In the immediate aftermath of Donald Trump's victory, the race is on to try to understand the shape of the new world order. There will be change, and so far that has been felt through the bond market which has taken a turn for the worse. The Fleet Street Letter has long argued that the bond market was overvalued due to excessive and unsustainable intervention from the central banks.

The US ten-year Treasury had a yield below 1.4% in the aftermath of the Brexit vote. That has turned sharply higher and now sits at 2.2% – a one-year high. The shorter-dated two-year bond now trades at 1%. With interest rates still at 0.5%, the US bond market is sending a strong signal that a rate hike at the next meeting of the Federal Open Market Committee on 14 December is now inevitable. If inflation starts to rise, which is expected in an era of higher wages and fiscal spending, expect tightening to continue into 2017.

Blame Trump

Yet, much of this has little to do with Trump. US inflation briefly fell below 0% in 2015, has subsequently risen to 1.5% and is on a rising trajectory. The decline in bond prices has been in motion since July. The change in policy was going to happen anyway. The Trump victory has merely brought forward the timetable. The only difference is that Trump's policies, particularly tax cuts, are likely to see the US economy enjoy higher growth – and that will happen quickly. It may not be a sustainable policy, but it will certainly work for a while. At least, that is a clear signal from the yield curve.

The yield curve is defined as the difference between short and long-term interest rates. When long-term rates are rising versus short-term rates, the economy is expanding and the yield curve is said to be “steepening”. And when the curve is “flattening” the economy is thought to be slowing.

The black line (see chart/graph page two, “The economy expands”) shows the difference between US 30-year and two-year Treasuries. The red line shows UK 30-year and two-year gilts. In both countries, the yield curve had been flattening since 2011 only to make a low in August. Had it continued to fall, that would have seen long-term yields turn negative (like Germany and Japan at the time) in both countries as the curve became “inverted”. An inverted curve was last seen in 2000 and 2007 and normally signals a recession.

As things stand, and exasperated by the post-election shift, the bond market is telling you that the UK and the US economies are entering a period of expansion. Many commentators believe a recession is coming – I suggest you don’t listen to them.

Financial stocks surge

The Fleet Street letter strategy has avoided rate-sensitive assets such as property and low-growth
The economy expands

stocks that have benefited from the post-2008 monetary easing. As that era has drawn to a close, it is value situations that have benefited. The 2016 winners have been financials, commodities, emerging markets and the industrial complex. The Trump victory has reiterated parts of this thesis, but not all.

The June issue of The Fleet Street letter describes how “a bond is the opposite of a bank.” It highlighted that banks were both undervalued and would benefit from a steepening yield curve. On both sides of the Atlantic, both banks and insurance companies have moved higher. I see this theme continuing and financials have well and truly turned the corner.

Soda holds Berkshire Hathaway (BRK) and the Polar Capital Global Insurance Fund – both of which are well positioned for an economic recovery combined with higher rates. BRK is now up 33% since my recommendation back in February and has made a new all-time high. It is exposed to US banking stocks such as Wells Fargo, US insurance operations and corporate America in general. In particular, it owns one of the largest railway networks in the US – BNSF Railway. The listed railroad companies have risen sharply in recent days as infrastructure spending is set to rise. Warren Buffett, yet again, has been the real winner of this election, despite routing for the other side.

Whisky holds Lloyds (LLOY), Legal & General (LGEN) and Standard Chartered (STAN). The first two are well placed, yet STAN has is exposed to emerging markets; a theme that has taken a turn for the worse, which I’ll address later in this piece. Having sold HSBC ahead of the election, I am keen to add more exposure to the financial sector as it is an important investment theme.

