

SHARES

WE MAKE INVESTING EASIER



BEYOND CHINA: MAKING MONEY FROM EMERGING MARKETS

Some of the **best opportunities**
can be found outside the
Asian superpower

PLUS

THE **SUBSTANCE**
BEHIND THE
NEW SOARAWAY
CANNABIS IPO

BUFFETT'S
VIEW ON THE
BOND MARKET
VOLATILITY

USING A **LIFETIME**
ISA AS A ROUTE
TO **HOME**
OWNERSHIP

KEYSTONE
POSITIVE
CHANGE
INVESTMENT
TRUST

A change of name. A change of strategy. It's all positive.

Baillie Gifford has been appointed by the board of **Keystone Investment Trust** as the company's new investment manager. The newly named **Keystone Positive Change Investment Trust** sees the team behind the award-winning **Positive Change Fund** take the Trust in a new exciting direction. The result is a Trust that can invest in both public and private companies that it believes can deliver on the strategy's dual objectives: to make a positive impact on the planet; and on investors' returns.

Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested.

Find out more at keystonepositivechange.com

A Key Information Document is available. Call 0800 917 2112.



Actual Investors

Big decisions to be made on working from home model

Is remote working an 'aberration' or here to stay?

As we emerge from the pandemic a big challenge for investors is working out which Covid-inspired trends will be sustained, and which will fade away as we return to some form of normality. As this more normal existence draws closer (we hope) the issue is becoming more pressing.

Among the big debates is the trend towards working from home. There is no question that office workers have got used to remote working in lockdown.

And as well as limiting risks associated with getting Covid there have been other benefits as people have saved on commuting costs and, in some cases, enjoyed a better work/life balance. A recent survey by Boston Consulting Group found 70% of employees felt they were able to be as productive at home as they were in the office.

Yet some people think working from home is just a short-term blip. In the past week or so prime minister Boris Johnson, probably mindful of his audience, told a Network Rail conference that workers would return to offices in a 'few short months' and Goldman Sachs CEO David Solomon said remote working was an 'aberration'.

If they are right, then the bumper earnings announced by video conferencing firm Zoom on 2 March may soon be a thing of the past.

However, more quietly several firms have announced plans to scale back their office space – **Lloyds (LLOY)** and **Barclays (BARC)** among them.

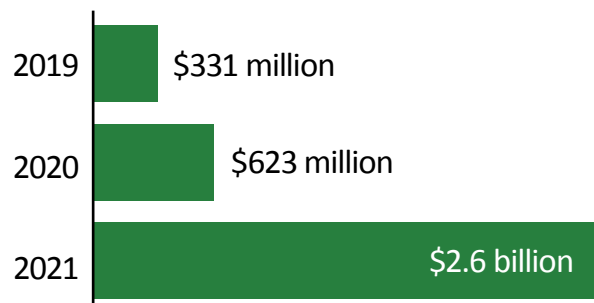
A HYBRID APPROACH

The most likely outcome is a hybrid approach with workers spending some days in the office but more time at home too.

This would be short of the apocalyptic predictions made for the owners of office buildings and the transport companies which ferry people to their place of work but would also mean a role for Zoom, Microsoft Teams and other existing and emerging



Zoom's rocketing revenue growth



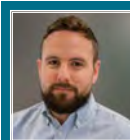
Source: Zoom. 31 January year end

online tools which enable remote working. Though it seems almost impossible Zoom could ever replicate the 326% year-on-year increase in revenue posted in 2020.

In this author's view the biggest risk is faced by business travel and it is therefore the hotels and airlines which lean heavily on this type of customer which face the most uncertain future.

While essential trips, perhaps to get that big transaction over the line or to expand into a new market will doubtless continue, it is hard to see the argument for a wholesale return to travelling all over the world for every pitch and powwow when video conferencing has proved a perfectly adequate replacement. The savings for companies of scaling back these activities could be significant.

As businesses are forced to consider their carbon footprint more closely the case for jetting staff all over the world looks increasingly shaky.



By **Tom Sieber** Deputy Editor

Contents



03	EDITOR'S VIEW	Big decisions to be made on working from home model
06	NEWS	What rising bond yields mean for markets / Budget 2021: the key takeaways for investors and the markets / Trustpilot planning £1 billion London IPO / Cellular Goods flotation marks new era for London market / Latest ESG concerns weigh on Boohoo
11	GREAT IDEAS	New: Lindsell Train UK Equity / Dotdigital Updates: Supermarket Income REIT / Eurofins Scientific / The Panopoly Holdings
17	FEATURE	Beyond China: making money from emerging markets
25	FEATURE	How Lifetime ISAs could help you buy a property sooner than you think
29	FEATURE	Five value stocks we said to buy last year: how have they performed?
32	FEATURE	Realising dreams of owning that holiday home in the sun
36	FIRST-TIME INVESTOR	The bumper returns Gym Group could generate
40	RUSS MOULD	Which chancellors of the exchequer have been best for the UK stock market?
42	MONEY MATTERS	The big risks facing bonds
44	ASK TOM	How does the tapered annual allowance on pensions work
47	INDEX	Shares, funds, ETFs and investment trusts in this issue

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 30 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 30 days after the on-sale date of the magazine.

SIPPs | ISAs | Funds | Shares



RETIREMENT YOUR WAY? GET INVESTING

Open our low-cost Self-Invested Personal Pension for total flexibility and control over your retirement with free drawdown.

youinvest.co.uk

Capital at risk.
Pension rules apply.



What rising bond yields mean for markets

Interest rates remain very low in a historical context

Rising interest rates and falling bond prices continue to rattle equity markets. Bond commentary even made it into Warren Buffett's annual shareholder letter (27 Feb), with the 'Sage of Omaha' saying that bonds face a 'bleak future'.

From September 1981 the US 10-year bond yield had fallen 94% from 15.8% to 0.93% by the end of 2020 before rising by 53% to the current 1.43%, still low by historical standards. UK 10-year bond yields sit at 0.86%.

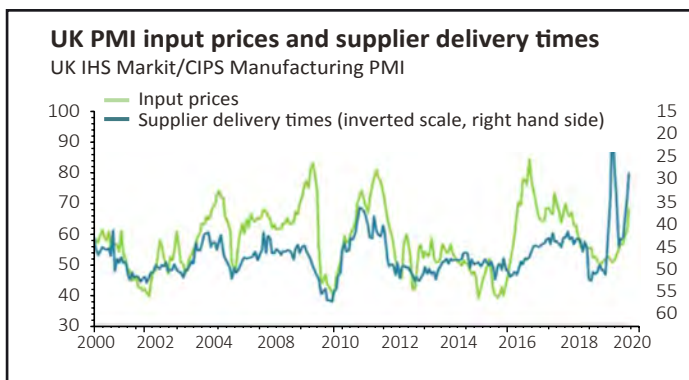
It's important to note that not all bond prices have been affected to the same extent. Longer dated bonds and lower coupon (interest rate) bonds are more sensitive to rising interest rates which means they have fared worse than shorter dated issues.

Government bonds have seen the brunt of the selling, while individual company bonds, referred to as credit, have been spared because they are more sensitive to the economic outlook which has been improving.

AN UNUSUAL OCCURRENCE

Periods of falling bond prices (rising yields) and falling equity prices are relatively rare, happening around 13% of the time over the last 40 years, according to Morgan Stanley.

Typically, such an occurrence is accompanied by central banks increasing rates to combat an



overheating economy towards the end of an economic cycle.

Contrast that with today's environment and the difference couldn't be starker. The US Federal Reserve has explicitly said it won't start raising interest rates until it sees labour market tightness which doesn't seem very likely any time soon.

After all, weekly US jobless numbers have been rising at over 500,000, and investors will be watching for signs of that slowing when February's monthly non-farm payrolls data is released on 5 March.

RISING INPUT COSTS

Even though Western economies are still operating below capacity, an increasing number of companies have recently highlighted supply chain bottlenecks leading to material shortages and rising shipping costs.

For example, the January UK IHS Markit survey showed delivery times deteriorating by the most since the series began 29 year ago.

Add to the mix rising commodity prices, copper prices recently traded close to their all-time high and the upward move in interest rates starts to make sense from a bondholder's perspective.

In other words, bond investors are demanding higher interest payments to compensate them for the risk of higher inflation.

So far, the consensus view remains higher interest rates will not be able to derail further progress for equities while a recovering economy will continue to provide support for 'cheap' cyclical companies and penalise 'expensive' growth companies. [MG]

Budget 2021: the key takeaways for investors and the markets



Support extended for hospitality and housebuilding sectors as 'ice age' announced for pensions, inheritance tax allowances and capital gains tax

Housebuilders and hospitality firms were among the big winners from chancellor Rishi Sunak's 2021 budget (3 Mar).

Most of the major announcements had been revealed in advance and stocks in the housebuilding and travel and leisure sectors rose ahead of the budget and consolidated those gains as generous support was confirmed. The lack of major surprises saw the domestic-focused FTSE 250 broadly unchanged from the gains it enjoyed intra-day ahead of Sunak's speech.

The stamp duty holiday on property transactions below £500,000 was extended until the end of June and the threshold will be double the normal level at £250,000 until the end of September.

The mortgage guarantee scheme will support products which require a 5% deposit with several major lenders primed to offer these from April onwards.

WHAT THE BUDGET MEANS FOR PRIVATE INVESTORS

- Lifetime allowance on pension tax relief, annual exemption on capital gains tax and inheritance tax threshold frozen for five years.
- Annual ISA and Junior ISA limit frozen at £20,000 and £9,000 respectively for the coming tax year.

"Sunak has started a fiscal ice age by freezing the tax rate thresholds."

Rachael Griffin, tax and financial planning expert at Quilter

Budget market winners

Company	% gain since close on 26 Feb '21
Cineworld	16.9
Hammerson	12.9
Bellway	10.4
Crest Nicholson	10.1
Persimmon	9.8
Taylor Wimpey	8.6
Berkeley	7.9

Source: Sharepad, data to 1.30pm on 3 March 2021

There were replacements for the current government loan schemes and extensions to the business rates and VAT relief offered to the leisure and hospitality sectors. While a plan to offer companies 130% of the cost of business investment in tax relief was eye-catching.

In order to restore the public finances there was also a widely trailed increase in corporation tax, though not until 2023.

According to Vivek Paul, UK chief investment strategist, BlackRock Investment Institute, the attempt to balance the books 'doesn't herald a return of the austerity seen after the global financial crisis, in our view'.

He added: 'The extended furlough program, continuation of the Universal Credit uplift and other extensions of Covid relief packages are essential to minimizing long-term damage.'

'Rapid vaccine roll-out has enabled the government to plan a route out of lockdown which we think will enable economic activity to return to pre-Covid levels by the end of this year – strengthening our conviction to be overweight UK equities on a six-to-12-month horizon.' [TS]

Trustpilot planning £1 billion London IPO

Danish online reviews platform prepares for Main Market listing

Online business reviews platform **Trustpilot** has announced its intention to float on London's Main Market and hopes to raise \$50 million to fund growth and pay down debt. Market speculation suggests that an initial public offering of a 25% stake could give the business a near £1 billion valuation.

The reviews and recommendations engine will be familiar to thousands of UK investors. It allows people to review and leave feedback for goods and services bought online using a one to five-star rating system.

Trustpilot, founded in Denmark in 2007, makes money by analysing reviews and recommendations data and providing insights and analytics to business owners on a 'freemium' basis.

That means it offers some analysis for free, hoping to upsell customers to more detailed reports and insights as the potential of improved customer experience and sales conversion becomes apparent.

The company has enjoyed rapid growth in recent years and reported its first profit in 2020. Trustpilot's financials are 'certainly something to note', said Megabuyte analyst Indraneel Arampatta.

Revenue has grown from \$64.3 million in 2018 to \$102 million in 2020 (to 31 December), launching the company into profit for the first time. Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) swung from a \$21.5 million loss to a \$6.1 million profit, supported by rapidly growing user engagement that drove greater domain engagement.

User reviews have grown more than 10-fold since 2015 to around 120 million, with the number of digital businesses tapping this source of data surging more than 600% in seven years. The company today employs nearly 700 staff globally.

Trustpilot believes that there is a massive digital market worth \$6.3 billion to attack across the UK, Europe and US which remains underpenetrated.



Analysts also see huge potential in Asia, where the company has a far weaker presence.

'The listing may just provide the firepower required to develop this organically or even through acquisition', said Megabuyte's Arampatta.

'With fast growth, a proven subscription-based business model and high gross margins underpinned by a modern, highly scalable technology platform, we have all the attributes required to thrive as a listed business', said Trustpilot chairman Timothy Weller.

A Trustpilot IPO would come in the wake of greetings cards company **Moonpig's (MOON)** own £1.2 billion float last month, with several other technology and platform businesses thought to be mulling listing plans. Food delivery app Deliveroo is expected to unveil its own multibillion pound listing in the coming weeks, while digital doctor Babylon Health and car seller Cazoo are also in the IPO frame. [SF]

Cellular Goods flotation marks new era for London market

This latest IPO brings cannabinoid products into the mainstream

Amidst a media frenzy, **Cellular Goods (CBX)** – the David Beckham-backed provider of consumer products based on synthetic cannabidoil – has listed in London (26 Feb), turning its founders into multi-millionaires and at one stage generating a more than four-fold gain for those private investors able to get a look-in at the IPO (initial public offering).

Unlike other firms peddling cannabis-related products, Cellular Goods secured a listing on the Main Market, the first company to do so since the regulator relaxed the listing rules for such stocks in 2020.

It also differentiates itself from its many rivals by its use of a biosynthetic, laboratory-produced cannabidoil rather than the natural extract of the cannabis sativa plant.

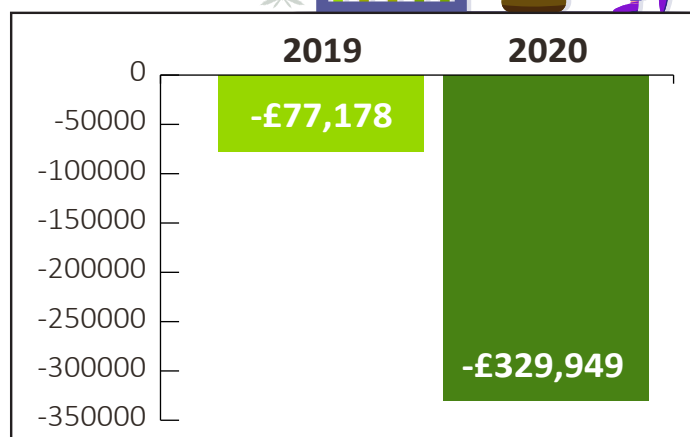
‘DOWN THE RABBIT HOLE’

Chief executive Alexis Abraham, who set the company up in 2018, described the decision to use a synthetic version of cannabidoil as a ‘happy accident’ which arose from discussions over how to overcome the potential legal and regulatory hurdles to bringing the company to market.

