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TIME TO BE MORE
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YEAR'S BIGGEST
BIOTECH WINNERS

TURNING **MUSIC
ROYALTIES** INTO
SWEET SOUNDING
DIVIDENDS

WHAT'S HAPPENING
WITH **HOUSEBUILDER,**
PORTAL AND **ESTATE**
AGENT SHARES?

An underwater photograph of several swimmers in a pool, viewed from below. The swimmers are wearing red swim caps and blue swimwear. They are in various stages of a stroke, with their arms and legs visible. The water is clear and blue, with light reflecting off the surface.

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Be prepared for more market jolts as the recovery rally comes under pressure

Investors are taking profits in some of the stocks that led the market rebound

Markets have just experienced more than a week of declines (8-15 June) as investors worried about a second wave of coronavirus infections and deaths.

While Donald Trump's mooted \$1trn infrastructure plan put a spark back into stocks on 16 June, the recent sell-off acted as a much-needed reality check.

There is no reason to panic despite share prices going through a bad patch. Stock market recoveries rarely travel in a straight line and as we've discussed several times in the past few weeks, the recent equities rally had gone too far versus the outlook for corporate earnings.

OVERSOLD AND NOW OVERBOUGHT?

The list of best performing sectors during the recovery in late March and April included oil services and travel and leisure. Both these sectors face considerable uncertainty for the rest of the year and beyond, yet investors seemed happy to bid up the stocks.

Interestingly they have been among the worst performing stocks since the market soured on 8 June, suggesting there is now a rotation and that people are taking profits.

Investors also seem to be crystallising gains on [biotech](#) stocks following an impressive rally year-to-date. We wouldn't be surprised to see a similar rotation out of small cap mining, oil and gas shares as well, which have been another strong part of the market during the recovery period from late March to early June.

These parts of the market may have rallied in recent months, but a more volatile period ahead would warrant owning more defensive and higher quality (which includes financial strength) investments rather than speculative ones.

Also having some spare cash to hand might give

you an advantage to buy great companies at lower prices if markets do experience another correction driven by renewed Covid-19 fears.

Key to any second wave of coronavirus is how quickly affected locations can reimpose lockdown measures. The initial data confirming a second wave is likely to shock the market, but a rapid response could reignite the optimism over economic recovery that we've seen in recent months, also helped by central banks throwing everything they've got to support markets.

STAY ALERT

It is important to stay alert in the coming weeks and months because there could easily be more jolts in the market.

For example, many companies are likely to say they are still struggling despite reopening for business which might not be good for sentiment towards economic recovery.

It seems plausible that public transport systems won't be able to function efficiently from a social distancing perspective once more people are encouraged to return to work. There is also the risk that unemployment creeps up as governments withdraw furlough and similar job support schemes, and many companies find they need to trim staff numbers. These negative factors would act as a dampener on investor sentiment.

From our perspective a W-shaped recovery looks increasingly more likely than a V-shaped one. Other experts believe we could see a tick-shaped recovery a bit like the Nike logo, implying a slower rebound.

Whatever happens in the coming months, expect a bumpy ride but don't lose faith with your shares, funds and bonds. Stay invested and be patient as the world will eventually get through the crisis.

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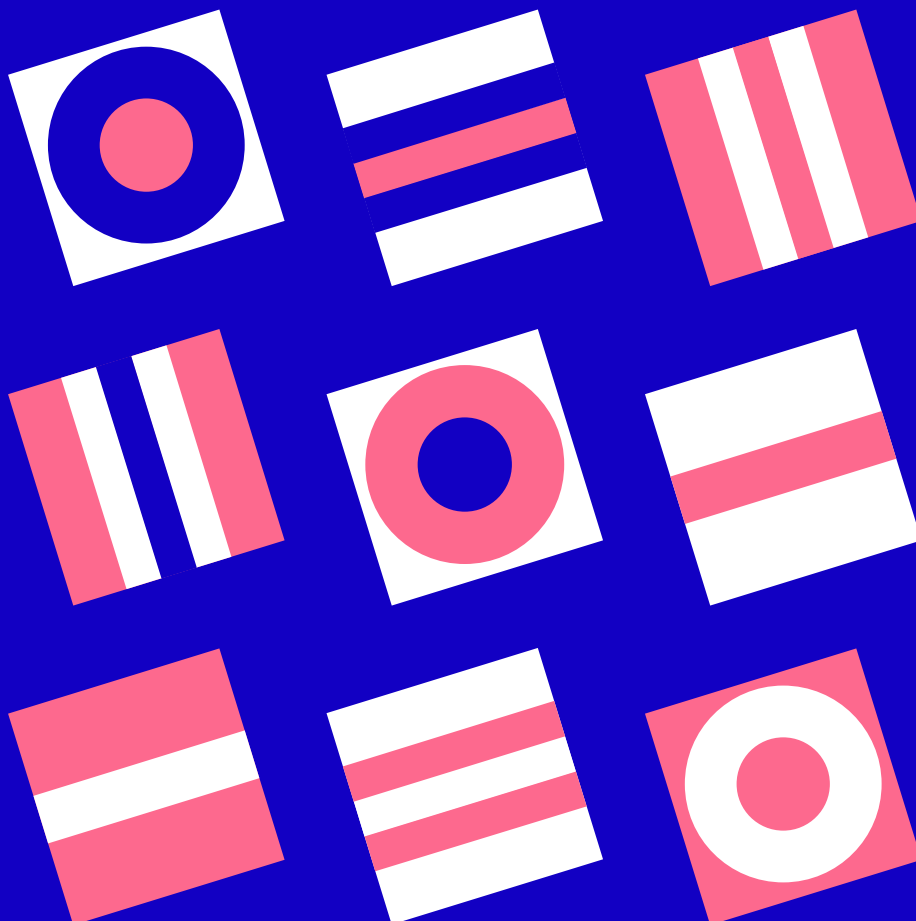
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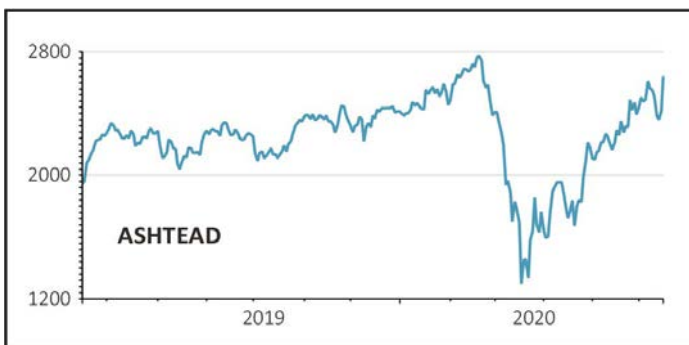
What US stimulus and infrastructure news means for markets

Equities resume upward path as investors react to news from the other side of the Atlantic

Just when stocks looked to be hitting a sticky patch, new stimulus measures by the US Federal Reserve and reports of a potential Trump administration \$1trn infrastructure splurge have given the market recovery new life.

Particularly in demand were companies seen as beneficiaries of spending across the Atlantic on roads, bridges and 5G broadband infrastructure.

The speculation about Trump's spending plan was timed nicely from the point of view of tool hire outfit **Ashtead (AHT)** as it coincided with a resilient set of financial results (16 Jun) and the company's decision to keep paying dividends.



In the 12 months to 30 April 2020 Ashtead derived more than 85% of its revenue from the US so it is logically a beneficiary if construction firms across the pond are needing to hire lots of cement mixers, generators, diggers and the like to fulfil new federal contracts.

Any fresh driver of demand could also underpin the company's commitment to dividend growth.

Other firms which rallied on talk of the Trump spending plan included infrastructure specialist **Hill & Smith (HILS)**, plumbing kit business **Ferguson (FERG)** and building products firm **CRH (CRH)**, all of whom have a US presence.

Stockbroker Davy said: 'The president has often talked about infrastructure stimulus but, to this



POTENTIAL US INFRASTRUCTURE WINNERS

Company	Share price performance 16 June
Ashtead	8.0%
CRH	6.9%
Ferguson	4.9%
Hill & Smith	4.3%

Source: Sharepad, data as at 11am 16 June 2020

point, that has been just that – talk. However, given the impact of the pandemic and the looming election, we believe the odds of getting something over the line are growing.'

Rumours of the infrastructure package came alongside news the US Federal Reserve would step up its own stimulus efforts by buying corporate bonds.

It is worth investors questioning why the Fed is so keen to act. It almost certainly reflects nervousness on the part of the central bank about a possible second wave in the coronavirus pandemic and how fragile any recovery from the crisis will be.

Kingswood Wealth Management's chief investment officer Rupert Thompson observes: 'A period of consolidation, while it becomes rather clearer how well economies navigate the difficult months ahead, would make a lot of sense.'

'However, with the surge in liquidity still in the driving seat for most of the time, hopes for a period of market calm and reflection look likely to prove wishful thinking.'

Time to be more cautious on this year's biggest biotech winners

Investors will need to adopt a more discerning approach towards biotech now that the initial excitement is evaporating

Having delivered some of the best performances in the stock market so far in 2020, biotechnology shares have encountered a brutal correction over the last few weeks.

Investors might be feeling bruised after seeing in some cases shares losing over half of their values, while on average they have dropped just over 40% in value from recent highs, as the table shows.

Part of this downdraft is probably the result of too many investors chasing share prices higher on the latest regulatory announcements, creating what is sometimes called a crowded trade. This refers to buyers becoming more aggressive, paying little attention to the price they pay, almost willing to pay any price just to get a piece of the action.

Once the surge in buying is over, the market tends to fall back until it finds a better equilibrium between buyers and sellers. This can then be exacerbated by profit taking from buyers who got in early, looking to lock in their gains, leaving the latecomers licking their wounds.

Even so, all the companies in the table have at least doubled in value over the last six months, which is remarkable in current market conditions.

There was always going to be a time when investors focused more on the economic reality rather than just the story. This may mean that shares tread water while the fundamentals catch up with the valuation.

This looks like the case for leading performer **Novacyt (NCYT:AIM)** which launched one of the earliest Covid-19 test kits at the end of January. In a recent update the company confirmed it had received orders worth a total value of €135m with new contracts in Zimbabwe and South America.

Even after falling by half the market capitalisation of €144m is nearly 50 times expected 2020 net



BIOTECH STOCKS ARE STARTING TO LOSE MOMENTUM

Stock	Price (p)	% chg over last 6 months	% decline from 2020 high
Genedrive	119.0	505	-57.0
Novacyt	213.0	1,740	-56.5
Synaigen	36.3	398	-51.3
Tiziana Life Sciences	81.6	111	-46.8
Avacta	110.0	676	-40.5
Omega Diagnostics	55.0	345	-35.5
Open Orphan	12.2	117	-26.2
E-Therapeutics	17.7	446	-20.7
Average			-41.8

Source: Shares, Stockopedia. Data to 15 June 2020

profits of €3m, according to data from Refinitiv.

Another reason for caution is the ever-increasing number of competing products that have appeared over the last few months, all hungry to meet the huge demand for coronavirus testing as well as antibody testing.

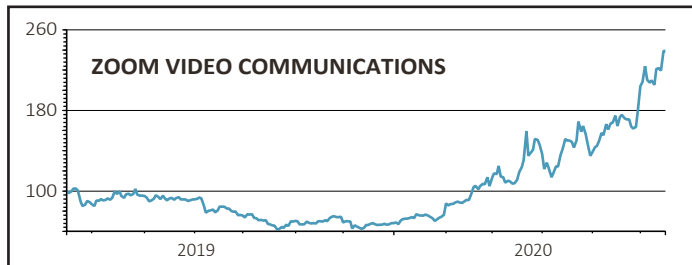
For example **Omega Diagnostics (IDH:AIM)** has interests in five Covid-19 testing opportunities, **Genedrive (GDR:AIM)** has developed a one-step, ready-to-go freeze dried test, while **Avacta (AVCT:AIM)** is due to launch a mass market testing strip in the summer.

