

Welcome to your first monthly valuation of 2010.

As the UK is in the grip of a big freeze, the world economies continue to surprise with forward moves across most equity markets.

The lead up to the end of this tax year will be busy, with new ISA limits in force for the over 50's and also the change in the earliest retirement age from age 50 to 55 on April 5th.

Here is Matthew's summary of the last period and a few comments moving forward:

2009 saw global stock markets recover.

It was also a year in which central banks and governments around the world took extraordinary measures to get their economies moving.

The FTSE gained over 22% in 2009, which is biggest annual gain since 1997, while in Germany's Dax rose 23% and France's Cac added 22%.

Geoffrey Yu of UBS stated *"The global financial system stabilised, helping avert a depression, as most asset classes began to feel the effects of extraordinary and coordinated policy intervention by the second quarter. The world economy is back from the brink".*

US share prices also performed well. The broad-based S&P 500 index was up nearly 25%, which represents the best performance since 2003. The Dow Jones gained 20% and the technology-driven Nasdaq index doubled those gains, rallying 45%.

China's stock market rally saw the Shanghai Composite jumped 80% this year. Xu Yinhui of Guotai Junan Securities in Shanghai stated "The [Shanghai] index could move higher next year, backed up by the improving economic recovery, stable economic policy and optimism towards listed firms' earnings".

Commodities

Oil ended the year at about \$79 a barrel - an increase of about 78% and the biggest annual climb in 10 years. The **gold** price hit record highs continually throughout 2009 finishing near \$1200 per ounce

General Market Consensus

The General Market Consensus remains very favourable to Emerging Market, South East Asia equities and corporate bonds. UK Equities have moved to a positive position.

UK & Global Properties have moved further into a balanced position, while Japanese equities remain in a balanced position by the thinnest of margins. The consensus remains negative towards UK Gilts.

A summary of the market consensus is illustrated in the table below:

Positive

Emerging Markets
UK Corporate Bonds
South East Asia Equity
BRIC Equities
UK Equity

Balanced

North American Equity
European Equity
International Fixed Interest
UK Smaller Companies
US Smaller Companies
UK Property
Global Property
Japanese Equity

Negative

UK Gilt

The Portfolio's are due to be reviewed at the end of this month and we are likely to continue our light stance towards Gilts and move more to a neutral position with the asset allocation.

We also believe that we should temper our enthusiasm with regard to investment returns this year, with many forecasting middle to high single figure returns.

That's all for now

Happy New Year

Regards

Mark A Werner APFS
Chartered Financial Planner & Managing Director