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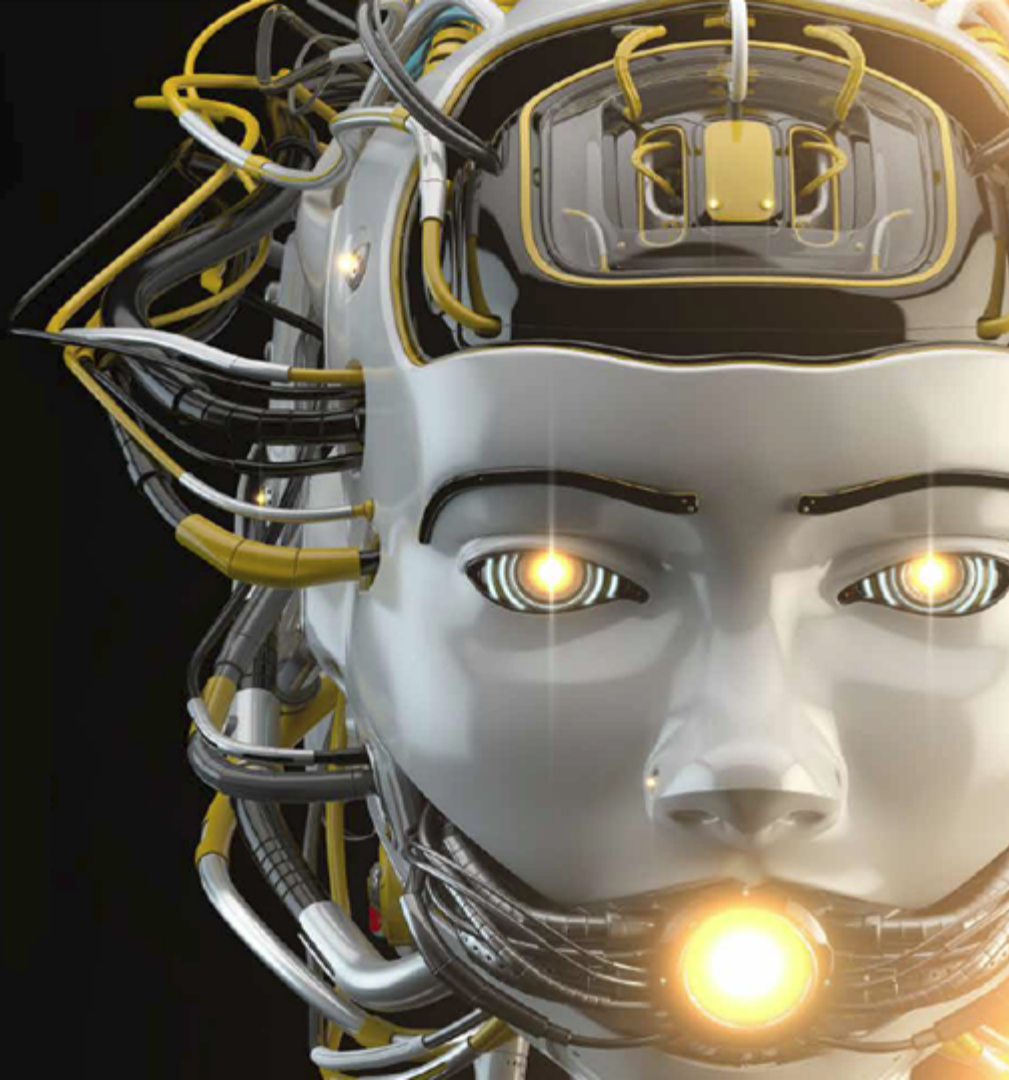
Please note that unless otherwise stated, the share prices used in this presentation is taken at the close of business for the most recent practical day.

