

## IVEAGH WEALTH FUND MONTHLY COMMENTARY

The Iveagh Wealth Fund made a positive return of 1.74% in March.

The environment for risk assets was positive during the month as global growth continued to the upside and fears of a Greek default and Chinese rate tightening subsided. Over the period the MSCI World Index made a return of 5.93% and Government bond prices rose modestly but commodities as measured by the CRB Index fell 0.50% and Sterling fell 0.35% vs the US\$.

There were two portfolio changes during the month. The first was a 5% increase in equity exposure through Asian equities and the second was an increase in the Sterling exposure of the portfolio from 60% to 70%.

We continue to believe that the growth cycle will be the key driver of returns for risk assets over the next few months. Whilst fears of a double dip persist, early indications for the third quarter in our forward looking models show the threat of such an event diminishing. Alongside that, inflation indicators show limited concern in either direction and if anything a bias towards further modest falls in core inflation.

With spare capacity abundant, employment improving but gradually and early signs of stabilization in house prices, the threat of interest rate hikes in major markets is extremely low for the time being.

Market positioning shows a steady flow out of money market funds into fixed income and equities and equity hedge fund net exposure hovering at or below the long term average of 35%. As such buying power exists in the marketplace.

Equity market valuation, based on forward PE estimates remain below historical averages for this stage of the cycle as long as positive growth remains in place.

From a technical perspective, the threat of a reversal in uptrends for global risk assets has receded although in early April major market equities showed signs of being temporarily overbought.

Finally, we have published our Q2 global strategy document that forecasts a range trade for risk assets during the quarter with potential upside of 5% or so in equities and the lower end of ranges being 5% to 10% lower.

If these inputs remain in place over the quarter, we would look to take advantage of periodic market weakness in order to increase portfolio positioning further towards a "base case" holding.

The Iveagh Team

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