



**Below is the latest Market Comment from Ian Williams: (04/04/2016)**

The Charteris Funds have had a stunning start to 2016 - namely:

- Way Charteris Gold Fund up 55% 1st Qtr. - Top of all the comparable Gold funds in the Gold sector & possibly top or 2nd top fund across all sectors (5000 funds)
- Elite Charteris Premium Income Fund - up 3% 1st Qtr. - 3rd out of 90 Funds IA UK Income sector - IA Sector down 1.4% YTD .
- FP Charteris Global Macro Fund - up 8.3% 1st Qtr. - 6th out of 259 Funds - IA Global sector

Our current Global view is that:

- Commodity 5 year bear market is over - most raw material prices bottomed in January 2016- All Commodity markets will now rise over the next 5 years - some gains will be stunning.
- Marginal cost of Oil production around \$45 a barrel - Oil will therefore gradually rise to \$50 a barrel (cost plus a return) - as the glut gradually disappears - The same dynamic applies to all the other commodities as the supply glut is reduced by production cuts.
- Inflation as measured by CPI to show strong rebound on base effects once we get to next January - i.e. the move from \$27 (low) to \$40 (current) is a 48% rise - same dynamic for Iron Ore, Copper etc.
- Inflation this low has been distorted by the bear market in commodities which is now finished - the disinflationary forces will now reverse
- Central Banks way behind the curve (as usual). They will leave policy easier for longer as they still fight the last war.

- Fixed Income (ALL types) In this environment is a highly dangerous asset class with heavy asymmetric risk versus any likely reward. The idea that high yield credit is some sort of safe haven because the yield is higher than Government Bonds is a fallacy. The Deflation/Inflation tide will turn (just like it has throughout history) - If that tide has already turned then all Bonds are just a guaranteed way to lose money - quite a lot in nominal terms as yields start to rise but much more money in "real" terms ie once the effect of compound inflation sets in.
- Leading UK Equities (led by the likes of Rio, BHP) will be the outperformers going forward.
- Economic risks of Brexit overstated - economic rewards of Brexit understated - either way Sterling is likely to remain weak - to the benefit of all the overseas earners in the UK. The UK & the USA both have a structural current account deficit that is not easily solved.
- Emerging markets still offer far superior growth potential than established western economies. USA in particular has the most enormous debt problem which is compounding out of control (even at ultra-low interest rates) Uncle Sam's debt (All debt - federal, muni, state ,corporate, mortgage, personal. credit card, auto & student loans) and unfunded public sector liabilities (mainly pay as you go public pensions) are way more than double those of Greece as a percentage of GDP even just the Federal deficit alone at \$19 Trillion is at 105% of GDP (the USA is an \$18 Trillion economy)
- Is this the real reason why the Fed cannot increase Interest rates very much?

If you would like any more information on any of the newly launched or existing funds, please contact myself or the team.

Warm regards,  
Ian Williams, Charteris CEO and the team.

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