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

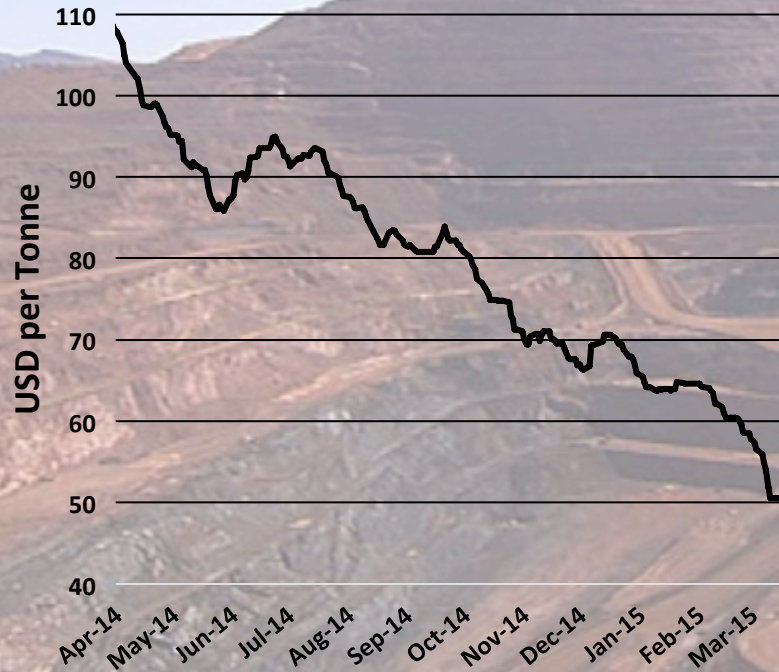
- US – Robust but slowing
- Japan – Monetary policy – limited positive effect
- Emerging Markets – Mixed bag
- Commodities – EM Demand stalling
- Europe – QE – will it work?
- UK – Political uncertainty

Macro Outlook – Emerging Markets

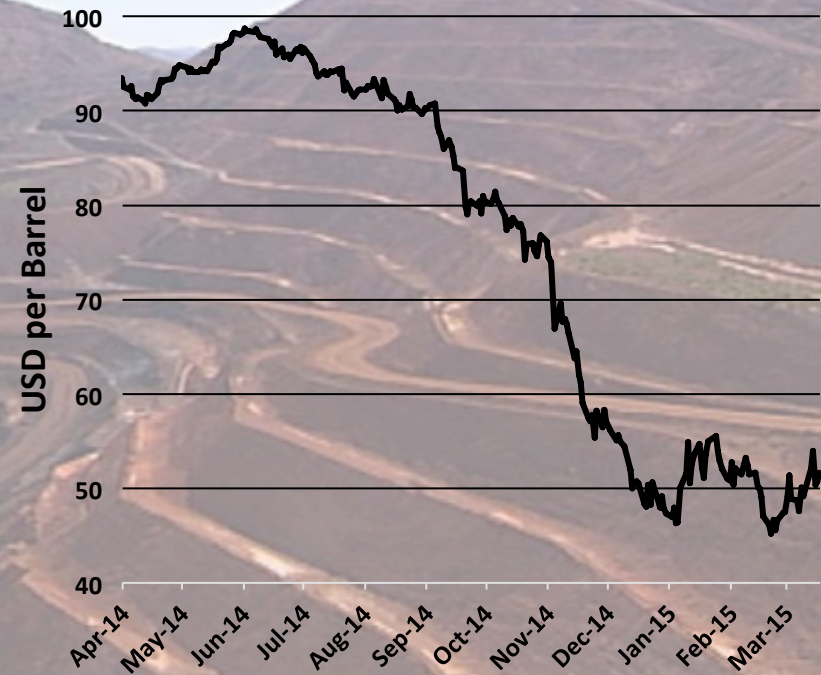
- Some are commodity dependent
- Some are exposed to excessive USD denominated debt
- Reforms still needed
- Emerging Iran and Vietnam are top picks

Commodities

Iron Ore (62%)