In other words, the lions' share of price gains for the sector are probably behind us and further gains will be driven by companies which can translate orders into profits.

Valuation and competition pose a threat to Zoom's soaring share price

273% share price surge during lockdown puts the stock at a huge premium

City analysts remain split over cloud-based video calls business Zoom Video Communications after the stock's stunning 273% surge this year.



Millions of people globally have used its platform to stay in touch with family and friends during lockdown. Users must to pay to hold a meeting that lasts for more than 40 minutes and Zoom now has more than 265,000 paying business customers with 10 or more employees.

Zoom's share price has more than doubled since the coronavirus emerged as a serious global threat in mid-March, having floated on the stock market in the US at \$36 a share in April 2019.

The surge appeared to run out of steam by early June before rallying again in response to first quarter figures, when Zoom reported strong growth and more customers than expected paying for its full service.

First quarter revenues of \$328m were considerably ahead of \$203m forecast. That saw the stock price hit a record \$239.02, prompting many analysts to question the stock's heady valuation.

'The big question as always is the valuation of this business and this is where I run into difficulty,' says Richard Windsor from research group Radio Free Mobile. 'I think that Zoom has executed well against the challenges that it has faced during the pandemic and as such, it has carved itself out a space in this market.'



Yet the analyst notes the hefty multiple at which Zoom shares are trading, calculating a 2020 price-to-earnings (PE) multiple of 179. 'Even if the company grows earnings 100% in 2021 and 100% again in 2022, the company will still be trading on a 2022 PE of 45-times,' he adds.

Other analysts are more positive. 'Easy to deploy, use, manage and solid scalability make Zoom Video's software more popular among its customers,' says US broker Zacks. It also adds that the company's expanding international presence is a key catalyst for the share price even from current record highs.

However, heightened competition is a problem and that means video conferencing providers are being forced to differentiate their services to stand out from the crowd.

For example, Zoom says it will provide end-to-end encryption for paying users, while Microsoft Teams has unlimited call time for free and will soon expand its gallery view to fit up to 49 people on the screen.

Google has now made its video conferencing service free to use. Facebook has a video-calling feature called Messenger Rooms and WhatsApp has expanded its video conferencing facility so up to eight people at a time can now chat together. This level of competition is ultimately a serious threat to Zoom's ability to sustain rapid levels of growth.

Best Of The Best soars on latest results

The shift to pure online sales pre-pandemic was a masterstroke

Shares in competitions firm **Best Of The Best (BOTB:AIM)** leapt 57% to £12.69 on 15 June after earnings per share more than doubled in the year to 30 April and it proposed a 20p per share special dividend.

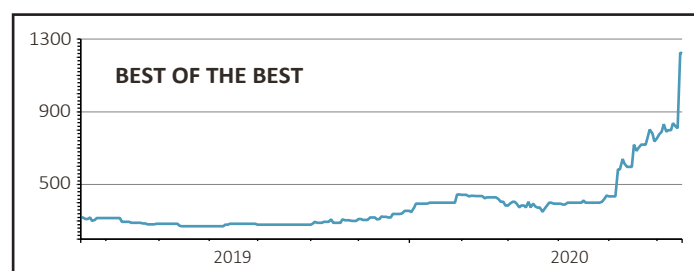
The gains take the total return for this year, including the special payout, to over 130%, and take the firm's market value to £76m.

The company had already moved away from its lower margin, capital intensive real estate operation of 26 sites at shopping centres and airports to exclusively online sales of its 'Dream Car' and 'Lifestyle' competitions before the coronavirus pandemic.

'Our digital-only model gives us more flexibility and focus, as well as efficiency and cost savings, combined with ever increasing confidence in our accelerating online marketing investment,' says chief executive William Hindmarch.

The firm raised earnings guidance in late January and again in March as it gained customers, particularly mobile users. Thanks to the absence of sporting events during lockdown online betting and competitions have attracted even more players in the last two months.

Looking ahead to the launch of the new 'Midweek Car' game, Hindmarch was resolutely upbeat: 'Sales momentum since the period end has been encouraging and ahead of management's original expectations.'



Private equity investors ready to swoop as they sit on record cash pile

There could be another wave of takeovers if markets fall back again

PRIVATE EQUITY FIRMS have hoarded a record pile of cash and are ready to swoop on distressed firms if markets fall again.

According to data provider Preqin, private equity investors – including sovereign wealth funds and leveraged buyout firms – are sitting on \$1.4trn (£1.1trn) of cash.

A report by Mazars shows that two thirds of private equity firms are looking at deals to buy distressed companies, indicating that investors are willing to look outside their

normal investment criteria as they seek to snap up a bargain.

Paul Joyce, head of London M&A at Mazars, said the findings suggest exit horizons for existing portfolio companies 'may well be delayed' given the current market conditions, but many private equity funds 'remain highly liquid' and are continuing to look for new opportunities.

The sizeable amount of cash in the industry has led many to believe there could be a deal bonanza, with

knock-down prices in a market slump potentially increasing investment returns over time.

PwC's UK chairman Kevin Ellis believes there will be a lot more mergers and buyouts compared to the recovery after the global financial crisis.

He said: 'This isn't a liquidity-led recession, this is a humanitarian-led recession. Therefore, there's probably twice the level of available cash to do deals than there was in 2008.'



If you're a regular reader, you'll know that we often talk about dividends. That's because they can make a big difference to your long-term investments. Indeed, with more uncertainty in the area now, we invite you to revisit the role of dividends.

Making dividends work for you

If you're a shareholder in a company, you may receive a dividend from that company's profits – as a reward for entrusting it with your capital. As with all investment trusts, The Scottish's main source of income used to pay dividends to its investors are the dividends received from its portfolio of holdings. You may not be aware that we deliver one of the highest dividend yields in the AIC Global peer group. This is important because, in conjunction with share price movements, dividend income forms a substantial part of an investor's total return.

Compounding occurs as dividends are used to buy more shares which, in turn, earn dividends on their own. These reinvested dividends would then gain or lose in line with the movement of the share price. For example, over 25 years to 31 May 2020, the share price of The Scottish increased by 225%. The share price plus dividends taken as cash would raise this to 357% over the same period and, if those dividends had been reinvested, the total return would have been 497% (all before any dealing expenses). It's important to remember, of course, that markets can be volatile and shares (and the income from them) can go down as well as up.

Why a contrarian approach can pay dividends

As we've demonstrated, dividends can play an integral part in the return on your investments over the long-term. We're pleased to say that we've increased our regular dividend for the last 36 consecutive years which makes us a 'dividend hero' according to the AIC. Even in these unprecedented times, we stand firm in our intention to maintain our long track record of regular dividend growth, having recently announced that we will increase this year's dividend. However, as we have seen from many companies in the past few months, dividends are not guaranteed and they can fall as well as rise.

In this context, how does our contrarian style come into play? It guides us to look for what we call 'ugly ducklings' – unfashionable and unpopular investments. The share price of such investments typically reflects their 'unloved' status, often written off by other investors. By contrast, we research these companies to ascertain if they are ripe for improvement. Has there been a change in their business model, or to senior management? Are there nascent opportunities in the markets in which they operate? If we believe we can see a change, and the company

presents a credible plan for recovery, we'll consider investing. However, we also take a 'belt and braces' approach to our investment – which brings us back to dividends.

One of the things we may consider before investing in an 'unloved' company is if it has sufficient cash to pay dividends throughout its turnaround. As our approach is based on long-termism and patience, a sustainable dividend may make it easier for us to hold the stock while the business is recovering. A good example of this is our investment in US telecoms group AT&T. Deemed unexciting by many, we view the steadiness of this business as a virtue. It fits our 'unloved' criteria, because investors' expectations are low. The company has a credible plan to improve its fortunes. As we wait for positive development, we can enjoy the dividend – the belt to the braces.

“dividends can play an integral part in the return on your investments over the long-term”

What if a company doesn't pay a dividend?

If dividends are so useful, does that mean we'll shun companies that don't pay one? Not necessarily. When a company is putting its house in order, it might choose to stop paying a dividend, conserving its cash to allow it to improve the business (investing in new technology or changing its business model, for example). Indeed, this was the case with Tesco, which suspended its dividend before we invested. Tesco addressed areas of concern, made improvements to its business – then restarted its dividend. We see the reinstatement of a dividend as an important signal that a company's rehabilitation is underway.

As you can see, dividends can tell us a lot about a company's health – and its future prospects. We always pay close attention to a company's dividends when we're considering investing – both its ability to pay them and its track record of doing so, because dividends can make a tangible difference to long-term investors. ■

16 June 2020

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Polar Capital is an superb business trading at a bargain price

The company's strong specialist franchises should chime with a post-coronavirus world

Specialist asset manager **Polar Capital (POLR:AIM)** is a high quality business which produces stable operating margins and high returns on equity which have averaged 35% over the last five years. These attractions are not reflected in the share price.

In addition the company boasts a conservative balance sheet with £109m of net cash, representing around 25% of the market capitalisation. Based on consensus expectations for next year's earnings the business is valued at a price-to-earnings ratio (PE) of 14 times.

Its focus on areas like technology and healthcare are a good fit in a post-coronavirus world and we would expect to see some momentum behind the business when it posts its results on 22 June.

The fund management sector has been consolidating fast over the last few years. This has been driven by the need for scale to address increasing compliance and technology costs, with sub-scale players rendered less competitive.

This makes the business potentially attractive to a larger bidder as there are fewer high quality assets like Polar left to buy.

Polar Capital is an 'investment focused' manager with around

POLAR CAPITAL



BUY
(POLR:AIM) 455p

Market cap: **£445m**

£12bn of assets under management (AUM) as at 31 March 2020. Rather than gather assets the firm aims to deliver differentiated risk adjusted returns over the long term by providing a range of fundamentally driven products to investors.

The business also places emphasis on providing high levels of customer service, independent risk control and compliance supervision. The culture is entrepreneurial and aims to provide a collegiate and transparent environment designed to support and retain talented fund managers and support staff.

Its funds are diversified across specialist mandates which span global technology, North America and healthcare. These three areas represent around two thirds of the total AUM with the **£3.5bn Polar Capital Global Technology Fund (B42NVC3)** accounting for a good chunk on its own.

The focus on long-term

performance appears to be working with 75% of its funds ranked in the top quartile against peers over the last five years

and since inception over 90% of its funds are top ranked.

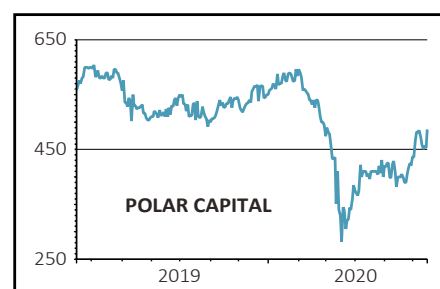
Recently launched strategies are linked to areas like leading emerging markets and Asian companies as well as automation and artificial intelligence.

The company's diversification strategy extends to bringing in new teams and in February it acquired a group led by Pierre Py and Greg Herr from Los Angeles-based First Pacific Advisors.

The transaction, expected to complete in the third or fourth quarter, will add \$1bn of assets across three pooled vehicles and three institutional accounts. The team will establish a joint venture called Phaeacian Partners, which will have separate branding.

POLAR CAPITAL

**£12.2bn AUM,
12 investment
teams,
25 funds**



Turning music royalties into sweet sounding dividends

Hipgnosis Songs Fund is onto a winner with its fast-growing catalogue of songs

Music consumption is soaring thanks to streaming platforms Spotify and Apple Music offering a virtual jukebox and letting people rediscover tracks they've enjoyed over the years.

