



## **KMI EXCLUSIVE NEWSLETTER**

26th year of uninterrupted financial advice for the Expatriate Market

**April 2018**

**Dear Clients and Investors**

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Welcome, one and all to the latest issue of our KMI Newsletter.

Two main topics this month, firstly, we bring your attention to the TC New Horizon Global Balanced Fund, a consistently top performing fund now available exclusively to KMI Clients at a discounted annual charging rate. Secondly, as have often been said, markets and market makers operate best on the back of certainty, we therefore look at some world events of the past month that may or may not affect that certainty.

### **The TC New Horizon Global Balanced Fund UCITS**

This fund has been exclusively put together for KMI as a broker with a wholesale total charge (TER) of only 1% per annum. Previously it has only been available for institutional investors.

The fund, as can be seen from the attached flyer, has been traded for 9 years (actual trading, not a simulation). It has produced average returns of 11% per annum, whilst of course we cannot guarantee this level of performance in the future, our expectations are high and with a 24/7 trading process, what's not to like?

The fund trades in all assets, bonds, equities, commodities etc as detailed on the presentation flyer. WH Ireland, the investment advisor for the fund, already looks

after many of our largest clients, and we have been badgering them to produce this fund for us, in order that all of our clients can take advantage of its exceptional performance.

## **World Issues**

### **(i) Facebook scandal and drop in value**

Nothing good lasts forever, I used to lament as a pre teenager finishing off yet another cider flavoured ice lolly from the street ice cream van. Doubtless these sentiments have crossed Mark Zuckerberg's mind recently as \$80 billion or put another way 10% of market value, disappeared virtually overnight from his Facebook creation.

A whole host of regulatory tests and questions lay ahead and with the Cambridge Analytical debacle of his patrons data being distributed to all and sundry and allegedly affecting elections across the world still reverberating, there is much to ponder for the man who could once do no wrong.



Industry analysts are saying that if the growing criticism laid against the Facebook business model, invites increased legal scrutiny, then the company's continuing ability to generate revenue and defend itself from potentially costly legal battles, will only lead to a further downturn in investor confidence.

Time as ever will tell, and it should be said that Terry Smith of the Fundsmith group, frequently labeled as the English Warren Buffet, has recently stepped up his holding of the otherwise beleaguered stock. However, given the severity and scope of the problems before him, it is a case of thinking cap on Mr Zuckerberg, time for another good idea.

### **(ii) Trump/China trade war**

I used to hold statesmanship and diplomacy in high regard. Decades of training involved to be able to see and act on the big picture, and to understand the subtle nuances required to maintain the world in balance, whilst never forgetting the

objective of creating the right scenario for your own country to flourish. Well it appears only the last part of that is of any import now. It's all a game of 'tit for tat' chess, Trump's steel and aluminium opening countered by the Chinese pork and fruit defence. Embargos and tariffs are springing up like daffodils in the spring sunshine (which could arrive any day now).



None of this overt protectionism has sat well with the markets, with the actions of the last month threatening to erode gains made in Trump's first year in office. What next? Your move Donald.

### **(iii) From Russia with love?**

The 'tit for tat' scenario of the previous piece is currently being mirrored in the murky waters of espionage, all springing from events in the unlikely setting of Salisbury, previously best known for its cathedral that houses copies of the Magna Carta, has the tallest spire in the UK and serves a damn fine cream tea in the refectory.



Difficult to associate then, with nerve gas attacks on former Soviet spies and their family and certainly a venue not yet visited by messrs Bond or Bourne. However, the

ripples on the city pond of this British backwater have now frozen over and threaten to re-invent the Cold War that we thought we had consigned to school history lessons.

Britain's response in expelling 23 Russian 'diplomats' has predictably been met with a commensurate response from Russia. However, Mr Putin and his colleagues would probably not have counted on the level of global support that the UK received with over a hundred of his people (sixty from the USA) from over a dozen different countries being given the diplomatic version of the red card.

It is probably not too wise to prod a sleeping bear in his lair too many times with a long stick, but that particular cave is now empty and we wait to see if the UK and its allies are brave enough to exacerbate the situation further by taking aim at Russian money in the west. This is said to be the action that would really make them take notice and ultimately have a terribly detrimental effect on property prices in Knightsbridge!

#### **(iv) Putin. An election. Guess who won?**

Russian election joke.

Telephoned question.

'Is that the anonymous election fraud complaints line?'

Telephoned response

'Yes it is, and how may I help you, Boris Tanyakov of 14 Nevsky Prospekt, St Petersburg?'

Well you get the drift. Our good friend Vladimir Putin would doubtless have won a comfortable victory without the event fuelling the much repeated claims of ballot box stuffing, dead people voting (many complaints from folk who had to queue in freezing temperatures behind Ivan the Terrible, Tchaikovsky and Laika the first dog in space) and the overnight appearance of 1.5 million votes, but that's not the Russian way.



His position of strength whilst taken for granted in his own domain, appears to need underscoring for the rest of the world to view. Hence a 76.7 % share of the vote and a variety of places that strangely appeared to have had exactly 80,85 and 90% turnouts.

Anyway, he is firmly back in place and given his fitness routine and avoiding visits to Salisbury, we can expect many more wins to follow. With Xi Jinping similarly consolidated for life in China, we can only imagine the feverish work going on in Washington to see if the 22<sup>nd</sup> amendment of the US constitution, limiting presidents to 2 terms only, can be overturned in order to allow the present incumbent to see out his days with the power that he so loves to wield.

Happy Investing!

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