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SHARES

WE MAKE INVESTING EASIER

10 GREAT STOCKS

Our best ideas for the year ahead

BUMPER EDITION

Fund picks, review of Shares' annual stock portfolio, investment book competition and much more


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You live your active lifestyle.

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CFA UK Publication of the Year CFA UK Journalism Awards 2019

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EDITOR'S VIEW

Daniel **Coatsworth**

Some retailers might escape a January warning

Many people avoided shops before Christmas but that may not spell disaster

A dramatic drop in people visiting shops on the weekend before Christmas might not necessarily result in terrible trading updates from all retailers in January, though investors should not expect too many fireworks in the way of companies beating earnings estimates.

Many people adhered to warnings in October to shop early for Christmas and not get caught out by stock shortages at the last minute. That saw a lot of festive-related spending brought forward.

Retail sales were also upbeat in November, rising by 1.4% in the UK according to ONS data and driven by strong demand for clothing, toys, jewellery, and computer-related items.

The Omicron variant then hit the country and resulted in a volatile end to 2021. GFK's latest data shows a decline in consumer confidence for December, which the research group also attributed to concerns over the rising cost of living. 'Dispirited Brits say they are less inclined to make major purchases during the countdown to Christmas,' it added.

Analysis group Springboard noted a decline in people visiting shops on the Sunday before Christmas, no doubt as individuals seek to avoid crowds for fear of getting Covid.

The Springboard figures showed that 25.2% fewer people visited UK retail destinations on 19 December, compared to 22 December 2019, the Sunday just before Christmas that year.

The number of people on high streets fell by 5.9% last Sunday but increased by 4.8% at retail parks week-on-week. Retail parks benefit from having larger stores and big car parks.

Theoretically, a company which benefited from the pull-forward on festive spending in

October and November and which has stores in retail parks, and possibly an online service as well, might emerge relatively unscathed. **B&M (BME)** has lots of shops in retail parks, so does **Dunelm (DNLM)** which also sells online.

While some retailers might be able to cope with more volatile trading in the final days of the festive season, there is still the question of confidence for 2022. The stock market is forward looking so it is what management says about the months ahead which really matters for the share price. It seems highly unlikely that any retailer is going to be bullish about the near term.

First to report in the New Year will be Greggs and Next on 6 January, with the former vulnerable to weaker trading in the week before Christmas if high street footfall was down. B&M updates on 11 January followed two days later by Dunelm.

Sofa seller **DFS (DFS)** will be one to watch when it updates on 12 January given GFK's comments about consumers being less willing to make a big-ticket purchase. On 13 January, the market will want to know if **ASOS (ASC:AIM)** has suffered the same fate as **BooHoo (BOO:AIM)** which last week said customers were sending back a lot more clothes.

Just remember that if a decent company with good long-term prospects sees its share price fall simply because of a few months' bad trading, that's a gift to investors who take a long-term view. The shares are put on sale, so you might want to get ready to bag a bargain next month in the retail sector.

Markets undergo a dramatic week leaving investors dizzy

Covid, rate rises and now a setback to the $1.75 trillion US Build Back Better plan have created market volatility

Markets suffered a rare back-to-back fall on Friday and Monday (17/20 December) on a combination of rapidly increasing Covid cases, an unexpected UK interest rate rise and an unwelcome blow to the US growth outlook.

The spread of the Omicron variant continued to accelerate causing several countries to implement new restrictions on social activities in the run up to the holiday period.

In the UK there was substantial opposition from Conservative MPs to the introduction of vaccine passports for large-scale events, adding to pressure on the Government in a week which saw it lose one of its safest electoral seats in a by-election.

The Bank of England added to traders and investors' woes when it unexpectedly raised its benchmark interest rate from 0.1% to 0.25% in the face of more persistent inflation pressures and a tight labour market. Bank governor Andrew Bailey said he expected consumer prices to top 6% in coming months, three times the official target rate.

With markets already on edge, news over the weekend that US Democrat senator Joe Manchin would oppose President Biden's 'Build Back Better' programme sent traders and investors running for cover on Monday.

Manchin, who until this point had backed the president, said he couldn't vote in favour of the $1.75 trillion spending package as the US debt burden was already too large.

UK companies with large US operations such as equipment hire firm **Ashtead (AHT)** and building materials supplier **CRH (CRH)**, which on paper could be big winners from US government spending, saw their shares sold off, while Brent crude oil futures slumped to $71 per barrel as economists looked to cut their growth forecasts.

Failure to secure Democrat support for the bill – which is roundly opposed by Republican senators – raises questions about the outlook for the US and could cast doubt on the outcome of next year's crucial mid-term elections.

The risk-off mood was keenly felt in mining stocks along with reopening trades such as airlines and recent listings such as **Darktrace (DARK)**. US technology stocks weren't immune to selling either, with the Nasdaq 100 index down hard over the second half of last week and the start of this week.

Gold lived up to its safe-haven billing, holding around $1,800 per ounce, and silver – traditionally more of an industrial metal – also held steady around $22 per ounce.

However, bitcoin – supposedly a viable alternative to fiat currencies – did no better than other risk assets, falling to $45,500 compared with its high of $67,500 in early November.

Markets enjoyed a rebound on Tuesday 21 December led by housebuilders, while miners recovered some but by no means all their losses. [IC]

Nike's results smash forecasts amid North American strength

The trainers group says it is in a stronger position than before the pandemic

Second quarter results published on 20 December from Nike beat expectations as the world's largest sportswear company benefited from robust demand in its biggest market, North America, and what finance chief Matthew Friend described as an 'incredible' Black Friday week.

Revenue and earnings topped Wall Street forecasts in the quarter to 30 November, despite a headwind from supply chain disruption. Chief executive John Donahoe insisted Nike is in 'a much stronger competitive position' than it was before the pandemic, which has driven a boom in spending on health and fitness.

Sales in North America grew 12% to almost $4.5 billion year-on-year, though Nike suffered a 20% sales reverse to roughly $1.8 billion in Greater China, where some Western brands are suffering from a consumer backlash amid geopolitical tensions.

Fewer items were sold in China, partially due to lost production caused by Covid-related factory closures in Vietnam and lower available stock. Friend said all factories in Vietnam were now up and running with weekly footwear and apparel production back to around 80% of pre-closure volumes.

Increasingly selling products through its own stores and website to control brand messaging and margin, Nike also reported very healthy digital growth. Donahoe enthused about Nike's moves into the metaverse, having launched the 3D immersive world of Nikeland on Roblox and recently acquired virtual sneaker company RTFKT. [JC]

UK car insurance sector to benefit from move to Plan B

However, home insurers are suffering from a sharp drop in premiums due to a price war

UK CAR INSURANCE stocks **Direct Line (DLG)** and **Sabre Insurance (SBRE)** could be among the companies enjoying a temporary benefit from the Government's latest Plan B to help fight Covid-19, which includes the requirement to work from home if possible.

A reduction in cars on the road should in theory see fewer people get in accidents and therefore fewer insurance claims.

The general insurance sector has seen a big change in pricing for premiums and claims since the onset of the pandemic.

Direct Line last month said the surge in second-hand car prices was pushing up costs per claim. If a car is written off in an account, the insurer pays out what the car would cost in the second-hand market.

In the home insurance market, claims have fallen because more people have been staying at home for longer periods, meaning burglars have been deterred from breaking into properties and water leaks have been addressed quickly.

However, insurers have suffered because home premiums have fallen by 8.2% in the past 12 months, according to analytics group Consumer Intelligence, driven by a price war to pick up more business from comparison websites. [MGar]

Domino's resolves franchisee dispute but analyst doubts linger

A marmite topping would accurately reflect current investment opinion on the shares

The long running power struggle between the UK and Ireland franchise owner of food delivery chain **Domino's Pizza (DOM)** and its franchisees has finally been resolved, at least for now.

Shares in Domino's surged 22% on 16 December on the news it had reached a resolution with franchisees, partly because it removes risks for shareholders, but mainly because it implies greater earnings growth prospects.

The company presented the three-year deal as a win-win outcome, arguing that both parties were better positioned to drive higher system sales and profit over the medium term.

Franchisees had refrained from participating in national promotional deals during a long-running dispute and a new commitment to participate is expected to be a key driver for volume growth going forward.

Domino's now expects to achieve system sales at the upper end of its previously announced range of between £1.6 billion to £1.9 billion, and to exceed its target of opening 200 new stores.

Under the agreement franchisees have committed to stepping up the pace of new store openings from 30 to 45 a year over the next three years.

Judging by the share price reaction, the deal was well received, but not all analysts were as positive as the share price move suggested.

For instance, Jefferies argued that ongoing cost pressures faced by franchisees and the short-term nature of the agreement means the company could be back to square one in three years' time.

Liberum analyst Wayne Brown seemed to concur, saying the issue will 'rear its head again' because the underlying concerns of the franchisees have not been fully addressed.

Brown goes on to suggest current management will likely move on after they have earned their incentives and leave the problem to be solved by the next management as 'the history of Domino's suggests to us'.

Richard Stuber at Numis was more positive, pointing out some investors were sceptical that a resolution could be achieved without a 'profit reset' and therefore the latest deal unlocks the potential for the shares to trade on a higher multiple of earnings.

At 435p, the London-listed Domino's currently trades on 20 times forecast earnings for 2022, compared with the Australian Domino's franchise owner which trades on 45 times next year's earnings, and the US franchise owner which is on 34-times.

Stuber argues that if the UK and Ireland-focused Domino's achieves £1.9 billion in system sales in 2025 it would be equivalent to a compound annual growth rate of 8% a year, implying pre-tax profit of £163 million. That is 45% higher than the £112 million pre-tax profit which Domino's is forecast to achieve in 2021. [MGam]

Tech fund manager warns of worrying signs

Soaring valuations together with investors rushing to own cryptocurrencies and NFTs have hallmarks of the dotcom boom and bust

A leading UK-based technology fund manager has warned of signs of 'exuberance' emerging in parts of the investment market.

Ben Rogoff, who runs the **Polar Capital Global Technology Fund (B42W4J8)** and **Polar Capital Technology Trust (PCT)**, flagged the wave of new stock market listings and blank cheque acquisition vehicles, cryptocurrencies and NFTs (non-fungible tokens) among several features of today's market that are 'beginning to rhyme a little more' with the massive market correction of two decades ago.

According to Renaissance Capital, 2021 will see a record 875 initial public offerings, including 500 SPAC deals, raising $250 billion. This year's IPO boom will smash the previous record set in 2000 when 406 companies raised $93 billion.

Another major factor likely to drive market returns is the fate of the mega cap technology companies. Apple, Amazon, Microsoft, Alphabet and Facebook now represent a combined market value of around $9 trillion, illustrating their dominance in the market.

Despite these 'amber flags' Rogoff remains constructive about the technology sector and its medium-term prospects and says that the current 30% technology sector premium to the broader market is 'about normal'.

According to the fund manager's calculations, the technology sector's forward price to earnings multiple of around 27.5 remains far from levels seen during the late 1990s bubble when the sector traded out more than twice the market multiple. The S&P 500 currently trades on about 21 times forward earnings. [SF]

DISCLAIMER: The author owns shares in Polar Capital Technology Trust

MERRY CHRISTMAS AND A HAPPY NEW YEAR TO ALL SHARES READERS

The next issue of Shares will be published on 13 January 2022

Investing in a world of labour shortages

A scarcity of workers may harm the economy but it doesn't have to damage your portfolio...

One of the many strange phenomena we've seen since the pandemic started has been the so-called 'great resignation'. As fear of Covid began to recede following vaccine rollouts in early 2021, huge numbers of workers started to switch jobs.

The US has been the most prominent example of this, with an average of 4m employees leaving their jobs every month from April through to September. Similar scenarios have played out across much of the world, in both developed and emerging markets.

Confusingly, this doesn't seem to be solely the consequence of a Covid economic bounce back. What we may be seeing instead is the effect of an increasing shortage of labour, particularly in higher income countries. This was already underway prior to the pandemic with ageing populations and lower birth rates across much of the world meaning we are projected to see a 43m shortfall of workers by 2028.

It's hard to predict exactly what the consequences of this shortage will be but it's a theme the **Allianz Technology Trust (ATT)** team is paying close attention to. As its name suggests, the trust invests across the technology sector, with about half of its holdings in semiconductor, software, and internet services companies.

These are the sorts of businesses which could stand to benefit from a shortage of labour given that, over the past century, periods with shortfalls of workers have tended to result in higher spending on technology.

The last shortage, which lasted from 1991 to 1999, saw the proportion of US GDP spent on technology rise from 2.9% to 4.6% - about the same size as the increase over the prior 30 years.

Selling picks in the tech gold rush

It's arguably the second biggest sector allocation in the ATT portfolio – semiconductors – that stands to benefit most from any increase in automation and technology spending. Almost any device that will play some role in replacing human input requires a semiconductor to function, whether that be a robot in a car factory or a laptop used by an office worker.

That opens up a lot of opportunity but it also means ATT doesn't have to make bets on which companies will succeed and which won't. Semiconductor businesses are a bit like pick-axe sellers in a 21st century gold rush. There is huge demand for their products, meaning shareholders can benefit from increased sales, but they don't necessarily have to worry about the success of the companies buying them.

The industry also has a much wider moat around it than others do, meaning the dominant players, including firms in the ATT portfolio like Micron Technology and TSMC, aren't likely to see their position in the market upset easily.

Catering to worker demands

Of course, automation isn't likely to result in a workforce of AI programs and factory robots. Workers are likely, however, to ask for more from employers, particularly when it comes to remote working.

This is a trend that looks set to last beyond the pandemic, with major corporations, including Apple and PwC, already announcing they'll be allowing employees to work from home once the pandemic is over.

