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12 months ending February	2021	2020	2019	2018	2017
Fundsmith Emerging Equities Trust NAV	+31.9	-15.2	-1.2	+16.1	+11.9
AIC Global Emerging Markets Sector	+18.5	-8.2	-2.6	+12.5	+36.6

Source: Financial Express Analytics

# Missed the rush on an IPO? Wait for a pullback before buying

New stock market listings often follow the same pattern of up, down and then up again

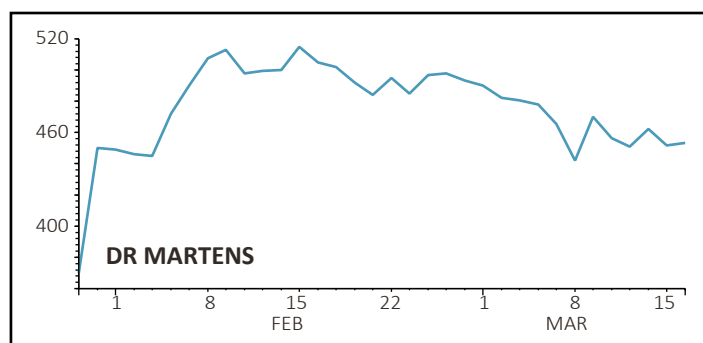
**W**ith more than 2,000 stocks listed on the London Stock Exchange and thousands more on markets overseas, one might have thought there is no need to fuss about more companies deciding to float on a stock exchange and offer their shares for the public to buy.

What actually occurs is a fascination with new names coming to market as investors are eager to see if any of these companies have a compelling story, such as providing products or services in strong demand.

Some investors rush to get involved, believing the best gains are made early on. Others like to sit back and wait for this initial flurry to play out.

As we mention in [this week's in-depth look at IPOs](#) – offering shares to the public for the first time – you often see short-term traders get in and out in a matter of days or weeks, only to be replaced by more serious longer-term investors.

If a stock has already shot up as the market opens on the first day of dealings, it can often pay to wait for the fuss to die down before thinking about taking a position. For example, **Dr Martens (DOCS)** listed at 370p on 29 January and just over a week later it had jumped to 513p. It then didn't take long before the shares began falling – at the time of writing they were trading 12% below their peak at 449p.



An IPO is often the first chance for directors to realise value in shares they may have bought when

the business was privately owned or earned as part of their remuneration package.

In many cases, these shares weren't tradeable until the company joined the stock market and so it doesn't seem too bad that directors sell a few at IPO or later.

Check to see how much stock they've got left after selling – it's not a good sign if it's less than half of what they previously owned. Ideally, we want to see directors remain investors as their interests will be aligned with other shareholders.

A company must make stock available to be able to start trading on the market. That either comes from existing shareholders or backers selling some of their holding or the company issuing new shares to raise money at the IPO.

Backers pre-IPO may include private equity firms and they typically see a stock market listing as an exit route, either selling all their stock at the flotation or within a year or two afterwards.

Dr Martens' management, directors, employees and some former executives are not allowed to sell their shares for at least a year after its IPO, while other stakeholders including private equity group Permira will be locked in for 180 days.

Some investors worry about a share overhang, when you know there is likely to be a large swathe of pre-IPO investors getting out as soon as restrictions are lifted.

If the business is doing well, these shares will easily be mopped up by others. Big blocks of shares tend to be sold to one or more institutional investors via a share placing so you won't have a slow and painful trickle of stock being dumped on the market.



By **Daniel Coatsworth** Editor

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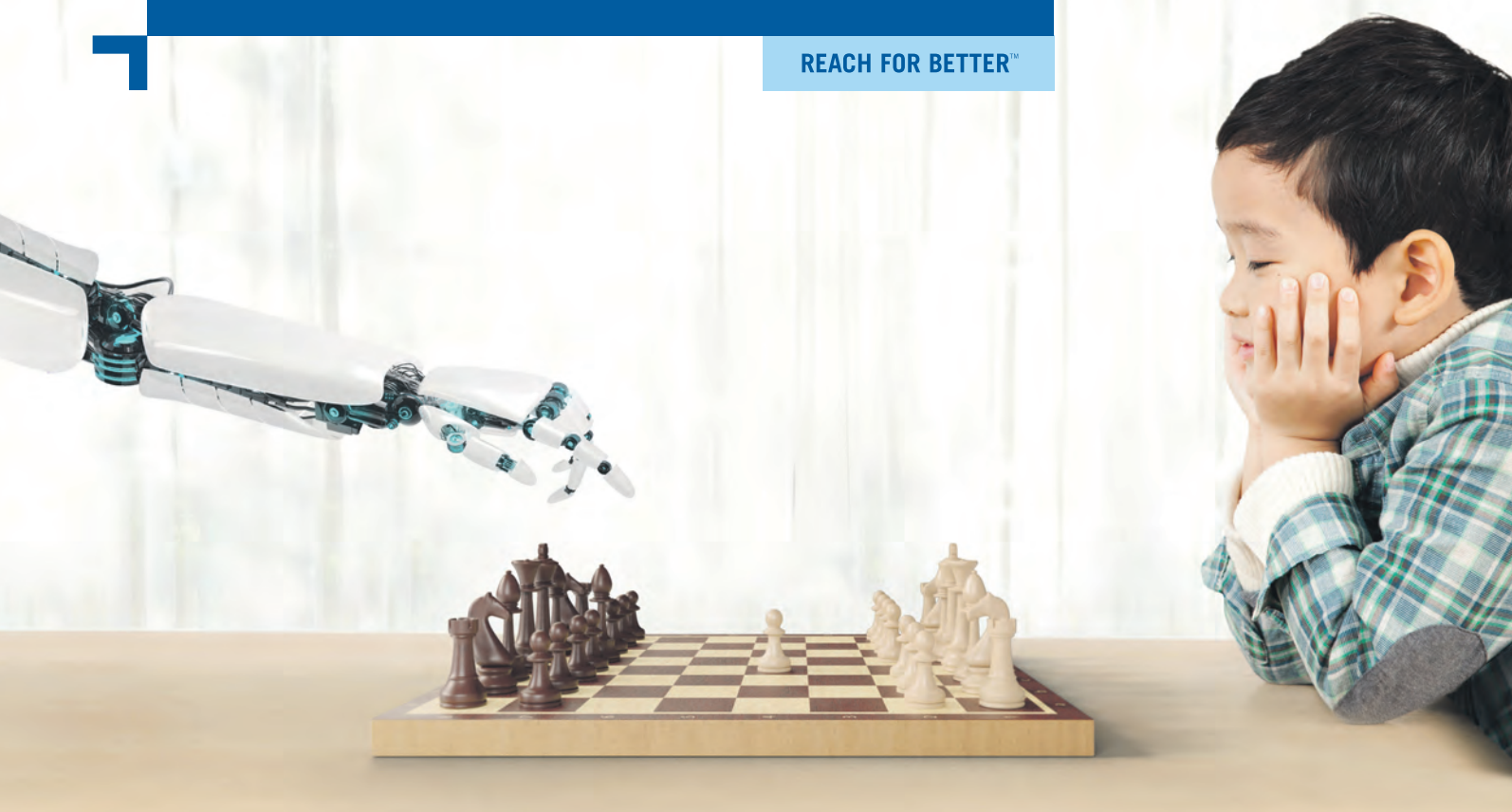
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# AstraZeneca's share price movement leaves investors confused



The stock was sold down when AstraZeneca was full of good news and now it is rising on bad news

**S**hares in pharmaceutical giant **AstraZeneca (AZN)** are behaving in a way which may confuse investors. Its share price has been in a falling trend since last summer despite being one of the first companies to develop a successful Covid vaccine, and therefore playing a crucial role in helping to reopen the world economy.

To confuse matters further, more recently its share price has started to pick up just at the point where several countries around the world have suspended the rollout of its Covid vaccine due to concerns about blood clots. In this situation, one might have thought negative headlines around the world would have been bad for its share price.

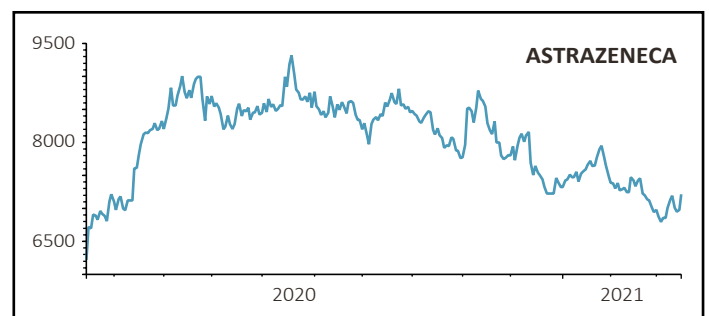
A 3.5% rise in its shares on 16 March can be explained by comment from investment bank Jefferies which said AstraZeneca's 'impressive revenue and profit trajectory is compelling', lifting its rating to buy from hold.

But how do you explain the fact the share price has fallen by 25% since peaking at £93.20 in July 2020? At the same time, 2022 earnings per share expectations have risen by 4.5% according to data provider Refinitiv.

It's unlikely that the suspension of its vaccine rollout announced by 12 countries has influenced share price weakness because the company has confirmed it doesn't expect to make a profit from selling the vaccine, at least during the first phase.

A case can be made that AstraZeneca's strong performance over the last couple of years had pushed the valuation premium against global peers to an unsustainable level. A period of consolidation was likely.

For example, in July 2020 the shares traded at a 40% valuation premium to global peers and an 80% premium to UK peer **GlaxoSmithKline (GSK)**.



Only two analysts out of 28 that cover the stock have a sell rating on the shares compared with 23 buy recommendations, indicating that AstraZeneca's superior growth may already be reflected in the price.

Investors and analysts seemed unconvinced about the company's \$39 billion deal to buy US rare diseases firm Alexion in December. There were questions about the rationale for buying growth when the company already boasted sector leading organic growth.

Both the UK Medicines and Healthcare Products Regulatory Agency and the World Health Organisation insist there is no evidence supporting claims that AstraZeneca's Covid vaccine causes blood clots.

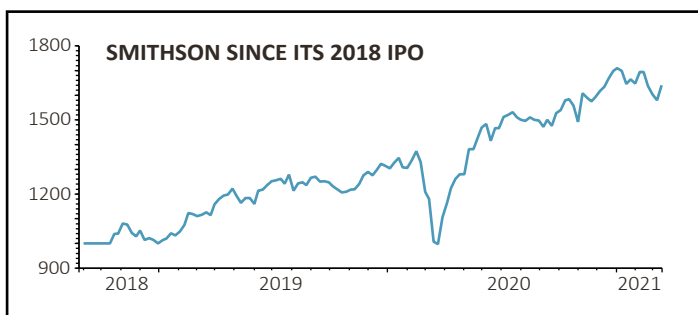
The European Medicines Agency executive director Emer Cooke concurred, saying the agency remains 'firmly convinced' that the benefits of the AstraZeneca vaccine outweigh the risk of side-effects.

However, Shore Capital analyst Adam Barker highlighted the crux of the issue, observing that 'public trust in the vaccines is critical, and so if governments are being perceived as ignoring possible risks associated with vaccination, then uptake could fall and the pandemic could rage on longer than necessary.' [MG]

# Smithson dampens expectations for superior performance hat-trick

Manager Simon Barnard cautions against expecting a third year of 'spectacular' gains following success in 2019 and 2020

**F**TSE 250 investment trust **Smithson (SSON)** has posted a second year of exceptional performance, with a net asset value total return per share of 31.4% for 2020 compared with a 12.2% return for the MSCI World SMID index, the fund's benchmark.



This follows an NAV total return per share of 33.2% in 2019 compared with a return of 21.9% for the benchmark.

Smithson – which is an acronym of small and mid-cap investments that have superior operating numbers – follows the same focused strategy as its sister fund **Fundsmith Equity (B41YBW7)**, buying high-quality stocks with sustainably high returns, at attractive prices, and sitting on them.

The portfolio contains 31 stocks, about half of which are listed in US while the UK accounts for 20%, Australia 7% and other holdings are spread across various markets including Switzerland, Denmark and Germany.

To illustrate this high-conviction approach, the trust made just three new investments last year and one divestment, while outperformance from a few of its holdings necessitated profit taking to reduce their weightings.

Portfolio manager Simon Barnard was keen to play down expectations, saying 2020's large outperformance was 'clearly driven by highly

unusual events and so it is not something we would expect to occur very often'.

The extreme volatility in share prices last year meant the trust was able to add to existing positions such as Cognex and VeriSign, as well as buy new ones such as Fortinet, Qualys and Rational at very attractive prices.

On the other hand, slowing growth at Check Point Software – a close rival to Fortinet, which has been growing its revenues by more than 20% per year – led to a decision to sell the stock to fund new purchases.

The trust has a strong bias towards technology, with a 44% weighting in the sector at the end of last year, more than double the second highest weighting of 20% in industrial stocks. Since the end of the year, the weighting in tech stocks has crept up further to 45.6%.

Although Smithson shares moved higher on the publication of the results (16 Mar), since the start of this year the trust has lost just over 4% while the MSCI World SMID sterling index has gained 8.3%, according to FE Fundinfo.

The index has a 17% weighting in industrial stocks, which have done well this year, and a 15% weighting in technology – a third of Smithson's weighting – which has done less well as investors have rotated into value stocks.

The manager is probably right when he suggests shareholders shouldn't expect another year of such spectacular gains, but for those who believe in the long-term appeal of growth investing any period of underperformance should be used to add to holdings in Smithson. [IC]

**DISCLAIMER: Editor Daniel Coatsworth owns shares in Smithson Investment Trust and has a personal investment in Fundsmith Equity**



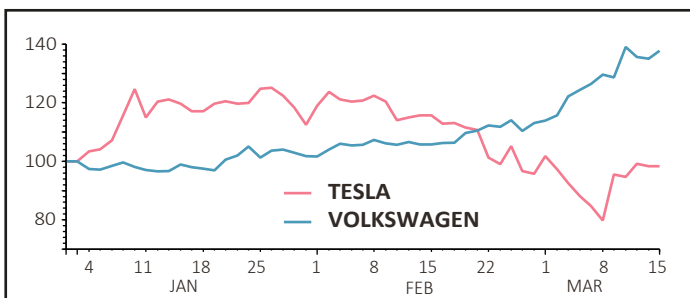
# VW charges up for electric vehicle push

German auto maker has grand plans for global EV market

**I**n August 2020 we [flagged](#) German auto maker Volkswagen as a value play at €139, since when the stock has gained more than 40%.

Its shares have been particularly strong this year as the firm rolls out its electric vehicle strategy, culminating in this week's 'Power Day'.

In contrast, electric vehicle specialist Tesla has had a torrid time this year with shares tumbling from \$900 in January to a 2021 low of \$563.



VW has grand plans for a big electric vehicle push. As well as reducing the cost of ownership in the space it is investing heavily in new battery technology to improve range and in new charging networks to improve ease of use.

The company aims to reduce battery prices to below €100 per kilowatt hour through a combination of advanced cell design and lower manufacturing costs, all while using green energy.



Beginning with a €14 billion investment in Sweden with partner Northvolt, VW aims to have six gigafactories in Europe by 2030 with a combined capacity of 240 gigawatt hour.

More significantly, VW has partnered with **BP (BP.)**, Spanish utility Iberdrola – a world leader in green energy – and Italian utility ENEL to install 18,000 new high-power charging stations across Europe.

The current lack of infrastructure is seen as a key reason for the slow mass adoption of electric vehicles. By working jointly to create a network of renewable-powered rapid-charging stations, each company gets closer to its net-zero goals to boot.

However, VW has even grander plans. All of its electric vehicles come with a home-charging station called Elli. When parked and connected to the Elli Cloud, a VW ID.3 becomes a 'mobile power bank' capable of feeding power back to the house for up to five days.

