EB WEALTH

QUARTERLY REPORT
Q4 2019

Global Overview

Global sector performance for the period 01/09/2019 to 30/11/2019				
Markets	**Country**	**Index (ex div) / Sector**	**Performance for the Period 01/09/2019 to 30/11/2019**	**Performance for the Period 01/01/2019 to 30/11/2019***
North America	USA	S&P 500	7.33%	25.30%
		Dow Jones	6.68%	20.25%
		Nasdaq	8.82%	30.60%
UK	UK	FTSE 100	1.93%	9.19%
		FTSE All-Share	2.88%	10.66%
Europe	Germany	Xetra DAX	10.74%	25.36%
	France	Paris CAC 40	7.75%	24.83%
	EU Countries	FTSEurofirst 300	6.67%	19.63%
Asia	Japan	Nikkei 225	12.51%	16.38%
	China	Hang Seng	2.42%	1.94%
	India	Nifty 50	9.37%	10.99%
South America	Brazil	Sao Paulo Se Bovespa	6.83%	26.42%
	Mexico	SE IPC	0.46%	2.83%
Other Markets	South Africa	JSE FTSE ALL SHARE	2.62%	5.62%
	Australia	S&P AUST	3.66%	21.25%
	Russia	RTS	11.22%	34.60%
	Canada	S&P/TSX COMPS	3.64%	18.97%
Commodities	N/A	Gold	-4.60%	13.63%
		Silver	-7.40%	9.88%
		Brent Crude Oil	7.80%	18.72%
		Copper	3.50%	-1.60%

*NB: All hard data for this quarterly report ends on 30/11/2019 and not 31/12/2019.

Equities around the globe have experienced a solid quarter of growth for the 3-month period ending 30th November 2019. As the table shows, Japan's Nikkei 225 index lead the way (+12.51%), with Russia's RTS index +11.22% and Germany's DAX up 10.74%. This has ensured that markets are in place to end the calendar year on a high, with the USA, Europe (including Russia), Brazil and Australia showing considerable gains for 2019, continuing history's longest-standing bull market.

Overall, our portfolios have continued to outperform despite the uncertainties that financial markets are facing. While we expect geopolitical volatility to remain high for the foreseeable future, particularly in relation to the US-China trade war and the next UK General Election, we believe that our portfolios are well positioned to take advantage of the opportunities that these uncertainties bring. In this last quarter, we have reduced our allocation to passively managed funds and increased our allocation to active management as we believe there is a greater chance that active managers may be able to navigate the perilous years ahead more effectively than a passive management approach.

While our tactical asset allocation remained unchanged last quarter, we have been underweight in the US. Given the low unemployment rates and increase in GDP growth over the last quarter we believe that an increase in allocation to this sector may contribute to potential outperformance within our portfolios.

In an effort to encourage ethical investing, we have introduced the BlackRock Sustainable Energy D4 GBP LUX Fund to our portfolios. It invests into sustainable energy infrastructure and technologies and is something that we are passionate about at EB Wealth – we anticipate that this fund will not only potentially provide outperformance but hope that this also encourage sustainable investments.

While there are some funds which have underperformed in the last quarter, we continue to monitor these funds for signs of recovery and believe our portfolios continue to be well positioned and diversified to mitigate the effects of current macroeconomic and geopolitical uncertainties on financial markets in the future.

Our structured product performance has also been pleasing, with an average return of 5.97% over the last year. We continue to retain our cautious outlook and maintain an overall overweight exposure to cash across our portfolios.

2019 Round-up

At the time of writing, we are yet to flood to the polling stations to vote in the December General Election, the results of which could see a third UK Prime Minister in power within the space of six months. Failure to win would see the history books write Boris Johnson as the holder of the second shortest premiership in the history of the United Kingdom. For a man who has had his eyes set on the hotseat for his entire political career, it would be an immensely bitter pill to swallow.

But how would a change in government affect markets [in particular, the FTSE-100, FTSE-250 and FTSE-All Share indices] for 2020 and beyond? Whilst we always say, "market performance history is no indicator of future performance", it is interesting to look back at how the results of past General Elections have influenced the economy. The general trend over the past 30-odd years has been market improvement (at least in the short-term) directly following the retaining of power or the inception of a new government. The removal of ambiguity surrounding national leadership seems to be the driving factor for this.

