STOCKS | FUNDS | INVESTMENT TRUSTS | PENSIONS AND SAVINGS

VOL 22 / ISSUE 36 / 10 SEPTEMBER 2020 / £4.49

SHARES

WE MAKE INVESTING EASIER

$760 BILLION CLOUD OPPORTUNITY

Prime reasons to invest in this computing market

PLUS

INVESTORS SPOOKED AS **TECHNOLOGY STOCKS DIVE**

PROPERTY OWNERS AND RETAILERS FACE NEW TEST

THE ESSENTIALS ON **AIRBNB'S BLOCKBUSTER IPO**

Companies with value propositions could shine

An imminent end to the furlough scheme could see higher job cuts and weaker consumer confidence, meaning businesses may need low prices to thrive

After a strong rebound in UK retail sales over the summer as lockdown measures were relaxed, one might conclude that value-led propositions are going to be the strongest part of the sector in the coming months.

Retail sales volumes increased by 3.6% between June and July. This was driven in large part by people spending more money on petrol as the Government said individuals should travel by car rather than public transport. There were also greater clothing sales, perhaps due to pent-up demand and people putting on weight during lockdown.

With the furlough scheme set to finish at the end of October, there is a real chance of greater unemployment which could lead to people losing confidence about job security. Those factors could influence consumer spending habits and potentially result in more people being more careful with what they buy, thus playing to the strengths of companies with value-orientated propositions.

Supermarket **Morrisons (MRW)** has just announced big price cuts on 400 products as it tries to appeal to families hit by the economic downturn. The company is doing its bit to help the nation in a very difficult time, even if it means lower profit margins.

Price cuts make Morrisons more competitive against Aldi and Lidl, yet the latter two businesses have a greater reputation for having low prices – perhaps also Asda – which means Morrisons still needs to spend a lot of time and effort getting the message across that a lot of its products are now more affordable.

Pubs group **Wetherspoon (JDW)** is trying to sustain positive momentum as a result of the Government's money-off eating and drinking incentive in August by slashing prices on food and soft drinks until 11 November. It already has a reputation as being more affordable than many rivals and so this latest discount should play to the

company's strengths and make its pubs even more attractive to people deciding where to go for a meal or drinks.

Other stocks with a value proposition include general merchandise retailer **B&M (BME)** which is being promoted to the FTSE 100 index on 21 September.

Associated British Foods (ABF) owns the Primark chain which is firmly positioned in the value segment of the market. Trading for the quarter ending 12 September beat expectations for both Primark and its food businesses, with ABF saying the average basket size was initially significantly higher than last year. While this outperformance has reduced in recent weeks it remains higher than a year ago.

Investment bank Morgan Stanley believes one in four furloughed workers are 'fairly likely' to lose their jobs when the furlough scheme ends. However, it believes the UK Government will extend the scheme for three reasons.

First, it notes that other EU countries have extended; second, it says the cost of extending shouldn't be too dramatic; third, an October cliff-edge for the scheme could lead to unemployment rising by several percentage points and significantly delay economic recovery.

Various industry-led bodies are calling for an extension but Boris Johnson has so far refused.

Whether furlough lasts beyond October or not, there still seems a high chance that value-orientated businesses will be attractive to customers going into 2021 given the recessionary backdrop and fragile consumer confidence.

Contents

CFA UK Publication of the Year CFA UK Journalism Awards 2019

News Provider of the Year (Highly Commended) CFA UK Journalism Awards 2020

DISCLAIMER

IMPORTANT

Shares publishes information and ideas which are of interest to investors. It does not provide advice in relation to investments or any other financial matters. Comments published in Shares must not be relied upon by readers when they make their investment decisions. Investors who require advice should consult a properly qualified independent adviser. Shares, its staff and AJ Bell Media Limited do not, under any circumstances, accept liability for losses suffered by readers as a result of their investment decisions.

Members of staff of Shares may hold shares in companies mentioned in the magazine. This could create a conflict of interests. Where such a conflict exists it will be disclosed. Shares adheres to a strict code of conduct for reporters, as set out below.

1. In keeping with the existing practice, reporters who intend to write about any securities, derivatives or positions with spread betting organisations that they have an interest in should first clear their writing with the editor. If the editor agrees that the reporter can write about the interest, it should be disclosed to readers at the end of the story. Holdings by third parties including families, trusts, self-select pension funds, self select ISAs and PEPs and nominee accounts are included in such interests.

2. Reporters will inform the editor on any occasion that they transact shares, derivatives or spread betting positions. This will overcome situations when the interests they are considering might conflict with reports by other writers in the magazine. This notification should be confirmed by e-mail.

3. Reporters are required to hold a full personal interest register. The whereabouts of this register should be revealed to the editor.

4. A reporter should not have made a transaction of shares, derivatives or spread betting positions for seven working days before the publication of an article that mentions such interest. Reporters who have an interest in a company they have written about should not transact the shares within seven working days after the on-sale date of the magazine.

Baillie Gifford & Co Limited is the Authorised Corporate Director of the Baillie Gifford ICVCs. Baillie Gifford & Co Limited is wholly owned by Baillie Gifford & Co. Both companies are authorised and regulated by the Financial Conduct Authority.

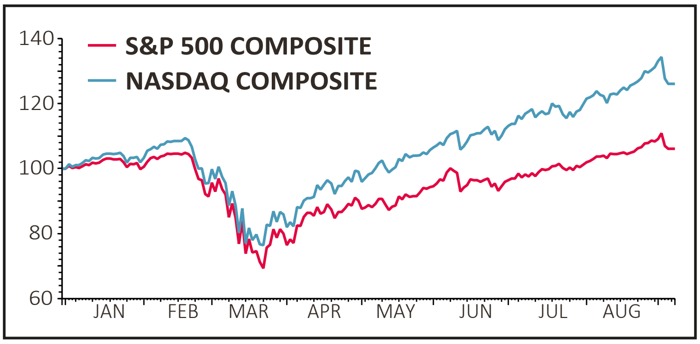
NEWS

Investors spooked as technology stocks dive

Experts believe the sell-off is a good opportunity to reassess reasons to own mega-cap tech

High-flying US technology stocks have stumbled over the past week as investors back off from many of the mega-cap companies that have fuelled equity markets since March.

Between the market close on 2 September and end of day trading on 8 September, the tech-heavy Nasdaq index fell 10%, while the S&P 500 index dropped 6.9%.



Some of the most popular stocks fared even worse. Over the same time period, Tesla slumped 26.2%, Apple fell 14.1%, Microsoft was down by 12.5% and Amazon dropped 10.8%.

While these stocks are still trading significantly up on the year, even after the latest retreat, the sharp downward movements will have shaken investor confidence.

Part of this new bout of investor unease has been blamed on Japanese conglomerate Softbank, which has been making high-risk, multibillion-dollar bets on options tied to US technology stocks, according to a *Financial Times* report. That acted as a key driver for technology stocks to hit record highs this year.

Last week one of Tesla's biggest shareholders, asset manager Baillie Gifford, cut its stake in the business after it became too dominant in its funds. As a long-standing, high profile supporter of the business, its decision to take some profits may have prompted other investors to call the top of the market rally and starting sell as well.

Stephen Yiu, manager of the **Blue Whale Growth (BD6PG78)**, this week revealed that his fund had taken some profit on Amazon following its strong run this year, citing valuation discipline.

'Whatever the reason for last week's slide – action in the derivatives markets, Tesla's failure to make it into the S&P 500, the Fed's no-longer-expanding balance sheet, worries about the lingering economic effects of the pandemic or a simple nod to racy-looking valuations, technology and growth investors now have three decisions to make,' says Russ Mould, investment director at platform business AJ Bell.

He says investors must decide if company fundamentals have changed, if recent share price declines were justified, and finally, 'whether this is a chance to buy on the dips – yet again – or a call to lock in what could be substantial profits'.

The UK market doesn't have many large tech stocks, but the select few includes **Ocado (OCDO)** whose shares fell 7.2% between 2 and 8 September market close, and **Sage (SGE)** which dropped 4.9% over the same period.

By way of comparison, the FTSE 100 index only declined 0.2% over that time frame as the three quarter of its constituents who earn in overseas currencies benefited from sterling weakness.

JD Sports says earnings will be 56% higher than expected

The trainers-to-tracksuits seller has seen an 'encouraging' performance since reopening stores, though management remain cautious

The outlook for athleisure demand looks stronger than many people might have expected, given how **JD Sports Fashion's (JD.)** new full-year earnings guidance is 56% higher than the analyst consensus forecast.

Shares in the retailer jumped nearly 7% to 772.7p on 8 September after the company said its current financial year should deliver at least £265 million pre-tax profit. Ahead of that new guidance, analysts were expecting £170 million of earnings.

While investors understandably got excited about the stock, JD's management is mindful of weak footfall, the uncertain outlook for consumer confidence and the potential for further Covid-19-related operational restrictions.

The first-half period to 1 August hasn't been easy for JD, as evidenced by group revenue falling 6.5% year-on-year to £2.54 billion as the impact of the lockdown weighed on the retailer's results.

Pre-tax profit plunged 68% to £41.5 million as JD also had to absorb the additional costs associated with the shift online during the temporary store closures.

Period-end net cash amounted to £765 million thanks to temporary factors including agreed extensions to supplier terms and rent deferrals.

Over the past decade or so, JD Sports has been the star turn in the retail sector, successfully targeting a youthful demographic with disposable income and tapping into the athleisure trend of wearing trainers and tracksuits to socialise, work and work out. Agreements with sought-after brands like Adidas and Nike helped contain the first-half sales reduction.

However, part of JD's target market could be vulnerable to unemployment, particularly assuming the furlough scheme in the UK ends as planned in October.

JD says the pandemic has 'brought into sharper focus' the need to improve the infrastructure and fulfilment capabilities of its digital channels. It has invested more than £2 million during the first-half on additional equipment and fixtures for UK operations, and it would seem natural to expect more money to be invested in this area.

It also looks like significant investment is required to improve its European supply chain infrastructure, acting as a reminder that growing businesses need to invest heavily to stay competitive.

Shore Capital says JD Sports remains a well-managed company with tight stock and cash controls and good cash generation reflected in its strong balance sheet. 'We continue to highlight the international opportunity, particularly in the US with Finish Line, where there remains a significant opportunity to grow the gross margin with the introduction of fashion clothing line,' it adds.

Fears over housebuilder leasehold scandal

Uncertainty over the length of an investigation could hang over the sector

News that four major housebuilders are in the sights of the Competition and Markets Authority (CMA) over the way leasehold properties were sold has uncomfortable echoes of the PPI scandal which hit the banks after the financial crisis.

Shares in the quartet, **Barratt Developments (BDEV)**, **Countryside Properties (CSP)**, **Persimmon (PSN)** and **Taylor Wimpey (TW.)**, have fallen between 4% and 8% since the probe was announced on 4 September.

The CMA is launching enforcement action having uncovered 'troubling evidence' of potentially unfair terms concerning ground rents in leasehold contracts and potential mis-selling.

It also said leasehold homeowners may have been unfairly treated and that buyers may have been misled by developers.

All four of the named companies have pledged

to co-operate with the investigation which could result in them being forced to give legal commitments to change the way they do business or potentially face court action.

The timeline and eventual outcome are still highly uncertain which means this will remain a cloud hanging over the sector until it is resolved.

In 2017 the Government said it would outlaw the practice of selling leaseholds on new homes and the same year Taylor Wimpey set aside £130 million to settle disputes over ground rents on leaseholds.

Royal Mail shares jump 22% on higher revenue forecast

Investors chase shares higher despite likelihood of the company reporting a material loss

SHARES IN **Royal Mail (RMG)** leapt 22% to 213p on 8 September after the firm raised its guidance for annual turnover but warned that increased costs would still see it post a material loss for the year.

It said a substantial shift from letters to parcels in the first five months of the current financial year due to e-commerce and online ordering had driven better than expected revenues.

Parcel volumes to the end of August were up 34%, driving a 33% increase in divisional revenues, but a 28% fall in letter volumes meant revenues for the letter business were down 21%. On a net basis, revenues were up £139 million over the period.