West Texas Intermediate Oil





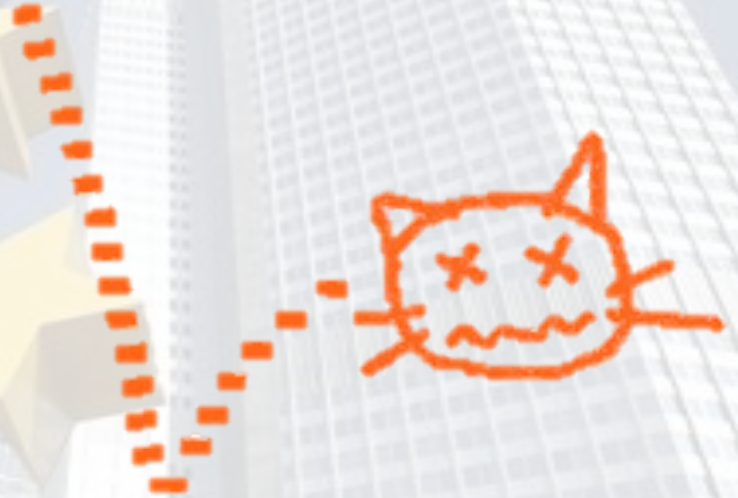
AMERICA
AT THE
GREAT

half



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

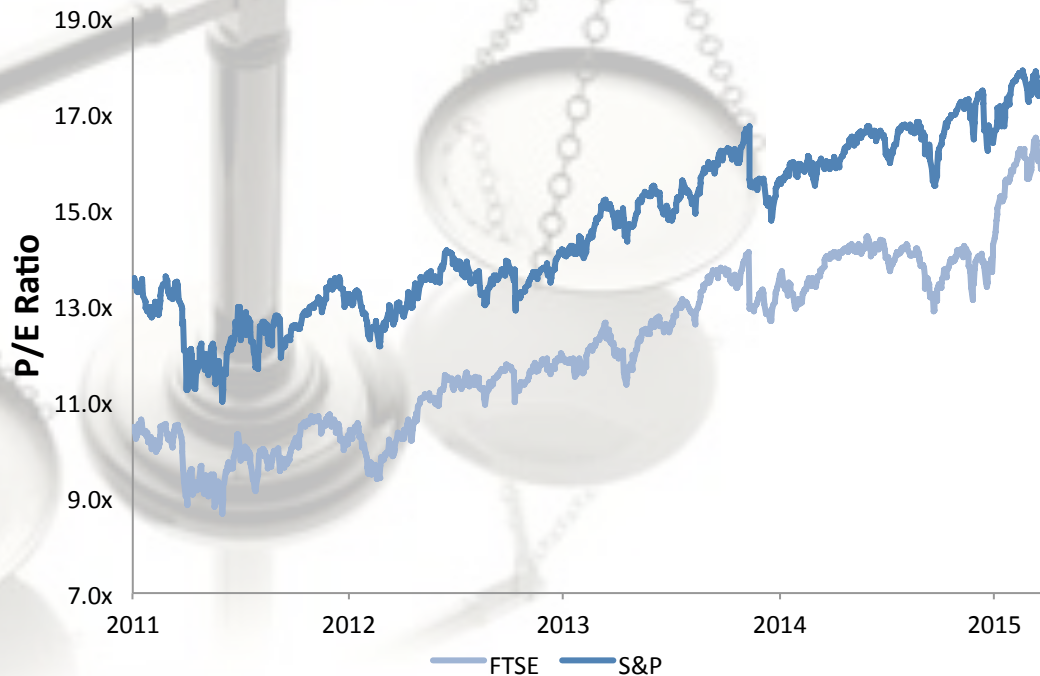


