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## 7 STOCKS FOR LIFE AFTER CORONAVIRUS

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# The pandemic could have negative implications for the 'E' in ESG

Instead, expect a greater focus on the 'S' (social) part of the equation

According to communist leader Vladimir Lenin 'there are decades when nothing happens, and there are weeks where decades happen'. It feels at the moment like we are very much living through a period where the latter is true.

In this fast-changing situation it can be hard for investors to stay on top of all the trends which are emerging. Fortunately *Shares* is on hand to help, including a feature this week looking at a [post-coronavirus world](#) and what it could mean for businesses and markets.

In the coming weeks we will take a closer look at the impact on individual sectors and industries as well as keeping on top of all the topics affecting investors at the moment, not least the devastating hit to their income.

One theme which is not going away but will undoubtedly be affected by the coronavirus crisis is ESG or, in long form, environmental, social and governance considerations in investing.

The latest Government advice in the UK, effectively dissuading people from using public transport given the difficulties of social distancing when doing so, feels like it will push more of us behind the wheel of our cars (if we have one) as we retreat to this bubble of perceived safety.

Rising car usage doesn't fit with a narrative of increasing environmental awareness and, elsewhere, the collapse in oil and natural gas prices might make renewables look more expensive in relative terms.

There are longer term considerations too. The trend towards urbanisation has typically been seen as a net positive for the environment as humans have a lower footprint in cities than in rural or suburban areas.

However, the pandemic could lead more people



DATA FROM  
TOMTOM SHOWS  
LONDON ROAD  
CONGESTION AT 8AM  
ON 11 MAY WAS 20% VERSUS  
16% A WEEK EARLIER

to crave cleaner air and more outside space by moving out of built-up areas.

## DOWN THE LIST OF PRIORITIES

The climate might shift down the list of priorities for a world which is concentrating on the difficult and costly task of reviving societies and economies in the wake of coronavirus.

On the flip-side, increased working from home could reduce emissions as people aren't travelling to work and air travel is largely on hold and may not return to pre-crisis levels any time soon.

The adaptations we have made in the face of the virus demonstrate the world is capable of the kind of dramatic and co-ordinated action which might be needed as we face up to environmental threats.

The outbreak could also put an increasing focus on the 'S' in ESG as investors look at how businesses treated suppliers, customers and employees through the pandemic.

Morgan Stanley's head of sustainability research Jessica Alsford says: 'Corporate behaviour in a time of crisis – both in how companies treat employees and customers, and their impact on society in a time of need – can have lasting implications, both positive and negative. These factors can be linked to long-term performance and returns.'

There is a lot more to consider when it comes to ESG and the impact Covid-19 will have and we intend to return to this topic in more depth in the near future.



By Tom Sieber Deputy Editor



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SHARES AS  
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Pau Buscato | Ibiza, 2015

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Capital at risk



# Markets welcome lockdown easing but Brexit is still an issue

US/China bickering is also a factor that could destabilise markets

**UK** markets have been largely on the front foot as investors embraced the Government's first moves to ease the pandemic lockdown and restart business and the economy.

Boris Johnson's tentative measures will see many people who were unable to work from home and previously furloughed return to their jobs in key industries. This includes construction and some retail including DIY stores and garden centres.

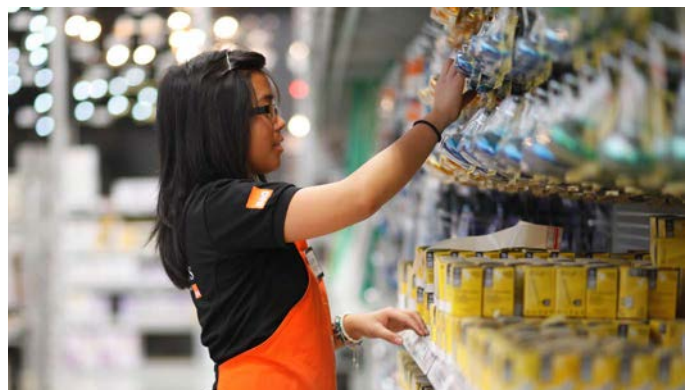
Chancellor Rishi Sunak also extended the UK's furlough scheme to October. A quarter of the UK workforce, about 7.5m people, are now covered by the scheme, which has cost £14bn a month. Children will also gradually begin returning to the classroom, and advice to avoid public transport and continue social distancing remains in place.

With cycling actively encouraged as a way to get about, investors swarmed round **Halfords (HFD)**, sending the share price soaring nearly 50% since the end of last week. Other big winners so far include grocery delivery firm **Ocado (OCDO)**, virus testing kit developer **BATM (BVC)** and **Kingfisher (KGF)**, which owns the B&Q DIY chain.

'Lockdowns are now in the process of being relaxed, both here in the UK and across much of Europe, which is clearly good news, but the relaxations are very tentative, with further easing dependent on there being no secondary spike in infections,' says Rupert Thompson, chief investment officer at wealth manager Kingswood.

'The latest news here has been rather less encouraging, with new localised outbreaks of the virus in China, South Korea and Germany.'

For the recent stock market rally to be sustainable 'much needs to go right given valuations are stretched and the market seems to be assuming a strong rebound in earnings in 2021,'



says Lori Calvasina, head of US equity strategy at RBC Capital Markets.

Confirmation of the damage done to the US labour market, where employment fell by a massive 20.5m in April, is worrying. That's effectively unwound job growth notched up since the global financial crisis, and the unemployment rate has surged to 14.7%.

The pound continued to ebb and flow against both the dollar and euro this week implying that currency investors are no more informed of the future than anyone else.

Angst over Covid-19 and trade continues to smoulder between the US and China while investors have been warned not to underestimate the investment risks of Brexit negotiations between the UK and EU.

Entering the third round of talks this week, the pandemic has understandably distracted both politicians and trade negotiators, but 'the clock on trade talks has continued to count down regardless,' says Matthew Cady, investment strategist at wealth manager Brooks Macdonald, with less than two months left to the 1 July transition deadline.

'The UK/EU trade talks continues to be one of the key market risks that we are watching, given the potential negative impact for risk assets,' he adds.

# What to expect from the FTSE 100 stocks yet to update on dividends

As income investors count the cost of cuts and suspensions we look ahead to those still to announce

**N**ews that mobile telecoms firm **Vodafone (VOD)** will continue paying dividends gave income investors some cheer after a series of cuts, cancellations and deferments of dividends from UK stocks.

There are still a significant number of FTSE 100 firms which have not yet made an explicit announcement on the dividend. The table shows the highest yielding names (based on current forecasts) which fall into this category and when they are next scheduled to update the market.

This group includes some big miners as well as consumer goods giant **Reckitt Benckiser (RB.)**, tobacco firm **Imperial Brands (IMB)** and energy company **National Grid (NG.)**.

Reckitt and Imperial Brands may follow the example of their respective peers **Unilever (ULVR)** and **British American Tobacco (BATS)**, which both maintained their own dividends in the face of the crisis. These decisions were underpinned by robust revenue and cash flow performance amid the pandemic.

However, the 11.7% yield at Imperial Brands suggests the market is somewhat sceptical about its ability to continue paying out large amounts of cash to shareholders.

The income available from the mining sector looks generous at face value but investors should be wary of potential dividend cuts given the volatility in commodities markets of late.

National Grid and the other utilities firms on the list should be better placed than most businesses to maintain dividends as their income is regulated and therefore relatively predictable regardless of the economic backdrop. However, business demand for energy will have been impacted by the lockdown.

## Highest yielding FTSE 100 companies yet to announce on the dividend post-corona

Company	Prospective yield (%)	Next scheduled update
Imperial Brands	11.7	First half results 19 May
Evraz	8.5	First half results 6 August
BHP	6.7	Full year results 18 August
Rio Tinto	6.7	First half results 29 July
National Grid	5.3	Full year results 18 June
United Utilities	4.6	Full year results 22 May
Intermediate Capital	4.3	Full year results 4 June
Severn Trent	4.1	Full year results 20 May
Pennon	4.0	Full year results 4 June
Johnson Matthey	3.5	Full year results 11 June
Hargreaves Lansdown	2.7	Trading update 14 May
AstraZeneca	2.6	First half results 30 July
Reckitt Benckiser	2.6	First half results 28 July
Burberry	2.5	Full year results 22 May
DCC	2.5	Full year results 19 May
RELX	2.5	First half results 23 July
Smith & Nephew	1.8	First half results 29 July
Ashtead	1.7	Full year results 16 June
Experian	1.6	Full year results 20 May
Aveva	1.2	Full year results early June

Source: Shares



# BT's dividend glory days are over

Analysts do not expect dividends to return to historical levels for many years to come

**F**razzled investors in **BT (BT.A)** were dealt a double blow last week, leaving them to wonder if the shares are still worth holding.

The UK telecoms giant has scrapped its dividend for the next 18 months and reset future shareholder payouts at half previous levels.

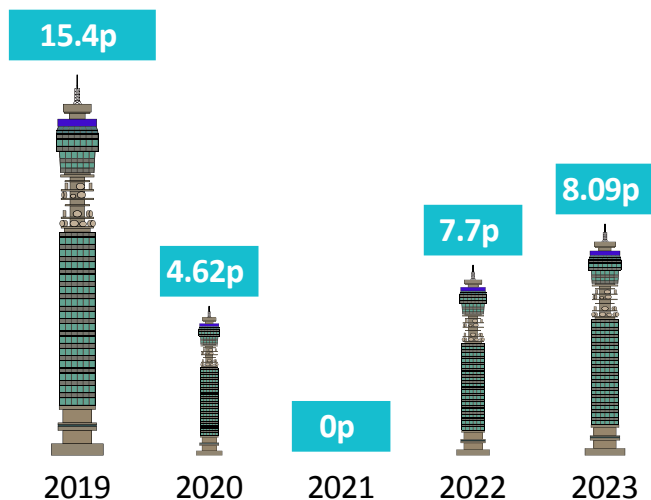
On the same day of the dividend news, Virgin Media and UK mobile network O2 unveiled a merger that may create a genuine challenger to BT's dominance in UK quad-play (internet, landline, mobile and digital TV).

Combined, these pieces of news caused BT's shares to fall by 8%, taking them to an 11-year low of 104.95p.

According to analysts, Virgin/O2 will have 32.6m mobile, 5.3m broadband, 4.9m fixed voice and 3.7m pay TV subscribers, although BT will remain substantially larger due to its landline dominance and overseas operations.

Numis analyst John Karidis batted off worries about the merging rivals, saying that the fibre to

**BT'S DIVIDENDS AREN'T EXPECTED TO RETURN TO PREVIOUS LEVELS FOR A LONG TIME**



Source: Shares, BT, Numis. March year-end



the premises rollout pursued by BT is 'superior' to Virgin's cable network, which 'reaches just half of the UK'.

Karidis also pointed out that O2 currently has limited mobile spectrum to leverage. But a more powerful rival in an already intensely competitive market will be far from helpful.

BT's axing of dividends for an extended spell will not be easy to dismiss. The £10.4bn FTSE 100 member had been paying 15.4p per share a year to investors and that income was the chief reason for investors to own the shares. BT has now axed its final payment for the year to 31 March 2020 and for the whole of the current year to March 2021.

Dividends will resume in the financial year to March 2022 at the sharply reduced rate of 7.7p per share. That implies a 2022 income yield of 7.3% which is still attractive to investors, yet only because the share price has fallen so sharply, down 44% in 2020.

Optimists argue that taking a dividend break will free the company to modernise, making the immense infrastructure investments needed to meet national superfast fibre to the home rollout plans. It should also help it to scale up next generation 5G mobile networks while maintaining hefty debt and pension scheme payments.

# Gold decision gives Ruffer best month in its history

Its fund managers think share prices will continue to move higher, but warn support could be pulled back if markets rise too much

**A**pril was a good month for stock market investors, boosted by support from governments and central banks around the world to tackle the economic fallout from the coronavirus pandemic.

One of the biggest beneficiaries has been investment trust **Ruffer Investment Company (RICA)**, which in April recorded its biggest ever one-month share price rise (+10.4%) and the second biggest jump in its net asset value (+5.8%). By comparison its FTSE All-Share benchmark rose 5% during the month.

The trust's managers, Hamish Baillie and Duncan MacInnes, put a large part of their outperformance down to their decision in March to top up their allocation to gold.

While the managers see share prices continuing to trend higher, they warn that accommodative fiscal and monetary policies, which have so far helped to support markets, will be pulled back if the rise in shares continues to be dislocated from

economic reality.

They comment: 'For now the balance appears to be in favour of price appreciation; we would only caution that if markets run significantly higher, politicians and central bankers may be faced with the exceptionally toxic combination of both stock markets and unemployment at record highs, and it is likely that they will amend or withdraw accommodative market policy in favour of policies that benefit workers rather than corporates.'

