



John Husselbee
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North

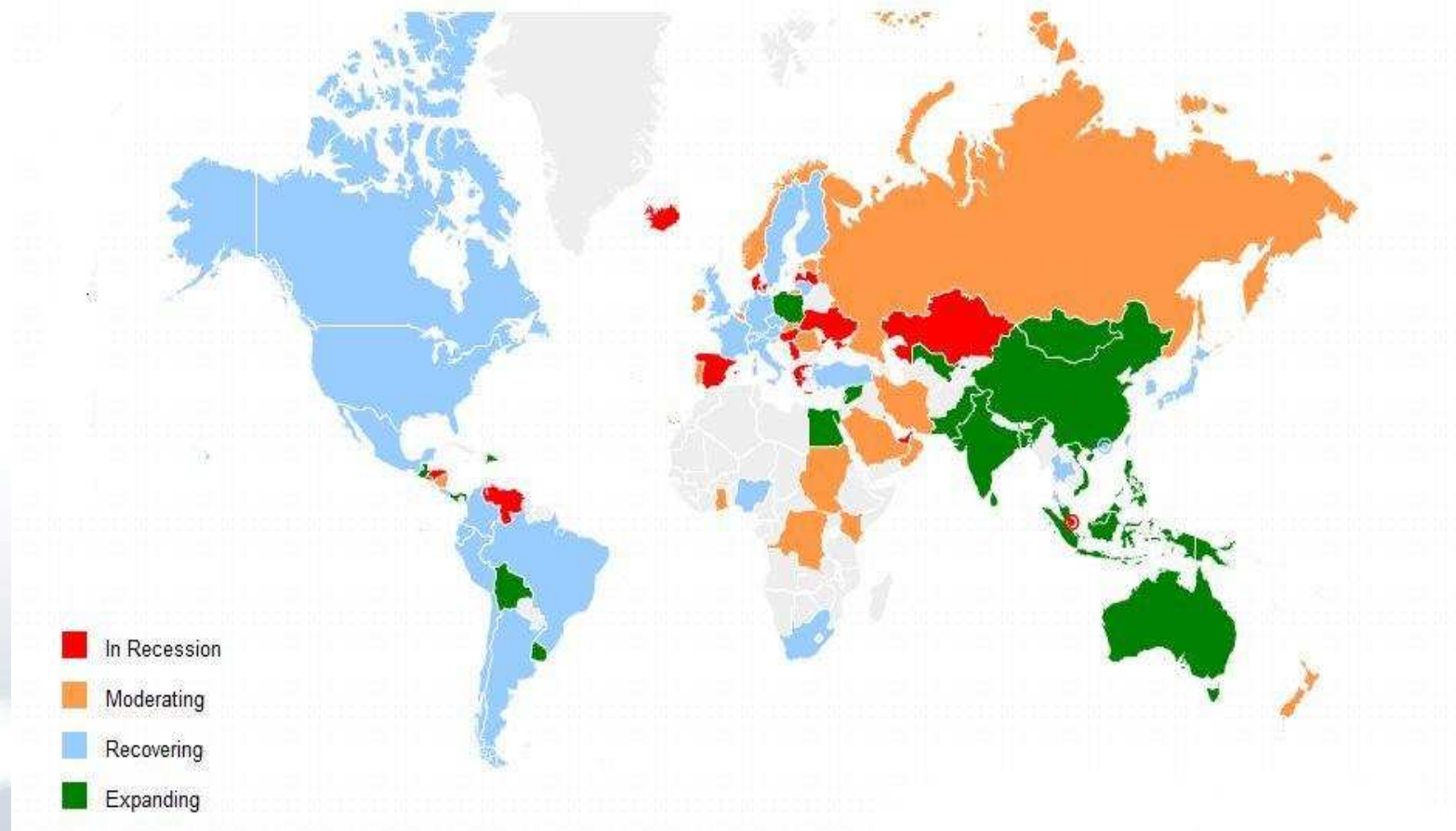
My presentation today

- An overview of the Global Economy
- The opportunities and the risks
- Ways to protect your portfolio



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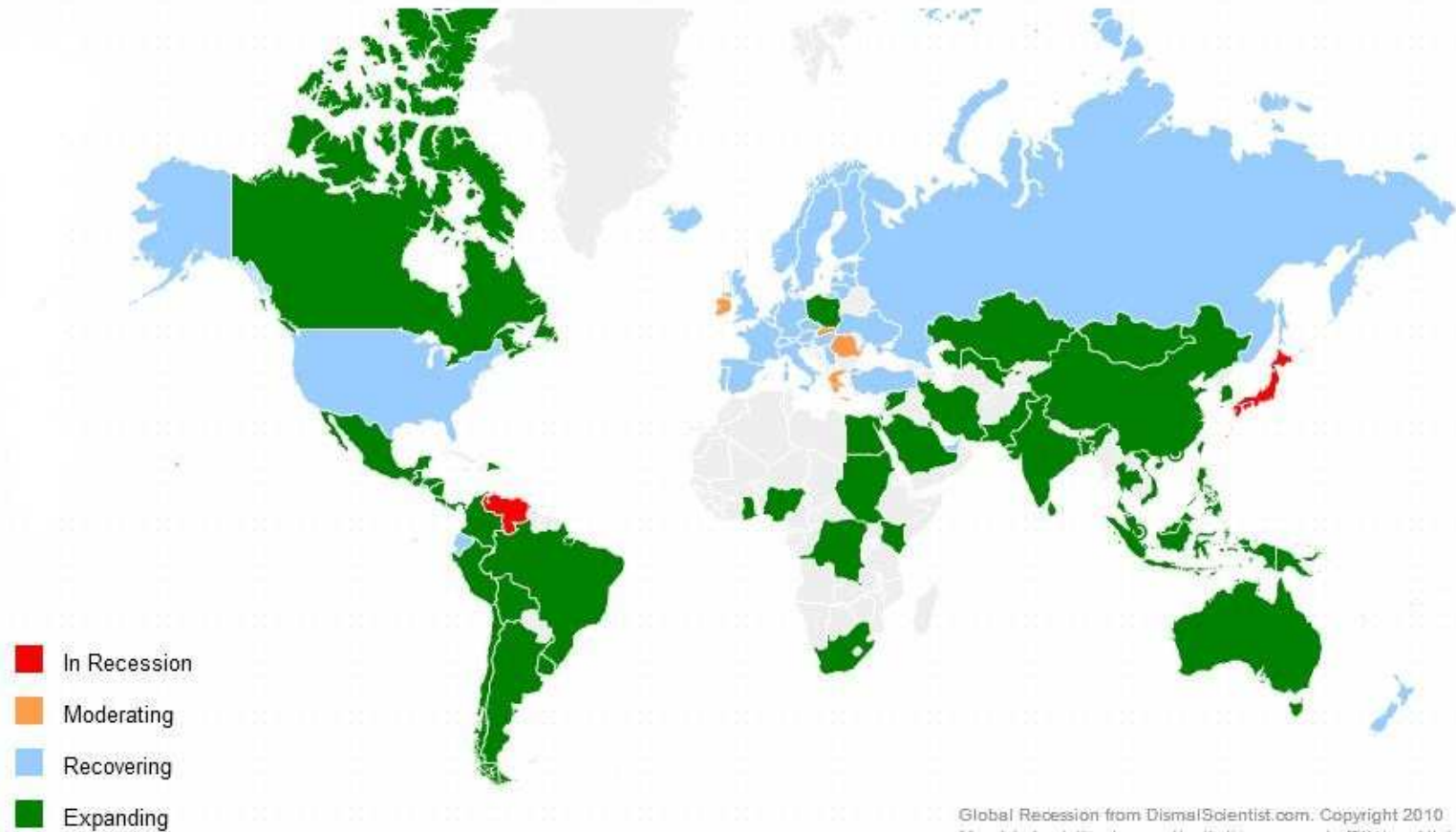
The Global Economy in January 2009



Source: thedismalscientist.com January 2010.

