

# SHARES

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## GETTING STRONGER:

**6 stocks with good momentum**



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**It wants £1.2 billion – discover how rights issues work and the options for shareholders**

# Smithson Investment Trust



## Small & Mid Cap Investments That Have Superior Operating Numbers

### % Total Return

12 months ending August	2021	2020	Since inception to 31.08.21
Smithson Investment Trust Price	+29.2	+19.3	+93.6
MSCI World SMID Cap Index (£ net)	+33.6	-0.5	+45.4

Source: Fundsmith LLP. Inception 19.10.18.

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# 2021: boom year for investments



Investor appetite for global stocks is like nothing before

**E**quity funds have taken in more money in 2021 (\$1 trillion) than in the previous 20 years combined (\$0.8 trillion), according to Bank of America.

For many individuals who first invested after the global financial crisis of 2008/2009, stock markets may have seemed an easy place to make money. Indeed, we saw a decade of fantastic returns until reality hit home with the Covid-19 crisis.

Two punishing months in early 2020 reminded us of the risks of investing as global markets plummeted. However, the timing and pace of the subsequent market recovery took everyone by surprise and 18 months on, the Covid market crash is starting to look just like a blip on a long-term share price chart.

There are some signs that markets are looking topky – as demonstrated by investor behaviour such as the Reddit WallStreetBets social media phenomenon which saw a surge in people buying shares for the first time, and the ongoing rush of stock market flotations.

Inflation risks remain elevated and together with higher taxes would suggest corporate profits could come under pressure. And let's not forget there are growing concerns about the pace of global economic growth.

Yet the fact US markets continue to hit record highs would suggest investor sentiment remains bullish.

Fund managers on the receiving end of the strong cash inflows into equity funds must deploy that money in the markets as fast as they can. In doing so, they are driving markets even higher.

It's not just fund managers buying stocks. In markets such as the US, exchange-traded funds remain incredibly popular, and they account for a large chunk of this year's big inflows into equity funds. These are tracker funds which mirror the performance of a specific basket of stocks, known as an index.

Jefferies says in the seven days ending 8 September, global equity ETFs saw their 37th consecutive week of inflows. Year-to-date they've seen \$601 billion of inflows, two thirds of which has gone into North American stocks.

In recent weeks, US large and small cap funds have been very popular with investors. On a sector basis across the geographies, real estate, technology, energy and healthcare have seen notable inflows, while outflows have been seen in areas such as financials and materials.

The ESG (environmental, social and governance) theme also continues to catch investors' attention and their wallets.

While it is fantastic that so many people are investing their hard-earned money, it is important to remember that stock markets are not a one-way ticket to wealth creation.

At some point we're going to see a pullback and at that point it is vital not to panic. No-one knows exactly when that will happen, but the major US stock indices such as the S&P 500 could lead global equities lower, so it is worth watching the American market closely.

'The bottom line is that the most likely pullback for the S&P 500 will come from either some form of a margin shock, a sea-change in inflation/deflation expectations and rising treasury yields at a time of stalling earnings momentum,' say analysts at Jefferies.

If markets do lose strength, just remember that by investing on a monthly basis your money would buy more fund units in a weaker market which could benefit you in the longer term assuming markets recover.



By Daniel Coatsworth Editor

# UK takeover frenzy: is it about to end soon?

Top dealmaker believes the recent takeover wave is 70% over

One of the leading players in the surge in UK mergers and acquisitions since the pandemic struck has suggested the wave of deals could come to an end soon.

In an interview with *Bloomberg*, Philip Noblet, head of UK investment banking at stockbroker Jefferies, suggests the takeover trend is 70% over and British stocks are becoming less appealing versus their global peers.

‘There’s more to come, but the market has become more expensive,’ says Noblet. Not only has the surge in overseas interest forced up UK company valuations, in some sectors of national interest such as aerospace and defence there is the added complication of government scrutiny, he adds.

So far this year, the value of UK M&A deals has doubled to more than \$550 billion as foreign firms and buyout groups scour the market for bargains, according to *Bloomberg*.

However, with the valuation of the mid-cap FTSE 250 index – the source of many of the M&A targets – now approaching 16.3 times next year’s estimated earnings compared with a valuation of 16.8 times earnings for the US S&P Midcap 400 index, there are fewer bargains on offer for US buyers.

Before the valuation gap narrowed, the FTSE 250 traded at a discount of more than

## UK mid-caps are no longer as cheap versus US peers



Source: Bloomberg



25% to the US mid-cap benchmark, according to Bloomberg analysts.

On a positive note, the wave of new stock market listings could provide investors with a more interesting range of stocks to play and help to fill the gaps created by companies delisting because of a takeover.

In the first half of this year initial public offerings and new listings topped £3 billion, with companies as diverse as digital marketplace facilitator **Auction Technology (ATG)**, cyber-security provider **Darktrace (DARK)** and footwear maker **Dr. Martens (DOCS)** debuting.

Among the firms slated to list by the year-end are biotech firm Oxford Nanopore, part-owned by **IP Group (IPO)**, and specialist investment vehicle Petershill Partners, owned by US investment bank Goldman Sachs.

However, investors need to consider the valuation and potential upside for some of these listings.

The fact Goldman Sachs is willing to float part of a unit which has minority stakes in alternative asset managers suggests at the very least that area of the market is frothy, and investors must take on trust that these side bets, some of which were taken years ago, will turn out to be profitable.

Other names potentially heading to the UK stock market include Eurowag which hopes to list on London’s Main Market soon. Founded in the Czech Republic in 1995, it helps commercial road transport operators and drivers with payment services. [IC]

# Alibaba and Apple face increasing regulatory scrutiny

The tide seems to be turning against large tech no matter where they are listed as regulators hit back

**E**-commerce giant Alibaba has lost roughly half its market value since founder Jack Ma criticised China's financial regulators last October.

That has led to the current backlash against not just the technology sector but also the gaming, education and entertainment industries. A Goldman Sachs basket of US-listed Chinese shares has halved since peaking in early 2021.

For Alibaba, all roads seem to lead to its mobile payment platform company Ant whose initial public offering, thought to be worth around \$37 billion, was suspended last November.

On 13 September 2021, Alibaba's shares were again under pressure after state regulators said they wanted to break up Alipay, Ant's leading mobile payment app which has over 1 billion users.

Beijing wants to create a separate independent app for the loans business which issued around 10% of the country's non-mortgage consumer loans last year.

In addition, it is requiring Ant to share user data in a new credit scoring system which would be partly state-owned, according to the *Financial Times*.

The real issue for the regulators is maintaining control of the monetary system, argues current affairs magazine *The Diplomat*.

Alipay customers use a currency issued by the platform's parent company Alibaba, rather than the state currency renminbi, when they use their phones to make a transaction.

It just happens that the Alipay currency has a one-to-one exchange rate with the state currency (renminbi) and is backed by reserves held by Alibaba. The problem is that Alibaba isn't regulated



as a commercial bank and therefore operates outside the financial system.

The Chinese central bank is looking to solve this problem by being one of the first to issue its own digital money and integrating Alipay and other private payment systems, regaining control of the currency.

It's not just China cracking down on large technology companies. Phones and computer giant Apple lost a pivotal case against gaming company Epic Games, maker of the hugely successful Fortnite. Apple had blocked the game after Epic tried to bypass the Apple app store payment system.

While US District Judge Yvonne Gonzalez Rogers stopped short of calling Apple a monopolist and found that the commission it charged app developers (30%) wasn't a violation of competition law, Rogers said Apple's conduct was anti-competitive.

The ruling means Apple is forbidden from stopping other companies' apps including buttons or external links that direct customers to purchasing mechanisms as well as in-app purchases.

Benedict Evans, an independent technology analyst, says Apple generated around \$15 billion last year from app commissions which only represents 5% of company revenue, so even if they were to eventually disappear it would be small beer in the bigger picture. [MGam]

# Unilever under pressure to improve shareholder returns



Sale of the tea business may just be the start as activist circles

**T**his month sees the auction of **Unilever's (ULVR)** tea division, which includes leading brands such as PG Tips and Liptons. Bidding is expected to be fierce, with several private equity firms together with the Abu Dhabi and Singapore sovereign wealth authorities understood to be jostling to take ownership.

The sale is the biggest strategic disposal since chief executive Alan Jope was elevated to the top job in May 2019. Since his appointment, however, the shares have underperformed the market, drifting from over £48 to under £40, prompting calls for a shake-up.

Selling the tea business, which is expected to

fetch around £4 billion, is a good start in terms of refocusing the group on its core home and personal care brands. It also provides a cash pile to buy into faster-growing sectors such as skincare, where Unilever bought digital-led brand Paula's Choice earlier this year.

Activist investor Nelson Peltz, who built a \$3.5 billion stake in rival consumer goods firm Procter & Gamble to force change, is believed to be targeting a board seat at Unilever in order to pressure the boardroom to speed up its restructuring with the sale or demerger of its entire food and refreshment division including iconic brands such as Bovril and Magnum. [IC]

## Could Primark's new digital platform prove a double-edged sword?

New digital platform to power Primark's marketing drive, though it won't be a transactional site

**OVERSHADOWED** BY the negative hit to Primark's sales from the 'pingdemic' and a slowdown in its new store roll-out caused by Covid restrictions was news that the discount fashion chain is progressing the initial design and development for its new digital platform. Furthermore, the recruitment of new talent 'to create a new digital capability within the business' is underway.

Primark's parent **Associated British Foods (ABF)** said the new and improved customer-facing

website will launch in 2022.

In contrast to fast-fashion rivals such as **Boohoo (BOO:AIM)** and **ASOS (ASC:AIM)**, Primark doesn't sell products online, arguing the economics don't stack up with such low product price points. And there was no indication in the trading statement that these digital investments will result in a transactional platform.

Rather, the improved functionality will let customers see which products are available on a store-by-store basis and

Primark is also strengthening its digital marketing capabilities to deliver more personalised content to its customers.

Knowing whether a sought-after product is in stock in a local Primark outlet will be extremely useful for shoppers, yet if availability becomes an issue and stops people visiting, this could also result in lost opportunities to sell shoppers additional items.

Much of Primark's stunning success has been driven by customers flocking to its physical stores, browsing the aisles and walking out with additional cheap and cheerful products they weren't originally intending to buy. [JC]

## EMERGING EMEA: THE DEVELOPING TECH REGION YOU CAN'T IGNORE



*Adnan El-Araby, Portfolio Manager on the Barings EMEA Equities Team, explains why it's time to take a serious look at emerging EMEA's homegrown technology companies.*

WHEN IT COMES to choosing technology companies to put in a portfolio, investors may immediately think of big-name stocks from the US or Asia. This can lead investors to overlook the dynamics of the technology players in Emerging Europe, the Middle East and Africa.

Alongside sectors like infrastructure and consumer discretionary goods, technology has long been a key beneficiary of any emerging market's growth story. For example, right now, across Eastern Europe, Russia, the Middle East and down to South Africa, we are seeing a seismic shift in behaviour as consumers pivot from offline to online living. The shift to e-commerce is, of course, happening globally. But emerging EMEA is at a much earlier stage of that journey, thereby offering greater potential for further growth.

Another compelling aspect is that the companies benefitting from this growth aren't necessarily the ones you might expect. Instead of turning to established global brands, 'local champions' are often the preferred providers. For example, Amazon's full retail offering is only now in the process of being



launched in Poland. In its place, local e-commerce platform Allegro has flourished. As well as offering the right product mix for its local audience, Allegro is far better geared up for Poland's pick-up boxes/locker delivery system.

