

Crunch Time

A value investor's perspective

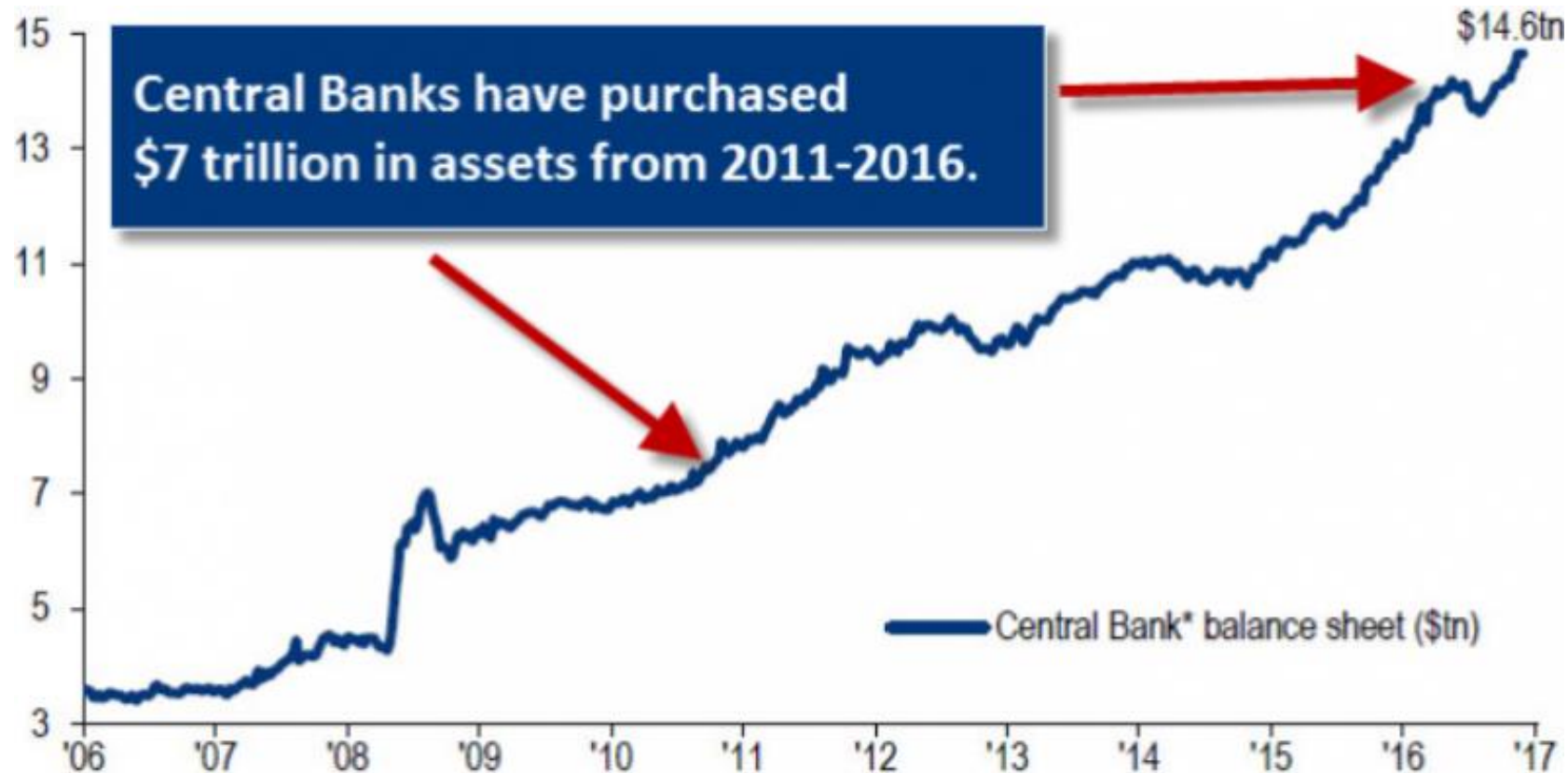
Alastair Mundy

Head of Value



Let the unwind begin...