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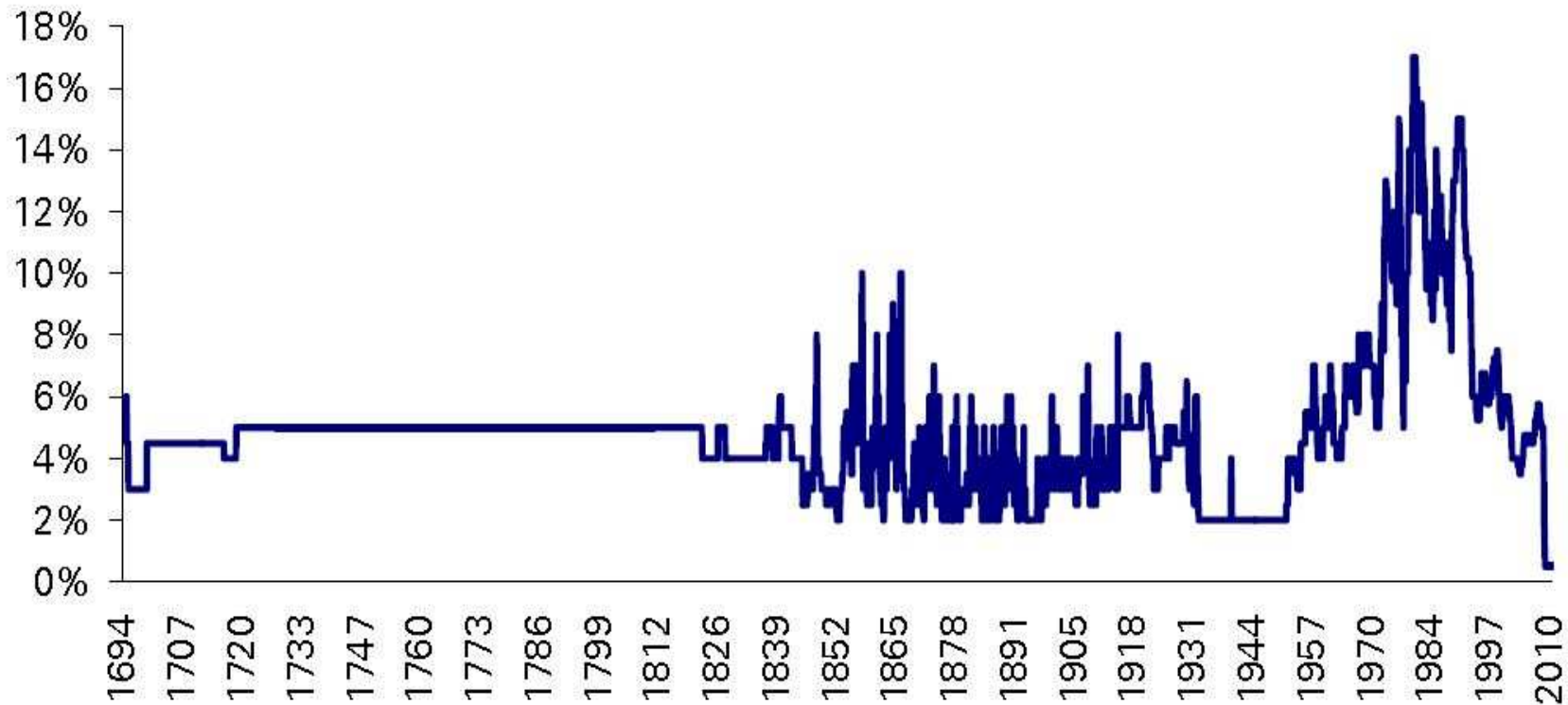
The Global Economy today



Source: thedismalscientist.com May 2011.

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Record low interest rates support the recovery



Source: Bank of England, Deutsche Bank

Source: Deutsche Bank.

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US prepared to continue to spend



Source: Google Images, 2010.

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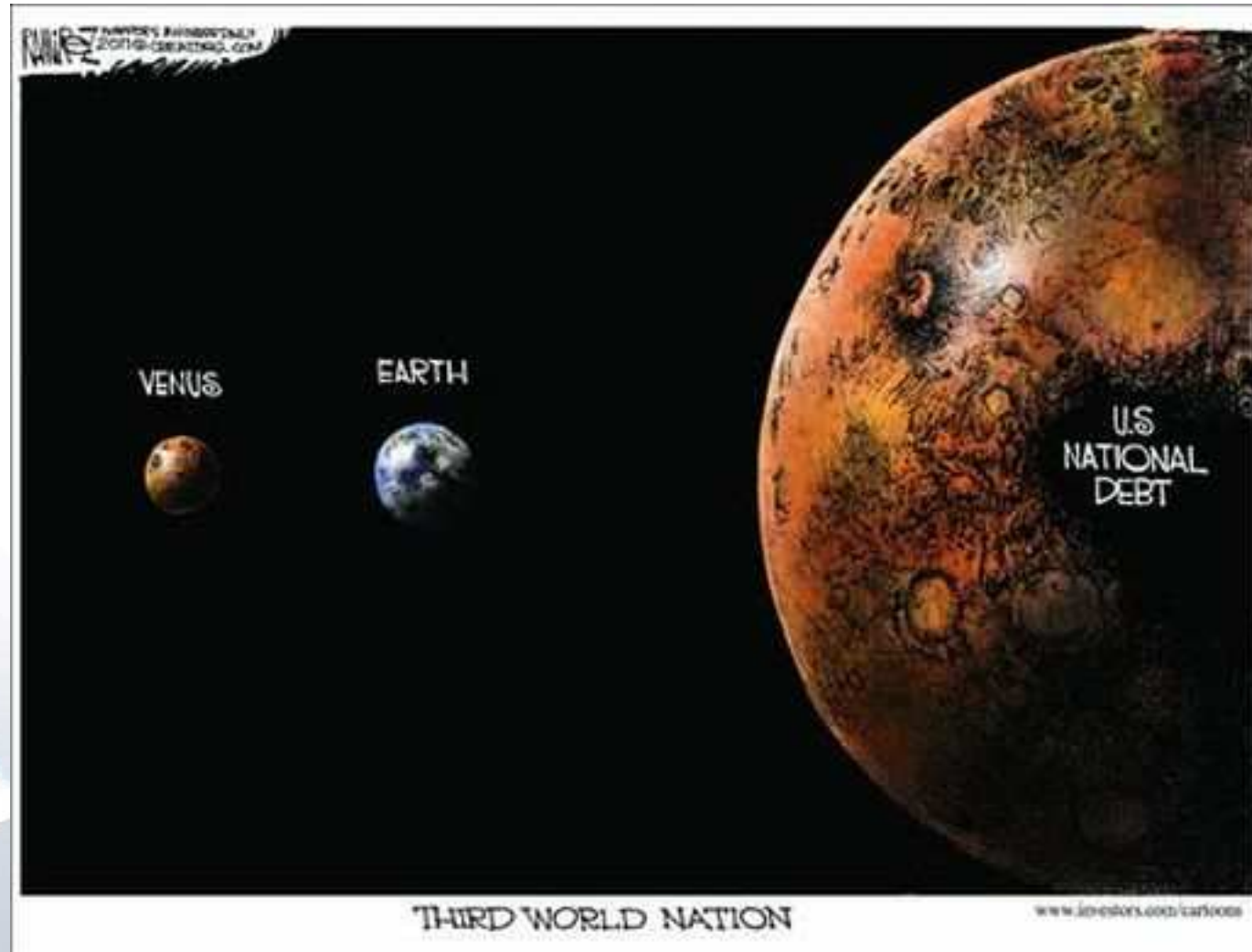
Lowering unemployment in the US



Source: Google Images, 2011.