Buy 5% Barclays (BARC) and 5% Royal Bank of Scotland (RBS)

I highlighted in my last email, that Barclays is an interesting situation. It offers good value as it trades at 0.6 times book and has a strong balance sheet as measured by the credit default swap (CDS). A low CDS reading suggests the balance sheet is strong – LLOY 75, BARC 90, RBS 120. While LLOY has the strongest balance sheet, RBS has the weakest. However, with a CDS at 120, it is no longer as risky as it once was. During the European crisis in 2011, it touched 400. Things have gotten much better.

Lining up the valuations, the cheapest is RBS at 0.45 times book. As stated, BARC trades at 0.6. HSBC (HSBA) is now 0.85. While I am tempted to buy HSBA back at a slightly higher price than I recommended you should sell it, it offers less upside than RBS or BARC on valuation grounds. All of the major UK banks have begun to show loan growth over recent quarters, and after a banking crisis that is an indication of strength.

I am recommending both RBS and BARC as they both have considerable upside and the path ahead is clearer than it has been for years. With the bond market forecasting economic strength, the recovery in banking should continue. These previously bruised banks offer an opportunity as lending grows and the credit crisis is finally put behind them.

Risk to UK banks

Barclays offers medium risk and an attrac-
tive valuation. RBS has slightly higher risk but a lower valuation. Neither appears to be cheap on an earnings or a dividend basis. For that you have to look back to HSBA or LLOY – my recommendations from earlier in the cycle.

Building walls

The other major UK-listed bank is STAN, which is up by 11% since my recommendation in April. It has taken a post-election knock. The new US regime is pro-growth yet seen as insular, and the reaction from the emerging markets has been somewhat dire. Having sold Mexico and Taiwan, the portfolio exposure was light, but wasn't zero. STAN is exposed to Greater China, Asia, Africa and the Middle East. The CDS is 110, which isn’t bad considering where it operates. The stock trades at 0.5 times book.

Building bridges

The Boeing Dreamliner simply couldn’t fly on US parts. The suppliers come from Japan, Korea, Sweden, France, India and the UK. Another great US success is the iPhone. It is hard to imagine these manufacturing capabilities returning to US soil.

If we assume that Trump’s protectionist rant was electioneering, and that the final outcome will be far softer, then it is right to adopt a more constructive approach. There is considerable potential for the global economy to participate in the US revival. If that holds true, then emerging markets will offer an opportunity.

That said, there are some issues that need to be flushed out. I have written on many occasions how the Chinese renminbi is overvalued and falling. That weakness has accelerated since the election – yet in contrast to other emerging market currencies, it has been a haven. Hardest hit have been Latin American currencies. Eastern Europe, Turkey and South Africa have also seen falls. In contrast, Asia has been remarkably stable. And for that reason, I still believe that Asia is a dynamic region and STAN is an effective way to participate in that trend.

It’s tempting to take advantage of the value gap that has recently opened up in emerging markets. However, I would be more comfortable waiting for some statements, policies or trends to emerge.

In the past, one of the most important drivers of success in emerging markets has been a weak dollar. When the dollar falls, it is a gift to the world and emerging markets surge on the stimulus it provides. In contrast, dollar strength causes emerging markets to struggle – just as we have seen post 2010. This brings me on to the important question of what the change in policy will mean for the US dollar.

Donald’s dollar

As I wrote at the beginning of this piece, a US rate hike now looks like a certainty. The dollar index (DXY) has risen to just under 100 – the top of the trading range since early 2015. In November, the euro and the yen have been weak while the pound has shown resilience. In part, I believe the pound is cheap and so it’s naturally supported at these distressed levels.

The initial reaction has seen the dollar surge back to the recent high at 100; a level crammed with history. It has been crossed on several occasions over the years, but never without a fight. The 100 level marked resistance in the late 1980s and throughout the 1990s. Since Bretton Woods (1985), it has only broken higher during the era of the internet bubble.

With higher rates, the pressures on the dollar ought to be upward. However, we must consider how much of that has already been priced in. Furthermore, if Trump’s policies are more inflationary than expected, that ought to soften the dollar – particularly if the bond market remains well behaved. The dollar rally between 1980 and 1985 occurred on the back of extremely tight US monetary policy courtesy of the Federal Reserve chairman, Paul Volcker.

