# MOVENTUM
## Magazine

Issue 1 | 2017

Roman Lewszyk, Chief Executive Officer, Moventum S.C.A.

# Dear Reader,

The digitalisation and automation of the working environment continues to make steady progress. The repercussions are often positive for all parties concerned as they usually mean that the administration of or the access to a certain service becomes more convenient and cumbersome, paper-based processes are abolished. Yet can this digitalisation process be applied to a complex service such as the business of financial advice?

The proliferation of so called "Robo Advisors" seems to confirm that. But can algorithms really do a comparable job? Is the client really getting advice tailored to his needs for a better price? The Moventum Magazine has discussed those questions and has put the new Robo Advisors under the microscope. The question of how the financial advisor can benefit from digitalisation is the subject of our interesting interview with Social Sales expert, Warren Knight.

As usual, the aim of the remainder of our articles is to make your life as financial advisor easier, by providing you with information which is of use in your daily work.

I wish you an interesting read.

Yours sincerely,

**Roman Lewszyk**
Chief Executive Officer, Moventum S.C.A.


When it comes to investing, consistency is beautiful.
Success is more closely connected to consistency than ever. Our global investment team is built on a genuine culture of collaboration, where experts challenge and debate their best ideas to make better decisions, leading to better outcomes for you and your clients. Find out how partnering with us can help deliver the consistent success you and your clients demand.

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**VAT ID No.:** LU 21852934
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**Design and Layout:** Moventum S.C.A.
**Design and Layout Review:** Frank Bokemüller
**Photography:** © 2017 Warren Knight, © Alexander Pyttlik, © aragami12345s/Shutterstock.com, © artjazz – Fotolia.com, © Marc Neubert, © Marcin Krzyzak – Fotolia.com, © Moventum, © nopporn/Shutterstock.com, © Oddo Meriten Asset Management GmbH, © Sabine Said, © Sergey Nivens – Fotolia.com, © Tatiana Shepeleva – Fotolia.com, © TEAM UWE NÖLKE

**Cover Photo:** © Andrew Derr/Shutterstock.com
**Print:** Druckerei Schaubs GbR, Gottbillstr. 33 b, D-54294 Trier
**Frequency of Publication:** semi-annual

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# DON'T WORRY ABOUT THE ROBO ADVISOR

THE CLASSIC FINANCIAL ADVICE MODEL LOOKS TO BE UNDER PRESSURE FROM SEVERAL SIDES. AS IF IT IS NOT ENOUGH THAT THE INDUSTRY IN THE UNITED KINGDOM HAS ALREADY SEEN SWEEPING REFORM DUE TO THE RETAIL DISTRIBUTION REVIEW (RDR) WITH MORE TO COME WITH THE UPCOMING IMPLEMENTATION OF THE NEW EU-DIRECTIVE MIFID II, THERE SEEMS TO BE YET ANOTHER CAUSE FOR CONCERN. IN THE PAST YEARS THE SO-CALLED "ROBO ADVISORS" HAVE ENTERED THE STAGE, GAINING MARKET SHARE THROUGH THE OFFERING OF LOW-COST AND ONLINE-BASED FINANCIAL SOLUTIONS.

## ROBO ADVISORS ON THE RISE?

There are no doubt several reasons for the current impressive growth rates in the young Robo Advice industry. However, a very important one is certainly that with the introduction of new EU-wide transparency rules and the end of commission-based advice following implementation of RDR in the UK, the distribution of transparent and cost-effective products via the internet has been facilitated or even promoted. Moreover the easy access and set-up of the account appeals to the customer and the round-the-clock account access via the PC or smartphone / tablet is particularly popular with younger customers.

Also, many of the major providers do not apply any minimum investment amounts or they fixed a symbolic minimum investment amount at one pound sterling. In addition, all Robo Advisors offer two central account models such as the general investment account (GIA) and the individual savings account (ISA). A few product providers have even added pension accounts to their product range.

However, where the human financial advisor can offer personal and holistic advice, which takes into account the personal situation and the specific financial needs of the customer, the "robos" are using only a handful of questions, which are answered online and on the basis of which a suitable model portfolio is selected.

## AUTOMATED PROCESS VERSUS HOLISTIC ADVICE

This automated approach, which is based solely on the specific investment amount and the online questions, does not adequately take into account important aspects of the customer's overall financial and private situation, such as e.g. expensive hobbies, real estate and debt. It is obvious that this approach cannot accurately grasp the risk appetite of an investor. As a result, this can lead to not only an inaccurate risk classification, but also to undesirable correlations with existing assets or, in extreme cases, even to a wrong allocation of the customer's assets.

## MEANINGFUL TRACK RECORD?

In model portfolios, the individual asset classes are rigidly assigned to certain risk classes. As a matter of principle, bonds are used as low-risk and equities as high-risk asset class for investment purposes. This classification, however, does not necessarily reflect reality - just think about the Euro crisis and the bond crash discussion.

In addition, the customer needs to be ready to trust the new algorithms of the Robo Advisors. They have not yet been tested through a full economic cycle, as they are usually only a few years old.