However, the change in mix from parcels to letters led to an £85 million increase in costs, while Covid-related costs such as elevated absence and additional spending on protective equipment were £75 million.

The firm admitted that without 'substantial business change' its core Royal Mail business was unlikely to be profitable in the near term.

Although it refrained from issuing specific guidance for the current financial year, the company raised its forecast for UK parcel revenues from a 12% increase to a 22% increase and lifted its overall full-year revenue forecast by between £75 million and £150 million, spurring the sharp share price rally.

Brexit talks resume under a cloud

Sterling suffers as UK commitment to strike a deal appears to wane

The eighth round of Brexit trade talks got underway on 8 September, with the European Union (EU) warning Boris Johnson not to row back on parts of the withdrawal agreement reached just a year ago while the UK's chief negotiator insisted the bloc needed to be 'realistic'.

The pound took a hefty knock on 7 September after prime minister Boris Johnson threatened to walk away from the talks saying he wouldn't back down and no deal was 'a very good option'. Progress so far has been 'minimal, to put it mildly' according to Germany's chancellor Angela Merkel.

Until now sterling had been enjoying a positive run, with traders the most bullish on the currency in two years according to Citigroup. If that is the case, the pound is likely to be more sensitive than normal to news flow from the trade talks.

Investors will be asking whether Johnson will follow through on his threat and walk away without a deal. Commentators suggest he might.

First, having led the 2016 Leave campaign and fought his own party over it during the interim, Brexit is personal for Johnson. Second, he likes a gamble, and so far some of his biggest political bets have paid off. Finally, his huge parliamentary majority gives him plenty of room for manoeuvre.

He is likely to keep the EU and markets guessing until the last moment, with mid-October looking like a rough deadline for reaching an agreement.

Low visibility hampers travel sector recovery

Airlines are cutting capacity as people are reluctant to book too far ahead while hotels are seeing many bookings on the same day or week

THE FRAGILE RECOVERY of the travel and leisure sector looks to have hit a bump in the road as companies across the industry struggle with little visibility on customer bookings.

Jet2 owner **Dart Group (DTG:AIM)** says winter demand has so far failed to match up even to its revised capacity, with bookings 'displaying a shorter lead time than in previous years'.

Budget airline **EasyJet (EZJ)** also cited a lack of visibility after it cut the number of planes it plans to fly in the fourth quarter of this year, as it looks to manage cash burn amid a big drop in travel demand.

Speaking to *Shares* following its half-year results, **PPHE Hotels' (PPH)** chief financial officer Daniel Kos revealed most of the demand the company sees is leisure-driven, almost entirely domestic customers, with weekend bookings relatively high but midweek trade – mostly involving business customers – 'still very low'.

Kos says: 'We're seeing a younger guest demographic, with very short bookings leads, it's very volatile. We have low visibility on bookings at the moment – really now a lot of people book on the same week or even the same day.'

He says PPHE, with a cash position of £137 million, has the balance sheet strength to cope for now but concedes the company will eventually need weekday corporate demand to return and for visibility to improve on bookings.

This trust is good at picking takeover candidates

A strategy of applying private equity philosophy to the public markets is paying off for Odyssean Investment Trust

A 9.4% discount to net asset value at **Odyssean Investment Trust (OIT)** looks attractive for investors keen to pocket a ready-made portfolio of small caps with significant performance improvement potential.

The trust looks to generate attractive total returns, principally through long-term capital growth, by backing often under-researched and undervalued smaller companies.

Besides the re-rating potential of the underlying holdings, Odyssean should also benefit if takeover activity picks up as the managers have an eye for coveted corporate assets liable to draw premium-priced bids.

Indeed, that's already happened three times since its May 2018 launch, with all the takeover offers made at 40%-plus premiums.

One of its first holdings, language translation software developer **SDL (SDL)** recently agreed an all-share takeover by **RWS (RWS:AIM)** in a deal that will create a global language services and technology provider. The other two investments subjects to bids were Consort Medical and Huntsworth.

Managed by Stuart Widdowson and Ed Wielechowski, Odyssean runs a portfolio of rigorously researched UK small caps which have the potential to deliver improved returns to shareholders.

ODYSSEAN INVESTMENT TRUST
BUY
(OIT) 97.5p
Net asset value: **107.63p**
Market cap: **£85.8 million**

Widdowson forged his reputation by turning round the fortunes of investment trust **Strategic Equity Capital (SEC)**, and Wielechowski is a former HgCapital technology expert. They boast a combined 30 years-plus experience in smaller companies as well as having some of their own money invested in Odyssean.

The trust's approach applies three core elements of the private equity investment philosophy to public markets; the trust is highly focused, invests for the long term and pursues an engaged ownership investment style.

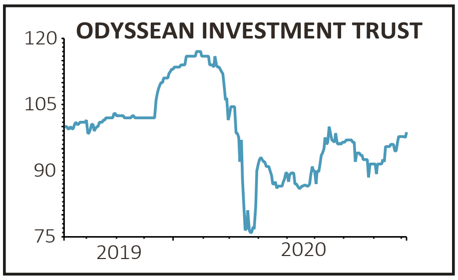
In plain English, it builds stakes large enough for the managers to wield influence at under-performing firms and help their chief executives to drive improved returns.

Admittedly, this is a highly-concentrated portfolio of no more than 25 names. Yet *Shares* believes the risk is mitigated by the managers' intensive due diligence and the fact they'll only invest in their highest-conviction ideas.

Odyssean's ongoing charges figure plus performance fee is 1.51%, roughly in the middle of the range for the AIC's UK Smaller Companies sector.

With a bias towards the tech, media, telecoms, services, industrials and healthcare sectors, Odyssean focuses on firms with characteristics including low cyclicality, a business-to-business focus and high or improving returns on capital employed.

The portfolio includes the likes of pharmaceutical group **Clinigen (CLIN:AIM)**, countermeasures seller **Chemring (CHG)**, sausage skins maker **Devro (DVO)**, aquaculture biotech **Benchmark (BMK:AIM)**, ventilation products specialist **Volution (FAN)** and share registrar **Equiniti (EQN)**.



Industrial property play Stenprop is going cheap

This REIT trades below its net asset value unlike its quoted peers

STENPROP
BUY
(STP) 117p
Market Cap: £345 million

Unlike much of the property market the industrial space has performed strongly of late as it benefits from trends accelerated by Covid-19. The downside for investors is that vehicles owning this type of asset have become increasingly expensive.

However, *Shares* has spotted an opportunity in **Stenprop (STP)**, a UK industrial property investor which trades at a 10% discount to net asset value (NAV) and yields 5.8%. In comparison, industrial-focused **Segro (SGRO)** and **LondonMetric Property (LMP)** trade at 30% and 40% premiums to NAV respectively.

In 2018 Stenprop announced plans to focus almost exclusively on multi-let industrial (MLI) sites. These aren't the big distribution warehouses owned by the likes of Segro and **Tritax Big Box (BBOX)**; instead they are estates with modern purpose-built and often modest-sized industrial units located in urban areas with strong local transport links. Tenants include a craft brewery and a business which carries out photography for online retailers.

The fundamentals of this market are attractive because hardly any new units are being built. The design of these industrial structures has also not changed in 30 years, so unlike other types of asset there is less risk of them becoming obsolete.

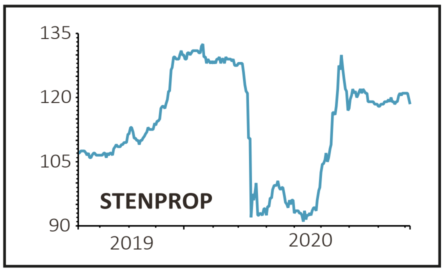
While big boxes are often let to a single tenant the rental income from MLI is diversified. Dealing with such a large number of tenants is a challenge but Stenprop's in-house asset management platform supports efficient marketing, leasing and enables the company to offer other services to tenants such as insurance and maintenance, and thereby generate ancillary revenue.

The real estate investment trust recently agreed to buy assets in Norwich and Glasgow for £19.6 million and £5.5 million respectively, and is offloading other types of property such as retail and care homes. The goal is to be 100% multi-let industrial by 2022, versus the current 60% level.

Heading into a recession the exposure to smaller businesses is a risk to weigh. Yet rents on these units are relatively low, often representing a modest amount of a tenant's turnover.

The resilience of the portfolio was reflected in a recent trading update showing improvements in MLI occupancy to 92% (as of 30 June) and with 93% of rent collected for Q2 and 84% for the first three weeks of Q3.

The company has a strong balance sheet with available cash of £40 million as at 22 July and a loan-to-value of 32% once these funds are factored in.



Warehouse REIT is a warehouse investor with a growing portfolio primarily focused on UK urban warehouses.

We added the Midpoint Estate, a multi-let asset comprising 20 high quality warehouse units, to our portfolio in 2019. Purchased at £15.5million, reflecting a net yield of 6.6%, the site is strategically located just off the M6 motorway in Middlewich, Cheshire.

warehousereit.co.uk

Since purchase, the contracted rent has increased by 21%. We continue to strengthen our high-quality portfolio of urban warehouse assets in key UK locations.

Warehouse REIT the warehouse provider of choice.

Tilstone Partners Limited has been appointed by G10 Capital Limited as the Investment Advisor to Warehouse REIT. Tilstone Partners Ltd provides investment advice to Warehouse REIT on a day-to day basis. G10 Capital Limited, as the AIFM, is responsible for overall portfolio management and compliance with Warehouse REIT's investment policy. No management function has been delegated by the AIFM. Tilstone Partners Ltd is an Appointed Representative of G10 Capital Ltd which is authorised and regulated by the Financial Conduct Authority.

BAILLIE GIFFORD US GROWTH TRUST

(USA) 234.32p

Gain to date: 64.4%

Original entry point:

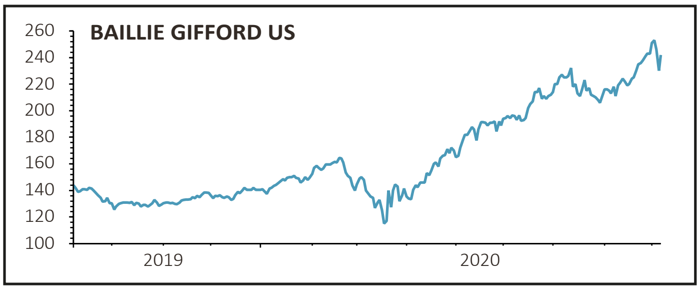
Buy at 142.5p, 8 August 2019

THE RETURNS from **Baillie Gifford US Growth Trust (USA)** have been outstanding, both in net asset value (NAV) and, most importantly for shareholders, the share price.

The trust reported 44.2% and 46.5% in NAV and shareholder total returns respectively in the year to 31 May 2020, materially beating the S&P 500's 15% total return in sterling terms. The stock is up another 25% since then, leaving our *Great Idea* 64.4% up since August 2019. Over the same period the benchmark US index has risen 17.4%.

While management accept the likelihood of more volatility in the markets during the coming months, its long-term investment nature and focus on many of the thriving post-Covid digital transformational trends leaves the trust placed to continue its run of strong returns.

It has long-standing stakes in the likes of Shopify, Amazon and Tesla while newer portfolio names include online medical appointments firm Teladoc and cloud communications platform Twilio.



SHARES SAYS:

Stick with this investment trust for the long-term.

GENUS

(GNS) £37.40

Gain to date: 31.4%

Original entry point:

Buy at £28.46, 19 September 2019

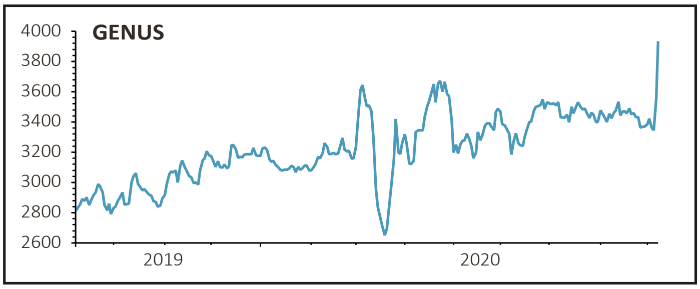
DESPITE THE challenges of Covid-19 that affected supply chains in January and tough second-half comparisons, leading animal genetics company **Genus (GNS)** handsomely beat analyst forecasts again when it reported full-year results on 8 September, proving how resilient the business has become in recent years.