Baillie and MacInnes increased their exposure to gold and gold miners to 10.9% of their portfolio in March after the 'implosion' of levered gold mining exchange-traded funds (ETFs) left prices in gold miners attractive.

Gold miners then rebounded in April with one holding, American giant Newmont – the world's largest gold miner – now among the top performing stocks in the S&P 500 this year. At 3.4%, gold and gold miners accounted for over half of Ruffer's return in April.

## All eyes on Cineworld and Everyman as the cinema industry prepares to reopen

Shares in the sector have been hard hit after sites were temporarily closed

CINEMA CHAIN VUE is reportedly targeting a mid-July reopening for its movie theatres, while its listed peer **Cineworld (CINE)** has said a reopening of its cinemas by the end of June could be realistic.

In Taiwan where Vue has already reopened cinemas, filmgoers' temperatures are checked on arrival. Other solutions are likely

to involve staggered screening times to limit the number of people through foyers and requiring customers to buy tickets online prior to arrival.

In order to remain in line with social distancing requirements sites are likely to have to operate significantly below full capacity – which will negatively

impact profitability.

However, securing some revenue would provide the likes of Cineworld and upmarket chain **Everyman (EMAN:AIM)** with something of a lifeline, with the damage wrought by the lockdown reflected in share price falls of 59% and 44% respectively since the end of February.



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# Boris' return to work by car message could boost shares in Motorpoint

Advice for workers to avoid public transport could help the motor retailer get back on its feet

**B**oris Johnson has encouraged all individuals who cannot work from home to travel to work if their workplace is open, in a bid to end the crippling economic lockdown. He says people should drive or cycle to work rather than use public transport, which suggests there could be greater interest in people buying a car, also helped by petrol prices being below £1 a litre for the first time nationally in four years.

These tailwinds are reasons to buy shares in **Motorpoint (MOTR)**, a used car retailer. Admittedly this is a higher-risk investment as there is still a lot of uncertainty around future earnings growth, however now does feel like a good point to take a contrarian view and consider the shares given that sentiment is so poor towards the sector.

Motorpoint's advantages include strong service levels and a value-oriented proposition, which drive high levels of repeat business. It mainly sells vehicles up to two years old and with less than 15,000 miles on the clock, from brands including Ford, Vauxhall, Nissan, Hyundai, BMW and Audi.

In March, Motorpoint temporarily closed its 13 retail sites in response to the



coronavirus lockdown, a move that happened in the key number plate change month and put a material dent in profits.

As non-essential retailers, car dealerships are likely to be treated a part of a wave of shops allowed to reopen from 1 June, as long as they can keep staff and customers safe.

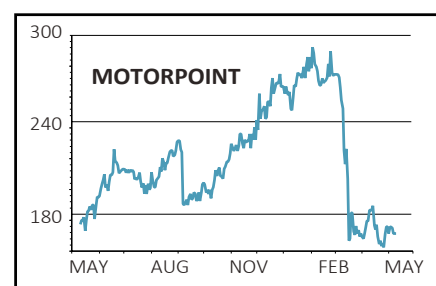
Investment bank Liberum points out Motorpoint had roughly 6,500 cars in stock at last count, and the level of depreciation taken before they are sold will depend on how long sites are closed and how quickly consumer demand picks up.

The reassuring news, according to Liberum, is that 'Motorpoint's low cost, high stock turn model gives it plenty of flexibility to react to market conditions'. Moreover, should it encounter supply-side issues in terms of fewer nearly-new cars, Motorpoint can move into the

slightly older car category for a short period.

Reassuringly, Motorpoint has a net cash balance sheet, estimated by Liberum to be £8.4m as of the March 2020 year-end.

Measures already taken to preserve cash include furloughing staff, halving director pay, pausing vehicle purchases and suspending the share buyback and discretionary capital expenditure. Assuming the final dividend won't be declared, Liberum believes the shares could hit 320p over the next 12 months, implying bumper 68% potential upside.



# Buy this ETF to profit from the healthcare revolution

Improving healthcare will be a priority once the coronavirus pandemic ends, and the companies in this ETF are well placed to benefit

**I**nnovation in healthcare has long been considered a crucial part of shaping the world of tomorrow. But with the world now in the midst of a viral pandemic, you can bet dollars to donuts that improving and fundamentally reshaping healthcare for the better will shoot up the list of government priorities once the crisis ends.

The importance of healthcare companies has already been seen in the rising share prices of many, including **Novacyt (NCYT:AIM)** which has risen 13-fold since 1 January, and even FTSE 100 giant **AstraZeneca (AZN)** whose shares recently hit an all-time high.

As with a lot of sectors in the stock market, a good way to get exposure to an area in demand – but with the benefit of diversity and potentially less volatility – is through an exchange-traded fund (ETF).

ETFs typically track indices which contain a range of large and mid-cap companies across several developed market countries.

At £621m in assets under management, one of the most popular choices for healthcare ETFs is **iShares Healthcare Innovation (DRDR)**, and for good reason.

## ISHARES HEALTHCARE INNOVATION ETF

BUY

(DRDR) 595p

Net assets £621m



While there is clear long-term structural growth ahead – and this is the reason why investors should consider this ETF, as opposed to focusing on short-term performance – iShares Healthcare Innovation is also providing strong returns right now.

Packed full of diagnostics companies, with three of the top five holdings directly involved in coronavirus testing at the moment, many of the stocks being tracked by the ETF have seen strong demand and this has been reflected in the returns.

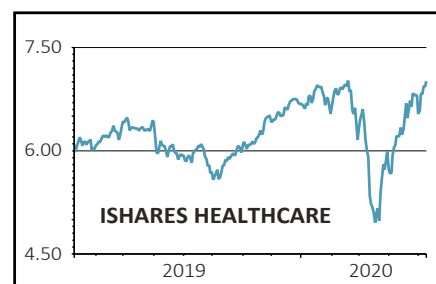
In the year-to-date, the ETF has returned 14.3% and has a three-year annualised return of 13.5%, well ahead of most other ETFs in the sector. It is also one of the cheapest, with a total expense ratio of 0.4%.

Before the coronavirus pandemic, healthcare was already an area set for strong long-term growth. At the start of

the year, it was estimated that between 10% and 11% of global GDP is spent on healthcare.

Pre-coronavirus this figure was estimated to at least double in the next 10 years, as rapid urbanisation and a growing and ageing global population place a greater strain on health infrastructure.

While there are no reliable forecasts now for healthcare spending going forward, the structural growth drivers in the healthcare industry will have only intensified during the current pandemic.



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**OCADO**

(OCDO) £19.00

**Gain to date: 60%****Original entry point:****Buy at £11.87, 25 July 2019**

Shares in online grocery supplier **Ocado (OCDO)** continue to confound the sceptics, hitting a new all-time high this week after reporting a surge in customer orders this quarter.

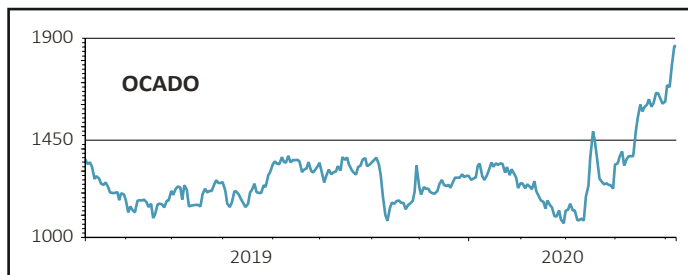
Having already seen retail revenues climb 10% in the first quarter thanks to an 'almost overnight' spike in demand under lockdown, the grocery delivery firm posted a 40% jump in revenues in April.

While the average basket size is below its peak, it is still significantly above this time last year and its customer fulfilment centres (CFCs) are running at their peak.

Meanwhile its technology solutions business marked a major milestone with the handover of the first international CFC to French supermarket group Casino. The site, south of Paris, went live in March.

Supermarket sales in France saw a similar spike to the UK, with initial stockpiling giving way to sustained high levels of demand as consumer spending shifted towards home consumption. Casino experienced 'triple-figure growth' in online grocery demand in the first quarter.

The next overseas site to use Ocado's systems – Sobeys of Canada – is undergoing pre-launch testing. Ocado chief executive Tim Steiner is confident more international retailers will sign up to use the UK company's platform as they look to roll out their online businesses.

**SHARES SAYS: ↗**

Hold on to the shares but don't buy any more at the current price because it seems like so much future growth potential is already priced in.

**CIVITAS SOCIAL HOUSING**

(CSH) 103.8p

**Gain to date: 7.6%****Original entry point:****Buy at 96.5p, 9 April 2020**

OUR POSITIVE CALL on social housing investor **Civitas Social Housing (CSH)** has received some early validation in the form of the company's latest update (11 May).

We flagged Civitas as a reliable source of income and so it was encouraging to see the dividend fully covered by earnings and a planned 1.9% increase in the payout for the March 2021 financial year, ahead of its inflation-linked target.

The company, which still trades at a slight discount to its updated net asset value per share of 107.87p, provides specialist accommodation to people with learning disabilities and mental health disorders.

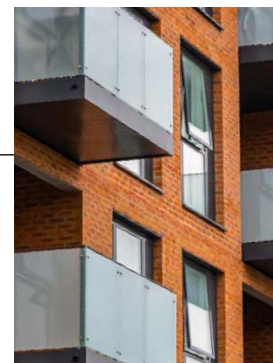
Rent is paid by local authorities, supported by central government. Civitas had received 99% of the sums due for the first quarter and second quarter rent collection has so far been unaffected by the coronavirus.

Investec comments: 'Civitas has £49m of cash although £24m is committed; £212m of properties remain unencumbered (by debt) and available as security for additional borrowing in due course.'

The company says it is in active discussions over the potential acquisition of a range of high-quality existing and new build properties. It is soon to complete on the purchase of a portfolio of specialist facilities in Wales which will contribute to growth in rental income.

**SHARES SAYS: ↗**

Still a solid buy for income seekers.



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to deliver value.

**We look for quality assets with growth potential trading at a discount with an identifiable catalyst for narrowing the discount. We engage actively with management, directors and shareholders to seek an exit opportunity at a tighter discount. Discount contraction is key, and we look to be a dominant shareholder to instigate change.**

The universe of listed closed-end funds is a rich and diverse one, with almost 300 investable funds in London alone, of which approximately 200 are on a discount. We look for a number of qualities when we consider a closed-end fund as an investment. Most importantly, we look for diversified portfolios of high-quality assets (both listed and unlisted) with good growth potential. Our portfolio of closed-end funds gives us exposure to a number of quality companies,

such as: Starbucks, Berkshire Hathaway, Time Out, Essilor Luxottica, Nestle, Minor International, Centauro, Lowe's and many more.

We also focus to a great extent on the discount to NAV at which the closed-end fund under consideration trades. In a nuanced distinction from holding companies, we insist on a high probability of the discount narrowing or vanishing entirely before we will consider making an investment. This would predict that a greater proportion of our returns should come from discount narrowing – and we find this to be the case.

Historically, our portfolio of closed-end funds has generated over one-third of its returns from discount narrowing.

---

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## ITV

(ITV) 72.6p

**Loss to date: 4.5%**

**Original entry point:**

**Buy at 76p, 30 April 2020**

FREE-TO-AIR broadcaster **ITV (ITV)** may have lost some of the momentum gained in the wake of a first quarter trading update (6 May) but we continue to see reasons to be encouraged by the announcement.

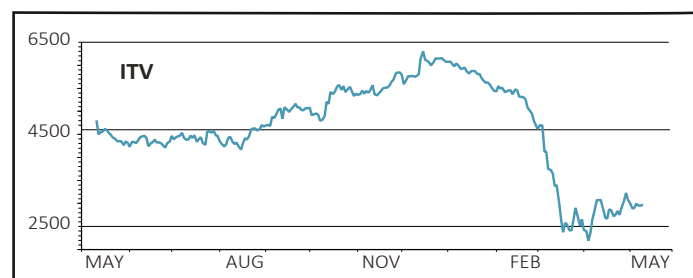
The coronavirus pandemic both hurt demand for advertising in the first quarter of the year and continued into April with advertising down 42% for the month. Its ITV Studios production business is effectively on pause.

For the three months to 31 March, total external revenue was down 7% at £694m year-on-year, with ITV Studios' revenue down 11% at £342m, broadcast revenue up 2% at £500m and ITV total advertising up 2% as originally guided, with online revenues up 26%.

ITV total viewing was up 2% with 'very strong' growth in online viewing up 75%, simulcast viewing up 112% and reach up 40% on the ITV Hub.

Its main channel's share of viewing hit 17.9%, its best quarter since 2009, and the company flagged growth for its BritBox venture with the BBC in the form of free trial starts and subscriptions.

Shore Capital analyst Roddy Davidson says: 'We believe that ITV should be a significant beneficiary of a recovery in advertising spend as Covid-19 lockdown measures are relaxed.'



