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Inflation needed to nurture green shoots of recovery, MPL says

4th April 2013 – Economic policyholders must embrace inflation in order to nurture the green shoots of recovery, according to Managing Partners Limited, the boutique fund management company.

Global economic growth is being held back by the weight of debt held by governments, corporations and individuals in the West and the only way to reduce the relative value of this debt it is through higher inflation, says Jeremy Leach, Chief Executive Officer at MPL.

Mr Leach comments: "People have reason to be positive for the next 12 to 18 months. Investors are buying shares and property prices are recovering in the US and the UK. But we do need higher levels of inflation. It needs to be controlled in the longer term but right now governments need to embrace it. When people see the real value of their debts fall and the nominal value of real assets such as property increase then they will have confidence and the capital to start spending and investing again, which is all we need for a recovery to happen."

He believes many equities offer great bargains because of their current low valuations and if investors believe the stockmarket has potential to rise then a bull market will return. "The whole thing becomes infectious," Mr Leach says. "Once we see positive sentiment it spills over into other areas as well, helping many kinds of assets, although bonds will suffer in an inflationary environment."

He points to the similarities between the early 1970s and the current situation, with banks failing to lend at sufficient levels and the economy flat-lining. "But from the late 1970s to mid 1980s we had a huge economic boom. The longer we go through this recessionary cycle the bigger the bounce will be when it actually happens," he says.

MPL manages funds that invest in Traded Life Policies (TLPs), which are US-issued whole of life policies sold before their maturity date to allow the original owners to enjoy some of the benefits during their own lifetimes. By building diversified portfolios of TLPs and carrying out the right actuarial analysis, fund managers can use them to deliver steady returns of between 8-10% per annum that are uncorrelated to other financial assets.

MPL's Traded Policies Fund has delivered outstanding returns since its launch in 2004 - a period that includes one of the most turbulent times ever for financial markets. The USD Institutional share class has delivered a total return of 109.97% net of fees from its launch on 1 July 2007 to 15 March 2013, representing an annualised return of 8.94%. In the year to that date the Fund has delivered 8.76%.

For further information on Managing Partners Limited range of funds, visit www.managing-partners.com.

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