Revenues grew 13% to 515.4 million while operating profits jumped 22% higher to £71 million demonstrating operational leverage. The company has doubled porcine capacity to meet Chinese demand following the reduction in pig herds from African swine fever, suggesting more operational benefits in future.

The company hopes to deliver double digit growth in adjusted operating profits over the medium-term as it continues to take market share, driven by increasing its lead in porcine and bovine genetics.

Research and development is the key to maintaining the lead in genetics so it is positive to see Genus increase R&D spend by 19% to around £65 million, close to 12% of sales.

Genus appears to have found new gears and is in an enviable position where past investments are paying off, as illustrated by the 47% volume growth in its sexed products. New products such as NuEra, a beef genetics product which has proved it worth in trials, are close to contributing to future growth.



SHARES SAYS:

Keep buying

UP GLOBAL SOURCING

(UPGS) 102.1p

Gain to date: 8.9%

Original entry point:

Buy at 93.7p, 27 August 2020

OWNER OF value-focused consumer brands **UP Global Sourcing (UPGS)** delivered on its guidance for full-year earnings before interest, tax, depreciation and amortisation, reporting £10.4 million on 7 September, down 3.3% year-on-year.

The trading statement prompted Shore Capital to reintroduce medium-term forecasts with the broker looking for mid-to-high single digit growth which it believes 'offers upside risk, reflecting the group's broadening channel and customer mix'.

UK and international online sales were up 47.2% to £16.7 million and accounted for 14.5% of group revenues, up by more than half from the 9.2% last year. Meanwhile the concentration of customers reduced significantly with the top two names now accounting for around a fifth of group sales, down from almost 35% in 2019.

The tight management of working capital and accelerated turnover of inventory that was a feature of 2020 is expected to reverse next year as normal trading and ordering patterns emerge.

With year-end net debt down to £3.8 million from £14.4 million, the company has considerable headroom of £21.3 million according to Shore Capital.

It is forcast to pay 4.2p in dividends for the year to July 2021.

SHARES SAYS: ↗
Still a buy.

$760 BILLION CLOUD OPPORTUNITY

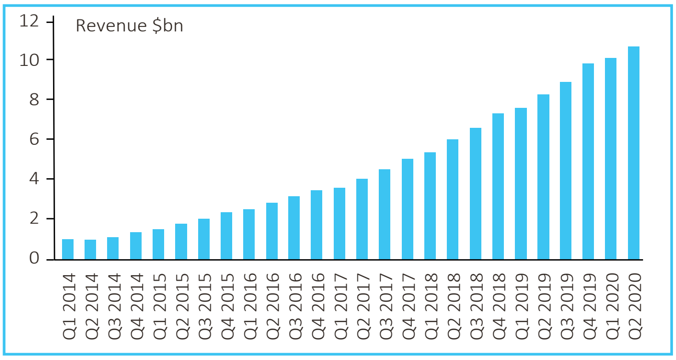
The stocks, ETFs, funds and investment trusts providing access to the hot tech theme

By **Steven Frazer**
News Editor

UK investors have become increasingly familiar with the 'cloud', and not just because Brits like talking about the weather. The emergence of cloud computing has been one of the most successful investment themes over the past decade, but its growth has years to run, with Fortune Business Insights forecasting that global cloud revenues will top $760 billion by 2027. That's about the size of Turkey's GDP last year, based on World Bank figures.

This stunning growth trajectory implies annual average compound growth of 18.6% a year between 2020 and 2027, according to the *Cloud Computing Market Size* report put together by Fortune. The study estimated global cloud revenues were approximately $199 billion in 2019.

INCREDIBLE GROWTH OF AMAZON'S CLOUD BUSINESS



Source: Amazon, Statista

The cloud has helped drive the astonishing success of some of the world's biggest companies. Amazon, Alphabet's Google and Microsoft have built trillion dollar-plus market valuations on the back of the cloud.

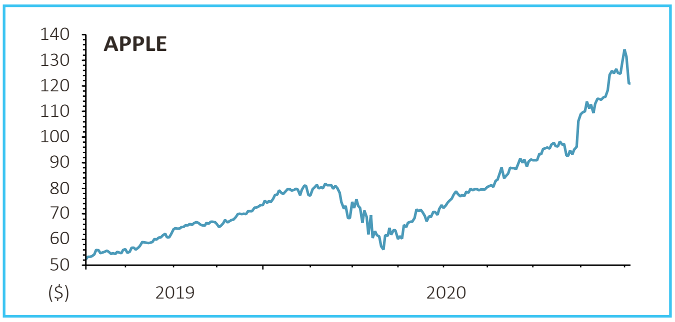
AMAZON LEADS $111 BILLION CLOUD INFRASTRUCTURE MARKET (WORLDWIDE MARKET SHARE*)

Amazon Web Services	**33%**
Microsoft Azure	**18%**
Google Cloud	**9%**
Alibaba Cloud	**6%**
IBM Cloud	**5%**
Salesforce	**3%**
Tencent Cloud	**2%**
Oracle Cloud	**2%**

Source: Synergy Research, Statista *12 months to 30 June 2020

Apple's gradual shift from hardware to software services and apps is one of the major reasons why investors have rallied behind the story in increasing numbers throughout 2020 despite the Covid outbreak, earning the business a price tag worth more than $2 trillion, making it the world's most valuable listed business.

$2 TRILLION ODYSSEY



"Cloud is as hot a topic as ever, but the move by companies onto the cloud, in our view, is only the beginning of the digital revolution..."

Indraneel Arampatta, Megabuyte

Yet as the eye-popping forecasts indicate, we ain't seen nothing yet. 'Cloud is as hot a topic as ever, but the move by companies onto the cloud, in our view, is only the beginning of the digital revolution,' says Indraneel Arampatta, an analyst at technology website Megabuyte.

The Covid pandemic, various lockdown measures and the swathe of organisations that have been forced to work from home have simply accelerated a shift that was already happening. Working from home naturally leans heavily on the cloud, with professional-level communications, including text, video and voice calls, needed as well as remote access to critical applications.

But this is not just an opportunity for technology enthusiasts; the cloud is touching massive swathes of our economy and society, affecting how we use financial services and many of the basics for our everyday lives.

Retail is being turned on its head by the cloud-powered internet, and we are beginning to see similar transformations happening across other sectors, such as healthcare, manufacturing, energy, education, media and entertainment, as well as how we interact with public services provided by local and central government.

WHAT IS THE CLOUD?

Cloud computing is the delivery of computing services – including servers, storage, databases, networking, software, analytics and intelligence – over the internet to offer faster innovation, flexible resources and economies of scale.

Cloud computing eliminates the capital expense for a company of buying hardware and software, and setting up and running on-site data centres – the racks of servers, the round-the-clock electricity for power and cooling and the IT experts for managing the infrastructure.

A WORLD OF CLOUD ACRONYMS

As with many new ideas these days, investors are often asked to familiarise themselves with pet names, acronyms and jargon, and cloud has its share. The main ones to understand are SaaS, PaaS and IaaS, or software-as-a-service, platform-as-a-service and infrastructure-as-a-service.

This is sometimes referred to as the cloud computing 'stack' because they build on top of one another. Knowing what they are and how they're different makes it easier for investors to understand the industry and the stocks they might want to invest in.

INFRASTRUCTURE-AS-A-SERVICE (IAAS)

This is the most basic category of cloud computing services. With IaaS, you rent IT infrastructure – servers and virtual machines, storage, networks, operating systems – from a cloud provider on a pay-as-you-go basis. This is where Amazon, Microsoft and Alphabet currently dominate.

PLATFORM-AS-A-SERVICE (PAAS)

PaaS is a computing service that supplies an on-demand environment for developing, testing, delivering and managing software applications. PaaS is designed to make it easier for developers to quickly create web or mobile apps, without worrying about setting up or managing the underlying infrastructure of servers, storage, network and databases needed for development.

Integrated communications company Twilio is a good example of PaaS, and many industrial business applications suppliers, including engineering software suppliers such as **Aveva (AVV)**, Autodesk and Adobe, run PaaS operations for clients, while you could consider Facebook as a PaaS company for advertisers.

SOFTWARE-AS-A-SERVICE (SAAS)

Software-as-a-service is a method for delivering software applications over the internet, on demand and typically on a subscription basis. With SaaS, cloud providers host and manage the software application and underlying infrastructure, and handle any maintenance, such as software upgrades and security patching. Users connect to the application over the internet, usually with a web browser on their phone, tablet, PC or other connected device. Netflix and Spotify are good examples of SaaS businesses.

Source: Microsoft, Shares

SLASHING THE COST OF COMPUTING (ON-PREMISE VS AWS)

Web application	Cost	Saving
On-premise	$109.71	
AWS	$26.78	76%
Big data		**Saving**
On-premise	$927.06	
AWS	$455.59	51%
Business application		**Saving**
On-premise	$261.35	
AWS	$111.13	58%

Source: Amazon, Statista. AWS = Amazon Web Services

The benefits of cloud computing services include the ability to deliver the right amount of IT resources when they're needed, and from the right geographic location.

'Public and private cloud platforms are the key to storing and sharing the massive amounts of data required to feed AI processes, and to delivering the standardisation required for artificial intelligence automation,' says ROBO Global.

'The biggest cloud computing services run on a worldwide network of secure data centres, which are regularly upgraded to the latest generation of fast and efficient computing hardware. This offers several benefits over a single corporate data centre, including reduced network latency for applications and greater economies of scale,' says Microsoft.

WHERE CLOUD IS MOST USED

US	$45.1 billion
China	$5.5 billion
UK	$3.7 billion
Japan	$3.6 billion
Canada	$2.4 billion
France	$2.2 billion
Germany	$1.9 billion

Source: Statista, infrastructure and platform as a service 2020 estimates

'By increasing the speed of innovation, rapidly delivering new services, and supporting the latest advancements in AI, cloud providers help companies accelerate the delivery lifecycle and rapidly evolve and improve products and services,' comments ROBO Global.

Most cloud computing services are provided as self service and on demand, so even vast amounts of computing resources can be provisioned in minutes, typically with just a few mouse clicks, giving businesses a lot of flexibility and taking the pressure off capacity planning.

On-site data centres typically require a lot of 'racking and stacking', or in other words, hardware set-up, software patching and other time-consuming IT management chores. Cloud computing removes the need for many of these tasks, so IT teams can spend time on achieving more important business goals.

Data back-up, disaster recovery and business continuity is easier to manage and less expensive because of cloud computing. This is because data can be mirrored at multiple redundant sites on the cloud provider's network.

THREE TYPES OF CLOUD

1 **Public cloud** refers to a cloud service that shares resources with other users and is generally available over the internet. Basic email services, social media like Facebook and streaming service Netflix are common examples of offerings hosted on a public cloud service that many consumers use daily.

2 **Private cloud** isn't shared. It's usually a data centre located on a company's property that provides services via a closed network rather than making them available via the public internet. Many non-tech companies such as banks want to have complete control over their data and IT, so as they embrace digital, internet-based operations and services they build on-site data centres to create a private cloud, using hardware from the likes of Cisco, Arista Networks, NVIDIA and others.

3 **A hybrid cloud** refers to a service that uses a mix of public and private clouds to function. For example, an organisation might make use of public networks to access and operate less critical data and operations but automatically switch over to its private network when the data reaches a certain level of sensitivity.

HOW TO INVEST IN CLOUD-RELATED BUSINESSES

Gary Robinson, co-manager of **Baillie Gifford American (0606196)** and **Baillie Gifford US Growth Trust (USA)**, up 83% and 73% respectively this year, says investors underestimate growth potential of cloud enablers like Amazon and Alphabet.