It is looking like we are in the late stages of the current economic cycle which should make for an interesting 2020 for markets. A year has gone by and the round-up headlines haven't, on the face of it, seemed to have changed all that much. Financial markets around the globe have continued to act reactively and proactively to developments in the US-China trade discussions [US President Trump has been able to rupture global markets with a hyperbolic Tweet here or a declamatory statement there], which have been ongoing for nearly two years. And on this side of the pond, "Brexit, Brexit, Brexit" goes the broken record. It is nearly (finally) at its conclusion, with the deadline now pushed back to January 2020. The twists and turns have compounded investor uncertainty over the calendar year and only time will tell what's in store for 2020 and beyond.

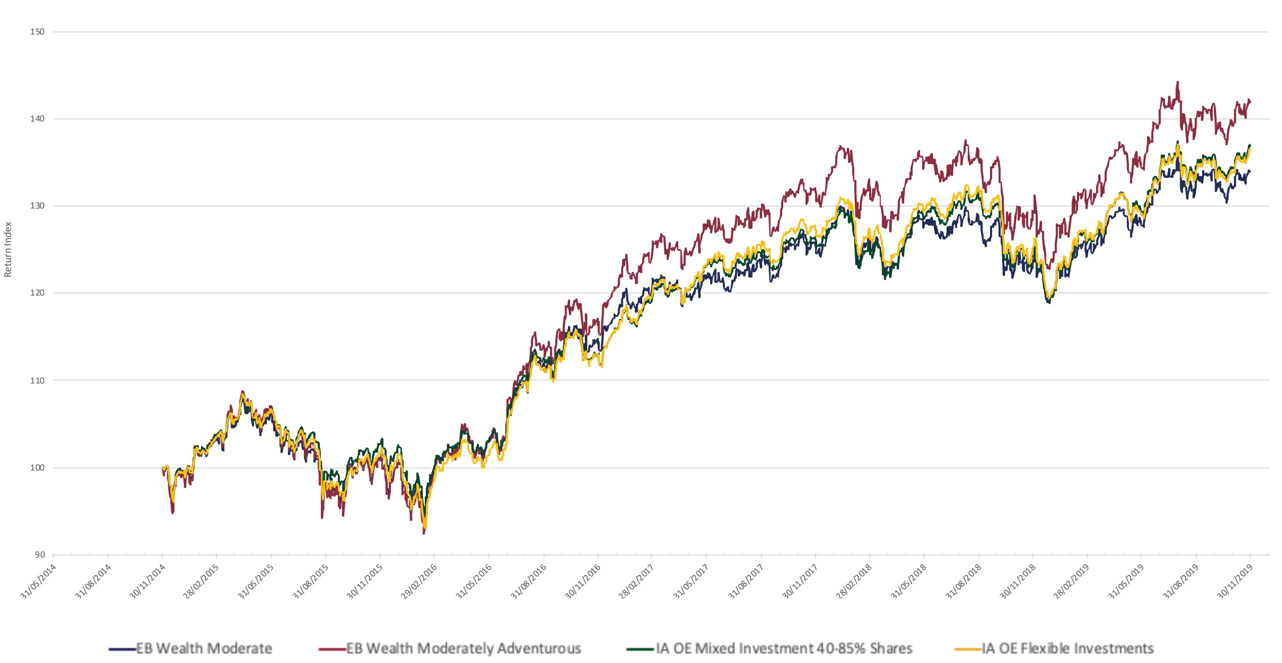
In more recent news, the impeachment inquiry of US President Trump kicked off in late September. The Democrats are hoping this will dramatically worsen public opinion on 'The Donald,' but considering everything that has come before (sexist comments, the fuelling of racism, rumoured and confirmed marital affairs, etc.), they are likely to be disappointed. We wait to see whether the Commander-in-chief becomes the third of his kind to be impeached for one of "treason, bribery, or other high crimes and misdemeanors." More on this later.

In 2019 sporting news, England won the Cricket World Cup for the first time, pipping New Zealand to victory in a gloriously entertaining super-over on home soil. Alas, the same could not be said for the Rugby World Cup effort in which Owen Farrell and company could not repel the thumping waves of South African attackers. This followed a special journey to the final in Japan (with nearly 23% of the country tuning in to watch the final). The Springboks ran out worthy victors, carving their own slice of history as Siya Kolisi, the country's first black captain, lifted the trophy. It is interesting to note the minor spike in the JSE-All Share index in the working days following.