This is great news for investment trust **Hipgnosis Songs Fund (SONG)** as it collects royalties on more than 13,000 popular songs, helping to fund an attractive stream of dividends for shareholders.

It is targeting 5p a year in dividends which equates to a 4.5% yield on the latest share price. That's very attractive in an environment where dividends are being cut by many companies.

A third of Hipgnosis' revenue comes from streaming royalties, meaning it earns a bit of money every time someone plays one of the songs in its catalogue which include works by Ed Sheeran, Bon Jovi, Beyonce, Stevie Wonder and Journey. Merck Mercuriadis, the founder of Hipgnosis' investment adviser The Family (Music), says the trust will only buy the rights to successful songs.

The rest of the trust's income is generated by royalties every time its songs are played in shops, gyms and restaurants, live on stage or on the radio; when they

HIPGNOSIS SONGS FUND **BUY**
(SONG) 115.5p

Market cap: £702m



feature in a film, TV show, advert or video game; or when someone buys a record, CD or a digital download containing its music.

VALUE GENERATION CATALYSTS

There are numerous share price catalysts. The first is buying more song catalogues and 'sweating the assets', namely collecting royalties from a broader base of songs to capture growing demand for streaming, and being proactive in striking synchronisation deals (getting them in films, adverts, etc).

It has a £1bn pipeline of potential catalogue acquisitions

and plans to raise an as-yet-unspecified amount of money to help buy some of these songs.

Over the last year, the average age of songs in its portfolio has gone from approximately 10 to 12 years to between 20 and 25 years old. The catalogues currently in its sights would take the average song age to between 30 and 40 years old.

The early adopters of streaming platforms such as Spotify were younger people. Now the biggest growth area in streaming is among 45 to 55-year olds which suggests they should be more familiar with the music likely to be added to Hipgnosis' portfolio.

FAVOURABLE RULE CHANGE

In 2018 the Copyright Royalty Board ruled to increase streaming songwriter/publisher royalty rates from 10.5% to 15.1% by 2022. The first increment has already happened and the second occurs this year, meaning Hipgnosis is getting increased royalty income.

By the end of 2023, the trust says \$1 worth of income bought last year would be worth \$1.44. While the ruling just involves the US at present, Mercuriadis is confident it will eventually permeate around the world.

Another tailwind to expect is a reduction in the discount rate

used by independent valuers on music catalogues. 'Several music valuation experts have reduced their discount rates to reflect changing consumer behaviours towards streaming music rather than making discretionary music purchases,' says Hipgnosis in its recent trading update.

'As proven hit songs produce long-term cash flows (typically around 100 years), any decrease in discount rates would have a significant impact on the portfolio's valuation. For example, a 100 basis point decrease in the discount rate would increase the valuation of the portfolio by 18%; likewise, a 100 basis point increase in the discount rate would decrease the valuation of the portfolio by 15%.'

Mercuriadis says the trust has already had an indication that its valuer will lower the discount rate on Hipgnosis' catalogue at the next semi-annual net asset value (NAV) update.

Another boost to earnings is likely to come from various social media and leisure platforms starting to pay royalties on music consumed through their services. 'There will be a deal for the true value of songs going forward and



a settlement for usage taken place to date,' explains Mercuriadis. 'Spotify made a settlement last year, Facebook is this year, Peloton next year, and we expect TikTok will do the same.'

'The opportunity with TikTok is massive as social media is driving the growth of music discovery,' he adds.

COVID-19 IMPACT

While music royalties are considered to have low correlation to financial markets, the coronavirus pandemic has had a negative impact on Hipgnosis' income. However, it doesn't appear to be as bad as one might have initially thought.

Live music accounts for 3% of its revenue and Mercuriadis doesn't see normal levels of such royalty income returning for the next 12 to 18 months. He says the advertising industry only shut down for three to four weeks, yet there could be a three to six-month dip in royalty income from music played in shops, restaurants and gyms (13% of revenue).

Despite these setbacks, Mercuriadis says the revenue from a boom in streaming during

lockdown will more than offset the losses from other sources.

ACQUISITION SPREE

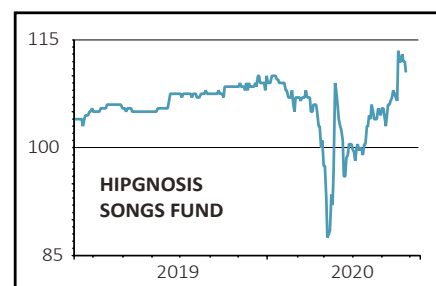
Hipgnosis' plan is to spend the next 20 months building up a portfolio to £2bn in value with 50,000 songs. Mercuriadis believes the assets being bought will be worth three times as much inside of seven years. More people are being hired to actively promote the trust's song catalogue for sync deals.

There is an argument to suggest that streaming services such as Spotify are now like a utility company with customers viewing subscription fees as non-discretionary spending. The more that people continuously use such services, the greater the chance for more royalty income for Hipgnosis.

Future acquisitions are likely to be done on higher earnings multiples as there is growing competition for assets.

The trust targets 10% total return each year via a mix of capital gains and income. At 111.5p, the shares are currently trading in line with net asset value versus a 6.9% average premium over the past 12 months.

Hipgnosis looks like a great portfolio diversifier providing access to a theme with strong growth prospects, and as a potential saviour for income investors.



HOMESERVE

(HSV) £12.75

Gain to date: 11.4%

Original entry point:

Buy at £11.45, 16 April 2020

HOME REPAIRS SERVICES provider **Homeserve (HSV)** continues to demonstrate the resilience which made us flag its appeal back in April.

Supported by a typically solid set of full year results and accompanying hike in its dividend (19 May) the share price has continued to rise on a steady upwards trajectory and the company recently joined the ranks of the FTSE 100.

An expected trading update alongside the company's AGM on 17 July looks to be the next catalyst.

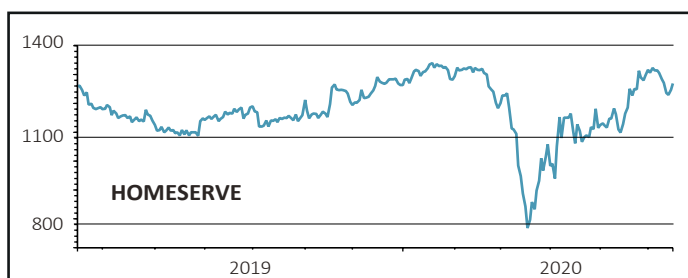
Homeserve's recurring membership model, covering its customers in the event of mishaps with their gas, electricity or plumbing, means it has been broadly unaffected by the coronavirus crisis.

For the 12 months to 31 March the company posted a 15% rise in adjusted operating profit to £202m and a 10% rise in the dividend to 23.6p.

A company sponsored survey in April showed that over a third of customers considered the Homeserve service more important to them compared with March.

April to September is usually a quieter period for marketing, so the company has paused most of its large-scale campaigns, which will slow future growth but also save money.

The board has conducted a viability assessment over a three-year period to 31 March 2023 and concluded that no single scenario stress test would impact the viability of the group.



SHARES SAYS: ↗
Keep buying.

DOMINO'S PIZZA

(DOM) 310p

Gain to date: 3.7%

Original entry point:

Buy at 299p, 16 April 2020

ONE OF THE key attractions of **Domino's Pizza (DOM)** during lockdown was the strength of the brand and a rapid move to deliveries which initially more than offset the lack of sales from collections.

In the first week of lockdown the company reported higher orders and greater items per order which raised the average ticket value.

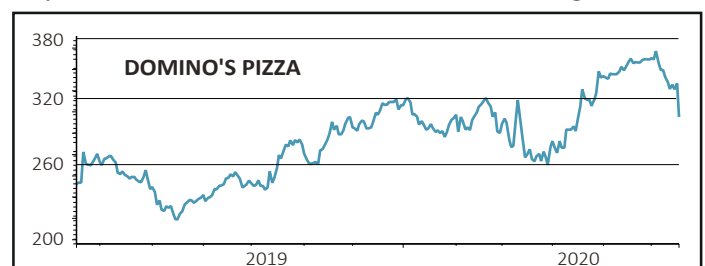
However in a 17 June trading update the company said order count for the first half to 14 June had declined and that a 'change in consumer purchasing behaviour' had impacted margins.

Customers have been purchasing a higher proportion of sides and desserts which was good for sales, but they generate lower profit margins for Domino's.

In addition while UK like-for-like sales growth accelerated from 2.3% before the lockdown to 5.1%, averaging 3.7% for the first-half to 14 June, Ireland has experienced a weaker performance, with like-for-like revenues falling 6%. For the lockdown period like-for-like sales in Ireland fell 9.2%.

Lastly, a significant change to operations in order to protect customers and staff has resulted in considerable additional costs which has more than offset the benefits from higher revenues. Consequently, the company guided for lower first-half earnings before interest, tax, depreciation and amortisation (EBITDA).

We expect analysts to lower their earnings expectations in accordance with the new guidance.



SHARES SAYS: ↘

Take profit. Earnings matter more than revenue growth and trading isn't strong enough to support our previous buy stance.

TRAVIS PERKINS

(TPK) £11.30

Gain to date: 11.3%**Original entry point:****Buy at £10.15, 30 April 2020**

THE LATEST TRADING update from building supplies firm **Travis Perkins (TPK)** was upbeat on current trends in its industry, but less positive than hoped on the outlook for the UK economy in general and its end markets for the rest of this year and 2021.

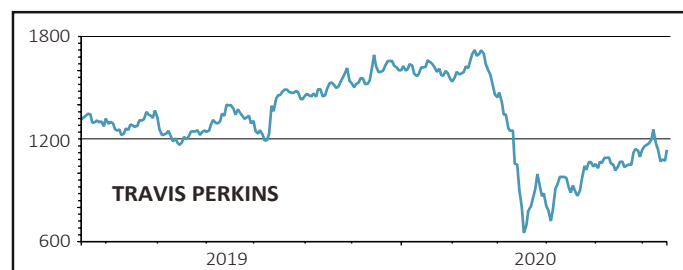
While average weekly business volumes are almost back to normal for the group this month, there is a gap between Wickes and Toolstation which are seeing higher like-for-like sales and the Merchanning, Plumbing and Heating businesses where volumes are still some way below last year's levels.

The firm has taken the tough decision to close 165 branches, mainly in the General Merchanning division, with the loss of up to 2,500 jobs or 9%



of the workforce. Cuts will be focused on smaller branches where safe distancing is difficult or where lower volumes will impact overall profitability.

Travis still has ample liquidity, with £363m of cash and £400m of undrawn bank lending, and while laying people off is never pleasant it should ensure the business is streamlined and competitive in what it believes will be tough times ahead for the building industry and suppliers.

**SHARES SAYS:** ↗

Travis has grasped the nettle in order to emerge stronger. We are still buyers.

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THE BEST IS STILL AHEAD IN CLOUD COMPUTING

The cloud computing industry has experienced exponential growth but has hardly penetrated its total addressable market. All businesses must undergo a digital transformation, especially amid the current health crisis. Bessemer Venture Partners (BVP), a venture capital firm that specialises in the cloud computing space, expects cloud computing to become the underlying connectivity source for our entire \$88tn global economy.

From 2008 to 2020 the total market capitalization¹ of the top five public cloud companies increased by 44x from \$14bn to \$616bn. Total cloud market cap also reached \$1tn in 2020, doubling the size of BVP's original expectation for \$500bn by 2020. The industry generated more than \$200bn in annual revenue in 2019 with Cloud computing segments driving profitable growth for tech-giants operating multiple lines of business (ex: Amazon, Microsoft and Alphabet). Today, cloud software accounts for approximately 30% of the overall software market and by 2030, BVP anticipates cloud will power 83% of the software market.

