

Portfolio Appraisal and Commentary

January 2016 was one of the worst starts ever in stock market history. Headlines were dominated by the price of crude oil, China, and the Middle East. The month ended on a stronger note with the Bank of Japan advising they would try to boost the economy by enacting negative interest rates on bank excess reserves. This action is intended to persuade banks to lend (M&A) or pay larger dividends. This gave an immediate rise to Japanese share prices with the exception of the banks and a few industrials, as it was a complete surprise to the marketplace. For the month of January the portfolio slightly under performed (-7.11% vs MSCI AC World ex US - 6.80%). Emerging market stocks such as Bancolombia, Turkcell, and Infosys helped performance with returns of 14.4%, 13.1%, and 9.6% respectively, while two banking stocks, Unicredit and Mitsubishi UFJ hurt performance, being down over 20% each. Other stocks in Japan such as Fujitsu and Fanuc also hindered returns as each reported weaker earnings and lowered full year earnings guidance.