ATT has allocated funds to firms it believes are likely to benefit from this brand of flexible working. The early signs are positive here, with Asana, arguably the holding most likely to benefit from the trend, acting as one of its top relative contributors throughout 2021.

The winds are still in the tech sails

Price's team have delivered total NAV total returns of 322.5% over the past five years to 13 December 2021, far outstripping the 234.4% produced by the trust's benchmark, the Dow Jones Global Technology Index.

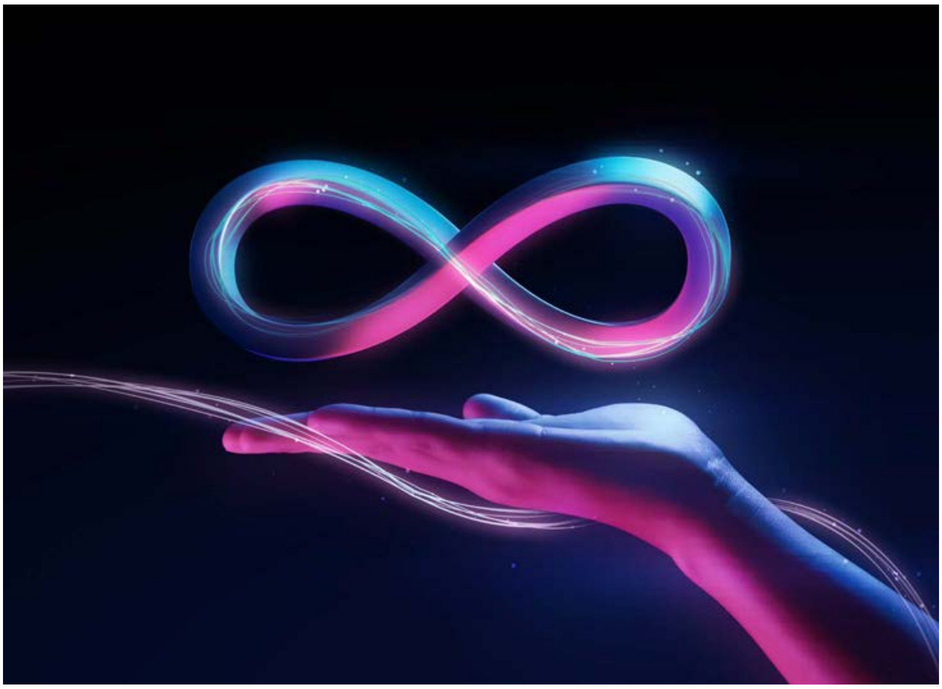
Such positive returns often make investors feel that the party can't continue and it's time to look elsewhere if they want to see returns. This doesn't have to be the case and the prospect of a global labour shortage seems poised to provide tailwinds to a sector that already has plenty working in its favour.

A shortfall of workers may not sound like the most positive macroeconomic news for investors but ATT's focus on the problem may enable investors to make the most of a bad situation.

Click **here** to read our latest research on Allianz Technology Trust...

Can Facebook owner Meta Platforms bounce back in 2022?

The social media giant has been beset by several big challenges



With the end of the year approaching there has been a renewed wave of angst amongst investors as they ponder the 2022 outlook for social media leviathan Meta Platforms – or Facebook as it was known until recently.

There are four reasons why investors are increasingly concerned. First the rise of social media network TikTok has the potential to disrupt Meta's business model. Second, Apple's recent decision to make tracking of its users' online activities by third parties an opt-in process has improved its own competitiveness at the expense of Meta.

Third, the regulatory environment is likely to make large-scale mergers and acquisitions increasingly problematic.

There is also widespread scepticism regarding CEO Mark Zuckerberg's vision of the metaverse. According to Neil Campling, technology analyst at Mirabaud Securities, the new venture will lose an estimated $7 billion this year, and these losses are expected to increase next year.

META SHARES DEPRESSED

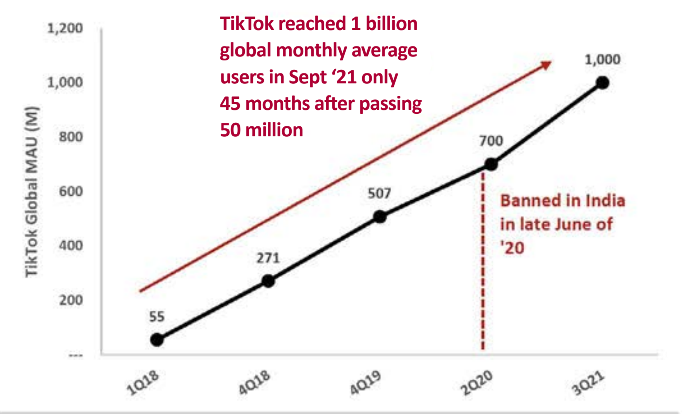
Such concerns explain why Meta shares are trading in line with the average price to earnings for the S&P 500 at less than 30 times earnings, versus a historical five-year premium of 34%. There are several reasons to believe the business can deal with these challenges.

Investment bank UBS maintains that current market advertising estimates for the group are 'too low in 2022'. Its 2022 base case and upside earnings per share estimates are 5% and 21% ahead of consensus estimates. This more constructive outlook is predicated on two new initiatives.

First, Reels on the Instagram platform enables individuals to earn money by creating fun and inspiring short videos consisting of music, augmented reality effects, and text overlays. According to UBS estimates this could generate $50 billion in advertising revenue over the medium term.

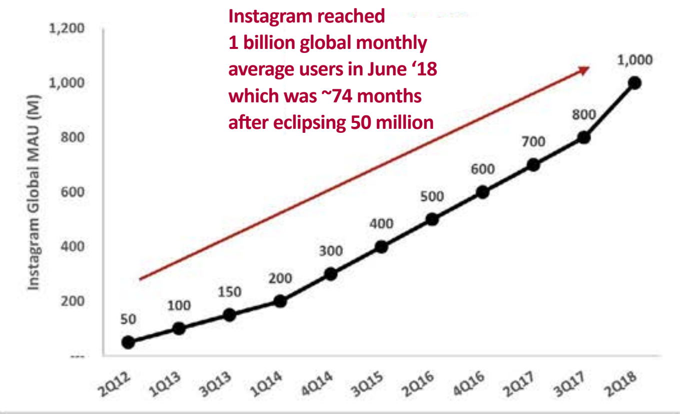
Second, by creating an online storefront within Meta, potential customers can browse, explore and purchase items directly on Facebook and Instagram. UBS suggests this initiative could drive $2.2 billion to $13.6 billion in total revenue or 1.4% to 8.4% of its 2023 advertising revenue estimates.

TikTok global monthly average users



Source : CNBC; UBS; Note: TikTok entered the US and Europe in 2017

Instagram global monthly average users



Source : The Verge; UBS; Note: Facebook bought Instagram in April of 2012

TIKTOK A POTENTIAL DISRUPTOR

TikTok user growth surged during the pandemic, which is indicative of its velocity of content creation and engagement levels. It only took TikTok 45 months to scale from 50 million to 1 billion monthly average users. This compares with Instagram's 74 months (achieved back in 2018).

In September TikTok revealed a new programme called TikTok Shopping. The offering enables advertisers to market their products and sell them directly within the app, in either the videos or on profile pages. This has the potential to significantly enhance group revenue.

However despite the remarkable success achieved by TikTok in a short period, the threat it poses to Meta may have been overestimated.

Advertising budgets still remain very small on the platform and its advertising technology remains far behind the likes of Meta and Snap. TikTok's self-serve advertising platform remains in its infancy and the majority of budgets are emanating from negotiated deals with large brands, as well as spending through influencers.

Meta has invested more in its self-service advertising platform than any competitor, with $21 billion allocated in this year alone. This compares with Twitter, its nearest competitor, which has an equivalent expenditure of $1 billion.

THE IMPACT OF APPLE'S CHANGE TO USER TRACKING

The changes implemented by Apple regarding the tracking of online activities by third parties has significantly impaired Meta's access to users within Apple's iOS environment.

Ben Rogoff fund manager of the **Polar Capital Technology Trust (PCT)** highlights the impact in his latest fund update, saying: 'Management also underestimated the headwind from Apple's iOS14 changes and advertising revenue only grew +32% (year-on-year at constant currency) in the quarter'.

On the recent third quarter earnings call Meta revealed that the impact from the changes is two-fold. 'One is that the accuracy of our ads targeting decreased which increased the cost of driving outcomes for our advertisers and the other is that measuring those outcomes becomes more difficult.'

Nonetheless, the extent to which this is still a relevant issue is open to question. UBS suggests that those advertisers which are planning to scale back their spending with Meta have already done so.

REGULATORY THREAT

Regulation has the potential to hurt Meta in two respects. First, in the future it is unlikely to be able to pursue significant mergers and acquisitions.

This is important because Instagram, WhatsApp, virtual reality specialist Oculus and online advertising outfit Atlas were strategically critical acquisitions that constitute a significant proportion of Meta's identity today. In this context it is relevant to note that Meta has failed to internally develop a unique product since it launched its news feed in 2006.

Second, there is a risk that costs escalate at a faster rate than the market currently anticipates. Leaked internal records indicate it is only catching a single digit share of the content it is screening, and only 2% of content moderation spend is outside the US. This suggests there may need to be further significant investment to ensure its platforms are being policed properly for harmful, misleading or offensive material.

Meta faces two pieces of regulatory legislation. The first is KIDS (Kids Internet Design and Safety Act). In its current form the bill would protect users aged 16 and under from features including push alerts and like counts, that encourage greater app usage. The bill could potentially have a negative impact on the level of engagement Meta can achieve with the younger demographic cohorts.

The second, Section 230 reform, requires platforms to remove court-determined illegal content and activity within four days. In addition it requires platforms to have a direct complaint system and report biannually statistics on content that has been removed.

The more profound concern that the company may be broken up thanks to more aggressive antitrust enforcement in the US appears misplaced. Legal experts maintain that a dismantling of the group would be highly unusual given that Instagram and WhatsApp have both been through a Federal Trade Commission review.

METAVERSE AN UNPROVEN CONCEPT

Meta is attempting to establish a lead in what Mark Zuckerberg believes will be the next evolution of the internet, the so-called metaverse. However there are multiple obstacles that may stymie his vision.

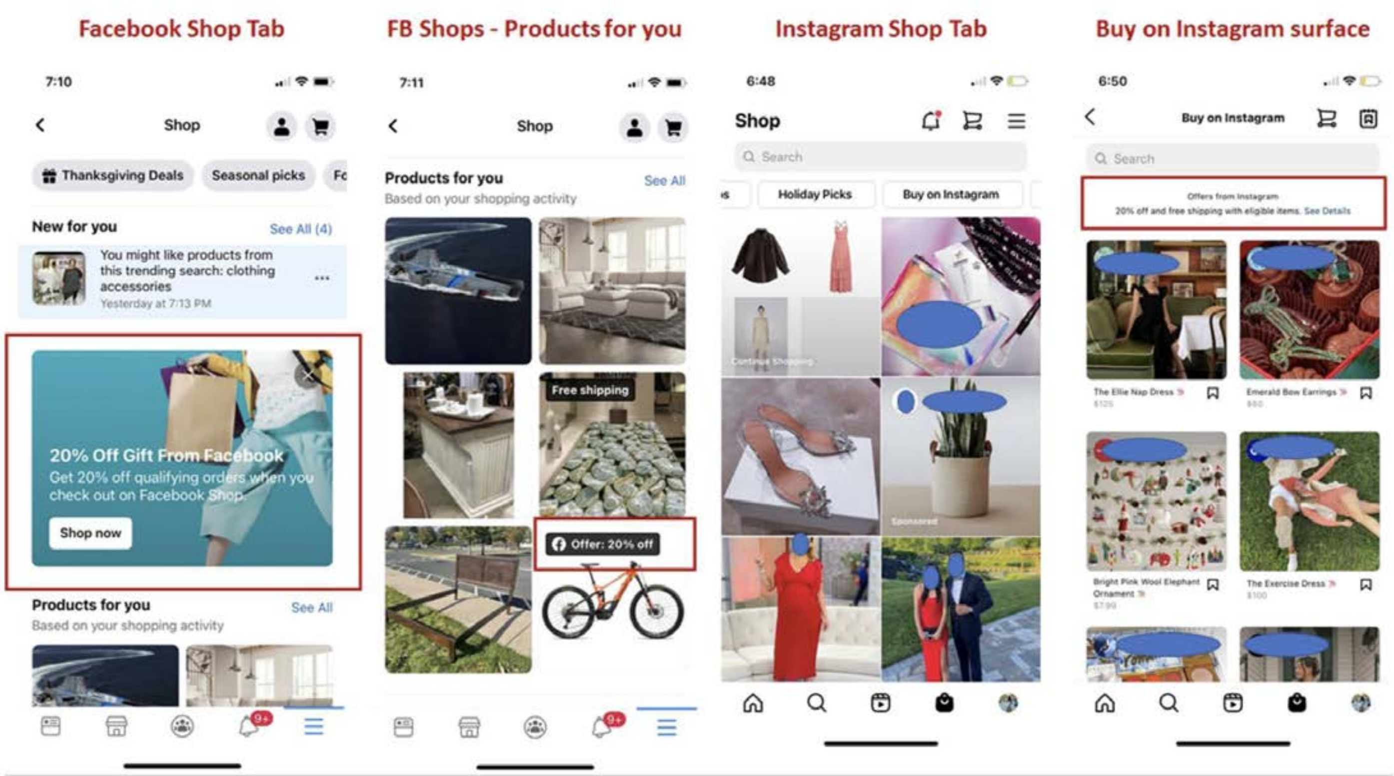
Meta faces competition from other extremely well resourced technology companies. Microsoft is investing in its own version of the metaverse, with the aim of improving remote meetings.

Roblox has already launched its own version of the metaverse. This allows gamers to create and host their own game worlds.