While there is currently a lot of attention being placed on firms like Zoom Video Communications as the Covid-19 Pandemic has forced an unprecedented transition to a "work-from-home" environment, BVP does not believe that cloud investors and stakeholders have missed the opportunity – the greatest potential lies ahead.

Looking forward, BVP predicts that the future of work will be remote—quite a statement during a time when it is estimated that almost 80% of the European white-collar workforce is currently working from home. This figure was closer to 20% prior to the Covid-19 pandemic, and while it is impossible to know the future perfectly, a reasonable estimate of where this settles could be in the 35-40% range¹.

Society will be indelibly changed in many ways after Covid-19, but from change does often come opportunity. Cloud companies will bring flexibility to many business practices, making them better able to fit the new ways in which we may all have to work. HR & payroll, management software, as well as onboarding, training and culture are only some examples of areas where cloud companies—both public and private—will only increase in their influence. Added to this will be cybersecurity firms, as the wider and wider proliferation of data will mean that the value of privacy should only increase.

For investors looking to capitalise on cloud computing as a theme, we see a demarcation between the "giants" like Amazon, Microsoft and Alphabet, and the "upstarts" with products that can have potential to scale rapidly—like what we've been seeing with Zoom Video Communications. The giants may well be represented in many strategies, but to us it is the upstarts that bring the potential of a fresh, pure-play opportunity on cloud.

■ For more insights about disruptive technologies, please visit: [The WisdomTree BLOG](#)

■ To access a list of relevant thematic products within the AJ Bell Youinvest platform, please visit: [AJ Bell Youinvest - Thematics](#)

¹ Sources: BVP & Bain Consulting.

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WINNERS AND LOSERS AMONG HOUSEBUILDER, PORTAL AND ESTATE AGENT SHARES AS HOUSING MARKET IS DEFROSTED

How companies with direct exposure to the space have performed and why



















The housing market is emerging from hibernation but as investors in directly related sectors like housebuilders and estate agents count the cost of lockdown they have seen a significant divergence in share price performance.

There are a number of factors behind these disparities. A look at the table of year-to-date performance suggests that financial strength has

been a clear dividing line but there are other reasons why some stocks have held up reasonably well while others have seen much more substantial falls.

Sifting through the wreckage with an eye on the potential recovery in property activity, we have identified the best housebuilder shares to buy now as well as updating our views on two constituents of this space which we have written about positively in the past.

HOW HOUSING MARKET STOCKS HAVE PERFORMED IN 2020

Name	Year-to-date performance (%)	Last reported net cash or net debt  position 
Rightmove	-12	£36.3m 
OnTheMarket	-13	£8.7m 
Persimmon	-13	£600m 
Belvoir	-15	£6.9m 
Berkeley	-21	£1,060m 
Taylor Wimpey	-22	£545.7m 
MJ Gleeson	-24	£5m 
Countryside Properties	-29	£127.7m 
Barratt Developments	-30	£426.7m 
Bellway	-31	£157m 
Redrow	-35	£200m 
Crest Nicholson	-39	£93.6m 
Vistry	-43	£476m 
Foxtons	-51	£37.1m 
Purplebricks	-59	£35m 
Countrywide	-68	£82.9m 

Source: Company reports, SharePad, 12 June 2020

REMARKABLE LEVEL OF RESILIENCE

In the context of lockdown the UK housing market has actually been remarkably resilient and this can be seen in a number of data points.

House price data has been pretty rosey but not disastrous in the circumstances. The latest figures from the Royal Institution of Chartered Surveyors (RICS) showed 32% of estate agents reported a fall in property prices in May – the lowest point for the gauge since 2010.

However, beneath that headline there were reasons for optimism with RICS also revealing that new buyer enquiries recovered from -94% in April to just -5% in May.

Property portal Zoopla says property sales in England have swiftly rebounded to the same levels they were at shortly before lockdown as pent-up demand has been released. Since restrictions were lifted Zoopla noted a 137% increase in the volume of new sales agreed, though Scotland and Wales remain in deep freeze for the time being.

SHIFTING BUYER PREFERENCES

Site data and a user survey from fellow portal **Rightmove (RMV)** suggests there is a preference for houses in rural locations and with good transport links – perhaps reflecting a shift to working from home.

This may have negative implications for the London market, which may explain why estate and lettings agent **Foxtons (FOXT)**, focused on the Capital, is a real laggard on the stock market despite a net cash balance sheet.

The theme of resilience is also reflected in a fairly low level of cancellations among the big volume housebuilders.

Several housebuilders said they continued to complete transactions and secure new reservations through lockdown as they adapted to social distancing both in terms of construction activity and online viewings of properties.

One of the better performing property-related stocks in the space, **Persimmon (PSN)** has noted that cancellation rates have remained in line with historic trends. Like affordable housebuilder **MJ Gleeson (GLE)**, Persimmon is arguably better placed in recovery with its last reported average selling price of £244,500 towards the lower end of the market.

Our timing in flagging [Persimmon's income attractions](#) in late February was poor, particularly as

like nearly all of its peers it subsequently suspended dividends. However, we remain comfortable with the view that it has good prospects for recovery as the market kicks back into gear, supported by its robust balance sheet.

FINANCIALLY STRONG

Even more robust financially is **Berkeley (BKG)** which has the kind of resources many companies could only dream of, sitting on £1bn-plus of net cash at the last count.

These deep pockets should enable Berkeley, whose chairman Tony Pidgley is seen as one of the shrewdest operators in the sector, to add to its land bank at an opportune point in the cycle when competition is low.

Another relative outperformer, **Taylor Wimpey (TW)** outlined plans for land acquisition in its latest update (5 June) as it revealed that in the nine weeks since the start of lockdown it had seen cancellations at just 5% of its private order book (compared with 6% for the equivalent period in 2019).

The land acquired cheaply in the wake of the financial crisis was one of the reasons why the sector has been so profitable in recent years,



RIGHTMOVE - WHAT BUYERS ARE LOOKING FOR

Change to what they want in their next home	%
Bigger garden or access to one	63
A bigger home	43
Access to a parking space or garage	36
A better home workspace	36
Live closer to parks and green spaces	31
Want to live in a rural area	30

Source: Rightmove, June 2020

along with the Help to Buy scheme, strong supply-demand dynamics and the easy availability of affordable mortgages.

PROPERTY PORTALS

Beyond the housebuilders, shares in property sites Rightmove and **OnTheMarket (OTMP:AIM)** have held up relatively well, perhaps because investors believe estate agents will continue to spend money on advertising properties as the latter need to facilitate transactions to generate a key source of income.

Lettings and estate agency operator **Belvoir Lettings (BLV:AIM)** has done better than some of its peer group on the stock market – with its lettings business and franchise model providing some protection from a collapse in transactions.

As FinnCap analyst Guy Hewett notes on Belvoir: 'Early indications for April trading are that the franchise networks have shown considerable resilience.

'Less than 5% of tenants are in arrears on their rent, only a small increase on the 2% seen in normal times, and sales transactions of around a third of usual levels were able to complete.'

We featured Belvoir in ['Our six best small cap ideas'](#) article on 6 February and we continue to rate the stock as a 'buy'.

MORE STRETCHED

One of the worst performers in the space on the stock market has been estate agent **Countrywide (CWD)** which is lumbered with net debt of £82.9m at the last count. The company was not helped by the collapse of the sale of its troubled commercial arm Lambert Smith Hampton. It is currently suing the buyer after the deal fell apart at the final hurdle.

Countrywide's less robust financial position is a trait it shares with other relative underperformers.

In hindsight **Vistry's (VTY)** acquisition of **Galliford Try's (GFRD)** regeneration and housing divisions was poorly timed, stretching the balance sheet and exposing it to integration risks. Its shares have lagged the peer group.

One of *Shares'* key selections for 2020, **Redrow (RDW)** has also disappointed. Again this is likely to be linked to its net debt position of around £200m which left it more exposed to the unprecedented situation created by the pandemic.

Our December 2019 article picking Redrow was

THE HOUSEBUILDER TO BUY NOW

BELLWAY (BWY) £26.35 ▲ BUY

The company recently confirmed that trading had been relatively strong through lockdown. It has completed on 708 units since 23 March and it flagged a pick-up in interest since reopening its English sales centres on 1 June.

Selling prices have remained solid according to the company and the order book remains above £1.5bn.

Net debt of £157m is very manageable and the shares are also cheaper than rivals with net cash on their balance sheets. Based on forecasts from Liberum the shares trade on a price-to-net asset value ratio of around one.

While dividends are off the table for the time being, its track record suggests this will likely be a temporary phenomenon. Liberum notes Bellway sustained its payout through the financial crisis.



based on the premise that the UK's economy would bounce back and that its shares were attractively valued. The former has clearly been knocked off course by Covid-19.

Redrow's pricing levels are closer to the top end of the market, something it shares with **Crest Nicholson (CRST)** whose stock price has significantly underperformed the former in the past three months.

Elsewhere, **Purplebricks (PURP:AIM)** has seen its stock sold by several major institutional investors, including the offloading of the stake held by Neil Woodford's collapsed equity fund. The company's weak share price performance is probably also a hangover from a very difficult 2019 when it had to effectively abandon plans for overseas expansion.



By **Tom Sieber** Deputy Editor

FIGHTING CLIMATE CHANGE

THE FUNDS AND COMPANIES WITH POSITIVE SOLUTIONS

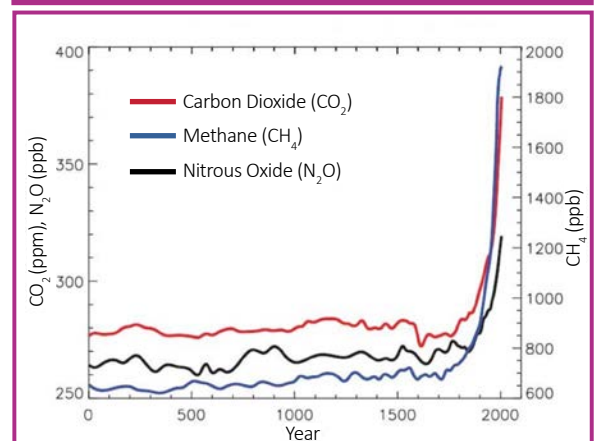
ENVIRONMENTAL AND ETHICAL INVESTMENTS
HAVE MARKET-BEATING CREDENTIALS



Global markets and investors have been held captive by the Covid-19 pandemic in recent months, and rightly so. But as the global conversation gradually moves on from saving lives to savings jobs and shoring up economies, climate change remains the elephant in the room.

In April the UK economy shrank by 20.4%, an unwanted record decline that shows the severity of the current challenge to our economy, jobs, savings and wider wellbeing. Yet global warming also remains a real threat and one that must not be airbrushed over.

CONCENTRATION OF GREENHOUSE GASES



Source: BNP Paribas

Left to continue its current trajectory, global warming will shift weather patterns, threaten food production, cause rising sea levels, create more droughts and heat waves, strengthen hurricanes, and endanger the very survival of humanity.



