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PENSIONS

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BAILLIE GIFFORD
Actual Investors

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

Ways to beat the FTSE 100's 3.2% dividend yield

Follow these steps to find companies with higher yields and hopefully sustainable dividends

The income hurdle for UK investors to beat is 3.2%, which is the prospective yield from the FTSE 100 according to Stockopedia data. Buying a simple FTSE 100 tracker fund will give you access to the index and therefore the yield. But how easy it is to beat this figure? It's simple if you've got time to research the market.

Any good screening system will tell you the names of stocks with yields above a certain level. In doing so, you'll have a list from which to start narrowing down the names to find those capable of sustained dividend payments. Just remember that dividends are not guaranteed payments and can be cut or cancelled at any time.

Most investor guides or books will talk about earnings cover, which is how much the earnings per share of a company covers its dividend payments. The higher the cover, the easier it is for the company to pay the dividend and be able to pay higher dividends in the future.

The downside of this metric is that the earnings per share figure can be manipulated. It's worth also looking at cash flow as cash funds the dividend. Free cash flow is the cash generated from operations minus money used for capital expenditure.

Using SharePad, *Shares* has built a screen to look for stocks in the FTSE All-Share index that yield 3.2% or more, and which have both earnings per share dividend cover (forecast) and free cash flow dividend cover (historical as forecast data not available) of more than 1.2 times.

We have also stipulated at least 11% share price gains over the past 12 months, being the return from the FTSE All-Share over that period. For this exercise, we felt it was important to at least keep pace with the broader market.

Quite often you'll see a stock with a high yield which is purely the result of a falling share price. The stock is down because investors do not believe the dividend forecast is achievable – a falling price will push up the prospective yield. We want to steer clear of such companies.

Our screen provides a list of 54 names. One stock that stands out is legal services group **DWF (DWF)** which has a 5.5% prospective yield. While its share price has already done very well in the past year, we note two brokers recently issued positive comments.

On 21 July, Shore Capital said a re-rating looked 'overdue' as previous problems are now being addressed by new management. It added: 'Our forecasts imply a 2022 financial year PE of 10.6 and an EV/EBITDA of 7, which compares to the peer group average of 17 and 11 respectively.'

At the same time, Liberum moved from 'hold' to 'buy', saying DWF's management had proved they could meet expectations and that it had more faith in the equity story.

If you're looking for more income ideas, this article explores stocks and investment trusts expected to yield 5% or more.

A selection of small caps with prospective dividend yields greater than the FTSE 100

Wentworth Resources	6.4%
City of London Investment Group	6.3%
Central Asia Metals	6.1%
DWF	5.5%
PayPoint	5.3%
Morses Club	4.9%
Ocean Wilson	4.9%
XPS Pension	4.7%

Source: SharePad, Stockopedia, 2 Sep 2021

By **Daniel Coatsworth** Editor

Labour, supply shortages and rising prices could crimp Christmas sales

Some firms are having to scale back operations despite customer demand

Shares warned of supply chain challenges in the food industry as far back as May last year, yet it took announcements from fast-food chains KFC and Nando's and supermarket giant **Tesco (TSCO)** for the penny to finally drop. Broader supply chain issues pose a threat to company earnings and therefore to share prices.

Not only are there shortages of goods on the shelves, the combined effects of Brexit and the pandemic have led to a shortage of workers. Walk down any high street and you are likely to spy shop after shop looking to hire staff.

It's a similar story in the hospitality industry, where tens of thousands of employees – typically young and low-paid, many of them non-UK citizens – quit the industry and in some cases the country to find work elsewhere.

As well as struggling for staff, hotels, bars and restaurants are now seeing a knock-on effect among their suppliers. According to the *Financial Times*, hotels across the UK, including some operated by FTSE 100 firm **InterContinental Hotels Group (IHG)**, have been forced to limit guest numbers after 'a boom in domestic holidays collided with a chronic shortage of laundry staff'.

According to IHG, the laundry supply chain 'cuts across staffing challenges, distribution and logistics', causing some operators to limit daily bed linen changes. Other hoteliers are limiting occupancy 'to cope with staffing and laundry constraints', the publication said.

Alert to the situation, specialist workwear and laundry group **Johnson Service (JSG:AIM)** brought all its staff back from furlough and recruited a significant number of employees from March, as volumes in its hotel, restaurant and catering business increased dramatically, but other companies were clearly less on the ball.

Every industry, from construction to engineering and energy to retail, is now flagging supply chain constraints due to a shortage of stock, delivery drivers and even sea containers as a risk to their full year outlook.

Electrical specialist **Luceco (LUCE)** estimates its annual input costs have risen by £20 million or 15% due to hikes of between 40% and 70% in the prices of copper and plastic and a five-fold increase in the cost of renting sea containers to transport its products from China.

The big concern is that rising prices caused by supply chain issues and higher input costs will reduce the spending power of households.

Add in the ending of Government support for furlough and of the £20 per week universal credit uplift next month and the impact on the less well-off is likely to be even more brutal. None of which makes for a merry Christmas for retail or hospitality stocks. [IC]

Shock amid state pension setback and tax hikes

The Government has done a U-turn on the triple lock and will also charge more tax on dividends and push up National Insurance rates

Pensioners, workers and businesses across the country will be affected by the Government's plans to raise more money to fund health and social care. Specifically, investors will be hit by changes to the state pension and tax rates on dividends.

The triple lock on pensions will become a double lock for 2022/23. Currently the state pension rises each year by the higher of average earnings, prices as measured by the CPI rate of inflation or 2.5%.

The average earnings component will be temporarily removed, otherwise it would have meant the state pension would have gone up by 8%. The news will be poorly received by individuals who had budgeted for the 8% rise in the state pension, particularly as the Government has previously said it wouldn't change the triple lock system.

A 2.5% state pension increase would mean those in receipt of the full flat-rate state pension could see their payment increase from £179.60 per week to £184.10 per week. Those in receipt of the basic state pension could see their payment increase from £137.60 to £141.05.

ISA and SIPP wrappers will become increasingly important ways to shelter money from the taxman after the Government said it would charge a higher tax rate on dividend income. Both tax on dividends and National Insurance will go up by 1.25 percentage points to help bring in more money to support health and social care.

Dividends are tax-free for investments inside ISAs and SIPPs, but anyone holding investments in other types of accounts currently pay between 7.5% and 38.1% tax on dividends depending on their tax status.

The changes from April 2022 will see basic rate taxpayers pay 8.75%, rising to 33.75% for those on the higher rate of tax and 39.35% for those on the additional rate. These tax rates are only payable once you've used up the £2,000 annual dividend allowance.

Impact of the dividend tax increase on annual dividends of £5,000 and £10,000 in different tax bands:

Tax band	Tax paid on £5,000 dividend at current rate	Tax paid on £5,000 dividend at new rate
Basic rate	£225	£263
Higher rate	£975	£1,013
Additional rate	£1,143	£1,181
Tax band	**Tax paid on £10,000 dividend at current rate**	**Tax paid on £10,000 dividend at new rate**
Basic rate	£600	£700
Higher rate	£2,600	£2,700
Additional rate	£3,048	£3,148

Source: AJ Bell

The tax hike could hit company directors who pay themselves via company dividends in addition to salary more than investors, says Laura Suter, head of personal finance at AJ Bell.

She adds: 'Retail investors will only be impacted if they have significant portfolios outside of a pension or ISA as these shelter dividends from tax. Even then, they will only be caught and face a higher tax bill if their annual dividends are over the annual dividend allowance of £2,000.

'To be in that position you'd have to have a portfolio of over £50,000 if it was yielding 4% a year and the Government estimates that around 60% of people who have dividend income outside of ISAs will not see a tax increase next year. [DC]

AJ Bell referenced in the article is the owner of *Shares* magazine. The author owns shares in AJ Bell.

Japanese stocks gain after prime minister's resignation

The country's Nikkei 225 index will also undergo some important changes

Seemingly counter-intuitively, Japanese stocks surged higher after prime minister Yoshihide Suga announced on 3 September his intention to step down with the Nikkei 225 index gaining 2% and the broader Topix index making new all-time highs.

There are two reasons why investors took the news positively. Firstly, Suga's approval rating had deteriorated badly amid his handling of the pandemic. Therefore, declaring that he would not run for re-election as party leader ahead of a general election due later this year made way for more popular candidates with better chances of the ruling Liberal Democratic party retaining power.

Secondly, Suga's resignation increased the chances of further government stimulus on top of the existing $3 trillion package. A strong earnings season also provided a positive financial backdrop to the politics.

Japan-focused funds have benefited from the positive momentum with **Fidelity Japan Smaller Companies Fund (FUND: B73VMD59)** up 5.5% over the past week and the **Amundi Index Japan ETF (JARI)** gaining 4.2%.

In the investment trust world, shares in the **Fidelity Japan Trust (FJV)** were up 9.5% while the **Baillie Gifford Japan Trust (BGFD)** advanced 5%.

Adding to the excitement for investors in Japan is news that three of the country's biggest companies will shortly join the widely followed Nikkei 225 index on 1 October.

The index is one of a handful which calculates index constituent weightings according to share price rather than the more conventional market value. The Dow Jones in the US is another popular index which follows the same approach.

The methodology for the Nikkei has been adjusted so that each new addition will have a capped weighting of 1%. The potential issue was that the relatively high share prices of the three companies set to join would have unduly increased volatility of the index.

The size of companies entering the Nikkei 225 Index

	Share Price (Yen)	Market Cap (£bn)
Keyence	69,260	109.2
Nintendo	55,140	42.5
Murata	9,763	40.4
Average Nikkei 225 Component		**13.0**

Source: Bloomberg, Stockopedia. Data as at 6 September 2021. GBP/Yen exchange rate 151.8

The three companies joining the Nikkei are video games console maker Nintendo, robotics manufacturer Keyence and electronic component manufacturer Murata, which supplies global smart phone manufacturers including Apple.

Keyence is the second largest company in Japan by market value at approximately £109 billion while £43 billion Nintendo is one of the best-known brands in the world.

The three companies have a combined market cap of £192 billion, which is roughly equivalent to the combined market value of **Unilever (ULVR)** and **Diageo (DGE)**.

By including these Japanese heavyweights, the Nikkei 225 will become more representative of the Japanese economy and in turn provide investors with more diversity. [MGam]

Why gloomy US jobs data didn't derail the market

The point at which the Federal Reserve could start tapering bond purchases might have been kicked down the road

The US equity markets have remained resilient in the face of poor US non-farm payroll growth in August. The consensus estimate was for an increase of 735,000, however the reported figure was just 235,000.

Two factors explain the market's apparent irrational exuberance to what appears at first glance to be a very bearish jobs report.

First, the media has focused on one specific aspect of the report, which presents an overly dismal picture of the American jobs market. A more detailed and stoic examination of the data depicts a more optimistic scenario.

Second, the apparent weakness in the jobs data is likely to prompt the Federal Reserve to postpone any plans for tapering bond purchases that are part of its economic support measures, which is likely to underpin current equity valuations.

While the August headline non-farm payroll figure was distinctly disconcerting, other aspects of the jobs report were far more encouraging.

