



# An educational day on volatility and tail risk investing



19th April 2016



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## **CHAIR WELCOME REMARKS**

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# What's in store for the rest of 2016?



*“The Year of the Monkey is going to shake, rattle and roil financial markets. One has to be as intelligent, witty and agile as the monkey to do well in such investment landscape” ... Chinese Astrologist*

# 2004 ... The Monkey hits at home!



Source: AZR Capital, Yahoo Finance

The Shanghai Composite finished climbing 36% only to come crashing down in a 44% correction and then rallied 500%!



# 2004 ... Re-election of George W. Bush

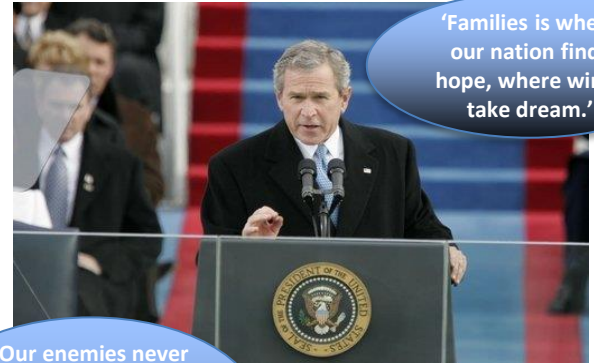
'It's clearly a budget. It's got lots of numbers in it!'



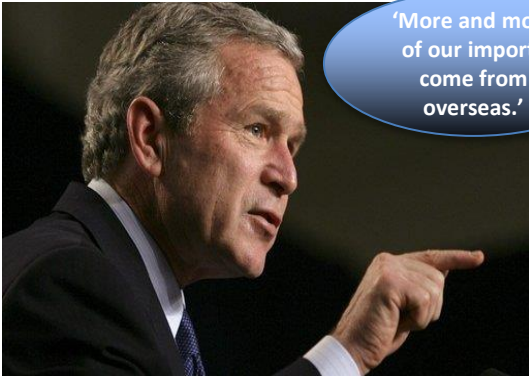
'I know the human being and the fish can coexist peacefully.'



'Families is where our nation finds hope, where wings take dream.'



'More and more of our imports come from overseas.'



'Our enemies never stop thinking about ways to harm our country, and neither do we.'



# 1992 ... The year Soros broke the BOE

GBP/USD rate

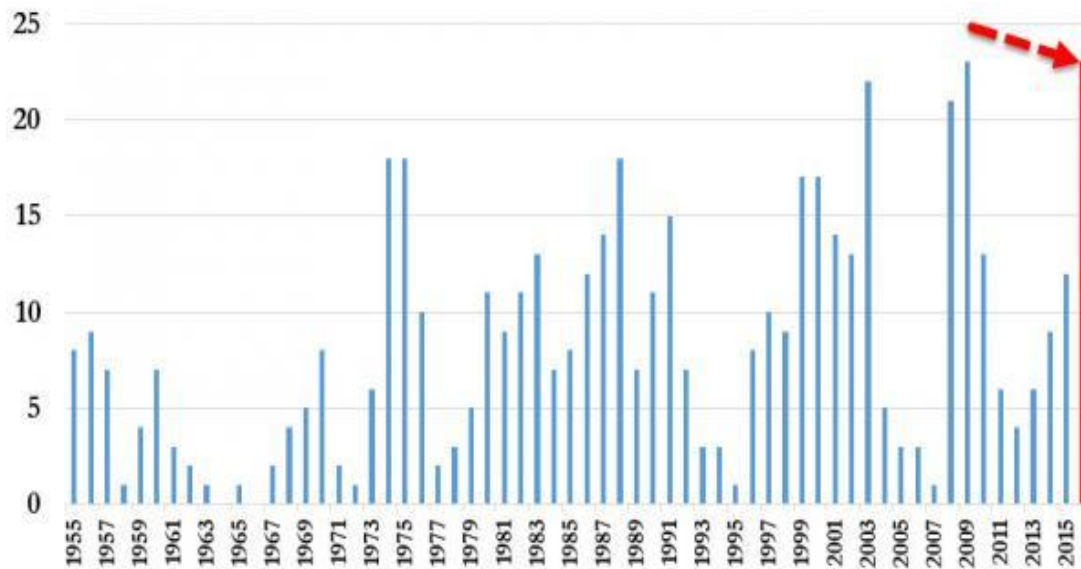


Source: Bloomberg



# 2016 ... the most volatile year on record

# of S&P 500 +/-1% Swings Year to Date



Source: Zero Hedge

1. When the market is swinging around at this rate, does the risk-reward really make sense?
2. Does the new high volatility market call for a different approach to portfolio construction?



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# Supporting charities / achievements 2015



Funding secured during the year enabled Woman's Trust to provide services for all three service areas:

- **3700 1:1 counselling sessions**
- **27 Group therapy and introduced evening provisions**
- **NEW Educational/Self Development workshops**
  - provided 26 workshops, 234 places (e.g. Relationships with Children, Managing Stress and Anxiety)
- Core cost funding enabled WT to manage increased rental market rates.



- 2.5 billion people around the world cannot see properly because they are unable to access a simple pair of glasses.
- In the first programme of its kind Vision for a Nation are helping the Government of Rwanda to train nurses in every health centre across the country to provide front-line eye care and affordable glasses.
- **Results so far:**
  - Over 300,000 eye screenings have been conducted in Rwanda
  - Over 45,000 glasses have been provided to people in Rwanda

1. What do you believe will be the biggest driver of overall volatility in financial markets this year?

a) China/EM

b) US

c) EU

d) Oil

e) Politics

2. Which of the below themes do you think will influence the markets the most during 2016?

- a) Chinese economy
- b) US economy/interest rates trajectory
- c) Brexit
- d) Oil prices

3. What asset class do you believe will be the most volatile in 2016?

- a) Interest Rates
- b) FX
- c) Commodities
- d) Equities



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