Rather than cultivate cannabis plants on a mass scale and extract the oil, making sure not to extract at the same time THC, the mind-altering and illegal active component, the decision was taken to ‘go down the rabbit hole’ and search for a chemical substitute.

This has the advantage of being ‘greener’, as it doesn’t need the mass cultivation of plants and the associated water usage, as well as being much quicker to produce.

‘We are looking at seven days to produce one batch versus about 200 days for the equivalent



Cellular Goods is currently loss-making

Source: Cellular Goods. 31 August year end.

field-grown. On top of that you are using probably 1/200th of the energy and water, and you have no issues around pesticide taint or contaminants. It’s not just a slightly better process, it’s an order of magnitude better’ said Abraham, interviewed days before the IPO.

AUTUMN LAUNCH

The firm is using the money from the float to invest in developing a range of skin care and sports recovery products like lotions and oils which can be rubbed into the skin.

Although cannabidoil has a reputation as an anti-bacterial, anti-oxidant and an anti-inflammatory, Cellular Goods is ‘not going after any kind of medical claim’ says Abrahams.

The aim is to have a range of products ready for sale this autumn, both on the firm’s own website and through third-party partner website and stores. Ultimately the company hopes to collaborate with large consumer goods companies selling brand-name goods which contain its biosynthetic cannabidoil. [IC]

Latest ESG concerns weigh on Boohoo

Campaign raises the risk of the US imposing a ban on the group's imports

Shares in fast-fashion online retailer **Boohoo (BOO:AIM)** fell as much as 9% to 312p on 2 March after media reports suggested the firm and its suppliers could face an import ban in the US due to widespread allegations of forced labour in its garment factories.

A petition by Liberty Shared, a group which campaigns against modern slavery, claims Boohoo has not done enough to stop forced labour being used in its Leicester factories, which make many of its clothes.

Concerns over the firm's suppliers using forced labour first surfaced in July 2020 when a *Sunday Times* report claimed workers in some factories in the East Midlands which make its clothes were paid as little as £3.50 per hour, well below the legal minimum wage.

There were also allegations that suppliers were forcing their staff to work during localised lockdowns in Leicester, in contravention of the law, without additional hygiene or protective equipment and with no social distancing in place.

The company initially responded by saying it would 'drive up standards where required' and 'ensure everyone working to produce clothing in our supply chain is properly remunerated, fairly treated and safe at work'.

It also called the conditions at one of its main suppliers 'totally unacceptable and woefully short of any standard acceptable in any workplace' and thanked the newspaper for uncovering the conditions.

However, based on what it refers to as 'the presence of criminal and unlawful activities and practices in apparel manufacturing' among Boohoo suppliers in East Leicester, campaign group Liberty Shared has submitted two petitions to US Customs



**US
accounts
for 25%
of
Numis'
forecast
annual
revenue
at
Boohoo**

and Border Protection asking for a ban on imports of Boohoo clothes which may contain 'in whole or in part materials made with forced labour'. For its part Boohoo said it was not aware of any US investigation and pointed to the work it had done to address supply chain issues.

The US is estimated to make up around a quarter of Boohoo's group sales and while Numis analysts feel the direct risk to the company is 'remote', investors who may have been mollified by the company's previous claims are now voting with their feet. With Numis acknowledging the development adds 'a further element of risk to the equity story'.

Moreover, the reputational damage to the Boohoo group and its brands from the ongoing allegations is unlikely to be lost on an increasingly socially-aware generation of shoppers.

This could detract from the recent acquisition of assets from failed department store Debenhams which takes Boohoo into new markets including the sale of beauty products. A step which brings both opportunities and risks, Numis noting of the deal that it is 'hard to quantifiably prove the chance of success, but we can't help feel it risks distraction and dilution'. [IC]

Buy Dotdigital, among the UK's few, true software growth businesses

Cloud platform has all the tools needed by modern marketing firms

Investors that want rapid growth from a UK stock should look at marketing platform **Dotdigital (DOTD:AIM)**.

We believe it is a true UK software-as-a-service (SaaS) rarity and that its shares will reward investors handsomely in the coming years.

The stock is not cheap, on a June 2022 price to earnings multiple of around 50. It is also listed on the junior AIM market, which will not suit all investors, but we think near-term forecasts simply do not capture the potential of this business.

For years advertisers relied on TV, radio and print media to get their message out, but the internet has transformed marketing. These days, email, smartphones and social media are the dominant ways to reach audiences.

Digital marketing channels have three key advantages; they are cheaper, faster to deploy and measurable, giving advertising departments far greater bang for their buck.

Dotdigital's platform provides the tools needed for modern digital marketing professionals. Its Engagement Cloud platform, formerly dotmailer, provides marketers with a single solution to design, create, personalise and monitor email marketing

DOTDIGITAL



(DOTD:AIM) 170p

Market cap: **£525 million**

campaigns as well as drive broader engagement with SMS messaging, push notifications, live chat and social advertising.

Engagement Cloud can be deployed as a standalone solution or as an integrated module within many existing digital commerce platforms, such as Microsoft Dynamics, Salesforce, Shopify and Magento. The company cut its teeth in the UK but international growth is increasingly the focus from bases in London, New York and Sydney.

AMBITIOUS ORGANIC GROWTH TARGETS

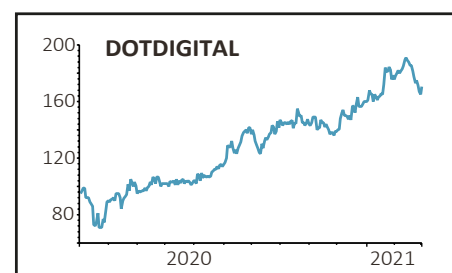
Dotdigital targets organic growth of 15% to 20% a year with operating margins of at least 15% (the five year average is nearly 25%). Opportunistic value-adding acquisitions that speed up innovation, expand geographic reach and/or build strategic alliances will be on top of that.

In the six months to December 2020 Dotdigital posted 22% organic revenue growth to £28.2 million from a combination of

new business and upsells to existing customers. Adjusted earnings before interest, tax depreciation and amortisation (EBITDA) rose 13% to £10.5 million with international expansion and product investment remaining high.

Dotdigital is not short of quality business credentials. 93% of revenue is recurring while 70% to 80% of operating profit typically converts to cash (75% in the first half). Returns on capital employed (ROCE), invested capital (ROIC) and equity (ROE) have averaged around 25% over five years, indicating that Dotdigital can continue to grow profitably and that it is using its cash to great effect. It has around £20 million in the bank and zero debt.

The company has certainly been a Covid winner with the stock rallying from 95p to 160p in 2020. But Dotdigital is exposed to structural growth drivers that extend far beyond lockdown, underpinning our optimism for the future. [SF]



Buy Lindsell Train UK Equity for strong short and long-term returns

The investor favourite is full of high quality companies which could benefit as restrictions are lifted

For investors who are concerned about the soaring valuations of technology and healthcare stocks, but who don't want to go fishing in the world of value stocks, there could be a perfect middle ground.

A retail investor favourite, **Lindsell Train UK Equity (B18B9X7)** could be just the ticket – ideal for a long-term investor, but also an investment that should perform well this year with its collection of quality defensive growth names which have been overlooked by the market, initially in favour of racier technology companies and then value stocks in the banking,

LINDELL TRAIN UK EQUITY

BUY
(B18B9X7) 463.1p

Net assets: £6.3 billion



mining and oil and gas sectors.

Manager Nick Train is a well-known long-term buy and hold investor looking for quality companies that have strong free cash flow and returns on capital invested. These qualities helped the fund weather the Covid collapse, but also mean the

fund has underperformed in the 'vaccine bounce'.

FOCUS ON QUALITY

But the open-ended fund includes a number of high quality companies in its top 10 holdings whose business performance could benefit strongly from the reopening of society and the economy, including consumer discretionary stocks like Smirnoff and Johnnie Walker maker **Diageo (DGE)** and luxury fashion brand **Burberry (BRBY)**, publishing and events firm **RELX (REL)** and financials like fund manager **Schroders (SDR)**.

Admittedly, the fund's performance has gone nowhere in the past nine months and has returned a grand total of -0.64% so far this year following on from -2.47% return last year. Its five-year annualised return is 9.29%.

But with the coronavirus vaccine rollout ahead of schedule

Lindsell Train UK Equity Sector Breakdown

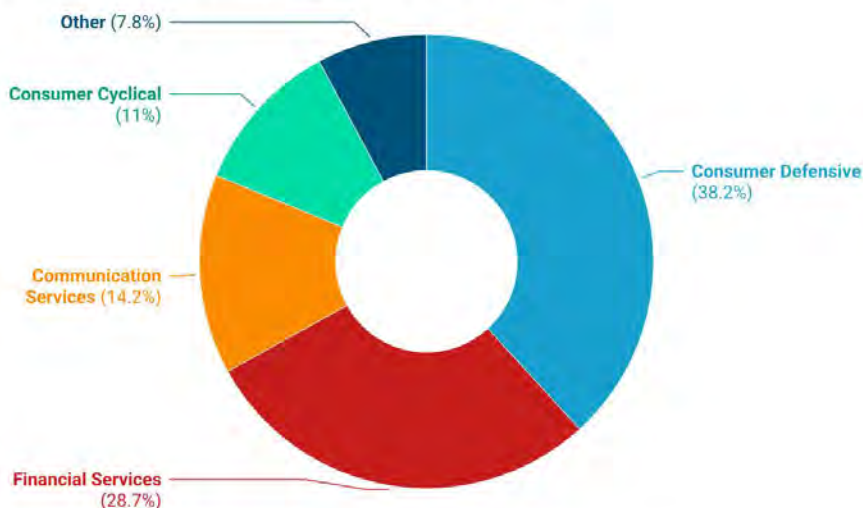


Chart: Shares Magazine • Source: Morningstar, 28 February 2021 • Created with Datawrapper

UK stocks, having lagged global peers, are primed for a rebound this year – with the collection of stocks in Lindsell Train's most popular open-ended fund better positioned than most for a recovery in earnings.

The fund is also good value for the collection of stocks it contains with an ongoing cost of 0.65% a year, while in terms of risk metrics it also appears to be one of the least risky funds on the market with a max drawdown – the maximum observed loss from a peak to a trough of a portfolio – of just -18% over five years according to Citywire, placing it well inside the top quintile of over 200 funds in the UK equity sector.

DRINKS FIRMS DOMINATE

Top holding Diageo, making up 9.95% of the fund, is still marginally below its pre-pandemic level with analysts not forecasting any sales growth in its financial year to June 2021, particularly as a large chunk of its earnings come from pubs, bars, restaurants, etc.

But the company has been performing well in its stronger markets, particularly the US where performance has been ahead of expectations and helped offset losses elsewhere, meaning that when the hospitality sector reopens and most people receive a vaccine, the company should start seeing significant sales momentum in the second half of this year, i.e. the first half of its 2022 financial year.

Other related holdings in the fund include premium mixer brand **Fevertree Drinks (FEVR:AIM)**, the former stock

Lindsell Train UK Equity Top 10 Holdings

London Stock Exchange Group	10.10%
Diageo	9.79%
RELX	9.56%
Schroders	8.96%
Burberry	8.64%
Unilever	8.08%
Mondelez International	6.91%
Hargreaves Lansdown	6.71%
Sage	5.46%
Remy Cointreau	4.59%

Source: Morningstar, 28 February 2021

market darling which is back above pre-pandemic levels but still well below its peak in September 2018, and Irn-Bru maker **AG Barr (BAG)**.

BOOM IN LUXURY GOODS

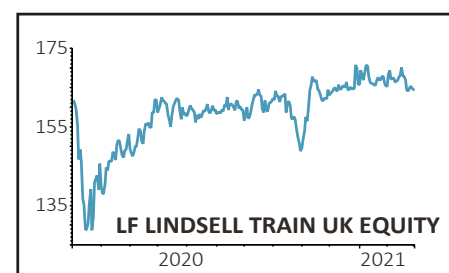
This decade is being predicted as a boom time for luxury goods, the start of which we're likely to see later this year with the release of pent-up demand, both from the well-heeled among the population as well as more affluent mass market consumers who have higher discretionary spending power thanks to money saved during lockdown.

Trench coats-to-cashmere scarves seller Burberry, which accounts for 7.93% of the portfolio, naturally has struggled over the past year with declining sales but now appears to be over the worst of the pandemic.

Famed for its iconic Equestrian Knight Device and the Burberry Check, the London-headquartered fashion house is blessed with a strong and enduring brand, and while third quarter sales dropped 9% on a like-for-like basis, efforts to reel back markdowns have helped shore up profit.

Other holdings which could see their operational performance benefit from reopening include **RELX (REL)**, which has remained resilient despite a collapse in its events business thanks to its three main divisions, Scientific, Technical & Medical (STM), Risk and Legal, which together posted a decent 4% growth in adjusted operating profit to £2.25 billion.

The outlook for events is still unclear, but RELX's acquisitions last year did include exhibitions assets implying its underlying optimism on the sector, which combined with the resilient performance in its other divisions should help position the company for an earnings recovery when restrictions are lifted and the sector recovers.



By Yoosof Farah
Reporter

DESIGNED TO PERFORM ACTIVELY MANAGED

TRUSTED FOR OVER 35 YEARS

Asset Value Investors (AVI) has managed the c.£1.1 bn AVI Global Trust since 1985. The strategy over that period has been to buy quality companies held through unconventional structures and trading at a discount; the strategy is global in scope and we believe that attractive risk-adjusted returns can be earned through detailed research with a long-term mind-set.

The companies we invest in include family-controlled holding companies, property companies, closed-end funds and, most recently, cash-rich Japanese companies. The approach is benchmark-agnostic, with no preference for a particular geography or sector.

AVI has a well-defined, robust investment philosophy in place to guide investment decisions. An emphasis is placed on three key factors: (1) companies with attractive assets, where there is potential for growth in value over

time; (2) a sum-of-the-parts discount to a fair net asset value; and (3) an identifiable catalyst for value realisation. A concentrated portfolio of c. 37* investments allows for detailed, in-depth research which forms the cornerstone of our active approach.

Once an investment has been made, we seek to establish a good relationship with the managers, directors and, often, families behind the company. Our aim is to be a constructive, stable partner and to bring our expertise – garnered over three decades of investing in asset-backed companies—for the benefit of all.

AGT's long-term track record bears witness to the success of this approach, with a NAV total return well in excess of its benchmark. We believe that this strategy remains as appealing as ever, and continue to find plenty of exciting opportunities in which to deploy the trust's capital.

DISCOVER AGT AT WWW.AVIGLOBAL.CO.UK

*One investment is the Japan Special Situations basket of 13 Japanese stocks as at 31 January 2020.

Past performance should not be seen as an indication of future performance. The value of your investment may go down as well as up and you may not get back the full amount invested. Issued by Asset Value Investors Ltd who are authorised and regulated by the Financial Conduct Authority.