The unemployment rate fell to 5.2% in August from 5.4% in July. Moreover, wages continued to grow, increasing 4.3% on a year-on-year basis, and 0.6% on a monthly basis. This compares with estimates for 4% and 0.3% respectively. In addition, the job gains for July were revised up to 1.1 million.

Another potential source of optimism relates to labour shortages. The removal of additional unemployment insurance payments is likely to act as a catalyst for workers to re-enter the jobs market. Better access to childcare as schools reopen should also remove a further obstacle for individuals hoping to get back into work. [MGar]

Investors in German stocks and funds need to prepare for big changes

Elections and an overhaul of the DAX will keep investors on their toes

IT LOOKS LIKE being an unusually busy few weeks for investors in German equities. First, chancellor Angela Merkel is stepping down after 16 years in office, with elections due on 26 September, and second, the DAX index is being revamped for the first time in several decades.

To say that Merkel will be a tough act to follow is an understatement. So much so that no party looks to have an overall majority, and the most likely outcome is the conservative CDU party will be replaced by a centre-left/green coalition. Markets dislike uncertainty, and should a coalition ensue investors will want a quick decision on the new leader.

Ahead of the elections, the DAX index will be expanded from 30 to 40 members with the addition of stocks such as food delivery company Hello Fresh, sportswear maker Puma, diagnostics firm Qiagen, medical technology firm Siemens Healthineers and online fashion platform Zalando.

This is the biggest ever shake-up of the German stock market benchmark, which as well as increasing its market value by around €350 billion brings in faster-growing, higher-valued companies, diluting the weighting of slow-growing heavyweights such as BASF and Deutsche Telekom. [IC]

Revolution Beauty provides portfolio glitz, glamour and global growth

Make-up-to-skincare products supplier has big ambitions to become the world's most innovative and revolutionary beauty company

Investors seeking to add glitz, glamour and growth to their portfolios should buy shares in **Revolution Beauty (REVB:AIM)**. This fast-growing make-up, skincare and haircare brand will capitalise on a buoyant mass beauty market once Covid-19 restrictions around the world are fully removed, the global vaccine take-up gathers pace and consumers begin to go out, socialise and glam themselves up once more.

Founded in 2014, the beauty and personal care business already has proven global scale, its wares sold in retailers across five continents, and boasts a rapidly-growing online business. Yet its share of the downturn-resistant, large and growing global mass beauty market remains small, suggesting there's an enormous landgrab opportunity in front of the business.

Shares believes Revolution Beauty's ability to bring quality, cruelty free cosmetics and skincare products to market faster than rivals leaves the company well placed to deliver exciting rates of growth for many years ahead.

REVOLUTION BEAUTY
BUY
(REVB:AIM) 160p
Market cap: £496 million

MAKE A MINT WITH MINTO

Revolution Beauty joined AIM in July 2021, having raised £110.7 million of new money through an oversubscribed placing priced at 160p. Co-founded by chief executive Adam Minto and executive chairman Tom Allsworth, the company operates a multi brand, multi category strategy, selling its products in brick and mortar and digital retailers through wholesale tie-ups, as well as direct to consumer via its own e-commerce operations.

It sells a diverse and inclusive array of products catering to a wider range of skin tones. And it's fair to say its products appeal to the more ESG-minded 16-to-35-year-old demographic, being 100% cruelty free and mostly vegan, with sustainable and recyclable packaging used wherever possible.

Revolution Beauty is one of a number of disruptive smaller companies, among them AIM-listed peer **Warpaint London (W7L:AIM)**, which are challenging the industry's established order by rapidly developing and launching new products to take advantage of new market trends and selling them at sharper prices than the major beauty prestige giants.

RETAIL BEAUTY PARADE

Emerging from the pandemic, *Shares* sees scope for strong earnings growth for the company as social life resumes in earnest and the global consumer spends big on colour cosmetics.

Revolution Beauty's roster of retail customers includes Superdrug and Boots in the UK, the US retail giant Target and America's largest specialist beauty retailer Ulta, as well as Australia's health and beauty leader Priceline, and Watsons

which is one of Turkey's leading beauty retailers with more than 250 stores in 65-plus cities.

DIGITAL DELIVERY

Revolution Beauty's fast-growing digital business includes its direct to consumer website and a burgeoning band of digital partners including Amazon, **ASOS (ASC:AIM)**, **Boohoo (BOO:AIM)** and Zalando. These digital retail partnerships give Revolution Beauty access to a large number of new customers without any capital expenditure requirements.

From a standing start in August 2019, its customer growth in the DTC channel hit 1 million by December 2020 and at the start of 2021, Revolution Beauty turbo-charged growth prospects by launching with **THG's (THG)** Ingenuity platform in the US, Australia and New Zealand.

Shares also notes that Revolution Beauty is very active on social media, successfully collaborating with beauty influencers to promote its products on popular platforms such as Instagram and TikTok.

'Our differentiated business model brings together both online and retail revenues, while our manufacturing and consumer feedback strategy enables us to bring new products to market quickly,' says Minto.

He points out this means Revolution Beauty 'can quickly respond to the megatrends driving the global mass beauty industry', which includes colour cosmetics, skincare, haircare, fragrance and sun care. According to Euromonitor, this market was valued at $210 billion in 2020 and is forecast to grow to $283 billion by 2025.

As for Revolution Beauty, its revenue increased by 37% to £137 million in the year to December 2019 and impressively, grew to £158 million in the 14 months to 28 February 2021, on which the company generated adjusted EBITDA of £13.1 million.

This was a credible result considering the impact of the pandemic and the temporary closure of certain brick and mortar retailer customers for significant periods, which was offset by strong growth through both digital partners and the DTC business.

Admittedly, continued and increased investment in staffing, marketing and other costs to drive the global growth of the brand meant the business was loss-making at the pre-tax line.

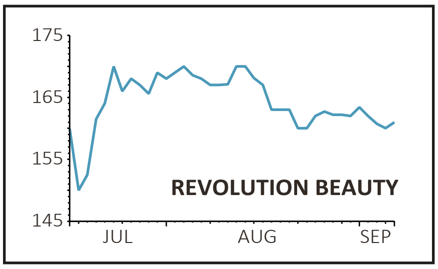
EARNINGS OUTLOOK

At the time of writing there were no earnings forecasts in the market, but we expect analysts to start publishing estimates very soon. That is likely to be a catalyst for the share price as investors will be able to get a better feel for what the company might achieve.

One risk with investing in Revolution Beauty is that it has no track record as a listed business. However, we are confident that its proposition and progress with sales growth and distribution should soon translate into positive earnings and therefore share price growth in time.

We also take some comfort that the stock has proved popular with numerous investment funds which have taken positions in the company.

These include various AXA Framlington funds including **AXA Framlington UK Select Opportunities (B7FD4C2)**, **Aegon UK Smaller Companies Fund (B142FS1)**, **Janus Henderson UK Alpha Fund (3095683)**, **Premier Miton Ethical (BTHH062)** and **Crux UK Special Situations (BG5Q5X2)**, according to data from Refinitiv and Morningstar. [JC]



Henderson Opportunities is a value-focused trust going cheap

The diversified approach to UK stocks has helped underpin a strong long-term performance

The double-digit discount to net asset at **Henderson Opportunities Trust (HOT)** looks unjustified given its long-term track record.

Trading 14.7% below its NAV, the investment trust has delivered a total return of 318.5% over the last 10 years.

This puts it near the top of the AIC's UK All Companies category in terms of performance and yet it offers the largest discount.

A focus on UK value opportunities looks well aligned with the current market environment where a flood of incoming bids for British businesses is continuing to highlight their relative cheapness.

Managers James Henderson and Laura Foll take full advantage of the flexibility afforded them by the investment policy with no limits on sector or market capitalisation. The trust aims to hold 70 to 100 stocks.

As research house Edison observes: 'Henderson Opportunities Trust may not have enjoyed the profile of its managers' larger mandates, **Lowland Investment Company (LWI)** and **Law Debenture (LWDB)**, but in our view it is the purest expression of their valuation-aware, total return-focused approach to running diversified UK equity portfolios.'

The trust focuses on seven different 'buckets': early-stage companies, small and medium sized compounders, fast growing smaller companies, large companies, special situations, natural resources and companies that are in recovery.

The aim is for each bucket to make up no more than 20% of the portfolio and the diversified approach is intended to ensure the portfolio can perform well in a variety of market conditions.

The 'go anywhere' approach is reflected in the top 10 holdings which feature small cap Scottish housebuilder **Springfield Properties (SPR:AIM)**, FTSE 100 banks **Barclays (BARC)** and **Natwest (NWG)**, North Sea oil producer **Serica Energy (SQZ:AIM)** as well as marketing group **Next Fifteen Communications (NFC:AIM)**.

The portfolio was hit hard by the pandemic but in the period from the vaccine breakthrough in November 2020 to June 2021 the discount to NAV narrowed significantly as value investing came back into fashion.

However, in the past few months the share price has drifted lower while the NAV has continued to move higher, creating what we believe is a compelling window of opportunity for investors.

The focus is on capital growth rather than dividends, but the trust has delivered 10 years of unbroken growth in the payout and it has a historic yield of 1.9%. The ongoing charge is 0.9%. [TS]

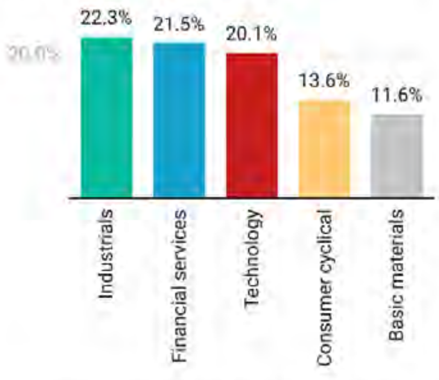
HENDERSON OPPORTUNITIES TRUST

BUY

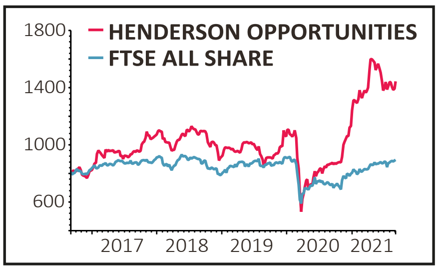
(HOT) £14.35

Market cap: £113 million

Henderson Opportunities Trust – top sectors

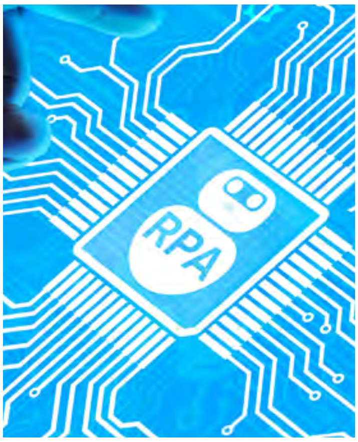


Source: Henderson, 31 July 2021 • Created with Datawrapper



BLUE PRISM
(PRSM:AIM)

Price: £12.28
Gain to date: 57.7%
Original entry point:
Buy at 778.5p, 15 July 2021



Speculation is increasing that there will be a bidding war for robotic automation company **Blue Prism (PRSM:AIM)**.

Its shares surged by 32% on 31 August after confirming it was in talks with private equity firms TPG Capital and Vista Equity Partners regarding possible offers for the firm.