### SHARES SAYS: ↗

ITV remains an attractive way to play a rebound in advertising spend.

## GENUS

(GNS) £33.00

**Gain to date: 16%**

**Original entry point:**

**Buy at £28.46, 19 September 2019**

OUR BULLISH TAKE on **Genus (GNS)**, the leading provider of animal genetics for pig, dairy and beef markets worldwide, continues to pay off and we remain positive on the investment case.



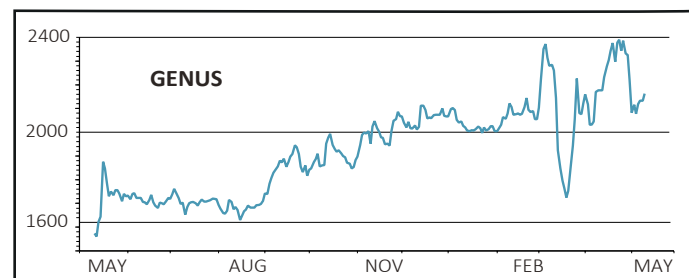
While the company will face tougher comparatives in the second half of the year including more potential disruption from coronavirus, the company has not, as yet, had to downgrade expectations for the 2020 financial year running to 30 June.

According to Refinitiv full year revenue is anticipated to be around 8% higher at £526.5m, with pre-tax profits 17.6% higher at £69.3m.

The company posted record pre-tax profits of £30.4m for the six months to 31 December 2019, around 20% better than analysts at broker Liberum had expected.

The restocking of pig herds in China in response to African Swine Fever helped to propel Asian profits almost 300% higher. Increasing success of the innovative Sexcel product which delivers more pregnancies and allows more flexible farming of dairy herds saw volumes expand by 56%.

The company's beef genetics programme continues to produce superior growth, efficiency and yield, justifying past strategic investments.



### SHARES SAYS: ↗

Genus is a quality business that remains well placed to benefit from its strong competitive positioning and we remain buyers.





# Kepler

Trust  
Intelligence



## Experience is the key in volatile emerging markets

THE MSCI EMERGING Markets Index, the broad benchmark for emerging market asset managers, covers over 1,335 stocks in 26 countries. How would an investor even begin to analyse so many companies in-depth, considering the currency exchange, volatility and macro context?

As coronavirus struck, starting in January in China, this task has only become more momentous. The falls in capital markets in early January and again in early March have not yet been as severe as during the financial crisis in 2008, but they were steeper in a shorter period of time.

### Keeping the faith in emerging markets

A large and expert team can help make those choices easier, even during periods of extreme volatility. JPMorgan Asset Management's emerging markets division has close to 100 team members in offices across the world, from Taipei to Seoul and Shanghai.

Austin Forey has managed the **JPM Emerging Markets Investment Trust (JMG)** since 1994 – through the Asian crisis of 1997, the tech bubble of the early 2000s and the crisis of 2008/09 – and his investment process has remained steadfast. He favours a bottom-up approach, picking companies whose compound earnings can beat market growth over the long term.

So long term, in fact, that the higher the holding period for a company, the higher the returns it tends to produce. (The average holding period for many of the stocks held in the investment trust is over a decade, with several reaching 20 years plus. This keeps the trust's turnover, and by extension its trading costs, low.)

### Let the winners run

One benefit of holding onto stocks for decades – or,

as Forey describes it, letting the winners run – is capturing exponential growth, when many other investors would have sold earlier in order to feel the psychological benefit of crystallising a profit.

An example of one such long-term success story is Housing Development Finance, an Indian financial services business, which had a market value of \$750m when the team bought it 22 years ago. Today, despite its market capitalisation dropping by a third in the last month due to the virus, it is worth around \$37bn. That growth of around 40 times has more than made up for the bumps in the road.

### Proof is in the pudding

All fund managers have varying approaches and styles when it comes to stock picking. While it is possible to invest in numerous country-specific emerging markets funds, an investor is liable to wrack up trading fees, as well as spend a lot of time and energy watching markets, selecting funds and carrying out what should be a professional manager's full-time job.

Trusting one manager – plus a team behind him of close to 100 professionals across the world – might make more sense. The JPMorgan emerging markets team is able to meet over 5,000 companies every year.

JMG has the results to prove its success: it has outperformed its benchmark in seven out of the last 10 years. The trust has delivered 8.14% annualised on a share price basis over ten years, versus the MSCI Emerging Markets Index's 5.01% annualised over the same period.

**Click here** to find out more about how **JMG** generates best-in-class returns

### Disclaimer

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# Which companies are 'having a good crisis'?

Amid the doom and gloom, some firms are quietly performing rather nicely



**W**hile no firm wants to be seen publicly to be 'having a good crisis', given the gravity of the threat to the economy and public health from coronavirus, the fact is some firms are doing rather well despite, or in some cases as a result of, the pandemic.

Some have been in the right place at the right time – think of healthcare, sanitation and hygiene firms – while others have been less obvious beneficiaries or have turned the situation to their advantage.

*Shares* spoke to a number of firms during April and there seem to be some areas of the economy which are still functioning reasonably well. That's not to say every company in these sectors is benefiting, but some have managed the lockdown better than others.

## ON THE FRONT LINE

Pharmaceutical company **AstraZeneca (AZN)** has had a good crisis, not least in terms of the share price which continues to hit new all-time highs.

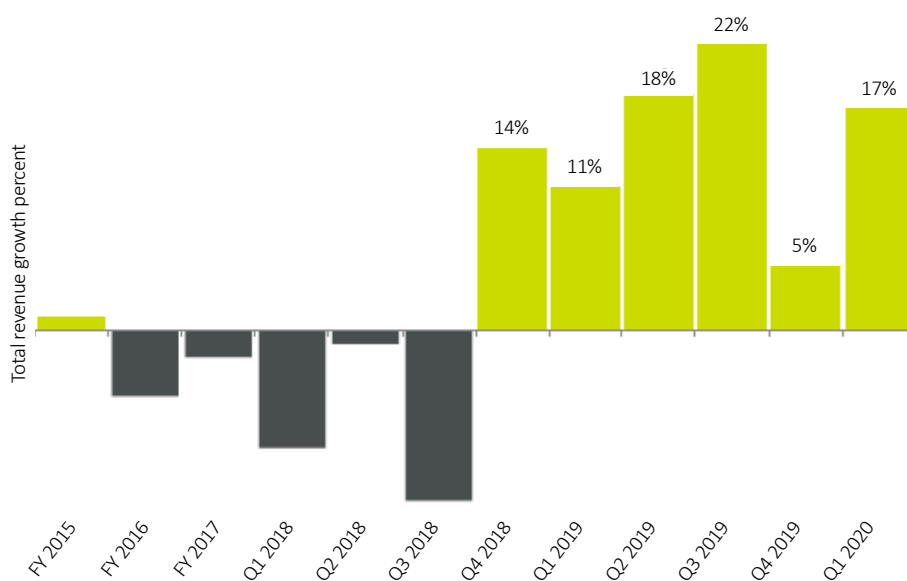
As well as seeing stockpiling of its drugs by distributors and releasing positive news from phase III trials of its lung cancer treatment Tagrisso, the firm delivered first quarter earnings which beat forecasts and said it saw no material delays to any of its drug programmes in 2020 or 2021 as a result of the pandemic.

Moreover, the day after the results it announced

an agreement with Oxford University to develop and distribute globally a vaccine aimed at preventing the spread of coronavirus.

Shares in healthcare and hygiene goods firm **Reckitt Benckiser (RB.)** may not be at all-time highs but they are well above pre-crisis levels, thanks to a 13% jump in first quarter organic sales of hygiene products

## ASTRAZENECA: STRONG REVENUE GROWTH CONTINUES



Source: AstraZeneca

like Dettol and Lysol and a 33% jump in over-the-counter health products like Nurofen, Mucinex, vitamins and mineral supplements.

Infection prevention firm **Byotrol (BYOT:AIM)** raised its earnings guidance last month due to 'exceptional demand' for its hand sanitiser, lifting its shares and those of its licence partner **Tristel (TSTL:AIM)**.

### IN-HOME CONSUMPTION

The government-enforced shutdown of bars and restaurants has meant that more food than ever is being consumed at home. Researchers at Kantar estimate that the number of extra home-prepared meals could increase by as much as 500m per week.

That means an extra £670m of spending on groceries, which the supermarkets are only too happy to cater for. **Sainsbury's (SBRY)** reported a 12% increase in grocery sales in the seven weeks to 25 April and is forecasting high single-digit growth through the lockdown period, with a 'return to normal' from October.

To replace the dining out experience, we're ordering more deliveries from **Just Eat Takeaway (JET)** and treating ourselves to a tippie courtesy of **Naked Wines (WINE:AIM)**, which has seen higher levels of demand from both new and repeat customers.

As we're spending more time at home, we're also spending more on our furry friends, with **Pets At Home (PETS)** reporting 'exceptional levels of demand' for its products and services both in-store and online.

We're spending more on fridges, freezers, TVs and laptops as well, according to Argos and

**Dixons Carphone**  
has seen a 166%  
increase in  
UK online  
electrical orders  
amid the crisis

**Dixons Carphone (DC.)**, the latter having seen a 166% increase in UK online electrical orders in the five weeks to 25 April.

And after weeks of staring at the walls we've succumbed to buying soft furnishings online from **Dunelm (DNLM)**, which reported 'significantly higher' order levels last month, and learning to play 'Smoke on the Water' after buying a guitar from internet retailer **Gear4Music (G4M:AIM)**.

### BACK IN BUSINESS

Although they had to close their sales sites and many of their construction sites in March, most of the housebuilders have already restarted operations and many have seen steady growth in reservations even during lockdown.

Builders merchant **Travis Perkins (TPK)** and equipment rental firm **Speedy Hire (SDY)** saw some impact on their operations, but both highlighted the fact that many customer projects were continuing and that they were ready to bounce back as soon as restrictions are lifted.

Other business services firms like advisory group **Begbies Traynor (BEG:AIM)**,

litigation funders **Manolete (MANO:AIM)**, **Litigation Capital Management (LIT:AIM)**, and law firm **RBG (RBGP:AIM)** have all seen an increase in demand for professional advice during the crisis. This trend looks set to continue as the wider economy plumbs new depths in the second quarter.

Finally, a small cadre of financial firms also seems to be doing well. **London Stock Exchange (LSE)** has benefited from the sharp increase in trading volumes across its many platforms, while **IG (IGG)** and **Plus500 (PLUS)** have seen a leap in revenue linked to the spike in market volatility which has encouraged more punters to trade.

Asset management group **Liontrust (LIO)** has been in demand with investors, capturing net inflows just shy of £500m in the first quarter, while car insurer **Admiral (ADM)** has seen a substantial drop in accident claims and is even refunding customers some of their premiums.