Recent investments by the manager were based on the idea of more companies going online, where he expects the pandemic to spur an acceleration of existing trends after office life started to look like a 'relic'.

The manager added to workplace collaboration and communications app Slack, which was first held as a private company in the US Growth trust, and last year bought into video conferencing provider Zoom.

'There's going to have to be better tools to allow people to coordinate in companies that are working with more freedom with their workforces,' says Robinson.

Slack's approach of channels-based communication centres around a project or topic rather than an individual inbox, making it more suited for collaboration, the manager argues. 'Email just doesn't work. It's not a good tool for collaboration at all.'

Cloud software company Workday is another stock to join his portfolios. According to Robinson it has already captured more than half of the market share in human resources software used by Fortune 500 companies. What particularly excites him, however, is its move into other areas of business software, particularly for financial systems, such as accounting.

The manager says Workday is starting to see an inflection in demand in this area, as more companies look to replace legacy IT systems in the face of cloud-based applications. Shopify, Amazon and The Trade Desk are other investments in Robinson's portfolios.

TWO PASSIVE FUNDS TO BUY

Some of the stocks relevant to cloud theme are highlighted in the accompanying box. If you would prefer to invest in a fund, the **First Trust Cloud Computing ETF (FSKY)** is a good place to start. It tracks 50 of the world's leading cloud stocks, including many of the companies mentioned in this feature.

It provides wider cloud growth opportunities while still handing investors stock diversification.

EXAMPLES OF CLOUD-RELATED STOCKS

BIG CLOUD NETWORK PROVIDERS
- Amazon (AMZN:NDQ)
- Microsoft (MSFT:NDQ)
- Alphabet (GOOG:NDQ)

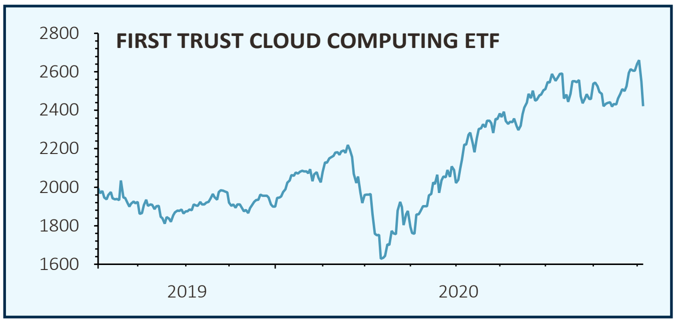
RETAIL/CONSUMER PRODUCTS
- Shopify (SHOP:NYSE)
- Adobe (ADBE:NDQ)
- HubSpot (HUBS:NYSE)

FINANCIALS/BUSINESS MANAGEMENT
- Square (SQ:NYSE)
- Anaplan (PLAN:NYSE)
- Workday (WDAY:NDQ)

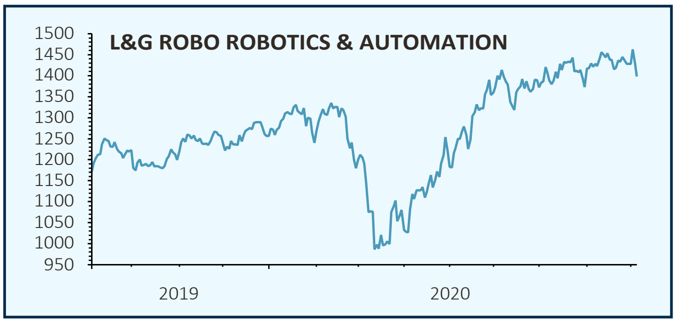
SERVICES
- The Trade Desk (TTD:NDQ)
- Okta (OKTA:NDQ)
- Splunk (SPLK:NDQ)

COMMUNICATIONS
- Twilio (TWLO:NYSE)
- Zoom Video Communications (ZM:NDQ)
- DocuSign (DOCU:NDQ)

HEALTHCARE
- Veeva Systems (VEEV:NYSE)
- IQVIA (IQV:NYSE)
- Teladoc Health (TDOC:NYSE)

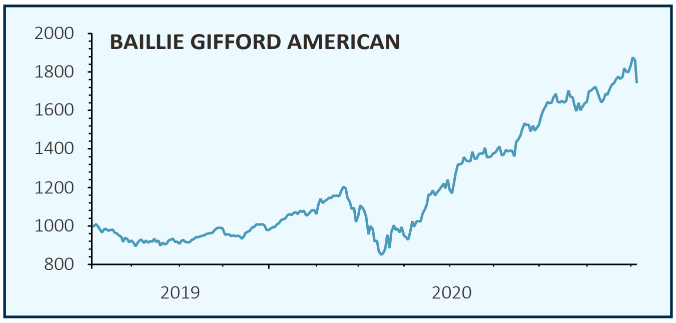


With an ongoing charge of 0.6%, the fund may seem expensive for an ETF, although it would still be cheaper than many actively managed funds. For example, if you invested £10,000 over five years and achieved 5% return a year, an investor would pay total fees of £336.79, according to AJ Bell calculations, on an investment that would be worth £12,383.82 after those fees were paid.



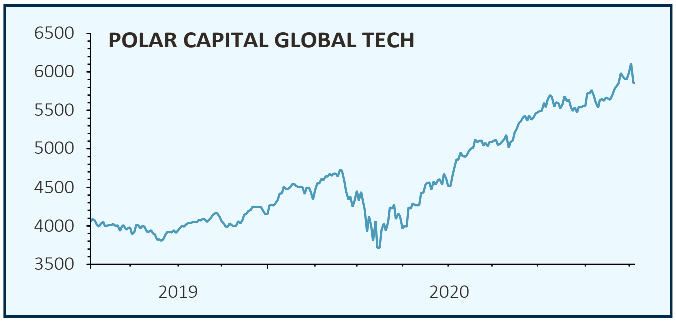
Investors could also consider **L&G ROBO Global Robotics and Automation (ROBO)**. Cloud computing and AI is one of the fund's 12 core investment themes and stocks are drawn from across the world and from both large and small cap sub-sectors. It has a 0.8% total expense ratio.

THREE ACTIVE FUNDS TO BUY



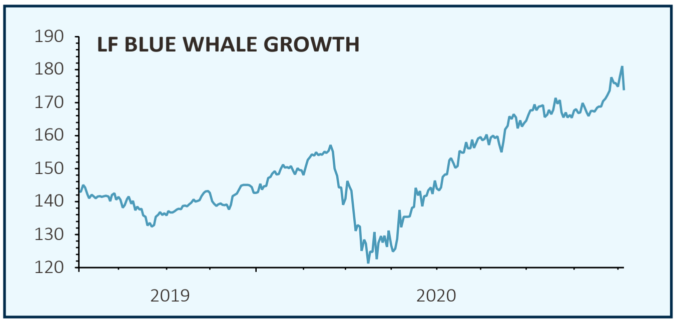
Baillie Gifford American (0606196)
This fund has beaten its benchmark comfortably over three, five and 10 years and the management team have years of experience and proven expertise. This is a great option for investors and provides access to one of the most respected fund management firms around today. Ongoing charges are 0.51%.

Relevant companies in the portfolio: Shopify, Amazon, The Trade Desk, Netflix



Polar Capital Global Technology (B42W4J8)
Managed by the tech savvy duo of Ben Rogoff and Nick Evans, similarly to the Baillie Gifford fund, this is very much about creating value from owning some of the world's most disruptive technology companies for the long-term. Cloud computing plays a large part in the managers' thinking and investors will also get some of the most comprehensive market and sector updates around. Total expense ratio stands at 1.51%, which may put off some investors but it has a good track record.

Relevant companies in the portfolio: Microsoft, Tencent, Alibaba, Facebook



Blue Whale Growth (BD6PG78)
A relatively new fund just approaching its third anniversary, it has a concentrated portfolio of around 25 stocks which its team of analysts follow in great depth. The fund has returned 21.7% so far in 2020, which is no mean feat given the macro challenges, and it has outperformed its benchmark by about 12%. Ongoing costs run at 1.14%.

Relevant companies in the portfolio: Microsoft, Adobe, Autodesk, PayPal

WisdomTree®

CLOUD COMPUTING

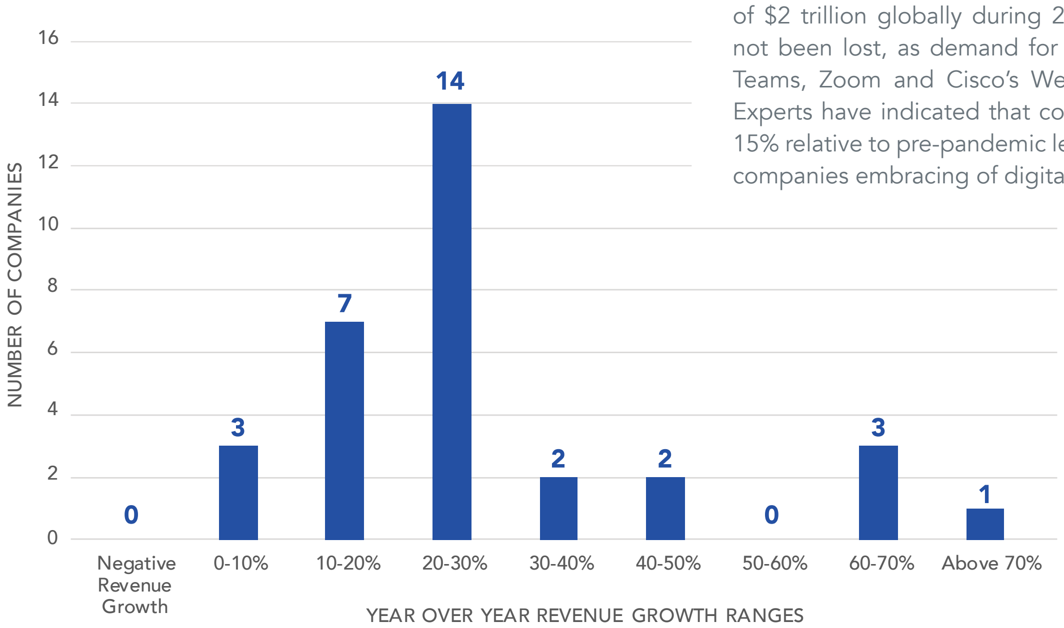
THE INVESTMENT MEGATREND TAKING THE WORLD BY STORM

The interest and excitement surrounding cloud computing has continued into August 2020. Companies have been reporting their earnings for the period ended 30 June 2020.

As of this writing, on 21 August 2020, there were 52 companies within the BVP Nasdaq Emerging Cloud Index. 32 of these firms had reported their results as of 30 June 2020. We can see in Figure 1 that:

+ None of these 32 firms reported negative growth in year-over-year revenues for this particular period.
+ Almost half of these firms (14 total) reported year-over-year revenue growth in the range of 20-30%.
+ Four firms reported growth in year-over-year revenues above 60%.

Figure 1: Distribution of Year-over-Year Revenue Growth Across Cloud Companies Reporting Earnings before 24 August 2020



Source: Bloomberg. Figures taken on 24 August 2020, with specific closing market values taken for 21 August 2020. Historical performance is not an indication of future performance and any investments may go down in value.

There was also an important milestone crossed for the cloud computing space more generally during this period. Research from Synergy Research Group has indicated that for the first time spending on cloud-based infrastructure has surpassed spending on what is often referenced as 'on-prem' hardware infrastructure, such as servers sitting in the back room or basement of an office setting. In 2009, there was barely any spending on cloud-based infrastructure, but it's been remarkable to see the growth and that both of these categories are close and are now approaching $100 billion of annual spending .

At WisdomTree, we think that the actions many companies across the developed world had to take as a result of the Covid-19 Pandemic effectively pulled forward activities of digital transformation. One very visible area regards corporate travel, where Coupa Software has indicated that itineraries purchased by corporations for the month of July 2020 were down 97% relative to July 2019. It is estimated that the lost spending on airfares, hotel bookings and entertainment could be north of $2 trillion globally during 2020. However, productivity has not been lost, as demand for services provided by Microsoft Teams, Zoom and Cisco's Webex have massively increased. Experts have indicated that corporate travel may decrease by 15% relative to pre-pandemic levels on a sustained basis due to companies embracing of digital solutions .