## PROFITABILITY

Even if automated investment advice is currently booming, absolute assets under management are still small and many new providers are still not profitable. As in any new industry, the sector of Robo Advice will face a major consolidation – with all the corresponding negative impacts for all customers whose Robo Advisor does not survive the consolidation phase.

## ARE ROBO ADVISORS REALLY LOW PRICED?

As far as costs are concerned, all Robo Advisors have the advantage of a lower pricing, but the

Alexander Pyttlik, Moventum S.C.A.

Marc Neubert, Moventum S.C.A.

*"In addition, the customer needs to be ready to trust the new algorithms of the Robo Advisors."*

Marc Neubert / Alexander Pyttlik, Moventum S.C.A.

difference is not as huge as one might expect from the use of cost-effective ETFs and automated customer management and asset allocation. Service fees of roughly 70 to 80 basis points are charged by most UK Robo Advisors on top of the cost-efficient target funds.
Given the limited product diversity and service offering, the customer could ask himself why he should not just buy a couple of ETFs himself via a direct bank (and act as "do-it-yourself" (DIY) investor) in order really to cut down on the cost.

## ETF AS PANACEA?

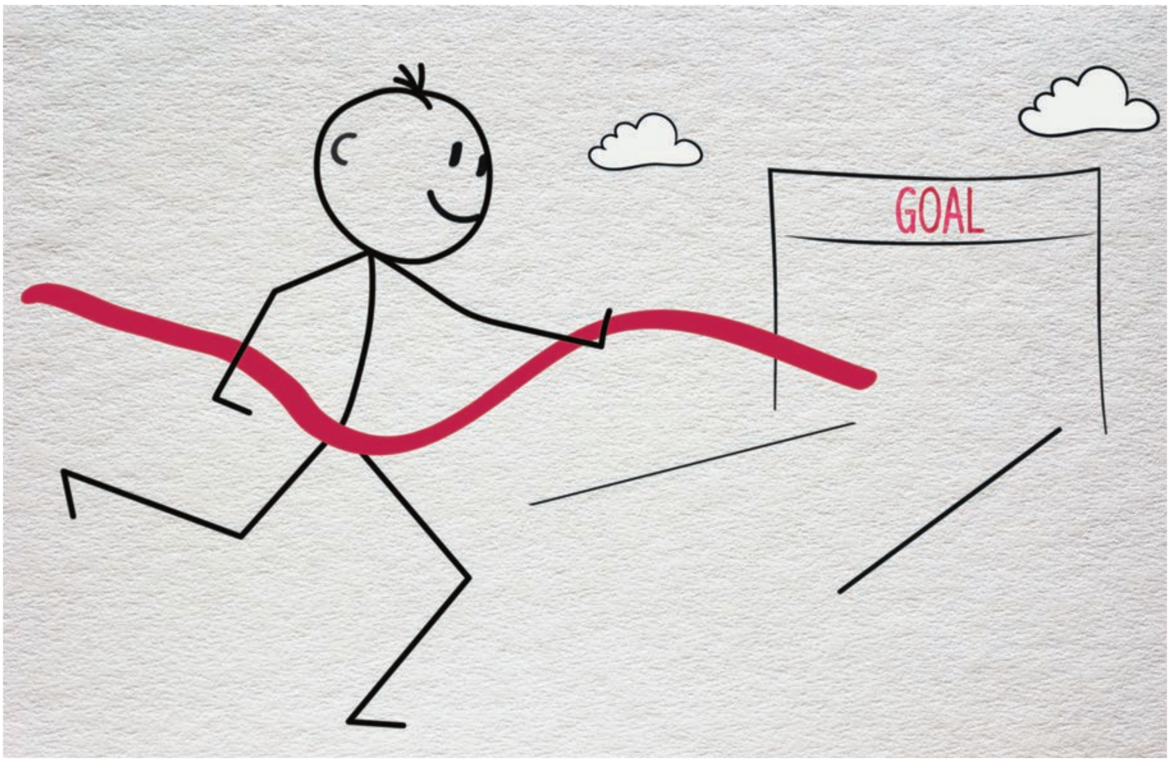
Certainly not all "robos" use solely ETFs – some of them use enhanced ETFs and to some extent even traditional mutual funds. However, an overwhelming majority of Robo Advisors uses ETFs as investment instruments only.
The advantages are obvious, but are there any downsides? For a long time ETFs were considered as a solid basic investment vehicle. But with growing market share and price pressure among providers, ever more exotic ETFs emerged, which gain part of their performance through the use of derivatives - with increasing counterparty risk. To avoid these risks, some Robo Advisors explicitly do not use so-called synthetic ETFs, but by far not all. And even replicating ETFs are not free from these risks due to securities lending.
Also liquidity shortages with ETF providers - or rather their market-makers - have raised questions. As ETFs are in general fully invested and, unlike traditional mutual funds, do not hold liquidity reserves, they have to liquidate shares or assets when investors redeem their units. In the case of larger market movements, the trend is increased - for better or for worse.
In principle, the use of ETFs also means buying distressed or risky assets, just because they are part of the index which can have negative impacts on the overall performance. This is not to say that ETFs cannot be a reasonable and cost-effective addition to the portfolio. However, the investor should also be aware of the product-specific risks of any ETF investment.