By Ian Conway  
Senior Reporter

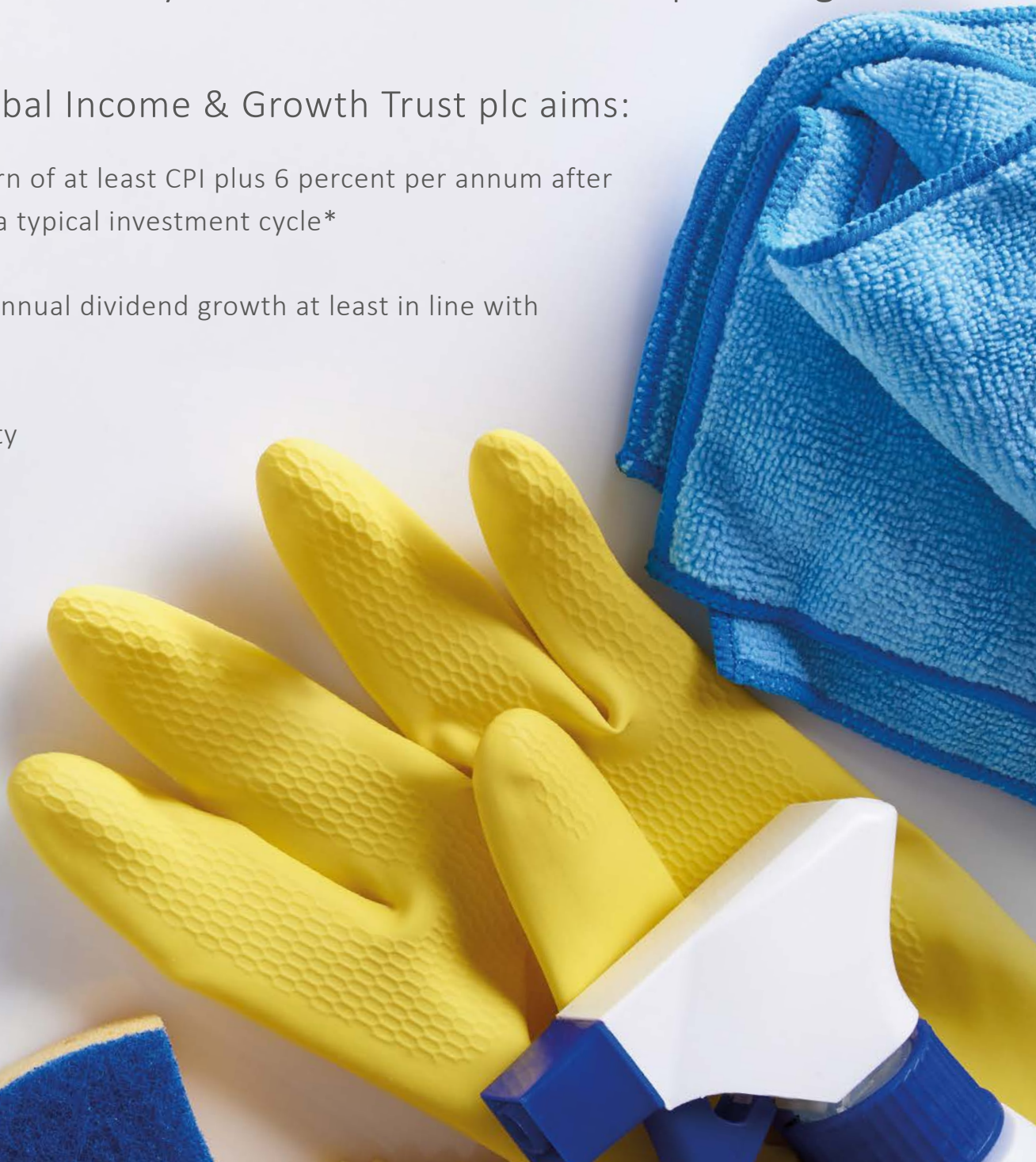


# SPRING CLEANING THIS YEAR?

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# 7 STOCKS FOR LIFE AFTER CORONAVIRUS

## Spotting winners for the new world

By The Shares Team

**T**here are flickers of light at the end of a very long tunnel. Doctors are learning more about Covid-19 every day; how it spreads, which treatments are showing promise, and how to create effective testing methods.

Inevitably, after being cooped up during many weeks of lockdown, restrictions are slowly being lifted and consumers and businesses are focusing on how they can transition back to normality.

The issue for investors is what the 'new normal' life will look like. In this article we consider how some of the key sectors will cope. We also pick seven stocks which could do well in the coming months and years.

### POST-CRISIS WINNERS

Stock markets around the world have been staging a comeback in the past month as investors become more optimistic about lockdowns ending, businesses and schools reopening, and severe economic damage being short-lived.

There is a feeling that markets might have been over-optimistic given that a lot of stocks have recovered quite a bit of the losses from the initial sell-off, yet we are still facing economic disruption potentially well into 2021 or even lasting into 2022.

We believe it is better to focus on companies that stand a better chance





of surviving a long period of working and living adjustments post-crisis rather than trying to pick any company whose shares might look like they've been oversold.

That means prioritising companies which have the ability to keep functioning under social distancing measures and for whom the crisis makes it more likely that people will use their products and services beyond the current lockdown.



## THE RISE OF REMOTE WORKING



There is general agreement that the workday patterns, habits and IT systems for remote working established during this lockdown period are unlikely to disappear.

For example, in 2018 it was reported that more than half (56%, according to OWL Labs) of the companies in the world allowed remote working.

'This figure is now going to be significantly higher as working remotely becomes increasingly the "new normal" in many sectors across the globe,' says Nigel Green, chief executive of financial adviser deVere.

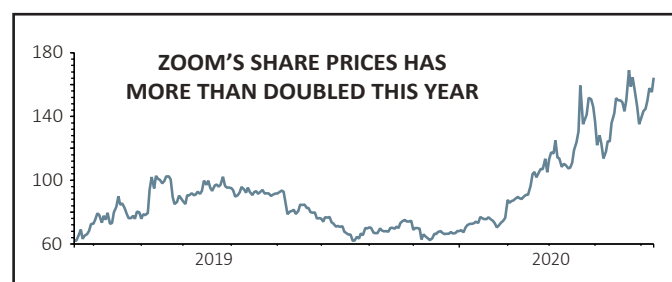
While we may miss some of the personal interface, many workers, particularly those of us previously office-based, have proved we can be just as efficient and productive working from our homes, with less time wasted and non-essential demands easier to brush aside.

Cutting our carbon footprint from the daily commute and better work/life balance are bonus

byproducts of this fairly simple change to our working arrangements.

As a consequence, we would anticipate the world's leading technology companies to continue to dominate investor returns.

Online communication and collaboration platforms, such as Microsoft Teams, Zoom and others, have become new corporate forums rather than face-to-face meetings or phone calls used previously. The downside of this clear demand hike is that investors will have to pay a premium to own shares in the relevant companies.



'There are several smaller companies in this space which have already performed well and trade on lofty multiples,' says Sharon Bentley-Hamlyn, investment manager at Aubrey Capital.

Bentley-Hamlyn highlights Belgium's Euronext-listed Barco, with its Clickshare product for wireless video conferencing. 'There will be strong demand in the corporate sector and from universities, who can link over 80 students remotely by video for teaching purposes using Barco's product, a real benefit when so many universities have had to close their doors.'

This chimes with the positive backcloth for the wider online learning industry, where the UK's **Learning Technologies (LTG:AIM)** has been growing rapidly in recent years.

'Despite likely macro headwinds in the short-



run from Covid-19, in the long-term the crisis will only escalate the importance of digital learning solutions for enterprises of all sizes,' says Patrick Stewart of research group Megabuyte.

'If the move to remote working was ongoing, the recent scramble to facilitate a fully remote workforce means that companies, on the whole, are now much better placed to support a higher level of remote working,' Stewart says. 'As the cost benefits and limited fall in productivity start to be recognised, we expect the remote working trend to accelerate.'

IT services companies that implement this sort of capability will have a tailwind for some time to come, believes Aubrey Capital's Bentley-Hamlyn.

Digital transformation firm NetCompany recently told the investment manager that long term it will see 'a big splash' on new projects as people will see the importance of having devolved infrastructure.

This should mean a golden era for IT specialists capable of acting as a trusted technology partner to organisations, providing vital skills, apps and advice to enable this shift and make it work, such as **Computacenter (CCC)**, **Softcat (SCT)**, **Kainos (KNOS)** and many others.



### THE FURTHER RISE OF ONLINE SHOPPING

Over the coming years, we would expect the landscape of the global economy to change significantly because of major structural changes that were already underway before the coronavirus crisis.

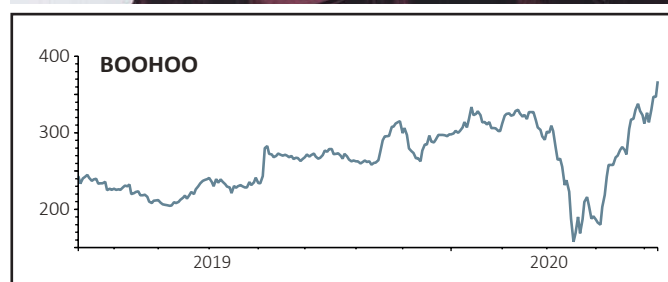
For example, online shopping, or digital commerce, was already booming long before any of us had heard of coronavirus and the crisis will only speed up that switch from stores to clicks.

The lockdown will have encouraged more people to try online shopping and/or become more dependent on it. Just look at how supermarkets have been swamped with demand for their online services – doing the big weekly shop via the internet could become the new norm.

Investors can look at the digital commerce area from many different angles. You can consider a range of retail and electronic payments giants like Amazon, Alibaba, Ebay, Shopify, Visa, MasterCard and PayPal.

You also have fast-growing online retailers such as **Boohoo (BOO:AIM)** and **Ocado (OCDO)**, the latter playing a dual role in selling groceries online and also providing the systems to help third parties fulfil online food and drink orders.

Despite the world shifting towards the online channel, there are negatives to consider with the internet space short-term. One is the ability for consumers to be able to afford to keep shopping at the same level as before.



Just look at Boohoo whose shares have hit a new all-time high. This seems perplexing given that its target market is likely to experience a surge in unemployment and restrictions on the leisure sector would suggest there is reduced demand for new clothes as we aren't going nightclubbing or out for a meal with a large group friends, certainly not for some time.



### ABLE TO ADAPT TO SOCIAL DISTANCING

As a shorter-term focus, investors would be wise to consider how certain shops might be able

to function while lockdown restrictions are still in place.

Some retail chains benefit from having large stores which will make it a lot easier to keep up social distancing measures as there is space to move around or the ability to rework the store layout.

DIY chains like Wickes – owned by **Travis Perkins (TPK)** – generally have large sized stores and they should see sustained demand going into 2021. The more time spent at home, either through lockdown measures or ongoing remote working, will focus a person's attention more on their immediate surroundings and perhaps encourage them to make the home look nicer.



## SECTORS IN TROUBLE

There are quite a few sectors facing a monumental battle to stay alive, including airlines, hotels and retailers with physical stores.

The airline sector is very high risk from an investment perspective at the moment as companies are burning through cash while their planes are grounded. Hotels are seeing a very large drop in demand and this situation is unlikely to change in the near-term.

Longer-term, oil prices could start to pick up as companies around the world get back to work, although they are unlikely to hit pre-crisis levels for a long time, if at all.

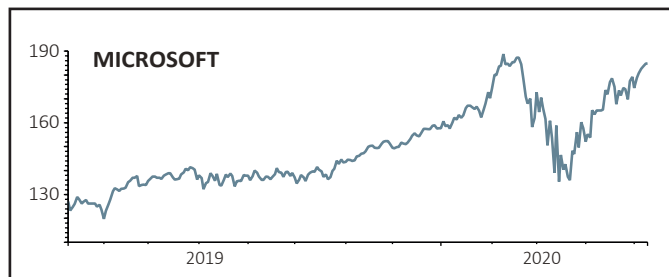


The commercial property sector looks very vulnerable if the remote working trend is sticky post-lockdown. Companies may realise they don't need as many offices as before, thus leading to a big drop in demand for commercial real estate.

We plan to look at all of these vulnerable sectors in more detail in the coming weeks in *Shares*.

## SEVEN STOCKS TO BUY AS WINNERS IN THE POST-CORONAVIRUS WORLD

### MICROSOFT (MSFT:NDQ) \$184.68



The tech giant should have thrived through the crisis and its products and services are likely to remain in demand for years to come.

Its sources of income can be split into as many as nine categories, with roughly three overarching segments: productivity and business processes (Microsoft Office, Dynamics, LinkedIn), personal computing (Windows, Xbox) and the cloud (Azure, SQL).

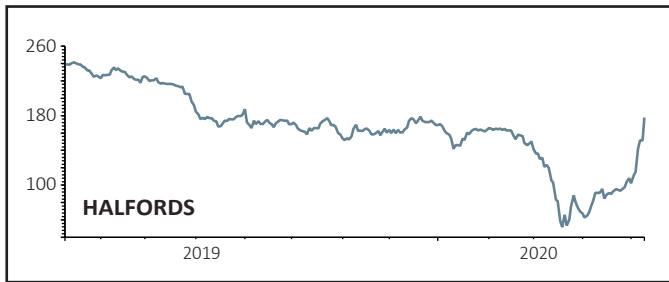
Some of these divisions could be affected by big increases in unemployment, which are already becoming visible particularly in the US, with potentially lower Microsoft Office subscriptions (which had been growing strongly), fewer PC sales and reduced advertising spend on LinkedIn, for example.

But the significant increase in companies telling staff to work from home will require equally significant investment in exactly the solutions that Microsoft provides, such as its Teams communications platform.

### HALFORDS (HFD) 181.4P

The UK Government has designated bicycle and car maintenance company **Halfords (HFD)** as an essential services provider. Consequently, Halfords has kept open 325 retail stores on a 'dark basis' serving customers from the front of stores to ensure the safety of its staff.

Business has been brisk since lockdown as more customers have taken the opportunity to include cycling as part of their daily exercise as roads have become quieter and safer to ride. It was also given impetus by the Government's 'cycle to work' initiative to encourage cycling as a means of commuting.

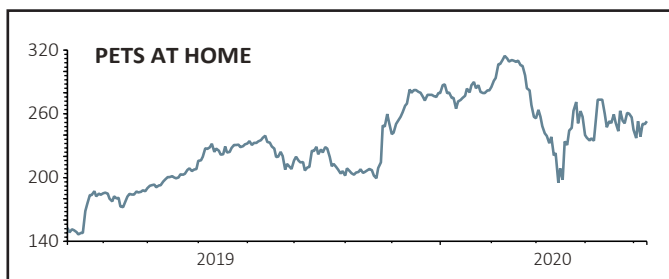


Advice by Boris Johnson on 10 May to avoid public transport will only fuel more demand for bikes and push more business to Halfords, given it is one of the country's biggest sellers of two-wheeled pedal power.

