



Investment Outlook Survey 2012

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Background

Goodacre arranged personal and telephone interviews with representatives from regulated investment companies to obtain their views on the economy and the markets, both in the UK and overseas. These interviews took place in November and December 2011. 100 companies were selected and were assured that their responses would remain unattributed. A number of companies agreed to disclosing their involvement in the survey.

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Predictions for 2012

Euro to drop, Dollar to rise

The activities of countries within mainland Europe continue to dominate the news. The vast majority of respondents predicted that the Euro will deteriorate in value against the pound throughout 2012. However, 68% of those interviewed thought that the US dollar would appreciate in value against the sterling. Despite this, 80% of respondents did not think that the US government had done enough to bring about financial stability within the US in 2012.

FATCA: What's that?

On the subject of FATCA, the proposed tax legislation involving US clients and investments, half of those interviewed thought that UK firms would stop providing investment services to US clients as a consequence. Of equal interest was that some 35% of those interviewed did not have an understanding of FATCA.

Precious Metals

78% of respondents thought that gold and silver should form part of investment portfolios next year although, only 50% thought that the value of these precious metals would increase with 31% saying that the value will remain the same. Investment into bullion therefore is seen more as a safety measure.

China

Almost 70% of those interviewed thought that Chinese industrial output would increase in 2012.

Inflation and Prices

Predictions for the consumer Prices index which has soared to over 5% in recent months, was predicted to fall to between 3.5% and 5% by almost half of the respondents, during 2012. Around two thirds of those interviewed were in favour of Quantative Easing but there were many concerns expressed about continuing with this strategy. The majority suggested that base rates would remain the same throughout 2012 at 0.5% although some 27% thought it would double to 1%.

8% of respondents predicted base rates of 2% for 2012.

Given the importance of the cost of fuel, respondents were asked to predict the cost of a litre of petrol by 31st December 2012. Interestingly, 23% suggested that the price would range between £1.41 and £1.45, while the same number predicted a price jump to over £1.50 per litre.

The UK Government, Pensions and Savings

Respondents were asked for their views on what the UK government could do to encourage people to invest in their pensions and save in ISA products. The responses were many and varied. On the pension's front, the main message was for the government to stop changing the rules and to provide more tax breaks. As far as ISA's were concerned, improvements suggested include AIM listed stocks, increase the amounts which could be invested each year and a proposed 5p contribution from HMRC for every £1 invested. The overriding improvement proposed by many of the respondents was the need for education and simpler rules which the man in the street could understand. Collectively, respondents thought that the rules surrounding these important investment products were far too complex and therefore understood by few. One respondent also suggested that the UK government should encourage a longer term commitment to shareholders and a younger and more vibrant population; according to his statistics the average age in the US will be around 35 by 2040 whereas it will be 50+ in the UK.

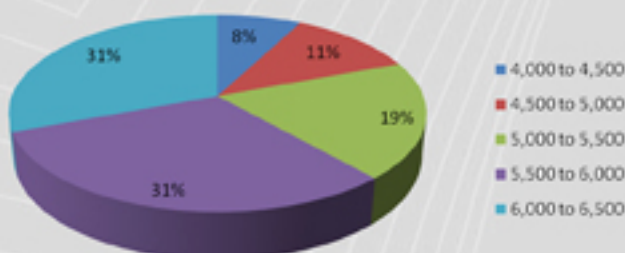
Unemployment

Few of those interviewed thought that the employment levels would improve with a majority prediction of between 2.5 and 3 million unemployed by December 2012 (compared to 2.57m in August 2011).

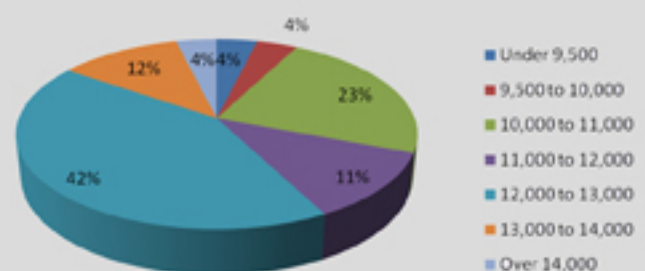
The Markets

The range of predictions that came in for the FTSE 100 and the Dow Jones indices are illustrated as follows. For the most part, interviewees thought that the FTSE would stay in the same territory as has been prevailing during November and December, while there was a more bullish outlook for the Dow.

FTSE on 31st December 2012



Dow Jones on 31st December 2012



Market Forecasts

Share Selections: FTSE 100 for Capital Growth

By far the most popular choice was Vodafone, followed by Barclays and BT.