- **For more insights about this disruptive megatrend, please visit: www.wisdomtree.eu/strategies/cloud-computing**
- **To access a list of relevant thematic products within the AJ Bell Youinvest platform, please visit: AJ Bell Youinvest - Thematics**

[1] Source: Loten, Angus. "Cloud Spending hits Record Amid Economic Fallout from Covid-19." Wall Street Journal. 3 August 2020.
[2] Source: Sindreau, Jon. "A Chunk of Corporate Travel may be Gone Forever. But How Much?" Wall Street Journal. 12 August 2020.

RUSS MOULD
AJ Bell Investment Director

Will markets race higher after the St. Leger?

The traditional adage suggests markets gain momentum in September

It has been a strange year for so many industries and thoroughbred breeding and racing has been no exception.

Spectators have been barred from racecourses and major meetings have been moved from their traditional calendar slots.

Some American punters will be wondering why they bothered with the 146th Run for Roses as hot favourite Tiz the Law lost but British fans can at least look forward to the 224th running of Doncaster's St. Leger on its usual date, the second Saturday of September (12 Sep).

It will not just be betting shop punters who will be keeping an eye on the event.

The staging of the race traditionally marks an end to the summer lull in financial market trading, at least according to the old adage 'sell in May, go away and come back again on St. Leger day'.

This saying is based upon how, on average, the UK's FTSE All-Share index has historically done best between January and April and then again after mid-September, with summer being a bit quiet by comparison. A similar, if less pronounced pattern, can be seen in America's benchmark S&P 500 index.

Despite the overall averages, this pattern is not visible every year (investing would be far less difficult if it were). The FTSE All-Share has risen through to the end of April, dropped through to mid-September and then gained until the end of a year on just 15 occasions since 1965. The S&P 500 has followed this trajectory just eight times over the same period.

In 2020, the FTSE All-Share is pretty much flat since 1 May, in keeping with historic averages, although the S&P 500 has actually gained 17.7%, its second-best showing over 56 years of data. This begs the question of what those respective indices will do for the rest of the year (and then beyond), in the wake of a trends-busting summer on one side of the Atlantic and perfectly normal one on the other.

HISTORY LESSON

The S&P 500 has actually gained ground on 34 occasions and lost it on just 17 between 1 May and Britain's St. Leger day (an event that is unlikely to resonate Stateside anyway). However, it has made a double-digit percentage gain just seven times.

The good news for investors is – at least if history is any guide – the final third of the year saw further advances six times, against just one drop, and there were five gains against just two declines in the following calendar year.

Bears will point out that those following-year declines came in 1981 and 1990, when a recession hit America.

As such, rather than points in the calendar, much will depend on how the ongoing pandemic develops and its effect upon the wider economy and corporate earnings and cash flow, as well as

RUSS MOULD

AJ Bell Investment Director

Insightful commentary on market issues

The UK has meekly followed historic trends in 2020 while the US has boldly broken them

Average performance since 1965	1 Jan-30 Apr	1 May-St. Leger day	St. Leger day-31 Dec	2020 1 May-St. Leger day*
FTSE All-Share	6.4%	-0.1%	2.1%	-0.3%
S&P 500	3.4%	1.1%	3.1%	17.7%

Source: Refinitiv. *2020 data to 4 September. Capital gains in local currency.

S&P has tended to follow strong summers with more gains

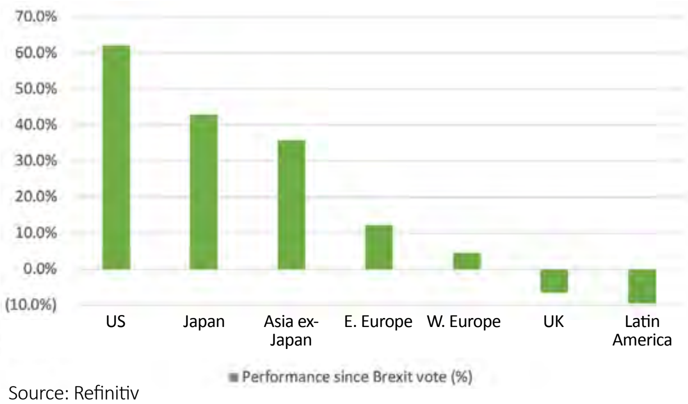
Year	Summer gain	St. Leger to year end	Next calendar year
1980	17.2%	9.1%	-9.6%
1987	10.3%	-2.1%	12.7%
1989	12.5%	0.7%	-6.3%
1995	11.0%	7.7%	22.8%
1997	17.6%	4.0%	26.9%
2003	11.5%	8.5%	9.4%
2009	18.3%	9.0%	11.7%
2020	17.7%	?	?

Source: Refinitiv

Past decade of strong returns may not be a reliable pointer to further gains in US indices over the next 10 years

Source: Refinitiv

UK stock market has been a global laggard since June 2016



Source: Refinitiv

central banks' policy response and how that in turn influences investor thinking.

Even after last week's stumble, caused by the very same technology stocks which did so much to drag the index higher in the first place, many investors will take a little comfort from how well the S&P has done historically after a strong summer.

Sceptics will counter by saying this is too short a time horizon. The compound annual growth rate (CAGR) in the S&P 500 over the past decade is 12.1% and it is 17.7% for the NASDAQ, levels which have historically preceded a decade of poor (or at least diminishing) returns, so perhaps would-be dip-buyers need to tread carefully after all, depending upon their time horizon.

CONTINENTAL SHIFT

The UK has the additional complication of Brexit to address, especially as the UK Government is sticking to its hard line in negotiations with the EU, which perhaps continues to underestimate the Johnson administration's determination on this topic and its own ability to get 27 members to agree to a plan of their own.

You could argue that the uncertainty over what Brexit may or may not mean – whether you approve of it or not – is one reason why the FTSE All-Share has lagged its global peers so badly since June 2016. Investors just don't know what will come of it and perhaps they are (still) taking evasive action accordingly.

All you need to know about Airbnb before its blockbuster IPO

The online home rental platform has struggled during the pandemic, but its IPO could be better received by investors than the likes of Uber and WeWork.

Online home rental marketplace **Airbnb** is set for a blockbuster stock market debut this year as it gets ready to launch a multi-billion dollar initial public offering (IPO) in the US.

The company is expected to list before the end of 2020 after it confirmed it had confidentially filed the necessary paperwork with US finance regulator the Securities and Exchange Commission (SEC).

It's not entirely clear what Airbnb's market value will be once it lists, but its most recent funding round in April saw it raise $1 billion at a pre-money valuation of $17 billion, so it's likely to target a valuation above the post-money figure of $18 billion.

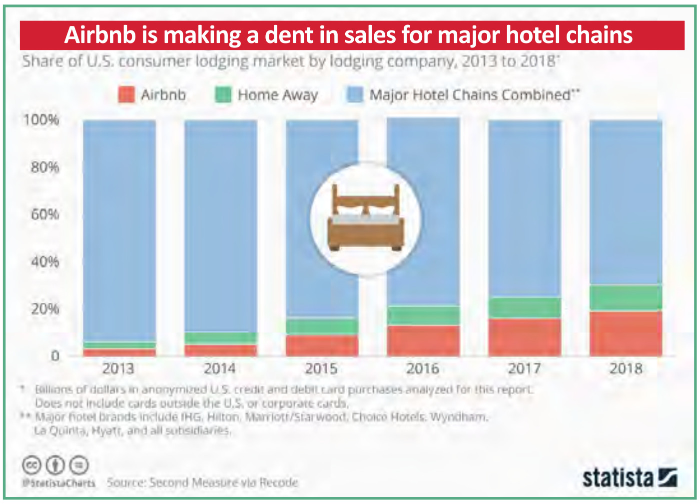
For comparison, Booking.com is the most valuable in the sector with a $72 billion valuation, followed by Expedia at $11.96 billion and TripAdvisor at $2.98 billion.

VALUATION HIT BY COVID

Either way the figure is likely to be below pre-coronavirus estimates. According to the *Financial Times*, private investors were trading indirect stakes in November 2019 which valued Airbnb at close to $42 billion. The $18 billion figure is also below Airbnb's internal $26 billion estimate of its own valuation reported in early March.

The company has been hit hard by the pandemic, and shelved plans to list much earlier this year. Given it is currently a private company, Airbnb doesn't often publish its financial information or provide much of a breakdown, but its second quarter revenue in 2020 reportedly tumbled by at least 67% to $335 million, down from more than $1 billion in the second quarter of 2019, and well below the $842 million it recorded in sales during the first quarter.

But it has seen signs of a strong recovery since,



and CEO Brian Chesky told US media at the end of June that Airbnb's bookings are 'recovering way faster than any one of us imagined', adding that business is 'above where we were last year, and we could get even higher than what we would have forecast before Covid'.

In July, total consumer spending on Airbnb was 22% higher than the same period last year according to Edison Trends, and the company said it surpassed a million bookings on a single day in July, led by an increase in stays at nearby destinations.

PROVEN PROFITABILITY

Unlike other tech unicorns with disappointing or failed IPOs like Uber and WeWork, Airbnb has actually proven it can be profitable, having reportedly made a profit of over $200 million and turned cash flow positive in 2018. The company is also said to have around $4 billion in cash on its balance sheet.

That's important for potential investors as it means Airbnb can grow organically and doesn't have to continually go cap in hand to the market just to survive.

But being profitable on a regular basis is still a problem for Airbnb, and in the first nine months of 2019 it reported a loss of $322 million according to the *Wall Street Journal*, as the company spent big to deal with safety issues, upgrade its technology and grow its user base ahead of its IPO.

The company makes a small amount of money from its tours and activities business Airbnb Experiences, but the majority of its income comes from charging a service fee, a percentage of the total transaction, to both people who rent their

rooms or properties via Airbnb's platform (the hosts) and the people who stay there (the guests).

THE 'SECRET SAUCE'

This is what's considered by investors to be Airbnb's 'secret sauce', a network of guests and hosts loyal to the platform who use Airbnb as their first port of call when renting out their room/property or when looking for somewhere to stay when in town, with the company enjoying the regular, recurring revenue via the service fee both guests and hosts are seemingly happy to pay.

At the same time the majority of expenses fall on the properties' hosts, so in theory Airbnb's service fee is mostly profit.

But the company has a lot of other costs, and ahead of its IPO has had to ramp some of them up. It has spent around $150 million making its platform safer after several safety issues involving a wide range of things including racism, prostitution and gun violence, and has also tied employee bonuses to safety metrics.

In addition, the *Wall Street Journal* reported that Airbnb has spent another $100 million upgrading its technology, while the firm's administration costs – HR, accounting, legal, running its headquarters, etc – had growth substantially in the third quarter

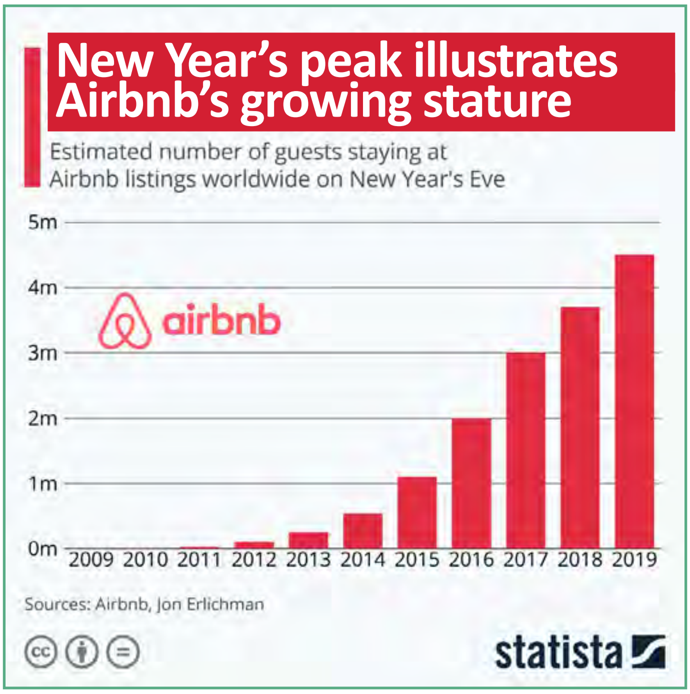
of 2019 to around $175 million.

