

PARTNERS WEALTH MANAGEMENT

Investment Outlook

November 2019

With markets being more unpredictable than ever, the threat of a global recession being mooted, along with continued, heightened political risk (think Brexit, Trump Vs China trade war, Italy, etc), it is important to hear from our selection of our ARC rated investment experts, with their view on the world.

This month, we hear, in brief, from our investment experts at Waverton Investment Management Limited, Cazanove Capital and Psigma Investment Management.

John Bellamy, Director, Waverton Investment Management Limited



Global economic data has been deteriorating for most of 2019, and continues to do so as we move into Q4. Trade has been weak, investment slow and profits falling as a proportion of GDP. Bearish though this sounds, the policy maker reaction function is alive and well: as data gets worse, so policy loosens; something we have noted in recent months. The outlook, then, is finely balanced.

As we write today, we expect policy to continue to loosen and this to support asset prices, but remain neutral risk while we wait for economic fundamentals to improve.

Ula Caroto, Portfolio Manager, Cazenove Capital



There is plenty for investors to worry about with trade tensions and political uncertainty heading the list. With global economic activity slowing, equity markets don't look particularly good value but they remain supported by the lack of alternatives given low cash rates and bond yields.

As such we remain committed to maintaining the current 'neutral' exposure to equity markets whilst remaining negative on bond markets. We are positive on alternative assets and are constantly looking for new diversifying investments given the uninspiring outlook for the traditional asset classes. One of the most interesting ideas is the Schroder Diversified Alternative Assets Fund investing in a broad range of specialist sectors ranging from renewable energy to song royalties, many of which have attractive income yields.

Carl Fiford, Investment Manager, Psigma Investment Management



Executive summary (balanced portfolio)

- Portfolios are cautiously positioned, reflecting our concerns over the trajectory of global growth when set against recent equity market performance.
- Strong international diversification, with around 30% non-GBP exposure, helping to protect against ongoing sterling volatility.

Equity weighting

	Allocation %
Current weighting	44.75
Long term neutral target	50.00
Position relative to neutral	-5.25

Outlook

Key risks looking forward:

- The reliance of markets on ultra-low interest rates.
- The ongoing US/China trade conflict which has abated for the time being.

Despite these risks, global monetary policy remains supportive of markets in general, however sterling's recent strength has been a headwind for many UK-based investors with globally positioned portfolios.

I hope that this update is useful and informative, if you have any questions regarding any part of this, please contact me or your Partners Wealth Management adviser.



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