The information provided in this book is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should therefore make their own investment decisions based upon their own financial objectives and financial resources and, if necessary, should seek advice from an investment advisor. FTIM Safety First Portfolios are a range of investment solutions developed by Frenkel Topping Investment Management. We ensure a variety of investment options. Safety First Portfolio solutions are some of the models that sit within this. This service was previously known as REMAP until 5 October 2015.

Frenkel Topping Investment Management does not make any warranties, express or implied, that the products, securities or services mentioned are available in your jurisdiction. Accordingly, if it is prohibited to advertise or market the products, securities or services available in your jurisdiction, or to you by reason of nationality, residence or otherwise, such products, securities or services are not directed at you.

Frenkel Topping Investment Management Limited - Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY
Frenkel Topping Investment Management Registered in England No: 05010380.
Frenkel Topping Investment Management is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409.

Frenkel Topping Investment Management employs Canaccord Genuity Wealth Limited as its global research partner when considering investment strategies and asset allocations on behalf of its clients.
Dear Client,

Over the last year I have been honoured to serve as the Chief Investment Officer of Frenkel Topping Investment Management, being tasked with the incredibly important job of preserving your capital, outperforming inflation after costs and protecting you from the volatility of financial markets.

The DNA of Safety First has always been to first preserve and protect your capital. We are never afraid to move out of markets and to transition to one hundred per cent cash, when there is a global event that could give rise to unpredictable volatility. Safety First’s incorporates a vitally important benchmark unconstrained approach, which is a crucial investment tool available to enable me in my capacity as Chief Investment Officer to protect your capital from the dangers posed by uncertain markets. Safety First’s purpose is to deliver a smooth investment experience, where volatility is managed in a way that preserves capital over the longer term. As Chief Investment Officer, it is my responsibility to navigate Safety First through the potential dangers posed by any number of geo-political or macro-economic events, which appear to be occurring ever more frequently.

Safety First’s high conviction approach and emphasis on capital preservation has been used on two important occasions over the last year. In both instances, we have moved Safety First portfolios to one hundred per cent cash. The first time was in November 2016, ahead of the U.S. Presidential election and the second time, was ahead of the snap U.K. General Election in June 2017.

The U.S. Presidential election was one of the most hard fought in many years, with President Trump offering a more protectionist “America First” agenda, versus Hillary Clinton, who was essentially offering to maintain a “status quo” approach. With the outcome highly opaque, we saw fit to protect your capital by withdrawing from markets completely and neutralising unnecessary capital risk.

It was a similar scenario with the U.K. General Election. We assessed the U.K. election result as being less of a foregone conclusion than political commentators assessed at the time, particularly after closely watching Labour’s successful electoral campaign. Being faced with a potentially non-consensus election result, we felt it was prudent to withdraw Safety First from market exposure and moved to cash. With hindsight this proved to be a prudent decision, with the U.K. election producing a hung parliament and Safety First avoiding the worst of the subsequent equity market volatility.

Safety First’s fee structure employs a cost cap of 0.32%, which is pitched at a level that is low and offers a competitive cost efficient solution, while also delivering a managed volatility outcome. We also publish a weekly investment newsletter that summarises our latest thoughts on global macro-economic, geo-political developments and asset allocation.

Asset Allocation is never a static affair. Asset allocation is never a static affair. This has absolutely been the case over the last year, as asset correlations have begun to change significantly. For many years, investors have enjoyed the “goldilocks” scenario of equities and fixed income assets simultaneously appreciating in value. Returns have been robust, while being accompanied by lower volatility. However, in the middle part of 2016, sovereign bond returns began to diverge from those of equities for a myriad of reasons that required analysis and unravelling.

Institutional investors were compelled to understand the newly developing market dynamics, before they could review portfolio asset allocations and adjust asset exposures to cope with the newly emerging dynamics. Seismic political developments over the year were catalysts for polarised currency winners and losers. Being on the right and wrong side of these trends was an important contributor to overall investment returns. FTIM’s global investment overview approach ensured that currency trends and associated country monetary policy were monitored closely and asset allocations were adjusted in response.

Our approach to changing asset correlations was pro-active and nimble, with a view to protecting Safety First returns, while targeting volatility. Those who were slow to acknowledge and react to the new investment paradigm experienced difficult times.

Asset Allocation Considerations

Asset allocation is predicated on the analysis and interpretation of economic...
trends and their potential short and long term impact on returns from a variety of asset classes. Asset allocation is a matter of avoiding disappointing assets, as well as including rewarding ones, to achieve a smoother investment experience. FTIM’s philosophy is always an overriding one of preserving client capital as far as possible.

Macro-economics

The last 12 months have been extraordinary in terms of both political change and market uncertainty. Quantitative easing, tapering, inflation, interest rate cycles and political policy are just a few of the macro-economic variables that have needed to be considered when implementing Safety First model portfolio asset allocation.

Geo-politics

Elevated political change and material shifts in established regional trade relationships have further complicated asset allocation and portfolio construction decision making. A few of the challenges over the period were market surprise reactions to the U.K.’s proposed exit from the EU (Brexit), the U.K’s surprise general election, President Trump’s election and the increasing pressure of global trade war.

In the summer of 2016, a key component of portfolio construction, sovereign bonds, began to show signs of under performance. It was a shock experience that investors had become unaccustomed to, given that sovereign bonds had appreciated in value for the previous 32 years. However, it was clear to asset allocators that something was changing. This was the re-emergence of inflation. Inflation is historically and always has been the enemy of sovereign bonds. Rising inflation typically leads to rising interest rates and capital erosion.

Pro-active investment managers realised the dangers of a long and early re-adjusted capital allocations. An improving global economy, a particularly in the U.S., supported an increased allocation to inflation sensitive assets.

The fourth quarter of 2016 saw market volatility increase around the build-up to the U.S. presidential election. The decision was taken to remove Safety First from the markets as we deemed the potential downside risk of this event, too great. Over this period the FTSE 100 fell by around 0.50%, with a significant increase in volatility. This embeds our philosophy of producing risk adjusted returns with a focus on capital preservation.

Trumps victory saw the S&P 500 advance 3.8% before the end of the year, as a result his plans to cut taxes, boost infrastructure spending and reduce regulation which were seen as a positive for domestic growth. The market looked past the possible negative ramifications which the new government could have on the economy with the major equity markets reaching all-time highs.

Economic growth remained positive for the U.S. with unemployment rate dropping to 4.6% by November and GDP grew by 3.5% year-on-year, which was a significant pick-up from the first half of 2016.

Eurozone equities performed strongly over the period with the benchmark index returning 8.1%, however the European Central Bank (ECB) extended its quantitative easing programme up until December 2017, on the back of slow GDP growth of 0.2% in this quarter. Despite the slow growth and unemployment rate fell to 9.8%, which was the lowest since July 2009, which indicated that economic recovery is beginning to take effect. Domestically, Italy saw a change of Prime Minister with Matteo Renzi resigning after losing a referendum on constitutional change, with Paolo Gentiloni from the centre-left, taking over.

In the U.K. the FTSE All Share returned 3.9% over the quarter, despite the increased pressure of global interest rates and市场 uncertainty. The new Chancellor of the Exchequer Philip Hammond officially abandoned his predecessor’s fiscal targets and set plans to borrow and spend more in order to support economic growth. The U.K. economy had performed better than expected with the fears about the negative impact of the U.K.’s ‘Brexit’ decision receding. It was a turbulent time for currency, with Sterling weakening considerably after the Prime Minister reiterated that a ‘hard Brexit’ would be required if the European Union decided to make leaving difficult. However Sterling did recover somewhat, towards the end of the quarter, after the Bank of England upgraded the U.K. growth predictions.

2017

Early in 2017 asset class returns across the spectrum was positive. The performance of the U.S. equity market was particularly noteworthy, with the Dow Industrial Average and S&P 500 indices reaching all-time highs. U.S. equity gains were driven by warm investor anticipation of the beneficial impact of President Trump’s proposed changes to the U.S. economic policy, including corporate tax reform, $1tn infrastructure focused on domestic job creation. The U.K. equity market also performed strongly, the FTSE 100 on the verge of reaching a new all-time high. At the currency level, sterling retreated over ‘Brexit’ worries, while the U.S. dollar regained much of the ground it had lost to the euro. Turning to Europe, political uncertainty prevailed. The outcome of France’s presidential election has become increasingly difficult to predict, as one of candidates became caught up in a criminal investigation. In Germany, support for the Social Democrats gathered pace, the party leaftopping Chancellor Merkel’s CDU party for the first time since 2010, the appointment of Martin Schulz, as the party’s leader. Safe haven assets were in demand, as geo-political uncertainty unnerved investors over the month. Continuous investor anxiety about a lack of real assets for capital preservation, which was illustrated by the strong performance of gold and silver.

Given the opportunity for market hedging, the pound had passed relatively smoothly. Holland’s market friendly election result, the Federal Reserve’s dovish monetary statement and a weaker dollar, helped Brexit trigger failed to de-rail investor enthusiasm. Investor confidence was principally underpinned by signs of a global economic recovery. It was also noteworthy that global economic data continued to hold up well, which in turn was supportive of a positive backdrop for most risk assets. On March 29, Theresa May triggered Article 50 of the Treaty of Lisbon, this being the first step in the U.K. leaving the European Union and ultimately starting up two years of exit negotiations that are likely to be a long and tortuous, politically difficult. It had been clear that the geo-political risk, U.K. equities, performed resiliently, especially the FTSE 100 index, due it’s heavy exposure to international earnings, whose earnings have been enhanced by weak sterling and a commodity price recovery. U.K. inflation caught the eye again, consumer prices rising in February at a 2.3% annual rate. By the end of January, in the U.S., both S&P 500 and Dow indices retreated from highs set over the month. U.S. economic data continued to strengthen, with U.S. consumer confidence rising to a 16-year high. On the Continent, strong European equity performance was noteworthy, reflecting solid economic data and fading political concerns. Spain’s IBEX and Italy’s S TSE were both strong winners over the month, closely followed by Germany’s DAX.

Markets breathed a sigh of relief, in May, as the centrist candidate Emmanuel Macron won France’s presidential election, thereby reassuring investors of the on-going integrity of the EU. European business confidence rebounded, with German business sentiment moving to a record high, thus confirming a Euro area economic recovery. Early in May, U.S. equity market struggled to make progress, as President Trump became embroiled in heated political discourse and his administration struggled to get its proposed tax reforms passed through Congress. However, near the month’s close, a slew of positive U.S. company earnings results pointed towards victory. In May, European equities performed strongly, the S&P 500 index proved resilient, the index moving to an all-time high of 2400. In the U.K., uncertainty ahead of the U.K.’s general election, on 8th June, unsettled sterling. Investor concerns focused on the fear of a potential ‘hard’ Brexit, parliament, after polls indicating that the Conservative’s lead over the Labour party had shrunk markedly. However, beneficial side effect of a weaker pound was undelining FTSE 100 and FTSE 250 index returns, the profits of U.K. overseas earners being boosted.

June proved to be a month of two halves, with several market indices reaching new highs, before being undermined by hawkish central bank news commentary in the U.S., Europe and U.K. The biggest news within the month of June was the hurricane season bringing Hurricane Harvey, which hit Texas hard and disrupted the region’s gas and oil production facilities. The U.S. government also needed to deal with its fast approaching debt ceiling limit (to be resolved by 28th September 2017). In Europe, Brexit negotiations also seemed to stall, the EU stating that the U.K. had not outlined its position clearly enough, the U.K. counteriting that the EU was being intransigent. Given the above outlined challenges, a relatively defensive asset allocation was instated across Safety First to defend year to date returns. In terms of returns, emerging market indices outperformed those of developed markets, with Russia, Hong Kong and China’s benchmark indices led the way, achieving higher returns than the U.S. S&P 500 and U.K’s FTSE 100, which was still impacted by strong dollar. However, beneficial side effect of a weaker pound was undelining FTSE 100 and FTSE 250 index returns, the profits of U.K. overseas earners being boosted.

Please find a yearbook of Chief Investment Officer’s weekly long newsletters enclosed that covers my thoughts over a tumultuous investment year, which I hope you find of interest.

Kind Regards,

Jason Granite, Chief Investment Officer
The major risks that are marked in the coming quarter are the U.S. presidential elections, OPEC's meeting and a likely increase in interest rates from the Federal reserve.

Low interest rates remain a headwind for the banks that are especially in the European markets with Deutsche Bank shares at a multi-decade low.

Risk of contagion and systemic risks of Deutsche Bank’s failures are significant. It’s collapse could require the German Government to act to contain the impact.

Crude oil gained by 6% after OPEC agreed to cut the output.

Our Safety First Approach

The Safety First investment process demands disciplined asset allocation to ensure that the volatility caps in our portfolios are not exceeded.

The volatility caps are clearly communicated to our valued investors and act as a safeguard against risk, delivering peace of mind. In client discussions we find most investors are concerned, perhaps more than ever, about the economic and political backdrop to their investment portfolios.

Considering equity exposure, our current weightings are well below that of standard industry benchmarks which are not tasked with maintaining a risk cap for investors. The Safety First equity weightings include low volatility, low cost exposure to the defensive U.S. equity and actively managed infrastructure funds which offer generous income and inflation hedge benefits.

In recent months allocations have delivered exactly what was required during an uncertain period for investors and we are pleased to see that we have delivered strong performance well within the volatility caps imposed on our investment process. The level of volatility across the Safety First portfolios currently ranges from 1.55 - 5.12, well below that of benchmark indices which offer standard, less active thematic asset allocation.

Our discussions we find most investors will become more prudent - placing balance sheet robustness ahead of extending credit to SMEs, a move which is not only driven by central bank and governments. By highlighting the gaps in the regulatory and supervisory structure and the lack of safety and soundness of the financial system, Deutsche Bank have re-focused attention to central banks and regulators. This exposes these bodies to a threat of political interference at a time when there is questioning over the ECB’s use of negative policy interest rates and its balance sheet for large-scale asset purchases.

It is therefore beneficial to stabilise Deutsche Bank as the effects of doing so extend well beyond one institution. The German Government needs restoring stability such as intervention from the German Government. However, as time passes it becomes increasingly evident that the European banking sector to contain and minimize the risk of contagion and systemic risk.

Commodities

Crude oil fell 0.7% to $47.49 a barrel in New York, its lowest since mid May as more than 7% over the last two days as OPEC’s agreement imposed an overall production cut.

Gold climbed by 0.4% to $1,321.45 an ounce during the week as investors spurred a sell off in equities seeking haven after renewed concern over Deutsche Bank.

Aluminium prices have rallied 11% this year, and zinc has surged 45%. However, China is set to increase production as smelters restart operations so the rally may be short lived.

Bonds & Equities

During the third quarter Germany’s Dax is up by 7.5%, while Japan’s Topix has risen 7.6% in spite of the performance of equity markets being more modest this quarter.

For the third quarter, the forward 12 month price earning of S&P 500 stood at 16.8 - times which is above the 5-year average of 14.8 times, as per the FactSet valuations.

OPEC’s new deal has driven energy shares into positive territory.

The U.S. 10-year Treasury yield declined two basis points to 1.54%.

Yields on sovereign debt in Australia and New Zealand also dropped to three-week lows.

European government bonds have weakened due to the increase in oil prices after the OPEC deal.

Germany’s 10-year bond yield fell four basis points to minus 0.155% which is the lowest in 4 years. Japan’s Nikkei 225 was down by 1.46%, while the Topix index fell 1.52%.

Australia’s ASX 200 was down by 0.65% with most sectors finishing lower.

FTIM Safety First 3

FTIM Safety First 2

FTIM Safety First 1

is currently a cash product with returns in line with base rate

FTIM Safety First 6

Emerging markets

The Bloomberg Dollar Spot Index rose 0.3%. Most emerging-market currencies weakened, led by a 0.5% decline in Malaysia’s ringgit.

Mexico’s central bank raised borrowing costs for the third time this year by 50 basis points to 4.75%. Following the decision, the Mexican peso traded down 0.5% against the U.S. dollar at 19.4734 per dollar.

India’s rupee currency weakened 0.6%, the most since June 24, to 66.8550 per dollar and bonds extended losses, after surgical terror strikes in Pakistan.

The BSE Sensex index was down 1.6% to a one-month low, after dropping 2% earlier.

The yield on sovereign notes due September 2026 surged 8 basis points to 6.86%.

Kenya’s economy grew 6.2% in the second quarter as tourism rebounded and agriculture grew at a faster pace.

U.K. economy

Sterling gained 0.5% to 1.62 pence per euro as the U.K. economy grew by 0.7% in second quarter which beats the estimate growth of 0.6% by the Office for National Statistics. However, this is still low compared to the first quarter, when the economy grew by 0.8%.

The ONS statistics show that the U.K.’s services sector, which makes up four-fifths of the U.K. economy generated 0.4% in July, while it grew 0.3% in May and June.

The Bank of England intends to buy £40bn of corporate bonds in its latest round of QE, aimed at boosting the private sector over the next 18 months. It states that only the debt of companies that make material contribution to U.K. economic will be eligible. However, foreign companies debts including Apple and fast food chain McDonald’s is also on the list to be eligible for the debt sale. The grace of government financial and bank, and footware in U.K has fallen in September, according to CBI survey.

As per ONS statistics, spending in shopping online grew 1.5% in July, in spite of the Brexit referendum. The annual growth in retail sales volumes slowed from 4.6% in August to 3.5% in September, the lowest rate since the start of 2013. On the other hand, U.K. consumer confidence index reached its biggest monthly rise by 6 points in September as per GfK’s survey.

The real issue for retailers is sterling’s weakness and how they will fare when their hedges run off.

According to Standard & Poor’s forecast, the process of exiting the EU would lead to a decrease in U.K. GDP growth by 2.1% between now and 2018. The Eurozone will also be affected with reducing GDP growth by 0.7 points over 2017-2018.

Ms Shatk, deputy governor of the BoE, said that further monetary easing, such as a further cut in U.K. interest rates to maintain lower unemployment without generating inflation.

For now, Britain’s economy is live in an extremely uncertain world with sizeable global macro events and risks on the horizon. All in all, I am happy that we continue to position our Safety First portfolios defensively.

Jason Granite, Chief Investment Officer
Sterling fell by 6.1%, its lowest since May 1985 over the concerns about U.K. leaving EU.

The U.S. Dollar rallied while Asian stocks fell with U.S. futures index after a sudden drop in Sterling. The U.S. economy added 156k jobs, with a slight uptick in the jobless rate from 4.9% to 5% in September. The manufacturing index also rose to 51.5%. Oil held above $50 a barrel, trading near a four-month high. After a terrible week for Trump’s campaign, Clinton really failed to take advantage in the 2nd Presidential Debate.

Safety First Portfolio Positioning

Uncertainty, and consequently risk, continues to dominate the thoughts of investors during a protracted global economic recovery. The past few years since the financial crisis of 2008 have seen markets behave unevenly and investors have been rewarded by central bank monetary stimulus which has failed to generate economic growth but has boosted bond and equity prices, which are now at historically high valuations. In a situation where both traditionally risky assets, such as equities, and safe assets, such as bonds and cash, are paying record low yields, the risks associated with excessive risk-taking are significant.

Trump down but not out

Trump demonstrated his resilience in the 2nd Presidential Debate, squarely beating Clinton according to many commentators. This performance was just what Trump needed, following the worst week of his campaign after a leaked video tape of him making disparaging and disgusting remarks about women resurfaced. The video triggered an exodus amongst Republican politicians, desperate to avoid down ballet career. Now for the race remains open with just 30 days to go and polls showing Clinton in the lead, but a week is a long history of comebacks. We watch this event with more interest than any other at the moment because the global impact on asset prices depending on the outcome could be really material.

Commodities

Oil prices were marginally lower in Asia on Friday. Brent crude was down 0.1% at $52.47 a barrel. Keep an eye on the Russians who are mooted to be in final discussions with OPEC about global production caps. Gold was down 0.1% on Friday at $1,253.74 an ounce, facing its ninth consecutive day of declines. Gold plunged 3% to its lowest level since the Brexit due to investor’s expectation on U.S. interest rate hike this year end and weaker demand in India and China.

Bonds & Equities

After the FTSE Asia-Pacific index lost 0.3%, U.S. index futures suggest the S&P 500 will slip 2 points to 2,158.7, while the Pan-European Stoxx 600 fell 0.4% early in trading. London’s FTSE 100 was up 0.3% as foreign earning companies get a boost from the pound’s retreat. On the other hand, the yen on 10-year U.K. Gilts jumped 11 basis points. The pound recovered to be 1.5% lower at $1.2431 after an extraordinary momentary plunge in March. Japan’s broad Topix benchmark was down 0.5%, while the Nikkei 225 was off 0.3%. Australia’s S&P/ASX 200 was 0.3% weaker and Hong Kong’s Hang Seng lost 0.5%.

Global bond funds attracted $11.4bn in the past week, the second biggest weekly haul in the year. The prices of safe heaven assets are being bolstered due to expectations of heightened volatility over the coming months. It may be time to take profits on our defensive bond fund positions. U.S. 10-year Treasuries are a fraction of a basis point firmer at 1.74% and up 2bps to 1.75%.

South Korea’s 10-year sovereign debt fell this week, pushing the yield up 4 basis points.

Major economies

European Retail Sales fell by 0.1% in August after the retail trade volume increased by 0.3% in July according to estimates from Eurostat. Also, the industrial producer prices were down by 0.8% in August, while prices increased by 0.3% in July 2016. Compared with August 2015, industrial producer prices decreased by 2.1%. World debt hit $120tn, a record-breaking level of debt which is more than two times the size of the global economy, according to the IMF. Think about that and the extraordinary systemic risks that represents. These figures highlight apparent contradiction between ultra-low interest rates to encourage borrowing and stimulate the sluggish economies, and the risks associated with excessive debt levels.

The global initial public offerings value has fallen by a third this year, amid the difficulties faced during a period of market volatility and political uncertainty. The Pan-Asian and Pan-European IPOs have declined by 60% as companies shied away from entering the market before the EU referendum. This downward trend is also evident in the rest of Europe and the U.S. where value has fallen by 45% in both regions.

Whatever the reason, Sterling had fallen by 4.6% by the close of trading on Friday. Theresa May, the U.K. prime minister indicated that the formal proceedings for the U.K. leaving the EU will start no later than next March and comments that she wanted a deal that gave British companies the full benefit of the single market, which eliminates all tariff and most non-tariff barriers as well as customs controls, indicated a much softer Brexit than these currency market reactions would suggest. However, the pound’s drop was balanced by others who pointed to a Financial Times article citing that the French president urged the EU to lead tough negotiations with the U.K. to avoid contagion and protect the fundamental principles of the single market.

Finally, the weaker pound is supporting Britain’s exports, well as customs controls, indicated a much softer Brexit than these currency market reactions would suggest. However, the pound’s drop was balanced by others who pointed to a Financial Times article citing that the French president urged the EU to lead tough negotiations with the U.K. to avoid contagion and protect the fundamental principles of the single market.

Brexit Fears Dominate Sterling

KEY MESSAGES:

- Sterling fell by 6.1%, its lowest since May 1985 over the concerns about U.K. leaving EU.
- The U.S. economy added 156k jobs, with a slight uptick in the jobless rate from 4.9% to 5% in September.
- Oil held above $50 a barrel, trading near a four-month high.
- After a terrible week for Trump’s campaign, Clinton really failed to take advantage in the 2nd Presidential Debate.
- Safety First Portfolio Positioning: Uncertainty, and consequently risk, continues to dominate the thoughts of investors during a protracted global economic recovery.
- Trump down but not out: Trump demonstrated his resilience in the 2nd Presidential Debate, squarely beating Clinton according to many commentators.

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

FTIM Safety First 1 is currently a cash product with returns in line with base rate

FTIM Safety First 1 2 1.89% 1.55% 1.43% 1.43% 1.43% 1.43%

FTIM Safety First 2 3.12% 2.04% 2.20% 1.85% 1.85% 1.85%

FTIM Safety First 3 3.44% 3.15% 2.21% 1.93% 1.93% 1.93%

FTIM Safety First 4 4.70% 4.36% 2.44% 2.08% 2.08% 2.08%

FTIM Safety First 5 8.53% 5.08% 5.99% 4.82% 4.82% 4.82%

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

FTIM Safety First 1 is currently a cash product with returns in line with base rate.

FTIM Safety First 2 1.89% 1.55% 1.43% 1.43% 1.43% 1.43%

FTIM Safety First 3 3.12% 2.04% 2.20% 1.85% 1.85% 1.85%

FTIM Safety First 4 3.44% 3.15% 2.21% 1.93% 1.93% 1.93%

FTIM Safety First 5 4.70% 4.36% 2.44% 2.08% 2.08% 2.08%

FTIM Safety First 6 8.53% 5.08% 5.99% 4.82% 4.82% 4.82%
Signs of Inflation

U.S. stocks rose and U.S. dollar, Treasury yields slip after inflation data.

U.S. retail sales rose in September by most in three months amid a surge in motor vehicle purchases. The U.K.’s largest supermarket, Tesco pulled Unilever brands amid the volatile and concerns of weakening currency.

IEA reports a rise in OPEC’s production despite the cartel suggesting output cuts. China’s latest trade data show a greater than expected drop in exports and fuels.

Our Safety First approach

The primary concern of our investment process is the maintenance of the volatility caps placed on each of our strategies. First, we closely monitor the volatility caps provided our clients with our risk framework and a clear understanding of what can happen to portfolios if volatility exceeds the cap. We have a long-term focus on the current global political, economic and market outlook demands the defensive positioning of many of your first portfolios. We allocate to cash and secure fixed income assets to manage risks presented by an array of global events causing heightened uncertainty to manifest in sudden and sharp increases in volatility.

Our research partners Market Stress Indicator currently demonstrates stress in multi-asset correlation, meaning investors are highly exposed to risk in high-yield bond spreads. At a time when asset prices hover at record levels, the risk of a market stress event is high.

Market developments during the week

U.S. Treasury yields dipped 1.2 basis points to 0.8% and the dollar was down 0.2% after the inflation report was released. U.S. consumer price inflation slipped to a year-on-year rate of 2.2% in September, as per the U.S. Labor Department. U.S. stocks rose on Tuesday, buoyed by solid earnings reports for companies including John B. Johnson, Goldman Sachs and Netflix. Global equities slipped by a firmer U.S. dollar and rising long-term interest rates for the week ended October 14.

The main risk to international stocks continues to be sluggish growth coupled with the premature removal of accommodative policy by central banks in Europe and Japan. U.S. equity sentiment was dragged down by negative earnings updates, a weak Treasury yield report from China and rising U.S. political uncertainty.

Retail Sales in the U.S. rose 0.6% in September, after sales slipped 0.2% in August, according to U.S. producer prices rose 0.3% in September.

Commodities

Brent fell below $51 a barrel after a U.S. stockpile report showed U.S. crude inventories were lower than expected for the time in six months. Oil prices fell after the International Energy Agency reported an increase in OPEC’s production to a record high of 33.64m bpd in September, despite OPEC’s agreement to pursue output cuts to bolster crude prices. However, oil jumped to a higher level in a year in Russia after a signal from the cartel suggesting output cuts.

Retail Sales in the U.S. rose 0.6% in September, after sales slipped 0.2% in August, according to U.S. producer prices rose 0.3% in September.

FTIM Safety First 4 3.48% 3.11% 2.24% 1.88%

Emerging markets

Trade data shows Chinese exports were down 10% and imports down 1.9% from a year earlier. In terms of local currency, Chinese exports faced their first drop since February due to an array of headwinds (including lower growth in demand growth in the fourth quarter. Imports grew only 2.2%, down from 10% in the previous quarter.

Emerging markets surpassed the U.S. and U.K. as recipients of greenfield foreign direct investment (FDI) for the fourth year in a row. The top three investors include China, the U.S. and the U.K. together accounting for over half of the total FDI.

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

FTIM Safety First 1 is currently a cash product with returns in line with base rate.

FTIM Safety First 2 1.77% 1.55% 1.32% 1.43%

FTIM Safety First 3 3.02% 2.03% 2.09% 1.84%

FTIM Safety First 4 3.48% 2.91% 2.21% 1.80%

FTIM Safety First 5 4.70% 3.51% 2.77% 2.74%

FTIM Safety First 6 8.56% 5.01% 6.02% 4.71%

Date: 18 October 2016

Source: FTIM / FE Analytics

All figures are annualized as at 14th October 2016. FTIM’s makes no representation as to the accuracy of the information or forecasts that have been included in preparing this material. FTIM’s makes no representation as to the accuracy of the information or forecasts that have been included in preparing this material. FTIM’s makes no representation as to the accuracy of the information or forecasts that have been included in preparing this material.

- Volatility is a measure of the movement in the price of an asset around an average return. The higher the volatility the higher the likelihood of the asset’s prices increasing or decreasing.

- FTIM Safety First Performance data is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown. Pre-launch performance is not available and 12 month performance figures are not able to be shown.
opposite effect. Equity valuations now investors have been surprised by the loss in investment valuations, however, the years since the financial crisis, have undertaken, especially in Understanding the journey investors investing on behalf of our clients. and active protection from risk when We must respect the past, and mistrust in a meeting of European leaders in China's gross domestic product grew at an annual rate of 6.7% in Q3. It was the third quarter in a row that the economy grew at that pace. Overall prices for new residential buildings in China rose in September year on year, according to a weighted average from Reuters based on data from the National Bureau of Statistics. Indian stocks dropped, with the benchmark gauge paring a weekly gain, as foreign investors sold $4.9 billion of local shares on Oct 19, paring this year’s inflows to $37 billion. India’s rupee headed for a third weekly decline, the longest stretch of losses since May, amid signs demand for the nation’s assets is waning. U.K. economy U.K. public finances showed a much bigger than - expected deficit in September. Data from ONS showed U.K. retail sales remained unchanged in September, suggesting consumer spending growth may be cooling slightly after an initial bump in the wake of Brexit. The Office for National Statistics said increases in sales at department stores and household goods retailers were offset by falling sales at supermarkets and clothing outlets. Retail volumes were 4.1% higher in September than a year earlier, indicating shoppers are saving despite the kroner’s sharp fall against the pound. Sales at household goods outlets were up 2.1% in September, compared with the same month a year ago, while sales at department stores fell 2.4%. Overall retail sales were up 0.6% in September, compared with August. Risk-On Risk-Off Since the financial crisis in 2008 there has been a growing trend of investors, to buy risk (risk-on) during inflation in the economy and sell risk (risk-off) during deflation. In the conventional investment spectrum, risk-on assets, are on a see-saw with risk-off assets. However recently, markets are no longer following this convention. Safe-haven assets such as precious metals and Treasuries are soaring while stock markets bounced strongly off the post-Brexit lows. Risk-on assets (stocks) are rising at the same time as safe-haven assets. Lowering interest rates and pumping more money into the financial system is no longer

**WEEKLY INVESTMENT UPDATE**

**Dollar index has reached the highest level since March as strong data further boosted the expectation of Fed rate hike this year.** ECB holds interest rates and asset purchase scheme unchanged. The Philadelphia Housing Sector Index is down by 1.4%. U.K. retail sales remained unchanged in September. China’s gross domestic product grew at an annual rate of 6.7% in Q3. U.K. wants to trade ‘freely’ with EU even after Brexit, says Theresa May in a meeting of European leaders in Brussels. Our Safety First Approach We must respect the past, and mistrust the present, if we wish to provide for the safety of the future.” Joseph Joubert, 1754 – 1824. We named our investment portfolios Safety First to highlight our commitment to providing strong and active protection from risk when investing on behalf of our clients. Understanding the journey investors have undertaken, especially in the years since the financial crisis, provides context to discussion around investment risk and loss. More recently, the much debated Brexit vote provoked widespread fear of sharp loss in investment valuations, however, investors have been surprised by the opposite effect. Equity valuations now touch historic highs, caused by the dramatic fall in sterling and the Bank of England’s aggressive policy approach to avoiding another recession in the U.K.; obvious reason to mistrust the present when assessing prospects for volatility and loss, now and in the future. Our Safety First approach is kept simple, so that clients have a firm grasp on expectations for growth and volatility, safe in the knowledge that we actively allocate to safe assets, including cash, to protect their portfolios from risk and loss. We set volatility caps for each portfolio to act as a maximum, worst case scenario, measure of risk. Currently invested very defensively, exhibiting volatility well below the caps in place, and that of industry benchmarks, the Safety First portfolios deliver consistent, inflation plus, low volatility returns. In addition, our capped fee structure provides clarity around cost and ensures maximum value is retained for clients.

**Market developments during the week**

The ECB announced its decision to leave interest rates unchanged at a record low of 0%. The deposit rate was maintained at -0.40%, and the marginal lending facility rate at 0.25%. The three rates were previously lowered in March. The ECB has six weeks left to revamp its QE package. Acka Maq Diaghi confirmed it would decide in December whether to proceed with the landmark €80bn a month asset purchase programme past the spring. Boosted by euro weakness, the dollar index is up 0.3% on Friday at 98.43, its highest level since March, as traders continue to price in a Federal Reserve interest rate rise in December. Federal Reserve policy maker Bill Dudley says that he expected to raise rates this year if the economy stayed on its current trajectory.

**Commodities**

U.S. crude was below $51 a barrel after Russia’s largest oil company said the nation could boost production and Nigeria lowered prices for its crude.

Gold was headed for its first weekly gain as investors continue to boost holdings in exchange-traded funds backed by the metal. Assets in such funds increased on each of the last seven days to the highest level since June 2013. Aluminium climbed for the first time in six days on Monday, trimming this week’s loss to 3.4%, still the steepest drop in three months. Smelters in China, the world’s biggest producer, boosted output last month to the highest in more than a year, according to data released on Wednesday.

**Bonds & Equities**

Yields on developed market sovereign bonds have been rising in recent months, reducing the attraction of higher-yielding emerging market debt. Benchmark U.S. Treasury yields touched a four-month high of 1.81% this week as higher oil prices spurred speculation inflation will gather pace. German 10-year bund yields, which have been suppressed by ECB buying, are steadily at 0.01%.

Local currency emerging market bonds saw withdrawals climb to $272bn this week, the highest since the turmoil at the beginning of the year, while U.K. stock funds suffered large withdrawals on anxiety over a hard Brexit. China’s sovereign bonds rallied this week, with the 10-year yield down two basis points to a record low of 2.64%, as property market curbs and a weakening yuan spurred concern about capital outflows. The European equity markets are mixed, as investors foresee the chances of the ECB extending its asset purchase programme.

**Currencies**

The euro dropped 0.2% to $1.0902, hitting a seven-month low versus the dollar, in the wake of ECB rate announcement on Thursday. The euro popped above $1.10 after Mr. Draghi initially said the central bank’s governing council had not yet discussed extending its asset purchase programme beyond March, but subsequently erased the gains as he reaffirmed the benefits of low rates and made clear there will be no sudden stop to QE.

The Australian dollar is weaker against the U.S. dollar on Friday following disappointing local employment data. South Korea’s won was the worst performer among major currencies, sliding 0.8%

China’s yuan slid 0.2% to 6.7605 per dollar in Shanghai, weakening beyond the forecast level of 6.75 by year-end after China’s central bank lowered its daily reference rate by 0.1%.

**Major economies**

The S&P financials sector has risen 1.4% in October after several large U.S. banks revealed a rebound in their businesses.

The eurozone current account surplus grew to €29.7bn in August from €27.7bn in July. August’s surplus was comprised of a €30.9bn surplus in goods, €4.8bn in services and its primary income surplus hit €6.6bn. Germany’s month on month Producer Price Index fell -0.2% in September from the -0.1% in August, the weakest level since February. Deutsche Bank shares have risen above pre-DoJ issue level, up 14% this month, helped by cost-cutting measures and signs that the company will be able to agree a much lower settlement with the DoJ.

Both rates and the dollar will rise by the year-end as the Federal Reserve debates lifting interest rates against easing by the European Central Bank and Bank of Japan.

**Emerging markets**

EM investors typically prefer shorter-dated bonds which reduce the risk of unforeseen circunstances damaging their chances of earning a return.

This year saw the three largest sales of emerging market sovereign debt within a span of few months. Saudi Arabia’s $17.5bn debut sovereign bond sale, Argentina’s $16.3bn sale in April and Qatar’s $9bn bond sold in May.

Asian stock markets were mostly lower on Friday, with the negative lead from Wall Street and the rise in crude oil prices dampening investor sentiment. Stock markets saw mildly positive moves on Wednesday and industrial commodity prices were mixed as investors gave a cautious response to signs of stability in the Chinese economy. China’s gross domestic product grew at an annual rate of 6.7% in Q3.

It was the third quarter in a row that the economy grew at that pace. Overall prices for new residential buildings in China rose in September year on year, according to a weighted average from Reuters based on data from the National Bureau of Statistics. Indian stocks dropped, with the benchmark gauge paring a weekly gain, as foreign investors sold $4.9 billion of local shares on Oct 19, paring this year’s inflows to $37 billion. India’s rupee headed for a third weekly decline, the longest stretch of losses since May, amid signs demand for the nation’s assets is waning. U.K. economy U.K. public finances showed a much bigger than expected deficit in September.

Data from ONS showed U.K. retail sales remained unchanged in September, suggesting consumer spending growth may be cooling slightly after an initial bump in the wake of Brexit. The Office for National Statistics said increases in sales at department stores and household goods retailers were offset by falling sales at supermarkets and clothing outlets. Retail volumes were 4.1% higher in September than a year earlier, indicating shoppers are saving despite the kroner’s sharp fall against the pound. Sales at household goods outlets were up 2.1% in September, compared with the same month a year ago, while sales at department stores fell 2.4%. Overall retail sales were up 0.6% in September, compared with August. Risk-On Risk-Off Since the financial crisis in 2008 there has been a growing trend of investors, to buy risk (risk-on) during inflation in the economy and sell risk (risk-off) during deflation. In the conventional investment spectrum, risk-on assets, are on a see-saw with risk-off assets. However recently, markets are no longer following this convention. Safe-haven assets such as precious metals and Treasuries are soaring while stock markets bounced strongly off the post-Brexit lows. Risk-on assets (stocks) are rising at the same time as safe-haven assets. Lowering interest rates and pumping more money into the financial system is no longer
sparkling risk-on investment, rather pushing these monetary policies to new extremes is now perversely generating negative consequences. Rather than pushing growth higher, the policies are causing stagnation in the real economy that lasts a few days or weeks.

High-profile investors say a sudden fall in debt prices could trigger a vicious cycle. The fear is that if debt prices suddenly decline, investors will rapidly sell the ETFs that track the underlying bonds, triggering a vicious cycle that further hits the bonds and sparks broader market volatility.

The U.S. regulator has already moved to rein in so-called leveraged ETFs, vehicles that use derivatives to increase returns, and singled out ETFs in general for “enhanced attention” in the wake of last August’s bond sell-off. Investors see central banks restrict dependence on monetary stimulus.

Global bond sell-off deepens...

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Date Launch</th>
<th>Source: FTIM/EI Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.74%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>2.95%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.37%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>4.60%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>8.37%</td>
</tr>
</tbody>
</table>

Key Messages:

$ on the rise, positive data from around the world, specifically better than expected GDP figures from the U.S. and U.K.

Markets experiencing a global sovereign bond sell-off as investors see central banks restrict dependence on monetary stimulus.

Oil continues to fluctuate with every bit of information relating to output curbs by OPEC, closing below $50 a barrel level.

£ declines despite positive third quarter GDP figures. Increasing inflation and consequences of “hard Brexit” are weighing over positive economic data.

Our Safety First approach

Frenkel Topping Group has over 25 years’ experience in providing investment advice and security to clients with very often specific investment objectives. The investment process controlling our Safety First portfolios is specifically designed to offer an investment solution most suitable to risk averse clients who need to achieve a consistent, risk-controlled return from their portfolios. The Safety First portfolios offer a simple proposition; low volatility, low cost investment with a commitment to capital preservation, and to achieve this we place a cap on both volatility and fees for our clients.

Our commitment to capital preservation and capping volatility governs the active tactical asset allocation in the Safety First portfolios, which have no mandate to maintain the allocations of any standard industry benchmark. The portfolios are currently very defensively positioned with high allocations to cash, protecting client funds from the volatility and uncertainty surrounding investment markets due to a seemingly endless array of risk factors including the U.S. Presidential election, Brexit negotiations, Italian banking crisis and questionable data coming out of China around excessive corporate debt. Our long experience has shown us that during uncertain times clients place the highest value on the activity of the investment manager around protecting their portfolios from loss, and they do not understand why high, benchmark like allocations to equity and other risk assets would be maintained.

Our current research tells us we must allocate away from risk assets to maintain the volatility caps on client portfolios, however, our strong stance on risk control has not cost clients in terms of performance as shown at the foot of this note. We are pleased to see very steady returns with volatility very well below that of less active, benchmark constrained portfolios. Should uncertainty and volatility subside we will gently allocate back to risk assets, cautiously seeking to enhance returns without breaching the stringent volatility caps agreed with our clients.

Market developments during the week

U.S. economic outperformance and diverging monetary policy continue to pressure the dollar higher. The probability of a Fed rate hike by the year end climbed to 75% and it will likely use next week’s statement to communicate its intentions to make a move in December.

U.S. GDP grew 2.9% in the third quarter, the biggest in two years, and followed a 1.4% gain the prior quarter. GDP was also boosted by a positive contribution from non-residential investment, inventories and international trade, all of which weighed on growth over prior quarters. Disposable income adjusted for inflation climbed at a 2.2% annual rate. Consumer spending remained resilient, but the fact that it followed an unsustainably strong 4.3% growth in the second quarter, makes it easier to digest. Business fixed investment increased at a 1.2% annualized pace.

Following declines in the prior month sales of new single-family homes and the index of pending home sales both surprised to the upside in September. A limited inventory of houses on the market has also kept pressure on existing home prices.

The week started with big M&A deals. AT&T Inc. has agreed to acquire Time Warner Inc., for $85.4 bn. The deal would allow AT&T to produce media content to distribute to its pay-TV and mobile customers. Republican presidential nominee Donald Trump said he would block the tie-up if he is elected as it would cause concentration of power with media companies. Also, TD Ameritrade Holding Corp. are to buy Scottrade Financial Services Inc. for $4 bn in a transaction that would combine two of the largest online brokers.

Commodities

Oil prices continue to remain sensitive to OPEC announcements. After OPEC agreed its first output cuts in eight years, the accord helped push prices to a 15-month high, above $50 a barrel. Amid increased concerns over whether OPEC will be able to implement the output cut, the week ended with reports that Saudi Arabia and its Gulf nation allies are willing to cut 4% from their peak output helping to keep oil steady. Output curb allocation among member countries is expected at the next OPEC meeting coming Friday in Vienna. Further, talks will be held on Saturday with producers outside the group, including Russia. While help from Russia is critical to ending the glut, it has not been firm on any stand. It recently refused again to help from Russia is critical to ending the glut, it has not been firm on any stand. It recently refused again to help from Russia is critical to ending the glut, it has not been firm on any stand. It recently refused again to help in Vienna. Further, talks will be held on Saturday with producers outside Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Date Launch</th>
<th>Source: FTIM/EI Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.74%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>2.95%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.37%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>4.60%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>8.37%</td>
</tr>
</tbody>
</table>

Key Messages:

$ on the rise, positive data from around the world, specifically better than expected GDP figures from the U.S. and U.K.

Markets experiencing a global sovereign bond sell-off as investors see central banks restrict dependence on monetary stimulus.

Oil continues to fluctuate with every bit of information relating to output curbs by OPEC, closing below $50 a barrel level.

£ declines despite positive third quarter GDP figures. Increasing inflation and consequences of “hard Brexit” are weighing over positive economic data.

Our Safety First approach

Frenkel Topping Group has over 25 years’ experience in providing investment advice and security to clients with very often specific investment objectives. The investment process controlling our Safety First portfolios is specifically designed to offer an investment solution most suitable to risk averse clients who need to achieve a consistent, risk-controlled return from their portfolios. The Safety First portfolios offer a simple proposition; low volatility, low cost investment with a commitment to capital preservation, and to achieve this we place a cap on both volatility and fees for our clients.

Our commitment to capital preservation and capping volatility governs the active tactical asset allocation in the Safety First portfolios, which have no mandate to maintain the allocations of any standard industry benchmark. The portfolios are currently very defensively positioned with high allocations to cash, protecting client funds from the volatility and uncertainty surrounding investment markets due to a seemingly endless array of risk factors including the U.S. Presidential election, Brexit negotiations, Italian banking crisis and questionable data coming out of China around excessive corporate debt. Our long experience has shown us that during uncertain times clients place the highest value on the activity of the investment manager around protecting their portfolios from loss, and they do not understand why high, benchmark like allocations to equity and other risk assets would be maintained.

Our current research tells us we must allocate away from risk assets to maintain the volatility caps on client portfolios, however, our strong stance on risk control has not cost clients in terms of performance as shown at the foot of this note. We are pleased to see very steady returns with volatility very well below that of less active, benchmark constrained portfolios. Should uncertainty and volatility subside we will gently allocate back to risk assets, cautiously seeking to enhance returns without breaching the stringent volatility caps agreed with our clients.

Market developments during the week

U.S. economic outperformance and diverging monetary policy continue to pressure the dollar higher. The probability of a Fed rate hike by the year end climbed to 75% and it will likely use next week’s statement to communicate its intentions to make a move in December.

U.S. GDP grew 2.9% in the third quarter, the biggest in two years, and followed a 1.4% gain the prior quarter. GDP was also boosted by a positive contribution from non-residential investment, inventories and international trade, all of which weighed on growth over prior quarters. Disposable income adjusted for inflation climbed at a 2.2% annual rate. Consumer spending remained resilient, but the fact that it followed an unsustainably strong 4.3% growth in the second quarter, makes it easier to digest. Business fixed investment increased at a 1.2% annualized pace.

Following declines in the prior month sales of new single-family homes and the index of pending home sales both surprised to the upside in September. A limited inventory of houses on the market has also kept pressure on existing home prices.

The week started with big M&A deals. AT&T Inc. has agreed to acquire Time Warner Inc., for $85.4 bn. The deal would allow AT&T to produce media content to distribute to its pay-TV and mobile customers. Republican presidential nominee Donald Trump said he would block the tie-up if he is elected as it would cause concentration of power with media companies. Also, TD Ameritrade Holding Corp. are to buy Scottrade Financial Services Inc. for $4 bn in a transaction that would combine two of the largest online brokers.

Commodities

Oil prices continue to remain sensitive to OPEC announcements. After OPEC agreed its first output cuts in eight years, the accord helped push prices to a 15-month high, above $50 a barrel. Amid increased concerns over whether OPEC will be able to implement the output cut, the week ended with reports that Saudi Arabia and its Gulf nation allies are willing to cut 4% from their peak output helping to keep oil steady. Output curb allocation among member countries is expected at the next OPEC meeting coming Friday in Vienna. Further, talks will be held on Saturday with producers outside the group, including Russia. While help from Russia is critical to ending the glut, it has not been firm on any stand. It recently refused again to...
Gold traded in a narrow range this week closing at $1,267 per ounce. Iron ore rallied for a seventh day, jumping more than 10% this week, climbing with coal prices amid rising steel output in China.

**Bonds & Equities**

A global bonds sell-off deepened with 10-year U.S. yields rising to the highest level since May. Euro-area bonds were also caught up in the sell-off despite bets the ECB will extend its asset-purchase program this year. The yield on German 10-year bunds rose close to a five-month high. Russian bonds fell as a surge in a gauge of inflation expectations spurred speculation that policy makers will leave interest rates unchanged for longer.

The S&P 500 fluctuated slightly while most Asian and European stocks fell amid mixed corporate earnings reports, and markets realizing major central banks are curbing the extent of monetary stimulus.

**Major economies**

Japanese equities rallied after the yen fell. The BOJ is due to meet next week and is expected to keep policy unchanged. BOJ Governor Haruhiko Kuroda said the central bank may not need to buy 80 trillion yen ($765 billion) of bonds every year to achieve its 10-year yield of zero.

In the Eurozone, the week started with the euro reaching its lowest in seven months, supporting equities. Decline came as the ECB on Thursday kept interest rates on hold, as expected, but disappointed markets by providing few hints as to whether it would extend the asset purchase programme beyond its scheduled expiry in March 2017.

As regards the economic indicators released during the week, the Eurozone is seen as recovering from headwinds posed by Brexit, slowing global trade and political uncertainty. Both manufacturing and services PMI rose with Germany being the strongest performer, supported by a pick-up in factory activity, while the pace of growth in France slowed. In a sign that inflation may be starting to stage a comeback in the region, IHS Markit said companies reported higher prices as a consequence of the need to pass rising costs from commodities and wages on to customers.

Spain showed signs of recovery both from an economic and political angle. Its unemployment fell to the lowest in more than six years reaching 18.9%, led by a surge in services jobs. Even so, Spain’s unemployment rate remains the second highest in the EU, only after Greece, and often relies on short-term contracts that offer little job security. On the political front, acting Prime Minister Mariano Rajoy moves closer to forming a government after an 11-month political deadlock. Rajoy is likely to take office for a second time after the Socialist party, the second biggest force in parliament, dropped a veto blocking his bid.

French preliminary quarterly GDP figures came in below expectation, at 0.2%, with consumer spending and inflation measures also below forecasts. The case is growing for extending loose monetary policy in the Euro area.

Italy saw its consumer confidence dropping this month to the lowest since July 2015 while manufacturing sentiment rose to its highest since July. The Dec. 4 constitutional referendum is critical for Prime Minister Matteo Renzi. Amid concerns in the past weeks about the stability of the Deutsche Bank AG, it revealed a surprise third-quarter profit this week. However, this was not enough as CEO John Cryan failed to dispel concerns that uncertainty tied to a U.S. settlement will continue to linger. Many other banks including Barclays, RBS and UBS reported earnings that beat expectations, but investors remain unimpressed.

China saw its currency drop 1.5% in October, the biggest monthly loss since August 2015 devaluation. The yuan was little changed during the weak, a Guardian leaked recording showed Theresa May is ‘ignoring her own warnings’ on Brexit. “I think the economic arguments are clear,” and, “I think being part of a 500 million trading bloc is significant for us,” said May, adding that membership of the union would be the single most important decision.

This week the U.K. faced threats from banks to leave the country should it opt for a ‘hard Brexit’, on worries about losing access to the single market increase. Their exit would squeeze the economy because financial services pay more than 60 billion pounds ($73 billion) in tax each year. Markets continue to face headwinds of a possibly ‘hard Brexit’, weaker trading relationships, a less flexible and skilled labor market, and a slowdown in business investment leading to a slower rate of technological advancement.

**Update on U.S. Election**

The U.S. Election continues to pose a major uncertainty. Donald Trump has a slim advantage in Florida as critical independent voters narrowly break his way in the must win battleground state, a Bloomberg Politics poll shows. Just as many didn’t predict Britain would choose to ‘Leave’ the EU, the possibility of Donald Trump’s win could also come as a market shock. We remain defensively positioned for any outcome.

**Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance**

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>1.59%</td>
<td>2.84%</td>
<td>3.33%</td>
<td>4.57%</td>
<td>8.37%</td>
</tr>
<tr>
<td>Volatility</td>
<td>1.53%</td>
<td>2.00%</td>
<td>3.04%</td>
<td>3.32%</td>
<td>4.91%</td>
</tr>
<tr>
<td>Since Launch</td>
<td>10/19/2016</td>
<td>09/04/16 to 10/19/16</td>
<td>09/04/16 to 10/19/16</td>
<td>09/04/16 to 10/19/16</td>
<td>09/04/16 to 10/19/16</td>
</tr>
<tr>
<td>Since Inception</td>
<td>04/01/16 to 10/19/16</td>
<td>29/04/16 to 10/19/16</td>
<td>29/04/16 to 10/19/16</td>
<td>29/04/16 to 10/19/16</td>
<td>29/04/16 to 10/19/16</td>
</tr>
</tbody>
</table>

**Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance**

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>FTIM / FE Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/10/2016</td>
<td>FTIM / FE Analytics</td>
<td>All figures are in £ million, total returns are annualised and are adjusted for underlying charges. The FTIM figure of FE is our own analysis, taking VAT and a platform fee of 0.2%. Advice charges would depend on the charge made by your independent financial adviser. The deduction of these charges would reduce the performance shown. Actual Past Performance Data is from 29/04/16 only as the models only launched on this date and therefore 5 year actual Past Performance figures are not available. And 12 month performance figures are not able to be shown. The launch performance figures are based on gross market values for the FTIM models. The figures represent performance of a model portfolio, individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations. Volatility is a measure of the movement in the price of an asset around to average return. The higher the volatility the more risk involved in the investment.</td>
</tr>
</tbody>
</table>
Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/ downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Global markets pursue risk averse approach with diminished prospects of a Clinton win on the news that the FBI had reopened the probe into her use of an unauthorized e-mail server. Considering the high risks of market volatility a week ahead of U.S. Presidential Election, everybody moved 100% of our assets in FTIM Safety First portfolios to cash. USD declines, stocks sell off, bond yields at high levels, gold at $1,300. We consider it prudent to protect our recent defensive positioning to be prudent. No asset class is immune to volatility as we inch closer to the U.S. election. We continue to monitor the situation carefully to protect our clients and cap volatility.

Safety First

We consider it safe to hold all FTIM Safety First portfolios to cash. The CBOE Vix volatility index, closely watched as a gauge of broad market stress, was up 4.4% this week, hitting the longest term average of 20 and heading for a 4-month closing high. The shifting odds underscore a growing sense of uncertainty on Wall Street. We believe markets have priced in a Clinton victory which pushes the traditional thinking around upward/downward scenarios. Investors view it as an increasing risk in terms of public finances, trade and overseas relations. Investors are faced with 2 choices: Hillary Clinton, and as usual, Donald Trump. Given that both candidates’ policies differ for the most part, one might think it would be an easy decision for voters – depending on which side of the political divide they leaned. However, given the fact that both are low on international approval ratings (and are more disliked than liked) we have seen the most extraordinary U.S. Presidential election of recent times which could, in our view, give rise to unprecedented volatility next week. The truth is nobody knows what outcomes will look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.

Usually, stocks struggle in years that look like if Trump wins and as I write this note, from Washington DC, it feels to me to be neck and neck on so many levels.
Article 50 is dragging on the process of bringing the U.K. out after a period. While British unit measures supporting growth next year, even if an end to its reform drive does not send a good message for market certainly. Italian referendum further shocks investor confidence

Just like the U.K.’s June Brexit decision and the subsequent revolting Donald Trump in the U.S., Italy’s binding referendum in just over 30 days will let voters show their anger regardless of the content of the proposed constitutional changes. Italian bonds were the worst performers among their euro-area peers over the past month as polls increasingly signalled a constitutional referendum may be rejected by voters, threatening to destabilize the government. Italians will probably take the opportunity to vent their frustration over the snails pace of growth after the latest recession in a country whose economy has contracted 2.1% since 2002. Surveys predict the referendum will be rejected by 50.2% of voters, up from 50.4% in September. A key GDP report three days before ballot could sway voter mood. Renzi has said he’ll quit if the reform aimed at streamlining the government is rejected. That could dim the outlook for the third-biggest economy in the euro region because a government collapse would hold up budgetary measures supporting growth next year, while putting an end to its reform drive could mean the European investment fund will react negatively. Even yields could become inevitable. With investors already facing Brexit concerns, and the Italian referendum undermining investor confidence, the markets do not seem to be prepared for another shock if Trump wins. In this volatile scenario, we adopt a cash strategy. It supports the fact that at FTIM we remain concerned for the investors who trusted us to preserve their capital in reform for modest returns and capped volatility. Our position will always be Safety First. We will soon know enough whether markets will pursue a “risk-on” (following a Democrat and Clinton win) or “risk-off” (following a shock Trump victory) and we are now uniquely positioned to take advantage of the outcomes next week and reposition our clients’ assets once the dust settles. Any prediction at this stage, and changing positions accordingly, is against the DNA of FTIM. There are a number of risks that we need to monitor closely before the dust settles. Any prediction at this stage, and changing positions accordingly, is against the DNA of FTIM. The vote normally comes down to whether states such as Florida, Ohio, and North Carolina favor the Democrat or the Republican candidate. In this unusual election, there are more “battleground” states – including Arizona and Pennsylvania – that are being closely watched as they could swing the campaign across the battleground states.

Cash holdings in the markets are at highest levels. Stocks have started to rise, anticipating a Clinton win as too have commodities and the Mexican peso, which tends to gain when Trump is a setback. Emerging-market stocks gained the most in three weeks. Demand for safe havens waned. Safety First Portfolios

Our commitment to capital preservation and capturing volatility for our clients governs the active tactical asset allocation in the Safety First portfolios. We are not maintaining the allocations of any standard industry benchmark. The portfolios are currently very defensively positioned with 100% allocation to cash, protecting client funds from the volatility and uncertainty surrounding investment markets as we face the most divisive U.S. election ever. Uncertainty continues as the race for the white house is too close to call. Markets are highly stressed and we continue to monitor market developments with an eagle’s eye so we can redeploy our client’s cash into low volatility positions at the right time. For the Safety First portfolios, the right position at the right time might be when we have capital preservation, capped volatility and moderate returns. It is not our job to gamble on uncertain global macro events - our clients are too important.

U.S. Election update

As polls show Trump and Clinton neck and neck in the last few hours of the race for President, Hillary Clinton leads Donald Trump by only 3 percentage points among likely voters nationally - well within the margin of error for pollsters. By the end of election day, more than 130 million Americans out of an eligible population of 225m are expected to have cast ballots. The vote normally comes down to whether states such as Florida, Ohio, and North Carolina favor the Democrat or the Republican candidate. In this unusual election, there are more “battleground” states – including Arizona and Pennsylvania - that are being closely watched to see if they might switch sides. Last-minute campaign trips show how competitive the presidential race has become in its final hours, with Trump trying to puncture Clinton’s appeal in states such as Michigan, Colorado or Wisconsin, and Clinton working to ensure victory in the crucial swing states of Pennsylvania and Michigan, and gain the edge in North Carolina and New Hampshire. Just as U.S. elections remain important, particularly in the short term, equally important will be the congressional elections and barring a dramatic turnaround, the Republicans should retain control of at least the House of Representatives. While some might argue this just increases the risk of political gridlock, the cash and balance it provides should ultimately prove to be a positive development for global markets. Market fear continues

Fear is not always worse than reality. Every piece of information from these past months has seen investors react to it with wide fluctuations in stocks, currencies, and commodities over the past weeks. Market stress levels are significantly higher with the closing of markets that are trading at the day ahead of Trump in Bloomberg’s final national poll before the election, the lead has only narrowed in the past 24 hours since the FBI announced that it would be taking no further action with its investigation into Hillary Clinton’s use of a private email server. Rising anxiety among global investors propelled the spillover weekly surge into commodities and stocks, while managers drove the longest decline in the benchmark S&P 500 in 36 years. Money market funds, a proxy for cash, absorbed more than $36bn in the first week to November 2, according to fund flows tracked by EPFR. Gold funds received $205m of fresh cash in the six weeks since this past March as a way to hedge against the risk of a sell-off in the peso should Donald Trump win the U.S. presidential election. So-called peso forward points, a measure of the gap between the currency in the forwards and spot markets, reached the highest since 2009 on Wednesday. That implies traders expect either the peso will weaken or local yields will rise faster than those on U.S. debt. If options markets are correct, the S&P 500 could move 3.7%, or roughly 80 points, the day after the election. While the S&P 500 typically swings 1.5% the day after the vote, gains or losses over the first 24 hours predict the market’s direction 12 months later than the time, according to Bloomberg data. The scrambling of positioning has pushed the Vix index – a measure of implied equity volatility known as Wall Street’s fear gauge – to its highest level since the immediate aftermath of the U.K.’s Brexit vote. It rose to a peak of 23 last week, but closed at 18.7 on Monday. Other measures of anxiety – Bank of America Merrill Lynch’s index of implied Treasury volatility and the implied volatility in the euro-dollar currency market over a three- to a half-month horizon this week. Markets a day before the election

As we noted in last weeks note, the markets are prone to every single piece of information from the day of the U.S. election. This week started with the FBI clearing Hillary of any charges. With this news coming.
markets started pricing in the higher chances of Clinton victory. Global stocks rallied on news of the Mexican peso, which tends to appreciate when Trump wins. On the contrary, Trump’s victory is expected to go up as investors fear a threat to free trade. Clinton’s victory is expected to trigger reactions in response to who is in the White House. The consensus view is that market participants would probably see investors hedge against uncertainty, market volatility and focusing on capital preservation. We do not consider it right to try to time and trade the U.S. election outcome as this would expose our clients to repercussions of an event which remains sensitive to every piece of information unfolding day by day.

We are now on the front foot by taking the right step of staying at the sidelines as soon as we realised that the election had become neck and neck on so many levels and high market volatility was likely to follow. We remained alert throughout the election and continue to monitor market developments to analyse opportunities to deploy our clients’ assets properly. We meet the volatility caps set by us for Safety First portfolios. The Election result

Donald Trump was elected the 45th president of the United States in a clear zeal for change from the population who expressed their lack of confidence in the ‘establishment’. Economists’ quote ‘Politics of anger appears to be in play’. Britain’s Sun tabloid, a supporter of Brexit calls the vote a ‘Brexit for America’.