And Nvidia, which designs graphic processing units for the gaming and professional markets, is investing in Omniverse. This is an open platform built for virtual collaboration and real time physically accurate simulations.

Meta's disappointing experience with Oculus (the virtual headset business it

Facebook and Instagram Shops highlighting 20% discount



Source : Facebook and Instagram; UBS

acquired in 2014) is indicative of another obstacle it faces. Sales were lacklustre due to the lukewarm adoption of virtual reality by non-gamers.

This resulted in the initial advertising partner for the Oculus headset stepping away, following complaints from users who objected to advertising that detracted from their gaming experience.

THE LEVERS META CAN PULL

Set against these concerns there are some levers Meta can still pull.

Facebook has hopes to leverage its position as the most popular app in the world to appeal to creators.

With nearly 3 billion active users, the platform boasts an unprecedented volume of traffic

that will certainly appeal to creators. Next year the platform is offering $1 billion in payouts to creators for engaging content.

Launched on Instagram in August 2020 Reels, much like TikTok, lets users create short-form videos with overlaid music and filters.

Both Facebook and Instagram already support a degree of e-commerce. Facebook has Marketplace, while Instagram allows users to buy products featured in posts and advertisements. However the company's new initiative enables business to create a fully-formed Facebook Shop.

Businesses will be able to create a shop for free. They simply upload their catalogue, choose the products they want to feature, then customise. Visitors can then browse, save and order products, all without leaving the Facebook app. It's convenient and convenience fosters sales.

By **Mark Gardner**
Senior Reporter

8.6% SHARE PRICE RETURN FROM OUR 2021 STOCK PICKS

IT'S A DECENT PERFORMANCE BUT SADLY LAGGED THE BROADER UK MARKET

Shares' Stocks for 2021 portfolio

Stock	Entry price*	Latest price**	Share price gain/loss
Tracsis	630p	994p	57.8%
Eurofins Scientific	€ 69.99	€ 108.94	55.7%
Diageo	£29.45	£39.26	33.3%
Inspecs	271p	360.3p	33.0%
JD Wetherspoon	£10.07	£12.18***	21.0%
RWS	534p	615.09p	15.2%
BHP	£19.83	£21.54	8.6%
ConvaTec	205p	187.95p	-8.3%
PZ Cussons	233p	192.7p	-17.3%
Qinetiq	299p	245p	-18.1%
Ocado	£23.01	£17.04	-25.9%
Alibaba	$ 256.22	$ 122.47	-52.2%
Average			**8.6%**
FTSE All-Share	**3,624**	**4,114**	**13.5%**

**Entry prices taken 21 Dec 2020, **Latest prices taken 16 Dec 2021, ***This is the price when we closed the position on 25 June 2021. Share price performance only, excludes dividends.*

Source: Shares magazine, Google Finance • Created with Datawrapper

Constructed last December from shares in UK, European and US markets, *Shares*' 'Stock picks for 2021' portfolio was based on high conviction in 12 companies for the year ahead. While more than half of them have subsequently done well, there were a handful of disappointments.

The net effect is a decent 8.6% return excluding dividends – that's higher the historical average 6% to 7% from equities including dividends. However, it is below the 13.5% return in 2021 from the FTSE All-Share which is the benchmark for UK shares.

Our performance shows how difficult it is to be an active investor and consistently beat the market. However, our track record over a longer term remains good.

Shares' annual stock portfolio has outperformed the market in seven out of the last 10 years, some of those periods by a considerable margin.

Three of those 10 years saw the markets deliver a negative performance and we outperformed in each of the years. In two of those years, we delivered a positive return and in the third our portfolio fell by considerably less than the market, showing we are good at preserving capital which is incredibly important for investors.

After all, legendary investor Warren Buffett says the first rule of investing is not to lose money.

10-year track record: Shares' annual stock portfolio versus the UK market

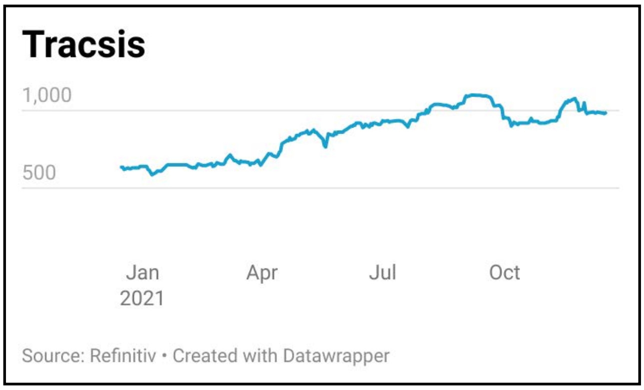
YEAR	FTSE ALL-SHARE (UK MARKET)	SHARES' PORTFOLIO
2021	13.5%	8.6%
2020	-8.7%	4.8%
2019	16.7%	23.0%
2018	-10.2%	-6.4%
2017	8.8%	10.3%
2016	12.9%	2.2%
2015	2.2%	11.8%
2014	-3.9%	5.9%
2013	12.5%	8.0%
2012	8.4%	15.4%

Green = outperformance by Shares.

Source: Shares magazine • Created with Datawrapper

ANALYSING 2021 PERFORMANCE

Six of our seven winners in the 2021 portfolio racked up double-digit gains, which is encouraging. The best among them was transport infrastructure and analytics firm **Tracsis (TRCS:AIM)**, up 57.8% and which saw improving momentum in both its rail division and data business, leading to forecast-beating revenues and earnings.



Source: Refinitiv • Created with Datawrapper

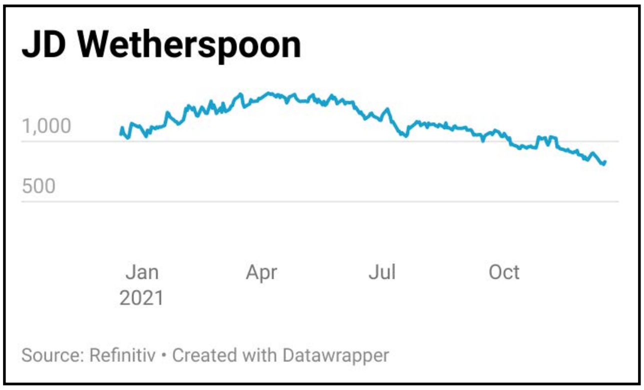
Close behind was testing and certification group **Eurofins Scientific (ERF:EPA)** with a 55.7% gain. Its revenues surged more than 30% in the first nine months of the year and the company raised its full year guidance as Covid-related clinical testing supplemented strong underlying organic growth.

Eyeware company **Inspecs (SPEC:AIM)** was another hit with investors due to its strategy of consolidating its supply chain and pushing through synergies while continuing to drive sales particularly in the higher price bracket leading to analysts upgrading earnings forecasts.

We also enjoyed a good run in two 'reopening' stocks, namely spirits maker **Diageo (DGE)** and pubs group **JD Wetherspoon (JDW)**.

Diageo benefited from the continued trend towards premium drinks thanks to its roster of well-known brands such as Johnnie Walker, Smirnoff and Tanqueray on the back of a return to socialising.

Wetherspoons also performed well as loyal customers flooded back to its pubs. Given the strong rise in the shares by late June and the opposite trend in analysts' estimates we took profits in the position at the half-year point, fearing a share price correction, which duly occurred.



Source: Refinitiv • Created with Datawrapper

Language services and technology group **RWS (RWS:AIM)** beat the market, although our sense is investors expected more than they got in terms of synergies from the SDL deal, even though the firm raised its margin guidance.

Also, the departure of chief executive Richard Thompson, who masterminded the group's growth in the last few years, introduced a degree of uncertainty regarding future strategy.

Our final winner was mining giant **BHP (BHP)**, which had a choppy year hitting highs of nearly £24 and plumbing lows close to £18. Despite landmark deals to merge its energy assets with Woodside and dispose of its majority interest in a coal joint venture with Mitsui, which will boost its green credentials significantly, the decision to unify its shares and move its primary stock listing to Sydney meant many funds were forced sellers which counted against it.

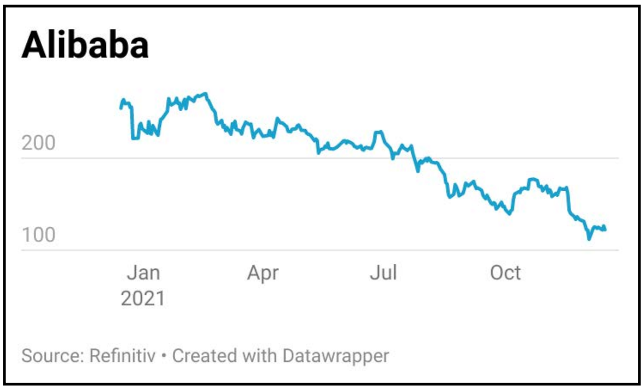
THE WEAKEST LINKS

Medical products group **ConvaTec (CTEC)** was on course to beat the market at the mid-year stage but after warning of higher raw material and freight costs in July the shares have kept falling, even though the firm has raised its organic sales growth forecast twice since.

It was a similar story at defence and security firm **Qinetiq (QQ.)**, which was keeping pace until October when it warned that supply chain disruption had impacted a large customer programme and could result in a hefty downgrade to its full year outlook. The news took the shine off a strong first half performance which also included a 25% jump in order intake despite a tough prior-year comparison.

Consumer goods group **PZ Cussons (PZC)** was a victim of its own success, after sky-rocketing sales of its Carex hand sanitiser last year meant growth this year was going to be hard to match. The company warned in September it faced rampant cost inflation and its full year outlook depended on no further cost headwinds or supply chain or Covid-related disruptions, which the market read as downside risk to its forecasts, prompting a sell-off.

Our two biggest disappointments were also pandemic 'winners' which failed to shine, for different reasons. Online grocery delivery firm **Ocado (OCDO)**, which could barely keep up with demand during the pandemic, found itself left on the shelf as many investors chased 'value' and reopening trades, while a lack of news flow on winning new clients for its technology platform turned others off.



In retrospect, saying to buy shares in internet shopping giant Alibaba was risky as it was already on the Chinese regulator's hit list last year, having had to shelve its Ant Group float. It was then slapped with a $2.8 billion anti-trust fine in April and in September the government said it wanted to break up its Alipay mobile payment system. Earnings forecasts continue to slide, so despite the share price fall the risk hasn't gone away.

By **Ian Conway** Companies Editor

Janus Henderson
INVESTORS

TRUST TV:
IS THE UK STILL CHEAP?

Job Curtis, Portfolio Manager, The City of London Investment Trust

After a challenging 2020, the UK equity market has staged a strong rebound. The reopening of the UK economy following the successful rollout of Covid-19 vaccines and the subsequent release of pent-up consumer demand have led to increased optimism about the prospects of the UK economy.

The most compelling case for UK equities, however, is current valuations. With the clouds of Brexit-led uncertainty now cleared, combined with the more cyclical, value orientated composition of the UK market, investors are beginning to re-engage with the market.

Is the long-awaited recovery for UK equities finally here?

Find out more in our latest Trust TV

10 GREAT STOCKS

Our best ideas for the year ahead

OUR PICKS IN A NUTSHELL

BUY

BUY

ACCSYS TECHNOLOGIES

Ian says: The sustainable wood specialist is expanding production capacity to meet soaring demand

ALPHABET

Steven says: The internet technology giant dominates the fastest growing advertising segment

IOG

Tom says: It is expected to generate substantial cash flow in 2022 as North Sea gas comes on stream

JET2

Steven says: The holidays firm is well placed to increase market share as the airline sector recovers from Covid

LONDON STOCK EXCHANGE

Mark says: A lot of bad news around the Refinitiv acquisition is now priced in, and 2022 should be a brighter year for the business.

LOUNGERS

Martin says: This smart operator in the leisure sector is growing while others struggle and has the right qualities for the post-pandemic world

PETS AT HOME

Tom says: The company has plenty opportunities to keep growing earnings and the stock valuation is still reasonable

ROCHE

Martin says: The pharma giant is looking good as new drugs start to generate big financial rewards

SCHNEIDER ELECTRIC

Ian says: This is a must-have stock for anyone wanting to play the ESG/sustainability theme

TATE & LYLE

James says: The company is shifting its focus to higher margin activities and trades on a large discount to peers

ACCSYS TECHNOLOGIES

Accsys (AXS:AIM) is a global leader in sustainable wood technology and sells its products into the construction and building materials industries in the UK, Europe, North America and Asia through timber distributors.

Its Accoya wood product is both sustainable and high-performing, with a 50-year guarantee, which makes it an ideal replacement for man-made, carbon-polluting alternatives like aluminium and plastic, which are also difficult to recycle.

Given the firm sold just over 60,000 square metres of Accoya in the year to March 2021, and the addressable global market is over 2.6 million square metres per year, there is significant room for Accsys to expand.

Meanwhile, the potential market for panels made from Tricoya, which is chipped Accoya used to make MDF (medium density fibreboard), is over 1.6 million cubic metres, which is still only 1% of the global MDF market.

Demand is being driven by increasing regulation and the need for firms manufacturing building products, such as doors and windows, to be able to offer more sustainable products.

The company is expanding production of Accoya at its Arnhem plant as quickly as possible to keep up with demand, while its first Tricoya plant in Hull is expected to begin manufacturing next July.

Within five years, Accsys expects its combined output of Accoya and Tricoya to be more than five times last year's total, and even then it still has an enormous runway for growth.

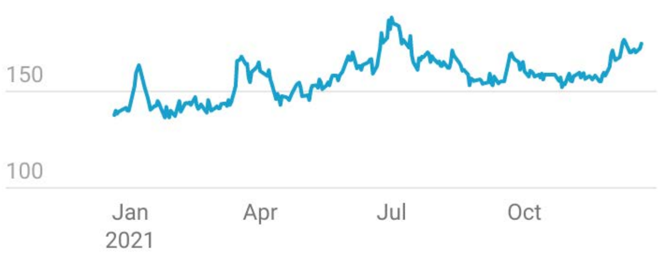
Producing Tricoya chips in a dedicated plant will not only dramatically improve capacity but it will free up more Accoya wood for sale, which together with increased output at Arnhem will allow the company to meet the demands of larger-scale manufacturers who need to ensure supplies.

