



## **KMI EXCLUSIVE NEWSLETTER**

25th year of uninterrupted financial advice for the Expatriate Market

**May 2017**

**Dear Clients and Investors**

**1 The Big Green Bang – The rise and rise of renewable energy**

**2 Greece – Could it be the new investment opportunity. (Really?)**

**3 Some funds to look at for the second half of 2017**

I sense that you, my avid readers, are anxious, nay desperate, for the latest edition of our newsletter. Rejoice then dear friends, here it is.

This month we chart the relentless rise of renewable energy at the expense of entire existing industries. We stare in amazement at Greece (the land mass in the Med with the thousand of islands attached, that hadn't got a pot to pee in two years ago) as a possible investment opportunity, and we mark your card with a group of funds you may wish to consider for the second half of 2017.

### **The Rise and Rise of Renewable Energy**



If the amount of hot air that has been expended in talking about renewable energy over the past few decades could somehow have been harvested and utilized then that very same industry would be ten years ahead of where it is today. As it is, if we are to believe current reports, its time has finally come. The shift to clean power is now accelerating at a pace that is disrupting entire existing industries. Wind and Solar parks are being built at an unprecedented rate, playing havoc with the business models of established power companies. This financial disruption is being felt the world over, hitting the European electricity sector first in 2013 and the US two years later, now the effect has spread to the Auto sector and the odds are that Oil will be next.

This shift of emphasis has come from increasing government efforts to curb climate change and smog and has not only driven down costs, but also spurred technological advance. China and India in particular are at the forefront of this advance, driving a sector that has spread worldwide.

2016 saw global renewable power capacity rise by 9% a fourfold increase from the start of the century, a rise with its foundations in the growth of newer sources such as Solar Power which shot up by more than 30%.



With the storage capacity of big lithium ion battery systems more than doubling last year, sales of plug in electrical vehicles rose by 42% over 2015 figures, prompting heads of global oil and gas industries to speak of ‘unstoppable global transformation’ and ‘the reshaping of the energy industry.’ Isabelle Kocher, chief executive of French Energy giant Engie went further calling it ‘A new Industrial revolution that will bring about a profound change in the way we behave.’

None of this means the problems of climate change have been solved, or that fossil fuels will vanish in the near future, (certainly not if Mr Trump has anything to do with it) what is happening however is that the emerging energy transition is already

causing trouble for companies around the world from writedowns and shrinking sales to sliding share values and wholesale break-ups.



As the world goes through this latest energy transition following on from wood to coal in the 19<sup>th</sup> century and from coal to oil and natural gas in the late 20<sup>th</sup> century, there are many questions to be answered, not least about what green alternatives are there to replace fossil fuels in the making of current world staples like steel, cement and plastics. What is not at question however is that these renewables are here to stay and that major problems remain for those running our current power industries and how well they can adapt and plan for the future that has already arrived on their doorstep.

## **Greece, the Next Best Investment Opportunity?**



Having sat and watched the turmoil unravelling on the streets of Athens just two short years ago and been fascinated by the country's ability to miss more payment deadlines than I do on my visa card, without the sort of nasty follow up letter that drops through my letter box, it is with some incredulity that I find myself writing about potential investment opportunities in this self same country. Time surely to dig up old Homer and Virgil in order that they can regale us with an updated tale of a modern day Greek Odyssey.

So how can this be? Well for a start, there are the figures. The Athens stock index is up by 23% this year – the developed world's best performer and twice the gain for the global benchmark. Similarly Greek bonds are comfortably outperforming the competition in the fixed income markets.

Further promising news comes from the ongoing talks with European officials about debt relief – no deal yet but further talks planned which will potentially pave the way for Greek debt inclusion in the European Central Bank's bond buying programme.

It is fair to say that there is still a degree of skepticism from some market makers about the sustainability of this Greek spring, but there is also evidence of waning concern about the country as defined by the gap in its shorter dated debt and longer maturing notes.

There it is then, for those investors who prefer the white knuckle ride to the calmer waters of steady but regular growth, perhaps it is time to 'Get them to the Greek.'



## **Funds for the Second Half of 2017**

To finish this newsletter we have a look at some funds and bonds that we feel may prove of interest for the second half of this year. Fact sheets for each of them can be found in the attachments to this letter. Here below is a brief synopsis of each one.

### **3i Infrastructure Plc**

Investing in a diversified portfolio of infrastructure companies with a focus on UK and Europe. A targeted return of 8 and 10% over the medium term.

### **iShares Physical Gold ETC**

A fund investing directly into gold seeking to track the return of the gold spot price.

### **BGF Asian Dragon D2**

A fund seeking to maximize total return by investing at least 70% of its assets in equities of companies domiciled in or exercising economic activity in Asia, excluding Japan.

### **BlackRock Corporate fund D Acc**

This fund will seek to maximize its return through selective investment in Corporate Bonds and other interest bearing securities.

### **BlackRock 100 UK Equity Tracker X**

Aiming to seek to achieve capital growth by tracking closely the performance of the FTSE 100 Index

Happy Investing!

Mike Towning

Regional Director KMI Consultants Email; [secretary@kmiconsultants.com](mailto:secretary@kmiconsultants.com)

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

Head Office: Vladislavova 46/3, 110 00 Praha 1, Czech Republic,

Tel: +420 224 942 421 Fax: +420 224 942 426

KMI Consultants (Knightsbridge Management International SRO) is regulated under the 2005 European Savings Directive by the Czech National Bank