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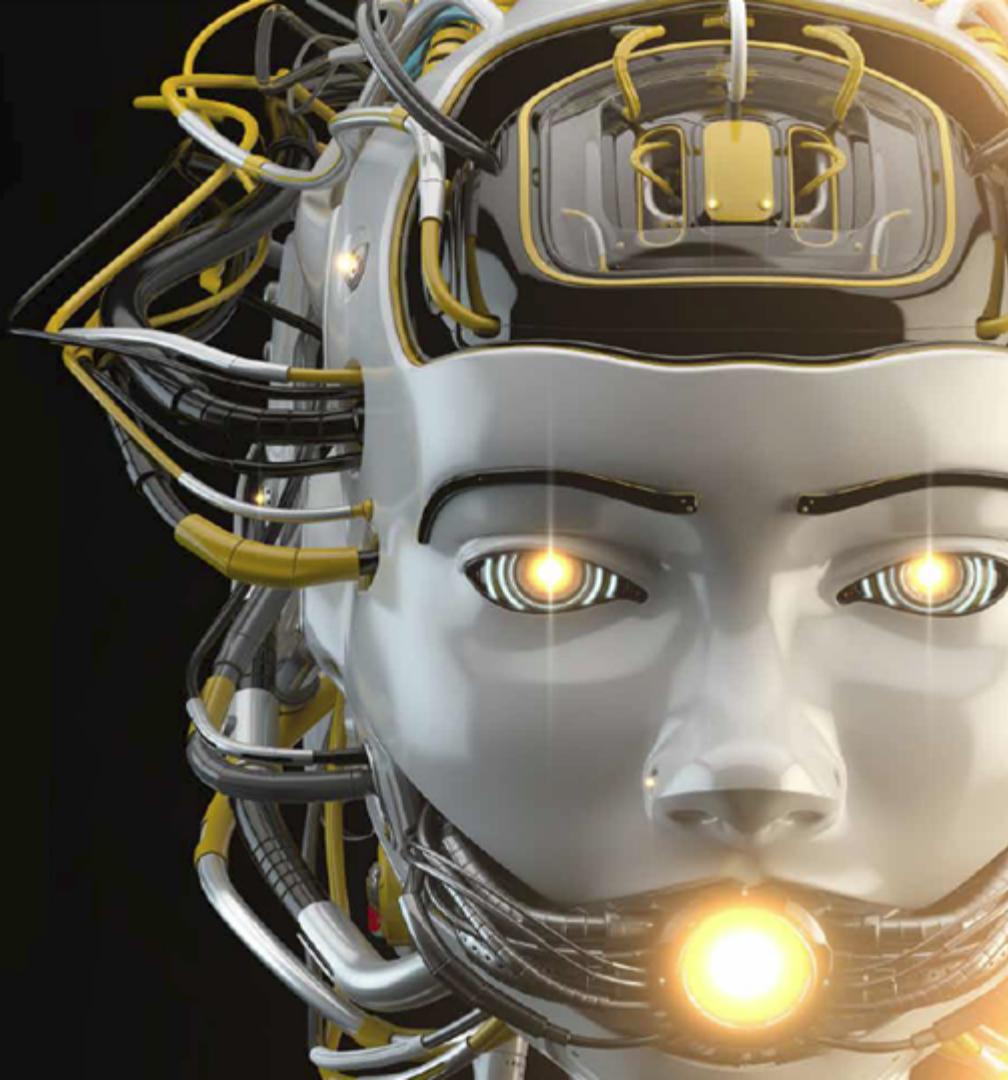
Please note that unless otherwise stated, the share prices used in this presentation is taken at the close of business for the most recent practical day.

Seeing Through the Mist to the Fast Forward Future



with Jim Mellon

Master Investor Show
25th April 2015





TODAY'S TALK

- Last Year in Review
- Macro Outlook
- Investment Themes:
 - The World Today Looks Primitive
 - Productivity to be Disrupted by Technology
- Portfolio Ideas
- Summary