A new kind of loosening

Property tycoons hate tight monetary policy more than Scrooge hated Christmas. It’s not just interest rates and stimulus that dictate the monetary environment; it’s also the outlook for inflation. Trump’s yield curve is steeper, which is positive for the economic outlook – but so are inflation expectations, which will put pressure on the dollar. It is the difference between bond yields and inflation expectation that dictates whether policy is loose or tight. The initial reaction has been tightening, which explains the
The dollar has rallied on Trump

![Graph of US dollar index DXY since 1968]

Source: Bloomberg US dollar index DXY – since 1968

The dollar strength could continue. If it does, the market is likely to see a hard and fast move towards 120. I say that because the major currencies have been consolidating for nearly two years and DXY is in what's known as a "monthly squeeze pattern". The upper bound sits at 100 and the lower bound at 92. The idea is that a squeeze pattern identifies a tight trading range, with abnormally low volatility. In a world of central bank stimulus, that has been described as the "new normal".

If the dollar breaks higher, the message from the markets will be that this new normal has come to an end. It will be replaced by higher levels of volatility. The losers will likely be the currencies with the lowest real rates. That scenario would likely see the euro, the Swiss franc and the yen, sharply lower. Emerging market currencies wouldn't be comfortable with this move either.

If Trump's spending plans lead to higher wages and tax cuts, then we might instead enter a world where inflation expectations rise faster than bond yields. This is commonly known as stagflation. The growth will be illusionary, yet still fun while it lasts, as the economy runs to stand still. Under this scenario, the dollar will fall and the emerging markets will surge along with gold.

It's hard to image Trump being in favour of tight monetary policy. Property people have profited immensely from easy money while accumulating huge debts. For them, that is how the world should be. Maybe, just maybe, Trump will oversee a weak dollar. In which case, he'll be the world's friend rather than foe.

Platforms give way to assets

So far, industrial metals have enjoyed the result as infrastructure promises will boost demand. The market has probably run ahead of itself as it will perhaps take years before the cement is poured. None the less, this theme is gaining traction as railroads, trucks and industrial equipment has been at the forefront of the recent rally. What these companies have in common is assets.

This brings me to discuss another important investment theme. In recent years, the corporate fashion has been to generate profits without assets. At the extreme, there are companies such as Google and Facebook. In the main, these are the consumer brands which have been the driver behind the success of Fundsmith, which was sold from Soda in August.

It's a brilliant long-term investment concept, yet there is no strategy that can weather every storm. These are classic growth stocks that are sometimes referred to as platform companies. That's because they are built on an idea, as opposed to an asset such as a cement plant or an oil refinery.

In an environment of rising inflation, value beats growth; something I have shown in the past. That's because higher inflation puts pressure on stockmarket valuations and the price of hard assets rises. Stocks which have already fallen are better prepared to face inflationary headwinds than those trading on a premium. I would go a stage further and define value as
not just cheap stocks, but cheap stocks that own hard assets.

Provided the debt is modest, the balance sheet will be strong enough to withstand higher interest rates. Heavily indebted companies benefit when rates fall, yet are crushed when rates rise. Many property companies fall into this trap as the business model normally hinges on capital appreciation. If you bought a refinery or a cement plant, capital appreciation wouldn’t be part of the motivation. It would be to refine oil or manufacture cement.

However, if you wanted to build a new refinery or plant, it would cost more. By implication, the old one would be worth more. This bodes well for heavy industry and companies such as BP or Shell, which own a complex and extensive infrastructure. It could also be interesting for companies that have an extensive property portfolio which has been left behind.

**Buy Britain**

The post-2008 property boom has been focused on London and the south-east, while much of the rest of the country has been left behind. At the sector level too, offices and residential property have done well while retail has struggled. The onslaught of the internet is the common reason. But consider a world with a higher minimum wage – where the wealth-divide contracts.