Trump won the Election with 276 vote a “Brexit for America”. Safety First remains our aim as we closely monitor the U.S. election fallout, more assured that we had our funds de-risked and did not make major moves ahead of the U.S. election where most others were facing consequences of initial market turmoil as Trump’s win was seen as more certain. On November 4, we moved to 100%avoid volatility and re-enter the market once the dust has settled. We would rather avoid volatility and re-enter the market after the dust has settled. There is not expected to be a much longer term impact. Safe havens such as gold are expected to flourish if Trump wins. Anti-rural rhetoric bodes well for oil prices; a pro-trade stance would probably see good news for gold, and overall growth for renewables.

Emerging markets are expected to react inversely to Trump’s win. They would be negative, except for Russia, due to speculation on trade deals. Mexico, Southeast Asia and China may be most vulnerable. India and Indonesia lost so due to their robust economies. Hillary is expected to be very positive for emerging markets due to increased appetite for riskier investments with bigger potential payoffs.

We expect that eventually, and assuming economic fundamentals remain positive, normality will return and fixed income and equity markets will move higher, supported by the key determinant - improving economic fundamentals. The global growth and trade patterns over the world, with substantial global macro risks, in the Middle East, China and the Eurozone. For these reasons we are in no rush to deploy our clients capital ahead of the U.S. election, but we stand ready to deploy capital when markets settle.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM) Safety First Performance

<table>
<thead>
<tr>
<th>Safety First Performance</th>
<th>31/10/2016</th>
<th>31/10/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>0.34%</td>
<td>1.27%</td>
</tr>
<tr>
<td>Volatility*</td>
<td>4.47%</td>
<td>4.95%</td>
</tr>
</tbody>
</table>

Date: 07 November 2016 Source: FTIM / TIA Analytics

All figures are in 122016 excl. VAT. Total target yield and are an approximation of underlying bond changes as of 31/10/2016 and exclude VAT and a platform fee of 2.5%. Advice charges would depend on the charges made by your independent financial advisor. The deduction of these charges will all impact performance. Actual Past Performance Data is from 201607 only as the models only launch on this date and therefore 5 year performance will not be available and will be subject to review. Past performance is not a guide to future performance. The figures represent performance of a model portfolio, individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. All investments are considered, as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
the North American Free Trade Agreement, the 1994 free-trade deal with Mexico under President Bill Clinton, threatens strident trade tariffs on Mexico and China of up to 35% and 45% respectively.

- Trump has promised to repeal President Barack Obama’s signature Affordable Care Act, popularly known as Obamacare, and replace it with a plan that would give states more control over the Medicaid health plan for the poor and allow insurers to sell plans nationally.

- Trump has made a play of energy independence, trumpeting coal and gas producers.

Considering the proposals, Trump’s victory is good for U.S. oil producers and consumer discretionary, and bad for renewables. The Danish stock market crashed given the presence of large renewables players, such as Vestas, and Moller Maersk, and other markets reacted similarly.

According to the CRFB, Trump’s plan would decrease both non-interest spending and revenue, losing about USD5.8 trillion of revenue, including USD1.4 trillion from individual tax reform, USD2.85 trillion from business tax reform, and USD1.2 trillion from repealing the taxes imposed by the Affordable Care Act (“Obamacare”). Trump would also restructure spending by USD2.1 trillion, the net effect of almost USD3.2 trillion of spending cuts – largely from Obamacare, Medicaid, and non-defense discretionary spending – and over USD2 trillion of spending increases on defense, veterans, childcare, and Medicare (by reversing the “Obamacare” cuts).

The strategy is to boost growth and drive GDP higher.

U.S. relations with the World economies post Trump’s win

Given his trade protectionist policies, this issue becomes the immediate priority for dependent countries after Trump’s win. Mexico, Southeast Asia and China may be most vulnerable.

The U.S.-China economic relationship has been one of the issues of Trump’s campaign. Trump’s hostility towards China, including threats of steep tariffs over alleged currency manipulation, could drive the offshore yuan down by year’s end. Longer term, the currency may fall more gradually under Trump as he exerts political pressure on the country’s leaders to slow its depreciation.

A U.S. trade war with China would hit technology companies hard, given how they have outsourced their manufacturing to China and Mexico and have begun to count on it as a major export market. USA and South Korea’s future relations will be closely watched, USA being one of South Korea’s main export markets. Investors concern is whether the U.S. election has impacted central bank decision making here.

Trump has pledged to build a wall along the U.S. border with Mexico and renegotiate their trade agreement. Trump winning also poses risk to the Canadian economy as he is targeting NAFTA. This would be extremely bad for the Canadian economy, particularly in manufacturing and auto parts. Upon a NAFTA repeal, 10% tariffs would cut Canadian GDP by USD3.2 trillion. This would move auto sector jobs back to the U.S. but poses new pressure on automakers and other manufacturers that have become dependent on open trade with Mexico, and raises the risk they will face higher costs. Mexico now accounts for 20% of all vehicle production in North America and has attracted more than 242 billion in auto investment since 2010, according to the Ann Arbor-based Center for Automotive Research. Shares in Japanese automakers, which also rely on Mexico as a major end market, began to count on it as a major end market.

Focus shifts to global central banks

The rise of the anti-establishment movements in the U.S. and Europe has indeed pointed towards a different scenario where the continued effectiveness of central banks in repressing financial market volatility is being questioned. Institutions have demonstrated a declining ability to perform this function. (A prime example is the Bank of Japan, which has been highly successful in containing the huge erosion of its influence on the value of the yen.) Others, such as the Federal Reserve, have shown a lack of willingness to carry on as before. In most cases, including the European Central Bank and the People’s Bank of China, this reticence is also caused by the granting of fiscal discretion, which allows for greater discretionary damage and unintended consequences.

The imbalances will doubtless shift back towards the central banks which are expected to act to curb the market turmoil over the coming weeks. They will need to devise more accommodative policies to revive their respective economies, especially the ECB.

ECB Governing Council member Klaas Knot said the victory of Donald Trump in the U.S. presidential election reflects scepticism over globalization, and expressed concern over the fallout in financial markets. The ECB is currently preparing for a Dec. 8 policy decision when it is expected to announce whether it will extend its 1.7 trillion-euro (USD1.9 trillion) asset-purchase program. The markets are also looking at how accommodative the Fed will be in response to the election. The probability of a December fed hike reduced to 50% from 84% immediately post-election. Further, while Trump has grown increasingly critical of Fed Chair Janet Yellen, her term as chair does not expire until early 2018. As a result, her term is likely to extend to January 2024. The Federal Reserve Act only permits the President to remove the Governor for cause and historically this authority has never been indicated. Should he do so, he would face a court challenge. The market-implied odds of an interest rate cut in Australia by mid-2017 have soared to 60%, rising from 30%.

Before the results flooded in, amid expectations that weaker investment and trade flows from its Asian partners will slow economic output. Comment from the Thai Central Bank said that Trump’s victory poses a risk to the global economy and would continue to pressure its currency.

Markets react to the Election outcome

With Trump elected as the U.S. President, Republicans are poised to control both houses, this total party sweep initiated a risk off attitude, after the initial shock of the result among investors. The futures on the Vix index, known as “fear gauge” of U.S. stock market volatility expectations, soared 40.9%, according to Bloomberg data.

Equities

Dow futures plummeted more than 800 points, or 4.4%. This put the U.S. market on track for its biggest percentage decline since August 2011 when they plunged 5.5% after the U.S. credit rating was downgraded. The S&P 500 mini was down 4.6%, while the Nasdaq slumped 4.8%, indicating major selling off when Wall Street opened. U.S. futures triggered trading curbs as losses for S&P 500 e-mini contracts hit 5%. A day after the election, two of Wall Street’s biggest banks, Goldman Sachs and JPMorgan, were down 10%.

Bonds

The S&P 500 slid 5.5% in two days. Pharmaceutical and defense stocks rallied as a Trump victory could benefit the long term prospects for businesses in these sectors. An end to Obamacare and a less aggressive approach to drug pricing is expected to be good for the pharma stocks. Longer term, infrastructure stocks also outperformed.

The Stoxx Europe 600 Index fell 1.1% after sliding as much as 2.4%. Healthcare was the biggest sectoral winner in Europe following Trump’s win, with the Stoxx 600 healthcare index also rising 1.5%. U.S. stocks fell off in Asia and European markets. The FTSE 100 index of leading British shares dropped 1.5% to 6,733.

European industrial and financial companies were hard hit on stock markets. Shares in Italy’s banks plunged more than their European peers, as concerns grow that market volatility caused by Donald Trump’s U.S. election will have a knock-on effect on the country’s troubled banking sector. Bank stocks suffered across the continent, with lenders geared up for crucial capital raising. The sell off would be larger if he was also to create uncertainty about the future shape of the financial system, such as by calling for an end to quantitative easing.

Vestas, the Danish wind turbine manufacturer, led the falers with a drop of 8% as investors worry that generous subsidies for renewable energy in the U.S. could come to an end. AP-Moller Maersk, the world’s largest container shipping group, dropped 4% on fears for global commerce after Mr Trump’s sharp criticism of trade deals.

South Korea’s Kospi index fell 1.4% on concern over Korea-North Korea tensions, while Japanese yen gained 0.9% against the dollar. The Nikkei slumped 5.8% posting its biggest daily drop since the Brexit vote in June 2016, while the Hang Seng in Hong Kong sank 3.5% and the Shanghai Composite dropped 3.4%. 1.6% Emerging markets saw further falls after being hit by fears of Trump’s protectionist policies.
USD dropped 3.2% to 101.58 yen from an earlier high of 1.3260. The currency the Canadian dollar traded at 1.3476 transformed Mexico into an export upset win in the presidential race and prospects that Trump could score an world’s most volatile currencies over a crisis. The peso became one of the worst performers against the USD. The Mexican peso was one of the greenback. Trump has promised with the respective country. A victory Natural gas prices likely would suffer for an already oversupplied market, a more risk involved in the investment. Not following the model. Past performance is not a reliable indicator of future performance. Investment values can go down. Actual Past Performance Data is from 29/04/16 only as the models only launched on this date and therefore 5 year financial adviser. The deduction of these charges would reduce the performance shown. All figures are on a bid - bid, total return basis and are quoted net of underlying fund charges, our DFM fee of 0.6% Date: 11 November 2016 Source: FTIM Safety First 6 6.97% 5.12% 4.47% 4.95% Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

Initial reaction in the U.K. of the U.S. President Election result The impact of a Trump victory on the U.K. is still to be seen. British Prime Minister Theresa May’s government may use the surprise victory to reinforce the importance of listening to voters on Brexit. Apology for an earlier high of 105.46. Japanese shares tend to rise when the yen weakens, since that can help manufacturers when they bring back profits from overseas. While demand for havens, the yen and the Swiss franc, has continued, Sterling was also a little higher against the USD as investors shed exposure to the U.S. GBP/USD rallied overnight - in response to Trump’s victory – but failed to clear the 1.2557 highs of pre-election week. The pound could find itself back to 1.30 to the U.S. dollar in the next few days, a level that may seem as see exporting - but not destabilising nor too inflationary. The euro was 0.6% higher at $1.1092 as the dollar dropped across the board. Germany depends heavily on global trade, while Trump has spoken out against trade treaties. Risk aversion in the aftermath of the Trump win may also push down other developing-world currencies on fears that his protectionist stances could hurt emerging economies by reducing imports from them. The South Korean won may take a hit, given questions that Trump has raised about the need for U.S. troops on the North Korean border. Malaysian ringgit may also feel the blow, not only because of the risk off sentiment but also as the oil levels fall below $45 a barrel affecting this oil exporting economy. Global markets have digested Trump’s win. The equity market’s initial bearish reaction was swift but short-lived. The bond rout proved more lasting. Trump’s policies have been interpreted by markets to be inflationary. The probability of a Fed December hike of 0.25% on the USD is on the rise. Oil too as OPEC nears a deal to cut production with Russia. Gold tumbled to $1,202 an ounce. This week saw an extraordinary demonetisation in India and the BOC and ECB made major announcements towards their respective stimulus plans. Central banks are intervening to curb falls in their currencies. We also highlight our concerns about China; the elephant in the room in our view. Safety First We have been keenly observing market developments and preparing to realign our clients’ assets now that the dust has settled on Trump’s election as President of the United States. As ever our goal is to cap volatility and preserve capital. This is evident in the performance of our portfolios which do not reflect any significant volatility while markets, this year, have seen major events turn out much differently than expected. Brexit, the U.S. Election and Central Banks’ decisions on monetary stimulus were all predictable global macro-economic events which had the possibility of creating volatility. We sensed risks to market stability and positioned the portfolios defensively or into cash in good time. As each headwind passed by we locked in our gains and informed of our steps to ensure their capital was protected. Market developments during the week The U.S. population seemed to take time to accept the result as there were protests where demonstrators declared they would refuse to accept the result. CNN receiving numerous voicemails criticising the decision. But markets seemed to quickly digest the outcome as the initial bearish sentiment was quelled by the Trump victory was swift but short-lived. The bond market reaction has proved more lasting, as expectations of fiscal expansion have led to a sizeable jump in inflation expectations. The yield on the benchmark U.S. 10-year Treasury peaked at 3%, its highest level since the very beginning of 2016 as the narrative switched to deregulation and reflation. This fear pushed emerging markets lower. USD gained 0.2% to 1.0601 per euro, after touching 1.0582, the strongest level in almost a year. USD also rose 0.4% to 105.70 yen, on track for its biggest two-week advance since the 1980s. This surge was driven by expectations for Trump’s reflationary economic policies and a reinforced view that the Federal Reserve will raise interest rates in December. In her congressional testimony, Janet Yellen counselled Trump and the Republican-led Congress to be cautious in loosening fiscal policy through big tax cuts and spending increases. Noting that investors had already concluded that such steps could lead to higher inflation, Yellen said the Fed would be watching what developments and would react accordingly. Initially, the accepted wisdom was that the probability of a December Fed interest rate hike was much lower if Trump won, as markets feared Trumps protectionist policies and expected the Fed to be more accommodative by not raising rates. Now probability for a December hike has reached 96% as markets digest Trump’s policies and judge them as reflationary. The upcoming Fed meeting is on Dec 13-14. In the U.S., an inflation gauge for market share. Without a deal, expenses rose to an annual rate of 1.2% in September. The central bank’s target is 2%. Equities S&P 500 future fluctuations within a smaller range during the week and by Friday registered a 0.3% drop. Commodity producers dragged down European equities as Mario Draghi’s indication the region’s economy still needs stimulus. Japanese stocks rose with the Nikkei 225 entering a bull market, rising 0.6% as the yen continued to fall against the dollar. Emerging market assets have been hard hit. The MSCI Emerging Markets Index plunged 2.1%.

Bonds Treasury 10-year note yields were at 2.32% as of 6:44 a.m. in New York, according to Bloomberg Bond Trader data. Bonds around the world have been on their worst two-week run in at least 25 years and more than $1 trillion has been wiped off their value. The yield on the U.S. 30-year Treasury peaked to 3% during the week. In Europe, the continuing government bond sell off was led by Italy which extended its bond prices decline to a fourth week, weighed down by rising expectations of a referendum at a referendum next month that could lead to an exit of its prime minister. Bonds also fell in South Korea, Malaysia and Thailand.

Commodities Oil futures added 0.4% in New York, after falling as much as 1.5%, OECD said it made progress toward a deal to cut production by more than 1 million barrels a day after another round of oil talks with Russia, but left crucial details, including the role of Iran and Iraq, to be resolved later this month. During the week, WTI-Oil prices rose to $45.47 on the back of an increased push from OPEC members to finalize an oil production cut deal in time for a meeting due in Vienna on Nov 30. Meanwhile, the International Energy Agency said that U.S. oil production will grow more than previously thought, fueling a fall in the dollar. Without a deal, commodities may adapt to low prices, while suppliers elsewhere will be hit harder by OPEC’s fight for market share. Without a deal,
the International Energy Agency predicted that 2017 will be the fourth consecutive year in which supply runs ahead of demand. Gold tumbled to the lowest in more than five months, dropping as much as 11.1% to $1,202.96 an ounce. Investors sold 30.5 metric tons of gold from bullion-backed funds so far this third quarter, the most in three years. Silver neared a bear market, it fell 0.9% to $16.525 an ounce in London, reaching the lowest since June. Prices have dropped almost 20% from a closing high in early August.

Nickel fell 1.5% in London to lead declines by industrial metals. Copper retreated 0.8%, heading for a weekly loss after entering a bull market last week.

Major economies

China

Our biggest concern at the moment remains China. China’s second-largest economy and contributes more than one-third to global economic growth. The country, long a centre of low cost production and therefore an exporter of deflation to the west, has recently seen an increase in production costs driven by wage inflation. Rising prices could not come at a worse time as U.S. President Elect Donald Trump has pledged to levy tariffs on imports from China of products already reduced demand from the west. China, is in fact, looking to side step Trump’s protectionist policy by asserting its economic potential via the Regional Economic Co-operation Partnership (RCEP), a trade agreement seen to counter the Trans-Pacific Partnership, ranging from 0.27 to 0.35 percentage point. GDP growth slowing down by more than five in the first nine months through September after a flat Q2 as per the Rome-based statistics agency Istat. However, the statistics agency itself has already stated that the economy depends on continued support the banks with bailout funds, the second-biggest in the euro region as a ratio of GDP. All polls this month signalled that Italians will reject the government’s constitutional reform in the Dec. 4 referendum. If the government falls and Italy’s political system remains unreformed, the safest assumption is a continuation of chaotic, cronyism in Italy’s politics; and Italy’s withdrawal from the euro (a demand of the Five Star Movement and an increasingly popular stanc) becomes a real possibility. It’s unlikely the euro zone would survive that.

Visiting Europe this week, President Barack Obama urged leaders of the European Union towards Greece’s debt relief plan as the stress and suspicion of unresponsive institutions were empowering populism. Greece’s public debt stands at roughly 180% of gross domestic product.
U.K.

GBP reached new 2-month highs against the euro and is clashing with Thursday’s losses versus the dollar. Germany’s Finance Minister has reinforced the EU’s tough position towards Brexit and the U.K. This clashes with the U.K.’s expectations of a softer stance from Germany, a net exporter to the U.K., indicating that euro clearing must be done within the Eurozone because the single currency is the EU’s common currency.

Meanwhile, Bankers are softening their warnings that Brexit will force them to immediately ship large numbers of staff from the City of London. Executives at global banks are gaining confidence that Prime Minister Theresa May will secure a lengthy transition period that would carry them over from the current rules to whatever fresh terms of trade are agreed upon with the European Union. However, Banks continue to plan for the worst: the loss of their right to sell services freely across the EU from London after the end of the two-year Brexit negotiation period.

U.K. Retail Sales volumes rose 1.9% in October, the most since July. This was higher than 0.5% gain predicted by experts. The jobless rate fell to 4.8% in third quarter, the least since 2005 but there are signs that the labor market is slowing in the wake of the Brexit vote. Even household incomes are coming under growing pressure as the fall in the pound since the Brexit vote spurred inflation. Average wages grew just 1.7% in the third quarter, matching the slowest rate since February 2015.

Inflation unexpectedly slowed in October to 0.9%, below expectations from economists who had factored in a larger hit in the weakening pound. Sterling briefly slipped below $1.24 after the data was released, before trading 0.6% lower at $1.2426. The economists have been predicting inflation could reach almost 4% next year as the 12% fall in the pound since the Brexit vote drives up import costs. Large parts of the rural economy use cash for 60% of transactions and have been hard-hit. India is risking about $211 billion of purchasing power to make a leap into a cashless future. The landing won’t be smooth, but the change could be as far-reaching for the global economy as the U.S. 1873 decision to scrap the silver dollar. The 1873 demonetization of silver by the U.S. was deflationary. The Indian shock, which comes amid anaemic global demand and heightened political anxiety, may be no different.

On the flip side, the central bank in Mumbai has more room now to cut interest rates, which could prompt bond investors to pump money into the country to lock in the risk-free yield, which slid by 13.5 basis points to 6.66% Wednesday morning. State Bank of India (SBI) reduced rates on deposits from one year to 455 days to 6.90%, down 15 basis points, while keeping the 7% rate for deposits between 211 days to one year unchanged. That may not be great news for those putting their money in banks but lending rates are likely to follow suit in a few weeks, possibly giving sluggish credit expansion a much-needed boost and shoring up growth. Moody’s expects the asset quality of loans against properties to deteriorate as real estate, which often involves black money transactions, will be hit by demonetisation. Even the micro-finance segment will be impacted since it primarily a cash-heavy segment.

A freeze in land and property transactions, which act as parking lots for income that has evaded taxation, could lead to a significant drop in prices. That would hurt developers, but help the middle class. There was a surge in demand for luxury watches and gold after Modi’s sudden announcement as wealthy Indians rushed to make costly purchases with a bolder compared.

The idea of cash as the villain has percolated into the mainstream. The ex-CEO of Standard Chartered Plc. wrote a paper this February urging the G-20 to bar €500, $100, and £50 notes, an idea backed by Larry Summers. Across Asia, countries are moving away from high-denomination notes: Korea plans to go cashless by 2020.

Japan

Japanese GDP expanded by an annualized 2.2%, far ahead of expectations for 0.8%, with a rebound in exports leading the gains. This week Japan’s central bank launched its first ever fixed-rate operations overnight, in which it offered to buy unlimited two- and five-year notes at yields of minus 0.09% and minus 0.04% respectively. With this, the BOJ fired a warning shot at the government bond market to maintain its yield-curve target. The yen closed at 110 by Friday.

Philippines

Philippines posted the strongest economic growth in Asia at 7.1%. Undeterred by risks such as Donald Trump’s protectionist ambitions and President Rodrigo Duterte’s rants against the U.S., the economy grew at its fastest pace in three years last quarter, buoyed with a young population and backed by $50 billion of revenue from remittances and outsourcings, the Philippines is getting an additional boost from Duterte’s $160 billion-infrastructure plan aimed at creating jobs.

Central banks in action

In Asia, the rising USD sparked interventions as central banks there tried to curb their currencies. The yen weakened past 110 to the dollar. The ‘Trump effect’ needed to be recorded a record of 3.4084 per dollar. The Mexican peso has had the worst year, it further leads this week’s currency loss as USD strengthened on the increased Fed rate hike probability. Mexico’s fundamentals don’t support the case for such currency weakness. Inflation is in check, the nation’s credit rating is still investment-grade, and economic growth estimated at 2.1% this year looks bountiful compared with recessions in Brazil and Russia, home to the two of the world’s best-performing major currencies. It has something to do with the global environment. To protect against lower commodities prices, slowing growth in China, instability in Europe, or just about anything traders have been shorting the peso. Mexico’s Central Bank Governor said last week that Mexico risks turbulence regardless of the vote outcome and the bank was working on a contingency plan. The peso slumped 1.5%, weakening for a second day after the central bank raised borrowing costs, signalling that the market may have expected a bigger increase or more measures.

Indonesia’s central bank intervened a week ago after the rupiah dropped as much as 3%. Malaysia’s central bank said the same day it would manage volatility. The ringgit and rupiah are the most vulnerable Asian currencies to higher U.S. borrowing costs. Malaysia’s ringgit weakened 4.9% since Nov. 8. Indonesia’s central bank was said to be buying rupees as the rupee declined 2.1%.

South Korea’s won has dropped 4.1%. The Bank of Korea said Friday it will buy 1.5 trillion won ($1.3 billion) of government bonds on Nov. 21, after the governor said the central bank will take steps to stabilize markets if needed. The yield on South Korea’s 10-year sovereign note rose four basis points to 2.14%.

Where emerging-market central banks are intervening to support their currencies against the dollar, ECB President Mario Draghi did nothing to strengthen the euro this Friday when he said that the current level of monetary support will remain a “key ingredient” for the economic outlook in the coming years. The ECB will decide on Dec. 8 that is the case for current asset-purchase program that is due to end in March 2017.

The markets appear to have become resilient to uncertainty. Be it Brexit or Trump’s win, there has been the usual initial reaction but this proved to be short term and markets are back to trading as usual. Investors are turning a blind eye to the problems of China and hoping that Central Banks will continue to push everything higher. We are concerned and will remain defensively positioned.

Jason Granite,
Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>is currently a cash product with returns in line with base rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 2</td>
<td>1.44% 1.48% 0.99% 1.34%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>2.67% 1.94% 1.75% 1.72%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>2.96% 2.94% 1.73% 1.62%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>4.08% 3.27% 2.5% 2.61%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>6.95% 5.01% 4.46% 4.77%</td>
</tr>
</tbody>
</table>

Date: 18 November 2016
Source: FTIM / FE Analytics

All figures are as of 31 Oct. Total return basis and are quoted in underling currency. FTIM’s Safety First range includes 100% in a platform fee of 0.2%. Advice charges would depend on the charges made by your independent financial advisor. The deduction of charges represented the performance.

Full Period Performance Data is from 18/10/16 only as the models only launched on this date and therefore 3 year performance data is not available end of month performance is available. The figures represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around to average return. The higher the volatility the more risk involved in the investment.
Global Markets finally settle down

Equity markets have been relatively muted, posting small gains over the week due to the impact of the Donald Trump victory in the U.S. election. However, there were more significant movements in both the bond market and the currency market as the dollar continued to strengthen and bonds continued to sell off.

The rampant USD battered the yen and many emerging market currencies, and forced USD down $4 to $1.184 an ounce, the metal’s cheapest price in 9 months.

Yellen said Trump’s victory had cause no significant change in the outlook for U.S. growth, and signalised the hike in benchmark rates as if you were reading it naturally.

Commodities

Oil prices rose sharply on Monday as traders weighed up the prospects of a deal between OPEC member countries to cut production. The jump in prices came even as the physical market remained weak with plentiful supplies in the North Sea, while the rally has not been derailed by a pronounced strengthening of the U.S. dollar since the election of Donald Trump.

OPEC’s gathering on November 30 is supposed to finalize its Algiers deal to bring down the group’s collective production to a range of 32.5 million to 33 million barrels a day. It pumped 34 million barrels a day in October, according to data compiled by Bloomberg.

Brent crude rose 20 cents to $49.28 per barrel after Iraq’s prime minister signalled it will agree to cut output. OPEC’s focus has shifted to negotiations with Iran and non-member Russia for production curbs following the news, Iraq says, is ready to cut output.

Saudi Arabia will not attend a meeting with non-Opec producers such as Russia and Kazakhstan, and Brent crude was down 1.7% after the news at $48.18 a barrel, closing to its lowest on Friday.

Gold has fallen 7% since the election earlier this month as traders have also cut their net holdings. It has dropped below $1,200 a Troy ounce for the first time since February as a $3.8bn outflow from exchange-traded funds over the past 10 days is seen intensifying the liquidation of holdings across the board.

Gold is being tormented by a stronger dollar, higher U.S. yields and a rallying stock market since the election of Donald Trump.

The 10-year Treasury yield at one point climbed by as much as 10 basis points to 1.4% for the S&P 500 after the election.

The metal used in everything from wiring to power grids.

The futures price for the January 2017 iron ore contract is up 8.8% at Rmb616.5 a tonne on China’s Dalian Commodity Exchange on Thursday.

The generic iron ore futures contract was up 14.7% at $80 on the Dalian Commodity Exchange for its best rise since November 2015.

Bonds

Bond yields rose in a bear market, as investors embrace risk on the back of President-elect Donald Trump’s pledges to increase infrastructure spending and revitalize the economy.

Spot silver dropped to $16,174.5 an ounce on Friday, the lowest level since June, before rebounding. The metal has declined more than 20% from the year’s closing high in August.

Copper has suddenly burst into life, surging 14% this month to above $5,500 a tonne as investors start to pick apart widely-held assumptions about the underlying dynamic for a metal used in everything from wiring to power grids.

The futures price for the January 2017 iron ore contract is up 8.3% at Rmb616.5 a tonne on China’s Dalian Commodity Exchange on Thursday.

The generic iron ore futures contract was up 14.7% at $80 on the Dalian Commodity Exchange for its best rise since November 2015.

Global

Gold collapsed in November 2016, while cheaper Haven gold entered a bull market, as investors embrace risk on the back of President-elect Donald Trump’s pledges to increase infrastructure spending and revitalize the economy.

The 10-year Treasury yield at one point climbed by as much as 10 basis points to 1.4% for the S&P 500 after the election.

The metal used in everything from wiring to power grids.

The futures price for the January 2017 iron ore contract is up 8.8% at Rmb616.5 a tonne on China’s Dalian Commodity Exchange on Thursday.

The generic iron ore futures contract was up 14.7% at $80 on the Dalian Commodity Exchange for its best rise since November 2015.

Bonds

Bond yields rose in a bear market, as investors embrace risk on the back of President-elect Donald Trump’s pledges to increase infrastructure spending and revitalize the economy.

The 10-year Treasury yield at one point climbed by as much as 10 basis points to 1.4% for the S&P 500 after the election.

The metal used in everything from wiring to power grids.

The futures price for the January 2017 iron ore contract is up 8.8% at Rmb616.5 a tonne on China’s Dalian Commodity Exchange on Thursday.

The generic iron ore futures contract was up 14.7% at $80 on the Dalian Commodity Exchange for its best rise since November 2015.
Interest rates
Global long-term interest rates declined significantly at the beginning of the year, reflecting expectations around China, the price of oil, and a U.S. recession and Easing by the ECB and BOJ, which stimulated concerns on bond scarcity and adverse effects of negative yields. Global growth concerns and cuts to the neutral rate outlook have kept the Fed from doubling down on 2016 so far. These concerns have faded and the expected policy mix has shifted away from monetary to fiscal stimulus, including tax cuts.

Realized inflation has turned more positive recently. More central banks are also showing a willingness to let inflation overshoot (U.S., BOE, BOJ), albeit for different reasons. Yellen confirmed that she would stay on until her term finishes in 2018. Yellen also stated there would be no particular change to the path of interest rates and hinted there would be a likely rate rise again in the future, further confirming the ongoing strength of the U.S. economy.

The Fed’s estimate of the long-run neutral interest rate has declined over the last few years to 3%. The implication of a lower neutral rate is that the Fed can move at a slower pace. However, two factors that have kept the Fed from hiking could be changing: 1) rising inflation, which could push up on the neutral rate; 2) financial conditions tightening from USD appreciating, which has slowed.

Once the Fed resumes hiking in the coming quarters, markets will gradually reprice the path of interest rates higher.

Uncertainty about fiscal stimulus in U.S.
In the U.S., events have moved in a USD-positive direction, between the rising likelihood of fiscal stimulus, more protectionism and immigration controls, all of which add up to more inflationary mix and tighter-than-otherwise monetary policy setting. Inflation expectations have begun to rise, but like equities and interest rates, they have received a post-election boost to trends already underway.

Trump’s proposed tax cuts and stimulus spending would increase the rate of growth in the short term. However, other components of his policy proposals, such as trade tariffs and immigration policies, are a negative for longer term growth. Trump has said he would impose tariffs of 35% or higher on Mexico and China. This could boost the average tariff by 11 percentage points (from 1.5%) and quickly bring core inflation over 2%. Fiscal policy is unlikely to have a significant impact on economic growth, the S&P 500 earnings trajectory, interest rates, inflation or the dollar. There are certainly many other policy areas where the impact can be significant. A notable increase in trade tariffs that would reduce trading with key partners in the U.S. supply chain, an escalating trade war with China, and a significant reduction in immigration would all be detrimental to long-term U.S. growth and that of other developed and emerging countries.

In Europe, ongoing uncertainty over the Brexit process will likely weigh on Sterling £, while the slew of elections, including the Italian political fallout after the constitutional referendum on 4 December and general elections in France, Germany and the Netherlands, will weigh on the EUR, especially if far right and populists win out.

The OPEC meeting on 30 November will be important for the near-term inflation outlook and for Emerging Markets. There are several moving parts affecting the supply outlook: producing countries’ incentives not to comply with the agreed production cuts, the Trump Administration’s energy policy and its stance towards Iran, and the cost efficiency gains of U.S. shale producers.

Japan
Prices in Japan are showing signs of bottoming out as the strength of the dollar since Donald Trump’s U.S. election victory gives new hope in the fight against deflation. The headline consumer price index recorded its first year-on-year rise for eight months in October while the Bank of Japan’s preferred measure, which excludes fresh food and energy, rose 0.3% compared with 0.2% a month earlier. Japan’s economy grew by more than 2% in the third quarter, much faster than expected, as the country’s exporters overcame the strength of the yen. The stronger growth reduces pressure on the Bank of Japan to launch further monetary easing.

Emerging markets
Donald Trump’s victory in the U.S. presidential election is battering the Mexican peso, Turkish lira and other emerging market currencies. Meanwhile, the U.S. Federal Reserve has hinted that it may raise interest rates in December. If it does, the pace of capital racing out of emerging markets and into the U.S. may accelerate.

Since election day, the Mexican peso has depreciated 11% against the dollar. Investors fear that Trump will follow through on his campaign promise to re-do the North American Free Trade Agreement, automobiles and other Mexican exports to the U.S. would be slapped with heavy tariffs. Looking across the EM equity spectrum, we find that Brazil, Poland and India offer an insulation to the EM growth recovery story, without being particularly exposed to China growth trade policy. Goldman recommends buying an equal-weighted, currency unhedged basket comprised of the Warsaw Stock Exchange Total Return Index, the Ibovespa Brasil Sao Paulo Stock Exchange Index, and the NSE Nifty 50 Index, looking for a gain of 20% and bowing out if the position falls 10% from current levels.

Turkey’s central bank raised interest rates to 10% last week amidst concerns of lasting inflationary effects of the first three years, as pressure mounted on emerging markets in the wake of Trump’s victory. Almost 1% of the market’s suspects that the bank’s decision to respond to a weakening lira by increasing the benchmark weekly repo rate 50 basis points to 8% came despite a televised call by President Recep Tayyip Erdogan to cut rates instead. But the surprise decision by the Turkish central bank to hike rates failed to reverse the sell-off in the lira, which fell to another record low on Friday morning.

The short-lived bounce in the currency immediately following the decision, which fully reversed within 75 minutes of the announcement, shows investors think there is still more to be done to stem the weakening currency. But analysts said Turkey’s central bank would be forced to raise rates again, noting $210bn of foreign currency debt outstanding to non-financial corporate sector, which arguably puts it among the emerging economies most at risk from any rise in U.S. interest rates.

South Africa, another country whose currency has been under pressure from the markets, has kept its benchmark repo rate on hold at 7% on Wednesday. The Reserve Bank of India released the figures on Monday amid growing concerns over the impact of Mr. Modi’s surprise demonetization. Indians have returned $81bn worth of high-value currency notes to banks. The outlawed Rs500 and Rs1,000 notes are together worth about $220bn, and make up 86% of the cash circulating in India’s economy. Banks have so far dispersed $15bn in new notes. Analysts estimate the shock of the currency ban will shave 0.3 to 1 percentage point off India’s GDP growth in the current financial year – assuming significantly more cash is pumped into the economy by the end of 2017.

U.K. economy
The U.K. economy continues to be resilient, with GDP rising 0.5% in the third quarter as consumers and businesses continued their spending in the third quarter.

Household spending rose 0.7%from the second quarter and business investment increased 0.9 percent, the Office for National Statistics said on Friday. Growth overall was uneven at 0.5 percent, with trade providing the strongest contribution.

The annual rate of house-price growth in London was 9.1%in October, almost the lowest in three years, according to data compiled by Hometrack. Home prices in London have surged 86%since 2009 as the supply of new stock failed to meet demand from domestic homebuyers and overseas investors. However, Reports since Britain’s vote to leave the European Union sent to the New York Times in central London declining by more than 10% in the past year, while house prices are 1% lower than in 2014 peak.

Upcoming events
OPEC ministerial meeting on 30 November 2016.
ECB’s monetary policy meeting to be held on 08 December 2016.

Jonathan Greene, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns since inception</td>
<td>Returns from 01/01/16</td>
<td>Returns from 01/01/16</td>
<td>Returns from 01/01/16</td>
<td>Returns from 01/01/16</td>
<td>Returns from 01/01/16</td>
</tr>
<tr>
<td>Performance</td>
<td>Volatility*</td>
<td>Performance</td>
<td>Volatility*</td>
<td>Performance</td>
<td>Volatility*</td>
</tr>
<tr>
<td>FTIM Safety First 1</td>
<td>6.94%</td>
<td>4.06%</td>
<td>4.46%</td>
<td>4.69%</td>
<td></td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>4.13%</td>
<td>1.47%</td>
<td>0.98%</td>
<td>1.32%</td>
<td></td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>2.66%</td>
<td>1.92%</td>
<td>1.74%</td>
<td>1.69%</td>
<td></td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>2.98%</td>
<td>2.94%</td>
<td>1.72%</td>
<td>1.79%</td>
<td></td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>4.06%</td>
<td>3.23%</td>
<td>2.14%</td>
<td>2.65%</td>
<td></td>
</tr>
</tbody>
</table>

Date: 31 December 2016
Source: FTIM / FE Analytics

All figures are on a net return basis, with all income reinvested and are quoted net of underlying fund charges, including VAT and a platform fee of 0.2%. Advice charges would depend on the charges made by your independent financial adviser. The FTIM Safety First 1 fund is an open-ended discretionary managed portfolio. The FTIM Safety First 2 fund is an open-ended discretionary managed portfolio. The FTIM Safety First 3 fund is an open-ended discretionary managed portfolio. The FTIM Safety First 4 fund is an open-ended discretionary managed portfolio. The FTIM Safety First 5 fund is an open-ended discretionary managed portfolio. The FTIM Safety First 6 fund is an open-ended discretionary managed portfolio. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the greater the risk. FTIM / FE Analytics

FTIM Safety First 1 is currently a cash product with returns in line with base rate

FTIM Safety First 2 1.43% 1.47% 0.98% 1.32%
FTIM Safety First 3 2.66% 1.92% 1.74% 1.69%
FTIM Safety First 4 2.98% 2.94% 1.72% 1.79%
FTIM Safety First 5 4.06% 3.23% 2.14% 2.65%
FTIM Safety First 6 6.94% 4.06% 4.46% 4.69%
Wall Street economists had forecast wages from a tighter job market. The U.S. central bank is tapping roughly 2% inflation. Elsewhere, consumer spending rose by 0.3% in October, missing expectations for a rise of 0.5%.
The Bloomberg Dollar Spot Index headed for its first weekly drop since Donald Trump’s election. The Trump rally was running out of steam as concerns over the outlook for the U.S. and stability in Europe weigh on the dollar and global equities.
Donald Trump promised to make it “very very difficult” for U.S. companies to move jobs to countries where production costs are cheaper. He spoke at a Carrier factory in Indiana, announcing a deal to stop the company moving hundreds of jobs to Mexico. What he didn’t shout about was the $7bn of local tax and other incentives offered to secure the 1,000 jobs at Carrier. It will be interesting to see if the “protectionist” approach lasts and how meaningful it turns out to be. Trump may also have held up a sign to every U.S. corporation saying: “there is no threat to leave and we will offer you incentives.” This could be dangerous.

Commodities

Crude prices jumped on Thursday to the highest in six weeks hitting $53.3 a barrel after OPEC, clinched a deal to cut production, starting from January 2017. The organization agreed on cutting production by 1.2 million barrels to a total of 3.2 million a day, while outside producers would cut output by 600 thousand bpd. Oil is trimming some of its recent rally after two days of big gains, but is still on track for its best week in more than seven years. It is still up more than 14% for the week after OPEC pledged to cut production for the first time since the 2008 financial crisis.

OPEC’s first production cuts in eight years are intended to shrink the world’s bloated oil stockpiles back to a normal level, by paving the way for prices to rise to more than $60 a barrel. Goldman Sachs wrote in a note that “a sustained rally in oil prices beyond current levels would require confirmation of participation by non-OPEC producers, but what Iran has agreed to do. We are not so sure and like oil exposure at these levels. Russia promised to support a push by OPEC to reduce a global oil oversupply by dialing down its own output by as much as 300,000 bpd, a stronger move than the previously preferred position of a freeze. Russian crude and condensate production averaged 11.21 million barrels a day in November, compared with a record 11.23 million barrels a day in October, per the Energy Ministry’s CDU-TEK statistics unit.

Gold prices kept falling on Thursday to a 10-month intraday low of $1,160 an ounce despite the dollar sliding against major rivals, which would have normally buoyed the yellow metal. Gold is starting December lower amid selling pressures due to lower demand on the safe haven as demand climbs for global stocks. Higher U.S. unemployment claims pushed the dollar lower but that didn’t stop a precious metal due to expectations of a Fed rate hike this year, weighing negative on gold futures. However, the precious metal recovered $4 to $1,175 as rising bond yields raised the opportunity cost of holding the non-yielding precious metal. However, gold futures gained for the first time in four days amid signs of political uncertainty ahead of an Italian referendum this weekend. We are 10% in conviction behind gold and it seems likely to fall further over the coming weeks and months.

Copper prices fell on Friday after rising for two straight days, as dealers collected profits on the metal’s future before the weekend despite U.S. dollar weakness. Copper last traded at $2.603 a pound on Friday. Copper’s dip comes as demand fell on commodities due to profit-taking after the metal hit its highest in over two months, triggering selling operations before the weekend. Wheat futures dropped over 2% below $400 a bushel in American trade, shrugging off the dollar index’s fall which weighed on the U.S. energy stocks up by around 0.4% while financials gained about 1%. However, those moves were countered by another sell-off for technology stocks and the S&P 500 equity index ended 0.4% lower at 2,191.

It seems that to the best bet in the U.S. right now is anchored in industrial stocks, and we have a firm eye on the Dow in this regard.

Global markets are mainly reflecting Wall Street’s late-stage retreat on Thursday. The pan-European Stoxx 600 is down 0.7% as commodity stocks pull back after their recent good run, but softer bond yields lend support to fixed income proxies, like Real Estate Investment Trusts.

Hong Kong’s Hang Seng shed 1.4% and China’s Shanghai Composite fell 0.9% as resources stocks were again rolled by a sell-off in commodity futures on fears of Beijing draining speculative liquidity.

Currencies

The U.S. dollar index, which hit a near 14-year high of 102.05 last week amid bullishness on U.S. growth, is off 0.2% to 100.83 following the jobs data. Euro rose to a two-week high at 1.0689 on Friday versus the dollar following the mixed U.S. payroll report which buoyed the common currency as the dollar retreated. The dollar is down 0.4% against the yen at ¥123.98. The yen held gains against the greenback on a strong Japanese report ahead of key American jobs data, Italy’s weekend referendum and Austria’s presidential vote.

Sterling continues to strengthen on hopes the U.K. government is prepared to pay for access to EMU markets, thereby softening Brexit. Or the time Supreme Court will deal a blow to the unchecked Brexit process. Sterling stood out as it hit a two-month high of $1.2695 before easing on Friday to $1.2587, still up 0.6% on the day. So-called commodity currencies, like the Australian and Canadian dollars, continue to be supported by the latest rally in oil.

Turkish lira battered by the president’s call for low interest rates, claiming there is “no option” but to have easier monetary policy to boost growth. Political tensions with the EU, a slowing economy and the prospect of tighter social security measures have hit the lira. The currency has suffered its worst month since 2008 in November. The lira has slipped another 0.73% against the dollar.

Dollar Strength abated along with global stocks. The U.S. payroll report and the Italian vote will shape market sentiment towards gold weakened on the expectation of higher interest rates and higher inflation, particularly in the U.S.

Crude prices jumped to the six-week high after OPEC agreed on a deal to cut production, which pushed U.S. crude price above $50 a barrel.

Emerging market equities continued to perform well. Asian markets rose slightly while Europe and the U.K. were largely flat.

Market developments during the week

After a holiday shortened trading week, in which U.S. stock markets notched fresh record highs, investors turned their attention to the oil market and the U.S. jobs report. U.S. short-term treasury yields and the dollar took a back dive after the latest jobs report.

The U.S. economy added 178,000 jobs in November, while the unemployment rate slid to 4.9%, its lowest level in 8 years from 4.9% in the previous month. That came as the labor force participation rate slid to 62.7%, from 63.8% previously. Average hourly earnings unexpectedly slid 0.1% in November.

U.S. personal income rose 0.6% in October from September, the biggest gain in 11 months, as wages grew at a faster pace, according to preliminary data. The stronger wage growth is likely to support consumer spending and add to inflation worries for the Federal Reserve, which raised interest rates last week. The U.S. government bond yield is down 2 basis points to 1.13%. Treasury 10-year yields are intended to shrink the world’s “most liquid” $13.3 trillion in assets.

Wall Street economists had forecast a 0.4% increase. The core personal consumption expenditures price index, held steady at a year-on-year rate of 1.7% in October, according to Wednesday’s report, from a pace of 1.3% during the same month in 2015. The U.S. central bank is tapping roughly 2% inflation. Elsewhere, consumer spending rose by 0.3% in October, missing expectations for a rise of 0.5%.

The Bloomberg Dollar Spot Index headed for its first weekly drop since Donald Trump’s election. The Trump rally was running out of steam as concerns over the outlook for the U.S. and stability in Europe weigh on the dollar and global equities.

Donald Trump promised to make it “very very difficult” for U.S. companies to move jobs to countries where production costs are cheaper. He spoke at a Carrier factory in Indiana, announcing a deal to stop the company moving hundreds of jobs to Mexico. What he didn’t shout about was the $7bn of local tax and other incentives offered to secure the 1,000 jobs at Carrier. It will be interesting to see if the “protectionist” approach lasts and how meaningful it turns out to be. Trump may also have held up a sign to every U.S. corporation saying: “there is no threat to leave and we will offer you incentives.” This could be dangerous.

Commodities

Crude prices jumped on Thursday to the highest in six weeks hitting $53.3 a barrel after OPEC, clinched a deal to cut production, starting from January 2017. The organization agreed on cutting production by 1.2 million barrels to a total of 3.2 million a day, while outside producers would cut output by 600 thousand bpd. Oil is trimming some of its recent rally after two days of big gains, but is still on track for its best week in more than seven years. It is still up more than 14% for the week after OPEC pledged to cut production for the first time since the 2008 financial crisis.

OPEC’s first production cuts in eight years are intended to shrink the world’s bloated oil stockpiles back to a normal level, by paving the way for prices to rise to more than $60 a barrel. Goldman Sachs wrote in a note that “a sustained rally in oil prices
Emerging markets
France’s President Francois Hollande plans to give up the re-election next year. Underlining the political weakness, the French president’s approval ratings touched 4% in one recent survey, which shows that the French president was not expected to qualify for the second round in May. By giving up on a second term, Mr. Hollande is paving the way for prime minister Manuel Valls to declare his candidacy for the Socialist nomination in a primary election scheduled in January.

Indian shares fell 1% on Friday and were poised to end the week flat as auto makers dropped on sharp declines in monthly sales and wireless providers were hit by worries about intensifying competition. Sentiment was also muted ahead of the release of the U.S. monthly jobs data, a referendum in Italy over its constitution and the Reserve Bank of India’s policy review next week. The broader NSE Nifty was down 0.95% at 8,115.20, dragged down by financials, and was flat for the week. The benchmark BSE Sensex was 0.91% lower at 26,318.80 and was set for a flat end to the week.

Italy
Italy’s stock index has outperformed all its developed-market peers, as banks in demand as concerns eased over Sunday’s referendum on Prime Minister Matteo Renzi’s constitutional reform. Even if investors have revived, the index’s losses were less than those of a broader European index. The Italian benchmark’s 3% gain this week makes it the best-performing developed equity market.

U.K. economy
The British pound is the biggest riser among major currencies on Friday, taking advantage of dollar weakness and building on Thursday’s gains after a victory for a pro-EU candidate in a local by-election. The pound was up 0.4%, in early European trade on Friday, to a two-month high of $1.2636, shooting for its first four-day winning streak since early November.

The vote, in Richmond Park, saw MP Zac Goldsmith re-elected after he won 58% of the vote in the general election, at the time dwarfing the 19% for his nearest challenger from the Liberal Democrats. In a by-election result announced on Friday, Mr. Goldsmith lost to Sarah Olney, a Liberal Democrat who entered politics only in the past year. Sterling rose to a three-week high on Thursday, after Brexit minister David Davis conceded in parliament that the U.K. might be willing to pay into the EU budget to retain access to European markets.

The Bank of England sees global financial risks after Trump victory. Donald Trump’s victory in the U.S. presidential election has increased the threats to the world economy from higher interest rates and less trade. A taper of the Bank of England on Wednesday. The BoE also pointed to potential dangers from rapid Chinese credit growth or a disorganised British departure from the European Union in a half-yearly assessment of risks to Britain’s financial system. The Bank of England’s chief economist is “comfortable” with the U.K.’s current record low interest rates, warning against any unduly hasty moves to tighten policy to curb a sharp climb in inflation.

European consumers are cutting their spending bills by ordering on British websites to take advantage of the weak pound, according to online retailers and delivery companies that have seen the number of parcels they send overseas soar. Delivery companies also reported a rise in the number of parcels they collect from British warehouses to ship overseas. Still, the surge in international online shopping — along with a snap of cold weather and the recent Vogue cropper — could help explain an unexpectedly strong increase in retail sales in November. The number of goods bought has increased at a higher rate than expected 7.4% compared with a year earlier — the fastest growth in 14 years.

Jason Granite,
Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Performance</th>
<th>Volatility</th>
<th>Since Inception</th>
<th>Since Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.4%</td>
<td>1.45%</td>
<td>0.97%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>2.65%</td>
<td>1.90%</td>
<td>1.73%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>2.94%</td>
<td>2.94%</td>
<td>2.17%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.05%</td>
<td>4.02%</td>
<td>2.13%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>6.93%</td>
<td>4.90%</td>
<td>4.44%</td>
</tr>
</tbody>
</table>

Date: 02 December 2016
Source: FTIM’s FE Analytics

As markets settled, we invested across the Safety First portfolios

Global markets were calmer with stocks and USD on the rise. Oil closed at $55.1 a barrel amid growing support from both OPEC and non-OPEC countries to curb output. Domestic data took a backseat to this week’s developments out of Europe. In Italy, PM Renzi’s referendum was rejected. Also in Austria, Presidential elections declared pro-EU candidate, Alexander Van der Bellen, as the winner. The ECB announced an extension of its monetary stimulus for a further nine months, at a reduced pace of $60 billion per month, thereby setting the stage for the upcoming political events in Europe. Investors’ attention now shifts to the U.S. Federal Reserve, with anything less than a rate hike unlikely.

As a part of our continuous monitoring of market developments, we see on the horizon a number of upcoming political events that present potential headwinds to market stability. There are also potential threats to market stability as Trump’s trade policies evolve. We continue to keep our Safety First funds invested in sources that meets our risk caps while monitoring the events that pose volatility risks.

Market developments during the week

The week saw the expected announcement by the ECB, an extension of its bond buying program. ECB President Mario Draghi revealed that he’ll extend monetary stimulus for a further nine months, at a reduced pace of $60 billion per month, a package of asset-purchases that will essentially be lower, for longer. While these mixed messages on the volatile trading day, equity investors seem to have interpreted the decision as a buy signal, and the euro was little changed by the end of the week. The ECB kept its main refinancing rate unchanged at zero and the deposit rate at minus 0.4%. Draghi cited weak underlying price pressures, political uncertainties and inadequate government reforms as he laid out the reasons for expanding the ECB’s asset-purchase plan to at least €2.3 trillion ($2.4 trillion). The €11.14 trillion program that started in 2015, that has now morphed into a buying spree of at least €2.28 trillion, could help shield investors through the political minefield of European elections next year.

USD is on the rise advancing 0.6% to $1.0557 per euro, having jumped 1.3% on Thursday. Now investors’ attention shifts to the U.S. Federal Reserve, with anything less than a rate hike unlikely.

Domestic data has also been largely supportive, with the average pace of jobs growth coming in well above trend and firming wage growth continuing to nudge inflation towards the Fed’s 2% target. Also, consumer sentiment jumped more than forecast this month. The University of Michigan said Friday that its preliminary index of sentiment rose to 98, the highest since January 2015, from 93.8 in November. Also during the week, through twitter posts, Trump summarized a plan outlining an integral part of his campaign position: that shifting production from the U.S. to Mexico, China or other lower cost countries would be discouraged by punitive tax policy.

Equities & Bonds

The S&P 500 was up for a sixth day, its longest winning streak since June 2014. It rose 0.4% to 2,255.31 at 4 p.m. in New York, to cap a 3% rally in the week. European stocks on Friday extended their biggest weekly rally in almost two years amid supportive policies from the ECB. The Stoxx Europe 600 (SXXP) extended the Stoxx Europe 50 Index above 50 from lower trading levels. The Stoxx 50 Index closed within 0.7% of a bull market. Gains in its lenders boosted the benchmark in previous sessions, as the ECB expanded the parameters of its asset buying program in a move to boost eurozone bank profitability. Emerging-market equities fell 0.3% to pare a weekly gain to 2.7%, the most since September.

U.K. government bonds slid, with the 10-year yield jumping three basis points to 1.41%, after the Bank of England said U.K. consumers’ inflation expectations increased to the highest in more than two years. Treasuries with a similar due date extended their fifth weekly drop, with the yield rising nine basis points over the period to 2.47%.

Commodities

WTI crude advanced 1.3% to settle at $51.50 a barrel, the highest close since Monday. Saudi Arabia signaled it was ready to cut oil production more than expected, a surprise announcement made minutes after non-OPEC countries including Russia pledged to curb output up to 550,000 barrels next year. The non-OPEC reduction is equal to the anticipated demand growth next year in China and India, according to data from the International Energy Agency. The OPEC and non-OPEC pact encompasses countries that produce 60% of the world’s oil, but excludes major producers such as the U.S. China, Canada, Norway and Brazil. Oil prices have surged more than 18% since OPEC announced November 30 it will cut production for the first time in eight years, rising this week briefly above $55. The price rise has propelled the shares of energy groups from Exxon Mobil Corp. to shale firms such as Continental Resources.

Gold futures closed at the lowest level since February, as the Federal Reserve geared up to raise rates. The metal lost 0.9% to settle at $1,161.90 an ounce. Copper and zinc both gained.

Major economies

Euro area
As polls predicted, Italian voters rejected Prime Minister Matteo Renzi’s referendum proposal on December 4. As promised, Renzi presented his resignation to the president. While initial market reaction was mixed, reports that the euro and Italian assets hit, markets recovered quite quickly. By 4.55 a.m. ET, the FTSE MIB Index was unchanged and the euro
In China, the cheaper yuan helped spur a surprise 0.1% gain in China’s exports, enough to feed the trade surplus. While exports are expected to continue to rise in 2017, there is a risk from U.S. trade policy, which is “the big unknown,” said Tom Orlik, chief economist at Bloomberg Intelligence in Beijing. We remain deeply concerned about China. China may be poised to export inflationary pressures. In November, the country’s factory gate prices rose 3.3% versus the same month of last year, the fastest pace of gains since late 2011. Chinese consumer prices picked up on rising food costs, but it was the first time in five years that producer prices increased at a faster rate. Many believe that this may help China. I see a bubble but it may well be too early to call a market shock. “Higher prices are a positive for China’s corporates, making their debt mountain less formidable,” Tom Orlik, chief economist at Bloomberg Intelligence in Beijing, wrote in a report. “For now, investors can’t see much news as spending power and savings value are eroded.” China’s foreign currency reserves, the second largest in the world, increased in January after the yuan declined to an eight year low. Reserves decreased $69.1 billion to $3.05 trillion in November, the People’s Bank of China (PBOC) said in a statement Wednesday. The fifth straight monthly decline brings the reduction in the stockpile to almost $1.3 trillion, less than 11% of China’s GDP. Despite authorities having begun tightening capital controls, a $50,000 limit that Chinese citizens are allowed to convert from yuan annually will reset at the start of the new year, potentially adding depreciation pressure on the currency. The drop in reserves was due mainly to the PBOC injecting foreign exchange funds into the market, non-dollar currencies falling against the U.S. dollar in November, posting its first monthly decline after the end of its current bailout. South Korean President Park Geun- hye has been impeached with an overwhelming majority of votes in parliament. That means she’s been suspended from power until the constitutional court rules on the lawmakers’ decision. It must do so within six months, which would then start the clock for an election within 60 days. The won snapped three days of gains on the news, to trade 0.6% lower by 4:20 a.m. New York time. Elsewhere in Asia, Japan unexpectedly cut its reading of third-quarter economic growth to an annualized 1.3% from a preliminary estimate of 2.2% expansion. The revision was driven by drops in business spending and in private inventories. India’s central bank unexpectedly kept interest rates unchanged before a possible increase in U.S. borrowing costs this month, as Governor Urjit Patel, awaits clarity on the impact of the cash clampdown. The benchmark repurchase rate will stay at a six-year low of 6.25%, the Reserve Bank of India said in a statement in Mumbai on Wednesday. Inflation could slow by 10-15 basis points in October/December due to the cash clampdown. The rupee was little changed at 67.9050 a dollar and the benchmark equity index fell 0.6%. U.K. Sterling joined other major currencies in strengthening against the euro, but weakened to the U.S. dollar. On the political front, a leaked memo revealed Brexit Secretary David Davis expressed negative opinions about a transitional Brexit agreement that would primarily consider it if requested by the EU. Financial companies have pressed the government to agree a transition period after Britain leaves the bloc and before new trade terms are finalised, during which current arrangements remain in place. But speaking in mid-November, Mr. Davis told a private meeting with the City of London Corporation that negotiating a transition, as recently championed by Prime Minister Theresa May, would be too early to call a market shock. “More risk involved in the investment,” Mark Orlik, chief economist at Bloomberg Intelligence in Beijing, warned investors. “Not all of the uncertainty is political, but Italy’s shaky political situation has already added new uncertainty.” Political news out of Austria provided markets with something else to cheer about. Presidential elections declared Prime Minister Alexander Van der Bellen, as the winner, putting an end to months of political turmoil. In contrast, the Brexit referendum on the EU, as campaigned by President, by the weekend, he reiterated he does not want to stay on as premier. For the investor, currently, the main risk isn’t political, but Italy’s shaky political situation has already added new uncertainty. The figures represent performance of a model portfolio; individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations. * Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
Federal Reserve raised interest rates for the first time in 2016

The Federal Reserve raised interest rates by 25 basis points. This was as expected, but the Fed’s projection of three rate hikes in 2017 came as a surprise. The move led to USD rally, bond yields surged while stocks retreated. The major impact was on China which saw a sell-off. This week too, the markets were calmer with S&P 500 flat. Oil closed around $52 a barrel and Gold continued towards its seventh week of decline. The Italian government won support to boost public debt by €20 billion as Banca Monte dei Paschi di Siena SpA, failed its audit, amid positive economic data. The Italian government won support that its seventh week of decline. Ankara. For Merkel, facing an election in November next year, the terror attack on her home soil is likely to increase pressure from the right on her immigration policies. As we noted in the last week’s note that Italy is not only facing political headwinds, but also its banks are in trouble. It is anticipated that Italian banks need at least €52 billion ($54 billion) to clean up their balance sheet. The PBOC has forced a correction in the highly leveraged bond market, while home prices are showing signs of cooling amid property market curbs. Equity prices also felt this week because of a regulatory crackdown to insurers’ stock investments. Even inflation is picking up domestically and globally. The producer-price index jumped 3.3% in November from a year earlier while consumer prices rose on higher food costs.

Market developments during the week

The Federal Reserve raised interest rates for the first time this year by 25 basis points to a range of 0.5% to 0.75%. The rate hike was widely anticipated in the financial markets. The Fed had earlier expected to make four quarter point increases this year when surveying the outlook in December 2015. But its forecast was thwarted by a range of headwinds, including China spurred turmoil in financial markets and the Brexit vote. The Fed now forecasts a steeper path for borrowing costs in 2017 and a third quarter point rate increase in 2018, saying inflation expectations have increased “considerably” and suggesting the labor market is tightening. Inflation has firming toward policy makers’ 2% target. Unemployment has dropped to 4.7% and President elect Donald Trump has pledged growth fueling tax cuts and infrastructure spending that could warrant a faster pace of Fed tightening. Policy makers see gross domestic product growing 2.1% in 2017, up from a previous forecast of 2%. Policy makers also slightly reduced their outlook for unemployment in 2017 to a fourth quarter level of 4.5%.

The initial market reaction was yields on benchmark 10 year notes surged, U.S. stocks retreated and USD rallied to a 10 month high against the yen. European equities climbed while bonds slumped. The South African rand slumped, as did the Korean won. China’s 10 year government bond yield headed for its biggest one day increase and the yuan fell the most in a month. Gulf Arab central banks wasted little time in following the Federal Reserve’s interest-rate increase, maintaining a commitment to the US dollar peg even as their economies struggle with low oil prices and the strong greenback. Policy makers in Saudi Arabia, Kuwait, Bahrain and Qatar raised their benchmark interest rates within hours of the Fed’s decision to raise rates.

Later during the week, positive economic news flooded the markets. The U.S. economy expanded more than previously reported last quarter. It rose at a 3.5% annualized rate in the third quarter, compared with a prior estimate of 3.2%. Commerce Department figures showed Thursday. This comes on bigger contributions from a range of factors including services spending, intellectual property and construction by state and local governments. Consumer confidence jumped to the highest level since 2004, in September, compared with a prior estimate of 101.5. The durable goods orders data showed the metal saw a 29th day of contraction. West Texas Intermediate crude for delivery in New York fell 0.3% to $52.99 a barrel during the week as data showed U.S. stocks declined last week.

Major economies

In the Euro area, IHS Markit’s composite PMI stayed at 53.9 in December, the highest this year.