Sometimes home-grown stocks do better because they have a greater understanding of their market. In Russia, the most popular internet search engine is home-grown Yandex, accounting for 60% of the digital advertising market. Their all-encompassing digital ecosystem enabled them to launch one of the only profitable digital taxi services, and build out their e-commerce offering that uses their taxi infrastructure to offer home delivery.

Emerging EMEA markets have their own idiosyncrasies, preferences and behaviours. Identifying the most attractive opportunities demands deep local knowledge and access. For further information on this topic and to subscribe to news updates, visit us at [bemopl.com](http://bemopl.com)

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# The market-beating fund that invests in a world of change

Guinness Global Innovators has a great track record backed by a coherent investment strategy and a high-conviction portfolio

**S**ometimes we assume technology and innovation are interchangeable terms and amount to the same thing. They don't.

After all, a budget tablet computer is a piece of technology, but that doesn't necessarily mean you would want to invest in the company which has manufactured it.

*Shares* has spotted a fund which allows investors to access a broad spread of genuinely innovative businesses, which can benefit from long-term, global thematic changes.

Launched in October 2014, the **Guinness Global Innovators (BQXX3K8)** fund has established a strong track record, underpinned by a clear investment process and high-conviction approach. Over the last five years it has delivered an annualised return of nearly 20% according to Morningstar.

Since inception seven years ago, it has returned 192.7% versus 139.5% from its MSCI World benchmark, states FE Fundinfo, measured in pound sterling.

Past performance is not a guide to future returns, but we believe there are several reasons to believe it can maintain its market-busting returns. The

## GUINNESS GLOBAL INNOVATORS

↑ **BUY**

(BQXX3K8)

Net assets: **\$757 million**

ongoing charge is also a very reasonable 0.89%, which data provider Morningstar notes 'sits in the second-cheapest quintile' of its relevant category.

### STRATEGY HAS SOLID FOUNDATIONS

The managers, Ian Mortimer and Matthew Page, have been at the helm since inception. Fundamentally the strategy they employ comes from the wider Guinness Asset Management playbook which focuses on four different factors:

- Quality, as measured by cash flow and return on investment
- Value, which is determined by comparing the market valuation against a valuation derived from a discounted cash flow analysis (working out what a company's future cash generation is worth in today's money)
- Earnings forecasts, analysed

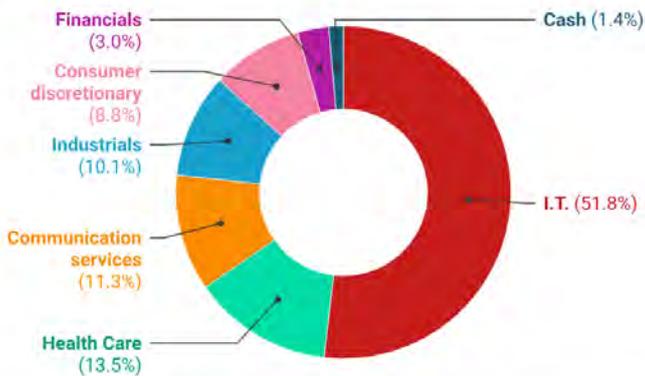
- Momentum, looking at relative performance of a stock over three, six and 12 months

Building on these foundations, Mortimer and Page look for growth trends and themes, identifying anywhere between 10 and 15 themes at a time. These are updated annually, and current themes include artificial intelligence, robotics, advanced healthcare as well as clean energy and sustainability.

They then identify innovative firms with exposure to these trends, valued by the market at \$500 million or more. They specifically filter out companies which in the last 12 months didn't generate a return on capital greater than the cost of capital, have a debt to equity ratio of more than 150% and are not forecast to generate earnings

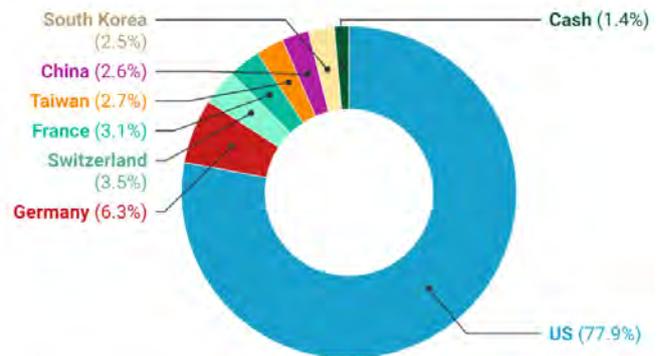


**Guinness Global Innovators – sector breakdown**



Source: Guinness Asset Management, 31 August 2021 - Created with Datawrapper

**Guinness Global Innovators – geographic breakdown**



Source: Guinness Asset Management, 31 August 2021 - Created with Datawrapper

growth in the year ahead.

As a result, the fund does not invest in so-called ‘blue sky’ outfits, where there is the potential of significant rewards but also much higher levels of risk.

In common with other Guinness products, Guinness Global Innovators has no constraints in terms of hugging any benchmark, meaning you are paying for genuinely active management.

**KNOWING WHEN TO SELL**

Typically, investments are held for between three or four years but there is significant emphasis on being disciplined in selling when the situation demands it. The fund gives six core reasons for getting rid of a holding.

These include the company no longer qualifying as innovative, the balance sheet becoming stretched, the valuation no longer offering compelling upside, the original investment thesis no longer applying, or a better idea being identified.

This process helps the fund arrive at a concentrated portfolio of 30 names, each of which has a roughly equal weighting in the portfolio.

Some of the top 10 holdings will be familiar to most investors, like Google-owner Alphabet, Microsoft and Facebook. However, the likes of science and technology conglomerate Danaher and high margin and niche-focused industrial group Roper Industries are less high profile.

Information technology dominates from a sector perspective and the fund is also heavily skewed towards the US which accounts for more than three quarters of the portfolio.

Evidence of the avowed sell discipline practiced by Mortimer and Page came with the exit in July from a position in Chinese tech firm Tencent.

This was attributed to ‘increased scrutiny from the Chinese regulator on monopolistic behaviour, data security and financial stability’ which ‘adds an inherent level of risk to investments within the region – particularly in large, mega-cap tech stocks’.

**A RECENT ADDITION**

The one-in-one-out policy saw Connecticut-headquartered Amphenol, a manufacturer of

fibre optic kit which allows power or data to be transferred between devices, join the Guinness portfolio.

The fund managers see a significant runway for growth based on the fact Amphenol is the market leader despite only having a 5% share. They also believe it has a ‘strong economic moat’ given the equipment it makes is often mission critical for its clients.

The biggest recent contributors to the fund’s overall performance were graphic processing unit firm Nvidia and semiconductor expert Infineon.

Mastercard and Visa were the most significant detractors, with both suffering in the fall-out from the anti-competitive court battles the former is embroiled in. Despite this headwind Mortimer and Page remain positive on their longer-term potential citing the transition to a cashless society. [TS]



# Time to buy FRP Advisory as insolvency curbs are withdrawn

The specialist advisor is well positioned to prosper as a subdued market for insolvencies and administrations should soon pick up

**I**nsolvency and business advisory firm **FRP Advisory (FRP:AIM)** should be a beneficiary of a rise in insolvencies and administrations as the Government brings to an end pandemic-linked insolvency restrictions.

Firms in financial distress thanks to Covid have been protected from action by creditors since June 2020 but that broad-based protection ends on 1 October, to be replaced by a more targeted regime, mainly supporting smaller companies.

As a result the market is likely to witness a gradual increase in firms becoming insolvent or entering administration and FRP is well positioned for any increase in activity.

The valuation looks attractive. Based on Liberum forecasts the stock trades on a calendar year 2022 price to earnings ratio of 15.9 times, which the broker says compares with 16.7 times for the wider legal sector and 17.6 times for the administration and advisory space.

Established in 2010 through a management buyout of accountancy output Vantis, the company provides services across five areas: restructuring,

corporate finance, debt, forensic accounting and pensions.

## INCREASE IN MARKET SHARE

FRP has performed well despite a subdued market and has successfully taken market share over the last decade from both the so-called 'big six' accounting firms (PwC, Deloitte, EY, KPMG, Grant Thornton and BDO) and its closest listed peer **Begbies Traynor (BEG:AIM)**.

Liberum's research shows FRP's market share has grown from 2% in 2010 to 11.9% in 2020, based on the volume of administrations (which are the most lucrative type of business). There are several factors that have facilitated this increase. In marked contrast to its larger counterparts FRP has no conflicts of interest (from acting for clients in another capacity), and is able to price at a more competitive rate.

FRP is also perceived as being a high quality operator, reflected in its selection for increasingly high profile jobs like the one arising from the collapse of department store chain Debenhams. The group benefits from greater scale than the majority of competitors in its part of the food chain, while enjoying a large referral network.

## FRP ADVISORY

**BUY**

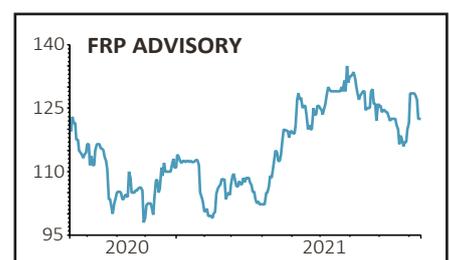
(FRP:AIM) 122p

Market cap: **£298 million**

Government support schemes during the pandemic have prevented insolvencies that under normal circumstances would have occurred. According to July figures from the UK Insolvency Service insolvencies were 34% lower than 2020 and 58% lower than 2019.

Begbies Traynor's Red Flag Alert report for Q2 2021 suggests there are 650,000 firms in the UK in significant distress and court action is picking up as creditors become more aggressive in chasing debts.

According to Begbies Traynor, County Court Judgements lodged against companies during the second quarter of 2021 were up 90% year-on-year to 14,460. [MGar]



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**BIFFA**

(BIFF)

**Price: 385p****Gain to date: 42.9%****Original entry point:****Buy at 269.5p, 11 March 2021**

The underlying business at refuse specialist **Biffa (BIFF)** has performed well since we highlighted the shares in March and bounced back from the pandemic at a faster pace than management or analysts expected.

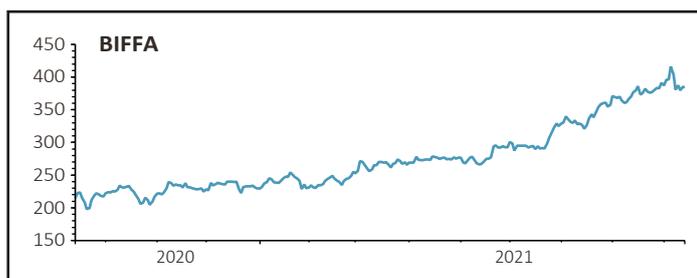
Progress has continued with the company recently saying that revenue for the first five months of the financial year through August was 12% higher than the comparable period in 2019 and 3% higher excluding acquisitions.

The core Industrial and Commercial collections business saw like-for-like volumes stabilise slightly above pre-pandemic levels.

Since March consensus earnings estimates for 2022 and 2023 (Biffa has a March year-end) have increased by around 25%.

We are also encouraged by the strategic progress made which includes completing the acquisition of Viridor's collection business and certain recycling assets which solidifies Biffa's leading position in waste recycling.

Progress has also been made on developing its energy from waste facilities, the commissioning of a new plastics recycling facility and the roll-out of new Company Shop stores (redistributing surplus food and household products) with a site in Southampton being the latest to open its doors.

