

Investment Strategy

Stocks - Greek Market

The successful completion of the Greek banking sector stress tests was not capable of leading alone the domestic stock market to an up rise. The uncertainty, caused by the probability of political developments deterred new incoming capital. Greek bond spreads increased to levels higher than 8% leading to a repricing of the Greek market, lower, based on the new increased risk premium. Political developments and the negotiations for the issue of Greek debt are expected to be the basic catalysts in the forthcoming period.

Stocks - European Market

Implications due to the sanctions against Russia seem to be immediate for the market and are expected to keep demand to lower levels. As a result, several houses revised their GDP forecasts for 2014 lower. This development leads to a search for the appropriate mixture of fiscal and monetary policy and consequently the decisions of ECB related to the form of QE are expected with great interest. In a good scenario involving an ideal mixture of fiscal and monetary policy we consider that cyclical stocks could be attractive. In a medium scenario we would prefer to invest in defensive stocks, while in a negative scenario that involves monetary and fiscal policy not synchronizing, we would anticipate a further drop in the prices.

Stocks - US Market

GDP growth above 3%, completion of tapering, labor market improvement and corporate results that were better than anticipated in their majority so far, are the center of market attention with S&P reaching new high for this year and trading for a P/E of 17-18. This positive trend may continue due to the liquidity in the system and the announcements made by the BOJ. We are skeptical due to the high valuations, since a fair market price corresponds to a P/E of 14-15.

Bonds Market

High yield bond prices continue to suffer despite the positive market climate, with new issues of such bonds being limited. Low interest rates in the money market may constitute an investment opportunity for such type of bonds, but after a thorough scrutinization in order to avoid issuer risk to the extend that this is possible. Regarding domestic bonds, pressure is expected to continue during the forthcoming two months, while we remain positive in buying at lower prices.

BETA Asset Management Performance & Strategy Update



2014 – Current Performance (non annualized)

Portfolios	BETA Asset Return 1/1/14 – 31/10/14	Benchmark	Benchmark Return 1/1/14 – 31/10/14	+/-
Greek Stocks	-14.12%	FTSE/ ASE Large Cap	-22.24%	+8.12%
European Stocks	-0.54%	ESTOXX 50	0.14%	-0.40%
US Stocks	10.12%	S&P 500	9.18%	+0.94%
Corporate Bonds	7.44%	Barclays Euro Corporate Total Return Index	7.20%	+0.24%



BETA Asset Management – 4 Year Performance

Portfolio	2010	2011	2012	2013
BETA Greek Stocks	-33.10%	-45.52%	35.95%	57.73%
FTASE / 20	-41.08%	-60.05%	16.90%	24.27%
Over /Under Performance (+/-)	+ 7.98%	+14.53%	+19.05%	+33.46
BETA European Stocks	-3.00%	-10.22%	20.35%	20.73%
ESTOXX 50	-5.81%	-17.05%	13.79%	17.95%
Over /Under Performance (+/-)	+2.81	+6.83%	+6.56%	+2.78%
BETA US Stocks	4.12%	11.86%	18.23%	32.00%
S & P 500	12.78%	0.00%	13.41%	29.60%
Over /Under Performance (+/-)	-8.66%	+11.86%	+4.82%	+2.4%
BETA Corporate Bonds	11.63%	8.28%	26.71%	9.17%
Barclays Euro Corporate Total Return Index	4.75%	1.49%	13.59%	2.37%
Over /Under Performance (+/-)	+6.88%	+6.79%	+13.12%	+6.8