SUPERMARKET INCOME REIT

(SUPR) 109.7p

Gain to date: 4.5%

Original entry point:

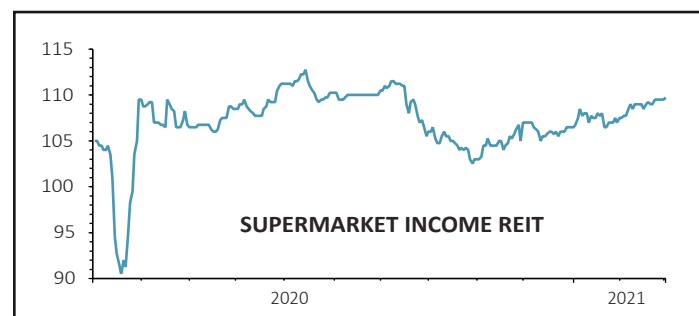
Buy at 105p, 2 April 2020

THE SHARE PRICE return delivered by **Supermarket Income REIT (SUPR)** over the last 11 months may not be enough to quicken the pulses but a very steady performance along with a reliable inflation-linked income stream looks attractive after the recent volatility in the bond market.

Results for the six months to 31 December 2020 (2 Mar) reflect the series of acquisitions the company has made with rental income up 76% and pre-tax profit increasing 323.1%. The company raised £200 million to invest in a pipeline of assets in October 2020.

The portfolio's weighting towards omni-channel supermarkets – located in good locations and able to fulfil online orders and serve shoppers in-store – has been a winning strategy during the Covid-19 pandemic.

Investment bank Jefferies says: 'Earnings per share were up 12% to 2.8p with the dividend per share (DPS) rising with inflation to 2.93p (+1.7%) with progress made on dividend cover, whilst post-period end acquisitions should see DPS fully covered on an earnings basis which is a positive step.'



SHARES SAYS: ↗

We think Supermarket Income remains a lower risk and attractive option for income investors, offering a forward yield 5.4% of based on consensus forecasts. [TS]

EUROFINS SCIENTIFIC

€75.29

Gain to date: 7.6%

Original entry point:

Buy at €69.99, 23 December 2020



FRENCH FIRM EUROFINS Scientific is the world leader in laboratory testing for products such as pharmaceuticals and cosmetics, as well as being a world leader in environmental certification.

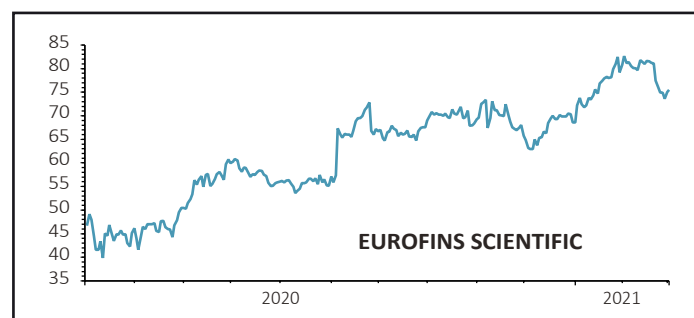
The company's full year 2020 results which were not just above market forecasts but ahead of its own goals which it only set in December, thanks to an exceptional fourth quarter.

Due to its scale and capability, Eurofins has been at the forefront of vaccine testing over the past few months, as well as having developed its own diagnostic kits to identify different Covid variants.

For now, it has left its 2021 forecasts unchanged, although the chief executive admits this year's results could be 'materially higher' if Covid testing continues at current rates, suggesting the risk to estimates is to the upside.

The firm has raised its 2022 and 2023 forecasts, excluding any benefit from Covid testing, as its core businesses have outperformed expectations through the pandemic. It sees scope for further revenue upgrades in the event it makes one or two bolt-on acquisitions.

The recent 'flight from quality' has seen the shares pull back so this is an ideal time to add before the price makes new highs on the raised targets.



SHARES SAYS: ↗

Everything is pointing in the right direction. Buy. [IC]

THE PANOPLY HOLDINGS

(TPX:AIM) 189P

Gain to date: 110%

Original entry point:

Buy at 90p, 6 August 2020

DIGITAL TRANSITION BUSINESS

The Panoply Holdings (TPX:AIM)

has made its biggest acquisition so far with the £26 million cash and shares purchase of Keep It Simple (KITS).

The managed services supplier to public sector organisations will do three things for Panoply. First, it adds digital transformation engineering expertise in the 'go-live' end of IT projects, allowing Panoply to bid for much bigger contracts, up to £20 million in time.

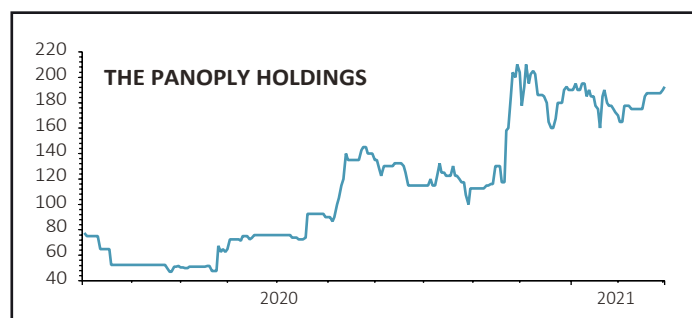
Second, it brings a £30 million backlog of annuity income with departments such as the rural Payments Agency (which pays government subsidies to UK farmers) and DEFRA, and one-



third boost to earnings at a stroke, according to Panoply chief executive Neal Gandhi.

Lastly, using its highly rated paper to part fund the deal (£18.5 million) will widen the share register and improve the liquidity of the stock (i.e. how easy it is to buy and sell).

This looks like a great deal for the company and its investors as central and local government (and the private sector) continue their nascent digital push. Stifel raised its March 2022 earnings per share (EPS) forecast from 6p to 7.7p, implying a price to earnings multiple of 24.5.



SHARES SAYS: ↗
Still a buy. [SF]



ShareSoc

UK Individual Shareholders Society
www.sharesoc.org

Web Events

MARCH/APRIL 2021

TITLE	Type of event	Date	Link to register
WOODFORD DEBACLE REFLECTIONS, REDRESS & REFORM	ShareSoc/Mello Joint Event	9 Mar 2021	Click here to register
GCP INFRASTRUCTURE INVESTMENTS (GCP)	Company Webinar	18 Mar 2021	Click here to register
VCT CAMPAIGN UPDATE	Campaign Webinar	23 Mar 2021	Click here to register
STRIX GROUP PLC (KETL)	Company Webinar	20 Apr 2021	Click here to register
DIURNAL (DNL)	Company Webinar	27 Apr 2021	Click here to register

Follow us on





BEYOND CHINA: MAKING MONEY FROM EMERGING MARKETS

Some of the **best opportunities** can be found
outside the Asian superpower

In 2021, as we move into the recovery phase of the coronavirus crisis, emerging markets are rebounding sharply. In this article we explore why you should consider investing in this space and the case for looking at some of the less well-explored options alongside the dominant Chinese market.

2020 proved a very up and down year for emerging markets (EM), which plunged to record lows in March amid the risk-averse sentiment in the wake of the pandemic – investors withdrew over \$50 billion from EM equities in that month alone.

That presaged a remarkable recovery to pre-crisis levels in the fourth quarter driven by stimulus, positive vaccine news flow and Joe Biden's victory in the US presidential election, seen as a potential step towards defusing tensions between the US and China. Year-to-date,



By James Crux
Funds and Investment Trusts Editor

emerging markets have continued to rally for a number of reasons.

Investors have recognised that emerging markets represent great value, while many developing countries have handled the pandemic effectively and a weakening dollar has provided a powerful tailwind.

While the current concern about inflation is prompting rising US bond yields and could see dollar weakness reverse, investors shouldn't be put off emerging markets by any short-term blips – it's about a much longer-term prize.

As the chart of MSCI World (representing developed markets) versus MSCI Emerging

How selected emerging markets have performed in 2021

Index	Year-to-date performance
S&P BSE 100 (India)	7.9%
CSI 300 (China)	5.0%
KOSPI Composite Index (Korea)	4.9%
Russian Trading System (Russia)	2.3%
Bovespa Stock Index (Brazil)	-5.7%
Vs FTSE All-World	2.1%

Source: SharePad. Data to 26 February 2021.

Markets indicates, gains for the latter have been materially greater though more volatile.

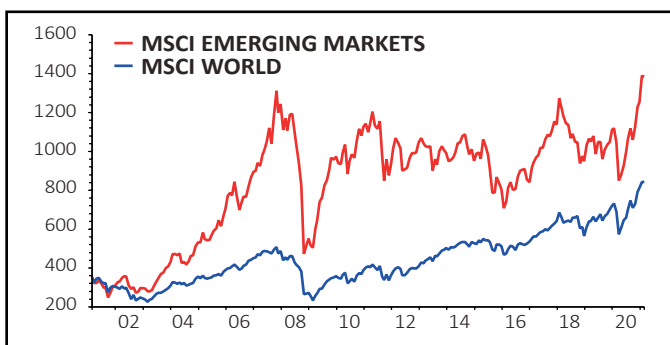
Dominating emerging markets indices is China, the gargantuan economic powerhouse that remains too big to ignore.

During 2020, China's gross domestic product (GDP) expanded by 2.3%, making it the only major global economy to avoid a contraction last year. The big daddy of emerging markets continues to see the emergence of high-quality companies that are well-placed to benefit from ongoing market consolidation and booming domestic consumption.

As the Year of the Ox begins, China's economy has already bounced back to pre-pandemic levels. With a decisive early lockdown, China has so far avoided the dreaded second wave currently felt in many other parts of the world.

Chetan Sehgal, lead portfolio manager for the **Templeton Emerging Markets Investment Trust (TEM)** believes that China will 'most likely emerge stronger from this crisis', as the pandemic has 'reinforced key structural trends of increased institutional resilience, growth of consumption, technology, innovation, and the ability of companies to "leapfrog" developed-world competitors'.

But investors seeking to position portfolios



EMERGING & FRONTIER MARKETS

An emerging market is one that has some characteristics of a developed market yet doesn't fully meet its standards. This includes markets that may become developed markets in the future or were in the past.

The term emerging market was originally coined in 1981 by then World Bank economist Antoine Van Agtmael and today encompasses markets that are typically growing much more rapidly than the developed world, have favourable demographics with youthful populations, are seeing technological innovation and also benefit from the expansion of the middle classes.

Risks include the potential for greater volatility, currency swings and often, political uncertainty. The term 'frontier market' is used for developing nations with smaller, riskier or more illiquid markets than their larger emerging markets counterparts.

towards the emerging markets that will power the economic growth of the future should consider looking at other markets alongside China, as opportunities abound everywhere from Africa, India and Vietnam to regions such as Latin America and emerging parts of Europe.

INTERESTED IN CHINA

For those wanting to find out more about the China investment case we last covered it in detail [here](#).



FACILITATING ACCESS TO FAR-FLUNG MARKETS

Funds are often a good way for investors seeking to harness opportunities in far-flung emerging markets. Professional portfolio managers have a better chance of assessing and mitigating the risks which come with emerging markets and of identifying the best opportunities.

Best performing emerging markets funds

Fund	Five-year performance
Baillie Gifford - Emerging Markets Leading Companies	193.1%
Quilter Investors - Emerging Markets Equity Growth	183.0%
Baillie Gifford - Emerging Markets Growth	175.7%
JPM - Emerging Markets	175.6%
BNY Mellon - Global Emerging Markets	172.1%

Source: FE Fundinfo. Data as at 26 February 2021.

Austin Forey, manager of **JPMorgan Emerging Markets Investment Trust (JMG)**, says investors should ‘consider the growth potential of specific companies, rather than taking a view on a country’, when it comes to emerging markets. ‘People are key to our approach in uncovering tomorrow’s winners. We utilise our extensive network of country and sector specialists when unearthing opportunities, keeping a concentrated portfolio with low stock turnover.’

Increasingly, there is an encouraging trend in emerging markets, says Forey. ‘They are becoming more like developed markets, in the sense that the value creation in the corporate sector is being strongly driven by very similar factors in both areas.’

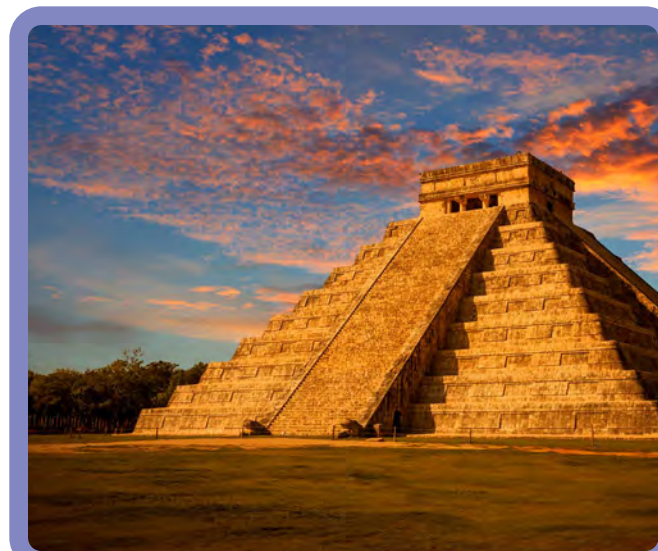
“People are key to our approach in uncovering tomorrow’s winners. We utilise our extensive network of country and sector specialists when unearthing opportunities, keeping a concentrated portfolio with low stock turnover”

Austin Forey, manager of JPMorgan Emerging Markets Investment Trust

‘Digitalisation, the development of internet-based business models, the creation of intangible value rather than reliance on physical assets and large amounts of investment in fixed assets – these are far more widely seen in emerging markets today than in the past, as, as can be seen simply by looking at the trust’s ten largest investments.’

LOTS TO LIKE ABOUT LATIN AMERICA

Ed Kuczma, manager of the **BlackRock Latin American Investment Trust (BRLA)**, says that Latin American economies remain under owned and underappreciated by global asset allocators, though a new US administration and fresh stimulus package in the US could change things.



‘Mexico should be a significant beneficiary of a Biden presidency and the country is currently our largest active overweight in the portfolio,’ explains Kuczma. ‘Mexico may also thrive amid a desire by US and global companies to diversify their manufacturing away from Asia.’

‘For US companies, this can help them move to a just-in-time inventory. Given the regional proximity, lead times into the US would be far quicker from Mexico. Importantly, there are also no concerns on intellectual property, unlike what might be the case with other emerging markets.’

‘Additionally, Mexico would be a beneficiary from infrastructure spending in the US, which is an important part of the new stimulus package.’

Kuczma points out Latin America is exposed to the green energy revolution and says BlackRock Latin American owns a Chilean producer of lithium, one of the main raw materials used to make electric batteries.

UPSIDE FROM INDIA

India Capital Growth (ICG), currently trading at a 16.3% discount to NAV, is looking to take advantage of opportunities in the world's second most populous country.