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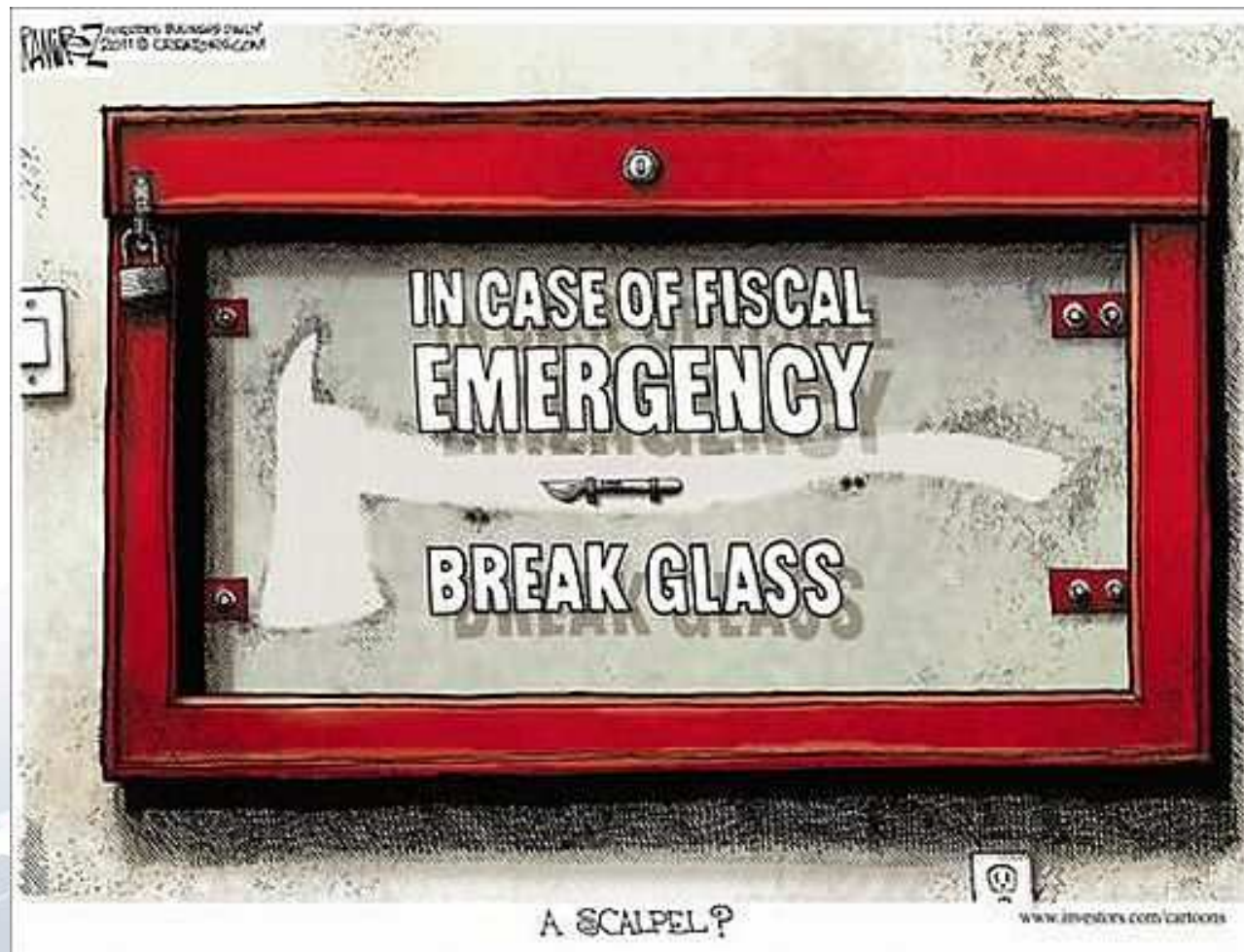
The cost of the recovery



Source: Google Images, 2011.

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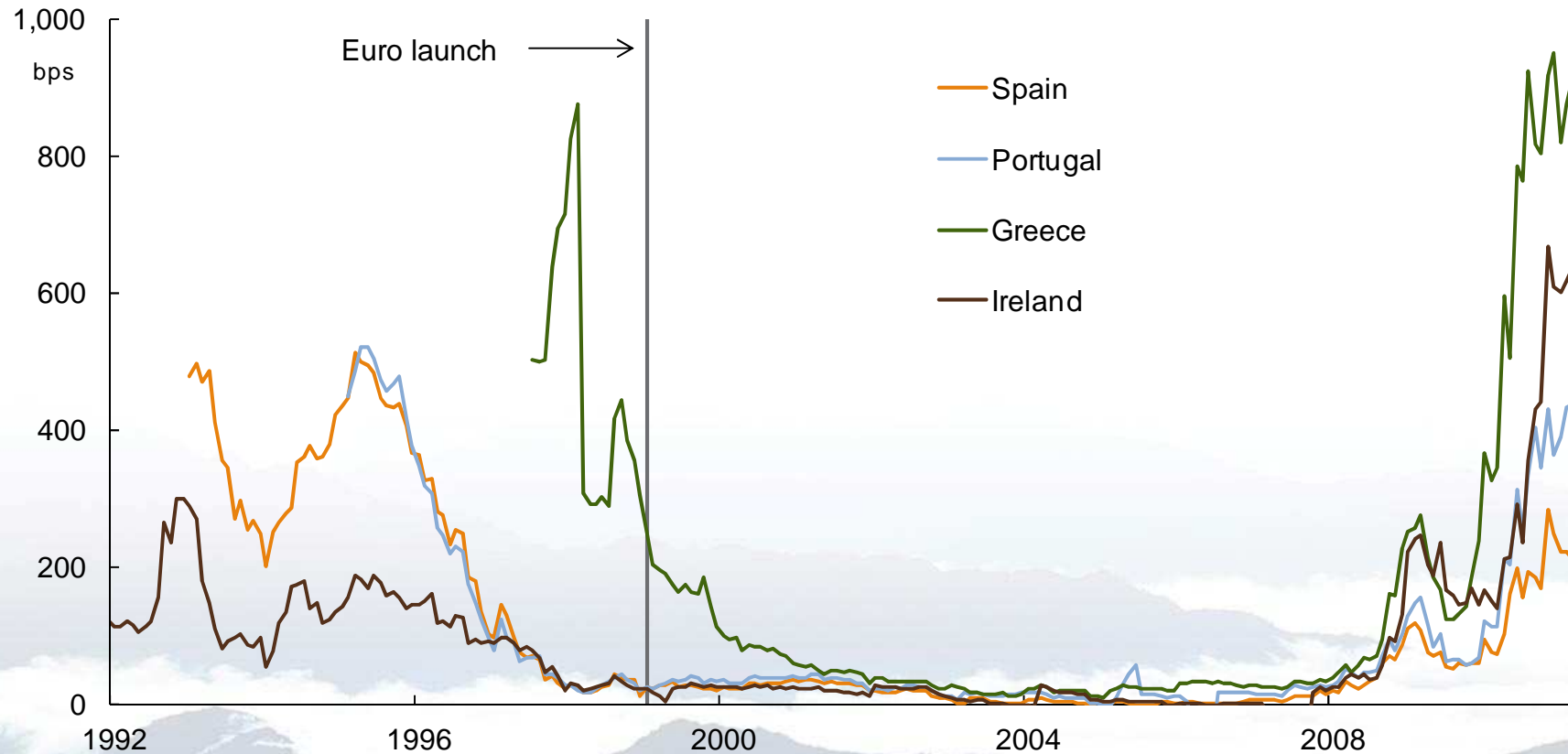
AUSTERITY in EUROPE & austerity in usa



Source: Google Images, 2011.