Use of the internet has surged, but mainly among the affluent. The traditional worker still frequents the high street and the shopping centre. If the minimum wage rose, that would benefit traditional retailers. Following the pound’s weakness, these companies are trading at attractive valuations. And in the case of Marks and Spencer (MKS), it owns an extensive retail property portfolio.

The chart shows the relative difference between office and retail property prices since 1987 using IPD data. Retail has lagged ever since 2005, which is roughly when the internet entered the mainstream.

**Buy 5% Marks and Spencer (MKS) in Whisky**

I have been critical of investing in property in a rising rate environment. But in the case of UK retail property, prices are 2003 levels. Marks and Spencer has an extensive network of stores, many in the city centres. These are well placed to benefit from higher consumer spending and better pricing pressure in an inflationary environment. The property portfolio is valued at around £5 billion – a similar level to the company’s market capitalisation. Debt is just over £2 billion and free cash flow is more than £600 million per year.

MKS has a plan to cut costs by reducing floor space, not dissimilar to WM Morrison (MRW). It also plans to simplify and downsize some of its overseas operations. The restructuring has the additional benefit of increasing efficiency ahead of a possible upturn in sales. And for those who believe it’s all about the internet, MKS is no slouch there either. According to the Alexa rankings, MKS has the 135th busiest website in the UK. In contrast, the others are: Tesco 57th, John Lewis 93th, Asda 134th and Next is 190th. Of course I’d recommend John Lewis if I could. Sadly, the staff are too smart to sell it.

Assuming the MKS properties are conserva-
tively valued, and that the outlook for traditional retailing improves (it can’t get much worse), then MKS offers an attractive opportunity. The dividend yield is expected to be 6% and is well covered.

The risk to MKS is that inflation fails to come through or that the pound slumps, thus increasing its import costs. There could also be a recession if this new era of policy fails. I don’t believe this to be the case, but I am duty bound to highlight what can go wrong.

**Buy 10% Law Debenture (LWDB) in Soda**

I also suggested last week that I was interested in adding the Law Debenture Investment Trust (LWDB) in Soda. I didn’t make the formal recommendation as I wanted a few more days to pass. I believe this fund is a buy for the long term.

LWDB has a trustee business alongside a portfolio of assets. That was revalued earlier this year and saw the value of the trust rise. In February, the net asset value (NAV) per share shot up from around 411p to 578p overnight. While this has happened, the share price has only risen from 433p to the current 505p. In other words, the trust has swung from a premium to a discount to NAV.

What’s even more interesting is that the trustee business pays an income stream to shareholders. That has enabled the trust to pay a 3.2% dividend yield while simultaneously holding a slightly more interesting share portfolio than the obvious dividend payers. The trust has matched or beaten the FTSE 100 over the years without taking unwarranted risk.

The top holdings include Shell, HSBC, BP, GKN, Rio Tinto and Hill & Smith. It’s a list that I can’t disagree with, and if you don’t own those companies already then this is an opportunity to buy them at a discount.

Given it pays a handsome dividend, is large, is established, reasonably liquid, trades at a discount and has a diversified, yet credible portfolio, Law Debenture is a welcome addition to Soda.

**Soda**

The Soda portfolio is up by 18.8% since launch in January. The addition of LWBD has reduced cash to around 6%. That leaves a space for gold to be added at a later date.

At today’s price below £1,000 per ounce, the reduction in gold in August is now in the money. Clarity on the monetary outlook will determine the timing of increasing the gold position once again.

**Whisky**

The Whisky portfolio is up by 19.1% since launch in January. These recent additions of RBS, LLOY and MKS have reduced cash to around 30%. There’s plenty of firepower to do more.

Further additions may include industrials, a small cap investment trust, commodity themes, emerging markets or even an airline (can’t be worse than Turkey). The focus will shift towards hard assets where possible.