United Kingdom

- 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

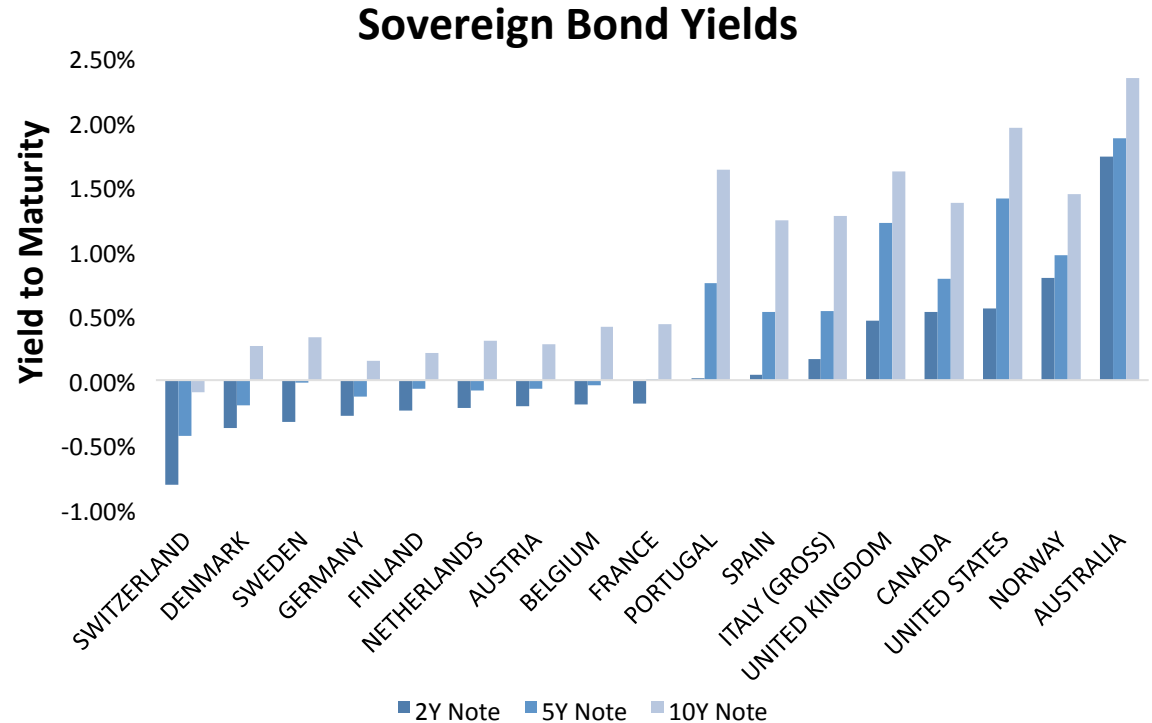


Conviction Trade

#2

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



