Market Update

Recent Market Turmoil

The last week has seen significant turmoil in markets with equities seeing their largest falls since the 2008 financial crisis. Concerns over slowing Chinese economic growth and further political instability in Greece are among the reasons cited for the recent volatility. In general, however, equity market valuations had become stretched and a correction in stockmarkets was anticipated.

Market declines over summer months can sometimes be extended by lower volumes but the recent sell-off has been on solid volumes. The Shanghai Composite Index has fallen 18.6% in August with the resulting focus on China feeding through to commodity markets. With supply remaining high, demand concerns have hit oil, metal and agricultural commodity prices.

The turmoil in markets has shifted the market's expectations regarding a September interest rate increase in the US. This has, in turn, seen the US dollar weaken significantly, exacerbating losses for euro-based investors.

Market Declines Month to Date

Investment Market Performance

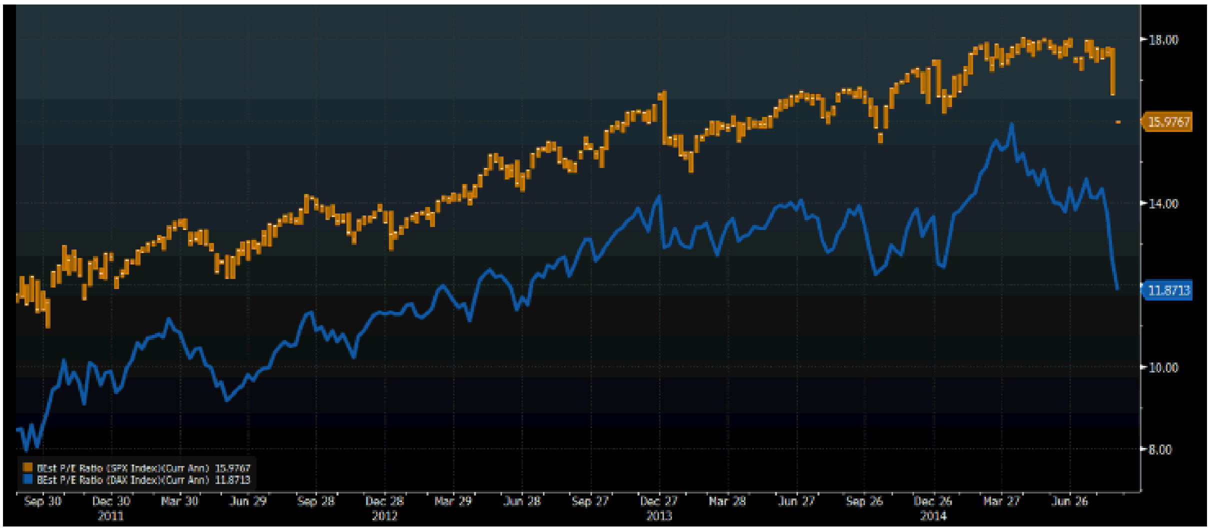
	Year to Date		August - 2015	
Index	**In local Currency (%)**	**In € %**	**In local Currency (%)**	**In € %**
ISEQ Index	9.6%	9.6%	-12.1%	-12.1%
FTSE 100	-11.8%	-7.3%	-13.5%	-17.7%
Eurostoxx 50 Index	-4.9%	-4.9%	-16.9%	-16.9%
S&P 500	-9.2%	-5.7%	-11.1%	-16.2%
Nikkei 225	6.2%	12.2%	-9.9%	-10.6%
FTSE All-World	-9.2%	-5.7%	-11.4%	-16.4%
Oil	-28.8%	-26.0%	-19.5%	-24.0%
Eurozone Government Bonds		1.2%		0.0%
USD / Euro		4.0%		-5.5%
GBP / Euro		5.1%		-4.8%

Short Term Outlook

The main short term focus for global equity markets will be US non-farm payroll numbers due to be released on Friday 4 September. This is the last payroll number disclosure ahead of the Federal Reserve's much anticipated rate decision on 17 September. Given the dramatic increase in market volatility, however, the Fed may move to provide clarity to markets ahead of the next meeting. US markets are now trading at 16x forward earnings while German markets are trading at 11.9x. These numbers mark a return towards long term average multiples and levels that will provide more fundamental support for stock prices.