In a recent trading update the company upgraded its expectations for pre-tax profit for the year to 29 March 2020 to be at the higher end of the previously guided £50m to £55m range.

Halfords is also well-placed to benefit from growth in electric bikes. These are likely to be in greater demand if more people choose cycling as an alternative way to commute than public transport post-lockdown. It offers some of the best value e-bikes on the market and is a natural place for people to shop.

#### PETS AT HOME (PETS) 234.6P



Throughout the Covid-19 crisis and associated lockdown, the companionship provided by our furry friends has buoyed the spirits of many families and isolated individuals.

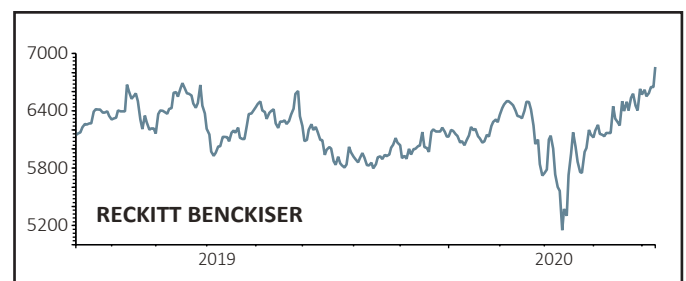
People increasingly treat feline and canine companions as one of the family, and they are prepared to spend big on their pets' health and

wellbeing. This 'humanisation' trend will play to the strengths of **Pets at Home (PETS)** even after the pandemic has passed.

The UK's leading pet care business has been designated an essential retailer by the Government, as the pet products it sells, the in-store advice it provides and health care services it offers are deemed essential at a time when pets are playing an increasingly vital role in our daily lives.

One of a rare breed of retailers with positive momentum at their heels, Pets at Home should continue to see robust bumper demand, particularly online, as channel shift accelerates and animal lovers log on to order pet supply deliveries.

#### RECKITT BENCKISER (RB.) £70.04



While **Reckitt Benckiser (RB.)** is known globally for its household cleaning products, such as Cilit Bang, the pandemic has seen demand soar for its other big home hygiene brands, like Harpic and Lysol and for its disinfectant Dettol.

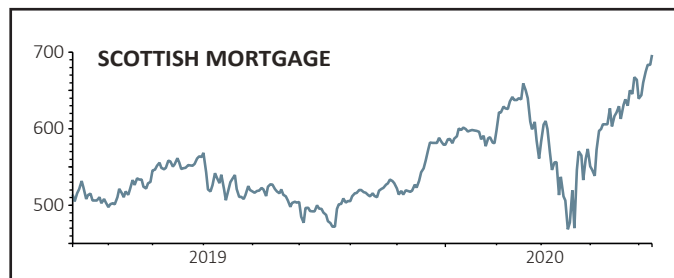
Sales in the first quarter when, barring China, most of the world had yet to feel the devastating impact of the virus and government lockdowns, grew 13% as customers stockpiled Dettol and other cleaning products.

Over-the-counter medicines, such as Mucinex and Nurofen, saw sales jump 33% while revenue from other health products rose 17%, helped by demand for vitamin and mineral supplements. As



a dedicated health and home hygiene company, with sales last year of £12.8bn across North and South America, Europe, Africa and Asia, Reckitt is well placed to help millions of people cope with the challenges of life both during and after the pandemic.

### SCOTTISH MORTGAGE (SMT) 683.5P

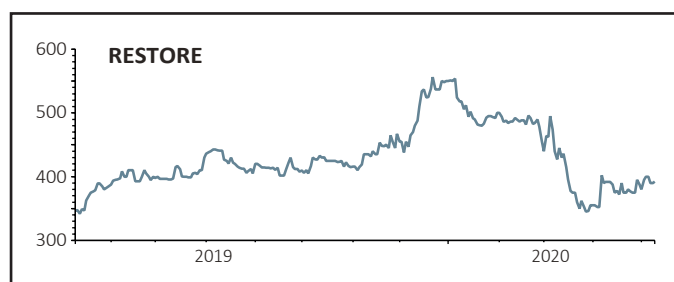


Widely seen as manager Baillie Gifford's flagship investment trust, **Scottish Mortgage (SMT)** is a way for investors to get in on the world's most exciting growth companies.

By having stakes in lots of different businesses, Scottish Mortgage is able to provide access to many big themes for the future including video conferencing (Zoom), online shopping and cloud services (Amazon and Google-parent Alphabet), advanced healthcare and the development of vaccines and treatments for infectious disease (Illumina and Vir Biotechnology), and complex microchips (ASML).

Scottish Mortgage is best suited to patient investors who are prepared to hold its shares for a long time.

### RESTORE (RST:AIM)



Both Restore and Volution are our 'wild card' picks – namely stocks that have the right ingredients to thrive post-crisis, but where there is scope for possible disappointments if our investment thesis doesn't play out as expected. As such, treat these as higher-risk investment ideas.

**Restore (RST:AIM)** is the UK market leader in document management and business relocation,

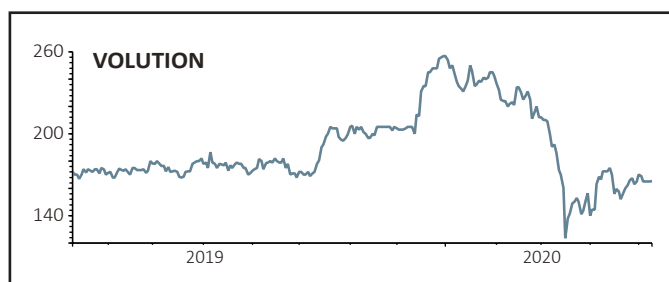
as well as being a leading player in other essential services like digital storage, secure data destruction and technology installation.

Revenue last year was £215m, an increase of 10%, while the markets it operates in turned over £1.8bn with growth of between 1% and 5%, meaning Restore is quickly gaining market share.

Its customer base includes public sector organisations like the NHS, central and local government, and blue-chips who need large-scale document storage and data destruction.

The document storage side should be very resilient. We think the removals bit of the business could benefit longer term if companies reduce their office numbers as a result of more home-working, as Restore would be busy helping them to downsize. However, there is a risk that this sales catalyst might not emerge for a while as companies would still have lease agreements to fulfil.

### VOLUTION (FAN) 166P



Crawley-headquartered **Volution (FAN)** designs, assembles and markets ventilation fans, systems and ducting for domestic and commercial buildings. It has leading market positions in the UK, Scandinavia, Germany and now New Zealand. A greater focus on air quality in the wake of the current pandemic, driven both by customer priorities and regulation, should give earnings a boost in a post-coronavirus world.

In the short term the company is being hit by a drop in construction activity but as of 31 March the company had gross cash of £41m and £14m undrawn in a lending facility, with the suspension of dividends giving the business some breathing space. Based on recently reduced forecasts from Canaccord Genuity the shares trade on a 2021 price-to-earnings ratio of 12.3 times, falling to 10.3 times in 2022. The stock looks good value; the only major uncertainty is the pace of new activity.

**DISCLAIMER: Steven Frazer owns shares in Scottish Mortgage**

# LISTEN TO OUR WEEKLY PODCAST



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Wealth tax to pay for coronavirus costs, the role of property in thematic investing, Lifetime ISA changes and why savers have been hit again



The world of small caps, markets bouncing back, companies returning to work, changes to income funds, and free financial help

The slump in the oil price, retail investors locked out of share placings, and how to spread your money around in the current crisis



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# Can gold miners help to dig income seekers out of a hole?

Some companies are seeing an increase in cash flow thanks to robust prices for the precious metal



**W**hatever investors think of the quality and accuracy of the data coming out of China, on either the extent of the Covid-19 outbreak or the economy, they may be intrigued to note how the country is behaving, as that is much harder to obfuscate.

Zijin Mining acquired Canada's Continental Gold for C\$1.4bn in cash in March and last week Shandong Gold agreed to acquire junior Canadian gold digger TMAC Resources for \$149m.

At a time when gold prices are holding firm at around \$1,700 an ounce, this is intriguing, especially as leading Western precious metal miners had already begun to jockey to position and snap up assets which they clearly felt offered value.

Canadian firms Endeavour Mining and Silvercorp Metals swooped for Semafo and Guyana Goldfields respectively back in spring – the former having been rebuffed in its efforts to snap up FTSE 250 constituent **Centamin (CEY)** – while 2019 saw the consummation of two huge deals, as Barrick Gold merged with Randgold Resources and Newmont Mining bought Goldcorp.

Investors could just dismiss this as necessary consolidation within an industry that failed to shine from an investment perspective for much of the last decade. But they could take note and at least ask themselves why gold executives in both the West and China are moving to acquire assets in such a hurry.

## BUBBLING UP

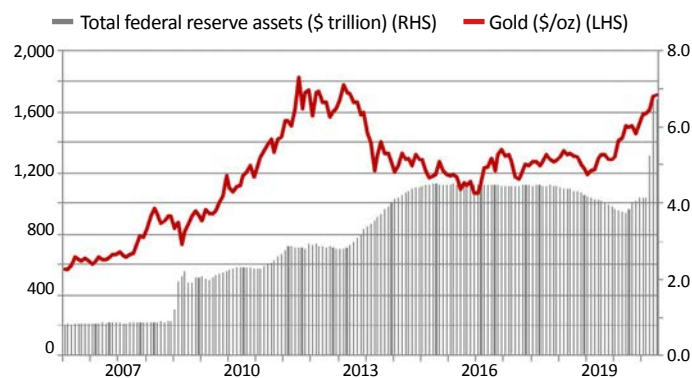
Governments and central banks, already running

lofty deficits or swollen balance sheets, are going 'all in' as they try to keep economies going during the lockdowns that are being imposed as part of the fight against the viral outbreak. The US Federal Reserve's balance sheet has grown by \$2.5trn, or 62%, since February while the US Government has begun to talk of adding to the \$3trn in fiscal stimulus already provided.

On this side of the pond, the UK Government's discussion about phasing out the payment scheme for those unlucky enough to be furloughed is already encountering pushback from unions and those who are concerned about going back to work.

That is perfectly understandable on safety grounds. It is also easy to understand in the context of Ronald Reagan's maxim that 'nothing lasts longer than a temporary government programme'. The Government now has a tricky balancing act between

## GOLD IS HOLDING FIRM AT AROUND \$1,700 AN OUNCE



FRED – St. Louis US Federal Reserve, Refinitiv data





providing consumers with support when it is needed and weaning the nation off helicopter money – the longer that money is supplied, the greater the pressure will be to keep on creating it out of thin air.

Governments and central banks had not got around to withdrawing the stimulus doled out in the wake of the financial crisis a decade ago before they had to start reapplying it. The chances of this latest round of fiscal and monetary largesse being sterilised feel slim, even once the viral outbreak is finally contained.

This could be one reason why the gold price is holding firm within touching distance of its 2011 all-time high of \$1,900 an ounce.

### FLOWING FREELY

Strength in the gold price is bringing benefits to those firms who explore and drill for the stuff. In its first-quarter results last week (5 May), Newmont Mining revealed a 43% year-on-year increase in sales, a 59% increase in operating profit and a three-fold increase in free cash flow (after interest, tax, working capital and capital spending) as higher gold prices supplemented increased metal production.

This continued a pattern across the 10 biggest members by weighting in the NYSE HUI Gold Bugs index. Since 2015, when gold bottomed at barely \$1,050 an ounce and miners were writing

down the value of their assets, aggregate annual free cash flow has surged from \$341m to \$5.6bn.

Better still, that surge in free cash flow – after taxes, interest, working capital and capital expenditure needs had all been met – prompted a 78% increase in Newmont's quarterly dividend to \$0.25 a share.

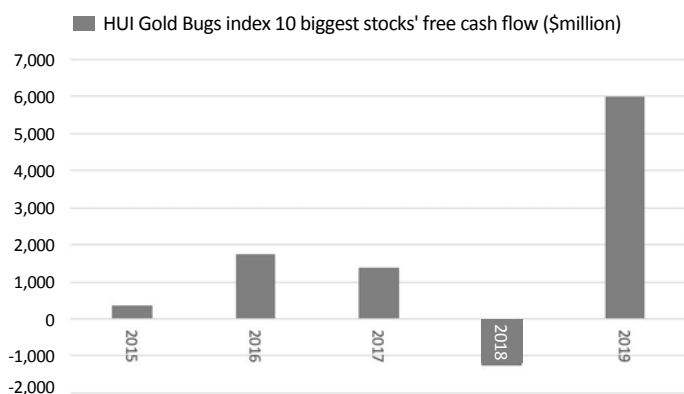
At a time when over 40 FTSE 100 firms have cut, cancelled or deferred their dividends, this may catch the eye of income-seekers. The bad news is that the aggregate dividend yield across the 10 biggest members of the HUI index was only 1.1% in 2019.