Growth in the headline index was led by manufacturing, with that gauge jumping to the strongest level since 2011. Markit said the improvement was partly linked to the weaker currency. In Germany, the region’s largest economy, the PMI was at 54.8 this month after a reading of 55 in November, making the strongest three month period since the second quarter of 2011. That was the third consecutive month of three rate hikes next year. China’s 10 year government bond yield rose to 4.98, a 17 month high, from 4.81. German Chancellor, Angela Merkel, said that her nation must assume that the truck crash at a Berlin Christmas market, which killed 12 and injured 48, was a terrorist attack. The incident came within hours of a shooting in an Islamic center in Zurich, which left three injured, and the assassination of Russia’s ambassador to Turkey in Ankara. For Merkel, facing an election in November next year, the terror attack on home soil is likely to increase pressure from the right on her immigration policies.

As we noted in the last week’s note that Italy is not only facing political headwinds, but also its banks are in trouble. It is anticipated that Italian banks need at least €52 billion ($54 billion) to clean up their balance sheet. The world’s oldest bank, Banca Monte dei Paschi di Siena SpA, failed to find an anchor investor for its stock sale, and will probably be unable to lure sufficient demand for a €5 billion ($5.2 billion) capital increase, meaning the bank is headed for nationalization. The Italian government won support to boost public debt by €20 billion as Banca Monte dei Paschi di Siena SpA, failed its audit, amid positive economic data. The PBOC has forced a correction in the highly leveraged bond market, while home prices are showing signs of cooling amid property market curbs. Equity prices also felt this week because of a regulatory crackdown to insurers’ stock investments. Even inflation is picking up domestically and globally. The producer-price index jumped 3.3% in November from a year earlier while consumer prices rose on higher food costs.

Indonesia keeps benchmark rate unchanged at 0.75%, unchanged as Rupiah slumped as much as 0.8% on Thursday, among the worst performers in Asia, after the U.S. Federal Reserve signaled a steeper path for borrowing costs in 2017. Market volatility had already heightened since Donald Trump’s victory in the U.S. election in November, giving policy makers in Indonesia reason to pause after six rate cuts this year. Inflation, which accelerated to 3.6% in November from 3.3% in the previous month, is still well within the bank’s 3% to 5% target. AUD/USD is little changed at 0.7243 after dropping to a 6 month low earlier in the week. Oil prices fell, with WTI crude declining 3.6% to $54.65 a barrel, leaving the benchmark index rose to 98.2 from 93.8 in November. Data on U.S. durable goods orders reflected increased business activity

reinforcing bets on economic strength that sent the dollar to near a 14 year high against the euro.

Equities & Bonds

The S&P 500 rose less than one point to 2,262. The index was flat during the week. Asian shares fell for four out of five days this week, taking the lead from U.S. equities that declined as Treasuries and oil extended a global rout. Australia’s benchmark index fell 0.3%, paring the week’s gain to 1.7%. The fall being led by declines in miners after the price of iron ore delivered to Qingdao in China fell for a third successive session on Thursday. European stocks were little changed, with a gauge of banks reversing earlier gains to slide with commodity stocks. However, some lenders bucked the trend. The Deutsche Bank AG gained 1.5% after agreeing to settle a years-long U.S. investigation into its mortgage backed securities. Italian lenders also climbed as the country’s government readied rescue funds.

Treasuries gained as the 10-year yield fell one basis point to 2.54%. Italian 10 year yields declined five basis points to 1.80%, while German bund yields slid three basis points to 0.22%. China’s 10 year yield slid 22 basis points to 3.45%, set for a record increase on a closing basis, as a plunging yuan and hawkish Fed comments damped expectations of monetary easing in China.

Commodities

Gold for immediate delivery edged higher in London trading, adding 0.2% to $1,130.50 an ounce. It’s still set for a seventh week of declines. It is trading near its lowest level in 10 months as exchange traded funds holding the metal saw a 29th day of contraction. West Texas Intermediate crude for delivery in New York fell 0.3% to $52.99 a barrel during the week as data showed U.S. stocks declined last week.

Major economies

In the Euro area, IHS Markit’s composite PMI stayed at 53.9 in December, the highest this year.
On the global environment, it said the outlook has improved, but this was “counterbalanced by more elevated risks.” The Bank of England kept its key interest rate at a record low and noted that the pound’s recent appreciation may mean a slower pickup in inflation next year.

In its last policy decision of 2016, the Monetary Policy Committee said sterling’s advance could mean “less of an overshoot” above its 2% goal than previously predicted. Emphasizing its balancing act between managing inflation and growth, the MPC also said the economy would cool in 2017 as consumer spending weakens and Brexit uncertainty takes a toll. The U.K. central bank also published a letter from Carney, Chancellor of the Exchequer, to Philip Hammond on the current inflation undershoot. In a weekend interview, International Trade Secretary Liam Fox said the U.K. could try to stay in the customs union in an arrangement similar to Turkey’s arrangement with the EU. Uncertainty over the future is starting to weigh on employer decisions in Britain as they seek to increase employees now to lock in talent they may have difficulty attracting post Brexit.

Meanwhile, Scotland’s First Minister, Nicola Sturgeon, warned this week that it will hold a new referendum on separation from the U.K. unless it can stay in the European Union single market, adding to the pressure on Theresa May as the U.K. premier draws up plans for Brexit. The ultimatum from Edinburgh on single-market membership will intensify the strain on May, who’s already battling to contain tensions within her Conservative Party. May has promised to listen to the governments of Scotland, Wales and Northern Ireland before taking an agreed U.K. wide negotiating position to Brussels for formal talks, due to begin by the end of March.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM) Safety First Performance

<table>
<thead>
<tr>
<th>Safety First 1</th>
<th>Safety First 2</th>
<th>Safety First 3</th>
<th>Safety First 4</th>
<th>Safety First 5</th>
<th>Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
</tr>
<tr>
<td>1.36%</td>
<td>1.43%</td>
<td>2.93%</td>
<td>1.91%</td>
<td>3.97%</td>
<td>2.94%</td>
</tr>
<tr>
<td>1.91%</td>
<td>2.01%</td>
<td>3.77%</td>
<td>2.72%</td>
<td>5.10%</td>
<td>3.21%</td>
</tr>
<tr>
<td>5.09%</td>
<td>7.12%</td>
<td>9.68%</td>
<td>4.94%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**KEY MESSAGES:**

Trading has been thin across the globe during the last week of 2016.

USD, despite falling this week, is up 2.8% for the year. The S&P 500 rose 10% during the year, but with extraordinary volatility and uncertainty along the way. Stocks in Europe, U.K., Emerging markets all were rising during the week.

Crude oil rose 45% this year closing at $53 a barrel level with a positive outlook for 2017. Gold finished at an 11 month low at $1,145.

The upcoming elections in Europe and initiation of U.K.’s exit negotiations are the major upcoming headwinds to global market stability.

It has been a year of the unexpected, a volatile year for the markets. Most of the time market predictions were wrong, stoking short term reactions. We have, throughout the year, maintained our Safety First approach with some bold investment calls – like moving to cash ahead of the Brexit vote and ahead of the U.S. Election. Our approach has shielded our clients from the volatility exhibited by many other conservative strategies.

The Safety First Funds have performed exceptionally, relative to the volatility we have achieved. Despite major political and economic events, we made the right calls for our clients – helping them to avoid most of the short-term volatility that struck the global markets at various times during the year.

We will continue with this unflattering approach – putting capital preservation and Safety First.

Market developments during the week

In the U.S., initial jobless claims declined 10,000 to 265,000 during this week after surging to an unrevised 275,000 in the prior week, the highest level since June.

Advance goods trade deficit widened to $65.3B in November, with exports falling 1% to $217.7 billion, in broad-based weakness, and imports increasing 1.2% to $181 billion, supported by a 5.3% jump in industrial supplies. Wholesale inventories for November showed an increase of 0.9%, which was above the 0.2% estimate. Gas Inventories showed a 237 billion cubic feet draw versus consensus of a 227 billion cubic feet draw, while crude inventories showed a 614,000 build versus consensus of a 1.5 million draw.

Trading has been thin across the globe during the last week of the year, with volumes in crude oil, equities and currencies all below average.

Currencies

The U.S. currency has been affected by the markets current tin liquidity. We have seen several significant events this week statewide, mostly positive yet the Bloomberg Dollar Spot Index slipped 0.3% after dropping 0.5% Thursday, although it remains up 2.8% for the year.

The euro spiked higher, as the dollar rally continued to fizzle. The euro rallied as much as 1.6% before paring its advance to 0.5% and trading at $1.0541. The S&P 500 Index edged higher Friday, pushing its gain in 2016 to 10%. The Stoxx Europe 600 Index rose 0.2%, yet is set to end the year with the first annual loss since 2011. Europe’s benchmark gauge never fully recovered from losses at the start of the year, spurred by concern about a slowdown in China. Then came investor concerns about the region’s economy, political uncertainty and Italy’s banking crisis. Benchmarks of Italy, Portugal and Denmark are poised to be the biggest losers of the year, down at least 10%.

U.K. markets closed early, with the FTSE 100 Index rising 0.3% to end the year at a fresh record. The Index is heading for one of the best performances among western European markets in 2016, driven by a slumping pound that boosted its exporters and a rally in commodity producers. The measure rose 0.3% on Friday, after closing at a record earlier this week.

Emerging market stocks rose for a fifth day, padding an 8% advance that is the best since 2012.

The yield on 10 year Treasury notes was little changed at 2.48% after dropping three basis points Thursday. European bonds advanced with U.S. stocks futures. U.K. gilts traded at the highest level since November. This could be the calm before another bond rout.

India’s benchmark sovereign bonds are set to cap their best performance since

The euro spike more than 1.5% on reported algorithm trading during the Asian session. The single currency has pared most of the gains, but remains the strongest currency within the G10 foreign exchange basket.

The yen fell 0.4% to 17.1 per dollar, erasing an earlier advance of 0.4%. The currency was up more than 20% for the year in August, but has pared that to 2.7%.

Sterling was on track for a more than 16% drop against the dollar this year and was the worst performing Group of 10 currency in 2016 despite the recent stabilization.

Equities & Bonds

The S&P 500 Index edged higher Friday, pushing its gain in 2016 to 10%. The Stoxx Europe 600 Index rose 0.2%, yet is set to end the year with the first annual loss since 2011. Europe’s benchmark gauge never fully recovered from losses at the start of the year, spurred by concern about a slowdown in China. Then came investor concerns about the region’s economy, political uncertainty and Italy’s banking crisis. Benchmarks of Italy, Portugal and Denmark are poised to be the biggest losers of the year, down at least 10%
the global financial crisis amidst record debt purchases by banks, the biggest holders of government securities. The benchmark 10 year yield has plunged 127 basis points in 2016, the most in eight years, to 2.49% in Mumbai on Friday.

**Commodities**

Crude futures were little changed at $53.77 a barrel, after Thursday’s 0.5% decline. Prices are up about 45% this year. Supply cuts from OPEC and other producing nations next month are intended to stabilize the market and reduce swelling global inventories. OPEC and 11 nations from outside the group, including Russia have agreed to trim about 1.8 million barrels a day from January. A monitoring committee consisting of some OPEC nations and non-members will meet on January 13 to track compliance with promised supply reductions, per OPEC Secretary-General Mohammad Barkindo. U.S. crude inventories showed a 314,000 barrel versus consensus of a 1.5 million barrel draw, according Energy Information Administration report.

Gold was little changed after rising as much as 0.5% to $1,144.56, rebounding from an 11 month low. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.

Natural gas is the best performing metal up for the best winning run since May, according to data compiled by Bloomberg. The currencies of Russia, New Zealand and South Africa strengthened, as gold held a rebound. After rising 0.5% on Tuesday and 0.4% on Friday before the Christmas break, that's set the precious metal up for the best winning run since the period to November 4. Still, investors continue to shed holdings in bullion backed exchange traded funds, with assets down 1.1 metric tons to 1,778 tons as of Tuesday, the lowest since May, according to data compiled by Bloomberg.
Investment Outlook for 2017

With the charged political and economic backdrop in the West, particularly Europe, and the diverse political climate, potential outbonds for negative global macro market events.

With cash returns low, bonds continue to be attractive risk/reward assets. With these guiding principles in mind, we remain alert to all global macro developments. Our investment outlook. Our goals are unchanged; to achieve above inflation returns on a low cost basis. To achieve low volatility, and to deliver huge capital gains, we maintain a defensive stance. The OECD projects the global economy to expand 3.3% next year, up from a 2.9% growth forecast in September. In 2018, the world's economy is projected to grow 3.6%, the body said in its report. The U.S. economy is expected to benefit from Trump’s “expansory” fiscal stance. The OECD projects a 2.3% expansion in gross domestic product, larger than its previous estimate of 2.1% for 2017. The economy is expected to grow 3.0% in 2017. The Fed in its latest December FOMC meeting said it expected the U.S. GDP to grow to 2.1% in 2017, up from a previous forecast of 2.0%. Policy makers also slightly reduced their outlook for unemployment in 2017, to a fourth quarter level of 4.5%.

We will tilt our portfolios to asset classes and individual assets likely to do best in a world with stronger U.S. growth, a faltering China, political uncertainty in Europe, rising but contained inflation and looming higher interest rates. We maintain a positive outlook for USD, U.S. and European blue chip equities in 2017. We expect gold to retreat and oil prices to edge higher, up to $55 per barrel.

As we approach 2017. It thought it may be helpful to offer an insight into our investment outlook. Our goals for the Safety First portfolios remains unchanged; to achieve above inflation and volatility risk adjusted returns, to preserve our clients’ capital, to achieve low volatility, and to deliver these returns on a low cost basis. As an important overlay to our core investment strategy, we will always maintain defensive positions and often to 100% cash, ahead of predictable global events, which are likely to give rise to volatility.

With these guiding principles in mind, we remain alert to all global macro events and constantly ask ourselves whether these risks have been priced in by the markets or overlooked. Markets are increasingly susceptible to volatility as geo-politics, geo-politics, divergent monetary policies and internal market structures all converge and evolve. There is no shortage of potential negative market altering events coming up in 2017, from upcoming elections in Europe, the impact of the refugee crisis, the Middle East, demonetisation in India, Russian expansionist ambitions. Brent oil prices to rise significantly over the coming years.

With these risks in mind, we remain alert to all global macro developments. Our investment outlook. Our goals are unchanged; to achieve above inflation returns on a low cost basis. To achieve low volatility, and to deliver huge capital gains, we maintain a defensive stance. The OECD projects the global economy to expand 3.3% next year, up from a 2.9% growth forecast in September. In 2018, the world’s economy is projected to grow 3.6%, the body said in its report. The U.S. economy is expected to benefit from Trump’s “expansory” fiscal stance. The OECD projects a 2.3% expansion in gross domestic product, larger than its previous estimate of 2.1% for 2017. The economy is expected to grow 3.0% in 2017. The Fed in its latest December FOMC meeting said it expected the U.S. GDP to grow to 2.1% in 2017, up from a previous forecast of 2.0%. Policy makers also slightly reduced their outlook for unemployment in 2017, to a fourth quarter level of 4.5%.

With this in mind, we remain alert to all global macro events and constantly ask ourselves whether these risks have been priced in by the markets or overlooked. Markets are increasingly susceptible to volatility as geo-politics, geo-politics, divergent monetary policies and internal market structures all converge and evolve. There is no shortage of potential negative market altering events coming up in 2017, from upcoming elections in Europe, the impact of the refugee crisis, the Middle East, demonetisation in India, Russian expansionist ambitions. Brent oil prices to rise significantly over the coming years.
financials. Financials benefit, not only from lower regulation, but also from higher growth in economies.

In our view, healthcare offers some of the strongest corporate fundamentals, and the high risk premium built in longer-duration, lower-rated credits is likely to persist. Healthcare has been one of the best performing sectors in the developed world over the past year, and we expect this trend to continue for the foreseeable future. Healthcare companies are well positioned to take advantage of the ageing global population, strong demand for new drugs, and improvements in medical technology and outcomes.

In terms of specific healthcare companies, we are overweight in the biotech sector, particularly in companies focused on rare diseases. These companies have a history of successful drug launches, and we believe they are well positioned to continue to deliver positive financial results. We are also overweight in the pharmaceuticals sector, particularly in companies with strong pipelines of new drugs. These companies are well positioned to continue to deliver strong financial results, and we believe they are undervalued compared to other sectors.

In conclusion, we believe that healthcare is a strong opportunity for investors looking for exposure to the developed world. We expect this trend to continue for the foreseeable future, and we believe that healthcare companies are well positioned to take advantage of the trends we see in the industry.
election, were it to galvanize pro-
European sentiment and stimulate
more risk involved in the investment.
and insulation from both China and
the peso and Mexican equities.
Trump’s America First protectionist
stance, the pressure will remain on
prompt policy makers to take action,
handle these types of macro shifts and
changes to global trade policies.
The two currencies that we are wary of
are the Korean won (KRW) and Singapore
dollor (SGD). Korea has a high export
closeness to China under a weaker
currency. Given the trade undertakes
difficult corporate restructurings in
the U.S. under a weak peso, that
means that we continue to expect
SGD to trade on a weaker side of the
band.
Also, there exist selective
opportunities in EM debt. Investors
who can tolerate currency risk can also
consider EM bonds in local currencies,
which provide yields of over 6%. Brazil
is one of the preferred local markets,
where the currency is well supported
and offers the best prospects of falling
local yields as an additional source of
price return.

Quarter 1 2017
At the current allocation level, we favor
equities over fixed income. We are
negative on the short term prospects for
bonds, which face multiple headwinds.
Yields are expected to rise,
thus incurring capital losses. While
this may make bonds more attractive
in the medium term, we are cautious
about over exposure in our Safety First
Portfolio. We are minded to substitute
automotive and government bond
exposure with selectively researched
high yield fixed interest debt that
may benefit from an improving
economic backdrop.

Given our positive investment outlook
for early 2017, we see good potential
in certain developed market equities
and a handful of emerging markets.
At the country level, we maintain a
positive outlook for the U.S. economy,
the USD and U.S. equity returns. In
Europe, we believe it remains possible
to identify selective attractively
valued blue chip European equities,
particularly if the euro weakens.
Our investment decisions will always
be guided by the volatility caps placed
on each of the Safety First Portfolios,
the need for capital preservation,
low volatility and steady, above inflation
returns. We are not seeking to roll
the dice, hoping for upside for our clients
and instead seek to protect them from
uncertain and volatile global markets.
We will stick to our strategy and
continue to deliver for our clients on a
long term basis.

I remain honoured to serve our
vulnerable clients at Frenkel Topping.
I will continue to do so with steadfast
discipline.
I remain honoured to serve our
vulnerable clients at Frenkel Topping.
I will continue to do so with steadfast
discipline.
I remain honoured to serve our
vulnerable clients at Frenkel Topping.
I will continue to do so with steadfast
discipline.

Frenkel Topping Investment Management’s (FTIM) Safety First Performance

<table>
<thead>
<tr>
<th></th>
<th>FTIM Safety First 1</th>
<th></th>
<th>FTIM Safety First 2</th>
<th></th>
<th>FTIM Safety First 3</th>
<th></th>
<th>FTIM Safety First 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
<td><strong>Performance</strong></td>
<td><strong>Volatility</strong></td>
</tr>
<tr>
<td><strong>Since inception 10/19/2015 to 10/31/2016</strong></td>
<td>4.40%</td>
<td>1.07%</td>
<td>3.13%</td>
<td>1.26%</td>
<td>4.60%</td>
<td>3.23%</td>
<td>6.68%</td>
</tr>
<tr>
<td><strong>Since launch 09/19/2014 to 10/31/2016</strong></td>
<td>4.40%</td>
<td>1.07%</td>
<td>3.13%</td>
<td>1.26%</td>
<td>4.60%</td>
<td>3.23%</td>
<td>6.68%</td>
</tr>
</tbody>
</table>

**Date:** 30 December 2016

**Source:** FTIM / FE Analytics

FTIM Safety First 1 is currently a cash product with returns in line with base rate

FTIM Safety First 1 1.54% 1.42% 1.07% 1.26%

FTIM Safety First 2 3.28% 1.91% 2.33% 1.71%

FTIM Safety First 3 4.60% 3.23% 6.68% 2.68%

FTIM Safety First 4 10.13% 5.04% 7.53% 4.87%

* All figures are as at 10/31/2016. Total market value and are quoted of underlying fund charges. In addition to being fully diversified, the fund also invests in a diversified portfolio of other funds. Actual Past Performance Data is from FTIM’s claims on the only model that has been launched and therefore 5 years of data is available. All figures are quoted as at 10/31/2016. For more information please visit our website.

**Safety First Performance**

- **Performance** and **Volatility** measures are calculated using a risk-based investment strategy that seeks capital preservation.

**Quarterly Returns**

- **Quarterly Returns** are calculated using a risk-based investment strategy that seeks capital preservation.

**Safety First Performance**

- **Performance** and **Volatility** measures are calculated using a risk-based investment strategy that seeks capital preservation.

**Quarterly Returns**

- **Quarterly Returns** are calculated using a risk-based investment strategy that seeks capital preservation.

**Safety First Performance**

- **Performance** and **Volatility** measures are calculated using a risk-based investment strategy that seeks capital preservation.

**Quarterly Returns**

- **Quarterly Returns** are calculated using a risk-based investment strategy that seeks capital preservation.

**Safety First Performance**

- **Performance** and **Volatility** measures are calculated using a risk-based investment strategy that seeks capital preservation.

**Quarterly Returns**

- **Quarterly Returns** are calculated using a risk-based investment strategy that seeks capital preservation.
GBP was particularly hammered, as with a 0.8% fall, marking the third.

Volatile USD closed the week in the Trump trade as they get few signals.

Investors continue to second guess the U.S. election. However, Trump did take alleged Russian interference in the of National Intelligence’s report on it proved to be short on policy detail.

Markets quickly changed positions this week in the wake of President-elect President at next Friday’s inauguration.

Policy proposals won’t translate to amid concern that Donald Trump’s pass infrastructure spending and roll

Equities & Bonds

Increasing optimism in stocks

Investors continue to second guess the long USD, short fixed income Trump trade, as they get few signals from President-elect Trump on the future fiscal stance.

Volatile USD closed the week with a 0.8% fall, marking the third consecutive week of decline. Stocks globally advanced, particularly the 33 straight daily gains.

World stocks closed the week with a 0.2% gain, marking the third straight daily gains.

Key messages:

1. Trump trade reversed as bonds gain and USD slips post President-elect Trump’s victory.

2. Federal Reserve Chair Janet Yellen said that she sees no serious short-term obstacles to the U.S. economy and that inflation is “pretty close” to policy.

3. Commodities

Oil prices rose on expectations of an OPEC supply cut. The price of oil rose by more than 5% in the previous week, extending its gains to nine straight days.

Gold futures fell 0.2% to $1,197.70 an ounce, paring a three-week gain. Nickel fell 0.9% to $10.185 a metric ton. The currency of China continues to monitor yuan outflows by China continues to monitor yuan outflows.
The pound has dropped to October’s lows against the USD, and mid-November lows against the euro. Mark Carney continued to defend the Bank of England’s actions to mitigate Brexit threats and said the risks have diminished since the June referendum. It was announced that next Tuesday Theresa May will outline details of the U.K.’s negotiating aims for leaving the European Union.

Of the data releases, the Halifax House Price Index rose to 9.5 months for giving a strong end to 2016. Annual house-price growth rose 7.5% in Dec, Halifax says. But the U.K. mortgage lender warned growth is likely to slow in 2017. Slower economic growth, pressure on employment and a squeeze on spending power, together with affordability constraints, are expected to reduce housing demand. Britain’s economy likely expanded by 0.5% in the final three months of last year, slowing slightly from the third quarter, the National Institute of Economic and Social Research said on Wednesday. It estimated Britain’s economy grew 2.0% in 2016 compared with 2.2% during the previous year, in line with the long-run potential growth rate of the economy.

Industrial Production rose by 2.1% in November, the biggest increase in seven months, led by a surge in North Sea oil output. Manufacturing Production, which excludes mining and energy, also rose 1.3%, easing last month’s decline. U.K. imports grew at rapid pace in November while the weaker GBP will mechanically boost U.K. imports. It turns out that imports swelled by some £3.5bn in the month to last November, while exports grew by a mere modest £700m. All told, therefore, the U.K.’s trade deficit was £4.2bn in November, an expansion of £2.6bn.

Better than expected economic data, including the country’s recovery in manufacturing output since 2014 and a surprisingly strong end to the year for housing, lifted sentiment for stocks. That propelled the FTSE 250 Index of mid-caps to an all-time high on Monday. The FTSE 100 Index has closed at a record every session since U.K. markets reopened after Christmas, that’s 9 trading days, marking a record streak of consecutive all-time highs.

Coming on the heels of its best annual performance relative to the Stoxx Europe 600 Index in three decades, the FTSE 100 has climbed 1.9% in 2017 as a further slump in sterling boosted its exporters, and commodity producers rallied.

As investor confidence in equities grows, there remains good potential for further market returns. Orders allocations are directed toward those sectors that bode well with the upcoming U.S. policies. We can explain our allocation to bonds as these remain vulnerable to rising interest rates and inflation, both of which are expected to accelerate at a faster pace in 2017.

Jason Granite,  
Chief Investment Officer

Frenkell Topping Investment Management’s (FTIM’s)  
Safety First Performance

<table>
<thead>
<tr>
<th>Date: 31 December 2016</th>
<th>PERFORMANCE</th>
<th>VOLATILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio</td>
<td>156.3%</td>
<td>1.14%</td>
</tr>
<tr>
<td>FTIM Safety First 1</td>
<td>154.9%</td>
<td>1.17%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>154.5%</td>
<td>1.19%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>154.1%</td>
<td>1.21%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>153.7%</td>
<td>1.23%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>153.3%</td>
<td>1.25%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>152.9%</td>
<td>1.27%</td>
</tr>
</tbody>
</table>

FTIM Safety First 1 is currently a cash product with returns in line with base rate

FTIM Safety First 2 1.53% 1.42% 1.07% 1.26%

FTIM Safety First 3 5.36% 1.91% 2.33% 1.70%

FTIM Safety First 4 4.78% 2.93% 3.69% 2.66%

FTIM Safety First 5 5.63% 3.13% 3.68% 2.61%

FTIM Safety First 6 10.10% 5.04% 7.53% 4.87%

FTIM Safety First 1 is currently a cash product with returns in line with base rate

FTIM Safety First 2

FTIM Safety First 3

FTIM Safety First 4

FTIM Safety First 5

FTIM Safety First 6

23 January 2017

WEALTH MANAGEMENT UPDATE

The week’s major events were Donald Trump’s inauguration ceremony, and the World Economic Forum at Davos. Markets remained volatile as Theresa May delivered her long expected address on her Brexit strategy, U.S. futures climbed with the USD and bonds fell as investors awaited the start of Donald Trump’s presidential campaign.

Rising consumer prices in the U.K. joined data showing strengthening inflation in the U.K. and EU, underpinning confidence in global economic growth. Sell the rumor, buy the fact. Better than expected economic data over the past week has further confirmed the strength of the U.S. economy. The Fed’s Beige Book painted a relatively bright picture of the domestic economy. Labor markets were reported to be tight, or tightening while wage pressures were building. Initial jobless claims fell to a 43 year low. Consumer Price Index inflation in December rose above 2% for the first time in more than two years in December.

The World Economic Forum meeting in Davos was held this week. Though President Trump did not attend it, he dominated the meeting as the question remained how to engage an unpredictable U.S. leader who has pledged to rewire the tax code, overhaul healthcare, and tear up trade agreements.

Chinese President Xi Jinping urged global business and political elites to reject trade wars and protectionism, in his first public rebuttal of the Trump administration. He advocated by incoming U.S. leader President Donald Trump. In a speech where he did not name Trump, but where his comments were clearly targeted at the president-elect, Xi told the World Economic Forum in Switzerland on Thursday that failures of governance, not globalization, were fuelling anxiety around the globe. The corridors of Davos buzzed with comments from politicians from around the world must be stopped. Davos, over the decades, has become synonymous with globalization and open markets, but this year is the failure of business and political elites to predict any of the seismic political events that shaped 2016. That has raised questions over whether they are capable of understanding and addressing the anti-establishment forces that have shook the U.S. and Europe over the past year. While International Monetary Fund chief, Christine Lagarde, urged a list of policies from programs to retrain workers to more social spending, others fretted that the turbulence is only just starting.

German carmakers pushed back Donald Trump’s threats of import duties on auto parts from Mexico, pointing to extensive production expansion in the U.S. in recent years. Japanese automakers call to defuse potential tensions by stating that its largest factory is in South Carolina and that cars made at a warned, smaller factory in Mexico will be exported globally. Trump said BMW will face a 35% import duty on vehicles it exports to the U.S. from Mexico. Trump’s comments were the first aimed at a European carmaker after he issued similar warnings to Ford Motor Co. and Toyota Motor Corp. So far, the threats have prompted conciliatory gestures by the targeted companies. Ford canceled plans for a $1.6 billion factory in the country to instead expand an existing site in Michigan. Toyota, which is set to start producing SUVs at a new plant in Mexico in starting 2019, has said it take Trump’s decisions into account in its strategy.

Equities & Bonds  
U.S. futures climbed with the dollar and bonds falling, as investors await the start of Donald Trump’s presidency. Futures on the S&P 500 opened 0.3%, as investors shifted to the riskier asset class. The underlying benchmark is heading for its biggest weekly drop of 2017. Contracts on the Dow Jones Industrial Average were 0.2% lower in morning trade, as China’s two stock indexes tumbled in late trade, as declines from miners offset gains in energy shares. Asian shares pared weekly losses and fluctuated within narrow ranges as investors await U.S. President-elect Donald Trump’s inauguration. The MSCI Asia Pacific Index slipped 0.1%, paring its first weekly decline in 2017. Asia’s Shanghai Composite index rose 0.1%, after gaining 0.8% in the past two weeks as China’s gross domestic product accelerated for the first time in two years in the fourth quarter of 2016.
Hong Kong’s Hang Seng Index and Hang Seng China Enterprises Index had both lost 25% of their value last year, before gaining 25% last week after a report that China cut the reserve ratio requirement for five major banks. Japan’s Topix closed 0.4% higher even as the yen strengthened versus the dollar, after Federal Reserve Chair Janet Yellen said the Fed backs gradual rate hikes in the coming months. Yellen said the yield curve’s inverted shape would not be a reason to take immediate action, but added that the Fed would take concrete steps to mend frayed relations, including lifting sanctions.

---

**Survey of 10 foreign exchange analysts.** The Philippine peso, which weakened because they were forced to push interest rates higher, is the most resilient to external risks.

---

Russia's benchmark rate will stay above 7%, where it has been in the past two years to 7%, because they were forced to push interest rates higher. Emerging market countries offer attractive carry-trade opportunities because the dollar, after Federal Reserve Chair Janet Yellen said the Fed backs gradual rate hikes in the coming months, is the most resilient to external risks. The Thai baht and Indian rupee together rank second and third, while China’s yuan is last.

**Commodities**

West Texas Intermediate crude declined for the second day, gaining 1.5% to $52.13 a barrel and narrowing a weekly loss to 6.5%. Brent futures slipped 0.3% to $54.35 a barrel.

As per statement by Saudi Arabia’s energy minister, the surprising strength of the oil market could lead to OPEC, ending the output cut in the middle of the year. OPEC and Russia may not need to extend the curbs when they expire in June. Khalid Al-Falih, OPEC’s secretary general, said in an interview at the World Economic Forum in Davos, characterizing his country’s output as a “bulbish signal.”

Meanwhile, the OPEC’s campaign to prop up oil prices is getting unlikely support from its biggest customer. China’s production is forecast to fall by as much as 7% this year, extending a record decline in 2016, according to analysts at CLSA Ltd, Sanford Bernstein & Co and Morgan Stanley Inc. That’s about the same size as the output cut agreed by Iraq, the second-biggest producer in the Organization of Petroleum Exporting Countries, which late last year reached a deal to limit supply to support prices. China consumes more oil than almost any other country, it’s also one of the world’s biggest producers, with fields stretching from offshore its southern coast to the far north east. The collapse in prices that began in 2014 is taking its toll, and the nation’s output suffered a record decline last year.

This plays into the hands of OPEC as it seeks to prop up the global oil market, forcing China to depend more heavily on imports. China’s output slumped in 2015, as state-owned firms cut back output at mature fields that had become too costly to operate after the crash.

Oil price gains will trigger a “significant” increase in U.S. shale output, and OPEC and other producers in the Middle East have also cut supply, according to the head of the International Energy Agency.

Early this month, WTI gained sharply against Brent for some contracts in future years, amid speculation that a Republican president and a Republican-controlled Congress would agree on a tax proposal. For December 2019, WTI briefly traded at a premium to Brent. The discount for December 2018 WTI broadened to $0.07 from Tuesday’s close, to $0.97 a barrel. In addition, traders have bet roughly $61 million that the two grades would be at least at parity next June, according to Bloomberg calculations from options trades. The value of this spread is $0.003 per barrel.

---

Russia

The dollar, after Federal Reserve Chair Janet Yellen said the Fed backs gradual rate hikes in the coming months, is the most resilient to external risks. The flood of domestic currency out of China has become more of a cause for concern. As the presidency becomes a reality, leading money managers are considering reducing holdings if they don’t get the signals that the Fed will take concrete steps to mend frayed relations, including lifting sanctions. A dollar decline on Thursday cut into 2% of the record amount in September, and compares with an average of $25.8 billion a month during the sanctions.

---

China

China’s economy ended 2016 with mid-term growth firmly on track, but long-term sustainability veering further off it, they said.

On the political front, Marine Le Pen is gaining support in France and has taken in the lead in a major survey of voters’ intentions for the first round of the presidential election. The populist leader of the National Front had between 25% and 26% support compared with an estimated 26.7% for Republican candidate Francois Fillon.

The French race has been closely watched as a sign of the gap between populist and establishment forces. Le Pen has pledged to take France out of the euro if she wins. Under the French electoral system, the two leading candidates face each other in a run-off vote on May 7, presenting a significant hurdle to Le Pen. The poll didn’t include data for the second-round vote.

The elections on March 5 and April 24 in Italy will test whether the populist surge sweeps Europe and the U.S. Almost all the opinion polls are in favor of the leading candidate of the European Union Freedom Party led by Geert Wilders is ahead and poised to win the largest number of seats.

---

Russia

Russia has been seen as a potential beneficiary of the Fed’s more dovish outlook. As the Fed is expected to raise rates, the dollar will likely remain strong, according to a number of economists. Russia, which is leading a group of producers that includes Saudi Arabia, is one of the world’s biggest producers, with fields stretching from offshore its southern coast to the far north east. The collapse in prices that began in 2014 is taking its toll, and the nation’s output suffered a record decline last year, amid speculation that a Republican president and a Republican-controlled Congress would agree on a tax proposal. For December 2019, WTI briefly traded at a premium to Brent. The discount for December 2018 WTI broadened to $0.07 from Tuesday’s close, to $0.97 a barrel. In addition, traders have bet roughly $61 million that the two grades would be at least at parity next June, according to Bloomberg calculations from options trades. The value of this spread is $0.003 per barrel.

---

China

China’s economy ended 2016 with mid-term growth firmly on track, but long-term sustainability veering further off it, they said.

On the political front, Marine Le Pen is gaining support in France and has taken in the lead in a major survey of voters’ intentions for the first round of the presidential election. The populist leader of the National Front had between 25% and 26% support compared with an estimated 26.7% for Republican candidate Francois Fillon.

The French race has been closely watched as a sign of the gap between populist and establishment forces. Le Pen has pledged to take France out of the euro if she wins. Under the French electoral system, the two leading candidates face each other in a run-off vote on May 7, presenting a significant hurdle to Le Pen. The poll didn’t include data for the second-round vote.

The elections on March 5 and April 24 in Italy will test whether the populist surge sweeps Europe and the U.S. Almost all the opinion polls are in favor of the leading candidate of the European Union Freedom Party led by Geert Wilders is ahead and poised to win the largest number of seats.
President Trump’s commitments towards campaign promises through initial executive orders

**KEY MESSAGES:**

Executive orders of President Trump grabbed the markets attention throughout the month in light of Theresa May’s speech indicating the UK’s willingness to customize immigration and repatriating laws to Brussels, clamping down on immigration and repatriating law-making powers. As for future trade, the prime minister wants to customize the EU customs declaration with a “bold and ambitious” accord in which Britain and the EU enjoy tariff-free trade. While the UK would strike its own commercial agreements with other nations. Her deal would take two years to bring into force, and would also let London-based banks provide services across the continent with ease, and would grant them and other financial services companies the freedom to trade as if they were European.

**Executed President Trump drew investor attention this week as he completed his first week in office. Markets remained susceptible to policy announcements. The executive orders issued so far include a memorandum directing the U.S. trade representative to withdraw from the Trans-Pacific Partnership; memoranda reviving the Trans-Pacific Partnership; memoranda reviving the U.S. leadership for negotiating trade agreements that give other countries new market access; and Mexico opened over the U.S. border wall or not bother attending a planned meeting next week, Nieto cancelled the meeting. Several hours later White House spokesperson Sarah Sanders said that wall would be financed by a 20% import tax on Mexico, a move that most economists would describe as forcing U.S. consumers to pay for the wall. Following criticism along these lines, deputy White House spokesperson Sarah Sanders said the import tax was “just an idea.”

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Date</th>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/12/16</td>
<td>1.63%</td>
<td>1.12%</td>
<td>1.26%</td>
<td>1.12%</td>
<td>1.63%</td>
<td>1.12%</td>
</tr>
</tbody>
</table>

**WEEKLY INVESTMENT UPDATE**

**30 January 2017**

**EXECUTIVE SUMMARY:**

- **Global:** Markets remained susceptible to policy announcements. The executive orders issued so far include a memorandum directing the U.S. trade representative to withdraw from the Trans-Pacific Partnership; memoranda reviving the Trans-Pacific Partnership; memoranda reviving the U.S. leadership for negotiating trade agreements that give other countries new market access.
- **Financial:** The UK’s Supreme Court ruled that Parliament’s permission is necessary to trigger Article 50. Positive U.K. GDP results and Theresa May’s visit to the White House as she aimed to forge a new commercial relationship with the U.S.
- **Economic:** U.S. GDP grew at an annualized 2.9% rate following the prior quarter’s 3.5% gain, the largest increase in two years. Business investment picked up, which may be a harbinger for faster expansion in 2017. Consumer confidence also rose in January to a 13-year high, reflecting ongoing optimism about post-election fiscal policies and their impact on economic growth. The Federal Reserve Bank of Michigan said Friday that its final index of sentiment increased to 98.5 from 98.2 in December. The strong job market and optimism among consumers and companies for President Donald Trump’s policies are likely to support the increase in 2017, though tensions over trade could temper any gains.
- **World:** U.S. exist existing sales fell by 2.6% to 5.49 million annualized in December, a pace slightly below the estimated 5.52 million level. The pullback, was largely anticipated by buyers rushed to lock in rates before they climb any higher, and in doing so, brought demand forward at the expense of future sales. Furthermore, initial jobless claims also declined for the fourth straight week, compared to what was expected to 259k in the week ended Jan. 21, and new home sales tumbled 10.4% in December.
Equities

The S&P 500 index pared its weekly gain. The measure has gained 1.7% in the week and closed Wednesday at a record. The Stoxx Europe 600 fell 0.4% following three days of gains that left it still on course for a weekly rise of 0.9%. Banking stocks retreat as UBS reports drop in margins. Emerging-market stocks and currencies pared their weekly gains as the USD’s strength and heightened political risk from Turkey to Brazil reduced the demand for riskier assets. MSCI Emerging Markets Index weakened 0.4%, paring its gain in the week to 2.2%.

Bonds

Ten-year Treasury yields fell below 2.50%. However, this week saw hedge funds and institutional investors taking opposite sides of the Treasury market. Speculators jumped their bearish bets, with leveraged funds’ short positions on five-year notes exceeding longs by a record 1.1 million contracts, data compiled by the U.S. Commodity Futures Trading Commission show. Institutional investors, on the other hand, boosted their long positions in the same notes to an all-time high in January.

Japanese 10-year yields fell one basis point to 0.07%. The BOJ boosted the amount of its purchases of longer-dated bonds to keep yields in its outright purchase operations, underscoring a commitment to keep its yield-curve target. Greek bonds tumbled on Friday as a meeting of euro-area finance ministers in Brussels Thursday ended with no decision to support Athens to get more funds. MSCI Emerging Markets Index has weakened at the start of the year amid political concerns. Confidence in France, one of Germany’s biggest trading partners, also missed forecasts, with a gauge published by the national statistics office down 1 point to 104.

A Purchasing Managers’ Index signaled quarterly growth of 0.4%, with broad-based expansion in both manufacturing and services. Although composite PMI for the euro area slipped slightly to 54.3 in January, IHS Markit said economic momentum in the single-currency area remains robust. Inflation pressures are starting to build, per the report, but are being driven by commodity price rises and import costs due to the weakening euro, according to the report. In January, Saudi Arabia and Venezuela lead the pack of OPEC suppliers to the U.S. They account for more than half of U.S. imports from the 15-member group. President Trump’s goal may not be completely unattainable as U.S. oil production has been on the rise and signs point toward possible energy independence years from now. To achieve that, though, the country may need to reconsider a push for exports that was supported by Republicans. Since scrapping restriction on sales to countries other than Canada at the end of 2015, U.S. crude exports have risen to more than 700,000 barrels a day.

At current consumption levels, total independence from imports would require almost doubling domestic production. Gold held for its longest slump in three months. It fell as much as 0.2% to $1,189.60 an ounce, the lowest price in more than two weeks. Palladium is down 8.3% this week at $723.33 an ounce, heading for the biggest weekly decline in a year.

Major economies

Euroarea

German business sentiment in January slipped to 10.8 in January, per Munich-based ifo institute’s business climate index. It slipped from its highest level in almost three years in November, giving way that momentum in Europe’s largest economy may have weakened at the start of the year amid political concerns. Confidence in France, one of Germany’s biggest trading partners, also missed forecasts, with a gauge published by the national statistics office down 1 point to 104.

A Purchasing Managers’ Index signaled quarterly growth of 0.4%, with broad-based expansion in both manufacturing and services. Although composite PMI for the euro area slipped slightly to 54.3 in January, IHS Markit said economic momentum in the single-currency area remains robust. Inflation pressures are starting to build, per the report, but are being driven by commodity price rises and import costs due to the weakening euro, according to the report. In January, Saudi Arabia and Venezuela lead the pack of OPEC suppliers to the U.S. They account for more than half of U.S. imports from the 15-member group. President Trump’s goal may not be completely unattainable as U.S. oil production has been on the rise and signs point toward possible energy independence years from now. To achieve that, though, the country may need to reconsider a push for exports that was supported by Republicans.

Since scrapping restriction on sales to countries other than Canada at the end of 2015, U.S. crude exports have risen to more than 700,000 barrels a day. At current consumption levels, total independence from imports would require almost doubling domestic production. Gold held for its longest slump in three months. It fell as much as 0.2% to $1,189.60 an ounce, the lowest price in more than two weeks. Palladium is down 8.3% this week at $723.33 an ounce, heading for the biggest weekly decline in a year.

People familiar with the matter said, in another move to curb excess leverage in the financial system. The new guidance from the People’s Bank of China puts an emphasis on mortgage lending, as authorities grapple to contain runaway property prices. In another sign of the effort to curb risks, the PBOC on Tuesday unexpectedly increased the interest rates on medium-term loans that it uses to manage liquidity. Earlier, the central bank said it would include wealth-management products held off bank balance sheets in its macro prudential assessment framework for gauging risk to the financial system starting in the first quarter.

U.K.

As Trump seeks to redraw the trade map, the first of the world leaders to visit the White House was Theresa May, as she seeks to lay the groundwork for a commercial deal. The relationship with the world’s biggest economy is an important plank in Britain’s post-Brexit future. The prime minister said she urged the country’s finance minister to help forge a new commercial relationship despite his protectionist rhetoric.

The British economy grew by 0.6% in the fourth quarter of 2016, more than economists had been expecting. The growth was driven entirely by services, with zero support from construction and production, in a continuation of the recent trend of a lopsided expansion. The fourth-quarter GDP estimate showed that services jumped 0.8%, adding 0.6 percentage point to GDP and offsetting stagnation in industrial production. Bank of England Governor Mark Carney has warned of price inflation from inflation and weaker business spending. Carney said last week that consumption-led growth “tends to be slower and less durable” as it eventually overtakes earnings.

British manufacturers are enjoying their strongest orders in nearly two years but their costs are rising sharply following last year’s Brexit vote which pushed down the value of sterling, a survey showed on Wednesday. In the latest sign of how Britain’s economy has so far withstood the shock of June’s vote to leave the European Union, the Confederation of British Industry’s monthly industrial orders balance rose to +5 in January from zero in December. The latest retail sales data shows a slowdown in spending, and inflation is only just beginning to bite. Businesses now also have a clearer picture of the path of Brexit, so investment behaviour is likely to change in 2017. However, corporate concerns about the challenges of the U.K. leaving the European Union have not been eased by the strong performance of the economy. Businesses from airline EasyJet Plc to telecommunications firm BT Group Plc cited Brexit-linked problems such as a weaker pound and loss of business as they offered investors a forbidding outlook for this year.

The British Supreme Court ruled that U.K. Prime Minister Theresa May must seek the permission of parliament to trigger Article 50 of the Lisbon Treaty to start the country’s exit from the European Union. The 11 judge court said, however, that the devolved administrations in Wales, Scotland and Northern Ireland would not need to be consulted on the decision to trigger Brexit talks. Prime Minister Theresa May was also forced to back down again on Brexit as she agreed to publish a so-called white paper on her negotiating plan. May pledged to formally release her strategy for the negotiations. With the current heightened political risks and the rising optimism in global growth, the economic climate remains favorable for risk assets, especially equities versus poor-returning non-risk assets.

Jason Granite,
Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.63%</td>
<td>5.63%</td>
<td>5.63%</td>
<td>5.63%</td>
<td>5.63%</td>
<td>5.63%</td>
</tr>
<tr>
<td>3.63%</td>
<td>3.63%</td>
<td>3.63%</td>
<td>3.63%</td>
<td>3.63%</td>
<td>3.63%</td>
</tr>
<tr>
<td>2.36%</td>
<td>2.36%</td>
<td>2.36%</td>
<td>2.36%</td>
<td>2.36%</td>
<td>2.36%</td>
</tr>
<tr>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
</tr>
<tr>
<td>1.26%</td>
<td>1.26%</td>
<td>1.26%</td>
<td>1.26%</td>
<td>1.26%</td>
<td>1.26%</td>
</tr>
<tr>
<td>1.07%</td>
<td>1.07%</td>
<td>1.07%</td>
<td>1.07%</td>
<td>1.07%</td>
<td>1.07%</td>
</tr>
<tr>
<td>1.42%</td>
<td>1.42%</td>
<td>1.42%</td>
<td>1.42%</td>
<td>1.42%</td>
<td>1.42%</td>
</tr>
<tr>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>0.54%</td>
<td>0.54%</td>
<td>0.54%</td>
<td>0.54%</td>
<td>0.54%</td>
<td>0.54%</td>
</tr>
<tr>
<td>7.53%</td>
<td>7.53%</td>
<td>7.53%</td>
<td>7.53%</td>
<td>7.53%</td>
<td>7.53%</td>
</tr>
<tr>
<td>4.87%</td>
<td>4.87%</td>
<td>4.87%</td>
<td>4.87%</td>
<td>4.87%</td>
<td>4.87%</td>
</tr>
<tr>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
</tr>
<tr>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
<td>3.26%</td>
</tr>
<tr>
<td>2.93%</td>
<td>2.93%</td>
<td>2.93%</td>
<td>2.93%</td>
<td>2.93%</td>
<td>2.93%</td>
</tr>
<tr>
<td>3.13%</td>
<td>3.13%</td>
<td>3.13%</td>
<td>3.13%</td>
<td>3.13%</td>
<td>3.13%</td>
</tr>
<tr>
<td>3.68%</td>
<td>3.68%</td>
<td>3.68%</td>
<td>3.68%</td>
<td>3.68%</td>
<td>3.68%</td>
</tr>
<tr>
<td>1.94%</td>
<td>1.94%</td>
<td>1.94%</td>
<td>1.94%</td>
<td>1.94%</td>
<td>1.94%</td>
</tr>
<tr>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Note: FTIM is a trade mark of Frenkel Topping Investment Management Limited (FTIM). The figures represent performance of a model portfolio; individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. The FTIM figures are not to be relied on. The FTIM figures are not intended for retail distribution. FTIMs Safety First products are available to UK residents. FTIMs Safety First products are not suitable for all investors. If you are unsure about their suitability, you should seek professional advice.
World currencies affected by political events

The week saw various currencies move based on political developments. USD ended a 6-week losing streak. Week of 10 February 2017 weekly investment update

Currencies

The Bloomberg Dollar Spot Index rose 0.2% after Thursday’s 0.3% advance as it registers first weekly gain after a 6-week losing streak. Though the USD has been battered since start of 2017, it closed positive on the USD... The yen was down 0.5% to $113.80 per dollar after sliding 1.2% the previous session. The euro and British pound each fell 0.1%.

Equities

S&P rose to a record, after tax cut promises by President Trump. The index rose 0.6% to a record 2,507.87 on Thursday, which edged 2.5% amid Trump’s promise to cut regulations on the industry. Equity markets in Europe and Asia advanced, sending the MSCI All-Country World Index to the highest level since June 2015. The Stoxx Europe 600 index advanced 0.2%, rising for a fourth straight day and heading for the highest closing level in a year. Chinese shares climbed as a trade war with US and US-led increased overseas shipments rebounced on stronger global demand. The MSCI Asia Pacific Index jumped 0.9%, to the highest level since July 2015.

Major economies

China

China’s overseas shipments rebounded in January with exports to the US rising, just as rising tariffs and US trade frictions under Donald Trump’s presidency. Chinese exports to US increased 28.2% in January. Overall, January exports rose 7.9%, fastest pace in almost two years. But this rise comes up after a slump last year. Also, most of January is a holiday season, the coming months data could prove more solid representative of the trade picture.

Energy

The Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.

Bonds

Treasures fell, with 10-year yields rising on a weaker index to 2.41%. The benchmark yield increased six basis points on Thursday, halting the largest rally in eight months. German 10-year bond yields increased two basis points to 0.332% while French yields increased four basis points.

Commodities

Oil rose less than 0.1% to $53.02 a barrel Friday after it climbed 1.3% the previous session. The International Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.

Major economies

China

China’s overseas shipments rebounded in January with exports to the US rising, just as rising tariffs and US trade frictions under Donald Trump’s presidency. Chinese exports to US increased 28.2% in January. Overall, January exports rose 7.9%, fastest pace in almost two years. But this rise comes up after a slump last year. Also, most of January is a holiday season, the coming months data could prove more solid representative of the trade picture.

Energy

The Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.

Bonds

Treasures fell, with 10-year yields rising on a weaker index to 2.41%. The benchmark yield increased six basis points on Thursday, halting the largest rally in eight months. German 10-year bond yields increased two basis points to 0.332% while French yields increased four basis points.

Commodities

Oil rose less than 0.1% to $53.02 a barrel Friday after it climbed 1.3% the previous session. The International Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.

Major economies

China

China’s overseas shipments rebounded in January with exports to the US rising, just as rising tariffs and US trade frictions under Donald Trump’s presidency. Chinese exports to US increased 28.2% in January. Overall, January exports rose 7.9%, fastest pace in almost two years. But this rise comes up after a slump last year. Also, most of January is a holiday season, the coming months data could prove more solid representative of the trade picture.

Energy

The Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.

Bonds

Treasures fell, with 10-year yields rising on a weaker index to 2.41%. The benchmark yield increased six basis points on Thursday, halting the largest rally in eight months. German 10-year bond yields increased two basis points to 0.332% while French yields increased four basis points.

Commodities

Oil rose less than 0.1% to $53.02 a barrel Friday after it climbed 1.3% the previous session. The International Energy Agency reported that the OPEC has implemented 90% of promised output cuts in January. According to its agreement, with key member Saudi Arabia reducing production by even more than it had committed. 11 non-OPEC members have made about half their pledged reductions, according to the IEA. The IEA increased its 2016 estimates for world oil demand growth for a third month, and boosted its outlook for 2017, anticipating an increase of 1.4 million barrels a day this year. Gold fell 0.5% to $1,211.89 an ounce, after dropping 1.1% on Thursday. This fall comes after reaching a 3-month high earlier in the week. Iron ore futures on the Dalian Commodity Exchange surged past $100 a ton, while spot ore rose to $83.4 a dry ton, the highest since October 2014, amid optimism about the outlook for consumption as Chinese data shows exports surging. Copper is rallying amid concerns over potential supply disruptions at the world’s two biggest producers and sustained demand from China. Copper for delivery in three months advanced 1.7% to settle at $5,895 a metric ton on Wednesday.
U.K.

GBP is facing a double whammy of challenging political and economic environment. Brexit negotiations are due to begin in a month, thereby activating the Article 50 process. Having won the backing of the House of Commons, in less than 2 weeks, she won the backing of the House of Lords, where her Conservative Party has less of a grip. May promised lawmakers that they would get an early vote on the final agreement. While it could receive tougher treatment in the unelected chamber, the draft law is unlikely to be blocked, leaving May ample time to meet her deadline. Markit’s Services PMI remained in the near future.

Weaker GBP has yielded mixed benefit to U.K. companies. On one hand, it made exports cheaper currency is helping exporters in the medium term, the weakness was proving a double-edged sword for the British who are experiencing pressure on the profitability of their overseas sales.

British consumers regaining in their spending last month, an industry survey showed on Tuesday, adding to signs that they are turning more cautious as last year’s Brexit vote pushes up inflation. On a like-for-like basis, which excludes new store openings, sales fell by 0.6% compared with January last year, the British Retail Consortium said. It was the first time that like-for-like sales fell since August last year, which was shortly after Brexit, adding to evidence that the U.K.’s consumer-driven expansion may be fading.

Jason Granie, Chief Investment Officer

### Frenkel Topping Investment Management’s (FTIM’s)
### Safety First Performance

| FTIM Safety First 1 | 1.53% | 1.42% | 1.07% | 1.26% |
| FTIM Safety First 2 | 3.26% | 1.91% | 2.33% | 1.70% |
| FTIM Safety First 3 | 4.36% | 2.93% | 3.13% | 1.83% |
| FTIM Safety First 4 | 5.63% | 3.23% | 3.68% | 3.68% |
| FTIM Safety First 5 | 10.10% | 5.04% | 7.53% | 4.87% |

**FTIM Safety First 1** is currently a cash product with returns in line with base rate.

**FTIM Safety First 2**

**FTIM Safety First 3**

**FTIM Safety First 4**

**FTIM Safety First 5**

**Date:** 31 December 2016

*Source:* FTIM / FE Analytics

All figures are as of 31 Dec. Total return basis and are unadjusted for underlying fund charges. net OFE data of FTIM's All figures are as of 31 Dec. Total return basis and are unadjusted for underlying fund charges. net OFE data of FTIM's All figures are as of 31 Dec. Total return basis and are unadjusted for underlying fund charges. net OFE data of FTIM's

**Past Performance Data:** Data from 29/04/16 to 31/12/16. FTIM Investment Management’s Safety First Performance figures are not able to be shown. The launch performance figures are as of 31 December 2016. The FTIM’s Safety First Performance figures from 29/04/16 to 31/12/16 are not representative of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

**Volatility:** A measure of the movement in the price of an asset around its average return. The higher the volatility, the more risk involved in the investment.

It was a strong week in equity markets which rose 1.1% recording record highs mid-week. The optimism was spurred on by hard data showing retail sales, as well as consumer and producer inflation metrics surprising to the upside.

U.S. Treasury yields peaked to 2.5%, amid an improved possibility of Fed rate hike by March. French and German bond yield spreads widened, as France faced heightened political uncertainty. GBP, Euro were lower this week; a trend we see continuing. Oil traded at $53 a barrel. Gold closed at $1,239 an ounce.

### KEY MESSAGES:

**Market developments during the week**

President Trump is approaching completion of his first month at the White House; a month where he has dominated global news flow. His executive orders have demonstrated his commitment to his campaign promises and surprised many who thought those promises would be softened when he came into office, or that the pace of activity would slow. Democrats remain stunned and arguably in denial of the election result and the end of the major stimulus program. A war of words broke out at an extraordinary Presidential press conference on Friday, as President Trump went on the attack. You might think this would unsettle investors in the U.S., but the Dow and S&P Indices hit all-time highs. We see this momentum continuing, as Trump's policies start to drive economic growth and productivity in the U.S. Our view is strengthened as U.S. corporate confidence is near a 12-year high. Gauges of sentiment spanning everyone from small business owners to asset managers and CFOs on earnings calls are surging. This week, the NFIB’s Small Business Optimism index surprised to the upside, rising to the highest level since December 2004. On the fiscal stimulus front, a major tax overhaul plan is due to be released in the coming weeks, as to provide a $20 trillion dollar infrastructure stimulus program.

The mantra of “In Trump we Trust” could not be more apt. He has a pretty long track record of doing what he sets out to do, not as a politician, but as a businessman, and he has surrounded himself with people with similar reputations. Moreover, he has control of the Senate and the Congress and remains extremely popular with Americans irrespective of the media and a decade of economic stagnation under Obama. Trump seems to be aggressive with his planned implementation timetable and the economic indicators suggest further momentum to follow in the economy and the stock market. We remain bullish.

This week's economic data included the core CPI and PPI measures, which surpassed expectations, rising by 0.3% and 0.4% in January, respectively, with the headline consumer inflation measure accelerating to 2.5%. Retail sales rose 0.4%, more than forecast in January, in a broad-based advance. This stronger than expected data, combined with comments from Fed Chair Janet Yellen to Congress that the FOMC is not putting any constraints on fiscal plans and that waiting too long could also have costs, helped push the Fed funds futures market-implied chance of a rate hike in March to 44%, up from 34% the day before.

There's a strong expectation of a rate increase in March. This week, the Federal open market committee released its meeting minutes, raising expectations of a rate increase in June. The minutes showed that the committee expects to raise rates two more times this year.

**Currencies**

USD rebounded to rise during the week, erasing a 0.2% drop to average 0.2%. GBP rose 0.3% heading for the weakest closing level in a month after weak economic data. We see further weakness as the U.K. gets properly embroiled in Brexit negotiations with a hostile EU and the effects of inflation drip through into corporate earnings. The euro slipped 0.6% to $1.0608, as political uncertainty continues to weigh on the currency.

**Equities**

The Stoxx Europe 600 Index ended higher by less than 0.1%, capping a 0.8% advance for the week. Stoxx 600 banks dropped the most in almost two months. The sector is still poised for a fifth straight monthly advance, which would be the strongest winning streak in three years. Improving economic growth and good corporate profits in Europe and globally should drive higher demand for European equities as noted in our Investment Outlook 2017 note but the volatility could be significant as we approach key EU elections in France, Germany and Holland.

Emerging-market equities slid 0.8%, trimming a fourth weekly gain to 0.8%. Sharpening their finance policies, emerging-market equities slid 0.8%, trimming a fourth weekly gain to 0.8%. Sharpening their finance policies, emerging-market equities slid 0.8%, trimming a fourth weekly gain to 0.8%. Sharpening their finance policies, emerging-market equities slid 0.8%, trimming a fourth weekly gain to 0.8%.
bond valuations face a risk that interest rates could rise faster than expected if inflation surprises Egypt reported the highest inflation rates could rise faster than expected if inflation surprises expected. They also stated that the agreement between Canada and the Eurozone and the IMF. The figures represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a guarantee of future performance. Investors can go up as well as down and may be affected by exchange rate variations. Future performance is not a guarantee of future performance. Investors can go up as well as down and may be affected by exchange rate variations.
China shifts focus towards growth concerns

USD declined on Fed minutes revealing officials were confident they could raise interest rates gradually with 30% targeting shorter-term inflation. The odds for an increase in March held at 38%. U.S. Treasuries gained, Brent closed at $56 a barrel. Gold closed at $1,257.35 an ounce, heading for a fourth weekly gain. Chinese finance ministry raising growth concerns are at the forefront, as government introduces initiatives to fuel growth. Even after government efforts, yuan is expected to depreciate in 2017 making long USD over CNY trade attractive.

Amid looming trade war concerns with the U.S., Chinese economy is slowing, domestic consumption and business environment becoming increasingly unaffordable and the yuan is depreciating. While attempting to minimize yuan depreciation, China’s foreign currency reserves fell for a seventh straight month in January to $33 trillion, the lowest in almost six years. The government is making persistent efforts, as it acknowledges a rapid slowdown in growth could create social and political instability. China is now prioritizing growth over economic and political stability. China is now prioritizing growth over economic and political instability. The level of collaboration signals a shift toward a more unified approach to financial market supervision in drawing up new measures to curb the nation’s $8.7 trillion of asset-management products, which include investments in bonds and risky off-balance-sheet lending by banks extending up to more than three quarters of China’s $11 trillion GDP. These products issued by banks surged 30% to 26 trillion yuan ($3.8 trillion) last year. China’s banks, with total assets of $34 trillion, are also grappling with rising non-performing loans and slower profit growth.