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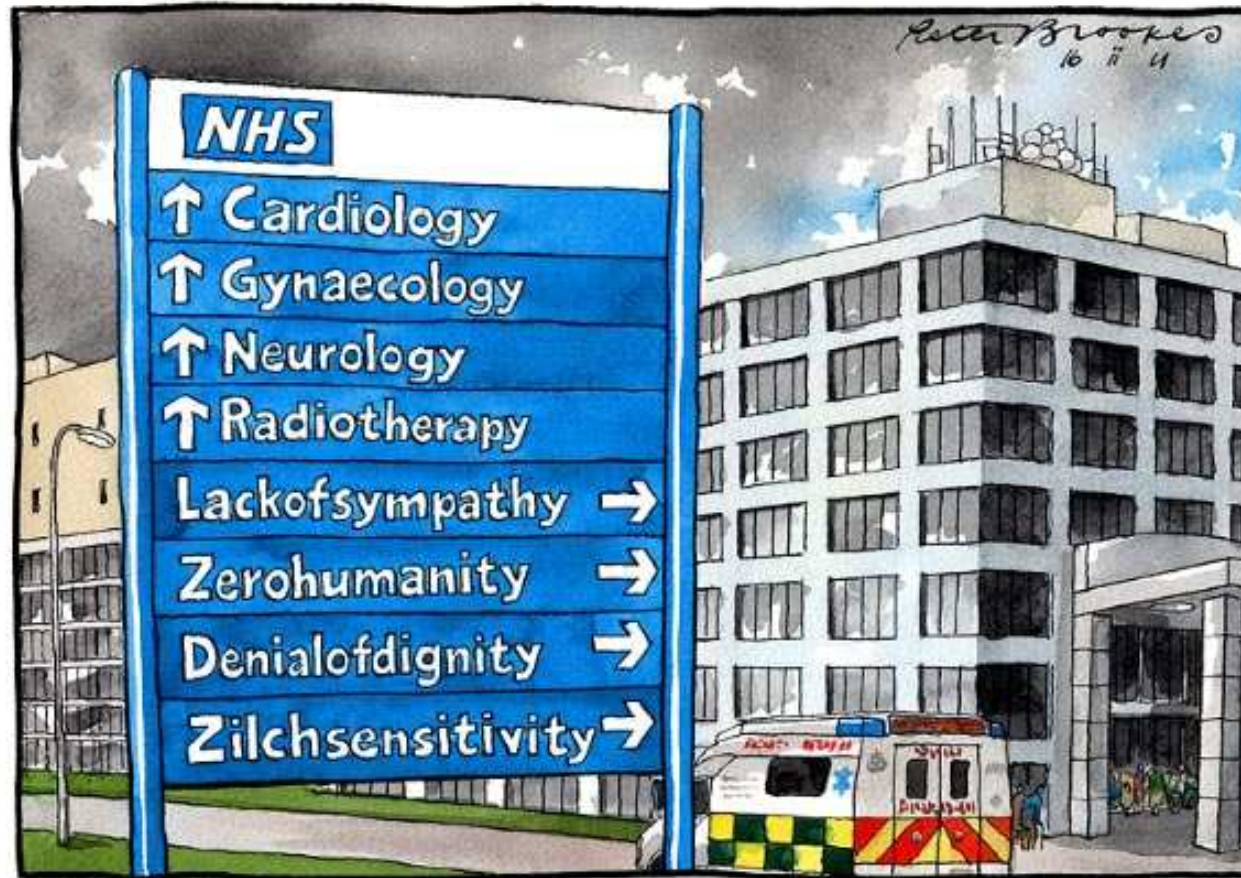
The UK has no other choice



Source: Bloomberg, J.P. Morgan Asset Management.. Ten Year Govt Bonds. Data as at 16 March 2011

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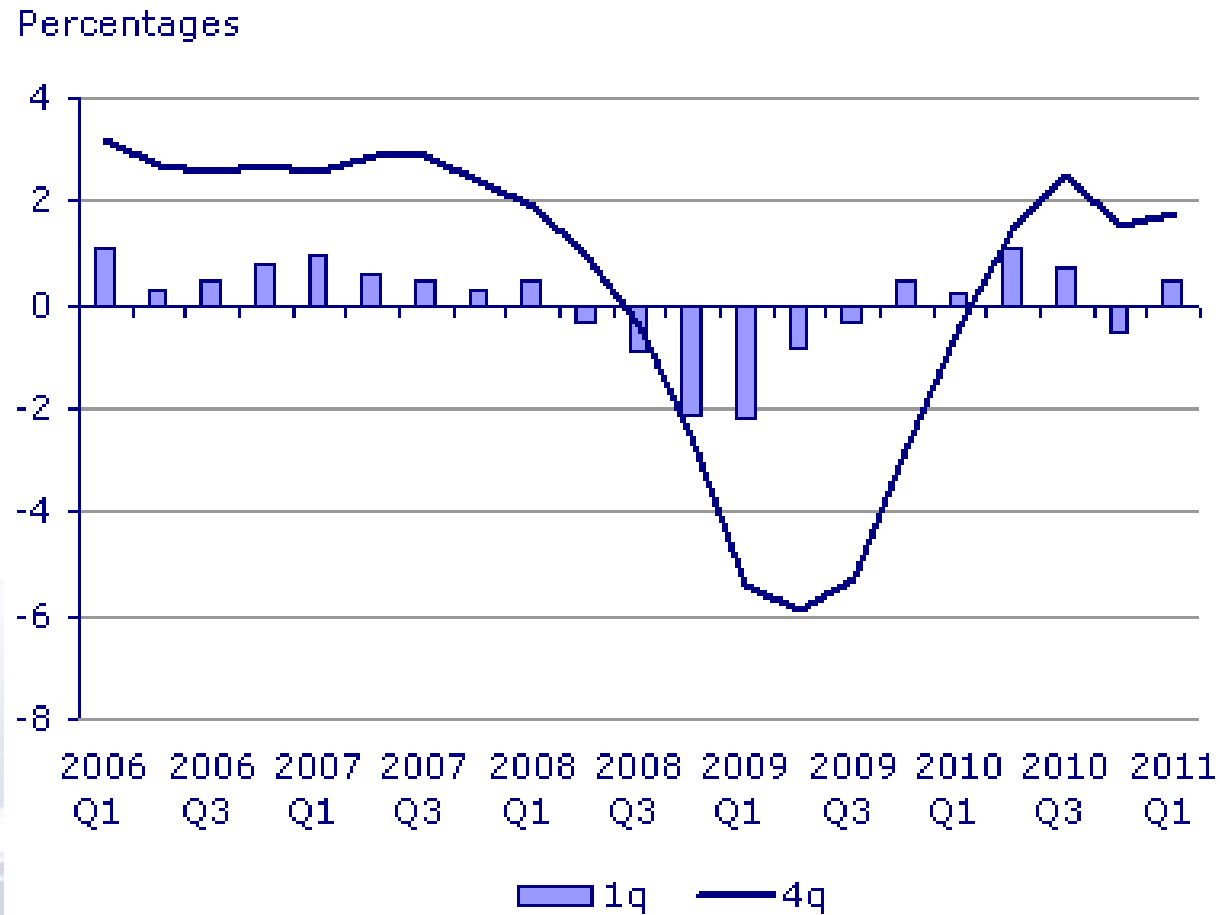
UK spending cuts & rising taxes



Source: Peter Brookes, The Times 2011.

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UK Economic Growth



Source: ONS UK GDP, April 2011.