Since then, the *Financial Times* reported that Blue Prism had brought in Qatalyst Partners as financial adviser. It said: 'The Silicon Valley boutique has a longstanding reputation for shopping tech companies to the highest bidder.'

At the time of writing, TPG and Vista have remained silent, and no details have been revealed as to the terms being discussed.

One of the key attractions we identified for owning Blue Prism shares was the yawning valuation discount that it traded at versus peers. This is still relevant today, despite the subsequent gain in the share price since our July article.

Add in the company's exposure to a fast-growing industry and installed recurring revenue base and the potential rewards still outweigh the risks.

SHARES SAYS: ↗
Anyone who followed our suggestion to buy in July would have made a decent return in a very short time. Readers must decide whether to lock in that profit or hang on in case a bidding war drives the price up further. *Shares* believes there is more money to be made from sticking with the stock. [MGam]

BELVOIR GROUP
(BLV:AIM)

Price: 280p
Gain to date: 19%
Original entry point:
Buy at 235p, 10 June 2021

Property franchise and finance firm **Belvoir (BLV:AIM)** delivered forecast-busting results for the six months to the end of June thanks to a recovery in rental income and a sharp increase in property sales across its network.

Revenues for the first half rose 41% to £13.8 million, with income from lettings up 21% while income from property sales jumped by 78% thanks to a more favourable housing market than last year.

The group's recent expansion also played a part, with the underlying business contributing 33% growth and 8% coming from the acquisition of the Nicholas Humphreys network in March.

Nicholas Humphreys operates a national network of 20 franchised estate and lettings agents which manage a portfolio of more than 6,500 student lets, providing a strong source of recurrent income.

Pre-tax profits climbed by 51% to £4.8 million, of which 42% came from the underlying business and 9% came from Nicholas Humphreys, delivering on Belvoir's promise that the acquisition would be earnings-enhancing.

For the full year, the firm is confident of delivering a 'strong' trading performance, with high levels of activity across its businesses supplemented by growth from the recent acquisition of Nottingham Mortgage Services, which 'has the prospect of generating significant opportunities in the coming years', according to Belvoir's chief executive.

SHARES SAYS: ↗
With lettings and now sales recovering, the future looks bright. Keep buying the shares. [JC]

ELEMENTIS

(ELM) 157.3P

Gain to date: 24.9%

Original entry point:

Buy at 125.9p, February 2021

Our positive call on **Elementis (ELM)** is 25% in the money and we are encouraged by newly appointed non-executive chairman John O'Higgins' purchase (2 Sep) of £100,996 worth of shares in the FTSE 250 chemicals firm at around 154p each.

As outlined in our original buy thesis in February, Elementis has the right mix of sales divisions to benefit from economic activity picking up again and society reopening.

And given its focus on developing high-quality businesses with enduring competitive advantages in structural growth markets, Elementis has received and rebuffed low-ball takeover offers, so the return of bid excitement

shouldn't be ruled out.

Results for the six months to June were strong, with sales up 17% from the pandemic-impacted comparable half in 2020 to $452 million, driven by improved industrial demand, customer restocking and currency tailwinds. Adjusted pre-tax profit powered 41% higher to $40 million, while net debt was down 8% to $415 million.

The full year outlook was positive, with Elementis remaining confident of delivering 'an improved financial performance and a reduction in leverage', which should help pave the way for an eventual return to dividends.

SHARES SAYS: ↗

We're staying positive on Elementis as a play on global economic recovery and for the potential for further bid interest down the track. [JC]

ADVERTORIAL

EXPECT EMERGING MARKET ASSETS TO SHINE

PICTET
1805
Asset Management

Emerging markets are predicted to account for 57% of global GDP by 2030, yet they currently only make-up 12% of the global equity and 4% of the global bond indices[1]. Capturing the EM-DM growth differential is more important now than ever. Increasing commodity prices, a weaker US dollar and increased global trade are all tailwinds coming together for emerging markets assets in 2021. China's rising importance in financial markets, and the emergence of the Renminbi Bond market now provides a vital diversifier and safe haven asset within emerging markets for multi asset investors.

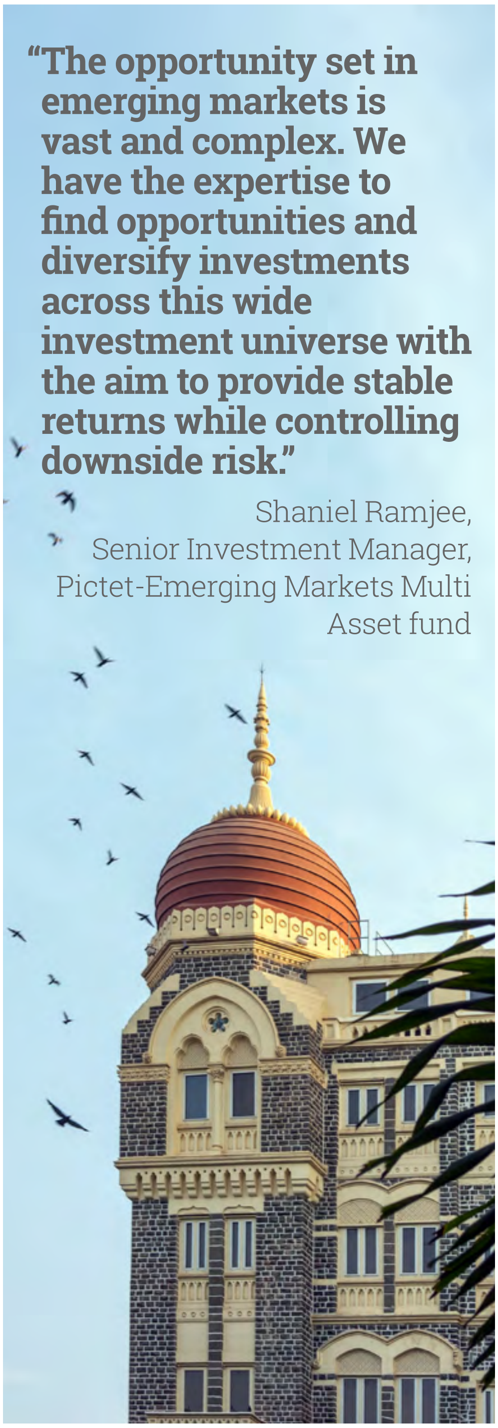
1 Source: Pictet Asset Management, DataStream, MSCI AWCI and JPM GBI Broad bond index as at 31.12.2020.

The Pictet-Emerging Markets Multi Asset fund: A single asset allocation solution to emerging markets:

- The new fund simplifies investing in emerging markets, aiming to provide **a single asset allocation solution** to emerging markets.
- The fund allows investors to gain exposure to **emerging market growth opportunities** without the complexity of choosing how, when and where to best allocate within emerging markets.
- Taking a multi asset approach gives investors the added **benefit of diversification** across regions, sectors and assets within EM.
- We believe the significant dispersion in returns across the emerging universe may provide opportunities to maximise returns while **controlling for downside risk**.
- The fund will be invested following Pictet Asset Management's **commitment to responsible investment**. The experience of our emerging market specialists is a key resource in evaluating the ESG impact.

"The opportunity set in emerging markets is vast and complex. We have the expertise to find opportunities and diversify investments across this wide investment universe with the aim to provide stable returns while controlling downside risk."

Shaniel Ramjee,
Senior Investment Manager,
Pictet-Emerging Markets Multi Asset fund



Pictet-Emerging Markets Multi Asset fund 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 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.

How Sorrell's digital advertising champ S4 has left WPP in the shade

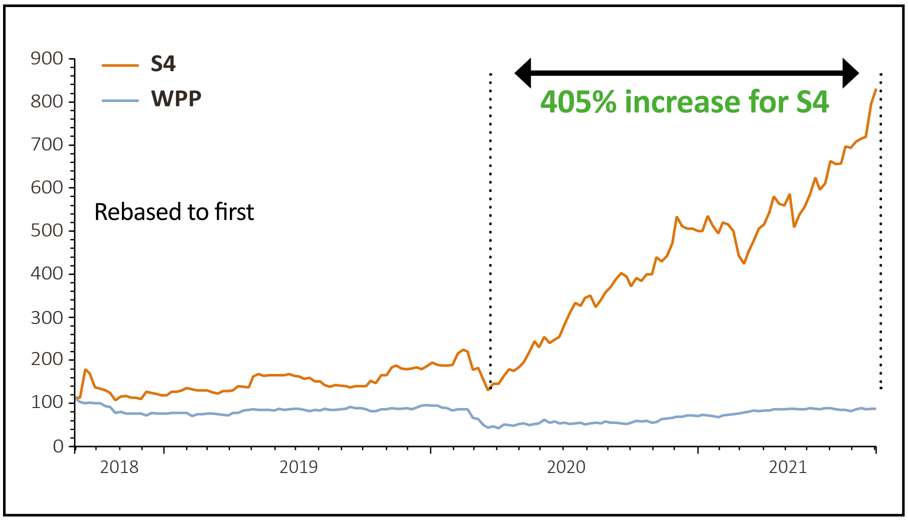
Comparing an established player and an upstart in the global advertising market

The former chief executive and founder of advertising giant **WPP (WPP)** Martin Sorrell has pursued a ruthless growth strategy with his new digital marketing upstart **S4 Capital (SFOR)**, which he heads up as executive chairman.

His departure from WPP was mired in acrimony but Sorrell has moved on fast with the strategy for S4 predicated upon the premise that embracing the transition to digital advertising is critical to success.

In 2018, when S4 Capital was founded, digital advertising accounted for 45% of total global advertising expenditure. Sorrell has publicly stated that this share should grow to approximately 55% by 2022.

Being a relatively newly formed entity, S4 Capital has a distinct advantage over its peer group with programmatic advertising (the automation of buying and selling digital advertising space) working symbiotically with the creative department. S4's rapid growth has been contingent upon a rapid series of acquisitions.



S4'S STUNNING SUCCESS

Since its inception S4 Capital has acquired 24 companies, and industry observers believe that future acquisitions are likely in both Asia and North America. The success of Sorrell's strategic approach has been reflected in the share price that has risen from 164p in April 2020 to 829.6p.

This equates to a 405% increase and a corresponding market value of £4.55 billion, an impressive feat for a company that was only listed on the London Stock Exchange in October 2018.

The phenomenal success of Sorrell's new company contrasts with the difficulties encountered by WPP, the advertising agency where Sorrell was CEO for more than three decades until April 2018 when he departed following allegations of personal misconduct and misuse of company assets. Sorrell has strenuously denied these allegations.

WPP's share price peaked at nearly £19 in early January 2017, falling to a level of 568p in early June 2020, before recovering to its current level of 999.8p, helped by a recovery in advertising activity.

Arguably the marked disconnect in the share price performance of the two advertising companies is indicative of S4's ability and WPP's struggle to embrace the shift to an increasingly digitally orientated world.

Moving forward the key

WPP Consensus Earnings Forecasts

	2021	2022	2023
Revenue (£ Millions)	9,970.70	10,305.40	10,606.80
Organic Growth (%)	6.2	3	2.4
Acquisition Growth (%)	0.3	0.5	0.5
Fx Impact (%)	-4.9	-0.6	-0.1
Reportable Growth (%)	2.3	3	2.8
Operating Margin (Ex Associates) %	13.7	14.7	15.4
Earnings Per Share (p)	70.3	81.3	90.8
Dividend Per Share (p)	27.6	32.3	35.5

Source: WPP

question is will WPP be able to close the digital divide with its rival, S4?