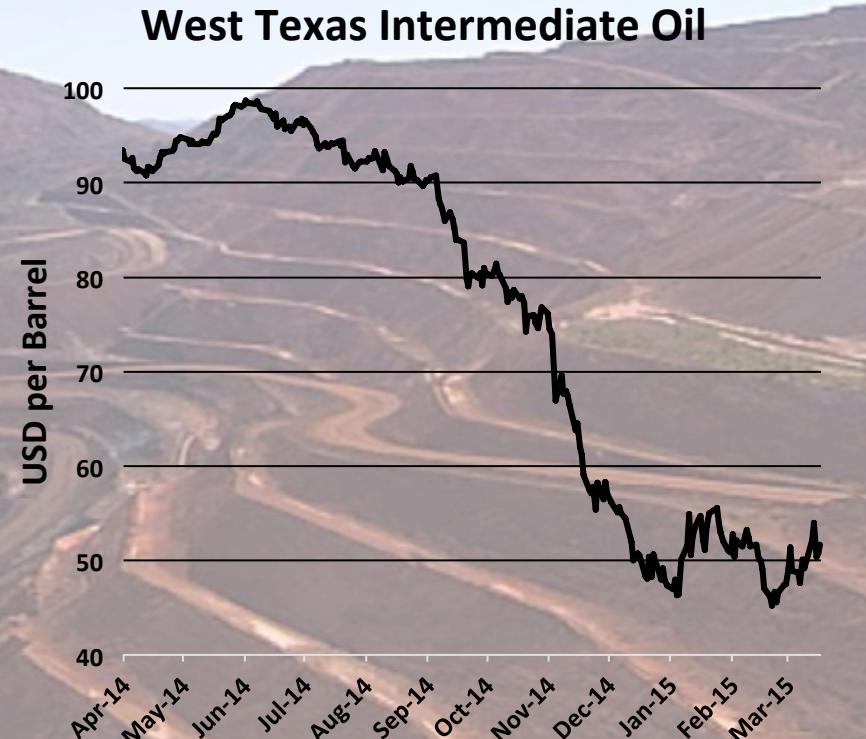
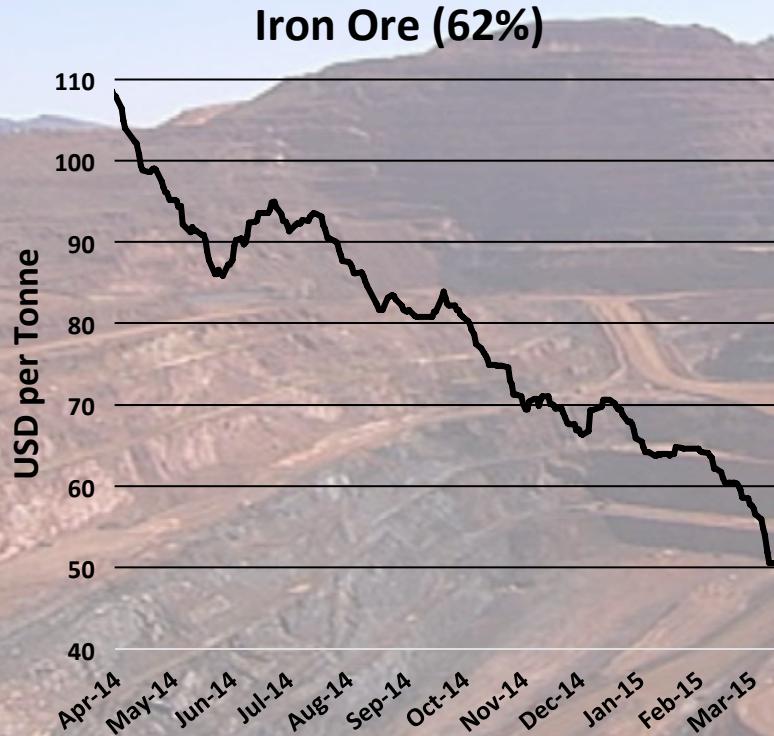
Macro Outlook – Developed Markets

- US – Robust but slowing
- Japan – Monetary policy – limited positive effect
- Emerging Markets – Mixed bag
- Commodities – EM Demand stalling
- Europe – QE – will it work?
- UK – Political uncertainty

Macro Outlook – Emerging Markets

- Some are commodity dependent
- Some are exposed to excessive USD denominated debt
- Reforms still needed
- Emerging Iran and Vietnam are top picks

Commodities





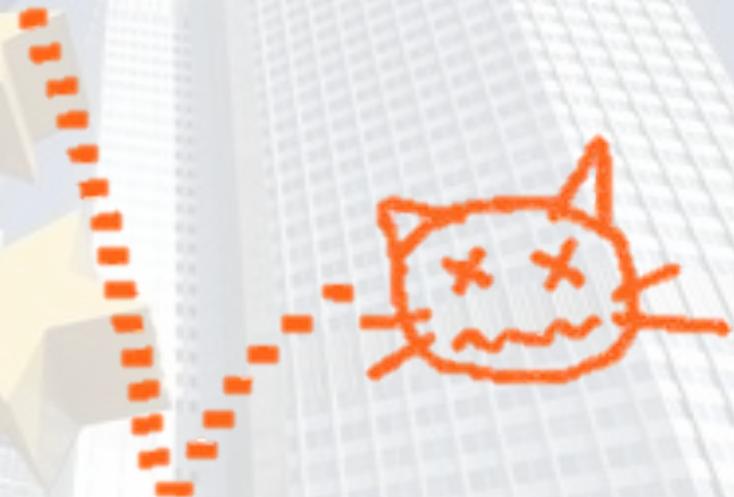
AMERICA
THE half
GREAT



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Euro Messiness

- Banking system still not fixed
- Capital adequacy ratios assume sovereign bonds sacrosanct
- Any growth a dead cat bounce
- Euro has weakened too far
- Neutral on equity valuations