The firm has a joint venture agreement in the US with Eastman Chemical for the production of Accoya in North America, which will significantly increase turnover.

As sales ramp up, earnings are set to jump significantly which will naturally bring Accsys' price to earnings multiple down to a more realistic level, with analysts at Edison forecasting a 2024 financial year rating of around 25 times net earnings and just over eight times operating earnings.

Given the firm is likely to need to invest all its surplus capital to grow the business, we wouldn't expect it to pay dividends for some time. [IC]

Accsys



Source: Refinitiv • Created with Datawrapper

Accsys

Share price	171.75p
Market cap	£327 million
Forecast EPS 2023	€ 0.01
PE 2023	40.3
Forecast dividend 2023	n/a
Dividend yield 2023	n/a
Financial year end	31-Mar

We have used 2023 forecasts because the market is forward looking. Its 2022 financial year end is 31 March so investors will soon be more focused on 2023 numbers.

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

ALPHABET

Google-owner **Alphabet (GOOG)** is a giant in internet advertising. It is growing fast with large technological moats and very attractive operating profit margins of 30%.

In five years, it has doubled revenues and is forecast to have generated nearly 40% sales growth alone in 2021.

Digital advertising will account for 61.5% of global advertising spend for the first time in 2022, according to the latest advertising expenditure forecast compiled by Zenith, and more than 65% by 2024.

Brands are desperate to reach widening audiences on social media platforms, online video, connected TV and e-commerce channels, an established trend that the pandemic super-charged.

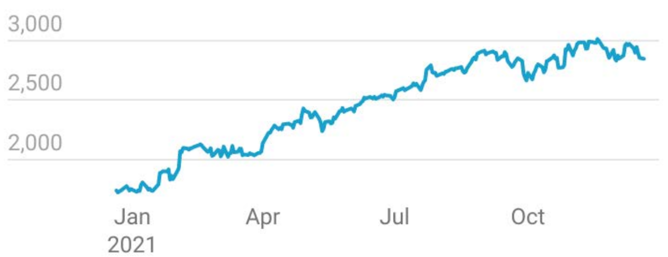
Beyond the internet search services for which Alphabet is best known; and YouTube, one of the world's most visited platforms; the group has continued to acquire and develop new areas, such as a fast-growing cloud computing business, self-driving vehicle venture Waymo and health researcher Verily.

You don't grow to the size of a small nation's GDP without locking horns with regulators, and Alphabet does face antitrust challenges ahead.

The company has been accused of hurting competitors by giving priority in its search results to its own products, while its complex ecosystem also makes it difficult for alternative operators to succeed.

Furthermore, the tech giant owns the world's dominant smartphone operating system, Android, which runs close on nine out of every 10 smartphones worldwide.

Alphabet (C shares)



Source: Refinitiv • Created with Datawrapper

If push came to shove and the worst happened Alphabet could possibly restructure itself under regulatory pressure, but it would likely fight tooth and nail and a legal battle could drag on for years.

Most analysts don't see that happening, instead believing some form of deal would be struck that would suit all parties to some degree, albeit with possible financial penalties.

Alphabet's shares are not expensive given its qualities, trading on 25.4 times forecast earnings for 2022. It has some of the best tech brains on the planet in its talented workforce and the financial resources to back emerging developments and opportunities, with a $128 billion net cash position.

The shares have rewarded investors for years, with total returns of nearly 18.5% a year over 10 years, surpassing both the performance of the S&P 500 and Nasdaq Composite indices during a decade-long bull run.

The only real drawback is that a single share costs several thousand dollars which might deter some investors with limited funds. [SF]

Alphabet (C shares)

Share price	$2,848
Market cap	$1.89 trillion
Forecast EPS 2022	$112.3
PE 2022	25.4
Forecast dividend 2022	n/a
Dividend yield 2022	n/a
Financial year end	31-Dec

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

IOG

Shares expects 2022 to be a breakthrough year for North Sea gas play **IOG (IOG:AIM)**. Production should commence imminently of natural gas from its Saturn Banks project in the Southern North Sea.

This production is coming on stream at a time of exceptionally high gas prices and, despite a strong run for the shares in 2021, they do not yet fully reflect the company's near-term potential.

Based on forecasts from FinnCap, IOG should be in line to generate free cash flow of £71.8 million in 2022, or a little under half the current market valuation of the firm.

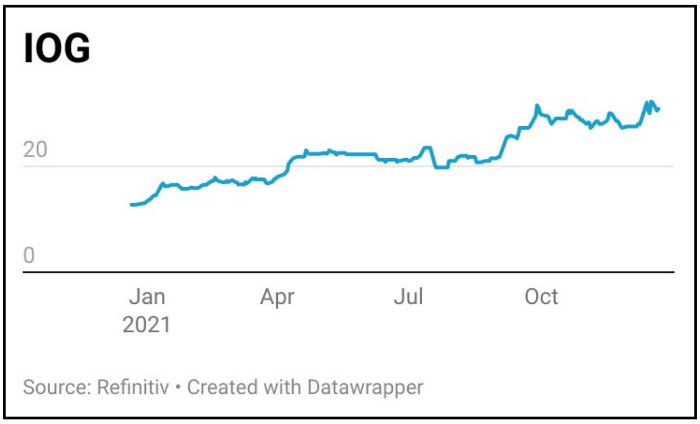
The cash generated will be used to progress the phase one development of Saturn Banks which includes the Blythe and Elgood fields, due on stream imminently, and the Southwark field where the company is in the process of carrying out development drilling. The second phase will involve the Goddard, Nailsworth and Elland fields.

IOG has 50% ownership and is operator of these assets which combined encompass 76 million barrels of oil equivalent of proved and probable reserves and contingent resources.

Significantly it owns and has recommissioned the infrastructure required to produce this gas, including the Saturn Banks pipeline and Saturn Banks reception facilities, which are part of the Bacton gas terminal on the Norfolk coast.

The medium to long-term strategy for IOG is likely to involve adding new developments which can use its existing infrastructure.

Once development drilling has completed on the Southwark field, with first output expected by the middle of 2022, the same rig will be used to drill the



Goddard and Kelham North/Central appraisal wells which could act as a further catalyst for the shares.

Significantly, IOG is expected to have one of the lowest carbon emissions profiles in the industry; the company has estimated lifetime Scope 1 and 2 average emission intensity at 3.97 kg CO_2e/boe (kilogrammes of carbon dioxide per barrel of oil equivalent) for phase one of Saturn Banks, compared to the North Sea average of 20.2 kg CO_2e/boe.

One risk for investors to weigh is a €100 million bond due to mature in September 2024. This has a coupon of the Euro Interbank Offered Rate plus 9.5%, paid quarterly. However, the company has flagged an opportunity to refinance this debt at the end of the year, which would reduce borrowing costs. [TS]

IOG

Share price	30.82p
Market cap	£161 million
Forecast EPS 2022	15.5p
PE 2023	2
Forecast dividend 2022	n/a
Dividend yield 2022	n/a
Financial year end	31-Dec

Source: Shares magazine, Stockopedia, Refinitiv, Google Finance • Created with Datawrapper

JET2

In the face of a growing threat of widespread lockdowns it might seem counter-intuitive to invest in a travel and holidays operator. But we believe that as 2022 progresses, **Jet2 (JET2:AIM)** will come roaring back on a tide of Omicron recovery. Analysts at broker Jefferies have named it their top recovery pick.

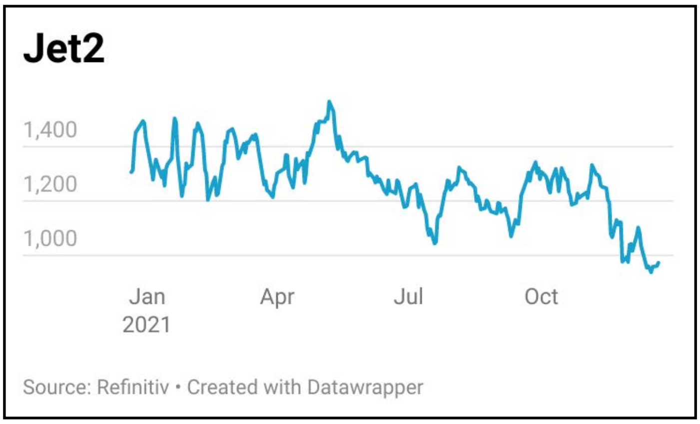
Jet2 is already one of the UK's top airlines by the number of passengers flown, while the package holidays it offers have stood the test of time with Brits wanting a relatively inexpensive couple of weeks in the sun where everything is done for them – flights, hotel, transfers, car rental, day trips etc.

In its last full year before Covid (to 31 March 2020) it flew nearly 15 million passengers and took nearly 4 million people on holiday. It runs a flexible tour operator model that allows it to rejig its airline operations to serve the routes with the highest level of demand.

This is a strategy it's pursued exceptionally well in the past. With overall positive brand perception, it puts Jet2 in a great position to pick up market share as the travel industry bounces back as expected through the coming months.

Current seat capacity for summer 2022 is approximately 13% higher than summer 2019 thanks to fleet agreements that secure future capacity growth. Bookings for summer 2022 remain encouraging and load factors – the percentage of available seating capacity that has been filled with passengers – are ahead of summer 2019 at the same point.

Jet2 is also financially sound. Whereas holiday rival **TUI (TUI)** has needed bailing out multiple times over the years by the German government



in a bid to secure jobs, Jet2 had approximately £1.5 billion of cash on its books at the last count (to end September 2021), having already raised money from investors. That excludes any deposits made by holidaymakers booking early.

Admittedly, Jet2 reported a disappointing £200 million loss for the six months to the end of September and could come under pressure if unemployment spikes. But the stock is already trading at its lowest in more than a year and the company has the balance sheet strength to absorb losses in the short-term without capping its investment for the long-term, allowing it to capitalise on industry recovery when it does take shape. [SF]

Jet2

Share price	971.8p
Market cap	£2.1 billion
Forecast EPS 2023	112.26p
PE 2023	8.7
Forecast dividend 2023	11.86p
Dividend yield 2023	1.2%
Financial year end	31-Mar

We have used 2023 forecasts because the market is forward looking. Its 2022 financial year end is 31 March so investors will soon be more focused on 2023 numbers.

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

LONDON STOCK EXCHANGE

This trade requires taking a contrarian view. Market sentiment is weak towards the stock, yet the valuation has become attractive for what is fundamentally a decent business.

Shares in **London Stock Exchange (LSEG)** have fallen by a third in value since February on concerns surrounding integration costs associated with the group's $27 billion acquisition of data provider Refinitiv. However, owning Refinitiv gives London Stock Exchange a new lease of life.

It transitions the group towards higher margin subscription data and analytics revenue, as well as reducing its dependence on volatile stock exchange related business.

It secures the group's position in the critical growth markets of Asia and America, and it creates the opportunity for the shares to re-rate as a data company.

It also enhances the group's geographical scale and scope, specifically in the key markets of Asia and America.

The combination of Refinitiv's foreign exchange and fixed income venues with London Stock Exchange's equities, ETF and derivatives businesses will undoubtedly foster innovation and new product offerings.

The combined group's data offering will benefit from the increased adoption of algorithmic and quantitative trading, coupled with the heightened demand for passive and multi-class asset investments.

It currently trades on 20 times forecast earnings per share for 2023, which compares with European and US exchange peers that are also trading on

20-times and information peers on 32-times.

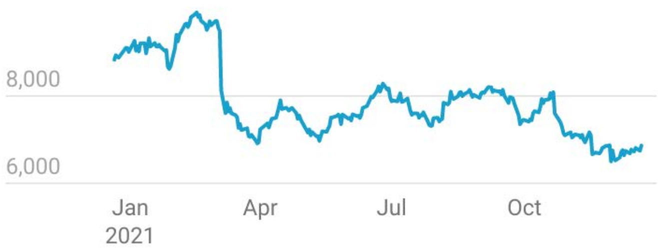
Alex Crooke, fund manager of Janus Henderson's **Bankers Investment Trust (BNRK)**, believes that 'while short term costs and higher investment needs have impacted the shares this year, it has created an opportunity to own a high-quality business with large recurring revenues on an attractive valuation.'

The attempt by HKEX (Hong Kong Exchanges and Clearing) in September 2019 to acquire London Stock Exchange for $39 billion reflects the unique nature of the target's market infrastructure and data assets.

In essence London Stock Exchange is a trophy asset, benefiting from incumbency, high barriers to entry and a dominant local market position.

There are risks in buying a stock when its shares continue to fall as it needs a catalyst to stop the decline. Full year results on 3 March could be the catalyst to win back the market's favour. [MGar]

London Stock Exchange



Source: Refinitiv • Created with Datawrapper

London Stock Exchange

Share price	£68.52
Market cap	£38 billion
Forecast EPS 2022	304.21p
PE 2022	22.5
Forecast dividend 2022	102.44p
Dividend yield 2022	1.5%
Financial year end	31-Dec

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

LOUNGERS

Loungers (LGRS:AIM) is in a sweet spot as an investment, offering both revenue growth and increasing margins as it benefits from scale efficiencies.

The ability to trade throughout the day appeals to a broad demographic with around 90% of customers visiting for more than one occasion, demonstrating the attraction of the format.

Arguably the offering is even more relevant in a post-pandemic world and lends itself to hybrid working patterns and community-based socialising while the suburban and high street locations also play into the company's hands.