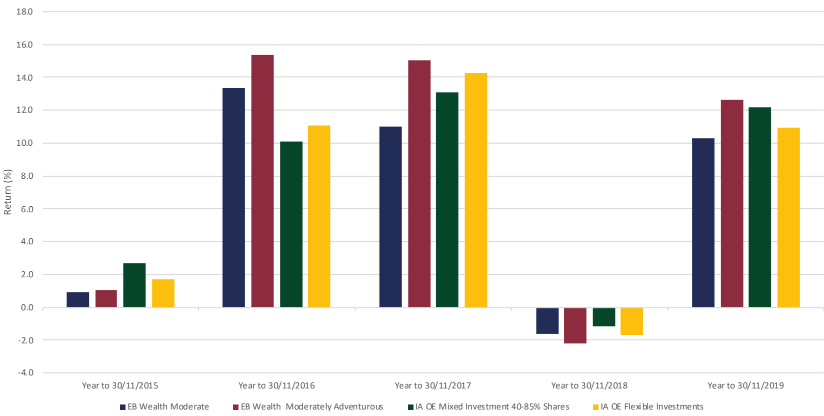
We wish all our clients and readers a happy and successful 2020.

Tom Mills
EB Wealth

EB Wealth Portfolio Performance



This chart shows year to date performance of our Moderate and Moderately Adventurous fund portfolios over the last five years. We have also included the IA OE Mixed Investments 40-85% returns and IA OE Flexible Investments as benchmarks. Please see the last page for more information in relation to the benchmarks along with further information on our portfolio returns.



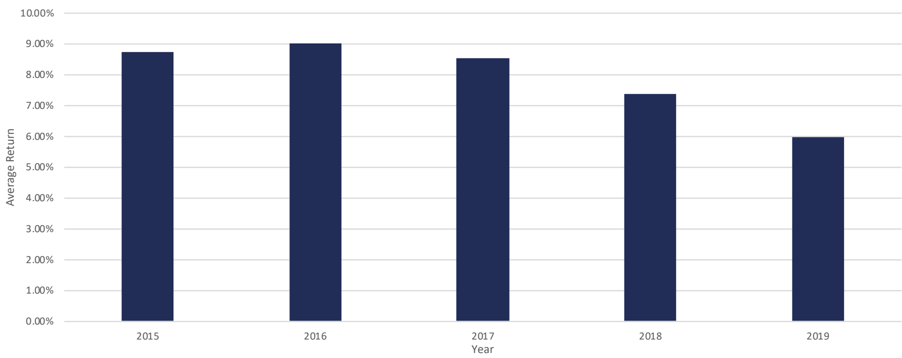
Discrete Annual Performance

This chart shows the discrete annualised performance of our Moderate and Moderately Adventurous fund portfolios over the last five years.

We also run Cautious, Moderately Cautious and Adventurous portfolios and information on these portfolios can be obtained upon request.

Structured Product Average Return

This chart shows the average return achieved on our structured products recommendations on a discrete annualised basis.



Market Commentary UK

Macroeconomic Highlights 01/09/2019 to 30/11/2019		
	Latest Reading	**Compared to Previous Quarter**
GDP Growth	0.3%	Increased from -0.2%
Yearly Inflation	1.5%	Fell from 2.1%
Wage Growth Including Bonuses	3.6%	Fell from 3.7%
Unemployment Rate	3.8%	Fell from 3.9%
Interest Rates	0.75%	Remained at 0.75%