By **Steven Frazer** News Editor



FIVE CLIMATE CHANGE SHIFTS

Reforming food and forestry

Changes to what we eat, how it's farmed, and how much we waste could address 20% of today's greenhouse-gas emissions, while halting deforestation could address 15% of CO₂ emissions

Electrifying our lives

Electrifying the road-transportation sector and the buildings in which we live and work would help eliminate 42% of today's yearly CO₂ emissions

Adapting industrial operations

Electrifying a broad range of industries, as part of a collection of operational adaptations, could address 33% of today's annual carbon emissions

Decarbonising power and fuel

Scaling renewables to decarbonise the power system would allow downstream users of electricity – everything from factories to fleets of electric vehicles – to live up to their own decarbonisation potential and address the 80% of global energy demand accounted for by fossil fuels

Ramping up carbon-capture and carbon-sequestration activity

Deep decarbonisation would require major initiatives to either capture carbon from the point at which it is generated (such as ammonia-production facilities or thermal power plants) or remove CO₂ from the atmosphere itself

Source: McKinsey

The United Nations has already called climate change 'a matter of life and death', while David Attenborough has said it could lead to the collapse of civilisations and the extinction of much of the natural world.

MAKING A SMALL DIFFERENCE

We can all make small differences in our own ways; widespread recycling, avoiding single-use plastics, turning off unnecessary lights around the house, perhaps eventually trading the petrol/diesel car for an electric one.

We can also invest in businesses and funds that are helping humanity avoid catastrophe, and not at the cost of wealth creation.



It used to be a common misconception that investors putting money in this space had to sacrifice returns, yet this is increasingly being proved wrong.

Jon Forster, one of the managers of **Impax Environmental Markets (IEM)**, an investment trust that has been focusing on the green theme for nearly two decades, argues that companies and industries providing solutions to global warming and climate change will grow faster than other mainstream markets.

This view was backed up by a BNP Paribas report in 2019. It highlighted empirical data suggesting that strong performance on ESG (environmental, social and governance) measures improved corporate financial performance and investment returns, and more evidence continues to come through.

For example, analysis last year showed that the MSCI KLD 400 Social index, focusing on 400 US firms which score highly in ESG terms, had generated annualised returns of 9.8% over the last 25 years. That was versus 9.6% for a wider universe of US stocks.

PERFORMANCE COME RAIN OR SHINE

The better performance by ESG stocks was repeated during the early stages of Covid-19, with first quarter 2020 declines for the best ESG stocks in the MSCI ACWI Global Equity index of 15.6%, versus a 22.1% fall for the poorest ESG rated, according to research by Alliance Bernstein.



Q1 2020 RETURNS BY ESG RATING

	MSCI ACWI	S&P 500
ESG Leaders	-15.6%	-10.8%
ESG Laggards	-22.1%	-22.2%

ESG Leaders are companies with strong environmental, social and governance practices.

In global equities, ESG Leaders outperformed companies with poor ESG ratings by almost 7 percentage points.

The difference was even bigger in US equities, where ESG Leaders saw returns 11 percentage points higher than ESG Laggards.

Source: Alliance Bernstein

As emerging markets investment specialist Mark Mobius, who runs the **Mobius Investment Trust (MMIT)**, says: 'By taking ESG factors into account, investors can significantly reduce the risk profile of their investments, which over the long term not only translates into positive risk-adjusted returns, but also positively impacts all stakeholders.'

HOW TO INVEST

There are two main approaches to creating a climate change investment strategy. One is investing in alternative energy and the other is to back climate problem solvers.

The International Energy Agency (IEA) forecasts strong growth for renewable energy over the coming years to cover roughly 40% of global energy consumption growth over the next five years thanks to investment in wind, wave and solar projects, particularly in India and China. By 2050, the IEA believes renewable energy will produce between 70% and 85% of the world's electricity.

But there are more exciting areas away from power generation. Energy efficiency is one of Impax's major investment themes, identifying areas like the heat pump technology developed by engineer **Spirax-Sarco (SPX)** and industrial automation.

Other investment areas to target might include smart mobility, smart grids, carbon capture and storage, and batteries that power electric vehicles.

A decade ago, there were just three battery-powered electric vehicle models on the market in the US, two in the EU and none in China, say analysts at Schroders.

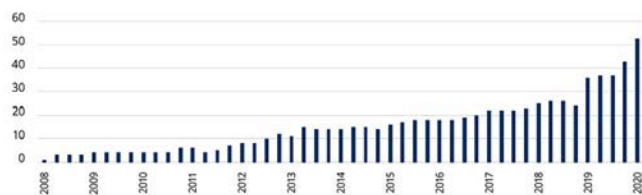
The best-selling battery-powered electric vehicle in 2008 was the TH!NK City, clocking up sales of about 330 units, according to the asset manager. Made by little-known Norwegian firm Think Global, the manufacturer filed for bankruptcy in 2011 and soon after was acquired and production ceased.



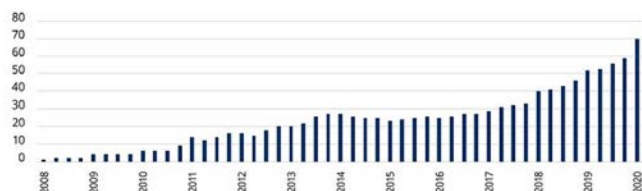
Fast forward to 2020 and there is 53 battery-powered electric vehicle models on the market in the US, 70 in Europe and 226 in China.

THE NUMBER OF BATTERY-POWERED ELECTRIC VEHICLE MODELS ON THE MARKET

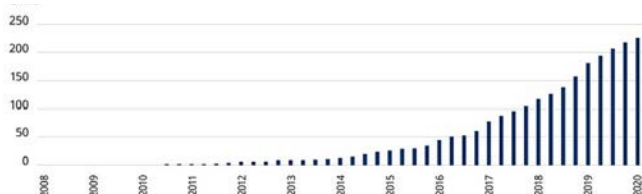
NORTH AMERICA



EU EUROPE



CHINA



Source: Bloomberg, Schroders

The price of a lithium-ion battery pack has fallen by 85% over the last 10 years and, as batteries are the largest input costs for electric vehicles, this has allowed today's product offerings to have a truly mass-market appeal. Tesla's Model 3 was the best-selling electric vehicle last year, with more than 300,000 units sold. 'This is no longer a niche industry,' says Schroders.

CLIMATE-PROOFING PORTFOLIOS

The other way to invest is what some call climate-proofing a portfolio. The premise is that a warmer Earth will create economic disruption and that companies need to be prepared.

Retailers with gigantic buildings can have a large carbon footprint due to the vast numbers of energy sapping stores and food waste. But Walmart, for example, has worked to make its stores more environmentally responsible, from demanding that suppliers use less packaging to turning off lights at night. These are small steps that, given the retailer's size, have saved it billions of dollars and reduced waste. The company is also installing solar panels on stores.

The UK's **Tesco (TSCO)** is doing similar, building

the UK's first 100% carbon 'positive' store, which recycles rainwater, utilises low power light emitting diode (LED) lights and is powered by solar panels. Tesco wants to be totally carbon-neutral by 2050.



In another example, Toyota, the maker of the popular hybrid Prius vehicle, has sold bonds whose proceeds were used to promote its hybrid technology.

FINDING INFORMATION

New rules on corporate transparency mean companies must now demonstrate they are being run responsibly and have adopted policies to address environmental issues, making it less tricky for investors to see who is doing what, where and when.

One place to find out if a company is operating in an environmentally friendly way is to look at the report and accounts, but don't expect information to be black and white.

For example, you might think that **Royal Dutch Shell (RDSB)**, one of the world's biggest oil and fossil fuel extractors, is the very antithesis of an environmentally friendly company. But the issue is more nuanced than it appears at first sight.



Shell is investing in a network of charging stations for electric cars and lorries, and

researching various sustainable fuel alternatives, such as using bacteria to convert light to energy.

GETTING EXPERT HELP

This is a hugely complex issue, and some companies are not very good at communicating their environmental practices, while others may not have a policy at all. That's why it can pay to use the services of a fund manager when seeking to make investments explicitly linked to good environmental practices.

For example, fund manager Pictet runs a rigorous process under a seven-category umbrella that means only 400 companies qualify for investment consideration for the €3bn **Pictet Global Environmental Opportunities Fund (B4YWL06)**. About 50 of those stocks are held in the portfolio, including data centres operator Equinix and Thermo Fisher Scientific, which makes science-based equipment designed to make the world healthier, cleaner and safer.

Similarly, asset manager Liontrust has a three-stage approach to constructing its sustainable portfolios. It screens for companies which it considers are negatively impacting the environment (such as miners, airlines and oil companies). It looks for companies providing solutions to environmental issues, and then actively prompts investee companies to embrace strategies that will mean a greener future and result in better investment returns.

'The Earth has warmed by roughly 1.1°C since the late 1800s and 2020 is on course to be the hottest since record keeping began,' says BNP Paribas.

Five years ago, 195 countries signed the Paris Agreement, committing to maintain this century's rise of temperature at less than two degrees Celsius above pre-industrial levels.

This represents the biggest agreement ever signed on an environmental issue, and the 2018 Conference of the Parties (COP 24) has finalised a rule book to implement the Paris Agreement.

'With time running out to mould a smooth transition, the chances of a faster change, with unavoidably disruptive impacts on financial markets, are rising,' believes Schroders.

That could be great for investors looking to invest in companies and funds capable of meeting the challenge. As such, here are five funds to consider buying now.

FIVE CLIMATE FUNDS TO BUY NOW

BUY

IMPAX ENVIRONMENTAL (IEM) 311P

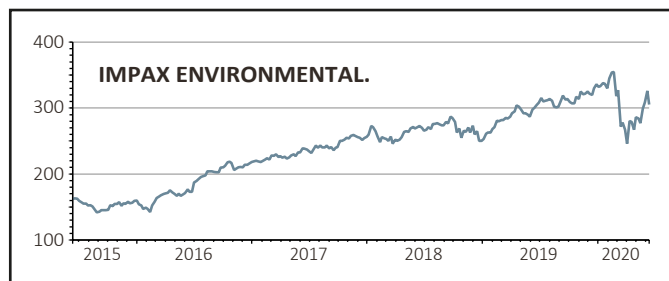
BUY

Why buy now?

Impax couldn't be better placed with climate change being one of the investment trust's core investment themes, alongside cutting air pollution, reducing and treating waste, and eradicating single-use plastics.

The investment trust typically focuses on profitable companies providing new technology or other solutions to these substantial problems, such as sustainable packaging supplier **DS Smith (SMDS)**, heating technology firm Spirax-Sarco and PTC, the US energy efficiency specialist.

As one of the first funds to offer retail investors the chance to benefit from growth in the 'green' theme, it has been investing for nearly two decades and the portfolio has a truly global spread, currently split between the US, Europe and everywhere else roughly 40%, 40% and 20% respectively.



How has it performed?

Its share price has doubled over the past five years. Net assets have grown 73% over the same period, and while that has only tracked the wider FTSE Environmental Technology index, it substantially outstrips the mainstream MSCI ACWI benchmark's 59.7%.

BUY

JUPITER ECOLOGY FUND (BJJQ4J8) 462.58P

BUY

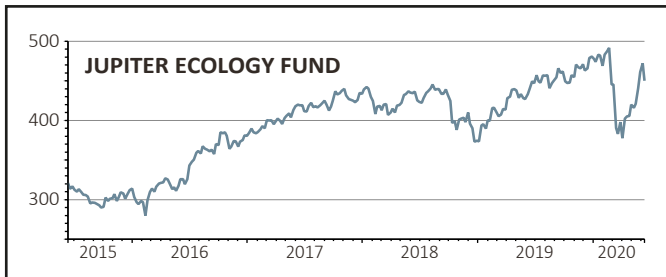
Why buy now?

You might consider this to be the grandfather of environmental funds. The Jupiter-run ecology fund was the UK's first authorised green unit trust and recently celebrated its 80th anniversary.

Run by manager Charlie Thomas for 17 years,

the £516m portfolio mainly looks to achieve long-term capital growth but it also provides investors with a small bit of income too with 0.9% historic yield.