By adopting a timely shift in strategy, China has bought itself time. The hope is that global economic conditions begin to improve during the latest phase of this borrowing binge. This should help Chinese growth to become self-sustaining and allow the authorities to attention to return to much-needed economic reforms. With the shift back towards prioritizing growth in China, coupled with accommodative policies across the major developed markets, riskier assets around the world (such as shares and bonds) are likely to be supported in the near-term. However, on a longer-term horizon it is prudent to consider a range of possible outcomes, including those where China is faced with a sharper slowdown in growth, with particular focus on securities in sectors such as banks and lower-quality property companies, which would be at the center of any longer-term issues. Investments in high quality corporate bonds appear attractive, but come with a risk of corporate defaults. Authorities in China are also preparing contingency plans for the yuan and capital outflows. With analysts expecting further weakening of the yuan this year, domestic and corporate financial moves to support the currency can be effective for anything more than a short time. There is an opportunity to profit from the USD outperforming the Chinese currency. As efforts from China to maintain currency levels continue, there is a consensus that yuan will decline in the long run.

Market developments during the week

This week’s important release was Fed Chair Janet Yellen’s speech in which officials showed that although thought a rate increase may be appropriate “fairly soon,” to avoid overheating the U.S. economy. While the report was dovish enough to slightly weaken the dollar, it did not contain enough clear direction to cause a shift in rate market. The odds for an increase in March held at 38%.

Services and manufacturing PMIs from Markit both missed expectations, however, both reports indicated strong output growth nonetheless. Weekly unemployment claims crept up slightly to a still low 244,000.

Investors now await President Trump’s first speech to Congress next Tuesday. It will be three weeks since President Trump promised something “phenomenal” with respect to tax reform and investors are starting to count on this opportunity for tax reform disclosure.

Currencies

USD declined on Fed minutes revealing officials were confident they could raise interest rates gradually without triggering short-term inflation. On Friday, the Bloomberg Dollar Spot Index dropped 0.2% after falling 0.3% in the previous session. The euro strengthened 0.3% to $1.0605. The currency rebounded, after briefly falling below $1.05 for the first time in almost six weeks, as French centrist Francois Bayrou bowed out of the presidential race and offered his support to independent candidate Emmanuel Macron.

The yen added 0.4% to 112.22 per dollar, heading for a fourth weekly gain. Silver rose 0.8%, headed for a ninth weekly gain, the longest run of gains since 2006 as political risk in the U.S. and Europe has boosted investor demand for a haven. Natural gas, the worst-performing major commodity of 2017, is headed for a fourth weekly loss. Copper rose 0.8%, and $5,875.60 a metric ton, rebounding from the biggest drop in the past 17 months as traders turned back to the metal as speculators return to long positions at big mines. Nickel added 1.1%.

Other major economies

Euro area

Optimism breaks out in the euro area with PMIs surging. Economic activity unexpectedly rose to the highest level in almost six years, with the composite PMI for February climbing to 56.0 from 54.4 in January, as the eurozone area’s two largest economies, Germany and France, continued to grow at a pace that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year. The rise was driven by the common-currency area’s two largest economies, with rising sales and fuller order books, though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year. The rise was driven by the common-currency area’s two largest economies, with rising sales and fuller order books, though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year.

Markit. Companies are currently firmly focussed on expanding in the face of rising sales and fuller order books, though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year. Though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year.

Bonds

U.S. Treasuries gained, with the yield on benchmark 10-year notes falling two basis points to 2.35%. European debt advanced, with the ECB’s bond- buying program seen driving the sector. German 10-year yields fell three basis points to 0.23%, while French benchmark yields dropped 10 basis points to 0.95%. U.K. 10-year gilts are trading at their lowest level since before the U.S. election yielding 1.12%.

Commodities

Weaker West Texas intermediate traded 0.8% lower at $53.98 a barrel. Brent fell 0.9% to $56.06. Oil pared its weekly advance after data showed U.S. crude stocks rose less than expected in the U.S. Energy Information Administration committee sees group’s compliance at 90%, albeit at 65%.

Gold climbed 0.6% to $1,257.35 an ounce. Heading for a fourth weekly gain. Silver rose 0.8%, headed for a ninth weekly gain, the longest run of gains since 2006 as political risk in the U.S. and Europe has boosted investor demand for a haven.

Natural gas, the worst-performing major commodity of 2017, is headed for a fourth weekly loss. Copper rose 0.8%, and $5,875.60 a metric ton, rebounding from the biggest drop in the past 17 months as traders turned back to the metal as speculators return to long positions at big mines. Nickel added 1.1%.

Major economy

Euro area

Optimism breaks out in the euro area with PMIs surging. Economic activity unexpectedly rose to the highest level in almost six years, with the composite PMI for February climbing to 56.0 from 54.4 in January, as the eurozone area’s two largest economies, Germany and France, continued to grow at a pace that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year. The rise was driven by the common-currency area’s two largest economies, with rising sales and fuller order books, though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year. The rise was driven by the common-currency area’s two largest economies, with rising sales and fuller order books, though signs of stronger growth and further upward in price pressures are appealing, there are still concerns that impact of uncertainty around the elections and Brexit continue to disrupt the business environment this year.

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

FTIM Safety First 1 is currently a cash product with returns in line with base rate

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return 06/01/17</td>
<td>1.53%</td>
<td>1.42%</td>
<td>0.17%</td>
<td>1.84%</td>
<td>0.89%</td>
</tr>
<tr>
<td>Return 03/01/17</td>
<td>2.91%</td>
<td>1.91%</td>
<td>0.45%</td>
<td>2.22%</td>
<td>1.30%</td>
</tr>
<tr>
<td>Return 01/01/17</td>
<td>4.38%</td>
<td>3.99%</td>
<td>3.41%</td>
<td>7.31%</td>
<td>3.30%</td>
</tr>
<tr>
<td>Return 29/09/17</td>
<td>5.63%</td>
<td>5.32%</td>
<td>1.26%</td>
<td>3.44%</td>
<td>10.10%</td>
</tr>
</tbody>
</table>

*Figures represent performance of a model portfolio. Individual account performance may differ if your independent financial adviser has not used the same index or benchmark as the model. FTIM’s Safety First 1 is currently a cash product with returns in line with base rate.

Date: 24 February 2017

Source: FTIM / FE Analytics

**All figures are in £. All, total return basis and are expressed in U.S. dollar terms. The returns include VAT and a platform fee of 0.2%. Advice charges would depend on the advice made by your independent financial adviser. The data, assumptions, and forecasts used for calculations in this publication represent FTIM’s economic outlook as of 24 February 2017. Actual Past Performance Data is from 29/04/16 only as the models only launched on this date and therefore 5 year performance data is not presented. All the products are managed by FTIM’s team of professional fund managers, which are subject to, and are exposed to, the same market and other risks as any of the portfolio’s investments. The figures represent performance of a model portfolio. Individual account performance may differ if your independent financial adviser has not used the same index or benchmark as the model. FTIM’s Safety First 1 is currently a cash product with returns in line with base rate.

Rating: 10.10% 5.04% 1.91% 5.14%
The economy has shown signs of accelerating and corporate earnings are predicted to surge for the first time in 6 years. While the U.S. equity market has continued to post gains, volatility remains a concern. The S&P 500 has added $2.8 trillion in value to the market, a 17% increase from its lows in February. Despite record closes in a rally that has stretched for more than 6 months, there are no signs of slowing. While many investors remain confident, concern is mounting about the sustainability of the rally.

In addition to strong economic data, the market has been supported by a number of recent events. The Federal Reserve has raised interest rates twice since the beginning of the year, and the prospect of further rate hikes has been a driving force behind the recent gains. The end of the quantitative easing program by the Federal Reserve has also helped to push bond yields higher, providing a lift to equities. The market has also benefited from a number of positive developments in the rest of the world, including a slowdown in China and the continued expansion of emerging markets.

The economic data continues to be strong, with positive reports from around the world. In the United States, economic indicators remain strong, with jobless claims at their lowest level in decades and the consumer price index rising at a steady pace. In Europe, the eurozone is experiencing robust growth, with the euroarea's inflation rate rising to 2%. In Japan, the recent revaluation of the yen has helped to boost manufacturing and exports.

Overall, the market remains optimistic, with investors continuing to look for opportunities to capitalize on the strong performance of the equity market. The key drivers of the market continue to be strong economic data, the prospect of further rate hikes, and a number of positive developments in the rest of the world. While there are some concerns about the sustainability of the rally, the market remains confident that the gains will continue.
On the Brexit front, the House of Lords added a clause that requires the government to permanently repeals, a tax on high-income and replace the Affordable Care Act, proposing to phase out key parts of the law over several years. Called the American Health Care Act, the House Republicans’ proposal includes a refundable, age-based tax credit to help people buy insurance. It ends Obamacare’s mandate and requires people to have coverage, and would eventually eliminate many taxes used to fund the 2010 law. Other changes, like a wind-down of an expansion of Medicaid, are phased in over a period of years.

Other key provisions include:

- Expands the allowable size of health-care savings accounts that can be coupled with high-deductible insurance plans, as much as $5,650 for an individual or $13,100 for a family, nearly twice the limit for 2017 under current law.
- Allows people with pre-existing conditions to buy insurance, but requires “continuous” coverage to discourage people from buying it only when they get sick. Individuals who go uninsured for longer than a set period face 30% higher premiums as a penalty.
- Gives states a $100 billion fund over a decade to help lower-income people afford insurance, and to help stabilize state insurance markets. The fund could be used to help lower patients’ out of pocket costs or to promote access to preventive services.
- Delays until 2025, instead of permanently repealing, a tax on high-cost health insurance plans.
- The Bloomberg Dollar Spot Index dropped 0.3%, trimming a gain in the week. The euro gained 0.3% to $1.0613, rising a second day while the British pound weakened 0.2% to $1.2145. The yen fell 0.4% to 115.39 per dollar, its lowest level versus the USD since Jan. 20 in a fourth day of declines.

### 13 March 2017

#### WEEKLY INVESTMENT UPDATE

### KEY MESSAGES:

- The increasing possibility of a Fed rate hike this week continued to dominate markets with further support coming from a strong US jobs report on Friday.
- USD remained firm, up 0.2% on the week. The S&P 500 was marginally down, 0.3%. The yield on 10-year treasuries softened to 2.59%. Oil traded below $50 level amid increasing stockpiles data as OPEC output curb impact wanes. ECB President signaled no sense of urgency in monetary policy as economy sees firmer recovery. Euro traded above USD. GBP traded below EUR and USD amid flattening data and Brexit uncertainty.

### Market developments during the week

After a lot of hawkish comments about the March rate hike possibility, markets looked to Fed Chair Janet Yellen for further clues last week. Yellen seemed to echo the comments of her colleagues and suggested that the Fed is indeed about to raise interest rates, specifically mentioning this month’s meeting as moment to assess a possible hike. She capped a week of rising expectations about an imminent interest-rate increase by explicitly supporting a hike in mid-March if U.S. economic progress persists pushing market implied odds of a rate hike next week close to 100%. The upcoming Fed meeting is due on March 15-16. Yellen stressed that inflation and employment data have been meeting policy makers’ expectations, and growth abraid is either stable or slowly improving, clearing the way for further gradual increases. This further stressed the relevance of the jobs report which came on Friday and supported the now inevitable case for an early rate hike. Payrolls gained 235,000, driven by construction and manufacturing. Average hourly earnings increased 2.6% in the past 12 months. The unemployment rate fell to 4.7%.

Markets have been progressively pricing in the March rate hike possibility and after the jobs report US equities enjoyed a rebound. The pound’s decline from faster inflation is the result of rising input costs. The squeeze on households from higher input costs is the result of the pound’s decline since the Brexit vote. This risks further GBP declines.

On the economic front, IHS Markit’s gauge of manufacturing and the dominant services sector fell in February, with both readings coming in below estimates. While the construction index rose, that wasn’t enough to stop the composite Purchasing Managers Index falling to a six-month low of 53.6 from 55.5. GBP/USD fell after its publication and was down 0.3% to $1.2216.

Consumer borrowings softened as U.K. consumer credit remained below average in January. Unsecured lending to imports, reflecting the impact of the pound’s decline since the Brexit vote in June. Jason Granite, Chief Investment Officer

### FTIM Safety First Performance

**Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance**

<table>
<thead>
<tr>
<th>SINCE INCEPTION</th>
<th>SINCE LAUNCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>ftim safety first</td>
<td>ftim safety first 1</td>
</tr>
<tr>
<td>ftim safety first 2</td>
<td>ftim safety first 3</td>
</tr>
<tr>
<td>ftim safety first 4</td>
<td>ftim safety first 5</td>
</tr>
<tr>
<td>ftim safety first 6</td>
<td>ftim safety first 7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date: 05 March 2017</th>
<th>Source: FTIM / FE Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>ftim safety first 1</td>
</tr>
<tr>
<td>1.53%</td>
<td>1.42%</td>
</tr>
<tr>
<td>3.26%</td>
<td>2.91%</td>
</tr>
<tr>
<td>4.38%</td>
<td>2.31%</td>
</tr>
<tr>
<td>5.63%</td>
<td>1.92%</td>
</tr>
<tr>
<td>10.10%</td>
<td>5.04%</td>
</tr>
</tbody>
</table>

**FTIM Safety First 1 is currently a cash product with returns in line with base rate**
Equities

The S&P 500 Index climbed 0.5%, paring a weekly slide to 0.3% upon supportive job report. Health-care shares contributed positively to the measure. Pharma shares were down mid-week upon tweet from President Trump regarding drug prices. He promised to lower medicine costs for U.S. people. This came after House Republicans unveiled their long-awaited legislation to repeal and replace the Affordable Care Act late Monday, which also touted Tuesday, adding that competition will come later in the health-care rollback.

The Stoxx Europe 600 Index rose 0.3%, as the FTSE 100 gained 0.5%.

The MSCI Emerging Markets Index advanced 0.5% to pare its weekly drop.

Bonds

The yield on the U.S. Treasury note due in a decade slipped to 2.59%. It climbed five basis points Thursday to exceed the 2.6% mark that Bill Gross, the bond-market veteran at Janus Capital Management, said will signal the start of a bear market, should it hold on a weekly basis. The rate hike projected to come next week also put upward pressure on the 2-year Treasury yield, which remained near a 9-year-high.

European bonds were mixed after Mario Draghi said the ECB committee discussed altering its forward guidance on rates, striking a more hawkish stance.

German benchmarks fell with the 10-year yield adding two basis points to 0.45%, the highest since Feb. 1. Italian, Spanish and Portuguese bonds gained.

Commodities

WTI crude gained 1.3% to $49.98 per barrel after positive jobs report. Futures recovered 1.4%, paring a slump of 7.6% in the past four sessions. The price fell 2% on Thursday to the lowest close since Nov. as signs of a continuing supply glut boosted. As the OPEC efforts to curb production to underpin demand may have reached an end as global growth picks up. Draghi acknowledged a firmer rebound, excepting forward guidance stating there’s no longer a “sense of urgency” in monetary policy. Though headline inflation remained below the central bank’s belief that it’s sustainable over the medium term at those levels. Draghi’s stance is that such a discussion is premature. Instead, the ECB may focus on wages, which despite the recovery haven’t really delivered significant benefits to ordinary euro citizens.

The Euro ended the day 0.3%. Whether the mixed message was intentional or not, it neatly set the stage for a gradual progression that ought to take place during the decade. As quantitative easing is slimmed down to €60 billion ($63 billion) a month from April and the currently scheduled end of bond buying, in December. Approaches. Investors already have higher borrowing costs in sight and are worried that the ECB will in the future use its emergency fund. The ECB will normalize monetary policy.

On the economic front, Gross domestic product in the euro area rose 0.4% in the fourth quarter. Household consumption added 0.3% point to growth, the European Union’s statistics office said, and with imports outpacing exports, trade contributed a drag subtracting 0.1% point from GDP, according to the report.

Household and government consumption rose 0.6% each, and investment was up 0.6%.

Meanwhile, the Eurozone industrial orders released this morning are at their worst since 2009 on a monthly basis. The data is volatile, but the 7.4% decline was more than twice as steep as analysts had expected.

On the political front, the French and Dutch elections continue to produce market moving headlines throughout the week. Before France, however, is the parliamentary election in the Netherlands. While the Dutch economy continues to recover, investors will be waiting to see if a new government will pick up the Netherlands’ continued membership of the EU and, similar to concerns in France, call for a referendum.

Dutch elections are upcoming next week and populist Geert Wilders lead has dropped in recent election polls. Wilders, like his fellow populist leader Marine Le Pen in France is running on an anti-immigrant, EU-sceptic ticket. While the anti- Islam, anti-European Union Freedom Party, known as PVV in Dutch, has been ahead of Wilders in February and employment has increased by 288,100 over the past 12 months, Statistics Canada said Friday. The unemployment rate fell to 6.6%, matching a post-recession low.

Housing starts hit 20X units in February, bringing the 6-month moving average to 203X units—the highest level seen since November 2014.

U.K.

GBP was on its worst run since August versus Euro amid faltering data. The currency depreciated for a sixth day versus the euro. The euro’s strength came as ECB President Mario Draghi gave a more upbeat outlook for the region’s economy at a press conference. GBP also headed for a second week of declines against the yen.

Reports on Friday showed manufacturing, industrial and construction output all shrank in January from the previous month. Factory output fell 0.9% from December, the Office for National Statistics said on Friday. Total industrial production declined 0.4%. Building firms cut output by 0.4%. For many firms, rising input costs remain the biggest concern, with the squeeze on profitability offsetting the competitive edge gained from the weak pound.

Also, housing data yesterday showed demand had dropped to a six-month low last month. Retail Sales Monitor from the British Retail Consortium showed sales contracting 0.4%, the second consecutive month of decline. With prices set to rise further, consumer spending is likely to come under further pressure this year, and possibly become a drag on GDP growth. Also, the week’s main focus was the release of the annual budget by Chancellor Philip Hammond on Wednesday. Hammond said the Office for Budget Responsibility now sees 2017 economic growth of 2% compared with the 1.4% it predicted in November. That still lags the forecast of 2.2% made a year ago before Britain voted to quit the bloc. The budget deficit will be £3.7 billion ($52.9 billion) for 2016-17, Hammond said, compared with the £6.8 billion forecast in November. The OBR forecast the deficit a cut in February from £12.9 billion to £7.5 billion for the next five years.

Philip Hammond’s First Budget was light on new tax measures with a few new developments, which are outlined below.

The tax-free dividend allowance will be reduced from £5,000 to £2,000 from April 2018. The main rate of Class 4 National Insurance contributions for self-employed will increase from 9% to 10% in April 2018, and then to 11% from April 2019.

A report is expected in the summer from the Chief Executive of the RSA addressing the wider implications of different employment practices. His preliminary findings are that choices about how people work are primarily made based on tax treatment. The Chancellor has stated that this should not be the primary driver and is looking to make the tax system fairer and more complex.

A relief package was announced for those most affected by the changes to business rates. A 25% charge will be applied to business transfers made to qualifying recognized overseas pension schemes (ROPS), with exceptions for genuine transfer needs. The package would also seek to offer a return of 2.2% a year on savings up to £3,000. A statutory review of State Pension age is under way with conclusions due to be published in May 2017.

Turning back to Brexit, the Prime Minister Theresa May’s Brexit bill was defeated in the House of Lords, when a second reading of Lords amendments to the bill was defeated. The government will now have to rewrite the draft law. The upper chamber rewrote May’s draft law to guarantee Parliament a “meaningful vote” on the outcome of exit talks, potentially vetoing any final agreement and stopping the premier walking away without a deal.

This defeat will only serve as a delay to the process, with the upper house can be overturned by a vote in the House of Commons, which will probably come next week.
Q1 2017 Asset Allocation

U.S. Assets

In the early part of the year, we tilted asset allocation towards U.S. equities and U.S. high yield bonds, both deemed to be beneficiaries of U.S. economic resilience and improving business sentiment. Broad U.S. equity exposure was established via iShare Dow Jones Industrial Average ETF (USD) and a U.S. mid-cap focused ETF. In terms of fixed income, U.S. high yield corporate bond exposure was also implemented via iShare USD Short Duration High Yield Bond ETF. Our positive outlook for USD versus sterling was captured via the above asset allocation strategy.

Emerging Markets

President Trump’s election victory produced equity market corrections across several EM based trade partners, most notably Mexico. The sharp equity sell-off and depreciation of the peso were such, that we believed it offered an attractive entry point on a risk/reward basis to initiate exposure via iShare Mexico ETF (USD).

The new asset allocation was funded by a reduction to sovereign debt exposure across the portfolios, and by a reduction in the degree USD exposure was sought. Being mindful of prolonged sterling weakness (linked to Brexit), greater degree USD exposure was sought across the portfolios.

Portfolio De-risking

Several geo-political developments that could potentially produce volatility are looming in Q2. Negotiations, Dutch and French elections and additional U.S. monetary tightening are a few of the issues on the horizon. With healthy returns on several strategies already having been achieved this year, we are actively looking to protect profits, particularly where gains have been double digit. An element of profit protection will apply to several of our U.S., EM and U.K. equity holdings. The sale proceeds will be reinvested as and when suitable investment opportunities present themselves.

Jaseon Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTM’s) Safety First Performance

The FTM’s Safety First 1 is currently a cash product with returns in line with base rate.

FTM Safety First 2

Return: 1.53%

Volatility: 1.42%

Risk-adjusted return: 1.03%

Risk-adjusted return as of March 2017: 2.07%

FTM Safety First 3

Return: 3.26%

Volatility: 1.91%

Risk-adjusted return: 1.29%

Risk-adjusted return as of March 2017: 2.43%

FTM Safety First 4

Return: 4.38%

Volatility: 2.93%

Risk-adjusted return: 1.51%

Risk-adjusted return as of March 2017: 3.22%

FTM Safety First 5

Return: 5.63%

Volatility: 3.21%

Risk-adjusted return: 1.99%

Risk-adjusted return as of March 2017: 3.64%

FTM Safety First 6

Return: 10.10%

Volatility: 5.04%

Risk-adjusted return: 3.19%

Risk-adjusted return as of March 2017: 5.28%

Date: 13 March 2017

Source: FTM / RE Analytics

The FMT’s Safety First series utilises a variety of tools and techniques to manage risk and produce meaningful long-term returns, with the aim of providing investors with a low-volatility, low-risk investment option.

The Safety First range offers a broad spectrum of risk and return options, allowing investors to choose the investment that best suits their investment horizon and risk profile.

The FMT’s Safety First series is designed to appeal to a wide range of investors, including those looking for a low-risk investment option.

China’s central bank raised borrowing costs as a stable economy and factory refutation give it scope to follow the US. The PBOC increased the rates it charges in open-market operations and on its medium-term lending facility. The cost of 7-day, 14-day and 28-day reverse-repurchase agreements was raised 10 basis points each.

The Swiss National Bank kept its deposit rate at minus 0.75% and reaffirmed its threat to intervene to keep a lid on the franc. The triggering of Article 50 could cause the central bank to intervene again, as it did in the wake of last year’s Brexit referendum and at the height of the Greek debt crisis in 2015.

Corporation tax cuts, which account for his proposals to cut taxes, remained in the crosshairs are agriculture programs, clean energy projects and development assistance; the Environment Protection Agency might face a fight in Congress. The State Department would be hit with a 28% reduction below fiscal 2016 levels that mainly targets international aid and development assistance; the Environmental Protection Agency would face a 30% reduction.

Also in the crosshairs are agriculture programs, clean energy projects and federal research funding. However, as before, even these proposals lack specifics. The document doesn’t account for his proposals to cut taxes, resolve internal Republican disputes over entitlement spending, or reveal what the White House forecasts for economic growth. Economic growth is too small to be part of a larger document in May.

On the economic front, US economic growth continues to show positive performance with manufacturing output rising in February for a sixth consecutive month, underscoring a sustained rebound in the industry. Annual growth below fiscal 2016 levels that mainly targets international aid and development assistance; the Environmental Protection Agency.

The 0.5% gain at factories, which makes up 75% of overall industrial output, rising in February for a sixth consecutive month, underscoring a sustained rebound in the industry. Annual growth below fiscal 2016 levels that mainly targets international aid and development assistance; the Environmental Protection Agency.
Canada

The loonie holds the gains registered versus the USD this week after the Federal Reserve meeting, supported by stable crude oil prices that have recovered some 5% from this week’s lows. Also job report revealed employment growth was an impressive 15,300 jobs against expectations of just 600 jobs, and the unemployment rate fell to 6.6%, the lowest since February 2015, and 0.1% above 8-year lows.

U.K.

U.K. employment statistics showed the unemployment rate unexpectedly falling to 4.7% in 3 months through January, while wage growth disappointed as the basic wage growth slowed to 2.3%. With the falling pound pushing up inflation, real incomes on some estimates are set for their worst year since 2013, putting a brake on the consumer spending that drives growth.

U.K. Gilts fell and GBP was trading at its highest levels this month, as investors began pricing in a higher chance of a rate increase. This came as BOE policy maker Kristin Forbes voted for an interest-rate increase. The central bank kept the benchmark rate at a record low 0.25% in an 8-1 vote yesterday. Investors are now pricing an 80% chance policy makers will raise rates by September 2018, compared with about 60% just a day before the vote, money-market pricing shows. GBP/ USD traded little changed at 1.2354 after high of 1.2399; set for a 1.5% weekly gain after a 2.4% decline in the previous 2 weeks. EUR/GBP fell 0.2% to 0.8691. Gilt 10y yield was up 1.6bps to 1.26% after rising to 1.29%, set for 3bps weekly advance. However, GBP is expected to see further trouble ahead as Article 50 trigger nears.

U.K. equity investors are not losing any sleep over Article 50. The stock market looks as though its in no rush to lift rates. French yields for bonds of the same duration climbed two basis points to 1.1%, while German bunds were little changed at 0.46%. That of Italian peers added three basis points to 2.4%.

Currencies

The dollar slipped 0.1%. It weakened against all its major peers except the Canadian dollar.

The euro was little changed at $1.0768; six-month low last week since the period ending Jan. 13. It touched a 5-week high this week on Dutch election outcome, where populist surge was let down.

Equities

The S&P 500 was little changed at 2,382. The index is up 0.4% in the week. Its post-Fed rally out of steam after the index declined within 0.5% of an all-time high.

The Stoxx Europe 600 Index was little changed. European shares rose during the week after the Dutch election eased concerns about the rise of populism.

The MSCI Emerging Markets Index rose 0.3%, bringing its rally for the week to 4.4%, outpacing a 1.3% advance for the MSCI All-Country World Index. Also, Indonesia’s stocks rallied to record as it saw biggest daily fund inflows of $138 million into the local stock market on Thursday, the biggest one-day inflow since October.

Bonds

Treasury trades looked to a weak advance falling 3 basis points to 2.52% spurred by the Federal Reserve’s signal it’s in no rush to lift rates. French yields for bonds of the same duration climbed two basis points to 1.1%, while German bunds were little changed at 0.46%. That of Italian peers added three basis points to 2.4%.

West Texas Intermediate gained 0.4% to $48.84 a barrel and Brent traded up 0.4% to $51.93. Both showing their first weekly gain this month. The surge in prices came after Saudi Arabia’s Energy Minister told the kingdom may prolong production cuts. But among the 11 non-members joining OPEC in an accord, compliance is lagging. Led by Russia, the countries reduced their February output by 240,000 barrels a day from October-November levels, or 43% of their promised 558,000-barrel reduction, according to Bloomberg. The OPEC will meet on May 25 to decide whether to continue its production cuts, aimed at ending a slump in prices. Also helping a revival of crude prices was easing in U.S. stockpiles which declined by 237,000 barrels last week.

Gold was poised for its first weekly advance this month adding 0.3% to $1,230.52 an ounce, on track for a weekly gain of 2.2%.

Other major economies

China’s economy continues its signs of improvement with February seeing the first net fund inflows via cross-border payments since June 2015, data from the currency regulator showed Thursday. Meanwhile, net outflows via yuan payments slowed to the equivalent of $5.5 billion, down from a record $4.7 billion in September, as capital controls by officials over the past four months to prevent money leaving China took effect. With U.S. tightening looming and the People’s Bank of China interest rate at a record low, China’s capital outflow pressures were poised to intensify this year. The central bank has stepped up scrutiny of requests to move money out of the country since last year, and it’s also speeding reform to allow private domestic bond market to lure more foreign investors. The yuan has gained 0.6% in 2017 to 6.9303 per dollar on Friday, while bets on future volatility in the currency are the lowest among emerging-markets.

In the bond market, there are moves to keep the country’s $9 trillion domestic debt market more global as the central bank pledged to create a “more competitive and friendly environment” for foreign investors. The head of China’s currency regulator said in an interview that policy makers support opening the market to let money flow both in and out.

Euro area

The Dutch elections did not produce the expected lurch to the far right, with Geert Wilders’ Freedom Party winning 20 seats in the 150-seat parliament, with more than 90% of the votes counted. Prime Minister Mark Rutte’s Liberals, who won 33 seats, must now seek partners to form a coalition government. Dutch voters turned out in force to back pro-Euro parties and help Prime Minister Mark Rutte’s Liberals easily beat off an election challenge by the Freedom Party of Geert Wilders, drawing a line in the sand over the rise of populism in the U.K., U.S. and Italy which surprised the markets. With this, the probability of a victory for the France’s anti-euro candidate Marine Le Pen also declined. France heads to the polls in April and May, followed by German elections in September.

On the economic front, Spanish and German inflation were now at 3.0% and 2.2% respectively. The confirmation comes after ECB’s President Mario Draghi did not discard the possibility of an interest rate hike at the last ECB’s press conference last week in case price indexes get close to the central bank’s target of 2%. Due to the strength of the Eurozone data over the last months and lower probabilities of a populist political surge in the eurozone, the euro could continue to appreciate over the coming days, although new surprises coming from the French elections cannot be entirely discounted.
The Mexican peso has rallied about 9% versus the dollar this year, setting up for a boilover of its performance in more than two decades. With falling crude prices and currencies of most commodity producers tumbling, ruble headed for its fourth straight month of currency strength on Friday, even after a surprise decision by Russian policy makers to lower the benchmark rate by a quarter point as the appeal of borrowing in dollars and investing in higher-yielding ruble assets endured. Russian assets have been swept up by a surge in demand for emerging-market stocks and bonds since the Federal Reserve last cut a relatively dovish outlook for interest-rate increases in its meeting last week. Analysts at Credit Suisse Group AG including Nnimadu Meyerach estimate that foreigners have bought about U.S.$1 billion of ruble bonds so far this month. The ruble advanced 0.5% to 67.2707, after the Bank of Russia’s decision, its steepest in more than two years. The yield on government 10-year bonds fell about 2 basis points to 7.98%, near the lowest level in at least a year.

**Equities**

U.S. stocks are broadly closed at lower levels compared to last week with a sell off seen in global equities. U.S. stock funds suffered their largest redemptions, prior to Donald Trump’s healthcare bill vote, with $93bn of withdrawals in the week to March 16, the highest since the Brexit vote in June. Banks sank 3.8% in the week, though losses were limited Friday after Donald Trump suggested to the Washington Post that he will turn his attention to tax reform.

European stocks fell for the third time this week, moving further away from a 15-month high they reached at a peak on March 3. Tokyo stocks fell 0.2%. Most industry groups declined, with insurance companies and energy shares falling the most. Deutsche Bank recommended investors sell German stocks, as they rank as the most expensive among major European indices, reflecting the prospect of rising yields and low dividend yields compared to peers. Deutsche Bank also recommended avoiding French stocks. The strategists favor the U.K., their largest overweight recommendation, as its stock market is a defensive beneficiary from further GBP weakness. Asian equities rose for the 10th day in a row this week, although rising US rig counts at an industry meeting in Houston. During the week ended March 14, hedge funds and other speculators increased their net-long position in the price of oil, although the divergence between bets on a price increase and wagers on a decline, as 23% to 287.7%, the largest decline on record and the lowest level since December. WTI tumbled 10% during the period. Longs fell 8.9% to the lowest level since early January, and shorts doubled from the prior week to the highest since November. Speculators’ net-long wagers on Brent crude, the international benchmark traded in London, tumbled by 66,683 to 405,986, data from ICE Futures Europe showed. It was the biggest decline since November. There’s still hope OPEC will continue its efforts to reduce the global glut. The drop in oil prices comes at the worst possible time for drillers, with banks due to start annual credit-line reviews in the coming month. Slide in oil prices could deter lenders from offering up credit. Between the end of 2015 and October, when credit lines were last reassessed, the average borrowing base for US explorers fell 16%, according to data compiled by Bloomberg.

Representatives from five OPEC and non-OPEC members are to gathering for a meeting of the ministers of the Oil Monitoring Committee in Kuwait this weekend to oversee oil production cuts. While OPEC won’t formally decide until May whether to prolong a production-cut deal. OPEC’s supply cuts are providing a windfall for producers of heavy crude from western Canada and the Gulf of Mexico. Prices for Western Canadian Select and Mars grades have strengthened relative to benchmark West Texas Intermediate since OPEC began implementing its reductions this year. These gains have held even after WTI sank below $50 a barrel in April earlier this month amid rising US output. Western Canadian Select was $12.70 per barrel below West Texas Intermediate a week ago, compared to data compiled by Bloomberg, the narrowest discount since June. Mars reached a $1.45 discount this week, the tightest since February 2016. Gold rose considerably this week taking its weekly gain to 1.4% closing at $1,247.9 and were able to participate in this gain with recently increased bullion holdings. Copper slumped 1.8% amid signs supply is returning. Disruptions caused the metal to surge last month to the highest level since 2015. Iron ore futures in China posted an unprecedented slide, as the world’s most active contract in Singapore is lower for a sixth day, and spot prices had the biggest slump since November.

**Major economies**

**Euro area**

The euro remained mainly at last week’s levels. It rallied during the week on positive PMI figures across the euro zone. IHS Markit’s Purchasing Managers’ Index for the euro area rose to 56.7 in March, the highest level in almost six years, and well ahead of economist expectations for 55.5. The index rose broadside in manufacturing and services, while inflationary pressures increased. In Germany, the composite PMI rose to 57.3 for the month, while there was also good news for the French economy where a similar gauge jumped to 57.6.

Markets continue to predict as when ECB will move, following last week’s comments from Walden Nowotny, from the European Central Bank’s Governing Council, who said that “the ECB will decide at a later time whether to raise interest rates before or after ending its bond purchase programs, but will be perceived as increasing the likelihood of seeing at least one interest rate hike, or signals of one coming at the beginning of 2019 if towards the end of the year. His comments raise questions about the ECB’s own guidance, reiterated only a week ago at a gala dinner at the current level, or even fail, until well after the ECB’s €2.3 trillion ($2.48 trillion) bond-purchase program ends.

The ECB’s Governing Council holds its next policy-setting meeting on April 27. Markets, however, don’t see a move until at least June, where it is expected to upgrade the assessment of the risks to recovery and expected to announce another reduction in bond purchases until September.
The commune from the meeting of the Group of 20 in Baden-Baden, Germany, hinges on lagging global protectionism whereas what was repeated was the pledge to overhaul bank-capital rules, with the statement urging the G-20 to finish Banking Supervision to finalize the Basel III reforms. The document didn’t include a new time frame. European regulators have been waiting months for President Donald Trump to install new faces at the four institutions that represent the U.S. on the Basel Committee, led by the Federal Reserve. Germany wants to ink a deal on new measures to stop banks gaming capital rules during its presidency of the G-20, whose focal point is a summit in July. But no breakthrough is possible until the U.S. negotiating team is formed. Germany increased the odds of a deal this week, when regulators said they’re ready to accept an output floor, a blunt check on banks’ use of their own capital models to measure asset risk that could drive up their capital requirements. On Brexit front, leaders from European Union countries, excepting U.K., meet Saturday on the 60th anniversary of the bloc’s founding Treaty of Rome to discuss the way forward after Brexit. Also there was a statement by Commission President Jean-Claude Juncker that the U.K. will have to pay a bill of about £50 billion ($62 billion) when it leaves the European Union, as Britain prepares to trigger the start of Brexit negotiations. Juncker’s statement is the clearest indication from the commission of the size of the bill, and is in line with an estimate cited by Austrian Chancellor Christian Kern last month. The size of Britain’s exit bill will be among the first, and most contentious topics for discussion, with British ministers indicating they do not believe the U.K. is liable for such a large sum.

On election front, the looming risk of Le Pen’s victory appears to have settled down further and is weighing the first Presidential debate in France. Elabe Pollster, an independent poll provider, suggests that the inexperienced Macron was the most convincing of the inexperienced candidates. He has not yet succeeded in passing any legislation and in some ways, so far, it is a case of "style over substance." And with the latest pull back of the healthcare bill from voting, investors are now doubting the influence of President Trump to implement his growth policies. Further Article 50 is being activated on 29th March 2017, not long, and not one person knows for certain what the impact will be upon the U.K. and global economies, which in turn means vulnerability to our clients’ investment. Mindful that Safety First is about the cautious stewardship of capital, it was felt the risks should be protected on a number of investments in the portfolios, most prominently in the equity space. We also reduced risk in the emerging market countries. Euro zone positions initiated on President Trump’s election in November, when investors overreacted and sold indiscriminately, were disposed of. Exchange traded funds giving broad Mexico and Philippine equity market exposures were liquidated and replaced with low risk protections. We now hold around 52 - 60% of our vulnerable clients’ money in our bespoke safety first portfolios in cash. All sales proceeds now sit in deposit awaiting a suitable re-investment opportunity.

Jonathan G.,
Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Performance</th>
<th>Volatility</th>
<th>SINCE INCEPTION (04/01/16 to 24/03/17)</th>
<th>SINCE LAUNCH (29/04/16 to 24/03/17)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>5.63%</td>
<td>2.31%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>3.26%</td>
<td>1.91%</td>
<td>0.57%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>4.38%</td>
<td>2.31%</td>
<td>0.60%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>5.63%</td>
<td>3.23%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
<td>5.04%</td>
<td>2.61%</td>
</tr>
</tbody>
</table>

Date: 24 March 2017
Source: FTIM / FE Analytics
The key highlight of the week was the triggering of Article 50 by U.K. Government. Focus now shifts to whether the U.K. will be able to pursue divorce talks and trade talks in parallel. Strong resistance for this is coming from the EU.

As much of the U.K.’s plans were already announced, the market impact of it was quiet. GBP, Euro were little changed. WTI closed the week with a 1% gain. FTSE 100 closed at 7,341 compared to 7,337 last week. The Stoxx Europe 600 fell 0.3%. Yields on 10-year Treasuries fell 0.4% also supported by reports that Europe Commission President, European trade commissioner and OPEC officials will seek to trigger a revolt against the revised CFD directive, which lets investors bypass the court system to redress claims under the new law. The ministerial committee of OPEC nations and Oman want an extension of the cuts because more than 6.5% for the first three months of 2017, their biggest quarterly loss since late 2015. The ministerial committee of OPEC countries from Kuwait, Algeria and Venezuela and their counterparts from Russia and Oman concluded their meeting on Wednesday with a statement asking OPEC to review the market and give them a recommendation in April on rolling over the cuts. Kuwait’s oil minister and OPEC nations and Oman want an extension of the cuts because more time is needed to drain swollen stocks. Kuwait reiterates Saudi Arabia’s concerns that oil inventories need to fall to the 5-year average. They now stand about 285 million barrels, which is about 6.5% for the first three months of this year. The ministerial committee of OPEC and their counterparts from Kuwait, Algeria and Venezuela and their counterparts from Russia and Oman concluded their meeting on Wednesday with a statement asking OPEC to review the market and give them a recommendation in April on rolling over the cuts.

The Bloomberg Dollar Spot Index rose further capital investment. Trade momentum for hiring and support continued to show the effects of President Donald Trump’s trade policies.

While the inflation rate picked up in the past year on the back of the ECB’s bond-buying program, inflation remains chiefly due to volatile items such as energy and food. Underlying price pressures are still considered weak, and while financial markets are eyeing the ECB’s May meeting more closely, he’s looking for assurances that the medium-term upturn in inflation is sustainable. After this week, the ECB will reduce monthly purchases of public and private debt to €60 billion ($64 billion) a month from €80 billion. Though it plans to continue the program until at least the end of the year.

Consumer price growth in Germany and Italy remained more than expected in March. The better inflation picture, compared with sub-zero monthly prints in early 2016, coincides with data showing a pickup in momentum within the EU, even in the face of potential political risks due to Brexit and the US administration’s stance on the public debt to GDP ratio.

The key highlight of the week was the triggering of Article 50 by U.K. Government. Focus now shifts to whether the U.K. will be able to pursue divorce talks and trade talks in parallel. Strong resistance for this is coming from the EU.

As much of the U.K.’s plans were already announced, the market impact of it was quiet. GBP, Euro were little changed. WTI closed the week with a 1% gain. FTSE 100 closed at 7,341 compared to 7,337 last week. The Stoxx Europe 600 fell 0.3%. Yields on 10-year Treasuries fell 0.4% also supported by reports that Europe Commission President, European trade commissioner and OPEC officials will seek to trigger a revolt against the revised CFD directive, which lets investors bypass the court system to redress claims under the new law. The ministerial committee of OPEC nations and Oman want an extension of the cuts because more than 6.5% for the first three months of 2017, their biggest quarterly loss since late 2015. The ministerial committee of OPEC countries from Kuwait, Algeria and Venezuela and their counterparts from Russia and Oman concluded their meeting on Wednesday with a statement asking OPEC to review the market and give them a recommendation in April on rolling over the cuts. Kuwait’s oil minister and OPEC nations and Oman want an extension of the cuts because more time is needed to drain swollen stocks. Kuwait reiterates Saudi Arabia’s concerns that oil inventories need to fall to the 5-year average. They now stand about 285 million barrels, which is about 6.5% for the first three months of this year. The ministerial committee of OPEC and their counterparts from Kuwait, Algeria and Venezuela and their counterparts from Russia and Oman concluded their meeting on Wednesday with a statement asking OPEC to review the market and give them a recommendation in April on rolling over the cuts.

The Bloomberg Dollar Spot Index rose further capital investment. Trade momentum for hiring and support continued to show the effects of President Donald Trump’s trade policies.

While the inflation rate picked up in the past year on the back of the ECB’s bond-buying program, inflation remains chiefly due to volatile items such as energy and food. Underlying price pressures are still considered weak, and while financial markets are eyeing the ECB’s May meeting more closely, he’s looking for assurances that the medium-term upturn in inflation is sustainable. After this week, the ECB will reduce monthly purchases of public and private debt to €60 billion ($64 billion) a month from €80 billion. Though it plans to continue the program until at least the end of the year.

Consumer price growth in Germany and Italy remained more than expected in March. The better inflation picture, compared with sub-zero monthly prints in early 2016, coincides with data showing a pickup in momentum within the EU, even in the face of potential political risks due to Brexit and the US administration’s stance on the public debt to GDP ratio.
no separate negotiations” between individual capitals and the U.K. Europe’s political uncertainty eased this week, as markets were buoyed somewhat by an impressive, and unexpected, victory for incumbent German Chancellor Angela Merkel’s party in the German general election. Merkel’s Christian Democratic Union (CDU) which posted its biggest win in 13 years, underscoring the challenge facing the Social Democratic Party trying to deny the CDU a fourth term. This has helped further reduce some of the perceived political risk that has dogged the single currency over recent months, given that Merkel is up for re-election later on this year. It is perhaps time to look at European equities which have been discounted partly because of political risks and partly because of the fiscal environment.

China
China Manufacturing Gauge climbed to highest in almost 5 years to 51.8 in March. Services index increased to a near record high of 51.7 from 50.4, and the fact that the real strength is with the non-manufacturing PMI suggests that there’s fundamentally a good story going on as Manufacturing growth reflects the effects of stimulus. Still, the brighter picture has been boosted by surging producer prices that may be close to peaking, and the government will have to deal with the hangover of this investment-driven growth. We remain very concerned about the leverage and inflationary pressures in the Chinese economy.

Canada
The Canadian economy started 2017 with a bang as GDP rose 0.6% month-over-month in January on broad-based strength. This sets the stage for another strong quarter of economic growth. Despite an improvement in the economic backdrop, recent Bank of Canada communication has remained dovish in tone. This seems to be due to the level of economic slack, which will take time to be absorbed, resulting in limited near-term inflationary pressure. We remain of the view that the Bank of Canada’s economic forecast will continue to be cautious, and that the Bank of Canada will continue to hold interest rates at historically low levels.

Japan
Japanese inflation registered its first back-to-back rise since 2015 as core consumer prices rose for a second month in February. Many economists expect higher oil prices and a weaker yen to fuel core inflation to near 1% later this year. But Bank of Japan Governor Haruhiko Kuroda has warned that price momentum toward the central bank’s goal of 2% is not sufficient, and that he would need solid evidence of underlying inflation before ending the bank’s record-low interest rate target. For now, there is still sign of sustainable inflation, with weak wage gains during spring negotiations indicating that “real wage growth” will likely remain subdued.

The jobless rate dropped to the lowest level since 1994. Misperceived rate hit 2.8%, easily the lowest among the Group of 7 leading industrialized nations and undoubtedly the envy of many more. But it symbolizes Japan’s challenges as much as its successes. The number of unemployed fell, reflecting a shrinking workforce that is driven in part by an aging population and shrinking. The jobless rate isn’t leading to higher wages because companies are hiring more slowly, and there’s no evidence yet that wage gains are showing up in the labor market. There has been an increase in the number of workers entering the labor force. So, there’s a disconnect, so far, between the unemployment rate and pressure on wages and inflation, one that is limiting domestic consumption and leaving exports to carry a bigger growth burden.

Profit at Japanese companies climbed to a record 20.8 trillion yen in the 3 months ended Dec. 31, according to the Ministry of Finance. Record profit at Japan’s biggest companies didn’t translate to big raises for wage earners at spring pay negotiations as prospects for exporters were clouded by risks to trade and growth in the U.S. and Europe. Trump has threatened to impose a border-adjusted tax, which would in turn hit Japan’s economy, including Toyota, while the U.S. plan’s to exit the European Union could put the brakes on Nissan, which builds cars there for export. Trade restrictions are not the only potential challenge for exporters. The Japanese company has changed its price structure, relative to China’s and Mexico’s, by about 8% of its value against the dollar since Trump’s election, has a history of strengthening when risks to global economic growth rise. That happened after the U.K. voted to exit the European Union and boosting yen of Japanese companies overseas earnings.

Other major economies
Turkey is due to vote on April 16 on a referendum to abolish the post of prime minister and handing President Recep Tayyip Erdogan sweeping executive powers. The vote comes on the heels of a difficult start to the year that’s seen Turkey’s lira drop to record lows, its central bank take more unorthodox steps to boost domestic markets, and government efforts to tempt voters and kick-start a slowing economy. While the changes to Turkey’s politics will be transformational if the package is approved, it’s less clear how it would alter the nation’s economic trajectory. Investors are struggling to see much upside in either outcome. If the outcome is yes, markets are expected to go on a relief rally in Turkish assets as status quo maintained and Erdogan’s role formalized. Investor focus will return to economic fundamentals while attention on the political front shifts to new elections. If no, it won’t prove negative for markets. Erdogan provides a clear contrast with the first scenario, with the likelihood of markedly increased political tensions and early elections increases. Most money managers see a no vote more as destabilizing for markets.

U.K.
It was a big week for the U.K., as its Prime Minister Theresa May was successful in achieving her own set timeline for triggering Article 50 this week. As this was interpreted to have simply confirmed previously announced plans by the government, the market impact of the events has been diminished. Looking ahead, it is news information, particularly the specifics of how much single market access Britain will lose, and about the health of the negotiations process itself that is likely to translate the ability to move stinging.

Just a day after Theresa May formally triggered the process for Brexit, it was customary for the lenders to Lloyds of London and Royal London are setting up subsidiaries outside the U.K., while the investment banks JP Morgan and Citigroup are actively exploring the relocation of key operations. A number of banks and insurers have already confirmed they could move staff. Goldman Sachs is to move hundreds of bankers to Frankfurt and Paris, while HSBC could switch 1,000 investment banking jobs from London to Paris. A key concern for financial firms is whether the U.K. will still hold passporting rights that allow British-based banks and insurers to do business in the rest of the EU. EU leaders have said there will be no new financial services relationship with the bloc until the U.K. government makes enough “progress” on Brexit negotiations and begins fulfilling its bills and citizens’ rights. Now focus shift on whether May will be able to undertake parallel talks.

On the economic front, there was a good amount of data for investors on the condition of the economy. U.K. current account deficit shrank narrowing sharply to 2.4% of GDP, with Britain running a £7.4bn surplus with non-EU countries. But savings ratio hit 10.2%, the highest in the fourth quarter to 3.3% from 3.5% in the third quarter suggesting that people are increasing their savings by £7.6bn. It's a worry sign the economic to squeeze in living standards is under way. Real household disposable income, which adjusts for the impact of inflation, shrank by 0.4% compared with the previous months, the steepest drop in nearly three years. U.K. GDP grew an unreviled 0.7% with a bumper contribution from trade of the 1.7 percentage points. But while trade is expected to underpin the economy this year, it may not be enough to outweigh the hit to consumers from rising food and fuel prices, the downside of a weaker currency.

Economists see growth slowing modestly from 2016’s 1.8%. U.K. house prices fell this month for first time in almost 2 years. Nationwide Index shows home values dropped 0.3% in March. The 0.3% monthly drop, the first since June 2015, pulled the annual rate down to 3.3% from 4.5%. That’s the weakest year-on-year increase in values since August 2015. British consumer borrowing grew at its weakest rate in nearly two years over the past three months, according to Bank of England data, highlighting households’ sense of caution in moving closer to leaving the European Union. Unsecured consumer lending in the three months to February rose at the weakest rate since July 2015 as annualised growth slowed sharply to 8.7% from 10.1% in January, a far cry from September’s recent peak of 12.3%.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTM’s) Safety First Performance

<table>
<thead>
<tr>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Return</strong></td>
<td>1.53%</td>
<td>1.42%</td>
<td>0.46%</td>
<td>2.12%</td>
<td>3.26%</td>
</tr>
<tr>
<td><strong>Duration</strong></td>
<td>1.0</td>
<td>1.03</td>
<td>1.06</td>
<td>1.09</td>
<td>1.12</td>
</tr>
</tbody>
</table>

Date: 31 March 2017

Source: FTIM / FE Analytics

All figures are annual, or based on the past 3 years. Annualised figures represent the compound annual growth rate (CAGR) and are not calendar year returns. *Within the context of this investment strategy, including a long position in a fixed income portfolio, the use of gearing can increase both the risks and the rewards. A balance of 10% gearing is considered to be suitable for an investor whose primary objective is to achieve a higher return. Higher gearing levels may have a higher proportion of their returns coming from capital gains. The figures represent performance of a model portfolio. An individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the prices of an asset around average return. The higher the volatility the more the likelihood of a loss.

Date: 31 March 2017
The U.S. military strikes on Syria after accusing the regime of using chemical weapons. The moves came as part of a broader effort to counter Iran's influence in the region. The strikes put U.S. and Russian forces in a direct confrontation, with Moscow condemning the move as "aggression" and threatening to withdraw from theINF treaty.

Global markets were also in flux, with oil prices rising by more than 3% as the prospect of tighter global supply added to concerns over the impact on economic growth. In the United States, the Dow Jones Industrial Average closed lower as demand for haven assets rose. The 10-year Treasury yield fell by 0.2% to 2.29%, giving it a 2% gain for the week. The dollar also weakened against the yen, with the JPY110.9 per USD.

On the political front, the key event was the summit between President Donald Trump and Kim Jong-un in Singapore. Amid data showing the U.S. trade deficit narrows, the U.S. economy continued to show signs of robust growth. The Federal Reserve announced plans to begin reducing the size of its balance sheet.

Key messages:
- The U.S. military strikes on Syria after accusing the regime of using chemical weapons.
- Global markets were also in flux, with oil prices rising by more than 3%.
- The U.S. economy continued to show signs of robust growth.
- The Federal Reserve announced plans to begin reducing the size of its balance sheet.
Electing a president could be a significant step towards resolving the current political uncertainty in the country. The choice of candidate will likely influence the stance on various issues, including trade relations, economic policies, and international relations. With the election in the midst of the region’s economic growth, the next leader’s approach could have a significant impact on the country’s economic stability and its ability to attract foreign investment.

The election could also affect the political climate in the region, as other countries may look to the outcome as an indication of the region’s direction. This could influence opinions on regional trade agreements, economic policies, and the role of the United Nations in supporting democratic processes. Overall, the election is a crucial moment for the region’s political and economic future.
Geopolitical concerns rose, with President Trump said to have offered to ease friction over U.S.-China trade in exchange for helping deal with North Korea. U.S. dropped a non-nuclear bomb in combat on ISIS positions in Afghanistan. U.S. Russia relations continued to worsen on Syria attack issues. The French election concern reignited less than two weeks before the vote, with increased odds of victory of an anti-EU candidate. Risk off sentiment continued, with global equities falling, Treasury yields dropped during the week to the lowest level since April 2015. The US’s decision to divert an aircraft carrier to North Korea sparked a sell off in South Korea assets and renewed concern of Chinese involvement in any regional conflict. The Kospi slipped the most in more than five weeks and the won was one of the biggest losers among major currencies as geopolitical concerns lingered. South Korea’s war dropped 0.9% after rebonding in the previous two sessions. The ruble fell for the first time this week, while the euro was up less than 0.1% to $1.0615. The Turkish lira fell for a second day, slumping 0.4%. The Australian dollar jumped as employment surged more than expected in March. Equities Global equities were dropping as markets pursued risk off moves. Trading was thin with many markets around the world closed for holidays. The S&P 500 Index lost 1.2% this week closing $53.18 per barrel on Thursday. This brings the third weekly gain for crude, after the index dropped for a fifth straight week, the longest losing streak since December 2015. The US’s Kospi index lost 0.8% for the week. The Shanghai Composite index slipped 0.9%, also capped a weekly decline. Russia’s Rubles slumped more than 4% this week, the worst showing since mid-January. Shares in Turkey slipped 0.3%. Bonds The yield on 10-year Treasuries was essentially flat at 2.24% on Thursday, following three days of declines. Bond yields dropped during the week to the lowest level this year after President Donald Trump said he will not brand China a currency manipulator. Bonds also benefited from Trump’s comments that he likes the Federal Reserve’s low-interest-rate policy and is leaving open the possibility of re nominating Chair Janet Yellen. U.K. 10-year gilt yields slipped 0.14% compared to 1.1% last week. Germany’s 10-year bunds yield 0.18%, eight basis points lower compared to previous week. Commodities West Texas Intermediate crude rose 1.3% this week closing $55.18 per barrel on Thursday. This brings the third weekly gain for crude, after IEA disclosed market nearing balance, and expectations that further cuts to keep oil prices above $50 per barrel will be needed. Iron ore dropped to a further process of negative outlooks, with Barclays among banks saying that gains were unsustainable, along with Australia iron ore producers seeing some mining companies. There is concern that curbs in China may hurt steel consumption, as well as forecasts that a further expansion in mine supplies will put downward pressure on iron ore prices. Chrome oxide prices continue to remain high. China’s steel industry is experiencing a further impact on steel demand, as steel production has exceeded the targets set by the government. The steel industry is facing increasing pressure to reduce emissions and improve the environment. The steel industry is expected to continue to face significant challenges in the coming months, with the steel market likely to remain volatile. As a result, the steel industry is expected to experience further declines in the coming months.
Major economies

Euro area

Though euro remained close to last week's level, it was weak during the week versus GBP, demonstrating the extent to which political risk continues to weigh on the single currency, especially in light of the attempted bus bombnings and upcoming French elections.

The French elections are now closer and the only sure thing is gridlock in Parliament, as the two front-runners for the voting that begins April 23, National Front's Marine Le Pen, head non-establishment political movements that are unlikely to get majorities in the legislative elections that follow in June. Should either become France's president, they would be forced to seek uncomfortable alliances with rivals, or risk five years of limbo. As regards the polls, first-round support for Melanchon rose by 2% to 18%, according to a daily poll released Monday by Opinionway.

The Kantar survey mirrored by the Bloomberg poll composite, gives both Melanchon and Fillon about 18% and Macron and Le Pen just over 23%, putting all four candidates in a position to be among one or two top after the first round of voting.

China

China’s broadest measure of new credit increased more than estimated in March, amid growth in shadow banking. Aggregate financing stood at 21.2 trillion yuan ($308 billion), the PBOC reported. New loans slowed for a second month, while the money supply increased at the most sluggish pace since July.

On the trade side, China’s exports jumped 16.4%, the most in 2 years, while imports, at a pace of 18.5% and Macron and Le Pen just under 23%, putting four candidates in a position to be among one or two top after the first round of voting.

Other major economies

Australia

Australia’s central bank signalled deeper concern amid heightened risks from rising household debt and escalating property prices in Sydney and Melbourne. The Reserve Bank of Australia, in its semi-annual Financial Stability Report, said interest-only loans are rising and now account for almost a quarter of owner-occupied mortgages. It also noted about one-third of mortgage holders have either no buffer or less than one month’s repayments. Under regulators’ latest tightening measures, home lenders will have to restrict interest-only loans to 30% of total new residential mortgages. Lenders will also have to place strict limits on the number of interest-only loans of more than 80% of a property’s value, and ensure strong scrutiny and justification of any interest-only loans of more than 90% of a home’s value, the Australian Prudential Regulation Authority said.

Egypt

Egyptian Inflation accelerated at slowest pace in more than 5 months. The annual rate reached 30.9%; monthly rate 2%. The price shock from the pound’s flotation appears to be ebbing.

Turkey

Turkey’s net foreign exchange reserves fell to $29.9 billion last week, an 11-month low. Central bank actions such as new swap auctions have been effective in helping to boost the currency from record lows, but they also contributed to the 21% decline in reserves from their peak this year. Lira fell, as Turks are due a vote this weekend on a proposal to reshape Turkey’s democracy by abolishing the post of prime minister and handing President Recep Tayyip Erdogan sweeping executive powers. Investors are struggling to see much upside in either result. Turkish equities started the week on a week-on-week basis.

On a positive note, Turkey’s plan to spur lending is paying off ahead of referendum. Loan-growth accelerated as the incentives start working. Annual loan growth quickened to 21.2% at the end of March, matching levels achieved in January that marked the fastest pace since July, according to the banking regulator, known as the BDDK. The acceleration comes after the government introduced incentives including state-guaranteed loans, tax cuts and looser banking provisions to help revive the nation’s economy after a failed coup attempt in July. Questions remain on whether the government’s lending targets can be sustained. The loan-to-deposit ratio of banks climbed to a record 124.8% at the end of February, according to the banking regulator data, which means banks either need to attract more deposits or borrow externally to find fresh funding. Banks are seeking a change in the way their liquidity-coverage ratios are calculated to free up more cash.

The timing couldn’t be better for President Recep Tayyip Erdogan and the government’s efforts to reignite economic growth before a referendum this weekend that could give him sweeping new powers, whose administration has been grappling with a stubbornly high inflation rate, growing public debt and high levels of corporate debt.

Singapore

Singapore left monetary policy unchanged and stated it can maintain a “narrow range” for the exchange rate for an extended period of time to help support the economy’s recovery. Singapore’s economy grew at its fastest pace in more than five years with GDP rising an annualized 12.3% driven by strong manufacturing and services sectors. The economy is closely watched as a barometer for growth in the region, and, in some areas, as a proxy for Chinese activity.

South Korea

South Korea also held its key interest rate steady as exports and inflation data indicate the economy is improving.

Saudi Arabia

Saudi Arabia recently came up with its first issue of dollar-denominated Islamic notes, six months after selling the biggest ever bond by an emerging market country. An interest rate used by Saudi banks to price loans stood at its lowest level in almost 14 months. That rate, known as Sabir, will probably find little use after the latest sukuk issue. It raised $5 billion via the inaugural Islamic Bond. The Saudi financial system is also benefiting from a doubling in oil prices, since they hit a 12-year low in January 2016. Saudi banks’ combined loans-to-deposit ratio, a key measure of liquidity, improved to 82.1% in February from 90.8% in August, according to central bank data. Bank lending grew 2.8% in 2016, the slowest pace since 2009, according to central bank data.

Still, the Saudi budget remains in the red and the deficit will probably be 7.6% of output this year as per analysts. That means government spending cuts may continue, hurting growth and reducing demand for investment funds. Loan demand in Saudi Arabia was “subdued” this year, Moody’s Investors Service said last month, while economic growth is likely to slow to 0.4% in 2017, the weakest in nine years, according to government forecast. But with oil firmly above $50 a barrel and the Saudi government proving it can tap international investors for enough liquidity to pay its bills, the economy appears to have some breathing space.

U.K.

GBP rose above 1.25% on Thursday, after President Trump said USD was getting too strong.

Inflation in the U.K. remained at 2.3% in March as the timing of the Easter break led to a drop in airfares, offsetting increases in the price of food and clothing. On the month, consumer prices rose 0.4%, the Office for National Statistics said. Airfares fell 4%, compared with a 23% jump a year earlier, when the Easter holiday fell in March.

U.K. labor market data showed wage growth remains far from matching the rapid increase in inflation seen in recent months. As a result, real wage growth, which is wage growth less inflation, turned negative for the first time since 2014. Consumer spending and the retail industry have been important drivers of growth over recent years, so a simultaneous weakening of these two factors could have critical implications for the U.K. The financial squeeze on Britons appears to be hitting spending power, with the British Retail Consortium reporting on Tuesday that retail sales fell the most in six years in the first quarter. It reported retail sales dropped 0.7% from a year earlier on a like-for-like basis, noting that the timing of the Easter holiday, which this year falls in April, may be distorting the numbers.