Using intelligent management systems, energy could be transferred to the vehicle during off-peak hours and transferred back to house when needed.

Not only would this save wasting renewable electricity – last year Germany wasted 6,000 gigawatt hours of renewable energy due to lack of storage – when rolled out to commercial and industrial customers it could drastically reduce the cost of expanding transmission networks. [IC]



# Signs that the iron ore rally could be over

A crackdown in China triggers a fall in iron ore as analysts suggest caution, with Anglo American directors taking the chance to sell shares

**S**igns are starting to emerge that the rally in iron ore prices may have peaked.

The price of iron ore, a key ingredient in steelmaking and a bellwether metal for the health of the global economy, has surged in the past year. This has been driven by soaring demand from China – the world's largest iron ore consumer – and as optimism grows over a big global economic recovery.

But after breaking the \$170 per tonne barrier this month, prices in the past week have slipped back 5% to \$165 per tonne, the trigger being a crackdown in China on excess capacity in the country's vast steelmaking industry and policy measures to clean up pollution from the sector, which reportedly accounts for 15% of all the country's emissions.

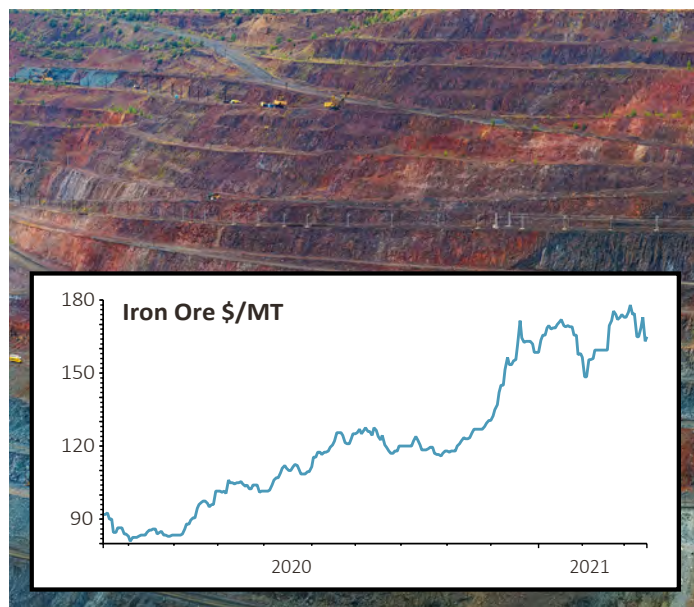
Chinese demand is still expected to remain strong, despite government officials calling for a fall in the country's output this year, and that combined with recovery in demand elsewhere as economies reopen should provide a layer of support for the majority of 2021.

Since the iron ore rally took off at the start of November, share prices of many big miners rallied with several reporting bumper earnings.

However, analysts suggest exercising caution on iron ore at current levels, with many seeing prices falling back to around \$100 per tonne by the end of the year.

## PRICES 'OVER-EXTENDED'

Liberum analyst Ben Davis says a bull factor for iron ore could be a 'large, fully-funded infrastructure rebuild program for the US economy', but warns iron ore prices right now are 'over-extended' and 'abnormally high', with supply at mines across the world expected to ramp up in the second half of the year at a time when China's demand moderates.



This could explain why some directors at **Anglo American (AAL)** have taken the chance to sell shares, in another sign we may have reached peak iron ore.

After a dismal first half of 2020 as the pandemic hit, Anglo American's earnings in the second half hit \$6.5 billion, its best second-half performance in 10 years, as iron ore surged. In 2020 the commodity accounted for 47% of the group's underlying earnings.

That has led the firm's share price to move steadily higher in recent months to near all-time highs, having crossed the £30 mark for the first time in almost a decade.

Didier Charreton, Anglo's director of people and organisation, sold 87,218 shares at £29.28 each in a deal worth £2.6 million, while Bruce Cleaver, chief executive officer of the firm's De Beers diamond arm, sold 25,000 shares at £28.85 each in a transaction totaling £721,250.

That came after Ruben Fernandes, CEO of its base metals division, sold 22,179 shares at £28.59 each in a deal worth over £634,000. [YF]



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# **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](https://www.keystonepositivechange.com)**

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



*Actual Investors*

# This income fund is a best-in-class stock picker

Liontrust Global Dividend has a superb track record and has its finger on the pulse of corporate change

**I**nvestors looking for good ways to earn an income from the market and hopefully see the value of their investment rise should put their money in **Liontrust Global Dividend (B91RFZ2)**.

A 2.2% yield is attractive relative to returns you can get from cash in the bank. While there are other funds yielding more than twice that level, the Liontrust product should be viewed from a total return perspective which is income and capital gains.

On that basis, its performance has been very good, achieving a top quartile ranking for the past one, three and five years, according to FE Fundinfo. In the past five years it has returned 88.2% versus 60.5% from the Unit Trust Global Equity Income sector. The fund also has a five-star rating from Morningstar.

## FUND STRATEGY

Liontrust Global Dividend offers exposure to a carefully selected group of best-in-class companies set to extend their market leadership positions as economies recover from the pandemic.

The investment philosophy at the heart of the fund posits that innovation and disruption will be the most important drivers of stocks going forward.

## LIONTRUST GLOBAL DIVIDEND FUND

**BUY**  
(B91RFZ2)



## WHICH VERSION DO I BUY?

Investors looking to collect dividend payments in cash should buy the 'Inc' version of the fund, which has the code B91RFZ2. The alternative is to buy the 'Acc' version – the code is B9225P6 – which essentially reinvests dividends for you. The fund's ongoing charge is 0.9%.

Co-manager Storm Uru argues that a focus on both dividend and capital growth delivers a superior level of income and total return than chasing yield alone.

'We are finding value across a number of names which we just haven't seen for many, many years,' says Uru.

## BEST IDEAS PORTFOLIO

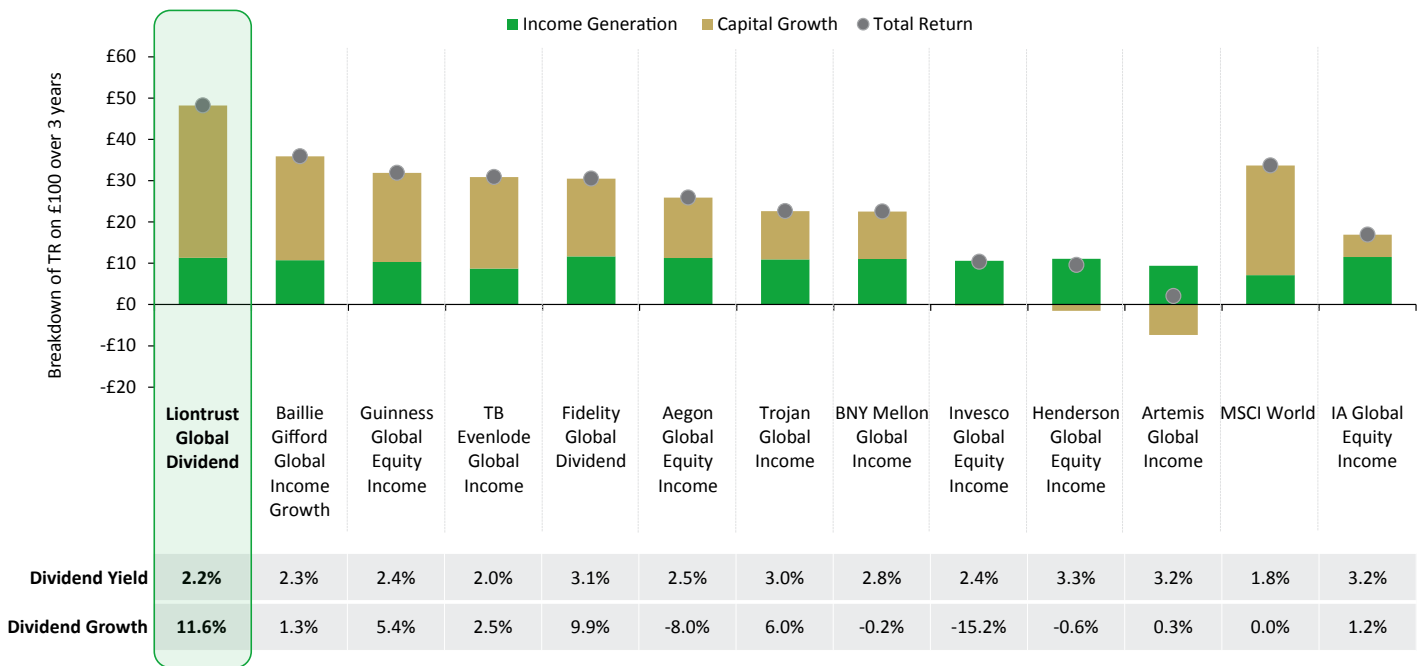
Liontrust Global Dividend is a concentrated portfolio of between 30 and 40 companies,

42 at last count. It focuses on market leaders, meaning the fund has a bias towards mega cap and large cap stocks.

The portfolio has a high active share, which means it looks very different to the benchmark, and is also reassuringly diversified in terms of industry sector and geography.

With the global economy becoming ever more innovative and disruptive, the adoption of major new products is speeding up, which in turn is leading to faster corporate destruction. Companies are fading away faster than ever before; in fact, the average lifespan of an S&P 500 company has fallen from 60 years in 1960 to 20 years today.

This demonstrates why it is so important to invest in corporate innovators that futureproof their businesses by spending significant percentages of turnover on research and development and deliver higher share price returns as a result.



Source: Liontrust, Morningstar, as at 31.01.21, primary share class, C Income GBP, total return (net of fees, interest/income reinvested) versus comparator benchmarks and peers

## READY TO ROAR

There are two types of innovators in Liontrust Global Dividend – ‘Global Disruptors’ and ‘Global Leaders’.

As of 26 February 2021, the top 10 included the likes of acquisitive, Toronto-listed Constellation Software, ‘one of the most amazing compounding investments that’s been around in the markets’ according to Uru.

The portfolio’s largest positions also feature technology group Microsoft, investment bank JPMorgan Chase and Estee Lauder, the cosmetics maker proving adept at selling direct to consumer.

Other holdings include healthcare provider UnitedHealth; Costco, the membership-only retail chain which has grown its dividend by 20% a year over the last five years and started paying special dividends; as well as innovative Spanish travel technology company Amadeus.

Recent additions to Liontrust

## Top 10 holdings

Company	%
Constellation Software	3.8
Microsoft	3.5
Visa	3.4
Automatic Data Processing	3.3
Alphabet	3.3
Estee Lauder	3.3
United Health	3.2
Costco Wholesale	3.2
Roper Technologies	3.1
American Tower	3.1

Source: Liontrust

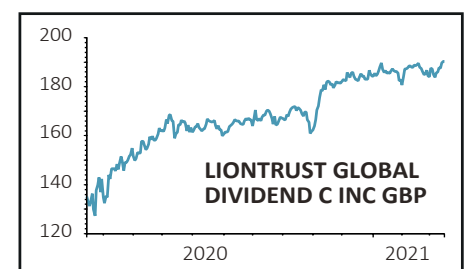
Global Dividend include electronic marketplace operator Tradeweb and aircraft maker Boeing. ‘We look for idiosyncratic events and we look to make investments in these companies that are going through temporary strife,’ says Uru of Boeing, which had \$26 billion cash on its balance sheet at last count. ‘That is a huge amount of cash for a rainy day,’ he adds.

According to the fund

manager, Boeing has ‘no problems with liquidity, which was a major concern, and there’s going to be a lot of value unlocked over the next three to five years.’

As of 31 December 2020, Liontrust Global Dividend had dividend cover of 2.1 times, comfortably ahead of competitor funds and the IA Global Equity Income sector average of 1.4.

‘Most of the companies (in the portfolio) are net cash or capital light,’ explains Uru, ‘so they don’t require a lot of capital intensity to grow, have very strong barriers to entry and are investing a lot in R&D. What we find is that cash drops to the bottom line and they return it to us via payouts.’ [JC]





# Built to stand the test of time



## FIDELITY EUROPEAN TRUST PLC

**This investment trust is built on companies with well-formed, long-standing foundations.**

Europe is home to the world's largest economy and some of the strongest, most stable and resilient companies. These global household names are famed for standing the test of time, even through periods of economic uncertainty.

### PAST PERFORMANCE

	Jan 16 – Jan 17	Jan 17 – Jan 18	Jan 18 – Jan 19	Jan 19 – Jan 20	Jan 20 – Jan 21
<b>Net Asset Value</b>	<b>19.2%</b>	<b>20.4%</b>	<b>-2.0%</b>	<b>19.1%</b>	<b>8.0%</b>
<b>Share Price</b>	<b>15.4%</b>	<b>25.3%</b>	<b>-4.1%</b>	<b>22.8%</b>	<b>11.3%</b>
<b>FTSE World Europe ex-UK Total Return Index</b>	<b>24.4%</b>	<b>18.2%</b>	<b>-7.8%</b>	<b>15.0%</b>	<b>7.9%</b>

Past performance is not a reliable indicator of future returns.

Source: Morningstar as at 31.01.2021, bid-bid, net income reinvested.

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Using Fidelity's extensive research team, portfolio manager Sam Morse aims to select well-established European companies with proven business models, attractive valuations and the ability to grow dividends both now and in the future. It's these classic giants with market-beating potential that have helped the investment trust outperform the index over the long term.

Past performance is not a reliable indicator of future returns.

The value of investments can go down as well as up and you may not get back the amount you invested. Overseas investments are subject to currency fluctuations. The shares in the investment trust are listed on the London Stock Exchange and their price is affected by supply and demand. The investment trust can gain additional exposure to the market, known as gearing, potentially increasing volatility.

To find out more, scan the QR code, visit [fidelity.co.uk/europe](https://fidelity.co.uk/europe) or speak to your adviser.



# Secure Income REIT is a reopening play and inflation hedge all in one

Buy the property investor for inflation-linked income and a recovery in valuations as restrictions are loosened

**A**re you looking for investments to play a reopening of the economy while also hedging any accompanying inflation? You should buy **Secure Income REIT (SIR:AIM)**.

Managed by a team of veteran investors and on the stock market for nearly seven years during which it consistently traded at a premium to net asset value until the pandemic hit, the trust suffered as the crisis unfolded to surrender its valuation advantage.

While the shares have subsequently recovered some ground, they still trade at a sizeable discount to NAV of 11% when most other property vehicles similarly focused on long-leased, inflation-linked income trade at a premium. Secure Income REIT also offers a generous yield of 4.5% having continued to pay dividends through the coronavirus crisis thanks to a strong balance sheet.

The reason it has slipped behind the pack is a material exposure to the hotel and leisure sectors. It owns 123 Travelodge sites, where it faced a company voluntary arrangement in 2020 which hit its rental income. Another key tenant, theme

## SECURE INCOME REIT



**BUY**  
(SIR:AIM) 335p

Market cap: **£1.09 billion**

park operator Merlin Entertainments, has seen its sites close due to Covid.

The REIT's other main assets are a portfolio of private hospitals operated by Australian firm Ramsay Health Care, and it also owns some pubs and the Warwick Castle attraction.

The good news on its Merlin and Travelodge holdings is they are primed to benefit from a reopening of the economy. Mike Brown, the CEO of Secure Income's investment adviser Prestbury Investment Partners, says budget hotels tend to do well in the early stages of a recovery.

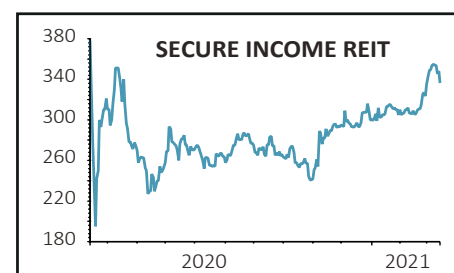
Travelodge is frequented by white collar workers, including those in the construction sector which continues to be very active, though it also caters for blue collar industries like sales which might take longer to recover.

