This quarterly newsletter is designed to provide a brief overview of what's been happening in *the global economy and* world markets.

The chart illustrates the variations across the different underlying sectors in which we invest, plusthe volatility associated with each, some of the reasons for which I summarise below.

Developed World (ex UK)

Developed Markets (excluding UK) were the quarter's lead performers with the US economy continuing to perform strongly (the S&P 500 seeing its 4th, 5th and 6th consecutive monthly rises, although August was its "quietest" month since 1967 with it never moving more than 0.8% in any one day), supported by the fiscal stimulus announced last year. Furthermore the Federal Reserve raised interest rates for the third time this year. Beneath the surface, however, things were stirring with high-flying Tech stocks seeing big declines (Netflix shares had their worst monthly returns since January 2016, Facebook since August 2012 and Twitter ever), as investors seemed to fret, although latterly they appeared re-assured by strong results from both Apple and Tesla.

Meanwhile, tensions over trade between the US and China have continued to escalate.

Developed market performance was also aided by stabilised growth in the euro area, influenced by the European Central Bank announcing that it will end its quantitative easing programme in December and, due to still subdued inflation, will not raise interest rates until at least the third quarter of 2019. That said, concerns over the sustainability of the Italian government's finances were called to question once again this quarter after the coalition government announced a larger-than-expected fiscal spending programme.

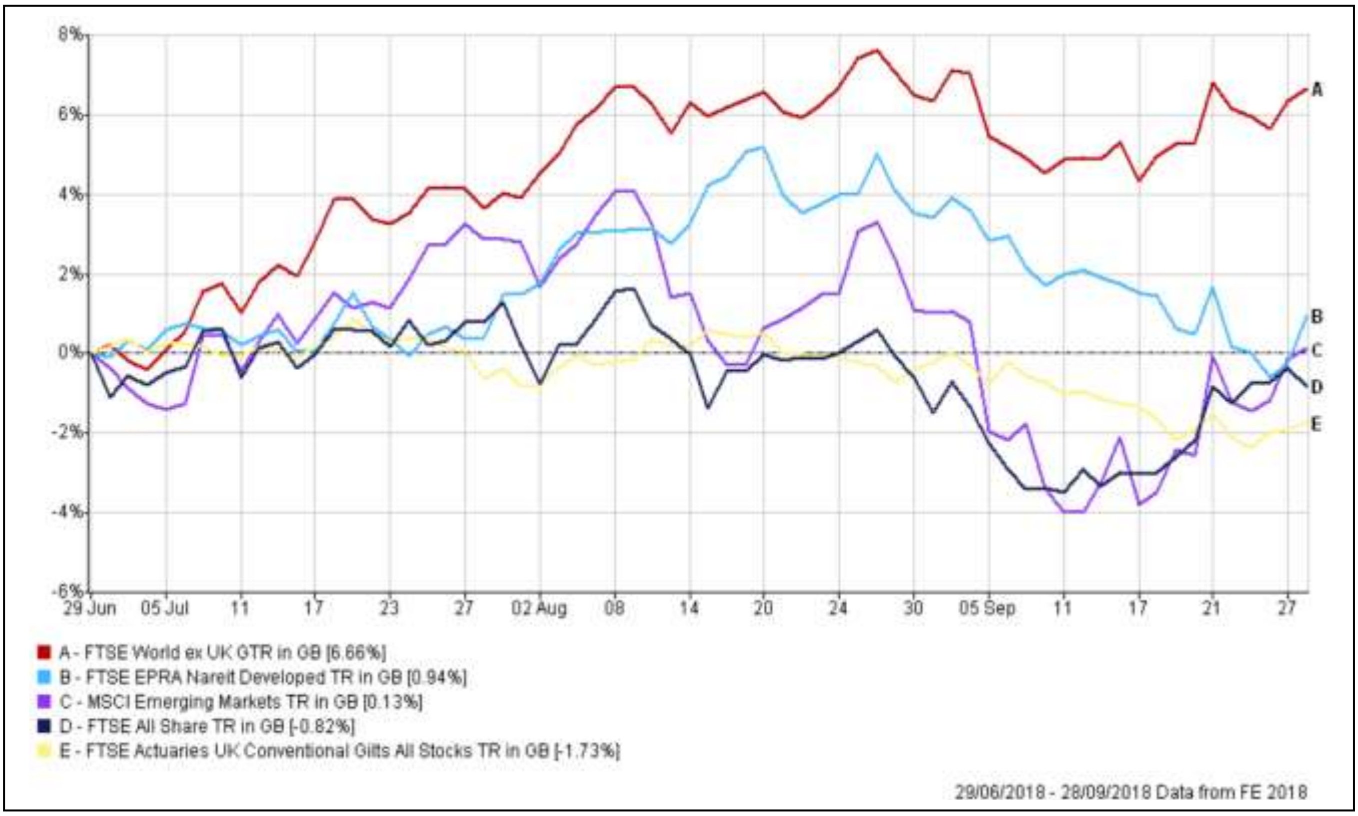
Property (EPRA Nareit)

Early quarter gains across global and developed property markets gave way to sharp falls, again almost across the board, highlighting the degree of price compression in the market. The UK saw its 5th, 6th and 7th month of decline for the year so far driven mainly by falls in London property prices.

Emerging Markets

Emerging Markets saw a strong start to the quarter as many of the constituent currencies recovered from severe weakness in the previous two months However this was short-lived with the market falling as the strength of the US Dollar hit sentiment, Turkey being the highest profile victim of this, but Latin America was also weak, with perennial debt defaulters Brazil and Argentina falling 11% and 23% respectively. Chinese shares also fared badly, as trade conflicts appeared to intensify.

Markets rebounded from previous losses with Turkish stocks surging 20% on the month, with Brazil (+7%) and Argentina (+4%) also benefitting from an abatement of the Dollars' gains.



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UK Markets

Trailing in the equity sector is the UK, although overall, economic activity in the UK did improve this quarter, helped by the labour market continuing to improve, with the unemployment rate falling to a multi-decade low of 4%. The Bank of England interest rate rise of 25 basis points in August to 0.75% also contriobuted to this.

However latterly the FTSE All Share Index fell as investors became increasingly worried about the course of Brexit negotiations as well as the fall of the pound.

Fixed Interest

July's announcement by the Bank of Japan, stating that it was going (to try) to relax its restriction on Bond caused prices across developed bond markets to fall, although Emerging Market bonds did see strong returns as they attracted buying interest due to EM currencies steadying a little.

Overall, bond markets continued to struggle for the rest of the quarter, due to both political and trade concerns. Italian bond prices fell as markets began to fret over the budgetary implications of the Genoa bridge collapse, putting Italian officials under pressure to respond by increasing infrastructure expenditure, taking the country close to breaching EU budgetary rules

Even with the UK rate hike, Gilt yields fell slightly, due to the BOE appearing to rule out any more rises, as Brexit "nodeal" concerns weighed heavily on their thinking.

Again our range of portfolios have followed the course of the market, with lower risk strategies showing flatter paths (as expected) based upon their level of exposure to defensive asset class holdings.