**Newscape disclosure**

UK-listed stocks with a market cap below £10 billion that are held by *The Fleet Street Letter* and the Newscape Diversified Growth Fund: MRW, STAN, LLOY, RBS, BARC, MKS, BAG, LGEN, PFC, JMAT, SEP, PIN.

**Summary**

Periods of change lead to uncertainty. The world is guessing what a Trump presidency means for their country. Here in the UK, we know he respects the Brexit result and that will be a force on our side. Inflation will rise regardless of this regime change. The policies over recent years have been craving it. On this occasion, Trump’s timing has been impeccable as the stir in the bond market has been attributed to him. It’s as if he bought Leicester City midway through the last season.

It is unlikely that Trump turns his back on the world. If he did, Air Force One would never take off the ground. More likely is that he makes it more difficult for low-end manufactures to dump low-value product on US soil.

The focus on assets, as opposed to platforms, will be an important theme. It’s not that platforms will suffer, it’s just that they are priced to dominate. At some point the real world will fight back against the virtual world and a truce will be found. At current prices, assets offer shelter.

Please get in touch – charlie.morris@fleetstreetletter.co.uk or @AtlasPulse.
### New recommendation Data

**Barclays**  
Ticker: BARC:LN  
Market Cap: £35,779.6 M  
52 week High/Low (£) 237.75p/121.10p  
Last close price 209.6p  
Five year performance: 2011 -32.72% | 2012 +49.05% | 2013 +12.19% | 2014 -10.46% | 2015 -10.10%

**Law Debenture**  
Ticker: LWDB:LN  
Market Cap: £603.56M  
52 week High/Low (£) 526p/432.5p  
Last close price 510p  
Five year performance: 2011 -6.48% | 2012 +27.44% | 2013 +24.47% | 2014 +0.19% | 2015 -6.04%

**M&S**  
Ticker: MKS:LN  
Market Cap: £5,572.8 M  
52 week High/Low (£) 515.805p/255.10p  
Last close price 337.5p  
Five year performance: 2011 -15.72% | 2012 +22.93% | 2013 +13.16% | 2014 +10.68% | 2015 -5.51%

**RBS**  
Ticker: RBS:LN  
Market Cap: £24,870.1 M  
52 week High/Low (£) 320.3p/148.40p  
Last close price 208.45p  
Five year performance: 2011 -48.35% | 2012 +60.80% | 2013 +4.19% | 2014 +16.65% | 2015 -23.43%