## WAKE-UP CALL ROBO ADVISOR

Certainly the new Robo Advisors are serving an existing demand - especially in the segment of small and cost-sensitive investors.
The fear that Robo Advisors will replace the profession of the financial advisor is unfounded. In our opinion, the two propositions are still too different. The Robo Advisor is by no means a full advisory service as Robo Advice is offered only for the funds invested in the model portfolio of the Robo Advisor.
However, with their digital and minimalist product offerings, they meet the zeitgeist of the "Milenials" who think that fax transmission of orders and annual paper reports are a bad joke from the last millennium.
Erik Podzuweit, co-founder of the Robo Advisor "Scalable Capital", has pointed out in this context that customers are looking for a partner that relieves them of taking investment decisions. At the same time they still want to keep track of what is going on with their investment.
This is not only applicable to the new "robos", but also to the traditional financial advisor. Therefore the traditional financial advisor will need to digitise his business model or to cooperate with a suitable partner.
Once this is ensured, the traditional financial advisor can play his trump cards: a personal, individual advice tailored to the customer needs, which serves as a basis for a long-term and mutually beneficial relationship.

# EURO CREDIT SHORT DURATION:

## INTERESTING RETURN POTENTIAL COMBINED WITH A RELATIVELY LOW VOLATILITY PROFILE

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### FUND DATA

| **Oddo Compass Euro Credit Short Duration DR-EUR** | |
|---|---|
| ISIN | LU0628638974 |
| Fund's assets | 1.3 Bn. € (Stand 22.02.2017) |
| Fund managers | Alexis Renault and Bastian Gries |
| Investment management company | Oddo Meriten Asset Management SAS |
| Inception date | 24.08.2011 |
| Contact | Markus Kurz \| Wholesale \| Senior Sales Manager |
| Phone \| Fax | +49 211 23 924 531 \| +49 211 23 924 825 |
| Email | mkurz@oddomeriten.eu |
| Internet | www.oddomeriten.eu |

With capital market yields at historical lows, investors are facing an ever-increasing challenge to generate decent returns. One solution worth considering is to invest in actively managed credit short duration strategies with a focus on high-yield bonds with a significantly higher default risk.

## LOW LEVEL OF RISK SENSITIVITY AND DECREASING DEFAULT RISK OVER TIME

Short-duration high-yield bonds are an interesting option for investors, as they still offer a relatively high level of interest income whilst being less vulnerable to relevant risk factors. In comparison with long-term bonds of the same issuer, short-dated bonds do not only react less sensitively to a rise in general interest rate levels, but also tend to suffer less from widening credit risk premiums. Generally, high-yield bonds display significantly higher default risk in the first few years after issue.
Empirical research has shown, however, that cumulative default rates of high-yield bonds reduce by half in the four-year period following the first four years. Focusing on bonds maturing in less than four years thus can be instrumental in systematically lowering the default risk.

## APPEALING RISK/RETURN PROFILE

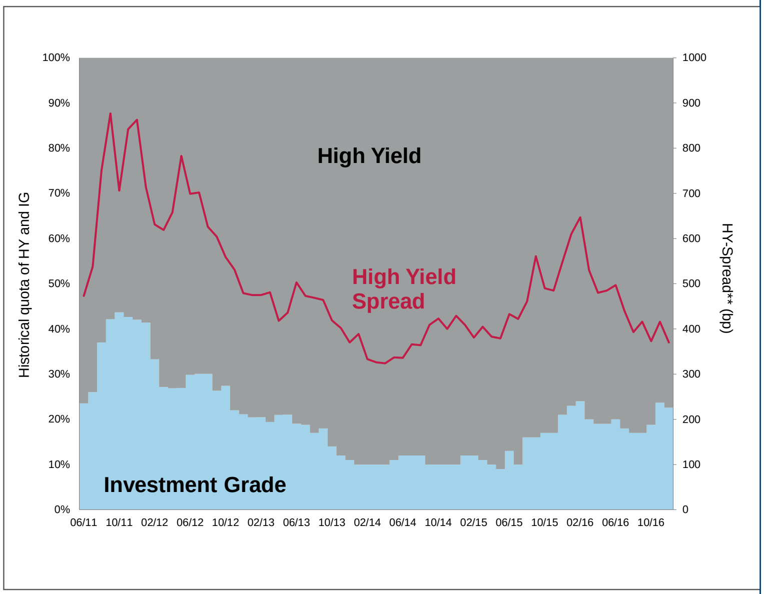
Thanks to these characteristics, high-yielding short-duration bonds offer an appealing risk/return profile. Over the past five years, for example, the sharpe ratio of a portfolio of high-yielding short-duration bonds was about 40% higher than that of a conventional high-yield portfolio. A look at the relation of the current coupon to various risk measures shows how well-equipped short-duration bonds are for the future. High-yielding short-duration bonds stand out positively not only relative to their longer-duration counterparts, but also compared to other fixed-income asset classes.