The good news is that 2019's aggregate payments were less than half of 2012's peak and if gold stays firm or goes higher still that latter sum could be soon within reach, given that the production weighted all-in sustained cost (AISC) of production across those 10 names was \$949 last year.

Any further surge in gold prices thanks to money creation or deficit accumulation could turn gold miners into cash machines and the source of income that many investors crave.

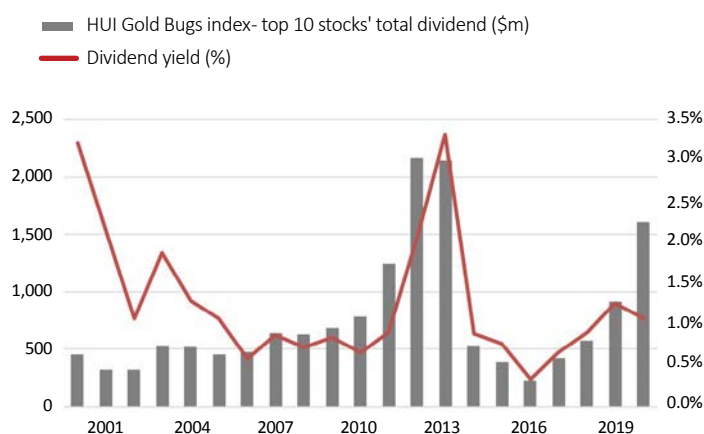
Equally, if Covid-19 can be contained (and then eradicated) quickly and the global economy starts to rebound sharply, investors may not need gold's perceived defensive qualities and any drop in the metal's price would erode miners' cash flow and ability to pay dividends.

### HUI INDEX'S BIGGEST CONSTITUENTS ARE STARTING TO GENERATE LOTS OF CASH



Source: Company accounts. Top 10 stocks by weighting in the NYSE Arca HUI Gold Bugs index are: Newmont Mining, Barrick Gold, Agnico Eagle, Novagold Resources, Alamos Gold, Equinox Gold, Kinross Gold, Eldorado Gold, B2Gold and AngloGold Ashanti

### HUI INDEX'S BIGGEST CONSTITUENTS ARE STARTING TO INCREASE DIVIDEND PAYMENTS



Source: Company accounts, Refinitiv data. 2020E annualises last declared quarterly payments and uses market caps as of 8 May to calculate the 2020 yield.

# High yield corporate bond ETFs are looking more attractive

Ford Motor recently raised \$8bn of high yield debt, much more the \$3bn it was targeting, signalling increased investor demand for corporate bonds

**I**n the middle of March when the world suddenly became aware of the economic consequences of the virus pandemic, the high yield or junk bond market almost became dysfunctional, according to Invesco fund manager Rhys Davies. Trading became very difficult as volumes shrank and prices fell (causing yields to rise).

Junk bonds are debts issued by companies that have poor fundamentals and weak balance sheets, and consequently have



a higher chance of defaulting on their interest payments and going bust.

In just a couple of weeks the yield on junk bonds almost

doubled, rising from 3.4% to 6.2%. Back in October when *Shares* last wrote about junk bonds, their yield was an incredibly low at 2.8%.

The magnitude and speed of the fall meant the spread between high yield corporate bonds and government bonds blew-out to 8.7%, a level not seen since the European sovereign debt crisis of 2011.

Higher yields are supposed to compensate investors for the risk of not getting their money back and so tend to spike higher during recessions and market crises. So what, if anything, does the current 6.2% yield say about future default rates?

According to credit analysts at Deutsche Bank the current yield implies that 28.5% of the debts issued by companies in the European high yield bond index are expected to default over the next five years.

To put that into perspective,

## EXAMPLES OF CORPORATE AND GOVERNMENT BOND ETFs

### Invesco GBP Corporate Bond ESG UCITS ETF (IGBE)

#### Yield to maturity: 2.1%

This tracks an index of high quality debt issued by financially strong and stable companies. The index has an ESG (environmental, social and governance) filter which excludes companies involved in tobacco, weapons, thermal coal or oil sands. The weights of the index constituents are then adjusted based on certain ESG metrics, with the aim of increasing overall exposure to issuers with good ESG credentials.

### Vanguard USD Emerging Market Government Bond ETF (GBP) (VEMT)

#### Yield: 5%

This product focuses on bonds issued by emerging market governments. Investors are charged 0.25% a year with Vanguard's significant scale as an asset manager helping to keep costs low. It provides diverse exposure to bonds with maturities greater than one year.



during the financial crisis of 2008, the default rate in the high yield market was 12%, meaning that today's prices already reflect a lot of pessimism about the ability of companies to continue paying off their debts.

## BOND ETFS PROVIDE CHEAP, DIVERSIFIED EXPOSURE

Valuing bonds isn't something that the typical investor feels comfortable doing, and picking good bond fund managers can be equally tricky, which means for many people getting access to the bond markets is best done through passive bond ETFs (exchange-traded funds).

Investors can achieve diversified exposure to the debts of hundreds of companies, spread across all sectors of the economy, helping to mitigate company-specific risk.

Bond ETFs track particular bond indices and trade like a share in the sense they are continuously priced to reflect the value of the underlying assets in the fund. This feature makes them different to tracker funds, which are usually priced once a day.

Because an index is composed of hundreds of different bonds, some of which trade in minimum size blocks, it can be impractical to fully replicate the basket. Therefore bond ETFs use sampling techniques to build portfolios designed to represent the performance of the underlying index. However, it should be noted that bond ETFs are not as liquid as the underlying index they track.

## FALLING FEES

As more ETF providers have entered the space, fees have

Today's prices  
already reflect a  
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off their debts

come down significantly, so that tracking major equity indices such as the S&P 500 index can cost as little as seven basis points. This means that for every £1,000 of investment the fee is just 70p.

In recent years more providers have started to target the bond market, where passive investing only represents around 15% compared with over 50% for shares. This increased competition is reducing fees in the market for bond ETFs, making it cheaper for investors to get diversified access.

BUY

## TWO HIGH YIELD CORPORATE BOND ETFs TO BUY

BUY

### iShares Global High Yield Corporate Bond GBP Hedged UCITS ETF (GHYS)

#### Yield to maturity: 6.5%

This £126m fund is managed by BlackRock, one of the biggest providers of ETFs. The fund aims to track the performance of the Markit global developed markets liquid high yield index.

The largest holdings include the debts of Sprint Corporation which is now part of T-Mobile, Ford Motor and Israeli generic pharmaceutical company Teva.

### JPM Global High Yield Corporate Bond Multi-Factor UCITS ETF (JHYP)

This fund is managed by an experienced three-man team at JP Morgan and takes a different approach by applying what they call a

multi-factor strategy to security selection. Rather than replicating the whole index, they reduce the universe by screening for companies with good value, quality and momentum.

By taking this extra step the managers believe they can increase diversification, lower volatility and enhance returns, while providing an equivalent yield to the index. Effectively investors are getting some active management for free while the fund is attractively priced at 0.35%.

This is a relatively new product launch and so more cautious investors may want to monitor its performance until it has developed a track record.



By **Martin Gamble**  
Senior Reporter



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### YELLOW CAKE

**Speaker: Andre Liebenberg, Executive Director & CEO**

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# Growing backlash against Rightmove could be bad for its share price

The company faces renewed threats to its market position amid the coronavirus crisis

Once a darling of the stock market, property listings site **Rightmove (RMV)** is losing friends and making enemies. Grumbling among its estate agent clients has exploded into mounting dissent following the company's apparent tone deaf response to the coronavirus crisis.

Despite its strong balance sheet and low cost base, both useful attributes to have in the current climate, there are clear risks to the company's earnings growth and we do not think the shares have fallen enough to be worth buying yet.

In this article we will explain why Rightmove has gone from being a business everyone loved to a company many people now hate.

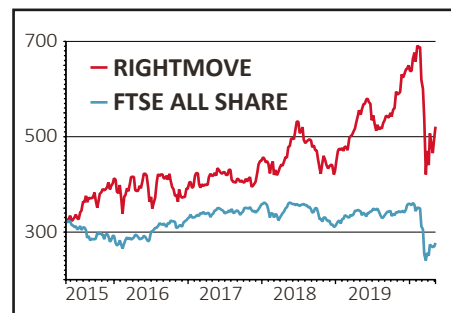


## HOW RIGHTMOVE BECAME NUMBER ONE

Created in 2000 as a joint venture between property agents Halifax, **Countrywide (CWD)**, Connells and insurer **RSA (RSA)**, Rightmove was first listed on the London Stock Exchange in March 2006.

It sells a subscription product to estate agents and housebuilders allowing them

to list properties on the site. It also provides data analytics and tools intended to improve the prospects of making a sale.



By establishing a market leading position early on Rightmove created a virtuous circle and enjoyed rapid growth as property listings migrated from the pages of newspapers and onto the internet.

It benefited from what is called a 'network effect'. Rightmove's website had the most listings and was therefore the one which prospective property buyers would go to when looking for their next home.



Rightmove (RMV) 490.2p

### Key features:

- Net cash of £36.3m (as at 31 Dec 2019)
- High margins
- Growing competitive threat
- Slowing growth

This reinforced its position as a must-have product for estate agencies and generated significant pricing power when it came to securing subscriptions from agencies.

Supporting this staying power was the fragmented nature of the UK estate agent market which meant agents individually and the industry as a whole had a weak bargaining position.

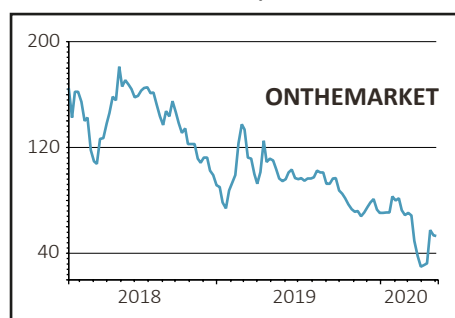
## CUSTOMERS SQUEEZED

This position helped Rightmove boost average revenue per advertiser (ARPA) from £684 per month in 2014 to more than £1,000 by 2019 and enabled it to generate operating margins above 75%. Reportedly the company had talked to analysts and institutions about eventually getting ARPA to £2,500.

Its main route to growth was signing up the majority of UK estate agents alongside, to a lesser extent, targeting the new build space.

However, there have been portents that suggested the company might have squeezed its customer base too hard.

The launch of **OnTheMarket (OTMP:AIM)** in 2015 was a clear attempt by the estate agent industry, some of which backed the venture, to unseat Rightmove from its dominant position.



Five years in and the challenger has found it pretty tough going,



## The expert's view

**Roddy Davidson at Shore Capital says:**

'Rightmove is a high-quality company with a tried and tested business model, a dominant market position, a consistently executed strategy and an excellent track record.'

'However, we are concerned that following a sustained period of substantial price inflation, agents are likely to prove increasingly resistant to paying more – particularly in view of the highly competitive nature of the residential property market.'

'We would not generally expect agents to entirely delist from Rightmove but we do think there is real potential for them to opt for lower cost listings packages to control overheads and/or divert spend to other lower-cost portals such as OnTheMarket with a view to increasing their reach and profile and improving their chances of securing listings.'

with its shares trading well below the 165p issue price from a 2018 IPO even before the coronavirus-inspired market correction.

In the short term it arguably reinforced Rightmove's status as the leading player as a now abandoned rule requiring estate agent users of OnTheMarket to only patronise one other portal hit the other main player in this market, Zoopla.

Rightmove continued to grow and its share price reached an all-time high (adjusting for a stock split in 2018) of 710.6p in February 2020, at which point it was trading on more than 30 times forecast earnings.

## CRACKS IN THE FOUNDATIONS

However, even before the coronavirus crisis threw the property market into turmoil,

cracks had begun to emerge in the foundations of the Rightmove growth story. Its most recent full year results (28 Feb) showed agency numbers down 6% for 2019 and growth in ARPA continued to tail off.

The trickle of agents moving away from the platform risks becoming a deluge in the wake of Rightmove's botched response to the coronavirus crisis.

Despite the buying and selling of property coming to a standstill, leaving estate agents without any income, Rightmove initially offered only its most loyal customers the opportunity to defer some fees for six months with lots of strings attached.

Within 48 hours a backlash prompted a rethink, with bills cut by 75% across the board for four months. The expected hit to



revenue from this measure is in the order of £75m.

Rightmove withdrew earnings guidance, suspended its dividend and confirmed its eligibility for the Treasury and Bank of England's Covid Corporate Financing Facility, which might signal to clients it is sharing in their pain.