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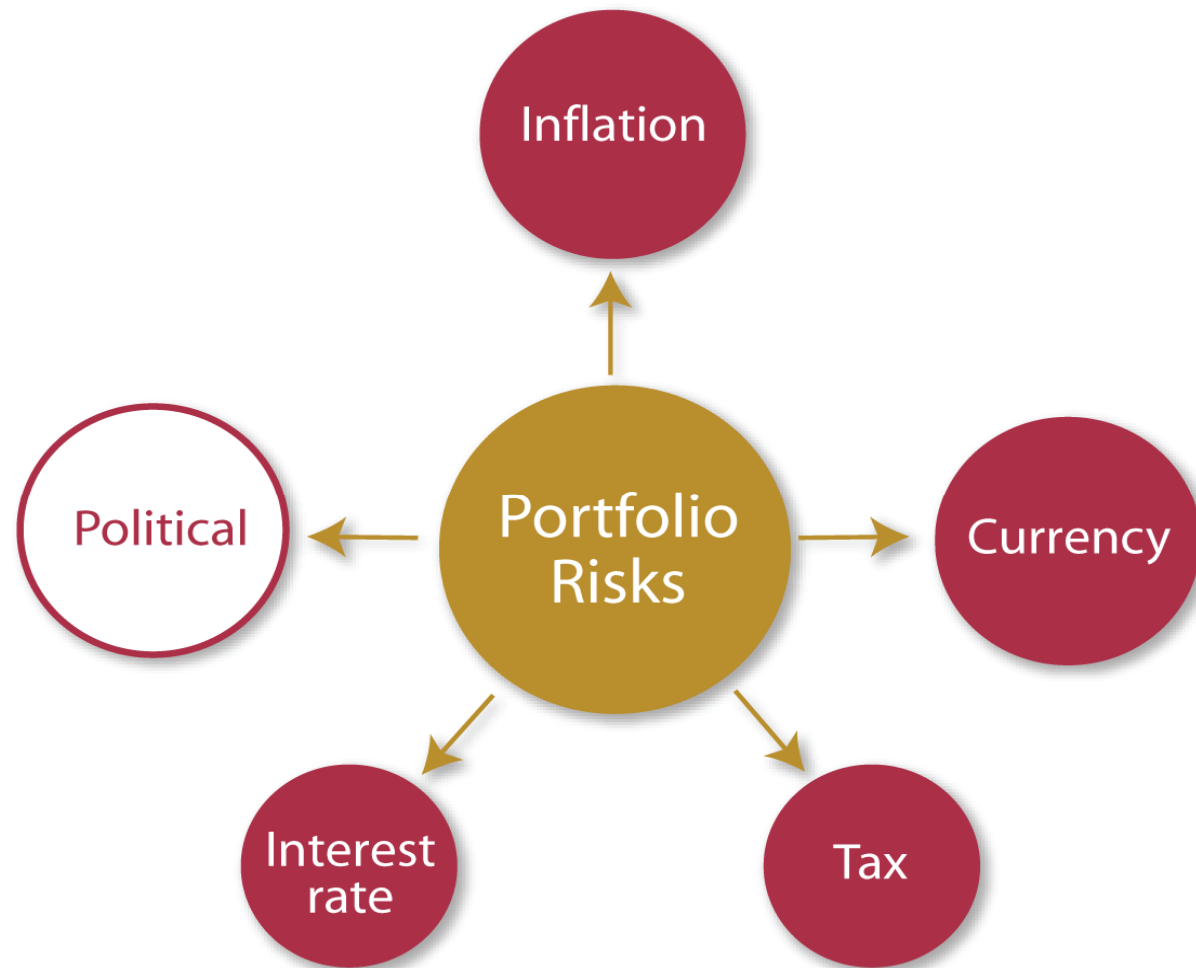
The opportunities

- Global recovery look like it will be self sustaining
- Inflation is rising but not yet critical
- Background of low interest rates
- Overall the environment is supportive for equity markets



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But there are always risks



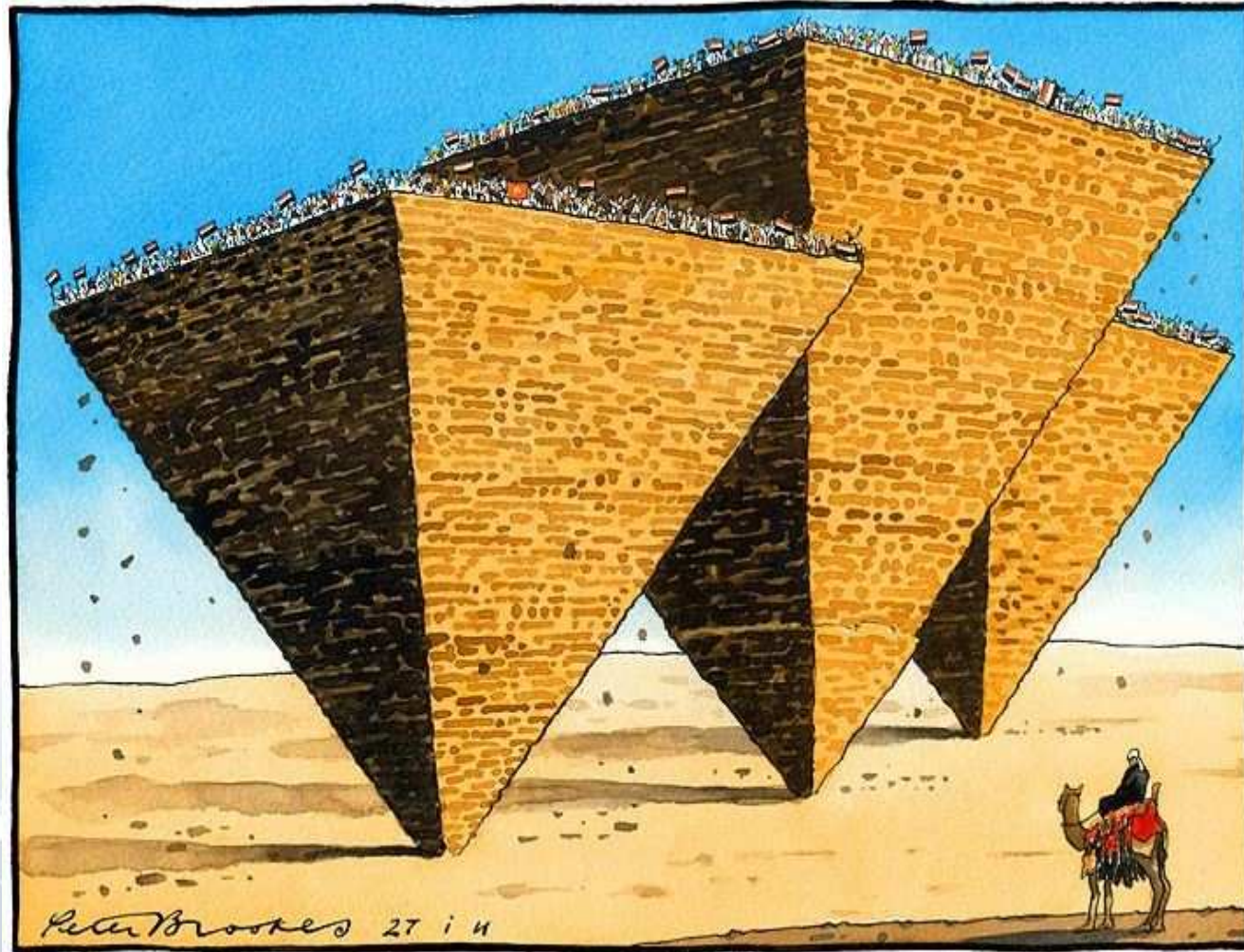
The Irish bailout in late 2010



Source: Peter Brookes, The Times 2010.