**SHARES SAYS:** ↗

We remain buyers. [MGam]

**AVON PROTECTION**

(AVON)

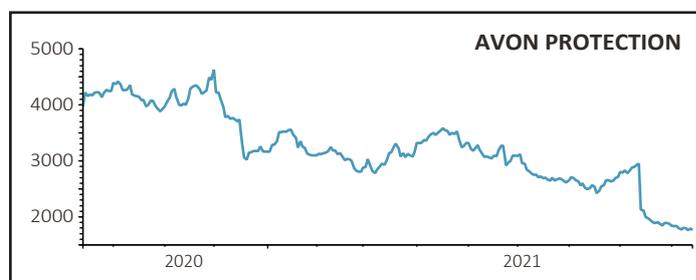
**Price: £17.86****Loss to date: 33.7%****Original entry point:****Buy at £26.94, 29 July 2021**

Investors in defence firm **Avon Protection (AVON)**, nursing the wounds from a 13 August profit warning, might have hoped news of a contract win on 8 September would restore some momentum to the share price.

However, the \$87.6 million award from the US Army did little to arrest Avon's recent slide. The key reason was that it merely replaced a previous contract to supply a next generation Integrated Head Protection System, which had been withdrawn in the face of a competitor protest.

For now, the market remains wary of ongoing risks facing the business, as Berenberg recently noted: 'Any further challenges with the body armour product approval could result in further earnings downgrades, asset write-downs and longer-term revenue and reputational damage.'

'Supply chain challenges could remain problematic too, while we also await the appointment of a new chief financial officer, who could reassess current guidance.'

**SHARES SAYS:** ↘

We think investors will eventually be rewarded for their patience, but it will require a more significant catalyst to get the stock moving in the right direction. Sit tight for now. [TS]



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**CHEMRING**

(CHG) 328P

**Gain to date: 4.5%****Original entry point:****Buy at 314p, 5 August 2021**

Our positive call on defence business **Chemring (CHG)** is off to steady start. On 14 September the company said its order book had risen in value, providing visibility for the rest of the year and instilling confidence that its results will meet analysts' expectations.

Chemring's cyber security subsidiary Roke, one of the key attractions for owning the shares, continues to do well, with further double-digit growth and strong margin performance expected.

This is supported by the June acquisition of machine learning specialist Cubica and investment in the Roke US arm.

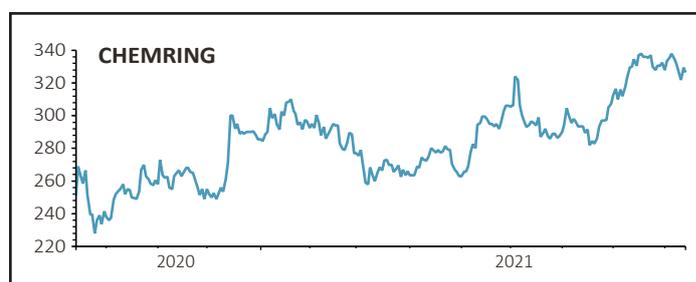
Chemring also said its order book as of 31 August was worth £464 million, up from £450

million at the end of April.

The outcome for the financial year to 31 October is expected to be in line with current analyst expectations that range between £56 million and £59.6 million, with a consensus of £57.5 million.

Chemring added that order cover for the 2022 financial year was building. Countermeasures and energetics had 67% order cover of expected revenue and the shorter cycle sensors and information sector had 45% cover.

Berenberg commented: 'Overall, this was a solid update demonstrating the group's quality and ongoing resilience.'

**SHARES SAYS:** ↗**Still a buy [TS]**

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# EasyJet cash call: what are rights issues and how do they work?

We discuss the merits of the £1.2 billion fundraise and the options for shareholders

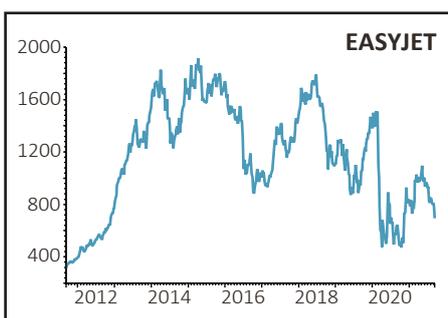


**H**aving rejected a takeover offer reportedly from **Wizz Air (WIZZ)**, budget airline **EasyJet (EZJ)** is now asking shareholders if they will support it with a cash injection via a £1.2 billion rights issue.

The proceeds from the fundraise, combined with a new \$400 million credit facility, will be used to bolster the balance sheet, take advantage of opportunities coming out of the pandemic, and invest in a new generation of aircraft to improve carbon and cost efficiency.

Notwithstanding some possible turbulence in the near term and the risk of a more serious bid emerging before the company can complete its recovery, we think shareholders should take part in the rights issue. EasyJet shares are near

their lowest level in the best part of a decade, but the new money would put the company in a much better place and the recovery potential for earnings is significant.



EasyJet has racked up losses amid the fluctuating travel restrictions in place across its key markets in Europe and the UK.

Based on the consensus analyst forecast for 103.05p earnings per share in the September 2023 financial year,

at 702.6p the shares trade on an undemanding multiple of 6.8 times. That low rating reflects the risks to the airline industry if Covid continues to cause disruption.

## WHY DO COMPANIES UNDERTAKE RIGHTS ISSUES?

Right issues can be an effective way for companies to raise new money for large acquisitions or to strengthen their balance sheet.

This method of raising money is often employed at times of crisis – **Lloyds Banking (LLOY)** using a rights issue to raise £13.5 billion in the wake of the global financial crisis in 2009, for example.

The Covid-19 pandemic saw **International Consolidated Airlines (IAG)** and **Rolls-Royce (RR.)** announce multi-billion-pound rights issues in order to provide financial support as they too had suffered from the aviation sector effectively being grounded for a long time.

Rights issues aren't always welcomed by shareholders. Their discounted price tends to pull down the market price of a stock, so investors usually face a hit to the value of their investment.

Many companies would argue that's the price to pay to allow

their business to grow – and that the longer-term benefits will more than compensate for the short-term pain.

## WHAT HAPPENS NEXT IF YOU'RE INVESTED IN A STOCK HOLDING A RIGHTS ISSUE?

You need to work out why your investee company is asking for more money. Think about the following scenarios:

Does the desired cash only provide a quick fix to a financial problem and not a permanent solution?

If the rights issue isn't a permanent solution, you must consider whether the company can generate the extra cash needed longer term from operations. Or will it have to take more drastic action such as selling assets, borrowing more money or tapping shareholders for more cash?

If the rights issue is to help fund an acquisition, is the acquirer paying the right or wrong price for the target business? Will the acquisition improve its scale? Will it boost or dilute group profit margins?



## FOUR OPTIONS FOR EASYJET INVESTORS AND THE COMPANY'S RIGHTS ISSUE

**1. TAKE UP THE RIGHTS** Companies are normally offered the right to buy a set number of shares in proportion to the number they already hold. EasyJet is offering 31 new shares at 410p each for every 47 existing EasyJet shares held in the business as of 8 September.

For example, someone with 470 EasyJet shares would have the chance to buy 310 new shares costing £1,270 in total.

**2. SELL ALL OF YOUR RIGHTS** The rights associated with shares in a rights issue can be traded in the market and have an intrinsic value. These are known as nil-paid shares or nil-paid rights.

Shareholders can sell their rights to someone else and receive some money, all without having to sell their existing shares.

It is unlikely that stockbrokers would have the capability to let you trade the rights online, so you will probably have to place an order over the phone.

To calculate the price at which the shares could trade after a rights issue, analysts seek to calculate something called the 'theoretical ex-rights price'.

### An example of how it might work:

Suppose you owned 470 shares in EasyJet ahead of its rights issue. The market price of the shares stood at 791.2p the day before the fundraise was announced.

The value of your holding

before the rights issue was announced was £3,718.64 (470 x 791.2p). If you decide to take up your full allocation, you buy 310 new shares at the new price of 410p each. In that case the amount of cash passing to EasyJet would be £1,270.

The total value of your EasyJet shares would be £3,718.64 (your holding pre-rights issue) + £1,270 (the new shares acquired in the rights issue) = £4,988.64. You would own 780 shares in total.

In order to arrive at the theoretical ex-rights price we have to divide the new total value of the investment by the number of shares you'd own.

In this case £4,988.64 divided by 780 gives you 639.6p as the theoretical ex-rights price. In reality, the share price will also be affected by what motivated the rights issue and the company's particular circumstances at that time.

If you decide not to take up your allocation, you will still hold 470 shares and fundamentally they'd be worth the theoretical ex-rights price of 639.6p each. The total value of your holding would be £3,006.12 which is around 80% of the value of your shares before the rights issue was announced.

It is important to understand there are other factors influencing the price, including bid interest in EasyJet's case, so they won't necessarily trade exactly at the theoretical ex-rights price.

At the time of writing, the shares were trading at 590p.

### What if you want to sell your rights?

The value should be the difference between the ex-rights price and the subscription price which is 229.6p per share in the case of EasyJet (639.6p-410p). Based on our working example, you could receive £711.76 in cash by selling your rights (229.6p x 310 shares).

That would essentially enable you to recoup the lost value of your investment, as £3,006.12 (value of your shares based on the theoretical ex-rights price) + £711.76 (value of selling your rights) = £3,717.88.

Remember, your investment of 470 shares was worth £3,718.64 just before the rights issue terms were announced.

### 3. TAIL SWALLOWING

One route is to sell some of the rights to cover the cost of some of the new shares you buy in the rights issue.

Here, you would sell a sufficient number of the nil-paid rights in order to take up the balance of your entitlement under the rights issue, using the net proceeds of the sale of the nil-paid rights to enable you to do so.

As a consequence of tail swallowing, you would be required to make no further investment to take up the balance of your rights.

### 4. DO NOT TAKE UP THE RIGHTS

You could allow your rights to lapse. If the EasyJet share price is below the offer price of 410p on the subscription deadline, the nil-paid rights would

expire worthless.

But if they are trading above 410p then you may receive a cash payment per nil-paid share approximately equal to the EasyJet share price less the offer price.

### EASYJET'S PLANS FOR THE MONEY

EasyJet has outlined various uses for the proceeds from the issue. As well as ensuring it doesn't face a cash crunch in the event of further disruption, the funds will be used to position the business for a recovery in the aviation industry coming out of the pandemic.

The company already has a strong market position with a significant number of routes across the major European airports. An enhanced balance sheet should help strengthen this position as less robust rivals are forced to restructure and potentially scale back their operations.

Some money will be allocated to investing in the EasyJet Holidays tour operator arm.

Finally, the company is looking to future-proof the business by investing in new fuel-efficient planes as it looks to address increasing concern from investors, regulators and customers about carbon emissions.



By Tom Sieber  
Deputy Editor

### SHARES SAYS: ↗

In our view EasyJet has a credible plan for recovery and one which is worth backing by participating in the rights issue.

## TIMETABLE FOR EASYJET'S RIGHTS ISSUE

Record date for entitlements under the rights issue	6pm, 8 September 2021
Date of dispatch of provisional allotment letters or CSN Forms of Instruction (to qualifying non-CREST shareholders only)	10 September 2021
Admission and dealings in the new shares, nil-paid, commence on the London Stock Exchange and existing shares marked ex-rights	8am, 13 September 2021
Latest time and date for acceptance, payment in full and registration of renounced provisional allotment letters	11am, 27 September 2021
Expected date of announcement of results of the rights issue	8am, 28 September 2021
Dealings in the new shares, fully paid, to commence on the London Stock Exchange	8am, 28 September 2021
Nominee accounts credited with new shares	5 October 2021

Source: EasyJet

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Share price: +17%p.a.

	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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# How high-quality retailer Dunelm is becoming a sector darling

The curtains, quilts-to-kitchenware seller is a much better company than some people realise



**S**hares in homewares retailer **Dunelm (DNLM)** were marked down in July despite raised profit guidance, as plans to ramp up investment spend spurred some investors to take profit after a phenomenal run.