Also adding to costs ahead of its IPO is marketing spend. While this may help growth down the line, it eats into profits now. Airbnb spent $367 million on sales and marketing in the first quarter of 2019, and reports suggest it may have spent more than $1.1 billion in the year as a whole.

The company did halt all marketing spend in March this year as the pandemic hit in a move it estimated would save $800 million in 2020, though it's likely it will ramp this up again in the near future with the travel and leisure sector, particularly domestically in the US, showing strong signs of recovery.

COMPETITIVE LANDSCAPE

In terms of competition, there is a direct competitor in Expedia-owned Vrbo (short for Vacation Rental By Owner), another US-based home rental platform.



Vrbo is smaller than Airbnb, with 2 million listings on its website compared to over 7 million for Airbnb, and also has a smaller user base than Airbnb's 150 million.

But it is growing at a significant rate and in July, Expedia said Vrbo had been the largest contributor to the improved booking trends it had seen as the travel and leisure sector in the US started its recovery, with the division an outlier in an otherwise underwhelming trading update from the group.

Like Airbnb it makes most of its money from charging a service fee. While the business is smaller than Airbnb, it could be a potential threat as it continues growing, particularly if there are signs that some of Airbnb's loyal networks of users could be switching to Vrbo.

ESG RISKS

One issue for investors worth pointing out relates to environmental, social and governance (ESG) concerns, particularly on the social side. Airbnb has been accused of distorting the local housing market in many cities across the US and the UK, and criticised for the crippling effect this has had in some cases on affordable housing. With institutional investors applying an ever greater focus on ESG, this is likely to be an area where Airbnb will feel the heat from investors.

But overall Airbnb's stock market debut is likely to be better received by investors than the likes of WeWork and Uber, given it has that all-important track record of profitability and already has the money it needs (the $4 billion cash on its balance sheet) to fuel future growth.

By **Yoosof Farah** Reporter

Finding alternative sources of income in retirement

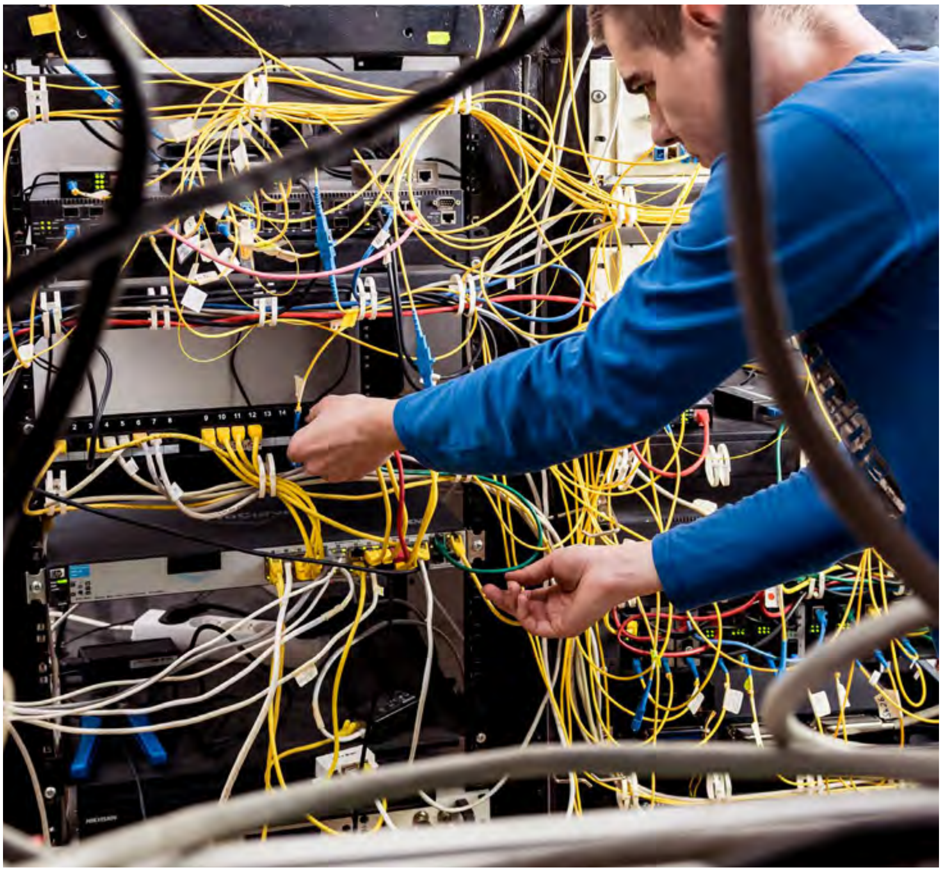
Henderson Diversified Income Trust is among the investment products generating income from a portfolio of non-equity investments

Investors in retirement looking for reliable income have been frustrated with large parts of the equity market in 2020 as companies defer, cancel or reduce dividend payments. This could have created a shortfall in their precious income, causing them to look at other asset classes in the search for yield.

An alternative place to equities for income is the debt and loans sector, albeit investors with limited experience may not feel as comfortable looking for opportunities in this space compared to analysing individual company shares.

If that is the case, investors might want to consider actively managed investment trusts and funds as an easier way to gain exposure to the debt and loans sector than trying to invest directly, particularly as they can provide exposure to investments restricted to institutional investors. Fund managers do the hard work selecting assets and managing the portfolio.

To help readers appreciate how fund managers find opportunities in his space, we now look at 5.1%-yielding **Henderson Diversified Income Trust (HDIV)** as an example of how investment trusts in the debt and loans sector operate, examining its strategy both during the pandemic and over a longer timeframe.



PERFORMANCE RECORD

The trust has a track record of outperforming its category benchmark, delivering annualised net asset value total returns of 6.2% over five years and 7.2% over 10 years (to 1 September 2020), according to Morningstar. This compares to 3.2% annualised returns over five years and 5% over 10 years for the Morningstar investment trusts debt (loans and bonds) category.

The category is used as a measure of performance against peers and Henderson Diversified Income Trust sits second out of 14 funds over three years and fifth out of 13 funds over five years.

The share price performance is slightly behind the NAV with 4.5% annualised returns over five years and 6.8% over 10 years.

Just over half of the trust's assets are invested in sub-investment grade corporate bonds with around 38% in investment grade corporate

Henderson Diversified Income Trust: Ten largest holdings at 30 June 2020		
Holding	**Industry**	**%**
Crown Castle International 3.65% 2017	Wireless and broadband infrastructure	2.5
IQVIA 5.0% 2026	Healthcare, clinical trials	2.3
Aramark Services 4.75% 2026	Food service facilities and uniform services	2.2
Phoenix Group 6.625% 2025	Life assurance	2.1
Nationwide Building Society	Building society	2.0
Co-operative Group 2011 7.5% 2026	Food retail, funerals, financial services	2.0
CSC 5.75% 2028	Cable TV and broadband internet	1.8
Altice France 5.5% 2028	Mobile telecoms and media	1.7
TransDigm 6.25% 2026	Aerospace components	1.6
Crown Americas 4.75% 2026	Packaging	1.5
TOTAL		**19.7**

Source: BNP Parabas

bonds and minimal exposure to loans. The trust is invested in around 170 different positions and the largest 10 have remained relatively stable over time.

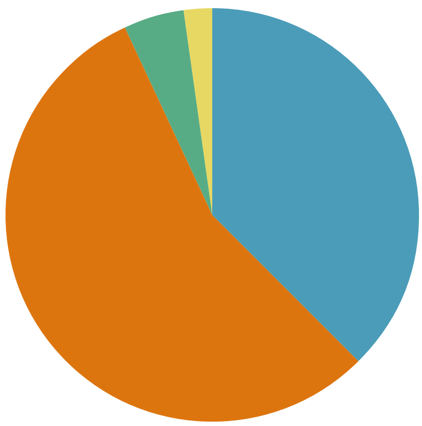
THE STRATEGY

Fund managers John Pattullo and Jenna Barnard aim to increase risk and leverage during economic expansions while positioning the fund more defensively during downturns.

In the eye of the Covid-19 storm, risk and leverage was dialled up significantly to take advantage of the unprecedented policy response by the US Federal Reserve and the government's fiscal backstop measures.

The amount of stimulus unleashed was close to 40% of GDP which historically has only been seen during World Wars. Pattullo and Barnard believe that adopting a war-like approach to the pandemic by the authorities was completely justified under the circumstances. The income gearing of the trust was increased to 35%, from the usual 20% to 25% range. That meant borrowing more money to invest in the markets with the aim of enhancing returns.

Asset Allocation as at 30 June 2020



Category % of Fund
- Investment Grade Corp Bonds 37.5
- Sub-Investment Grade Corp Bonds 55.5
- Loans 4.9
- Other 2

Source: Janus Henderson Investors, BNP

The fund purchased a synthetic credit default index called the Itraxx Crossover which is composed of 75 of the most liquid sub-investment grade securities in Europe. Effectively the team purchased extra income as the yield spread between non-investment grade and investment grade widened.

BOND CATEGORIES

Investment grade bonds are issued by companies which the rating agencies such as Moody's class as relatively safe from default. In other words, lenders are highly likely to receive all the coupons or interest payments in full and crucially get their capital back.

Sub-investment grade bonds on the other hand have a much higher probability of issuers defaulting and need to offer prospective investors higher yields to attract investment. The spread between investment and sub-investment is considered a good proxy for the risk appetite of bond investors.

Pattullo estimates the effect of the portfolio changes made in March has secured Henderson Diversified Income Trust's dividend target for the next two years.

The ensuing snap back in the yield spread was one of the fastest ever seen, fuelled by the Federal Reserve purchasing sub-investment grade bonds for the first time ever which in Pattullo's opinion 'backstopped risk' thereby increasing risk appetite.

INVESTMENT STYLE

Pattullo believes the trust's differentiated investment approach helped it steer clear of some of the most impacted sectors such as travel and leisure, shipbuilding and energy. While many equity managers claim they have a differentiated investment approach, it is less common in the bond investing world.

Henderson Diversified Income Trust prefers to lend to good quality businesses that don't need capital rather than to companies in struggling industries with poor fundamentals. The yields on offer may be higher in such industries but the associated risks are considered too great.

To illustrate, Pattullo references bond hedge fund manager Dan Rasmussen who coined the phrase 'fool's yield'. This is the yield above which the losses from default overcome the higher coupon payments and investors end up earning lower total returns than they would have by sticking to lower yielding but higher rated bonds.

The team believe almost half of the high yield universe and a third of the investment grade universe is simply uninvestable to their way of thinking. In this regard their approach is similar to quality growth managers in the equity space.

The trust prefers to lend to large non-cyclical businesses which achieve high returns on capital and have at least $300 million of debt outstanding, ensuring liquidity in the bonds.

Strong free cash flow generation and disciplined management are other important considerations. In short the focus is on providing safe, boring income while also providing sufficient diversification to the riskier parts of investors' portfolios.

By **Martin Gamble**
Senior Reporter

Property owners and retailers face new test as work habits evolve

Is it time to buy real estate stocks while sentiment remains poor?

Summer is over, schools are back and in any other year people would be returning from the beach to the office.