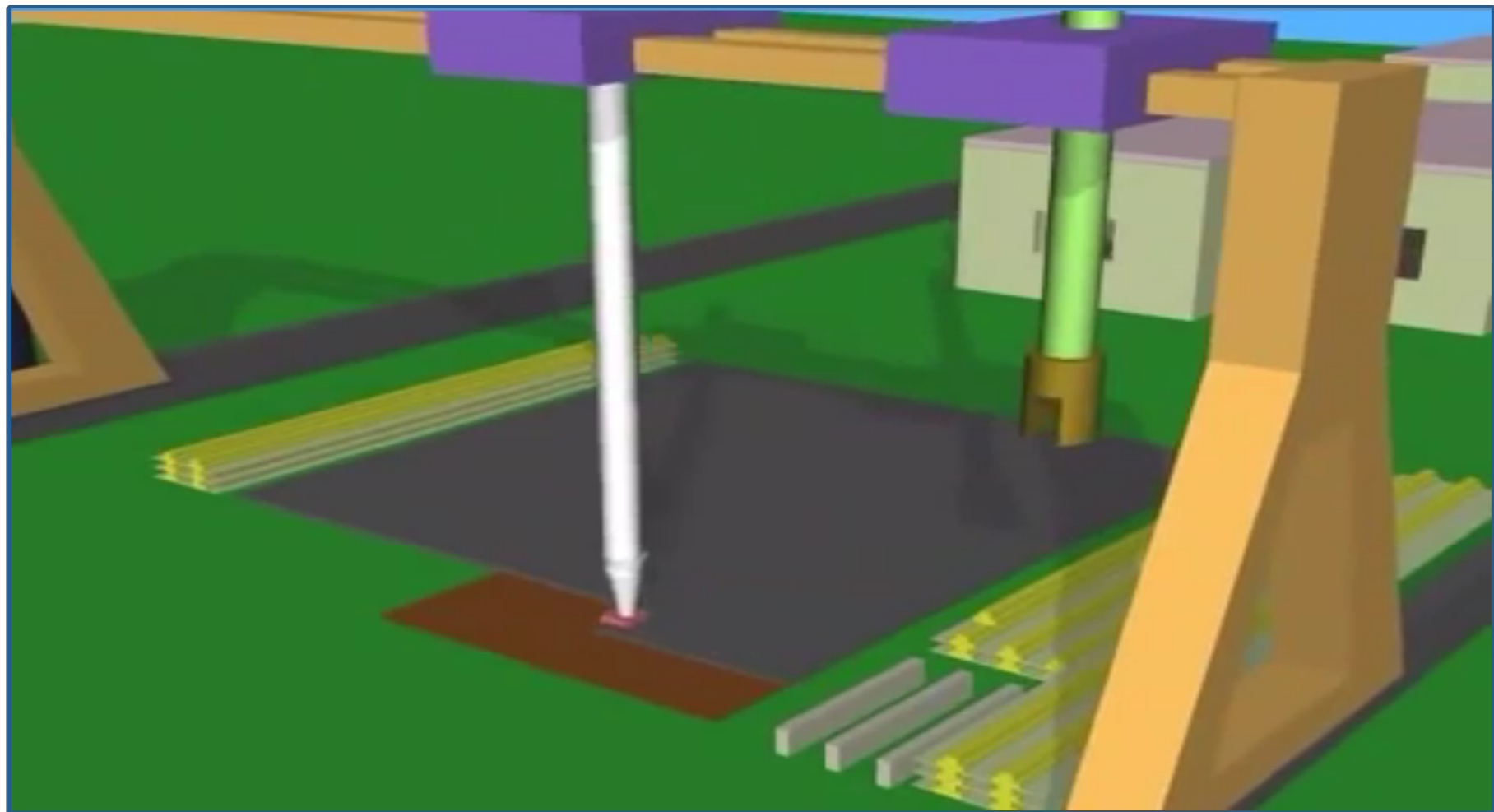
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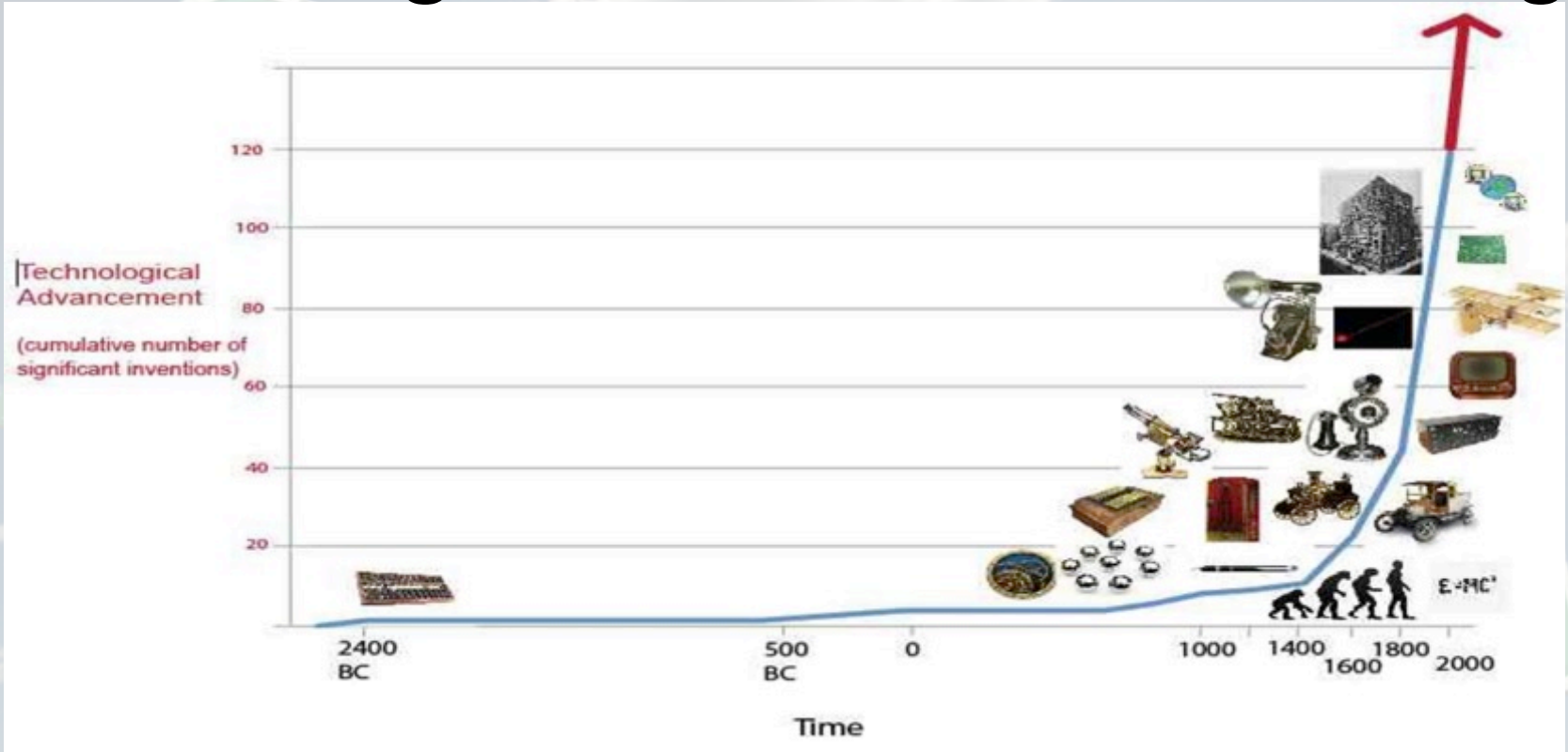
Brave New World – The Strand 2012