Yet the pullback proved short-lived, as the cash-generative curtains, quilts and kitchenware purveyor topped the FTSE 250 after rolling out (8 Sep) superb results for the year ended 26 June 2021 and upgrading profit guidance for the new financial year.

Having returned to the dividend list at the half-year stage back in February, the Leicester-headquartered retailer declared a special dividend of 65p on top of a 35p annual ordinary payment,

demonstrating management's confidence in the growth prospects and cash generation of the business.

While retail rivals and many UK fund managers certainly appreciate the competitive strengths of Dunelm, it is fair to say it hasn't got quite the same profile among investors as say, Simon Wolfson-steered **Next (NXT)** or Peter Cowgill-guided **JD Sports Fashion (JD.)**, but that appears to be changing under the leadership of digitally-savvy CEO Nick Wilkinson, who took the helm in 2018.

## DUNELM'S RISE

So where has Dunelm come from and what makes the business so special? It was founded in 1979 as a market stall selling ready-made curtains by the Adderley

family, opened its first shop in Leicester in 1984 and its first superstore in 1991.

In the intervening years, Dunelm has developed into the UK's homewares market leader. Present-day Dunelm sells keenly priced-yet-quality home furnishings through 175 predominantly out-of-town superstores and the *dunelm.com* website.

From its textiles heritage in bedding, curtains, cushions, quilts and pillows, the company has also Dunelm has broadened its range into furniture, kitchenware, dining, lighting, outdoor, craft and decoration. It now sells roughly 50,000 product lines include value-for-money own brands and also sources and sells quality labels such as Dorma and Fogarty.

Floated on the London Stock Exchange in 2006, its market cap currently stands at almost £3 billion. The Adderley family

**DUNELM (DNLM) £14.85**

MARKET CAP:  
**£2.996 BILLION**

FORWARD PRICE TO  
EARNINGS RATIO: **21.5 TIMES**

(Source: Refinitiv)

## Dunelm's digital transformation

### Digital as % of total sales



Source: Dunelm. FY = Financial year.

still controls 42% of the equity, with Will, the son of founders Bill and Jean, sitting on the board as deputy chairman.

### MEASURES OF QUALITY

For the year to 30 June 2021, pre-tax profits powered 44.6% higher to £157.8 million on total sales up 26.3% to £1.34 billion, despite its bricks and mortar stores being shuttered for more than a third of the financial year thanks to pandemic-induced lockdowns.

Investments previously made to develop Dunelm's digital capabilities enabled the retailer to respond quickly to the bumper online demand for homewares and DIY induced by the pandemic, including through its click & collect proposition, which offered customers safe and friendly service throughout most of the restricted trading periods.

According to GlobalData, Dunelm's UK homewares market share grew by 1.6% to a still-modest 9.1% last year, implying there's plenty of room to grow in the years ahead.

One fervent fan of the business is Guy Anderson, fund manager for investment trust **Mercantile**

(MRC), who says: 'Why we're invested in this business is they are a leading operator in the homewares market focused completely on the UK'.

Anderson explains the catalyst for initially investing in Dunelm in February 2019 was 'really the work that Nick and his team were doing in putting forward their customer first strategy, which is all about retaining the value-for-money credentials of Dunelm, whilst increasing their product proposition and working very hard on their distribution capabilities'.

Building on its physical store base, Anderson says Dunelm has been made 'fit for purpose in the 21st century' under Wilkinson and his team, who have 'put in place a lot of things that we probably all take for granted such as the ability to buy a product online.

'Lots of things that sound simple but are quite complicated to actually put in place, but they've done a fantastic job and what that has done is has really broadened the customer base,' he adds.

Anderson is palpably excited by the journey Dunelm is on, which is 'all about increasing

customer frequency. It is not about trying to get people to pay more for the same product, it is about selling more items to more people and they've driven tremendous growth in profits over the long term.' Anderson thinks the outlook is for 'pretty good growth looking ahead'.

He points out the retailer remains good value too, since it is generating 'around a 6%-to-6.5% free cash flow yield on a steady basis with fantastic drop through of accounting profits to cash, which is ultimately the most important thing'.

### STRONG MARGINS

In common with the industry, Dunelm is seeing some supply chain disruption and inflationary pressures from raw materials, freight costs and driver shortages. However, the business generates high gross margins north of 50%, which should cushion some of the impact of these cost pressures.

So long as it isn't impacted by further Covid-related restrictions, Dunelm confidently expects that pre-tax profits for the year to next June will be 'modestly ahead' of the top of the £153 million-to-£175 million range analysts previously had pencilled in.

This follows 'encouraging' sales growth in the first ten weeks, including a positive response from customers to its summer sale in July and with 'continued outperformance versus the homewares market'.



By James Crux  
Funds and Investment  
Trusts Editor

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# GETTING STRONGER:



## 6 stocks with good momentum

By: Daniel Coatsworth, Ian Conway,  
James Crux and Martin Gamble

Investors would be wise to look at stocks that are going places, in more ways than one. Backing a business that is growing earnings and market position, as well as strengthening its finances, should in theory result in decent share price gains. It is this combination of factors which underpins our latest search for investment ideas.

For this article, we have run two screens on Stockopedia to create a list of stocks to research further. The first screen looks at companies with top momentum scores from Stockopedia, as determined by the following factors:

### PRICE MOMENTUM FACTORS:

- Proximity of current share price to the 52-week high
- 50-day vs 200-day moving averages
- 1-year relative strength of the share price versus the market
- 6-month relative strength of the share price versus the market

### EARNINGS MOMENTUM FACTORS:

- EPS estimate upgrades within the last one month for next financial year
- EPS estimate upgrades within the last three months for this financial year
- EPS surprise percentage based on the latest reported financials
- Scaled earnings surprise based on the standard deviation of the original consensus forecast
- Consensus broker recommendation upgrade over the last month

With this list, we looked at stocks worth less than £800 million, with the intention of focusing on the smaller company space where investors are less familiar with the opportunities. Five of our investment ideas in this article appeared on this list. These are packaging group **Macfarlane (MACF)**, interior design specialist **Sanderson Design (SDG:AIM)**, camera equipment seller **Vitec (VTC)**, information provider **Wilmington (WIL)** and make-up expert **Warpaint London (W7L:AIM)**.

We also looked at a second group of stocks of all sizes purely based on price momentum, stipulating that the share price performance had to be at least 80% better than the FTSE All-Share over the past six months. This produced our sixth investment idea for this article – media group **Future (FUTR)**.

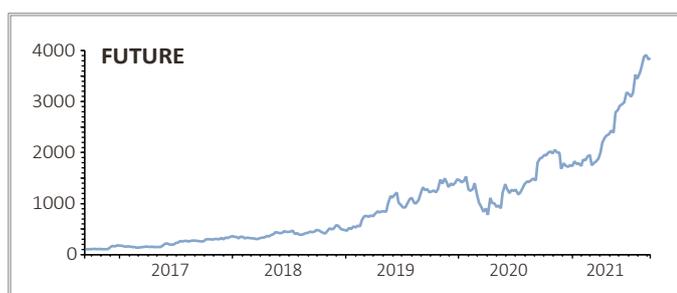
The idea of focusing on momentum factors is down to trend following. These shares are already on the move, but the trend can still be in play for some time.

By picking companies with clear strategic opportunities and big scope to keep growing earnings, one would hope that investors continue to buy the stock and push the share price even further.

Investors should pay close attention to each stock once purchased and consider selling if the share price loses momentum. We like all the companies in this article because of the strategic progress, earnings potential and news flow but we note that pullbacks after a big rally can be quite severe. In such a situation, it's better to take profits, sit on the sidelines and wait for a better and cheaper entry price.

**FUTURE (FUTR) £38.38 BUY**

**Market cap: £4.6 billion**



Shares in multi-platform digital publisher **Future (FUTR)** have more than doubled in the last six months, helped by a string of earnings upgrades as well as the acquisitions of price comparison

company GoCo and leading brands from Dennis Publishing.

Over the last six months 2021 and 2022 earnings estimates have increased by around a third, continuing a stream of consecutive upgrades which have seen earnings estimates increase by two thirds since March 2020.



Future operates in fast growing markets with structural drivers. Acquisitions have been a key part of management's growth strategy and at times have drawn scepticism from some investors.

The latest acquisition of brands from Dennis could be a game changer in terms of the financial benefits on offer and accelerate the group's penetration into the US, laying the foundation for further growth.

The acquisition was announced in August for a cash consideration of £300 million and according to analysts at investment bank Berenberg it offers multiple synergy opportunities.

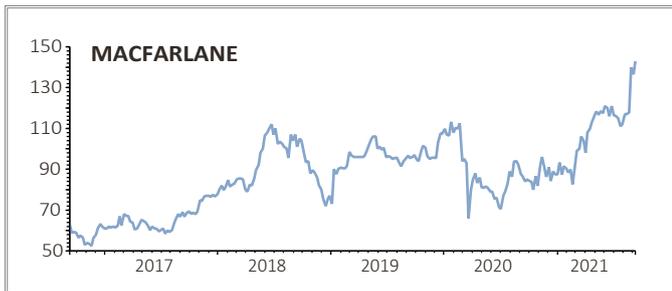
Dennis's *Kiplinger* brand adds significant scale in the US consumer wealth vertical providing the opportunity to accelerate the monetisation of digital advertisements, e-commerce and price comparisons.

Other Dennis brands acquired include *Science*, *Nature* and *PC Pro* and *Minecraft World*. Shore Capital noted that the acquisition brings higher cash flow visibility and customer retention (80%) because around 75% of Dennis's revenues are subscription based. Importantly, the deal also gives Future access to first party data.

Despite strong recent share price performance, we believe there is scope for continued earnings upgrades, driving the shares higher. [MGam]

## MACFARLANE (MACF) 141p BUY

Market cap: £223 million



Glasgow-based packaging firm **Macfarlane (MACF)** can trace its roots back 70 years, but today it is at the forefront of the structural shift to online retail. Thanks to a near-50% surge in new business it has just raised its full year outlook despite well-documented rises in input costs and supply chain challenges.



The firm has a small manufacturing operation which designs and makes custom packaging for high-value items, and designs and prints self-adhesive and resealable labels for the food and household goods market.

Nearly 90% of its sales come from supplying packaging to more than 20,000 businesses up and down the country through its 26 regional distribution centres.

Its market-leading position gives it plenty of leverage with its suppliers, while tailored stock management systems mean its customers can get what they want, when they want it.

Thanks to a better than expected 26% rise in first half revenues, driven by the retail and medical sectors, operating profits more than doubled to £8.5 million.

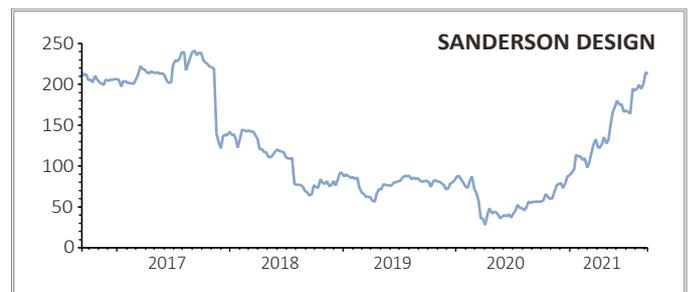
Given that demand is typically weighted towards the second half, reflecting the busiest trading period for its e-commerce customers,

the firm raised its full year earnings guidance, triggering a round of upgrades from analysts which has helped to fuel momentum in the share price.

House broker Shore Capital says the current valuation of 11.7 times forecast full year earnings looks unjustifiably low. [IC]

## SANDERSON DESIGN (SDG:AIM) 212.5p BUY

Market cap: £150 million



Luxury interior design and furnishings firm **Sanderson Design (SDG:AIM)** has staged an amazing share price bounce off the Covid lows and is making terrific recovery strides under CEO Lisa Montague's leadership.

