



This document is designed to provide clients of SG Wealth Management and Stan Gaskin Ltd background information into our latest opinions on investment matters, covering the economic background environment and how we are positioning clients' portfolios with this in mind. *Your attention is drawn to the risk wording and caveats at the end of the document.*

Comparative Market Data – to end March 2017

The following table shows the performance of different global markets over recent months and years:

Market Index	1m	3m	6m	1yr	3yr	5yr	10yr
FTSE 100	1.12	3.65	8.13	23.34	24.26	53.01	68.56
FTSE 250	1.39	5.42	7.23	15.26	26.45	88.44	114.44
FTSE All-small ex Investment Trust	3.56	6.07	11.07	20.12	30.16	120.13	75.55
FTSE Europe ex UK	4.47	7.05	12.79	28.46	31.85	78.56	79.70
FTSE World	0.72	5.62	12.91	32.9	57.88	99.61	149.45
MSCI Emerging Markets TR in GB	2.03	10.13	10.95	34.73	38.08	33.00	105.13
Hang Seng (HK / China)	1.08	8.58	8.16	38.34	62.33	80.40	170.01
Nikkei 225 (Japan)	-1.17	2.32	8.52	30.82	57.14	76.96	81.80
S&P 500 (US)	-0.41	4.65	14.04	33.83	75.87	131.02	203.29
FTSE Actuaries UK Conventional Gilts All Stocks	0.34	1.62	-1.86	6.64	25.42	28.62	85.16
UK Retail Price Index	0.34	0.82	1.66	3.14	5.69	11.84	31.75
ARC Sterling Equity Risk PCI*	0.70	3.72	6.67	18.47	24.95	50.83	68.43
ARC Sterling Steady Growth PCI*	0.50	3.01	5.38	15.12	22.46	43.13	60.94
ARC Sterling Balanced Asset PCI*	0.40	2.31	4.08	11.24	17.51	33.50	52.33
ARC Sterling Cautious PCI*	0.10	1.30	2.12	6.68	11.57	21.66	42.39
Bank Of England Base Rate*	0.02	0.06	0.12	0.34	1.34	2.36	13.64

Data source: Financial Express Analytics. Cumulative gross total return, rebased to GBP, to 31/03/2017.

**These indices have been added to the above table as comparators for our risk adjusted model portfolios.*

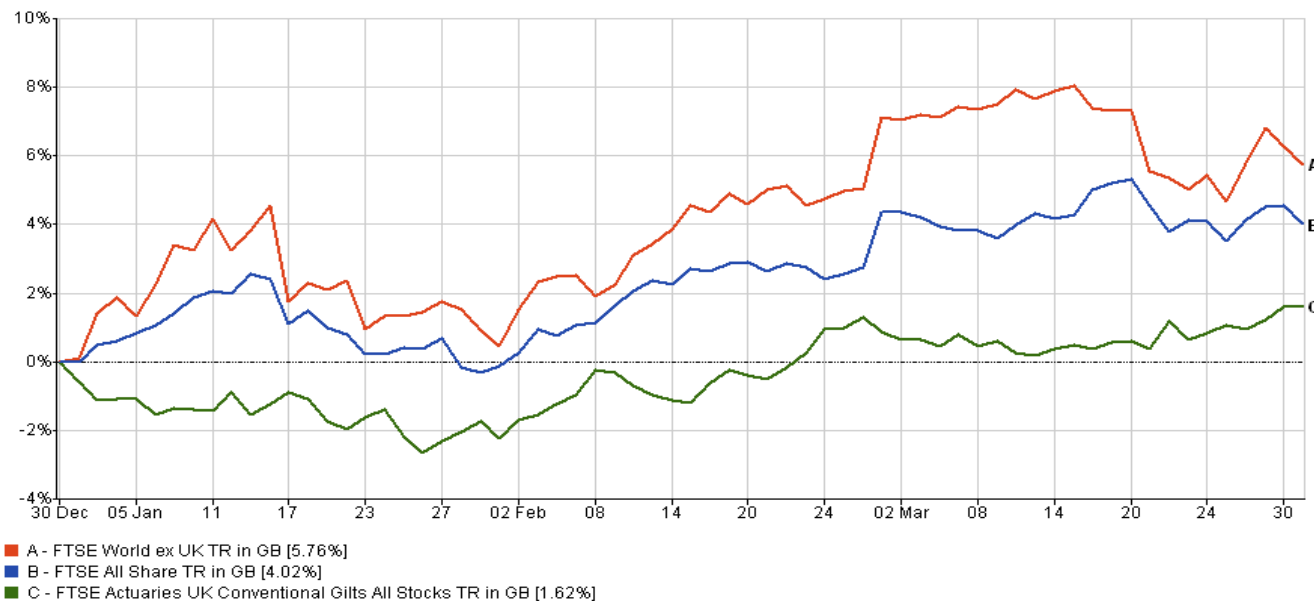


Quarterly Market Commentary – written as at end March 2017

Following an eventful 2016, with election and referendum results that were unforeseen, stock markets continued their strong performance into early 2017. The US election, and the promised increase in spending and tax cuts as well as regulatory reform have played a major role in the continuation of this market rally.