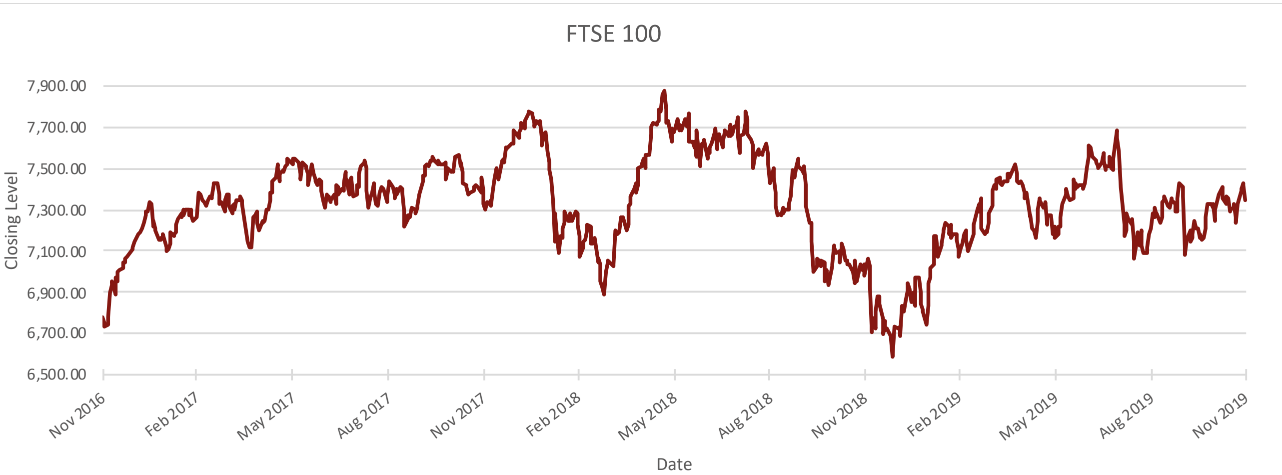
The end of September saw the FTSE-100 drop fiercely amidst political storms in both the UK and US. Prime Minister Boris Johnson saw his parliamentary proroguing (suspension) deemed unlawful by the UK Supreme Court, whilst an impeachment inquiry commenced against US President Donald Trump. This was following whistle-blower allegations that Trump's administration has illegally pressured Ukraine and other foreign leaders to investigate his 2020 presidential election rival Joe Biden.

The FTSE fall was exacerbated with growing concerns about global trade in early October, with the US preparing to hit European goods with a set of new tariffs. Since then, however, UK markets have been on the rise (albeit with some volatility), with the All-Share Index ending the quarter to 30 November up 2.88%.

Sterling was lifted following the "flextension" of the Brexit deadline until 31 January 2020 (despite the PM's claims he'd rather be "dead in a ditch" than prolong the deadline once again). The eventuality of a cut to the UK base interest rate (currently 0.75%) is looking more likely if the UK cannot negotiate a deal with the European Union.

In other news, the quarter saw Thomas Cook, the world's oldest travel operator, fall into administration, leaving thousands marooned and kickstarting the largest repatriation of travellers during peacetime in the UK's history. It is unlikely this will spell the end for the UK package holiday market, however, with 18.1m sold in 2018. In fact, Thomas Cook's ex-rivals saw a surge in their share prices – EasyJet being one benefactor.

We remain slightly underweight on UK equities going into the Christmas period. We put this down to ongoing domestic uncertainty in the face of the General Election; the January Brexit deadline; and continued US-China trade precariousness.



Market Commentary US

Macroeconomic Highlights for 01/09/2019 to 30/11/2019		
	Latest Reading	**Compared to Previous Quarter**
GDP Growth	2.1%	Increased from 2.0%
Yearly Inflation	1.8%	Remained at 1.8%
Wage Growth Including Bonuses	4.89%	Fell from 5.2%
Unemployment Rate	3.6%	Fell from 3.7%
Interest Rates	1.75%	Fell from 2.25%

At this rate, US equities will look to end the year strongly, following the second consecutive quarter of strong market movement. The S&P 500 ended November +7.33%, the Dow Jones +6.68% and the Nasdaq index +8.82%. According to CNBC, history would suggest that if the S&P 500 shows an annual market increase exceeding 25%, 2020 will likely be another positive year for US equities – 71% of the time this has been the case. Everything hinges on the US-China trade war. Regardless, the longer economic expansion continues (it has been ten years), it is argued that the more likely recession becomes. Investors are becoming more and more vigilant for triggers that could sign the end of the bull market.

Jerome Powell, the Federal Chairman, followed through on his hints of further cuts to interest rates, something that materialised in September. His ambition: to boost economic domestic growth. Other economic data was generally steady. Unemployment fell slightly to 3.6%.