## SELECTION IS KEY ALSO FOR SHORT DURATION BONDS

Thanks to the highly risk-conscious approach, Oddo Meriten Asset Management GmbH did not experience a single default in its long history of investing, not only in credit short duration, but also in traditional high-yield portfolios. It aims to limit short-term price dips within credit short duration portfolios even amid challenging market conditions. Depending on market conditions portfolio managers will adjust the allocation between High Yield (20% minimum exposure) and Investment Grade bonds.

The mutual fund Oddo Compass Euro Credit Short Duration currently has assets of around € 1.3 bn (as of 22/02/2017).

**Source: Oddo Meriten**




ODDO MERITEN
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# FUTURE-PROOF WITH THE MOVENTUM PLATFORM

NEW REGULATIONS WILL BE CHALLENGING FOR BOTH FINANCIAL ADVISORS AND FUND PLATFORMS. AT THE SAME TIME THEY CAN OFFER NEW SALES OPPORTUNITIES. THE EDITORS OF THE MOVENTUM MAGAZINE HAVE MET WITH SVEN BERGGREEN, DIRECTOR SALES AT MOVENTUM, TO DISCUSS THE UNIQUE FEATURES OF MOVENTUM AND TO FIND OUT HOW MOVENTUM CAN PROVIDE ADDED BENEFIT TO THE FINANCIAL ADVISOR IN A CHANGING REGULATORY REGIME.

***Moventum Magazine (MM):*** *In principle, all major fund platforms are offering comparable services. What makes Moventum unique for the financial advisor?*

**Sven Berggreen:** Besides the traditional function of a fund platform such as providing access to a fund universe of more than 7500 funds from a wide range of national and international asset managers as well as fund boutiques, our service offering also includes a variety of services which help our financial advisors to focus on the main objective of their work: creating and maintaining a first class client relationship.

Our offering includes the provision of letter templates to be used in mailings, personalisation of forms, as well as real-time online access to the client's portfolio. We've also created an online access for the end client, which allows him to consult his account online 24/7.


Sven Berggreen, Director Sales, Moventum S.C.A.

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Photo: Moventum S.C.A. - Luxembourg Head Office

Additionally we offer a selection of high-quality portfolio solutions which have a proven track-record both in absolute terms as well as in comparison to competitors. We offer those portfolios not only in British Pounds, but also in many other key currencies such as USD, EUR or Swiss Francs. Extensive personalised client reporting, regular webinars and a weekly market comment complete the service offering.

***MM:*** *Moventum is an internationally focused fund platform in terms of both the client base and the asset managers offered via the platform. Are there any resulting direct or indirect advantages for the financial advisor?*

**Sven Berggreen:** Although the UK-market is one of our most important target markets, we have been operating at an international level for years. This is true not only in terms of our client base but also the asset managers with whom we have distribution agreements. The international experience has helped us to improve our processes and systems. We offer our clients accounts not only in British Pounds, but also in USD, EUR, CHF or even Czech Koruna. This might be helpful for clients who are specifically looking for an investment outside of the British Pound. Also, if a Moventum end-client moves to another country his client account just moves right along with him.

***MM:*** *The EU-directive MiFID II which will come into force in 2018 will fundamentally change the regulatory environment for product providers as well as financial advisors. As the UK has already undergone major reforms through the RDR however, the impact of the directive will be bigger in continental Europe. Where do you see opportunities for the financial advisor and how can Moventum support him during the implementation of the new requirements?*

**Sven Berggreen:** Due to the MiFID II-regulations it is more important than ever for the financial advisor in the EU to work together with a partner who can relieve him from most of the new requirements while offering high-quality service. Moventum is therefore the ideal partner especially for the post-MiFID II environment as we offer a huge choice of solutions that support the advisor's individual business model perfectly.

Due to our international presence in many different regulatory environments we propose a flexible menu of account models. In the UK for example, where commissions have been banned completely since the introduction of the RDR, for years we have been offering fee-based accounts which are completely transparent in terms of the fee structure. For the rest of the EU we will continue to offer commission-based accounts but with enhanced tools to prove quality improvement measures for the post MiFID II-environment as well as fee based accounts for advisors who want to switch or merge their business model. This menu of flexible account models is also a perfect fit for financial advisors outside the EU; they too benefit from the transparent fee structure. Together with the unbundled display of advisor fees we ensure that the financial advisor is compliant with the regulations of its respective regulatory authority.