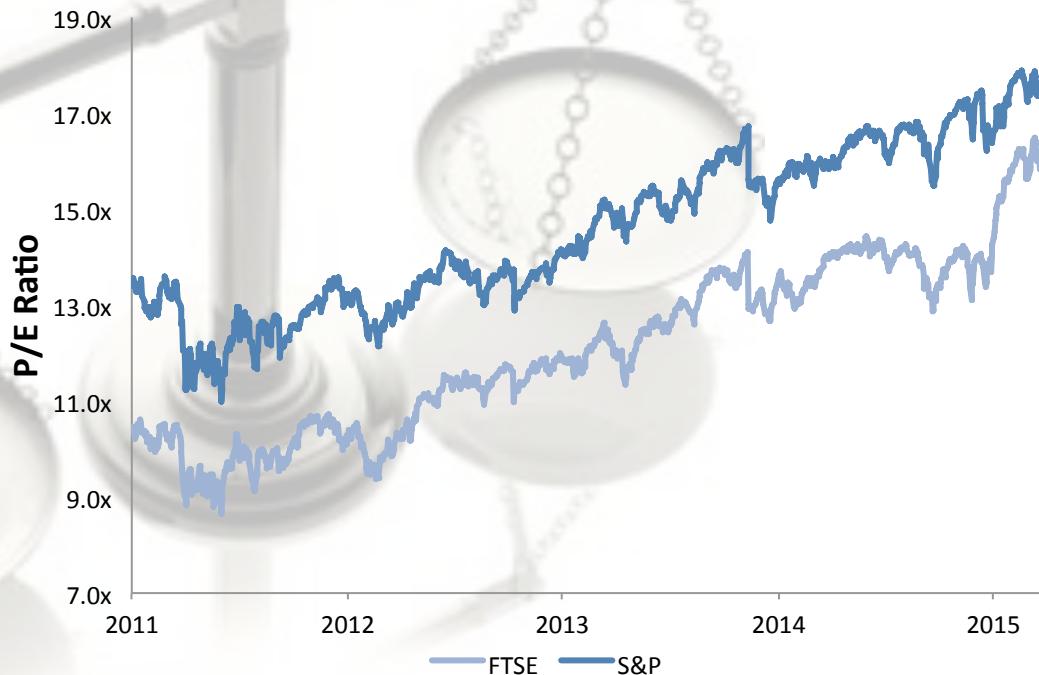


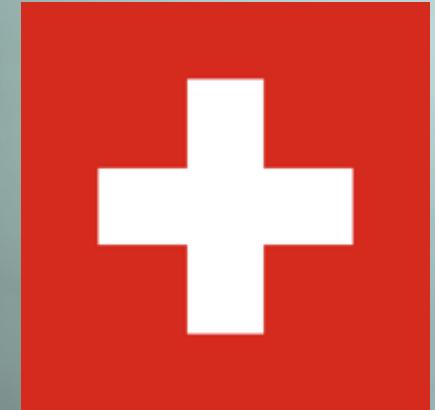
United Kingdom

- Highly exposed to politics
- Growth rates unsustainable with twin deficits
- Low investment as % of GDP
- Suffering considerable wage compression
- Equities fairly valued but high international exposure

Global Equity Valuations Stretched

- CAPE ratio 3rd highest since 1890. Only in 1929 and tech bubble were stocks more expensive on this measure
- Earnings forecasts have been revised down, notably in energy sector
- Inability to invest elsewhere is driving the equity markets





Conviction Trade

#1

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Dangerous Game of Pass the Parcel



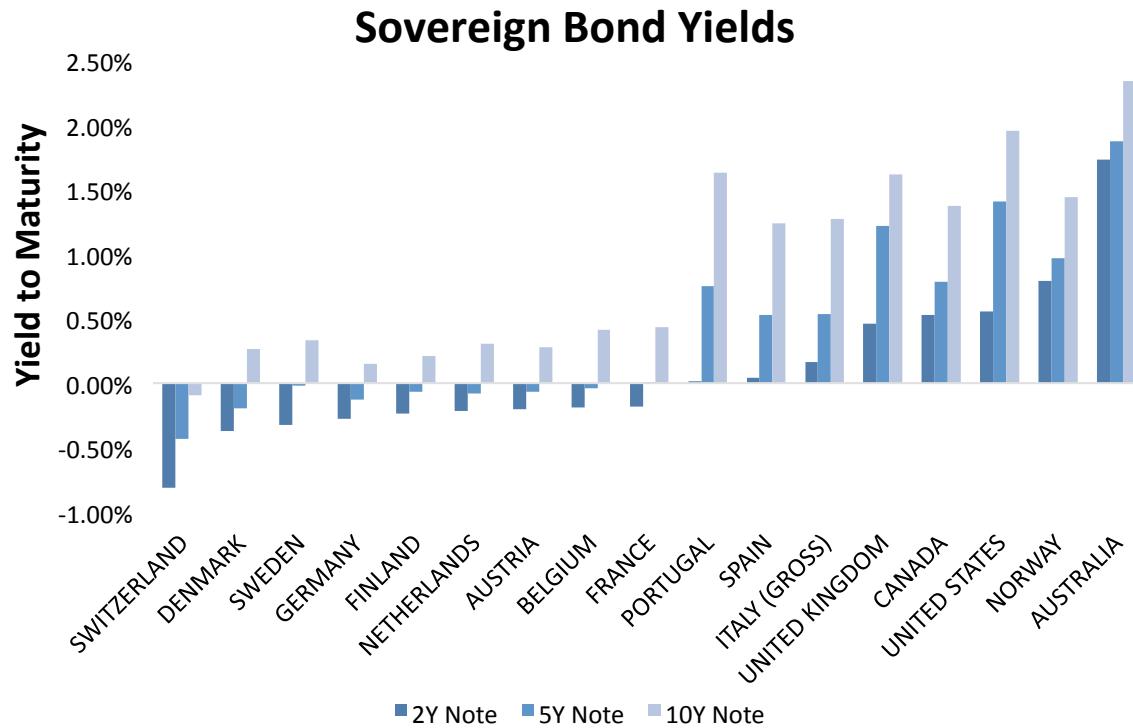
Conviction Trade

#2

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Bonds and Negative Yields

- ECB QE program buy > €1 trillion in bonds
- 1/3 of EU bonds have negative yields - literally a **RETURN FREE RISK**
- World first - Switzerland **ISSUED USD 242m in 10 YEAR** bonds with a negative yield



Why Zero Growth in High Tech World?