Numis comments: 'The shares remain the most obvious vaccine, Covid recovery play in our coverage space.'

It adds: 'It is hard to argue with management's historically strong return track record and summary of their business model which comprises £1.95 billion gross property assets, £1.2 billion net assets, £192 million uncommitted and unfettered cash, structurally protected non-recourse debt, and very long leases on key operating assets in defensive sectors and which are difficult to replicate.'

The main risks include a deterioration in the situation with the pandemic which means restrictions are in place for longer and/or further interruptions to rental income.

The management team are aligned with investors owning more than 12% of the shares and should a discount on the shares persist then they have indicated all options for addressing it would be considered including liquidating the assets and returning cash to shareholders. [TS]





# NUTRITION: INVESTING IN THE FUTURE OF FOOD



**PICTET**  
Asset Management



The Pictet-Nutrition fund invests in companies that are developing solutions to help secure the world's future food supply.

These solutions include:

1. **Farming:** Innovations to improve productivity in farming.
2. **Transformation and distribution:** Increase efficiency in food transportation and processing.
3. **Food:** Maximise the nutritional content of the food we eat.

## Food for thought

The Pictet-Nutrition fund takes a wholly positive approach, aiming to benefit from solutions, not problems – we do not invest in commodities or speculate in shortages in food. Rather, we focus on companies involved in helping to secure the world's future food supply and that therefore represent sustainable long-term opportunities for investors.



Pictet-Nutrition is a compartment of the Luxembourg SICAV Pictet. The latest version of the fund's prospectus, KIID (Key Investor Information Document), regulations, annual and semi-annual reports are available free of charge on [assetmanagement.pictet](https://assetmanagement.pictet) or at the fund's management company, Pictet Asset Management (Europe) S.A., 15, avenue J. F. Kennedy, L-1855 Luxembourg. Before making any investment decision, these documents must be read and potential investors are recommended to ascertain if this investment is suitable for them in light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional. Any investment incurs risks, including the risk of capital loss. All risk factors are detailed in the prospectus.

## BURBERRY

(BRBY) £21.29

**Gain to date: 30.3%**

**Original entry point:**

**Buy at £16.34, 19 Nov 2020**

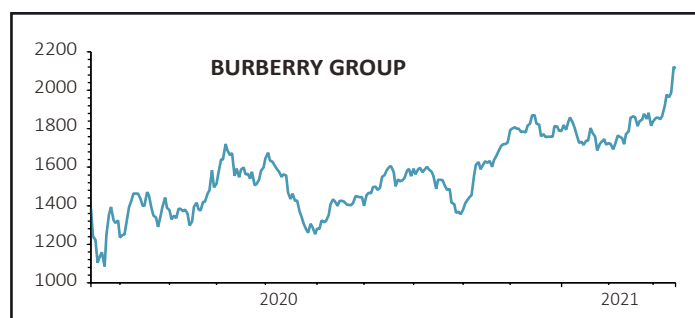
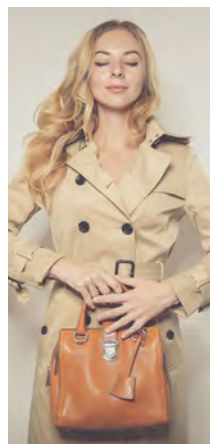
OUR POSITIVE STANCE on luxury goods firm **Burberry (BRBY)** is paying off, with the shares getting a nice boost after the group said trading is ahead of expectations.

We felt the gradual reopening of the economy would be a useful catalyst for Burberry and that has undoubtedly proved the case, with fourth quarter like-for-like retail sales expected to be 'in the range of 28% to 32% higher than the same period last year'. Annual sales and adjusted operating profit will come in ahead of forecasts.

This is impressive considering the company is just at the start of a multi-phase bounce back. The company is yet to see one of its key demographics – free-spending Asian customers visiting other countries – come back thanks to travel restrictions.

This, plus a potential new 'roaring twenties' style boom as wealthy people splash their cash, gives us confidence that there is more upside on offer.

Our view chimes with that of fund manager Nick Train who, in recent commentary on his **Finsbury Growth & Income (FGIT)** investment trust, noted: 'Burberry still looks like an excellent way to participate in wealth creation and recovery in consumer spend, especially in Asia.'



**SHARES SAYS: ↗**

**Burberry's recovery has further to go, keep buying. [TS]**

## IP GROUP

(IPO) 122.6p

**Gain to date: 47.7%**

**Original entry point:**

**Buy at 83p, 15 October 2020**

DEVELOPER OF intellectual property-based ventures **IP Group (IPO)** is trading at its highest level since 2018, rewarding our positive call on the stock in October 2020.

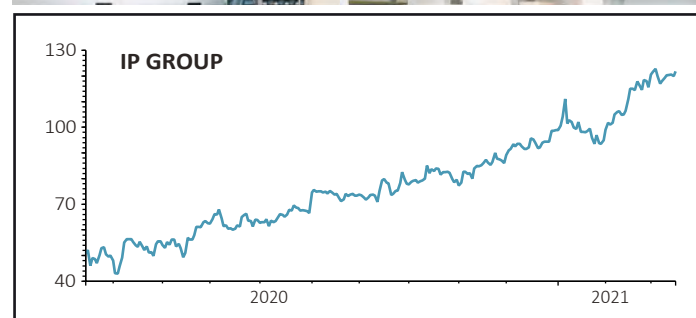
The latest run for the shares followed a strong set of full-year results (10 Mar). The company even unveiled a maiden dividend after swinging to an annual profit as portfolio gains boosted net asset value.

Jefferies notes IP Group's 15% stake in its main holding, biotech Oxford Nanopore, is being valued 'well short' of the investment bank's estimated \$5.4 billion valuation for the company.

IP Group's net assets increased 16% to £1.3 billion or 125.3p per share during 2020 and it saw record cash realisations of £191 million from its investments.

The company is to seek approval to undertake share buybacks should the shares trade below net asset value per share.

Numis analyst Stefan Hamill commented: 'Two new unicorns emerged in the portfolio, **Ceres Power (CWR:AIM)** and Hinge Health, validating IP Group's ability to identify and build winners beyond Oxford Nanopore.'



**SHARES SAYS: ↗**

**Still a buy. [TS]**

## TIME FOR VALUE?

Temple Bar Investment Trust Plc is a well-established investment company, with a new portfolio management team at the helm. RWC's UK Equity Income team, was appointed to manage the trust in November 2020. Led by Nick Purves and Ian Lance, the team employs a disciplined, value-oriented investment approach.

Value investing has a very long history of outperformance, but it has struggled in the growth-dominated markets of the last decade. Recent market behaviour suggests this may be beginning to change.

The Temple Bar Investment Trust is well placed to benefit should this rotation into UK value stocks continue.

For further information, please visit [templebarinvestments.co.uk](https://templebarinvestments.co.uk)



"In my 30-year career as a fund manager, there have been two occasions in which a market dislocation has created an opportunity for investors to potentially make very attractive, outsized returns. The 2000 dotcom boom, and in 2009 following the global financial crisis. I believe we are now witnessing a third."

Ian Lance, Portfolio Manager

No investment strategy or risk management technique can guarantee returns or eliminate risks in any market environment. Investments can go up and down in value and you may not get back the full amount invested. RWC Asset Management LLP is the appointed portfolio manager to the Temple Bar Investment Trust Plc and this is issued by RWC Partners Limited. Both firms are authorised and regulated by the Financial Conduct Authority.



# Now is a good time to take a stake in Tesla

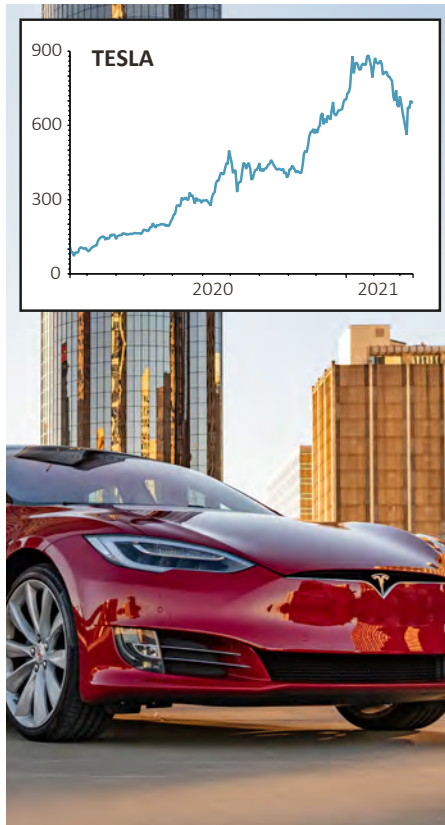
Recent volatility hasn't changed the dynamics of a great growth business

**S**hares in Tesla put in a storming recovery rally last week, getting back to almost \$700 after investors had a February to forget. Since 8 March the stock has ripped 23% higher, adding more than \$125 billion to the electric car maker's market value. That's the equivalent of mining group **BHP's (BHP)** market cap, the UK's most valuable company.

Over the past week (at time of writing) it was the most bought stock on the AJ Bell Youinvest platform, beating so-called meme stocks like GameStop and **Argo Blockchain (ARB)** and significantly more popular than any FTSE 100 stock.

The bounce was a reaction to the sharp sell-off that had mauled all growth stocks in recent weeks as investors mulled the possible impact of inflation on future corporate cash flows. But those willing to look past the market's capricious mood will find that nothing has really changed for Tesla.

The short-term valuation is still eye-popping. The company is trading on nearly 14-times the \$48 billion-odd revenue expected for 2021 and a price to earnings multiple of 155 that makes the metric almost meaningless. Investors that have previously viewed Tesla's investment credentials through a negative lens are unlikely to have changed their view in



recent weeks.

Yet Tesla optimists will rightly say that Tesla's rapid growth trajectory demands a pricey valuation. For example, the company believes deliveries will increase from about 500,000 last year to more than 750,000 in 2021, driving revenue growth of 50% this year, and more than 30% higher in 2022 (to an estimated \$63 billion).

Electric car adoption may be slow going right now but it will gather pace as price, range anxiety and other frequent objections put forward by consumers are worked out. This should mean hitting a popularity

tipping point when most new vehicle buyers will want electric, and that's presumably when Tesla will be able to really leverage its huge technological and time advantage.

Then there's the battery and energy storage opportunity (including Tesla's Powerwall battery for domestic settings, for example) that Elon Musk (and many analysts) believe may end up being Tesla's biggest markets, with revenue that eclipses those of its cars. This is an opportunity that is often overlooked by retail investors.

Judging the company or its valuation on a 12 or 24-month view is missing the point. It's the next decade or two that matter, and *Shares* believes that investors willing to take that longer-term view will be massively rewarded in time. While Tesla stock is certainly not cheap at this level, this could be a good time for investors willing to hold shares for years to initiate a small position in this growth stock.

**AJ Bell referenced in this article is the owner and publisher of *Shares* magazine. The author (Steven Frazer) and editor (Tom Sieber) own shares in AJ Bell.**



By **Steven Frazer**  
News Editor

# 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.

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DISCOVER AGT AT [WWW.AVIGLOBAL.CO.UK](http://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.



# Hacking attacks could see surge in cyber insurance claims

The insurance industry is braced for a potential black swan event

**W**hile 2021 has seen investors put Covid in the rear-view

mirror, a new threat to businesses has emerged which has put the insurance industry on guard in case it causes a wave of new claims.

At the start of March, US software giant Microsoft revealed there were 'vulnerabilities' in its Exchange Server mail and calendar software used by corporate and government data centres.

More worrying, the firm admitted the vulnerabilities went back at least a decade and had been exploited since the start of 2021 by Chinese hackers using new techniques to infiltrate US companies.

The seriousness of the breach can't be overstated as Exchange is used by hundreds of thousands of firms and public bodies around the world.

The attack will likely cause a stampede of spending on security software and a more widespread adoption of cloud-based email, probably to the advantage of Microsoft's arch-rival AWS.

Experts believe more than 500 email servers in the UK may have been compromised, including those of financial companies, and are warning there could be a second wave involving mass



ransomware attacks.

A group of hackers recently breached a huge database of security footage collected by Silicon Valley start-up Verdaka and gained access to live feeds of 150,000 surveillance cameras inside businesses, hospitals, police buildings, prisons and schools.

Video was aired of the inside of a Tesla warehouse in Shanghai showing workers on an assembly line, one of 222 Tesla camera feeds the hackers claimed to have accessed.

The same group previously claimed credit for hacking US chipmaker Intel and Japanese car maker Nissan, 'fighting for freedom of information and against intellectual property'.

While the hacks are likely to drive an uptick in business for cyber security firms, the insurance industry in contrast is worried about the potential costs

given it has made a big push in recent years into cyber cover.

Having lost its battle with the UK regulator over business interruption insurance, which has resulted in hundreds of millions of losses for the industry, there are now fears that cyber cover is the next 'black swan' event with potentially severe consequences.

Customers who have taken out cover, only to find that their IP has been broadcast to the world, will understandably be dusting off their policies and making sure that the insurers can't argue their way out of paying up for insurance taken out in quieter times.

**Hiscox (HSX)** and **Direct Line (DLG)** are among the UK-quoted insurers providing cyber cover.



By **Ian Conway**  
Senior Reporter



# Strong earnings from the gold sector?

Speak to our experts today and explore the latest developments in the precious and speciality metals sectors, from a team who understands them.

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Click below to discover our funds or arrange a call with our team of experts today

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# Why supermarkets won't be shaking over Amazon Fresh

The online shopping giant's first checkout-free grocery store has arrived in the UK

Online shopping leviathan Amazon launched its first physical store and first grocery store outside of the US in Ealing, West London on 4 March 2021. Sized at 2,500 square feet, the store is branded Amazon Fresh, but it uses the 'Just Walk Out' technology seen in Amazon Go stores across the pond.

Overhead cameras, weight sensors and deep learning technology detect the merchandise shoppers take from or return to shelves and track the items selected in a virtual cart. The system automatically debits customers' Amazon accounts when they exit the store and sends a receipt to the Amazon mobile app.

Though the arrival of Amazon Fresh could have seismic implications over the long haul, *Shares* believes the incumbent supermarkets will be keeping close tabs on Amazon's first UK checkout-free grocery store rather than quaking in their boots, at least for the time being.

Amazon has been slowly building its online service in the UK through a collaboration with **Morrisons (MRW)** and its investment in the rapid delivery channel through Deliveroo, though the launch of a new 'by Amazon' private label at Ealing and a further tranche of 25 to 30 Amazon Fresh outlets to follow do showcase serious ambitions.



## LIMITED IMMEDIATE IMPACT

Nevertheless, the direct impact on UK supermarkets is likely to be minimal in the medium term. Building meaningful market share in grocery is a long-term game and even in the US, Amazon has only established 33 physical grocery stores (excluding Whole Foods) and 'the ripples from them have been slight', to quote Coresight Research CEO and founder Deborah Weinswig.

UK supermarket shareholders may be excited by the view of Shore Capital, which says 'the significance of this move to us is that if it works, it will be another step in Amazon eventually taking a major place in the British supermarket industry through an acquisition'.

Amazon's eventual quarry 'may be many from **Tesco (TSCO)** to Booth's, the latter of which also trades with Amazon, albeit the strongest commercial

relations if current game-theory is applied would lead one to suggest Morrisons', says the broker; Morrisons already has a partnership with Amazon and is a supplier to the newly opened Amazon Fresh.

For British supermarkets, 'the thought of Amazon opening a store and building a presence in the UK is nothing new and the stock market has had time to digest such a situation,' commented Shore Capital on Amazon Fresh launch day (4 March). 'Come the day that Amazon makes a more defined strategic move, however, the waves maybe greater as we see it as the key additional player over the next few years, noting that it is not an entry price discount player.'