The UK stock market rose 4% in the first quarter amid further evidence of a recovery in the global economy. Domestically, the UK economy has shown strong resilience thanks to strong consumer spending. Consequently, the Bank of England upgraded its projection for 2017 UK GDP growth increasing it by 0.6% to 2%. The post-Brexit decline in the value of the pound (and a recovery in energy prices) has led a consequent rise in the price of imported goods, thus in February the 12-month inflation rate increased to 2.3% which is above the government’s target of 2%. Inflation has been steadily rising now since late 2015 and it remains to be seen how long this may continue and what the knock-on effects for interest rates and consumer spending will be.

Nonetheless, following the triggering of Article 50 at the end of March, Sterling saw a rise in value which shows confidence in the UK economy. Though still, many business sectors face great uncertainty from the negotiations that will take place over the next 2 years (and beyond).



30/12/2016 - 31/03/2017 Data from FE 2017



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Globally, markets have developed a strong confidence in the economic outlook thanks to potential major increases in fiscal spending in America which has been reflected in the return of the S&P500 of 5.9% (4.7% total return in Sterling terms). Nevertheless, the political divisions in Washington are likely to continue to be the focus of global markets over the next months. Trump's failure to repeal Obamacare at the end of March highlighted how he may struggle to fully implement his policy ideas and future disappointments in other areas could impact markets.

However confidence in the performance of the US economy is likely to remain high for the foreseeable future and we expect at least two more interest rate increases between now and end of 2017 from the US Federal Reserve.

Economic indicators outside of the US have also improved in recent times. Europe has beaten all expectation with the upward growth in its economies. Business confidence in the EU has risen significantly following the Dutch and Austrian elections, which rejected more populist anti-EU candidates with the FTSE Europe ex UK returning 7% over the quarter. During the next months all heads will be turned towards the French and German elections which may ultimately decide the fate of the EU. Thus despite the positive upwards economic trends markets still face strong uncertainty from the upcoming political risks. However the risks are both on the upside and the downside, depending on potential election outcome, with markets potentially able to react positively if the uncertainties are resolved in a favourable manner.

As an asset class, emerging markets showed the strongest performance over the quarter. Although there were strong fears initially from the protectionist policies President Trump promised, the lack of follow through improved investor sentiment and increased attraction towards risk, with a weakening dollar providing a tailwind to returns.

Whilst economic outlook internationally continues to improve in terms of both sentiment and hard data, markets could potentially demonstrate volatility due to the political uncertainty faced globally, from US policies, European elections and Brexit, and rising geopolitical tensions in the Middle and Far East. Furthermore rising interest rates and bond yields may present a headwind to further equity market valuation expansion in the future.

Throughout all the current and upcoming events, we deem it sensible to maintain a well-diversified positioning within our portfolios to face the faced uncertainty and its potential outcomes. Furthermore, we believe an active approach to investment management will help portfolios react to the changes in the market environment as they occur and both ourselves and our underlying investment managers will be reviewing positions as events unfold.

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Stan Gaskin Ltd is an appointed representative of SG Wealth Management Ltd who is authorised and regulated by the Financial Conduct Authority

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Risk Warnings and Other Important Information

We hope that this document is helpful in explaining the background to investment decisions that are being made within the portfolios of our clients. Please bear in mind the following important points:

- Any past performance is not guaranteed and not necessarily a guide to future returns. The value of investments and the income they produce can be affected by a number of factors and can go down as well as up, and the value you get back may be less than your initial investment.
- Opinions are those of SG Wealth Management Ltd and Stan Gaskin Ltd at the time of writing and are subject to change. They are based upon our investment research and philosophy and there are no guarantees of any particular outcome.
- It is important that your investment portfolio is regularly reviewed to ensure it continues to be appropriate for your circumstances, needs and underlying economic conditions. We will do this with you as part of an ongoing client agreement.
- Investors should not construe this document as specific advice and we take no responsibility for the outcome of any individuals taking actions personally (i.e. not via SG Wealth Management or Stan Gaskin Ltd) based upon the contents of this, or other published investment documents
- All figures quoted are bid-bid, total return, source FE Analytics, unless otherwise specified. Charts shown reflect market returns in local currency.