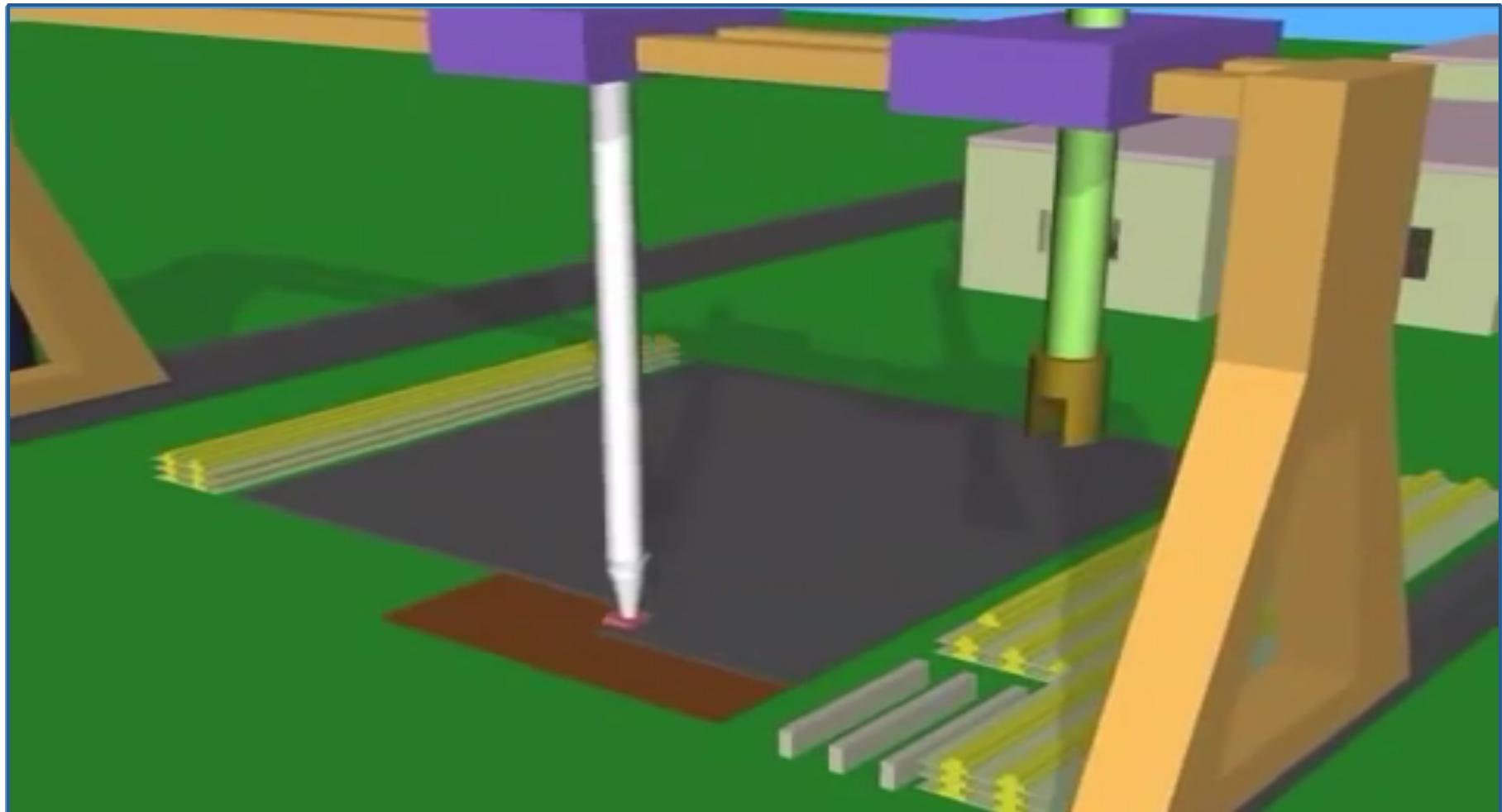
- Developed and emerging economies lack of productivity growth
- But... declining productivity is going to be up-ended by technological advance
- Technological advance stems from huge improvement in processing power