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

# AT THE HEART OF THE CUTTING EDGE

## Allianz Technology Trust PLC

Technology has changed the world. But to keep your finger on the pulse, we believe it helps to be close at hand. The award-winning Allianz Technology Trust offers the seasoned, long-term investor access to the complex, fast-moving world of technology, with the reassurance that investment decisions are made by an experienced manager and team based in San Francisco. That puts them on the doorstep of Silicon Valley, where many of the world's key technology companies are headquartered. The team takes full advantage of its location, capitalising on the research resources of Allianz Global Investors to seek out major trends ahead of the crowd, and enjoying close and regular contact with the tech companies we identify as having the potential for long-term growth. So if you've taken appropriate advice and are wondering what technology could do for your portfolio, visit us online to find out more.

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**Allianz**   
Global Investors



# Investors flock to value ETFs as performance soars

Value ETFs have pulled in record money this year

**E**xchange-traded funds (ETFs) focused on value stocks have boomed in popularity since the value rally began in November 2020, with the performance of many soaring in that timeframe.

According to Bloomberg, in the US value ETFs have already taken in \$20 billion so far this year, which is already close to an annual record, and in the first week of March reportedly took in over \$5 billion.

## VALUE RALLY

Investors are being drawn to more beaten down stocks since the emergence of multiple Covid vaccines, as the likes of retailers, industrial firms and other cyclical stocks get set for potentially big growth in earnings compared to a low base last year as economies reopen and recover.

The rotation into value also to some degree reflects the spike in US government bond yields, a sign that markets are pricing in faster economic growth, higher inflation and the possibility of higher interest rates.

## TOP PERFORMER

One of the best performing ETFs since the start of November has been State Street's **SPDR MSCI USA Small Cap Value (USSC)**, which according to data from FE Fundinfo has returned 61.7% since the value rally began just four and a half months ago.



Value-themed ETFs: performance since 1 Nov 2020

ETF	Return
SPDR MSCI USA Small Cap Value Weighted	67.4%
SPDR MSCI Europe Small Cap Value Weighted	47.0%
iShares Euro Total Market Value Large	41.5%
iShares Edge MSCI USA Value Factor	40.0%
Xtrackers MSCI World Value	38.1%
iShares Edge MSCI Europe Value Factor	37.0%
Lyxor MSCI EMU Value	34.3%
UBS Factor MSCI USA Prime Value	34.0%
Invesco MSCI Europe Value	33.3%
iShares Edge MSCI EM Value Factor	30.3%
iShares Russell 1000 Value	30.0%
Ossiam Shiller Barclays Cape Europe Sector Value	26.2%
Lyxor SG Global Value Beta	25.6%
Ossiam Shiller Barclays Cape US Sector Value	24.7%

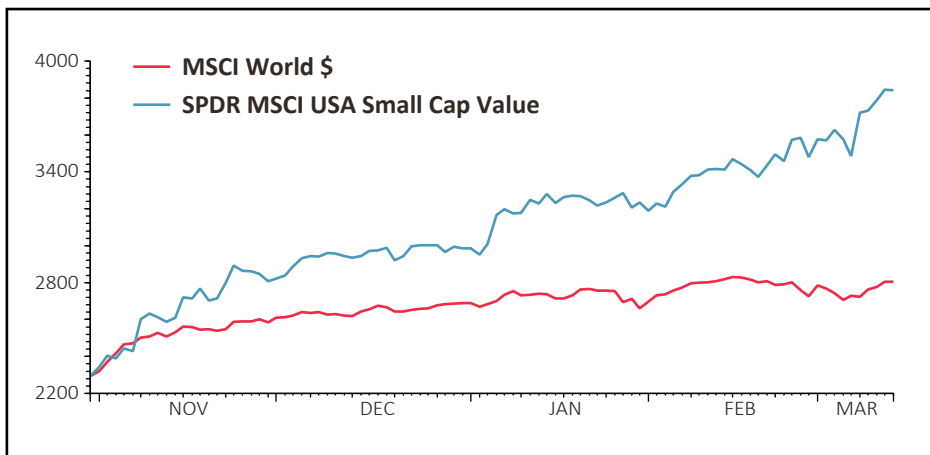
Source: FE Fundinfo, data taken 12 March 2021

Only 8.5% of the portfolio is in technology stocks, with over 50% in cyclicals (basic materials, consumer cyclicals,

financial services, real estate) and another 23.8% in energy and industrial stocks.

The performance will have





been helped by bricks and mortar video game retailer GameStop, the fourth largest holding in the ETF which is experiencing another big run and is still well over 10 times above the \$19 a share it was trading at before investors got together on the Reddit social media platform to target certain stocks and cause them to soar.

Other holdings to have done well include retail department store chains Kohl's and Macy's, both of which have seen their share prices more than double since the start of November.

Despite some investor negativity towards fossil fuel firms, Texas oil companies Marathon Oil, Diamondback Energy and HollyFrontier – another three of the ETF's top 10 holdings – have also seen their stock either double or treble in price since November.

## OIL-FIRED GAINS

The oil they produce, West Texas Intermediate (WTI) crude, has risen markedly, up from \$35.90 per barrel at the end of October to around \$65.74 a barrel today.

Small cap stocks, or at least by American standards, i.e. those with a market cap below \$2 billion, appear to be the

best performing value ETF category, with **SPDR MSCI Europe Small Cap Value (ZPRX)** the second best performer with a 46% return in four and a half months.

Though not considered small caps over here, the ETF contains four UK stocks in its top 10 holdings – **Centrica (CNA)**, **DS Smith (SMDS)**, **Marks & Spencer (MKS)** and **Royal Mail (RMG)** – all of which have rallied strongly since November, with Royal Mail shares gaining more 100%.

## OTHER ETF PRODUCTS

**Xtrackers MSCI World Value (XDEV)** and **iShares Edge MSCI Europe Value (IEVL)**, have also done well with returns of around 38%.

Stocks in these ETFs include the likes of previously out of favour US tech giants such as Intel, Micron and AT&T, and on the European front names like Siemens, Fiat and Peugeot carmaker Stellantis and **British American Tobacco (BATS)**.

## CAN THE VALUE RALLY CONTINUE?

One question which lingers is how far the value rally can go and whether or not these ETFs and the indices they track will

continue chalking up impressive returns. Despite the strong rally seen so far, the one year forward price-to-earnings ratio for SPDR MSCI USA Small Cap Value ETF is still relatively modest and stands at 15.5 times earnings, and an average price to book ratio of 1.6, while SPDR MSCI Europe Small Cap Value ETF has a forward PE of 15.1 times and a price to book of 1.1 times.

Eleanor Creagh, market strategist at Saxo Bank, is one of those who expects the rotation from 'Covid winners' to 'Covid losers' to continue.

She says consumers are ready to spend, adding that 'Covid fatigue has set in and the pent-up demand bounce back is kicking in, further fuelling the price pressures already creeping through the system.'

She adds, 'Disposable income has risen during the pandemic and we are looking at an aggressive demand bounce back accompanying vaccine rollout, intensified by Covid fatigue. In the US household spending expectations are at a four-year high against a backdrop of elevated savings.'

Creagh also points out that in Australia, where restrictions have been loosened much more than Europe and the US, better-than-expected fourth quarter GDP figures in 2020 were led by households spending savings built up from stimulus payments/lockdown and higher spending on discretionary items.



By **Yooosof Farah**  
Reporter

# Witan under pressure to improve performance

The global multi-manager trust had a disappointing 2020

**G**lobal multi-managed trust **Witan's (WTAN)** full-year results (11 March) revealed the investment trust returned less than half that of the benchmark during 2020, at 4.2% versus 9.5% respectively.

This lagging performance once again raises the question whether investors would be better off buying a low-cost global exchange-traded fund, especially as Witan's ongoing charge of 0.8% is higher than the AIC Global Sector's 0.5% average.

After all, Witan is supposed



to have a panel of some of the best stock pickers in the world and to provide access to these managers' best ideas. If it cannot beat the market, why pay extra for active management?

Over 10 years to 31 December 2020, the NAV total return is

156.1% versus a benchmark total return of 141.7%. That is positive, but it is worth noting that the MSCI All Country World index total return over this period is greater at 189.5%. 'Over five years, Witan ranks 172nd out of a peer group of 236 global

## SCOTTISH MORTGAGE INVESTMENT TRUST

**How long do we invest in companies that we believe are delivering progress?**

**Somewhere between five years and forever.**



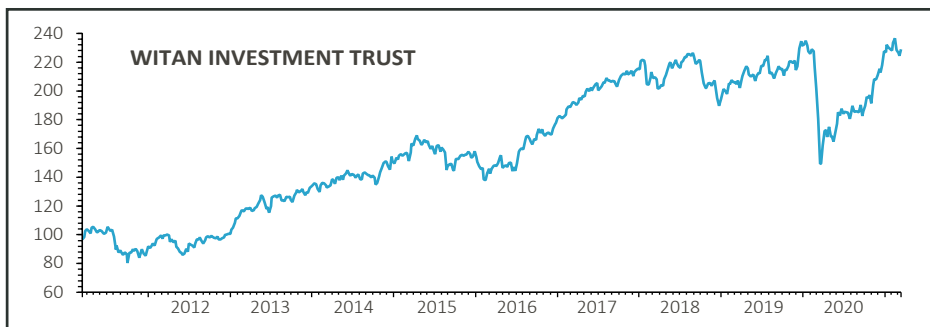
open and closed end funds,' says Investec analyst Alan Brierley.

The investment trust's benchmark is comprised of 15% UK (FTSE All Share index) and 85% global (FTSE All County World index).

Witan has paid the price for having relatively low exposure to the US market, something which has now changed as it plays catch-up. However, there is a risk it is chasing a market at the peak of its popularity. Furthermore, its decision to remove a value manager last June looks like poor timing given how the value investing style has been in vogue since November.

Overweight Asian exposure was positive for performance in the second half of 2020, while the year also proved a game of two halves for the direct fund holdings.

These underperformed following the outbreak of the



pandemic as discounts widened but by the end of the year, the direct holdings portfolio had outperformed Witan's benchmark, helped by the likes of **BlackRock World Mining Trust (BRWM)**.

At 226.5p, Witan trades at a 7.1% discount to the value of its underlying assets, wider than the 4% average in the 16-strong AIC Global sector. Research group Edison believes there is potential for the discount to narrow.

While the 2020 dividend was uncovered, the annual

shareholder reward rose by 1.9% to 5.45p, marking a 46th consecutive increase, more than double paid in 2010.

Despite the performance issues, Numis' investment trust team say there are reasons to remain positive on Witan. 'We believe that the shift towards a more global, stylistically neutral approach makes the fund a more attractive proposition.'



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

As actual investors we understand the importance of patience and looking to the long term. Because it takes time to change the world. And we seek out those innovative, growth companies aiming to achieve just that. This approach to investing, we believe, means **Scottish Mortgage** can also deliver exceptional returns for your portfolio over the long term. Over the last five years the **Scottish Mortgage Investment Trust** has delivered a total return of 351.7% compared to 96.8% for the sector\*. And **Scottish Mortgage** is low-cost with an ongoing charges figure of just 0.36%\*\*.

Standardised past performance to 31 December*	2016	2017	2018	2019	2020
<b>SCOTTISH MORTGAGE</b>	<b>16.5%</b>	<b>41.1%</b>	<b>4.6%</b>	<b>24.8%</b>	<b>110.5%</b>
<b>FTSE ALL-WORLD INDEX</b>	<b>29.6%</b>	<b>13.8%</b>	<b>-3.4%</b>	<b>22.3%</b>	<b>13.0%</b>

Past performance is not a guide to future 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 by watching our film at [scottishmortgageit.com](http://scottishmortgageit.com)

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



*Actual Investors*

\*Source: Morningstar, share price, total return in sterling as at 31.12.20. \*\*Ongoing charges as at 31.03.20 calculated in accordance with AIC recommendations. Details of other costs can be found in the Key Information Document. Your call may be recorded for training or monitoring purposes. Issued and approved by Baillie Gifford & Co Limited, whose registered address is at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Trust. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies and are not authorised and regulated by the Financial Conduct Authority.



# THE LAST FRONTIER: FINDING GROWTH IN SMALLER EMERGING MARKETS

## BLACKROCK FRONTIERS INVESTMENT TRUST PLC

*Smaller emerging markets have been left behind as investors have focused on a handful of high growth areas. As the crisis fades, investors are already starting to recognise that these areas may provide high growth at compelling valuations.*



**Emily Fletcher**

*Co-Manager, BlackRock Frontiers  
Investment Trust plc*

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After their lows in March and April 2020, stock markets have defied even the most gloomy economic statistics. However, scratch beneath the surface and it is clear that there is a polarisation: a handful of stocks have led markets higher, while a long tail of companies has been left behind. This has been pitched as a growth versus value debate, but in reality, companies showing compelling growth have also been neglected – and particularly those in frontier and smaller emerging markets.

The top-performing technology companies have had some tailwinds as economies have been forced to lock down. Businesses and individuals have been forced to embrace digitalisation, ecommerce and remote working, which has supported the earnings for these companies. As such, investors have understandably gravitated towards these giant companies in uncertain times. However, it has left some extraordinary valuation anomalies.

### DISPARITIES IN VALUATION

Salesforce.com has grown to be worth more than the entire stock market of Chile. Indonesia, with its 275m people, trades on valuation less than a third of Nvidia<sup>1</sup>. All the listed companies in Vietnam, \$262bn economy, are apparently worth the same as Netflix<sup>1</sup>. No-one would suggest that these are bad companies, the question is whether there should be these vast disparities in valuation.



This would be unusual in itself, but many of the economies on which we focus also display compelling growth characteristics. For the year ahead, we expect many to grow at 6-8% with economic indicators such as retail sales, purchasing managers' indices and balance of payments improving significantly over the past few months. We see earnings and cash flows for many of the companies in our portfolio growing at a steady 10-15% a year.

Yet investors have appeared disinterested and this has prompted some de-rating in the shares of many companies within frontier markets. Price to book ratios remain at a significant discount to their 10-year average<sup>1</sup>. Today, the valuation of the Indonesian markets sits at a 26% discount to its long-term average, while the Philippines sits at an 18% discount<sup>1</sup>. For Chile, it's 20%. In contrast, the S&P 500 sits at a 47% premium to its long-term average<sup>1</sup>.

### A SHIFT IN SENTIMENT

Why might this change? We certainly see a shifting attitude towards emerging markets. Emerging markets have caught up and surpassed developed markets since the lows of March and April 2020. To date, most of this growth has come from China, but we believe this should broaden out over time as confidence grows in the recovery and investors see the growth potential for many of these economies.

While developed markets are likely to see growth constrained by the higher debt burdens accumulated to deal with the virus, frontier markets haven't been able to raise debt, which is likely to leave them in a better position longer term. To our mind, this is likely to give them a resilience not matched by the world's major economies.

### CREATING OPPORTUNITY

It is also worth considering that at a time when environmental, social and governance considerations are increasingly on

the mind of investors, these economies house 3bn of the world's poorest people<sup>2</sup>. Equity capital is vitally important in helping these economies grow and develop, improving living standards and providing jobs. If investors are looking to do good with their capital, this seems a reasonable place to start, rather than directing money to areas where there is already abundant wealth.

At a time when the world is short of growth, bypassing these fast-growing markets is an oversight. Ultimately, once valuations become too extreme and the growth too compelling to ignore, we believe international investors will start looking once again.

**Risk:** Reference to the names of each company mentioned in this communication is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

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<sup>1</sup> Bloomberg, January 2021. <sup>2</sup> IMF WEO, October 2020

**For more information on this Trust and how to access the potential opportunities presented by frontier markets, please visit: [www.blackrock.com/uk/brfi](http://www.blackrock.com/uk/brfi)**

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# IPOS



**Why more  
people are  
queuing up  
to buy  
new stocks**



By **Tom Sieber** Deputy Editor

**T**he IPO market is humming again as the markets recover from the shock of Covid-19 with Deliveroo the latest big name set to join the London market.