David Cornell, chief investment officer at India Capital's manager Ocean Dial Asset Management, believes the recent budget unveiled by the Indian government sent 'a very clear message that it is focused on growth. This comes as a welcome sign following five years of reform implementation, followed by a global pandemic, which saw earnings repeatedly disappoint.

IMF forecasts **11.5%** GDP growth for India in 2022



'Whilst Modi's reform agenda caused short term pain, we expect the long term impact of these (Goods & Services Tax, Real Estate Regulations Act, Insolvency & Bankruptcy Code etc.) to feed into stronger, more sustainable growth, working hand-in-hand with the government's plans to boost the economy.'

Even before the budget was announced, Cornell notes the IMF (International Monetary Fund) placed India as the fastest growing large economy for both full year 2022 and 2023 at 11.5% and 6.8% respectively in its GDP growth forecasts.

And according to Cornell, 'the government's change in stance from fiscal conservatism to growth-orientated comes at a crucial time.

'The economy has largely re-opened following the stringent lockdowns implemented at the start of the pandemic, and this momentum needs to be sustained. Job creation will be key and should be supported by the increase in infrastructure spending as outlined in the budget.'

OTHER EMERGING MARKET OPPORTUNITIES

Trading at an 8.8% discount to NAV, a significant 29.5% of Templeton Emerging Markets' portfolio is invested in China, Hong Kong and Macau, though this is less than the MSCI Emerging Markets index and the diversified trust also offers exposure to markets ranging from South Korea and Taiwan, to Brazil, India and Russia.

Sehgal says the pandemic has accelerated some long-term themes that have benefited Taiwan, which has a highly educated workforce that has been the backbone of its steady ascent up the value chain in manufacturing, whereby it is now an exporter of technology components and essential semiconductor chips that constitute the computing power behind modern technologies.

The trust also offers a play on South Korea through phones-to-semiconductors giant Samsung. 'In addition, if we look at the Korean balance sheets at a sovereign level, Korea is one of the least leveraged major countries globally, with government debt to GDP less than 45%, compared to nearly 100% in the UK,' adds Sehgal. 'Korea is also a net oil importer, thus benefiting from the decline in prices, alongside the majority of emerging markets.'

Elsewhere, **Henderson Far East Income's (HFEL)** manager Mike Kerley has been adding exposure to Korea, attracted by 'a combination of attractive valuations, positive economic momentum and the possibility of more progressive dividend payouts'. Relevant stocks include added included financials KB and Shinhan and LG Corp.



SOUTH EAST ASIA EXCITES

Outside of North Asia, Kerley has added to Thailand by initiating on Thai Beverage, a stock that has 'suffered from the lack of tourism spend on beer but has been supported by its spirits business which has been resilient from local spending and its Vietnam beer business which continues to grow rapidly'.

Another exciting market investors shouldn't ignore is Vietnam, blessed with a young, upwardly mobile population of 97 million, forecast to grow GDP by 6.7% in 2021 and with a near-term MSCI upgrade from frontier to emerging market status offering a likely catalyst for money to flow into the Vietnamese equity market.

**Vietnamese workers
are 40% of the cost
of Chinese**

Source: VinaCapital



The pandemic has accelerated the longer-term migration of multi-nationals moving manufacturing from China to Vietnam, among them Apple, LG, Microsoft, Panasonic and Intel.

Many companies previous overreliance on China for their global supply chain, allied with cost advantages (according to specialist asset manager VinaCapital Vietnamese workers are 40% of the cost of Chinese), allied to a well-educated workforce with a strong work ethic has made the country an attractive location for manufacturing.

The government's ongoing public spending initiatives also support the country's attractiveness in terms of foreign direct investment. With construction and materials companies that supply infrastructure projects doing particularly well.

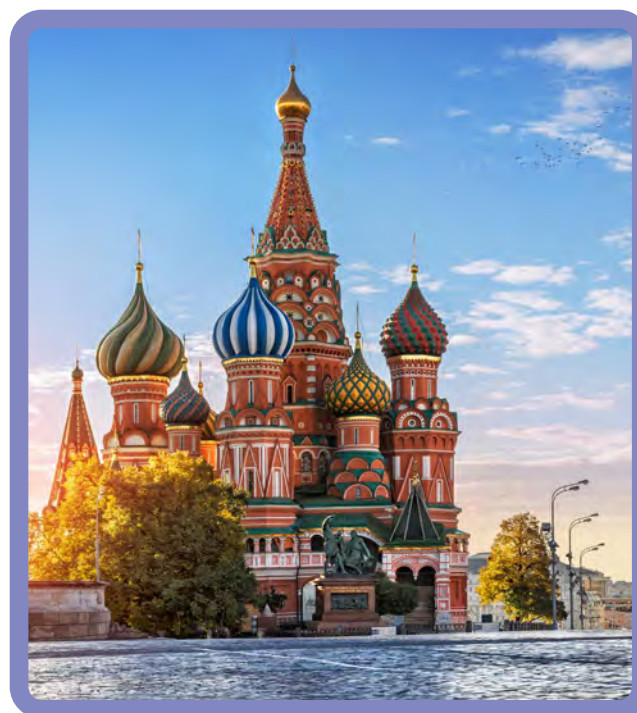
EASTERN PROMISE

Andrew Lister, Investment Manager of **Aberdeen Emerging Markets (AEMC)**, is positive on the Russian market at present, seeing the ruble as undervalued and noting the country's sovereign balance sheet is strong. 'Equities are attractively valued, including some of the highest dividend yields in the asset class. Increased dividend payments are reflective of much improved governance in recent years.

'Far from being an oil and gas proxy, the Russian market is home to many consumer and technology related companies now, and this is reflected in recent IPO activity. Politics is a perennial risk, but we believe valuations more than adequately reflect this. Russia is making encouraging progress on the rollout of its own Covid-19 vaccine.'

A fund looking to capture a potentially exciting emerging European story is **Aubrey Global Emerging Markets Opportunities (BZ059L3)**, an investor in Polish grocery retailer Dino Polska, which Aubrey analyst Klyzza Lidman believes could be a Polish Walmart in the making.

'Dino Polska's store expansion plan supports our expectations of Dino Polska seeing 17% compound annual growth rate in earnings growth between 2020 and 2022, one of the highest growth rates in the EEMEA (Eastern Europe, Middle East and Africa) grocery retail sector,' says Lidman.



SHARES' TOP EMERGING MARKETS PICKS

JPMORGAN EMERGING MARKETS

140.6p

Premium to NAV – 0.27%

BUY

ADORNED WITH A five-star rating by Morningstar, China may be **JPMorgan Emerging Markets' (JMG)** largest regional allocation at 38.8%, but the portfolio is diversified across destinations ranging from India, Taiwan, Argentina and Brazil to South Africa and Indonesia and has delivered 10-year annualised share price and NAV returns of 11% and 9.9% respectively, versus 6.3% for the benchmark.

The majority of the portfolio is invested in software services, internet services, gaming, consumer brands and even stock exchanges, sectors where companies in the words of fund manager Austin Forey 'do not have to invest large amounts of capital and therefore tend to generate higher returns on capital, require less leverage, and ultimately generate more cash for shareholders'.

Latin American holdings include MercadoLibre, the region's leading e-commerce platform 'with almost a third of the region's entire population registered as users', as well as software developer Globant, which provides its services to major western companies such as Disney, Google, LinkedIn and Coca Cola.



MOBIUS INVESTMENT TRUST

114p

Discount to NAV – 7.1%

BUY

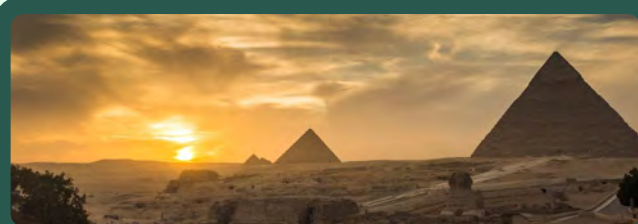
LAUNCHED IN 2018 by Mark Mobius and colleague Carlos von Hardenberg, **Mobius Investment Trust (MMIT)** seeks to deliver long term absolute returns by investing in dynamic small and mid-sized companies in emerging and frontier markets.

Besides India, Brazil, Russia and China, the trust is also invested in Turkey, Kenya, Egypt, Vietnam and Malaysia. During the year to November 2020, the trust's NAV and share price rose 16.3% and 24.7% respectively on a total return basis.

The managers are finding attractive companies throughout the emerging and frontier markets universe. 'Countries with the largest weights in our portfolio are India, Brazil, Korea, Taiwan and China,' says Mobius. 'All of these countries will profit from the expected recovery this year. India and China are expected to lead in terms of growth, but others will follow. We also continue to see outstanding innovation across Taiwan and Korea, particularly in the technology industry.'

Trading at a 7.1% discount to NAV, the trust focuses on resilient businesses which are undervalued and mis-priced and places heavy emphasis on engaging with portfolio companies to raise ESG standards, which helps to improve financial performance and catalyse re-ratings.

Holdings range from Indian software and digital services company Persistent Systems to Taiwan-based silicon intellectual property company eMemory, Turkish apparel company Mavi and Brazilian software company Totvs.



SHARES' TOP EMERGING MARKETS PICKS

VINACAPITAL VIETNAM OPPORTUNITY FUND

410P

Discount to NAV – 11.1%

BUY

WHILE THE DISCOUNT on the **VinaCapital Vietnam Opportunity Fund (VOF)** has narrowed in from a 17.7% 12-month average to 11.1%, we see scope for strong risk-adjusted returns from its differentiated mix of listed and private investments in Vietnam.

The only one of its Vietnam trust peers to pay a dividend, an ongoing share buyback programme and continued strong performance should drive a further narrowing of the discount.

Vietnam's strong response to the pandemic has limited the human impact on a country with comparative advantages including a young, well-educated population and relatively low labour costs. Vietnam turned out to be rare oasis of GDP growth in the economic desert of 2020 and according to the VOF team, is set fair to be the next 'Asian tiger'.

VOF's listed holdings include steelmaker Hoa Phat, Airports Corporation of Vietnam and food and beverage business Vinamilk, while VOF is also the country's largest private hospital investor. VOF has generated five and 10-year annualised net asset value (NAV) returns of 17.5% and 13.1% according to Morningstar.



LYXOR MSCI EMERGING MARKETS EX CHINA ETF

\$25.14

BUY

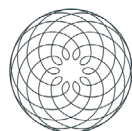
A LOW-COST PASSIVE option to consider is the **Lyxor MSCI Emerging Markets Ex China UCITS Exchange-Traded Fund (EMXC)**, which uses synthetic replication to track the benchmark MSCI Emerging Markets ex China net return US dollar index.



The clue is in the name, as this index captures 25 of the 26 emerging markets as defined by MSCI, save for China of course.

Coming with a lowly total expense ratio (TER) of 0.29%, the ETF offers investors exposure to developing market leaders including Taiwan Semiconductor, Samsung, Naspers and Reliance Industries, as well as Vale, Infosys and SK Hynix.





Flying under the radar

Kepler Trust Intelligence examines SIGT, a trust which is might not spring to mind for UK exposure, but offers flexible and differentiated exposure to any UK recovery...

For years the UK has been the 'ugly duckling' of the investment world, with global allocators shying away from the perceived political risks associated with Brexit. Further, the UK has historically tended to distribute a greater proportion of profits as dividends than global peers, exacerbating its pariah status in 2020, as dividends were hit by COVID-19. Value stocks, which tend on quantitative screens to err towards high yielders relative to other styles, were hit particularly hard. This caused the UK to be one of the top ten worst performing global equity markets over the year according to Morningstar.

However, we have seen a resurgence in appetite for the UK, with a resolution for Brexit and the vaccination program well underway. Since March 2020, the FTSE 100 has risen by close to 30%, while average discounts in UK equity trusts have narrowed significantly, as can be seen below.

AIC UK Sector average discounts

Sector	Sector average discount	12-month historical average
UK All Companies	4.1	8.4
UK Smaller Companies	10.5	14.3
UK Equity Income	4.7	5.7

Source: JPMorgan Cazenove, as at 19/02/2021

There remains considerable potential for this improved sentiment towards the UK to continue, and in this article we highlight a trust which could offer exposure to the potential upside this creates, but has yet to see the benefit even as managers started to top up their holdings in UK plc.

According to Bank of America Merrill Lynch, in January 2021 15% of managers were underweight UK equities relative to their usual historic asset allocations. This was down from 29% last June and 27% in the aftermath of the Brexit vote.

As can be seen on a forward price to earnings basis (Forward P/E), the UK continues to trade at a steep discount relative to US companies.

Also using the price/earnings-to-growth (PEG) ratio, which measures the price to earnings ratio divided by the growth rate of earnings, the UK is significantly undervalued relative to the US and Europe. In fact, we estimate that, based on data from Yardeni, the PEG for the UK currently sits at close to 0.27x, less than half that of the Europe ex UK market and c. 75% lower than that of the US.

According to Citigroup, almost 60% of MSCI's UK stock index is comprised of value shares. That makes the London market the most value-weighted of all its major peers. However, for the reasons we've already outlined, there could be potential for a significant re-rating of the UK market should overseas investors continue to increase their weightings.

UK stock discount relative to US peers



Source: Factset – Financial Times

AN OPTION FOR EXPOSURE...

A trust which is well positioned to take advantage of this, but is yet to feature largely on many investors radars, is [Seneca Global Income and Growth \(SIGT\)](#). Unlike the UK focussed investment trusts which have seen significant narrowing of their discounts, as shown above, SIGT has seen its discount widen from a 12-month average of 1.5% to the current level of 2.6%. This is despite the high levels of exposure to the UK in the portfolio, currently c. 30%, in comparison to 4.4% of the MSCI World Index. As such, the trust offers flexible and differentiated exposure to any UK recovery.

Valuations are at the core of the investment approach, although positions are not initiated solely on the expectation of valuation uplift to drive returns. Instead, the team are looking for opportunities in stocks with strong operational positions or which show structural growth opportunities likely to feed into enhanced dividends, but where the perceived exposure to cyclical economic pressures continues to weigh on the share price valuation.

An example of a UK holding in the portfolio is Vistry, the UK housebuilder. Due to the nature of the business, many perceive the stock to be cyclical and, as such, trades at below its reported book value, and below reported revenues. However, whilst its business has been impacted by the COVID-19 pandemic, there continues to be a need for more housing stock in the UK, and the sector as a whole should enjoy tailwinds to top-line growth. According to the managers, even on conservative assumptions regarding housing prices, the company should remain profitable and currently exhibits strong profit margins on existing projects.

While waiting for these opportunities to potentially grow and re-rate, and we would stress that there is no guarantee that this will happen, investors can enjoy a yield of 3.8%. The board has recognised that the impact of COVID-19 has created uncertainty around dividends and has decided that the company will continue to at least maintain the 1.68p per share quarterly dividend rate for the next financial year, to 30 April 2022, barring unforeseen circumstances. The majority of the income generation comes from equities and alternatives and is diversified by both asset classes and geography.