DIFFERENTIATED APPROACH

As early as 2017 when Sorrell was at WPP he recognised that digital disruption was forcing companies to change their business models and reach customers in different ways.

This observation formed the central tenet in the philosophy behind the creation of S4 Capital in 2018 and the associated pivotal acquisitions of Media Monks in July 2018 (a creative digital production company) for $350 million, followed five months later by the acquisition of San-Francisco based consultancy MightyHive, a specialist in programmatic advertising, for $150 million.

These two acquisitions enabled S4 to offer full service digital marketing from creative work to media planning and buying campaign advertising space.

2019 was an important year for S4 and acquisitions played a critical role in expanding the group's scale and scope. These included Media Monks' purchase of Caramel Pictures, whose clients included Heineken and KFC alongside consumer goods companies such as Coca-Cola, Nestle and **Unilever (ULVR).**

CEMENTING RELATIONSHIPS WITH BIG TECH

A desire to foster deeper relationships with Google, Facebook, Amazon, Adobe and other companies within the technology sector (which accounts for just under 50% of S4 Capital's revenues) has been the motivating factor behind several of S4's acquisitions, capitalising on existing relationships between the targets and the big tech clients.

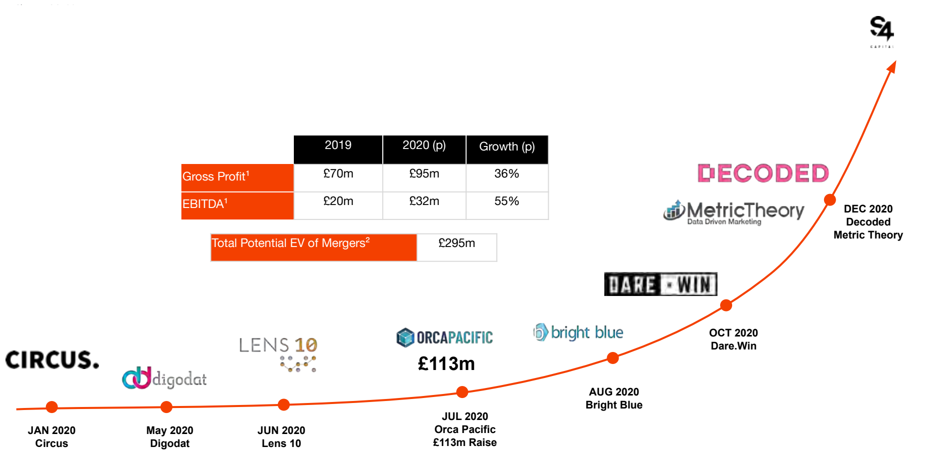
HOW S4 SNARES ITS TARGETS

The success of S4 Capital's acquisition strategy has been linked to the remuneration structure available to the owners of companies acquired by the group.

Rather than offering the usual earn-out model (a contingent payment that the seller only receives from the buyer when specific performance targets are met), S4 Capital offers a cash and equity model, albeit with time locks.

This enables S4 Capital to immediately integrate the acquired entities. Conversely, the vendors receive a cash element upfront and in accepting equity in S4 Capital, are also able to participate in the future success of the combined entity.

S4 Capital – takeovers in 2020



Source: S4 Capital

CAN WPP CLOSE THE DIGITAL DIVIDE?

Arguably WPP's larger size and associated sprawling and disparate culture may have contributed to its inability to fully embrace the rapid transition to digital.

To redress this digital divide, WPP has this year pursued two separate strategic initiatives. The first has involved some relatively modest acquisitions.

In March, WPP acquired NN4M, a mobile commerce platform for global brands. The group partners with names including Wetherspoon, River Island, Nestle and Selfridges to create mobile solutions.

In August, WPP announced the acquisition of artificial intelligence specialist Satalia. While the numbers surrounding the deal were kept under wraps, it has been suggested that WPP paid £75 million.

Satalia is a fast growing UK technology company and uses machine learning tools to help firms to enhance their efficiency.

The firms' algorithms can determine how to optimise schedules and allocate tasks. The deal is aligned with WPP's strategy of expanding into the growth areas of commerce and technology.

NEW DATA COMPANY CHOREOGRAPH

The second move WPP has pursued has involved the creation of Choreograph, which is focused on helping brands activate new customer experiences by turning data into intelligence.

Choreograph combines the first party data management capabilities of two of its existing business: Wunderman Thompson (part creative agency, part consultancy and part technology company) and advertising technology platform Group M, which enjoys first party data insights, which is the information collected directly from audiences or customers.

MARKET REACTION

S4 Capital has since its inception in 2018 advocated a 'holy trinity' model of first party data, digital content and programmatic advertising. The rationale for the creation of WPP's Choreograph looks similar but it is obviously trailing in S4's wake given the latter's first mover advantage.

The share price reaction to the news that WPP had acquired artificial intelligence specialist Satalia was decidedly muted. This may be indicative of the sub-scale and unfocused nature of WPP's recent acquisitions.

EARNINGS TRAJECTORY AND VALUATION

The table in this article outlines several key insights with respects to WPP. First, the forecasts for both organic and reported growth in 2022 and 2023 are relatively pedestrian, with the former rising to 3% in 2022 before marginally declining to 2.8% in 2023.

Second, the forecasts don't anticipate acquisitions acting as a meaningful catalyst for growth.

However, on a more positive note forecasts for both earnings and dividend growth are relatively robust with earnings growth of 15.6% in 2022 and 11.6% in 2023, driven by margin improvements, and dividend growth of 17% in 2022 and 10% in 2023.

Trading on a forward enterprise value to earnings before interest, tax, depreciation and amortisation (EV/EBITDA) ratio of 7.4, WPP is significantly cheaper than S4 Capital which trades on an EV/EBITDA of 35.7. Unlike S4, WPP also pays a healthy dividend.

Prospective investors need to determine if they prefer the more prosaic but reasonably valued WPP or are willing to pay up for the promise of more significant growth at S4.

By **Mark Gardner**
Senior Reporter

5% DIVIDEND YIELD

The stocks and funds for market-beating income

By the **Shares team**

How does a 5% return on your money sound right now? With UK interest rates showing little sign of increasing from rock bottom levels despite mounting inflation, a 5% rate is certainly appealing.

If you are using your investments to pay the bills or to fund your living expenses in retirement the income you receive is vital. The great news is that the dividends from stocks and shares can offer investors a much better level of return than cash in the bank.

At the time of writing the FTSE 100 trades on a prospective dividend yield of 3.2% according to data from Stockopedia. Investors don't have to settle for that return.

There are plenty of options which should pay a substantially higher level of income and *Shares* has trawled the market to find the most attractive stocks and investment trusts with yields of 5% or more.

LOOKING FOR INCOME PROTECTION

The danger with higher yielding investments is that the income may not be sustainable, and many of us may well have been burned in the pandemic when many businesses cut or paused their shareholder payouts.

It is hard to account for this type of Black Swan event, however we have attempted to introduce a measure of safety to our high-yielding selections in two ways.

First we have screened for stocks yielding 5% or more which have both forecast dividends covered at least 1.5 times by forecast earnings, with evidence that the last dividend was covered entirely by free cash flow (i.e. not being paid out of debt or by selling assets).

Second, our list of income plays is dominated by investment trusts and REITs (real estate investment trusts), which generate yield from a diversified portfolio of assets, negating the risk posed by an unexpected drop in income.

Investment trusts are also able to put by 15% of the cash they receive each year from investee companies as revenue reserves which can then be drawn on in trickier times to smooth out dividend payments.

HIGH-YIELDING, WELL-COVERED DIVIDENDS

Company	Historic free cash flow dividend cover	Forecast yield (%)	Forecast dividend cover*
Diversified Energy	1.8	10.8	1.5
Imperial Brands	2.6	9.2	1.7
SEPLAT Petroleum	1.8	8.1	2.0
British American Tobacco	1.5	8.0	1.5
Phoenix	15.9	7.7	1.7
Legal & General	3.7	6.8	1.6
Jupiter Fund Management	1.2	6.6	1.7
Polymetal International	1.0	6.5	1.7
City of London Investment	1.4	6.4	1.5
Central Asia Metals	1.7	6.2	2.2
South32	2.5	6.0	1.8
Pan African Resources	2.7	5.7	3.7
Robinson	1.5	5.6	2.6
TP ICAP	2.5	5.5	2.3
DWF	2.8	5.4	1.6
Synthomer	3.7	5.1	2.7
Old Mutual	14.3	5.1	1.8
Lloyds Banking	65	5.0	3.3
Ocean Wilson Holdings	1.4	5.0	2.4
Morses Club	6.3	5.0	1.5
XPS Pensions	1.9	5.0	1.5

Source: SharePad, 1 Sep 2021. Table: Shares magazine. *Based on how much earnings per share will cover dividends per share.

The first table, created using data from SharePad, shows a list of stocks with prospective yields of at least 5%, forecast dividend cover of 1.5 times, and historic free cash flow dividend cover of at least one times.

The list is dominated by financials and mining firms. Interestingly while higher yielding businesses are thought to generally offer less sustainable dividends with limited scope for dividend growth, three names on the list, life assurance funds consolidator **Phoenix (PHNX)**, tobacco firm **British American Tobacco (BATS)** and asset manager **Jupiter (JUP)**, feature in the top 10 holdings of the **SPDR S&P UK Dividend Aristocrats ETF (UKDV)**.

This ETF tracks an index which includes the top 40 highest-yielding UK stocks with consecutive years of stable or increasing dividends.

From the larger group we have identified British American Tobacco, **Diversified Energy (DEC)** and Phoenix as particularly attractive high-yield investments.

THE ETHICAL QUESTION

Two of these firms are engaged in non-ESG friendly sectors in tobacco and oil and gas respectively. For investors comfortable with investing in these areas these stocks look to be compelling dividend plays.

If you want a more ethical feel to your income investments there are several options in the investment trust and REIT space, with vehicles investing in renewables assets and healthcare facilities.

And another name could soon be added to the list as a new investment trust is looking to join the UK stock market, potentially offering generous dividends. **Responsible Housing REIT** wants to raise £250 million to invest in supported housing. The BMO-managed fund will target a 5% yield on its issue price when it is fully invested.

The second table shows a selection of trusts and REITs which have averaged a 5% dividend yield over the last five years. We have weeded out anything too niche or esoteric but still have a pretty big universe to choose from.

Our favourites are **AEW UK REIT (AEWU)**, **GCP Infrastructure (GCP)**, **Henderson Diversified Income Trust (HDIV)**, **Merchants (MRCH)**, **Shires (SHRS)** and **Twenty-Four Select Monthly Income Fund (SMIF)**.

The average yield offered by our highlighted stocks and funds (based on forecast yield for the stocks and five-year average yield for the trusts and REITs) is a generous 7.1%, or £71 per year on a £1,000 investment.