The damage caused to hospitality has created a favourable market tailwind for Loungers to exploit and it has plans to accelerate the rollout of sites to 25 a year with flexibility to do more as circumstances permit. The company recently said its pipeline of new sites had never looked so strong.

Management has identified the potential to grow to around 500 sites across the UK over the medium term from the current 184, implying an almost three-fold increase in the size of the group and providing a good growth profile for investors.

Analysts at investment bank Berenberg believe the company is being conservative and there is potential for 1,000 sites over time. Loungers is very profitable and mature sites earn over 30% returns on the capital invested.

The company has reached a tipping point where cash generated from its existing business can fund the opening of new sites while the increasing scale brings efficiencies and provide the potential for expanding operating margins.

Loungers operates two brands. A 'Lounge' is equal part restaurant, pub and coffee shop and can be found across the UK in small towns and communities. Each has its own individual name which connects to the history of the town. There are 153 of these sites nationwide.

A 'Cosy Club' is a more formal restaurant located in larger towns providing table service and reservations. It has 31 Cosy Club sites.

There are always risks and headwinds to consider when investing in the hospitality sector and another lockdown would impact the business – current disruption to the sector could hurt earnings temporarily so investors need to be patient – but we believe the ship is in strong hands and able to weather future storms. [MGam]

Loungers

Source: Refinitiv • Created with Datawrapper

Loungers

Share price	278.5p
Market cap	£294 million
Forecast EPS 2023	9.09p
PE 2023	30.6
Forecast dividend 2023	n/a
Dividend yield 2023	n/a
Financial year end	19-Apr

We have used 2023 forecasts because the market is forward looking. Its 2022 financial year end is 19 April so investors will soon be more focused on 2023 numbers.

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

PETS AT HOME

Pets at Home (PETS) is in an excellent position to take advantage of the opportunities created by an expanded pet population.

It's one of those stocks easily dismissed by some investors given that the share price has already been a strong performer. We view it as a great business with plenty of room to continue growing earnings and where the valuation is still reasonable.

Unlike some other activities which gained popularity during lockdown, taking in a new pet is a long-term commitment for most people, not a fad.

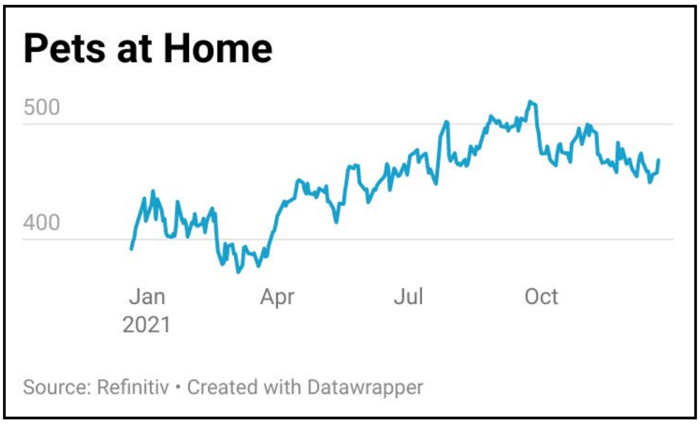
There are three main ways Pets at Home will benefit from this market opportunity. First through people buying food, treats, bedding and toys for their animals; second as people look to keep their furry friends tidy at its in-store grooming salons; and third by offering veterinary services.

The veterinary business, under the Vets4Pets banner, is high margin and includes directly owned practices, both inside Pets at Home stores and in standalone locations, as well as those operated through a recently launched partnership model.

By agreeing joint ventures with vets, Pets at Home can grow this part of the group rapidly without incurring significant costs.

The firm's VIP, Puppy and Kitten Club memberships are a smart way of securing customer loyalty. Effectively you gain access to things like in-store discounts and advice, a network of other members who you can call on if your pet goes missing and a donation to an animal charity every time you shop.

These initiatives should help Pets at Home to protect and grow market share, which stood at 23% in the most recent financial year according to the company, by warding off non-specialist rivals like the supermarkets, which are probably the clearest competitive threat.



The company has done a decent job of mitigating supply chain issues, helped by the fact its product range is sourced in the UK and is not perishable or seasonal.

The man behind Pets at Home's successful strategy, Peter Pritchard, is set to leave in summer 2022. He hands over a business in great shape.

The company is forecast to report £135 million pre-tax profit for the year to March 2022, rising to £152 million in 2023 and £168 million in 2024, according to analyst consensus estimates published by Refinitiv. [TS]

Pets at Home

Share price	467.6p
Market cap	£2.3 billion
Forecast EPS 2023	23.76p
PE 2023	19.7
Forecast dividend 2023	12.27p
Dividend yield 2023	2.6%
Financial year end	25-Mar

We have used 2023 forecasts because the market is forward looking. Its 2022 financial year end is 25 March so investors will soon be more focused on 2023 numbers.

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

ROCHE

Pharmaceutical giant Roche is class act with an attractive investment case. It has sector leading margins and returns on capital as well as clear growth catalysts.

Roche has reached a turning point in the lifecycle of its drug pipeline where the growth in sales of new drugs is more than compensating for the loss of sales when patent protection expires, which leads rivals to sell copycat drugs more cheaply.

In October Roche increased full year guidance for revenues and profit to grow by a mid-single digit percentage, up from low single digit.

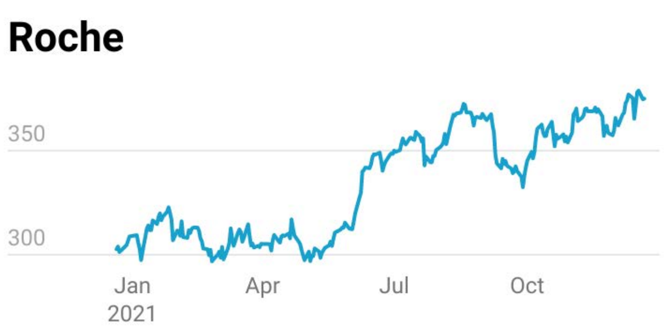
The company recently used its strong balance sheet to purchase Novartis' 53.3 million shares in Roche for $20.7 billion with the intention of cancelling the shares. This will reduce the share count by around 5% and correspondingly increasing earnings per share.

In addition, Roche's diagnostics division is seeing a tailwind from Covid-19 with increased PCR testing although this is a lower margin business.

Roche recently released detailed data of its Polivy drug in patients with previously untreated B-cell Lymphoma, a cancer of the lymphatic system, which means it could be on track for an additional approval in a potentially lucrative market for the company.

Management believes approval of the drug for newly diagnosed patients could unlock a market worth $2 billion. Polivy generated sales of $178 million in the first nine months of 2021.

Roche's Alzheimer's drug Gantenerumab recently received FDA breakthrough therapy designation and stage three trial data is on track to be released in the second half of 2022.



Source: Refinitiv • Created with Datawrapper

The company's eye disease drug Faricimab is expected to be approved in the first quarter of 2022 while its lung cancer drug Tiragolumab is expected in the final quarter.

It is worth noting that investing in pharmaceutical companies bears the risk of share price underperformance should drugs fail to gain regulatory approval.

Roche is composed of a pharmaceutical division which generates around 71% of total revenues and a diagnostics division. The latter owns the global marketing rights for the PCR (polymerase chain reaction) test, considered to be the gold standard for detecting genetic material.

Investment Berenberg says: 'Roche is successfully navigating a period of heavy erosion of its legacy drugs, with strong growth from its newer assets. We think there is scope for increased growth in the dividend once the legacy erosion has passed.' The stock yields 2.4%. [MGam]

Roche

Share price	CHF 401.8
Market cap	CHF 327.4 billion
Forecast EPS 2022	CHF 20.81
PE 2022	19.3
Forecast dividend 2022	CHF 9.71
Dividend yield 2022	2.4%
Financial year end	31-Dec

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

SCHNEIDER ELECTRIC

In the drive to digitalise the economy and in the process reduce energy consumption, Paris-listed electrical systems and automation and control firm Schneider Electric is a world leader.

Its products range from simple residential kit like light switches, sockets and electric vehicle charging points, all the way up to building control systems and industrial automation software.

It employs 135,000 people in 115 countries across the globe and last year it turned over more than €25 billion or £21.5 billion in revenues, split roughly one third in the US, one third in Asia and the balance in Europe and the rest of the world.

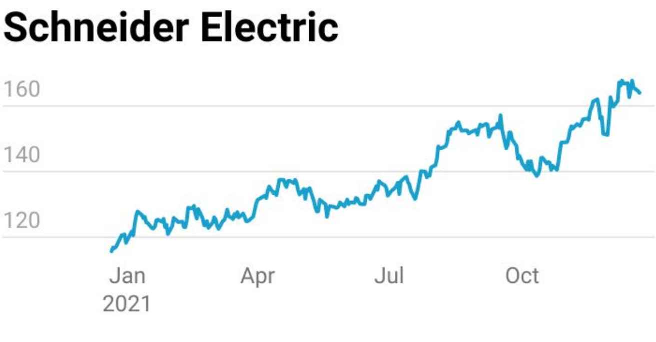
Over 90% of its sales are on the energy demand side, serving the residential, industrial, infrastructure and technology sectors, with less than 10% in its legacy business of high-voltage electricity transmission and distribution.

Through its Internet of Things platform, the firm aims to help its customers save 800 million tons of CO2 emissions and provide green electricity to 50 million people by 2025.

Around 70% of its revenues derive from sustainable solutions, which also account for 73% of its investments, with a focus on data centers, storage and other distributed energy resources and smart solutions that advance electrification, energy efficiency and renewability.

For decades the firm has innovated in power distribution, working with software firms to tailor its products to its customers' needs.

Two of its latest initiatives are bi-directional or 'future' electricity grids and a framework for environmentally sustainable data centres, which are notorious for consuming vast amounts of energy.



Source: Refinitiv • Created with Datawrapper


View of the Winter Garden - Image courtesy of Edward Williams

Future grids are designed to help reduce emissions by allowing multiple sources of decentralised, locally generated renewable energy to contribute to the electricity network safely, reliably and efficiently while reducing energy loss through transmission and distribution.

Meanwhile, data centres – which create up to 2% of the world's carbon emissions, the same as the airline industry – need to become much more sustainable while at the same time offering greater capacity, so Schneider has set up a framework for companies to systematically measure their impact on the environment.

Pre-tax profit is forecast to have increased by 14% in 2021 to €4.16 billion, rising to €4.68 billion in 2022 and €5.19 billion in 2023, according to consensus estimates published by Refinitiv. [IC]

Schneider Electric

Share price	€ 164.66
Market cap	€ 94 billion
Forecast EPS 2022	€ 6.58
PE 2022	25
Forecast dividend 2022	€ 2.99
Dividend yield 2022	1.8%
Financial year end	31-Dec

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

TATE & LYLE

Investors have an opportunity to buy **Tate & Lyle (TATE)** at an approximate 50% discount to ingredients peers. The FTSE 250 constituent's imminent sale of a controlling stake in its North American Primary Products business will create a higher quality, 'new' Tate & Lyle with superior growth prospects which should drive a material rerating of a misunderstood stock.

Tate & Lyle is a global provider of corn-based sweeteners, starch ingredients and sucralose zero-calorie sweetener. The core business going forward is its specialty ingredients arm, Food & Beverage Solutions, which produces sweeteners, texturisers, fibres and stabilisers for beverages and dairy products, soups, sauces and dressings.

Concerns over cost inflation and the complexity of the business separation have weighed on sentiment towards Tate & Lyle, but the split will result in a sharper focus on fast growing, higher margin operations and allow Tate & Lyle to accelerate investment in innovation.

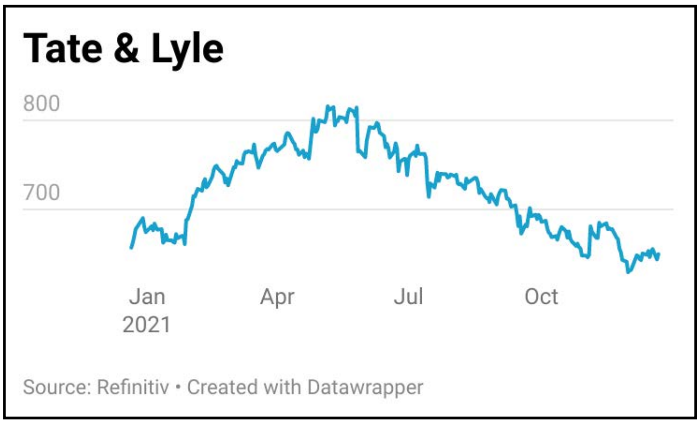
The company will split into two during the first quarter of calendar 2022, then pay a special dividend of around £500 million. Although the refocused, new-look Tate & Lyle plans to reduce the dividend to reflect the reduced earnings base, the payout ratio and progressive dividend policy will be maintained.

Robust first half results (4 Nov) for new Tate showed adjusted pre-tax profit up 20% to £85 million. Food & Beverage Solutions delivered double-digit organic growth across all regions, while revenue from new products rose by almost 50%. The results also confirmed that Tate & Lyle is managing cost pressures through price increases

and productivity measures.

The trends driving Food & Beverage Solutions' growth should continue, principally consumers' demand for healthier foods and drinks that are lower in sugar and calories, with cleaner labels and added fibre. Acquisitions, notably the Sweet Green Fields stevia business, are also helping to accelerate new product revenue growth.

Risks to consider include new Covid variants, which could halt the recovery in out-of-home consumption, as well as dollar weakness, as the bulk of the group's revenues are generated in the greenback and it reports in sterling. [JC]



Tate & Lyle

Share price	650.6p
Market cap	£4.1 billion
Forecast EPS 2023	45.59p
PE 2023	14.3
Forecast dividend 2023	20.75p
Dividend yield 2023	3.2%
Financial year end	31-Mar

We have used 2023 forecasts because the market is forward looking. Its 2022 financial year end is 31 March so investors will soon be more focused on 2023 numbers.