To read more about the unique approach of Seneca Global Income & Growth, click [here](#).

Disclaimer

Seneca Global Income & Growth Trust is a client of Kepler Trust Intelligence. Material produced by Kepler Trust Intelligence should be considered as factual information only and not an indication as to the desirability or appropriateness of investing in the security discussed. Kepler Partners LLP is a limited liability partnership registered in England and Wales at 9/10 Savile Row, London W1S 3PF with registered number OC334771. Full terms and conditions can be found on www.trustintelligence.co.uk/investor

How Lifetime ISAs could help you buy a property sooner than you think

We reveal how the vehicle works and the best investments for you

A Lifetime ISA is a flexible, affordable way for young people to save for their first home, or for an income in later life. You can open one if you're between 18 and 39 years old.

In this article we will look at the main features of a Lifetime ISA and illustrate using a hypothetical scenario how the vehicle could get you on the property ladder sooner than you might think.

HOW IT WORKS

You can choose to save your money in cash or to invest in the stock market, and as with other



"If you pay in the maximum £4,000, the government will top it up with the maximum bonus of £1,000. You can do this every year until you're 50"



ISAs your money can grow free from UK tax.

However, the big attraction of the Lifetime ISA is that the government pays a 25% 'bonus' on whatever you pay in up to a value of £1,000 a year.

You can save up to £4,000 each tax year. If you pay in £1,000 a year, the government will pay a bonus of £250 on top.

If you pay in the maximum £4,000, the government will top it up with the maximum bonus of £1,000. You can do this every year until you're 50.

Someone who puts the maximum £4,000 into a Lifetime ISA every year from the age of 18 until they are 50 will get a total bonus of £32,000 from the government in annual payments,

before any interest or growth.

Someone who puts in £4,000 per year from the age of 39 until they are 50 will still get a bonus from the government of £11,000.

The maximum of £4,000 each tax year forms part of the overall £20,000 ISA annual allowance, so if you put in the full £4,000 you can still put up to £16,000 in other ISAs.

It's worth reiterating that any growth is free from UK tax, although tax rules can change and their benefits depend on your circumstances.

HOW YOU CAN USE IT TO BUY A PROPERTY

One of the main uses of a Lifetime ISA is to help you build up enough money to put down a



HOW IT WORKS IN PRACTICE

We'll use two examples to show how to make the most out of your Lifetime ISA allowance.

Let's assume you're 26, you live in Manchester, and the average deposit is £28,000 or 17% of the value of a house. If you put £200 a month into a standard savings account, it will take you almost 12 years to build up enough savings to cover the deposit given the low interest rates on offer.

If you save £200 a month in a Lifetime ISA, on the other hand, the government will top up your contribution by a quarter or £50 per month. Without factoring in any interest income, using the ISA you can cover the deposit in just over nine years, which is a big difference.

Putting £200 in a savings account every month:

$$£200 \times 12 = £2,400 \text{ a year}$$

$$£28,000 / £2,400 = \mathbf{11 \text{ years and eight months}}$$

Putting £200 in a Lifetime ISA every month:

$$£250 \times 12 = £3,000 \text{ a year}$$

$$£28,000 / £3,000 = \mathbf{nine \text{ years and three months}}$$

Source: Shares

Note we haven't assumed any income or change in contributions. Either or both of those would reduce the time it takes to build up enough for a deposit.

Say you were to earn a 5% annual return on your contributions, paid at the end of each year, then your £250 a month – which includes the government's 25% or £50 'bonus' – would get you a £28,000 deposit in less than eight years.

By the power of compounding, after seven years your Lifetime ISA would be worth more than £25,500.

If you're lucky enough to be able to save £4,000 a year or £333 a month, and you live in Bristol, say, where the average deposit is £45,000, again it makes a great deal of sense to use a Lifetime ISA.

Putting £333 in a savings account every month:

$$£333 \times 12 = £4,000 \text{ a year}$$

$$£45,000 / £4,000 = \mathbf{11 \text{ years and three months}}$$

Putting £333 in a Lifetime ISA every month:

$$£416 \times 12 = £5,000 \text{ a year}$$

$$£45,000 / £5,000 = \mathbf{nine \text{ years}}$$

Source: Shares

If we do the same exercise and add compound interest at a rate of 5% per year the acceleration is equally impressive. By the end of the seventh year your ISA would be worth £42,745.

Though remember even with a time horizon of between five or 10 years you might need to consider moving some of your portfolio to lower risk assets as you got closer to the point of needing to use your deposit. Otherwise you could see a bout of market volatility wipe out your gains.

deposit on a flat or a house later in life.

If you aren't buying a property you can only access your Lifetime ISA if you are aged 60 or over, or you are terminally ill with less than 12 months to live.

If you take money out for any other reason before you are 60, you face a 25% penalty. However, in recognition of the fact that many people may need to access their savings early due to the coronavirus crisis, the government has reduced the penalty to 20% until 5 April 2021.

INVESTMENT OPTIONS

If you're saving for a deposit, are in your mid-30s say, and you don't like taking risks, you could opt to keep your ISA allowance in cash rather than stocks or funds as markets can be volatile in the short term. Certainly if you have a time horizon of five years or less there is a strong case for parking your money in a savings account.

However, if you have longer to play with and are able to ride out the market's ups and downs, you should consider investing in one of the handful of 'superior funds' which have chalked up consistently above-average returns over the long term.

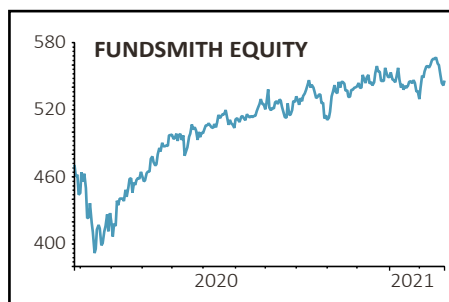
In the Investment Association's UK All Companies sector, just three funds have managed to deliver top-quartile performance over one, three, five and 10 years: **Baillie Gifford UK Equity Alpha (0585819)**, **Royal London Sustainable Leaders Trust (B7V23Z9)** and **TB Saracen UK Alpha (0571119)**.

Given that the UK market has lagged its international peers for several years due to political

concerns and fears over Brexit, all of which are now in the rear-view mirror, investors expect UK stocks to do well in coming years as they narrow the valuation discount with overseas markets.

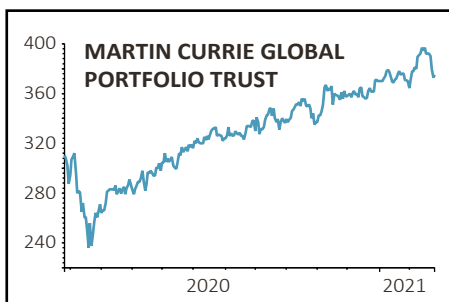
Fundsmith Equity BUY at 547.26p

However, if you want exposure to global markets, we would recommend **Fundsmith Equity (B41YBW7)** which invests in a rigorously-selected portfolio of high-quality companies with high returns on capital.



Over five years and 10 years the £21 billion fund has returned an average annualized 18%, but it has had a modest start to 2021 with a return of -2% according to Morningstar, making this an ideal opportunity to start buying.

Martin Currie Global Portfolio Trust BUY at 375.8p



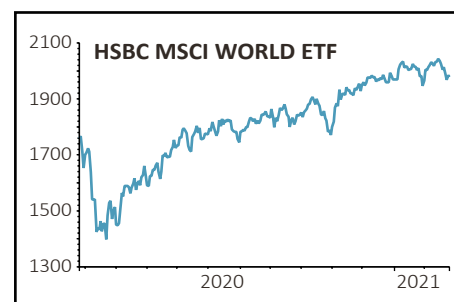
In the investment trust sector we would recommend the **Martin Currie Global Portfolio Trust (MNP)**, which has generated an average 14% annual return over

the last ten years and a 19% annual return over the last five years.

HSBC MSCI World ETF BUY at £19.84

One of the simplest and cheapest options for someone looking to get very broad exposure to equities is to buy an exchange-traded fund that tracks the MSCI World index. This could be an ideal investment for a Lifetime ISA as long as you've got at least three years to invest and ride the ups and downs of the stock market.

The MSCI World index is a basket of approximately 1,500 large and medium-sized companies listed on markets in 23 developed market countries. You'll get exposure to household names such as Apple, Microsoft and Amazon as well as some less-familiar companies that are still big names in their respective industries.



HSBC MSCI World ETF GBP (HMWO) tracks this index and only charges 0.15% a year, which is considerably cheaper than most actively managed funds. It has achieved 11.3% annualised returns over the past 10 years, according to Morningstar.



By Ian Conway
Senior Reporter

MONEY & MARKET\$

LISTEN TO OUR WEEKLY PODCAST

RECENT EPISODES INCLUDE:

Pensions minister Guy Opperman talks about the Pension Schemes Act, stopping the next big pensions scandal and how savings 'sidecars' could help address financial vulnerability

The return of Neil Woodford, a focus on the future in China and why the age people can access their pension pot is rising

Tesla puts bitcoin into top gear, meet Lindsell Train's rising star, Glaxo and Ocado get the thumbs down, and the future of annuities

LISTEN ON SHARES' WEBSITE HERE

You can download and subscribe to 'AJ Bell Money & Markets' by visiting the Apple iTunes Podcast Store, Amazon Music, Google Podcast or Spotify and searching for 'AJ Bell'. The podcast is also available on Podbean.



Five value stocks we said to buy last year: how have they performed?

We review how a selection of our investment ideas have panned out

While we regularly look at how our *Great Ideas* are getting on we have had reader feedback about providing more clarity on the performance of our investment ideas elsewhere in the magazine.

This feature will therefore be the first of several in the coming months where we look retrospectively at these other ideas to see if they have added value.

As a starting point, we are revisiting [our article](#) on value investing published in September 2020. In it we looked at the prospects for

value stocks after more than a decade of underperformance against other factors such as growth, momentum and beta.

One of the catalysts we suggested could trigger a renaissance for value stocks was a rise in bond yields consistent with an improvement in manufacturing trends, which has been the hallmark of every economic recovery for the past 20 years.

As it happened, we were a couple of months early with our article, and we didn't predict the sharp rally caused by the announcement by US drug

giant Pfizer on 9 November of an effective Covid-19 vaccine.

However, as is often the case in these situations, it paid to be early as the market reaction was so sudden and so severe that many investors who waited for the good news before buying were left behind in the stampede.

So, did our ideas add value?



National Express (NEX)

– 314p –

Buy at 120.1p on
17 September 2020

Gain to date: 161%

FTSE All-Share to date: 12.4%

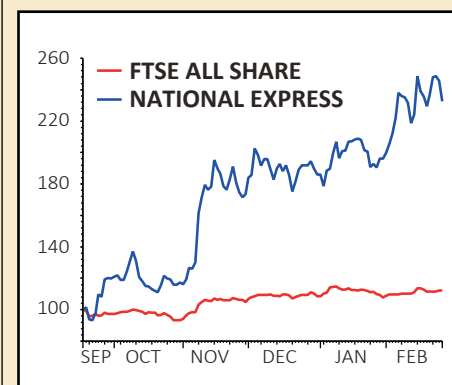
We argued in mid-September that the opportunity to buy the market-leading UK bus and rail operator at 7.4 times highly-depressed forecast earnings for 2021 was too good to pass up.

While the scale and timing

of a recovery were – and to a large extent still are – unknown, the valuation seemed to take no account of the fact half the firm's revenue was contracted, meaning it got paid regardless of whether its services were running, or of the value of its US bus operations and their long-term growth potential.

At the height of the pandemic, the company still generated positive earnings before interest, taxes, depreciation and amortization (EBITDA) and its banks were willing to waive their debt covenants until year-end, giving it breathing space.

Fast-forward to today and National Express has seen a near-trebling of spring and summer holiday bookings compared with last year, driven mainly by the over-65s who were the first to be vaccinated.



Henderson Opportunities Trust (HOT)

– £13.56 –

Buy at 851p,
17 September 2020

Gain to date: 59.3%

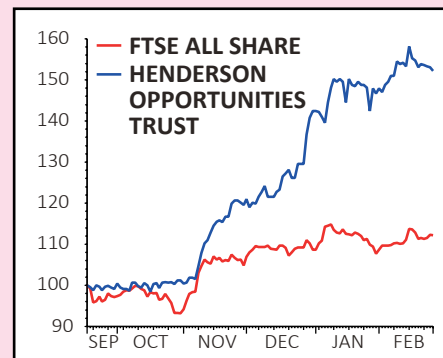
FTSE All-Share gain to date:
12.4%

We liked **Henderson Opportunities (HOT)** for its 17.9% discount to net asset value and its track record of generating almost 10% NAV growth per year over the last decade, well ahead of the 6% average annual growth chalked up by the Morningstar category benchmark.



Managers James Henderson and Laura Foll look for a combination of out-of-favour stocks, like building materials firm **SigmaRoc (SRC:AIM)**, as well as those perceived to be 'in the sweet spot' such as **Ceres Power (CWR:AIM)**, the maker of fuel cells.

After the publication of its annual results in September, Ceres shares almost trebled to



£16 in late January, although they have since drifted back slightly.

Meanwhile, SigmaRoc recently surprised the market by raising its full year revenue and operating profits forecasts as trading in the final quarter of last year beat expectations.

As well as a near 60% gain the shares, investors have been rewarded with a narrowing of the discount to NAV to less than 10% today.

Fidelity Special Values (FSV)

– 253p –

Buy at 178.3p,
17 September 2020

Gain to date: 41.9%

FTSE All-Share gain to date:
12.4%

Lead manager Alex Wright and co-manager Jonathan Wright stuck to their guns last year and were well rewarded as the market rotated to unloved and under-valued companies in the final quarter.

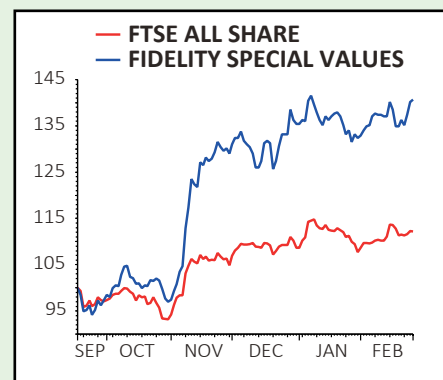
Despite the recent rally in value stocks, Wright is still optimistic



about the outlook for UK equities and sees plenty of opportunities to buy decent quality companies at attractive valuations, with 'meaningful upside potential'.