With a global remit and a fundamental bottom-up stock picking approach, the fund makes long-term investments in leading companies that provide tangible solutions to global environmental challenges, including wind turbine manufacturer Vestas, recycling processor Veolia and electronics giant Schneider Electric.



How has it performed?

While the fund hasn't matched the returns of mainstream markets during the bull run, putting up a 40.6% return over five years versus the wider Investment Association's (IA) Global index's 52.7%, that trend reversed in 2019 (27.2% against 21.9% respectively).

If experts are right about robust future performance of climate-friendly businesses, that performance reversal may prove sustainable.

BUY

WHEB SUSTAINABILITY FUND
(BHBFFN0) 223.74P

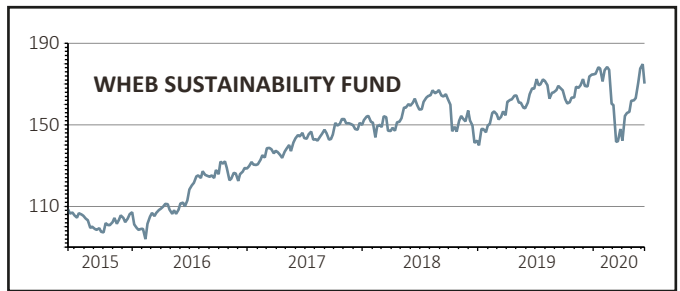
BUY

Why buy now?

Another fund looking for solutions to the long-run issues thrown up by climate change and associated complication is **WHEB Sustainability Fund (BHBFFN0)**, run by Ted Franks and Ty Lee.

It concentrates on environmental issues but also wider social challenges, such as sustainable transport, clean energy, health and education. That makes it a good example of a climate change specialist that is also exposed to wider ESG themes.

The fund typically backs medium-sized companies in sectors such as resource efficiency, greener transport and water management. About two thirds of the £411m worth of assets are invested in the US, with the rest in spread around Europe, the UK including testing group **Intertek (ITRK)**, Japan and elsewhere around the Asia-Pacific rim.



How has it performed?

The fund returned 21% during 2019, according to Trustnet data, and has roughly matched or bettered global stock markets in each of the past five years. It has achieved 9.1% annualised returns over the past five years.

BUY

PICTET WATER
(B3B1T83) 330.86P

BUY

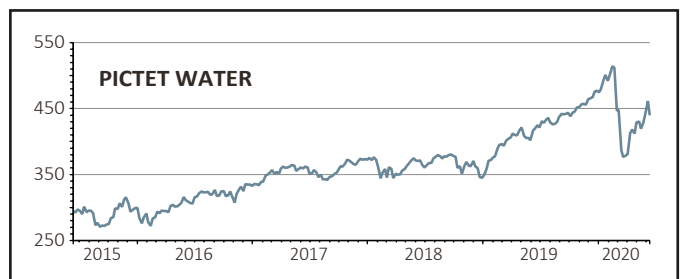
Why buy now?

Five-star rated by Trustnet, this €5.59bn fund is a specialist within the climate change/ESG funds range, focusing on the water and air sectors.

Run by a five-strong team of co-managers, **Pictet Water (B3B1T83)** invests in companies providing water supply, water technology or environmental services. This is an actively managed portfolio built using a combination of industry and company analysis to select businesses it believes offer secular growth prospects at a reasonable price.

Globally spread, the fund scores companies on multiple metrics, including franchise strength, ESG focus and management quality, before filtering on valuation and prospects for a mixture of defensive and faster growth companies.

Holdings include Veolia and Thermo Fisher, plus UK water utilities **Pennon (PNN)** and **Severn Trent (SVT)**.



How has it performed?

Impressively, beating the wider IA Global benchmark in four out of the last five years (2018 was the black sheep), and returning 75.8% since 2015 compared with 52.7% of the IA index.

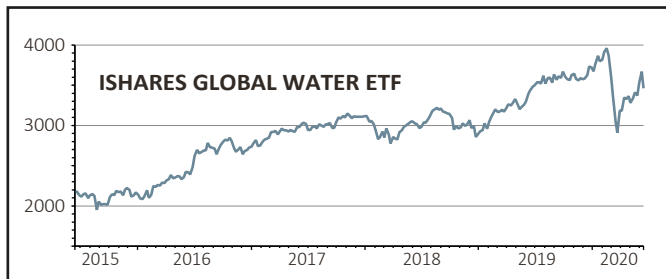
BUY**ISHARES GLOBAL WATER ETF
(IH2O) £34.11****BUY****Why buy now?**

As an index matching ETF, this is one of the cheaper options for investors playing the climate change theme with a 0.65% total expense ratio. As the name suggests, this is a great way to gain exposure to a core green theme and one of the world's megatrends as water becomes increasingly scarce in many regions.

The water theme may not dazzle investors with the same sort of exciting new technologies of other climate change investments, but it may appeal to investors with a lower risk appetite who want to get on board with megatrends.



Companies being tracked by the ETF include large cap water and waste companies like Pannon, Severn Trent and **United Utilities (UU.)**, plus American Water and Essential Utilities in the US. You also get exposure to industrial companies including health, safety and environment kit supplier **Halma (HLMA)**.

**How has it performed?**

It delivered double-digit returns in 2016 (28.1%), 2017 (15.7%) and 2019 (29.4%), according to Morningstar, and an impressive 11.7% annualised return over the past 10 years.

Disclaimer: Editor Daniel Coatsworth has a personal investment in Pictet Global Environmental Opportunities fund

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Andre Liebenberg
Executive Director & CEO
Yellow Cake (YCA)

SHARES
INVESTOR EVENINGS

Period	Revenue (US\$M)	Profit (US\$M)	EPS (US\$)
July 2018	1,000.00	100.00	1.00
August 2019	1,100.00	110.00	1.10
April 2019	1,200.00	120.00	1.20
June 2019	1,300.00	130.00	1.30
January 2020	1,400.00	140.00	1.40

Andre Liebenberg, Executive Director & CEO Yellow Cake (YCA)

Yellow Cake (YCA) is a specialist company operating in the uranium sector. The principal activity of the company is to invest in physical uranium.

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EU gears up for its next challenge

Member states look to tackle the developing Covid-19 crisis

This week's online meeting of the European Union's members to debate the proposed €750bn Covid-19 recovery plan is vitally important economically and politically.

For progress to be achieved and help offered to those who need it, amid predictions that EU GDP will drop by 8% to 12% in 2020, all 27 nations must agree on:

- The amount of money to be spent, on top of an EU budget of some €1.1trn (itself a matter of some friction between member states).
- The conditions for awards of the capital available, which appear to include both green and digital criteria for would-be recipients.
- How the money is to be spent, and the mix between loans and grants.
- How and when the money is to be repaid and over what time period, starting in 2027.

The discussions are therefore an opportunity to present a united front, tackle the viral outbreak and shore up the EU edifice at the same time, just as the Brexit negotiations with the UK start to heat up again.

COMING OF AGE

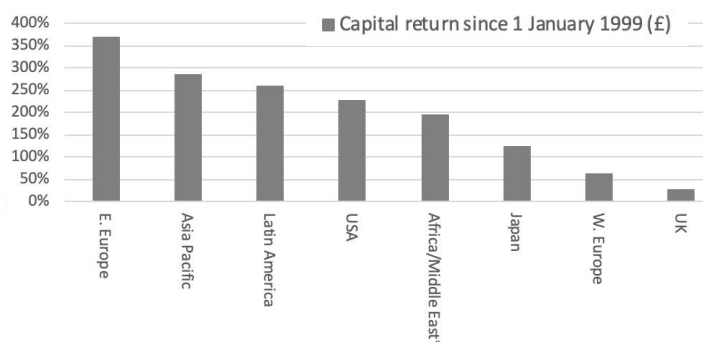
From the narrow perspective of investing in stock markets, it seems that global capital is yet to be fully convinced by the merits of the European project. The sterling-denominated performance of the Stoxx Europe 600 index ranks seventh out of eight in capital terms since the euro came into being on 1 January 1999.

This poor performance may reflect the lingering effects of the debt crisis that first boiled over a decade ago, as well as the difficulties of providing a solid financial platform with which to support political union, in the absence of fiscal and banking union to support a single currency and unified

monetary policy.

It may also reflect the different aims and needs of the 27 member states which are again becoming apparent as the recovery plan and budget come up for discussion.

EU STOCK MARKETS HAVE LAGGED BADLY SINCE 1 JANUARY 1999



Source: Refinitiv. Capital return in sterling terms. *MSCI Africa/Middle East since inception in September 2003.

The most serious questions of the plan are being asked by the so-called 'Frugal Four' of Germany, Denmark, Austria and Sweden.

Failure to agree, in the twenty-first year of the existence of the single currency, would raise existential questions about euro and the EU's purpose and usefulness. Government is there to provide assistance in times of crisis above all others and were the EU to fail to offer help to those nations which Covid-19 has treated most cruelly – notably Italy and Spain – then scope for further local disaffection with the supra-national powers in Brussels is considerable.

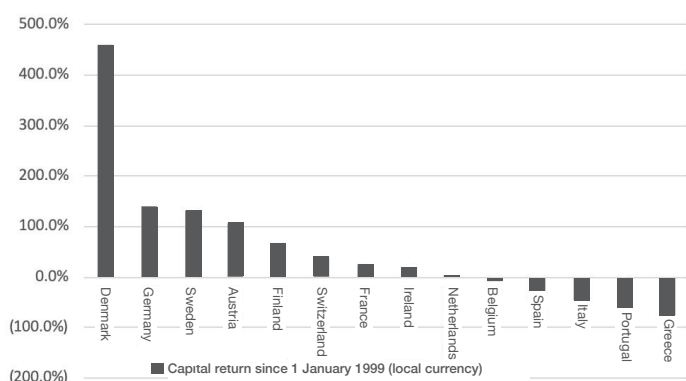
These countries suffered the most in the wake of the debt crisis that started in earnest just under a decade ago.

This North-South divide can be seen in another way, via the Target-2 payments mechanism.



Target stands for Trans-European Automated Real-time Gross Settlement Express Transfer system. In essence the system is there to help balance trade flows but it could also reflect capital flows. Supporters argue that the Target-2's smooth functioning shows that it balances out the capital needs of the EU's member nations.

IN STOCK MARKET TERMS, THE NORTH LOOKS LIKE A CLEAR WINNER UNDER THE EURO COMPARED TO THE SOUTH



Source: Refinitiv. Capital return in local currency terms.

Sceptics assert that Target-2 merely highlights huge capital flight from the South to the North and Germany in particular.

No harm is done – unless an EU member defaults or drops out of the monetary union. Those that have a positive balance are on the hook for the deficits of the member in the red.

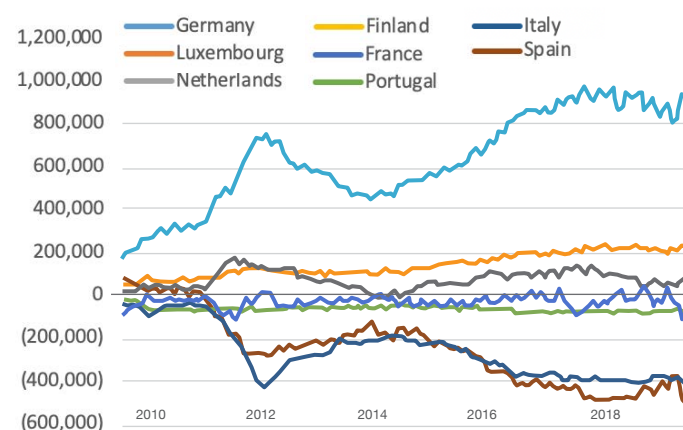
This may be why the €750bn recovery plan alarms the Frugal Four, as they fear it could be the first step to debts being aggregated and funded at EU level, potentially leaving them to subsidise what they see as the spendthrift southern members.