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Technological Advance is Accelerating



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



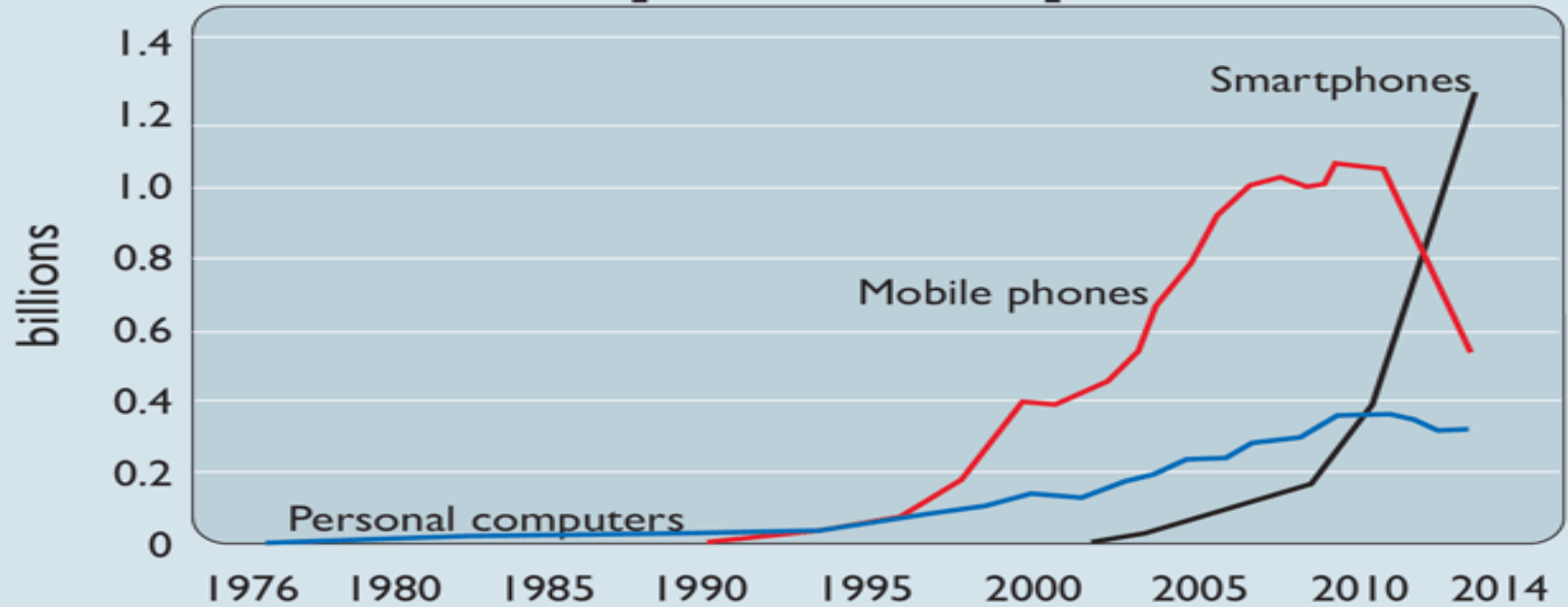
1956 - IBM 5 megabyte hard
drive weighing nearly one tonne