The fund's top holdings include insurers **Legal & General (LGEN)**, which is consolidating the defined benefits pensions industry with large bulk annuity deals, and **Aviva (AV.)**, which is being reshaped by its new

chief executive.



iShares Edge MSCI World Value (IWFV)

– £24.78 –

Buy at £21.03,
17 September 2020

Gain to date: 17.8%

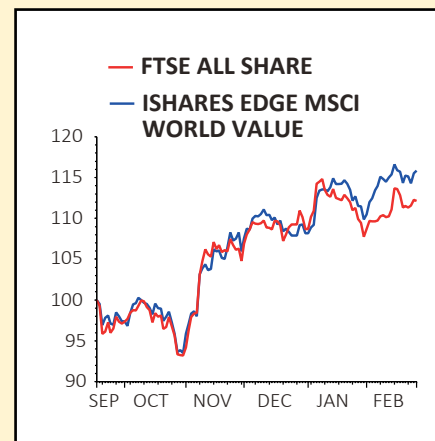
FTSE All-Share gain to date:
12.4%

We took something of a flier with this ETF, given it had lagged its Morningstar benchmark by almost 2% per year over the last five years and the benchmark hadn't exactly hit it out of the park to start with.

However, this BlackRock-managed passive product benefited from its overweight exposure to Asia – 33.8% at the time of choosing – which exited the pandemic much faster and in better shape than the US or Europe, driving stock prices with it.

Even an overweight position in technology stocks and top 10 holdings in IBM, Intel and Micron did the fund no harm as US hardware and software stocks continued to outperform even after the vaccine news.

Despite lacking a big weighting in classic 'value' sectors like energy and utilities, the fund has held its own in 2021 with a 10% return.



Kenmare Resources (KMR)

– 405p –

Buy at 235.39p,
17 September 2020

Gain to date: 72%

FTSE All-Share gain to date:
12.4%

We said to buy the mineral sands miner in the belief the company would be viewed in a better light by the market once it had moved a large piece of equipment that would lead to stronger output.

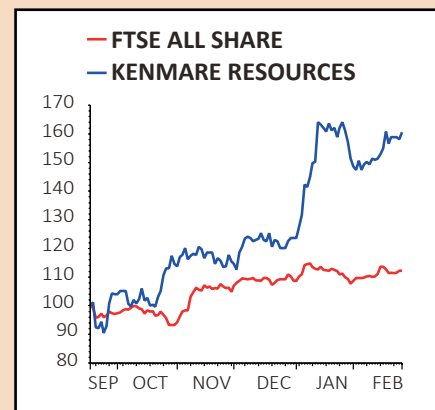
The company has subsequently moved its wet concentrator plant in Mozambique to an area where it is now mining higher grade ore and the benefits



are already been seen with greater production levels than forecast by analysts.

It's helped that we're in a potential new super-cycle for commodity prices as the world starts to get back on its feet after Covid-19. Investors have become more interested in mining stocks which has given a lift to large parts of the sector.

Kenmare says global demand for ilmenite, its primary product, exceeded supply in the fourth quarter of 2020 and led to



significant price increases.

Higher selling prices and greater production levels bode well for the company's cash flow and therefore dividends for shareholders. Berenberg forecasts \$0.23 dividend per share for 2021, implying a 4% yield.



By Ian Conway
Senior Reporter

Realising dreams of owning that holiday home in the sun

Property TV shows have put 50-year old Georgia in the mood for that Andalusian apartment and we discuss a potential plan to secure it

After saving hard for the past 30 years, 50-year old retail manager Georgia has her mind set on buying a holiday home in Spain. Georgia has been binge watching overseas property TV show *A Place in the Sun* during lockdown and this has seeded the idea of buying abroad, perhaps a little more than five years from now.

She studied some Spanish years ago and while limited, her knowledge has been a real icebreaker with locals on trips to Spain in the past. It also means that Georgia is willing to consider properties away from the main tourist hotspots.

Ideally, she would like to own a townhouse or villa somewhere in Andalusia, southern Spain, with access by car or public transport to a decent sized town and the coast. Georgia loves the sherry region around Jerez, and the area around the port city of Cadiz.

FLEXIBLE ON PROPERTY CHOICE

But she is realistic enough to appreciate that her capital may not stretch that far and would consider an apartment complex somewhere in the greater Malaga region with its abundance of holiday homes, international airport and lower



property prices.

Brexit has complicated matters, but Georgia is aware that there have been no changes to the process or cost of buying a property in Spain, although there are now restrictions on how long a UK resident can stay in Spain without a visa.

The property in Spain would initially be used for short breaks

and longer holidays but possibly become a place to spend longer periods when she decides to stop working.

With a company pension plan through her employer gradually building value for retirement and other savings invested in several funds through an ISA, she has laid the right kind of financial groundwork to put her plans

This is the second part in a regular series in which we will provide an investment clinic based on hypothetical scenarios. By doing so we aim to provide some insights which can help different types of investor from beginners all the way up to experienced market participants.

into action despite having never bought individual stocks before.

Georgia currently has £65,000 for the project and she has seen promising properties advertised online for as little as £40,000. But she appreciates that her options would be far greater with a larger lump sum, especially with if any work was needed to spruce up the place. There will also be various fees and taxes to pay and running costs for when she is not there, which all need to be factored in.

Nearer the time Georgia would benefit from taking some expert property and legal advice but in the meantime, the UK Government provides some useful guidance on legal matters, tax, the foreigners identification number (NIE) and lots more regarding Brits buying properties abroad, including Spain, [here](#).

PUTTING CAPITAL TO WORK

To do this Georgia plans to invest her lump sum cash over the next five years and, hopefully, grow it to around £90,000. Fortunately this lump sum is already held within an ISA so Georgia can invest within the wrapper and shield herself from tax on her capital gains and income.

Given the threadbare state of savings rates and bond yields, investing in equity markets is a good option for Georgia if she hopes to get the average 7% or so yearly return needed to hit her target.

This total return objective is within reach; the FTSE 100 has given investors a 6.85% annual average return over the past five years, according to Morningstar data, despite the Brexit hangover for UK equity

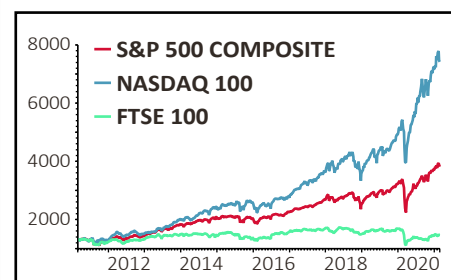
markets, largely thanks to the hefty dividends paid.

Georgia should note that UK payouts have come under extreme pressure during the Covid pandemic and many were cut or axed last year. While this is likely to be a temporary belt-tightening measure for many companies, there is no guarantee that shareholder payouts will be as generous over the coming five years.

Sticking to funds, where she has some experience and can get some level of ready-made diversification at a stroke, would make sense. There is undoubted underlying recovery potential in the UK equity markets but Georgia may also benefit from greater exposure to large-cap growth stocks than the UK alone can provide.

The US has enjoyed some

of the fastest growth in recent years and with billions of stimulus dollars being made available to support the economy, experts largely predict further growth for the US in the foreseeable future.



One way to access this potential could be a low-cost US tracker fund or ETF, such as the **Vanguard S&P 500 ETF (VUSA)**. It effectively looks to match the performance of the S&P 500 index by buying the underlying stocks, including many familiar names like Apple, Amazon, Coca-Cola, McDonald's and Nike. With



7% growth needed to turn £65,000 into £90,000

Year 1	£65,000 > £69,550
Year 2	£69,550 > £74,419
Year 3	£74,419 > £79,628
Year 4	£79,628 > £85,202
Year 5	£85,202 > £91,166



WINDING DOWN RISK EXPOSURE

AS SHE GETS closer to realising her dream of owning property abroad, Georgia may need to start reducing her exposure to equities to avoid being caught out by short-term market volatility either by moving into cash or less volatile assets like bond funds.

a 0.07% ongoing cost, it is very cost efficient.

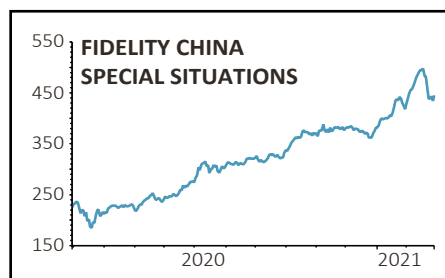
LOW-COST ETFS A USEFUL OPTION

Similarly, the **Invesco EQQQ Nasdaq 100 ETF (EQQQ)** or **Lyxor Nasdaq 100 ETF (NASL)** track the technology-led Nasdaq 100 index, which would provide a more concentrated growth option. Either of these funds, or something similar, could make a sensible additional option for Georgia to spread her capital across, giving her access to some of the fastest-growing tech stocks in the world, such as PayPal, Nvidia and Zoom Communications.

There is also plenty of optimism about growth potential emerging from China and the Far East in the next few years. Many experts believe that China will dominate global growth over the next decade as it continues

to push ahead with its massive transition into a consumer-based economic superpower.

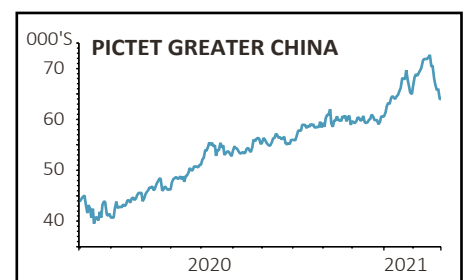
While the Covid-19 virus wreaked havoc in China last year, like everywhere else, the country has been quick to recover, impressing fund managers. 'China is back to normal in so many sectors,' said Dale Nicholls, who runs the **Fidelity China Special Situations (FCSS)** investment trust. Even some of the hardest hit industries, like travel, hotels and restaurants are recovering rapidly, the fund manager said.



ETFs could work here too, although investing in a specialist

fund like Fidelity China would allow Georgia to benefit from rapid economic and share price growth in the region, but with the help and expertise of Fidelity's team of stock pickers.

Fidelity China Special Situations has an exceptional track record, beating its Asia-Pacific sector over three and five-year periods, with the latter's 278% return almost double the benchmark.



Alternative fund options for China exposure might be **Baillie Gifford China (B3K73F7)** and **Pictet Greater China (B96TPL9)**. Both Baillie Gifford and Pictet are rated highly by investors thanks to their focus on longer-run growth and strong value creation records, although there is a huge selection for Georgia to choose from.

DISCLAIMER. This article is based on a fictional situation to provide an example of how someone might approach investing. It is not a personal recommendation. It is important to do your research and understand the risks before investing.

DISCLAIMER: The author owns shares in Baillie Gifford China.



By Steven Frazer
News Editor

SHARPEN YOUR INVESTING SKILLS WITH **SHARES**



A **SUBSCRIPTION TO SHARES** HELPS YOU TO:

- Learn how the markets work
- Discover our best investment ideas
- Monitor stocks with our customisable watchlists
- Enjoy our guides to sectors and themes
- Get the inside track on company strategies
- Find out how fund managers make money



Digital
magazine



Online
toolkit



Investment
ideas

The bumper returns Gym Group could generate

As our educational series nears its conclusion we finish off a detailed analysis of the gym operator

After more than 12 months and nearly 50 separate entries our education series aimed at giving new investors a comprehensive introduction to the markets is nearing its conclusion.

We have gradually increased the complexity as we have moved through the series and this week we complete the analysis of **The Gym Group (GYM:AIM)** by examining its balance sheet, looking at who owns the company, discussing



analyst earnings estimates and potential shareholder returns.

Next week we will have a recap of and links to the whole series in its entirety so you can find exactly what you are looking for.

First though we turn back to Gym, a business we believe could be an excellent investment for the long term. You can find part one of the analysis [here](#).

IS GYM SENSIBLY FINANCED?

The company has £49 million of long-term interest-bearing debt which compares with equity which is roughly three-times as big at £151 million, resulting in a gearing ratio of 32%. This is comfortable and not worrying from a solvency point of view.

The accounts have been prepared under the new IFRS-16 lease accounting rules. This means that a new asset (right-of-use) and liability (lease liabilities) have been created to reflect rental leases. This effectively

Gym balance sheet analysis

	£m
Fixed Assets	
Plant and Machinery	176
Intangibles	87
Right of Use assets	239
Current Assets	
Inventories	0.7
Accounts receivable	2.4
Cash	2.6
Other	6.3
Total Assets (A)	514
Long Term Liabilities (debts)	49
Current Liabilities	50
Lease obligations	264
Total Liabilities (B)	363
Shareholders' Equity (A-B)	151
Total Liabilities+Equity	514

Source: Stockopedia, Refinitiv. As at 31 December 2019.

increased total assets by £239 million to £514 million.

Taking a conservative approach to the balance sheet, we adjust debt to include lease obligations. This increases the debt to assets ratio to 61%, still not particularly concerning.

Another way of examining financial strength is to look at interest cover. In 2019 operating profit was £21.5 million which covered annual interest payments of £2.2 million by a comfortable 9.8 times.

The net debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), ratio fell below one to 0.98 times in 2020, before the pandemic, representing low leverage.

In summary, Gym appears to be sensibly financed and up until the pandemic was close to the point of self-financing its growth.

At the pre-close trading update (15 January) the company said it had significant liquidity under a £100 million banking facility. While gyms are closed the group is burning though £5 million a month.

This means that under current government plans to allow gyms to open from the 12 April, Gym is more than adequately positioned to continue its growth strategy.

WHO OWNS IT?

We include a section on ownership because it can reveal what type of investor is attracted to a business. Having long-term backers is important because they provide stability and if needed, inject fresh capital.

Gym is owned by shareholders with a long-term investment horizon who appear to support the management's strategy.

Liontrust is the largest shareholder, representing 9.3% of the shares, Legal and General own 7.4% and Janus Henderson owns around 5%. The top 10 institutional shareholders own approximately 61% of Gym.

Directors own just over 3% of the company's shares in aggregate, although the lion's share of this is founder John Treharne who represents around 2.5% of this with chief executive Richard Darwin owning 0.7%.

It's always worth checking if senior management have a stake in the business they run, showing they have aligned their interests with shareholders.

ANALYST ESTIMATES

It is worth keeping abreast of analysts' earnings forecasts where you can. Numis and Peel Hunt are joint-lead brokers appointed by the company. While you might not necessarily be able to get hold of investment research from stockbrokers directly, you can get snippets in media articles about stocks

and data on consensus forecasts for free from websites such as *Shares* own site as well as *Sharecast* and *Reuters*.

There are six broker estimates. The company reported 2020 revenue down 47% to £80.5 million in a trading update (15 January), and will provide its preliminary results on 15 March when investors find out how much the company lost last year due to the closure of gyms.

We know that 2021 will result in at least four months of lost trading and perhaps more depending how quickly clients return.

That means that 2022 will probably be the first full year of trading since the last one in 2019. It isn't clear why analysts think 2022 profits will be below 2019, but let's assume it reflects an overly conservative assumption about how quickly gyms will get back to normal.