Central banks have bought US\$ 1 trillion in assets YTD



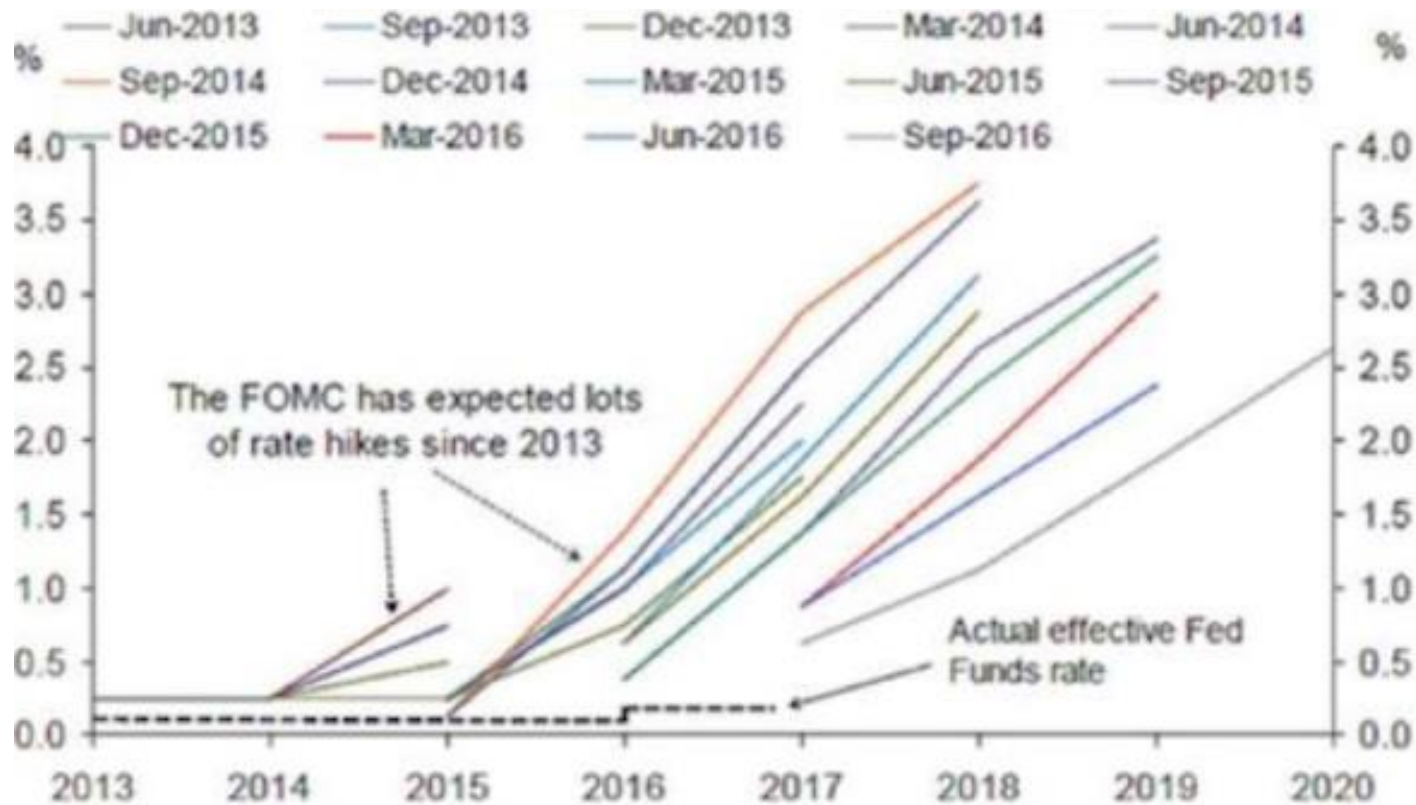
Source: MoneyMetals, BofA Merrill Lynch Global Investment Strategy, Bloomberg, June 2017.
*ECB + Fed + BoJ + BoE + SNB.

Central bankers appear relaxed...