The European Central Bank is doing its bit to keep the plates spinning, as it holds headline interest rates at zero and its €650bn expansion of the Pandemic Emergency Purchase Programme (PEPP) to take the total to €1.35trn. As elsewhere, that quantitative easing (QE) largesse is boosting equity and bond markets to create some kind of feel-good factor.

But whether QE provides a lasting solution is unclear. The cost of meeting each crisis – 2007-

GERMANY'S TARGET-2 SURPLUS IS STILL SWELLING EVEN AS FRENCH, SPANISH AND ITALIAN DEFICITS GROW

Target 2 balances (€ million)



Source: European Central Bank

09, 2011-15 and now Covid-19 – is becoming ever greater each time.

The euro is under less scrutiny than it would be, even if has lost 84% of its value against gold since its launch, because sterling, the yen and the dollar are also at the mercy of identical monetary policies (and all are down by more than 80% against the metal, too).

Investors may not welcome another round of patch fixes and last-minute fudges from the latest round of talks, especially if they only serve to stoke further support for anti-EU parties in the South, should those nations start to feel neglected again.

MORE QE FROM THE ECB BOOSTS EUROPEAN EQUITIES



Source: European Central Bank, FRED- St. Louis Federal Reserve database, Refinitiv

Why is it still hard to take part in placings despite more retail investor offers?

New shares are being snapped up faster than Glastonbury tickets

I've seen several companies let retail investors take part in their fundraising but all the new shares are gone by the time I found out. Shouldn't my ISA provider give me plenty of notice about these opportunities?
Malcolm, Kent



Senior reporter **Ian Conway** replies:

Shares has received numerous messages from readers regarding the flurry of new issues and the fact that retail investors have, for the most part, been prevented from taking part.

While more companies are now letting retail investors get involved, you are correct to say it still isn't easy to get your hands on the new shares that are typically priced at a discount.

WHY ARE COMPANIES RAISING MONEY?

All shareholders have the right to dividends, to take part in new share issues (so-called pre-emption rights) and to vote at general meetings.

However, since the beginning of the Covid crisis UK companies have scrapped more than £30bn in dividend payments, leaving shareholders starved of income.

Adding insult to injury,



many of the companies which scrapped their dividends are now issuing new shares to institutional investors and senior management at big discounts through non pre-emptive placings, meaning retail shareholders are being diluted (as there are more shares in issue) with no chance of participating.

LARGE NUMBER OF PLACINGS

Since March, approximately 175 companies have raised £12.9bn. Frustratingly just a handful of these placings were open to retail investors.

The situation is partly due to the decision by the Financial Conduct Authority (FCA) to waive the requirement for companies to make placings pre-emptive, based on their need to raise funds as quickly as possible, in some cases just to keep the lights on.

This has allowed companies, or more accurately their brokers, to approach big institutional investors and offer them new

shares, in a process known as 'wall-crossing'. Once the order book is full and the placing is closed, the firm gets its money and the brokers pocket the fees.

Another part of the problem is that many retail investors hold their shares in nominee accounts, meaning they are invisible to the issuing company as individuals. Without a complete list of retail shareholders, companies can't offer them equal rights.

RETAIL INVESTOR SOLUTION ISN'T PERFECT

One company which provides access for retail investors is PrimaryBid. Investors can download the firm's app, put in their account details and when a company announces a new share issue with a retail tranche the investor receives an email notification. They can then opt to take part via the app on a first come, first served basis.

As these retail tranches don't qualify as 'corporate actions' –

events that need to be approved by shareholders such as stock splits, dividends, mergers and acquisitions, rights issues and spin-offs – ISA and self-invested pension providers are unlikely to make their customers aware of them.

These offers are also typically fully subscribed not long after they are announced at 7am or after the market close because the retail investment community is only given a small allocation of the overall fundraise. Fundraising from retail investors without issuing a prospectus is capped at €8m (£7.2m).

PrimaryBid chief executive Anand Sambasivan admits the first come, first served process isn't perfect but it is in line with the accelerated bookbuild process used for institutional investors.

Retail offerings can also only take place if the issuing companies are prepared to include this group of investors in the fundraise. Many firms are just interested in raising cash in a hurry, but a growing number now appreciate that retail investors are being overlooked.

In recent weeks we've seen the likes of catering group **Compass (CPG)**, online grocer **Ocado (OCDO)**, serviced office provider **IWG (IWG)** and real estate investor **Segro (SGRO)** let retail investors take part in their share placings.



BLINK AND YOU MISS IT

Unless you're glued to the screen watching stock market announcements at 7am or after the market close, there is a high chance you won't find out about the opportunity in time. Many of these offers are filled in less than a few hours.

You've got as much chance of buying a ticket for Glastonbury festival as getting your hands on these discounted shares.

Possible solutions are to sign up to PrimaryBid's database to be alerted about future fundraisings or set up [an alert](#) via *Shares'* website for news on any company in which you have an interest.

Yet the former approach still has flaws. This author didn't receive an email from PrimaryBid for **Biffa's (BIFF)** offer until 29 minutes after it was announced to the stock market.

Perhaps a fairer way would be to give retail investors 24 hours to apply for shares and then spread the allocation among this group, even though this could potentially see those investors demanding large chunks having their desired amount of stock scaled back. This method would give investors more time to discover and consider



EXAMPLES OF COMPANIES INCLUDING RETAIL INVESTORS IN FUNDRAISINGS

Air Partner
Avacta
Biffa
Compass
IWG
Ocado
Segro
SolGold
SSP

Source: Shares, company announcements

the offers.

The first wave of companies raising money seemed to be doing so as an emergency measure. Now there is an increasing number raising new cash for long-term strategic reasons, so they can surely wait 24 hours for the money.

The alternative is for a company to conduct a documented deal such as an open offer or right issue which can take several weeks to complete.

DO YOU HAVE ANY QUESTIONS ABOUT MARKETS AND INVESTING?

Let us know if we can help explain how something works or any other question relating to markets and investing. We'll do our best to answer your question in a future edition of *Shares*.

Email editorial@sharesmagazine.co.uk with 'Reader question' in the subject line.

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Why investment trusts are reconsidering their dividend policies

Many property, debt and infrastructure trusts are disappointing income investors

Since the onset of the Covid-19 pandemic, dividend investors have had a rough old time of it. Quoted company after quoted company has cut or cancelled the shareholder reward.

Against this backdrop the investment trust sector has acted as a partial safe haven.

Income seekers have long been attracted to investment trusts. Their ability to keep some dividend income aside during good times has helped them to maintain proud, long-established dividend records during bad times.

However, Winterflood has been diligently tracking investment company updates and notes that over the past month, a number of trusts have disappointed investors with dividend reductions, suspensions and cancellations.

These have come about



Student accommodation investor Empire Student Property is among the trusts suspending dividends

overwhelmingly because of the cash flow drought and uncertainty engendered by the pandemic.

In this article we will explore the reasons behind the individual dividend cuts as well as revealing income-focused trusts which are currently trading at a discount to net asset value.

WHICH TRUSTS HAVE BEEN CUTTING?

'So far, the Property and Debt subsectors have been heavily impacted but equity and infrastructure funds have not been immune,' says Winterflood. **'Troy Income & Growth (TIGT)** gave guidance that its dividend will almost certainly be reduced in its next financial year, while

PROPERTY, DEBT & INFRASTRUCTURE CUTTERS

Alternative Income REIT	Quarterly dividend cut by 40%
Ediston Property Investment	Monthly dividend reduced by 30%
Empiric Student Property	Future dividends suspended until market conditions stabilise
Fair Oaks Income	Dividends suspended in light of uncertainty
HICL Infrastructure	2021 dividend target reduced & 2022 target removed
GCP Infrastructure	2021 dividend target reduced from 7.6p to 7p

Source: Winterflood

GCP Infrastructure (GCP) and **HICL Infrastructure (HICL)** have both reduced their dividend guidance for next year.'

Winterflood also warned it expects to see more funds across a range of asset classes to reconsider their dividend policies as the year progresses.

MORE EXAMPLES OF DIVIDEND CHANGES

As the table of disappointments illustrates, a sprinkling of property and debt-focused trusts have been forced to reassess their payouts due to the pandemic; this will have irked income investors who originally bought these products for the high yields previously on offer.

For instance, **Alternative Income REIT (AIRE)** slashed its quarterly dividend by 40% to 0.825p, citing the exceptional circumstances affecting global economies and markets and the group's rental collection levels.

However the REIT, which owns a portfolio of UK commercial property assets let on long leases, still expects to continue paying 'an attractive' quarterly dividend even if a prolonged economic downturn results in some potential impairment from the company's previously announced aggregate dividend target of 5.5p per share for the year ending 30 June 2020.

Sector peer **BMO Commercial Property Trust (BCPT)** has suspended future dividends until conditions improve, **Ediston Property (EPIC)** reduced its monthly dividend by 30% to 0.3333p and **Empiric Student Property (ESP)** has suspended future distributions until market



conditions stabilise.

BMO Real Estate Investments (BREI) cut its quarterly dividend by 50% and said it would reduce the level of future quarterly dividend payments in order to protect its cash reserves and the long term value of the fund, Covid-19 having impacted on its rental receipts.

Within the debt and leasing patch, **Fair Oaks Income (FAIR)** has suspended dividends in light of prevailing uncertainty, having traded on a historical yield of 12.1% in late February, while **Marble Point Loan Financing (MPLF)**, on a 10.9% historic yield as recently as February, has also suspended payouts with its revenue expected to decline.

WHAT ABOUT INFRASTRUCTURE?

Investors have long-prized infrastructure for its secure, government-backed cash flows, inflation-protected portfolios and reliable dividends. However on 20 May, HICL Infrastructure reduced its full year 2021 dividend target from 8.45p to 8.25p and removed its 2022 dividend target of 8.65p

with guidance to be revisited once economic recovery becomes clearer.

HICL's demand-led assets, which include toll roads in France and the US, have been among the hardest hit from the coronavirus crisis and ensuing lockdown-driven disruption to activity levels.

On 29 May, GCP Infrastructure reduced its full year 2021 dividend target from 7.6p to 7p. Since 2012, this fund has paid a stable 7.6p per year dividend, one backed largely by UK public sector cash flows, while also generating modest growth in net asset value (NAV).

Nevertheless, the dividend has been rebased following a reassessment of the objectives and risk tolerances of a trust now facing macro changes including a decline in power and gas prices that has accelerated since COVID-19 lockdown measures depressed demand.

'While this shows the sector is not invincible in terms of its dividends and dividend growth, in our view, it remains in a stronger position than other sectors,' stressed Winterflood.

DIVIDENDS AT A DISCOUNT

Trust	Price	Current discount to NAV	12-month average discount/premium
Value & Income	169.8p	-37.7%	-22.9%
Temple Bar	855.0p	-14.3%	-4.1%
Lowland	1000.0p	-11.7%	-6.5%
Murray Income	773.0p	-4.8%	-3.6%
Henderson International Income	147.3p	-3.8%	0.5%
Murray International	1018.0p	-2.7%	2.0%

Source: Winterflood Investment Trusts, as at 31 May 2020

INCOME TRUSTS ON SALE

Within the Global Equity Income sector, **Henderson International Income (HINT)** and **Murray International (MYI)** have seen average premiums over the last 12 months of 0.5% and 2% respectively give way to discounts of 3.8% and 2.7% according to Winterflood data. These modest de-ratings reflect concerns over the outlook for global growth and dividends.

Elsewhere, UK Equity Income stalwart **Temple Bar (TMPL)** trades on a deep 14.3% discount to NAV, one that has widened out materially from a 4.1% average, as compiled by

Winterflood. Beside the fact that its value, contrarian style remains largely out-of-favour, concerns over future dividends and uncertainty pertaining to the trust's management arrangements also weigh on sentiment.