It is tempting to get lost in the minutiae when considering specific forecasts, but as we have mentioned

Gym Group consensus analyst forecasts

Year End 31 December	2019 (a)	2020	2021	2022
Revenues (£m)	153	80.5 (a)	114	182
EBITDA (£m)	47	-1	29	62
Net Profit (£m)	14	-36.4	-22.4	10
EPS (p)	9.9	-24.6	-15.5	3.57
Price (p)	254	254	254	254
PE Ratio	25.7	n/a	n/a	71.1

a=actual
all other numbers are forecasts
Source:Refinitiv

before it's best to step back and consider what the business might look like in the next few years. Better to be roughly right than precisely wrong.

In the three years prior to 2020 Gym grew revenues at a compound annual growth rate (CAGR) of 27% a year and operating cash flow at 18% a year. We will assume the group continues to open between 18 and 20 new sites a year.

This represents growth of 10% from the starting base of 184 gyms (19/184) with each successive year's growth slowing by 1% a year as the base estate gets larger. To be conservative we ignore any price effects despite Gym successfully increasing revenue per customer through initiatives like multi-site access in the past.

We also are assuming that the profitability of mature sites remains in the same ballpark as the historical return on capital of 30%.

This line of reasoning leads us to a CAGR of 9% a year over the next five years. We are also assuming no acquisitions which would add sites to the estate. In summary it looks like Gym can grow revenue and profit faster than the market.

THE SOURCE OF SHAREHOLDER RETURNS

In Gym's case all potential shareholder returns are going to be derived from capital gains as the shares track an increase in profit because the company doesn't pay dividends.

However, how can we be sure that the share rating is reasonable and reduce the risk of a future de-rating?

The historical price-to-earnings ratio isn't much help because of the wide range it has traded over the last few years, from 11 times to over 50 times. In part, this reflects the nature of fast-growing businesses which investors find difficult to value.

We can't use the forecast PE because it doesn't reflect the business operating fully open.

OWNER EARNINGS

An alternative measure of value is the concept of owner earnings which is popular with value managers and originated by Berkshire Hathaway chairman and famed investor Warren Buffett.

Owner earnings represent profit attributable to shareholders before any capital allocation decision is made to pay out dividends or reinvest in the business.

Because Gym has been heavily reinvesting cash back into the business, net profit includes all the depreciation associated

with growth spending. It needs to be adjusted to reflect 'steady state' profit.

The method is to start with the net profit line and add back depreciation and amortisation. We then take off maintenance capital expenditures and working capital that are needed to keep the business in business.

The result is owner earnings which are divided by the market capitalisation to provide a yield. The higher the yield the more attractive the investment.

We know from the accounts that Gym's 2019 adjusted EBITDA was £48.5 million and operating cash flow was £40.8 million. The company explicitly states that the difference between the two numbers is maintenance expenditures. (£7.7 million).

Gym has an attractive owner earnings yield of 9.7%. Imagine for a second that you could purchase the whole company for the current £420 million market cap.

If as the owner, you decided not to grow the business but just run it for cash, within 10 years you would recoup your initial investment and in another 10 years you would double your money.

In other words, the current valuation of Gym implies no growth which looks too conservative.

SHARES SAYS: While Gym faces big challenges in the near term our analysis suggests it is worth buying for the long term at 254p.

Gym Group owner earnings	
Net Profit (£m)	3.6
Depreciation and Amortisation (£m)	44.9
Minus	
Maintenance Capital expenditures (£m)	7.7
Equals	
Owner earnings (£m)	40.8
Market Capitalisation (£m)	420
Owner Earnings Yield	9.7%

Source: Gym Group



By Martin Gamble
Senior Reporter

increased total assets by £239 million to £514 million.

Taking a conservative approach to the balance sheet, we adjust debt to include lease obligations. This increases the debt to assets ratio to 61%, still not particularly concerning.

Another way of examining financial strength is to look at interest cover. In 2019 operating profit was £21.5 million which covered annual interest payments of £2.2 million by a comfortable 9.8 times.

The net debt to EBITDA (earnings before interest, taxes, depreciation and amortisation), ratio fell below one to 0.98 times in 2020, before the pandemic, representing low leverage.

In summary, Gym appears to be sensibly financed and up until the pandemic was close to the point of self-financing its growth.

At the pre-close trading update (15 January) the company said it had significant liquidity under a £100 million banking facility. While gyms are closed the group is burning though £5 million a month.

This means that under current government plans to allow gyms to open from the 12 April, Gym is more than adequately positioned to continue its growth strategy.

WHO OWNS IT?

We include a section on ownership because it can reveal what type of investor is attracted to a business. Having long-term backers is important because they provide stability and if needed, inject fresh capital.

Gym is owned by shareholders with a long-term investment horizon who appear to support the management's strategy.

Liontrust is the largest shareholder, representing 9.3% of the shares, Legal and General own 7.4% and Janus Henderson owns around 5%. The top 10 institutional shareholders own approximately 61% of Gym.

Directors own just over 3% of the company's shares in aggregate, although the lion's share of this is founder John Treharne who represents around 2.5% of this with chief executive Richard Darwin owning 0.7%.

It's always worth checking if senior management have a stake in the business they run, showing they have aligned their interests with shareholders.

ANALYST ESTIMATES

It is worth keeping abreast of analysts' earnings forecasts where you can. Numis and Peel Hunt are joint-lead brokers appointed by the company. While you might not necessarily be able to get hold of investment research from stockbrokers directly, you can get snippets in media articles about stocks

and data on consensus forecasts for free from websites such as *Shares* own site as well as *Sharecast* and *Reuters*.

There are six broker estimates. The company reported 2020 revenue down 47% to £80.5 million in a trading update (15 January), and will provide its preliminary results on 15 March when investors find out how much the company lost last year due to the closure of gyms.

We know that 2021 will result in at least four months of lost trading and perhaps more depending how quickly clients return.

That means that 2022 will probably be the first full year of trading since the last one in 2019. It isn't clear why analysts think 2022 profits will be below 2019, but let's assume it reflects an overly conservative assumption about how quickly gyms will get back to normal.

It is tempting to get lost in the minutiae when considering specific forecasts, but as we have mentioned

Gym Group consensus analyst forecasts

Year End 31 December	2019 (a)	2020	2021	2022
Revenues (£m)	153	80.5 (a)	114	182
EBITDA (£m)	47	-1	29	62
Net Profit (£m)	14	-36.4	-22.4	10
EPS (p)	9.9	-24.6	-15.5	3.57
Price (p)	254	254	254	254
PE Ratio	25.7	n/a	n/a	71.1

a=actual
all other numbers are forecasts
Source:Refinitiv

before it's best to step back and consider what the business might look like in the next few years. Better to be roughly right than precisely wrong.

In the three years prior to 2020 Gym grew revenues at a compound annual growth rate (CAGR) of 27% a year and operating cash flow at 18% a year. We will assume the group continues to open between 18 and 20 new sites a year.

This represents growth of 10% from the starting base of 184 gyms (19/184) with each successive year's growth slowing by 1% a year as the base estate gets larger. To be conservative we ignore any price effects despite Gym successfully increasing revenue per customer through initiatives like multi-site access in the past.

We also are assuming that the profitability of mature sites remains in the same ballpark as the historical return on capital of 30%.

This line of reasoning leads us to a CAGR of 9% a year over the next five years. We are also assuming no acquisitions which would add sites to the estate. In summary it looks like Gym can grow revenue and profit faster than the market.

THE SOURCE OF SHAREHOLDER RETURNS

In Gym's case all potential shareholder returns are going to be derived from capital gains as the shares track an increase in profit because the company doesn't pay dividends.

However, how can we be sure that the share rating is reasonable and reduce the risk of a future de-rating?

The historical price-to-earnings ratio isn't much help because of the wide range it has traded over the last few years, from 11 times to over 50 times. In part, this reflects the nature of fast-growing businesses which investors find difficult to value.

We can't use the forecast PE because it doesn't reflect the business operating fully open.

OWNER EARNINGS

An alternative measure of value is the concept of owner earnings which is popular with value managers and originated by Berkshire Hathaway chairman and famed investor Warren Buffett.

Owner earnings represent profit attributable to shareholders before any capital allocation decision is made to pay out dividends or reinvest in the business.

Because Gym has been heavily reinvesting cash back into the business, net profit includes all the depreciation associated

with growth spending. It needs to be adjusted to reflect 'steady state' profit.

The method is to start with the net profit line and add back depreciation and amortisation. We then take off maintenance capital expenditures and working capital that are needed to keep the business in business.

The result is owner earnings which are divided by the market capitalisation to provide a yield. The higher the yield the more attractive the investment.

We know from the accounts that Gym's 2019 adjusted EBITDA was £48.5 million and operating cash flow was £40.8 million. The company explicitly states that the difference between the two numbers is maintenance expenditures. (£7.7 million).

Gym has an attractive owner earnings yield of 9.7%. Imagine for a second that you could purchase the whole company for the current £420 million market cap.

If as the owner, you decided not to grow the business but just run it for cash, within 10 years you would recoup your initial investment and in another 10 years you would double your money.

In other words, the current valuation of Gym implies no growth which looks too conservative.

SHARES SAYS: While Gym faces big challenges in the near term our analysis suggests it is worth buying for the long term at 254p.

Gym Group owner earnings

Net Profit (£m)	3.6
Depreciation and Amortisation (£m)	44.9
Minus	
Maintenance Capital expenditures (£m)	7.7
Equals	
Owner earnings (£m)	40.8
Market Capitalisation (£m)	420
Owner Earnings Yield	9.7%

Source: Gym Group



By Martin Gamble
Senior Reporter



WATCH RECENT PRESENTATION **WEBINARS**



Adriatic Metals (ADTI) – Thomas Horton, Head of Corporate Development

Adriatic Metals is engaged in mineral exploration and development in the Balkans. Its projects include the Vares project in Bosnia and Herzegovina and the Raska project in Serbia. AM is dual listed in London and Australia.



NextEnergy Renewables (NREN) – Mike Bonte-Friedheim, CEO of NextEnergy Capital

NextEnergy Renewables is a renewable energy infrastructure investment trust NextEnergy. Renewables is seeking to raise £300m in a London float.



RBG Holdings (RBGP) – Nicky Foulston, CEO & Robert Parker, CFO

RBG Holdings is a professional services group, which includes one of the UK's pioneering law firms, Rosenblatt Limited, which is a leader in dispute resolution.

Visit the Shares website for the latest company presentations, market commentary, fund manager interviews and explore our extensive video archive.



SHARES SPOTLIGHT

www.sharesmagazine.co.uk/videos



Which chancellors of the exchequer have been best for the UK stock market?

On average a Tory occupant of Number 11 has been better for 'real returns'

The Conservative Party's Benjamin Disraeli, twice prime minister and thrice chancellor of the exchequer, once said of his bitterest political rival, who held each post on four occasions: 'Well, if Mr Gladstone fell into the Thames that would be a misfortune; and if anybody pulled him out, that would be a calamity.'

The Tories' latest Chancellor, Rishi Sunak, will be hoping for a warmer welcome for Wednesday's Budget (3 March) and he is likely to measure success in terms of jobs, economic growth and ultimately opinion polls and votes.

Investors will be looking to their portfolios to gauge the effect of his policies and history suggests that the UK stock market has, for whatever reason, done better on average under Conservative chancellors than Labour ones, at least once inflation is taken into account.

PARTY ON

Since the inception of the FTSE All-Share index in 1962, the UK has had 17 chancellors, 12 of whom have been Conservative and five Labour.

At first glance, there is nothing in it between the two parties. Under Conservative chancellors, the FTSE All-Share has chalked up a total capital gain of 355%, in nominal terms.

That equates to an average advance per chancellor of 32.1% (including Macleod's brief term with that of his successor, Anthony Barber), while under Labour the benchmark has risen by 161% for an average gain of 32.2%.

Across 34 years of Tory chancellorships that is a compound annual growth rate (CAGR) of

4.5% against 4.1% under 24 years of Labour in 11 Downing Street and two of the top-five best spells under a single chancellor actually come under Labour, again in nominal terms.

However, the picture changes profoundly when inflation is taken into account and capital returns from the FTSE All-Share are assessed in real (post-

Party affiliation of chancellors does not affect historic All-Share capital returns in nominal terms ...

Party	Chancellor	Tenure	FTSE All-Share
Conservative	Nigel Lawson	1983-89	144.4%
Labour	Denis Healey	1974-79	101.5%
Labour	Gordon Brown	1997-2007	58.9%
Conservative	Sir Geoffrey Howe	1979-83	56.4%
Conservative	Ken Clarke	1993-97	51.8%
Conservative	Norman Lamont	1990-93	36.4%
Conservative	George Osborne	2010-16	31.3%
Conservative	Reginald Maudling	1962-64	20.5%
Labour	James Callaghan	1964-67	17.2%
Conservative	Philip Hammond	2016-19	14.3%
Conservative	Anthony Barber	1970-74	8.1%
Conservative	Sajid Javid	2019-20	2.2%
Labour	Roy Jenkins	1967-70	1.5%
Conservative	Ian Macleod	1970	1.6%
Conservative	John Major	1989-90	-3.4%
Conservative	Rishi Sunak	2020-	-8.6%
Labour	Alistair Darling	2007-10	-18.1%

Source: Refinitiv data, www.gov.uk



inflation) terms rather than nominal ones.

Here, Conservative chancellors come out well on top, as the withering effect of inflation upon investors' returns from the stock market under Labour's Healey chancellorship of the mid-to-late 1970s comes into play.

.... but it does seem to do so once inflation is taken into account

		Capital return from FTSE All Share	
		Nominal	Real
Conservative	average	32.1%	14.0%
Labour	average	32.2%	-4.0%
Conservative	CAGR	4.5%	2.8%
Labour	CAGR	4.1%	-0.2%

Source: Refinitiv data, www.gov.uk. CAGR = compound annual growth rate

It must be noted that inflation also chewed up the nominal gains made by the FTSE All-Share under the Tory chancellors Sir Geoffrey Howe (1979-83) and Tony Barber (1970-74).

BEWARE A RETURN TO BARBER

As financial markets today ponder whether inflation is about to make a return, and the yield on the benchmark UK ten-year bond, or gilt, rises as prices fall, a repeat of the 'Barber Boom' is something that Sunak will be determined to avoid, even if he will be looking to support and boost growth as best he can, as the economic fall-out that followed was very painful for the UK and so painful that the Tories fell from office after a pair of general elections in 1974.

Not all of the inflation that tore through the British economy could be laid at the door of Barber's policies, as the 1973 oil price shock had a huge amount to do with it, and this highlights the importance of factors which are beyond the control of any chancellor, no matter how diligent or skilled.