Brave New World - The Strand 1894



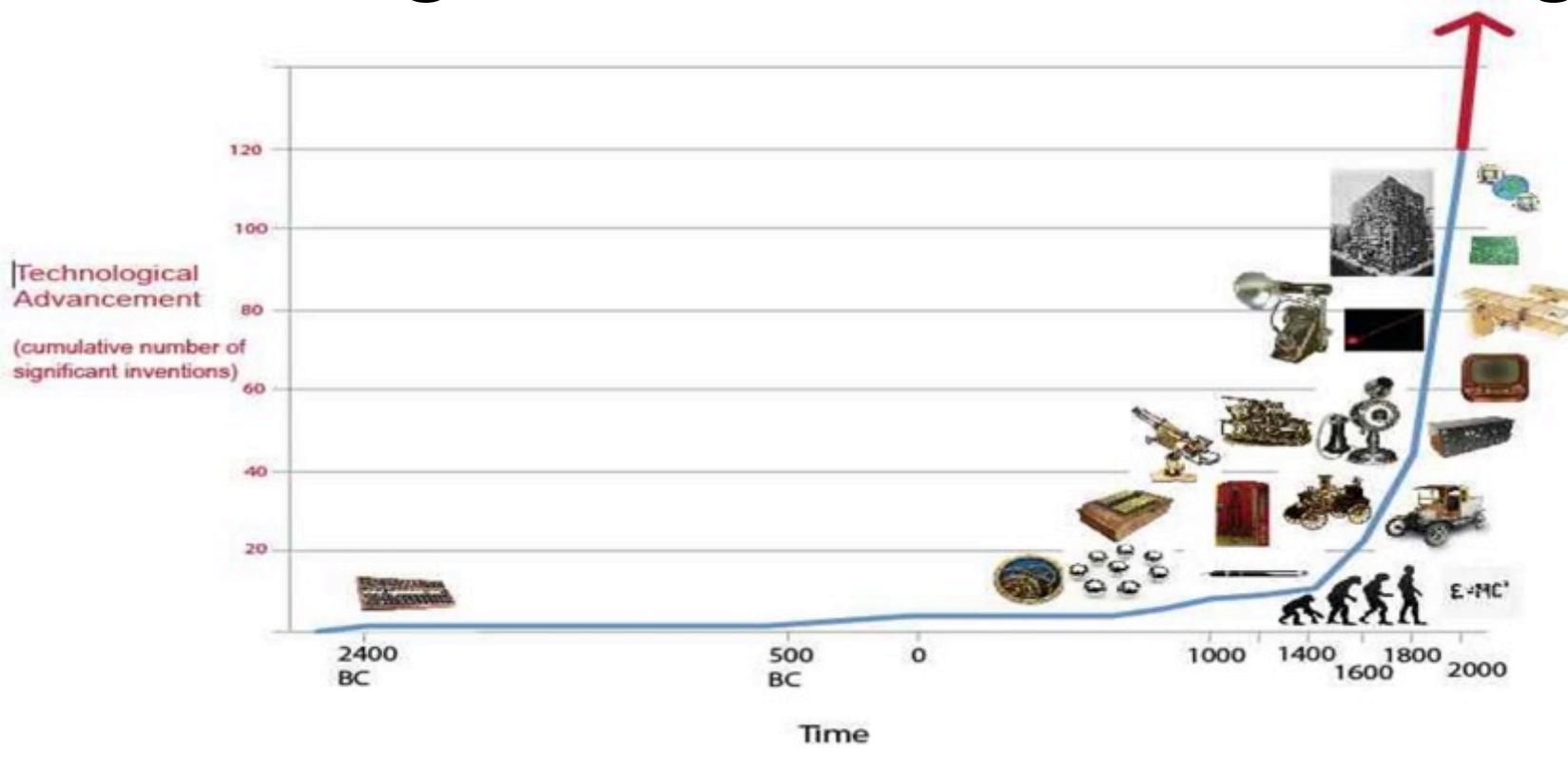
Brave New World – The Strand 2012





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Technological Advance is Accelerating



20 years later and all of these gadgets now fit in your pocket



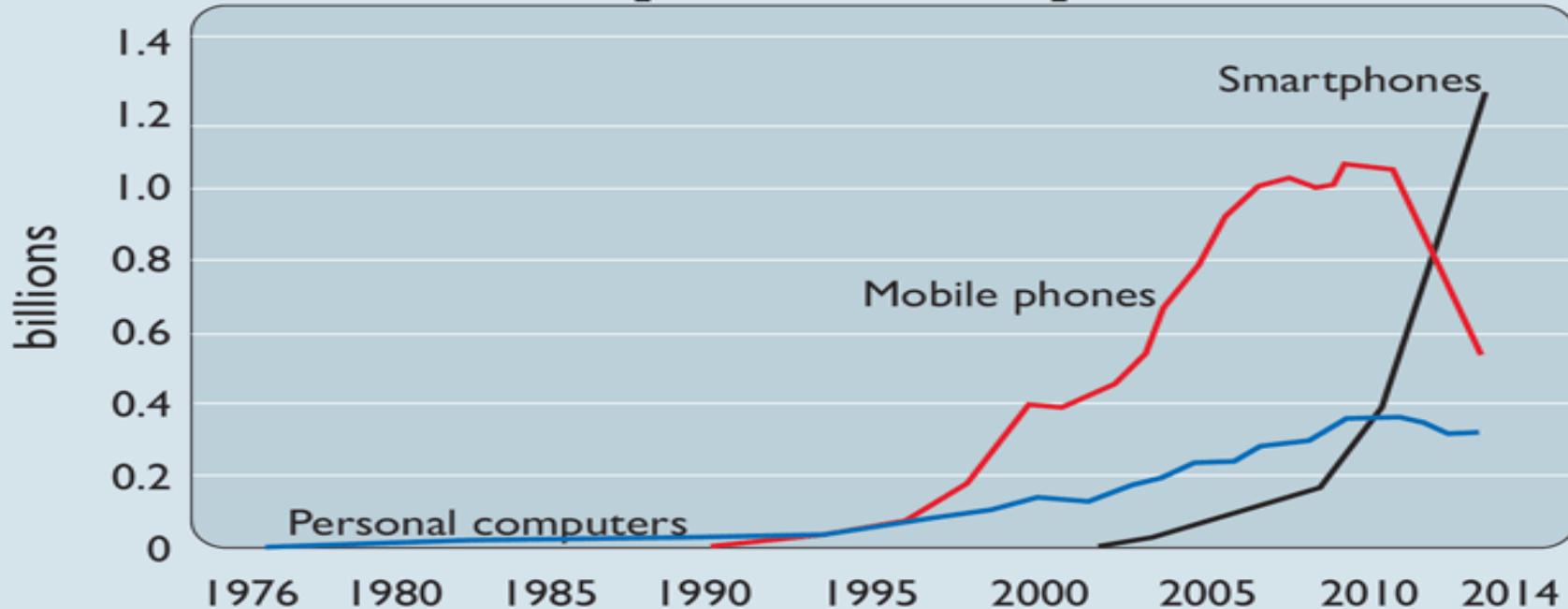
1956 - IBM 5 megabyte hard drive weighing nearly one tonne



