



## **KMI EXCLUSIVE NEWSLETTER**

27th year of uninterrupted financial advice for the Expatriate Market

**December 2019**

Dear Clients and Investors

In this our last newsletter of 2019, we include items on:

### **1 Our New Monthly Fund Choice**

### **2 An Amalgam Of World Markets Analyses From Fund Management Colleagues**

### **3 A Listing Of Major Markets Performance This Year To Date**

But first.....

“ I saw three ship go sailing in,  
On Christmas Day, on Christmas Day  
I saw three ships go sailing in  
On Christmas Day in the morning.”

This the season to link this 17<sup>th</sup> century carol to the voyages of discovery undertaken in the last months by the three major parties in the so called ‘election of elections’ that has just taken place in Britain. To Brexit or not to Brexit, that was the question.

In the vanguard, the Conservative warship, (HMS Say nothing – it's safer) all sails triumphantly billowing under the command of Captain Johnson. His crew all press-ganged to slavishly adhere to his every command and wish. There are reports that he is dangerously lightweight below or, to use naval parlance, one plank short of a poop deck, but which of his band of cutthroats (a.k.a. the cabinet) will be Fletcher Christian to his Captain Bligh? Step forward sub lieutenant Michael Gove – he has form.



Following in its wake, the notoriously erratically coursed Labour ship (HMS UnElectable) led by Captain Corbyn who stands imperiously aft looking backwards, dreaming of days of yore - hunger marches, national strikes, nationalisation of anything that risks making a profit. Huge and misplaced enthusiasm from all his crew, unfortunately they all want to be on the left side of the ship causing it to sail in ever decreasing circles before disappearing up its own bilge pump.

Limping along at the rear, the ship of the Liberal Democrats (HMS Ne'erDoWell). Much damage to this vessel, mostly self inflicted. Unbelievably they managed to elect Jo the cabin girl as their captain. A complete lack of seamanship led to a huge number of mistakes with vast numbers jumping ship even before the rats deserted. Those that remained however, having true Lib Dem values, wouldn't hear a bad word said against her.

There is talk of a fourth ship, a Scottish Brig (HMS WeeGinger), sailing a separate course with its Captain muttering darkly of betrayal and threatening to split asunder the fleet. Chances are that the power now wielded by their victorious Captain down south will effectively see them put in dry dock for at least another five years.

Safely back in his home harbour now, basking in the afterglow of a massive victory and with his Brexit deal nailed firmly to the mizzen mast, Captain Johnson is already planning his great trade voyages of the twenty-first century. First stop the New World for a meeting of minds!

## **MONTHLY FUND CHOICE**

In a new item for our newsletter, each month we will promote a fund which we believe to be of exceptional promise. Having seen all the details of the fund, should you wish to include it in your portfolio, just let your KMI Consultant know and he will be pleased to make the arrangements.

We start with one of the best performing funds in the European marketplace, assets being purchased worldwide.

The fund manager is very well known in Investment circles, for all the right reasons. He is Terry Smith and his fund is aptly named Fundsmith. We are happy to attach to this newsletter all the details of the fund which Terry calls 'The Owner's Manual'.



Terry Smith of Fundsmith

## **ADDENDUM**

### **Friday 13th December addendum**

The items in the following paragraphs concerning world market analyses were written before some momentous events that took place on Thursday 12<sup>th</sup> December. Here is a brief update.

Having led everybody a merry dance about whether or not he was going to, President Trump is now said to have signed off on a US-China trade deal, thus avoiding the need for tariffs that were due to come in next week. As a result, global stocks hit a

record high for the first time since 2018. It should be noted that at the time of writing, there has been no confirmation from China.

The pound surged to its highest rate for 3 years after the Conservatives' emphatic poll victory which gave greater clarity to the markets over the country's Brexit position.

## **WORLD MARKET ANALYSES**

### **USA**

Equities were rising last week as monthly payroll figures made their biggest gain since January, wages beat estimates and consumer sentiment increased. Stocks advanced for the eighth week in nine.

According to an independent global researcher, the 2% economy (i.e. the federal reserve's target of a 2% inflation rate) remains very much on track in the US, but economic growth will probably not re-accelerate in 2020.

During the third quarter of 2019, US consumer spending remained the primary driver of growth and demand should remain robust in their fourth quarter following a successful Black Friday/Thanksgiving holiday period.

### **China**

In keeping with the turbulence in Chinese markets, last week's optimism among investors about the prospects of an interim US-China trade deal have been stymied by Mr. Trump's comments earlier this week that a resolution to the trade issue may be further away than everyone seems to think.

Prior to that, some positive manufacturers indicators helped push mainland Chinese stocks higher. The Shanghai Composite Index rose 1.4% for the period whilst the Large Cap CSI 300 gauge climbed 1.9%.

### **Global Equities**

Performance was mixed across major developed equity markets during the past week as stocks moved in line with changing trade sentiment. In the US the main benchmarks ended the week little changed. In the UK decent gains at the end of the week were not enough to help shares which had earlier tracked down on the back of trade and economic worries prior to the election. European equities were flat again as late week gains helped drag local markets higher after earlier falls.

Japanese markets finished higher following a government announcement of a 120 Billion US Dollar stimulus package as it seeks to alleviate the effects of a recent hike in the country's sales tax and protect against a possible slowdown in the economy after a spending boom related to the Tokyo 2020 Olympic games, as well as dealing with the aftermath of a series of natural disasters.

## **Interest Rate Policy**

The latest meeting of the Federal Reserve open markets committee that took place on the 11<sup>th</sup> December held interest rates steady and signalled no appetite to raise them any time soon.

Following the lowering of interest rates at their previous three meetings, designed to protect the US economy from the effects of trade tensions and a global slowdown, Fed officials on Wednesday indicated comfort with leaving monetary policy on hold through next year whilst still continuing to monitor those risks.

# WORLD STOCK EXCHANGES

Billions have been lost in the stock market since the recession started. Where is all that money being traded?



This infographic depicts 16 of the world's largest stock exchanges. There are approximately 100 major exchanges in the world in total. The data in this graphic is current as of May 2009. Sources include world-exchanges.org and sec.gov.

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## MAJOR MARKET PERFORMANCE – THIS YEAR TO DATE AS AT 12/12/2019

### PERFORMANCE

GLOBAL MARKET	3 MONTHS	6 MONTHS	1 YEAR	YEAR TO DATE
DOW JONES	+ 28.5%	+ 7.15%	+ 14.53%	+ 19.55 %
NASDAQ 100	+ 6.53%	+ 11.83%	+ 25.33%	+ 3.21%
FTSE 100	- 1.36%	- 1.66%	+ 5.3%	+ 7.59%
NIKKEI 225	+ 7.65%	+ 10.56%	+ 19.75%	+ 8.43%

Happy Investing!

Mike Towing

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