The earnings upgrades required to sustain the share price momentum should come through as the company profits from pent-up demand for home interiors including wallpaper, fabrics, cushions and paints.



Sanderson Design has a long global growth runway, which Montague's strategy is unlocking through brand elevation, the launch of fewer yet stronger collections and the digitalisation of the business, including the sale of products direct to the consumer.

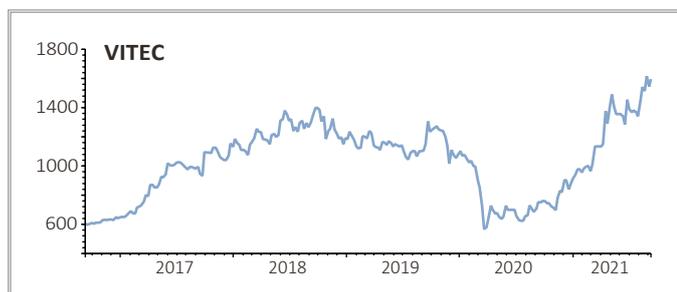
Blessed with strong brands including Zoffany, Sanderson and Morris & Co, Sanderson Design is growing with multi-channel customers in its focus markets including the UK, Europe and particularly North America, where its distributor Kravet is supporting growth.

In its latest update (20 July), the company said the positive trading seen in February to April continued throughout the opening 23 weeks of the new financial year.

The next potential share price catalyst is the half-year results statement in mid-October, where Sanderson Design will give an update on its planned return to the dividend trail and a further trading update. [JC]

**VITEC (VTC) £15.88 BUY**

**Market cap: £738 million**



International provider of premium branded hardware and software products to the content creation market, **Vitec (VTC)** has been on quite a roll with the shares up 50% over past six months.



We believe the company will benefit from several structural growth drivers which mean growth is likely to accelerate in the coming months while operational leverage will see the business become more profitable.

It's also worth bearing in mind that analysts have increased their earnings forecasts for this year and next by 32% and 15% respectively over the last six months according to Refinitiv, demonstrating the momentum the business is currently enjoying.

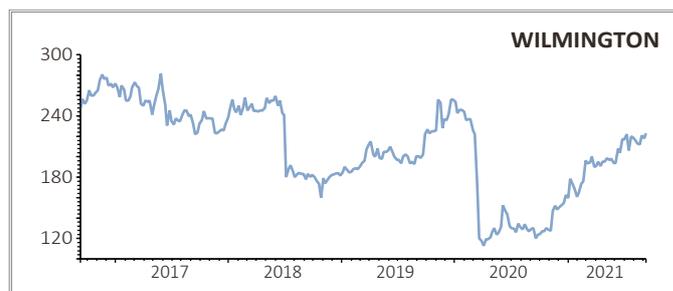
To underline the positive tone management raised full year earnings guidance at the recent August interim results and said that the firm's addressable market is now larger than pre-pandemic, estimated to be £2.4 billion and expected to grow by high single digits out to 2024 compared with low single digits before.

Growth is being driven by increased demand for, and investment in, original content across TV, films, live sports, video, games and photos.

The combination of Vitec's broad product portfolio across multiple market segments, along with its entrepreneurial business model and increasing technological competences leave it well positioned to capture sustainable growth. [MGam]

**WILMINGTON (WIL) 222p BUY**

**Market cap: £190 million**



**Wilmington (WIL)** provides information, data, training and education services in the global governance, risk and compliance markets.

During the pandemic, the firm had to switch from face-to-face training and events to a purely online service, which meant repositioning itself and investing in its digital capabilities.

The fact it finished the year to the end of June beating expectations for revenues, pre-tax earnings and net debt is testament to the strength of its markets, its leading position and the hard work it put in.

Thanks to its strong cash flow generation, the

firm was not only able to invest in new products while paying down its debt, but it also returned the furlough support it received from the Government and even reinstated dividends.



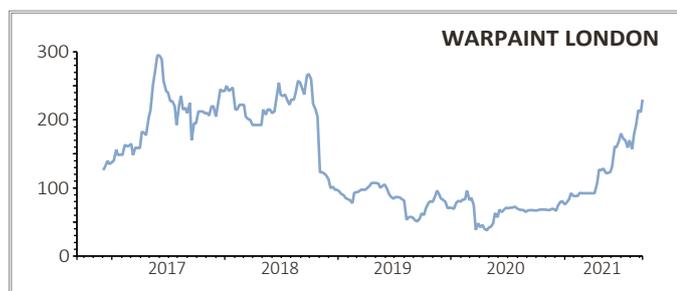
Moving forwards, as face-to-face training and events return, that investment in new products is expected to boost revenues and earnings. Meanwhile, the delineation of the business into two divisions – data and information, and training and education – means a clearer focus and tighter control of costs.

As a result, analysts at house broker Numis have raised their earnings and cash flow forecasts.

At the current price the shares trade on just over 14 times next year's earnings, with a free cash flow yield of 6.6% and a dividend yield of 3.2%, and the firm is expected to generate a return on capital employed of almost 33% compared with 27% this year. [IC]

**WARPAINT LONDON (W7L:AIM) 211p**

**Market cap: £180 million**



Colour cosmetics supplier **Warpaint London (W7L:AIM)** has seen its share price more than double over the past six months, yet we believe the positive momentum can be sustained by strong sales growth in its core UK market.

Additional catalysts include progress overseas in the US, Europe and China and attractive online growth off a low base.

The owner of the W7 and Technic brands, Warpaint also supplies white label cosmetics to major high street retailers and sells cosmetics using its other brand names including Man's Stuff, Body Collection, Very Vegan and Chit Chat.

*Shares* anticipates a positive outlook statement alongside forthcoming first half results to June which are published on 22 September, as Warpaint capitalises on the post-pandemic reopening of society.

Its brands are performing well in the UK, the growth in W7 UK sales assisted by its rollout into Tesco stores, and there's enormous potential for growth across the pond, where Warpaint's products are stocked in the likes of TJ Maxx and Five Below.

For the year to December 2021, Shore Capital sees adjusted pre-tax profit more than doubling to £5 million, ahead of £6.1 million in 2022.

Based on this year's 5.3p earnings forecast, Warpaint has a premium rating, trading on a prospective price to earnings ratio of almost 40 times, though wins with further retailers could leave estimates looking too conservative.

Unfettered by debt and with £6.6 million cash at last count, management has options to turbocharge growth and there's a 2.2% yield on offer based on Shore Capital's current year dividend forecast of 4.7p. [JC]



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# Cheaper and pricier trusts: private equity, biotech and China



We look at investment trusts trading at a greater discount or premium to NAV versus their 12-month average

**A** key point of difference for investment trusts compared with other types of fund is they often trade at a premium or discount to the valuation of the assets they hold.

A particularly interesting situation to keep tabs on is where relationship between the share price and the net asset

value of a trust is significantly out of kilter with its longer-term average.

## SCREENING THE UNIVERSE

Using data from broker Winterflood we have identified a selection of trusts trading at a bigger discount to NAV than the 12-month average. This can

create a useful list of trusts to consider buying in the hope that the discount soon narrows.

We have also looked at trusts trading on a smaller premium to NAV versus the 12-month average.

And to provide balance, we have looked at those trading on smaller discounts or larger premiums than normal as this can provide a list of trusts that could be considered expensive, or at least relative to where they

PACIFIC  
HORIZON  
INVESTMENT  
TRUST

In Asia opportunities  
are all around.

But for long-term returns,  
look to the horizon.

have traded in the past year.

The NAV used in the tables in this article is calculated with any debt held by the trusts at book value, which is how much it will cost to repay the lender when the loan is due, rather than fair value, which is how much the debt is worth now. All the average NAV figures are for the last 12 months.

We have excluded REITs (real estate investment trusts) and more complex vehicles which invest in areas like structured finance.

## PRIVATE EQUITY COMES TO THE FORE

Many private equity trusts have become more expensive, such as trading on higher premiums, or they are less of a bargain as their

discount to NAV has narrowed versus the 12-month average.

Traditionally most private equity trusts have traded substantially below their NAVs. Key reasons for this include a lack of transparency, with no daily market value for the unquoted assets they hold. In addition, their ability to buy or sell these assets is also reduced.

However, the private equity industry has come to the fore in the wake of the pandemic. Global private equity was sitting on \$1.9 trillion worth of committed capital as of January 2021 according to data provider Prequin and private equity firms enjoyed the busiest six-month period for M&A on record in the first half of 2021 according to Refinitiv, spending \$513 billion

on mergers and acquisitions. This has encompassed several deals for UK-listed businesses.

A series of robust updates from private equity trusts have also contributed to them enjoying improved valuations.

Investors looking for stocks to buy in this space might want to look at **Oakley Capital (OIC)**, despite its shares now trading at a lower discount than their 12-month average (15% versus 23.2% respectively). 'At a time when discounts have narrowed in the listed private equity sector, we believe that Oakley offers value,' says Numis.

'The company has been off the radar of a number of investors given its historic corporate governance

In our opinion, Asia is going to be one of the fastest-growing regions over the coming decades. But for long-term capital growth in Asia-Pacific (excluding Japan) and the Indian sub-continental markets, choose the Trust that is scouring the horizon in search of those mould breaking, fearlessly managed, forward thinking businesses, that can deliver true potential for your investments. Over the last five years the **Pacific Horizon Investment Trust** has delivered a total return of 355.4% compared to 93.1% for the index\*.

Standardised past performance to 30 June*	2017	2018	2019	2020	2021
<b>PACIFIC HORIZON INVESTMENT TRUST</b>	<b>41.7%</b>	<b>36.1%</b>	<b>-8.9%</b>	<b>46.0%</b>	<b>77.5%</b>
<b>MSCI AC ASIA EX JAPAN INDEX</b>	<b>30.8%</b>	<b>8.4%</b>	<b>3.6%</b>	<b>5.0%</b>	<b>25.3%</b>

Past performance is not a guide to future returns. Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested.

**Find out more by visiting our website [bailliegifford.com](http://bailliegifford.com)**

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



*Actual Investors*

\*Source: Morningstar, MSCI, total return in sterling as at 30.06.21. Your call may be recorded for training or monitoring purposes. Issued and approved by Baillie Gifford & Co Limited, whose registered address is at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Trust. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies and are not authorised and regulated by the Financial Conduct Authority.

**MORE EXPENSIVE:** Selected trusts now trading at a premium whereas the shares have traded at a discount to NAV on average over the past 12 months

Trust	Current premium to NAV (%)	12-month average discount to NAV (%)
Electra Private Equity	12.4	-12.3
Oryx Int. Growth	0.2	-9.8
BMO UK High Income	0.9	-7.8

**MORE EXPENSIVE:** Selected trusts trading at a greater premium to NAV versus the 12-month average

Trust	Current premium to NAV (%)	12-month average premium to NAV (%)
Augmentum Fintech	25.4	16.6
Chrysalis Investments	15.0	7.3

**NOT AS CHEAP:** Selected trusts trading at a narrower discount to NAV versus the 12-month average

Trust	Current discount to NAV (%)	12-month average discount to NAV (%)
BMO Private Equity	-13.3	-24.2
ICG Enterprise	-15.6	-24.5
Oakley Capital Investments	-15.0	-23.2
Riverstone Energy	-31.4	-39.5
JPEL Private Equity	-23.3	-31.0

Source: Winterflood, 9 September 2021

misdeemeanours, however governance has now improved, including a commitment not to issue shares at a discount, as has disclosure.