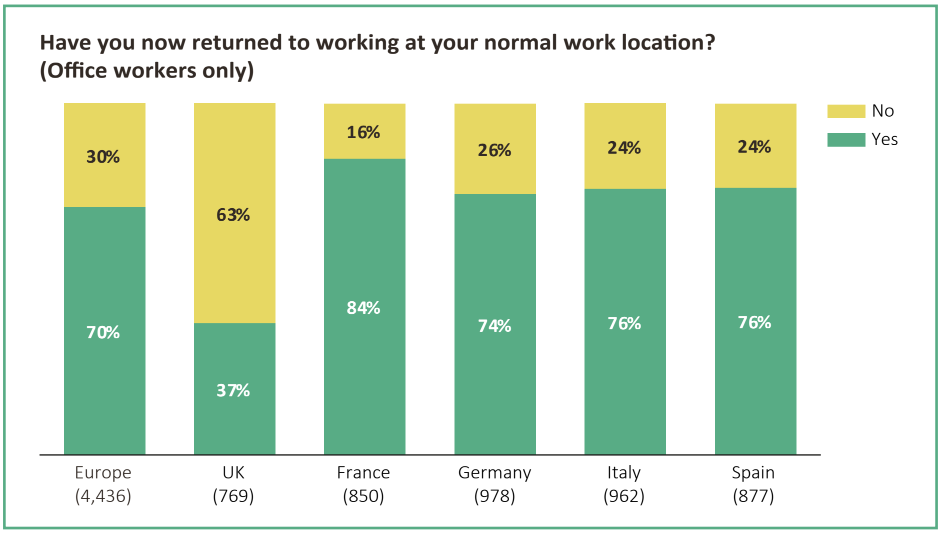
Covid-19 has rendered 2020 different for all sorts of reasons and despite a Government push to get people back at their desk, many continue to work from home. This has big near-term and potentially long-term implications for the economy and the markets.

It remains difficult to say what the long-term impact of the Covid-19 pandemic will be, giving we are still living through it. Yet for businesses reliant on commuter traffic and for investors in commercial property, the slow pace of a return to normal working is a serious problem. This is also true for a UK economy which is

OFFICE STOCKS CHEAP FOR A REASON?

Morgan Stanley says valuations for office-focused real estate stocks look optically cheap in most cases, but it is still concerned that investor appetite to play a recovery via offices could be offset by structural concerns.

UK WORKERS AREN'T FOLLOWING THE SAME PATTERN AS THE REST OF EUROPE

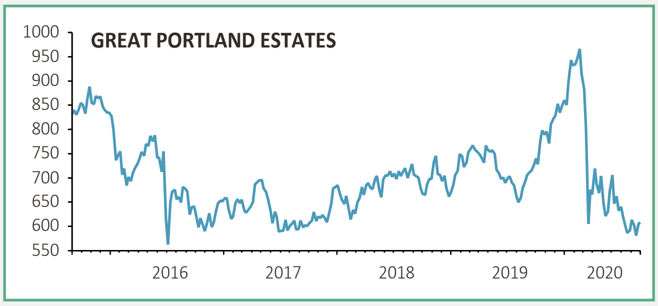


Source: AlphaWise, Morgan Stanley Research. Figures in brackets denote number of respondent

THE CONTRARIAN VIEW?

Do you believe the working from home trend won't last and that people will eventually return to the office?

If so, buy shares in Great Portland Estates and Derwent London while the office-related commercial property sector is unloved.



OFFICE LANDLORDS TRADE AT A DISCOUNT

Company	Discount to net asset value
Derwent London	28%
Great Portland Estates	30%
Regional REIT	33%
Circle Property	45%
BMO Commercial Property Trust	48%
Schroder Real Estate	50%

Source: Stockopedia, 3 September 2020

heavily weighted towards the services sector.

The latest IHS Markit/ CIPS Services PMI reading of 58.8 (3 Sep) reflected the sharpest increase in activity in five years but was below expectations and really only reflects a recovery from a low base, supported by temporary kickers like the 'Eat out to help out' scheme and furlough. A figure over 50 represents expansion and a figure below 50 represents contraction.

UK LAGS REST OF EUROPE

Research by Morgan Stanley suggests the UK is lagging other European countries when it comes to people going back to their office.

Its latest AlphaWise 'Road to Recovery' survey, conducted in mid-to-late August, showed just 37% of UK office workers returning to working at their normal location compared with 70% across Europe as a whole.

However, one must consider that more people might be returning to offices in September now that children are back at school.

Some UK organisations aren't contemplating a concerted return to the office until 2021 – including **NatWest (NWG)** and **London Stock Exchange (LSEG)**.

This reinforces the message from the Bank of England which recently suggested it is impossible for workers to go back in large numbers while the risk of Covid-19 lingers – not least because of a lack of capacity in public transport to accommodate a socially distanced commute.

PROPERTY INVESTORS' ISSUES

Rent collection has been affected for owners of office assets– though not as acutely as for landlords of retail property and this has been priced in by investors with most relevant investment vehicles trading at substantial discounts to net asset value.

Based on a survey of its top 50 clients, office landlord **Derwent London (DLN)** expects 27% occupation for the third quarter of 2020, 47% for the fourth quarter and 65% for the first quarter of 2021.

IS WORK FROM HOME HERE TO STAY?

Writing in July, Schroders' real estate team argued the current exodus from the office is likely to prove short-term.

'Taking a longer-term view, we doubt whether the current experiment with remote working will lead to a step change in office demand after the virus. While it will be more common for people to work from home occasionally, we do not expect it to become the norm.

'The office is the best place to communicate with colleagues, spark new ideas, train staff and meet with clients. Many occupiers including big tech (e.g. Amazon, Apple, Google) have invested heavily in new offices in order to attract and retain staff.

'We anticipate that the demand for offices in city centres and close to universities will increase once the virus is brought under control, driven by the growth in tech, life sciences, professional services and public administration.'

Investors who buy this argument and want to play an eventual recovery should concentrate on names like **Great Portland Estates (GPOR)** and Derwent which have the financial strength to weather the current disruption.

Great Portland has a loan-to-value of 15% and recently raised £150 million through a debt issue while Derwent had an LTV of 17.3% and cash and undrawn lending facilities totalling £502 million as at the end of June.

DEPRIVED OF AN ECO-SYSTEM

The picture is starker for the likes of food-to-go specialist **Greggs (GRG)** and travel shop operator **WH Smith (SMWH)**, the latter also facing a major impact from restrictions on air travel.

These firms have higher fixed costs than property owners, thanks to their large workforces and input costs, and are therefore potentially more vulnerable as they are starved of their usual eco-system of commuters and people in the vicinity of their shops.

The recent decision by sandwich seller Pret to cut 3,000 jobs shows the sector's pain and the most recent Coffer Peach Business Tracker data says pubs and restaurants experienced sales down 50.4% in July on the same month in 2019. Interestingly trading in the country's major metropolis London was down by a more significant 58.3%.

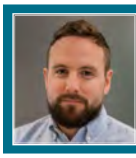
Shore Capital analyst Clive Black notes that the wider impact of coronavirus upon consumer behaviour and markets is 'problematic' for Greggs, which recently had to close a Leeds distribution depot due to a coronavirus outbreak on site.

Black specifically flags the disruption to trade, 'particularly in travel hubs and business centres that working from home brings to the British food system'.

GREGGS & WH SMITH – BALANCE SHEET SITUATION

Greggs – Net debt of £26.2 million as at 27 June.

WH Smith – As at 4 August the company had cash of approximately £63 million with a revolving credit facility of £200 million and an additional committed bank facility of £120 million, both of which were undrawn. July cash burn totalled between £15 million and £20 million.



By **Tom Sieber**
Deputy Editor

BAILLIE GIFFORD

BAILLIE GIFFORD HIGH YIELD BOND FUND

SEEKING RESILIENCE. TIME WELL SPENT.

The value of an investment in the fund, and any income from it, can fall as well as rise and investors may not get back the amount invested.

Global cinema operator, AMC Entertainment. Internet payment provider, Wirecard. Commodity trader, Noble Holdings. All have one common denominator: an inability to repay debt obligations to their lenders. Default. The result is a permanent loss of capital, materially denting returns. As the global health pandemic shatters exposed sectors across the world, default rates within the asset class are on the rise, on course to reach the highest level in a decade. Our approach, seeking out resilience, is unchanged. And in this mercurial new world we find ourselves in, it has never looked more fitting or more powerful.

We believe that, over the long term, an issuer's fundamental resilience will be reflected in the performance of its bonds. All our time, therefore, is focused on bottom-up, qualitative, forward-looking analysis into an issuer's resilience.

Resilience, for us, requires a durable competitive position, a good approach to governance and sustainability (G&S, synonymous with ESG) and an appropriate capital structure. We lend to around 70 companies, who we believe have the right combination of these attributes. Each new issuer in the fund is different to what went before it, building a diverse collection of some of the world's most resilient high yield companies. We stress test our companies through 'pre-mortem' scenarios to appropriately position the holding, reflecting the risks and opportunities of lending to the issuer. Valuation is secondary to building a strong understanding of an issuer's resilience. Our assessment of the valuation opportunity is not based on a quantitative financial model, but on a qualitative understanding of the company's future resilience.

We believe this approach limits the downside, exposing us to fewer value-destructive credits. We are proud of the High Yield Bond Fund's history of incurring less than half the default rate of the market since its inception. Equally important, our approach maximises the upside the asset class has to offer, investing in more bonds of higher quality than peers and doing so with greater conviction.

Client focus on G&S factors has never been greater and is only accelerating with time – and rightly so. We believe our early decision to integrate G&S into our investment process has enhanced our ability to source dependable income streams, whilst making a positive contribution to the world. We believe the fund is well positioned to deliver resilient, long-term income, building on its top quartile performance since inception. This 18-year track record is offered for the most competitive fees in the industry, with total charges for the fund of 0.37 per cent per annum, with no entry or exit fee.

We believe our approach delivers on Baillie Gifford's principal goal - to add value to clients, support companies and benefit society through thoughtful long-term investment.

ANNUAL PAST PERFORMANCE TO 30 JUNE EACH YEAR (%)

	2016	2017	2018	2019	2020
Baillie Gifford High Yield Bond Fund (B Inc Shares)	0.9	12.6	1.7	6.7	-0.6
Investment Association Sterling High Yield TR	0.7	10.4	1.0	5.2	-2.3

Past performance is not a guide to future returns

Source: FE. Single pricing basis, total returns. Sterling.
The manager believes this is an appropriate comparison for this fund given the investment policy of the fund and the approach taken by the manager when investing.

The views expressed in this article should not be considered as advice or a recommendation to buy, sell or hold a particular investment and it does not in any way constitute investment advice. This blog contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Bonds issued by companies and governments may be adversely affected by changes in interest rates, expectations of inflation and a decline in the creditworthiness of the bond issuer. The issuers of bonds in which the fund invests may not be able to pay the bond income as promised or could fail to repay the capital amount. The fund's concentrated portfolio relative to similar funds may result in large movements in the share price in the short term. Issued by Baillie Gifford & Co Limited which is authorised and regulated by the Financial Conduct Authority (FCA).

How plausible are the rumours about tax changes?

There is growing speculation that the next Budget will feature a significant tax shake-up

I'm 45, currently a higher-rate taxpayer and self-employed. How much truth is there in the rumours of a tax raid at the next Budget, particularly that the Government is planning to scrap higher-rate pension tax relief? Does it make sense for me to maximise my contributions this year?
Charlie

Tom Selby
AJ Bell
Senior Analyst says:

From a personal finance perspective, the two key policies that appear to be receiving some attention from Treasury officials (according to media reports) are pension tax relief and capital gains tax (CGT).

Pension tax relief is currently offered at your marginal rate of income tax. This means if you are a 40% taxpayer you are entitled to 40% relief, while a 20% taxpayer gets 20% relief.

The amount you can contribute each tax year is limited by the lower of your salary and £40,000. Those with no UK earnings can still contribute up to £3,600.

Speculation suggests the Treasury is considering scrapping this system and replacing it with a flat rate of relief, possibly set at 20% or 30%. While it is not clear how this could be made to work from a practical perspective – in particular, for defined benefit schemes – such a move would clearly affect higher and additional-rate retirement savers.

It's worth remembering that ahead of most major fiscal events – and particularly during periods of profound economic uncertainty as the UK is experiencing now – there is always rumour and speculation about a variety of tax reforms.

For example, I have personally lost count of the number of times scrapping higher and additional-rate pension tax relief has been floated in national newspapers in the last decade, and to date it hasn't happened.