### 'Whisky' portfolio

<table>
<thead>
<tr>
<th>Ticker/ISIN</th>
<th>Name</th>
<th>Quantity</th>
<th>FX</th>
<th>Rec. date</th>
<th>Rec. price</th>
<th>Book cost (£)</th>
<th>Price on 16.11.16</th>
<th>Value (£)</th>
<th>P/L</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UK Equities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>38.8%</td>
</tr>
<tr>
<td>MRW LN</td>
<td>WM Morrison</td>
<td>2,500</td>
<td>Gbp</td>
<td>01.03.16</td>
<td>198</td>
<td>4,950</td>
<td>223</td>
<td>5,563</td>
<td>12%</td>
<td>4.7%</td>
</tr>
<tr>
<td>JMAT LN</td>
<td>Johnson Matthey</td>
<td>181</td>
<td>Gbp</td>
<td>13.03.16</td>
<td>2,806</td>
<td>5,079</td>
<td>3293</td>
<td>5,960</td>
<td>17%</td>
<td>5.0%</td>
</tr>
<tr>
<td>BAG LN</td>
<td>AG Barr</td>
<td>930</td>
<td>Gbp</td>
<td>21.04.16</td>
<td>554</td>
<td>5,152</td>
<td>501.5</td>
<td>4,664</td>
<td>-9%</td>
<td>3.9%</td>
</tr>
<tr>
<td>STAN LN</td>
<td>Standard Chartered</td>
<td>908</td>
<td>Gbp</td>
<td>21.04.16</td>
<td>567</td>
<td>5,148</td>
<td>635</td>
<td>5,762</td>
<td>12%</td>
<td>4.8%</td>
</tr>
<tr>
<td>LLOY LN</td>
<td>Lloyds Bank</td>
<td>6,871</td>
<td>Gbp</td>
<td>26.05.16</td>
<td>73</td>
<td>5,016</td>
<td>61</td>
<td>4,223</td>
<td>-16%</td>
<td>3.5%</td>
</tr>
<tr>
<td>LGEN LN</td>
<td>Legal and General</td>
<td>2,870</td>
<td>Gbp</td>
<td>13.07.16</td>
<td>186</td>
<td>5,332</td>
<td>234</td>
<td>6,704</td>
<td>26%</td>
<td>5.6%</td>
</tr>
<tr>
<td>PFC LN</td>
<td>Petrofac</td>
<td>802</td>
<td>Gbp</td>
<td>18.08.16</td>
<td>847</td>
<td>6,793</td>
<td>798</td>
<td>6,396</td>
<td>-6%</td>
<td>5.4%</td>
</tr>
<tr>
<td><strong>Regional Equities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Sector or Thematic equities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21.7%</td>
</tr>
<tr>
<td>IE-00B6XV0016</td>
<td>Guinness Energy Fund</td>
<td>1,394</td>
<td>GBP</td>
<td>02.02.16</td>
<td>717</td>
<td>9,995</td>
<td>9.84</td>
<td>13,711</td>
<td>37%</td>
<td>11.5%</td>
</tr>
<tr>
<td>BRWM LN</td>
<td>Blackrock World Mining</td>
<td>3,653</td>
<td>GBP</td>
<td>20.06.16</td>
<td>270</td>
<td>9,863</td>
<td>331</td>
<td>12,082</td>
<td>23%</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>53,947</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>119,013</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
'Soda' portfolio

<table>
<thead>
<tr>
<th>Ticker/ISIN</th>
<th>Name</th>
<th>Quantity</th>
<th>FX</th>
<th>Rec. date</th>
<th>Rec. price</th>
<th>Book cost (£)</th>
<th>Price on 16.11.16</th>
<th>Value (£)</th>
<th>P/L</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE00B-61MW553</td>
<td>Polar Insurance Fund</td>
<td>2,372</td>
<td>Gbp</td>
<td>05.02.16</td>
<td>416</td>
<td>9,868</td>
<td>5.53</td>
<td>13,119</td>
<td>32.9%</td>
<td>11.1%</td>
</tr>
<tr>
<td>BRK/B Equity (US)</td>
<td>Berkshire Hathaway</td>
<td>104</td>
<td>USD</td>
<td>29.02.16</td>
<td>132</td>
<td>9,902</td>
<td>156.28</td>
<td>13,107</td>
<td>32.4%</td>
<td>11.1%</td>
</tr>
<tr>
<td>BTEM LN</td>
<td>British Empire Trust</td>
<td>2,160</td>
<td>Gbp</td>
<td>21.04.16</td>
<td>478</td>
<td>10,325</td>
<td>618.00</td>
<td>13,349</td>
<td>29.3%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

Mult Asset

<table>
<thead>
<tr>
<th>Ticker/ISIN</th>
<th>Name</th>
<th>Quantity</th>
<th>FX</th>
<th>Rec. date</th>
<th>Rec. price</th>
<th>Book cost (£)</th>
<th>Price on 16.11.16</th>
<th>Value (£)</th>
<th>P/L</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>CGT LN</td>
<td>Capital Gearing Trust</td>
<td>602</td>
<td>Gbp</td>
<td>05.02.16</td>
<td>3354</td>
<td>20,191</td>
<td>3,680.00</td>
<td>22,154</td>
<td>9.7%</td>
<td>18.7%</td>
</tr>
<tr>
<td>RICA LN</td>
<td>Ruffer Investment Trust</td>
<td>10,050</td>
<td>Gbp</td>
<td>05.02.16</td>
<td>199</td>
<td>20,000</td>
<td>231.50</td>
<td>23,266</td>
<td>16.3%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