Trump announced in October that the US and China have agreed the first phase of a trade accord which had brought optimism to proceedings. In fact, on 15 November, markets again reached record highs thanks to US economic adviser, Larry Kudlow's, words of "getting close" to a trade deal and the "mood music" being "pretty good". However, in the week following, investors were unnerved by a Reuters report placing doubt over phase one discussions completing in time for the New Year.

One might assume that US-China trade talks will ease, and further escalation will be avoided in the build up to the 2020 US Presidential election. Fund manager, Mark Mobius, predicts US markets will go "haywire" if Trump fails to win a second term in office, following his pro-business policies over the past 3 years. We wait to see how US indices ready themselves for 3rd November 2020.

Whilst there are reasons to remain cautious, we believe that the GDP growth in the US economy and the low unemployment rate do not signal imminent recession. We have therefore made the decision to minorly increase our exposure to US equities this quarter, positioning ourselves as neutral on Morningstar's tactical allocation by region.

Market Commentary Europe

Macroeconomic Highlights for 01/09/2019 to 30/11/2019		
	Latest Reading	**Compared to Previous Quarter**
GDP Growth	0.2%	Remained at 0.2%
Inflation	1%	Remained at 1%
Wage Growth	2.7%	Increased from 2.5%
Unemployment Rate	7.5%	Remained at 7.5%

Eurozone equities experienced a decent quarter, following the global trend. The FTSEurofirst 300 Index ended the quarter over 6.5% in the green, with Germany's DAX index up 10.74%, France's CAC index up 7.75% and Spain's IBEX 35 up 6.12%.

Mid-September saw the European Central Bank (ECB) cut interest rates in order to stimulate growth (with the hope that banks would be forced to lend idle funds, rather than do nothing and gain deposit interest). ECB President Mario Draghi affirmed that it was "high time… for the fiscal policy to take charge," announcing that Quantitative Easing (QE) would start again in November at a rate of €20 billion monthly net asset purchases. [Quick recap on QE: in this instance, the ECB will buy assets, in the form of debt, from banks and other private financial institutions, increasing the money supply and encouraging investment and lending; the main aim being economic growth].

Trump had strong words in response to the ECB's plans to defend against possible recession, "They are trying, and succeeding, in depreciating the Euro against the VERY strong Dollar, hurting U.S. exports…"

Whilst European shares have not been able to match the growth of the US in recent years, some high-profile strategists are predicting that this is about to change. A resolution to Brexit, which is on the horizon, and monetary stimulus from the ECB could mean "international stocks will be an outperformer going forward" (Mislav Metejka, head of global and European equity strategy at J.P. Morgan) compared with currently expensive US stocks.

For reasons laid bare above, current wage growth in Europe, a reduction in unemployment and an arguably overly negative media consensus on Eurozone data, we remain marginally overweight for the region. Regardless, we remain vigilant in light of global market uncertainty.

Market Commentary Japan

Macroeconomic Highlights from 01/09/2019 to 30/11/2019		
	Latest Reading	Compared to Previous Quarter
GDP Growth	0.1%	Fell from 0.4%
Inflation	0.2%	Fell from 0.5%
Unemployment Rate	2.4%	Increased from 2.2%

Across to the East and the big news this past quarter was undoubtably the 2019 Rugby World Cup. Japan were the first Asian nation to host and they did so impeccably (we won't blame them for some of the questionable camera angles!). 400,000 people travelled from around the world to witness the matches, with 99.3 being the average percentage attendance for each of the 48 games.

In gloomier news, Typhoon Hagibis and its 140mph winds quickly became the most destructive storm the Kanto region had seen since 1958. It followed a 5.7 earthquake by just half an hour and had the Japanese emergency services scrambling. Over 270,000 households lost power and the damage caused is looking at costing approximately US$10 billion.

It is therefore some surprise to see that Japan's Gross Domestic Product has dropped over the quarter, regardless of the cUS$2 billion gained from the RWC and an estimated US$21.6 billion in added tax revenue as well. Unemployment figures have also compounded negative headline economic data, with the rate increasing for the first time in 6 months, to 2.4%. However, statistics can certainly be deceiving; the working-age population remains at 78% which is the highest it has been since data became available.

In the meantime, both the Nikkei 225 and the Topix indexes have soured over the 3-month period (up 12.5% and 12.4% respectively), responding well to improved US-China talks in October, and the consensus expectations for 2020 are more positive still. Many investors quote Japanese shares are 'undervalued' or 'unloved' and see investment opportunities in the region as attractive, especially in the technology, services and healthcare sectors. We therefore keep our overweight exposure for Japanese equities and are cautiously optimistic for the new year.

