

“ We believe the global economic growth outlook remains strong.”

The UK is a slight outlier due to Brexit uncertainties clouding the horizon, but most other regions look likely to continue enjoying the healthy economic backdrop. This has the potential to benefit global stockmarkets, provided companies can deliver continued earnings growth to support relatively high share prices in many markets.

Central bank actions, in particular those of the US Federal Reserve, will remain a big focus. In the US, quantitative easing (where financial institutions are given access to cheap money) will gradually be reduced in 2018. Markets have become used to an environment where quantitative easing is prevalent. As this changes – and particularly if it is reduced quicker than expected – we believe there is the potential for increased market volatility (the rate of change up or down of asset prices). ”

UK

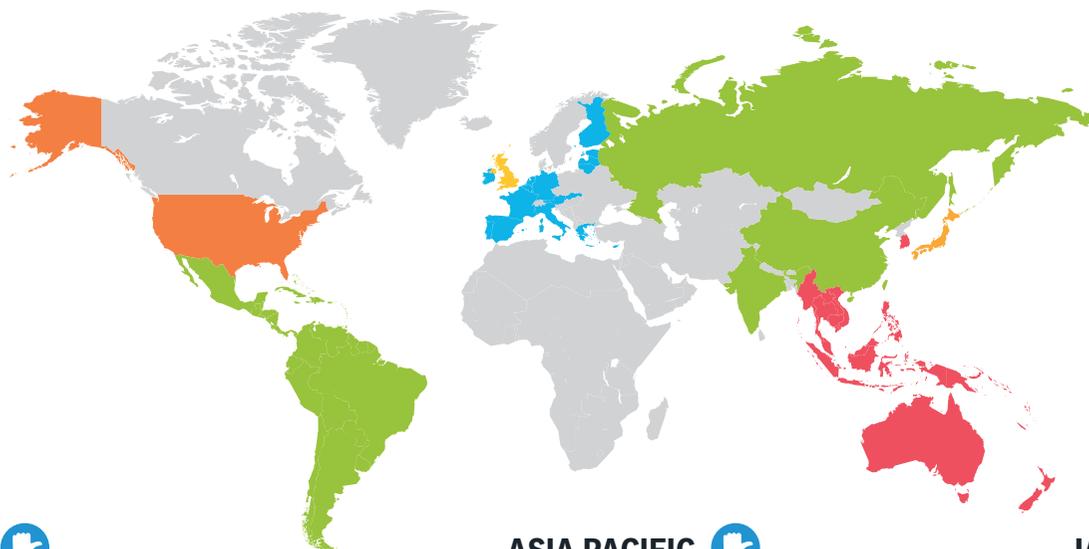
- The economic outlook remains mixed, although optimism among British manufacturers is encouragingly buoyant.
- Brexit negotiations and the fluctuating strength of the pound will continue to be two of the biggest factors for investors to watch.

EUROPE

- Companies' profit margins have been improving, with potential for further expansion in the future.
- Although stock prices have risen strongly in 2017, we think Europe remains good value compared to other regions.

EMERGING MARKETS

- Encouraging global economic growth forecasts should continue to support stockmarkets.
- There is, however, a question mark over the longer-term future of Chinese economic expansion.



KEY

-  underweight
-  neutral
-  overweight

When we are positive about an **asset class** we categorise them as 'overweight' and may look to increase our allocation to this asset in our portfolios. Conversely when we are negative about an asset class we classify them as 'underweight' and may reduce the allocation. Finally 'neutral' means that we are not positive or negative.

US

- Potential corporate tax rate cuts could boost US equities, particularly domestic-focused companies.
- We remain cautious about how high stock prices have risen over a relatively short period of time.

ASIA PACIFIC

- Encouraging economic conditions have the potential to support continued growth in company earnings.
- We are wary though of the pace at which the region's equity markets have climbed in 2017.

JAPAN

- Prime Minister Abe's recent re-election provides increased certainty.
- We believe stock prices are still better value relative to other developed markets.

Please note that this is just Architas' view on what might happen in 2018. We would always recommend that you seek financial advice before making any investment decisions. Past performance is not a guide to future performance. The value of investments, and any income, can fall as well as rise and is not guaranteed, which means you could get back less than you invested.

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