Alternative Assets

<table>
<thead>
<tr>
<th>Ticker/ISIN</th>
<th>Name</th>
<th>Quantity</th>
<th>FX</th>
<th>Rec. date</th>
<th>Rec. price</th>
<th>Book cost (£)</th>
<th>Price on 16.11.16</th>
<th>Value (£)</th>
<th>P/L</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>PIN LN</td>
<td>Pantheon Private Equity</td>
<td>243</td>
<td>Gbp</td>
<td>01.09.16</td>
<td>1456</td>
<td>3,538</td>
<td>1,625</td>
<td>3,949</td>
<td>11.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>SEP LN</td>
<td>SL Private Equity</td>
<td>1,472</td>
<td>Gbp</td>
<td>01.09.16</td>
<td>241</td>
<td>3,548</td>
<td>279.75</td>
<td>4,118</td>
<td>16.1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>PHAU LN</td>
<td>Gold ETF</td>
<td>62</td>
<td>USD</td>
<td>08.02.16</td>
<td>111.67</td>
<td>4,797</td>
<td>118.24</td>
<td>5,912.0</td>
<td>23.2%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Cash

Total

19,482.09  118,454.85  16.4%  100%

The Fleet Street Letter Online

You can access The Fleet Street Letter subscribers’ section on the Southbank Investment Research website by going to southbankresearch.com and clicking on the “My Subscriptions” tab which should lead you to The Fleet Street Letter. If you don’t remember your user name or password, then please feel free to contact our customer service team on 0207 633 3608 and they will guide you through it.

Risk Warning

Before investing you should consider carefully the risks involved, including those described below. If you have any doubt as to suitability or taxation implications, seek independent financial advice.

General - Your capital is at risk when you invest in shares. Never risk more than you can afford to lose. Past performance and forecasts are not reliable indicators of future results. There is no guarantee dividends will be paid. Bid/offer spreads, commissions, fees and other charges can reduce returns from investments. The Financial Conduct Authority does not regulate certain activities, including the buying and selling of commodities such as gold.

Funds - Fund performance relies on the performance of the underlying investments and there is counterparty default risk which could result in a loss not represented by the underlying investment.

Overseas shares - Some recommendations may be denominated in a currency other than sterling. The return from these may increase or decrease as a result of currency fluctuations. Dividends from overseas companies may be taxed at source in the country of issue.

Bonds - Investing in bonds carries interest rate risk. A bondholder has committed to receiving a fixed rate of return for a fixed period. If the market interest rate rises from the date of the bond’s purchase, the bond’s price will fall. There is also the risk that the bond issuer could default on their obligations to pay interest as scheduled, or to repay capital at the maturity of the bond.

Taxation - Profits from share dealing, including both capital gains and dividends, are subject to capital gains tax and income tax respectively. Interest received from bonds is subject to income tax. Capital gains from commodities are subject to capital gains tax. Tax treatment depends on individual circumstances and may be subject to change in the future.

The Fleet Street Letter portfolio is not intended to represent the exact price at which you could buy or sell a share. Our reference price is the closing mid-price on the day before the recommendation was published. Sometimes readers will achieve better entry/exit prices; sometimes worse. All gains are gross, and returns will be affected by dividends, dealing costs and taxes.

Investment Director: Charlie Morris. Information and opinions expressed do not necessarily reflect the views of other editors/contributors of Southbank Investment Research Ltd. Full details of our complaints procedure and terms and conditions can be found on our website, southbankresearch.com.

© 2016 Southbank Investment Research Ltd