On the back of the US President Trump's claims that a long-term trade deal between China and the US was 'imminent' in October, Asian equities rallied, followed closely by Latin America. The market incline has not been sustained throughout November; however, figures still represent a very positive quarter for the emerging markets, especially for the BRIC countries. Russia lead the way with the RTS index up 11.22%, India's Nifty 50 up 9.37%, Brazil up 6.83% and China up 2.42%.

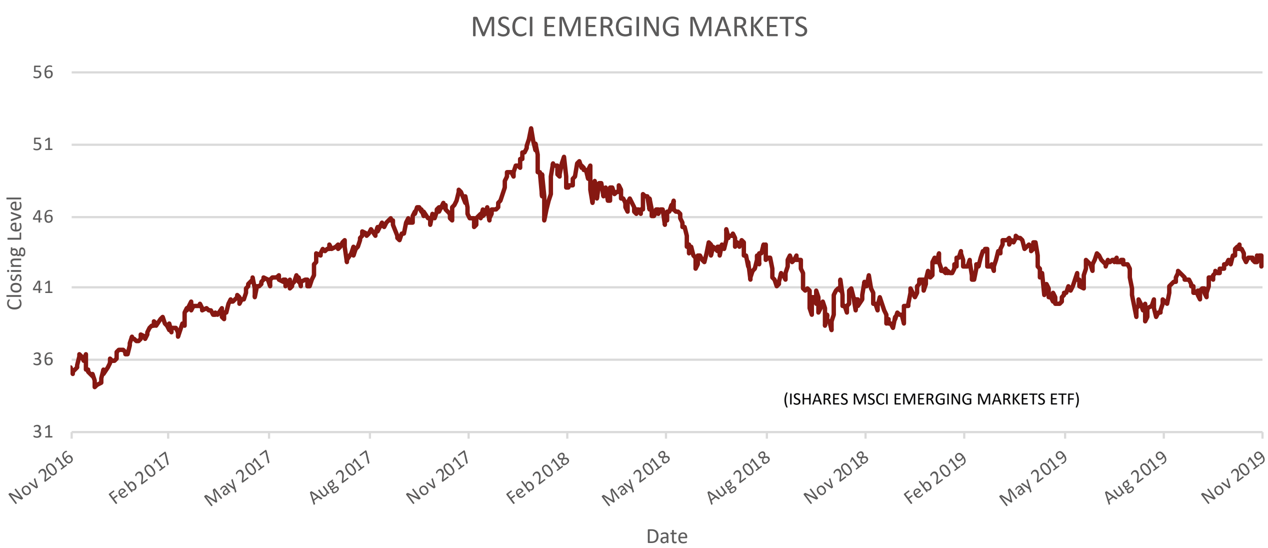
China's Hang Seng index had a volatile November following October's positivity. The American Congress passed a bill titled the 'Hong Kong Human Rights and Democracy Act' which angered China and is likely to invigorate those protesting*. Trump had claimed he might veto it in order to keep the peace during trade discussions (a sign of his stance softening in the face of an election year perhaps) – however, such thinking was fleeting and he signed the bill regardless, causing ripples through global markets and evoking warnings of Chinese "consequences" amidst such "meddling".

Brazil's Senate passed a critical pension reform bill after years and years of debate, finally giving the country a State Pension Age and increasing workers' pension contributions. This is likely to lead to the simplification of the nation's tax system next. Markets outperformed in response amidst calculations that the changes will save US$195bn over the next decade. Such positivity will help to mask global environmentalist anger with Jair Bolsonaro, whose deforestation activities have accelerated by 30% this year on 2018's. Even so, the Brazilian President wants to open the Amazon to more ranchers and miners in the near future to capitalise further.

Elsewhere, Turkish equities dropped, and Russia's gains can be put down to the central bank cutting interest rates more than anticipated. India's gains are thanks to developments in US-China discussions and encouraging foreign investment.

Again, we remain overweight in our asset allocation for emerging markets this quarter. We are quietly optimistic that further positivity in US-China trade discussions will serve the region well in the coming months.

