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Markets

During the last month, global stock markets have recovered from their worst corrections during the last year. In the US, Dow Jones and SP500 both surged around 4.5-5.0% on average in response to positive news on the trade wars between US and China. The UK and Japan markets followed suit, with FTSE and Topix jumping 2.6% and 3.5% respectively. Analysts, while positive about the prospective of the US-China trade talks, have warned further corrections ahead.

Stock markets around the world have been increasing since the financial crisis in 2007/2008, which was understood to be fueled by quantitative easing and loosening monetary policy employed by central banks. However, the Fed has raised their key interest rates for the last twelve months and it is very likely that they will continue to do so for the time to come. Although the Bank of England, the European Central Bank and other central banks in major economies have insisted on keeping the rates low, it is believed that they will soon follow the US move, especially under increasing inflation pressure.

The era of cheap money therefore is close to an end, which causes investors a real threat of asset devaluation. The decline of stock markets in the last year and the sharp fall in the December 2018 suggest that the markets in general are very unstable.

Fund's activities

Following the IC meeting in November, 6 stocks were proposed. After further research, we decide to take on only one stock to invest. We excluded other companies from the first investment round for two reasons: (i) the equity reports have not provided sufficient information for decision making; and (ii) their business models and valuations do not convince us that they will survive during this unstable period of the market.

The investee company, Ashtead Group plc, proposed by James Boyle (a MSc Finance student) has proved to be a valuable opportunity. This investment has produced a return of 17.8% in the last month and 19.4.0% since bought. This contributes to the overall increase of 1.9% for the Net Asset Value (NAV) in the last month.

This month, as students are back to study after term break, the investment team and the leadership team have met and agreed on the plans which include producing a list of companies that analysts should cover. We are still very cautious with the market movements but plan to find good bargains from current market conditions.

CURRENT NAV

3,058.3

ASSETS UNDER MANAGEMENT	Weight
Cash	89.2%
Equities	10.8%
Ashtead Group plc (AHT)	10.8%
Total	100.0%

■ Cash ■ Equities



PERFORMANCE	Return
Ashtead Group plc	
% Last month	17.8%
% Since inception	19.4%
Net Asset Value (NAV)	
NAV (current)	3062.6
NAV (last month)	3004.2
% Last month	1.9%
% Since inception	2.1%

MARKETS (% last month)	
FTSE 100 (UK)	3.6%
Dow Jones (US)	7.2%
SP500 (US)	7.9%
Topix (Japan)	4.9%

LINCOLN STUDENT MANAGED INVESTMENT FUND (LSMIF)

Founded in 2018, the Lincoln Student Managed Investment Fund (LSMIF) is exactly what it says on the tin, a fund which will analyse, determine upon, and purchase shares to create a portfolio. The only difference is we are students. No simulations, just our knowledge and ability vs the real market. The best test of our teachings and learnings.

The fund is set up with a structure similar to any other professionally run fund management company with students running every aspect of the fund, from CEO to analyst. It is designed to give any student involved the best experience of the financial world possible before getting a job.

The fund will be handed down to new students each year as those partake in this fund finish their studying. The fund aims to grow in the future, with more positions available to give the most number of students the chance to partake.

The ultimate goal of the fund is to raise the profile of each student involved to allow for them to get the best experience possible. We, however, set the following objectives to make the fund grow on sustainable basis:

- To generate long-term returns from investments using our stylized investment strategies.
- To raise funds through crowdfunding and donors to help increase the capital base.
- To increase the number of students involved in the fund with expanded capital base.
- To link the fund's activities with the related programmes and modules' assessments
- To get more outside sponsors who want to work directly with the fund as well, to further simulate the professional environment.

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