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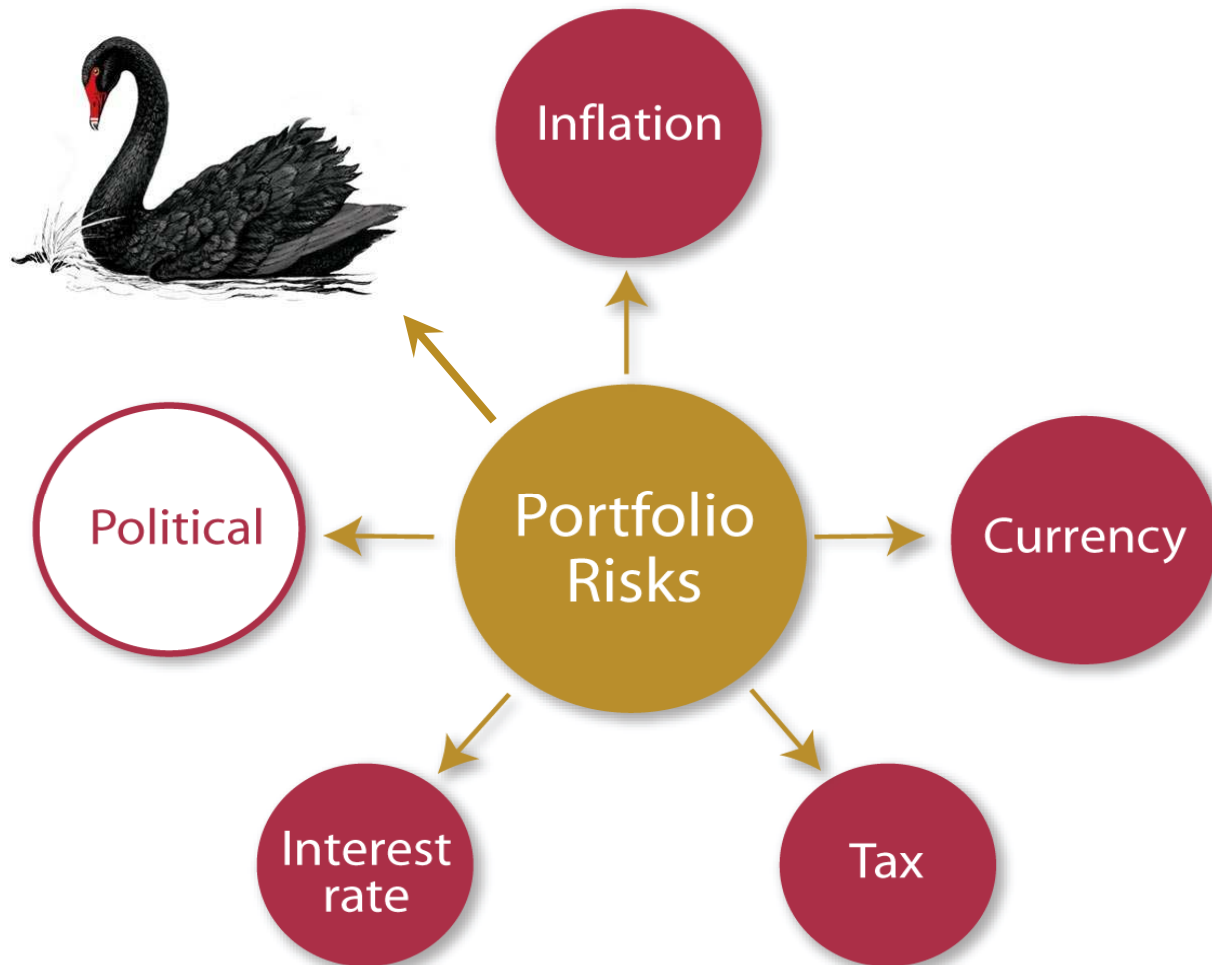
Anti government uprisings in MENA



Source: Peter Brookes, The Times 2011.

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And what about those black swans



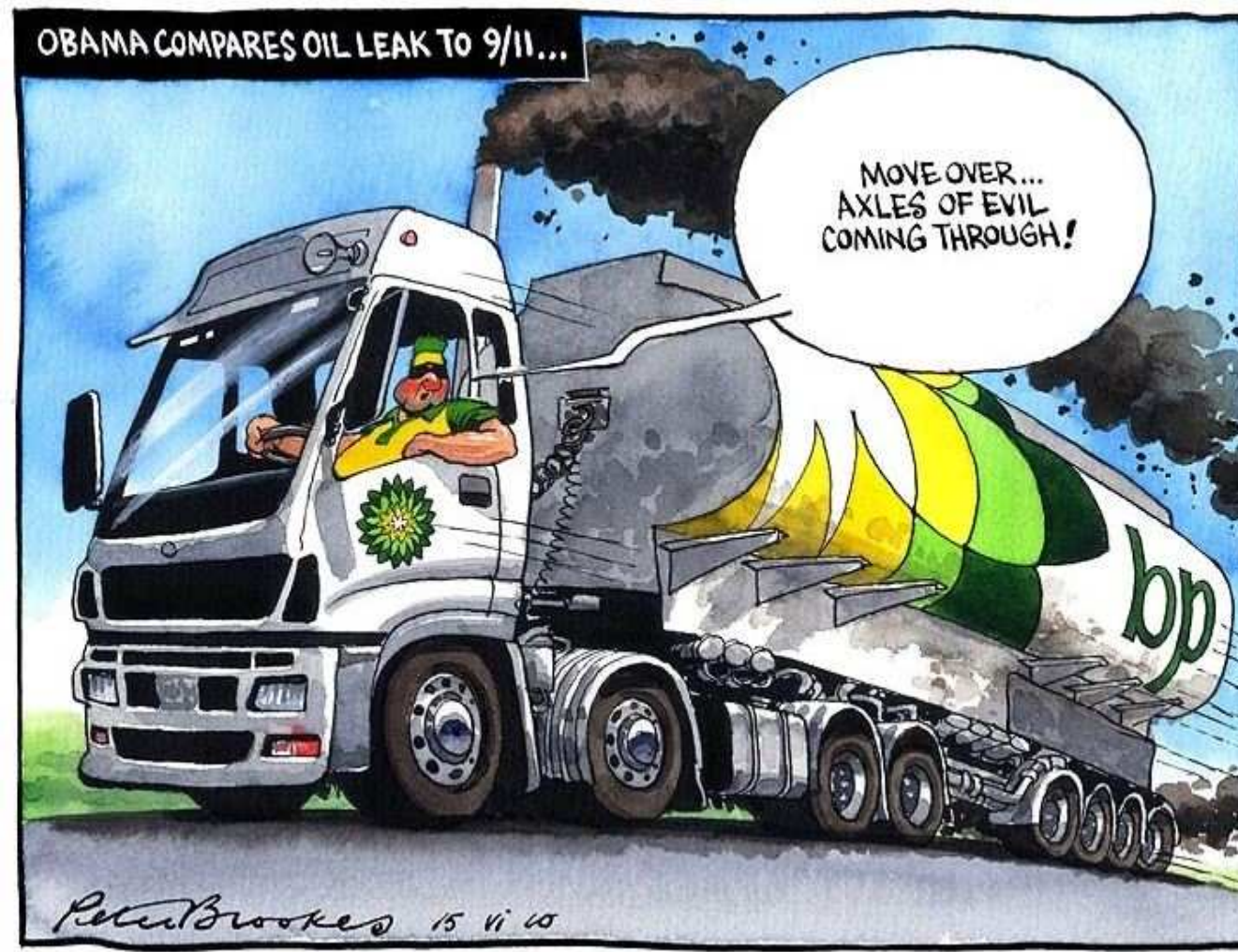
Earthquake and tsunami in Japan, 2011



Source: Google Images, 2011.

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The Oil disaster in the Gulf, 2010



Source: Peter Brookes, The Times 2010.

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These can create buying opportunities

BP PLC (BP) 441.05 -7.65

www.fullermoney.com 5 May 2011



Source: Google Images, 2011.

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What risks do we currently face?