***MM:*** *Mr. Berggreen, many thanks for the interview.*

Photo: Luxembourg

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# MIFID II: THE COUNTDOWN HAS STARTED

**EVEN THOUGH NOT ALL THE DETAILS ARE CLEAR-CUT REGARDING THE NEW EU-DIRECTIVE MIFID II IT IS OBVIOUS THAT THE NEW SET OF RULES WILL HAVE A PROFOUND IMPACT ON MANY FINANCIAL ADVISORS' BUSINESS MODELS. THE EDITORS OF THE MOVENTUM MAGAZINE MET WITH SABINE SAID, HEAD OF LEGAL AND COMPLIANCE AND MEMBER OF THE MANAGEMENT BOARD, TO DISCUSS HOW MOVENTUM POSITIONS ITSELF IN THE FACE OF THE NEW DIRECTIVE.**


Moventum S.C.A. – Luxembourg Head Office

***Moventum Magazine (MM):*** *Mrs. Said, MiFID II will change not only disclosure and reporting requirements but also the current financial advice compensation system. Under MiFID II, the traditional commission-based business model which has already been eliminated in the UK will not be banned in the rest of Europe, but it will be subject to strict conditions. What does this mean for the current compensation system?*

**Sabine Said:** Even if we are all still somewhat in denial, the new rules which become effective in 2018 will ban inducements for asset managers and independent financial advisors. For all other securities-related services such as non-independent financial advice, investment brokerage or execution only business, inducements can still be received as long as the client has been made fully aware of them and they are designed to enhance the quality of the service to our clients. However, the financial advisor who wants to keep the label "independent" will have to work with commission-free products or must pass any commission on to the client.

***MM:*** *Under what circumstances can inducements still be retained?*

**Sabine Said:** Those advisors who decide to continue to work based on commissions can do so only if those inducements improve the service quality on a verifiable scale. Those quality improvement measures have to be superior services and shall be proportionate to the inducements earned. What does this mean in concrete terms?

One of the following services must be offered in order to meet the quality improvement condition:

- The provision of non-independent financial advice and the access to a broad universe of appropriate financial products including an appropriate number of products from providers with whom the advisor does not have close links or economic relationships;

- The provision of non-independent financial advice in combination with an offer to assess the continuing suitability of the clients' investments on an annual basis; or

Sabine Said, Executive Vice President, Moventum S.C.A.

- The provision of access to a broad universe of appropriate financial products including an appropriate number of products from providers with whom the advisor does not have close links or economic relationships, in combination with the provision of instruments such as tools that keep the client informed about the financial products selected ("internet-tools") and that enable him to monitor and adjust the products selected, or in combination with the transmission of periodic reports covering the performance and the costs of the financial products selected.

As the above are considered being rule examples from a legal point of view, other valid constellations are possible.

In practice this means that there also needs to be a chronological correspondence between the pay out of inducements and the corresponding quality improvement measure. This will be a massive shake up for the current way of commission-based financial advice. Additionally the client needs to be informed at least once a year about the inducements received by the financial advisor and how the client has benefitted from them. This means that the financial advisor needs to keep a record of the inducements he receives as well as the quality improvement measures linked to them.

Whoever markets highly induced financial products to his / her client should be ready with some hard facts with which he can explain why those products are given priority. Also, the received inducements shall not lead to a conflict of interest or a bias towards products or recommendations.

***MM:*** *How does Moventum meet the challenges of MiFID II?*

**Sabine Said:** Moventum works in cooperation with a number of experts to implement the MiFID II-provisions. We always look at two sides: on the one hand, we implement the measures of the directive for Moventum and on the other hand, we examine how the directive influences the business model of our advisors and how Moventum can help them during and after the transition period. Moventum already provides the advisor with flexible account models, either inducement-based or fee-based. We have extensive experience with fee-based accounts and offer a wide range of clean share classes or the possibility to forward any trail commission to the end client. For advisors who prefer to continue to work based on inducements, Moventum will offer improved end-client tools and reports that will help the advisor provide evidence for the quality improvement measures.

***MM:*** *After the introduction of RDR in the UK we saw many independent financial advisors outsource the asset management of their clients' assets to external asset managers in order to save cost and time and to be able to serve their clients better. Do you anticipate a similar development in continental Europe after the implementation of MiFID II?*

**Sabine Said:** We do expect this to happen in continental Europe as well. The financial advisor will have a time management problem due to increased disclosure and reporting requirements. It is therefore consequential that he should focus on his core competencies such as taking care of the client relationship while outsourcing labour intensive and liability-relevant parts of the service offering. Besides our own very successful portfolio solutions which exist since 2003 and which have seen substantial inflows in the past years, we also offer the possibility to work together with other external asset managers via our DFM account model.

Moventum takes care of the processing of orders and the set-up of the contracts and provides all necessary documentation. It is well worth taking a closer look at the specifics of the model.