...but their record is not great

The FOMC has been too optimistic for many years

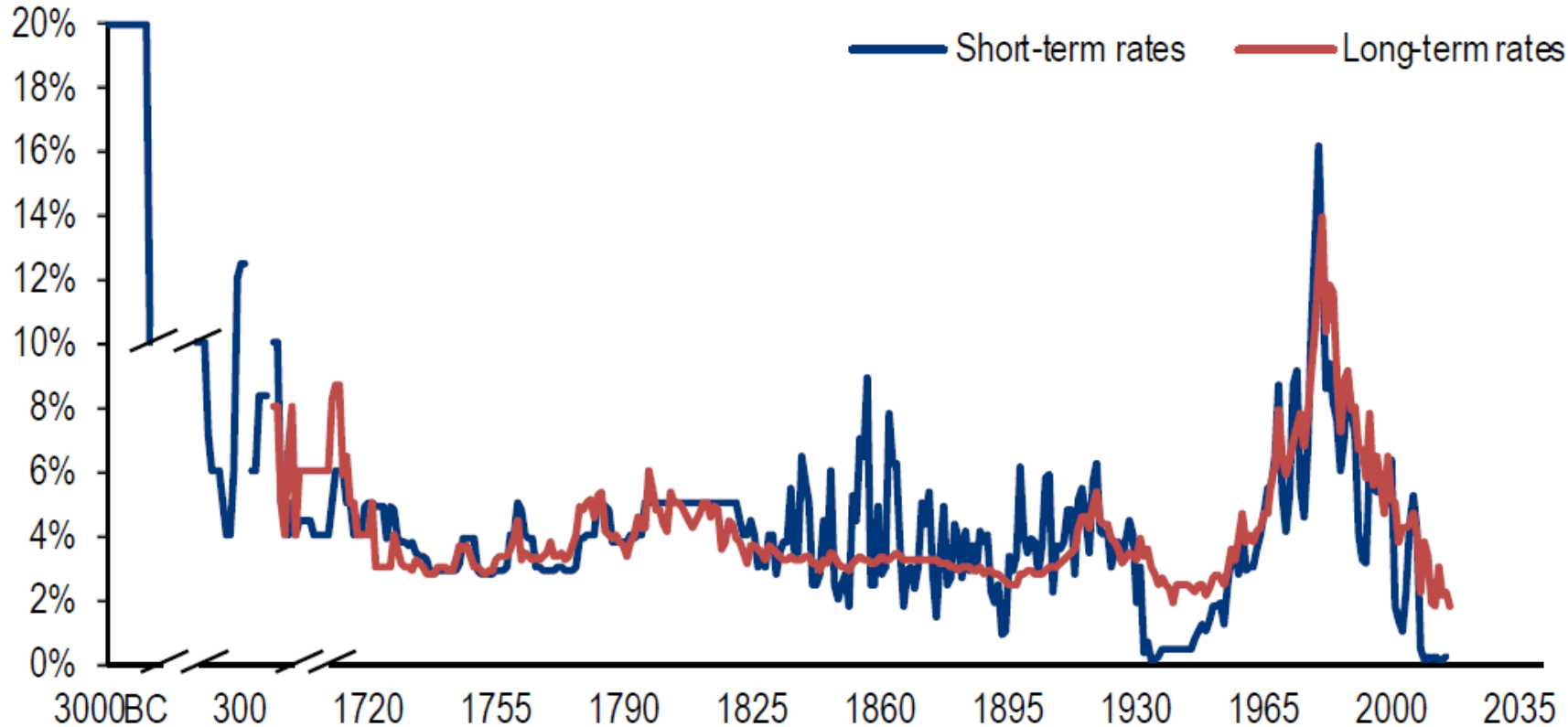
FOMC mid-points on different meeting dates