- Inflation
- Political risk
- Sovereign debt
- Possibility of economic 'overheating'



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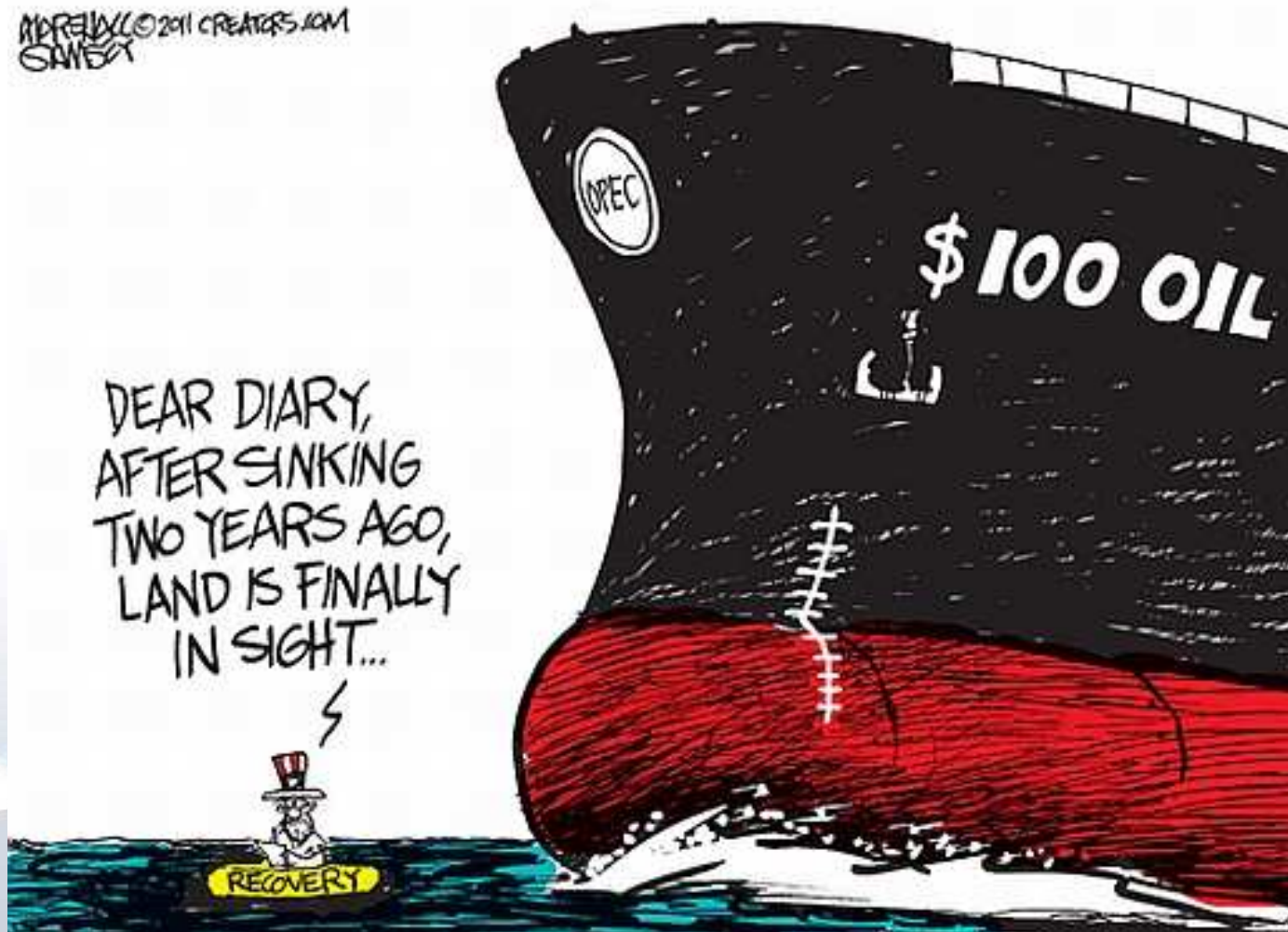
Inflation is becoming a concern everywhere



Source: Peter Brookes, The Times 2011.

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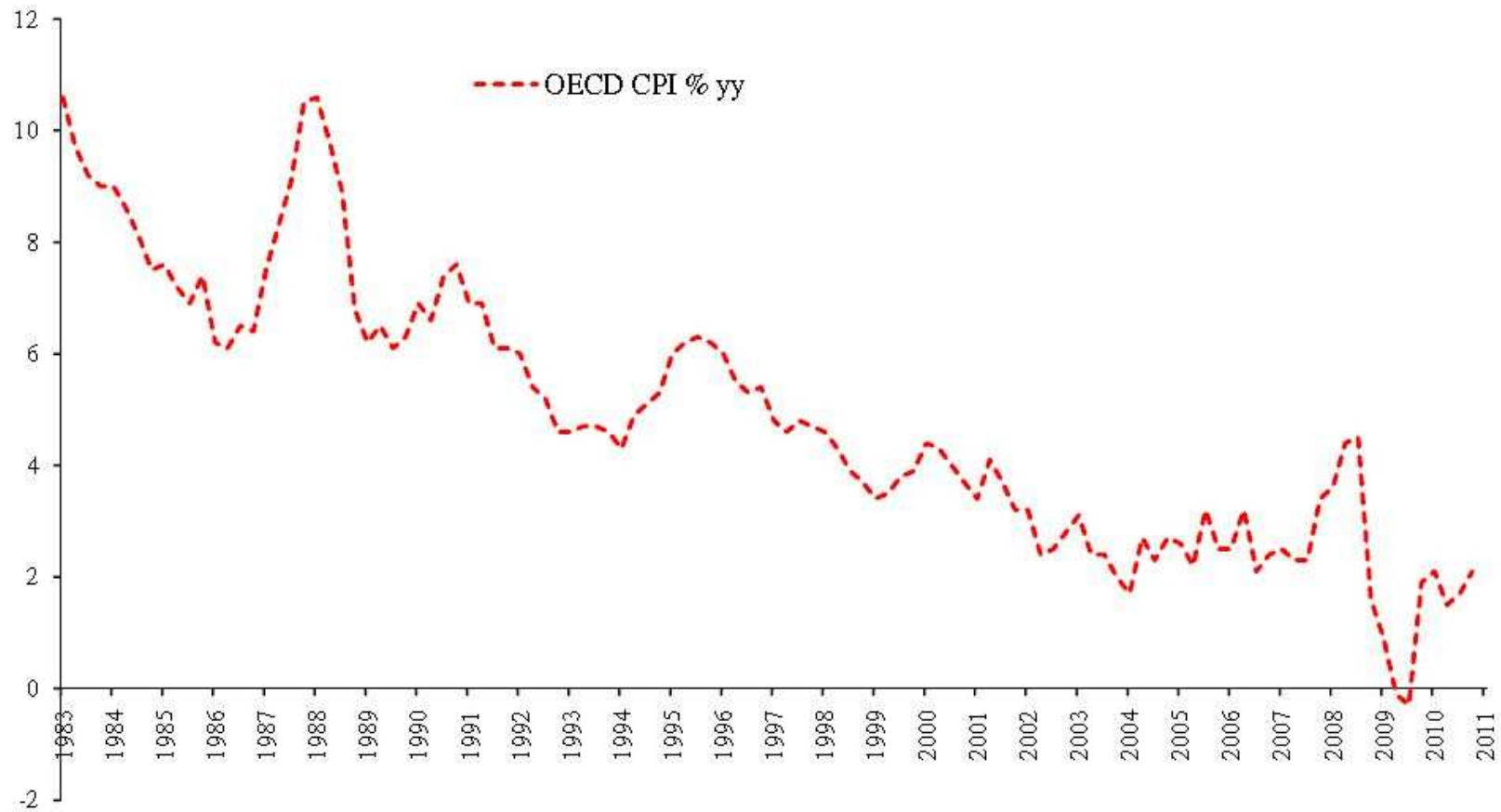
The spike in the oil price



Source: Google Images.