While it's worth making the most of the retirement saving incentives available each year, you should not be knocked off your financial plan by unfounded speculation.

CGT REVIEW

Capital gains tax is broadly applied on chargeable gains made within a tax year above £12,300 (the 'annual exempt amount'). There are also various gift allowances that fall outside the CGT net.

Where someone makes a gain above this amount, they will pay CGT at 10% on gains within the basic-rate tax band and 20% where it is in the higher or additional-rate band. For gains on residential property sales the rates are 18% and 28%, respectively.

The Treasury has instructed the Office of Tax Simplification to review CGT, with suggestions this could be a precursor to aligning CGT allowances with income tax allowances. If this happened it would have implications for anyone holding investments outside of tax wrappers like pensions and ISAs, which are CGT-free.

As with pension tax relief you shouldn't change course drastically in response to this speculation. However, it might be worth using it as an opportunity to review any investments held outside tax wrappers and consider whether holding them in a pension or ISA could be beneficial.

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.

Your options as mortgage holidays come to an end

Current scheme due to close to new applications at the end of October

Millions of homeowners have taken a break from paying their mortgage, but as the Covid-19 scheme of mortgage payment holidays comes to an end, what are your options?

In order to help households who might be struggling with their finances during lockdown and the current pandemic, the regulator told banks they had to allow homeowners the chance to put their mortgage payments on hold for three months.

This was then extended to allow people a second three-month holiday as the pandemic dragged on. There are more details on how the scheme worked here.

However, the current scheme ends on 31 October, meaning that homeowners only have until that date to apply for a mortgage holiday. But the financial woes of some households will not be magically solved at the end of October, so what happens to homeowners then?

ONE IN SIX HOMEOWNERS HAVE TAKEN A MORTGAGE HOLIDAY

Source: UK Finance

WHAT HAPPENS NEXT

UK Finance, the trade body for banks, said that one in six homeowners have now taken a mortgage holiday. Anecdotal evidence shows that for some people this is a precautionary measure, where they aren't completely unable to pay their monthly mortgage payment but wanted to give themselves some breathing space in their finances should tougher times be ahead.

Other people may have used the payment holiday while they were furloughed but are now back at work on their previous salary and their finances are unchanged. For these people the mortgage holiday ending won't be a huge issue. UK Finance estimates that 70% of those who took a mortgage holiday have started to make full payments.

DID YOU KNOW?

If you defer mortgage payments after 31 October it could affect your credit rating

But there will be some households who haven't seen an improvement in their finances or indeed have seen their financial situation get worse. With the furlough scheme set to end at the end of October too and expected to bring with it a rise in unemployment, the mortgage payment holiday scheme ending could come at the worst time for some households.

NEW DRAFT RULES INTRODUCED

The regulator, the Financial Conduct Authority, has now issued some draft rules for mortgage providers on what they should do. Firstly, they should contact the homeowner ahead of the mortgage holiday coming to an end to let them know what their options are and warn them they may have to start repaying soon.

Secondly, they will have to offer up some options for those households who are still unable to pay their mortgage. But the FCA says it will move from the current blanket scheme to the banks offering more bespoke solutions for homeowners. In reality, this means the bank will look at your finances and help work out the best option for you.

This might mean you're offered another payment holiday for a certain amount of time. However, you could also be given the chance to switch your mortgage to a different type that's more affordable each month. For example, if you have a capital and interest mortgage you could switch to an interest-only mortgage. This means you'll only be paying the interest on the loan, rather than paying off any capital, so your monthly payments will be smaller but it will take you longer to pay off the debt.

Another option could be extending the term of your mortgage, so that you're spreading the debt repayment over a longer timeframe and therefore reducing your monthly costs. This means the debt will cost you more in the long term as you're taking out the loan for longer and so paying interest for longer, but could give much-needed breathing space now.

IMPACT ON CREDIT RATING

One big change from the end of October is that any of these measures could have an impact on your credit file, which could affect your future borrowing. Until now the mortgage payment holiday scheme is not meant to show on your credit record, but from the end of October the regulator said that any measures will. This could make it harder for you to get a new mortgage in future or other borrowing – although it depends on the route you take and what your credit score is already.

Another thing to be wary of is that banks are going to be under even greater strain to help customers – which probably means long wait times before you can speak to anyone. Moving away from a blanket one-size-fits-all approach to a more bespoke solution for each homeowner is clearly more time intensive for the bank's customer service team to deal with.

RESPONSE TIMES

Many banks had very long wait times for customers on the phone at the start of the Covid-19 crisis but these have eased since. However, if more customers are calling and needing more help that takes longer to solve it feels inevitable these wait times will rise again.

The regulator said it expects banks to staff their customer-facing teams to meet this demand and ensure they are sufficiently trained, while also using more experienced staff to deal with trickier customers.

If you're not sure what you should do or which option to take it's worth speaking to Citizens Advice or StepChange to get some impartial advice on your options and the pros and cons of each.

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

How companies raise cash and what it means for investors

We explain the ways in which listed firms fund their growth and demystify share splits and consolidations

In the latest instalment in our first-time investor series, we look at the various ways in which companies raise money to fuel their expansion, then explore the reasons that companies undertake 'share splits' and 'consolidations'.

PLACING NEW SHARES

The different methods by which publicly-traded companies raise money to fund expansion include the use of bank debt or the sale of new shares.

The three main ways in which companies can raise capital on the financial markets are share placings, open offers or rights issues.

A placing is the issue of new shares, either to existing or new shareholders. This dilutes the value of existing shareholdings as effectively it creates more slices of the same-sized pie.

When a company approaches potential investors for a placing, it can't set a price above the current market price, because buyers would simply purchase the shares on the open market rather than participating in the placing. So in order to entice buyers, companies typically offer to sell their placing shares at a discount to the current market price.

Because buyers and sellers on the open market are aware of the secondary offering, the price they are willing to pay for the shares usually falls in line with the amount of the discount.

The long-term effect of a placing on the share price is much less certain. It depends on how effectively the management team allocates the additional capital raised.

Shares in budget airline **Ryanair (RYA)** climbed after it confirmed in September 2020 it had raised €400 million in a placing to help fund its growth.

The new shares were issued to institutional investors at €11.35 each, with the funding helping to strengthen its balance sheet and take advantage of 'significant growth opportunities' as rivals 'shrink, fail or are acquired by government bailed out carriers'.

Another issue with placings is often they are only offered to institutions, disadvantaging those ordinary investors who can't participate.

FIGHT FOR YOUR RIGHTS

A slightly more democratic

way companies raise funds for large acquisitions, or to shore up stretched balance sheets, is through a 'rights issue'.

This is an exercise that involves shareholders making the decision whether or not to buy discounted shares in the business.

An open offer is similar to a rights issue, except for the fact that the right is not tradeable and there is no sale of rights. Open offers are often combined with a placings.

DOING THE SPLITS

A share split is a corporate action in which a company divides its existing shares into multiple shares. Companies choose to split their shares to boost liquidity, as the exercise reduces the trading price of each share to a range deemed comfortable by most investors, although the effect is purely psychological as the value of an investor's holding is unchanged by the process.

When a company announces a 'share split', this means that the number of shares in that company increases, so the price of each share goes down, though the market capitalisation remains the same.

The most compelling argument for splits is that they can make it easier for retail investors with limited resources to access the stock directly, as each share is less expensive after the split.

In August 2020 Tesla effected a five-for-one stock split after an amazing share price run. This was the first time Tesla had split its stock and meant that investors received an additional four shares for each one they already owned.

Apple split its stock on a four-for-one basis effective 31 August, marking the fifth occasion the technology giant has split its stock since going public back in 1980, with the company echoing Tesla's argument that a split would make its high-flying shares more accessible to individual investors.

The opposite of a share split is a share consolidation, also known as a 'reverse split', where a company decreases the number of shares in issue, causing the share price to increase proportionally. Consolidations normally occur after a share price has cratered and are often an attempt to restore a bit of credibility given the stigma associated with being a penny stock.

As with share splits, the important point to note is there is no impact for the individual shareholder as the value of each holding remains the same.

YOUR OPTIONS WITH A RIGHTS ISSUE

Shareholders must take one of four routes. They can either buy some or all of their allocated stock; or they can sell all their rights. The rights associated with shares in a rights issue can be traded in the market and have an intrinsic value. These are known as nil-paid shares or nil-paid rights.

Shareholders are able to sell their rights to someone else and receive some money, all without having to sell their existing shares. They can sell some of their rights and potentially use the proceeds to buy some of the cut-price shares – this known as 'tail swallowing' – or do nothing at all.

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

SHARES
INVESTOR EVENING
WEBINAR

17 SEPT 2020

Presentations:
18:00 BST

Sponsored by
AJBell Youinvest

Join ***Shares*** in our next Spotlight Investor Evening webinar on Thursday 17 September 2020 at 18:00

CLICK HERE TO REGISTER

COMPANIES PRESENTING:

BELVOIR!

BELVOIR GROUP (BLV)
Dorian Gonsalves, CEO
Founded in 1995 and listed on AIM in 2012, Belvoir Group is the UK's largest property franchise operating nationwide from 396 offices across five brands specialising in residential lettings, property management, residential sales and property-related financial services.

Diurnal

DIURNAL GROUP (DNL)
Martin Whitaker, CEO
Founded in 2004, Diurnal is a UK-based, globally-focused specialty pharma company developing high quality products for the life-long treatment of chronic endocrine conditions.

Open Orphan

OPEN ORPHAN (ORPH)
Cathal Friel, Executive Chairman
Open Orphan is a world leader in the testing of vaccines and antivirals. It comprises of two commercial specialist CRO services businesses; hVIVO and Venn Life Sciences and is actively involved in the fight against COVID-19.

The webinar can be accessed on any device by registering using the link above

Event details
Presentations to start at 18:00 BST

Contact
Becca Smith
media.events@ajbell.co.uk

Register for free now
www.sharesmagazine.co.uk/events

INDEX

KEY

- Main Market
- AIM
- Fund
- Investment Trust
- ETF
- Overseas Share
- IPO Coming Soon

KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full year results

11 September: Ashmore. **14 September:** Abcam, City of London, MJ Gleeson. **15 September:** Diurnal. **16 September:** Pan African Resources. **17 September:** Clinigen, Duke Royalty, Supermarket Income REIT, Thinksmart, Wilmington.

Half year results

11 September: Hurricane Energy. **14 September:** Costain, Greencoat Renewables, IQGeo, Keystone Law, M P Evans, Medica, Silence Therapeutics. **15 September:** Bango, Bonhill, Corero Network Security, Eve Sleep, Good Energy, JTC, Marshalls, Polypipe, Smart Metering Systems, Simplybiz, Trinity Exploration, Vectura. **16 September:** Accesso Technology, Advanced Medical Solutions, Central Asia Metals, Checkit, Ocean Outdoor, Pebble Group, Science in Sport. **17 September:** Hilton Food, Keywords Studios, Next, Oxford Biomedica, Playtech, Safestyle UK, Spire Healthcare.

Trading statements

15 September: Ocado.

WHO WE ARE

EDITOR: Daniel Coatsworth @Dan_Coatsworth

DEPUTY EDITOR: Tom Sieber @SharesMagTom

NEWS EDITOR: Steven Frazer @SharesMagSteve

FUNDS AND INVESTMENT TRUSTS EDITOR: James Crux @SharesMagJames

SENIOR REPORTERS: Martin Gamble @Chilligg; Ian Conway @SharesMagIan

REPORTER: Yoosof Farah @YoosofShares

CONTRIBUTORS Russ Mould, Tom Selby, Laura Suter

ADVERTISING
Senior Sales Executive
Nick Frankland
020 7378 4592
nick.frankland@sharesmagazine.co.uk

PRODUCTION
Head of Design: Darren Rapley
Designer: Rebecca Bodi

CONTACT US:
support@sharesmagazine.co.uk

All chart data sourced by Refinitiv unless otherwise stated

Shares magazine is published weekly every Thursday (50 times per year) by AJ Bell Media Limited, 49 Southwark Bridge Road, London, SE1 9HH.
Company Registration No: 3733852.