AMEC	AMEC PLC	ORD	50P
AV.	AVIVA PLC	ORD	25P
BA.	BAE SYSTEMS PLC	ORD	2.5P
BARC	BARCLAYS PLC	ORD	25P
BATS	BRITISH AMERICAN TO BACCO PLC	ORD	25P
BG.	BG GROUP PLC	ORD	10P
BLND	BRITISH LAND COMPANY PLC	ORD	25P
BP.	BP PLC	\$0.25	
BSY	BRITISH SKY BROADCASTING GROUP PLC	ORD	50P
BT.A	BT GROUP PLC	ORD	5P
CNE	CAIRN ENERGY PLC	ORD	8/13P
EMG	MAN GROUP PLC	USD0.03428571	
EXPN	EXPERIAN PLC	ORD	USD0.10
FRES	FRESNILLO PLC	ORD	USD0.50
GSK	GLAXOSMITHKLINE PLC	ORD	25P
HSBA	HSBC HOLDINGS PLC	ORD	\$0.50 (UK REG)
IPR	INTERNATIONAL POWER PLC	ORD	50P
ISAT	INMARSAT PLC	ORD	EUR0.0005
ITV	ITV PLC	ORD	10P
KGF	KINGFISHER PLC	ORD	15 5/7P
LLOY	LLOYDS BANKING GROUP PLC	ORD	10P
NG.	NATIONAL GRID PLC	ORD	11 17/43P
PFC	PETROFAC LIMITED	ORD	USD0.02
PRU	PRUDENTIAL PLC	ORD	5P
RIO	RIO TINTO PLC	ORD	10P
RSA	RSA INSURANCE GROUP PLC	ORD	27.5P
SBRY	SAINSBURY (J) PLC	ORD	28 4/7P
TSCO	TESCO PLC	ORD	5P
ULVR	UNILEVER PLC	ORD	3 1/9P
VOD	VODAFONE GROUP PLC	ORD	USD0.11 3/7
WEIR	WEIR GROUP PLC	ORD	12.5P
XTA	XSTRATA PLC	ORD	USD0.50

Share Selections: FTSE 250 for Capital Growth

Balfour Beatty and Centamin Egypt featured well in the recommendations of FTSE stocks.

AFREN	AFREN PLC	ORD	1P
ALD	ALLIED GOLD MINING PLC	ORD	10P
BBY	BALFOUR BEATTY PLC	ORD	50P
BOK	BOOKER GROUP PLC	ORD	1P
BRW	BREWIN DOLPHIN HOLDINGS PLC	ORD	1P
CEY	CENTAMIN EGYPT LD	ORD	NPV
CPR	CARPETRIGHT PLC	ORD	1P
CRDA	CRODA INTERNATIONAL PLC	ORD	10P
CSR	CSR PLC	ORD	0.1P
CWK	CRANSWICK PLC	ORD	10P
DLAR	DE LA RUE PLC	ORD	44 152/175P
DOM	DOMINO'S PIZZA UK & IRL PLC	ORD	1.5625P
DOM	DOMINO'S PIZZA UK & IRL PLC	ORD	1.5625P
ERM	EUROMONEY INSTITUTIONAL INVESTOR PLC	ORD	0.25P
EZJ	EASYJET PLC	ORD	25P
HDU	HARDY UNDERWRITING BERMUDA LIMITED	COM	SHS 20P (DI)
HTG	HUNTING PLC	ORD	25P
IRV	INTERSERVE PLC	ORD	10P
LAM	LAMPRELL PLC	ORD	5P
MARS	MARSTON'S PLC	ORD	7.375P
MGNS	MORGAN SINDALL GROUP PLC	ORD	5P
MNZS	MENZIES(JOHN) PLC	ORD	25P
MTC	MOTHERCARE PLC	ORD	50P
MTO	MITIE GROUP PLC	ORD	2.5P
OCDO	OCADO GROUP PLC	ORD	2P
PFD	PREMIER FOODS PLC	ORD	1P
PFG	PROVIDENT FINANCIAL PLC	ORD	20 8/11P
PNN	PENNON GROUP PLC	ORD	40.7P
PNX	PHOENIX IT GROUP PLC	ORD	1P
TCG	THOMAS COOK GROUP PLC	ORD	EUR0.10
VCT	VICTREX PLC	ORD	1P
WEIR	WEIR GROUP PLC	ORD	12.5P
YULC	YULE CATTO & COMPANY PLC	ORD	10P

Fund Selections for Capital Growth

Artemis Global Growth Fund
AXA Framlington UK Growth Fund
Baillie Gifford Japan
Blackrock Gold and General Fund
City of London Investment group The Emerging World Fund
ETFs Agriculture
Fidelity Special Situations Fund
Findlay Park American
First State Asia Pacific Leaders
Fundsmith Equity Fund
HL Multi-Manager Balanced Managed
iShares FTSE 100 (ISF)
iShares FTSE 250 (MIDD)
JOHCM UK Growth Fund
JPMorgan Indian Investment Trust plc
Jupiter European Fund
Legal and General GLG Technology equity
Liontrust UK Growth
Morgan Stanley UK Global Brands A GBP
Schroder UK Alpha Plus
Templeton Emerging Markets Investment Trust PLC

Fund Selections for Income

Artemis Income Fund
AXA Framlington Equity Income
Ecofin Water & Power Opportunities
Fidelity China Special Situations PLC
Finsbury Growth & Income Trust PLC
IFDS Brown Shipley Sterling Bond
Invesco Perp High Income
Invesco Perp Monthly Income Plus
iShares FTSE UK All Stocks Gilt
iShares Markit iBoxx GBP Corporate Bond
M&G Optimal Income
Murray International Trust PLC
Newton Asian Income
Schroder Income Maximiser
Smith & Williamson Short Dated Corporate Bond
The Trojan Income Fund
Veritas Global Equity Income Fund



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- Accendo Markets
- Alpha Financial Advisers
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- Brooks Macdonald
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- Investment Management Association
- Old Park Lane Capital
- KAS Bank
- Savoy Investment Management
- SVS Securities
- TD Wealth Institutional
- XCAP Group
- Symvan Securities
- Blankstone Sington
- Comhill Capital
- Havelock Hunter
- Jupiter Group
- Prime Markets
- Symvan Securities
- Prospect Wealth Management
- St James's Place
- SimplyStockbroking
- Winterflood Securities
- Hutchinson Lilley Investments
- Traders Own



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