Source: Shares magazine, Refinitiv, Google Finance • Created with Datawrapper

Eight fund and trust picks for different types of investors

A good selection of ideas across cautious, balanced and adventurous categories

Ryan Hughes, head of investment research at AJ Bell, picks eight funds and investment trusts with different risk levels covering bonds, global equities, infrastructure, healthcare and dividends.

Cautious investors | Balanced investors | Adventurous investors | Income seekers

CAUTIOUS INVESTORS:

Personal Assets Investment Trust (PNL)

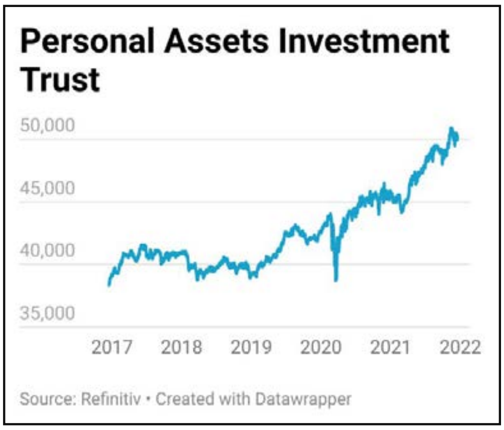
5-year annualised return: 6.68%
(source: Morningstar)

I'm sticking with the Personal Assets trust for the third year in a row, particularly as the economic scenario that experienced manager Sebastian Lyon at Troy has been worrying about seems to be coming to fruition.

With jittery equity markets and fears over inflation remaining elevated for a considerable period, the defensive positioning of this trust, and in particular its exposure to inflation protecting assets such as gold and inflation-linked bonds should sit well for the year ahead.

The portfolio is relatively unchanged from a year ago with 11% in gold and 31% in index-linked bonds supporting the core exposure to high quality equities.

As a result, the trust works well in providing investors with an instantly diversified portfolio and given the emphasis on capital protection should sit comfortably with cautious investors.



CAUTIOUS INVESTORS:

Fidelity Short Dated Corporate Bond Fund (BDCG0F1)

5-year annualised return: 2.18%

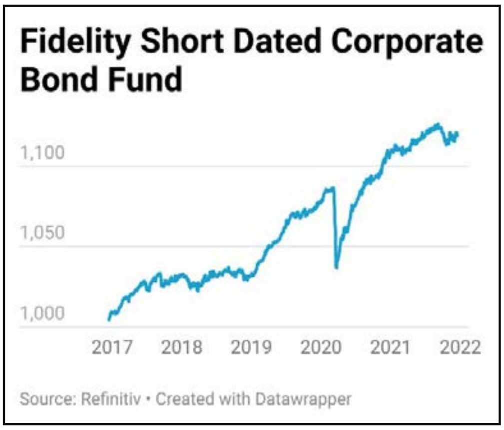
(source: Morningstar)

With high inflation and interest rates expected to increase, it could be a challenging time for fixed interest, but many investors will still want to hold bonds as part of a diversified portfolio.

Keeping duration short should help dampen volatility and protect against capital losses and therefore the Fidelity Short Dated Corporate Bond fund may work well with its focus on the higher quality part of the UK corporate bond market.

The fund is managed by the experienced Sajiv Vaid and backed by the usual extensive resources at Fidelity.

Unusually, this fund has flown a little under the radar and therefore is only £150 million in size, making it easier for the managers to adjust the positioning. The fund is very diversified as it is spread across bonds from more than 100 different companies including Lloyds, Anglian Water and Heathrow Airport.



BALANCED INVESTORS:

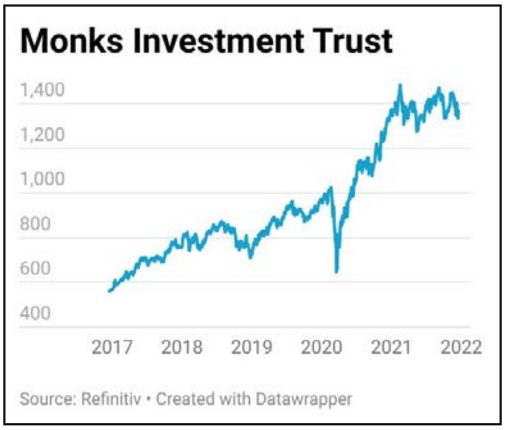
Monks Investment Trust (MNKS)

5-year annualised return: 19.24%

(source: Morningstar)

For many balanced investors, exposure to global equities is a core element of a portfolio and the Monks Investment Trust provides investors with a highly credible actively managed trust from the Baillie Gifford stable.

While slightly in the shadow of its illustrious **Scottish Mortgage (SMT)** cousin, Monks is much more diversified and less volatile and therefore works well for balanced investors wanting global exposure.



Importantly, the trust still has the growth focus synonymous with Baillie Gifford but in a more controlled manner and still has exposure to the likes of Tesla, Alphabet and Microsoft as well as many other smaller positions too.

Well managed by experienced investors, this trust brings global exposure for an ongoing charge of 0.43% per year.

BALANCED INVESTORS:

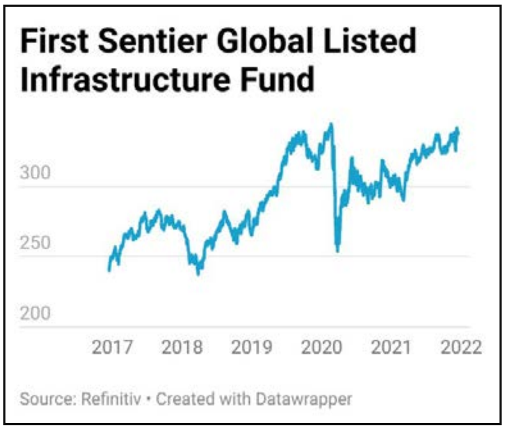
First Sentier Global Listed Infrastructure Fund (B8PLJ17)

5-year annualised return: 6.52%

(source: Morningstar)

As the world emerges from hibernation following on from the Covid lockdowns and economies look to get back to full throttle, the importance of high-quality infrastructure has been clearly evidenced.

Whether it is through energy needs, distribution networks or communication services, infrastructure is a key part of a fully functioning economy.



First Sentier Global Listed Infrastructure Fund looks to provide exposure to these areas and more in a global portfolio of infrastructure companies.

With over 40% invested in energy related companies, it provides exposure to many who are leading on energy transformation while also giving exposure to critical distribution infrastructure such as rail and toll roads.

The fund benefits from the experienced team at First Sentier based in Australia who have been at the forefront of infrastructure investing for many years.

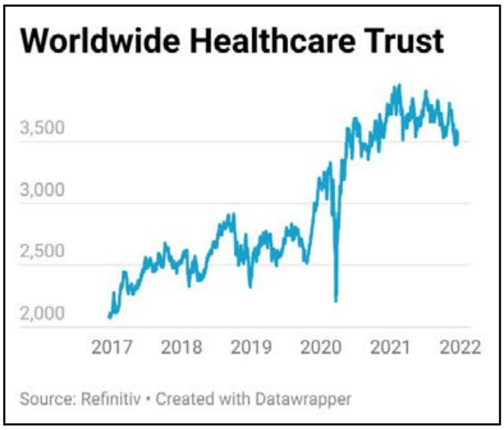
ADVENTUROUS INVESTORS:

Worldwide Healthcare Trust (WWH)

5-year annualised return: 12.54%

(source: Morningstar)

While still in the middle of the pandemic, a healthcare selection might seem like an obvious choice, but Worldwide Healthcare Trust has had a tough time for various reasons.



An underweight to the big Covid pharmaceuticals stocks and an overweight to life sciences, biotech and China, this trust has faced some strong headwinds and lagged its benchmark in 2021.

However, the bigger picture away from the immediate Covid winners' story is how the rapid drug development of the last 18 months translates into revolutionary new treatments looking forward.

The trust's manager, healthcare specialist OrbiMed, continues to find attractive opportunities and the issues in China have created further buying opportunities.

In addition, the trust has access to private markets and has been looking to invest in the unlisted space, now accounting for circa 7% of the trust's portfolio.

With the long-term drivers behind healthcare well established and further investment set to continue making for an exciting future ahead for drug development, this broad, diversified play on healthcare looks attractive after a period of underperformance.

ADVENTUROUS INVESTORS:

ASI Global Smaller Companies Fund (B777SP3)

5-year annualised return: 17.86%

(source: Morningstar)

For adventurous investors, exposure to smaller companies is often a key part of a portfolio's design.

While big companies such as Tesla, Apple and Alphabet take the headlines, it's often the smaller names that are the engine room of an economy and with global growth set to remain strong in 2022 this could create another strong environment for smaller companies.

The ASI Global Smaller Companies Fund, led by Kirsty Desson and Harry Nimmo, builds on their tried and tested investment process that successfully transitioned to the global scene over a decade ago.

While the name implies exposure to smaller, risky names, smaller companies on a global scale means something very different and therefore many of the companies are big enough to qualify for the FTSE 100, should they ever list in the UK.

Over half the fund is invested in the US with a significant focus on industrial and technology stocks as the team seek out faster growing companies which have momentum.

INCOME SEEKERS:

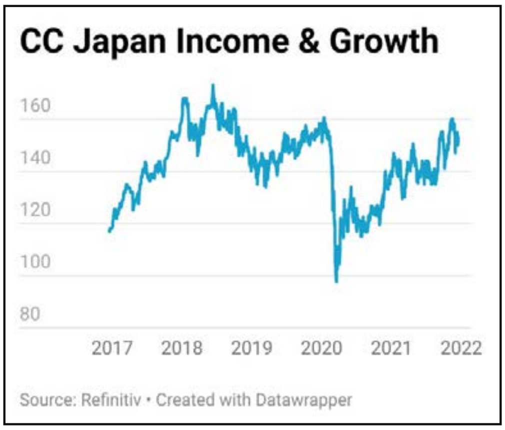
CC Japan Income & Growth (CCJI)

5-year annualised return: 7.99%

(source: Morningstar)

Japan has continued to be a shining example of how to manage company balance sheets in recent years with many sat on huge amounts of cash without the millstone of enormous debts.

This is translating into strong dividend growth for investors in the country at a time when income feels like a scarce commodity.



The CC Japan Income & Growth investment trust is run by the experienced Richard Aston who previously led the Japan team at JP Morgan before joining CC a decade ago.

The trust is yielding 3% and managed to grow dividends during the pandemic as the strength of Japanese companies came through.

The trust uses long term gearing (borrowing extra money to invest) and therefore will be a little more volatile than peers. Yet for those wanting a potentially growing income stream and diversification away from the traditional income companies, this trust looks interesting.

INCOME SEEKERS:

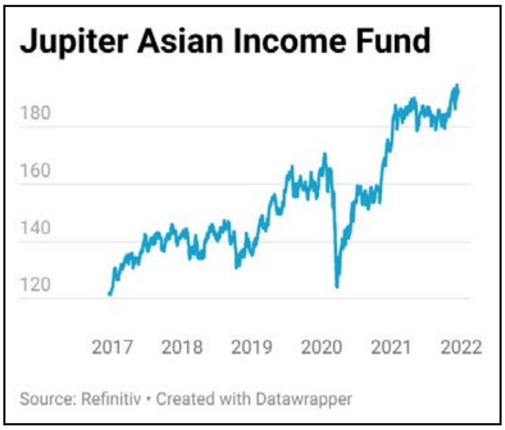
Jupiter Asian Income Fund (BZ2YMT7)

5-year annualised return: 9.51%

(source: Morningstar)

For many investors who want income, the UK is the obvious place given its traditionally higher yield, but away from the UK, other regions also have strong dividend cultures.

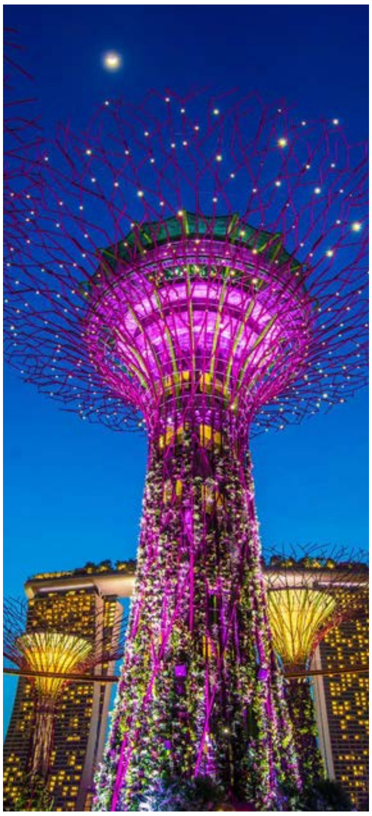
In Asia, dividends have long played a key role in shareholder returns and the Jupiter Asian Income Fund looks to capitalise on this trend.



Manager Jason Pidcock is a cautious investor, seeking out high quality companies that have strong management and governance and a clear focus on the shareholder to ensure dividends are a key part of the company strategy.

The fund is significantly underweight China, preferring the more predictable governments of Australia, Taiwan and Singapore among others.

Asian companies continue to be relatively well managed with low debts, helping support the dividend which currently yields at more than 3% from a concentrated portfolio that includes the likes of Samsung, Taiwan Semiconductors, Macquarie and BHP.



DISCLAIMER: AJ Bell is the owner and publisher of Shares magazine. Shares' editor Daniel Coatsworth has a personal investment in AJ Bell, First Sentier Global Listed Infrastructure Fund and ASI Global Smaller Companies Fund.

Fund managers: stocks that let us down in 2021

Seven managers explain why certain trades didn't work out for them

In the second part of a two-part series *Shares* talks to various fund managers about the stocks that didn't work out as they expected in 2021. They explain what went wrong and why the market reacted in the way it did.