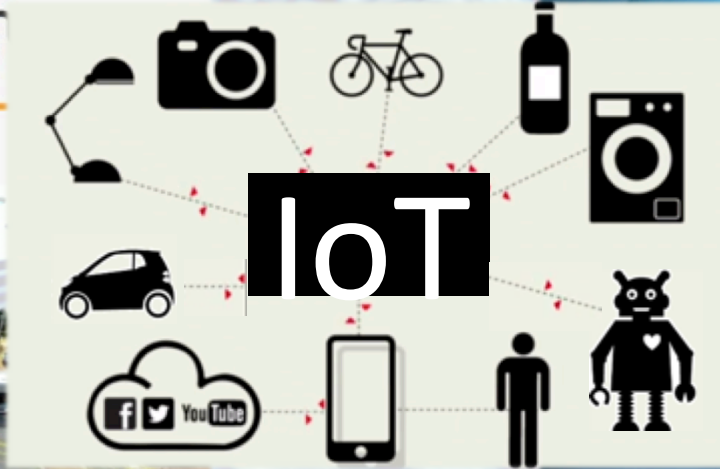
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Communications

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.

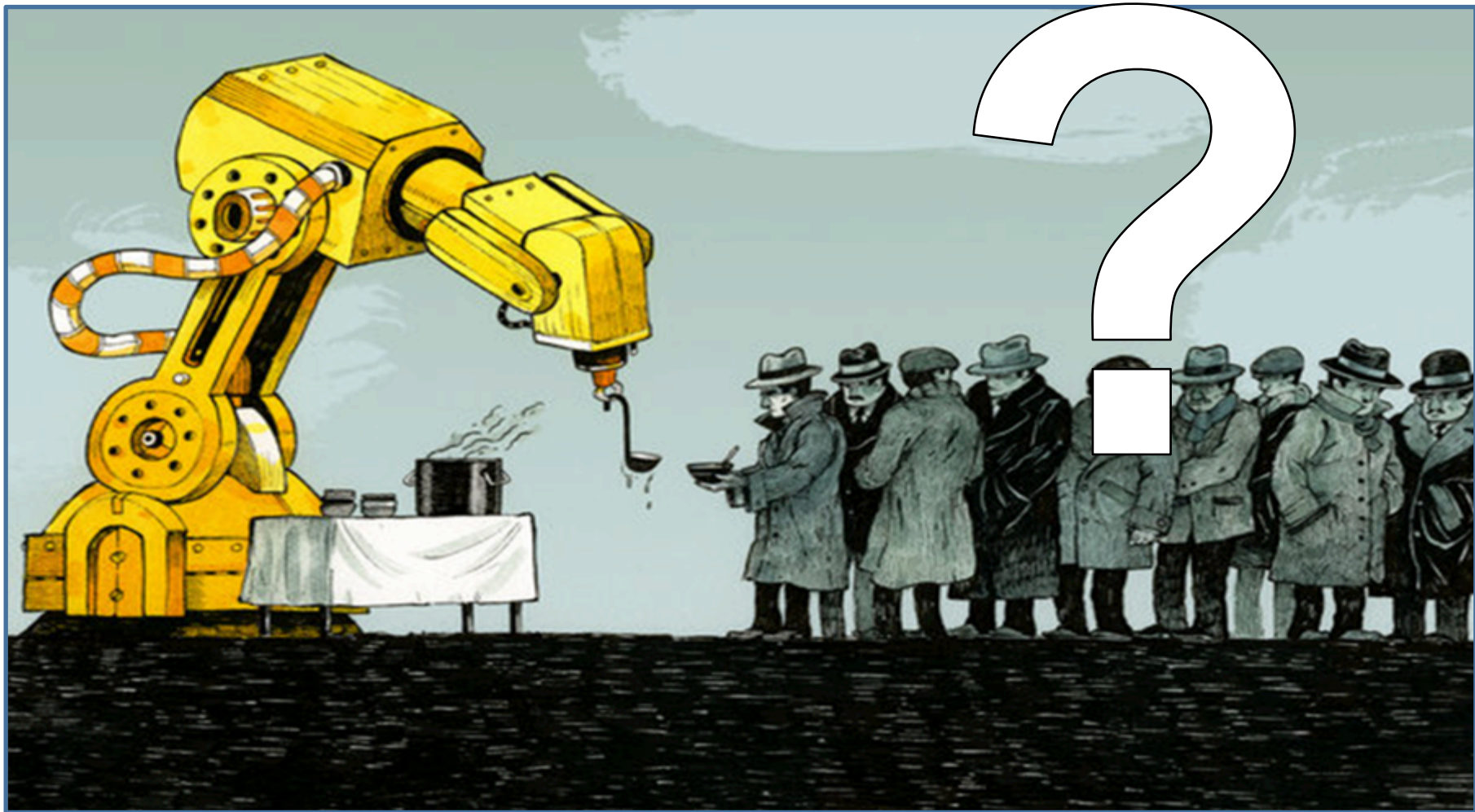
KELLER

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



BUT





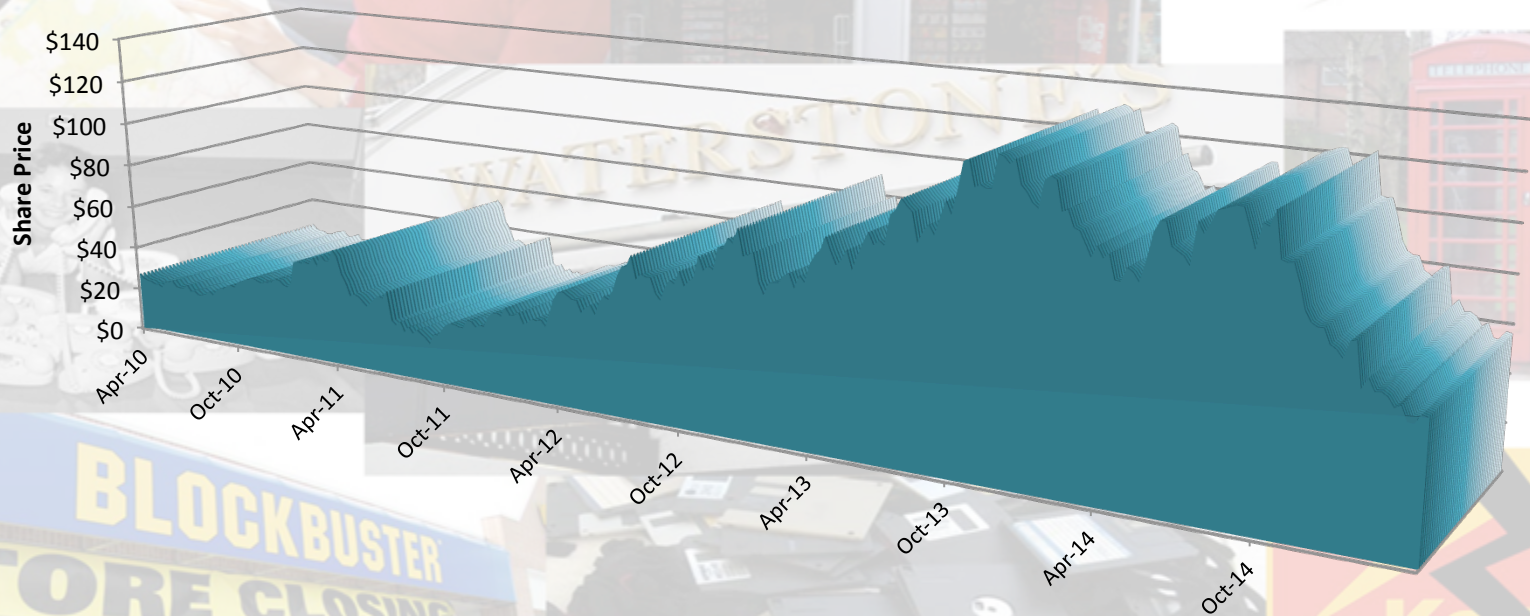
Unicorns

- 
- | | | | | |
|------------------|-----------------------------|---------------------------|----------------------------|---------------------|
| 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. Vancf | 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 | | |



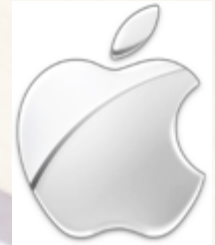
Schumpeter
was Right!

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

The FANUC logo consists of the word "FANUC" in bold, red, sans-serif capital letters, centered on a bright yellow rectangular background.

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

Linked  TM

 TM



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!

Additional information:

- www.burnbrae.com
- www.crackingbio.com
- www.mannbio.com
- www.masterinvestormagazine.co.uk

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