SELECTED TRUSTS AND REITS WITH FIVE-YEAR AVERAGE 5%-PLUS YIELDS

Trust/REIT	Five-year average yield (%)
Regional REIT	7.6
Premier Miton Global Renewables Trust	7.4
AEW UK REIT	7.4
Honeycomb Investment Trust	7.3
TwentyFour Select Monthly Income Fund	7.2
Real Estate Investors	7.1
Henderson Far East Income	6.8
NextEnergy Solar Fund	6.8
GCP Infrastructure Investments	6.8
TwentyFour Income Fund	6.3
RM Infrastructure Income	6.3
Foresight Solar Fund	6.2
JLEN Environmental Assets Group	6.2
Gore Street Energy Storage Fund	6.1
Bluefield Solar Income Fund	5.9
Stenprop	5.9
Sequoia Economic Infrastructure Income Fund	5.8
Target Healthcare REIT	5.8
Ediston Property Investment Co	5.8
BlackRock Energy and Resources Income Trust	5.7
The Renewables Infrastructure Group	5.7
Standard Life Investments Property Inc Trust	5.6
Aberdeen Latin American Income Fund	5.5
BMO Real Estate Investment	5.5
Henderson High Income Trust	5.5
Impact Healthcare REIT	5.5
Shires Income	5.4
Merchants Trust	5.3
Greencoat UK Wind	5.3
Supermarket Income REIT	5.3
BMO UK High Income Trust	5.3
CQS Natural Resources Growth & Income	5.2
Middlefield Canadian Income Trusts Investment Company	5.2
Acorn Income Fund	5.2
Aberdeen Diversified Income & Growth Trust	5.2
Jupiter Emerging & Frontier Income Trust	5.2
HICL Infrastructure	5.2
Gresham House Energy Storage Fund	5.1
Henderson Diversified Income Trust	5.1
Chelverton UK Dividend Trust	5.0
Warehouse REIT	5.0
PRS REIT	5.0
Greencoat Renewables	5.0

Source: SharePad, 1 Sep 2021. Table: Shares magazine.

5%+ YIELDING STOCKS TO BUY

BRITISH AMERICAN TOBACCO (BATS) £27.29

Prospective dividend yield 8.1%

Investing in a company that specialises in the production of combustible and non-combustible tobacco products may be at odds with some investors' ethical and social considerations. However, for those who can look beyond these moral ruminations, **British American Tobacco (BATS)** offers an attractive 8.1% dividend yield. Critically the dividend is well covered, with earnings expected to be 1.5 times greater than the dividend payment.

During the group's recent interim results presentation management reiterated its commitment to a 65% dividend payout ratio (the proportion of earnings paid out in dividends). Earnings growth for the group is underpinned by its considerable emerging markets exposure, particularly in Latin America and Asia, and America where it continues to command a price premium versus its competitors. The underlying strength of the business is reflected in the robust nature of the group's operating margins that are just shy of 40%.

British American Tobacco anticipates revenue growth at constant currency in excess of 5% for the full year, and mid-single digit earnings per share growth. Broker Morgan Stanley expects dividends to increase by a consistent 3% annually over the next three years. [MGar]

DIVERSIFIED ENERGY (DEC) 108p

Prospective dividend yield: 10.8%

Normally a double-digit dividend yield would be a clear sign that the dividend is unsustainable at current levels. However, we don't think that is the case at **Diversified Energy (DEC)** and believe there is scope for the payout to grow further.

The company's strategy is built on acquiring conventional natural gas assets, initially with a focus on the Appalachian region but recently expanding its focus into Louisiana, Texas, Oklahoma and Arkansas.

Diversified aims to buy long-life assets where production declines slowly to underpin visibility on cash flow and, in turn, on dividend payments. A focus on lower-carbon gas also makes it less vulnerable to future policies looking to limit emissions.

The company secured additional firepower for deals through a November 2020 agreement with specialist asset management firm Oaktree Capital which committed to a $1 billion outlay to be matched by Diversified.

While the company has used debt to fund its M&A activity, a net debt to earnings ratio of less than two times looks comfortable given the levels of cash generation. Diversified paid out dividends of $64 million in the first half, up from $47 million for the same period in 2020.

Production in the first six months of the year reached a record 106,000 barrels of oil equivalent per day and the company has unveiled deals totalling more than $600 million so far in 2021. Investors should be aware the dividend is declared and paid in dollars. [TS]

PHOENIX (PHNX)
627.2P

Prospective dividend yield: 7.7%

Since it floated in 2009 the company has an unblemished target of matching and often beating cash targets and this has underpinned a reliable dividend.

The bread and butter of the business is its Heritage arm which manages life assurance products which are no longer actively marketed to customers and this has been built up through the acquisition of legacy insurance brands.

This allows Phoenix to focus all of its energy and expertise on improving the performance of funds without being distracted by the need to win new customers.

Its Open business does, in turn, actively sell products and services which help clients plan for retirement.

In the first half of 2021 the Heritage arm accounted for more than 70% of operating profit. Acquisitions across both units help to grow the level of business and therefore cash flow, supporting higher dividend payments.

Having picked up **Abrdn's (ABDN)** (then Standard Life Aberdeen) life insurance business in 2018, the company acquired the Standard Life brand earlier in 2021.

Investment bank Berenberg comments that the current yield 'is not reflective of the resilient and dependable cash generation of the business, which we believe can sustain the current dividend for a significant number of years'. [TS]

5% YIELDING TRUSTS TO BUY

AEW UK REIT (AEWU)
106.4P

Five-year average dividend yield: 7.4%

VALUE-BASED PROPERTY INVESTMENT

Launched in May 2015 this real estate investment trust targets an 8p per share dividend and an attractive total return from investing in a portfolio of smaller commercial properties in the UK.

It believes it can find compelling value opportunities in this segment of the market as more modest sized commercial buildings, particularly those let on short leases, often trade at a discount.

The company does plenty of work on its assets to grow the level of rent and their capital values, principally by re-letting them.

It has a decent track record and its ability to generate an uplift in valuations was recently reflected in the £16.7 million sale of an industrial estate in South Kirkby and warehouse in Basingstoke which represented a 74% increase over the acquisition cost of the two assets.

Commenting on the transaction Numis said: 'We believe it is positive to see management's willingness to reduce this (industrial) weighting slightly by crystallising the profit realised on two strongly performing assets where it believes value has been maximised.

'In recent months, the company has acquired two retail assets at net initial yields of 8.7% and 8% and we understand that management is assessing further opportunities in the retail space with low capital values and attractive entry yields.' [TS]

GCP INFRASTRUCTURE (GCP)
106.75P

Five-year average dividend yield: 6.8%

GET INCOME FROM INFRASTRUCTURE LOANS

Infrastructure is often seen as a good long-term source of income as it generates predictable returns based on assets whose economic lives often run into decades. Also, it is not typically affected by ups and downs in the economy.

GCP Infrastructure (GCP) focuses on projects with long-term, public-sector-backed, availability-based revenues and where possible looks to incorporate inflation protection into its investments.

The vast majority of GCP's portfolio is made up of loans. Of these around 60% by value are loans secured against renewable energy assets.

As a result the trust is well positioned to benefit from the UK's 2050 net zero target which the UK Government's independent adviser on climate change estimates will require £50 billion of annual investment by 2030.

QuotedData investment companies analyst Jayna Rana notes the trust has provided investors with 'a high and stable' stream of quarterly distributions since its launch in 2010.

She adds: 'While GCP had to reduce its dividend last year, the current pipeline of investment opportunities may eventually enable the trust to reinvest capital and to support modest potential dividend growth going forward.'

GCP is targeting 7p in dividends for the financial year ending 30 September 2021, implying a 6.6% yield. [TS]

HENDERSON DIVERSIFIED INCOME (HDIV) £47.48

Five-year average yield: 5.1%

GREAT FOR BOND EXPOSURE

This £167 million investment trust has is managed by veteran manager John Pattullo and Jenna Barnard and offers a unique investment approach focused on lending to large, quality businesses which makes the portfolio and dividend yield more durable through bad times as well as good.

Dividends are paid quarterly, and the trust has an ongoing annual fee of 0.93% a year, paid quarterly in arrears.

The trust has a good track record of outperforming its benchmark and has delivered a three-year annualised total return in net asset value of 7.9% a year compared with 3.4% for the benchmark according to Morningstar. The trust trades at a 4.9% discount to net asset value.

The managers adopt a flexible investment approach in meeting their investment objective of achieving a high income while preserving capital.

This means the managers have the freedom to actively allocate to different types of bonds and loans on a global basis depending on what they find attractive given their views on future interest rates and the economic cycle.

Just over 60% of the portfolio is invested in high yield bonds and a third in investment grade while the remainder is invested in secured loans. [MGam]

MERCHANTS TRUST (MRCH) 538P

Five-year average dividend yield: 5.3%

INCOME FROM UK LARGE CAPS

When it comes to security of income investors will struggle to beat **Merchants Trust (MRCH)**. It is one of the so-called 'Dividend Hero' trusts to have raised their annual dividend each year for at least 20 years.

It is in rare company – only 18 trusts can demonstrate this long-run unbroken commitment to income, according to AIC data, and just five yield 5%-plus; **Aberdeen Standard Equity Income (ASEI)**, **Value and Indexed Property Income (VIP)**, **Brunner (BUT)** and **Alliance Trust (ATST)** are the others, all supported by the investment trust structure which allows money to be placed in reserves in good years to support dividends in tougher times.

Merchants, run by Allianz Global Investors' Simon Gergel, seeks out well-positioned businesses that can continue to generate cash and pay dividends into the future, not simply buying lowly priced, high yielding shares today.

This has delivered superior returns over the years, with Merchants' share price generating

9.7% annualised total returns over the past 10 years versus 8% from the FTSE All-Share says Morningstar. Most of the portfolio is in large cap UK stocks, with drugs firm **GlaxoSmithKline (GSK)** and defence group **BAE Systems (BA.)** among its biggest stakes while tobacco, financials and energy are also prominent. [SF]

SHIRES INCOME (SHRS) 277.5P

Five year average dividend yield: 5.4%

DIFFERENTIATED STRATEGY WHICH INCLUDES BUYING PREFERENCE AND OVERSEAS SHARES

Shires Income (SHRS) seeks to deliver a high level of income together with potential for growth of both income and capital. The Aberdeen Standard Investments-managed trust looks well positioned to profit from post-pandemic dividend recovery given its bias towards financials.

The trust's appealing 5.4% five year average yield and sustainable income stream stems from a diversified portfolio of good quality UK-listed companies combined with preference shares that delivered reliable income during the Covid crisis, not to mention convertibles and other fixed income securities with above-average yields; Shires also generates premium income by writing call and put options on various shares.

In a testing financial year to March 2021, the Iain Pyle-managed trust outperformed the benchmark FTSE All Share's 26.7% return with a net asset value total return of 34% and a share price total return of 31.2%. And despite the impact of the pandemic on dividends,

Shires maintained a flat total dividend of 13.2p thanks to its significant revenue reserves. At last count, the biggest equity holdings included **Aberdeen Smaller Companies Income Trust (ASCI)**, which provides Shires with UK small cap exposure, as well as **AstraZeneca (AZN)**, **Diageo (DGE)**, **British American Tobacco (BATS)** and **Prudential (PRU)**; the fixed income book was populated by paper issued by Ecclesiastical Insurance, Santander, Standard Chartered and RSA.