***MM:*** *Mrs. Said, many thanks for the interview.*

*"Besides our own very successful portfolio solutions which exist since 2003 and which have seen substantial inflows in the past years, we also offer the possibility to work together with other external asset managers via our DFM account model."*

**Sabine Said, Moventum S.C.A.**

# GROW YOUR BUSINESS THROUGH DIGITAL MARKETING

**EDITORS OF THE MOVENTUM MAGAZINE HAVE SAT DOWN WITH THE SOCIAL SALES EXPERT WARREN KNIGHT TO FIND OUT HOW DIGITAL MARKETING IS MOST EFFECTIVE AND HOW IT CAN HELP YOU GROW YOUR SALES.**

***Moventum Magazine (MM):*** *What are the most important aspects of digital marketing?*

**Warren Knight:** For me, digital marketing needs to be looked at as a whole, rather than just, for example, Email Marketing. Regardless of whether you are selling B2B (business to business) or B2C (business to consumer), having a Digital Marketing Strategy is key and for me, this needs to be integrated into the overall business marketing strategy to really achieve the desired success and results. Bear in mind to ensure consistency between your online and your offline marketing strategy.

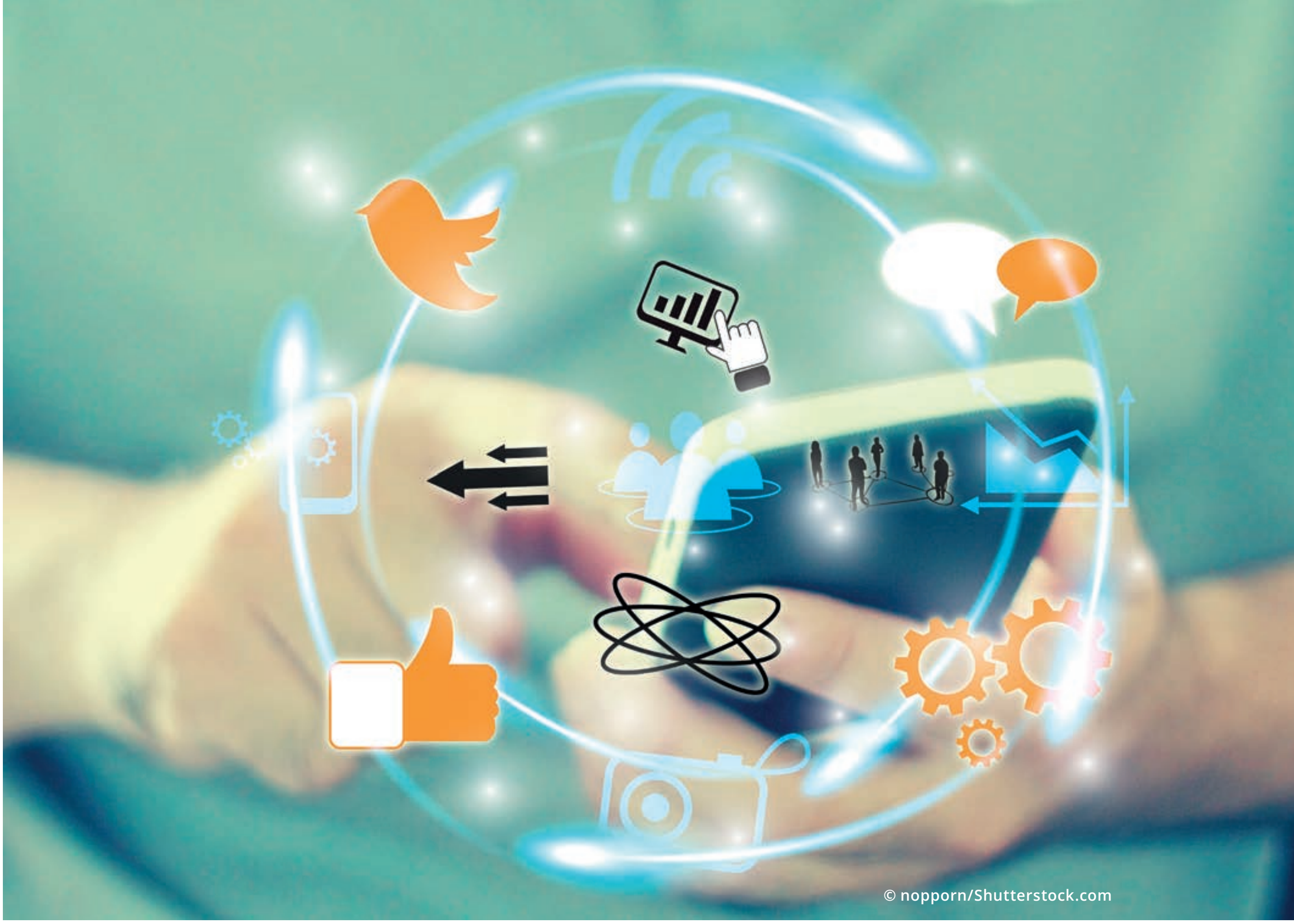
***MM:*** *What are the prerequisites to grow your business using digital marketing?*

**Warren Knight:** We are living in an "experience economy" – giving the costumer a great experience linked to the buying procedure or the product is the key to being successful. This means you need to think about adding value first, before trying to sell. The customer must first understand what your product is and how it can help him. A prerequisite is of course that you know who your customers or prospects are.