Market Update

Forward PE rations for the S&P 500 (Yellow) and DAX (Blue)



Source: Bloomberg

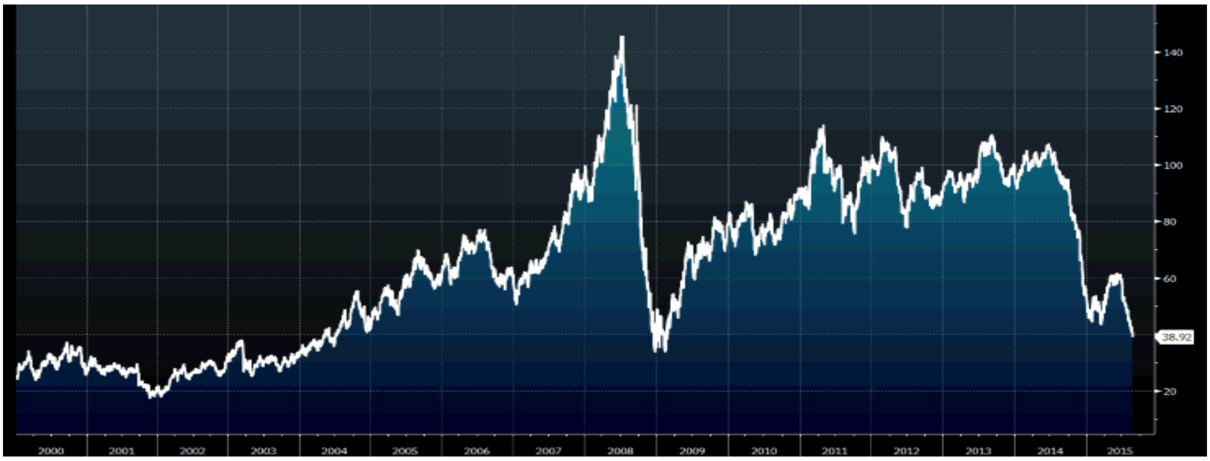
Commodities

Commodities have mainly been impacted by Chinese economic concerns.

Oil

While supply remains at record high levels, expectations of a fall in demand from China and contagion to Asia and the global economy has hit the oil price in August. West Texas Intermediate Oil has fallen over 19.5% in August to its current level of $39.03.

West Texas Intermediate Oil over the last 15 years



Source: Bloomberg

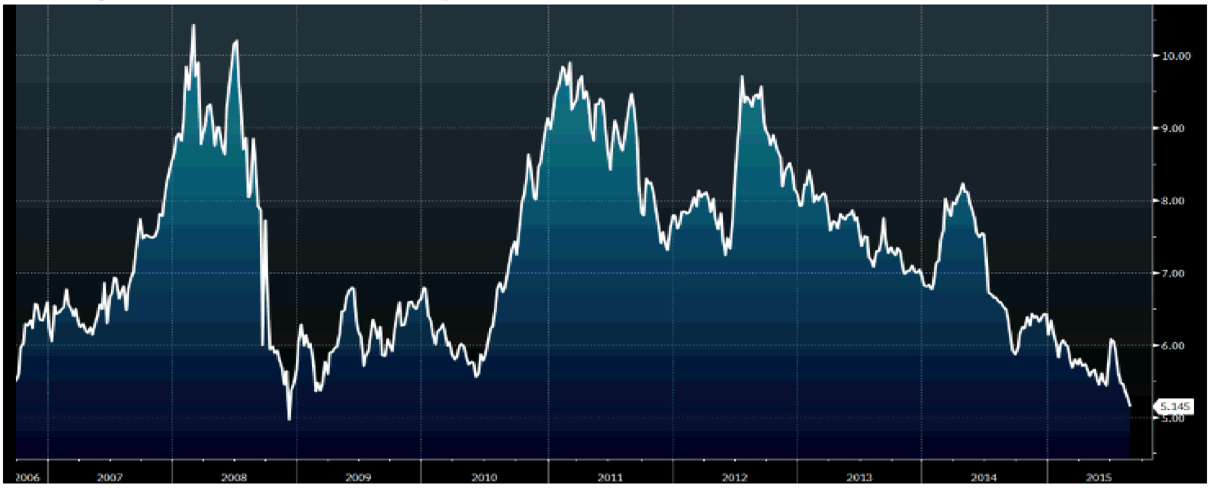
While volatility is likely to remain in the short term, the most recent Energy Information Administration data (based on global oil consumption and production trends over the next 12 months) sees the oil price at $55 a barrel by mid-2016 which is over 40% higher than current levels.

Market Update

Agricultural Commodities

Agricultural commodities have fallen 10% in euro terms as expectations of strong harvest numbers in the northern hemisphere and falling Asian demand have hit markets. The unwinding of speculative positions on foot of the general weakness in markets has accounted for much of the weakness in food commodities, with industry players still buying forward in anticipation of the 2015/16 El Nino.

ETFS Agricultural Commodities ETF performance



Source: Bloomberg

Corporate Bonds

Corporate bond markets have reflected the broader risk aversion of other markets over the last month. High grade bonds are holding their value while lower quality bonds have seen yields rise with capital values falling slightly.

Short Term Recommendation

We have been significantly underweight equity positions in all of our portfolios for some time, reflecting our view that equities were over-valued, particularly in light of expected interest rate increases. The recent correction has made equities more attractive but not sufficiently, in our opinion, to represent value yet. Weakness in commodity prices and the US dollar, which have been the main factors in portfolio performance have, in our view, been overdone in the short term.

24 August 2015