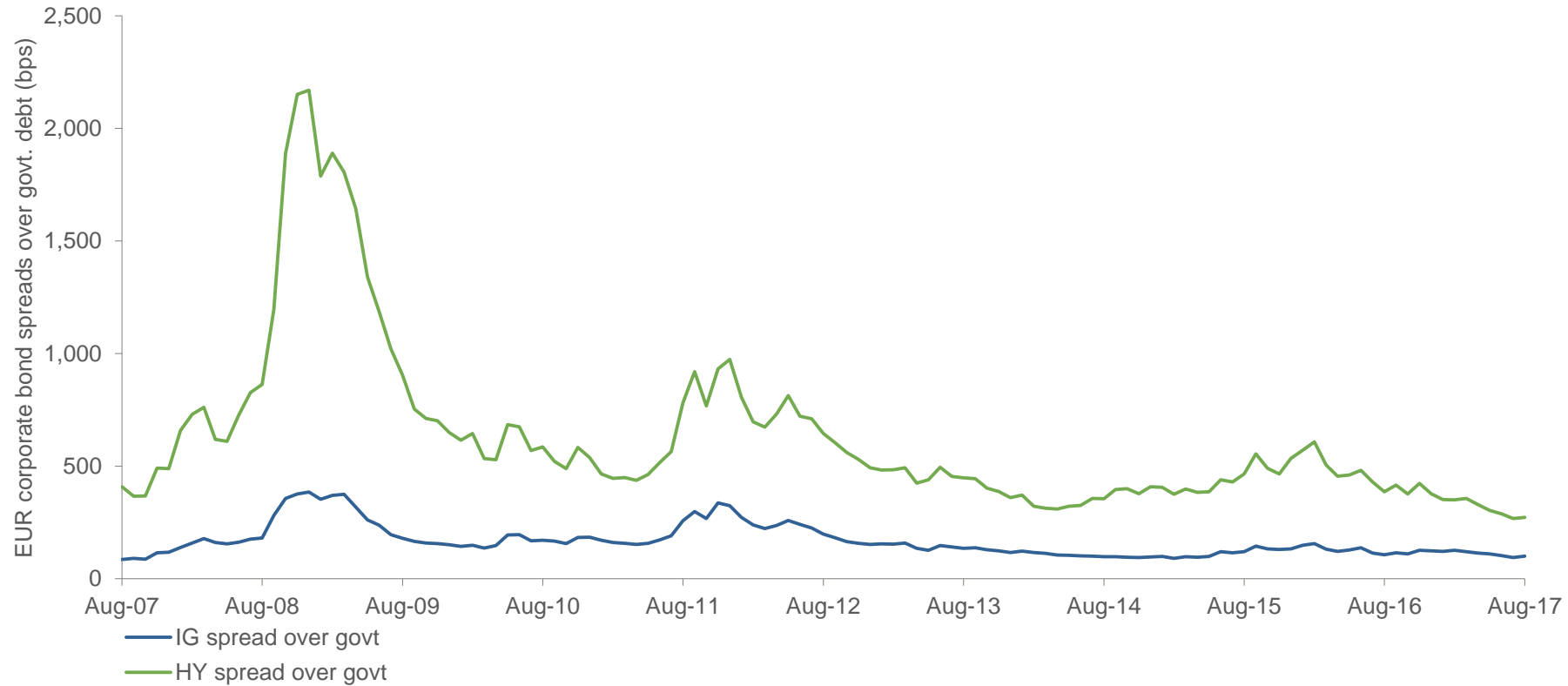
Source: CNBC, Peter Hooper, FOMC, Deutsche Bank Research, 29 September 2016.

Rates are close to the lowest in 5000 years

Investors believe inflation will remain low but central bankers are keen to reflate