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Communications

Smartphone shipments



Five Great Changes



Social Communication

- The sharing economy and peer to peer
- Unlocking previously idol assets
- Uber, Lyft, Airbnb, Just Park
- Facebook, Twitter, LinkedIn, SnapChat, Whatsapp, Tinder



Transport Revolution

- One billion vehicles on the road today – majority with just a single passenger
- Driverless cars will:
 - Use roads efficiently
 - Increase car sharing
 - Improve safety
 - Free up time – NO PARKING!
 - Reduce congestion
 - Reduce energy requirements
 - Disrupt insurance industry
- 2.5m driving jobs in the U.S. alone
- Drones – Amazon & DHL starting trials

Energy Efficiency

- Energy conversion of fossil fuels is ~13%
- Significant production efficiency gain possible
- Solar power cost is at grid parity in southern US and southern Europe and many parts of Asia

Internet of Things

- Not talking about fridges talking to supermarkets
- Logistics and industrial applications
- Virtual reality
- Artificial Intelligence
- Robots coming 'out of the cage'

Current Robot Capabilities





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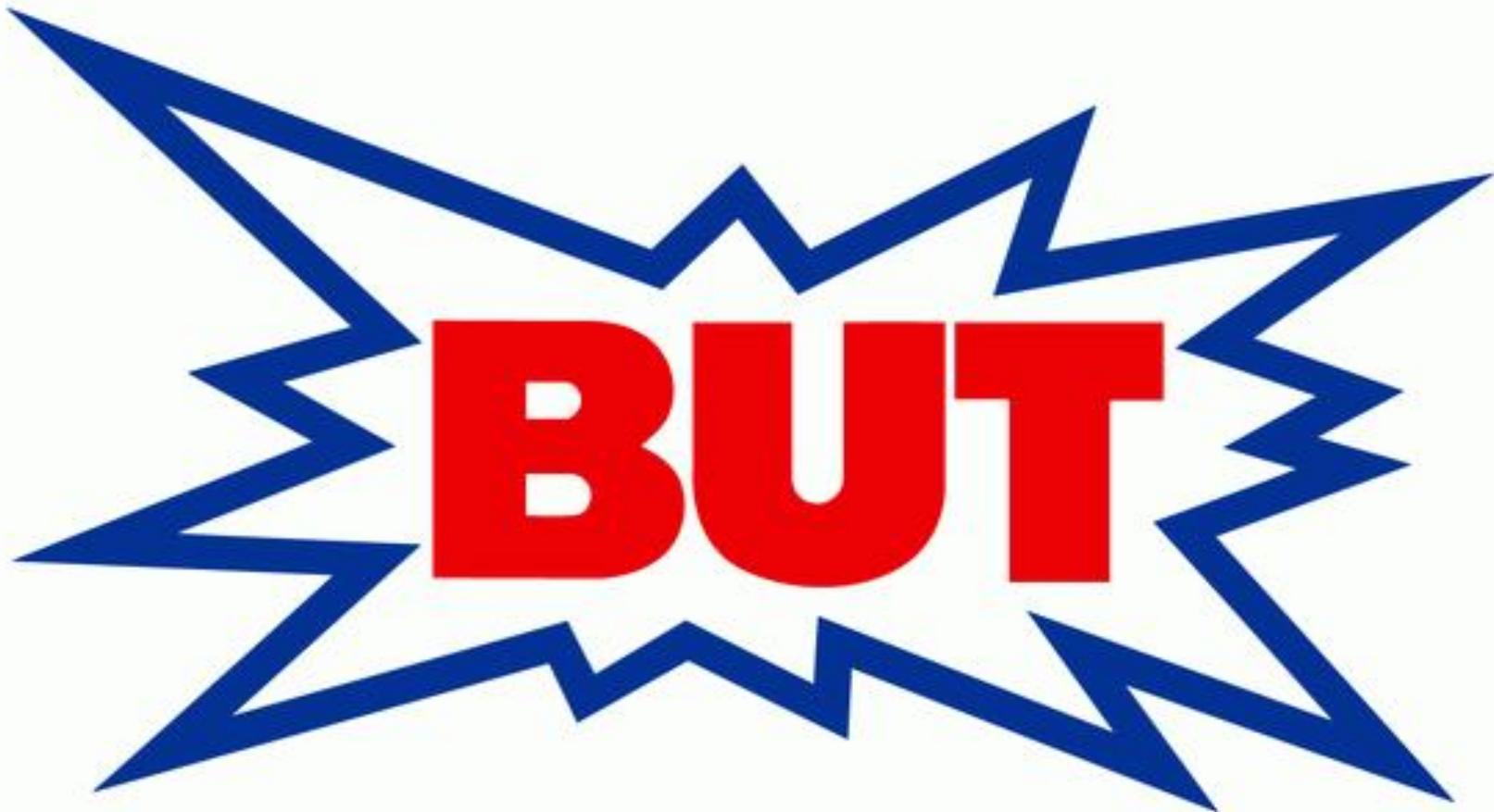
But the
biggest
change of all!