Another interesting equity position is private equity firm **Bridgepoint (BPT)**, bought at IPO for its 'quality management team and good client relationships which sets them up well to continue their strong track record'. [JC]

TWENTYFOUR SELECT MONTHLY INCOME FUND (SMIF) 96.6P

Five year average dividend yield: 7.2%

MONTHLY INCOME OPTION

TwentyFour Select Monthly Income Fund (SMIF) has delivered a five year average yield of 7.2% according to SharePad, by investing in a diversified portfolio of fixed income credit securities.

Numis analyst Andrew Rees points out the fund not only pays a regular monthly dividend of 0.5p, but also a larger dividend in October to distribute the remainder of the financial year's income. Rees says the historic yield is currently 6.3% and 'this has proven resilient in times of stress'.

Currently trading at a modest premium to net asset value, Rees says TwentyFour Select Monthly Income aims to take advantage of the premium returns available from less liquid instruments across the debt spectrum, which are unsuitable for open-ended funds and provide the scope to benefit from an 'illiquidity premium'.

He points out the portfolio is currently focused on debt issued by banks and asset-backed securities, as well as some high yield bonds.

Manager TwentyFour Asset Management continues to find attractive, high-yielding investment opportunities and Rees also highlights the quarterly redemption facility of up to 20% of the shares at a 2% discount to NAV, which 'limits the discount and provides liquidity, making the fund more accessible than the (£184 million) market cap might imply'. [JC]

Insightful commentary on market issues

RUSS MOULD
AJ Bell Investment Director

Watch margin debt as tech giants keeps powering S&P 500

Examining what could knock the stocks leading the US market to record highs off course

The S&P 500 index continues to barrel higher, setting fresh peaks as it does so. The American benchmark has advanced for seven straight months, its best run without a loss since its 10-month romp between April 2017 and January 2018, even if some of the market technicals have not convinced everyone.

As this column noted last month, the small-cap Russell 2000 index and the Dow Jones Transportation index have yet to set fresh peaks, to imply the current advance lacks the breadth that provides confidence in the foundations of the upward move.

In this context it is interesting to note the first dip in US margin debt since February 2020, just as the pandemic hit and investor confidence quickly drained away.

Margin debt is the amount of money an investor borrows from their broker via a margin account to buy shares (or even short sell them).

This looks smart when markets are rising (as the investor or trader can get more exposure) but looks less clever when markets are falling. Indeed, falling asset prices can force so-called margin calls where the investor or trader must start repaying the loan – and sometimes they must sell other positions to fund that repayment, creating a negative feedback loop in markets.

This first dip in margin debt must be watched, especially in light of Securities and Exchange Commission queries about regulatory filings from the investment platform Robinhood and questions about its business model and whether payment for order flow is appropriate.

US margin debt has dipped for the first time in 17 months

Source: FINRA, Refinitiv

It remains to be seen whether this dampens some of the liquidity flow which has done so much to elevate certain sections of the US stock market but it may be no coincidence that what looked like some of the frothier areas have started to flag.

HOT AND COLD

Whether trading losses are sparking a slight decrease in risk appetite or whether a more cautionary approach (perhaps considering Federal Reserve reverse repo operations and talk of tapering) is lessening demand for initial public offerings, cash shells known as SPACs and growth and tech stocks is hard to divine.

But what is clear is that some of the hottest areas of the US market are showing some sign of cooling.

RUSS MOULD
AJ Bell Investment Director

New market entrants have started to lose their appeal, judging by the performance of the Renaissance IPO ETF and Renaissance International IPO ETF. The former is currently tracking the performance of 72 American new floats, the latter 62 global ones.

The International vehicle may be suffering owing to its 44% weighting toward China and the US-oriented version is at least trying to claw back lost ground.

The performance of new market entrants has tailed off

Source:Refinitiv

Enthusiasm for cash shells set up to acquire what they fancy is also waning. The Next Gen Defiance SPAC Derived ETF, which tracks a basket of nearly 300 SPACs is down by more than a third from its high.

This is perhaps less of a surprise when you consider the data from SPACinsider.com which shows how 308 SPACs are looking for a target even though 263 have already floated. In the end, supply may be outstripping demand.

Even Cathie Wood's ARK Innovation ETF, the darling of growth and momentum-seekers, has found the going to be a bit tougher of late. The $22 billion behemoth, whose biggest holdings are Tesla, Teladoc and Roku, trades a fifth below its high (although supporters will counter that it is up by a quarter from its spring lows).

None of this is conclusive and the attempted rallies in the ARK Innovation ETF and the Renaissance IPO ETF could yet signal the next upward surge in US equities. Investors would do well to keep an eye on them and trends on the monthly margin debt figure from FINRA as useful indicators of market sentiment.

Yet for the US market to really roll-over its leaders must falter. And in fairness there is little sign yet of investors falling out of love with Facebook, Apple, Amazon, Netflix, Google's parent Alphabet and Microsoft.

Investors still have a taste for the FAANGM stocks

Source:Refinitiv

Their aggregate $9.8 trillion market cap is the equivalent of more than three times that of the FTSE 100 and they represent a quarter of the S&P 500's value between them. If the S&P is to stumble, these names will have to do so.

Spotting what could cause that is the hard bit, such is their dominance, and in the absence of regulation it may take a jump in interest rates or a wider, unexpected shock to prompt investors to sell such core holdings, just as happened with the oil price shock and inflation in 1973-74.

This did for the previously unassailable 'Nifty Fifty', an informal designation for 50 popular large-cap stocks in the 1960s and 1970s.

Charts: How to get the best out of moving averages

Moving averages condense a lot of information and help to identify clear trends

Following on from our [introduction to technical analysis for beginners](), this article looks at moving averages, describing why and how they can be used along with some basic strategies.

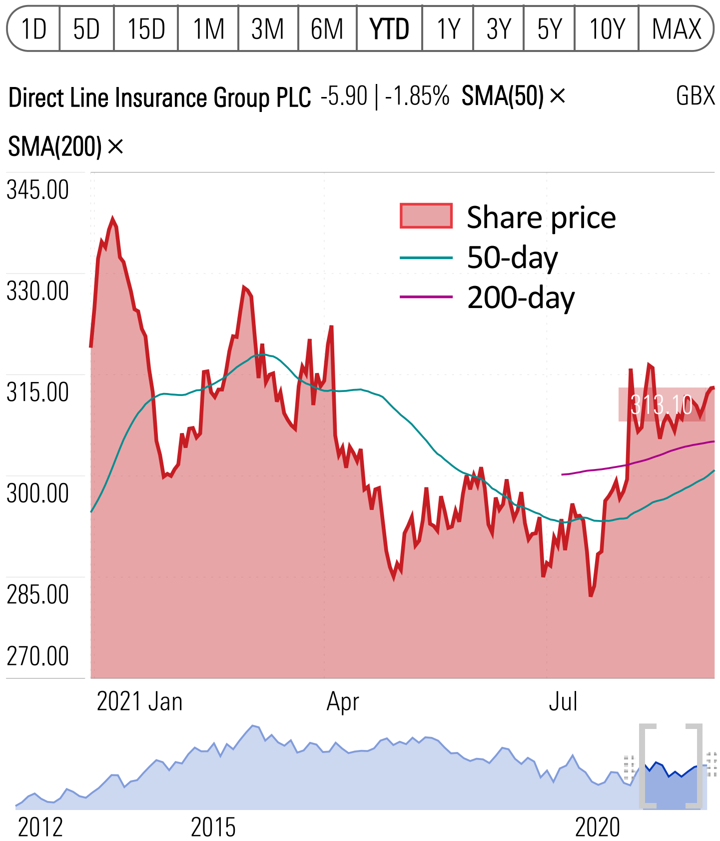
Contrary to popular perceptions even fundamentally driven fund managers will often use charts to quickly get a picture of price trends of stocks in their portfolio, focusing on those which look particularly weak or strong.

SIMPLE MOVING AVERAGE

The most basic moving average is called a 'simple moving average' and is calculated by adding together the daily closing price over x number of periods and dividing by the number of periods.

For example, to calculate a five-day moving average for insurer **Direct Line (DLG)**, we add together the last five days' closing prices, (310.4 + 311 + 311.6 + 311.7 + 308.5) and divide by five, which is 1,553.2 divided by five, or 310.6.

The free charting software on [*Shares'* website]() will calculate up to three different moving averages that you select.



HOW TO GET THE INFORMATION

- To call up a chart on *Shares'* website, first choose a stock in the search box.
- Underneath the menu bars and the share price data is an intraday chart, and underneath that click on the link to Advanced Charts.
- Above the bar showing the date range is the cog-shaped Settings icon with a drop-down menu. Click that Settings icon, then click Events & Indicators and scroll down to Simple Moving Average and check the box.
- We have chosen 50-day and 200-day as the moving averages to display. Click update at the bottom of the box. Uncheck the volume box and any other checked boxes.
- Then click on the year-to-date timeframe. Note that you can also change the timeframe by moving the brackets beneath the chart.

WHY USE A MOVING AVERAGE?

Essentially, moving averages smooth a data series removing short-term noise or 'flip-flopping' of the share price to reveal what technical analysts call the trend.

The trend is your friend, so the adage goes. The idea is to jump on a rising trend and ride it for as long as the trend remains in place.

One popular way to define a trend is to use a longer term and shorter-term average in combination such as the 200-day and 50-day.

Effectively the 200-day represents 40 weeks of trading data and the 50-day is 10 weeks. Stocks in strong up trends will show moving averages sloping upwards from bottom left to top right with the share price above both averages.

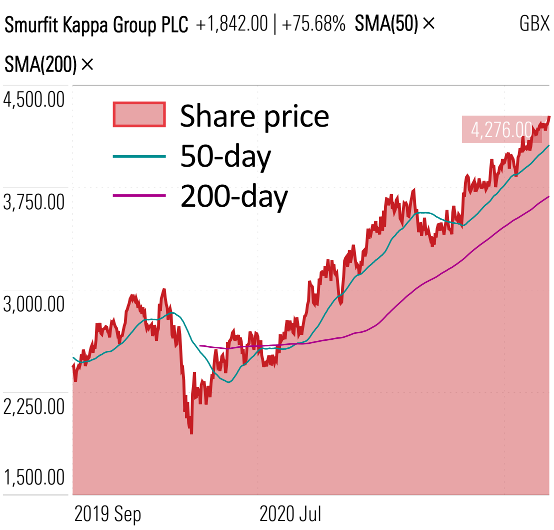
As you can see Direct Line's share price has started to improve since July.

The 50-day moving average was pointing down but now looks like it is turning around and is sloping upwards while the share price is above both the 50-day and 200-day moving averages.