### AGENTS LOOKING ELSEWHERE

Some observers believe this is too little, too late. Jefferies analyst Giles Thorne says: 'Rightmove's management may think that its four-month fee discount has now put its relationship back on a sustainable footing. We see the opposite: we see its actions as directly leading to an opening of the floodgates.'

Previously, leaving Rightmove would have represented a big leap of faith for agents. With the housing market now in hibernation, they may feel they have less to lose.

Evidence of collective action in the industry can be seen in the 'Say No to Rightmove' campaign spearheaded by Rob Sargent, chief executive of London-based estate agent Acorn.

The campaign says it has signed up nearly 1,500 members, representing 2,700 branches. Initial results from a survey of these members apparently shows 90% of those with Rightmove are considering leaving unless the discount period is extended or the pricing structure is overhauled.

Interestingly OnTheMarket is seen as the portal which offers the best value for money. The company should announce its full year results at some point in June, when investors can also expect an update on trading.

OnTheMarket's broker Shore Capital says the company will become stronger as a result of the market dislocation. Analyst Roddy Davidson comments: 'We look forward to more

information on the rate and value at which the company has converted agents from free to paying contracts (a key factor performance driver) when it next reports.'

### ZOOPLA'S CASH-RICH BACKER

The private equity-backed Zoopla came up with a more generous offer to agents than its main rival as coronavirus struck by offering nine months free on its portal if agents promise to leave Rightmove.

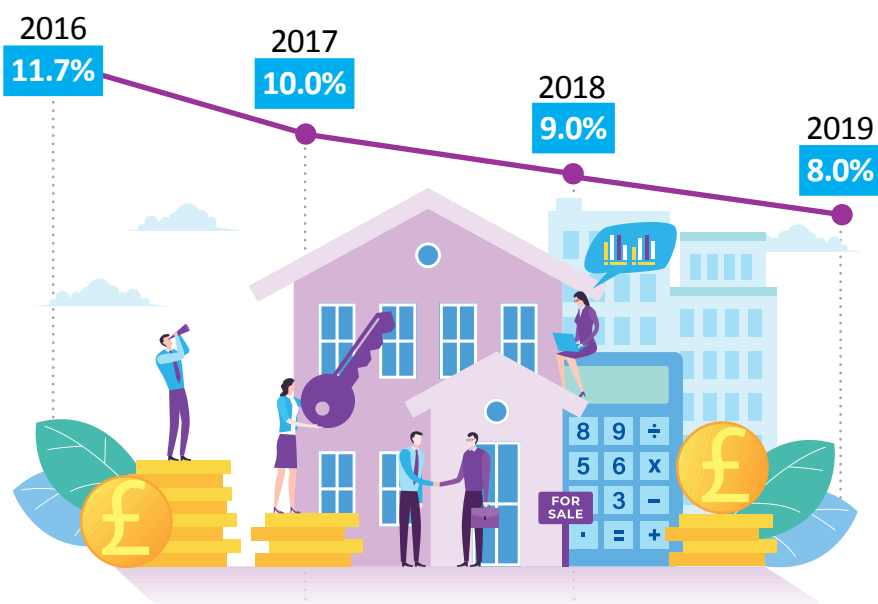
Liberum analyst Harry Read says: 'SilverLake (Zoopla's private equity owner) continues to be awash with cash and is seeking to raise a further \$16bn for another buyout fund, so the capacity to withstand initial cash haemorrhage necessary to displace Rightmove is feasible.'

In Thorne's view the only option for Rightmove to protect its market position is to consider a permanent 10% fee cut. He has cut his earnings forecasts for 2020 and 2021 by up to 30%.

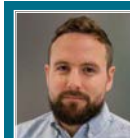
On his lower estimates the shares trade on a 2020 price-to-earnings (PE) ratio of 35.3 times and a 2021 PE of 30.4. That's too high given the challenges currently facing the business.

While Rightmove has been a great share to own in the past, there is a feeling the stock could become cheaper to buy if the backlash against the company gets worse. We would wait until there is a decent pullback before considering the shares.

### Year-on-year growth in Rightmove's average revenue per advertiser is slowing



Source: Company reports



By **Tom Sieber**  
Deputy Editor

# Do companies still have to immediately report material changes to earnings?

The regulators recently gave firms more time to pull together financial results

*Under normal circumstances companies are obliged to inform the market if there is a material change in their circumstances e.g. they gain or lose a contract representing say 20% of turnover. As many companies have withdrawn guidance because of Covid-19 does this obligation still apply or might we be in for some enormous shocks?*  
**Peter**



Senior reporter **Ian Conway** replies:

At the end of March, the Financial Conduct Authority (FCA) issued a joint statement with the Financial Reporting Council (FRC) and Prudential Regulatory Authority (PRA) giving companies more leeway in their financial reporting.

Specifically, the statement allowed companies an extra two months to complete their audited year-end financial statements, on top of the statutory four months, without imposing a penalty or suspending their shares.


The FCA pointed out that the Market Abuse Regulation (MAR) remains in force and companies are still required to fulfil their obligations concerning inside information as soon as possible

unless there is a valid reason to delay disclosure under the regulation.

Moreover, the FCA urged companies to assess carefully what information constitutes inside information at this time, 'recognising that the global pandemic and policy responses to it may alter the nature of information that is material to a business's prospects'.

In other words, if a company is in possession of inside information – for example, that its results are going to be wildly different to market expectations, because of the pandemic – the obligation to inform the market as soon as possible still applies.

When they posted their first quarter updates, many firms said they hadn't seen a material



"Many companies have withdrawn guidance because of Covid-19"

impact on their operations until the last two weeks of March.

However, most of the companies that have updated the market since the end of the quarter have reported a much faster and more damaging drop in activity than they expected

It's quite possible there will be a wave of profit warnings during May and June as companies are forced to comply with the FCA rules.

## DO YOU HAVE ANY QUESTIONS ABOUT MARKETS AND INVESTING?

Let us know if we can help explain what's going on with certain activity in the markets, how markets work or anything else to do with investing. We'll do our best to answer your question in a future edition of *Shares*.

Email [editorial@sharesmagazine.co.uk](mailto:editorial@sharesmagazine.co.uk) with 'Reader question' in the subject line.

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The value of your investments can go down as well as up and you may get back less than you originally invested.





# I'm told I can access my pension early, is this true?

Watch out for pension scams as households experience financial stress

*I received a phone call from someone saying I could access 50% of my pension today through a loan scheme. I'm 50 years old and while my job is secure for now, it's entirely possible that will change. I have no other savings, so it would be useful if I could access my pension in this way.*

**Stephen**



**Tom Selby**  
AJ Bell  
Senior Analyst says:

With the lockdown placing huge strain on millions of people's finances, it is no surprise to see scammers attempting to take advantage of the situation.

To be absolutely clear, UK pension rules do NOT allow you to access your retirement pot before age 55 in most circumstances. This includes taking a loan.

Anyone who does take money from their pension early will as a minimum be hit with a 55% unauthorised payment charge by HMRC.

In the situation of a pensions scam, at best you'll be subject to sky high fees by the fraudster as well, meaning you only get a fraction of your pension back and your retirement prospects are left in tatters. Many people lose everything as a result of these types of scams.

## ILL-HEALTH LUMP SUMS

The main exceptions to this early access rule apply where you are in ill-health. There are two sets of circumstances where this could be the case:

- Where you have been forced to take early retirement because you can no longer work in your occupation
- Where your illness means you are not expected to live for more than a year

On the first point, some schemes' rules are stricter and will require the individual to be incapable of carrying out *any* occupation, not just their current one. You will also need written evidence from a registered medical practitioner that you are no longer able to return to your current employment.

If you are in a defined contribution scheme such as a SIPP and qualify for early pension access in these circumstances, you should be able to access 25% of your fund tax-free with the rest taxed in the same way

as income.

On the second point, there are four main requirements you will need to meet to qualify for a serious ill-health lump sum:

- Written evidence from a registered medical practitioner that you have less than 12 months to live
- Pension benefits must be uncrystallised (this just means you haven't committed your fund to a retirement income route such as buying an annuity or entering drawdown)
- You withdraw your whole fund as a single lump sum
- You must have some unused lifetime allowance

Provided you are under age 75 and have lifetime allowance remaining, the entire serious ill-health lump sum should be tax-free. If you are over age 75, the lump sum will be taxed in the same way as income.

Any funds you take out will form part of your estate for inheritance tax purposes.

## DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

Send an email to [editorial@sharesmagazine.co.uk](mailto:editorial@sharesmagazine.co.uk) with the words 'Retirement question' in the subject line. We'll do our best to respond in a future edition of *Shares*.

Please note, we only provide guidance and we do not provide financial advice. If you're unsure please consult a suitably qualified financial adviser. We cannot comment on individual investment portfolios.

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# 50 days of lockdown: how have fund investors fared?

We also look at the most popular stocks, funds and investment trusts



**W**e're now 50 days into lockdown in the UK and during that time, despite all else that's been going on in the world, there has been lots of positive news for investors.

Even though there's been plenty of turmoil to businesses, markets are rising, the vast majority of funds have delivered positive returns for investors, people have been buying up more funds and stocks, and companies have managed to raise cash.

So what have investors been buying and how have funds fared during the 50 days of lockdown?

## WHICH FUNDS DID WELL?

During the 50 days of lockdown there was a polarised performance among funds, but investors will find cheer that 97% of funds have made money for

investors, a sharp turnaround on the performance we saw just weeks before lockdown officially

began when markets were in freefall.

Gold funds topped the best



## BEST PERFORMING FUNDS DURING LOCKDOWN

Fund	Performance (%)
ES - Gold and Precious Metals	57.6
BlackRock - Gold & General	56.2
Ninety One - Global Gold	56.0
MFM - Junior Gold	54.6
Quilter Investors - Precious Metals Equity	53.0
Smith & Williamson - Global Gold & Resources	50.4
DMS - Charteris Gold & Precious Metals	48.2
LF Canlife - Global Resource	47.6
MFM - Techinvest Special Situations	44.2
Schroder - ISF Global Energy	43.9

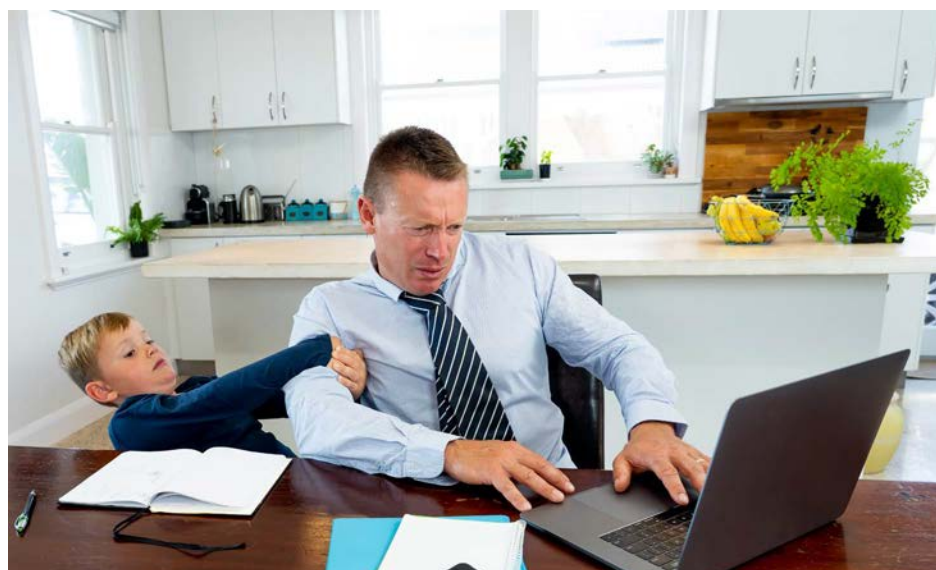
Source: FE. Data runs 23/03/20 to 07/05/20



performers during the period with **ES Gold and Precious Metals (B3YQ855)** delivering the highest return of 57.6%, helped by investors looking to gold and gold miners in times of trouble, pushing up prices.

Technology funds have been another standout as this crisis has seen how technology has become integral to our everyday lives. Whether it's through various video conferencing services allowing us to work and socialise, Netflix entertaining us with binge-worthy TV or Amazon delivering goods and stopping us having to go to the shops, these technology companies have prospered as they have become essential services for many.

US-focused funds have also



been among the top risers, fuelled in part by this technology boom but also by the sharp rebound in American markets after falls in February and early March.

### WHICH FUNDS DIDN'T DO SO WELL?

The 3% of funds that delivered a loss are dominated by property funds. The property market has all but ground to a halt during lockdown, meaning it's almost impossible to accurately price the asset as no sales are happening.

While lots of property funds remain suspended, meaning investors are trapped, that hasn't stopped their values falling as managers write down the value of some assets.

However, the worst performer in the lockdown period was Neil Woodford's former equity income fund, now called **LF Equity Income (BLRZQ73)**, which lost investors 16.7%.