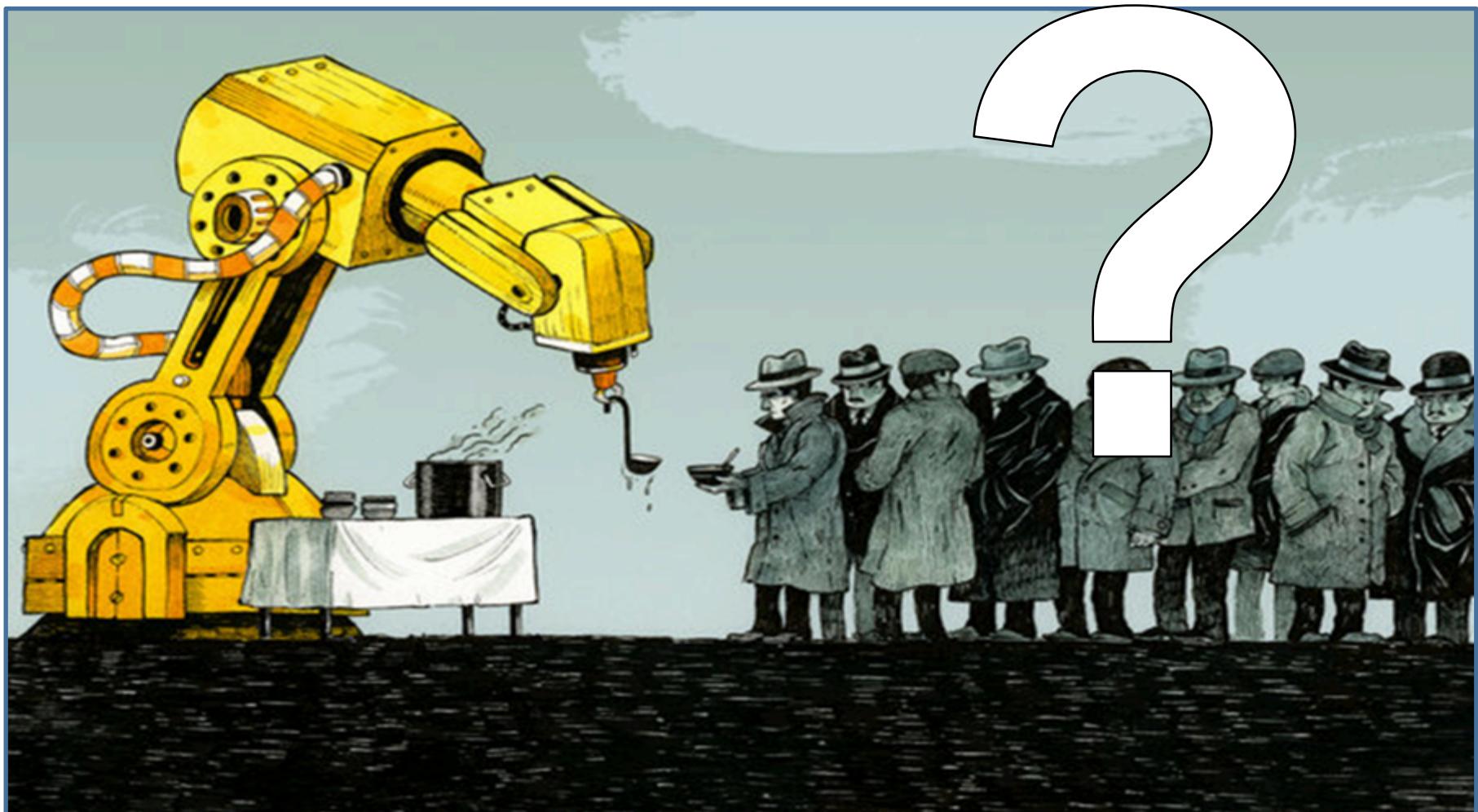


The first person to live
to 150 is alive today.

Life Sciences

- Area of greatest change
- Disease categories being knocked down 1 by 1
- NASH & Hepatitis B next to be cured
- Cancer to become a chronic condition
- Robotic surgery, stem cell therapy and printing of organs
- Gene editing