‘We believe Oakley’s approach of partnering with serial entrepreneurs and being able to undertake complex transactions provides attractive origination and that the rating of the listed fund does not reflect Oakley’s reputation in private markets nor the prospects for the portfolio given the heavy focus on consumer digital, education and technology.’

## CHINA-RELATED TRUSTS LOSE PREMIUM STATUS

Looking at the list of trusts

trading at smaller than average premiums, it is not a shock to see several trusts with exposure to China.

**Baillie Gifford China Growth (BCGC)** and **Pacific Horizon (PHI)** have been badly affected by a souring of sentiment towards Chinese stocks, particularly those in the technology sector.

This follows a series of crackdowns by Beijing with a swathe of new rules introduced, seemingly centred on breaking up monopolies and regulating the use of data.

Both of these investment trusts have a 12-month average premium to NAV in the region of 8%, yet these premiums have now almost disappeared.

## BIOTECHS NOT AS EXPENSIVE

Perhaps more surprising are the reduced premiums for biotech-focused trusts in an environment where the Covid-19 pandemic has highlighted the crucial role played by the sector.

According to the Winterflood data **Syncona (SYNC)** is now trading at a premium less than half of its 12-month average, at 11.1% versus 22.4% respectively.

The trust focuses on backing future leaders in the life sciences industry. It has a high conviction approach and tends to invest early and support portfolio constituents.

Like the **Biotech Growth Trust (BIOG)**, Syncona has been affected by delays to the approval of new drugs amid Covid-related disruption. The shares have also been hit by a shift in the market’s preference away from more speculative, growth-orientated investments. The latter might also help explain why **Allianz Technology (ATT)** is trading at a smaller than average premium, despite a strong track record.



## TECH TRUST TANKS

Fellow tech-focused trust **Manchester & London (ML)** has struggled recently and now trades at a significantly wider discount (17.1%) than its 12-month average (7.4%).

Investec analysts Alan Brierley and Ben Newell flagged the risks associated with the trust in March in a damning piece

## NOT AS EXPENSIVE: Selected trusts trading at a smaller premium to NAV versus the 12-month average

Trust	Current premium to NAV (%)	12-month average premium to NAV (%)
Syncona	11.1	22.4
Baillie Gifford China Growth Trust	0.6	8.2
Pacific Horizon	2.4	8.0

## EVEN CHEAPER: Selected trusts trading at a wider discount to NAV versus the 12-month average

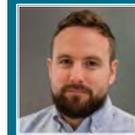
Trust	Current discount to NAV (%)	12-month average discount to NAV
Manchester & London	-17.1	-7.4
Jupiter Green IT	-8.3	-0.3
Vietnam Opportunity	-21.4	-14.7
Biotech Growth Trust	-7.0	-0.5
Allianz Technology	-8.1	-2.6
Premier Miton Global Renewables	-10.7	-5.5

Source: Winterflood, 9 September 2021

of research. At the time it was trading at a single-digit discount.

Noting that Manchester & London's managers were not shy in criticising rivals and that they even had a pop at the world's most famous investor, Warren Buffett, the Investec analysts said: 'For a company with a market cap of £238 million, the disclosure is awful.'

'Given there is no colour on the option/hedging/derivatives strategy, it is very difficult to establish the effective exposure and therefore understand risk.'



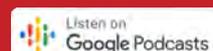
By Tom Sieber  
Deputy Editor

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# Martin Gilbert to shake up asset management with AssetCo

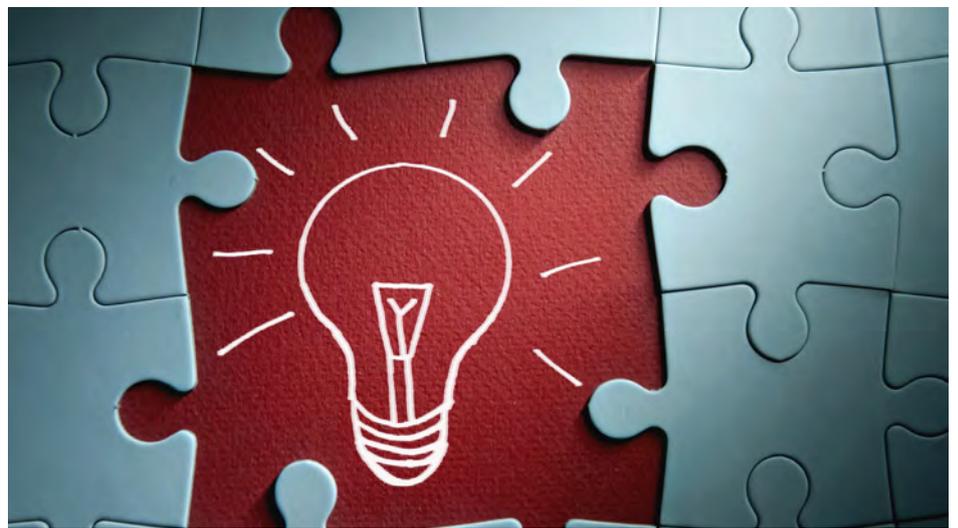
In an exclusive interview Aberdeen founder discusses his plan to create the 'fund manager of the future'

**F**und management veteran Martin Gilbert has spied an opportunity thanks to the structural challenges faced by the larger firms in his industry and is looking to capitalise by executing a buy-and-build strategy using the recently revamped **AssetCo (ASTO:AIM)** vehicle.

Gilbert, the founder and former CEO of Aberdeen Asset Management now part of the renamed **Abrdn (ABDN)** after the merger with Standard Life in 2017, told *Shares* in an exclusive interview that he believes that thematic ETF's and advisor platforms are two segments of the industry well placed to grow.

In addition Gilbert, as chairman of AssetCo, is targeting strategic acquisitions of undervalued asset and wealth management businesses. To date AssetCo, which was created from a cash shell in early 2021, has made three acquisitions which span these different categories: thematic ETF provider Rize, financial adviser technology and investment solutions platform Parmenion and specialist Edinburgh based fund manager Saracen.

Given Gilbert's impressive track record of acquiring businesses



at Aberdeen (assets under management increased from £95 billion in 2007, to £500 billion in 2017) investors should back this new venture at £15.50. We believe he can replicate his previous success by leveraging his extensive network of contacts and breadth of experience.

## WHY THE FUND MANAGEMENT INDUSTRY IS UNDER PRESSURE

Gilbert believes that the outlook for the larger fund managers is a challenging one. Fee compression has resulted from the continued shift of assets out of active and into passive management. Another impediment has been the effect of money moving out of public to

private markets.

He says: 'Although the big asset management firms have attempted to re-engineer their businesses to be more prominent within private markets, it continues to be dominated by leviathans like Blackstone.'

This is significant because the assets being moved are considerable. It has been estimated that about 5% of world assets are in the process of being moved from public to private markets.

AssetCo's deputy chairman and CEO Peter McKellar was head of private markets at Standard Life Aberdeen.

The AssetCo strategy is about navigating the challenges facing the sector by being a 'fund

manager of the future’.

## PLATFORM OPPORTUNITY

Gilbert acknowledges that the recently acquired Parmenion, which started life as an independent business in 2007, and was acquired by Aberdeen Asset Management in 2016, was somewhat neglected under the auspices of Aberdeen primarily because it already owned two larger platforms.

There are several reasons to believe that Parmenion will thrive under the new combined ownership of AssetCo and Preservation Capital Partners.

The advisor platform space is one of the most attractive sub-sectors within the UK wealth management industry and Parmenion has consistently achieved market leading adviser ratings.

It has a competitive price

offering and proprietary technology with rich functionality. Only 50% of clients currently take a full discretionary fund management service, with another 20% taking a partial offering. Consequently there is a significant opportunity to increase the group margin through upselling.

The business is highly scalable, with sticky assets and recurring revenues. There is also considerable scope to broaden the product offering to include ETFs and difficult to access areas like private markets.

## PASSIONATE ABOUT THEMATIC INVESTING

Gilbert is passionate about the long-term growth opportunities for thematic investing maintaining that ‘there is definitely a massive interest in thematic investing especially

amongst the next generation’.

This enthusiasm prompted AssetCo to acquire a 63% stake in thematic ETF issuer Rize for £16.5 million in cash in July. It also committed a further £5.25 million to fund the growth of the business.

One notable point of differentiation between Rize and its counterparts is that the former develops its thematic strategies in house, working with thematic sector experts. This is in marked contrast to many other ETF providers, who licence off the shelf indices.

Rize currently has five ETF’s available to the market. These included **Rize Sustainable Future of Food (FOOD)**, **Rize Cybersecurity and Data Privacy (CYBR)**, **Rize Medical Cannabis and Life Sciences (FLWR)**, **Rize Educational Tech and Digital Learning (LERN)** and

### Top ETF strategies investors would like to see more of in the market

Thematic

Market cap index

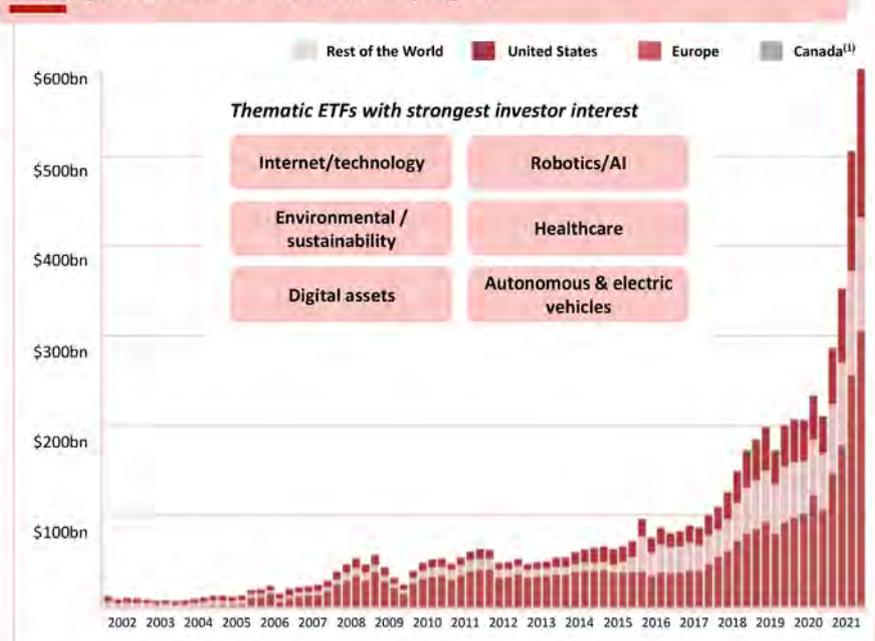
Cryptocurrency

ESG

Defined outcome (buffered ETF)

Active

### Global growth in thematic fund AuM by region



Total thematic AuM \$595bn > Total Europe thematic AuM \$304bn > Total Europe thematic ETFs \$40bn

Source: Morningstar Research, Rize proprietary research and Brown Brothers Harriman 2021 Global ETF Investor Survey Results. Note: AuM is assets under management.

## Senior management track record

### Assets Under Management



Executive chairman  
Martin Gilbert



**Harvard Business Review**

Ranked 22 (out of 907) in Harvard Business Review's 2015 list of world's top performing CEOs

**GLOBAL INVESTOR GROUP**

Named Asset Management CEO of the Year 2018 at the Global Investor Awards

### Development of Private Markets



Deputy chairman and CEO Peter McKellar



Source: AssetCo

**Rize Environmental Impact 100 (LIFE).** There are plans for an additional three launches later in 2021 based around digital payments and crypto currency, and emerging market e-commerce.

The three dominant players in the ETF industry – Blackrock, Vanguard and State Street – have been slow to launch thematic ETFs. This has created a window of opportunity for the smaller specialist providers like Rize.