***MM:*** *How can the financial advisor increase his digital visibility and how can he get to be at the top of the Google search engine?*

**Warren Knight:** There are two different ways to increase your digital visibility. The first is your website, and here "content is king". You need to have relevant content for the relevant audience on your website to gain traffic. But remember: it's not about the product – it's about a solution that the client needs. Having the right content

*Warren Knight, founder of Think Digital First is an author, Social Sales expert, and one of the UK's leading professional speakers in Social Media and Digital Marketing. As a multi-award winning entrepreneur, Warren has helped thousands of Startups and SME's grow their business through the strategic use of socially selling to their target audience. By nurturing connections, generating leads and getting sales, Warren's clients have seen an increase in sales up to 500%, just through the implementation of Warren's simple and easy to follow strategies.*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with relevant keywords will help bring your website to the top of the Google search engine, which in turn will increase your sales. Google offers a tool called Keyword Planner that helps you to gather relevant keywords for your business. Another great tool is Ubersuggest, which will help you find keywords in real time search terms. Once you have attracted traffic to your website, offer a content upgrade. This means giving away advanced information such as guides or whitepapers in return for contact details of the client. Once those details have been acquired, use your Email Marketing tool to nurture those prospects. A second way to increase your visibility is to make sure that you have a profile on each of your social networks, where you should post updates continuously.

***MM:*** *Why should the financial advisor use Social Networks?*

**Warren Knight:** 67% of consumers expect brands to be using Social Media. If you are not using it then trust me when I say your competitors are, and they are acquiring new customers on a daily basis. It's a matter of trust in your business – as the consumer expects you to be there, he would lose confidence about your offering were you not to be using Social Media.

***MM:*** *What is Social Media optimisation (SMO)?*

**Warren Knight:** Keywords are what makes Google drive traffic to your website. Applying those same keywords to your Social Media posts will drive traffic to those Social Networks, and that's exactly what Social Media Optimisation is. Engagement with prospects is another factor. You need to stay in contact with them to convert them into new customers.

***MM:*** *What Social Media platforms are best suited for the financial advisor?*

**Warren Knight:** If you don't know what is the most appropriate Social Media platform for your business, simply ask your audience by running a survey using tools such as Typeform. Or look at your biggest competitor and see what they are using. With regards to the financial advisor I would suggest LinkedIn and Twitter as the most appropriate Social Media platforms as this is where their target audience hangs out. By contrast, I would not recommend using Pinterest or Snapchat unless you are also selling cake mix or clothing alongside financial solutions.