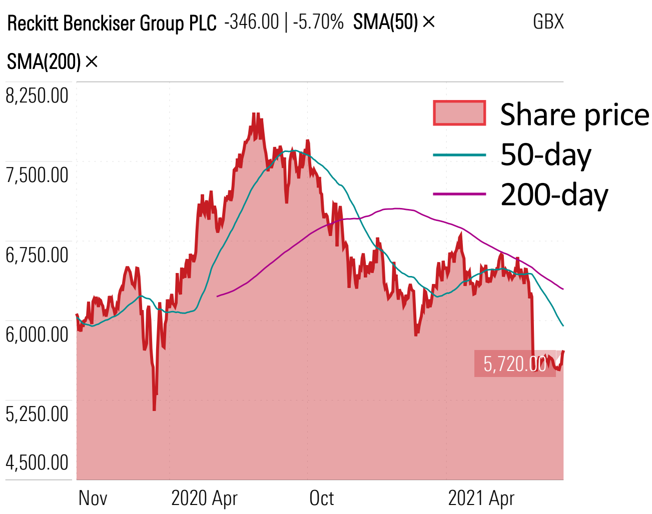
Trend followers look for shares where the price has established itself above both moving averages which are themselves sloping upwards.

GOLDEN CROSS AND DEATH CROSS

If the Direct Line share price was to move higher and remain above the two moving averages the shorter 50-day moving average would eventually move through the 200-day average. This is called a golden cross and is considered a bullish or positive development.



A good example of a strongly trending stock following a golden cross is packaging company **Smurfit Kappa (SKG)**. The shares registered a golden cross in September 2020 and have since rallied by 54%.



When the 50-day falls below the 200-day it is called a death cross which is considered bearish or negative. A good example of a death cross is household products group **Reckitt Benckiser (RB.)** with the shares falling by 13% since the 50-day moving average fell below the 200-day in early December 2020.

USING THE MACD INDICATOR

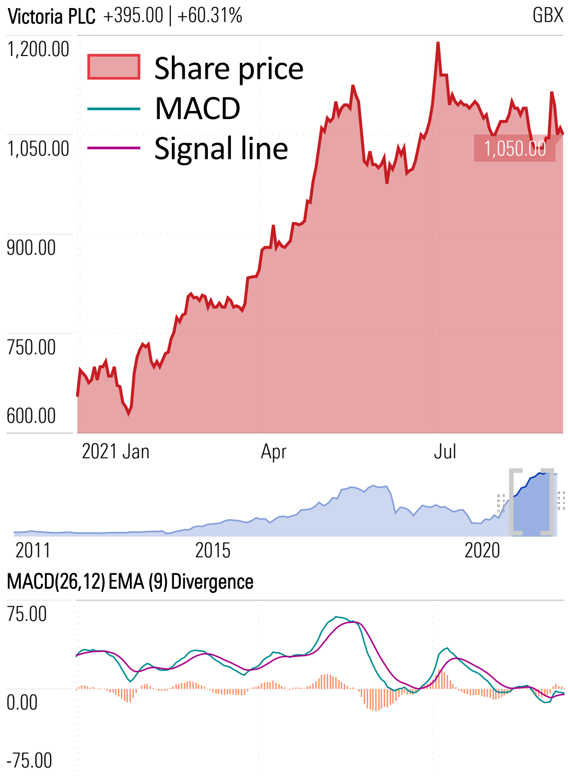
The MACD, which stands for moving average convergence divergence, is a popular trend-following indicator constructed from two moving averages. Unlike the simple moving average, it uses exponential moving averages which means greater weight is given to recent data.

The settings are pre-set on the website to the standard ones, but users can change them to any they so choose.

- Follow the same instructions as earlier to load a stock chart and click on the MACD from the Events & Indicators drop down menu.
- The slower moving line is called the signal line and is plotted against the faster moving MACD line while below the chart a histogram shows the difference between the two averages. The averages converge and diverge through time, hence the name.
- A buy signal is registered when the MACD line cuts up through the signal line. Crosses above zero are considered stronger signals than those that happen below the line.
- Conversely sell signals are given by the MACD line breaking down through the signal line and crosses below zero are considered stronger than those that break above zero.

As an example, flooring products specialist **Victoria (VCT:AIM)** registered a buy signal when the MACD line moved up through the signal line.

Moving averages can be useful to get a quick overall snapshot of how a stock has traded historically as well as creating simple trend-following strategies for traders.



By **Martin Gamble** Senior Reporter

Can I cash out all my pensions in one go from age 55?

Tom Selby explains the rules and the issues to consider

Can I cash out all my pensions in one go from age 55? I'm thinking of doing this as I don't really trust pensions and would rather have control of my own money.
Christopher

Tom Selby
AJ Bell Head of Retirement Policy says:

This depends on the type of pension you have. The state pension pays an income when you reach state pension age, without any mechanism to 'cash out'.

Defined contribution pensions – where your retirement pot is invested in assets like stocks and bonds – can be accessed from age 55, with a quarter available tax-free and the rest taxed in the same way as income.

Once you have reached age 55, you have total flexibility over how you spend your money. The age at which you can access defined contribution pensions is due to rise to 57 in 2028.

It is also possible for those with defined benefit pensions – where you are paid a retirement income guaranteed by your employer based on the number of years you have been a member of the scheme – to transfer to a defined contribution scheme and then access the money flexibly from age 55.

These pensions are extremely valuable and so you shouldn't take the decision to transfer lightly. If you are transferring a defined benefit pension worth more than £30,000 then you'll need to speak to a regulated financial adviser first.

Annuities – where a guaranteed income is paid to you by an insurance company – cannot usually be cashed out.

SHOULD YOU CASH OUT?

Just because you can do something doesn't mean you should and cashing out your entire retirement pots comes with various health warnings.

Because 75% of your withdrawal is taxed in the same way as income, you might push yourself into a higher tax bracket and pay more to the taxman than is necessary.

If you take taxable income from your defined contribution pension, you'll also trigger the money purchase annual allowance, meaning the maximum you can save annually in a pension will be reduced from £40,000 to just £4,000.

You'll also be moving your money from an environment where things like capital gains tax and inheritance tax don't usually apply, to one where they do. Remember that defined contribution pensions are now extremely tax efficient on death too and can be inherited tax-free if you die before age 75. Money held outside of pensions, on the other hand, is usually subject to inheritance tax.

In addition, you need to consider how cashing out large portions of your retirement pot early will affect your long-term plans. Someone aged 55 might have another 40 years or more to live, so cashing out at this point will leave them at serious risk of having too little money in later life.

DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

Send an email to **asktom@sharesmagazine.co.uk** with the words 'Retirement question' in the subject line. We'll do our best to respond in a future edition of *Shares*.

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

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	6 months to June 2021 %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	20 years % p.a.
NAV per share	21.4	41.3	24.3	21.9	15.0	14.3
Share price	17.4	53.2	24.9	27.3	14.9	14.8
FTSE All-Share Index	11.1	21.5	2.0	6.5	6.4	5.6
NAV per share performance relative to the FTSE All-share Index	10.3	19.8	22.3	15.4	8.6	8.7
Share price performance relative to the FTSE All-share Index	6.3	31.7	22.9	20.8	8.5	9.2

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The big role pensions could play in Morrisons bid saga and other takeovers

Significant pension liabilities could represent a poison pill for a potential acquirer

From October 2021 the pensions regulator will assume enhanced powers whereby it can punish bad behaviour and bring forward criminal proceedings.

Legal experts Norton Rose Fulbright believe that the new powers give pension trustees a formal role in takeovers and arguably some leverage, and the pension trustees could have a role to play in the bid battle for supermarket **Morrisons (MRW)**.

The pension regulator has been steadily given more powers since the collapse of retailer BHS which was sold by Sir Philip Green without any provision for its £571 million pension deficit.

After many years of wrangling in 2018 Green agreed to pay £363 million to rescue the pension scheme after a parliamentary investigation that found BHS's assets had been 'systematically plundered' by its owners.

The pension regulator rarely gets directly involved but in 2018 it took it upon itself to act as overseer when engineering company GKN was taken over by **Melrose Industries (MRO)**.

Its involvement resulted in Melrose agreeing to make a £1 billion cash contribution to fully fund GKN's two pension schemes. It was also reportedly required to pay a one-off contribution of £100 million when Melrose sold Nortek Air Management.

The current tug of war for supermarket Morrisons has seen rival private equity bidders initiate a dialogue with the company's pension trustees in advance of any deals being recommended by the board.

However, the trustees have upped the stakes by voicing their concerns that debts taken on to fund the takeover would 'materially weaken' the security of the pension schemes.

Their worry is that operational cash flows available for the scheme's pensioners would instead be used to service extra debts. Although Morrison's schemes are in surplus for accounting purposes, the value of its assets minus liabilities is not sufficient to purchase annuities for the 85,000 members.

The current vision is to reach that point over the next decade, but the trustees don't want to jeopardise the plan and are therefore seeking assurances in the form of a mitigation plan from the bidders.

Stronger powers and incentives for pension trustees to proactively defend their members' rights might offer some protection for the UK's largest firms to opportunistic takeovers.

Take telecoms firm, **BT (BT.)** whose shares are down over 75% in the last five years. The shares might look optically cheap to potential buyers, trading around eight times forecast earnings.

However, the company has the largest pension fund in the UK and a deficit close to £10 billion. The company has pledged to pay £900 million a year until 2030 to plug the hole, creating a serious hurdle for potential bidders.

By **Martin Gamble**
Senior Reporter


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How to invest as you approach retirement

The options for your portfolio and suggestions on what to do next

A working life is spent building up a retirement pot, and a retired life is built on spending it. So far, so good, but while the subjects of accumulating a pension and drawing on it are relatively well trodden, less attention is placed on a smaller, but nonetheless significant period in the final approach to retirement.

Your pension is probably nearing its peak value at this stage, so there's a lot at stake. Meanwhile, your appetite for risk is likely to be shifting down a gear or two, as the time before you draw on your pension diminishes, which in turn limits your chances of recovering from any nasty stock market tumbles.

The trick to managing this potentially hazardous transition between working and retirement, is to start with the ending, and decide how you are going to draw on your pension, because ultimately that will determine the best investment strategy in your retirement runway.

THE OLD PATH

Before pension freedoms were introduced in 2015, investors had fewer options when it came to drawing on their defined contribution pension. Most took out an

annuity, which made pre-retirement investment strategy a bit simpler.

Annuity income is generally fixed for life once you buy it. Annuity rates are based on bond yields, and so you can hedge the risk of converting your pension pot into a retirement income by buying bonds.

If bond prices fall, bond yields go up, and so do annuity rates, offsetting the fall you will see in the value of the bonds in your pension pot. Conversely if bond prices rise, yields and annuity rates will fall, but you would be compensated for this by a higher value of the bonds in your pension.

WHAT ABOUT NOW?

In the current environment, pension savers planning on buying an annuity might choose to build up cash instead of bonds, given the likelihood that interest rates are going to rise over the next three to five years. This does make some sense, but this strategy becomes unstuck if interest rates fall.

In that scenario, annuity rates would also be cut, and you'd have no bonds in your pension going up in value at the same time, just cash, so you'd end up with less pension income.

It does seem unlikely that rates could fall further from current levels, particularly with the global economy staging a recovery. But then, we all thought that when the UK base rate was cut to its 'emergency' level of 0.5% in 2009. It now stands at just 0.1%.

WHAT IF I WANT TO TAKE OUT CHUNKS OF CASH AT RETIREMENT?

Many people aren't buying annuities now as the pension freedoms have delivered more flexible alternatives. Some people simply take their pot out as cash in one big chunk or a couple of smaller chunks when they retire.