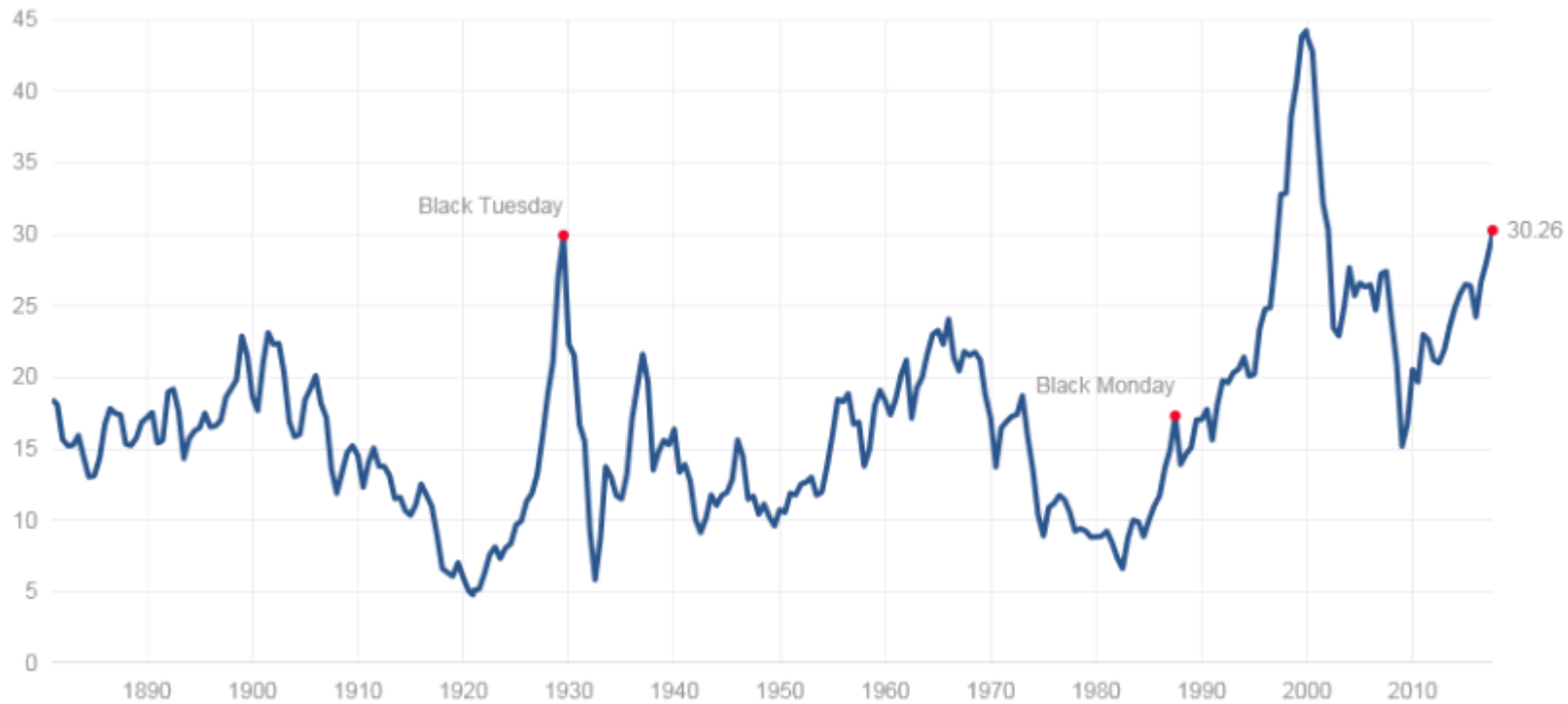
...and corporate bond spreads are very low too



Source: Bloomberg, Investec Asset Management, 31 August 2017.

