

What's Been Happening?

March has proven to be another difficult month for investments, however we are pleased to report that the portfolio has delivered an encouraging positive return. We are mindful that as encouraging as the performance of the portfolio has been this month, there remains a great deal of uncertainty in the markets and therefore, as we move forward, our outlook will remain cautious.⁽¹⁾

As we are continually monitoring the outlook for each investment sector and looking for signs of an improving investment environment, we are confident that the portfolio has been diversified sufficiently to minimise any potential volatility, while being in a position to benefit from any small market rallies that may occur.

Global equities remain volatile, with growing concerns of a prolonged and painful global recession and fresh concerns about the outlook for the banking sector have been largely Responsible for the volatility.⁽²⁾

Paul Kavanagh of Killick & Co commented on the effect sentiment has on the economy. The rising number of Job losses, has not yet fully affected sentiment as consumer spending has yet to 'drop off a cliff'. He noted that 'If unemployment reaches three million there will be an impact'.⁽³⁾

On a more positive note Anthony Bolton of Fidelity International has spoken of his belief that we may have found the bottom of the markets. He went on to explain that there is no 'flashing green light' and that equity markets move ahead in anticipation of the economy and therefore the opportunity may be missed, which is why his approach is not as focused on the economic outlook.⁽³⁾

Kully Samra of Brokerage Charles Schwab has suggested that there is more risk ahead for US equities and added that 'We think it will be a long hard slog'.⁽⁴⁾

We still feel that if a recover occurs it will likely be led by the US in the western economies, however, at this point we favour caution.

Organisation for Economic Cooperation (OECD) Warning

Angel Gurría, head of the body that represents the 30 most industrialised nations, said ' We are probably seeing a world which will go negative. He predicted that China is likely to see growth of about 6-7% this year, however, globally there will be a contraction'.⁽⁵⁾

The International Monetary Fund (IMF) has also stated that they expect the global economy would contract in 2009 and forecast that the advanced economies will suffer a decline in output of between 3% and 3.5%. It also warned that growth in 2010 is likely to be small.⁽⁵⁾

This would be the first global contraction in 60 years.

'The prolonged financial crisis has battered global economic activity beyond what was previously anticipated' it said.⁽⁵⁾

New Star

At the time of writing this article, there have been no further developments in relation to New Star and the much publicised takeover by Henderson has not yet been finalised.

What this takeover would mean for investors in New Star Funds at this moment in time remains unclear and we shall keep you informed of any

Research/Information Source

- 1) U-Skan Reports
- (2) M&G Monthly Fund Updates
- (3) Daily Telegraph, Saturday 14th of March
- (4) CityWire
- (5) BBC Economy Website

***The Value of your investment will go down as well as up and you may not get back the full amount invested
Equity investments do not include the same security of capital which is afforded with a deposit account***

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