

# JUSTIN'S COMMENTARY

**SEVEN**   
Investment Management

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer he has observed the retail market industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



## A QUARTER END REPORT

The end of the first quarter has surprised many with such a positive performance for equities generally. The FTSE100 had a brief spell peeking over the uplands of over 7000, and no doubt - subject to China - will be back over it again in due course, but ended the quarter up 3.15%. However, the more UK oriented FTSE250 was up 6.25%, which was a bit more of a reflection of the improvement in the UK domestically.

The more interesting part though was the distinct difference (in Sterling terms) of the performance of Europe over the US. The S&P was up 5.43% whereas the composite European index (MSCI Europe ex UK) was up 10.23%. So with the latest PMI figures looking positive overall it may be that, despite Greece, the European economies are picking up quite well.

Most of the Asian markets were showing very positively and even the Emerging markets (with the exception of Brazil which was a basket case at -11.38%), were in good territory. But it was the riskier frontier sector that was the weakest generally; even they beat the Brazilians.

Then just to prove we are in strange times, the bond and fixed interest market stubbornly refused to roll over and still showed a positive return. It is an odd world when most things seem to be going up. Let's be clear - this will not continue!

Of course some things were still weaker and first amongst those were the commodity indices where losses of over 3% affected results of the miners and suppliers. However private equity and property were positive, so even the "alternatives" added in a positive return.

Thus for FTSE100 investors and the investment managers who hug it, it was a respectable +3% quarter. For those with a more imaginative frame of mind with a balanced or more moderately adventurous view then 7IM was providing something more respectable of between 6.77% and 8.13% for the first three months.

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## So where are the super-rich?

The obvious areas are both London and New York which regularly top the list of havens for the well-heeled, but now it appears that the centre with the fastest growing number of super rich (UHNWIs) is in fact Vietnam. Such people are measured as having \$30m or more, and the number in that country is set to double by 2024. Apparently there are currently 172,850 such people in the world, with a new 1419 coming into the category in Asia alone last year.

### Some odd Russian related news...

- looking for a new job in Tajikistan? Well if you are short of a role in the world as a Tajik, you now have the chance of joining the Russian army. Up until now the locals were allowed non-military roles, but now you can sign up as a full Russian squaddie. The opportunity for better pay, cheap mortgages and other inducements including citizenship are proving attractive to the often impoverished average tragic Tajik. So for Russia with a shrinking population the ability to sign up the citizens of another country is proving quite useful. (This comes along with reports that the Russian 201<sup>st</sup> base of 7,000 in Tajikistan has just been deployed elsewhere - on the Ukrainian border!)
- he is at it again! Following the anniversary of the invasion/absorption/takeover (delete as appropriate) of Crimea last year, it would appear that Putin is at it again - in the breakaway region of Georgia, known as South Ossetia. This Georgian territory was all but seized by the Russians in a nasty little war in 2008 (which also involved the other territory of Abkhazia), and now the Russians have signed an agreement with the breakaway republic which all but seals almost full integration of this land into Russia. This of course flies in the face of international law, and agreements signed by the Russian federation and is directly opposed by both the EU and the USA. No doubt Abkhazia will probably be going the same way in due course.
- an echo of history. The German weekly Welt am Sonntag has been reporting that around 100 German citizens, who are apparently ethnic Germans from Russia repatriated by Berlin after WW2, have joined in the fighting alongside the pro-Russian rebels in eastern Ukraine. This has echoes of the ethnic German population in Russia who found themselves in the midst of that huge conflagration and suffered accordingly. It also will cause some issues regarding German policy on citizens joining up as jihadis in Syria and the fact that they may well face prosecution for participating in terrorist activities. So when is a terrorist a freedom fighter?

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### And finally...cracking down with bovine mugshots.

It appears that Police in one Indian state have told cattle owners to submit photographs of their livestock to help them enforce a new ban on the selling of beef.

Officers in Maharashtra state say the photos are needed in case a criminal case arises under the recently introduced law, which bans the slaughter of all cows and sale and consumption of their meat. The Maharashtra Animal Preservation (Amendment) Act has recently come into force after taking 19 years to become law. "We are keeping the photographs for verification purposes only," police official Mahesh Sawai said. "If someone alleges that some illegal activity has taken place and if the owner has a photo, it will be easy to establish the truth."

The call for photographic evidence comes after three people were charged locally for selling beef. While the slaughter of cows was banned in Maharashtra state in 1976, the new law bans the slaughter of bulls and bullocks as well - however beef from buffalo is still legal. Those convicted face a fine and up to five years in prison. The need for photographs hasn't gone down well with local livestock owners, who are now presumably expected to keep albums of their cows which will sit nicely alongside members of the family.

In the meantime may I wish everybody celebrating Easter, Passover or even the rites of Spring, a thoroughly good holiday. May the rain not lash down on you and your train delayed by vital engineering works finally reach its destination.

Have a good week.

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