Food sales declined 0.2%, their first decline since the period through August.

Real estate prices in Britain’s capital are losing momentum as London’s housing market is in its worst slump since the GFC. Property prices in London 8 years ago, part of a broader slowdown that may continue. The Royal Institution of Chartered Surveyors said its price index for the city fell to the lowest since February 2009 last month. It declined to minus 49, indicating that a good number of agents reported drops in March.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

| FTIM Safety First 1 | is currently a cash product with returns in line with base rate |
| FTIM Safety First 2 | 1.53% | 1.42% | 0.60% | 2.14% |
| FTIM Safety First 3 | 3.26% | 1.91% | 0.85% | 2.46% |
| FTIM Safety First 4 | 4.38% | 2.93% | 1.27% | 3.93% |
| FTIM Safety First 5 | 5.63% | 3.21% | 1.87% | 3.64% |
| FTIM Safety First 6 | 10.10% | 5.04% | 3.02% | 5.20% |

Date: 31 April 2017
Source: FTIM / FE Analytics

All figures are as at 31st April, 2017, unless stated otherwise. All figures shown are indicative of underlying fund charges, including setup fees and/or a platform fee of 0.25%. All figures are before any voluntary financial advice. Calculation of these charges to induce the performance returns.

Actual Past Performance Data is from 29/04/16 only as the models only launched on this date and therefore 5 year performance is not available. The performance shown is Simulated Past Performance.

For more information please contact your financial adviser. The deduction of these charges would reduce the performance shown.
Theresa May’s Reserve’s plan for monetary tightening released next week, while the Federal U.S. President Donald Trump’s travails, threaten to ratchet up market risks around North Korea and Syria that for snap election on June 8. Political constructive economic data. Also U.S. stocks continued to react edged toward $1,282.40 per ounce. as reduced prospects of a chaotic Minister announced snap elections gained 2.1% this week, as U.K. prime USD declined for the second week. pro-growth policies with the latest relatively upbeat on constructive future, markets and analysts are it is not expected to arise in the near The president will also sign memos a “massive tax cut” under a tax reform businesses and individuals will receive. Major announcement of the week care bill would be finished this week and whether the House would vote next week.

Investor sentiment remained relatively upbeat on constructive economic data, positive earnings reports and a dovish-term pro-growth policies with the latest announcement being information on massive U.S. tax cuts to be released next week.

USD declined for the second week. Euro weakened to $1.0698. GBP gained 2.1% this week, as U.K. Prime Minister announced snap elections on June 8 which was seen by markets as reduced prospects of a chaotic exit from the EU.

The S&P 500 gained 1.1%. Treasuries yielded 2.23%. Sill, safe-haven assets remained in demand over looming French election risks. Crude held near $50.73 per barrel, while gold edged toward $1,282.40 per ounce.

Market developments during the week U.S. stocks continued to rise, positive corporate results and constructive economic data. Also, markets attention was on U.K. PM’s call for snap election and growing risks. Political risks are on the rise, with a series of elections in Europe and tensions around North Korea and Syria that threaten to ratchet up market risks. U.S. President Donald Trump’s travails, trying to implement his fiscal agenda are also clouding the growth picture with the latest announcement being information on massive U.S. tax cuts to be released next week, while the Federal Reserve’s plan for monetary tightening looks increasingly unsure.

To expand on above, U.S. President Donald Trump faces no easy options when it comes to preventing a nuclear warhead from developing a nuclear warhead to the United States. It seems increasingly likely that any military strike on Kim Jong Un’s regime would be a unilateral act by the U.S., as Asian allies are cool on the idea. Vice President Mike Pence issued a fresh warning, saying the world mustn’t doubt Trump’s resolve following “decisive action” against Syria and Afghanistan.

On the policy front, President Trump continues to try to get his proposals passed through the Congress. Trump said he wants Congress to pass both legislation scaling back Obamacare, and a spending bill to keep the U.S. government running next week. Congress faces April 28 deadline to pass spending legislation, as the 100-day mark of Trump’s presidency, traditionally a symbolic threshold to measure progress on campaign promises, falls on April 29. But congressional Republicans and the White House are in disagreement over whether a new version of their health care bill would be finished this week and whether the House would vote next week.

Major announcement of the week was President Donald Trump’s strong businesses and individuals will receive a “massive tax cut” under a tax reform package he plans to unveil next week. President Donald Trump also plans to sign an executive order Friday, directing Treasury Secretary, Steven Mnuchin, to review any significant tax regulations from last year, especially those that might burden Americans. The president will also sign memos related to the designation process of systemically important banks and to orderly liquidation authority.

This week investors were also starting to worry about the approaching tightening by the three major central banks—Fed, ECB and the BOJ. Though it is not expected to arise in the near future, markets and analysts are seriously pondering the impending introduction considering the combined balance sheets of the three now totalling about $13 trillion, equating to greater than either China’s or the euro region’s economy as to what will happen if and when policymakers choose to lift the three central banks have all run up huge balance sheets since the financial crisis after buying bonds andballooning their asset balance sheets, handle the transition could make the difference between a global rerun of the 2013 “taper tantrum,” or the near uncontrollable market response to China’s run-down of U.S. Treasuries in recent years. Economists and investors are stepping up analysis of the implications of balance-sheet contraction after minutes of the Federal Open Market Committee meeting which showed officials favor kicking off the process as soon as this year. Federal Reserve Vice Chair, Stanley Fischer, this week, said he doesn’t expect the market to repeat of the so-called taper tantrum of 2013, when the central bank starts to unwind its multi-trillion-dollar balance sheet. While the BOJ appears to be some distance from shrinking its balance sheet, Governor Haruhiko Kuroda has said that’s one of the tasks BOJ will do to unwind its monetary easing policies. That would only be after inflation exceeds 2%, which the BOJ forecasts will come sometime this year starts in 2018. The ECB’s balance sheet will continue to grow until at least the end of this year and isn’t likely to shrink until well after the ECB finally winds down asset purchases. Any discussion on when to start shrinking appears to be some distance away. A key unknown is how the heavily indebted global economy can cope with the rising interest rates that are likely to result from stimulus withdrawal. As central banks squeeze their balance sheets, they will add selling pressure on longer-dated bonds and effectively push up borrowing costs.

Traders are pulling back from bets the Federal Reserve will raise interest rates in June, as inflation expectations continue to fall. The euro has fallen back to about 44% from more than 60% earlier this month. Yields on federal funds futures contracts for June and September have declined to 0.005% before the Bank of Japan set fixed for the 0.1% two days after Goldman Sachs Group Inc. sent it tumbling. European equities swayed between gains and losses with the European regional benchmark seeing a weekly drop of 0.7%, its steepest since late January. A departure from the sell offs that preceded the U.K. referendum last June and the U.S. election in November, European stocks are showing little investor concern in the run-up to the French presidential election. That’s because the Stoxx Europe 600 index is pricing in expectations of a pickup in global growth rather than a political-risk discount, strategists at Deutsche Bank AG wrote in a note. Riding on a wave of optimism over the economic and earnings outlook, an index of the European region’s banks rallied to a 15-month high in March, before posting the second-biggest decline among industry groups this month. At the same time, bets for swings in lenders’ stocks have jumped, and options reached their highest prices since January 2016 relative to those for euro-area blue chips. Lenders in the Stoxx 600 are priced to post 16% growth in profits this year, more than the broader market and more than S&P 500 index banks, estimates compiled by Bloomberg show. A Le Pen presidential win would weigh on the sector, as fears of France leaving the euro would escalate, causing the single currency to collapse and forcing lenders to re-denominate their assets. The MSCI Asia Pacific Index is up 0.5% for the week, after four straight weeks of declines, with help from commodity producers. Japan’s Nikkei 225 index climbed 1.1% higher after Bank of Japan Governor Haruhiko Kuroda said he will retain an accommodative policy stance. The yen was steady at 109.33 per dollar, after dropping 0.4% in each of the last two trading sessions. The currency is down 0.6% for the week.

Equities

The S&P 500 closed at 2,355.01. The measure saw a weekly gain of 1.1% after a spate of corporate earnings left it on track for the best week since February. Financial shares in the S&P 500 Index continued an up-and-down week as American Express Co. propelled the group to a gain of more than 4% after two days after Goldman Sachs Group Inc. sent it tumbling. European equities swayed between gains and losses with the European regional benchmark seeing a weekly drop of 0.7%, its steepest since late January. A departure from the sell offs that preceded the U.K. referendum last June and the U.S. election in November, European stocks are showing little investor concern in the run-up to the French presidential election. That’s because the Stoxx Europe 600 index is pricing in expectations of a pickup in global growth rather than a political-risk discount, strategists at Deutsche Bank AG wrote in a note. Riding on a wave of optimism over the economic and earnings outlook, an index of the European region’s banks rallied to a 15-month high in March, before posting the second-biggest decline among industry groups this month. At the same time, bets for swings in lenders’ stocks have jumped, and options reached their highest prices since January 2016 relative to those for euro-area blue chips. Lenders in the Stoxx 600 are priced to post 16% growth in profits this year, more than the broader market and more than S&P 500 index banks, estimates compiled by Bloomberg show. A Le Pen presidential win would weight on the sector, as fears of France leaving the euro would escalate, causing the single currency to collapse and forcing lenders to re-denominate their assets. The MSCI Asia Pacific Index is up 0.5% for the week, after four straight weeks of declines, with help from commodity producers. Japan’s Nikkei 225 index climbed 1.1% higher after Bank of Japan Governor Haruhiko Kuroda said he will retain an accommodative policy stance. The yen was steady at 109.33 per dollar, after dropping 0.4% in each of the last two trading sessions. The currency is down 0.6% for the week.

Bonds

Treasury yields were at 2.23%. French 10-year yields were at 0.93%. Bond yields gained, with the yield on the benchmark in a decade one basis point lower at 0.24%. Yield on 10-year gilt declined 3bps to 1.04%.

Japan’s 10-year bond yield fell briefly to 0.1% for the first time since November 2016. The benchmark yield rose back to 0.055% before the Bank of Japan convened an emergency buying operation where it maintained the purchase amount for 5- to 10-year maturities at 450 billion yen ($4.1 billion). The yield on the 30-year JGB had boosted that figure from 410 billion yen in late January when yields resisted toward 0.1%. The 30-year bonds yielded 0.01% at the end of the week.

Commodities

West Texas Intermediate closed at $50.73 a barrel. Oil has tumbled 5.2% this week amid a report showing U.S. crude production rose by 17,000 barrels a day to 9.25 million a day last week and output climbing for the ninth week. The decline came despite reports of major crude-producing countries reached an initial agreement to extend output cuts. Gold closed at $1,282.40 per ounce. Iron ore futures climbed 5.1% this week. The metal is having a switchback week, as investors weigh conflicting signals that burgeoning supply will hurt prices further against signs that demand is recovering. New Zealand Banking Group said a recent sell off in the commodity was “overdone” amid bullish price signals.
Euro area

There was little input on economic data with the April PMIs. IHS Markit’s composite PMI for the euro area rose to 56.7 in April from 56.4 in March reflecting economic momentum as growth accelerated to its fastest pace in 6 years, with France unexpectedly outperforming Germany in a strong start to the second quarter as growth in the northern French province is broadening. France’s composite PMI advanced to a 6-year high of 57.4 in April, putting it above Germany’s for the first time since 2012. This echoes IHS Markit. The manufacturing and services index for the zone as a whole also increased, exceeding economists’ forecasts and indicating job creation is rising to the highest level in almost a decade.

The European Commission’s consumer-confidence index for the euro area jumped the most in 5 months in April. The advance put the index at its highest since March 2015, matching the strongest reading before the financial crisis. The euro-area recovery is gathering pace despite a looming election in France, which could result in a president who is openly hostile to the single currency. The economic resilience is slowly pushing the ECB toward a discussion about an exit from its unprecedented stimulus, which it has pledged to keep in place until at least the end of this year.

Though the economic growth is proving resilient, the mood of head-to-head the vote the business mood has clearly been buoyant, France’s elections pose the near-term risk to the market outlook.

The election campaign has officially ended for the Sunday vote. The latest Opinionway poll showed support for independent candidate Emmanuel Macron and far-right contestant Marine Le Pen was stable at 23% and 22%, respectively with Republican Francois Fillon and Socialist candidate Jean-Luc Mélenchon close behind.

The top two candidates in Sunday’s vote move forward to the run-off, which will take place on May 7. Overall, the risk of an outright runoff is expected to fall below 50%.

China

Chinese stocks were plunging with increased regulatory scrutiny and a crackdown on leveraged trading. China’s securities regulator has stepped up criticism of what it called disruptive trading behaviour. The A-share gauge has been the world’s worst-performing equity market over the past few days, with trust companies said to have been ordered to cut exposure to the property sector and the Shanghai securities regulator demanding a crackdown on illegal futures trading.

On the economic front, China has performed well with GDP increasing 6.9% in the first quarter from a year earlier, beating expectations for a 6.8% gain. It was the first back-to-back acceleration in growth since 2010. The surprising rebound reflected high investment and retail sales growth. Both services and manufacturing index rose over the first quarter, according to the National Bureau of Statistics.

Japan

Japan is advancing toward 105 per dollar, a level last seen just before Trump’s win. The yen’s 14.8% appreciation over the past year has taken a hit amid increased risk of a global trade war. Investors are betting that a rise in the yen will help push up Japanese corporate profits and the Bank of Japan will then have less to worry about the risk of the yen appreciate. The Bank of Japan will thus not be forced to intervene in the foreign exchange market to prevent the yen from strengthening.

On the economic front, Japan’s economy has posted growth for two straight quarters, and the government has raised its economic outlook for the July-September quarter to “moderate growth.” Japan’s exports remained relatively resilient, as the yen’s rally has not yet led to a sharp decline in the prices of Japanese goods and services.

While risks remain, the yen’s rise has been contained. The BoJ has repeatedly said it will not let the yen rise too far, as that would make Japanese exports too expensive and hurt the economy. The central bank is also expected to leave interest rates unchanged at zero.

On the inflation front, the BoJ’s monetary easing has not boosted inflation to its 2% target. The headline inflation rate has remained below zero for much of the past year, and deflation remains a significant risk for the economy.

Australia

Australia’s unemployment rate is at its lowest level in over a decade, at 5.0%. However, the rate has been achieved through a high reliance on part-time work and low participation rates. The labor market remains weak, with a large number of people working part-time and low wages growth.

The Reserve Bank of Australia is expected to maintain its current interest rate of 1.5%, despite recent data showing a strong economy. The central bank is likely to keep rates on hold in order to support the economy and give the labor market more time to heal.

Canada

The Canadian housing market made headlines yet this week, with another strong gain in both home prices and sales in March, mostly driven by hot conditions in the Greater Golden Horsehoe Area. Interest rates are expected to remain low to stimulate the economy, and the Bank of Canada has indicated that it is likely to keep its key interest rate at a record low of 1.75%.

On the inflation front, the Bank of Canada’s inflation target is 2%, but the country has been struggling to meet it. The headline inflation rate has been below target for several years, and the Bank of Canada is likely to keep its policy rate at a low level to ensure price stability.

U.K.

The U.K. economy grew at a rate of 0.3% in the first quarter, the Office for National Statistics said on Friday. The figure was lower than expected, but it still represents positive growth for the economy.

Growth in the services sector was strong, with the monthly composite services PMI for March rising to 56.7. The manufacturing sector saw modest growth, with the PMI rising to 55.2. Construction activity also performed well, with the PMI for the sector rising to 52.7.

Despite the strong growth in the service sector, the U.K. economy is facing headwinds. The Brexit negotiations with the European Union are continuing, and uncertainty around the future of the U.K.’s relationship with the EU is likely to continue to weigh on investment.

On the inflation front, the Bank of England kept its benchmark interest rate at 0.75% on Thursday. The decision was in line with expectations, but the bank’s minutes noted that members were divided on the appropriate stance for policy.

Overall, the U.K. economy is expected to grow modestly in the coming months, with risks to both the upside and downside.

Major economies

China

Chinese stocks were plunging with increased regulatory scrutiny and a crackdown on leveraged trading. China’s securities regulator has stepped up criticism of what it called disruptive trading behaviour. The A-share gauge has been the world’s worst-performing equity market over the past few days, with trust companies said to have been ordered to cut exposure to the property sector and the Shanghai securities regulator demanding a crackdown on illegal futures trading.

On the economic front, China has performed well with GDP increasing 6.9% in the first quarter from a year earlier, beating expectations for a 6.8% gain. It was the first back-to-back acceleration in growth since 2010. The surprising rebound reflected high investment and retail sales growth. Both services and manufacturing index rose over the first quarter, according to the National Bureau of Statistics.

Japan

Japan is advancing toward 105 per dollar, a level last seen just before Trump’s win. The yen’s 14.8% appreciation over the past year has taken a hit amid increased risk of a global trade war. Investors are betting that a rise in the yen will help push up Japanese corporate profits and the Bank of Japan will then have less to worry about the risk of the yen appreciate. The Bank of Japan will thus not be forced to intervene in the foreign exchange market to prevent the yen from strengthening.

On the economic front, Japan’s economy has posted growth for two straight quarters, and the government has raised its economic outlook for the July-September quarter to “moderate growth.” Japan’s exports remained relatively resilient, as the yen’s rally has not yet led to a sharp decline in the prices of Japanese goods and services.

While risks remain, the yen’s rise has been contained. The BoJ has repeatedly said it will not let the yen rise too far, as that would make Japanese exports too expensive and hurt the economy. The central bank is also expected to keep rates unchanged at zero.

Australia

Australia’s unemployment rate is at its lowest level in over a decade, at 5.0%. However, the rate has been achieved through a high reliance on part-time work and low participation rates. The labor market remains weak, with a large number of people working part-time and low wages growth.

The Reserve Bank of Australia is expected to maintain its current interest rate of 1.5%, despite recent data showing a strong economy. The central bank is likely to keep rates on hold in order to support the economy and give the labor market more time to heal.

Canada

The Canadian housing market made headlines yet this week, with another strong gain in both home prices and sales in March, mostly driven by hot conditions in the Greater Golden Horsehoe Area. Interest rates are expected to remain low to stimulate the economy, and the Bank of Canada has indicated that it is likely to keep its key interest rate at a record low of 1.75%.

On the inflation front, the Bank of Canada’s inflation target is 2%, but the country has been struggling to meet it. The headline inflation rate has been below target for several years, and the Bank of Canada is likely to keep its policy rate at a low level to ensure price stability.

U.K.

The U.K. economy grew at a rate of 0.3% in the first quarter, the Office for National Statistics said on Friday. The figure was lower than expected, but it still represents positive growth for the economy.

Growth in the services sector was strong, with the monthly composite services PMI for March rising to 56.7. The manufacturing sector saw modest growth, with the PMI rising to 55.2. Construction activity also performed well, with the PMI for the sector rising to 52.7.

Despite the strong growth in the service sector, the U.K. economy is facing headwinds. The Brexit negotiations with the European Union are continuing, and uncertainty around the future of the U.K.’s relationship with the EU is likely to continue to weigh on investment.

On the inflation front, the Bank of England kept its benchmark interest rate at 0.75% on Thursday. The decision was in line with expectations, but the bank’s minutes noted that members were divided on the appropriate stance for policy.

Overall, the U.K. economy is expected to grow modestly in the coming months, with risks to both the upside and downside.
of the EU’s 27 leaders without May in Brussels on April 29. More detailed negotiating directives are scheduled to be approved by governments on May 22, but the EU will wait until after the British election before starting negotiations. The European Union governments are presenting a united stance towards the U.K. with most recent statement from Finland’s Finance Minister Petteri Orpo that instead of showing other EU members that it’s possible to exit the bloc, Brexit will make clear just how economically agonizing the process is, and frighten others away from ever considering a similar path. U.K. assets reflected early confidence with May’s move being perceived to reduce the prospects of a chaotic exit from the European Union. Rescutantly, GBP initially climbed 1.7% to $1.2760, after earlier touching $1.2785. U.K. gilts pared gains with 10-year bonds yield 1.01%, after earlier falling below 1% for the first time since October. Stocks were the outlier, with the FTSE 100 Index reaching the lowest since February, sliding 2.5% as sterling’s gains hurt exporters. The FTSE 250 Index was down 1.2%, reversing some of the gains made last week. The index is still in a bullish trend that started in November, hitting a record high last week. While short-term volatility looks likely, in our view the long-term investment picture remains the same. The next few weeks could see some market froth stirred up by the cut and thrust of electoral campaigning. We remain positive that the global economic environment will continue to support equities and other risk assets. Recent economic data suggests that the world economy continues to grow at a reasonable pace and that global sentiment is upbeat. Corporate earnings growth in Q4 2016 was fuelled largely from improvements in the top-line, meaning that growth came from higher sales, rather than cost-cutting. Central banks in the developed world also remain supportive for businesses, seeking to gradually foster increased economic growth, before reducing the scale of quantitative easing or raising interest rates. Jason Granite, Chief Investment Officer

**Safety First Performance**

<table>
<thead>
<tr>
<th>Period</th>
<th>Performance</th>
<th>Volatility</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.53%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>3.26%</td>
<td>1.91%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>4.38%</td>
<td>2.93%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>5.63%</td>
<td>3.23%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
<td>5.04%</td>
</tr>
</tbody>
</table>

**FTIM / FE Analytics**

President Donald Trump continues to make economic policy decisions while the Trump administration tries to revive major campaign promises and attempts to achieve solid developments ahead of the day. Tensions with North Korea remain. The first round of French elections concluded this week, with Macron and Le Pen becoming the two finalists moving into the second round scheduled on May 7. Emmanuel Macron’s victory led to a huge relief rally in Europe, which also spread globally, with S&P 500 up 1.5% for the week. U.S. 10 year treasuries closed 5 basis points higher to 2.28%. Oil closed at $49.12 per barrel. Gold was $1,268.10 per ounce.

**Market developments during the week**

The first round of French elections concluded this week with Macron and Le Pen becoming the two finalists, as they gained the most votes in a field of 11. Voters chose between them on May 7, with polls showing Macron, the centrist candidate, on track to defeat populist, anti-euro candidate Le Pen. As regards the developments in U.S., President Donald Trump continues to fight an uphill legislative battle to turn his words into action, as he approaches completion of his 100th day in office and kept concerns over North Korea alive. The administration’s tax-cut plan and mixed signals on its view of NAFTA stirred markets this week. The growth slowdown will cast doubt on the Federal Reserve’s resolve to raise interest rates two more times this year.

To expand on above, after US national security leaders’ meeting this week emphasized economic sanctions and diplomacy to persuade North Korea to dismantle its nuclear weapons and ballistic missile programs, President Donald Trump said a major conflict with North Korea was possible if diplomatic solutions fail. Although Senator John McCain said they are exploring every option and the last and the least desirable option is an armed conflict. At the same time, the US is building its military presence, with an aircraft carrier battle group and submarine, as it leaves open the option of striking first against Kim Jong Un’s regime. President Trump praised President Xi Jinping for pressing North Korea, China’s neighbor and ally, saying the Chinese leader was “trying very hard.” State Secretary Rex Tillerson told Fox News that China had warned Kim’s regime it would impose further sanctions if it conducted a sixth nuclear test. China banned coal imports from North Korea this year and the Global Times, a nationalist newspaper affiliated with Communist Party, warned earlier this month that another nuclear test might prompt oil curbs. Trump also ruffled feathers with South Korea in the interview by saying the country should pay for a missile-defense system being installed on its soil, and threatening to scrap a bilateral trade deal. Though support comes from China, still the possibility of military action is receiving strong opposition globally with Russia and China warning that the mounting rhetoric over North Korea could lead to missteps. In comments apparently directed at the United States and Pyongyang, Russian deputy foreign minister Gennady Gatilov told the UN Security Council the “rhetoric coupled with reckless muscle-flexing has led to a situation where the whole world is seriously wondering whether there is going to be a war or not.” Meanwhile, China’s foreign minister Wang Yi too warned against military action stating the use of force does not solve differences and will only lead to bigger disasters.

On the policy side, signals are mixed. The week saw many updates from Trump administration, as he moves to improve executive record before 100th day mark. Investors find progress on pro-growth policies to be scant in first 100 days. A full breakdown of what he has achieved so far shows he hasn’t yet signed into law any of his major policy priorities. The massive tax cuts that were due to be announced this week, though had huge promises, did little to move markets, as it was interpreted to be scant detail. US stocks, which have hit record highs since November, partly due to the expectation of business-friendly tax changes, reversed course and erased daily gains on Wednesday. The S&P 500 Index halted a two-day rally.

The plan included slashing the corporate tax rate to 15%. It also imposes a one-time tax on about $2.6 trillion in earnings that U.S. companies have overseas. The plan would end the taxation of corporations’ offshore income by moving to a territorial system, in which most foreign profits would be exempt from US taxes. Currently, the US taxes business income no matter where it’s earned. On the individual side, it proposes condensing the existing seven-income-tax-rate to just three, cutting the individual top rate to 35%, from 39.6%. It would also end a 3.8% net investment income tax that applies only to individuals who earn more than $200,000 a year, repeal the alternative minimum tax and eliminate the estate tax, which currently applies only to estates worth more than $5.49 million for couples. At the same time, the plan would eliminate the federal income-tax deduction allowed for state and local taxes, a provision that would hit high earners in high-tax states, including New York and California. The plan also ended itemized deductions that would be preserved under the plan would be for home mortgage interest and charitable contributions.

**Weekly Investment Update**

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.

All figures are as of 4/30. All total return data and are compared to underlying fund charges. The past is not an indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

The inclusions above represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Performance shown is net of underlying fund charges, our DFM fee of 0.6%, and total return data and are compared to underlying fund charges. The past is not an indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
It wasn’t immediately clear Wednesday, whether the plan would pay for itself; its huge price tag would subtract enough economic growth to cover the cost of the tax cuts. Economists have called that proposition into question, raising questions about whether any tax cuts it proposes would have to be temporary under congressional rules. Concerns over whether the plan would expand federal deficit. The Committee for a Responsible Federal Budget released a rough analysis saying the plan could cost $3.5 trillion in $10 trillion over the next decade, potentially “harming economic growth instead of boosting it.”

President Trump also reminded the markets of his continued effort towards reducing trade deficit. It was informed that Trump administration was close to scrapping NAFTA leading to a plunge in Mexican peso, the Canadian dollar and shares of companies that rely on cross-border trade. President Donald Trump, however, said Thursday he’s still ready to pull out of the North American Free Trade Agreement if he can’t renegotiate better terms for the U.S. but that he decided to hold off on a decision after appeals from the leaders of Canada and Mexico. Mexico’s peso and Canada’s dollar jumped after a White House announcement Wednesday that Trump would renegotiate the trade treaty rather than end it. His decision Wednesday marks a continuing softening of his rhetoric on trade, after he recently said he would declare China a currency manipulator, another campaign promise.

Trump administration also tried to achieve Congress’ approval of the Republican health bill by again analysing if the proposed amendments were enough to garner support for a new vote as early as next week as conservative holdouts endorsed the bill following recent revisions. But a number of moderate Republicans remained opposed to the measure.

On the economic front, it was reported that the U.S. Economy Grew 0.7% in First Quarter, slower in 3 years after growing 1.2% in prior quarter. Weak auto sales and lower home-heating bills have dragged down consumer spending which rose just 0.3%, the worst performance since 2009. However, this was offset by a pickup in investment led by housing and oil drilling. The GDP slowed owed partly to transitory factors such as warm weather and volatility in inventories, which supports forecasts for a rebound as high corporate among companies and consumers and a solid job market underpin growth. Even so, the weakness at car dealers could weigh on expansion, and further gains in business investment could depend on the extent of policy support such as tax cuts. The data are unlikely to dissuade Federal Reserve policymakers from raising interest rates in the coming months. Economists were largely expecting a weak growth figure, calling it a blip and not a sign of stagnation.

Household sentiment was little changed in April from the previous month, holding at an elevated level on optimism about personal finances, University of Michigan survey data showed. Final April index of sentiment stood at 97 (forecast was 98), after 96.9 in March.

Currencies
The Bloomberg Dollar Spot Index was flat, paring earlier losses. Against USD, the euro gained 1.5% to $1.099 and the pound was up 1% to 1.2953.

yen closed at 111.41, up 2.1% for the week
CAD gained 1.1% to 1.3561 against USD.

The ruble was little changed at 56.94 against the dollar after earlier advancing as much as 0.6% after a bigger-than-forecast rate cut failed to induce its carry-trade appeal. The currency weakened during the week after President Vladimir Putin said the government is taking measures to limit the currency’s world-topping rally in the past six months.

Equities
S&P 500 was up 1.5% for the week closing at 2384.28. Around 10% of companies in the S&P500 have reported Q1 earnings so far, there has been a strong positive trend. Energy producers tumbled after crude slid to $49 a barrel on concern over a supply glut, while energy stocks Morgan Stanley Index jolted 2% to 6047.61 adding to its record high on Amazon, Alphabet strength.

FTSE 100 gained 1.262% to 7203.94. The Stoxx 50 index declined 0.2% on Friday, reducing the 5 day gain to 2.4%, fuelled by the first round win of a pro-euro candidate in the French election and a raft of stronger corporate earnings supporting ‘risk on’ trade across the region. Robust corporate earnings from companies including Swiss Rock-You and Volvo AB bolstered markets. However, during the week, equities pared a third monthly gain as Barclays Plc dropped the most since November and became the latest bank in the region with trading results to lag those of American firms.

With about one-third of companies having reported earnings so far this season among S&P 600 Index members, earnings per share has just reached the 2Q peak, which could be the biggest increase since the third quarter of 2010, according to data from FactSet. Money managers are returning to European stocks after a lull in the first quarter, with flows gathering momentum this week as polls signal a victory for centrist Emmanuel Macron in the May runoff against anti-euro candidate Marine Le Pen. The evaporation of political risk in Europe is sending money managers rush into the region’s stocks at a clip not seen since the year the equities last surged to an all-time high. Buoyed by relief over the outcome of the French first-round vote, investors poured $2.4 billion into European equity funds in the week through April 26, the most since December 2015, according to a Bank of America Merrill Lynch note citing EPFR Global data. There’s optimism about other markets as well. Investors poured $3.3 billion into gold funds in the week through Wednesday, the most since the U.S. election and twice the inflows seen in bonds, the Bank of America note shows. Equity funds saw inflows of $13.8 billion amid optimism that President Donald Trump will cut taxes.

Russian stocks gained, with the benchmark Mics Index climbing 0.3%, set for its best weekly advance since late January. Asian shares retreated this week sliding from fresh 22-month highs as uncertainty surrounding U.S President Donald Trump’s new health bill and ongoing geopolitical concerns weigh on the regional index headed of earnings reports from China’s largest banks. The MOEX Index slipped 0.33% to 149.02 even as it set to post a fourth consecutive monthly advance, its longest winning streak in two years. Japan’s Topix staged its best weekly performance since December showing a 2.9% rise.

Chinese stocks are not following the global rally memo yet. Following a record stretch without falling more than 15% a single session, China’s Shanghai Composite Index fell 1.4%, its biggest one-day loss since Dec 19.

The index is down almost 5%from its mid-April peak, becoming the worst performing national benchmark in the world. The benchmark neared the Chinese stock gauge and other global benchmarks is now near zero. This sell off is being driven by a crackdown on leverage, a move which is also weighing on iron ore prices.

Bonds
Treasuries lowered as GDP data disappoints. The yield on 10-year Treasuries was up five basis points to 2.28%

German benchmark yields rose six basis points to 0.31%, marking a second weekly increase, following stronger-than-expected French 10-year securities also dropped, while yields on similar-maturity Spanish and Italian bonds climbed about six basis points. Russian bonds rallied the most in nine months after the central bank adopted a more than expected rate cut of 50 basis points. The yield on ruble denominated bonds climbed in February 2027 fell. Russian bonds have already handed investors some of the highest returns in emerging markets this year that falling inflation and the ruble’s surge would prompt the central bank to start deeper cuts. Foreign investors poured a record 159 billion rubles ($2.8 billion) into Russia’s local-currency debt in March, expanding their share of the market. The higher rate demand means there’s little risk of substantial ruble weakening, the central bank said in a report published early this month.

Commodities
Oil rose 0.35% to $49.12 per barrel, after tumbling 1.3% on Thursday. Crude is down nearly 3% this month. The energy ministers of OPEC members, the Russian energy minister and Venezuelan oil minister plan to meet their Russian counterpart to discuss extending oil-output cuts amid a developing consensus that they should prolong their joint efforts to boost supply. Saudi Arabia and a number of other Middle Eastern crude producers reached an initial agreement last week to continue output cuts beyond their June expiry. While Venezuela and Argentina backed an extension on Wednesday. Those decisions came after almost four months of limits on production led by the Organization of Petroleum Exporting Countries and the US. Russia failed to achieve their target of reducing oil inventories below the five-year historical average. Gold was up 0.17% to $1,268.10. The metal gained 1.5% in April, its fourth monthly advance after setting a record.

Major economies
Euro area
The euro was on a tear during the week after it became clear that centrist Emmanuel Macron would face off against Marine Le Pen in the Presidency in second round elections on May 7th. Macron’s victory, and the fact he ultimately won the most votes in a close four way race, has been an overwhelmingly euro positive event because of his substantial, often two digit, lead against Le Pen in all major opinion polls of hypothetical second round options for voters. Emmanuel Macron’s victory looked like a huge relief rally across markets. France’s CAC 40 Index was up 4.3% higher. Germany’s Dax added as much as 2.9% to reach an intraday record, while the wider Stoxx 500 index gained 1.9%. France’s 10-year bond yield fell 11 basis points, while the spread to German bunds narrowed 20 basis points, the tightest since January. The euro was trading at $1.0875, having climbed to the highest level against the US dollar since November in the immediate aftermath of the results. S&P 500 futures added 1.2% as the risk-on rally spread beyond Europe. According to Bloomberg’s poll tracker Macron would take 60.70% in the second round, with Le Pen getting 39.25%. This election will be the first time in almost 60 years neither of the two main French political parties will have a candidate in the final round of presidential voting, and so still represents a rejection of the status quo. The long-term scenario is likely to be more investor friendly one than Eurosceptic Le Pen. The euro is not yet out of the woods; campaigning will only intensify in the run up to the second round of voting. Other candidates on both the left and right said they would vote for Macron while issuing strong statements against the National Front. If Macron becomes France’s next president, he may struggle to implement his agenda without a stable parliamentary majority, which could be the next focus of European political risk.

On economic front, the euro-area inflation bounced back to a level in line with the ECB goal and underlying price growth was confirmed as the strongest since August, a sign that the euro area isn’t slipping into a deflationary recession. Eurozone annual inflation rate stood at 0.2% on Friday, reducing the 5 day average by two decimal points to 0.3%. Eurozone inflation was 0.2% below the ECB’s 2% target in April, the lowest since September 2016. The ECB expects inflation to remain close to, but below, 2% over the next two years, predicting a rate of 1.2% in 2018 and 2019. The inflation weakness is set to be a major headache for the ECB monetary policy makers, who have already handed investors some of the lowest interest rates in the world. But the ECB is running out of options, with three main tools at its disposal: adjusting interest rates, adding stimulus that may lead to a policy signal in June. Consumer prices rose an annual 1.5% in April after rising 1.5% in March, according to Eurostat data. The more important measure, core inflation, that excludes volatile food and energy prices, jumped to 1.2%, the most in almost four years and stronger than anticipated. Just a day before the inflation report, ECB policy makers, who kept interest rates and the pace of asset purchases unchanged on Thursday, stressed that they still don’t see a convincing upward trend in underlying prices, even as they acknowledged that risks to the economic outlook have become more balanced. With economists predicting that the central bank will soon begin to taper quantitative easing, and will tighten borrowing costs sooner than previously forecast, the focus will now turn to whether and how it will revise
forward guidance in the upcoming meeting. While the ECB has six weeks and another round of monthly data to process before its next policy meeting, the latest reports will give ammunition to Governing Council members who have publicly aired their view that the time is near to signal the gradual withdrawal of monetary stimulus. Draghi’s concern is that even discussing the matter too soon, let alone acting, will stymie the recovery. Also data this week showed euro-area economic confidence jumped to an almost 10-year high. The index of executive and consumer sentiment surged to 109.6 in April from a revised 108 in March as per the European Commission report.

As regards regional performance, the GDP print in Spain showed renewed momentum, with the economy growing 0.8% in the first quarter. This followed a slew of economic upgrades to GDP projections by the International Monetary Fund, the Bank of Spain and the administration of Prime Minister Mariano Rajoy. The three institutions project growth at 2.6% or more in 2017 as intense job creation and a renewed boost from exports keep the recovery going into its fourth year. A separate release said retail sales on a seasonally adjusted annual basis rose 0.9% in March, beating expectations andsignalling further momentum from consumer spending. Retail sales climbed 0.4% annually in February. Even so, domestic political risks have not dissipated entirely. The Rajoy administration is facing its first major test as a minority government as it seeks to reach a cross-party deal that can get its budget for 2017 approved in parliament. While the government insists approving the bill is crucial to nurture economic growth, project stability and deliver on investment pledges for key ministries, Rajoy doesn’t have enough support yet. France and Austria registered pledges for key ministries, Rajoy stability and deliver on investment to GDP projections by the International

Frenkel Topping Investment Management’s (FTIM’s)
Safety First Performance

<table>
<thead>
<tr>
<th>Performance</th>
<th>Volatility</th>
<th>Performance</th>
<th>Volatility</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53%</td>
<td>1.42%</td>
<td>-0.52%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
<td>1.91%</td>
<td>-0.18%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
<td>2.93%</td>
<td>0.13%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
<td>3.23%</td>
<td>0.67%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
<td>5.04%</td>
<td>1.66%</td>
</tr>
</tbody>
</table>

Date: 28 April 2017
Source: FTIM / FE Analytics

All figures are in %, all returns are annualised. All figures are net of 0.6% DFM fee, including VAT and a platform fee of 0.3%. Absolute charges would depend on the charges made by your independent financial adviser. The deduction of those charges would reduce the performance shown.

Actual Past Performance Data is from 01/01/05 only as the models only launched on this date and therefore 1 year performance data is not available and 24 month performance figures are not reliable to show your long-term performance.

The figures represent performance of a model portfolio, individual accounts may perform differently. The number of years of data will vary as some of the funds were started in February 2005. Performance shown is inclusive of investment charges.

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility, the more risk involved in the investment.

Merkel’s administration and gave higher status and more staff to ambassadors throughout central and eastern Europe. One positive sign for the U.K. is the possibility that the EU may allow talks to cover a trade deal before both sides agree on a specific exit fee for Britain. We see markets pricing in some remaining political risk, given the potential for surprises in the next two weeks. An insignificant shift toward Le Pen in the polls could dampen investor sentiment due to her anti-euro stance. Still, we opine European equities have more potential. We remain positive in global equities while maintaining limited exposure to guard against geopolitical events.

Jason Granite,
Chief Investment Officer
Labor market continued to strengthen even as growth slowed

Fed leaves rates unchanged in 0.75% to 1% target range. The 12-month inflation running close to its 2% goal and slowdown of growth in first quarter is transitory says FOMC. U.S. nonfarm payrolls surged by 211,000 jobs last month after a January gain of 312,000 in March, and unemployment rate dropped to 4.4%, near a 10-year low. Labor market continued to strengthen even as growth slowed. Oil is being hammered by uncertainty over whether the OPEC will extend an agreement to cut production.

Market developments during the week U.S. central banks stuck to their outlook for gradual monetary-policy tightening after they left interest rates unchanged in 0.75% to 1% range in March, and unemployment rate dropped to 4.4%, near a 10-year low. Labor market continued to strengthen even as growth slowed. Oil is being hammered by uncertainty over whether the OPEC will extend an agreement to cut production.

Commodities

Commodities are sinking to a five-month low, almost erase the rally following Donald Trump’s surprise election win. The sell off has been led by industrial metals and oil, two sectors that fuelled raw-materials gains earlier this year. The view that faster global growth would boost demand. Oil slid below $45 a barrel for the first time since OPEC agreed to cut output in November as U.S. shale confounds OPEC’s Cuts. The drop intensifies after Saudi Arabia signalled it’s flagging better-than-expected headline gains in the April jobs report. The Australian government bonds slid on the last trading day of the week, tracking weakness in the U.S. counterparts, following a series of strong economic data, released late Thursday. The yield on the benchmark 10-year Treasury note, rose above 2.5% for the first time since OPEC agreed to extend the oil production cut deal that ends in June, according to the PCE index easily topped the central’s bank’s 2% target for the first time in several years. Household spending rose “only moderately,” but the fundamentals underlying consumption growth “remained solid” U.S. job growth rebounded sharply with 211,000 jobs in April and the unemployment rate dropped to a near 10-year low of 4.4%, from 4.5% in March. The jobless rate has fallen to a level officials see as consistent with their maximum-employment mandate, and inflation is near the Fed’s 2% goal, even if price gains slowed in March. A core measure that strips out food and fuel was 1.6% on an annual basis, based on Commerce Department data, and headline inflation stood at 1.8%. Gross domestic product increased at a meagre 0.7% annual pace in the first three months of the year, down from 2.1% and 3.5% in the back half of 2016. Economists polled by MarketWatch had forecast a 0.9% increase. The Fed didn’t signal any change to its balance sheet policy. It is discussing whether to begin shrinking its $4.5 trillion in holdings, and officials have said they hope to release a plan this year. Former Federal Reserve Chairman Ben Bernanke says the central bank could reduce its $4.5 trillion balance sheet by as much as half. America’s service industries expanded more than projected in April as a measure of orders reached the highest level since 2005, a survey from the Institute for Supply Management showed Wednesday. Non-manufacturing index rose to 57.5, the second-highest since October 2015 (forecast was 58.8) from 55.2 in March; readings above 50 indicate growth. In a U.S. House of representatives on Thursday narrowly approved (217-213) a bill to repeal Obamacare (former President Barack Obama’s health care domestic achievement). The bill still needs to pass the Senate before becoming law, Senator Jerry默认了 Obamacare a “disaster”. Republican lawmakers and supporters say the new bill will lower premiums and deductibles and give consumers more control over their health care. But an array of opponents, including many consumer and patient advocacy groups, say this bill could leave millions facing higher health care bills and less coverage. The Republicans want Medicare, the government insurance program for the poor, to pay only 25% of the income-based tax credits to help the poor buy insurance on individual insurance markets set up by the law, and required everyone to buy insurance or pay a fine. The Republican bill would repeal most Obamacare taxes, which paid for the law, roll back the Medicaid expansion and slash the program’s funding, reduce federal aid for not purchasing insurance and replace the law’s tax credits with flat-age-based credits. U.S. Senate gave final approval on Thursday to a $1.1 trillion spending bill that will finance the government through September with a vote of 79-18, and unlike the health care legislation, the spending bill boosts broad economic growth. The house passed the bill by a 309-118 margin on Wednesday, with four members abstaining - is written to fund the government and a half years on Friday on bailout progress. Yields on the government’s 10-year bonds dropped more than 30 basis points (0.3 percentage points) after the agreement was secured on Tuesday. The market for the Australian government bonds is relatively small, with the vast majority of the government’s debt held by creditors in the EU and IMF. Equities

The S&P 500 ended at a record high, as energy stocks bounced back along with oil prices and U.S. job growth rebounded. Despite the gains, traders withdrew $6.4 billion from the SPDR S&P 500 ETF through Thursday, putting it on pace for the biggest weekly outflow since May 2016 as cash flowed from stocks to bonds - the most since stocks and bonds future are 0.5% short at Rmb466 per tonne after dipping by their daily limit of $0.6 per cent on the Dalian Commodity Exchange to Rmb458.5 (666-48). Copper prices dropped Wednesday the most in 19 months after a jump in inventories increased worries about an economic slowdown in China, the world’s largest consumer of the metal.

Bonds

Treasury yields fell on Friday as investors overlooked the better-than-expected headline gains in the April jobs report. The decline is being driven by expanding U.S. output that’s countering the group’s curbs. Falls in commodity prices were weighing heavily on the Australian market, where the S&P/ASX 200 was down 0.3%. The energy and materials sectors were down by more than 2%, led coal producer Whitehaven Coal, which was down 6.5%. Oil and gas producers Woodside Petroleum and Santos were each down by more than 2%. Currencies

The dollar continued to gain after FOMC held rates, signalled gradual increases. The dollar advanced on Friday after the U.S. economy created more jobs than anticipated in April, though the Greenback erased some of these gains after Labor Report showed slowdown in Wage Growth. Still, it climbed 1% against its Japanese Yen during the week, notching its third straight weekly gain. The Australian dollar and Norwegian krone are the worst performers due to commodity price tumbles. Following a slump in oil prices in Asia, the krone suffered a sharp fall and surpassed the Australian dollar as the worst among major currencies. The Australian dollar is down 6% at a four-month low of $0.7358. The euro is around its strongest point since November, with gains this week pinning its pace of Macron’s well-received performance against the far right’s Marine Le Pen in the final televised debate of the campaign.
Sterling is on a steady rally on Friday against the U.S. dollar after some losses early in the morning. Purchasing Managers Index, together with previous surveys for Manufacturing and Construction, suggested the U.K. economy was growing at around 0.6% a quarter. Bank of England Money Supply data in the meantime showed a steady expansion in mortgage approvals.

Major economies
Canada
Canada’s run of job gains stalled in April and wage gains slowed to record lows. The unemployment rate fell to 6.3%, the lowest since October 2008, but this reflects the departure of 45,500 people from the labor force. About half of those were youth.

China
Growth in China’s services sector cooled to its slowest in almost a year in April as fears of slower economic growth dented business confidence. An unofficial gauge of China’s service sector hit an 11-month low in April, the Caixin service sector purchasing managers index fell to 51.5, compared with a reading of 52.1 in March. Lending rates in China swung on Wednesday after the country’s central bank pumped the most cash into the financial system in almost four months. The cost of short-term lending in China has risen to two-year highs in recent days, following reports that President Xi Jinping had called for concrete efforts to maintain financial security.

Emerging markets
U.S. trade deficit with Mexico climbed to a near 10-year high in March. The trade gap in goods with Mexico stood at $70.3bn in March, a 30% jump compared to the year-ago period and the highest level since October 2017.

Indonesia gross domestic product grew 5.0% in year on year in the first quarter of 2017, a slight increase from 4.9% growth in the December quarter.

U.K. economy
Service sectors activities rebounded during April to grow at its fastest pace since the EU referendum. Surveys of the manufacturing and construction sector this week have also shown strong growth in those sectors.

U.K. business activity growth gained momentum for second successive month in April, with a hat-trick of faster growth signaled by the three PMI surveys. The rate of economic growth in the second quarter is 0.7%, doubled when compared to that of 0.3% in previous quarter. The lesser growth in first quarter was because of a slowdown in consumer-facing parts of the service sector as households cut back on spending in the face of rising prices.

Car sales: U.K. new car sales fell sharp by 20% in April due to significant changes to the vehicle tax system that came into force at the end of the March. Conservatives made big gains in U.K. local elections. First results for nearly 5,000 council seats point to heavy losses for Labour. While the Tories were making solid advances across England and Wales, Labour was in retreat, losing control of Blaenau Gwent, Bridgend and Merthyr Tydfil in its South Wales heartland.

Upcoming events
The Fed’s next meeting will take place June 13-14 in Washington.

Jason Granite,
Chief Investment Officer

FTIM Safety First Performance

<table>
<thead>
<tr>
<th>SINCE INCEPTION</th>
<th>SINCE LAUNCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: 05/03/17</td>
<td>04/04/16</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53% 1.42% -0.92% 3.46% 2.26%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26% 1.91% -0.80% 3.61% 3.59%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.58% 2.93% -0.57% 4.10% 3.43%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63% 2.23% -0.11% 4.54% 3.81%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10% 5.04% -0.64% 5.20% 5.31%</td>
</tr>
</tbody>
</table>

105 106

107 108

Polish strategies for euro zone
with the victory of centrist candidate Macron in Sunday’s French Presidential election. Market reaction to it was mostly muted as defeat of anti-euro candidate Le Pen was priced in.

While USD pared a weekly gain amid fairly constructive corporate earnings reports and economic data, the Euro, GBP, Yen were all on a decline. S&P 500 fell 0.3% closing at 2,392. The Stoxx Europe 600 Index rose 0.3%. Europe is now attracting huge inflows in its equity markets as political risk declined. Crude still at $48, even after gaining 3.2% during the week amid data disclosing reduction in stockpiles. Gold rose 0.7% to $1,230.1 an ounce.

Market developments during the week
Markets started the week off on a good note with global equities on the rise and volatility headline. French stocks were being sold off after Emmanuel Macron won France’s presidential election, while fairly constructive corporate earnings and U.S. data buoyed sentiment about economic growth. Sentiment soured later in the week as soft inflation data overshadowed a relatively robust retail spending report. While Washington focused on the firing of the FBI director and its political implications, the impact on Trump’s policy agenda was deemed largely remote. Amid signs of a strengthening American labor market, investors are paying closer attention to comments from Federal Reserve officials for clues on the path for interest rates this year.

On the economic front, U.S. data releases included:
  - Bloomberg Consumer Comfort Index showing the weekly comfort measure declined to 49.7, a six-week low.
  - National economy index dropped to 45.5, biggest decline since Nov. 2015, down from 48.3. Growth of personal finances fell to 59.4 from 59.9. While consumer comfort remains near a 15-year high, Americans were a bit rattled about the prospects for the U.S. economy in the latest week, amid a recent report that first-quarter growth was the weakest in three years. The widespread easing in the comfort gauge across demographic groups could also be a sign that consumers are less optimistic that the Trump administration and Congress will enact policies to boost growth. Still, the index on a healthy run, remaining above 49 for 11 straight weeks, the longest such streak since September 2001.
  - A decline in U.S. jobless-benefit rolls to a 29-year low adds to signs of a tight labor market. Initial jobless claims also remained subdued. Labor Department figures showed Thursday. Initial jobless claims decreased by 2,000 to 236,000. The weekly figure was the lowest since January. The agreement, which grew out of a 100-day action plan announced during an April meeting between President Donald Trump and Chinese President Xi Jinping, reflects daily negotiations with officials in China, Ross said. It represents the first negotiated pact on trade for Trump, who campaigned earlier saying he would get tough on China over unfair trading practices. Trump has since softened his tone as he’s sought the country’s cooperation in mitigating the nuclear threat from North Korea.

U.S. and South Korea’s relations were also in the headlines this week as President Trump approved arming Kurdish fighters in Syria in the fight to capture territory from Islamic State. A decision made over Turkey’s strong objections. U.S. military officials contend that Kurdish fighters are needed in the fight. Turkey also in the headlines this week as Turkey’s President Tayyip Erdogan, the self-declared capital of Islamic State. But officials in Turkey, a U.S. ally and NATO member, maintain the Kurds are linked to militants in their

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.

Table: FTIM Safety First Performance

<table>
<thead>
<tr>
<th>Date: 05/03/17</th>
<th>Source: FTIM / FE Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53% 1.42% -0.92% 3.46% 2.26%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26% 1.91% -0.80% 3.61% 3.59%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.58% 2.93% -0.57% 4.10% 3.43%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63% 2.23% -0.11% 4.54% 3.81%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10% 5.04% -0.64% 5.20% 5.31%</td>
</tr>
</tbody>
</table>

108 109

WEEKLY INVESTMENT UPDATE
that the U.S. and other nations classify as terrorists. Turkey hopes the U.S. will remove its designation, which stems from the Syrian Kurds as stated by its deputy prime minister. Turkish lira also slid as Trump approved arming Kurdish forces. Americans are using the current volatility to spot any signs of deepening tension between the U.S. and Turkey while President Recep Tayyip Erdogan visits Washington next week. However, the major highlight of the week was FBI director James Comey’s removal. USD was lower on a broad basis, after news that James Comey had been dismissed from office by Donald Trump. Although the ostensible reason for the dismissal was due to revelations that Comey had misled a Congressional inquiry last week, as the FBI is currently investigating contacts between the Trump campaign and Russian officials, questions have been raised about the dismissal being politically motivated. The reaction to the news has been subdued, although S&P 500 futures pointed to a slightly lower U.S. open. Analysts are viewing the drama as an unwelcome distraction from the implementation of the president’s agenda and could hamper its efforts to pass a repeal of Obamacare and cut taxes. With limited manpower and political capital, the White House and Congress can wage war on a finite number of fronts. Trump is already mired in a battle over health care and is preparing for a fight over government spending, pushing his plan to slash corporate and individual taxes further into the future. All of that gets harder with the need to confirm a new FBI director and fend off any order for an independent Russian investigation.

Currencies
The dollar pared a weekly gain amid tepid data on retail sales and inflation in the U.S. The yen was at 113.87 per dollar, holding its decline for the week at 1.0%. The euro was down further. The pound decline 0.8% this week closing at $1.0888, the worst for the week at 1%. The yen was at 113.87 per dollar, pushing his plan to slash corporate and individual taxes further into the future.

Equities
All of that gets harder with the need to confirm a new FBI director and fend off any order for an independent Russian investigation.

Commodities
Crude slipped back below $48 a barrel closing at $47.84 a barrel even after climbing up 3.3% on Wednesday, when government data showed a 5.25-million barrel stockpile drop last week. Meanwhile, efforts from various OPEC and non-OPEC nations continued as they tried to communicate the output cutoffs could be extended into the second half of the year, well beyond the to further six months. However, reports from OPEC disclosed that the organisation boosted estimates for growth in rival supplies by 64% as the U.S. oil industry’s recovery accelerates, threatening the group’s attempts to clear a surplus. Production from outside the Organization of Petroleum Exporting Countries will increase by 950,000 barrels a day this year, OPEC said in a report, revising its forecast up about 370,000. The projection is four times higher than in November, when the group announced a production cut to try and re-balance oversupplied world markets. Non-OPEC nations pump about 60% of the world’s oil. Gold advanced 0.7% for the week to $1,230.1 an ounce. Iron ore on SGX AsiaClear in Singapore fell as much as 4.5% to $59 a ton, the lowest since October amid a clampdown on leverage in China, the top consumer, and expanding global supply. The commodity has sunk on concern mine supplies will go on rising just as China’s mills enter a weaker period for delight and policymakers in Asia’s top economy rein in leverage. Stockpiles at mainland ports are near a record after robust shipments from Australia and Brazil, with miner BHP Billiton Ltd. citing the inventories as among risk factors that may tug prices down further. The yield on 10-year Treasury notes has been rising for a seventh week, amid concerns the nation’s deleveraging campaign will drive borrowing costs up. Goldman Sachs Group Inc. projects that the U.S. economic boom continued as factory orders rose a seasonal adjustment and inflation-adjusted 1.7% in March, after expanding an upwardly revised 3.5% in February. The economy expanding 1.7% this year, up from 1.6% forecast in February, and growing 1.8% in its first set of economic forecasts since Brexit, the commission said that risks to euro-area growth are more balanced, though they remain tilted to the downside. At the same time, inflation is projected to be slower than earlier forecasts this year. Unemployment is seen at 9.4% this year, and 8.9% next year, lower than the previous forecasts. Even with political risks subsiding, the EU is bracing to deal with President Donald Trump’s more protectionist trade stance in the U.S., while the next two years are set to be dominated by negotiations with Britain on its exit. On the economic front, Germany’s economic boom continued as factory orders rose a seasonally adjustment and inflation-adjusted 1.7% in March, after expanding an upwardly revised 3.5% in February. The 0.6% in the first quarter serving as confirmation of the European Central Bank’s assessment that the region’s recovery is a “firming, broad-based upswing.” The 0.6% expansion, up from 0.4% in the previous three months, is helped by a surge in investment, a slight increase in consumer spending and a pickup in exports. The pound declined 0.8% this week to $1.29 heading for its first weekly decline since the beginning of April, as a combination of weaker-than-expected economic data and doubts on the Bank of England’s ability to lift interest rates weighed on the currency. The Canadian dollar dropped 0.7% after Moody’s Investors Service downgraded six Canadian banks.

The benchmark had climbed to a 4.35%.

The week started with the most awaited French Presidential election which saw Centrist Candidate Macron receiving 66% of expressed votes leading behind the far-right Marine Le Pen. Macron has never before run for office, he is set to become the youngest-elected French head of state. Macron’s victory over the National Front candidate on a platform of change that stresses staying in the European Union and deals a blow to the populist wave that has roiled western democracies for the past year, after a run-off against far-right candidate Vladimir Putin, who met with Le Pen at the Kremlin in March, and a rebuff to Trump, who said in April that Le Pen was the “strongest” candidate on borders, even if neither leader officially endorsed her. This blow to populism comes after the earlier defeat of anti-EU candidate Geert Wilder in elections in the Netherlands. A pro-European globalist, Macron’s challenge will be to end years of high unemployment and sluggish growth, deal with the terrorist threat that has traumatized the country and, ultimately, restore faith in the political establishment. Macron has pledged to strengthen the Euro, cut taxes on business and kick start competitiveness by allowing more company flexibility with working toppling the runoff to relocate to France. Macron’s first significant announcement will be his prime minister, who will lead a caretaker government until a parliamentary elections in June. They will be crucial for a president whose En Marche! movement has no experience contesting legislative elections. The next will be to try and secure as much support as possible in the parliamentary elections on June 11. Although even with a win, presidential election has been followed by the winner’s party going on to take control of parliament, necessary to name the cabinet, pass laws and set the course for the outcome this time around has been made murky by Macron’s lack of an established base. An Ipsos poll released Monday said that 61% of the French don’t want Macron to win a majority in parliament, even if he was overwhelmingly elected. Much of Macron’s second round came from people wanting to keep the nationalist Le Pen out of office, rather than picking him for his program. The immediate reaction to the result is expected in currency markets was mostly muted. Later, the euro reversed early gains and was down 0.3% to $1.0965, as investors weighed the task ahead. The French stock market’s CAC40 Index opened down 0.7% trimming a sharp rally over the past week as his victory became more likely. The euro further dropped against the dollar as relief over Emmanuel Macron’s victory was replaced by concern the European Central Bank will maintain currency- weakening stimulus. The European Commission said that growth in the eurozone is likely to remain stronger than previously forecast, adding that some risks to the outlook have eased. The EU also raised its growth forecast for the U.S. for the second quarter of the year, to 2.5%. It cut Brexit uncertainty and faster inflation. The commission sees the 19-nation economy expanding 1.7% this year, up from 1.6% forecast in February, and growing 1.8% in its first set of economic forecasts since Brexit, the commission said that risks to euro-area growth are more balanced, though they remain tilted to the downside. At the same time, inflation is projected to be slower than earlier forecasts this year. Unemployment is seen at 9.4% this year, and 8.9% next year, lower than the previous forecasts. Even with political risks subsiding, the EU is bracing to deal with President Donald Trump’s more protectionist trade stance in the U.S., while the next two years are set to be dominated by negotiations with Britain on its exit.
Canada

Loosie saw decline after Moody’s downgraded the credit rating of six large Canadian banks following expanding private sector debt and elevated housing prices. The downgrade of the Canadian banks follows a recent run of deposits at alternative mortgage lender Home Capital Group Inc. that has sparked concern over a broader slowdown in the nation’s real estate market as Canadians are taking on higher levels of household debt. Canada’s banking sector emerged through the last financial crisis in relatively good shape, but with Canada now facing high levels of consumer debt to gross domestic product growth and frothy regional housing markets, Moody’s caution is justified. The downgrade adds to other negative factors weighing on the loonie such as concerns over U.S. trade protectionism and lower oil prices. Bonds fell with yield on Royal Bank of Canada’s U.S. dollar bond due January 2026 adding nine basis points to 3.92% while the rate on TD Bank’s note due in September 2031 rising five basis points. An index of Canadian bank shares fell 0.9%.

Reigniting concern of a housing market bubble, analysts increasingly believe the central bank should halt its policy of keeping interest rates too low for too long. However, signalling an increase would be a shift for Bank of Canada Governor Stephen Poloz, who over the last year has stressed monetary policy isn’t the best tool to address financial-market imbalances.

China

As Chinese shares caved fifth week of declines, global investors are seeing shaking off a rout that’s erased more than $560 billion in the value of Chinese equities, making them the world’s worst performers since mid-April, spurred $21 billion of cancelled debt sales and铜多元资产 junk bond offering is becoming more popular.

This comes as Chinese authorities issued a raft of directives aimed at containing financial risks, sparking concerns that money will be pulled from the market. On Thursday, regulators asked financial institutions to submit data on the costs of interbank borrowing by the end of the day. That followed a Financial News report that said the central bank is increasing coordination with other financial regulators.

China’s banking, insurance and securities regulators have all played a part in the clampdown, focusing much of their attention on the nation’s shadow banking system. The investment products produced by that system have funnelled huge sums of cash into local asset markets, but critics say they employ too much leverage, create dangerous asset-liability mismatches and reduce transparency. Shadow banking assets in China increased by 21% in 2016 to the equivalent of $9.3 trillion, or 87% of gross domestic product, according to a report published Thursday. So far this year, with tightness in money markets, the rate on FDICs saw decline after Moody’s downgraded the credit rating of six large Canadian banks following expanding private sector debt and elevated housing prices.

