CHARTERIS
TREASURY PORTFOLIO MANAGERS LIMITED

Tel: +44 (0)207 220 9780 ¦ info@charteris.co.uk

Below is the latest Market Comment from Ian Williams: (16/10/2014)

The October wobble in global equity markets has bought several markets to a series of important inflexion points, namely:

1. Bonds are now in cloud cuckoo land and are dangerously overbought - at these yields these assets represent the most extreme asymmetric risk versus any likely reward that has existed, possibly, in the entire 200 year history of Gilts, US TBonds & German Bunds etc. Interestingly the Japanese Government Bond market has not joined in the manic flight to quality (surely a joke) that we have witnessed recently.

2. Equities have now rid themselves of the overbought technical conditions that existed prior to the recent sell off, and it is now much safer to invest in these markets as they are now in oversold rather than overbought territory. The seasonal patterns will very quickly turn in the favour of Equities whilst the longer turn outlook over the next 2 years is very positive - not least when compared to the grotesque overvaluation of Bonds.

3. It looks like the entire Commodity family (with the possible exception of Oil) has bottomed out in a series of sequential major lows be formed in the prices of a whole batch of raw material prices. The 1st mover - as is often the case in commodity bull markets was Coffee which hit a low in January and has since risen 100% and is still rising. This has now been followed by Nickel in February, Copper in March, followed by Gold, Iron Ore (possible - not yet confirmed) wheat and corn, which all looked to have turned in September and early October. Only Oil which has yet to put in a turn is still in bear mode.

4. The fall in the Oil price is very positive in general for World growth (ex the EU basket case)- a fall of $25 a barrel -if sustained - could add as much as 1% to US consumer spending as the less money Americans spend on Gasoline the more they can spend on everything else; and they will. Asia and Africa will continue to grow at average growth rates of 6% plus China will be a

huge beneficiary of lower energy costs which will go a long way to counteract the current irrational bearishness toward that country; and for that matter the entire Asian region.

5. The pressure on the ECB to ignore the Germans and start printing money is now reaching breaking point. The EU in its current state is an economic basket case that is trapped in a semi-permanent deflationary nightmare that is going to worse unless remedial action is taken. It is now quite clear that the actions of Ben Bernanke (one the world's leading experts on the 1930 Great Depression prevented a repeat in the USA and countries like the UK which followed the same path). The EU, which so far, has refused to go down that path has seen one of its members, namely Greece, suffer a worse fall in GDP than that suffered in the USA in 1930 along with a succession of other problem countries, such as Spain, Italy, Portugal and soon to be France - possibly Germany which is also sliding back into recession. Bernanke showed that the only effective way to combat deflation head on is by printing enough new money (i.e. Inflation) to offset the effects of deflation.

6. The summary would be that a combination of ECB quantitative easing (if we see it) and lower Oil prices will be more than enough to get the global economy back to sustained growth and the benefit will be to Investors in Equities & Commodities not Fixed Income.

The three Charteris funds are positioned to benefit from outlook above. If you would like any further information on the above, please do get in contact with us either via telephone or email and we'll be very happy to help.

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

****
This email originates from the sender at Charteris Treasury Portfolio Managers Ltd (“the Company”). Charteris Treasury Portfolio Managers Limited is registered in England Number 1830771. The registered Office is: 8-9 Lovat Lane, London. EC3R 8DW: Tel: 0207 220 9780 - Fax: 0207 929 6925.
Charteris Treasury Portfolio Managers Ltd is authorised and regulated by the FCA (25 the North Colonnade, London E14 5HS) with no. 114952. CTPM is also authorised and regulated by the Gibraltar Financial Services Commission.
The information contained in this email and any attachments is confidential and may be privileged. It is intended for the exclusive use of the addressee(s) indicated. If you are not the addressee(s) or authorised to receive for the addressee(s), any disclosure reproduction, distribution or other dissemination or use of this communication or any attachments is strictly prohibited and may be unlawful. If you have received this transmission or any attachments in error, please delete the message and any attachments and notify us immediately by telephone.
The views expressed are not necessarily those of the Company and no contractual commitments should be considered as entered into as a result of this email, unless explicitly stated. Any prices shown are indicative only, unless explicitly stated.
We do not accept responsibility for any changes made to this message after originally sent or any subsequent distribution thereof. In addition, it is the responsibility of recipient(s) to carry out such virus or other checks.
****