However given their considerable resources and distribution power these operators could pose a considerable threat to Rize if they entered the thematic ETF space in earnest. Gilbert is aware of this threat. 'Hopefully you creep under the radar and get to a reasonable size before you are noticed,' he says.

### LOOKING FOR VALUE IN ACTIVE MANAGEMENT

Gilbert believes there is significant value in active managers too and insists that he is 'a great believer in active equities', albeit with some key caveats, 'as long as you perform obviously, and as long as you are a boutique you have a really good chance of doing well'.

Saracen was acquired by AssetCo for £2.75m in May 2021 and is a good example of the type of business Gilbert is interesting in buying.

'It is sub-scale, has good performance and hasn't really grown because it's too small and is unknown,' Gilbert says. One of the additional appeals of acquiring the Saracen business is that it has all the necessary FCA authorisations to manage funds in the UK.

In the short term Saracen

could benefit from AssetCo's broader distribution capabilities but longer term the objective will be to leverage the business authorisation, network and brand as a platform to build a more diversified specialist active equities business.

Gilbert notes there are other examples of asset managers which are performing well but are struggling to secure inflows, observing that this is 'often because the founder or CEO is an investment led individual with good numbers, but they don't understand why their performance is not selling, but performance needs to be sold it doesn't sell itself'. This is where AssetCo believes it can add value.

By **Mark Gardner**  
Senior Reporter

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# Time for another look at UK airline stocks

The sector has been left behind in the post-Covid recovery but various factors now make it much more interesting

**B**rits love their holidays; it might have rather a lot to do with our inclement climate but every conversation I've had over the last few weeks seems to have circled back to summer sun. Who managed to grab a few foreign rays and who didn't? I confess my Scottish sojourn was memorable, but I still feel somehow cheated as the last three family holidays have been British-based.

Covid-19 restrictions decimated the tourist industry and the Government's traffic light system only seemed to create confusion and erode confidence, but there are vibrant green shoots, namely speculation that red tape might be stripped back, and investors might well be considering whether it's time to look again at the sector.

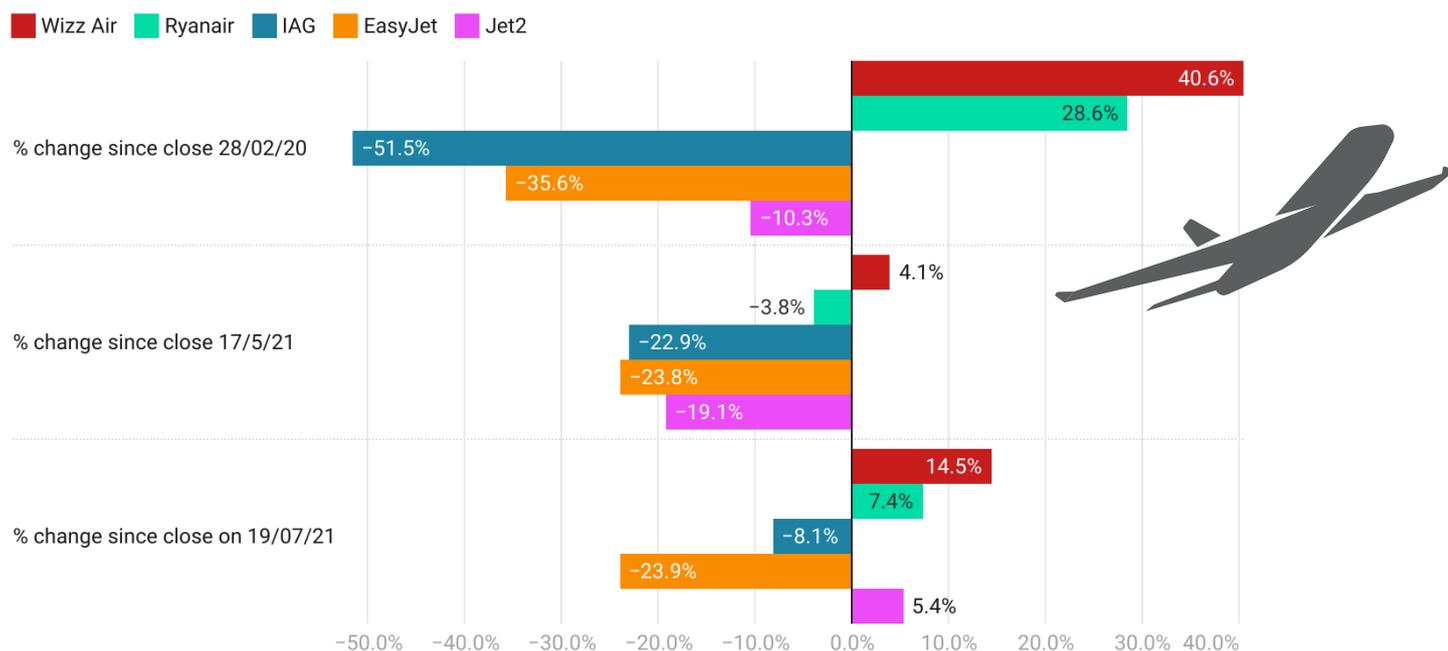
The first week of September delivered the

highest average number of UK flights seen for almost 18 months and the latest GDP figures for July showed growth of 72.5% in travel services.

But that doesn't mean the sector will simply dust itself off and return to the status quo. British Airways owner **International Consolidated Airlines (IAG)** seems to have concluded that the game has changed completely. The fact it's considering dipping a toe back into the no frills sector gives a clear indication of the direction of travel it is anticipating, at least in the short term.

While sun seekers won't be able to help themselves, global uncertainty is expected to clip their wings as will the issue of insurance. Most are expected to plump for the security of the package deal and keep their explorations fairly close to

## Performance of UK-listed airline stocks since end of February 2020



Source: SharePad, 13 September 2021 • Created with Datawrapper



home for now.

Business travel, on the other hand, BA's bread and butter, is a different beast. Companies have embraced video conferencing, deals have been done and relationships have (hopefully) been maintained.

There will undoubtedly be some need for in-person meetings, particularly when it comes to developing new relationships, something the boss of Lloyd's of London admitted recently on the *BBC's Today* programme that the business has been missing, but there are other considerations. Cutting back on travel means money can be saved and carbon footprints softened.

### WHICH AIRLINES CAN SEIZE POST-COVID OPPORTUNITIES?

With planes grounded for long months airlines have haemorrhaged money. **EasyJet (EZJ)** has announced it needs to tap shareholders for another £1.2 billion, primarily to help it deal with the slow pace of UK air travel recovery but also to take advantage of any opportunities that might come along.

But all the noise surrounding the rights issue couldn't drown out the big news that EasyJet itself was being considered by another airline as a potential opportunity. **Wizz Air (WIZZ)** is widely speculated as being the would-be poacher and despite the fact the bid has already been fought off, it has raised speculation that the comparative weakness of UK airlines could result in more takeover approaches.

Both Wizz Air and **Ryanair (RYA)** have fared better than their UK counterparts as air travel across Europe has rebounded more strongly. Heathrow, Europe's busiest airport before the pandemic has been shunted into 10th place with rivals including Schiphol, Paris and Frankfurt all recovering at a much quicker pace.

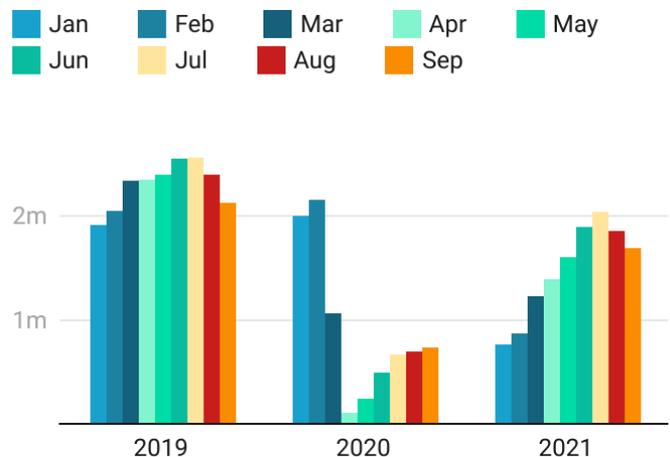
Airlines will be jostling for position as business picks up and snapping up a competitor is a sure way of supercharging growth right out of the gate. Any M&A action could have a positive effect on share prices, not just for those companies on the front line but the whole sector.

In what's now a well-trodden tale, sentiment is weak towards the industry which does still look vulnerable, and that's often seen as the best time to strike.

US airlines certainly can't be ruled out of the fray. Air travel Stateside has proved remarkably resilient, thanks in no small part to internal schedules. Despite the uncertainty afforded by the Delta variant and various devastating climate events, US passenger numbers have edged back to normal over the summer.

Even with the continued flight ban between the UK and US a new player has joined the transatlantic team. Jet Blue's inaugural flight to London signals the anticipation that an end to restrictions will lead to a surge in pent-up demand.

### Daily average per month for US traveller throughput



Source: TSA checkpoint travel numbers • Created with Datawrapper

Is now the right time to buy? There's never a sure answer to that question particularly when there are still so many variables at play. Will the government scrap the requirement for travellers to pay for costly PCR tests? Will the traffic lights be switched off or will another lockdown turn them all back to red? So far, those airlines that have survived the pandemic have been able to shore up enough support to position them to take another knock if it comes. What's clear is the world wants to fly and given a chance it will.

# What are my social care options?



Amid news of reform, our expert looks at what you can do to plan for your own care

*After reading about social care reforms, I've realised I have very little knowledge of the products and options available. Can you provide an overview please?*

**Ryan**



**Tom Selby**  
AJ Bell Head of  
Retirement Policy says:

There aren't a huge number of specific solutions available for those who self-fund their long term care in the UK, in part because costs are uncapped and difficult to insure against.

News of a care cost cap set at £86,000 will have in part been driven by a hope that an insurance market will blossom as a result.

This cap – details of which we're still awaiting – will almost certainly just cover personal care costs, rather than things like accommodation and food.

Depending on your circumstances, you might qualify for funding from the NHS or your local council following health and financial assessments. However, any amount you receive will often not be enough to completely cover your care costs either at home or in a care home.

It's important to remember that your property won't usually count towards the social

care means-test if you or your partner are still living there. This is also the case if you move into a care home, but your partner or another dependent continue to live in your own home. So despite lots of the focus being on people having to sell their homes to pay for care, in many cases this will not be necessary.

Even if you have to pay for care, you might be entitled to claim certain benefits which are not means tested. For example:

- Attendance Allowance (for those over State Pension age);
- Personal Independence Payment (if you are under State Pension age).

An immediate needs annuity is one option. This is an insurance product that will pay you a guaranteed income for the rest of your life to cover care costs in exchange for a lump sum up front. The income is tax-free if paid direct to a registered care provider.

If you go down this route, make sure you shop around. You can find an accredited specialist via the Society for Late Life Advisers (SOLLA).

Equity release plans allow people to release money tied up in their property to fund care costs. Anyone considering this route should carefully read the terms of any deal they

are offered.

One of the major risks is that interest is usually added to your overall debt, meaning the amount you owe overall can potentially spiral if left unchecked. However if you use a provider that is a member of the Equity Release Council they do at least have to give a no-negative-equity guarantee. Releasing equity from your home may also affect your ability to access means-tested care support from the state.

This is a complicated area so I would strongly suggest anyone going down either route gets specialist independent advice first.

Many people will also use existing assets – such as money saved in pensions and ISAs – to help fund their care costs.

## DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

Send an email to [asktom@sharesmagazine.co.uk](mailto: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.

# Use ISAs and SIPPs to beat the new dividend tax hike

We also explain why you might want to move certain types of stocks out of a dealing account first

**I**nvestors who have significant assets outside of an ISA or pension will be hit by a rise in the dividend tax from next April. The rate will rise by 1.25 percentage points, taking an extra chunk out of investors' income.