*Reminder: the HK anti-government protests have been ongoing since June in retaliation to plans to allow criminal extradition to China, undermining HK's autonomy as a region. Since the plan withdrawals, protests have continued in support of enhanced democracy and opposition of the police brutality that has taken place coupled with the harsh sentences doled out.



Market Commentary Fixed Interest

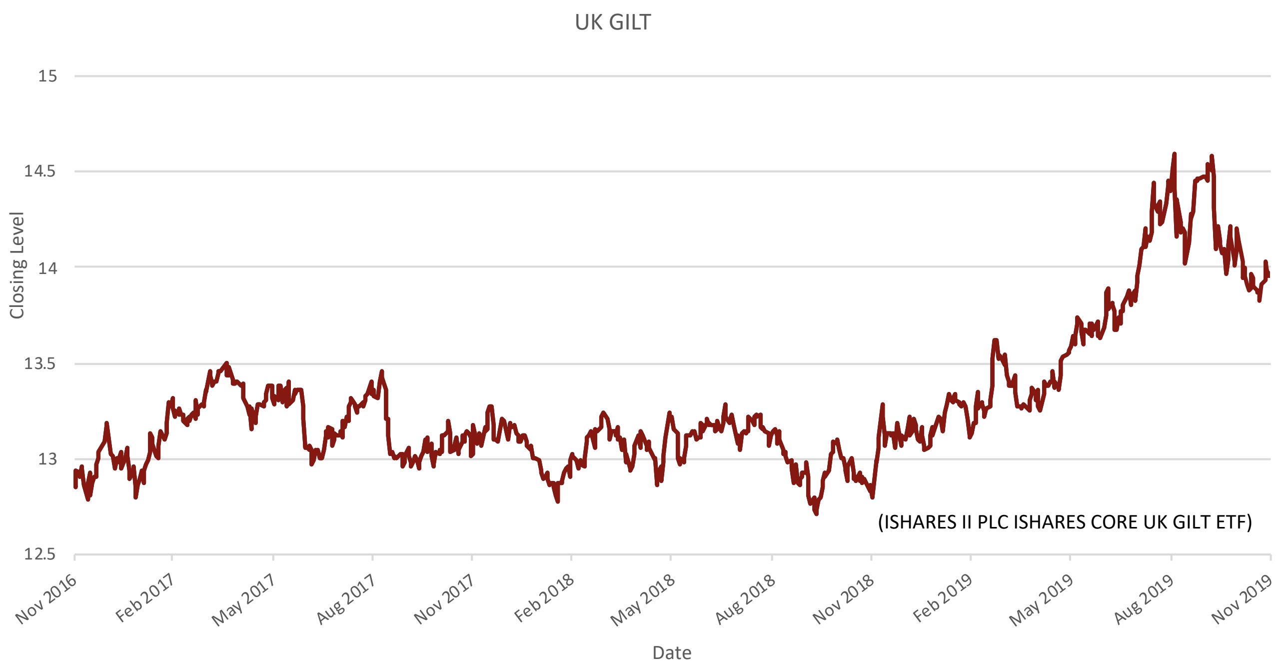
The month of October saw bond markets become weaker and bond yields increase thanks to US-China trade tensions improving and the UK government making progress with the European Union on Brexit – the General Election was called and reportedly discussions on the UK's withdrawal made some headway.

As mentioned in the US Market Commentary, the Fed dropped interest rates this quarter for the third time this year, frustrating investors (and Donald Trump) by signalling it would be the last in a while, stating, "we believe that monetary policy is in a good place." Federal banks coming under increasing pressure from politicians, although Trump hasn't gone quite as far as Lyndon B Johnson did back in the 1960s; he invited the then chairman of the Fed, William McChesney, to his ranch and allegedly physically assaulted him in his front room.

US 10-year Treasury yields temporarily fell below 2-year yields in early September, indicating serious investor pessimism. However, this recovered and finished November at 1.78% thanks to US-China trade optimism during the month, despite Chinese irritation over US support for the Hong Kong protesters.

Corporate bonds outperformed government bonds in September, October and November, as companies were attracted to low interest rates and therefore alluring funding costs – an improved risk sentiment. This was in Europe in particular.

We remain underweight on fixed interest securities for the quarter and will continue to review global markets and investor sentiment in the new year.