In the US, shares in virtual gaming platform Roblox jumped more than 60% on its recent market debut (10 Mar), and other stocks have been soaring this year as the public get their first chance to buy stock.

Retail investors have lost out, however. They've generally had to wait until the stock starts trading on the market before buying, whereas institutional investors have been given an unfair advantage in being able to buy at the IPO price.

*Shares* has analysed all the London-listed IPOs – standing for initial public offering but often more accurately described as private

placings – from the start of 2018 to date and found that the average price went up by 12% on the first day of dealings before most retail investors had a chance to buy. Several stocks have 'popped' by an even greater amount.

Importantly, very few of these high flyers included the ability for retail investors to buy at the IPO offer price.

Why does this first day 'pop' happen? A theory exists that IPOs are priced at a 10% to 20% discount to their estimated value to incentivise investors to back the company before it has a proven track record as a listed business. A hypothetical company worth 100p per share would therefore price its IPO at 80p or 90p per share.

Retail investors deserve better access to IPOs. Several major investment platforms including AJ Bell and Interactive Investor have launched a campaign and a recent review of listing rules also hints at changes to make IPOs more genuinely 'public' offerings.

## IPOs with biggest surge in price as they joined the market

Company	Difference between IPO offer price and opening price on first day of dealings
Cellular Goods	300%
Panther Metals	125%
Helium One	107%
Wildcat Petroleum	70%
Dev Clever	63%
Bermele	50%
MGC Pharmaceuticals	42%
AJ Bell	40%
Cornish Metals	39%
Verici DX	38%
Integrafin	37%
Everarc	35%
Immotion	35%
RTW Venture Fund	33%
Kavango Resources	30%
Moonpig	26%

Source: Shares, London Stock Exchange, Refinitiv, Morningstar  
All London-listed IPOs since 1 Jan 2018 to 28 Feb 2021

These platforms want their arguments to also be heard by the Government and the boards and advisers of companies considering listing on the London Stock Exchange.

'Part of this debate should be around whether there needs to be a regulatory obligation on companies coming to market to consider a retail element to their IPO,' they noted in a joint letter.

A shift in regulation looks imminent following the Lord Hill review into the UK's listings regime. As well as making it easier for the world's most innovative and successful firms to list and grow in the UK, this planned revamp also included a nod to making IPOs more retail friendly.

One issue cited behind the scenes for companies who avoid including a retail element in their IPO is the extra work involved, including the required gap of six working days between the publication of a prospectus and the end of an offer.

This seems to be a legacy of a time when prospectuses would have to be printed and physically posted out to people. In a digital age where these documents can be accessed instantly this timeframe could

conceivably be shortened.

## WHAT IS AN IPO AND WHAT ISN'T?

An IPO is a process whereby a private company sells shares to investors and lists them on a stock market.

The amount of the company offered in an IPO can vary, though is typically around 20% to 30% with the remainder left in the hands of founders, initial investors and early employees. Often these holders will take advantage of the opportunity to sell their more easily traded shares in the company over time.

Two different types of new issue on the stock market come under the IPO umbrella: offers with an allocation to retail investors; and the much more common example where new shares are only offered to large institutions like asset managers and investment banks.

As AJ Bell's head of dealing Peter Lockyer explains the latter could be more accurately described as a 'private placing' rather than an IPO.

In both cases so-called lead managers in the form of independent financial institutions are appointed to help with tasks like the preparation of documents, finding willing buyers for the stock and setting the price at which shares will be issued.

The other main way a company joins the stock market is through an introduction to the market or a direct listing as it is known in the US. These aren't underwritten by institutions; instead existing investors will convert their ownership stakes into shares that are listed on a stock exchange – which can then be purchased by institutional and retail investors.

Examples going down this route in the US include Roblox, Spotify and workplace messaging platform Slack. Closer to home bottling firm **Coca-Cola European Partners (CCEP)**, which previously traded on the Euronext exchange, and gold miners **Wheaton Precious Metals (WPM)** and **Yamana Gold (AUY)** (which had existing stock market listings elsewhere), are examples of firms which have been 'introduced' to the UK market.

## HOW DO YOU PARTICIPATE IN AN IPO?

If a company includes a retail allocation in their IPO offer, then the process will run as follows:

**1** Investment platforms will often set up a mini site on their website including information about the offer. The retail allocation will typically be evenly distributed among the major investment platforms by the underwriters or lead managers of the issue.

**2** Once the offer is open you make an application for the number of shares you want to buy before the closing date. Sometimes there will be limits on the number of shares you apply for.

**3** Timings vary but a few days after the offer closes you will find out how many shares you have been allocated. Typically, if an IPO has been oversubscribed you will be scaled back.

An intermediary called PrimaryBid has started to provide retail investors with access to a few IPOs, such as cannabinoid products group **Cellular Goods (CBX:AIM)** in February and forthcoming listings from Deliveroo and Parsley Box, the latter providing ready meals aimed at older people.

You set up an account with PrimaryBid and apply for the shares once each offer goes live. Once the investment is confirmed, the intermediary transfers the shares into your dealing account held with an investment platform provider.

Should you want to hold the shares inside a tax wrapper, you would have to do something called 'Bed and ISA' which involves a back-to-back sale of the shares and repurchasing them in your ISA, or a 'Bed and SIPP' which is the same process but putting the stock in your self-managed pension.

### HOW TO GET INVOLVED IN IPOs IF THERE ISN'T A RETAIL OFFER

There are some avenues available to get involved in IPOs which don't have a specific allocation to retail investors.

AJ Bell's head of dealing Peter Lockyer says that if a customer got in touch about an IPO which was being marketed to institutions and AJ Bell knew the lead manager on it, the investment platform would try and secure some stock but points out that the resulting allocation, if any, would often be very modest.

### TAKING PART IN THE DELIVEROO IPO



TAKEAWAY FIRM DELIVEROO will make available £50 million worth of shares for retail investors as part of its planned IPO. This is likely to be a very modest chunk of the overall offer given the expected valuation of £7 billion to £8 billion. Investors have the option of applying for tranches of £250, £500, £750 or £1,000 worth of shares.

To participate you need to be a Deliveroo customer (though you can qualify with a single food order). More loyal customers will get priority should demand exceed supply in the IPO offer.

The retail offer is being facilitated by PrimaryBid, a platform which provides access for private investors in company fundraisings. Effectively it is acting like another lead manager on the IPO.

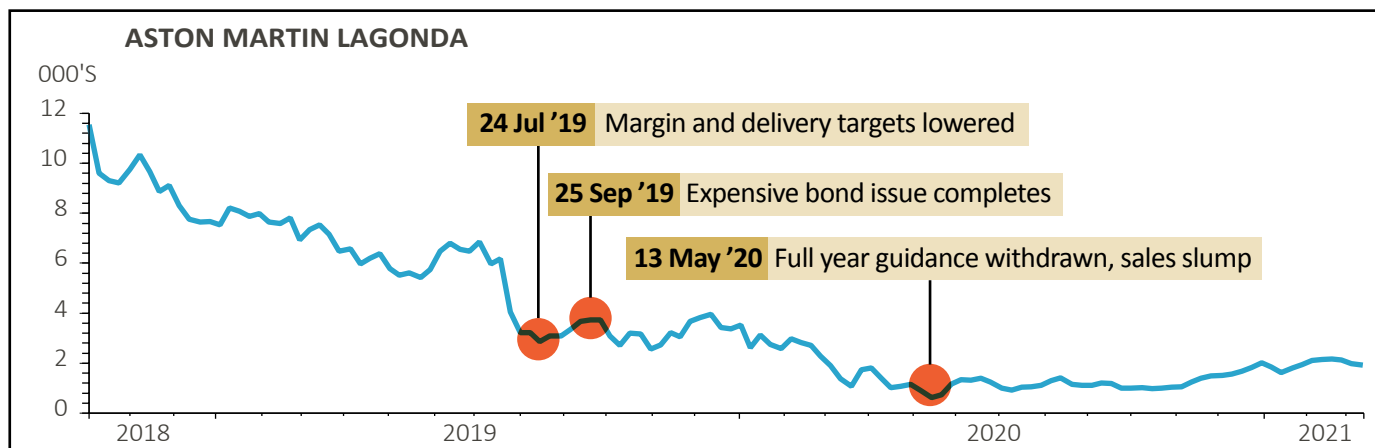
Deliveroo's founder and CEO Will Shu will get class B shares, and everyone will get class A shares. Class B shares will carry 20 votes for every share held and class A shares will carry just one vote. The B shares will convert to A shares after three years. Only class A shares will be offered in the IPO.

In this case and with private brokers which facilitate access for individuals to IPOs you would need to be deemed to be a 'qualified investor' which would mean self-declaring as either a high net worth individual or sophisticated investor.

The other option is to buy the shares after they have joined the market. Unfortunately, a common complaint among investors is they cannot trade the shares online immediately, with newly floated stocks not appearing on a platform until later in the day.

AJ Bell's Lockyer says: 'It can take time for the required data to feed through, but that doesn't mean you can't pick up the phone





and place a trade straight away.'

### FEAR OF MISSING OUT

While some people may be keen to get involved in a float you should never rush to buy stock purely in fear of missing out.

What often happens is the price of a newly listed stock may go up, then back down slightly a few days later as short-term investors take profit, before heading back up as longer-term investors build a position. That means there is plenty of time to research a stock and decide at what price you'd be happy to buy, if at all.

For example, Cellular Goods is still up on its 5p issue price at 13.26p but is down significantly on the 30p price at which it peaked on the first day of dealings (26 Feb).

Some investors will avoid investing in a newly listed company until it has demonstrated its credentials and built up a track record in terms of its financial performance. It can take time to adapt to life as a public company with the extra demands and scrutiny that brings.

After all, not all IPOs are a success. For example, luxury car manufacturer **Aston Martin Lagonda (AML)** has seen its share price fall more than 90% on the £19 per share IPO in October 2018 once you consider the impact of

a share consolidation.

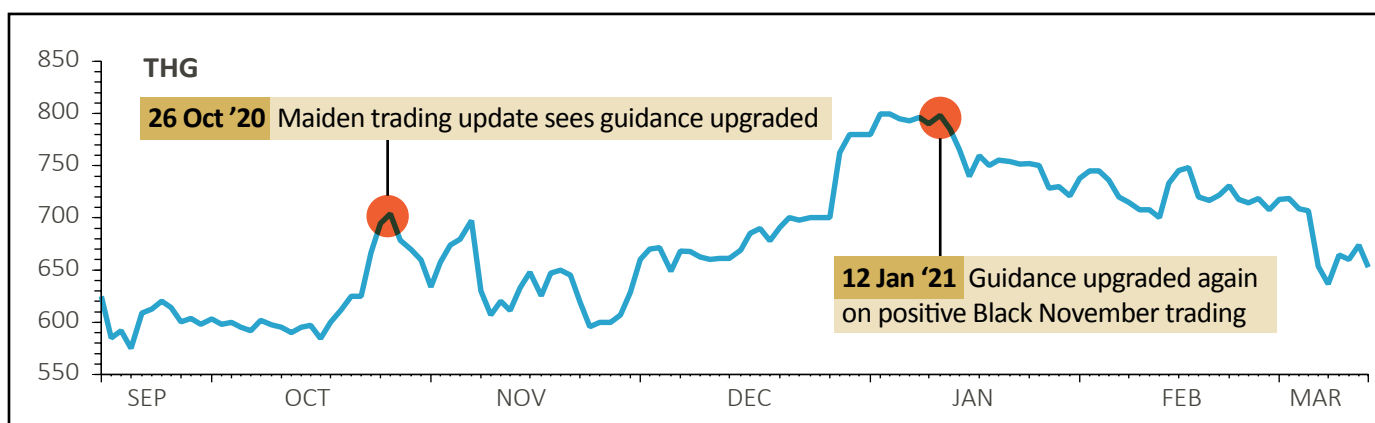
Expectations were clearly set too high for Aston Martin when it joined the market, leaving plenty of room for disappointment as its sales decelerated even before the pandemic hit.

A company which, at least to date, has achieved the reverse of this in terms of managing expectations is **THG (THG)** or The Hut Group as it's more commonly known.

The beauty and sports nutrition e-commerce specialist has raised forecasts multiple times in the six months since debuting in London in September 2020, suggesting it was deliberately conservative with its guidance to help give itself as smooth a start as possible to life as a public company.

Another successful IPO with a slightly longer track record is cyber security specialist **Avast (AVST)** which is up more than 80% since joining the stock market in May 2018 as it has benefited from the growing importance attached to its services in an increasingly digital world. The share price gains have been underpinned by solid organic growth in revenue, profit and cash flow.

**DISCLAIMER: The author of this article (Tom Sieber) and the editor (Daniel Coatsworth) own shares in AJ Bell.**



A stylized graphic featuring a central globe with a blue and green segmented pattern. Several red rectangular flags are planted across the globe. A large blue rectangle is positioned to the left of the globe. A satellite is shown in orbit around the globe. A large, stylized satellite dish or antenna is positioned at the bottom right, pointing towards the globe. The background is dark grey.

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# Three IPOs to buy and the names coming soon

Roblox, Deliveroo and Trustpilot look exciting stocks to own

It seems more and more new entrants are lining up to join the stock market, enticed by the bumper gains chalked up by recent market debutants and growing investor appetite for new floats.

In this article we will discuss why you should take advantage of the opportunity to participate in the upcoming Deliveroo IPO, why newly US-

listed gaming group Roblox is worth buying, and why you should get ready to invest in reviews and recommendations platform Trustpilot.

At the end of the article you can also find a full list of all the major upcoming IPOs in London, both rumoured and confirmed.

A constantly refreshed list of upcoming floats can also be found on the [Shares website](#).

## DELIVEROO: INVEST IN THE IPO OFFER

Takeaway platform Deliveroo is a rare example of a stock where retail investors are being given the chance to participate in an IPO and we think you should seize on this opportunity. We've written a [separate article](#) that contains all about the nuts and bolts of how to get involved, with the IPO expected to happen in early April.

Deliveroo operates in 12 different regions with more than 110,000 restaurant partners and 140,000 riders worldwide.

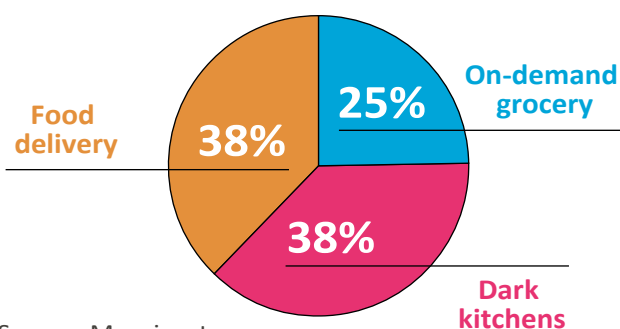
The takeaway market is highly competitive and includes **Just Eat Takeaway (JET)** which is investing heavily to gain market share.

We think there are several factors that make Deliveroo stand out. First it has heavyweight backing in the form of Amazon. The latter is a potential suitor for the business down the line.

It also differentiates itself somewhat from its rivals by virtue of its strong brand and a bias towards more premium restaurants and a more affluent customer base.



## What Deliveroo's business mix could look like in 10 years' time



Source: Morningstar

Deliveroo is at the forefront of running so-called 'dark' kitchens. These are often located in industrial estates that allow for high order volumes in partnered restaurants in high-density areas.

The company is also building a network for on-demand grocery delivery – partnering with major supermarkets and convenience stores including Co-op. This is less about rivalling the delivery of a weekly shop and more about those bits and bobs you would normally pick up at a corner shop or a mini supermarket.

Morningstar says: 'Deliveroo presents the strongest upside potential from the on-demand opportunity in our European food delivery coverage list.'

The main risks are linked to regulation – either affecting the arrangements between Deliveroo and its gig-economy riders or its relationship with Amazon.