US equities are expensive

Shiller PE

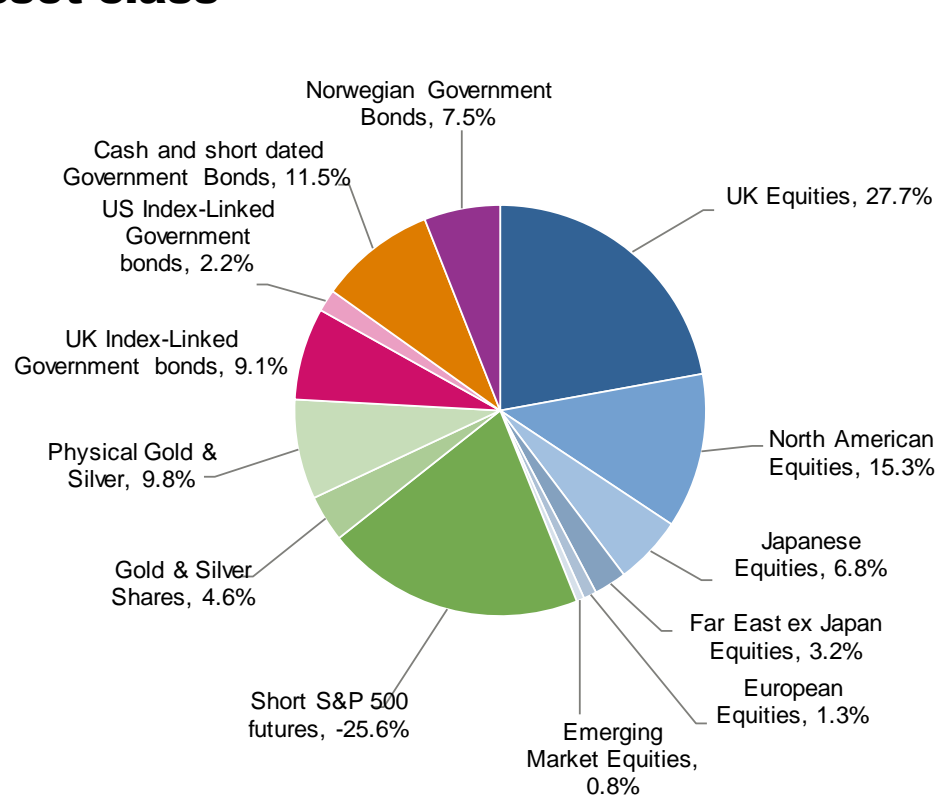


Source: <http://www.multpl.com/shiller-pe> 4 August 2017.

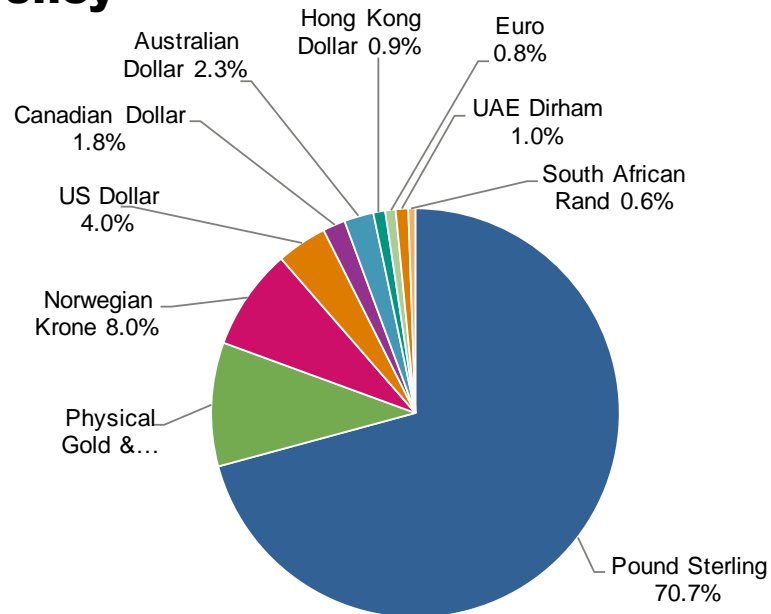
Investec Cautious Managed Fund

Asset allocation and holdings

Asset class



Currency



Source: Investec Asset Management, 31 August 2017.

The portfolio may change significantly over a short period of time. This is not a buy or sell recommendation for any particular stock

