



## **KMI EXCLUSIVE NEWSLETTER**

**February 2014**

Dear Clients and Investors

Welcome to another of our newsletters, the agenda for this letter is:

- 1) **Recent Stock Market Downturn**
- 2) **KMI's policy towards equity investment**
- 3) **Corporate bonds**
- 4) **Interest rates going up? - an attached report**
- 5) **Iveagh fund returns to profits**

### **Recent Stock Market Downturn**

As the New Year moves into the second month we have already seen a downturn in equities mainly due to the emerging economies not performing as markets expected.

### **Wang Jianlin--China's Richest Man**



The Chinese are buying assets worldwide (no wonder their stock market is floundering!), not least property in London

This downturn of emerging markets is actually far from news; the China Shanghai index has failed to rebound from the financial crises some six years ago, today some 65% down on its level in 2008. It is also common sense, that given the downturn in the western economies, the dependant emerging economies would suffer and they are continuing to do so. The truth therefore concerning the major Stock Market's recent downturn is far more to do with concern on the fragile debt-ridden western economies than it is concern over emerging economies.

## KMI's Policy Regarding Equities

There is no question that equities, having dropped well off their highs (Dow Industrial is at 15,794, around 800 or 4.7% below its high) are reasonable value, given the overall performance of the major indices (Dow Ind. just averaging 2.6% compound since 2000, nearly all others worse). Therefore it might be assumed we now believe equities to be a sound immediate investment. Whilst indeed we do recognise the values of equities, we also believe there is a large undercurrent of nervousness regarding these investments and proof of this has been clearly seen over the last few weeks. Accordingly, our policy is to buy equities with caution, looking for good dividends as well as sound companies.

## Corporate Bonds

EUROPE				
INSTITUTION NAME	ISIN	COUPON %	DATED	YIELD
Abbey National plc – PERPETUAL	XS0117974740	7.125	31/12/2099	10.53
ING Groep N.V. – PERPETUAL	XS0356687219	8	31/12/2099	7.743
Skandinaviska Enskilda Banken	XS0454821462	9.25	30/09/2019	7.259

**UK**

<b>INSTITUTION NAME</b>	<b>ISIN</b>	<b>COUPON %</b>	<b>DATED</b>	<b>YIELD</b>
Nationwide Building Society – PERPETUAL	XS0284776274	6.024	31/12/2099	10.595
Royal & Sun Alliance Insurance Group – PERPETUAL	XS0197028714	8.5	31/12/2099	8.31

**US**

<b>INSTITUTION NAME</b>	<b>ISIN</b>	<b>COUPON %</b>	<b>DATED</b>	<b>YIELD</b>
Prudential plc – PERPETUAL	X0439094524	11.75	31/12/2099	10.662
Credit Agricole S.A. – PERPETUAL	FR0010772244	9.75	31/12/2099	9.139
Brasilien Foderative Republik	US105756AP53	11	17/08/2040	9.093
Standard Chartered Bank – PERPETUAL	XS0347919457	9.5	31/12/2099	8.832

## The Iveagh Fund Returns to Profit

### IVEAGH GROWTH PORTFOLIO (RISK 6 of 10)

This fund seeks to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile is growth orientated and is suitable for investors willing to take a moderate to high level of risk and volatility.

See attached fact sheet, this fund has returned as a KMI recommendation.

Happy investing

Lee

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**New site <http://corporatebonds.kmiconsultants.com/>**

**Web site [www.kmiconsultants.com](http://www.kmiconsultants.com)**

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