In May 2020, Temple Bar announced a first interim dividend of 11p for calendar 2019, although in a blow to income investors, the board also cautioned that 'shareholders should not assume from this that the total dividend for the year as a whole will be similarly maintained'.

Another interesting situation

is Troy Income & Growth. Co-managers Francis Brooke and Hugo Ure were already transitioning this portfolio away from higher yield but low growth investments and towards lower yielding yet higher growth stocks before the pandemic struck.

This evolution would have required the fund's reserves to support this year's dividends regardless of the environment.

First and second interim dividends, announced with the half-year results (11 May), were in line with expectations, although Troy Income & Growth warned that the outlook for dividends in general was particularly unclear and this included the visibility and certainty of the trust's future dividends.

As the table shows, other UK Equity Income trusts that have seen their discounts widen out markedly include the likes of **Lowland (LWI)**, **Merchants (MRCH)**, **Murray Income (MUT)**, **Perpetual Income And Growth (PLI)** and **Value & Income (VIN)**.



People in retirement could be hard hit by reduced income from investments



James Crux,
Funds & Investment
Trusts

The savings squirrel

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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.



How do fixed-term annuities work?

The product offers the certainty of an annuity without committing your entire fund for life

Can you write an article explaining how fixed-term annuities work please? I'm 60 so feel like I don't want to lock into an annuity quite yet, but I'm nervous about staying invested via drawdown.

I know you can't give advice but can you explain the pros and cons?

Aisling



Tom Selby

AJ Bell

Senior Analyst says:

Fixed-term annuities are a so-called 'third-way' retirement income product. They sit between traditional annuities, which require you to make a no-going-back commitment to convert your retirement pot into a guaranteed income for life, and drawdown, where your money remains invested and you take an income to suit your needs.

If you buy a fixed-term annuity, you will be able to choose how many years you would like to receive an income for and what lump sum you would like at the end of your term. Providers say investors usually choose terms of between five and 10 years.

To give you an idea of what you might get from a fixed-term product, I ran an example of a 60-year-old with a £100,000 fund buying a 10-year fixed-term annuity through the Money

Advice Service annuity [calculator](#).

I assumed the person wanted a £50,000 lump sum on maturity.

The best quote available on 9 June 2020 was a £5,596 annual income over the 10-year term. While this compares favourably to a standard level annuity, which would buy a guaranteed income for life worth £4,204, it's worth noting the returns you are getting are still pretty low.

Essentially, you'd have invested £100,000 at the outset and received £105,960 in total at the end of your 10-year term (£50,000 on maturity plus £55,960 in income).

That equates to a return of about 0.6% a year – roughly half the 1.16% annual interest rate you can currently get from the best easy-access cash account on the market, according to MoneySavingExpert. So if maximising your investment returns is a priority, it might be worth considering alternative routes.

If someone invested the same £100,000 in drawdown and



enjoyed investment returns of 4% a year, for example, they could take an income of £7,700 over the same 10-year period and have a lump sum worth almost £52,000 at the end. However, investment returns are not guaranteed and your fund value could go down as well as up.

The main advantage of fixed-term annuities cited by providers is that the product offers the certainty of an annuity without committing your entire fund for life. This means if annuity rates improve or your health circumstances change, you might be able to get a better deal on a lifetime annuity at the end of your fixed term.

DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

Send an email to 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 information 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.

Coronavirus causes spike in scams – how to stay aware

The range of scams this year is very broad, from fake sales of pets and face masks to free TV licences

The Covid-19 crisis is creating a surge in fraud reports, as scammers target vulnerable people who have lost their income in the past few months.

Action Fraud, the police department that deals with fraud, has seen 2,151 reports of fraud from the start of February this year to the start of June – spanning the Coronavirus crisis. During that time more than £5m was stolen from victims.

Research from banking group TSB found that as early on in the crisis as April two-fifths of people thought they had been targeted by scammers via email, while 29% had been contacted by phone and 28% by text message. What's more, one in 10 people said they knew someone who had fallen victim to a scam during the crisis.

EXAMPLES OF FRAUDS

The Government has warned about an increase in scam emails and calls, with many capitalising on new schemes that have been launched during the Covid-19 crisis – such as the Job Retention Scheme or self-employed equivalent.

What's more, people are getting refunds from suppliers who've shut down during lockdown, meaning there has been a spike in fake emails from



scammers pretending to offer refunds or help obtaining them.

Other examples of current frauds that Action Fraud has identified include emails that look like they come from TV Licensing claiming that your direct debit has failed. They include a 'COVID19 Personalized Offer' of six months free, before asking you to input personal details.

PET SCAMS

Another scam that has cost victims £282,686 during the crisis is the advertising of pets for sale online that don't exist.



Scammers use the Covid-19 crisis as a reason why people can't see the pets before paying

a deposit. They then ask for more money for insurance, vaccinations, delivery and more, but once the money is handed over the scammers disappear.

There has also been a large rise in scammers selling coronavirus linked bogus products, such as testing kits, face masks and even vaccines.

PENSION SCAMS

People need to be wary of any communications regarding their retirement savings. Pensions are one of the big targets for scammers, as they are often people's largest pot of money.



If someone has lost their job or income in the current crisis, they could easily be drawn to an offer

to access their pension early or release some cash from their pension pot.

AJ Bell's own research found that one in eight people under the age of 55 who have a pension would consider an

'early access' pension offer, with younger people and men proving particularly vulnerable. In addition, a tenth of people said they would consider accepting a call from someone they don't know about their retirement pot.

MOST COMMON SCAMS

TSB and Cifas, a fraud prevention organisation, have pinpointed the most common scams during the Corona-crisis. A few of them are:

Track and Trace scams:

These are fraudulent apps, emails and texts that tell people they have been in contact with Covid-19 and encourage them to click a link or call a number – which then links you to a scammer.

Council tax refund scams:

People on low incomes may be legitimately entitled to a council tax reduction during the crisis, but scams can involve a text or email being sent out impersonating the Local Authorities and Central Government that promise a refund. The scams encourage you to hand over your bank details and they use those to steal money.

Bereavement scams:

Due to the increase in the number of people dying at the moment, scammers are targeting the relatives of a recently deceased person in a variety of ways. One common trick is to claim that money has been left by a deceased relative and they will ask for bank details in order to 'return' the money.



THREE COMMON FORMS OF SCAM AND HOW TO AVOID THEM

Smishing: These are text messages that look like they've originated from someone they haven't, for example the Government, the World Health Organisation or your local doctors' surgery. Don't click on any links provided in text messages, and make sure you verify any telephone numbers given before calling.

Phishing: These are emails that contain links and words to encourage you to click on those links. Current examples include promises of Covid-19 tax refunds, refunds from your travel bookings, safety advice or donation requests.

The links will encourage you to part with sensitive personal and financial information.

To avoid these, don't open any attachments, check the email address of the sender, and if in doubt contact the organisation separately through a phone number or email you find independently, not by hitting reply.

Vishing: These are phone calls out of the blue – which is something that should always immediately raise suspicion. If in doubt, put the phone down.

Technology has got so clever these days that scammers can make it look like the call is coming from a trusted number, such as your bank or someone you know.

If you have concerns, call the organisation back on the number listed on their website, or if it's your bank use the number on the back of your card.



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

SHARPEN YOUR INVESTING SKILLS WITH **SHARES**



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Our step-by-step guide to help you start investing

Follow these steps and you'll soon become a confident investor

Our [first-time investor series](#) has reached the end of its first part, having covered the basics of investing including opening an account, charges, and the difference between the main assets classes including stocks, bonds and property.

We've talked through the process of setting up and maintaining a portfolio and why funds, ETFs and investment trusts are the best places for a first-time investor to start.

The next part of the series will explain the first steps you might take with adding stocks and shares to your portfolio.

Before we go any further, we thought it useful to provide a reminder to readers as to exactly what we've covered so far. We've

included relevant links in case you missed any of the articles or if you would like to share them with your friends and family if they want some help with investing. All the articles are free to read.



By Daniel Coatsworth
Editor

CLICK ON EACH STORY TO READ

GO!

GETTING STARTED WITH INVESTING

What to think about and how to do it. The difference between saving in a cash account and investing and the benefits of compounding.

THE DIFFERENCE IN RISK BETWEEN CASH, BONDS AND SHARES

Understanding how you might be able to hit certain investment goals.

HOW MUCH DO CHARGES AFFECT YOUR RETURNS?

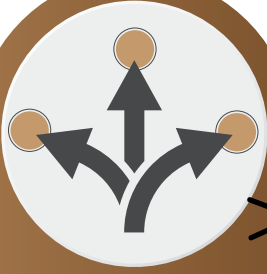
We run through some examples.

OPENING AN INVESTMENT ACCOUNT AND MAKING YOUR FIRST TRANSACTION

Getting started with investing is a lot easier than you might think.

HOW MUCH SHOULD YOU INVEST?

We also look at the difference between lump sum and regular investing.



WHICH ACCOUNT SHOULD I USE: AN ISA, SIPP OR DEALING ACCOUNT?

We explain the difference between the three main accounts.



EVERYTHING YOU NEED TO KNOW ABOUT BONDS

We look at the world of fixed income and its pros and cons for investors.



EVERYTHING YOU NEED TO KNOW ABOUT PICKING ETFs

How ETFs work, the costs, choices and popular products among retail investors.



EVERYTHING YOU NEED TO KNOW ABOUT INVESTMENT FUNDS

Funds, investment trusts and ETFs are the best places to start if you're new to investing.



HOW AND WHY YOU MIGHT INVEST IN PROPERTY

The pros and cons of the asset class and the different ways of getting exposure.



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.



WHAT ARE STOCKS AND SHARES?

We discuss the case for buying equities and some of the risks involved.



MOST COMMODITIES AND ALL CRYPTOCURRENCIES DO NOT SUIT NEW INVESTORS

Why they should only be considered once you've built a core portfolio of funds that invest in stocks and bonds, and you have money you can afford to lose.



THE BEGINNER'S GUIDE TO PICKING INVESTMENT TRUSTS

How to compare trusts and why they have advantages over investment funds.

FIRST-TIME INVESTOR



UNDERSTANDING BONDS AND HOW TO INVEST IN THEM

Adding bonds to an investment portfolio increases diversification and provides more secure sources of income.



HOW TO BUILD YOUR FIRST INVESTMENT PORTFOLIO

Portfolios should be thought as a team, where the whole is greater than the sum of the parts.



HOW TO MAINTAIN A PORTFOLIO

Keeping your investments well balanced is easier than it sounds if you follow some basic principles.

READ MORE STORIES ON OUR WEBSITE

Shares **publishes** news and features on its website in addition to content that appears in the weekly digital magazine.

THE LATEST STORIES INCLUDE:



TEAM17 CONTINUES TO RIDE WAVE OF LOCKDOWN GAMING



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PLUS MORE TO BE ANNOUNCED



**The webinar can be
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Event details

Presentations to start
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media.events@ajbell.co.uk

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- **Investment Trust**
- **Fund**
- **ETF**
- **Overseas**

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KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full year results

19 June: Record. **22 June:** Polar Capital. **23 June:** Cranswick, Gear4Music, Naked Wines, Scapa, Trackwise Designs. **24 June:** Alpha Financial Markets Consulting, DiscoverIE, Harbourvest Global Private Equity, Iomart, Savannah Energy, Stagecoach, ULS Technology. **25 June:** Mitie, Redcentric, XPS Pensions.

Half year results

23 June: Tricorn, Velocity Composites.

Trading statements

19 June: Wood Group. **23 June:** NCC.

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