## ROBLOX: BUY NOW AT \$69.91

This kids' gaming platform surged on its market debut on 10 March and we can see why. Back in the day we might have rushed to play with Lego bricks as children, now playing Roblox on a computer or tablet is top of the list for many under-12s.

The \$40.6 billion company has upwards of 30 million players and the long-term opportunity justifies buying the US-listed shares at their current level.

Roblox is a platform where players can interact with each other through Lego-style avatars within various games.

It has been a beneficiary of lockdown with young people stuck indoors with little to do and few other ways of interacting with their friends.

Roblox made it possible for them to engage in virtual trips to theme parks, concerts and parties while chatting to their peers.

But anyone who thinks Roblox is a pandemic fad either doesn't have kids or hasn't been paying attention.

Roblox, which is free to play but offers lots of in-app purchases to enhance the experience, could eventually become part of the 'metaverse' – with people using the platform to interact in immersive virtual experiences on a grand scale.

It has a big responsibility to keep its users safe given their young age, either from potentially malicious players or inappropriate content.

Analysts forecast it will make \$144.5 million pre-tax profit in 2021, rising to \$251 million in 2022 and \$325 million in 2023, according to Refinitiv.



## TRUSTPILOT: GET READY TO BUY ON DAY ONE



Assuming a rumoured £1 billion valuation, business reviews platform Trustpilot is expected to be valued at around 10 times 2020 revenue when it joins the London stock market, likely to be in late March or April.

Given the growth potential we think it is worth buying at this level.

The acceleration in the e-commerce theme from the pandemic makes Trustpilot's role increasingly important as people look to ensure the seller from whom they are buying is trustworthy. They also want to know what

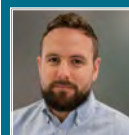
other customers thought of their experience, such the efficiency of delivery and how service issues were handled.

Newly profitable, the Danish firm offers its reviews to consumers for nothing and provides basic analysis to businesses for free.

But it upsells more detailed analytics to companies based on its wealth of data and charges for the use of Trustpilot reviews on their websites.

The inclusion of Trustpilot ratings on advertisements is seen as a 'must-have' and a five-star rating is a powerful marketing tool.

The targeted \$50 million proceeds from the IPO will be used to pay down debt and fund growth.



By **Tom Sieber** Deputy Editor

# IPOS: COMING SOON AND RECENT FLOATS

## COMING SOON - CONFIRMED

Company	Description
ActiveOps	Workforce management software provider plans to float on AIM in late March.
Caerus Mineral Resources	Resource development firm focused on 'clean energy' minerals. Admission expected 19 March.
Deliveroo	Takeaways platform expected to list in April.
Digital 9 Infrastructure	Digital infrastructure investor (data centres, fibre) published prospectus on 8 March.
Great Point Entertainment Income Trust	Film and TV project finance firm looks to have delayed its IPO originally scheduled for 9 March.
Mast Energy Developments	A subsidiary of energy firm Kibo Energy aiming to develop reserve power plants in the UK.
NextEnergy Renewables	Renewables investor announced a delay to its IPO on 4 March.
Parsley Box	Direct to consumer ready meals provider to baby boomers. Admission expected late March/early April.
Trustpilot	Ratings and reviews platform. Admission expected late March.

## COMING SOON - RUMOURED

Company	Description
Canopus	Lloyd's of London insurer reportedly planning £2 billion float.
Darktrace	Cyber security firm linked to controversial tech billionaire Mike Lynch. UBS quit working on IPO in February.
Digital Theatre	Live theatre streaming platform.
IVC Evidensia	Europe's largest veterinary care business, linked to £10 billion potentially in March IPO.
Music Magpie	Consumer tech resale site, reported to have appointed brokers for London IPO.
Pod Point	EDF's electric vehicle charging subsidiary.
Starleaf	British video call and messaging firm, potential rival to Zoom and Teams.
Wise (formerly TransferWise)	Cross border payments firm which rebranded from Transferwise to Wise ahead of expected IPO.

## RECENT IPOS

Company	Description
AMTE Power	Developer of lithium-ion and lithium-ion derivative battery cells.
Auction Technology	Operator of curated online auctions in the industrial, art and consumer markets.
Cellular Goods	David Beckham-backed provider of consumer products based on cannabinoids.
Cordiant Digital Infrastructure	Investor in digital infrastructure including data centres and fibreoptic networks.
Cornish Metals	Owner of the United Downs copper, tin and lithium project in Cornwall.
Dr Martens	Iconic footwear brand with plans for global growth.
Fix Price	Russia's largest value retailer with more than 4,000 stores.
Foresight Group	Infrastructure and private equity focused asset manager.
In The Style	Internet-based fashion retail business.
MGC Pharma	Medicinal cannabis specialist.
Moonpig	The UK's leading greeting cards website.
Nightcap	Cocktail bar group with an eye on consolidation.
Supreme	Manufactures and distributes consumer products under licence.
Team	Active fund management group based in Jersey.
TinyBuild	Independent computer games developer.
VH Global Sustainable Energy Opportunities	Investor in energy infrastructure assets.
Virgin Wines	One of the UK's largest direct-to-consumer online wine retailers

# Vodafone-backed Vantage Towers: it's all about the income

It is a capital intensive utility despite talk of exciting growth from 5G and internet of things

**W**hen **Vodafone (VOD)** subsidiary Vantage Towers joins the Frankfurt stock market on 18 March it will be one of the biggest IPOs of 2021 so far. Market value estimates run from €12.2 billion to €12.7 billion, based on the expected €24 to €25 stock range.

At first glance, this doesn't look like a very compelling growth opportunity. For all the talk of superfast 5G mobile networks and emerging internet of things connectivity, Vantage Towers remains a capital intensive, heavily leveraged company (about €2 billion net debt) with modest growth potential. Mid to high single-digit earnings progress is about as good as it could get.

Vantage Towers operates thousands of mobile masts across Europe, providing coverage for Vodafone's network customers, and selling spare capacity to third parties.

Mobile towers have become the target of several big deals as Spain's Cellnex and US-based American Tower race to increase their European footprint. Cellnex is Europe's number one with more than 100,000 tower sites versus about 82,000 towers for Vantage. American Tower has



an estimated 200,000 towers globally but only around a quarter of them are in Europe.

Europe lags the US when it comes to specialist mast network operators, with Vantage estimating that only 42% are in the hands of dedicated commercial operators versus 90% in the US. Wider, faster communications networks will improve economic productivity, the thinking goes, creating a supportive backcloth for mast network operators.

That's also why Vodafone wants to retain a controlling

stake in the business, with about 25% of Vantage expected to be sold to new investors at its IPO. Vantage is a longstanding top-tier mast network operator in major markets across Europe, with the bulk of its sites based in Germany, Spain and Greece. It is also in Italy through its minority stake in Inwit.

As with any utility-type business, all investors really care about is getting a decent and reliable income, and not losing too much capital while they're at it.

This is exactly where Vantage Towers could win investor support, particularly after a year or more when many previously solid income plays have been forced to cut or axe shareholder payouts.

Vantage Towers should have large and reliable cash flows based on long, annuity-type contracts securing revenues into the future, allowing the company to use its balance sheet to fund the business and dividends. The company is promising to pay out 60% of earnings as dividends.



By **Steven Frazer**  
News Editor



**BlackRock**

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**Risk:** There is no guarantee that a positive investment outcome will be achieved.

## Doing more to control risk

Each MyMap fund also offers a different level of risk to match your long-term goals and financial situation. In addition, MyMap funds are diversified across stocks, bonds and other investments, meaning they invest in assets with different patterns of returns. This may potentially limit any losses when markets are falling.

**Risk:** While the investment approach described herein seeks to control risk, risk cannot be eliminated.

## Doing more to reflect your values

We believe investing in environmental, social and governance (ESG) funds is not just about your beliefs, passions and convictions, our analysis shows that it may also help with long-term returns and provide resilience and diversification when markets are volatile. We see more investors seeking sustainable investment solutions that are focused on their long-term futures, while regulators and governments are putting greater emphasis on incorporating ESG into the decision-making process. All of the MyMap funds incorporate analysis of ESG factors into the decision-making process including latest addition, MyMap 5 Select ESG fund.

## Do more today

Low fees of just 0.17%, risk-managed and environmentally and socially responsible – today is a good day to make the switch to investing with MyMap. First, because investing now means meeting that 5 April ISA deadline and benefiting from tax-free investing. And, second, because there's never a bad time to start investing for your future. Don't let short-term volatility in investment markets put you off – always think of your investment as a long-term commitment.

Do more with your ISA allowance in 2021 and invest in our simple MyMap funds. Discover more at [BlackRock.com](https://www.blackrock.com).



## Risk Warnings

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

## Fund-specific risks

**MyMap 3 Fund:** Counterparty Risk, Credit Risk, Currency Risk, Equity Risk, Liquidity Risk

**MyMap 5 ESG Fund:** Counterparty Risk, Credit Risk, Currency Risk, Equity Risk, Liquidity Risk

**MyMap 5 Fund:** Counterparty Risk, Credit Risk, Currency Risk, Equity Risk, Liquidity Risk

**MyMap 6 Fund:** Counterparty Risk, Credit Risk, Currency Risk, Equity Risk, Liquidity Risk

## Description of Fund Risks

**Counterparty Risk:** The insolvency of any institutions providing services such as safekeeping of assets or acting as counterparty to derivatives or other instruments, may expose the Fund to financial loss.

**Credit Risk:** A main risk related to fixed income investing is credit risk. Credit risk refers to the possibility that the issuer of the bond will not be able to repay the principal and make interest payments.

**Currency Risk:** The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of the investment.

**Equity Risk:** The value of equities and equity-related securities can be affected by daily stock market movements. Other influential factors include political, economic news, company earnings and significant corporate events.

**Liquidity Risk:** The Fund's investments may have low liquidity which often causes the value of these investments to be less predictable. In extreme cases, the Fund may not be able to realise the investment at the latest market price or at a price considered fair.

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# Trying to double your money using a £50,000 inheritance

Splicing up the pot to get on the housing ladder and to earn big from the stock market

**M**ary has just inherited £50,000 after her grandmother died, and the 38-year-old is thinking about two ways to spend the money. She would like to invest some in the stock market and double it in value in the next 10 years. She is also keen to get on the housing ladder.

She regularly puts money aside into cash and investment ISAs, already has £6,000 saved for emergencies and hasn't got any credit card or personal loans to pay off.

She is happy to put the money in the stock market in the hope it will grow but doesn't want to take excessive risks.

## BUYING A PROPERTY

Mary could consider taking advantage of the Government's new mortgage guarantee scheme where lenders are being encouraged to give mortgages that only need a 5% deposit on a property.

The maximum value for a house purchase under the Lifetime ISA is currently £450,000. Mary has her eye on a £200,000 two-bedroom house in Yeovil so she would need £10,000 for a deposit.

She can benefit from the current stamp duty holiday



because the purchase is less than the £500,000 threshold which remains until 30 June 2021. From 1 July the threshold drops to £250,000 until the end of September. Stamp duty then returns to the usual level of £125,000.

Even though Mary already has enough cash for a £10,000 mortgage, she could get £1,000 of that amount for free simply by putting £4,000 into a Lifetime ISA.

A Lifetime ISA account can be opened by anyone aged 18 to

39. Up to £4,000 can be paid in each year and the Government will add 25% to the value of any contributions annually until the account holder reaches age 50.

The scheme is primarily intended to help first-time buyers accumulate a deposit for a house purchase, but it can also be used for long-term savings. If you're not buying a first home and are not terminally ill then taking out the money before age 60 will incur a 20% charge, rising to 25% from 6 April 2021.

*This is the latest 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.*



## DOING THE SUMS

Mary could take the £5,000 in the Lifetime ISA (her £4,000 plus the £1,000 Government bonus) and put it towards the £10,000 deposit. The remaining £5,000 could come from her inheritance and she might also want to consider allocating a further £5,000 to cover any extra costs from moving home such as legal and survey fees, and any urgent bits that need fixing in the new property.

In total she would have used up £14,000 of the £50,000 inheritance by this point. That would leave £36,000 to invest in the stock market.

Mary hasn't used any of her 2020/21 allowance prior to depositing £4,000 in her Lifetime ISA, which means she has £16,000 allowance left to use across other types of ISAs in the 2020/21 tax year. She only needs to wait a few weeks before the new tax year starts on 6 April 2021, upon which she can invest the remaining £20,000 in a Stocks and Shares ISA.

It would take about 10 years for her to double the £36,000 from the inheritance put in an ISA, assuming a 7% annualised return.

She could hit the goal sooner by transferring £4,000 each year from her Stocks and Shares ISA to her Lifetime ISA to keep collecting the £1,000 Government bonus each year until she reaches age 50.

The downside is that the Lifetime ISA money is locked away until she is aged 60, so Mary would need to consider whether she would want to access the money before this age. If so, she would be better

sued to keeping it in a Stocks and Shares ISA where there are no withdrawal restrictions.

## IS MARY'S AMBITION TO DOUBLE HER MONEY IN 10 YEARS REALISTIC?

Of all the available liquid assets in which to invest, shares have provided the best compound annual growth rate over the long run.

According to research by Credit Suisse, since 1900 the annualised return of US shares has been 9.6% a year compared with 4.9% for US bonds. Global shares delivered slightly lower return of 8.3% a year.

While history is supportive of Mary's ambition to double her money over 10 years, there have been rare occasions when 10-year returns have been negative, notably in the 1930s and the late noughties.

One option for Mary is consider the £2.2 billion



### The power of compound returns: Different scenarios when you start with £36,000

Rate of return	5 Years (£)	10 Years (£)	20 Years (£)
3% a year	41,734	48,381	65,020
5% a year	45,946	58,640	95,519
7% a year	50,492	70,817	139,309
9% a year	55,390	85,225	201,759
15% a year	72,409	145,640	589,195

Source: Shares

**Fidelity Index World Fund (GB00BJS8SJ34)** which tracks the MSCI World index, giving broad geographical spread at a competitive cost of just 0.12% a year.

This tracker fund provides diversified exposure to thousands of companies around the globe, effectively spreading risk as well as benefiting from faster growing regions than the UK.

**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.*



By Martin Gamble  
Senior Reporter

# IS THE TIDE TURNING FOR UK INCOME INVESTING?

*Charles Luke, Investment Manager, Murray Income Trust PLC*

**It's a challenging time for investors, not least those in need of income generation. The coronavirus crisis continues to play out globally, with the UK hit worse than almost any other large economy at the start of 2021. Covid-19's scars are likely to be with us for a long time and the path to economic recovery remains uncertain.**

However, at Murray Income Trust, we believe there are reasons for optimism on UK equities. Indeed, income investors, who may have previously overlooked the market, may want to reconsider their positions in light of some positive drivers. Let us tell you more.

## **VACCINES HELP VANQUISH DIVIDEND DOUBTS**

We are all familiar with the difficult dividend backdrop of the past year or so. We've witnessed dividend cuts, cancellations and regulatory intervention, as companies grappled with the financial impact of the pandemic. Combined with the long shadow cast by Brexit, these headwinds were enough to turn many investors away from the UK equities market.

But the tide could be turning. The UK's rollout of the vaccine programme has progressed extremely well, offering hope of an enduring route out of the pandemic. At the same time, the UK equities market is significantly under-owned. For example, global



and European funds' holdings of UK equities are at their lowest for many years. This offers potential for upside performance when these portfolios are reweighted. Valuation is another significant draw. Even if you adjust for sector differences, UK equities are more attractively valued than their US and European peers.

## **THE HALLMARKS OF QUALITY**

The UK equities market also benefits from an abundance of good-quality companies that are still paying attractive dividends. In nearly all cases where dividends were vulnerable to cuts, they have now been rebased. We can, therefore, have more confidence in the UK market's income level, with previously over-distributing companies returning to sensible pay-out ratios.