The first part of the series can be read here and reveals 12 fund managers' top stock picks for 2022.

Neil Goddin
co-manager

Artemis Positive Future Fund (BMVH597)

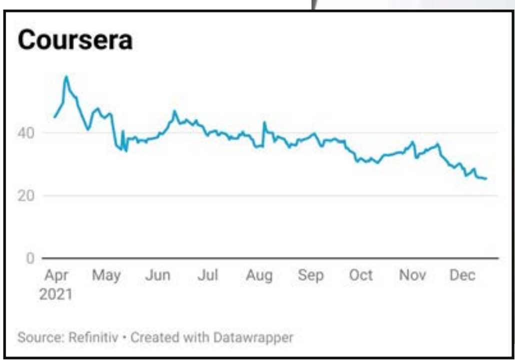
STOCK THAT DISAPPOINTED IN 2021: **COURSERA (COUR:NYSE)**

Our education system is costly and arguably ineffective. Given healthcare advances, our children and grandchildren could live to well over 100 and be working way beyond their 60s, so why do we funnel them into an expensive degree system where they're supposed to complete their education by 22? The sector is ripe for disruption.

Coursera joined the US stock market in 2021. The company develops online education programmes delivered through a smart learning platform. It has around 80 million registered learners and works with 200+ leading universities and industry partners, delivering courses up to degree level – some free, most charging.

The aim is to offer courses that are affordable, can be accessed from anywhere and are thus more inclusionary than traditional methods of education.

Coursera's shares have been weak despite delivering results ahead of expectations. Fears around a drop in interest post the pandemic miss the longer-term opportunity for disruption of a very stale education sector.



Samantha Gleave co-manager

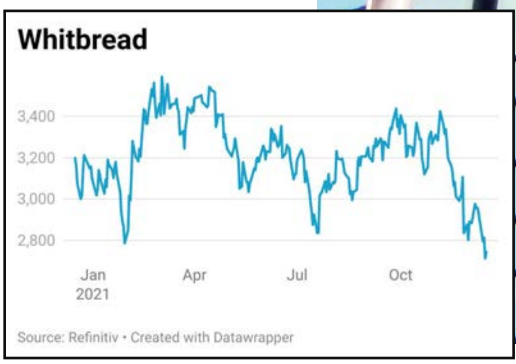
Liontrust European Growth Fund (B4ZM1M7)

STOCK THAT DISAPPOINTED IN 2021: **WHITBREAD (WTB)**

Prolonged Covid restrictions curtailed trading for even longer than expected for the beleaguered hospitality sector.

While leisure demand for Whitbread's Premier Inn hotel rooms picked up over the year, particularly during the summer, demand from business customers in the UK and in its international sites remained depressed for most of 2021.

At the same time, the company has faced some negative short-term issues with labour shortages (and therefore subsequent high wage inflation), supply chain issues and more recently utility inflation risk in the UK. These factors adversely impacted Whitbread's operating margin.



Kartik Kumar
co-manager

Artemis Alpha Trust (ATS)

STOCK THAT DISAPPOINTED IN 2021: **JUST EAT TAKEAWAY (JET)**

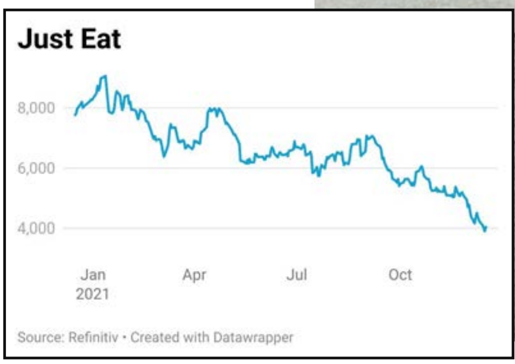
Just Eat did very well through lockdown and its share price increased significantly. However, this year its share price has declined steadily, and the shares are trading materially below pre-Covid levels despite the pandemic lasting much longer than most expected.

Social restrictions helped to significantly expand the company's user base of customers and restaurants with many habits proving sticky.

These enduring benefits have been overshadowed by concerns over greater competitive intensity and the imposition of delivery fee caps in the US.

The market has been ruthless over any missteps from companies earlier perceived to be pandemic beneficiaries, as seen by the broader decline in e-commerce market values.

We continue to feel that Just Eat is well placed to succeed with its uniquely profitable market positions and highly motivated management team. Despite a pull-forward of adoption during the pandemic, we believe the online food delivery industry is still in its early stages of evolution.



Simon Edelsten
co-manager

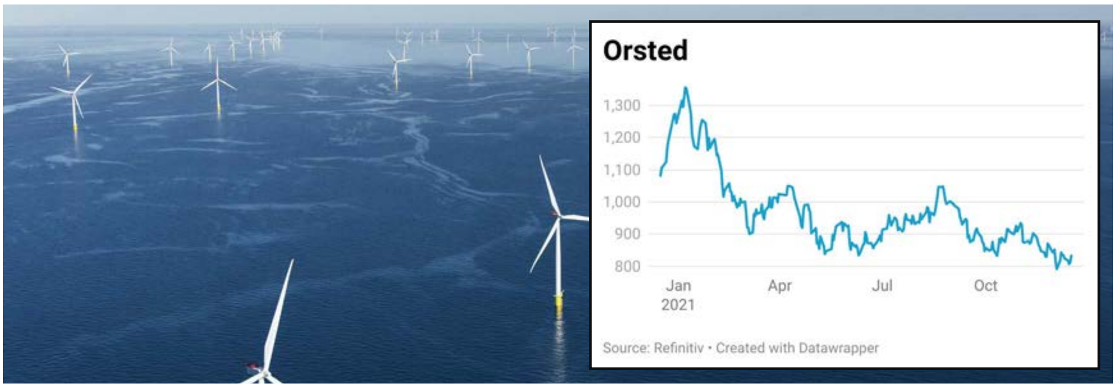
Mid Wynd Investment Trust (MWY) and Artemis Global Select Fund (B568S20)

STOCK THAT DISAPPOINTED IN 2021: **ORSTED (ORSTED:CPH)**

From the beginning of 2018 to the beginning of 2021 Orsted shares travelled in a pretty steady upward direction – rising more than 250%.

We hoped that would continue, but fairly early on in 2021 realised things had changed. In this case I think the market had begun to get it too.

Orsted is the world's leading builder of offshore wind farms. Unfortunately, as greater government attention has turned to accelerating renewable energy production, state loans have allowed many large less-experienced companies, such as the main oil producers, to enter this sector which has driven down returns. While Orsted will doubtless be busy over the next 10 years, its ability to make good profits out of future development activity seems hampered. Its shares are down 36% year to date.



Charles Luke
fund manager

Murray Income Trust (MUT)

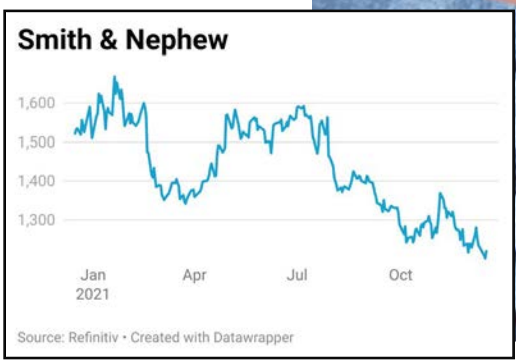
STOCK THAT DISAPPOINTED IN 2021: **SMITH & NEPHEW**

There are several reasons why the trade on Smith & Nephew hasn't worked during 2021. First, the recovery in elective surgery has been fragmentary and certainly not helped by the emergence of the Delta variant and now Omicron as well.

Second, pricing in China has come under pressure from a move to volume-based pricing in that market.

Third, margin expectations have been downgraded for a variety of reasons, including foreign exchange, supply chain issues, higher freight costs, more R&D spend and the impact of dilutive acquisitions.

Looking forward the company should benefit from pent-up demand, margin pressures should mostly reverse or ameliorate, and the product portfolio is improving.



James Henderson co-portfolio manager

Henderson Opportunities Trust (HOT)

STOCK THAT DISAPPOINTED IN 2021: **CERES POWER (CWR:AIM)**

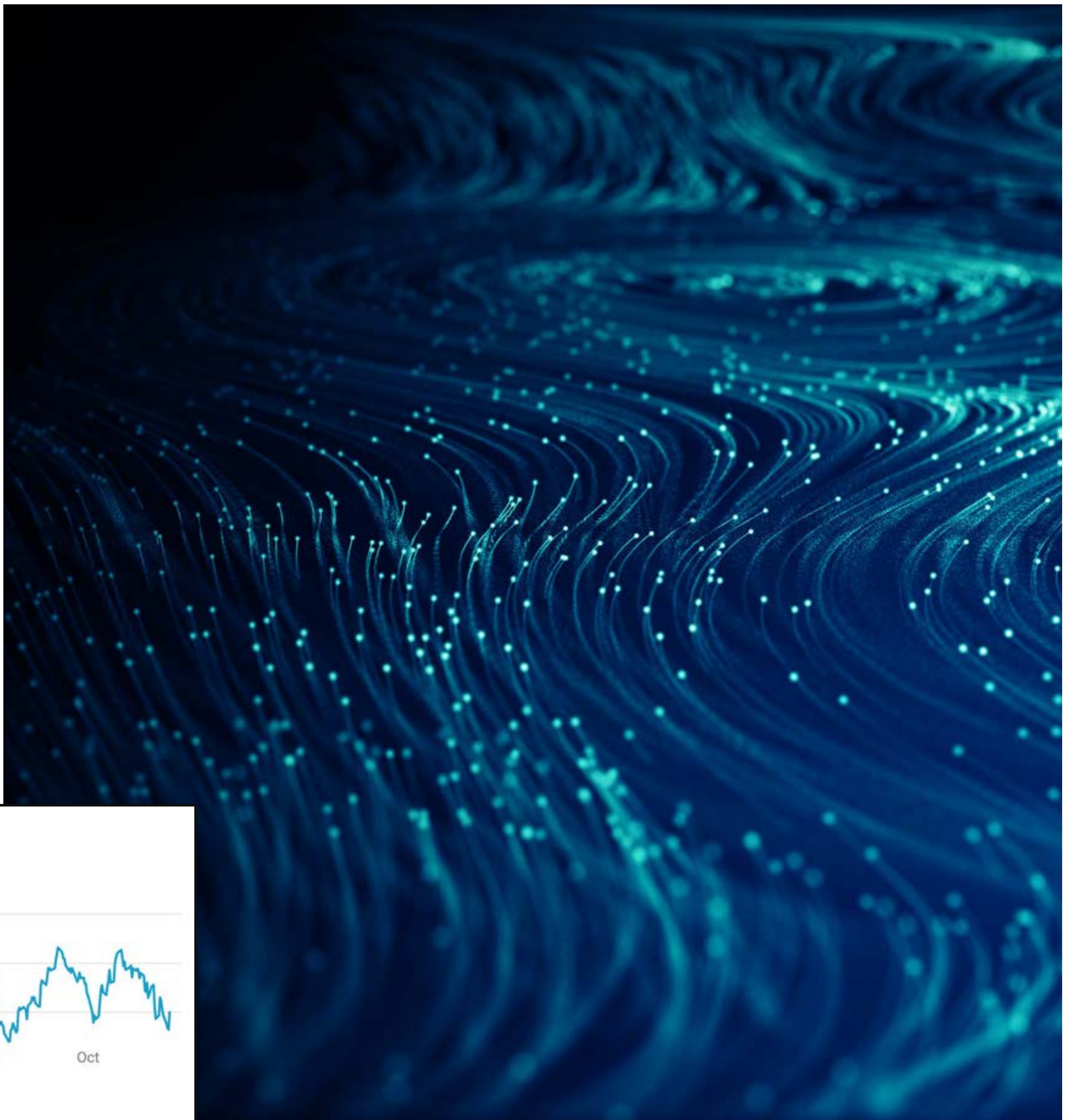
Ceres Power is a fuel cell company which provides energy from smaller scale buses to, ultimately, large power stations.

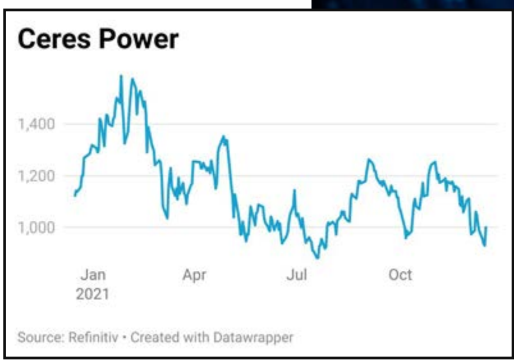
The company has been in Henderson Opportunities Trust's portfolio for seven years and for much of that time it did very little in terms of the share price because, while fuel cell technology is well known, the commercialisation of the fuel cell has been demanding and difficult.

Ceres Power has needed Bosch and the Chinese to help with the commercialisation of it, and their capital, too. Bosch became a large shareholder in Ceres, as did the Chinese.

Its share price in 2020 was very strong. It went up several times because the whole area became of great interest to investors, as belief in the need to move away from fossil fuels resulted in increased interest, as did the realisation that something had to happen.

Expectations probably got ahead of themselves and, therefore, this year it has drifted back. But it is making very good progress operationally.