This doesn't make a huge amount of sense if you want your pension to pay a sustainable long-term income, or to minimise tax, but nonetheless it is a route some people go down.

If this is what you're planning, in the five years or so prior to drawing your pension, you should consider gradually selling out of investments and raising cash levels inside your pension pot, so you don't open yourself up to a large fall in the value of your pension just as you're about to liquidate it.

KEEPING YOUR PENSION INVESTED

Rather than take it out as one lump, a more sensible approach taken by many pension savers is keeping the pension invested after retirement and drawing an income from it. This clearly lessens the need to jettison longer term, riskier pension investments, but doesn't eliminate it.

Investors in this situation might consider what their portfolio is going to look like at retirement and think about gradually shifting their existing investments. This leads to a smoother shift from growth towards income producing assets, and allows investors to dial down risk gradually, if they wish to.

For instance, this strategy might mean switching from a global growth portfolio towards an equity income portfolio, perhaps with some less volatile multi-asset funds included to provide some ballast.

Again, a five-year runway for this process is reasonable, as it gives you enough time to transition your portfolio, and retirement is close enough you probably have a good idea when it's going to happen. You can adjust this time frame depending on your individual circumstances.

OTHER CONSIDERATIONS

Whichever route you choose to draw on your defined contribution pension, it's likely you'll want to build up at least some cash in your pension by selling investments in the retirement runway. That's because most people take their 25% tax free cash at retirement, for obvious reasons.

To limit the risk of a big fall in the market just as you're about to encash investments to fund this withdrawal, you probably want to build this cash up incrementally. As with any investment strategy, you can adjust your retirement runway plans depending on market conditions, selling more when markets are high and less when they're low.

But to tactically deviate from a game plan, you need to have one in the first place. It's therefore a good idea to review your pension at least five years before your planned retirement date, to consider your investment strategy, and to make sure your pension is on track to provide you with a comfortable retirement income.

By **Laith Khalaf**
AJ Bell Head of Investment Analysis

How to turn your mortgage green

The lowdown on a surge in eco-friendly property lending

Environmentally-conscious people can turn their investments and savings green and now they can turn their mortgage green too, with a surge in eco-friendly mortgages being launched.

The number of 'green' mortgages on the market has increased five-fold so far this year, according to data from mortgage broker Property Master – there were 78 on offer in April this year and there are now 400.

The logic behind these mortgages is that the cost of running a more energy-efficient house is lower, meaning that you're more able to afford your mortgage or can afford higher mortgage payments.

As a result, mortgage providers are either rewarding customers with energy efficient homes by giving them better rates or cashback, or are giving incentives to improve their home's energy efficiency.

A large report carried out in 2015, called the Lenders project, looked at whether the cost of energy bills should be taken into account for mortgage affordability calculations and found that lenders could offer up to £12,000 of additional borrowing to people who bought energy-efficient homes with lower bills, compared to less efficient homes.

NEW-BUILD REWARDS

Lenders have taken two different approaches. The first is those who offer slightly better rates for people who buy a new-build property that's more energy efficient. This typically means homes that have an A or B rating on the Energy Performance Certificate, which rates the energy efficiency of your home from A through to G.

Barclays and Virgin Money have both taken this approach, offering a better rate for new-build buyers. For example, Virgin Money offers a green mortgage for new-build buyers where the energy rating is A or B and so long as you have a 15% deposit. Its standard two-year fix is 1.79% while its 'Greener' two-year fix is 1.74%, which on a £400,000 mortgage over 25 years saves you around £10 a month.

What's more, the Greener mortgage comes with five tonnes of carbon offsetting, with Virgin putting funding into clean energy projects.

David Hollingworth, at broker L&C Mortgages, says Natwest takes a slightly different approach and offers £500 cashback on the mortgage for an energy-efficient home and also offers better rates on additional borrowing where the intention is to improve the home's energy efficiency – for example putting in replacement windows.

This applies to existing homes and new builds, you just need an A or B rated property.

WHAT ABOUT EXISTING HOMEOWNERS?

Those who own older, less efficient properties aren't shut out from the green mortgage market, with some providers giving incentives to make homes more eco-friendly. Examples of work include improving the insulation in a home or introducing solar panels or a new heating system.

Kensington Building Society has one such option, with its eKo mortgage range. It offers cashback to homeowners if they improve a property's efficiency in the year after taking out the mortgage.

It bases the improvement on the EPC and says the score must improve by 10 points (as a guide, the G energy rating band runs from 1 to 20 points, while the C band is 69 to 80 points). The clincher here is either carrying out work that costs around or less than £1,000, or carrying out work you planned to do anyway – although you should save on energy bills either way.

Monmouthshire Building Society is looking to factor the home's EPC into its affordability calculator

Saffron Building Society offers a similar scheme but instead of cashback it will discount the mortgage rate, after work has been carried out and a new EPC provided.

Hollingworth adds: 'Although these deals will require a new EPC to be commissioned it is a good step toward thinking about how to improve the range of options for borrowers keen to improve their homes, especially as many of the bigger improvements can come with relatively big initial outlay.

'The increase in availability in green mortgages is encouraging as it will be important that homeowners can access attractive financing options if real changes can be made to our homes.'

Some mortage providers are giving incentives to make homes more eco-friendly

GOING EVEN FURTHER

One lender is looking to take the green mortgages one step further and automatically lend more to those who buy more energy-efficient homes.

Monmouthshire Building Society is looking to factor the home's EPC into its affordability calculator. Typically these have looked at income, earnings and outgoings to assess how much people can borrow, but have not taken into account the financial benefit of moving to a more energy-efficient home, which will have lower running costs.

The move would mean those buying homes rated A or B would potentially be able to borrow up to £12,000 more. Monmouthshire is trialling the scheme on two new-build projects in Wales at the moment, but could roll it out to all customers in the future.

By **Laura Suter**
AJ Bell Head of Personal Finance

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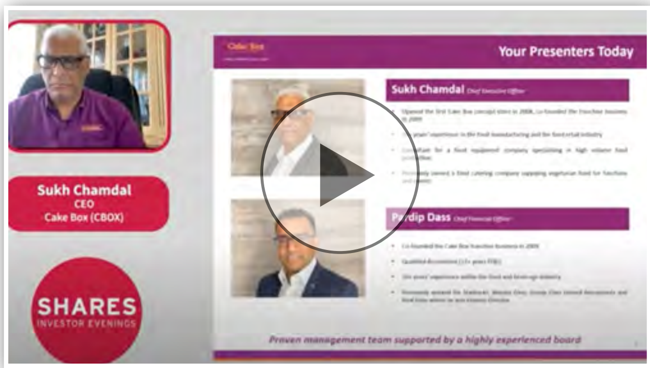

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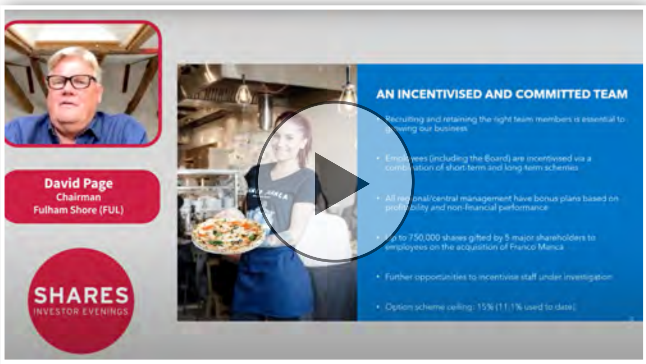

Fulham Shore (FUL)
David Page, Chairman &
Nick Wong, Finance Director

Fulham Shore founded in 2012 and admitted to AIM in 2014, Fulham Shore (FUL) owns and operates The Real Greek and Franco Manca restaurant brands.

Karelian Diamond Resources (KDR)
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Karelian Diamond Resources is an Ireland-based company which focuses on the discovery of diamond deposits in Finland. It is engaged in exploring for diamonds and evaluating an existing diamond prospect (diamondiferous kimberlite pipe) in the Karelian Craton of Finland.

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The lowdown on non-fungible tokens and why NFTs are in fashion

Digital tokens have a growing fanbase, but don't look right for mainstream investors yet

Plenty of investors have had their heads turned by bitcoin and other cryptocurrencies but the explosion of digital investments doesn't stop there – Non-Fungible Tokens, or NFTs, are another route to potential wealth creation, if you're happy to accept the risks.

NFTs are digital tokens used for representing the possession of distinctive items. Things like art works, movies and memes can be tokenised using blockchain technology giving the owner the potential to earn royalty income for use by third parties, a type of licencing model, or make capital gains.

At the moment, NFTs are largely used for merchandising exclusive goods online. For example, Jack Dorsey, the co-founder of Twitter, auctioned his first tweet via an NFT, raising the equivalent of $2.9 million in cash, money that he donated to charity. But, in theory, they have wide scope because of what experts claim are NFTs' advantages, such as rarity, indestructibility, indivisibility and uniqueness.

This is a new market and the opportunities come with risks. There is no guarantee that demand for digital assets will continue into the future, so you risk paying a price for an NFT that may prove to have little or no value in time.

Volatility is also seemingly inherent. For example, between April and the end of June this year, Flow, the blockchain platform designed for apps, games, and the digital assets that power them, saw its value fall 78%.

And much like cryptocurrencies, an NFT owner is beholden to marketplaces and platforms, Open Sea or Rarible for example, where they are held. What happens if they go out of business or are hacked?

Equally, policing your NFT rights is also in question. Presuming that the NFT market develops and expands, it will face regulation. The industry isn't regulated at all right now but if it inches towards the mainstream, rules will undoubtedly be put in place that could add limits and constraints.

One way to invest in the NFT space is via shares in **NFT Investments**, a £27 million investment company which aims to invest in NFTs and which is listed on the Aquis Exchange. It claims to have an experienced management team that has handled peaks and troughs in digital asset valuations.

'Growth opportunities in digital assets and NFTs offer considerable potential for generating value for long-term investors,' claimed NFT Investments' executive chairman Jonathan Bixby in June. He's the man behind bitcoin miner **Argo Blockchain (ARB)**. The sensible approach would be to watch from the sidelines for the time being and see how the NFT sector develops.

By **Steven Frazer**
News Editor

What is blockchain?

A verifiable electronic ledger for recording transactions and tracking assets in a business network.

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KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full-year results

13 Sep: Abcam, ITM Power, Dianomi. **14 Sep:** NCC, Diurnal, MJ Gleeson, Petra Diamonds. **15 Sep:** Redrow, Darktrace. **16 Sep:** Galliford Try, Clinigen, Duke Royalty, Kier.

Half-year results

13 Sep: MP Evans, S4 Capital, Gaming Realms. **14 Sep:** Staffline, JD Sports, Sanne, Property Franchise, Accesso, Team17, Cloudcall, Made.com, Filta, Xaar, Portmeirion, EKF, Corero Network. **15 Sep:** Elecosoft, Keywords, Pendragon, RBG, Tinybuild, Restaurant Group, Advanced Medical Solutions, Central Asia Metals, Epwin, Trinity Exploration. **16 Sep:** Keystone Law, Hilton Food. **17 Sep:** Midatech Pharma.

Trading updates

13 Sep: Associated British Foods. **16 Sep:** C&C.

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