South Korea elected its new president Moon Jae-in this week. The newly elected President pledged to spend trillions of won creating jobs in South Korea, and to take a fresh look at the deployment of a controversial missile-defense shield that’s angered China. The jobless rate for those aged 15 to 29 was 11.2% in April, rising 0.3% from a year earlier, and more than double the rate for the whole working population. The Bank of Korea projects GDP expansion of 2.6% this year. In the absence of strong domestic demand, exports have been driving South Korea’s economic growth and supporting corporate investment this year. Yet China’s retaliation over Thaad remains a threat, given its status as the region’s biggest trading partner. The tourism industry is already hurting, with the number of Chinese visitors dropping by 40% in March from a year earlier, according to data compiled by PY Standard and Use Trust.

As Chinese authorities juggle the conflicting goals of curbing leverage and maintaining economic growth, with the Brexit referendum looming, analysts are sceptical the economy will be enough to keep the BOE from pushing another rate cut. The FTIM Safety First Performance

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

Date: 12 May 2017
Source: FTIM / FE Analytics

Safety First Performance

FTIM Safety First 2 1.53% 1.42% -0.62% 3.46% 2.26%
FTIM Safety First 3 3.26% 2.91% -0.45% 3.61% 2.59%
FTIM Safety First 4 4.38% 2.93% 0.22% 4.10% 3.43%
FTIM Safety First 5 5.63% 3.23% 0.23% 4.54% 3.81%
FTIM Safety First 6 10.10% 5.04% 1.07% 5.20% 5.31%

SINCE LAUNCH (29/04/16 to 12/05/17)

VOLATILITY SINCE INCEPTION

Performance* Volatility* Performance Volatility

(04/01/16 to 32/04/16) (29/04/16 to 12/05/17)

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
Economic data remained strong with the FTSE 100 index rose to $7,471 higher at U.S.$1.3. The S&P 500 Index to $1.12 while GBp remained 0.5% off as political turmoil in Washington, Markets calm after a global stock sell off as political turmoil in Washington, Brazil hurt appetite for riskier assets. major U.S. stock indices had the worst performance today, with the Dow Jones Industrial Average down 2,382. FTSE 100 index rose to 7,471. Brazil added another layer of woes for investors. To expand on above, among this week’s interesting developments was the news that the CBO said the budget plan to increase spending $200 billion in federal funds, which will be part of the budget proposal. Trump plans to release on May 23, is to provide incentives for at least $800 billion of infrastructure investment by the private sector and state and local governments. Also, the Trump administration took its first formal step toward renegotiating NAFTA, setting the stage for what could be as much as $1.2 trillion in annual trade and shake up corporate supply chains. U.S. Trade Representative Robert Lighthizer is due to go to Congress on Thursday of the government’s intention to renegotiate the 23-year-old accord with Mexico and Canada. Lighthizer was required to do so under a law that enables the president to fast-track trade legislation through Congress. Over the next 90 days, Lighthizer will consult with lawmakers on the position the U.S. will take in negotiations, which could begin as early as Aug. 16. The U.S. administration hopes to wrap up negotiations this year before a final deal is presented to Congress for approval.

On international relations, President Donald Trump sought Tuesday to repair relations with Russian President Vladimir Putin, who was moved to the position of the U.S. will take in negotiations, which could begin as early as Aug. 16. The U.S. administration hopes to wrap up negotiations this year before a final deal is presented to Congress for approval.

On international relations, President Donald Trump sought Tuesday to repair relations with Russian President Vladimir Putin, who was moved to the position of the U.S. will take in negotiations, which could begin as early as Aug. 16. The U.S. administration hopes to wrap up negotiations this year before a final deal is presented to Congress for approval.
Equities
The S&P 500 Index rose a second day, after its biggest drop of the year, trimming losses in a week to 0.4% at 2,382. The week started highly volatile with global equities experiencing a sell-off. The Dow Jones Industrial Average dropped more than 370 points. Nasdaq Composite registered a 2.6% slide.

The MSCI All Country World Index fell 1.2%, and bank stocks were the worst performers. The CBOE Volatility Index jumped the most since the Brexit vote last June, shattering the calm that gripped markets in the past month as the crisis threatened to derail Trump administration’s policy agenda.

The equity market volatility later eased after U.S. President Donald Trump’s administration sought to move past controversies surrounding Russia that have threatened to ensnare its plans for tax cuts and infrastructure spending. Risk sentiment was also helped by better-than-expected U.S. jobless claims and regional manufacturing data Thursday. The FTSE 100 index rose to 7,471 gaining 0.5% this week ahead of June 8 vote. U.K. shares typically gain before elections, despite the initial mixed reaction, markets are bullish for now because such a win will also allow Prime Minister Theresa May to accept a leaving date after a period on the formal withdrawal.

The Stoxx Europe 600 index rose 0.4%, paring its weekly loss to 1.2%, still poised to be its worst since November. The benchmark tumbled 1.7% in the past three sessions as U.S. President Donald Trump faced controversies surrounding Russia, heightening political risk sentiment.

Also effecting the stocks was the latest Brazil political crisis. A Japan-traded ETF tracking Brazil's Bovespa Index dropped 6.5% after an even larger decline on Thursday, closing at the lowest level of the year. Asian stocks ended a tumultuous week on a calm note with most markets advancing after the market tumbled more than 8% a week ago. However, overnight, the MSCI Asia-Pacific Index rose 0.2%, with Japan’s Topix index adding 0.3%, and Indonesian stocks getting a lift when it was revealed that oil refining margins slumped to the lowest since November. Gold closed 2% higher at 1,262.6, its highest level in a week.

Asia-Pacific financial markets were buoyed Friday by the region’s biggest surge since November, even as the currency fell back Thursday and data showed the nation’s economy expanded.

Australians investors also looked past positive jobs data, with the ASX 200 wiping off a 3% plunge in a third consecutive day, set for its worst week in more than six months.

Bonds
The yields on a 10-year Treasury note slipped 8 basis points to 2.25%. Benchmark yields in Germany rose two basis points to 0.37%, while those in the U.K. remained at same levels as last week at 1.09%.

However, Canada 10-year bond yields saw a 10 basis points fall to 1.47%.

Commodities
Crude Topped $50. West Texas Intermediate for June delivery closed at $50.23 a barrel. Futures touched $50.25, the highest since April 21. Prices are up 5.5% this week. The volume traded was about 10% above the 100-day average. Brent for July settlement closed at $53.49 a barrel on the London-based ICE Futures Europe exchange. Prices are up 5.2% this week. The global benchmark crude traded at a $2.94 premium to North America West.

Gains have come in amid optimism OPEC will reaffirm efforts to drain a global glut at their upcoming meeting in Vienna on May 25. OPEC and its partners will meet to decide whether to prolong their supply cuts past June. Several members have voiced support for the proposal to extend cuts after Russia and Saudi Arabia said global inventories haven't yet fallen to targeted levels. Markets, this week, also got some encouragement from the U.S. as supplies fell for a sixth week, a sign that OPEC-led production cuts are starting to be felt in the world's biggest oil-consuming nations.

Bullion climbed as investors cut back on risk, with President Donald Trump’s administration embroiled in controversy after controversy and the dollar sinking to the lowest since November. Gold closed 2% higher at 1,262.6, its highest level in a week.

Measures of annual core inflation fell, underlying Bank of Canada Governor Stephen Poloz’s concern that excess slack remains in the economy citing weakening core inflation figures, along with slow wage growth as evidence.

The average of the central bank’s three core inflation measures, which exclude volatile items like energy and food, considered a better indicator of trends in prices, declined to 1.4%. Statistics Canada, down from a March average of 1.5%.

Also, Canadian Manufacturing Sales recovered a healthy 1.0% in March, after a 0.6% contraction in February.

China
With stocks and bonds in China under pressure amid the country’s deleveraging campaign, policy makers there have turned to the daily yuan fixing to prevent jitters spreading to the foreign-exchange market.

OPEC members have been guiding the currency higher against the dollar in a move that’s caught market watchers by surprise. This comes as efforts from China to improve yuan exchange rates rise to try to find a balance between tackling financial risks while avoiding a wider sell-off that undermines investor faith in the markets and Beijing’s regulatory powers. The yuan is playing a steadying role, too, with foreign investors citing the currency’s stability in the face of spiking bond yields and equity-market whiplash as one of the reasons they’re sanguine about the clampedown.

Traders have been panning bets on yuan weakness, with odds of a drop beyond 7 per dollar by the end of June at 8% per cent, down from 38% two months ago, according to options data compiled by Bloomberg. But strategists still see the currency, which traded at 6.8980 per dollar as of 6 p.m. local time on Friday, retreating to 7.05 per dollar by year-end.

In another effort to bring some stability to the economy, especially its commodities market, the government has decided to open up domestic exchanges to allow more foreign investors as it perceives it would help the economy transition from an oil economy to a commodity importer to a price-maker. China now imports more oil than the U.S. and it’s the biggest buyer of all sorts of items, including iron ore, copper, soybeans, hay and pork. The government has decided to open up its markets more open an important step in negotiating better deals on imports, especially after the economy expanded to become second largest in the world.

Japan
Japan’s gross domestic product grew 2.2% an annualized basis in the three months ended March 31, driven by continued strength in exports and firmer domestic demand. This comes as an advance for the fifth straight quarter, the longest expansion in a decade. While the growth rate may not be a blockbuster by many standards, it’s more than twice the potential growth rate for an economy weighed by aging demographics and stagnant wages. The GDP gain comes amid support from exports with net exports adding 0.1 percentage point. Also, business spending beat expectations with a 0.2% rise and private consumption rose 0.4 per cent. Inflation still remains weak and bigger wage increases are needed.

The last time Japan strung together three consecutive quarters of growth was in 2006. Under the then-premier leader, Shinzo Abe, the economy is benefiting from a competitive currency and exports are leading growth. The first-quarter rebound in private consumption, which accounts for about 60% of GDP, comes after what was a lackluster year. There is concern that spending may falter again, with stronger wage gains needed to support households and to allow retailers to raise prices.

Brazil
Brazil was plunged back into a political crisis reminiscent of last year’s impeachment saga following reports on the JBS meat scandal. Temer was embroiled in an alleged cover-up scheme involving the jailed former speaker of the lower house of Congress. The main political crisis ensnared President Michel Temer and threatened to derail an agenda designed to pull Latin America’s largest economy out of its deep recession on record. The crisis deepened as government allies began discussing scenarios for the replacement of
Temer after federal police carried out search and arrest warrants throughout the capital. The operation came after O Globo newspaper reported on leaked testimony indicating that Temer approved payoffs to buy the silence of Eduardo Cunha, the then-speaker, over a corruption case, and that Temer was aware of this. In a televised address, Temer denied the allegations and insisted he won’t resign, saying a full investigation will prove his innocence. The forces aligned against the president may result in Brazil facing its second impeachment in a year. As the events of last year proved, impeaching a Brazilian president is a tortuous affair. In order for Congress to initiate proceedings, Rodrigo Maia, the leader of the lower house and Temer’s ally, would have to sign off on the move. Even then, it would trigger a lengthy process involving several rounds of voting in both houses that require two-thirds majorities to find Temer guilty of wrongdoing. Temer could also file appeals at the Supreme Court at any stage in the process. If Temer resists or is impeached, Congress would elect an interim president until the next scheduled vote in October of 2018. An early election could only be held with a constitutional amendment approved by lawmakers.

Brazilian markets have soared over the past year as Temer’s administration embarked on an ambitious reform program that cheered investors. Brazilians, however, are overwhelmingly opposed to his austerity measures and the president’s approval ratings hover at around 10%. However the news hit emerging assets owned companies from Petroleo Brasileiro SA to Banco do Brasil SA among the worst losses. The real posted its biggest slide since 2008 even after the central bank intervened to support the currency. The premium investors demand to own the nation’s sovereign bonds rather than U.S. Treasuries jumped the most since June 2011, as fears that the CBOE Brazil ETF Volatility Index, up as much as 63%, heading for a record daily jump. The iShares MSCI Brazil Capped exchange-traded fund plunged 16%. The sell off also drove up the yield on the country’s 1 billion euros ($1.1 billion) of bonds due 2021 by the most since they began trading three years ago.

However, a day after plummeting share prices triggered circuit breakers on Brazil’s main exchange, investors are now looking beyond the political crisis and returning to Latin America’s biggest economy. Investors are wagering that Thursday’s slump in Brazilian assets was overdone and the risk of a constitutional crisis overstated. They see little chance that a changing of the guard in government would impede the main factors of the rally in the past 16 months, such as an improving economic outlook, lower borrowing costs and labor-market reforms.

Other major economies

Indonesia

S&P Global Ratings raised Indonesia’s credit rating to investment grade, bringing it in line with the other two main rating companies and paving the way for more fund inflows. The sovereign rating was lifted to BBB- from BB+ with a stable outlook, citing an improvement in the budget. Both Moody’s Investors Service and Fitch Ratings have a positive outlook on their assessments of the nation’s debt. Goldman Sachs Group Inc. said in March an upgrade may help attract as much as $5 billion in funds. Stocks surged to a record and the rupiah advanced.

The S&P upgrade comes on the back of a successful tax amnesty that earned the government more than $1 billion in revenue, helping to ease pressure on the budget and pay for much-needed infrastructure projects. The economy is also being buoyed by a rebound in exports and strong consumer spending.

Australia

Australia’s jobless Rate unexpectedly dropped in April, adding to the previous month’s strong employment gains, reinforcing expectations that the central bank won’t cut interest rates further. Jobless rate fell to 5.7%, the lowest since January, vs 5.9% estimate. Aussie dollar climbed, buying 74.52 U.S. cents, compared with 74.17 before the report.

The unexpectedly strong result bolsters the central bank’s view that the labor market is starting to gather steam, even though the data series is volatile. The Reserve Bank of Australia is looking for improved jobs and wage growth to pull core inflation back into its 2.5%-3% target band, but is mindful of recent high unemployment.

U.K.

On economic front, U.K. consumer prices rose 2.7% in April from a year earlier, the fastest pace of inflation since September 2013 and a bit higher than economists were expecting. This was boosted by the price of air fares, clothing and energy. GBP touched one week highs post the report, however, it later reversed gains as rising inflation is seen unlikely to prompt BOE to hike interest rate. The figures spell further misery for consumers as wages fail to keep pace with prices. Bank of England Governor Mark Carney last week warned of “challenging times,” with officials now predicting inflation will reach almost 3% this year. The currency may also have been influenced by a European Court ruling on a Singapore trade deal that might set a precedent for the U.K. in Brexit negotiations. The ruling was seen as a sign that the Brexit process is unlikely to be smooth.

However, GBP later recovered its gains spurring break of $1.30 as U.K. Retail sales gained more than economists expected in April. The report showed the volume of goods sold in stores and online rose 2.3%, more than twice the median increase forecast by economists in a Bloomberg survey. The data suggest consumer spending, the mainstay of economic growth, is holding up in the face of rapidly increasing food and fuel costs. The nicer weather particularly drove demand for hardware and household goods, the ONS said.

Unemployment in the U.K. fell to 4.6%, the lowest level since 1975, according to data released by the Office for National Statistics. It wasn’t all good news, however, as regular pay adjusted for inflation dropped 0.2% in the first quarter, with a 0.5% drop in March alone.

While economic data has proved mixed since the referendum, consumer spending, a key driver of growth, has largely held up in the face of rising prices and falling real wages. Even so, analysts are still largely bearish on sterling, with the median forecast compiled by Bloomberg calling for a decline to $1.25 by year end, bigger than the predicted loss of any other Group-of-10 currency.

Though Sterling strengthened in the immediate aftermath of strong retail sales data, but began to retreat almost immediately afterwards, and in a dramatic couple of minutes completely collapsed, erasing what was left of its gains.

Regarding real estate performance, modern office buildings are all the rage in central London, with a swath of companies including UBS Group AG moving into new premises in the last 12 months. A growing amount of unoccupied older properties caused the overall office vacancy rate to climb to 5.8% at the end of the first quarter from 3.9% a year earlier, according to data compiled by Deloitte LLP.

Jason Granite, Chief Investment Officer

| Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance | | |
|---|---|---|---|---|---|---|
| | SINGLE INCEPTION | SINCE LAUNCH | VOLATILITY SINCE INCEPTION |
| | (04/01/16 to 30/04/17) | (26/04/16 to 30/04/17) | Performance | Volatility* | Performance | Volatility | 04/01/16* |
| FTM Safety First 1 | 3.10% | 4.75% | 2.62% | 1.47% | 1.28% | 0.36% | 0.35% |
| FTM Safety First 2 | 2.56% | 4.32% | 2.78% | 2.01% | 1.39% | 0.38% | 0.37% |
| FTM Safety First 3 | 2.02% | 3.78% | 2.24% | 1.36% | 1.07% | 0.37% | 0.36% |
| FTM Safety First 4 | 1.48% | 3.24% | 2.50% | 1.05% | 0.90% | 0.36% | 0.35% |
| FTM Safety First 5 | 0.94% | 2.70% | 2.06% | 0.65% | 0.60% | 0.36% | 0.35% |
| FTM Safety First 6 | 0.40% | 2.16% | 1.52% | 0.25% | 0.20% | 0.36% | 0.35% |

All figures are in a bid - bid, total return basis and are expressed in underlying fund charges, not OFFICE of DFM, including VAT and a platform fee of 2.2%. All figures were calculated by independent financial advisors to both required the performance.

Actual Past Performance Data is from 04/01/16* only as the models only launched on this date and therefore 5 year performance data is not available and 36 months performance figures are not able to be shown. The - launch performance figures are not representative of the models.

The figures represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment adviser can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility, the more risk involved in the investment.
Oil remained below $50 with WTI crude at $49.11, as OPEC agrees on extension of output cuts by member and non-member countries.

S&P 500 rebounded from the sell off seen last week and saw a weekly gain to 1.4% at 2,416 as Fed minutes confirmed the likelihood of a June hike. However, the news flattened this week, as longer term growth prospects became murkier. USD, euro steadied. Strong Eurozone data and political uncertainty in the U.S. remains a powerful driver for the euro. GBP tumbled 1.5% this week.

The yen rose 0.5% to 111.259 per dollar, as the Bloomberg Consumer Comfort Index signalled optimism among U.S. shoppers as the buying-climate gauge jumped to 46.7, highest since December 2001, from 44.8. More personal finances increased to 62.1 last week from 60.6. Sentiment about national economy eased to 45.9, lowest since February, from 45.3. Overall comfort measure was 50.9 after 50.2.

Markit’s Services Purchasing Managers Index rose further into positives, but is still insufficient for the Manufacturing sector fell slightly, while another survey based index, the Richmond Manufacturing Index, fell sharply and Home Sales contracted after a surge in March. Political wrangling in Washington returned to the fore, taking the focus away from global economic growth, after the Washington Post reported that Trump asked intelligence chiefs to publicly deny any collusion between his campaign and Russia. Amid these concerns at home, President Donald Trump’s first overseas trip since his inauguration got off to a successful start in Saudi Arabia, where he delivered a well-received speech on combating terrorism and witnessed the signing of $110 billion in defence deals. The trip continued to the NATO members meeting in Brussels, where the main concern was growing threat of terrorism globally. Also, a spat between U.K. and U.S. Prime Ministers over the leaking of details causing the investigation into the Manchester attack overshadowed the meeting.

Investors also weighed the impact of Trump’s budget proposal. Trump seeks $3.5 trillion in cuts to reshap U.S. Government, which would carve through range of federal safety-net programs Republican lawmakers have also been unhappy with Trump’s proposal as the spending cuts that would mean steep reductions in food stamp, Medicaid health insurance payments and disability benefits. The budget plans face rejection by lawmakers from both parties. The White House also plans to trim the national debt by flattening the nation’s economy oil stockpile, part of a broad series of changes proposed by President Donald Trump to the federal government’s role in energy markets. Presidential budget proposals typically undergo significant changes in Congress, but provide insight into White House priorities. The most common reaction to the austere budget released by the Trump administration on May 23 is that it can’t possibly get past Congress.

An update from the Congressional Budget Office regarding the Trump economic plan, indicates that the healthcare bill passed by House Republicans would see the number of uninsured rise by 23 million and make coverage costly for those who need it most. The bilateral and partially replace Obamacare would also reduce the deficit by $119 billion over 10 years, CBO said. That figure is $52 billion lower than the estimated deficit reduction under an earlier version of the legislation. House Republicans passed the legislation in a 237-203 vote on May 4 without a final CBO score.

Currencies

The dollar steadied in the wake of Federal Reserve minutes showing officials unperturbed by recent signs of slower economic growth. The Bloomberg Dollar Spot Index is up 0.1% for the week. The euro closed at $1.1166.

The pound closed at $1.28 with a one basis point gain this week. The Bloomberg Dollar Spot Index is up almost 4% this week after OPEC's decision to prolong supply cuts for nine more months after last year’s landmark agreement failed to eliminate the global oversupply or achieve a sustained price recovery. The producer group together with Russia and other non-members agreed to prolong their accord through March. No new non-OPEC countries were added to the pact, according a delegate. The market was unimpressed as prices turned roughly $49 a barrel in New York and more than a billion barrels were traded. Nigeria and Libya will remain exempt from making cuts and Iran, which was allowed to increase production under the original accord, retains the same output target, Kuwait’s Oil Minister Issam Almarzooq said after the meeting. That deal gave the Islamic Republic room to increase output to a maximum of 3.797 million barrels a day. While stockpiles are shrinking, ministers acknowledged that the surplus built up during three years of overproduction won’t clear until at least the end of 2017.

Gold closed at $1,266.6 an ounce, heading for the highest since April. Metals were on a retreat this week as Moody’s Investors Service reduced its rating on China. Nickel slumped 2.6% and copper fell 0.9%. Iron ore futures declined 6.5%. China is the top user of iron ore.

Major economies

Euro area

The Eurozone data and political uncertainty in the U.S. remains a powerful driver for the single currency. The euro-area PMI impressed as a Purchasing Managers’ Index remained at 56.8 in May with manufacturing expanding at the fastest pace in more than 6 years and a gauge for services slipped, IHS Markit said.

Data earlier on Tuesday showed that economic activity accelerated both in France and Germany. Ifo business climate index relating to business sentiment is due on Wednesday at 0.4% versus estimate of 1.1%. In Consumer, investment and trade all contributed to 1Q growth. Business confidence rose to the highest since 1991 this month. GFK German Consumer Climate, a prominent measure of consumer confidence in Germany, was released at 10.4, a slight increase compared to last month’s release, underlining the sustained strength of the German economy.

Germany’s booming economy is the single-biggest driver of a regional euphoria that is adding pressure on Mario Draghi to conclude a debate in June about unwinding the European Central Bank's unconventional stimulus. While ECB president Draghi acknowledged the recovery is becoming increasingly solid and broad, he also warned that price pressures remain muted. The European-Central Bank is looking for data confirming that the region’s recovery is solid and broad-based as it prepares to debate how to exit its unconventional stimulus policies.

While the report suggests the upsizing is set to continue, input costs point to a weakening in underlying inflation in the sense. Meanwhile, the euro-area economy is growing at a pace that would warrant a tightening of monetary policy if it were not for the continued appraisal. Chancellor Angela Merkel blamed a “too weak” euro for part of Germany’s trade surplus, telling a group of students debating domestic consumption was the best way to address imbalances with countries such as France. Merkel was asked how she dealt with the trade imbalance between the two nations. Merkel took up Franco-German trade relations to illustrate how greater consumption at home could reduce imbalances, with more Germans buying French products as a way to bolster imports while also lowering oil prices and the ECB’s monetary policy. Later German Finance Minister Wolfgang Schauble made comments echoing Angela Merkel’s criticism of the effects of loose monetary policy on the euro-area economy.

On the Brexit front, European Union ministers finalized their Brexit negotiating position a day after the U.K. government was said to quit talks on its departure unless the bloc drops its demands for a divorce payment as high as $100 billion ($112 billion). Governments of the 27 remaining
the nation's stock market. The rating on China's debt was cut to A1 from AA3. Moody's cited the likelihood of a "material" rise in economic-wide debt and the burden that will place on the state's finances, while also changing the outlook to stable from negative. Moody's lowered China's credit-rating outlook to negative from stable in March 2016, citing rising debt, falling currency reserves and uncertainty over authorities' ability to carry out reforms. About a month later, S&P Global Ratings also warned that rising local debt was pressuring the nation's rating. Total outstanding credit climbed to about 206% of GDP by the end of 2016, up from 160% in 2008, according to Bloomberg Intelligence. Stocks fell as much as 1.3% and the yuan slipped on the news. Iron ore led a slump in industrial commodities following the announcement. China's finance ministry chastised Moody's for the downgraded Beijing's sovereign credit rating. The move underscores broader doubts over whether President Xi Jinping's government can simultaneously cut excessive leverage and steady growth, all with a twice a decade reshuffle of top party posts looming this year.

However, by the end of the week, Chinese stocks erased spurring speculation that state-backed funds were active in the market with the Shanghai Composite Index rising 1.4% to 3,107.83 at the close. A gauge of financial companies on the CSI 300 Index jumped 3.8%, with all but two of its 66 companies gaining. The ChiNext next quarter of mostly smaller companies dropped as much as 1.8% to end the week. In Hong Kong, a gauge of Chinese stocks capped its strongest finish in more than two months. Sudden gains in China's $6.6 trillion equity market often drive speculation that state-directed funds are intervening to bolster demand for shares. Also, efforts were expanded by the PBOC to undermine the impact of market forces on its currency. PBOC said to plan to add new factor to yuan fix methodology. It is considering to change the way it calculates the daily fixing, adding a "counter-cyclical factor" that may blunt the impact of big market swing.

Japan
Japan's core consumer inflation gauge rose for a fourth month in April, the longest run of gains since mid-2015, but it's far below target and weak underlying prices pressure to limited gains ahead. Consumer prices excluding fresh food increased 0.3% in April from a year earlier, the fastest pace since April 2015 (estimate 0.4%).

Other major economies
South African political risks are starting to rise, as the top leadership of South Africa's ruling African National Congress will discuss removing President Jacob Zuma from his post at a meeting this weekend. The rand rallied. While the committee rejected the possibility of ousting Zuma at a meeting in November, opposition to his rule has mounted with the party's ranks following his March 31 decision to fire Pravin Gordhan as finance minister, a move that prompted S&P Global Ratings and Fitch Ratings Ltd. to downgrade the nation's sovereign credit rating to junk. President Zuma is due to step down as ANC leader in December and as president in 2019. His term has been marred by a succession of scandals, including a finding by the nation's top court that he violated his oath of office by refusing to repay taxpayer money spent on his private home. Labor unions and the South African Communist Party, which form part of the country's ruling coalition, have called for his replacement.

At a Central Bank meeting convened this week, it kept rates on hold for a seventh straight meeting keeping the repurchase rate at 7% for 14 months. Though inflation eased to within central bank's target range in April at 5.5%, the central bank warned that prices could still climb the rand and scupper an improving inflation outlook. The rand strengthened 0.4% to 12.8568 per dollar on Thursday. Yields on rand-denominated government bonds due December 2026 rose one basis point to 8.51%.

U.K.
U.K. was jolted by blast that struck at end of Ariana Grande concert in Manchester killing 22 people, 59 others were injured. Islamic State claimed responsibility. The attack came just two weeks before a June 8 election and as Britain prepares to leave the European Union. Election campaigning was suspended after the attack, which occurred on Friday. U.K. assets remained resilient after the attack. U.K. equities rose a third day, the pound pared its decline and gilt yields were steady. The tragedy is the latest in a series of attacks to traumatize Europe over the past two years and was the main concern at the week's meeting of NATO leaders in Brussels. While U.K. still remains alert to further attacks raising the U.K. terrorism threat level from "severe" to "critical" - the highest level - for the first time in a decade.

Pound also fell as growth slows more than estimated. The second reading of first-quarter growth showed the economy grew slower than originally estimated, with a 0.2% expansion in the period. The report from the Office for National Statistics also showed that exports fell 1.6% and net trade knocked 1.4 percentage points off GDP, equaling a record drag. Consumer spending weakened, with retail sales declining for a sixth straight month and retail sales for the first time in a decade. The size of Britain's exit bill, and which types of negotiations can begin before it is determined, has been a source of uncertainty, with the U.K. equities dip in the short term, creating potential buying opportunities. Bond yields would be likely to fall, and prices rose, as inflation weakened. All of this would make government bonds more expensive and therefore even less attractive than current yields.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>VOLTILITY SINCE INCEPTION</th>
<th>PERFORMANCE SINCE LAUNCH</th>
<th>VOLATILITY SINCE INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.53%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>3.26%</td>
<td>1.91%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>5.63%</td>
<td>2.63%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
<td>2.93%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
<td>2.63%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
<td>5.04%</td>
</tr>
</tbody>
</table>
of the Atlantic, investors focussed on this week’s slew of economic data to gauge both the strength of the global economy and the path for interest rates.

Trump administration continued to hit the headlines this week, the major one being the U.S. withdrawal from the Paris Climate Accord. President Trump announced the decision to quit the Paris accord and is being widely condemned by world leaders and domestic business leaders. The German, Italian and French governments all reacted individually against an hour of the announcement before putting out a joint statement condemning the withdrawal. However, this won’t happen overnight. Under the terms of the Paris accord, Trump must wait until November 2019 to formally submit his intention to withdraw. At that point, the U.S. enters a one-year waiting period before it’s formally removed. The decision could be reversed by the next president, or even Trump himself. As a result, the issue will be front and centre during the 2020 presidential election campaign. President also indicated his openness to negotiate a new climate agreement. He also said he’s open to negotiating the deal on terms more favorable to America. The European exit is unlikely to have an immediate effect on global efforts to address climate change. Almost 200 countries remain in the pact, which remains in effect regardless of the U.S. position.

President Trump said this week that the tax bill is moving along in Congress soon after announcing that the U.S. would pull out of the Paris climate deal. But no tax bill has been introduced, or even circulated, and Republicans who strongly support Trump and are desperate to advance tax reform are reluctant to expand their workforce in the U.S. Labor Department figures showed, Payroll rolls rose 138k (est. 182k rise) and March-April revisions subtract 66k jobs for an average hourly earnings rise of 0.2% m/m and climbed 2.5% y/y. Wage growth remains slower than peak of previous expansion. Cooler hiring may not be the end of the change of finding skilled and experienced workers amid a tightening job market. It may also be a sign that businesses are reluctant to expand their workforce until they see more evidence the new administration’s plans are translating into legislation that’ll reduce taxes and spur growth. This job report likely won’t deter the Federal Reserve from increasing interest rates in two weeks as the economy continues to grow. However, higher jobless data may give the Fed few signs of moving forward with tax and spending reforms.

The Federal Reserve’s preferred price measure rose 1.7% in April from a year ago, down from 1.9% in March and 2.1% in February, Commerce Department said. Core inflation also slowed to the weakest annual pace since 2015 easing to 1.5% in April from 1.6% in March in spite of a jump in food prices. Core inflation rose 0.5% month-over-month rise. A rebound anytime soon looks unlikely, with prices in large part linked to higher oil gluts, an overstocked auto market and a rising supply of apartments to rent. Fed policy makers forecast in March that inflation would end the year at 1.9%, just below their 2% goal for the personal consumption expenditure price index. Inflation looks likely to end the year shy of the Fed’s forecast. While the shortfall isn’t expected to prevent central bankers from raising interest rates next month, a sustained stall would make it more difficult for Chair Janet Yellen and her colleagues to follow through with another hike later in the year, as their March projections indicated. Federal Reserve Governor Lael Brainard said soft inflation data can’t justify the path forward for monetary policy should it linger, even as the global economic outlook brightens and U.S. growth looks to be accelerating. She said her baseline expectation is that “it likely will be appropriate soon to adjust the federal funds rate” and start shrinking the balance sheet.

On trade update, U.S. demand for foreign-made goods climbed and exports declined, causing the trade deficit to widen in April, which may restrain the pace of economic growth this quarter, Commerce Department data showed. Gap increased 5.2% to $67.6b from a revised $70.6b in March. Merchandise-trade deficit declined to $68.4b, the second-widest in two years. It was as much as 10.1% to first-quarter growth after subtracting 1.82 percentage points in the final three months of 2016, according to the government figures on gross domestic product.

Other indicators showed the housing market remains tight and consumer sentiment is relatively strong.

Commodities

WTI crude oil dropped 1.1% to $47.81 a barrel as global supply outweighed 5% this week as U.S. crude production expanded to the highest level since August 2015 amid offering a slide in stockpiles. U.S. crude exports rose to average about 1 million barrels a day in April, according to Bloomberg calculations of U.S. Census Bureau data. Data suggests that OPEC’s efforts to rebalance the market need more time. The futures have lost 6% since the OPEC and its allies agreed on May 25 to keep output constrained through the first quarter of 2018 in a bid to clear a global glut. Within the organization there is pressure too, as data show Iraq’s oil production hit a 2017 high in the run-up to the deal to extend production cuts. Gold reversed a slide of 0.3% to trade higher by 0.5% at $1,277.10 an ounce. Copper dropped 1.9%, leading all the raw materials lower.

Major economies

European stocks were little changed. The Stoxx Europe 600 Index increased 0.2%, to cap a 0.3% advance in the week. The FTSE 100 Index closed at 7,549. Asian equities were set to snap a second week of gains as Japanese stocks advanced to the highest in 21 months, with sentiment boosted by a slew of economic data that was better than expected and after U.S. equity benchmarks closed at record highs. Japan’s Topix index breached the 1,600 mark and the Nikkei 225 Stock Average surpassed 20,000 for the first time since December 2015 closing at 20,177 as the yen weakened for a fifth straight week. The FTSE 100 Index closed at 7,549.

Global equities have advanced more than an 8% this year.

Bonds

The 10-Year Treasury yield touched the lowest level of the year following wage growth and hiring that was below forecasts, falling nine basis points to 2.16. It touched the weakest level of the year immediately following the jobs report. The U.K. benchmark yield dropped three basis points to 1.04%. Yields in France and Germany fell with 10-year German bunds yieldings 0.28%

President Trump’s pull out of the Paris Climate Accord dominated the headlines this week. Key central bank meetings coming up on both sides of the Atlantic. While markets are pricing in a high probability of a June hike by the Fed. The slowdown in euro area inflation is expected to bolster ECB’s confidence in delaying the withdrawal of monetary stimulus.

USD fell to the lowest level since November. GBP weakened, hurt by conflicting projections of the general election outcome schedule June 8. U.S. stocks pushed to fresh records, 10-year Treasury yielded 2.16%. WTI crude oil dropped 1.1% to $47.81 per ounce. Crude oil dropped 1.1% to $47.81 per barrel. Gold closed at $1,277.10 per ounce. Oil closed at $47.81 per barrel. Gold closed at $1,277.10 per ounce.

Elective Jitters Hit Pound

The British pound was the stand-out mover amid mixed moves in many markets, weakening on the prospect of a hung parliament in next week’s U.K. election and hanging a boost to stocks. Sterling dropped as a poll showed Theresa May’s Conservative Party may fall short of a majority. The currency’s weakness lent a hand to British equities, and the FTSE 100 Index rose as miners and energy companies weighed on the broader European gauge. However, uncertainty about the reliability of polling seems to have helped contain the pound’s retreat, but the moves are a reminder of the potential risks heading in a series of national elections in Europe this year. Meanwhile, with key central bank meetings next month on both sides
last week captured the disconnect between weak price growth and a strengthening economy where companies are stepping up hiring to meet demand.

ECB’s Mario Draghi stressed on Monday in Brussels that “downside risks to the growth outlook are further diminishing,” highlighting one of the key signals that the ECB could send next week. Some policy makers have said they now consider risks to the economy’s outlook as broadly balanced. Ahead of ECB’s meeting this week, the inflation data gives actual proof that price trend remain weak should help Mario Draghi hammer home the message that the central bank has to remain patient and quit the urge of some of his colleagues to take more decisive steps.

French inflation figures also joined the euro-area trend slowing slowed in May as it became the third major euro-area economy to record weaker-than-forecast price growth. The rate declined to 0.9% from 1.4%, undershooting the median estimate of 1.1%. Spain and Germany also posted readings this week that fell short of predictions.

Italy’s jobless rate fell to April to an almost 5-year low, pointing to improved growth prospects for the rest of this year. The unemployment rate was 11.5%, down from a revised 11.5% in March, statistics agency Istat said. Italy is facing renewed political pressures as it moves towards an early vote as the country’s main political parties near a deal on a new electoral law.

Italy is facing renewed political pressures as it moves towards an early vote as the country’s main political parties near a deal on a new electoral law. Italy’s biggest parties are considering a proportional system similar to the German model with a 5% cut-off for smaller parties, allowing Italy to inject capital to rescue the world’s oldest bank.

Italy is also struggling to fix a crisis legacy of about 360 billion euros of soured loans in its banks’ balance sheets that is holding back credit and weighing on the country’s weak recovery. Italian authorities are trying to prop up Banca Monte dei Paschi di Siena SpA and two banks in the northern region of Veneto, using a provision in the EU’s bank-failure rules that allows governments to provide state aid. European Union and Italian officials agreed on a plan to restructure Banca Monte dei Paschi di Siena SpA, allowing Italy to inject capital to rescue the world’s oldest bank.

Competition Commissioner Margrethe Vestager and Italian Finance Minister Pier Carlo Padoan reached an “agreement in principle” on a deal that paves the way for a precautionary recapitalization of the lender, according to a statement on Thursday. The deal, following “intensive” talks between Italy, the EU and the ECB, still requires formal approval. The comments weighed on the euro, with the common currency already not helped by the prospect of earlier-than-expected Italian elections. After it was considered that Trump’s five nation visit last week was not completely positive, German chancellor Angela Merkel has signalled that Europe can no longer count on the U.S. as a reliable partner, reflecting a new transatlantic rift. President Trump’s announcement of withdrawal from the Paris Climate Accord further adds fuel to the fire. During their trip to Europe, Mr Trump also took aim at Germany for its trade surplus with the U.S. The U.S. president also clashed with European heads of state, rebuking them for not meeting a target to spend 2% of gross domestic product on defense.

Canada

Canadian real GDP rose 3.7% annualized in Q1, while nominal GDP rose 8.3%, marking the best three-quarter streak in almost seven years. The household sector has contributed most to growth, due in large part to a hot housing market. Still, exports appear to be gaining momentum heading into the second quarter of the year.

Preliminary data showed policy-induced soft market conditions in the GTA and GTA extended into May, bringing the durability of Canada’s growth prospects into question. Low interest rates will likely continue to support consumption amid a cool down in activity in Canada’s largest housing markets, providing upside potential to our 2017 growth forecast. Higher interest rates in 2018 should ring about a cooling in consumption and real estate.

China

Official manufacturing data showed that growth in China is holding up, despite worries that a leverage crackdown could feed through to investment, prompting a short-lived market bounce. The manufacturing purchasing managers index remained at 51.2 for a second straight month, beating estimates. Non-manufacturing PMI rose to 54.5.

While some early indicators for May suggested a slowdown in growth is taking hold, the data signal continuing momentum that gives policy makers more room to rein in financial risks.

One place that the deleveraging campaign is getting in is the government bond market, with the nation’s 10-year security falling for the second month in a row. China’s debt market is not as hit especially hard by the campaign to reduce the level of borrowing, with both sovereign and corporate yields surging. This was worsened by last week’s Moody’s Investors Service downgrade of China’s credit rating. The 10-year yield has advanced 17 basis points so far in May to 3.65%. That follows an increase of 18 basis points last month.

U.K.

U.K. election jitters hit GBP this week, as the U.K. currency was being buffeted by conflicting projections of the general election outcome, bearing the brunt of increasing market tension before next week’s vote. GBP first dropped to a 5-week low on Wednesday after a YouGov Plc study showed Theresa May’s Conservative Party may fall short of a majority, contrasting just a few weeks ago when a victory was seen as a foregone conclusion. The currency later rallied after the release of a Panelbase poll, showing a 15-percentage point lead for the Tories, even though that survey was carried out more than a week ago, before erasing the day’s losses as a Hanter study showed a 10 point advantage. A separate Times/YouGov poll Wednesday night showed the Conservatives leading Labour by three points. Jeremy Corbyn, the leader of the British Labour Party, continues to increase his appeal among U.K. voters ahead of next week’s election, with his approval rating doubling since April. While the opposition leader is still unlikely to win the election, the momentum he is achieving against the struggling Theresa May is keeping markets alert to another British electorate June surprise.

On the economy, the picture remains mixed, with IHS Markit’s Purchasing Managers Index coming in at 56.7 in May, while home prices fell for the third month in a row for the first time since 2009. U.K. manufacturing activity maintained its momentum in May and confidence rose as strong domestic demand buoyed orders. IHS Markit’s Purchasing Managers Index was at 56.7 in May, better than estimates, after reaching 57.3 the previous month, which was the highest in three years. Domestic demand helped manufacturing sustain growth momentum. One pressure point for the U.K. is accelerating inflation, which is hitting households. The factory report showed that while measures of both input costs and output charges eased in May, both remained elevated, with the latter close to a record high.

U.K. house prices fell for a third month in May, the worst streak for the market in eight years, according to Nationwide Building Society. Values fell 0.2% from the previous month, taking the annual rate of change down to 2.1%. That’s the weakest year-on-year growth since 2013. Multiple reports are pointing to a housing slowdown, with a Bank of England saying on Wednesday that mortgage approvals fell to a seven-month low in April, though Britons are continuing to take advantage of low interest rates to take on unsecured debt.

Mortgage lending grew £2.7 billion, the least since April 2016. But consumer credit rose £1.5 billion, though a remarkable change from the previous month, pushing annual growth to 10.3% from 10.2%.

The U.K. construction figures show an increase in May rather than the expected decline.

The Markit/CIPS construction purchasing managers index climbed from 53.1 in April to 56.6, the highest level since December 2015, helped by a pickup in housebuilding. Analysts had been forecasting a dip to 52.7.

Jason Granite,
Chief Investment Officer,
Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Since Inception/ Since Launch</th>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/02/16 – 02/06/17</td>
<td>1.53%</td>
<td>1.42%</td>
<td>1.11%</td>
<td>4.36%</td>
<td>4.21%</td>
<td>1.19%</td>
</tr>
<tr>
<td>09/04/14 – 02/06/17</td>
<td>3.26%</td>
<td>1.91%</td>
<td>3.54%</td>
<td>4.35%</td>
<td>2.70%</td>
<td>3.61%</td>
</tr>
<tr>
<td>02/06/14 – 01/06/17</td>
<td>4.58%</td>
<td>2.93%</td>
<td>0.68%</td>
<td>4.10%</td>
<td>3.51%</td>
<td>2.26%</td>
</tr>
<tr>
<td>04/02/16</td>
<td>5.63%</td>
<td>3.23%</td>
<td>1.19%</td>
<td>4.54%</td>
<td>3.87%</td>
<td>2.20%</td>
</tr>
<tr>
<td>01/06/16</td>
<td>10.10%</td>
<td>5.04%</td>
<td>2.20%</td>
<td>5.20%</td>
<td>5.32%</td>
<td></td>
</tr>
</tbody>
</table>

Date: 02 June 2017

Source: FTIM / FE Analytics

All figures are in a 1-5 slab. Total return basis and are a quantification of underlying bond charges, fees, including VAT and a platform fee of 0.2%. Advice charges would depend on the charges made by your independent financial adviser. The deduction of these charges would reduce the performance of the portfolio.

Actual Past Performance Data is from 04/02/16 only on the models only launched on this date and therefore 5 year performance data is not available and 52 week performance data is only available on the models launched on 04/02/16 only.

The figures represent performance of a model portfolio, individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

* Volatility is a measure of the movement in the price of an asset around an average return. The higher the volatility, the more risk involved in the investment.
Markets have reacted with relative calm to the U.K. election resulting in a hung parliament. USD, euro rose while GBP fell up to 2.24% to £1.2651 on the election result. S&P 500 closed at 2,440 reaching a daily high on news of a hung Parliament, markets have still kept a calm to the U.K. election resulting in a hung Parliament, instead left her battle to survive. The currency’s retreat gave British stocks a boost, as the FTSE 100 index gained along with most major global equity gauges. It’s a Britain issue not a global one, and the markets are probably not going to change that. There was nothing wild for volatility. The CBOE S&P Volatility Index slipped more than 2% to 10.16, below forecast. There have been many theories about why volatility has come down in financial markets, but some are seeing it may be as simple as the fact that economic indicators haven’t been varying much, with solid job markets in most developed countries, along with contained inflation and modest expansion rates.

Early Friday, as the election results unfolded, traders had begun to price in a hung Parliament. The Conservative Party’s outright control of Parliament evaporated, leaving the U.K. facing the prospect of a coalition government, mainly affecting the government’s stance on Brexit. Prior to election, few opinion polls continued to point to a Conservative win, while others noted a tightening lead for Tories. At this point, we sensed the looming geopolitical risks all though we do consider political events to have less long-term impact on markets than economic events, we decided to take up averse attitude by moving to 100% cash avoiding any short-term volatility on our Safeguarded lenses, or positions. Though we see some initial market volatility, but once that has calmed down, hopes for a softer, less combative approach may help the pound and also the U.K. stock market. We will continue to monitor market reactions as events unfold and deploy funds as market volatility eases.

With the European Central Bank shifting its language on interest rates, former FOMC Chairman Mario Draghi has been cautious. He felt he had boosted their confidence in the economy following President Donald Trump’s inauguration. While companies see sales gaining and increasingly plans investment, a dwindling pool of skilled and experienced labor may be restraining efforts to boost headcounts. The CEOs estimate the economy will grow 2.5% this year, down from 2.2% in the previous election cycle, below slightly the median forecast. Data on job openings and the non-manufacturing sector confirmed last week’s news that economic support is growing, with something to be expected at this point in the cycle. An increase in job openings in April to a record high, indicates demand for workers remains strong while the supply is tightening. A Labor Department report showed. Number of positions waiting to be filled rose by 256,000 to 6.45m. (est. 7.5m.) from revised March data.

Americans faced with lackluster income growth have been financing more of their spending with debt instead of savings. Borrowing has surged to a record $12.7 trillion, and the percentage of debt that is overdue has risen for two consecutive quarters. And with economic optimism having lifted borrowing rates since the election and the Federal Reserve expected to hike further, it’s getting more expensive for borrowers to refinance.

Markets now expect a rate hike by next week as practically a lock, increasing doubts on next hike as soon as September. Rising borrowing costs show reports on U.S. employment and inflation. At this point, further hike in December seems unlikely, the U.S. economy was reflected in eurodollar futures, where traders place bets and hedges to the path of central-bank policy. The expectations for an interest rate hike after the June hike, officials pause in September and resume raising borrowing costs by year-end.

U.S. Economy

On data front, U.S. CEO sentiment is at 3-year high as they become more sanguine about sales and spending, a trend seen for the past two years and a lackluster first-quarter expansion, according to a quarterly survey from the Business Roundtable. Prospects for legislation that will reduce taxes and spur growth continue to head higher as the cytokine had boosted their confidence in the economy following President Donald Trump’s inauguration. While companies see sales gaining and increasingly plans investment, a dwindling pool of skilled and experienced labor may be restraining efforts to boost headcounts. The CEOs estimate the economy will grow 2.5% this year, down from 2.2% in the previous election cycle, below slightly the median forecast. Data on job openings and the non-manufacturing sector confirmed last week’s news that economic support is growing, with something to be expected at this point in the cycle. An increase in job openings in April to a record high, indicates demand for workers remains strong while the supply is tightening. A Labor Department report showed. Number of positions waiting to be filled rose by 256,000 to 6.45m. (est. 7.5m.) from revised March data.

Americans faced with lackluster income growth have been financing more of their spending with debt instead of savings. Borrowing has surged to a record $12.7 trillion, and the percentage of debt that is overdue has risen for two consecutive quarters. And with economic optimism having lifted borrowing rates since the election and the Federal Reserve expected to hike further, it’s getting more expensive for borrowers to refinance.

Markets now expect a rate hike by next week as practically a lock, increasing doubts on next hike as soon as September. Rising borrowing costs show reports on U.S. employment and inflation. At this point, further hike in December seems unlikely, the U.S. economy was reflected in eurodollar futures, where traders place bets and hedges to the path of central-bank policy. The expectations for an interest rate hike after the June hike, officials pause in September and resume raising borrowing costs by year-end.

U.S. Economy

On data front, U.S. CEO sentiment is at 3-year high as they become more sanguine about sales and spending, a trend seen for the past two years and a lackluster first-quarter expansion, according to a quarterly survey from the Business Roundtable. Prospects for legislation that will reduce taxes and spur growth continue to head higher as the cytokine had boosted their confidence in the economy following President Donald Trump’s inauguration. While companies see sales gaining and increasingly plans investment, a dwindling pool of skilled and experienced labor may be restraining efforts to boost headcounts. The CEOs estimate the economy will grow 2.5% this year, down from 2.2% in the previous election cycle, below slightly the median forecast. Data on job openings and the non-manufacturing sector confirmed last week’s news that economic support is growing, with something to be expected at this point in the cycle. An increase in job openings in April to a record high, indicates demand for workers remains strong while the supply is tightening. A Labor Department report showed. Number of positions waiting to be filled rose by 256,000 to 6.45m. (est. 7.5m.) from revised March data.

Americans faced with lackluster income growth have been financing more of their spending with debt instead of savings. Borrowing has surged to a record $12.7 trillion, and the percentage of debt that is overdue has risen for two consecutive quarters. And with economic optimism having lifted borrowing rates since the election and the Federal Reserve expected to hike further, it’s getting more expensive for borrowers to refinance.

Markets now expect a rate hike by next week as practically a lock, increasing doubts on next hike as soon as September. Rising borrowing costs show reports on U.S. employment and inflation. At this point, further hike in December seems unlikely, the U.S. economy was reflected in eurodollar futures, where traders place bets and hedges to the path of central-bank policy. The expectations for an interest rate hike after the June hike, officials pause in September and resume raising borrowing costs by year-end.

U.S. Economy

On data front, U.S. CEO sentiment is at 3-year high as they become more sanguine about sales and spending, a trend seen for the past two years and a lackluster first-quarter expansion, according to a quarterly survey from the Business Roundtable. Prospects for legislation that will reduce taxes and spur growth continue to head higher as the cytokine had boosted their confidence in the economy following President Donald Trump’s inauguration. While companies see sales gaining and increasingly plans investment, a dwindling pool of skilled and experienced labor may be restraining efforts to boost headcounts. The CEOs estimate the economy will grow 2.5% this year, down from 2.2% in the previous election cycle, below slightly the median forecast. Data on job openings and the non-manufacturing sector confirmed last week’s news that economic support is growing, with something to be expected at this point in the cycle. An increase in job openings in April to a record high, indicates demand for workers remains strong while the supply is tightening. A Labor Department report showed. Number of positions waiting to be filled rose by 256,000 to 6.45m. (est. 7.5m.) from revised March data.

Americans faced with lackluster income growth have been financing more of their spending with debt instead of savings. Borrowing has surged to a record $12.7 trillion, and the percentage of debt that is overdue has risen for two consecutive quarters. And with economic optimism having lifted borrowing rates since the election and the Federal Reserve expected to hike further, it’s getting more expensive for borrowers to refinance.
remained elevated and close to highs the month. Input costs and selling
strong momentum in May. Business
previous month, IHS Markit said,
continued to expand at the fastest
confidence is at the highest level since
best performance in a year in the first
up 3.5% from a year earlier, when
volatile reading compares with a
orders, a sign that growth may be steadying
German factory orders which fell after a strong start of the year.
stimulus could be around for a long
that nothing substantial has changed.

Canada

The loonie stumbled on the oil price
drop midweek, before regaining
some poise on robust economic data.
Canada’s labor market continued
surprising in May, with a better-than-
expected 54,500 jobs gain that also
came with signs of a pick-up in wages.
Economists had forecast a 15,000
increase in employment. Canada’s
currency appreciated after the report,
rising 0.3% to C$1.35. Benchmark two-
year government bonds yielded 0.75%,
up 3 basis points from Thursday.
However, Canada’s unemployment
rate also increased to 6.6%, in line with economist expectations,
from 6.5% in April. Adjusted to the
way calculations are made in the U.S.,
Canada’s unemployment rate was
5.6% in May, compared with 4.3% in the U.S. There was a slowdown in
total actual hours worked, to 0.7% annual from 1.1% in April. Also, the
gain in hourly wages is still well below
historical averages, 2.6% over 10 years,
but we are not seeing the sharp falls
that followed the referendum in 2016 or
any immediate sell-off in equities.
The stock volatility measure as election
plunged as election risk passed. The FTSE 100
Volatility Index tumbled 9.7% on Friday, compared
with a 2.5% drop in the euro
area’s VStoxx Index. History showed that the
gauge of U.K. equity swings tends
to reverse the moves from the run-up
to a vote in the week following the
event. Analysts now see a 35% increase in earnings for members of the
group that gives the most weight to British
in the Euro Stoxx 50. That’s pushed the
valuation of the British gauge to
14.7 times estimated earnings, near the
cost since 2014 relative to the
European measure.

Headlines crossing from Moody’s state
the credit rating agency is monitoring
the UK’s process of forming a new
government and will assess the U.K.
credit implications in due course.

There was less attention to economic
data which included U.K. services
activity report that reported a cooled
activity more than economists expected in May. The
Purchasing Managers Index fell to 53.8
from 55.8 in April. Election uncertainty
and tightening household budgets is expected to have weighed
on demand. The report contrasts with
stronger-than-expected surveys on construction and manufacturing
last week. Markit said the three snapshots
together point to the economy
expanding at a 0.5% rate after
growth slowed to 0.1% on a like-for-like basis in May.

FTIM / FE Analytics

Frenkel Topping Investment Management’s (FTIM’s)
Safety First Performance

<table>
<thead>
<tr>
<th>SINCE INCEPTION</th>
<th>SINCE LAUNCH</th>
<th>SINCE INCEPTION</th>
<th>SINCE LAUNCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: 02 June 2017</td>
<td>Source: FTIM / FE Analytics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Volatility*</td>
<td>Performance</td>
<td>Volatility</td>
</tr>
<tr>
<td>FTIM Safety First 1</td>
<td>1.53%</td>
<td>0.42%</td>
<td>1.11%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
<td>1.91%</td>
<td>0.34%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.7%</td>
<td>2.93%</td>
<td>0.68%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>5.63%</td>
<td>3.23%</td>
<td>1.12%</td>
</tr>
</tbody>
</table>

* Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility, the more risk involved in the investment.

Upcoming events
Attention will now turn to the week ahead, when the Fed is expected to raise interest rates and the Bank of England’s governor Mark Carney and the Swiss National Bank will meet.

French voters go to the polls over the weekend, this time as part of a two-step process for parliamentary elections. The outcome will show how much control new President Emmanuel Macron will have to enact his economic agenda.

Jason Granite,
Chief Investment Officer

Date: 02 June 2017
Source: FTIM / FE Analytics

All figures are as at date. Volatility is the standard deviation of underlying fund charges including VAT and a platform fee of 0.25%. All figures would change on the charges made by your independent financial advisor. The displayed returns are the performance of a model portfolio. For more information on Safety First Performance, please visit www.frenkel-topping.com/safetyfirst.
Global central banks signal on continuity of monetary stimulus efforts

Fed raised interest rates for the second time in 2017, even after inflation pressures remain subdued. The BOJ kept rates unchanged amid worries of rising inflation and absence of a corresponding rise in risks. The SNB and the SNB also kept rates unchanged.

USD declined, euro was stable and the yen rose with metals. The U.S. tech closed at 17,925.27, but saw tech sell off, with Nasdaq 100 index declining 1.3%. S&P 500 closed at 2,430. FTSE 100 was down 0.98% to 7,453. European and Asian equities at 2,430. FTSE 100 was down 0.98% to 7,453. European and Asian equities and European indices. While yields on Qatar bonds diverges from hawkish Fed. The euro is at $1.12. GBP closed at 1.28 gaining 0.8% over the week. The Australian dollar rose after employment surged in May.

Equities

Hedged largely had a weathered week that saw the Federal Reserve rates and renewed turmoil in Washington that continues to delay the Trump administration’s policy agenda. The S&P 500 closed at 2,430, leaving it lower by 0.1% on the week.

U.S. tech shares stripped, pointing the Nasdaq 100 index to a second straight weekly decline with a 1.3% slide. Companies from Facebook Inc. and Apple Inc. to Netflix Inc. and Nvidia Corp., spurred losses that sent the Nasdaq 100 to its biggest drop relative to the Dow Jones Industrial Average since September. May starts were pushed lower by declining construction in South and in the Midwest.

Regarding the unwinding of the balance sheet, Fed Chair Yellen told reporters that the Fed wants the balance sheet contraction “to run quietly in the background over a number of years.” It intends to start the drawdown in the first week by reducing its market $6 billion of Treasury debt and $4 billion of mortgage-backed securities, and gradually increase them thereafter. President Donald Trump’s budget director said he expects the Federal Reserve to continue to run an easy monetary policy “as long as it is warranted” and the “unprecedented experiment” that swelled its balance sheet to $4.5 trillion. Mulvany said the administration did not factor in the balance sheet into Trump’s proposed budget. A reduction in the Fed’s holdings of Treasury and mortgage-backed securities will probably put some upward pressure on long-term interest rates by adding to the supply of those securities in the market, economists said. The administration’s budget does expect the federal government’s interest rate costs to rise, but that is due to the “forward guidance” program that is expected to foster. Mulvany said Washington remained in focus as the special counsel investigation on Russia’s interference in the 2016 election progressed along with an investigation into possible obstruction of justice by Donald Trump.

While the political investigations continued, the Trump administration was on course to push forward its campaign promises. It laid out its highly anticipated plan for overhauling banking rules, calling on the government to ease, though not eliminate, many of the structures that were imposed on Wall Street after the financial crisis. The changes urged federal agencies to re-write scores of regulations that banks have frequently complained about in the seven years since the passage of the Dodd-Frank Act. They include adjusting the annual stress tests that assess whether lenders can endure economic downturns, loosening some trading rules and paring back the powers of the watchdog that police consumer finance. The Treasury said its plan was designed to prevent job growth by making regulation “more efficient” and less burdensome. Unlike the bill passed last week by House Republicans, the report consistently calls for most Obama-era rules to be dialed back, not scrapped. Through the move, President Trump expects banks to plow their windfall back into the economy by making more loans to home buyers, small businesses or companies looking to expand. While some on Wall Street predict a lot will flow straight into the pockets of shareholders. One measure would ease annual stress tests, giving firms leeway to increase dividends, according to Credit Suisse Group AG analysts. The Trump’s administration is also expected to be taking an executive order aimed at lowering U.S. drug costs, a theme that could be within weeks on a campaign issue that has been largely left out of Republican legislative efforts in Congress.

Currencies

The Bloomberg Dollar Spot Index is down 0.3% for the week. The weekly drop came in after soft economic data more recently, new-home construction that falttered in the third straight month and consumer confidence, which fell by the most since October. The yen is up 0.45% for the week closing at 110.68 per U.S. dollar. Japan diverges from hawkish Fed. The euro is at $1.12. GBP closed at 1.28 gaining 0.8% over the week. The Australian dollar rose after employment surged in May.

16 June 2017

WEAK WEEKLY UPDATE

Market developments during the week

It was a busy week on policy front, as major Central Banks concluded their policy meetings with the investors keenly watching the developments to gain an understanding of the ongoing continuity of monetary stimulus. Majority of them responded, indicating shifting attention to the eventual withdrawal of stimulus, while monetary policy still expected to remain highly accommodative.

The week ended with global equities performing well, havens including the yen and bonds declined, while oil rose with metals. U.S. assets moved in response to political developments relating to Trump administration, soft U.S. economic performance and the Fed’s confident tone accompanying a rate hike.
With confidence climbing to the highest level since 1991 and market expectations for further rate hikes reporting the fastest expansion in six years, sentiment indicators have recently exceeded already strong economic performance. The euro area is a measure for expectations in the euro area advanced to 37.7 from 35.1. Germany’s Consumer Price Index was confirmed to have contracted 0.2% in May. French CPI also unexpectedly fell in May.

Meanwhile, the -0.6% on the yield of the Italian 10-year bond fell to 2.02, narrowing the spread with equivalent German notes reporting the fastest expansion in six years, sentiment indicators have recently exceeded already strong economic performance. As a result, the yield on the euro area advanced to 37.7 from 35.1. Germany’s Consumer Price Index was confirmed to have contracted 0.2% in May. French CPI also unexpectedly fell in May.

Meanwhile, the -0.6% on the yield of the Italian 10-year bond fell to 2.02, narrowing the spread with equivalent German notes reporting the fastest expansion in six years, sentiment indicators have recently exceeded already strong economic performance. As a result, the yield on the euro area advanced to 37.7 from 35.1. Germany’s Consumer Price Index was confirmed to have contracted 0.2% in May. French CPI also unexpectedly fell in May.

Meanwhile, the -0.6% on the yield of the Italian 10-year bond fell to 2.02, narrowing the spread with equivalent German notes reporting the fastest expansion in six years, sentiment indicators have recently exceeded already strong economic performance. As a result, the yield on the euro area advanced to 37.7 from 35.1. Germany’s Consumer Price Index was confirmed to have contracted 0.2% in May. French CPI also unexpectedly fell in May.

Meanwhile, the -0.6% on the yield of the Italian 10-year bond fell to 2.02, narrowing the spread with equivalent German notes reporting the fastest expansion in six years, sentiment indicators have recently exceeded already strong economic performance. As a result, the yield on the euro area advanced to 37.7 from 35.1. Germany’s Consumer Price Index was confirmed to have contracted 0.2% in May. French CPI also unexpectedly fell in May.
focus the initial stage of Brexit talks on settling the divorce rather than trying to arrange a future relationship at the same time. Post snap elections, with a lost parliamentary majority, Theresa May is expected to soften the approach to the split and adopt a more conciliatory tone as May previously wanted the trade deal to be discussed in tandem with the split given the lack of time on hand and to win trade-offs, grant certainty to businesses and maintain support for Brexit back home. Her Conservative Party called such an arrangement a dream that is “as distant as the morning mist.”