Unicorns

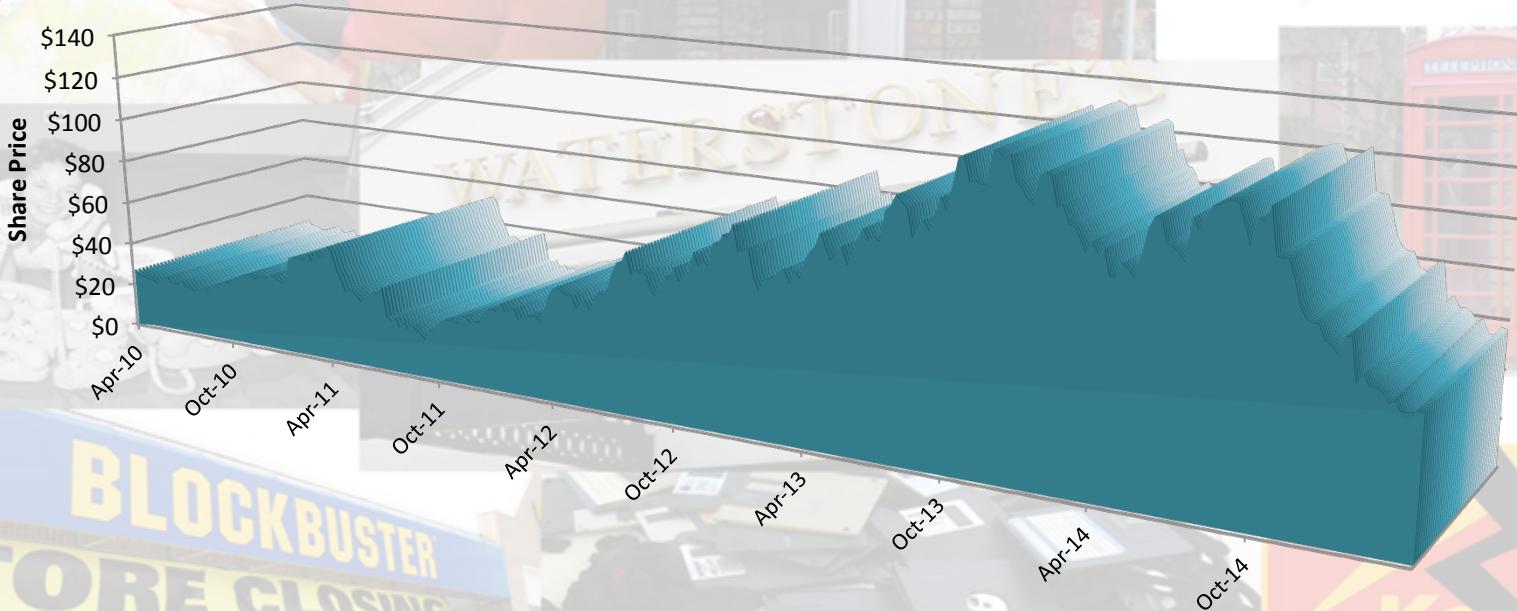


1. Xiaomi	19. Stripe	36. SurveyMonkey	54. Proteus Digital Health	71. Lookout
2. Uber	20. Atlassian	37. Trendy Group	55. Sogou	72. Lynda
3. Palantir	21. Fanatics	38. DocuSign	56. App Dynamics	73. Mogujie
4. Airbnb	22. Bloom Energy	39. Intarcia Therapeutics	57. Eventbrite	74. Plurasight
5. Flipkart	23. Jawbone	40. MongoDB	58. JustFab	75. Qualtrics
6. Dropbox	24. Legendary Entertainment	41. Adyen	59. Lashou Group	76. Razer
7. Snapchat	25. Moderna Therapeutics	42. IronSource	60. MediaMath	77. Sapphire Energy
8. SpaceX	26. Vancl	43. Living Social	61. Slack	78. Shopify
9. Theranos	27. Powa	44. Deem	62. Pivotal Software	79. Shopify
10. Meituan	28. Box	45. Koudai Shopping	63. Shazam	80. Tango
11. Square	29. Houzz	46. Sunrun	64. Olacabs	81. Tinder
12. Pinterest	30. Coupang	47. Jasper Technologies	65. CloudFlare	
13. Snapdeal	31. Dianping	48. Actifio	66. Credit Karma	
14. WeWork	32. InMobi	49. AppNexus	67. Delivery Hero	
15. Cloudera	33. Instacart	50. Automatic	68. GrabTaxi	
16. Spotify	34. Magic Leap	51. Evernote	69. Hootsuite	
17. Kuaidi Dache	35. Nutanix	52. Good Technology	70. Kabam	
18. Pure Storage		53. Lazada		



Schumpeter was Right!

Stratasys Share Price



Conviction Ideas

- Long:
 - FANUC Corp
 - Hewlett-Packard Co
 - Galapagos NV
- Short:
 - CHF against EUR and USD
 - Apple Inc.
 - S&P 500
 - Developed market **NEGATIVE** yielding bonds



Long Recommendations

Instrument	Dividend Yield	USD Market Cap	P/E Ratio	EV to EBITDA
Hitachi Ltd	1.41%	32,579m	12.59x	8.1x
First Quantum Minerals Ltd	0.61%	7,425m	9.03x	10.85x
KUKA AG	0.55%	2,731m	36.30x	11.34x
Sunny Optical Technology Group	1.10%	2,491m	26.66x	14.02x
HSBC Holdings PLC	5.62%	175,200m	13.21x	n/a
Synergy Pharmaceuticals	0.00%	420.7m	n/a	n/a
Hiscox Ltd	3.50%	3,571m	12.77x	n/a
Portage Biotech Inc	0.00%	14.4m	n/a	n/a

Long Recommendations

Instrument	Dividend Yield	USD Market Cap	P/E Ratio	EV to EBITDA
Ladbrokes PLC	9.41%	1433m	23.44x	6.59x
Canon Inc	3.91%	49,945	19.5x	5.49x
Summit Therapeutics	0.00%	153m	n/a	n/a
Condor Gold PLC	0.00%	42m	n/a	n/a
EURUSD	n/a	n/a	n/a	n/a
Nikkei 225 ETF (TYO: 1321)	n/a	n/a	n/a	n/a
Silver (XAGUSD)	n/a	n/a	n/a	n/a
Magna Biopharma Income Fund	1.3%	n/a	n/a	n/a

Short Recommendations



JUST EAT

Summary

- Unconventional monetary policy has created dangerous imbalances and misallocations
- The world today looks primitive
- Disruption will happen quickly but should not be feared
- Most significant change AND opportunity in life sciences

Technological transformation will touch everyone



More Information

Don't forget to buy your copy of FAST FORWARD at
www.fastforwardbook.com or see my sister Trish at stand 81!

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