Our Tactical Allocation

Sector	Forecast	Position	Morningstar Moderately Adventurous Allocation* (%)	Tactical Overlay (%)	Moderately Adventurous Final Allocation (%)
US	Fair	Neutral	11	0	11
UK Large Cap	Unfavourable	Underweight	22	-3	19
UK Mid Cap	Unfavourable	Underweight	8	-1	7
UK Small Cap	Unfavourable	Underweight	5	-1	4
Europe	Favourable	Overweight	13	1	14
Japan	Favourable	Overweight	7	2	9
Asia	Fair	Neutral	4	0	4
Emerging Markets	Favourable	Overweight	9	4	13
Property	Unfavourable	Underweight	5	-1	4
Commodities	Unfavourable	Underweight	5	-1	4
Global Fixed Income	Unfavourable	Underweight	2	-1	1
UK Gilts	Unfavourable	Underweight	2	-1	1
UK Corporate Bonds	Unfavourable	Underweight	2	-1	1
UK Inflation Indexed	Favourable	Overweight	2	1	3
Cash	Favourable	Overweight	3	2	5

Notes on EB Wealth Performance Statistics

Previously, we have included the FTSE 100 performance as a comparison against our portfolios. In April 2018, we replaced this with more relevant (and industry standard) benchmarks. These benchmarks are widely accepted and represent the average return of all 'mixed' or 'managed' investment funds. As our portfolios fall within the industry standard mandates for these two benchmarks, we feel that they are a more useful indicator of relative under - or over - performance.

Our Benchmarks

1. **IA OE Mixed Investments 40-85%** - this shows the average performance of all funds which qualify for the 'Mixed Investments 40-85%' sector which have the following characteristics:

- Include a range of different investments
- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US Dollar, Sterling & Euro) of which 25% must be Sterling
- Sterling requirement includes assets hedged back to Sterling

This is broadly in line with what the industry used to refer to as a "Balanced Managed" fund, and is broadly in line with our Moderate as well as Moderately Adventurous portfolios. However, our portfolios have no set mandates as to the amount of exposure we hold in any specific asset class.

2. **IA OE Flexible Investments** - this shows the average performance of all funds which qualify for the 'Flexible Investments' sector which have the following characteristics:

- Include a range of different investments
- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement

This is broadly in line with what the industry used to refer to as "Specialist". Since we do not impose any asset allocation restrictions on our portfolios, this benchmark is relevant; however, currently our Moderate and Moderately Adventurous portfolios would also fall within the mandate to be considered IA OE Mixed Investments 40-85%.

Structured Product Returns

The performance data provided is the average of all structured products we have recommended to clients over the last six years where the return of the product is known i.e. where a product has matured, or an income payment has been received. We have also weighted the performance figures based on the level of investment we have made – i.e. if we recommended a greater level of investment in one particular product over another, we have weighted the performance figures accordingly.

As structured products are close-ended investments, clients will only benefit from returns on the products they own personally rather than the average figures published in this report. The average figures are provided in an attempt to highlight the general benefit of using structured products to reduce the volatility of a portfolio without necessarily impacting the total return.

The structured product returns quoted in this report may change in subsequent reports due to the fact that products which we have recommended, but are yet to mature, have not been included in the returns quoted above. (For example, a five-year product with the potential to pay 6% a year which has not yet matured, will not be included in the figures above. Depending on the outcome of the investment, when the product matures, we will allocate either 6% or 0% a year to the preceding five years).

Our Services

Wealth Management

Pension / SIPP funding
Pension / SIPP investment management
Pensions in retirement / Income drawdown
ISA funding
ISA investment management
Trustee Investments
School Fees Planning
Managing estates under Power of Attorney

Personal Insurances

Life and Critical Illness Cover advice and brokerage
Family Income Benefit advice and brokerage
Mortgage Protection advice and brokerage
Income Protection advice and brokerage
Private Medical Insurance advice and brokerage

Tax Planning / Other

Pension funding and 'in retirement' tax planning
Inheritance Tax planning
Capital Gains Tax planning
VCTs, EISs, ISAs, Bonds
Financial Planning in relation to Marriage, Divorce or bereavement.

Corporate Services

Auto Enrolment and Company Pensions
Partnership/ Shareholder Protection
Key Person Insurance
Employee Benefit Programmes and Communication
Services for Charities
Business Exit Planning

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