Barrier and British Brexit Secretary David Davis will open the talks next week on Monday in Brussels, with the aim of wrapping up a deal by the end of 2018 so that it can be ratified by the European and British parliaments before the U.K. leaves the bloc in March 2019.

Upcoming events

Sunday sees the second round of France’s parliamentary election in which France’s parliamentary election in which President Emmanuel Macron’s party is expected to win a clear majority. In the U.K., preparations are underway for the start of Brexit negotiations which will begin on Monday.

Jason Granite,
Chief Investment Officer

---

Global equity markets gave mixed signals. U.S. stocks fell the most in a month, retreating from all-time highs, as crude oil slid into bear territory. Crude dropped below $43, heading for a fifth weekly decline on concern the global supply glut will persist. USD gained, 10-year Treasuries yielded 2.16%. Havens were in demand with gold closing at $1,257.5 an ounce. GBP dropped amid Brexit concerns. Britain kicked off exit negotiations with the EU. Theresa May appeared to have softened her stance over Brexit deal, after losing her parliamentary majority.

Market developments during the week

Weakness in energy prices were the theme of the week, with oil in New York and London dropping into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.

Global markets appear to be in a state of indecision. Oil in New York and London dropped into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.

The Stoxx Europe 600 Index slipped 0.2% over the week, extending the longest run of weekly losses in a year as U.K.-listed stocks struggled on the anniversary of Britain’s vote to leave the European Union. The FTSE 100 Index saw a 0.5% weekly decline to 7,421. The MSCI Emerging Markets Index rose 0.4%.

Chinese stocks were little moved by their addition to MSCI Inc’s benchmark indexes, as investors weighed the symbolic importance of inclusion against the limited impact on short-term inflows. The Shanghai Composite Index swung between gains and losses for much of the trading session on Wednesday, before a late-afternoon rally lifted it to a 0.5% advance. MSCI also announced including Saudi Arabia on its watch list for potential classification as an emerging market. The country’s Tadawul All Share Index leaped 5.5% on Wednesday, the most since August 2015, as traders embraced a trio of key announcements, the other ones being ruler King Salman emitting a palace shakeup and restoration of a raft of benefits for state employees. Global markets appear to be in a strange sweet spot. Last week, the Federal Reserve, the Bank of Canada and the Bank of England shifted to a

---

**Oil slides into bear territory**

Global equity markets gave mixed signals. U.S. stocks fell the most in a month, retreating from all-time highs, as crude oil slid into bear territory. Crude dropped below $43, heading for a fifth weekly decline on concern the global supply glut will persist. USD gained, 10-year Treasuries yielded 2.16%. Havens were in demand with gold closing at $1,257.5 an ounce. GBP dropped amid Brexit concerns. Britain kicked off exit negotiations with the EU. Theresa May appeared to have softened her stance over Brexit deal, after losing her parliamentary majority.

Market developments during the week

Weakness in energy prices were the theme of the week, with oil in New York and London dropping into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.

Global markets appear to be in a state of indecision. Oil in New York and London dropped into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.

---

**Frenkel Topking Investment Management’s (FTIM’s) Safety First Performance**

<table>
<thead>
<tr>
<th>Date</th>
<th>Source</th>
<th>FTIM</th>
<th>VOLATILITY</th>
<th>SINE LAUNCH</th>
<th>SINCE INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 1</td>
<td>1.53%</td>
<td>1.42%</td>
<td>0.10%</td>
<td>3.46%</td>
<td>3.05%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>1.26%</td>
<td>1.91%</td>
<td>0.33%</td>
<td>3.61%</td>
<td>2.67%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>4.38%</td>
<td>2.93%</td>
<td>0.67%</td>
<td>4.10%</td>
<td>3.46%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>5.63%</td>
<td>3.23%</td>
<td>1.11%</td>
<td>5.45%</td>
<td>3.82%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>10.10%</td>
<td>5.04%</td>
<td>2.14%</td>
<td>5.20%</td>
<td>5.24%</td>
</tr>
</tbody>
</table>

All figures are on a net of 0.6% fee, total return basis and are unadjusted for underlying fund charges, but reflect fees of 0.7% including VAT and a platform fee of 0.2%. Advice charges would be based on charges made by your independent financial adviser. The deduction of these charges would reduce the performance shown.

Oil slides into bear territory

Global equity markets gave mixed signals. U.S. stocks fell the most in a month, retreating from all-time highs, as crude oil slid into bear territory. Crude dropped below $43, heading for a fifth weekly decline on concern the global supply glut will persist. USD gained, 10-year Treasuries yielded 2.16%. Havens were in demand with gold closing at $1,257.5 an ounce. GBP dropped amid Brexit concerns. Britain kicked off exit negotiations with the EU. Theresa May appeared to have softened her stance over Brexit deal, after losing her parliamentary majority.

Market developments during the week

Weakness in energy prices were the theme of the week, with oil in New York and London dropping into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.

Global markets appear to be in a state of indecision. Oil in New York and London dropped into a bear market on concerns that expanding supply in the U.S. and Libya will counter output cuts from the OPEC. This led energy stocks and the main indices lower, which were just bolstered by a rebound in tech shares. With little in the way of economic data, Fed speeches took centre stage, as markets continue to expect a September pause and a December interest rate hike. Federal Reserve Bank of New York President, William Dudley put himself on waiting for further proof to hike.
more hawkish tilt, relative to market pricing, and, arguably, underlying ICE Futures Europe exchange, up 28 cents. The global benchmark crude traded at a premium of $2.53 to WTI. Concerns dragging the oil towards decline include expanding U.S. crude production. Libya is pumping crude oil from four and oil stored in tankers rose to 2017 levels during this month. A committee tasked with monitoring compliance to the OPEC-led cuts gave only cursory attention to the possibility of declining curbs.*

A report Wednesday from the Energy Information Administration showed U.S. oil production increased to the highest since August 2015. The U.S. oil production rose by 20,000 barrels a day last week to 9.3 million, the EIA reported Wednesday. While crude stockpiles slid by 2.45 million barrels to 509.1 million, a steeper decline than forecast in a Bloomberg survey, inventories remain about 100 million barrels above the five-year average. Also U.S. drillers continued to add rigs increasing the rig count to 747 last week. Rigs targeting crude in America climbed for a 22nd straight week, the longest uninterrupted stretch of growth in three decades, according to data from Baker Hughes Inc. Libya’s oil production has risen to about 900,000 barrels a day after fields restarted and the country’s biggest deposit, Sharara, increased output. Libya, exempt from the OPEC deal, plans to boost output to the highest since 2013 by the end of July. Gold gained 0.3% over the week to end at $1,257.5 an ounce as crude’s slump this week stoked concern reflation will remain tepid. Other major economies

Euro area

The week was little on economic releases from the euro area as well. Few major releases include German Producer Price Index numbers which came out slightly lower than expected at 0.3% y/y after 5.9% last month, as did the German Current Account surplus. Overall, the Eurozone manufacturing Purchasing Managers’ indices data performed continue reading $73 for the month. Services PMIs for both releases were below expectations but in growth territory. The German Producer Price Index showed a 0.2% month on month decrease this month, lower than 0.1% decrease which was expected. The political risks emanating from France further firmed as President Emmanuel Macron’s party and its allies with enough seats to form a majority in the French parliament, securing 350 out of 577 seats in yesterday’s second- round vote, cementing a legislative majority that will easily allow him to pass his reform program. French stocks jumped the most since May on the news of a center-right majority in the French. The benchmark is up 9.2% this year, outperforming the broader European gauge. While the victory wasn’t the landslide some polls had predicted, and turnout was a record low for the vote, it does bolster the President’s legislative agenda. The new parliament meets for the first time in the coming week, with labor market reform at the top of the agenda, a task that has eluded French presidents for generations. The government is being watched both domestically and internationally because France’s 3,000-page labor code is blamed for discouraging hiring and keeping French growth below the euro-area average. Unemployment in France is roughly double the size of Germany and the U.K., helping Le Pen to attract French voters for the upcoming presidential elections.*

The week’s major highlight relating to China was the announcement by MSCI Inc. of approval of Chinese-listed stocks in its global benchmarks. The $6.8 trillion onshore market is the world’s second-largest and accounts for 9% of global stock value, but was rejected for index inclusion three times by MSCI over issues including capital controls and long trading halts. The MSCI decision will add 222 China A-share stocks starting in May 2018. Meanwhile, investors continue to grapple with a series of regulatory surges. The latest bombshell came Thursday, when shares slumped on news that the government had stepped up scrutiny of the nation’s most active overseas acquirers. Later, stocks swung higher amid speculation of support from state funds.*

Other economies

Saudi’s Tadawul All Share Index leaped 5.5% on Wednesday, the most since April and below a trio of key announcements, the MSCI Inc.’s announcement of putting the country on watch list for potential classification as an emerging market, ruler bin Salman eking a palace shake that was price, and a notion of benefits for state employees. The developments may continue to drive up Saudi equities for investors who anticipate flow from passive funds, an emboldened economic-reform platform and consumers with more cash to spend. Banks were the biggest winners, although the biggest beneficiary of the 172-member index advanced. Trading volume more than doubled its 30-day average. Meanwhile, the government is watching closely if state employees is a boon because the government is one of the country’s biggest employers and a driver of economic growth. Removal of the bonuses and allowances in September sparked a 3.6% decline in Saudi Arabia’s benchmark index. Qatar dispute with the Saudi alliance continued into the fourth week, with the latest update being Saudi Arabia and its allies presenting Qatar with a list of steep demands to end the crisis. The 13 requirements include cull that the Al-Jazeera TV network, cutting back diplomatic ties with Iran, severing relations with the Muslim Brotherhood and ending Turkey’s economic relations with Qatar are predicted by diplomats as likely to be refused. Qatar’s foreign minister said his country wouldn’t bargain away what it sees as its sovereign rights and called on the Saudi alliance to conduct negotiations in a “civilized way” after lifting the blockade. He said Qatars were united behind their emir, and called Al-Jazeera and foreign policy as internal affairs not open to negotiation. Argentina sold 100-year bonds barely a year after setting a protracted legal dispute tied to a $95 billion default. With the $7.25 billion sale, the government of South America’s second-largest economy joins Mexico, Ireland and the U.K. in issuing debt that matures over a century, which is often particularly attractive to funds seeking to lock in long-term returns. Argentina, for its part, is taking advantage of historically low borrowing costs to secure a deal that is expected to off that it’s maturing in the next few years. Its debt now yields an average of about 4.5% points more than similar maturity U.S. Treasuries, less than one-third the level of just four years ago. Among Argentina’s biggest depositors foreign money funds flock to emerging- market funds, pumping in $38.6 billion in 20 straight weeks of inflows. U.K.

Nearly a year after the Brexit vote, negotiations between the EU and U.K. have failed to reach an agreement. Brussels with confusion remaining on what the U.K. wants from the breakup. The negotiations kicked off with little fuss as the British team agreed to the EU’s timetable for talks, which leaves any deal trade discussion until the end of the year. The U.K. had been petitioning that the terms of a trade deal with the European Union were negotiated at the same time addressing the divorce bill. EU, conversely, wanted “substantial progress” on the divorce bill before entering trade negotiations. Despite the lead U.K. negotiator, David Davis, having predicted that this would be the “row of the summer”, the EU’s logic has appeared to have very quickly worked its way through the year, and, albeit many, potential hurdles in the negotiations.

Exit talks only kicked off this week, and U.K. has just until March 2019 to secure a deal with the bloc. Prime Minister Theresa May, whose two-year program was announced in Parliament on Monday, will have to juggle opposition from all sides as her minority government tries to pass laws to implement the divorce. Without a majority in the U.K. Parliament, Theresa May now says she will work to reflect the wide range of views on Europe that exist in Britain, a signal her Brexit policies could soften. By the end of the week, she presented a proposal to EU leaders to safeguard the rights of their citizens, stating that no EU citizens living lawfully in Britain at the point it leaves the bloc in March 2019 would be asked to leave. Those with right to remain would have “settled status” and would be eligible to the same healthcare, pensions, benefits and education rights as British nationals. On the domestic front, her legislative program has become more complex, as officials admit that lawmakers in

138

139

138

139

138

139
Scotland could be given a separate vote on the prime minister’s plans for leaving the EU. May said her officials are in talks with their counterparts in Scotland over whether the Edinburgh parliament will be legally required to give its consent to the so-called Repeal Bill, which paves the way for Brexit. The bill will overturn more than 80,000 pieces of EU law that apply across Scotland as well as England, Wales and Northern Ireland, covering everything from trade to workers’ rights.

The pound dropped below $1.26 during the week as traders see many risks on the horizon with a cloud of uncertainty remaining over both U.K. leadership and the outlook for Brexit negotiations.

The pound also sank as Bank of England Governor Mark Carney emphasized his dovish stance, saying he’s still worried about the impact of Brexit on the local economy. However, the Bank of England’s policymakers are increasingly split over the need to raise interest rates for the first time in a decade. A 5-3 vote last week in favor of keeping borrowing costs unchanged was closer than expected, and on Wednesday the BoE’s chief economist surprised investors by saying he was close to voting for a rate hike too.

Some Monetary Policy Committee members argue that rising inflation requires a hike, especially at a time when they believe the economy is running at close to full capacity. But the majority say slow wage growth and Brexit uncertainties justify keeping rates at a record low.

Exporters also are still enjoying free and direct access to the EU’s single market of 500 million consumers. The Bank of England said Wednesday that weaker sterling and strong global growth are supporting manufacturing and overseas sales. A measure of factory orders jumped to the highest in almost 3.5 years this month as export demand improved. The CBI orders index jumped to 16 in June, from 9 in May. Its export gauge rose to 13, the strongest reading in 22 years. That boost will probably come to an end under May’s Brexit vision, and most economists say these will ultimately be negative economic impacts from potential tariffs, less migration and lower investment.

Looking ahead, the MPC’s August meeting is now a potential time for a split, especially with inflation still pertaining to inflation and wages, will be crucial over the coming months. Industrial Order Expectations index into Asia and the Confederation of British Industry showed orders books at their strongest level since 1988, underlining just how positive sterling weakness has been for the manufacturing sector, which represents some 10% of the economy.

Jason Granite,
Chief Investment Officer

FTIM Safety First Performance

Frenkel Topping Investment Management’s (FTIM) Safety First Performance

<table>
<thead>
<tr>
<th>SENSEX INCEPTION</th>
<th>SENSEX LAUNCH</th>
<th>10-year TREASURY YIELD</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/01/16 to 23/06/17</td>
<td>23/06/17 to 23/06/17</td>
<td>04/01/16 to 23/06/17</td>
</tr>
<tr>
<td>Performance</td>
<td>Volatility</td>
<td>Performance</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
<td>1.91%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
<td>2.93%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
<td>3.23%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
<td>5.04%</td>
</tr>
</tbody>
</table>

Date: 23 June 2017
Source: FTIM / AIA Analysts

All figures are in a Bond Index Total Return basis and are an approximation of underlying bond charges, net of fixed rate 0.1% charges, including VAT and a platform fee of 0.2%. Above charges would depend on the charges made by your independent financial advisor. The deduction of these charges will reduce your return. The above returns are also net of a 0.1% charge on bond charges.

Actual Past Performance Data is from 20/04/17 only as the models only launched on this date and therefore 1 year performance data is not available and 36 month performance figures are not able to be shown. The above performance figures are not adjusted for any money market charges.

The figures represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations.

Volatility = a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.

Bond markets sold off sharply this week on remarks from monetary policymakers.

Bond yields rose by 20 to 25 basis points in Germany and the U.K., respectively. Yields on Treasuries also rose, but markedly less as U.S. data has underwhelmed.

The euro and pound rallied, developed bonds sold off as investors digest central banks’ hawkish statements. USD saw 1.3% monthly decline.

The S&P500 fell 0.5% to 2,425. U.S. 10-year treasuries yielded 2.28%. WTI Crude closed at $45.53, gold closed at $1,242.29 an ounce.

Market developments during the week

Volatility is making a comeback, though still low by historical standards, as the debate on normalizing central bank policy intensifies after nine years of unprecedented stimulus. That suggests some investors are growing concerned about the economy’s ability to withstand a tightening cycle, even as data remains supportive. The last two weeks of comments from the world’s most important central bankers have prompted investors to reassess the outlook for the second half of 2017. The Bank of England and the Bank of Canada are now seen as more likely than not to join the Federal Reserve in raising rates before the year is out, based on overnight index swap rates. Even the possibility of a European Central Bank hike, once seen as all but impossible, is slowly growing.
On political front, Trump administration continued its attempts to gain major milestones by making promises with the first this week being the U.S. Select Committee’s declaration that a narrowed version of President Trump’s tax reform bill will take effect this week due to be due in October. When the Committee partially resurrected its executive order banning travel from six mostly Muslim nations, Trump called it a clear victory for national security. However, by the end of the week, the revised executive order faced new court challenges, as Hawaii asked a judge to clarify whether the government violated instructions from the U.S. Supreme Court in defining who’s covered by the ban and who’s excluded. Also, the plan to repeal Obamacare seemed less likely to succeed after at least three Republican senators said they would vote to block the bill version of their party’s health care bill, moving Majority Leader further away from the 50 votes he needs to secure passage of the measure. The Congressional Budget Office estimated that the bill would increase the number of uninsured Americans by 23 million. Later in the week, President Trump said that if Republican senators can’t strike a deal on their health care bill, they should immediately repeal Obamacare and then replace it later, a reversal of the president’s earlier position.

The upcoming meeting of President Donald Trump with Russian President Vladimir Putin next week’s G-20 summit in Germany will gain much of the attention amid a widening federal investigation into Russian interference between Trump associates and the Kremlin-directed effort to between Trump associates and the Kremlin in defining who’s covered by the ban and who’s excluded.

Currencies

The Bloomberg Dollar Spot Index headed for a monthly decline of 1.3%. It’s poised for its first month of losses and is down 3.3% this quarter. Dollar bullishness has been disappearing recently, with Commodity Future Trading Commission reporting the lowest net bullish futures in the markets of the year in recent weeks. The yen gained 0.8% in the week closing at 112.2 per dollar. The euro gained 1.8% to $1.1415. It gained 7.1% this quarter. The pound rose 1.6% to $1.2999, following seven days of gains. The currency is down 3.4% this quarter.

Equities

The S&P 500 gained 0.5% to 2,452.92, over the past week buoyed by gains in the industrial and consumer discretionary sectors. Technology stocks have been under pressure this week, while banks have been supported on the prospect for higher rates. The Nasdaq 100 index dropped 2.7% for the worst week of the year, reversing its gain for June to 1.5% loss. The decline extends a month winning streak, the longest since 2009. The Wall Street strategies are fighting historic odds when urging investors not to chase the rally in the U.S. stock market. They’re predicting the S&P 500 index will see momentum fade in the second half after shares climbed 8.2% for the best-first half performance since 2013. The average-end performance prediction, 2,439, represents a 0.6% increase by December, the least bullish forecast as per data by Bloomberg.

Europe’s benchmark equity gauge added to its fourth straight weekly loss. The Stoxx 600 Europe index fell 0.3% as gains in technology and consumer shares couldn’t offset losses in chemical makers. FTSE 100 the London’s main index fell 1% to close at 7,349.

Other major economies

European equity markets were on track for gains this week, with much- awaited signals lifting the euro. Yuan rose 0.8% in the week, following seven days of gains. The currency is up 3.4% this quarter.

Markets were keen on Mario Draghi’s speech this week, which gave much awaited signal lifting the euro. Mario Draghi stated he is “confident” that the European Central Bank’s policies would restore normality in the eurozone and that the scars inflicted by the crisis will fully heal. The bullish assessment of the eurozone recovery fueled speculation that monetary policymakers could soon begin discussing a withdrawal of stimulus. The euro rose to its highest level in almost a year against the U.S. dollar, trading at $1.1361. Draghi, however, did state that although deflationary forces have replaced deflationary forces, he also made abundantly clear that in his view the ECB’s accommodative policy remained necessary to sustain said deflationary forces. The speech nonetheless seems to indicate that the market views any hint of possible ECB policy normalization as strongly euro positive, and that further such hints may well have the same effect.

Amid this week’s data releases were Euro-Area inflation slowed, with consumer prices rising 1.3% in June after 1.4% in May, backing the European Central Bank’s call for a prudent approach toward policy normalization. The speech strips out volatile components such as energy and food, increased to 1.2% in June from 1.1% in May, and the producer price index rose 0.5% in June from 0.4% in May. The speech in underlying inflation is encouraging for ECB President Mario Draghi and his fellow Governing Council members who want to see proof that pressures in the eurozone have dissipated. German Retail Sales growth can be sustained at their current levels without any downside face. Germany inflation data revealed prices were up 0.6% on-year. Spanish inflation was up 1.5% year-on-year, though this was slightly shy of expectations. German Retail Sales rose 0.5% on-month, topping expectations of 0.3% vs. 0.3%, and the French Consumer Spending jumped in May to 1.0% vs. 0.1% expected, the increase in June was just 0.0% as compared to 0.1%.

China

It is the longest pushed above 77 U.S. cents to a 9-month high vs its U.S. counterpart at 2.0479 per day this week, due in part to a rise in oil prices back above $45 per barrel. However, the more important driver of currency strength of late has been hawkish remarks by central bank officials, which have renewed the bias for sterling futures expectations of when rate hikes will begin. As of this week, markets had priced in nearly 80% chance that the Bank of England will raise base rate by the next meeting in July. As a result, 5- and 10-year yield rises by about 25 basis points per month to a 3-month high. Inflation is still the Bank of Canada’s single mandate and has yet to show any signs of moving toward target. Real GDP expanded by 0.2% in April, in line with expectations. This puts the economy on track for growth of around 3% in the second quarter. The Business Outlook Survey showed that business activity continues to gain momentum, with forwardlooking indicators improving for a third straight quarter.

China

Despite the slowdown from double-digit growth rate to a respectable single-digit rate the Chinese economy continues to have a considerable influence on the global economy growth outlook for the next one or two decades. The recent tightening of monetary policy by the Central Bank of China, the mixed...
signals in the purchasing managers index (PMI) and worries by the government about “systemic risk” from some large enterprises in relation to overseas acquisitions have reigned doubts about the Chinese and global economic outlook. The Caixin’s China PMI, a private survey, has been slowing down since the beginning of the year and is currently below the neutral 50 level. This contrasts with an official reading which points to continued expansion. China’s official PMI report released this week revealed the manufacturing PMI increased to 51.7 in June compared to the 51.2 reading in May while the non-manufacturing PMI rose to 54.9 compared to 54.5 a month earlier. Compared with the official PMI, the Caixin survey is tilted towards more small and mid-sized manufacturers. The difference between the surveys suggests that smaller firms are under more pressure than their larger peers. The risk is that of an over-tightening of monetary policy will have an adverse effect on the economic momentum. The current indicators, which sceptics of the Chinese economic momentum point to, are the slowing in the money supply growth and the inversion in the yield curve. Money supply grew by 9.6% YoY in May which is the slowest rate of growth going back 15 years. Meanwhile, short term interest rates are higher than those for 10-year government bonds. This would normally be a signal of pessimism on the economic outlook by investors with a flight to safe short-term securities and a fall in longer term interest rates. This has not been the case in China with both the short and long-term interest rates rising over the past six months. The slower growth in money supply and the inverted yield curve are therefore more likely to reflect the modest monetary policy tightening by the authority in an attempt to limit some of the excesses in the financial system. China will look to deleveraging and tighten regulation to reduce the risk within the financial system. Crucially, for the global economy and investors, China monetary authority is unlikely to risk over-tightening ahead of the twice-a-decade National Party Congress in late 2017. We remain positive on a-decade National Party Congress over-tightening ahead of the twice-

global economy and investors, China the financial system. Crucially, for the regulation to reduce the risk within will look to deleverage and tighten excesses in the financial system. China in an attempt to limit some of the yield curve are therefore more likely in money supply and the inverted past six months. The slower growth long-term interest rates rising over the case in China with both the short and interest rates. This has not been the securities and a fall in the longer term economic outlook. The Caixin’s China signals in the purchasing managers

Japan
Japan’s core consumer prices crept higher for a fifth straight month to 0.4% in May from a year earlier, but inflation remains far from the Bank of Japan’s 2% target, government data showed. Industrial production slipped 3.3% last month compared with April, more than economists forecast, while the jobless rate unexpectedly climbed. While Friday’s decline pared the Topix index’s weekly gain to less than 0.1%, it rose 2.8% in June, its best monthly performance this year. The benchmark gauge ended the quarter 6.6% higher, bouncing back from a decline in the first three months of 2017. A Tokyo assembly election Sunday will be watched as a barometer of support for Prime Minister Abe’s government.

India
India rolls out massive tax reform which its Government expects will boost GDP, improve macro stability. Businesses and citizens across the country steered themselves for the economic turmoil that’s expected to follow as they are confused by a complicated structure, which includes four tax slabs ranging from 5% to 28% and numerous exemptions. It’s also not clear what sort of damage the nationwide roll out will inflict on the country’s fast-growing, $2 trillion economy before the long-term benefits kick in. The Reserve Bank of India has said the impact from GST is likely to be minimal. India’s inflation has eased to a record low of 2.2% as the central bank’s battle against price pressures gains traction. It could ease further as businesses offer hefty discounts to consumers in “GST sales” before July 1.

U.K.
Sterling erased its post-election losses and rose against most of its 16 major peers Thursday after BOE Governor Carney appeared to rein back on some of his rhetoric from last week when he suggested that he was firmly placed among the other doves on the MPC. It extended gains past $1.30 as chief economist Andy Haldane told the BBC that the BOE needs to look seriously at raising rates.

On the economic front, the final reading of first-quarter GDP remained unaltered from the previous print showing 2% annual growth, with the Office for National Statistics saying the country’s saving ratio has fallen to 17.1%, the lowest level on record, from 33.3% in the previous quarter. Britons saved a smaller proportion of their incomes than at any time on record and household incomes adjusted for inflation fell for a third straight quarter, the Office for National Statistics reported. GDP as a whole grew an unrevised 0.2%, the weakest in a year. For Bank of England Governor Mark Carney, the debate over when to raise interest rates hinges among other things on whether business activity picks to compensate for the weakness of consumer spending. Figures this week showed business investment rising an annual 0.7%, the best performance in more than a year. There was also some good news from the dominant services industry, where retailers helped output grow 0.2% in April. That puts the economy on course for 0.4% growth in the second quarter and keeps open the possibility of a rise in the U.K. benchmark rate when policy makers next meet on Aug 3. A GfK report showed consumer confidence falling to its lowest level since just after the Brexit vote, with this month’s inconclusive election adding to people’s concerns. The Nationwide House Price Index, which rose 1.1% in June, erased the previous three months of contractions. Separate figures showed the current-account deficit widening, though remaining well below recent quarter averages. The Bank of England’s Financial Policy Committee released the findings of its latest Financial Stability Report, and raised the capital requirements for banks as it warned debt levels were becoming elevated to the point where they required precautions. Rapid growth in car loans and other consumer debt items were areas of particular concern. Money and Credit data from the Bank of England revealed the unsecured consumer credit was up 10.3% year on year, vastly outstripping wage growth over the same period. M4 Money Supply contracted 0.1% however, compared to previous monthly growth of 1.3%.

Regarding update on Brexit, Business groups responded on Monday with frustration to the government’s proposals on EU citizens’ rights post-Brexit, which they said lacked the clarity employers needed and would lead to a big increase in the administrative burden on companies and individuals. The Conservative Party finally managed to strike a deal with the Democratic Unionist Party, which enables the Conservative’s to stay in power as a minority government. The price negotiated for the support of the DUP’s ten elected parliament ministers for Prime Minister Theresa May’s continued premiership will be one billion pounds of extra funding for the province.

Jason Granite,
Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s)
Safety First Performance

<table>
<thead>
<tr>
<th>Date: 30 June 2017</th>
<th>Source: FTIM / FE Analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
<td>VOLATILITY</td>
</tr>
<tr>
<td>SINCE INCEPTION</td>
<td>SINCE LAUNCH</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
</tr>
<tr>
<td>PERFORMANCE</td>
<td>VOLATILITY</td>
</tr>
<tr>
<td>SINCE INCEPTION</td>
<td>SINCE LAUNCH</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>10.10%</td>
</tr>
</tbody>
</table>

All figures are in £’s - bid, total return basis and are quoted net of underlining fund charges, out of Mifid of 0.0%. Figures are quoted net of charges made by your independent financial adviser. The deduction of these charges would reduce the performance shown. Actual Best Performance data is not available and 12 month performance figures are not able to be shown. Pre – launch performance from 04/01/16 to 29/04/16 is Simulated Past Performance. The figures represent performance of a model portfolio. Individual account performance may differ if your account does not follow the model. Past performance is not a reliable indicator of future performance. Investment values can go down as well as up and may be affected by exchange rate variations. Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
Geopolitics in focus as tensions with North Korea intensify

European Central Bank (ECB) hinted it might come to scale down support for the eurozone.

Oil markets remain oversupplied, despite efforts to cut production.

The US-led threat with ties that continue to do business with North Korea following test of intercontinental ballistic missile.

Bond prices fell. The yield on the 10-year Treasury note rose to 2.40% from 2.37%.

Decrease in manufacturing, construction slowdown and widening trade deficit of the trade deficit pound lower against dollar & euro.

WEEKLY INVESTMENT UPDATE

On data front, AOP data on private hiring suggested U.S. job market is moderating. Private payrolls rose by 158K (est. 188K, the the 2019 June increase to 2.40% from 2.37%.

Market developments during the week

U.S. nonfarm payroll total 222,000 in June vs 179,000 expected.

China, the main economic lifeline of North Korea, has been reluctant to press top officials to do business with North Korea. The U.S. has continued to call for talks, with the ultimate prize a missile that can carry a nuclear-tipped warhead to the intercontinental U.S. with a nuclear warhead.

The U.S. has continued to call for more sanctions against Pyongyang, which has been sticking points since last August.

PCMs for such a deal have been reduced by both the U.S. and UN's regime.

The U.S. president has said all options including military force are available against the nuclear threat. North Korea's neighbours have warned a strike could be disastrous for North Asia, given the widespread belief in Seoul.

New government has also urged talks with Kim, a stance that puts it potentially at odds with the U.S.

The measure, which relies on a smaller IHS Markit's PMI, showed the economy is maintaining some momentum after a recent pact with Canada.

On data front, Euro-area manufacturing expansion expanded at the strongest pace in over six years with IHS Markit's PMI climbing, as data for Greece showed an expansion for the first time since last August.

The improved economic environment is aiding Chinese momentum, with the official PMI index at 51.7 in June.

Trade surplus weighed heavily on U.S. oil moved sharply lower due to the improved economic environment with widening trade gap.

World stocks are poised to end the week at six-week lows in the face of oil weakness, a spike in bond yields and anticipation of tighter monetary policy, particularly in the United States.

Commodities

U.S. oil moved sharply lower due to rise in oil production weighed heavily on the commodity. U.S. crude oil lost $1.20, or 2.6%, to $44.32 a barrel. Brent crude oil fell $1.9, or 2.5%, to $46.92 per barrel. Data from the Energy Information Administration showed U.S. crude inventories fell by 6.299 million barrels in the week ended June 30, compared to expectations for a drawdown of 2.28 million barrels.

Oil markets remain oversupplied, despite a pledge by the Organization of the Petroleum Exporting Countries to cut production from January of this year until March 2018 in an effort to support the market. The group's efforts to rebalance the market have been undermined by rising production from Libya and Nigeria, which are exempt from the output-curtailment agreement and by increasing shale production in the U.S.
its foreign policy. The bloc had demanded that Qatar yield to 13
Sanctions including the removal of monetary stimulus is likely
to prove they’re not underestimating
Mark Carney said last week that “some
in official borrowing costs. Governor
have also warned about the potential
in their spending, putting the brakes on
One risk of raising rates too soon is
not least because the rate-setting panel
of their next announcement on Aug.
June dissenting for tighter policy and
1.6% (forecast was 1.7%), the lowest
reading since last October. After a 1
Banks that have signalled increased
energy, the core CPI rose 0.1% for
a third straight month (forecast was
0.2%). It was up 1.7% from June 2016.
Prices for core services continued to
post modest 0.2% monthly increases
supported by higher prices for
shelter, medical care, motor vehicle insurance,
education and personal care. These
were partly offset by drops in
airfares, new and used vehicles,
wireless service and rent.
According to the advance Cens
Budget report, Retail sales unexpectedly
fell 0.2% for a second month in June,
signalling consumers are providing only
modest support for the U.S. economy.
Purchases dropped 0.2% after falling
0.1% the previous month. Sales fell
in six of 13 major retail categories in
June. Sales excluding car dealers and
gas stations fell 0.1% after no change a
month earlier. Retail control-group sales,
which is used to calculate GDP and
exclude the categories of food services,
auto dealers, building materials
outlets and gasoline stations,
were down 0.1% on the month.
The Federal Reserve’s tightening
of monetary policy should be a boon
for banks. Lenders have pushed
up interest charges for borrowers
before “prime rate,” has risen from 3.5%
a year ago to 4.25%. The average rate
on savings accounts has remained
unchanged at 0.08%.
Currencies
Dollar tumbles to a 10-Month Low,
lower by almost 0.7%, its steepest
drop since June as measured by the
Bloomberg Dollar index. USD
struggled in many places including
against sterling, but did manage
to regain some ground against the
euro. The pound rises to a Nine-Month
High as weak inflation data in the
U.S. weighed on the dollar, while traders
are increasingly betting on tighter
monetary policy in the U.K. Pound
Sterling rallied against both the USD
and after, senior BoE Monetary Policy
Committee member, Ian McCafferty
said that he would exit its QE programme earlier than the
indications from current forecasts. The
euro weakened on Friday,
even against the U.S. dollar which
was coming under broad pressure
elsewhere.
The more aggressive rhetoric from
the Bank meant the Canadian dollar
rallying this year by 4% against its
counterpart. CAD and AUD both rose
to highest in more than a year. AUD
rallied 0.7829, its highest since
April 2016.
The currencies of New Zealand and
Sweden have all gained against the
U.S. dollar due to improving economic
growth, even if their central banks are
cautious about changing policy quite
yet. In contrast, the yen has been weakening against
every other major currency as the
Bank of Japan recommits to buying
bonds and keeping the monetary
spigot open. USD/JPY touched 112.27,
its lowest since July 3, as Treasury
yields fell, with the yield on the 10-year
dropping as low as 2.28%.
Equities
European stock markets largely
firmed lower Friday, with bank shares
taking a hit after their U.S. peers
kicked off a new earnings season,
but regional equities on the whole
marked their best performance in more
than two months.
Benchmarks in Germany, France, Spain,
Italy and the U.K. each closed in
the red but the Stoxx Europe 600 SXXP,
+0.18% managed to finish higher by
0.2%, with commodity shares
among its advances. Friday’s session
was crowded in bank shares that
pulled the Stoxx Europe 600 Banks
Index down by 0.7%. U.S. stocks held steady as
investors awaited June inflation figures
and earnings from Wall Street banks.
The S&P 500 added 1.4% for the best week
since May. The Dow Jones Industrial
Average climbed for the sixth week in
seven and the Nasdaq 100 posted the
best advance of 2017. Hong Kong stocks
record best week in a three-week
run.
Bonds
The benchmark U.S. 10-year yield
fell to low as 2.277% Friday, with
futures prices jumping to 126-01,
after a closely watched Federal Reserve
meeting on Thursday.
The bond market’s main focus next
week will be the European Central
Bank’s policy decision on the 20th July.

Thailand
Thailand’s central bank held its
benchmark interest rate near a record
low, seeking to preserve policy room
despite signs that the economy is
heading deeper into deflation again.
The one-day bond repurchase rate
was left at 1.5%, with market sources
saying policy committee members
voted unanimously in favor. Policy makers
are struggling to get the Thai economy
out of the 1% to 4% target range. After about a year of low but positive inflation,
consumer prices declined for a second
month in June, prompting the central
bank to lower its forecasts for this
to 2017 and next. Even so, officials have
warned about the potential
economic activity will likely be thwarted
by exchange rate variations.
The figures represent performance of a model portfolio; individual account performance may differ if your account does
not include VAT and a platform fee of 0.2%. Advice charges would depend on the charges made by your independent
advisor and may include the cost of any transaction costs and incidence of VAT.

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>SINCE INCEPTION</th>
<th>SINCE Launch</th>
<th>VOLATILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>PERFORMANCE</td>
<td>PERFORMANCE</td>
</tr>
<tr>
<td>04/01/16</td>
<td>04/01/16</td>
<td></td>
</tr>
<tr>
<td>FTIM Safety First 1</td>
<td>1.53%</td>
<td>1.42%</td>
</tr>
<tr>
<td>FTIM Safety First 2</td>
<td>3.26%</td>
<td>1.91%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>4.38%</td>
<td>2.54%</td>
</tr>
<tr>
<td>FTIM Safety First 5</td>
<td>5.63%</td>
<td>3.23%</td>
</tr>
<tr>
<td>FTIM Safety First 10</td>
<td>10.10%</td>
<td>5.04%</td>
</tr>
</tbody>
</table>

SINCE INCEPTION: 04/01/16 to 07/07/17
SINCE LAUNCH: 04/01/16
VOLATILITY: 04/01/16

All figures are in a nil. All total return basis and are an expression of underlying bond changes (See FSA Note 24). The
figures do not include the investment in/through/through the FTIM’s benchmark. Actual Past Performance Data is from FTIS only on the models only launched on this date and therefore 3 year performance data is not available and 2 year performance (See FTA Note 24). The figures are performance of a model portfolio; individual account performance may differ if your account does
does not include VAT and a platform fee of 0.2%. Advice charges would depend on the charges made by your independent
advisor and may include the cost of any transaction costs and incidence of VAT. 

June 07, 2017

Source: FTIM | FTA Analytics
Commodities

Benchmark Brent crude has dropped 16% this year and was 24 cents higher at $47.98 a barrel in London on Thursday.

Saudi Arabia pumped slightly above its official output target in June, the head of state-run Kuwait Petroleum International Ltd. said Thursday in a report. The Gulf country, which currently can pump up to 3.15 million barrels a day, has plans to increase capacity to 4 million by 2020 and to keep it at that level until 2030. Kuwait plans to raise its capacity to as much as 4.75 million barrels a day after 2030 as the OPEC member builds refineries in Asia to process more of its crude, the head of state-run Kuwait Petroleum International Ltd. said.

The world’s biggest oil producers are starting to take electric vehicles seriously as a long-term threat. The London-based researcher expects to see 23 million EVs a year by 2025, rising to 8 million in 2030, according to Bloomberg New Energy Finance.

The U.S. Energy Information Administration more than doubled its central size estimate from to 58 million from 23 million. The world’s top automakers have a combined plan to sell 6 million electric vehicles a year by 2025, rising to 8 million in 2030, according to Bloomberg New Energy Finance.

Notwithstanding cautious remarks from Fed chief Yellen and other central bankers, global central banks have been taking a more hawkish tone on monetary policy.

Malaysia

The ringgit has declined more than 7% against the dollar in the past 12 months, according to Bloomberg.

Exports from Indonesia to Vietnam are surging but Malaysia’s shipments are growing the fastest, accelerating to a seven-year high of 33% in May. This is boosting the economy with domestic consumption improving, the central bank said last week. The inflation rate likely to keep up in the next six to 12 months.

Central bank is forecast to hold key rate at 3% on Thursday. Malaysia’s exports are equivalent to about 70% of gross domestic product in 2016 at constant prices, according to government statistics. The central bank predicts Malaysia’s economy will expand at least 4.9% annually from 2017 to 2019, from 2.4% last year.

U.K.

RICS British monthly house price index dropped to +7 in June from +11.6 in May, less than the expectation of +9.2. The monthly inflation rate is now down to +11.1% last year (since just after Brexit vote) and below all forecasts in a Reuters poll of economists. U.K. election jitters played the biggest role in the fall of house price index to 11-month low.

The U.K. acknowledged for the first time on paper that it will have to pay money to the EU when it withdraws from the bloc. In a written statement to parliament touching on a “financial settlement”, the government recognised on Thursday that the U.K. has obligations to the EU, and the EU obligations to the U.K., that will survive the U.K.’s withdrawal — and that these need to be resolved.

As negotiators prepared for a round of talks on Monday, Britain’s exit liabilities — estimated by the EU to stand at up to €100 billion gross — were proven one of the biggest flashpoints.

British tourism boosted by 21% jump in foreign holidaymakers, adding to other signs that the fall in the value of the pound is boosting Britain’s economy.

In a written statement to parliament touching on a “financial settlement”, the government recognised on Thursday that the U.K. has obligations to the EU, and the EU obligations to the U.K., that will survive the U.K.’s withdrawal — and that these need to be resolved.

As negotiators prepared for a round of talks on Monday, Britain’s exit liabilities — estimated by the EU to stand at up to €100 billion gross — were proven one of the biggest flashpoints.

Great repeal bill is rejected by Nicola Sturgeon and Carwyn Jones over concerns about human rights and Westminster’s power grab.

However, under so-called Henry VIII clauses, which give the Government powers to charge old laws that have already been passed by Parliament, and also allow the Prime Minister to charge existing laws without Parliament’s full approval.

Frenkel Topping Investment Management’s (FTIM) Safety First Performance

For more information on FTIM Safety First Performance, please visit FTIM’s website.

Upcoming events

The FOMC meets on the 25th and 26th July and is expected to remain on hold. Next week, we will also see the start of monthly housing data.

Our portfolios

As a part of our continued monitoring of market developments, we deem this as the correct time to adopt a more defensive strategy and rephase the portfolios. We have identified that global growth looks resilient, which is supported by earnings and an upward trending bond market. Further to this, inflation may have peaked for 2017 with a chance of falling in the second half of 2017 on the back of a declining oil price. However there in an increased risk of conflict with President Trump giving a very clear warning over North Korea’s recent missile tests. Trump has informed China the U.S. is prepared to act alone in pressuring the nuclear- armed regime in Pyongyang. We continue to keep our Safety First funds invested in sources that meets our risk targets while monitoring the events that pose volatility risks.

Jason Granite, Chief Investment Officer

End.
The Bloomberg Dollar Index recorded a weekly loss of 0.8 per cent. GBP has lately beento record a weekly slip of 2.47%. The Stoxx Europe 600 saw the first weekly continues to shrink. U.S. crude Oil headed for a second weekly
increase as U.S. crude inventories continued to shrink. U.S. crude inventories slipped 40 cents to $49.30 a barrel. The
up 0.5 per cent to $49.53 a barrel. The

The gloomy message from the US Treasury is that officials will reassess
lead declines on euro strength after a crash in oil markets. The IEA last month cut its estimate for China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,

China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,

The Bloomberg Dollar Index recorded a weekly loss of 0.8 per cent. GBP has lately been
to record a weekly slip of 2.47%. The Stoxx Europe 600 saw the first weekly continues to shrink. U.S. crude Oil headed for a second weekly
increase as U.S. crude inventories continued to shrink. U.S. crude inventories slipped 40 cents to $49.30 a barrel. The
up 0.5 per cent to $49.53 a barrel. The

The gloomy message from the US Treasury is that officials will reassess
lead declines on euro strength after a crash in oil markets. The IEA last month cut its estimate for China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,

China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,

The Bloomberg Dollar Index recorded a weekly loss of 0.8 per cent. GBP has lately been
to record a weekly slip of 2.47%. The Stoxx Europe 600 saw the first weekly continues to shrink. U.S. crude Oil headed for a second weekly
increase as U.S. crude inventories continued to shrink. U.S. crude inventories slipped 40 cents to $49.30 a barrel. The
up 0.5 per cent to $49.53 a barrel. The

The gloomy message from the US Treasury is that officials will reassess
lead declines on euro strength after a crash in oil markets. The IEA last month cut its estimate for China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,

China’s 2017 total oil demand
raises the prospect of an imminent end
to-back weekly advance since June 2 10.2 million barrels to 1.32 billion,
the bank is increasingly out of step was maintaining its policy position. The Bank of Japan announced it Japan any future destructive debt-bubble comments at a top financial-regulatory behemoth state-owned enterprises of liabilities at smaller banks and big makers have focussed on a build-up that people should see coming, but highly probable, high-impact threat Domestic stocks tumbled after authorities warned about the build-up of debt across the economy, calling the problem a "gray rhino", a highly probable, high-impact threat that people should see coming, but often don’t. While up to now policy makers have focussed on a build-up of liabilities at smaller banks and big private-sector companies, President Xi Jinping has made clear that local government authorities and China’s behemoth state-owned enterprises must restrain borrowing. Xi’s comments at a top financial-regulatory gathering last weekend were the latest signal of determination to head off any future destructive debt-bubble deflation.

China Economic growth continued at a robust pace in the second quarter, with GDP expanding at a better than expected 6.9 per cent. A rebound in industrial output, which rose 7.6 per cent in June from a year earlier, far exceeded economists’ estimates for a 6.5 per cent increase. The onshore yuan traded near the highest level in eight months after the growth figures were released. The expansion highlights the resilience of China’s economy, as activity has remained robust even as policy makers have tried to curb excessive and speculative borrowing, leading to a slowdown in money supply growth. Domestic stocks tumbled after authorities warned about the build-up of debt across the economy, calling the problem a “gray rhino”, a highly probable, high-impact threat that people should see coming, but often don’t. While up to now policy makers have focussed on a build-up of liabilities at smaller banks and big private-sector companies, President Xi Jinping has made clear that local government authorities and China’s behemoth state-owned enterprises must restrain borrowing. Xi’s comments at a top financial-regulatory gathering last weekend were the latest signal of determination to head off any future destructive debt-bubble deflation.

Japan The Bank of Japan announced it was maintaining its policy position unchanged, while yet again delaying the decision to hit 2 per cent inflation for a sixth time. The decision means the bank is increasingly out of step with its developed-world peers. By again delaying the timing for hitting its price goal, the BOJ acknowledged the need to continue easing for another several years, probably beyond 2020 because of a sales-tax increase scheduled for late 2019. The central bank raised its growth forecasts slightly for this year and next, but noted in its policy statement that the risks to inflation and growth are skewed to the downside. The BOJ is under pressure to explain when, and under what conditions, it might begin an exit. Its asset buying, mainly of Japanese government bonds, has swelled its balance sheet to nearly the same size as Japan’s economy. Yet in its own region, Asia, the BOJ is far from alone. While the People’s Bank of China is turning to open market-operations and lending tools to curb excessive leverage in parts of the financial system, it’s holding benchmark rates at all-time lows to keep growth humming. Slow inflation in India has put the prospect of more easing back on the table, and the regions’ smaller central banks are also signalling no rush to raise borrowing costs. On the economic front, Japan returned to Trade Surplus of 439.9 billion yen ($3.9 billion) in June, with both imports and exports continuing the strong growth they have had all year. Exports rose 9.7 per cent from a year earlier (estimate 9.5 per cent). Imports increased 15.5 per cent (estimate 14.4 per cent).

Australia The Aussie Dollar slumped after officials say market market rates. Minutes of the Reserve Bank of Australia’s July meeting released Tuesday included a discussion of the level of the neutral interest rate, which was estimated at about 3.5 per cent, a long way from the current 1.50 per cent. Traders interpreted the discussion as a signal that rate hikes were on the way and sent the Australian dollar soaring, effectively tightening conditions in the economy.

On the regulatory front, Australia’s big four banks rallied in Sydney trading as new capital requirements turned out to be less onerous than expected and the financial regulator signalled they may not get any higher. The decision to raise capital requirements is the latest element of regulatory efforts to ensure the country’s large lenders can weather any downturn, particularly in the property market. Home loans account for more than 60 per cent of domestic bank lending in Australia and the regulator has grown concerned that existing capital rules don’t reflect this concentration of lending and risk. Property prices in the country’s biggest cities have soared in recent years, stoking fears of a house price bubble.

Saudi Arabia

In Saudi Arabia consumer prices dropped again in June, reflecting the nation’s worst economic slowdown since 2009 as the kingdom struggles to cope with low oil prices. The economy shrank 0.5 per cent year-on-year in the first quarter amid lower oil output and cutbacks in spending to shore up public finances. However, the reassertment of public sector benefits and bonuses, and the introduction of value-added taxes in 2018 should support a return of positive inflation.

U.K.

The second round of Brexit talks wrapped up in Brussels. French Finance Minister Bruno Le Maire used a hearing in the French parliament to take a hard line on what the EU believes the U.K. owes the bloc in terms of liabilities and obligations. France insisted that the U.K. pay a Brexit bill of as much as 100 billion euros ($115 billion), underlying thehardtosubstantialprogressin negotiations toward a new relationship with the European Union. Reports by the Guardian indicated that the U.K. cabinet will accept the free movement of EU citizens for up to four years after Brexit as part of a transitional deal. The news comes after a meeting between the prime minister and British businesses in which companies stepped up pressure on Theresa May to avoid a so-called hard Brexit.

Citizen rights have become the first major stumbling block in negotiations with Brussels as the issue is a red line for both sides. We believe there is worse to come and that the negotiations will be more complicated, volatile and turbulent than many expect.

Price growth in the United Kingdom unexpectedly slowed to 2.6 per cent in June, weakening the case for a Bank of England rate hike in the near future. The Bank of England makes its next policy decision on August 3. The pound dropped from a 10-month high to trade at $1.3026 after the data was released. Core inflation dropped to 2.4 per cent from 2.6 per cent in May. Investors lowered the odds of a hike this year to about 40 per cent from 50 per cent after the inflation data, according to short sterling trades. Britain reported a larger-than-expected budget deficit last month as rising inflation pushed up debt payments. Net borrowing was 6.9 billion pounds ($9 billion), up from 4.8 billion pounds in June 2016. It left the shortfall in the first three months of the fiscal year at 22.8 billion pounds, up 9 per cent on the year. The figures highlight the risks facing the public finances as rising prices and stagnant wage growth take their toll on the economy. Spending was also driven by a surge in payments to the European Union and a 12 per cent increase in government spending on goods and services.

U.K. retail data showed a rebound of 0.6 per cent in June, ahead of forecasts, as warming temperatures boosted clothing sales. This followed a 1.1 per cent decline in May. Overall sales rose 2.9 per cent from a year earlier, up from growth of 0.9 per cent in May. What is increasingly clear to me is that the U.K. economy is increasingly fragile and risks on the downside outweigh risks to the upside. There are some very troubling signs and we have positioned the Safety First portfolios to protect against these risks.

Jason Granice, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM) Safety First Performance
Declines in auto-related shares and corporate earnings. The dollar halted its slide against a basket of major currencies and equities. The S&P 500 Index closed at 2,473. The Swiss franc was the biggest gainer since 2010. Even so, the results of the second quarter U.S. GDP of 2.6% confirming the slowdown at the start of 2017 was temporary. Pickups in consumer and business-equipment spending powered the economic growth. The Federal Reserve has not changed its monetary policy stance.
Canada

Canadian Growth tripled forecast rising 0.6 percent as oil production rebounded signalling policymakers can probably continue unwinding monetary stimulus as the economy moves toward a full output. Growth in the oil, gas and mining industry accounted for about two-thirds of the increase. On an annual basis, the 4.6 percent expansion was the fastest in almost 17 years. The report also suggested more balance in spending by consumers carrying record debt burdens. Home equity cooled after Ontario brought in a suite of measures including a foreign buyer tax in April to cool the market in Toronto, Canada’s biggest city. Real estate and rental leasing fell 0.2 percent in May after five previous gains, and activity of real estate agents fell 3.3 percent. Statistics Canada said that Q3 GDP came in at 0.2 percent above the previous three months, annualized.

Turkey

Turkey is preparing to increase its debt limit for the first time since 2009 after first-half borrowing left the Treasury near its legal ceiling. The limit will raise to $121.8 billion, the central bank said Thursday. The move comes as Turkey seeks to extract more concessions from Doha. The Saudi-led alliance is yet to respond to proposals by the U.S. and the U.K. that aimed to start direct negotiations.

Turkey’s benchmark stock index dropped as much as 0.6 percent after the report. The country’s credit risk, measured by credit default swaps, also dropped. However, by the end of the week, Qatar approached the United Nations to have a greater role in resolving its standoff with a Saudi-led alliance.

Turkey

Turkey is preparing to increase its debt limit for the first time since 2009 after first-half borrowing left the Treasury near its legal ceiling. The limit will raise to $121.8 billion, the central bank said Thursday. The move comes as Turkey seeks to extract more concessions from Doha. The Saudi-led alliance is yet to respond to proposals by the U.S. and the U.K. that aimed to start direct negotiations.

Turkey’s benchmark stock index dropped as much as 0.6 percent after the report. The country’s credit risk, measured by credit default swaps, also dropped. However, by the end of the week, Qatar approached the United Nations to have a greater role in resolving its standoff with a Saudi-led alliance.

Turkey

Turkey is preparing to increase its debt limit for the first time since 2009 after first-half borrowing left the Treasury near its legal ceiling. The limit will raise to $121.8 billion, the central bank said Thursday. The move comes as Turkey seeks to extract more concessions from Doha. The Saudi-led alliance is yet to respond to proposals by the U.S. and the U.K. that aimed to start direct negotiations.

Turkey’s benchmark stock index dropped as much as 0.6 percent after the report. The country’s credit risk, measured by credit default swaps, also dropped. However, by the end of the week, Qatar approached the United Nations to have a greater role in resolving its standoff with a Saudi-led alliance.
beaten earnings expectations. All sectors have shown positive earnings growth this quarter, according to JPMorgan. FTSE 100 closed 1.8% higher at 7,500

Bonds

Treasuries fell by the end of the week after July hiring came in stronger than forecast, underpinning the case for a further rate rise. The fall pared the weekly loss to three basis points closing at 2.26%. Germany’s 10-year yield lost seven basis points.

Britain’s 10-year yield fell six basis points to 1.16%. Yield on two-year gilt fell two basis points to 0.24%

China’s bond market is appearing to be staging a comeback, with both domestic and foreign buyers lured by the nation’s yields. Yields on 10-year government bonds have settled at around 3.6%, well over a percentage point more than those on U.S. Treasuries and roughly 3 percentage points over what’s available in Europe. A side effect of the price fall that started late last year has subsided, leaving top-rated notes paying 82 basis points more than high-grade dollar bonds from Asian issuers, a turnaround from offering 50 basis points less in December. Bond issuance has also recovered, with July’s local sales of 694.5 billion yuan ($103 billion) back up to almost 90% of last year’s monthly average, according to data compiled by Bloomberg.

Commodities

West Texas Intermediate crude closed at $49.03 a barrel. Crude is down more than 1.5% this week after last week’s 6.8% rise. The decline came as rising output from the U.S. and Brazil fueled fears that recent declines in inventories might just be temporary. U.S. oil output expanded by 20,000 barrels a day to 9.43 million a day, according to the Energy Information Administration. Brent for October settlement added 5 cents to $52.06 a barrel. Prices are down 0.9% this week after a 9.3% surge in the period ended July 28. The global benchmark crude traded at a premium of $2.77 to October WTI. Gold closed at $1,268.42 an ounce. Copper closed at $2.88 a pound.

Other major economies

Euro area

The euro-area economy expanded again in the second quarter indicating the growth is becoming self-sustaining. GDP in the region rose 0.6% in the three months through June, after increasing 0.5% at the start of the year. France enjoyed its strongest continuous expansion since 2011 in the second quarter, driven by exports and investment, while Spain experienced its fastest expansion since 2015, national data published last week showed. The Austrian economy also gathered pace, while Belgium’s performance weakened. One of the euro area’s main challenges was highlighted in a separate report on manufacturing. While the PMI pointed to broad-based economic growth with PMI at 56.6, price pressures showed further signs of easing in July. Eurozone Unemployment fell to 9.2%, the lowest level since February 2009. While declining unemployment data showed a sign of confidence in Germany, the PMI data for the region showed the economy slowed more than initially estimated at the start of the third quarter, leaving it trailing the euro region’s other large nations. IHS Markit’s German composite PMI for July dropped to 54.7, down from 56.4 in June. That’s a 10-month low and the first time in more than 12 years that the survey for the Germany has lagged France, Italy and Spain. The figures nevertheless indicate a solid area of growth between 0.4% and 0.5%. In the euro area overall, the composite PMI fell to 55.7 in July.

Strong economic data, central bank hawkishness, and positive developments in crude oil markets have combined to create ideal conditions for looser interest rates in recent months.

China

Industrial metals, including copper, climbed strongly after manufacturing data from China showed another expansion. The manufacturing PMI slowed to 51.4 in July, down from 51.7 in June. The non-manufacturing PMI was 54.5 versus 54.9 a month earlier. A statistic official attributed the slowdown in manufacturing activities in July to high temperatures in some regions and floods in others, while some factories had regular equipment maintenance.

China’s bond market continues its exceptional performance in July, with the jobless rate falling to the lowest since before the financial crisis. The unemployment rate fell to 6.3%, as the labor market added another 10,900 jobs during the month. Statistics Canada reported. The total increase over the past year of 387,600 is the biggest 12-month gain since 2007. The jobs bolsters confidence the country is running out of economic slack and higher Bank of Canada interest rates may be needed to offset the risks, even with a separate report out Friday showing the country’s trade sector tapered off in June. A trade deficit C$36.6 billion with a pullback in exports, down 4.3% during the month.

The central bank already raised rates last month, and investors are pricing in at least one more hike by the end of the year. Two-year government bond yields rose 2 basis points to 1.25%, and the 10-year yield climbed 4 points to 1.93%.

As regards real estate, Toronto home prices in July suffered the worst monthly decline in 17 years and sales plunged as government efforts to cool the market and the net collapse of a mortgage lender made buyers leery. The benchmark Toronto property price, which tracks a typical home over time, dropped 4.6% to C$757,000 ($613,000) from June. Prices are still up 13% from the same month a year ago, according to the Toronto Real Estate Board. Among the government efforts is a proposal to introduce a new tax to fend off speculators and an expanded mortgage lending program. Rent control is proposed to be lifted, effective April 20, which limits annual increases.

The bank’s latest forecasts factor in “uncertainty about the eventual shape of the U.K.’s economic relationship with the EU,” which “weighs on the decisions of businesses and households and pulls down both demand and supply.” Carney said companies are keeping a lid on pay increases until they know what kind of access they’ll have to Europe’s market in the years ahead.

GBP later recovered after Bank of England Governor Ben Broadbent said interest rates could rise more than the markets expect. Two-year gilts pared this week’s rally on his remarks, though he told BBC Radio that any increase would be gentle.

Economic releases this week include U.K. Manufacturing expanded for the first time in three months in July, bolstered by the strongest jump in export orders in seven years. A measure of factory output rose to 51.1 from a revised 50.2 in June, according to IHS Markit’s Purchasing Managers’ Index. U.K. Services indicated slow growth. According sell-off in the pound is faster than economists forecast in July, with an index rising slightly to 53.8 from a four-month low of 53.2 in June. Publishing its latest Purchasing Managers Index, Markit said the U.K. is on track for 0.3% expansion this quarter, matching the previous three months.

But subdued optimism in the face of Brexit suggests growth will remain modest and could easily weaken in coming months.

The Bank of England’s Money and Credit Report for June showed headline M4 money supply growth rising by 0.1% month on month. Consumer credit growth slowed in June after the Bank of England measures to limit some areas of credit. Consumer credit growth fell 10% from a year earlier, the least in more than a year. The U.K. central bank said on Monday. It grew 1.5 billion pounds on the month. The BOE in June responded to the rapid build-up of credit by ordering lenders to hold billions of pounds of extra capital and strengthened rules on mortgage lending.

On real estate side, shares of U.K. homebuilders were tumbling on Friday when a British real estate magazine reported the government could cancel its program to help first-time buyers onto the property ladder. The FTSE 350 Household Goods & Home Construction Index fell as much as 2% on the news. Investors were only partially reassured by a government statement that the program’s review doesn’t include cancellation.

Jason Granite, Chief Investment Officer
President Donald Trump intensified warnings to North Korea over missile threat. U.S. inflation figures came in showing the Fed was keenly observing was the U.S. economy. While Korea tensions still remain in focus, U.S. stocks halted a month high. While gold hit a two-month top, a sell-off was seen in Asia. Markets started to stabilize by Friday as the outlook for the U.S. economy, job market and price pressures.

Geopolitics ruled the market headlines this week with President Trump ramping up pressure on North Korea, cautioning Kim’s regime against following through on threats to fire and fury. The U.S. and North Korea worsen, global financial markets would also suffer a tremendous shock in the short term, with flight to safe haven assets such as gold, the U.S. dollar and the Swiss franc. Commodity shippers would be most affected as tensions could escalate into activity that could disrupt commodity flows among countries. While it remains a war of words for now, an intensification could lead to higher insurance rates for vessels, exclusion zones or port disruptions, which may in turn boost costs and route changes, according to shipping analysts, academics and industry consultants.

Currencies

The Bloomberg Dollar Spot Index fell 0.4% on Friday after U.S. inflation remained subdued with a fifth straight miss. The euro and GBP remained close to forecasts that the Bank of England won’t hike rates until 2019. The euro hit a two-month high. The yen fell 0.1%.

