	1.2%	3.5%
Euro Corporate (investment grade)	Barclays Capital Euro Aggregate Corporate TR	EUR	-0.1%	0.0%	1.4%	3.2%
Euro High Yield	BofA Merrill Lynch Euro High Yield Constrained TR	EUR	0.8%	0.9%	9.7%	16.4%
Japanese Government	JP Morgan Japan Government Bond Index TR	JPY	0.4%	0.4%	2.4%	2.3%
Australian Government	JP Morgan Australia GBI TR	AUD	-0.4%	-0.6%	-0.3%	-0.5%
Global Government Bonds	JP Morgan Global GBI	USD	0.5%	0.4%	-2.9%	-4.0%
Global Bonds	Citigroup World Broad Investment Grade (WBIG) TR	USD	0.4%	0.3%	-1.4%	-1.6%
Global Convertible Bonds	UBS Global Convertible Bond	USD	0.3%	0.6%	13.5%	16.8%
Emerging Market Bonds	JP Morgan EMBI +	USD	0.0%	0.4%	-8.6%	-6.2%

* Estimate

Source: Bloomberg, October 2013

FP FINANCIAL PARTNERS

momentum

easton Asset Management

Market Weekly Review

Week ending 4 October 2013

Asset Class/Region	Index	Currency	Currency returns			
			Week ending 4 Oct 2013	Month to date	YTD 2013	12 months
Property						
US Property Securities	MSCI US REIT NR	USD	-1.3%	-0.2%	2.1%	5.2%
Australian Property Securities	S&P/ASX 200 Australia TR	AUD	0.5%	1.1%	5.7%	.6%
Asia Property Securities	S&P Asia Property NR USD	USD	-2.7%	-1.2%	7.3%	18.3%
Global Property Securities	S&P Global Property TR USD	USD	-1.2%	-0.3%	4.2%	10.2%
Currencies						
Euro		USD	03%	0.2%	2.8%	4.6%
UK Pound Sterling		USD	-0.8%	-1.1%	-1.5%	-0.7%
Japanese Yen		USD	0.7%	0.8%	-11.0%	-18.1%
Australian Dollar		USD	1.3%	1.3%	-9.2%	-9.1%
South African Rand		USD	1.1%	0.4%	-15.2%	-13.1%
Swiss Franc		USD	-0.1%	-0.3%	0.9%	2.7%
Chinese Yuan		USD	0.0%	0.0%	1.8%	1.9%
Commodities & Alternatives						
Commodities	RICI TR	USD	-0.1%	0.4%	-2.8%	-1.9%
Agricultural Commodities	RICI Agriculture TR	USD	-0.3%	0.3%	-7.8%	-11.3%
Oil	ICE Crude Oil CR	USD	0.3%	0.4%	-1.1%	0.0%
Gold	Gold Spot	USD	-1.9%	-1.4%	-21.8%	-23.8%
Hedge Funds	HFRX Global Hedge Fund	USD	0.1%*	0.2%*	4.5%*	5.9%*

* Estimate

Source: Bloomberg, October 2013

Important notes

This document is only intended for use by the original recipient, either a Momentum GIM client or prospective client, and does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorised or permitted, or to anyone who would be an unlawful recipient. The original recipient is solely responsible for any actions in further distributing this document, and in doing so should be satisfied that there is no breach of local legislation or regulation. This document should not be reproduced or distributed except via original recipients acting as professional intermediaries. This document is not for distribution in the United States.

Prospective investors should take appropriate advice regarding applicable legal, taxation and exchange control regulations in countries of their citizenship, residence or domicile which may be relevant to the acquisition, holding, transfer, redemption or disposal of any investments herein solicited.

Any opinions expressed herein are those at the date this document is issued. Data, models and other statistics are sourced from our own records, unless otherwise stated. We believe that the information contained is from reliable sources, but we do not guarantee the relevance, accuracy or completeness thereof. Unless otherwise provided under UK law, Momentum GIM does not accept liability for irrelevant, inaccurate or incomplete information contained, or for the correctness of opinions expressed.

The value of investments in discretionary accounts, and the income derived, may fluctuate and it is possible that an investor may incur losses, including a loss of the principal invested. Past performance is not generally indicative of future performance. Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments.

Under our multi-management arrangements, we selectively appoint underlying sub-investment managers and funds to actively manage underlying asset holdings in the pursuit of achieving mandated performance objectives. Annual investment management fees are payable both to the multimanager and the manager of the underlying assets at rates contained in the offering documents of the relevant portfolios (and may involve performance fees where expressly indicated therein).

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.