The first £2,000 of dividends are tax free, meaning the hike will only affect people who have dividends above that level each tax year, which equates to around £50,000 of investments, assuming a 4% yield.

## WHAT WILL IT COST?

Someone with £5,000 in dividends each year will pay tax on £3,000 of that amount after the tax-free allowance is considered. In this example, under the old system a basic-



rate taxpayer would have paid £225 in tax in a year, but that will rise by £38 under the new system.

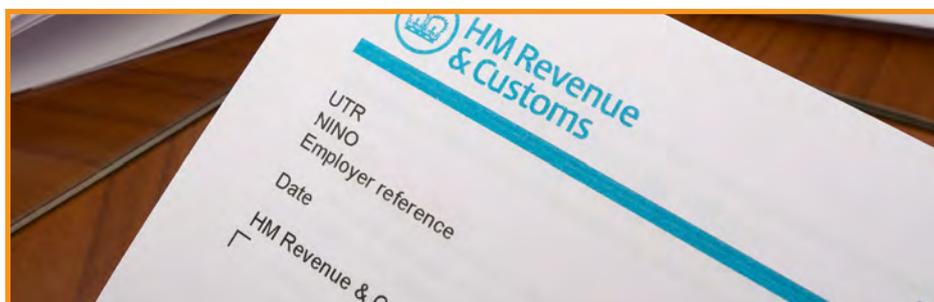
A higher rate taxpayer will see the same £38 increase taking their tax bill to £1,013, while an additional rate payer will pay £1,181 in tax under the new system, meaning they are losing almost a quarter of their dividend income to tax.

At £10,000 of dividend income the tax burden

increases by £100 at all tax brackets, meaning a higher rate taxpayer pays £6,075 in tax and an additional rate payer pays £7,083.

Meanwhile at £20,000 of dividends the tax bill increases by £225 and at £50,000 it rises by £600.

However, if we assume the same 4% yield then to generate £50,000 of dividend income you'd need an investment pot of £1.25 million.



## THE CHANGE IN DIVIDEND RATE

Tax band	Current tax rate	New dividend tax rate
Basic rate	7.50%	8.75%
Higher rate	32.50%	33.75%
Additional rate	38.10%	39.35%

Source: HMRC. Notes: These rates apply after the £2,000 tax-free dividend allowance has been used.

## HOW CAN I BEAT IT?

All investments held in an ISA or pension aren't subject to the dividend tax, so your route to a lower tax bill is to move your money into these accounts. Assuming you still want access to this money and don't want it tied up in a pension, the best option would be an ISA.

The annual ISA allowance is currently £20,000, so you can move £40,000 into your ISA before the tax hike starts to really bite next April (by using

this year's allowance now and next year's as soon as the new tax year starts in April).

If you have a spouse who also hasn't used their ISA allowance this year (and doesn't have their own investments outside an ISA) you can double this allowance and shift your portfolio away from tax more rapidly. These processes are called 'Bed and ISA' and 'Bed and Spouse and ISA'.

Let's look at an example. If an individual has an investment portfolio of £125,000 in a general investment account (sometimes known as a dealing account) it will take seven years to move it fully into an ISA, assuming 3% capital growth each year and 4% yield.

During that time as a basic-rate taxpayer you'd pay just under £400 in dividend tax in total, as you benefit from more and more of your investments being protected from tax. If you did nothing and just left the £125,000 in a general investment account (assuming the same 4% yield and 3% capital growth) your total dividend tax bill as a basic-rate payer over that seven years would be £1,837.50.

If you have a spouse and can use their ISA allowance too, you'd move the portfolio in just four years and face a total tax bill of £122.50 – saving £1,715 when compared to just leaving it outside an ISA.

## SHIFT YOUR INCOME-PAYING ASSETS FIRST

The above example assumes that you're moving an equal



### TAX SAVED BY MOVING £125,000 INVESTMENT INTO AN ISA

Scenario	Total tax due over seven years		
	Basic rate	Higher rate	Additional rate
Do nothing	£1,837.50	£7,087.50	£8,263.50
Move £20,000 a year into an ISA	£396.17	£1,528.07	£1,781.62
Move £20,000 a year into an ISA, but prioritise income-paying investments*	£247.32	£953.94	£1,112.23
Move £40,000 a year into a couple's ISAs	£122.50	£472.50	£550.90

Source: AJ Bell. Notes: Figures assume a 4% yield and 3% capital growth, based on someone being taxed under the new system who has the full ISA allowance and tax-free dividend allowance available. It assumes tax rates and allowances stay the same for the seven years. \*Assumes that the yield on the non-ISA investments reduces by one percentage point each year, reaching 0% in year five.

amount of all your investments each year into your ISA. For example, if you had 20 investments it assumes you move £1,000 from each into the ISA.

A smarter move would be to prioritise shifting any dividend-paying investments into your ISA first. This means that you can shelter your dividend income from tax first and therefore cut your tax bill.

To do this you'd need to look at your portfolio and rank the holdings by how much income they generate (in pounds and pence, rather than percentage terms).

You then start at the top of this list and move the highest income generating investments into an ISA first, before working

your way down.

The exact amount of tax you'd save depends on your specific portfolio and how quickly those income-paying investments can be moved into an ISA.

But if we assume that by shifting the highest income investments first your yield drops by one percentage point each year (so is 4% in the first year, 3% in the second, 2% in the third and so on), your dividend tax bill as a basic-rate taxpayer would be £247 – saving £149 when compared to moving all your investments equally.



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



# SHARES

## INVESTOR EVENING

WEBINAR

# WATCH RECENT PRESENTATION WEBINARS

**Dorian Gonsalves**  
CEO  
Belvoir Group (BLV)

**SHARES**  
INVESTOR EVENINGS

**WE MAKE PROPERTY PERSONAL**  
Belvoir Group PLC  
Initial Public Offering presentation 2020  
September 2020

**BELVOIR!**

### Belvoir Group (BLV)

Dorian Gonsalves, CEO  
& Louise George, CFO

Belvoir Group is a UK-based property franchise group delivering residential lettings and sales, and property-related financial services to the individual businesses nationwide.

**Daniel Topping**  
Chief Investment Officer  
B.P. Marsh & Partners (BPM)

**SHARES**  
INVESTOR EVENINGS

**MB Prestige Holdings PTY Limited (MB) - continued**

VALUATION EVALUATION

Production Expenses  
2019-2020  
2020-2021

2020-2021  
2021-2022

2022-2023

2023-2024

2024-2025

2025-2026

2026-2027

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# Charts: Using relative strength to guide stock decisions

Changes in trend can provide opportunities as well as warning signs

**T**he relative strength index or RSI is a widely used technical tool which measures the size of recent price movements to determine whether a stock is overbought, and in danger of correction, or oversold and maybe about to rebound.

Technically the RSI is an oscillator rather than an index, as it oscillates between zero and 100. It can never go below zero, nor can it read more than 100.

In the long run, the RSI is a mean-reverting series – when it is too high (overbought), it reverts downward, and when it is too low (oversold), it reverts upward again. However, stocks can stay overbought or oversold for considerable periods of time once they are in a trend.

- A value of 70 or more is considered overbought
- A value of 30 or less is considered oversold

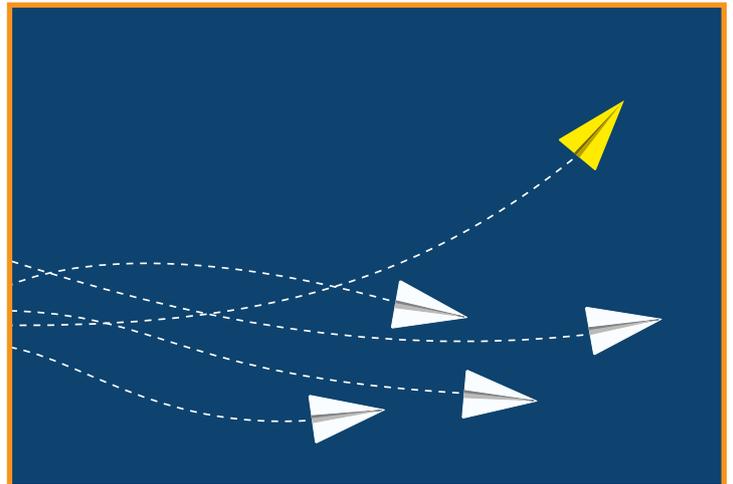
The standard period for calculating the value of the RSI is 14 trading days, although high-frequency traders use a much shorter period.

To find the RSI using the charting function on [Shares' website](#), click on the Settings cog, choose Events & Indicators, and scroll down to Relative Strength Index. The period will automatically default to 14 days.

For this example, we use the chart of insurer **Direct Line (DLG)** over a one-year period, with candlesticks rather than a simple line chart.

The first thing that strikes us is how orderly the RSI history is, topping out precisely at 70 and bottoming at 30 each time.

Historically, each time the RSI has hit 70 it has been a reliable selling opportunity, and each time it



DIRECT LINE



has hit 30 it has been a buying opportunity, which is a rare occurrence.

Once in a trend many stocks can stay overbought or oversold for months on end. However, a sign to look for in an overbought stock is what is known as 'negative divergence'.

- **Negative divergence:** Although the shares may be making new price highs, below the surface the RSI is falling.

Conversely, the sign to look for with an oversold stock is 'positive divergence'.

- **Positive divergence:** Where the price is making new lows but behind the scenes the RSI is no longer making lows and is instead heading upward.

As always when it comes to stock picking, technical indicators are no substitute for rigorous analysis and due diligence, but with a few small, easy-to-use tools the small investor can at least give themselves a better picture of a company's share price behaviour.



READ OTHER ARTICLES ON CHARTING

BEGINNER'S GUIDE  
TO CHARTING



USING MOVING  
AVERAGES



By Ian Conway Senior Reporter

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28 SEPT  
2021

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18:00 BST

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Janus Henderson  
INVESTORS

### HENDERSON EUROPEAN FOCUS TRUST

Tom O'Hara,  
Portfolio Manager

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India Capital  
GROWTH FUND

### INDIA CAPITAL GROWTH FUND

David Cornell,  
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JUPITER

### JUPITER EMERGING & FRONTIER INCOME TRUST

Ross Teverson, Fund  
Management Director

The company's investment objective is to achieve capital growth and income through investing predominantly in companies exposed to emerging and frontier markets worldwide.



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

### Event details

Presentations to start  
at 18:00 BST

### Contact

Lisa Frankel  
media.events@ajbell.co.uk

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## KEY ANNOUNCEMENTS OVER THE NEXT WEEK

### Full-year results

**20 Sep:** Finsbury Food, Wilmington. **21 Sep:** Litigation Capital Management, Time Finance. **22 Sep:** PZ Cussons. **23 Sep:** DFS Furniture, Hansard Global, Supermarket Income REIT.

### Half-year results

**17 Sep:** Midatech Pharma. **20 Sep:** Frenkel Topping, Open Orphan. **21 Sep:** Alliance Pharma, Alphawave IP, Cambridge Cognition, Dignity, Fintel, M&C Saatchi, PensionBee, Personal Group, SIG. **22 Sep:** ECSC, Deepmatter, Oxford Biomedica, Pennant International, Quixant, Strix, Ten Entertainment, The Mission Group, WANDisco. **23 Sep:** Arecor Therapeutics, Ebiquity, Eve Sleep, Everyman Media, Playtech, The City Pub Group, XL Media. **24 Sep:** Judges Scientific.

### Trading updates

**21 Sep:** Compass. **23 Sep:** Investec.

## WHO WE ARE

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