***MM:*** *Mr. Knight, many thanks for the interview.*

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# CARSTEN'S CORNER

## EUROPE AT THE END OF 2017

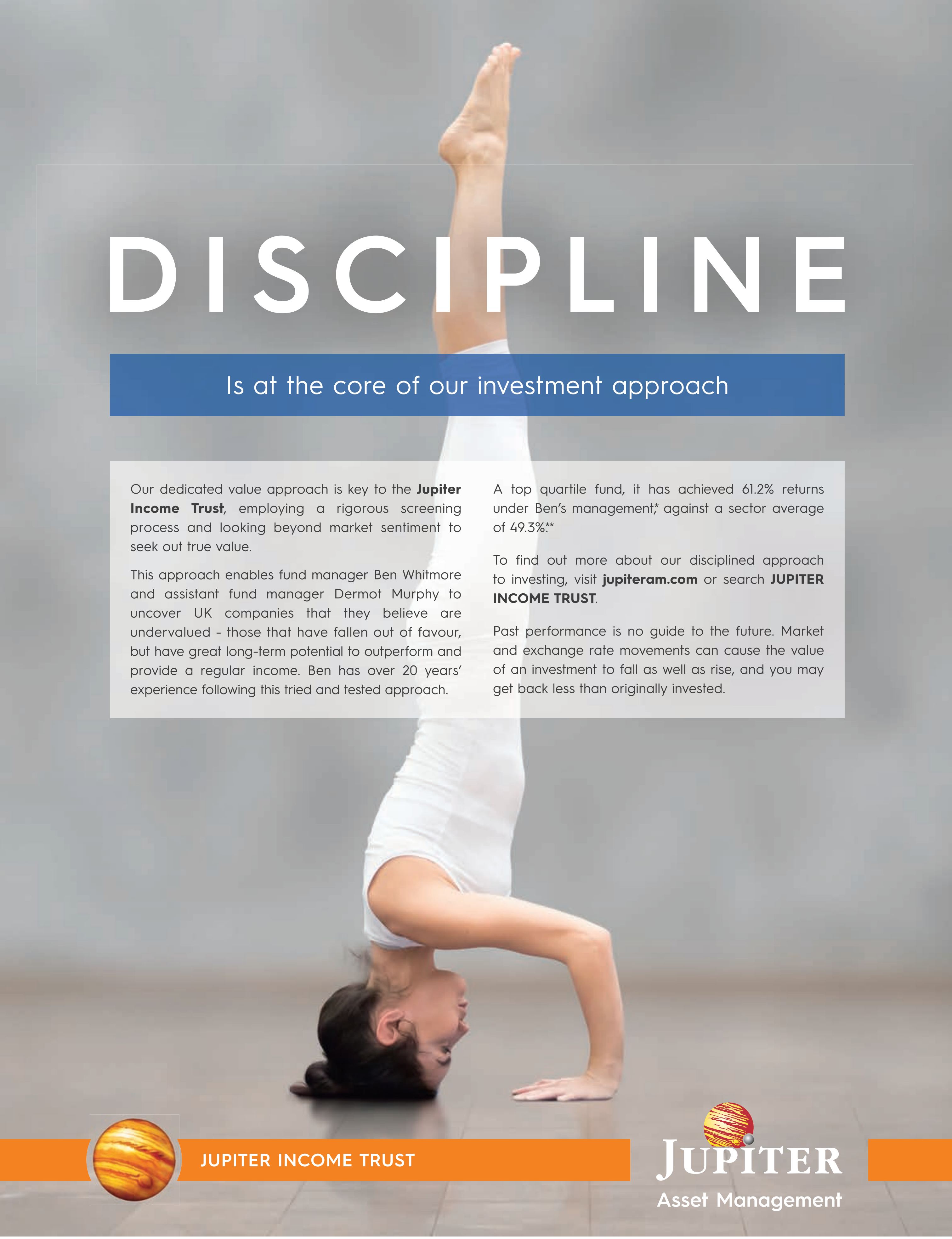
*By Carsten Gerlinger*

On the political front, 2017 looks ready to explode. There are plenty of geopolitical crises, with which politicians are unable to cope, let alone resolve.
In addition, there are many homegrown problems - look at Europe: the rushed expansion of the European Union and the neglect of originally agreed on "values" are becoming increasingly problematic. There is disagreement among political leaders and disenchantment with politics amongst the public which leads to the strengthening of extreme political movements.
The desire for an exit from the Eurozone voted for by a majority of the British is therefore not really surprising.

Also with regards to economic questions, politicians cannot agree on a real concept. Even if the global economy is still growing, growth is anaemic and it's based on the monetary support of central banks. The reduction or stop of these economic policy measures will be the next master stroke.
Even if the European Union has managed to solve every "problem" so far, prospects for Europe are not looking good. The elections in the Netherlands, France and Germany will show Europe's political position. Maybe at the end of 2017, Europe will not be the same as at the start of the year.

By the way, I am not being intentionally pessimistic; as Oscar Wilde once put it: "Everything is going to be fine in the end. If it's not fine, it's not the end."

*Carsten Gerlinger is Director Asset Management at Moventum S.C.A.*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Our dedicated value approach is key to the **Jupiter Income Trust**, employing a rigorous screening process and looking beyond market sentiment to seek out true value.
This approach enables fund manager Ben Whitmore and assistant fund manager Dermot Murphy to uncover UK companies that they believe are undervalued - those that have fallen out of favour, but have great long-term potential to outperform and provide a regular income. Ben has over 20 years' experience following this tried and tested approach.
A top quartile fund, it has achieved 61.2% returns under Ben's management,* against a sector average of 49.3%.**
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## M&G OPTIMAL INCOME FUND

# ON SONG

## FOR A DECADE

Best in Bonds Award
Richard Woolnough

Outstanding Fund Manager Award
Richard Woolnough

M&G Optimal Income Fund

Since its launch in 2006 the M&G Optimal Income Fund is one of the best performing bond funds in the IA Strategic Bond sector.[1] Thanks to its 'one stop shop' nature, the fund has the flexibility to invest across the full spectrum of fixed income assets, helping investors to stay on top of their asset allocation decisions – even in fast-moving markets.

- **Top quartile** since launch[2]
- **Annualised total return of 7.5%** since launch[3]
- **Lower volatility** than the major bond sectors
- **Award-winning fund manager** – Richard Woolnough FE Alpha Manager 2016 'Best in Bonds Award'[4]

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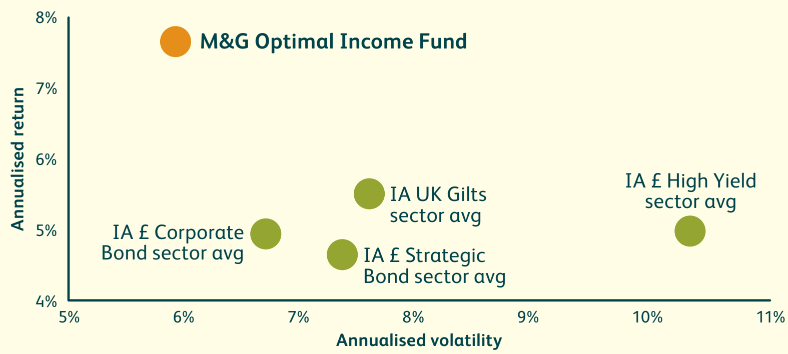


Source: Morningstar Inc., UK database, 31 December 2016, sterling I share class, income reinvested, price to price.
*8 December 2006. Returns and volatility calculated from 31 December 2006.

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