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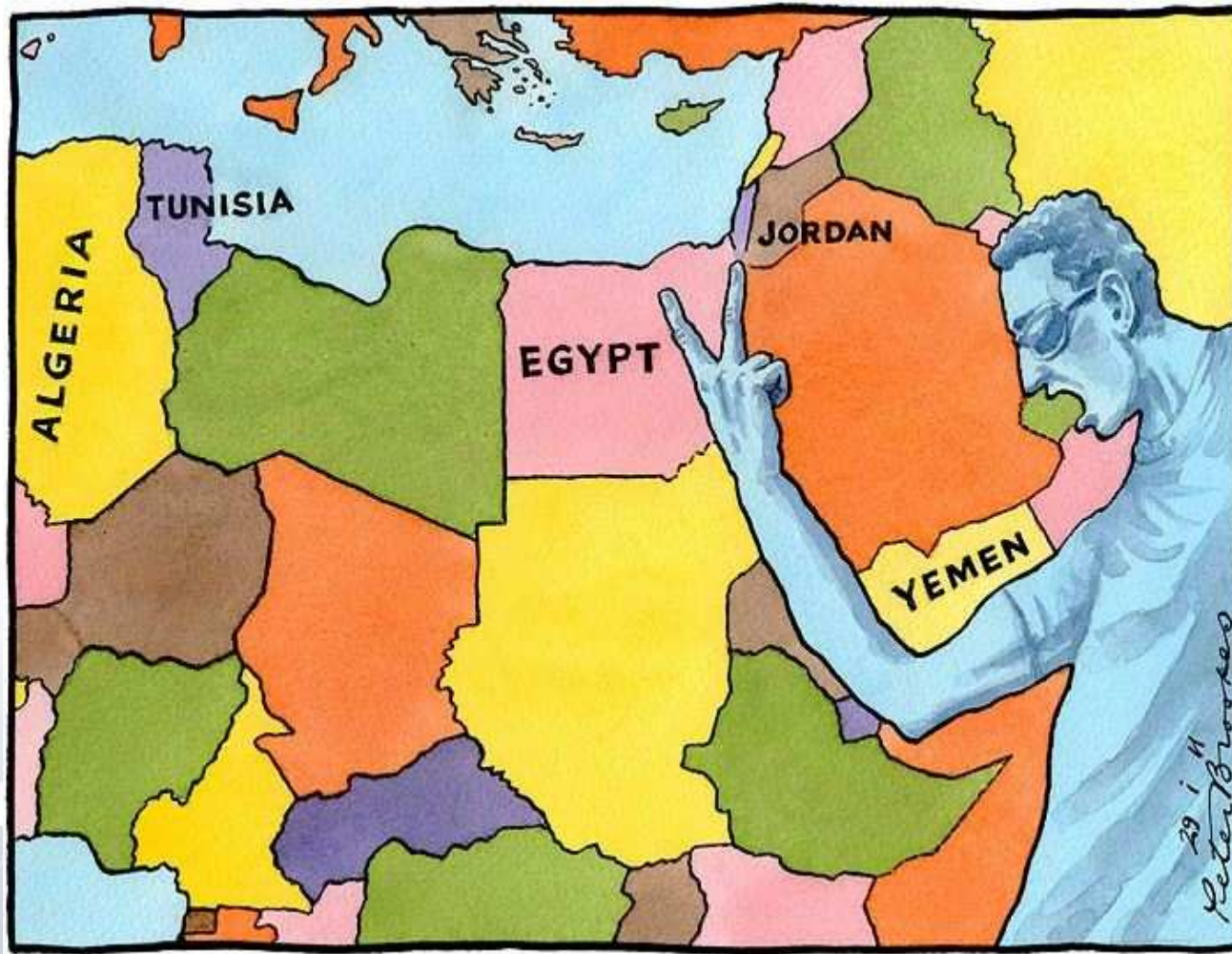
An end to low cost production?



Source: Odey/ Haver Analytics OECD CPI Change % yoy, April 2010.

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Continuing tensions in the MENA region



Source: The Times, 2011.

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The risk of sovereign default in Europe



Source: Google Images, 2010.

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Bubbles are beautiful until they POP!



Source: Google Images, March 2011.

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Ways to manage risk

Raise cash

- Pros - rapid response, provides instant protection
- Cons - transaction cost implications, challenges in reinstating investments once risk has passed

Diversification

- Pros - other asset classes such as bonds and property behave differently from equities over the longer term
- Cons - In extreme conditions diversification may fail to deliver

Insurance policies

- Pros - Specific equity, bond or volatility hedges
- Cons - Need to be mindful of cost and suitability

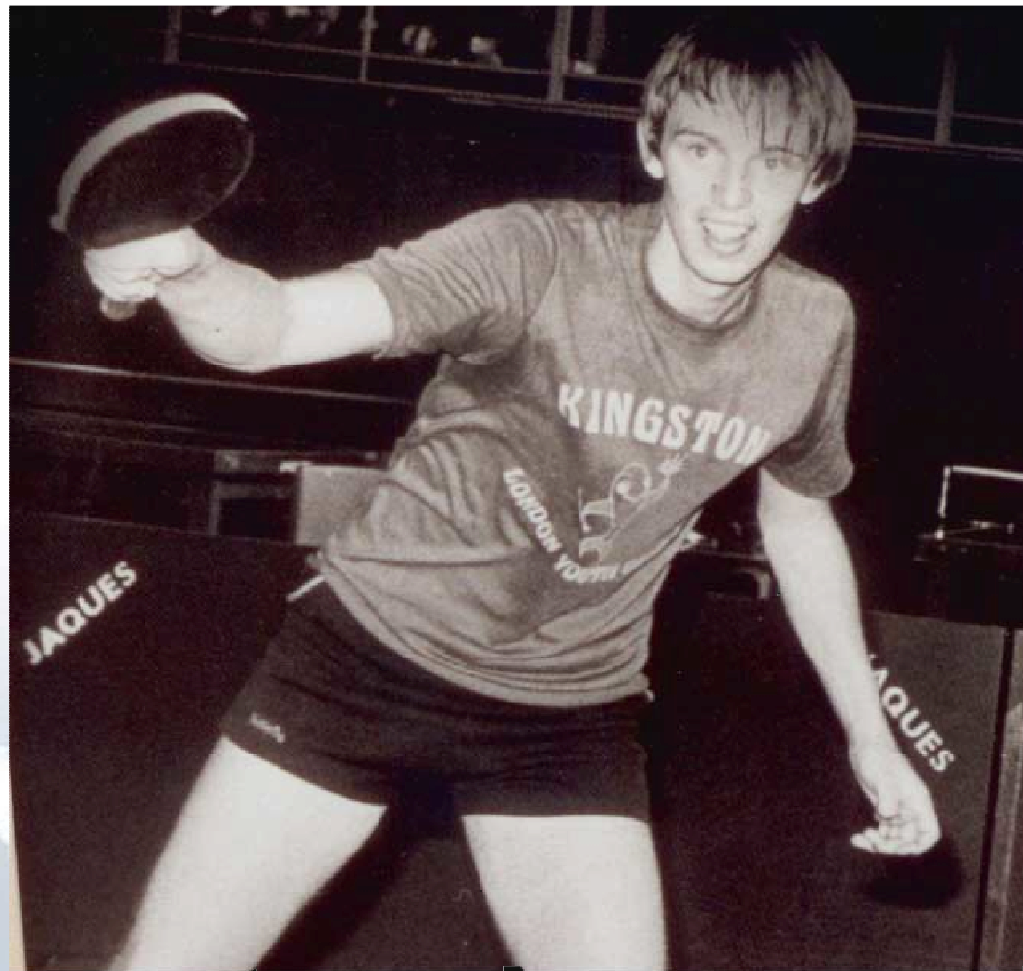
Outlook

- The outlook is brighter for investors
- Need to be mindful of the risks
- We have a variety of ways to deliver protection



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Have a clear long term strategy and be nimble enough to “bat off” risks along the way!



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