Alastair Darling could hardly have expected to inherit the 2007/8 financial crisis which prompted a deep recession and a wicked bear stock market. Norman Lamont inherited British membership of the Exchange Rate Mechanism, fought to defend the pound and a policy in which he did not believe and oversaw a devaluation of sterling which actually

Investors will be looking for any return of inflation under Sunak

Party	Chancellor	Tenure	Real capital return FTSE All-Share
Conservative	Nigel Lawson	1983-89	105.9%
Conservative	Ken Clarke	1993-97	40.6%
Conservative	Norman Lamont	1990-93	27.8%
Labour	Gordon Brown	1997-2007	26.8%
Conservative	Reginald Maudling	1962-64	14.6%
Conservative	George Osborne	2010-16	13.5%
Labour	James Callaghan	1964-67	6.1%
Conservative	Philip Hammond	2016-19	4.4%
Conservative	Sir Geoffrey Howe	1979-83	1.4%
Conservative	Sajid Javid	2019-20	1.4%
Conservative	Ian Macleod	1970	1.1%
Labour	Denis Healey	1974-79	-8.9%
Conservative	Rishi Sunak	2020-	-9.4%
Labour	Roy Jenkins	1967-70	-18.0%
Conservative	John Major	1989-90	-14.1%
Labour	Alistair Darling	2007-10	-26.0%
Conservative	Anthony Barber	1970-74	-31.7%

Source: Refinitiv data, www.gov.uk. Adjusts nominal return by change in the retail price index (RPI) as CPI data only goes back to January 1989 in current format

helped the FTSE All-Share to rally.

Sunak has had to contend with Covid-19 and the worst recession for three centuries, so perhaps he has been given the worst hand of all.

Even so, investors, looking at the world through the narrow perspective of their portfolios, will be wanting Sunak to think back to Barber. Inflation mangled portfolio returns for much of the 1970s and all the way through to the Thatcher-Howe prime Minister-chancellor team of 1979-83. Bizarre as it may sound, markets may therefore want to see a little inflation – and growth – but not too much, especially as any sustained surge in prices could force bond yields higher and even oblige the Bank of England to act and raise interest rates.

Markets came close to falling out of bed last week, as they pondered such a prospect, so as ever Sunak has a difficult balancing act going forward, as he juggles growth, jobs, the deficit and inflation, as well as votes.

The big risks facing bonds

Fixed income funds are under pressure and it could be time to reassess your portfolio

Bond investors have had a pretty painful start to 2021, and if the global vaccine roll-out prompts a sharp economic recovery, price falls clocked up this year could be just the beginning.

Some bond funds have lost 8% so far in the year to date, and while that might not sound so bad to hardened equity investors, bonds are prized for being a safe asset.

The reason bonds have sold off this year is partly due to fear of inflation, the arch-enemy of the fixed income stream that bonds provide. But there are also growing expectations of rising interest rates. Vaccines are thankfully proving successful in combating the virus, and prompting markets to bake in prospects for a pretty strong economic recovery.

That lessens the need for central banks to keep interest rates low, and brings forward the date at which quantitative easing (QE) might start to be unwound, and interest rates hiked back up. That's bad for bond prices because the main thrust of QE has been central banks hoovering up government bonds like hot cakes.

Without that huge demand, bonds don't look quite as shiny. Rising interest rates on cash would also make the fixed income stream available on bonds look less attractive, again, denting prices.



BONDS SEE BIG LOSSES

All of the major bond sectors used by UK investors are nursing losses so far in 2021, apart from high yield bonds, which tend to have a greater correlation with equities and risk appetite generally.

The worst affected sectors by far are those with high exposure to long dated, government bonds, which are most sensitive to falls and rises in interest rates. UK corporate bonds tend to be shorter dated, and carry higher yields to reflect the greater risk that a company will default compared to the

government, and that affords them more protection from rising interest rates.

Two months is a very short period over which to judge performance, and bonds have actually done tremendously well for investors over the last 10 years. Bonds still offer diversification for a mixed portfolio, because prices could rally if the pandemic takes a turn for the worse, or economies fail to deliver the growth that re-opening promises.

But the quakes we are seeing in the gilt market today are at the very least a reminder of the price

WHAT IS QUANTITATIVE EASING

Quantitative easing (QE) is a monetary policy whereby a central bank purchases at scale government bonds or other financial assets in order to inject money into the economy to expand economic activity.

Investment Association/ ABI fund sector	% total return 2021 YTD	% total return Dec 2010 to Dec 2020	% annualised return Dec 2010 to Dec 2020
IA Sterling High Yield	1.3	70.4	5.5
IA Sterling Strategic Bond	-0.7	69.4	5.4
IA Sterling Corporate Bond	-2.6	78.8	6
IA Global Bonds	-2.9	49.4	4.1
IA UK Gilts	-6.7	72.4	5.6
ABI Sterling Long Bond ('Lifestyle' pension funds)	-8.3	119.9	8.2
IA UK Index Linked Gilts	-8.7	116.9	8.1

Source: FE Trustnet Total Return. YTD returns to 23 February 2021, 10-year returns to 31 December 2020

falls that bond investors might face when the QE music stops, and the low yields currently on offer don't offer a great deal of compensation for that risk.

It's therefore worth bond investors taking a time-out, revisiting why they have an allocation to bonds, and considering if their exposure reflects the risks and potential rewards as they stand today.

DIVERSIFICATION BENEFITS

Bonds still offer diversification from equities, and if risk appetite wanes, bond funds can be expected to do well when equities fall. This still holds true today, though with bond prices already so high, the upside is much more limited than the potential downside.

"If you simply want to preserve capital and want minimal risk, then cash has to be a consideration instead of bonds".

The benefit of holding both bonds and equities together is these assets minimise portfolio volatility, though ultimately this may come at the cost of longer term returns.

The Barclays Equity Gilt Study analysed market returns since 1899, and found that over 10 years, returns from UK equities beat returns from UK government bonds 77% of the time. Given how well bonds have performed until recently, investors should check how much of their portfolio they now account for, and make sure they remain happy with this allocation.

INCOME APPEAL

The income produced by a bond portfolio has fallen as prices have risen. Like many income seekers, bond investors find themselves between a rock and a hard place. Cash isn't offering a viable alternative, and gold pays no income.

Equities and property do generate a decent yield, but

these come with added volatility.

UK Equity Income investment trusts might be worth considering for those willing to take on the additional risk of the stock market. The investment trust structure means the fund manager can hold back dividends in good years to pay out in the bad.

As a result, an investment trust like **City of London (CTY)** has an unbroken record of 54 years of dividend growth.

Within the fixed interest universe, investors can choose strategic bonds funds or high yield bond funds, which will offer a better yield than government bonds, but again this sits further up the risk spectrum in terms of price volatility, though actually they are lower risk in terms of their sensitivity to interest rate rises.

PORTFOLIO PROTECTION

Some investors choose bonds because they have low volatility and are generally considered safe. However that doesn't take into account the big price falls we could see in some parts of the bond market if serious expectations of interest rate rises start to take over.

The poor performance we have seen so far this year is testament to that. If you simply want to preserve capital and want minimal risk, then cash has to be a consideration instead of bonds. Neither yield very much, but if interest rates rise, unlike bond holdings, cash won't fall in value.



By **Laith Khalaf**
Financial Analyst

How does the tapered annual allowance on pensions work

Our resident expert helps with a question on this complex area of retirement planning

One thing I find very difficult to understand with UK pensions is the tapered annual allowance.

Can you help explain this complex rule?

Podcast listener



Tom Selby

AJ Bell

Senior Analyst says:

For most people the maximum amount they can contribute to a pension each year without incurring tax charges is £40,000 – the ‘annual allowance’. Personal contributions are also limited to 100% of your UK earnings during the tax year.

There are two key exceptions to this. Firstly, where someone has flexibly accessed taxable income from their retirement pot the ‘money purchase annual allowance’, or MPAA, is triggered, reducing the maximum annual allowance from £40,000 to just £4,000.

You can read more about the MPAA [here](#).

Secondly, for very high earners the ‘tapered annual allowance’ may become a factor. Whether or not you’re affected by the taper will depend on two income measures – ‘threshold income’ and ‘adjusted income’.

Threshold income is broadly



taxable income (so earnings plus investment income) minus personal pension contributions.

Adjusted income is taxable income (again earnings and investment income) plus employer contributions.

Threshold income also needs to include any salary sacrifice or flexible earnings arrangements set up after 8 July 2015, while taxable lump sum death benefits are deducted to reach both income measures.

If threshold income exceeds £200,000 and adjusted income exceeds £240,000, your annual allowance will be reduced by £1 for every £2 of adjusted income earned above £240,000. The lowest your annual allowance can be reduced to is £4,000 (for

those with adjusted income of £312,000 or more). These limits apply in the 2020/21 tax year and going forward. From 2016/17 to 2019/20 the threshold income limit was £110,000 and the adjusted income limit £150,000, with a lowest possible annual allowance of £10,000.

One of the tricky things about the tapered annual allowance is that it can be hard to know exactly what your annual limit for the tax year will be. For example, lots of people have unpredictable hours or earn significant bonuses which make it difficult to know what their income will be, and therefore what pension contribution they can make without incurring tax charges.

AN EXAMPLE

Let's assess how the tapered annual allowance could affect someone. In 2020/21 Karen expects to earn £300,000 in salary and £20,000 from a rental property.

She will pay £15,000 in personal contributions to her workplace defined contribution pension, with another £15,000 contributed by her employer.

Assuming Karen's income and pension contributions are what she expects:

- Her threshold income will be: (£300,000 salary + £20,000 of rental income) - £15,000 personal pension contributions = £305,000

- Her adjusted income will be: (£300,000 salary + £20,000 of rental income) + £15,000 employer pension contributions = £335,000.

As her threshold income is above £200,000 and adjusted income is above £240,000, the tapered annual allowance will apply. Because her adjusted income is above £312,000, her annual allowance for 2020/21 will be £4,000.

If Karen makes total pension contributions of £30,000, she will therefore face an annual allowance charge on the £26,000 excess.

As she's an additional-rate taxpayer the contribution would

have benefitted from 45% tax relief, meaning the tax charge to recoup this relief will be 45% x £26,000 = £11,700.

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.

READ MORE STORIES ON OUR WEBSITE

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

THE LATEST STORIES INCLUDE:

UK'S TECH REPUTATION UNDER THREAT AS RENISHAW PUTS ITSELF UP FOR SALE



FRESNILLO MISSES FORECASTS AND GOLD PRICE DECLINE WORRIES INVESTORS

SHARESMAGAZINE.CO.UK

SIGN UP FOR OUR DAILY EMAIL

For the latest investment news delivered to your inbox

SHARES

INVESTOR EVENING



10 MAR 2021

Presentations:
18:00 GMT

Sponsored by
AJBell
Youinvest

Join **Shares** in our next Spotlight Investor Evening webinar on Wednesday 10 March 2021 at 18:00

CLICK HERE TO REGISTER

COMPANIES PRESENTING:



OPG POWER VENTURES

Dmitri Tsvetkov, CFO

OPG Power Ventures is principally engaged in the development, owning, operation, and maintenance of private sector power projects in India.



TOUCHSTONE EXPLORATION

Paul Baay, CEO

Touchstone Exploration is a Canadian-based upstream oil and gas exploration and production company currently active in the Republic of Trinidad and Tobago. It is an independent onshore oil producer in Trinidad.



TRACKWISE DESIGNS

Mark Hodgkins, CFO

Trackwise Designs is the manufacturer of printed circuit boards. The company's circuits are used in RF/antenna and lightweight interconnect products, across multiple market sectors and applications.

More to be announced



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

Event details

Presentations to start
at 18:00 GMT

Contact

Lisa Frankel
media.events@ajbell.co.uk

Register for free now

www.sharesmagazine.co.uk/events

Main Market

AG Barr	13
Aviva	30
Barclays	3
Burberry	12
Cellular Goods	9
Diageo	12
Kenmare Resources	31
Legal & General	30
Lloyds	3
Moonpig	8
National Express	29



RELX	12
Schroders	12

AIM

Boohoo	10
Ceres Power	30
DotDigital	11
FeverTree Drinks	13



SigmaRoc	30
The Gym Group	36
The Panoply Holdings	16

Overseas shares

Eurofins Scientific	15
Zoom	3



IPO coming soon

Trustpilot	8
------------	---

Investment Trusts

Aberdeen Emerging Markets	21
BlackRock Latin American Investment Trust	19
City of London	43
Fidelity China Special Situations	34
Fidelity Special Values	30
Henderson Fast East Income	20
Henderson Opportunities Trust	30
India Capital Growth	20
JPMorgan Emerging Markets Investment Trust	19
Martin Currie Global Portfolio Trust	27
Mobius Investment Trust	22
Supermarket Income REIT	15
Templeton Emerging Markets Investment Trust	18
VinaCapital Vietnam Opportunity Fund	23

Funds

Aubrey Global Emerging Markets Opportunities	21
Baillie Gifford China	34
Baillie Gifford UK Equity Alpha	27
Fundsmith Equity	27
Lindsell Train UK Equity	12
Pictet Greater China	34
Royal London Sustainable Leaders Trust	27
TB Saracen UK Alpha	27

ETFs

HSBC MSCI World ETF	27
Invesco EQQQ Nasdaq 100	34
iShares Edge MSCI World Value	31
Lyxor MSCI Emerging Markets Ex China ETF	23
Lyxor Nasdaq 100 ETF	34
Vanguard S&P 500 ETF	33

KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full year results

5 March: AIB, ConvaTec, Pearson. **8 March:** Clarkson, Direct Line, Diversified Gas & Oil, Emis, Network International, RHI Magnesita, Shoe Zone. **9 March:** Aris Bioscience, Cairn Energy, Capital & Counties Properties, Capital & Regional, Costain, Foresight Solar, Forterra, Gamesys, Gresham Technologies, Headlam, IWG, LSL Property Services, Midwich, RPS, Standard Life Aberdeen, TP ICAP, Ultra Electronics. **10 March:** Balfour Beatty, Breedon, CLS, FDM, Foxtons, Hill & Smith, Istock, IP Group, Just Eat Takeaway.com, Legal & General, Quilter, Tritax Big Box REIT, TT Electronics. **11 March:** Derwent London, Equiniti, Eurocell, Gem Diamonds, Gresham House, Helios Towers, James Fisher & Sons, Marshalls, WM Morrisons, Oakley Capital Investments, Playtech, Rolls Royce, Savills, Secure Income REIT, Spirent Communications, WPP.

Half-year results

8 March: Abcam, Pci-Pal. **9 March:** Abingdon Health, DFS Furniture, Orchard Funding Group. **11 March:** Volution.

Trading statements

9 March: Braemar Shipping Services.

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
@SharesMaglan

REPORTER:
Yosof Farah
@YosofShares

CONTRIBUTORS
Laith Khalaf
Russ Mould
Tom Selby

ADVERTISING

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

CONTACT US:
support@sharesmagazine.co.uk

All chart data sourced by Refinitiv unless otherwise stated

PRODUCTION

Head of Design
Darren Rapley
Designer
Rebecca Bodi

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.

All Shares material is copyright.

Reproduction in whole or part is not permitted without written permission from the editor.