A company's dividend is a useful touchstone for its health. From our perspective, we place great store in the simple premise; to consistently grow your dividends over the long term, you need to grow your earnings. Good-quality companies are best placed to do just that. As income investors, it's important to remember that dividends provide a

significant part of an investment's total return. In addition, the yield acts as a backstop for a company's valuation.

## **A MORE OPTIMISTIC OUTLOOK**

In the aftermath of the pandemic, and in a world of low interest rates, high debt and pressure on corporate profits, the quality of a company will remain as important as ever. At Murray Income Trust, we believe that quality companies are more likely to be able to pay dividends even when conditions are challenging.

From here, we expect to see the following waymarks.

- Investors will pay a premium for companies capable of delivering attractive and growing dividends.
- Those companies with strong balance sheets that can undertake merger and acquisition activity, or continue to invest in their businesses through the cycle should emerge in a stronger competitive position.
- Structural long-term earnings potential in a world of modest medium-term growth will continue to be prized.

- Therefore, companies with sustainable competitive advantages and pricing power should benefit disproportionately.

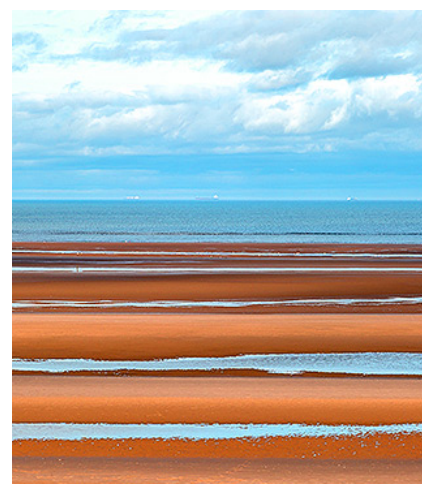
### FINAL THOUGHTS ...

As we've highlighted, there are several positive drivers at play in the UK equities market. For income investors who may have disregarded it, we believe now could be a good time to reconsider investing in the UK.

At a time when quality counts, we maintain our disciplined and measured focus on financially strong, resilient companies that can thrive whatever the conditions.

These businesses offer the potential to grow their earnings, and hence their dividends, over the long term.

Find out more at [www.murray-income.co.uk](http://www.murray-income.co.uk) or by [registering for updates](#). You can also follow us on [Twitter](#) and [LinkedIn](#).



### Important information

#### Risk factors you should consider prior to investing:

- The value of investments and the income from them can fall and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Certain trusts may seek to invest in higher yielding

securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate.

- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

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# 3 stocks to play the exciting hydrogen theme

ITM Power, Linde and an L&G ETF offer great ways to play this vibrant space

**H**ydrogen has had more than one false start over the last decade, but the combination of government climate targets, bans on diesel vehicles and a fall both in the underlying cost of production and the cost of green energy to produce it has seen a sharp spike in demand in the last three years.

Without hydrogen, governments around the world simply can't meet their 2050 carbon-reduction targets. In the next decade we will see hydrogen homes, hydrogen trucks and maybe even hydrogen airplanes.

Bloomberg Intelligence estimates investments in hydrogen projects are set to surge 'like a hockey stick' to almost \$40 billion per year. In this article we pick three ways to tap into this growth.

## THE HYDROGEN ECONOMY

For the UK to reach its target of zero carbon emissions by 2050, using hydrogen to generate electricity and as a replacement for other fossil fuels is the second-highest priority after electrification, according to the Government's climate change committee.

As well as power generation and industrial uses, we will see hydrogen being used in our homes and possibly on our daily commute thanks to new



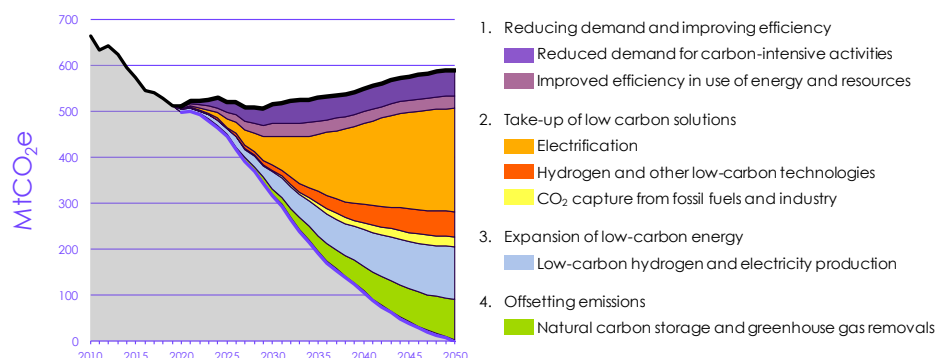
technology and the availability of renewable power to produce it.

## POWER GENERATION

Speaking at a seminar at the Institute of Mechanical Engineers in March, David Joffe, head of carbon budgets at the UK's

Climate Change Committee, said that in terms of the UK's power generation needs, renewable sources such as wind, solar and tidal should be able to 'decarbonise' most of the electricity supply network by 2050.

## Meeting the Sixth Carbon Budget (Climate Change Committee's target for 2033-37) requires action across four key areas



Source: BEI S (2020) Provisional UK greenhouse gas emissions national statistics 2019; CCC analysis

Much of this green energy will come from the 40GW of offshore wind projects the Government has proposed, but for the balance of supply there are plans to convert existing natural gas-fired plants to burn hydrogen, while new plants will have to be able to burn hydrogen from the start.

There are more than 100 gas turbines around the world burning hydrogen, but only in small quantities. In order to meaningfully reduce CO2 emissions, power stations need to burn a higher proportion of hydrogen than natural gas, but the technological challenges in doing so are huge and for now a one-third hydrogen mix is the most that is achievable.

In terms of industrial use, the applications are vast and there are already hydrogen clusters around the UK, the most advanced being Hynet North West which brings together clean

energy, hydrogen production, industrial users and CO2 storage.

### TRANSPORT USE

While battery-electric technology is likely to dominate in passenger vehicles, for public service vehicles, heavy goods vehicles, trains and even planes, hydrogen is a genuine alternative to fossil fuels and a more practical solution than electrification.

Hydrogen buses are already in use in dozens of towns and cities around the world, including in the UK. Hydrogen is either produced on site, brought in by pipeline or in pressurised tanks for refuelling.

For the heavy goods haulage industry, which operates on thin margins, hydrogen rather than electrification is almost certainly the answer to decarbonisation. With more low-emission zones and rules requiring drastic cuts in CO2 by 2030, the European freight transport industry is

investing heavily in hydrogen fuel cell technology.

While most train lines in the UK can be electrified, for rural lines using smaller trains hydrogen is a viable alternative. Again, supplies could be produced on site or brought in using tanks.

However, the most exciting application could be in air travel. Airbus is already working on three different 'ZEROe' design concepts using hydrogen – a turbofan, a turbojet and a blended-wing aircraft – which it hopes to have ready by 2035.

### HYDROGEN IN THE HOME

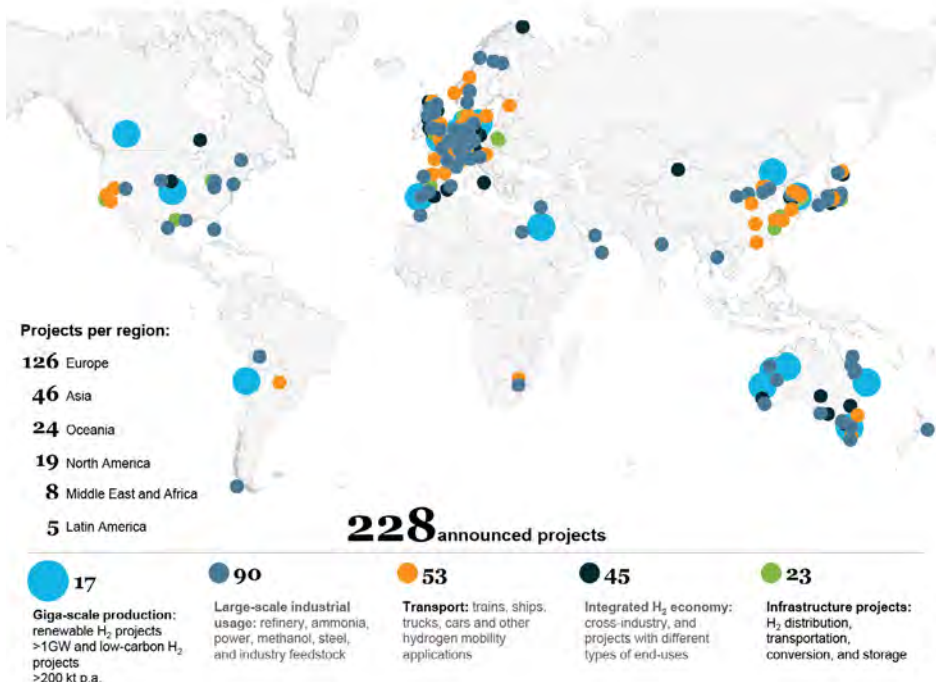
To replace the amount of natural gas used for heating our homes with electricity to meet climate goals, the UK would need three to four times its current renewable energy capacity, which simply isn't feasible. Also, the existing electricity supply network is already at full capacity and needs a massive upgrade.

Most of us probably don't realise but our domestic boilers can already use a mix of 20% hydrogen without needing any modification. That could mean a huge reduction in CO2 considering 85% of UK homes use gas for heating and half of all carbon emissions come from heating homes and commercial buildings.

Moreover, the gas supply network has been upgraded over the past 20 years, mostly with plastic pipes which are ideal for transporting hydrogen instead of natural gas, and smart meters work with hydrogen.

The Hy4Heat programme in Gateshead is showcasing two homes of the future fuelled

### Global hydrogen projects across the value chain



Source: Hydrogen Insights Report 2021 – Hydrogen Council, McKinsey & Company

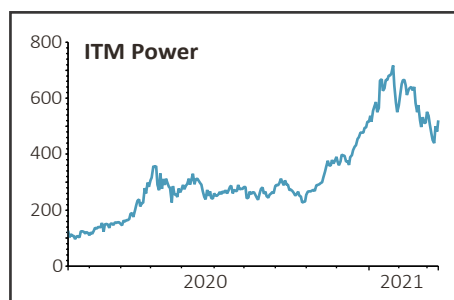
entirely by hydrogen including boilers, hobs and fires, all with zero carbon emissions.

Energy Minister Anne Trevelyan said: 'To tackle climate change we need to find alternatives to fossil fuels. While these new houses in Gateshead will look like any other, they will showcase how low-carbon hydrogen can transform the way we power our homes and offer a glimpse of what the future holds as we build back greener.'

## THREE WAYS TO PLAY THE HYDROGEN THEME

### ITM Power (ITM:AIM)

**Buy at 480p**  
**Market cap £2.75 billion**



At this point we need to hold up our hand and admit that when we last looked at **ITM Power (ITM:AIM)** we described it as 'priced for perfection'. That was in August when the shares were trading at 260p, 45% below where they are today.

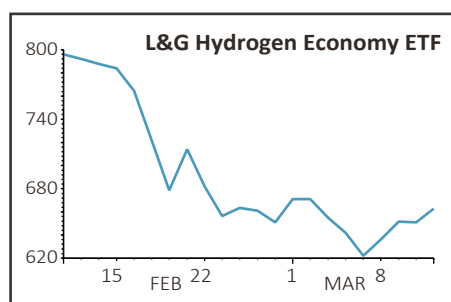
Granted, the firm still has barely any revenues – £4.4 million in the six months to October, of which £4.2m were government grants – let alone profits (it made a six-month operating loss of £12 million), but it has enormous future potential and is seen as the 'gold standard' supplier of hydrogen electrolyzers.

It has a backlog of £124 million

of orders and a pipeline of £284 million. It has partnered with Linde, Orsted, Siemens Gamesa and Snam, all leaders in the field of renewable energy, and **Royal Dutch Shell (RDSB)** has asked it to increase its electrolysis plant in the Rhineland by 100MW. We feel so much has changed in the hydrogen space and with ITM itself, thanks to various big deals, that the stock is now worth buying.

### L&G Hydrogen Economy ETF (HTWG)

**Buy at 650p**  
**Market cap £156 million**



L&G describes its ETF as a 'precision tool' providing investors with exposure to the long-term investment opportunity offered by the transition to a low-carbon, hydrogen economy.

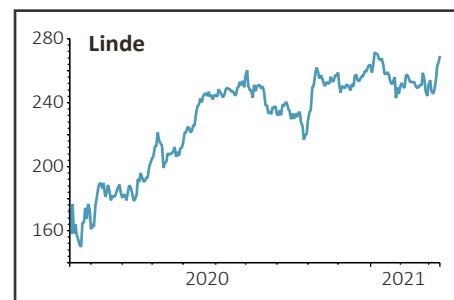
The ETF invests in companies across the whole value chain, meaning electrolyser manufacturers (such as ITM Power), hydrogen producers, fuel-cell manufacturers, component suppliers, energy storage and utilities.

Don't be troubled by the share price declining since the ETF launched in February. We think this is due to market rotation away from growth themes towards value stocks rather than any negative fundamental view on the ETF or hydrogen as an

investment theme, making this a good time to pick up shares.

### Linde (LIN)

**Buy at \$265**  
**Market cap \$138 million**



With annual sales of \$27 billion, US-listed Linde is one of three firms which dominate the global market for industrial gases, along with Air Products and Air Liquide. Some readers may remember it acquired BOC back in 2004.

The company serves a variety of end markets including chemicals, refining, food and beverages, electronics, healthcare, manufacturing and primary metals. It is also the biggest producer of hydrogen for clean fuels with the largest liquid hydrogen capacity and distribution system in the world.

The company was selected by the European Commission to join the Clean Hydrogen Alliance and is playing an integral role in Europe's hydrogen strategy. Given the firm's credentials, the shares crop up in most ethical and sustainable funds.

**Disclaimer: The author owns shares in the L&G Hydrogen Economy ETF**



By Ian Conway  
Senior Reporter



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# Lessons one year on from the low



How different parts of the market performed during the pandemic

**I**t was Warren Buffett's mentor, Benjamin Graham, who once wrote: 'The intelligent investor is a realist who sells to optimists and buys from pessimists.' Such plain-speaking, common sense has yet again proved its worth over the past 12 months to offer a timely lesson to us all.

It is almost a year to the day (23 March 2020) since the FTSE 100 bottomed at 4,994 amid widespread fear over what the pandemic could do to global growth and corporate profits.

A year later and the picture is very different. Anyone brave enough to have started to take on more risk a year ago would have done remarkably well, as four data sets show. Investors now must decide whether these trends will continue, further changes in performance trends since 'Pfizer Monday' on 9 November will dictate or that a further shift in gear is imminent.

## GLOBAL ASSET CLASSES

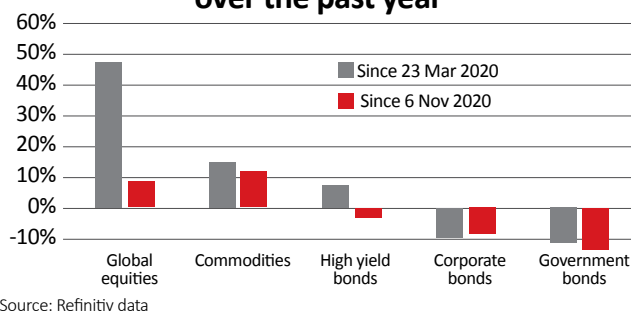
Fear may have dominated a year ago, but equities have been the best place to be over the past 12 months. As benchmarked by the MSCI All World index, global stocks have beaten commodities and bonds. Government bonds, in theory a port in a storm, have provided no shelter with capital losses more than offsetting any yield that they offered.

There have been subtle changes since November. Commodities have taken the lead from equities and high yield bonds have started to flag. Meanwhile, the rout still seems to be on when it comes to investment-grade corporate and government bonds.