Investec Cautious Managed Fund

Asset allocation and holdings

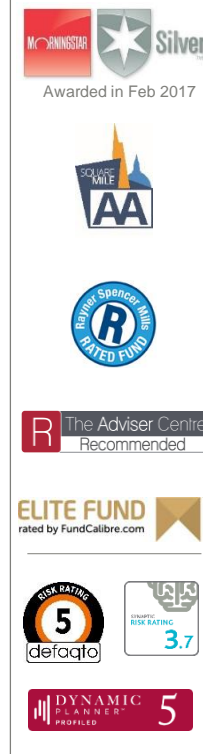
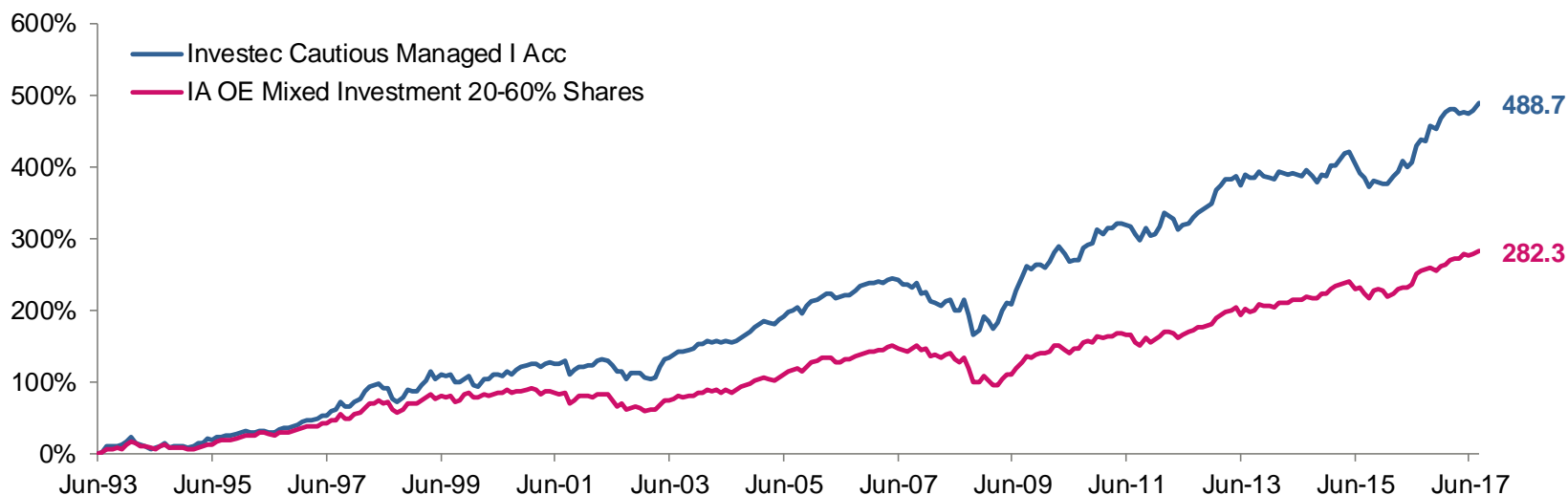
Top 10 equity holdings	% of fund
Investec UK Total Return Fund	6.8
Grafton Group	2.7
Citigroup Inc	2.5
Royal Bank of Scotland Group	2.2
Bank of America Corporation	1.6
Barclays	1.6
Microsoft Corporation	1.5
Metcash	1.4
Travis Perkins	1.4
THK	1.3

Source: Investec Asset Management, 31 August 2017.

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Investec Cautious Managed Fund

Attractive long-term performance



	3 months	YTD	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Tenure p.a.*	Since launch p.a.**
Investec Cautious Managed I Acc	2.0%	3.6%	9.3%	5.9%	6.5%	5.7%	7.0%	7.6%
Morningstar IA OE Mixed Investment 20-60% Shares	0.7%	5.6%	7.4%	6.2%	7.0%	4.7%	5.8%	5.8%
Quartile ranking	1	4	1	3	3	2	2	1

Past performance is not a reliable indicator of future results, losses may occur.

Source: Morningstar, 31 August 2017. Performance is net of fees (NAV based, including ongoing charges), gross income reinvested (net of UK basic rate tax pre 5 April 2016), in GBP.

* Tenure 30 July 2002. I Acc Share launch date: 03 March 2008.

** Performance shown prior to I Acc share class launch date is that of the A Inc share class launched 07 June 1993, unadjusted for differences in fees.

For further information on indices, please see the Important Information section.

Conclusions

- Central Bankers are getting nervous – time to unwind (but not relax)
- How will markets react to these huge sales of assets?
- Will Central Bankers have the nerve to unwind regardless...
- Or are we addicted to QE?
- Should markets really be so relaxed regarding the outcome of the unwinding?
- Isn't it a sensible time to be cautious?
- Precious metals might provide a very useful insurance policy

Thank you

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