The illiquid and unlisted assets in the fund had already been hit by the wider market downturns, but this fall in value really reflects the fact that investors received some of their money back on 25 March after assets were sold off so isn't a true reflection of performance during the period.



### WORST PERFORMING FUNDS DURING LOCKDOWN

Fund	Performance (%)
LF - Equity Income	-16.7
ASI - Strategic Investment Allocation	-16.0
First Arrow - Diversified	-13.8
VT - Moray Place Investment Company	-11.6
Aviva Inv - European Property	-7.0
Canlife - UK Property Jersey	-6.8
Janus Henderson - Multi Asset Credit	-6.6
Winton Trend	-6.0
LF Canlife - UK Property ACS	-5.6
Pictet TR - Atlas	-5.4

Source: FE. Data runs 23/03/20 to 07/05/20

## WHAT HAVE INVESTORS BEEN BUYING AND SELLING?

Investors used lockdown to snap up bargains, with three-quarters of the deals done on AJ Bell Youinvest's platform being purchases of assets, with just a quarter being investors selling investments from their portfolio.

Global funds dominated the purchases, including **Lindsell Train Global Equity (B644PG0)**, **Fundsmith Equity (B41YBW7)** and **Fidelity World (BJS8SJ3)**, with investors looking to get broad exposure to global markets and relying on fund managers to make the tactical decisions about where to invest.

Lots of investors also showed they had the stomach for a bit more risk despite the market sell-off earlier in March. Two special situations funds made it into the top 10 most popular funds, perhaps as individuals expect the strategy of investing



in companies in crisis to profit when markets rebound.

Investors also outsourced the decision of where to allocate money, opting for a number of one-stop-shop funds, where fund managers have the ability to invest across different equity markets or asset classes, such as the Vanguard LifeStrategy funds, **RIT Capital (RCP)** and AJ Bell's own funds.

For stock hunters, airlines and travel companies were popular, with investors hoping to profit

from previous falls in this sector before the lockdown and clearly thinking the outlook for these companies wouldn't be as dire as many predicted.

Oil giants featured for similar reasons, but investors will have been dealt a blow by **Royal Dutch Shell's (RDSB)** large dividend cut at the end of April.



By **Laura Suter**  
AJ Bell Personal  
Finance Analyst



## MOST POPULAR INVESTMENTS DURING LOCKDOWN

FUNDS	SHARES	INVESTMENT TRUSTS
AJ Bell funds	Lloyds	Scottish Mortgage
Fundsmith Equity	BP	Scottish Investment Trust
Vanguard Lifestrategy funds	Royal Dutch Shell	RIT Capital
Lindsell Train Global Equity	Barclays	Witan
Fidelity World	GlaxoSmithKline	Finsbury Growth & Income
Fidelity Global Special Situations	International Consolidated Airlines	Smithson
TB Evenlode Income	Aviva	Polar Capital Technology
Jupiter UK Special Situations	EasyJet	Temple Bar
Polar Capital Global Technology	Legal & General	Alliance Trust
Henderson UK Absolute Return	Carnival	F&C

Based on activity on AJ Bell Youinvest platform between 23 March and 6 May 2020

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# How to choose the right investment fund for you

They are like a box of chocolates, full of different things that can leave a nice taste

**I**n this latest entry to our first-time investor series we focus on investment funds called unit trusts and open-ended investment companies (OEICs) and explain how a novice investor can kick-start the fund selection process.

Thousands of funds are marketed to the investing public, providing professionally-managed access to a wide variety of asset classes ranging from equities and bonds to property and commodities. These collectives can give you



exposure to many geographic regions and investment styles ranging from growth and value to income.

## DIFFERENT CATEGORIES OF FUNDS

Investment platforms should provide a screening tool to filter the funds universe, such as by sector:

UK equity	Ethical/sustainable
UK equity income	Specialist
UK smaller companies	Multi-asset
Europe (ex-UK)	UK government bonds
North America	UK corporate bonds
Japan	Strategic bonds
Asia (ex-Japan)	High yield bonds
Emerging markets	Global bonds
Global	Emerging market bonds
Property	Absolute return

Source: AJ Bell

## TAKING YOUR FIRST STEPS

Funds are useful to someone with limited experience of investing because they enable you to entrust the day-to-day investment decisions to a professional money manager.

But before you set out on your fund selection journey, you should ask yourself what it is you want your fund portfolio to achieve? What is your risk appetite and what type of asset exposure do you want? Also, you need to formulate an investment timeframe. These are all important questions for the investment novice to ponder.

One baby step for a first-timer seeking asset diversification is to put money to work with a multi-asset fund – an example is **Fidelity Multi-Asset Balanced Income (BJ4L7W2)** – which will provide you with a ‘one-stop shop’ solution at a stroke.

These types of funds own shares and bonds, and often give you additional access to property and commodities.



They usually avoid ownership of any high-octane assets that could suddenly blow a hole in performance.

As your confidence builds, you could also consider investing in a global fund. These provide access to the acumen of a top money manager and can give you exposure to some of the highest-quality companies from around the world. One example is **Fundsmith Equity (B41YBW7)**, the Terry Smith-steered fund that has proved a consistent outperformer.

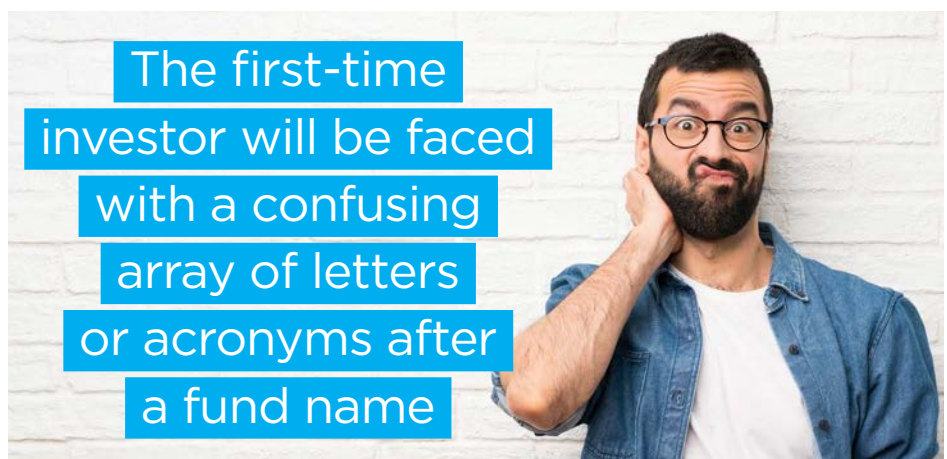
Anyone looking to generate an income from their investments should look at equity income funds or bond funds. The former invest in a range of dividend-paying companies and examples of funds in the category include **TB Evenlode Global Income (BF1QMV6)** and **Trojan Global Income (BD82KP3)**.

## KEEPING TRACK OF PERFORMANCE

As the marketing disclaimer so often warns, past performance is no guide to future returns. Novice investors need to heed this advice, as the funds industry has been hit by various 'star fund managers' disappointing in recent memory, notably the now-discredited Neil Woodford.

That being said, those funds and managers that *do* consistently outperform the market and their peers must be doing something right and merit strong consideration for portfolio inclusion.

A good place to start for the novice might be to screen for funds that have delivered 'top quartile' performance over one, two, three, five and 10 year time



periods, which suggests they have generated healthy returns through both buoyant and depressed economic conditions and in an up and down market.

Very useful sources of performance data include websites such as Trustnet, which is powered by FE fundinfo, and Morningstar. These informative websites allow you to rank funds by sector and performance and can provide a compass for a novice investor bamboozled by the array of funds on offer.

## CHOOSING UNIT TYPES

Another thing to consider is fund share class, as picking the right and wrong one can make a significant difference to your portfolio.

The first-time investor will be faced with a confusing array of letters or acronyms after a fund name, which can look like alphabet soup. These make a big difference to how much you will be charged, whether income is paid out or reinvested, and what currency the fund is in.

Watch out for the acronyms 'inc' or 'acc' after the fund's name; these simply denote the different classes of funds. So an 'inc' or 'income' class pays out dividends directly into your investment

account as cash, whereas an 'acc' or 'accumulation' class rolls up dividends and other forms of income and puts them back into your fund with the effect of increasing the value of each unit or share held.

With the accumulation unit, the first-time investor can benefit from compounding of returns (that's assuming the fund increases in value). This means that the income generated is used to buy additional units of the fund, which then (hopefully) grow and generate more income for the novice investor.

Other things to watch out for are institutional and retail share classes sometimes denoted with I and R after the fund name.

These may come with different charges or minimum investment thresholds, although if you are investing through an investment platform, which will be the case for most people, things will typically be made more straightforward for you.

Many platforms also have lists of top funds to help you narrow down your choice.



By **James Crux**  
Funds and Investment  
Trusts Editor

## KEY

- **Main Market**
- **AIM**
- **Investment Trust**
- **Fund**
- **Overseas Share**
- **ETF**

Admiral (ADM)	19
AstraZeneca (AZN)	12, 18
Barco	22
BATM (BVC)	6
Begbies Traynor (BEG:AIM)	19
Boohoo (BOO:AIM)	23
British American Tobacco (BATS)	7
BT (BT.A)	8
Byotrol (BYOT:AIM)	19
Centamin (CEY)	28
Cineworld (CINE)	9
Civitas Social Housing (CSH)	14
Computacenter (CCC)	23
Countrywide (CWD)	33
Dixons Carphone (DC.)	19
Dunelm (DNLM)	19
ES Gold and Precious Metals (B3YQ855)	41
Everyman (EMAN:AIM)	9
Fidelity Multi-Asset Balanced Income (BJ4L7W2)	44
Fidelity World (BJS8SJ3)	42
Fundsmith Equity (B41YBW7)	42, 45
Gear4Music (GFM:AIM)	19
Genus (GNS)	16
Halfords (HFD)	6, 24
IG (IGG)	19
Imperial Brands (IMB)	7
Invesco GBP Corporate Bond ESG UCITS ETF (IGBE)	30
iShares Global High Yield Corporate Bond GBP Hedged UCITS ETF (GHYS)	31

iShares Healthcare Innovation ETF (DRDR)	12
ITV (ITV)	16
JPM Global High Yield Corporate Bond Multi-Factor UCITS ETF (JHYP)	31
Just Eat Takeaway (JET)	19
Kainos (KNOS)	23
Kingfisher (KGF)	6
Learning Technologies (LTG:AIM)	22
LF Equity Income (BLRZQ73)	41
Lindsell Train Global Equity (B644PG0)	42
Liontrust (LIO)	19
Litigation Capital Management (LIT:AIM)	19
London Stock Exchange (LSE)	19
Manolete (MANO:AIM)	19
Microsoft	24
Motorpoint (MOTR)	11
Naked Wines (WINE:AIM)	19
National Grid (NG.)	7
Newmont Mining	29
Novacyt (NCYT:AIM)	12
Ocado (OCDO)	14, 23
OnTheMarket (OTMP:AIM)	34
Pets at Home (PETS)	19, 25
Plus500 (PLUS)	19
RBG (RBGP:AIM)	19
Reckitt Benckiser (RB.)	7, 18, 25
Restore (RST:AIM)	26
Rightmove (RMV)	33
RIT Capital (RCP)	42
Royal Dutch Shell (RDSB)	42
RSA (RSA)	33
Ruffer Investment Company (RICA)	9
Sainsbury's (SBRY)	19

Scottish Mortgage (SMT)	26
Softcat (SCT)	23
Speedy Hire (SDY)	19
TB Evenlode Global Income (BF1QMV6)	45
Travis Perkins (TPK)	19, 24
Tristel (TSTL:AIM)	19

Trojan Global Income (BD82KP3)	45
Unilever (ULVR)	7
Vanguard USD Emerging Market Government Bond ETF (VEMT)	30
Vodafone (VOD)	7
Volusion (FAN)	26

## KEY ANNOUNCEMENTS OVER THE NEXT WEEK

### Full year results

**18 May:** Centamin, EFK Diagnostics, LXI REIT. **19 May:** DCC, Scapa, Speedy Hire. **20 May:** Bloomsbury Publishing, Experian, Great Portland Estates, HICL Infrastructure, Marks & Spencer, Severn Trent, Wincanton. **21 May:** Mediclinic International, National Grid, Pets at Home, System1, Tate & Lyle, Universe.

### Half year results

**19 May:** Avon Rubber, Greencore, Hardide, Imperial Brands, Renew Holdings, Shoe Zone, Topps Tiles, Tritax Eurobox, UDG Healthcare. **20 May:** Britvic, Ixico. **21 May:** Euromoney Institutional Investors, Integragin, Oxford Metrics.

### Trading statements

**15 May:** William Hill. **19 May:** Glenveagh Properties. **20 May:** Coats. **21 May:** Essentra, Intertek, Keller, Kingfisher, Regional REIT.

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