Equities

The S&P 500 closed at 2,442. The S&P 500 index rebound from its steepest drop since May, bringing a measure of calm to global equity markets that have been roiled by tensions on the Korean peninsula. The calm on Friday wasn’t enough to undo the damage done by the geopolitical confrontation as the index was down 1.3% over the week. On the corporate earnings end, out of the 454 companies in the S&P 500 that have so far reported second-quarter results, 66% have beaten analysts’ estimates. The median company has lost 78% have topped per-share earnings expectations, according to data compiled by Bloomberg. Earnings rose an average of 9%, while sales have climbed 5.5%. In every sector, at least half of the companies have surpassed or met expectations, with many also getting a boost from a sinking U.S. dollar and overseas demand. The Stoxx Europe 600 Index declined 1%, for five-day retreat of 2.7%, the most since Nov. 4.

Geopolitical tensions also sent Asian markets tumbling. The MSCI All-Country World Index was down 1.5% in the week. Financial and technology shares dropped the most. Stocks in developed Asia, China, South Korea and Indonesia fell almost six weeks. The CBOE Volatility Index fell 7.2%, after Thursday’s 44% rise. While the Volatility Index slipped Friday, it’s still higher by almost 50% in the week, the most since January 2016.

Bonds

The yield on 10-year Treasuries fell six basis points to 2.20%. A slew of corporate credit investors, meanwhile, are betting the eerie calm in bond markets won’t last, with risks ranging from a sharp up tick in yields that awaken volatility, to geopolitical tensions, and the looming deadline on the U.S. debt ceiling.

Baseball’s 10-year yield decreased 12 basis points to 1.06%, the lowest in six weeks. Germany’s 10-year yield dipped seven basis points to 0.39%, the lowest in almost six weeks.

Commodities

West Texas Intermediate crude declined 0.4% to $43.82 a barrel, the lowest in two weeks, leading to a weekly decline of 2.4%. The International Energy Agency reduced demand estimates for OPEC crude this week in 2018 by about 400,000 barrels a day. A recent agreement to cut North Korean oil imports by about $1 billion a year. The tensions were sparked, in part, by the U.S. yen hit a two-week close of 109.1 per dollar. The euro and GBP remained close to weekly decline of 2.4%, the lowest in two weeks, leading to a weekly decline of 2.4%. The International Energy Agency reduced demand estimates for OPEC crude this week in 2018 by about 400,000 barrels a day. A recent agreement to cut North Korean oil imports by about $1 billion a year. California’s producer price gains held steady at 0.2% in the month, the lowest in six weeks. China’s producer price index decreased 1.4% way below the government ceiling of 3%. Also the government drive to reduce industrial capacity by capping supply of raw materials seems to take hold.

South Africa

South Africa’s rand fell after President Jacob Zuma survived a no-confidence motion in parliament, despite more than two dozen members of his own party voting against him, with the final tally coming in at 198 votes against 177. The real loser may be his own party, the African National Congress, which is seeing its support wither as a result of misgivings about the group’s commitment to economic reform. Even a pledge by Saudi Arabia and Iraq to strengthen their commitment to the curbs and maintain balance in world oil markets isn’t helping to prop up prices. Brent for October settlement declined 13 cents to $53.77 a barrel on the London-based ICE Futures Europe exchange. The global benchmark traded at a premium of $3.19 to October WTI.

Earlier in the week, an Energy Information Administration report showed U.S. crude inventories dropped for a sixth straight week. This didn’t help prop up oil prices, as markets interpret the drop to be seasonal. Gold rose 2.2% over the week closing at $1,287.8 an ounce.

Other major economies

Euro area

Among the economic releases were German and French Consumer Prices, which changed 0.4% and -0.3% respectively in July.

French Industrial Production that fell short of expectations to shrink 1.1% in June. German Industrial Output fell sharply in June, registering its biggest drop of the year after several months of expansion.

Trade Balances for Germany, Italy and France came in with Germany’s surplus widening while France’s deficit smaller than expected. Italy’s Trade Balance that rose higher than surplus.

China

China’s producer price gains held steady rising 0.4% in July. Commodity prices could be the reason as the consumer price index increased 1.4% way below the government ceiling of 3%. Also the government drive to reduce industrial capacity by capping supply of raw materials seems to take hold.
population. The most recent Egypt’s urban annual inflation rate accelerated to its highest level in decades climbing 33% in July. Annual core inflation, which strips out volatile and regulated items, rose to 35.26%, according to the central bank.

U.K.
The week judged less updates on Brexit progress ahead of the third round of talks with the EU later this month. The major headline was report by Sunday Telegraph that the U.K. will offer £36 billion (547 billion) to settle the Brexit divorce bill, in a bid to spur discussion toward a future trade deal. Brexit Secretary David Davis played down the report.

Economic release includes U.K. Consumer spending figures that disclosed consumers cut back on spending in July for a third month, putting them in their worst expenditure slump in more than four years, while the household savings ratio fell to a record low. U.K. Industrial Production rose 0.5% in June, driven partly by improved energy production. However, Manufacturing Production was less impressive. The Royal Institute of Chartered Surveyors released property prices report reflecting stagnated prices in July, primarily slump continuing in London. Homebuilders slumped after the report. Nationwide, RICS said its price gauge fell to its lowest level in more than four years, despite increases in Northern Ireland, the West Midlands and the southwest.

Jason Granite, Chief Investment Officer

Frenkel Topping Investment Management’s (FTIM’s) Safety First Performance

<table>
<thead>
<tr>
<th>Safety First Performance</th>
<th>Performance</th>
<th>Volatility</th>
<th>Performance</th>
<th>Volatility</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTIM Safety First 2</td>
<td>1.53%</td>
<td>1.42%</td>
<td>1.19%</td>
<td>3.56%</td>
</tr>
<tr>
<td>FTIM Safety First 3</td>
<td>3.26%</td>
<td>1.91%</td>
<td>1.55%</td>
<td>3.69%</td>
</tr>
<tr>
<td>FTIM Safety First 4</td>
<td>4.38%</td>
<td>2.93%</td>
<td>1.98%</td>
<td>4.20%</td>
</tr>
<tr>
<td>FTIM Safety First 6</td>
<td>5.63%</td>
<td>3.23%</td>
<td>2.62%</td>
<td>4.65%</td>
</tr>
</tbody>
</table>

Market developments during the week

Markets are settling down after a tumultuous few days spurred after terrorist attack in Barcelona, policy paralysis seen in the U.S. and lingering tensions over North Korea.

President Donald Trump is facing growing criticism within his own party for remarks equating neo-Nazis to counter-protesters in Virginia. In a heated press conference on Tuesday, he also criticized CEOs who are quitting his advisory council. Speculation that President Trump’s top economic aide Gary Cohn, was poised to resign also contributed to the market roll Thursday as U.S. stocks plunged 1.5%. Traditional havens including gold and the yen gained with core bonds across the euro region, and the dollar weakened. Later reports that he’d opted to stay on board brought some market calm. Cohn has been leading the president’s efforts on tax reform.

The CBOE Volatility Index on Thursday shot up 32%, nearing the high it reached last week after the “fire and fury” remarks escalated a standoff with North Korea. A gauge of euro-area stock swings on Friday climbed as much as 20%.

The minutes from the Federal Open Market Committee meeting in July showed members were split on the inflation outlook while keeping the door open for a September announcement on the timing of balance-sheet reductions. The Fed next meets on Sept. 19-20.

Economic releases included U.S. retail sales that advanced 0.6% in July after a 0.3% advance the previous month. The widespread gains came from department stores, building materials outlets signaling a robust start to consumer spending in the third quarter, according to Commerce Department figures. The broad increase followed upward revisions to the prior two months that erased previously reported declines. Consumer sentiment climbed in August to 97.6, a seven-month high as a measure of the outlook for the U.S. economy and personal finances registered the largest one-month advance since the end of 2011, according to University of Michigan survey data. Consumer sentiment has recovered following a two-month slide as President Donald Trump’s legislative agenda ran into several roadblocks.

Half of all consumers in each of the last three Michigan surveys reported that their finances had recently improved and were also upbeat about their financial prospects in the year ahead. Stronger household views about their financial well-being probably shows consumer spending will continue to expand and power the economy. A robust labor market remains a primary driver behind the improving attitudes about the economy.

U.S. housing starts stumbled in July on an abrupt slowdown in apartment construction and a modest decline in single-family homebuilding that shows the industry will do little to spur the economy, Commerce Department data showed. Residential starts decreased 4.8%. While staying close to an almost 10-year high, the pace of one-family homebuilding is being held back by labor and lot shortages, according to construction firms. At the same time, builders remain optimistic that the market will benefit from strength in the job market and cheap borrowing costs.

Currencies

USD weakened over the week and decreased 0.2% on Friday. The euro fell 0.85% to $1.17. The British pound fell 0.77% to $1.29. The Japanese yen fell 0.37% to 108.8 per dollar, the strongest in almost four months.

Equities

By the end of the week, S&P futures were flat closing at 2,424, signaling U.S. markets may steady after the index plunged 1.5% Thursday. S&P 500 was down 0.7% over the week.

Stocks in Europe extended a global sell off partly due to terror attack in Spain. Airlines and hotels led the decline of the Stoxx Europe 600 gauge along with banks. Also contributing to the dropping European stock market was ECB minutes which revealed concern among officials that the currency could overheat. Germany’s DAX Index rose 1% over the week to 11,136.

The U.K’s FTSE 100 Index rose 0.04% over the week to 7,313. The MSCI Emerging Market index dipped 0.5% on Friday. Japan’s Topix index was down 1.2% over the week.

Investors pulled $1.3 billion from equity funds in the week ending Aug. 16 as tensions over the Korean peninsula escalated, according to EPFR Global data. Outflows from U.S. stock funds were triple that, suggesting doubts about Trump’s stimulus plans are an additional worry. Heightened terror fears also added to the malaise.

Bonds

The yield on 10-year Treasuries dropped two basis points to 2.17%. Germany’s 10-year yield rose three basis points to 0.41%.

Britain’s 10-year yield fell two basis point to 1.08%.
Commodities
Oil headed for a third weekly drop on reports of rising U.S. crude output and indications of slowing demand from China. Futures were down 3.2% for the week.
U.S. production had the biggest weekly advance in four months, according to Energy Information Administration data, offsetting the largest decline in stockpiles in almost a year. Oil resumed a fall in July, the biggest decline for that particular month in three years, figures from the National Bureau of Statistics showed.
West Texas Intermediate for September delivery was at $47.25 a barrel.
Brent for October settlement was $51.13 a barrel. Prices are down 1.8% this week. The global benchmark crude traded at a premium of $1.75 to WTI. U.S. crude output rose by 79,000 barrels a day to 9.5 million last week, the highest since July 2015, the Energy Information Administration reported. U.S. crude output declined for a seventh week to 466.5 million barrels. U.S. gasoline demand in July increased by 1% from a year earlier to a record 9.69 million barrels a day, the American Petroleum Institute said Thursday in a monthly report.
While there were growing signs that the world’s two biggest consumers might stymie OPEC-led efforts to trim global output, the S&P/TSX index of 60 Canadian companies rose 0.8%.
OPEC’s side continues to be shale. Major zinc miners to galvanize steel is up 21%, rivalling about 7%. For the year, the metal used the best performing metals, and zinc may stymie OPEC-led efforts to trim global output in 2017. LME metal for 2017. Major zinc miners to galvanize steel is up 21%, rivalling about 7%. For the year, the metal used the best performing metals, and zinc may stymie OPEC-led efforts to trim global output in 2017.
**Other major economies**

**Euro area**
German economy extended its growth spurt in the second quarter, though at a slower pace than expected. The economy expanded 0.6% in Q2, driven by domestic demand. The report comes as Germany enters the final stretch of campaigning ahead of a Sept. 24 election, with opinion polls showing Merkel leading her Social Democratic challenger Martin Schulz by as much as 17 points. Her Christian Democratic Union-led bloc is benefiting from solid economic growth, bolstered by a pickup in consumer spending mainly due to declining unemployment and an increase in investment. The Federal Statistics Office revised first-quarter output up to 0.7%. There were positive reports from other regions as well. Exports and investment led France to its strongest continuous expansion since 2011 and the Netherlands posted the fastest growth since the end of 2007. Italy, which has lagged the pickup of its peers, is starting to shake off its reputation as the sick man of Europe with an increase in gross domestic product that may top 1% this year for the first time since 2010.

**China**
Signs of a second-half slowdown in the Chinese economy are mounting. With industrial output, retail sales and fixed asset investment data published overnight all coming in below expectations. Industrial output rose 6.4% from a year earlier in July, versus June’s 7.6%. Retail sales expanded 10.4% from a year earlier, compared with 11% in June. Fixed-asset investment in urban areas rose 8.3% from a year earlier in the first seven months.

**Japan**
Japan’s economy grew for a sixth straight quarter, increasing by an annualized 4% in the three months ending June 30, with growth driven by domestic spending. Should the economy extend the run of expansion into this quarter, it will be the best performance since 2001. After more than a decade of deflation, Japan’s economy appears to be rebooting. Shinzo Abe, the yen has fallen, corporate profits have soared and the economy is running above its potential growth rate. Yet Japan remains stubbornly low, despite massive monetary stimulus from the central bank. Economists are watching intently for signs that the tightest labor market in decades is beginning to bring wage gains.

**Canada**
Canada’s benchmark home price fell 1.5% in July, the most in nearly a decade as Toronto led a fourth straight decline in sales with a fall in prices of 4.7%. This can be attributed to government efforts through the introduction of foreign buyer’s tax, increasing mortgage costs.

**India**
Indian central bank Governor Urjit Patel and Deputy Viral Acharya are pushing commercial banks to cut borrowing costs to boost investment. They are watching the introduction of foreign buyer’s tax, increasing mortgage costs.

**U.K.**
Pound closed at 1.2919, its third weekly decline as U.K. data undermined. While sterling showed some improvement in the run-up to the U.K. Gilt and U.S. Treasury bond routs last week, it still struggled to break above $1.30 average in recent months. Analysts now expect volatility in pound in the coming week as the U.K. will publish two papers on Monday with more expected in the following week.

**Frentek Topping Investment Management’s (FTIM’s) Safety First Performance**

<table>
<thead>
<tr>
<th>Date</th>
<th>FTM Safety First 1</th>
<th>FTM Safety First 2</th>
<th>FTM Safety First 3</th>
<th>FTM Safety First 4</th>
<th>FTM Safety First 5</th>
<th>FTM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Percent</td>
<td>1.53%</td>
<td>1.42%</td>
<td>1.37%</td>
<td>3.56%</td>
<td>2.54%</td>
<td></td>
</tr>
<tr>
<td>Value Percent</td>
<td>3.26%</td>
<td>1.91%</td>
<td>1.68%</td>
<td>3.69%</td>
<td>2.74%</td>
<td></td>
</tr>
<tr>
<td>Value Percent</td>
<td>4.38%</td>
<td>2.93%</td>
<td>2.11%</td>
<td>3.60%</td>
<td>3.11%</td>
<td></td>
</tr>
<tr>
<td>Value Percent</td>
<td>5.63%</td>
<td>3.23%</td>
<td>2.76%</td>
<td>4.65%</td>
<td>3.60%</td>
<td></td>
</tr>
<tr>
<td>Value Percent</td>
<td>10.10%</td>
<td>9.04%</td>
<td>4.03%</td>
<td>9.33%</td>
<td>9.49%</td>
<td></td>
</tr>
</tbody>
</table>

**Chief Investment Officer**
Jason Granite,
Chief Investment Officer
Gold rose 0.5% at $1,292.83 an ounce. WTI Crude closed at $47.75 a barrel.

The market feared. Oil edged higher U.S. stocks and Treasuries rose while employment and price stability. Stocks economic objectives of maximum regulations. She did make a brief speech. In her speech, Janet Yellen was a less hawkish tone than expected. Mario Draghi. While Mario Draghi is Hole, Wyoming. The two major Central economic symposium in Jackson.

Market developments during the week. Data. U.K. has two more rounds of negotiations pending before a summit in October by which time both sides must form consensus on issues of EU citizen’s rights and U.K.’s financial obligations to the EU. Market developments during the week.

There was little top-tier economic data out this week with much of the attention towards this year’s economic symposium in Jackson Hole, Wyoming. The two major Central bankers who are expected to speak were Janet Yellen from Fed and ECB’s Mario Draghi. While Mario Draghi is due to give his speech, Yellen delivered a less hawkish tone than expected. In her speech, Janet Yellen was almost entirely focused on Jackson Hole. Wyoming. The two major Central bankers who are expected to speak were Janet Yellen from Fed and ECB’s Mario Draghi. While Mario Draghi is due to give his speech, Yellen delivered a less hawkish tone than expected. In her speech, Janet Yellen was almost entirely focused on Jackson Hole. Wyoming. The two major Central bankers who are expected to speak were Janet Yellen from Fed and ECB’s Mario Draghi. While Mario Draghi is due to give his speech, Yellen delivered a less hawkish tone than expected. In her speech, Janet Yellen was almost entirely focused on Jackson Hole.

The Federal Open Market Committee is scheduled to next meet September 19-20. Investors don’t expect the Fed to raise rates, according to pricing in federal funds futures contracts, though an announcement on the gradual unwinding its $4.5 trillion balance sheet is anticipated after comments by several policy makers.

Investors now turn to European Central Bank President Mario Draghi’s talk. Even though the conference has developed a reputation for being dangerous for markets, the recent strength that the global economy has depicted wipes some of our concerns. Beyond the gathering of central bankers, market risks may be building in Washington too. President Trump’s threat to shut down the government sparked concern Congress won’t easily raise the debt ceiling and deliver on tax reform. This prompted Fitch Ratings to warn the country risks a default of its sovereign rating if it fail to raise the limit next month. President Donald Trump took to Twitter to fuel the debate on whether to keep the U.S. government open next month. Trump blasted Republican leaders for ignoring his advice on raising the debt ceiling and creating a government-shuttering House’s ability to pass a bipartisan bill to get housing-related credit. At the same time, the cooling is unlikely to derail what’s been a gradual upturn in sales that’s helping the housing market make progress. Alongside this, an unexpected decline in sales of previously owned U.S. homes last month to the lowest level since August 2016 indicated rising prices and lean inventories are impeding faster growth in the housing market. Contract closings fell 1.3% month on month to a 5.44m ann rate. USD slipped amid data showing uneven U.S. growth that contrasted with renewed evidence of strength in Europe ahead of a central-bank symposium in Jackson Hole.

Currencies

Bloomberg Dollar Spot Index decreased 0.6%. USD fell versus major peers after the Federal Reserve chair’s talk dispelled concern she would strike a hawkish tone. The euro was close to last week levels with renewed evidence of strength in Europe ahead of a central-bank symposium in Jackson Hole.

Currencies

Bloomberg Dollar Spot Index decreased 0.6%. USD fell versus major peers after the Federal Reserve chair’s talk dispelled concern she would strike a hawkish tone. The euro was close to last week levels with renewed evidence of strength in Europe ahead of a central-bank symposium in Jackson Hole.

Currencies

Bloomberg Dollar Spot Index decreased 0.6%. USD fell versus major peers after the Federal Reserve chair’s talk dispelled concern she would strike a hawkish tone. The euro was close to last week levels with renewed evidence of strength in Europe ahead of a central-bank symposium in Jackson Hole.
fresh food and energy has been mostly flat. All this means that the BOJ is likely to continue with its stimulus campaign threat to repeat the agreement, suggesting a tough bargaining stance. Retail trade data this week confirmed that household consumption would continue to strengthen economic growth in the second quarter, owing largely to a combination of solid performance for consumer durables. Wholesale Sales depicted a contraction of 0.5% in June.

Indonesia

Indonesia’s central bank surprisingly cut its benchmark rate 25 basis points to 4.5%, as low inflation gave it room to resume easing to spur growth.

U.K.

The pound headed for its fourth consecutive weekly decline against the dollar, its longest losing streak since January 2015, as concerns over Brexit negotiations and tepid economic data weighed on the U.K. currency. This week’s release of Brexit papers by the U.K. government further triggered a fall in GBP. An element of FTSE 100 exposure was introduced to Safety First Portfolios earlier in the month based on the theme of weaker GBP. Weak sterling is typically helpful to FTSE 100 company profits, whose earnings are partly related to the pound’s drop since the Brexit vote, which has pushed up inflation, while confidence has flagged amid a lack of clarity on the type of deal the U.K. will agree with the European Union.

Jason Granite,
Chief Investment Officer

Frenkel Topf Management Investment’s (FTMI) Safety First Performance

| Portfolio | Single Inception (04/01/16 to 25/08/17) | Single Inception (25/08/17 to 25/08/17) | Single Inception (25/08/17 to 31/08/17) | Volatility | Performance | Volatility |以来
| FTMI Safety First 2 | 1.53% | 1.42% | 1.76% | 3.68% | 3.42% | 2.42% | 3.42% |
| FTMI Safety First 3 | 3.26% | 1.91% | 2.08% | 4.01% | 3.04% | 2.67% | 3.68% |
| FTMI Safety First 4 | 4.17% | 2.93% | 2.58% | 4.10% | 3.39% | 2.67% | 3.68% |
| FTMI Safety First 5 | 5.63% | 3.23% | 3.26% | 5.46% | 4.35% | 3.75% | 3.68% |
| FTMI Safety First 6 | 10.10% | 5.04% | 4.73% | 5.20% | 5.06% | 3.75% | 3.68% |

Strengthening economic backdrop despite geopolitical tensions

U.S. stocks rose after data underscored the resilience of the American and Chinese economies and concern over North Korea shifted to the background.

Payroll report revealed 156k jobs added in August. Unemployment rate rose to 4.4% and wages climbed less than forecast at 0.1% month on month, up 2.5% year on year, in a break from otherwise solid progress in the labor market. The report may represent the clearest reading on the labor market for several months, as Hurricane Harvey’s fallout in the Houston region begins to affect the data in the weeks ahead. While the storm may depress payrolls at first, jobs will probably get a subsequent boost as construction and utility workers rebuild homes and infrastructure. We remain bullish on the U.S. economy but concerned about the risk of a stronger dollar and concern over North Korea.

Other data releases were more encouraging for the economy. The University of Michigan’s consumer sentiment index showed Americans in the first eight months of this year have been more upbeat than at any comparable period since 2000. Households are growing increasingly optimistic about employment and the economic outlook, a positive sign for spending.

U.S. manufacturing expanded in August at fastest pace since 2011, driven by employee gains. Figures from the Institute for Supply Management showed Friday. Factory index climbed to 58.4 from 56.0 in July. Steady increases in consumer spending and business investment and uneven manufacturing output contribute to a benign backdrop. The economy is at its cleanest reading on the labor market for several months, as Hurricane Harvey’s fallout in the Houston region begins to affect the data in the weeks ahead. While the storm may depress payrolls at first, jobs will probably get a subsequent boost as construction and utility workers rebuild homes and infrastructure. We remain bullish on the U.S. economy but concerned about the risk of a stronger dollar and concern over North Korea.

U.S. second-quarter growth was revised upward to 3% annualized rate from previous quarter; revised from the initial estimate of 2.6%. The revision was driven by faster gains in consumer spending over the past two years backed by stronger household spending and a bigger gain in business investment, putting the economy on a stronger track, the Commerce Department data showed Wednesday. The report raises concerns about the pace of GDP growth from earlier in the year, when many economists predicted a gap between "hard" and "soft" data in the U.S. economy. Substantial positive revisions to Q2 GDP indicated strengthening economic performance in the third quarter compared to previously thought, with Hurricane Harvey expected to shave 0.1-0.4% off growth in Q3.

Hurricane Harvey was the strongest storm to hit the U.S. since 2004 when it struck near Rockport as a Category 4 hurricane. After drenching Texas, Tropical Storm Harvey regained strength over the waters of the Gulf of Mexico and crashed ashore again Wednesday in southwest Louisiana. The U.S. has lost 10% of its fuel-making capacity as refineries shut down. Resultantly, Gasoline surged to the highest in two years and crude oil fell with it. In the same vein, its international benchmark Brent widening to the biggest spread in two years. Further, there was a delay in reaching a key point where it will be attractive to add as an asset class exposure. Gold broke through $1,300 an ounce as investors weighed the damage from the Tropical Storm. Our Safety First portfolios benefited from this over the past week.

The White House responded to the situation with promises to put the full resources of the federal government behind the recovery efforts. Republican House leaders plan to vote next week on President Donald Trump’s expected request for $5.5 billion in initial disaster relief funding for Hurricane Harvey victims, but they don’t plan to include a U.S.-debt limit increase in the legislation putting them at odds with President Trump, who’s considering asking Congress to combine an increase in the debt limit with the borrowing authority with the aid package. The move is intended to lower the risk of a default on Sept. 29 as soon as the end of the month. Treasury Secretary Steven Mnuchin has repeatedly said that it’s critical that Congress increase the debt limit before Sept. 29. Even market angst is growing as Congress has only a limited number of weeks left to pass legislation before “runaway” default on Sept. 29.
of working days remaining to raise the debt ceiling. The spread between one- and two-year Treasury yields has shrunk to around 8 basis points from as high as 24 basis points in May as anticipation for higher rates on one-month paper relative to three-month securities in the event that the Senate passes a stopgap spending bill to keep the government open. We remain negative on the S- and are positioning for a weaker Canadian dollar to hedge our USD risk in our client portfolios. There was also an update on NAFTA talks as the second round of talks to update the agreement got underway in Mexico on Friday. Negotiators from the U.S., Canada and Mexico are expected to focus on topics including e-commerce and investment. Discussions take place under a cloud of President Donald Trump stating in August that he would withdraw from the pact as he called NAFTA the worst trade deal in history that resulted in the dismantling of manufacturing and the outsourcing of jobs to Mexico. The three countries are expected to hold the third round of talks in Canada later in September.

Currencies

The Bloomberg Dollar Spot Index was little changed after trading near its lowest levels in four years. The dollar index is 1.0% lower this week and has closed at 97.44. Decline was spurred by comments from Treasury Secretary Steve Mnuchin that a weaker currency yields trading benefits and a weak inflation report. The euro closed at levels similar to last week at $1.19 after reports that the European Central Bank may not act until the U.S. is on the verge of a default. The next chance to include increasing borrowing authority in a broader measure would be when Congress considers a stopgap spending bill to keep the government open. We remain negative on the $- and are positioning for an increased focus on the potential for a weaker Canadian dollar to hedge our USD risk in our client portfolios. The pound fell to a one-week low after European Union this week, a possible threat to Prime Minister Theresa May’s leadership at the Conservative Party Conference next month and an October EU summit, where leaders will decide if sufficient progress has been made to proceed to the next phase of negotiations. Slowly but surely the daily intrigue of the Brexit negotiations is being replaced by the realization that the focus is starting to return to economic fundamentals and relative value. We remain positive on the value that the pound seems attractive and have positioned the portfolios accordingly.

Jason Granite,
Chief Investment Officer

Freenk Topping Investment Management’s (FTIM) Safety First Performance

<table>
<thead>
<tr>
<th></th>
<th>FTIM Safety First 1</th>
<th>FTIM Safety First 2</th>
<th>FTIM Safety First 3</th>
<th>FTIM Safety First 4</th>
<th>FTIM Safety First 5</th>
<th>FTIM Safety First 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date: 05 September 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source: FTIM / FE Analytics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SINCE INCEPTION (04/02/12 to 05/09/17)</td>
<td>Performance</td>
<td>1.53%</td>
<td>1.53%</td>
<td>3.26%</td>
<td>5.63%</td>
<td>10.10%</td>
</tr>
<tr>
<td>SINCE LAUNCH (29/04/16 to 05/09/17)</td>
<td>Volatility</td>
<td>1.42%</td>
<td>1.42%</td>
<td>2.17%</td>
<td>2.75%</td>
<td>2.04%</td>
</tr>
<tr>
<td>INCEPTION (29/04/16)</td>
<td>Volatility</td>
<td>1.88%</td>
<td>1.88%</td>
<td>3.61%</td>
<td>3.54%</td>
<td>5.03%</td>
</tr>
</tbody>
</table>

**SINCE INCEPTION (04/02/12 to 05/09/17)**

**FTIM Safety First 1**

- Performance: 1.53%
- Volatility: 1.42%
- **FTIM Safety First 2**
- Performance: 1.53%
- Volatility: 1.42%
- **FTIM Safety First 3**
- Performance: 3.26%
- Volatility: 2.17%
- **FTIM Safety First 4**
- Performance: 5.63%
- Volatility: 2.75%
- **FTIM Safety First 5**
- Performance: 10.10%
- Volatility: 2.04%

**Date:** 05 September 2017

**Source:** FTIM / FE Analytics

**Notes:**

- All figures represent a model portfolio, total return and are net of all fees and expenses paid by a hypothetical investor.
- FTIM Safety First 1 takes full advantage of volatility without the time horizon constraints of the other strategies.
- FTIM Safety First 2 is a model portfolio with full advantage of volatility.
- FTIM Safety First 3 is a model portfolio with limited advantage of volatility.
- FTIM Safety First 4 is a model portfolio with no advantage of volatility.
- FTIM Safety First 5 is a model portfolio with full advantage of volatility.
- FTIM Safety First 6 is a model portfolio with limited advantage of volatility.

**Revised 111.3 in July, the European Central Bank (ECB) removed the word upbeat from Thursday to $2.519 a gallon, the steepest single-day increase since April 5, 2007, according to data from AAA, the largest U.S. motoring group. Harvey, which made landfall twice along the U.S. Gulf Coast, bringing torrential rains and floods, shut pipelines and took 4.15 million barrels a day, or 23%, of U.S. refining capacity offline, data compiled by Bloomberg showed. Retail gasoline prices have risen by 17 cents a gallon since Aug. 25, the date before Harvey made landfall, and the motor fuel index is likely to extend its rally, according to an AAA forecast.

**Other major economies**

**Euro area**

Last week, investors were keen to watch ECB President Mario Draghi’s speech at Jackson Hole, expecting some qualitative easing to help curb the risk of a rollover of monetary stimulus. At his speech, Draghi appeared to temper expectations about any winding down of purchases, saying a significant degree of monetary accommodation is still warranted. The appreciating euro is becoming a growing concern for some fund managers. The common currency has climbed some 13% versus the dollar since the start of the year, causing a tightening of monetary conditions. While ECB President Mario Draghi chose not to mention euro’s appreciation in his Jackson Hole speech on Friday, European central bank officials expressed concern about the currency’s strength in the minutes from their last meeting on July 20.

On economic front, consumer prices in the euro area rose 0.8% in August, the highest reading in four months and slightly more than economists’ expectations. The inflation rate is almost exclusively due to energy prices, follows stronger than expected readings for Germany.

France and Spain, Spanish Consumer Price Index inflation fell slightly short of expectations, while Germany’s Consumer Price Index edged up 0.1% in August, as expected. The French Consumer Price Index, in the meantime, rose 0.3% in July after a sharp 0.3% decline in July. Euro area core inflation, which strips out volatile elements such as food and fuel, held at a tepid 1.2%.

Euro area economic confidence touched a decade high in August after an index of 107.3, the highest reading in 11 months in August. This brought an index of 111.9 in August from a revised 111.3 in July, the European Commission said on Wednesday. The unemployment data showed a rate of 9.1%. However, this has yet to get back to nearly the fastest inflation and rising wages, despite the central bank’s negative deposit rate still below 1%.

Unemployment in Germany fell by a seasonally adjusted 0.5% to 5.32 million with the jobless rate remaining at 5.7%, the lowest since reunification. Germany’s one- and two-year bond yields were falling unseasonably, and a balanced budget with helped hand-hold lead over Social Democratic challenger Martin Schulz as she bids for a fourth term in Social Democratic chancellor Angela Merkel’s record. We are not expecting any surprises.

The Governing Council is set to start deliberations about the future path of quantitative easing on Aug. 7. With a booming economy showing few signs of being matched by a similarly high degree of inflation, a surging euro threatening to further damp price pressures, policy makers probably won’t rush an exit.

**Canada**

Hurricane Harvey is impacting Canada via higher gasoline prices and lower crude oil prices. However, strong gross domestic product growth data totally overshadowed falls in crude oil prices to give the Canadian dollar a major boost as a possible driver of the fall in prices, as did wider economic conditions.

Money and Credit data from the Bank of Canada was released without showing Mortgage Approvals creeping up slightly, while lending to private non-financial business fell in a second strong month of expansion on the week.

On the Brexit front, another round of talks failed to yield a breakthrough, as the EU and the British government remain at loggerheads over the U.K.’s financial obligations, the enforcement of citizens’ rights and even the timing of talks. The pound fell to a one-week low after

Brexit negotiations between the U.K. and the European Union ended in acrimony. It was also evident from the press conference delivered by Michael Barnier and David Davis that no substantive progress had been made on the key issues with Michel Barnier stating that the third round of talks was far from seeing sufficient progress. European Commission President Jean-Claude Juncker said at a press conference that none of the U.K. papers published ahead of the next round of talks on Britain’s exit from the EU are satisfactory.

Sterling’s losses contributed to the currency’s biggest monthly decline since October. However, implied volatility in sterling is the among the lowest in the Group-of-10 countries over the next three months. This despite the failure of the third round of separation talks with the European Union this week, a possible threat to Prime Minister Theresa May’s leadership at the Conservative Party Conference next month and an October EU summit, where leaders will decide if sufficient progress has been made to proceed to the next phase of negotiations. Slowly but surely the daily intrigue of the Brexit negotiations is being replaced by the realization that the focus is starting to return to economic fundamentals and relative value. We remain positive on the value that the pound seems attractive and have positioned the portfolios accordingly.

Jason Granite,
Chief Investment Officer

— FTIM Safety First 1
- Performance: 1.53%
- Volatility: 1.42%
- **FTIM Safety First 2**
- Performance: 1.53%
- Volatility: 1.42%
- **FTIM Safety First 3**
- Performance: 3.26%
- Volatility: 2.17%
- **FTIM Safety First 4**
- Performance: 5.63%
- Volatility: 2.75%
- **FTIM Safety First 5**
- Performance: 10.10%
- Volatility: 2.04%

**Note:**

- Volatility is a measure of the movement in the price of an asset around its average return. The higher the volatility the more risk involved in the investment.
Global stocks recorded declines Sep 9, its foundation day. The looming hurricane, the debt-wind up in a war with North Korea it’s not inevitable that the U.S. will
Sept. 9. President Donald Trump stated may test a missile this weekend to
it is widely anticipated that Pyongyang
following several successful tests of
The Trump administration is seeking
with havens including gold and the
risk off in total markets. Traders are bracing for a possible missile launch from North Korea by Sep 9, its foundation day. Haven demand continues to fuel U.S. Treasuries, with 10-year yields plumbing a fresh 2017 low at 2.01 per cent before stabilizing to 2.07 per cent, USD turned to its weakest level since the start of 2015. GBP advanced 1.5 per cent to $1.32, the strongest in 5 weeks.
Global stocks recorded declines while gold, the third weekly advance closing at $1,350.27 an ounce. WTI Crude was up 3.7 per cent at $49 a barrel.
Market developments during the week Markets pursued a risk-off approach with havens including gold and the yen rallied as North Korea tensions and natural disasters unsettled investors. The Trump administration is seeking to ratchet up pressure on North Korea after the country tested what it claimed was a hydrogen bomb on Sunday, following several successful tests of ballistic missiles with intercontinental range. The geopolitical threat lingers as it is widely anticipated that Pyongyang may test a missile this weekend to coincide with its founding day on Sept. 9. President Donald Trump stated it’s not inevitable that the U.S. will
wind up in a war with North Korea over its continued development of nuclear weapons, though military action remains an option. The market is circulating a draft resolution at the United Nations that would bar crude oil shipments to North Korea, ban the nation’s exports of textiles and prohibit employment of its guest workers by other countries, according to a diplomat at the world body. The proposal also calls for freezing the assets of North Korean leader Kim Jong Un. But China and Russia, both of which have veto power in the Security Council, have indicated resistance to imposing more sanctions on North Korea.
USD tumbled amid ongoing tensions with North Korea and growing probability that Fed may not go for a rate hike this year. New York Fed President William Dudley and his Kansas City counterpart Esther George were the latest U.S. central banks to lay out their views ahead of a policy-setting meeting later this month. Trump reiterated the need to continue raising rates while conceding that low inflation remained a concern. Even so, investors have scaled back their expectations for an interest-rate increase in December to a roughly one-in-five chance, according prices of federal funds futures contracts. The dollar’s decline deepened as traders girded for economic storm from Florida to Hurricane Irma, set to make landfall on Sunday. Hurricane Irma remained on a collision course with southern Florida after devastating a chain of Caribbean islands, triggering the largest-ever evacuation in Miami-Dade County and threatening to become the most expensive storm in U.S. history. Meanwhile, a huge earthquake shook Mexico further spurring investor anxiety.
Despite risk-off moves ruling the markets, inflows were seen surging in the first week after the summer break as investors piled into everything from gold and government bonds to equities and high-yield credit. Investors had a multitude of signals to react to in the first week of post-summer business as U.S. rising political risks including North Korean nuclear tests and American hurricanes sent some investors rushing to haven assets, fresh signals from the European Central Bank that it is prolonging the extraordinary stimulus gave boost to riskier securities. Global funds that invest in gold, equities and bonds netted inflows of $11.6 billion for the week ended Sept. 7. Bank of America Merrill Lynch said in a research report, citing EPFR Global data. Precious-metal funds added the most in 30 weeks, while bond portfolios posted a 25th straight week of inflows. Investors continued to shift funds from U.S. equities to stock markets in Europe, Japan and emerging markets. A net $6.6 billion has been taken out of U.S. equity funds since the beginning of the year, while European stocks are sitting on an inflow of $3 billion. As regards the debt ceiling debate, President Trump backed the Democratic Party’s proposal to extend the U.S. debt ceiling through to December, despite heavy opposition from legislative leaders in his own party. The agreement sets up what could be a major fight in December over the debt ceiling, as Trump proposed border wall with Mexico and Trump’s decision to end a program that lets young undocumented immigrants stay in the U.S. in 2018 as perhaps the debt ceiling. This concern reflected in markets as rates on Treasury bills maturing around the previous late-September deadline plunged. They surged on securities coming due mid-December, with 30-year T-bonds maturing Dec. 14 rose by about eight basis points, to 1.046 per cent.
Currencies USD dropped for a seventh day, set for its longest losing streak since 2011, amid doubts about further Federal Reserve Reserve tightening and ongoing tensions with North Korea. The greenback tumbled to its weakest level since the start of 2015 amid fading expectations of another U.S. rate increase this year.
Equities S&P 500 index futures dropped 0.6 per cent to 2,461. Stocks in Europe struggled for traction as the euro extended its march above $1.10.
FTSE 100 saw a 1 per cent decline to 7,363.
Stocks in Asia touched a level not seen since December 2007 as a rally in Hong Kong-listed Chinese companies offset weakness in South Korea and Japan amid spiking oil prices.
A Saturday missile launch by Pyongyang. The MSCI Asia Pacific Index climbed to 161.81. The regional benchmark has climbed almost 20 per cent this year amid a rebound in momentum in China.
Bonds The Treasury 10-year yield has tumbled ten basis points this week to 2.07 per cent.
U.S. 10-year yields slipped six basis points higher over last week at 1.97 per cent.
Germany’s 10-year bunds yielded six basis points lower at 0.32 per cent.
Commodities West Texas Intermediate for October delivery was at $49.24 a barrel. Total volume traded was about 13 per cent below the 100-day average. Futures were up 1.7 per cent for the week.
Only about 8 per cent of U.S. refining capacity remains shut following the storm, which halted about 25 per cent after it first made landfall two weeks ago, according to data compiled by Bloomberg. American crude stockpiles rose by 4.58 million barrels last week, the first gain since July 7.
While refineries, pipelines and offshore platforms resume operations after Harvey, Hurricane Irma, is approaching the U.S. coast and is set to hit Florida on Sunday. Imports into the Gulf Coast region last week fell 41 per cent to 1.48 million barrels a day, the lowest in four weeks going back to 1990, and nationwide crude output fell below 9 million barrels a day for the first time since February.
Brent for November settlement closed at $51.60. Prices rose 6 per cent higher this week. The global benchmark traded at a premium of $5.23 to November WTI.
Gold closed at $1,350.27 an ounce, the highest in almost 13 months. This was the third weekly advance ahead of a potential North Korean missile launch. Volume on the Comex in New York, the largest bullion futures exchange, hit a record in August as North Korean tensions and a weaker dollar boosted demand for the metal. Some 6.55 million contracts, worth almost $900 billion now, changed hands last month, more than when Donald Trump was elected U.S. president or during substantial price spikes and slumps.
Copper led a drop in industrial metals. It fell 1.5 per cent to $2.91 and the biggest drop in more than four months.
Other major economies
Euro area Euro extended its march to $1.0595 this week, the highest since Jan. 2015. In August, the euro spiked above the $1.20 mark for the first time in two years after Draghi avoided mentioning it in Jackson Hole. Draghi was questioned about the currency at least half a dozen times. While he admitted that there was broad concern in the Governing Council over the euro, he said the currency merely watched monitoring, stopping short of stronger verbal interventions. Meanwhile, stock investors are making peace with the expensive currency.
European recovery amid stubbornly low inflation in the euro region is helping propel the common currency’s surge of more than 14 per cent against the dollar this year.
The ECB kept monetary policy unchanged Thursday, and deferred on providing clarity on tweaks to its asset-purchase scheme until October. Expectations are growing that adjustments next year will stay within the parameters of the program. The ECB upgraded its forecast for growth this year to 2.2 per cent, the fastest pace in a decade, and left it unchanged for 2018 and 2019. At the same time, the reduction in the outlook for inflation was small, much less than would have been warranted by looking at 4.4 per cent appreciation in trade-weighted terms since the last forecasting exercise.
Canada The Bank of Canada surprised the market by increasing interest rates yesterday, sending the loonie more than 2% up against the dollar.
The short-term interest rates in Canada are now 1%, considerably close to the Fed’s 2.5%, which has been the most hawkish central bank from all of the major currencies so far this year. As a result, the loonie reached a 2-year high against the dollar. The employment report was a good one as the national statistics agency reported the labor market is in its longest run of employment gains since the 2008-2009 recession. Signs are emerging that sluggish wages are also on the rise and companies are quickly running out of capacity. The country added 22,242 jobs in August. The ninth straight monthly gain, versus market expectations for a 15k gain. Annual average hourly wage gains hit 1.8%, highest since October 2016. Separately, Statistics Canada reported industrial production has reached 85 per cent of capacity, the highest 2017. The data could add to expectations the Bank of Canada is poised to continue tightening to prevent the surge in growth from fueling inflation.
Australia The Reserve Bank of Australia left benchmark interest rates unchanged at a record low of 1.5 per cent for the thirteenth month running, as expected.
Growth in the first half was the weakest since 2012 and surveys suggest the dominant services industry is continuing to lose momentum with the latest IHS Markit’s gauge of services indicating Services PMI fell to 53.2 from 53.8.

U.K. house prices jumped in August at the fastest pace this year, adding to signs the housing market has regained some strength after its post-Brexit vote slowdown, mortgage lender Halifax said on Thursday. As per the report, house prices increased 1.1 per cent from July, the biggest one-month rise since December and building on July’s 0.7 per cent increase.

Jason Granite,
Chief Investment Officer

**Forex – September Market Update**

Investors largely shrugged off tensions on the Korean peninsula. Haven assets from the yen to gold declined and U.S. Stocks rose even as North Korea launched missile over Japan following UN sanctions.

USD gained, GBP rose 3% to $1.36 as BOE shifted to a hawkish stance. The S&P 500 Index rose 1.5% this week and closed at 2,498. European and U.K. equities fell. Oil hovered near $50 a barrel. Yields on 10-year Treasuries topped 2.2%.

FPC Policy makers meeting next week are expected to keep rates on hold, while announcing the start of a gradual process to shrink their balance sheet.

Fears that North Korea may launch another missile test on its founding day were an issue for the country to issue threats against the U.S. ahead of a vote in the United Nations on further sanctions. North Korea threatened to sink Japan into the sea with a nuclear strike and turn the U.S. into ashes and dust.

Market developments during the week

The sanctions that the United Nations approved on North Korea included reducing gasoline and diesel imports to the country by 56% and capping oil supply at current levels, while banning textile exports. In retaliation, North Korea launched a second missile over Japan that flew far enough to put the U.S. territory of Guam in range.

However, it appeared that markets are growing resilient to North Korea’s provocations and the responses of the U.S. and its allies as witnessed by the diminished reactions in financial markets to the dictatorship’s weapons tests. Global equities climbed to a record high this week as earnings and confidence in economic growth take metropolitan. The MSCI All Country World Index is poised for its third week of gains in four.

Thursday’s U.S. economic data lent support to those expecting a further run up in U.S. bond yields as inflation topped estimates and traders increased bets on another rate hike in 2017.

August inflation data ended a 5-month streak of underwhelming price pressures. CPI increased 0.4% month on month (est. 0.3% gain) after 1% rise the prior month; rose 1.9% year on year. Core CPI, which is less volatile, rose 0.2% month on month after rising 0.1%, up 1.7% year on year.

The reading may soothe some concerns that inflation is slowing more broadly, though it will take more readings to determine whether the pickup can be sustained. Energy prices rose by the most since January and may reflect some price impact from Hurricane Harvey.

Economists have said headline inflation measures could remain elevated for several months as the data more fully incorporate the fallout from Harvey and Irma.

Meanwhile, President Donald Trump is stepping up efforts to promote tax cuts that he says will benefit the middle class and boost an already-tight labor market. Most consumers said the economy had improved since the last round of worries declined and the U.S. and its allies as witnessed by the diminished reactions in financial markets to the dictatorship’s weapons tests. Global equities climbed to a record high this week as earnings and confidence in economic growth take metropolitan. The MSCI All Country World Index is poised for its third week of gains in four.

Meanwhile, President Donald Trump is stepping up efforts to promote tax cuts that he says will benefit the middle class and boost an already-tight labor market. Most consumers said the economy had improved since the last round of worries.
Currencies
The Bloomberg Dollar Spot Index stood 0.6% higher on a weekly basis as a stronger-than-estimated inflation reading on Thursday now has a Federal Reserve h ike by year-end as a coin toss. While the greenback rose initially, the U.S. retail sales data by the end of the week and rising GBP led USD up its biggest weekly gain in 7 months to 0.6%.

The euro closed at 1.2. The British pound gained 3% to 1.36, the strongest in almost 15 months. The currency rose as the Bank of England shifted to a hawkish stance. The Japanese yen closed at 111.05 per dollar. The currency is a haven in times of geopolitical tensions and is perhaps the most sensitive asset to look at for immediate reaction to North Korean acts. The currency soared as much as 0.6% against the dollar within about a minute after the news Pyongyang had launched another missile toward Japan. Yet within minutes, two thirds of the advance had evaporated. Hours later, it’s barely changed from its New York closing level indicating the wild swings of markets toward the North Korean tensions.

Equities
The S&P 500 Index approached the 2,500 level, heading for its best week in four months. The benchmark index held above $50 a barrel this week. The North African country raised $7 billion from its first sale of eurobonds in the fiscal year that ended in June, including $4 billion in January consisting of five-, 10- and 30-year bonds with yields of 6.125%, 7.5% and 8.5%, respectively.

Russia
Bank of Russia reduced its benchmark to 8.5% from 9%, in line with most forecasts, and said further easing was possible during the next two quarters. Although annual inflation has swung between 4.4% in June to 3.3% in August, the central bank considers those readings to be consistent with its goal. Household’s inflation expectations for a year ahead, which the central bank considers “a useful indicator of central bank decisions, fell to 9.5% in August. Policy makers might pause at their next meeting in October. Policy makers face less pressure to deliver stimulus as the economy grew last quarter at the fastest pace since 2013. The central bank improved its forecast for gross domestic product to grow 1.7-2.2% in 2017, compared with a gain of 1.3-1.8% it projected earlier. The ruble fluctuated after the rate decision, briefly erasing its decline before trading 0.4% weaker at 57.735 against the dollar. The yield on Russian 10 year bond fell four basis points to 7.54%.

India
India’s current account gap turns out to be the widest in 4 years showing a shortfall of $14.3 billion April-June or 2.4% of GDP. This could push up the rupee before an expected reduction in U.S. stimulus in coming months as a smaller U.S. stimulus would curb imports more than exports. Many, including India, have already seen global funds buying fewer of their stocks and bonds.
London continues to record decline
As regards the property prices, Central in November, with a 25-basis point rise almost 75% chance of a rate increase Money markets are now pricing an points to 0.44%. GBP strengthened as markets moved to price two rate increases next year. GBP strengthened to puts rose to the widest since 2009, 1.4% to break $1.35. The premium to starts to consider how to wind down its monetary stimulus. The Bank of England Central is also starting to consider how to wind down its stimulus measures.

GBP climbed to the highest level against the dollar since just after the Brexit vote and gilt prices as Bank of England policy maker Gerjan Vlieghe, a dovish member, stuck speculation of an interest-rate increase within months. Sterling surged more than 1.4% to break $1.35. The premium to hold call options on the pound relative to puts rose to the widest since 2009, as markets moved to price two rate increases next year. GBP strengthened as much as 1.2% to 87.94 pence per euro. The yield on two-year U.K. government bonds climbed 6 basis points to 0.44%.

Money markets are now pricing an almost 75% chance of a rate increase in November, with a 25-basis point rise fully priced for February and a second one by December 2018. As regards the property prices, Central London continues to record decline in its property prices while resilient performance is being noticed in the property prices of rest of the U.K., according to the RICS. The outlook for the capital is also subdued, with prime central London the only area in which prices expectations are negative over the next 12 months. RICS said 61% of respondents felt landlords would exit the market over the coming year in light of recent policy changes that mean many will pay more tax, while only 12% saw a greater number of entrants. The drop in supply will see annual rental growth grow 3% over the next five years, outpacing a 2% rise in house prices, they predicted.

Updates on Brexit negotiations were light with one of the progress being the passing of Brexit legislation that intended to withdraw the U.K. from the EU and translate elements of EU law to domestic statutes. The Brexit bill will formally end Britain’s EU membership and overturn the supremacy of European law in the country. It is controversial because it hands sweeping powers to ministers to change legislation as they see fit, without full scrutiny in Parliament. Jason Granite, Chief Investment Officer

North Korea threat resurfaces. Fed stood pat on the interest rate and continues to forecast a hike by year end. It announced a plan to commence shrinking its balance sheet in October. Amid a war of words between U.S. and North Korea, USD fell the most in two weeks, according to the most in two months. Oil recorded its third monthly gain for 2017. WTI Crude closed at $50.60 a barrel, Gold closed at $1,957 an ounce. The S&P 500 Index reached a fresh multi decade low of just 2,100 level. European stocks were led by Germany’s DAX, after economic data bolstered investor sentiment. Germany goes to the polls on Sunday, with Chancellor Angela Merkel expected to secure a fourth term.

Market developments during the week
The focus on monetary policy dominated market attention this week, but later shifted towards geopolitics, as fears about North Korea surface yet again. The USD pared all the post- Federal Markets Open Committee meeting gains, as a risk-off tone permeated markets with the yen and gold advancing. At the same time, treasury yields slipped from this week’s highs.

The U.S. imposed new sanctions on North Korea, which is a concern for markets, and Russia threatened to bomb U.S. troops if its own troops were fired upon. Trump and Kim continue their increasingly hostile war of words over North Korea’s weapons program, which ultimately led to North Korea indicating it could test a hydrogen bomb in the Pacific of the U.S. Domestically, President Trump is facing a critical deadline for continuing his travel ban. He hinted towards broadening the initial ban, which is set to expire on Sunday, in his response to a terrorist attack in London last week. Even mere renewal of the prohibition on entry into the U.S. by most citizens from some nations would re- open controversy over an action that provoked sharp criticism from prominent cybersecurity leaders, multiple court challenges and internal strife within the White House.

Meanwhile, the GOP continues to struggle for the votes needed to pass a wider package of ‘repeal and replace’ measures for the Obamacare bill while time is running out for a resolution. Senator John McCain stated he can’t support the bill, further dimming prospects for a final push to repeal Obamacare. The major event earlier in the week was the Fed policy meet. The central bank stood pat on the interest rate and continues to forecast a hike by year end, saying hurricane damage won’t derail an otherwise healthy expansion. This caught markets by surprise, as can be reflected in the implied probabilities of an interest rate hike in December, which jumped from near 20% to above 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.

Economic releases this week include U.S. household wealth increased in the second quarter to yet another record, 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.

Economic releases this week include U.S. household wealth increased in the second quarter to yet another record, 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.

Economic releases this week include U.S. household wealth increased in the second quarter to yet another record, 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.

Economic releases this week include U.S. household wealth increased in the second quarter to yet another record, 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.

Economic releases this week include U.S. household wealth increased in the second quarter to yet another record, 60% in a matter of minutes. In the statement, the Fed set October for the start of their previously announced plan to shrink its $4.5 trillion balance sheet becoming the first central bank in history to reduce its QE program. Officials announced the reduction process will start next month at a pace of $10 billion a month, which will gradually increase to $30 billion a month. This would take over 30 years to finalise the process.
The S&P 500 Index remains at the 2,500 level. European stocks were lead higher in a jump in Germany’s DAX after economic data bolstered investor sentiment. Germany’s DAX gained 0.6% this week.

Asian stocks closed slightly lower into the weekend following the increase in North Korea tensions. Japan’s Topix index fell 0.3% at the close in Tokyo and South Korea’s Kospi index slid 0.7%.

Hong Kong’s Hang Seng Index lost 0.8% and the Shanghai Composite Index dropped 0.1%.

The MSCI Asia Pacific Index declined 0.2%.

**EQUITIES**

The S&P 500 Index was 37% below the 52-week high.

The group has yet to find an answer to the production cuts remains high. Still, the agreement, implementation of the extension or deepening of supply cuts.

Novak said the cartel and allied countries are discussing the possibility of extending cuts.

The OPEC concluded a gathering on Friday with no decision on an extension or deepening of supply cuts.

Hurricane Harvey, which halted almost a quarter of the nation’s refining capacity. Japan’s Topix index fell 0.8% this week.

The S&P 500 Index remains at the 2,500 level. European stocks were lead higher in a jump in Germany’s DAX after economic data bolstered investor sentiment. Germany’s DAX gained 0.6% this week.

Asian stocks closed slightly lower into the weekend following the increase in North Korea tensions. Japan’s Topix index fell 0.3% at the close in Tokyo and South Korea’s Kospi index slid 0.7%.

Hong Kong’s Hang Seng Index lost 0.8% and the Shanghai Composite Index dropped 0.1%.

The MSCI Asia Pacific Index declined 0.2%.

The yield on 10-year Treasuries rose five basis points to 2.25%.

Germany’s 10-year yield advanced two basis point to 0.45%.

Britain’s 10-year yield rose five basis points to 1.36%.

**COMMODITIES**

Oil recorded its third monthly gain for 2017. WTI Crude for November delivery rose 1.5% this week and closed at $50.60 a barrel. Total volume traded was about 37% below the 100-day average. Brent for November settlement climbed to $56.77 a barrel. The global benchmark crude traded at a premium of $6.17 to WTI.

It has advanced this month on forecasts for rising crude demand and as U.S. Gulf Coast plants recover from Hurricane Harvey, which halted almost a quarter of the nation’s refining capacity.

The OPEC concluded a gathering on Friday with no decision on an extension or deepening of supply cuts. Russian Energy Minister Alexander Novak said the cartel and allied producers can wait until at least January to consider prolonging the output limits. Nine months into their agreement, implementation of the pledged 1.8 million barrels a day of production cuts remains high. Still, the group has yet to find an answer to the problem of rising U.S. shale output, which has undermined their efforts.

The next key event will be a Nov. 30 meeting of OPEC ministers.

Google search term optimization: "equities market analysis" "oil and gas industry" "stock market outlook"

The yield on 10-year Treasuries rose five basis points to 2.25%.

Germany’s 10-year yield advanced two basis point to 0.45%.

Britain’s 10-year yield rose five basis points to 1.36%.

**BONDS**

The yield on 10-year Treasuries rose five basis points to 2.25%.

Germany’s 10-year yield advanced two basis point to 0.45%.

Britain’s 10-year yield rose five basis points to 1.36%.

**COMMODITIES**

Oil recorded its third monthly gain for 2017. WTI Crude for November delivery rose 1.5% this week and closed at $50.60 a barrel. Total volume traded was about 37% below the 100-day average. Brent for November settlement climbed to $56.77 a barrel. The global benchmark crude traded at a premium of $6.17 to WTI.

It has advanced this month on forecasts for rising crude demand and as U.S. Gulf Coast plants recover from Hurricane Harvey, which halted almost a quarter of the nation’s refining capacity.

The OPEC concluded a gathering on Friday with no decision on an extension or deepening of supply cuts. Russian Energy Minister Alexander Novak said the cartel and allied producers can wait until at least January to consider prolonging the output limits. Nine months into their agreement, implementation of the pledged 1.8 million barrels a day of production cuts remains high. Still, the group has yet to find an answer to the problem of rising U.S. shale output, which has undermined their efforts.

The next key event will be a Nov. 30 meeting of OPEC ministers.

The weekly report from the Energy Information Administration showed that U.S. stockpiles of gasoline hit a 22-month low, suggesting that refineries need to crank up more crude processing. U.S. crude stockpiles rose to 472.8 million barrels last week. Gold advanced 0.2% to $1,293.93 an ounce.

Crude oil closed 0.2% to $21.93 a barrel, the lowest in more than five weeks amid a deepening rout in industrial metals.

**Other major economies**

**Euro area**

Investor sentiment in the Euro area was boosted by positive numbers indicating faster growth just before Sunday’s German vote. IHS Markit’s index of private-sector activity jumped to a four-month high of 6.7 from 5.5. Services and manufacturing strengthened, with a gauge for the latter reaching a level not seen in more than six years. Markit said the economy showed a burst of activity in September and its surveys point to economic growth of 0.7% over the quarter. That would be the fastest since the start of 2015.

Separate reports on Friday showed improvements in both Germany and France this month, with the PMI for both nations hitting the highest in more than six years. For Germany, IHS Markit said the PMI rose to 57.8 from 55.8 in August, with both services and manufacturing strengthening. As with France, the index is far above the key 50 level that divides expansion from contraction.

The widely followed ZEW survey for October was 47.2 from 43.9 in September, indicating faster growth just before the German election on September 24.

**Canada**

Canadian Manufacturing Sales fell 2.6% in July. The sharpest drop in more than a year and significantly faster than expected by most forecasters. A sharp drop in motor vehicles was the primary driver, and sales rose 0.2% once these are excluded. Retail sales rose in July up 0.4% month-on-month, although slight downward revisions to the June figures broke what would have been a 5-month streak of increased spending. July’s gains were entirely due to price increases. The all-items consumer price index for August ticked up to 1.4% year-on-year for the first time since this past May. An improvement in underlying inflation is somewhat encouraging and suggests that inflation may have stabilized in the last couple of months.

**China**

The BOJ left policy unchanged Thursday, as expected. The central bank has kept the 10-year bond yield around its target of zero per cent since introducing its yield-curve control policy last September, while managing to bring down spending below its annual guidance of about 80 trillion yen ($712 billion). The benchmark 10-year bond yield held at 0.03% after ranging between minus 0.015% and 0.15% in 2017. However, it has failed to spur inflation which remains stuck at 0.5%, just a quarter of the BOJ’s 2% target.

**China**

China has been in the news since start of 2017 for various reforms undertaken to spur inflation which remains stuck at zero. The all-items consumer price index for August ticked up to 0.4% month-on-month, although slight downward revisions to the June figures broke what would have been a 5-month streak of increased spending. July’s gains were entirely due to price increases. The all-items consumer price index for August ticked up to 1.4% year-on-year for the first time since this past May. An improvement in underlying inflation is somewhat encouraging and suggests that inflation may have stabilized in the last couple of months.

The S&P 500 Index remains at the 2,500 level. European stocks were lead higher in a jump in Germany’s DAX after economic data bolstered investor sentiment. Germany’s DAX gained 0.6% this week.

Asian stocks closed slightly lower into the weekend following the increase in North Korea tensions. Japan’s Topix index fell 0.3% at the close in Tokyo and South Korea’s Kospi index slid 0.7%.

Hong Kong’s Hang Seng Index lost 0.8% and the Shanghai Composite Index dropped 0.1%.

The MSCI Asia Pacific Index declined 0.2%.

The yield on 10-year Treasuries rose five basis points to 2.25%.

Germany’s 10-year yield advanced two basis point to 0.45%.

Britain’s 10-year yield rose five basis points to 1.36%.

**BONDS**

The yield on 10-year Treasuries rose five basis points to 2.25%.

Germany’s 10-year yield advanced two basis point to 0.45%.

Britain’s 10-year yield rose five basis points to 1.36%.
The information provided in this book is not to be treated as specific advice. It has no regard for the specific investment objectives, financial situation or needs of any specific person or entity. The investments discussed in this document may not be suitable for all investors. Investors should therefore seek independent investment advice based upon their own investment objectives, financial situation and needs. If in any doubt, investors should seek advice from an investment advisor.

Frenkel Topping Investment Management Limited - Frenkel House, 15 Carolina Way, Salford, Manchester, M50 2ZY
Frenkel Topping Investment Management is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority No: 409409.

Frenkel Topping Investment Management employees Canaccord Genuity Wealth Limited as its global research partner when considering investment strategies and asset allocations on behalf of its clients.