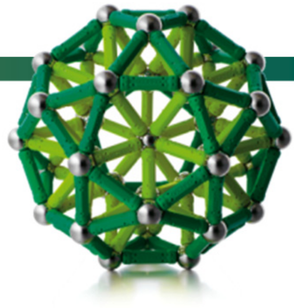
OLD MUTUAL GLOBAL INVESTORS

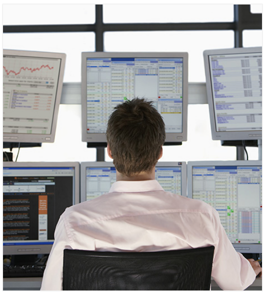


FOR RETAIL INVESTORS

WEEKLY MARKET ROUND-UP

EQUITIES, COMMODITIES SLOW DOWN

WEEK ENDING 19 JANUARY 2018



STOCK MARKETS FALL IN STERLING TERMS

Global shares fell in sterling terms, as the pound approached US$1.40, which clipped returns for UK investors. Emerging markets and Japan outperformed more developed markets. Commodities were also weaker following a strong start to the year. Gold and Brent crude were notable decliners. Sterling wasn't just strong against the US dollar, rising sharply against the euro as the currency faces less negative Brexit headlines than it did in the fourth quarter. Global bond prices were mixed for the week, with Gilts little changed, but US treasuries rising above the 2.6% mark, as investors anticipated increasing inflation.

UK CONSTRUCTION GIANT COLLAPSES

Shares in Carillion, the UK's second largest construction company, were suspended as it declared insolvency, leaving employees, sub-contractors, and creditors anxious. Carillion shares had fallen from 192p in July, when the chief executive stepped down after a profit warning, to 14p. Beset by cost overruns, non-payment on a Middle East contract, and a gaping pension scheme deficit, it is being liquidated with just £29 million in cash, and bank debts above £1.3 billion. Shares in Carillion suppliers Speedy Hire and Van Elle Holdings weakened, as did those in in Balfour Beatty, the UK's largest construction company.

UK INFLATION SLOWS

UK inflation fell for the first time in six months in December, which may be the start of a slowdown that will ease pressure on consumers who spent most of last year feeling the squeeze of rising prices. The decline took the rate to 3% from 3.1% in November, which was the fastest in more than five years. That said, with rising oil prices, lingering Brexit uncertainty may limit the recent strength of the pound, and low unemployment levels, inflation in the UK could stay well above the Bank of England's 2% target for all of 2018.

TAKING CANDY FROM A NESTLÉ

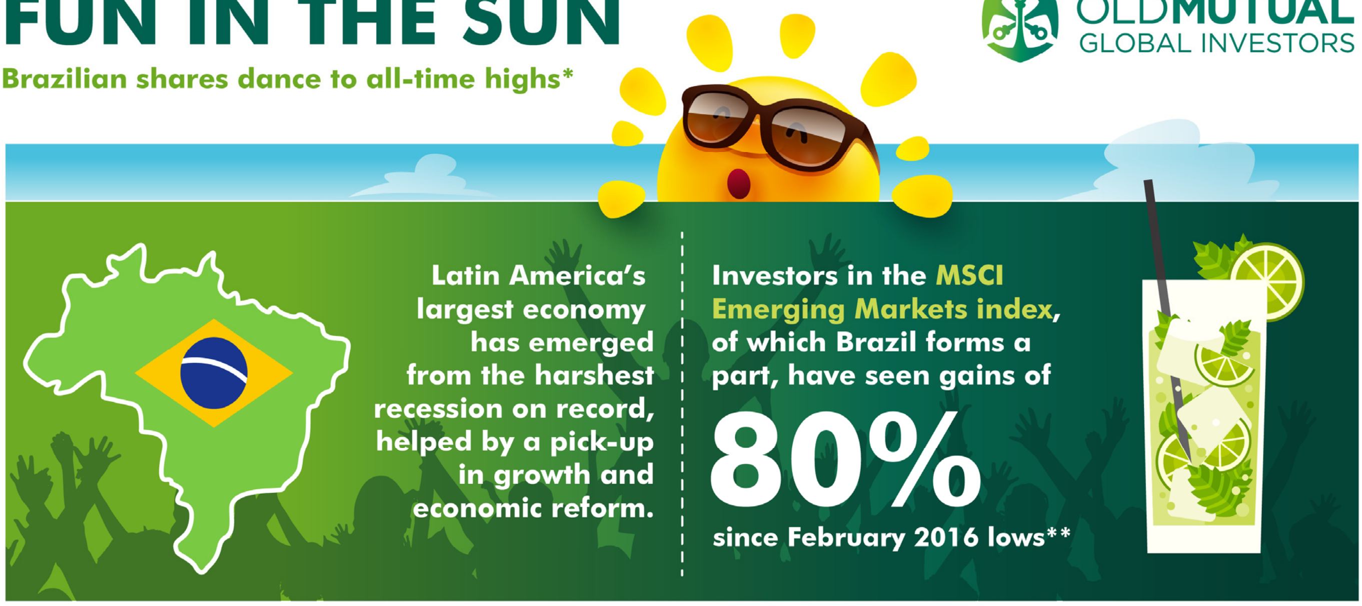
Is the US chocolate industry in meltdown? The country's largest manufacturer, Hershey, is slashing its workforce and now Nestlé, the Swiss food giant, is shedding its US confectionary arm to Nutella–maker , Ferrero for US$2.8bn. The move is a significant shift away from the confectionary industry by Nestlé, the inventor of milk chocolate. The Swiss company is the world's largest food production company and is keen to place greater focus on other faster-growing areas of its business; these include pet food, in which it is already the world's second largest producer.

THE ONLY WAY IS ETHICS

Norway's oil fund is getting ethical. The world's largest sovereign wealth fund at US1.1tn, sold out of BAE Systems and a handful of other companies as a result of their involvement in the manufacturing of nuclear weapons. This is the latest in a long line of recent ethical investment decisions that have seen more than 100 companies excluded by the fund, with reasons varying from environmental concerns to individual corporate behaviour. Norway has been criticised in some quarters for double standards, though; as a member of NATO, it arguably relies upon the nuclear capabilities of the US for its own defence.

FUN IN THE SUN

Brazilian shares dance to all-time highs*



Source: *Bloomberg, Ibovespa index in local currency terms **Bloomberg/MSCI as at 17 January 2018 (US$ terms).

MARKET DATA – % CHANGE IN WEEK ENDING 19/01/2018

EQUITIES	LAST VALUE	% CHANGE
FTSE All-Share (UK)	4,234	-0.79%*
MSCI All Country World	537	-0.69%*
S&P 500 (US)	2,798	-0.91%*
Stoxx 600 (Europe)	401	+0.13%*
Topix (Japan)	1,890	-0.30%*
MSCI Asia ex Japan	751	-0.30%*
MSCI Emerging Markets	1,228	+0.24%*
FIXED INCOME		
Bloomberg Barclays Global Aggregate bond index, GBP-hedged – total return	580	-1.15%
10-year Gilt yield	1.33%	-0.01%**
10-year US Treasury yield	2.63%	+0.08%**
10-year Bund yield	0.58%	+0.00%**
10-year Japanese government bond yield	0.09%	+0.01%**
COMMODITIES		
Gold (US$, per troy ounce)	1,335	-0.16%
Brent Crude (US$, per barrel)	68.93	-1.35%
CURRENCIES		
GBP/USD	1.39	+1.28%
GBP/EUR	1.13	+0.68%

Source: All data sourced from Bloomberg as at 11.00am, 19 January 2018. *In GBP terms. **Yields move inversely to prices.

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