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## Fund Centre

'How have my funds performed?' is a very important question and most likely one you've been asking yourself given the current market environment.

Fund Centre is an easy and quick way to get

- ▶ Daily and historic fund prices
- ▶ Fund performance and graphs
- ▶ Quarterly fund factsheets

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# A higher standard of market perspective

Bringing you our outlook  
on worldwide markets

May 2017



# What's happening where?

## An outlook on worldwide markets

### Key political events

From the French elections to Theresa May's decision to call a snap election, this month we're looking at how the markets have responded to these political events and what it means for investors in terms of the opportunities and challenges that lie ahead.

### US Profits growth

A few months ago there was concern that higher interest rates in the US would push the dollar up. However, **the Federal Reserve has been anxious not to be too aggressive in raising rates, for fear of stifling the recovery.** As a result, markets can focus on strong US profits growth.

### European interest rates and the euro

Whether the euro rises or falls partly depends on ECB decisions but also on how aggressive the US's Federal Reserve will be on interest rates into 2018, and whether or not there are more political shocks. The sharp rally in the euro after the French election result shows how investors can become rather nervous, until they hear reassuring news. **We're neutral on the euro against other major currencies at present.**



### All eyes on Europe

Many investors have been steering clear of European assets because of the political uncertainty. While the French presidential elections may be out of the way and the result brings some degree of stability, attention now moves onto the elections in Germany and Italy. Let's not forget Brexit negotiations starting this summer either.

Nevertheless, we are starting to look beyond politics; **the European economy is seeing its best growth for several years**, with very low interest rates, falling unemployment and better global trade supporting its recovery. We believe many European companies will enjoy strong profits growth in 2017-18 and, as a result, **we're very positive on European equities.**

### What's next for the UK market and sterling?

The decision to call a UK election certainly surprised many. **We aren't expecting the price of UK equities or the value of sterling to change significantly - unless there's a major shift in opinion polls.** We expect other political and economic events to take precedence.

### What opportunities lie ahead?

Although the global economy is showing signs of recovery, **it's very clear that this remains a world of low numbers in terms of growth, inflation and interest rates.**

Over the next 12 months, we believe that the best returns will come from diversified global equities. Overall, given the upcoming elections and the negotiations involved in the UK's exit from the EU, **we continue to expect some market volatility, so wherever you're invested it remains as important as ever to take a long-term view and have a diversified portfolio.**