## STOCK MARKETS

Unlike bonds, where all major categories have

### Equities and commodities have dominated over the past year



fallen on a one-year view, all geographic equities options have gained. Asia and Japan have performed consistently well, perhaps thanks to the relatively low number of pandemic cases they have suffered and their rapid, robust approach to test, track and trace as well as containment.

America's domination of early 2020 has faded and it is prior laggards who have come to the fore – emerging markets and even the unloved UK equity market has put on a spurt, finding itself outpaced by just Eastern Europe and the Africa/Middle East region since November. This may be down to the perception that the UK is ahead of the game when it comes to vaccination programmes, having previously struggled to contain the virus.

## EQUITY SECTORS

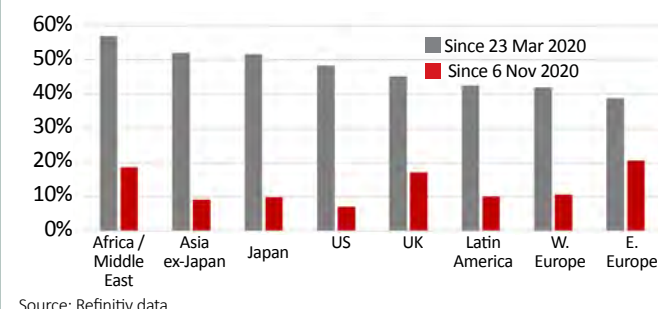
Technology continues to grab the headlines, especially as a raft of new initial public offerings tempts investors' wallets. But miners, industrials and consumer discretionary stocks have all beaten tech over the past 12 months and oil has been the best performer of the lot, to reaffirm the adage that the darkest hour is before the dawn.

Meanwhile, sectors that looked reliable going into a pandemic – utilities, consumer staples and even healthcare – have lagged, a trend that has become ever-more noticeable since the Pfizer-BioNTech announcement of last autumn.





### Asia and Japan have been consistent but emerging equity markets have been catching up



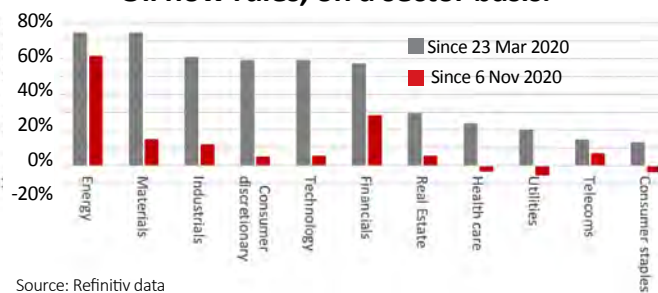
### UK STOCKS

These 'big picture' trends – a switch from defensives to turnaround plays, from 'growth' (and promises of long-term secular growth, or 'jam tomorrow', almost regardless of the economic backdrop) to 'value' (cyclicals that offer growth now, or 'jam today,' in the event of a recovery), from pandemic winners to bounce-back candidates can be seen on a bottom-up basis in how individual UK-quoted stocks have performed

That said, it has been hard to lose money since last year's panic. Just nine of the FTSE 350's current membership have lost ground over the last 12 months.

These trends have become even stronger since Pfizer Monday. Beneficiaries of an economic reopening dominate the leaderboard, notably travel and leisure stocks. The laggards include online delivery plays, precious metal miners, pharmaceutical plays and previously dependable names where investors may have paid too high a valuation, and thus mistaken reliability of earnings for safety of share price. Pay the wrong valuation and nothing is safe.

### Technology is no longer king of the hill. Oil now rules, on a sector basis.



### Bid targets, miners and gambling stocks lead the way in the UK over the last year

Top 10 (FTSE 350)	Since 21 Mar 2020	Bottom 10 (FTSE 350)	Since 21 Mar 2020
William Hill	556%	Babcock International	-24.4%
Tullow Oil	545%	Petrofac	-19.6%
AO World	502%	Tesco	-17.2%
Premier Foods	377%	HSBC	-12.6%
Entain	326%	Hiscox	-11.5%
888	286%	Centamin	-10.4%
Watches of Switzerland	267%	GlaxoSmithKline	-7.9%
Virgin Money UK	257%	Hammerson	-2.7%
Royal Mail	250%	Pennon	-2.5%
Drax	219%	Rolls-Royce	0.1%

Top 10 (FTSE 350)	Since 6 Nov 2020	Bottom 10 (FTSE 350)	Since 6 Nov 2020
Cineworld	268%	Avon Rubber	-30.5%
Tullow Oil	258%	Fresnillo	-27.4%
Micro Focus	125%	Hochschild Mining	-24.4%
TUI	118%	AO World	-24.1%
Just Group	116%	Provident Financial	-23.0%
Hammerson	113%	Experian	-21.4%
Network International	111%	Centamin	-20.7%
FirstGroup	110%	Just Eat Takeaway.com	-20.4%
International Consol. Airlines	108%	Polymetal	-19.9%
Rank	104%	Tesco	-19.3%

Source: Sharepad

### CONCLUSION

No-one will time a market bottom or top perfectly and trying is a mug's game. But the trends of the past year show how investors can calibrate risk and earn rewards over time by going against the crowd, focusing on valuation and not getting carried away.

The best approach now could be to heed the words of another investment legend, Sir John Templeton: 'Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria.' It is perhaps time to once more research those areas of which investors are frightened and tread carefully where fear of missing out predominates.



# PIP: Resilience and Long-term Performance

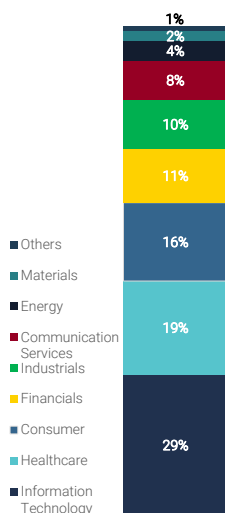
*Pantheon International Plc (“PIP”) invests across the full spectrum of private equity and its actively managed, diversified portfolio gives access to high quality, hand-picked private companies managed by many of the best private equity managers in the world. In PIP’s recently published Interim Report, we reported a strong performance from the underlying portfolio reflecting the tilt towards more resilient sectors.*

Prior to the onset of the COVID-19 pandemic, which has accelerated several trends, many of PIP’s underlying managers were investing already in sectors focused on the rapid digitalisation of the economy, process automation and data management, and others had backed segments in the healthcare and consumer services areas that were benefiting from secular trends driven by demographics and lifestyle shifts. As can be seen in the graphic, Information Technology and Healthcare accounted for almost half of PIP’s portfolio at the

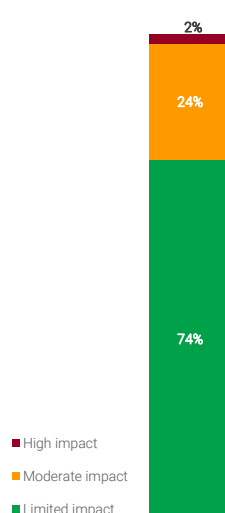


*Helen Steers,  
Partner at Pantheon  
and manager of PIP*

Sector exposure<sup>1</sup>



Sector Resilience<sup>2</sup>



There is no guarantee that these trends will persist. <sup>1</sup>The company sector chart is based upon underlying company valuations adjusted for calls and distributions to 30 November 2020 and accounts for 100% of PIP’s overall portfolio value. <sup>2</sup>Based on an assessment of sub-sectors within PIP’s portfolio and is subject to change as market conditions evolve.

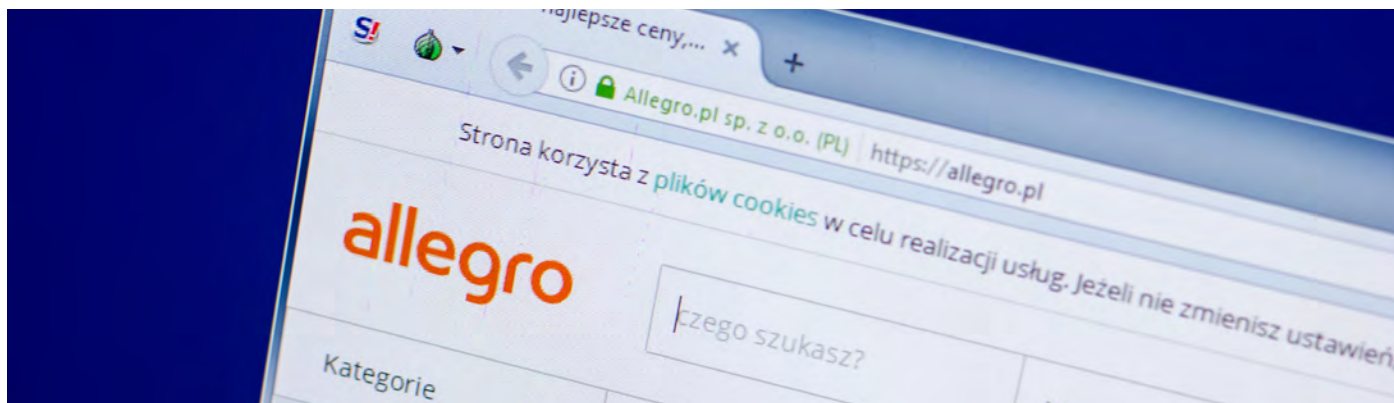
We include EUSA Pharma in our portfolio. A speciality pharmaceutical company focused on oncology, rare diseases and oncology supportive care. The company has a strong operational presence in Europe and the USA, and a wider distribution network in approximately 40 countries.



end of November 2020. Consumer, which is the third largest sector in PIP’s portfolio, primarily consists of recession-resilient businesses such as those providing consumer staples, e-commerce and online education platforms. The graphic also shows that there was very limited exposure to the sectors hardest hit by the pandemic such as travel and hospitality.

Despite the pandemic, there were a number of successful exits during the period. One of these was Allegro, an online marketplace provider in Poland, in which PIP co-invested in 2017. When Allegro launched an Initial Public offering (“IPO”) in October 2020, it was the largest e-commerce IPO in Europe and it remains the largest company by market capitalisation on the Warsaw Stock Exchange.





By investing in private companies, PIP is able to capitalise on the repaid growth and value creation that often occurs before those companies reach the listed markets.

Although unsurprisingly new investment activity reduced significantly in the immediate onset of the pandemic, it has picked up in recent months as private equity managers have taken advantage of the market dislocation and sought out buy-and-build and take-private transactions in attractive sectors. PIP's financial strength means that it has been able to continue investing through the pandemic and is well-positioned to capitalise on the opportunities in its full deal pipeline.

The growing US\$4.4tn global private equity market is expected to double by 2025<sup>1</sup> however there can be significant barriers to entry for smaller investors. Investors must assess carefully what is suitable for them and their investment objectives and tolerance/appetite for risk, but through just one share in PIP, they can easily participate in this exciting and growing asset class. PIP is managed by Pantheon – an

experienced and prominent global investor in private markets – who does all the hard work of managing PIP's portfolio on shareholders' behalf. In addition, Pantheon has managed PIP successfully through multiple economic cycles therefore we remain confident that PIP will continue to produce attractive returns for shareholders over the long term.

#### Half Year at a glance\*

NAV	£1.7bn
NAV per share growth	8.9%
Average NAV growth p.a. since PIP launched in 1987	11.7%
Share price growth	12.4%

\*As at 30 November 2020. Past performance does not guarantee future results and loss of principal may occur.

<sup>1</sup>Source: Preqin, January 2021

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# Should you overpay your mortgage with spare cash?

A lot of people will be wondering what to do with the cash saved during the pandemic

**O**ne of the few silver linings from lockdown has been the savings people have amassed. The Bank of England reckons households have built up £125 billion of excess savings and will only spend 5% of that money when the economy opens up.

That leaves a lot of money still sloshing around in bank accounts, and no doubt savers will be starting to think about how to use that money more productively. Getting rid of debt is usually a good idea, so one option is to overpay your mortgage, but it's not the no-brainer it might seem at first sight.

It's extremely likely that the rate you're paying on your mortgage is higher than the rate you're getting on savings in the bank.

The average rate on instant access cash accounts is currently just 0.12%, whereas on a typical mortgage it's 2.09%.

You're likely to benefit in terms of the interest rate by taking cash out of savings and using that to pay down a mortgage. This will depend on the actual rates; the bigger the differential, the bigger the saving.

By paying down the mortgage you reduce the length of time it takes to pay back the loan, and the overall amount of interest you pay to the lender.

The problem is that many



mortgages will only allow you to overpay a certain amount each year, often set at a maximum of 10%, though some will be lower.

If you pay back above this amount, you start to rack up large penalty fees, and the whole endeavour becomes uneconomical. Check the terms of your mortgage to make sure you don't face any punitive charges and adjust your overpayment if you do.

You also need to make sure you maintain enough cash for your rainy-day fund to cover emergencies, typically three to six months of household expenses will do.

Mortgages can be a cheap way of borrowing, so you should also attend to any other debt before your mortgage, because the likes of personal loans, store cards

and credit cards will probably be costing you a whole lot more.

The average rate charged on credit cards is 18%. You can often move credit cards to a new account paying 0% for a limited time, but this is just kicking the can down the road, and after the introductory period, the lender will start to charge more normal rates of interest.

If you find yourself awash with cash because of lockdown, overpaying your mortgage is probably a good idea. But it's worth just making sure there aren't better uses for your money, or penalties for paying back the cash.



By **Laith Khalaf**  
Financial Analyst



# The missing ingredient?

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## Is private equity the missing ingredient in your portfolio?

Public companies have been at the heart of the economy for hundreds of years. But today's global economy is much more diverse, and there are over \$6 trillion of assets managed by private equity.

Most of us encounter private equity-owned businesses in our everyday lives, whether it's food manufacturers, retailers, websites, education providers or tech-enabled and software businesses. These companies

are all around us and are at the heart of the real economy.

Private equity has outperformed public market benchmarks over the last 20 years, and investing in private equity-owned businesses could be **a crucial ingredient for you to build a truly diverse portfolio.**

At ICG Enterprise Trust, a member of the FTSE 250, **we have 40 years' experience of successfully investing in private businesses** to generate long-term value for our shareholders. We look to

invest in companies that will generate sustainable growth, and to work with other private equity managers who share this vision.

And while we make investments for the long term, our structure as a listed closed-ended trust means our shareholders have unconstrained access and liquidity, allowing you to invest in private equity assets for as little as the cost of one share.

**So, is private equity the missing ingredient in your portfolio?**

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## KEY ANNOUNCEMENTS OVER THE NEXT WEEK

### Full-year results

**19 March:** ContourGlobal, Johnson Service, M&G, Sanne. **22 March:** Centamin, Kingfisher, Yew Grove REIT. **23 March:** Alliance Pharma, Arrow Global, Cambridge Cognition, DP Eurasia, Elementis, Energean, Ergomed, Henry Boot, H&T, Judges Scientific, Longboat Energy, LoopUp, Luceco, MP Evans, Mortgage Advice Bureau, Old Mutual, Pebble, Personal Group, Zotefoams. **24 March:** Anglo Pacific, Burford Capital, Circassia, CPP, ECSC, Kenmare Resources, Keywords Studios, Pendragon, Sopheon, Strix, T Clarke, Telit Communications. **25 March:** Allied Minds, Ascential, BBGI Global Infrastructure, Biome Technologies, Ebiquity, Faron Pharmaceuticals, Funding Circle, International Public Partnerships, Lamprell, Learning Technologies, Regional REIT, Robinson, S4 Capital, Safestyle UK, Secure Trust Bank, SIG, Surgical Innovations, Tandem, Venture Life.

### Half-year results

**23 March:** Essensys, MJ Hudson, YouGov. **24 March:** Applied Graphene Materials, Bellway, Softcat. **25 March:** Genedrive.

### Trading statements

**24 March:** Diploma.

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