Charles Montanaro
fund manager

Montanaro UK Smaller Companies (MTU)

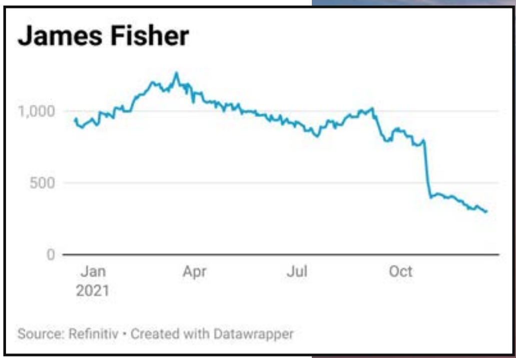
STOCKS THAT DISAPPOINTED IN 2021: JAMES FISHER AND AVON PROTECTION

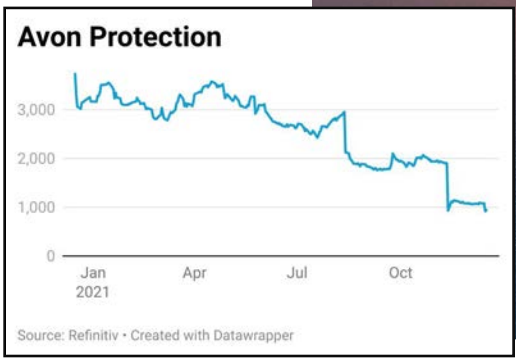
James Fisher wins the wooden spoon: a mini conglomerate operating in the global marine, renewables, offshore oil, nuclear, defence and shipping industries.

Weakness in the marine support division, largely a result of buying two dive support vessels (Paladin and Swordfish) for oil and gas exploration in West Africa, led to losses. An ambitious restructuring plan is taking longer than expected.

This wooden spoon award is shared with Avon Protection which produces life critical products such as respirators, powered air systems, and filters alongside ballistic protection (helmets and body armour) to the military.

Having done everything right in 2020, the reverse has been the case in 2021. It committed the cardinal sin of raising expectations that a setback in the body armour division had been resolved when it was wasn't.





Janus Henderson
INVESTORS

Why consistency matters

Despite an eventful decade that has proved unsettling for markets, The Henderson Smaller Companies Investment Trust has consistently outperformed its benchmark by looking through the noise and sticking to its tried and tested investment process. In this article, ***Neil Hermon, Portfolio Manager of the Henderson Smaller Companies Investment Trust****, explores moments that have defined the decade in Europe and reveals the 'secret sauce' to the Trust's long-term outperformance.*

LOOK PAST THE NOISE, IT'S THE STOCKS THAT COUNT

Investors could spend months mulling over geopolitical events or gloomy economic forecasts and what they might mean for their portfolios and their stock picking process. The 'macro' is undoubtedly important - unexpected events such as the pandemic, can shake markets vigorously - so it's understandable that they're given close attention. Yet, very few long-term investors attribute their investing success to how they navigate the range of complex scenarios that may play out in markets, but rather a disciplined approach to stock picking that remains consistent. The past decade is a case in point. Though, by some measures, it was a blinding success for some equity investors, many describe the period as the 'most hated rally in history'. Fresh from a searing financial crisis and a prior decade that proved a flop for equities, gains were built on a hesitant economic recovery, sceptical investor optimism, and underpinned by doses of emergency stimulus. With newspaper tabloids pedalling potential catalysts for the next financial downturn, there seemed plenty to worry about for European and UK investors.

At Henderson Smaller Companies Investment Trust, we looked past this macro noise, and instead focused on finding high quality, high growth businesses within the small and mid-cap (smid-cap) market. As long-term investors, we believe that these sorts of companies will weather the storms and thrive in years beyond them. The Trust aims to maximise shareholders' total returns by investing in smaller companies that are quoted in the UK. And through a disciplined and consistent investment approach and philosophy, the Trust has beaten its benchmark in 16 of the 18 years, in which I have been the manager.

A DECADE OF CURVEBALLS

There is a reason why some call it the most hated bull market in history, and this resonates particularly strongly with European and UK investors. Still recovering from the financial crisis, the 2011 sovereign debt crisis dealt a fresh blow to Europe's recovery. Political churn uncovered financial mismanagement by a range of governments, starting with Greece. Ratings downgrades and rising yields ensued, and snappy headlines containing the now infamous '[country]-exit' portmanteau – in this case 'Grexit' - led to fears of contagion across the bloc and abroad.

To thwart the dissolution of the union, politicians argued and debated, and rounds of bailouts eventually followed. Meanwhile, central banks dosed markets with quantitative easing (QE) to sooth concerns and keep borrowing costs low amid the uncertainty. Yet still, the crisis dragged on for years, and European equities remained broadly out of favour.

Some would say the difficulties in finding a political solution in Europe laid the groundwork for Brexit, with groups taking aim at the perceived sluggishness of multilateral organisations such as the European Union and the International Monetary Fund amid a backdrop of rising nationalism. After the shock UK referendum result in 2016, four years of political spats between Britain and its incensed neighbour followed, and it was UK equities' turn to feel the cold from investors.

Protracted Brexit uncertainty segued neatly into pandemic chaos, which sparked a global bear market. The impact was sharp and dramatic, although relatively short-lived thanks to the rapid injection of fiscal and monetary stimulus. Though Brexit uncertainty has abated, and we slowly put the pandemic to bed - the threat of inflation, rising transportation costs and concerns that central banks will begin removing stimulus and raise interest rates have emerged to hang over markets. It seems the anxiety never ends.

REMAINING CLEAR-EYED

Though the decade reads rather nightmarishly, the returns have been quite the opposite and particularly strong for smid-cap stocks as illustrated on the below[1]:

RETURNS OVER THE LAST DECADE	
FTSE 100	+93%
Euro Stoxx-600	+178%
FTSE 250	+198%
Numis Smaller Companies Index	+211%
Henderson Smaller Companies Investment Trust	+521%

Source: Bloomberg, 31/08/2011 to 31/08/2021

Warren Buffett once remarked that he doesn't concern himself with the "macro stuff" because, although important, it is ultimately "not knowable". Instead, he mused, it is much better to focus on "what is important *and* knowable". For us, the Henderson Smaller Companies Investment Trust team - bottom-up stock pickers - what is important and knowable are the companies we invest in.

First, smaller companies tend to outperform broader markets over time. This is because by their very nature, they are more innovative, faster-growing, and have more entrepreneurial management at the helm. In addition, the ability to leverage their operations makes easier for them to turn a pound of earnings into two when compared to larger firms.

Second, we believe that strong, high-quality growth companies are not only positioned to survive the crisis of the day but should continue on a trajectory of solid growth as idiosyncratic macro events fade into the history books. However, small, and mid-cap stocks can be more volatile compared to their large counterparts.

We constantly follow the tried and tested process I have been using ever since taking over management of the Trust in 2003. The primary ingredient we look for in a company is solid fundamentals - all the essential bits of a business

[1]Source: Bloomberg, 31/08/2011 to 31/08/2021

Four Ms

	Buy criteria	Sell Criteria
Model	Enduring franchise, competitive advantage. For companies with weaker models, there may still be opportunities to invest for a period of superior growth.	Undesirable changes in company strategy.
Management	Structure, strategy, key individuals' motivation, vision, ownership, governance, consistency and record.	Changes in management, directors selling.
Money	Financial structure, balance sheet, cash flow and ability to be self-financing.	Deteriorating financials – eg, insignificant cash flow.
Momentum	Positive earnings surprises, business momentum can be maintained longer than the market discounts.	Negative earnings surprises or earnings downgrades.

that contribute to its success. By understanding these fully and ensuring they're robust, we gain detailed insight into the potential of the company.

A PROCESS BUILT TO LAST

Alongside the insights and expertise of the small and mid-cap team at Janus Henderson Investors, we evaluate companies through our '4Ms' process. We analyse the quality of the business 'model' and its 'management', the ways in which it makes and uses its 'money', and the 'momentum' of its earnings reported to investors. This enables us to gain a clear understanding of the business and its markets. This also includes a strong valuation discipline encompassing a wide range of valuation techniques to ensure that the growth stocks we are purchasing are bought at an attractive price. It's neatly summed-up as GARP – growth-at-a-reasonable-price.

The buy and sell criteria surrounding the 4M's model is outlined in the chart above[2]:

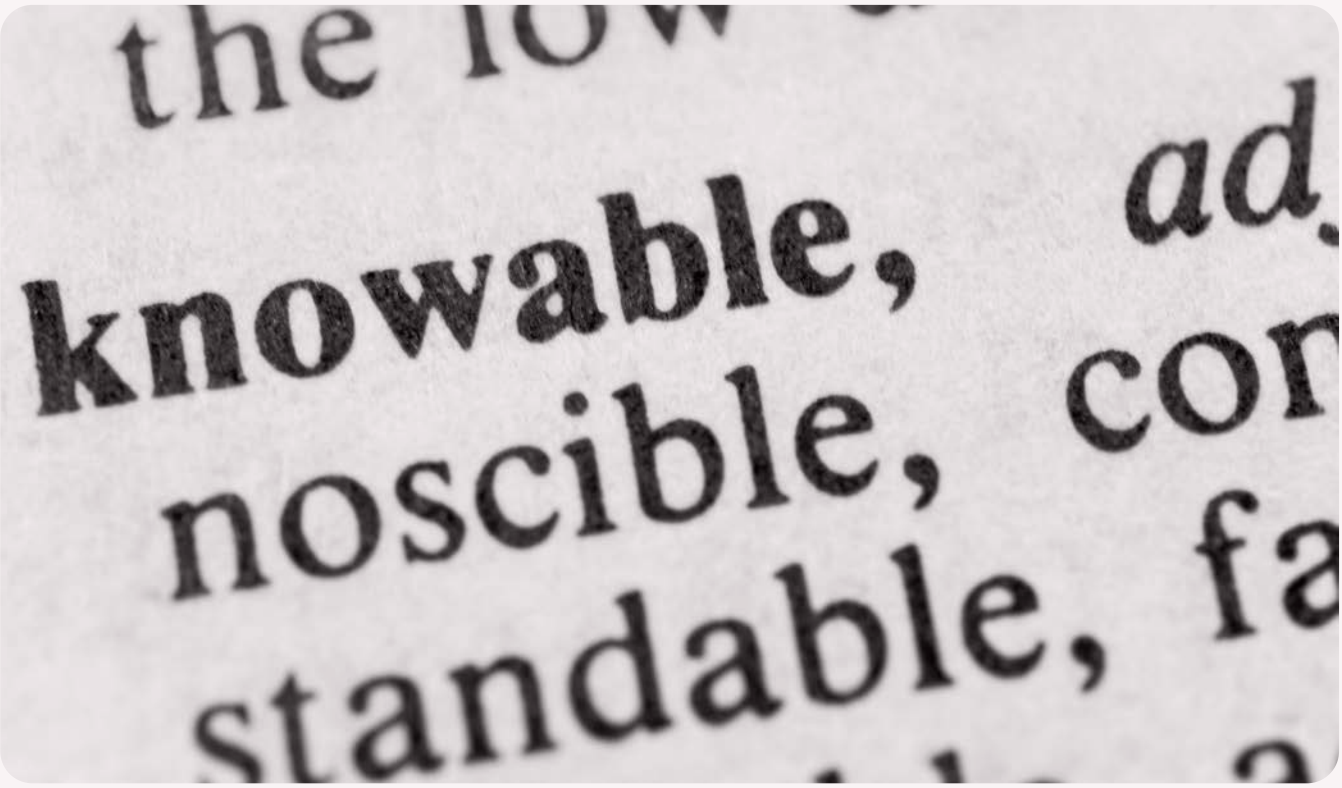
What is more, we aim to hold on to stocks and 'run our winners' as we believe long-term investing is consistent with wealth creation. This is evidenced in our portfolio holdings: 19 stocks have been held for longer than 10 years and have weathered the storms of the last decade, while helping deliver exceptional performance. Prime examples of stocks that fit this bill can be seen in the table below[3]:

This consistency of approach has also delivered at the portfolio level. The Trust has returned +521% over the last decade (ending August 2021) compared to the benchmark (Numis Smaller Companies Index) return of +211%. This is significantly higher than its large-cap counterparts which have returned +93% (as measured by the FTSE 100) over the same period. More recently, the Trust outperformed its benchmark over its last financial year ending May 2021 - meaning it has outperformed its benchmark in 16 of the last 18 years. It also marks the 18th consecutive year the Trust has increased its total dividends. This

Stock	Tenure	Return (share price total return)
Bellway	+15 years	+707%
RWS	+15 years	+883%
Howden	+10 years	+1008%

[2]Source: Henderson Smaller Companies Investment Trust: A decade of outperformance, as at August 2021
[3]Source: Bloomberg, share price total return, 31/08/2011 to 31/08/2021

Janus Henderson
INVESTORS



consistency in outperformance not only reflects the quality of the team, but also highlights the importance of staying disciplined and sticking with a tried and tested investment process, in spite of the macro noise that has characterised the decade.

THE NEXT LEG

On the whole, the outlook for markets looks much brighter than it has been for years. Companies are performing strongly, profits are growing buoyed by the release of pent-up consumer demand, and UK valuations remain cheap compared to developed markets. However, inflation poses a risk, QE will soon be withdrawn, and who knows what might cause the next financial downturn. What is clear, however, is this is a stock pickers market and the ability to tune out the noise and focus on the fundamentals will be key to generating solid returns. As such, we at Henderson Smaller Companies Investment Trust, will continue to focus on what is “important and knowable”.

ANNUAL PERFORMANCE (%)

Discrete year performance % change (updated quarterly)	Share Price	Nav
30/09/2020 to 30/09/2021	66.1	56.6
30/09/2019 to 30/09/2020	-10.6	-4.0
28/09/2018 to 30/09/2019	-2.9	-5.2
29/09/2017 to 28/09/2018	18.4	10.6
30/09/2016 to 29/09/2017	23.6	26.2

All performance, cumulative growth and annual growth data is sourced from Morningstar

Janus Henderson INVESTORS

GLOSSARY TERMS

Bear market
A financial market in which the prices of securities are falling. A generally accepted definition is a fall of 20% or more in an index over at least a two-month period.

Bottom-up
Bottom-up fund managers build portfolios by focusing on the analysis of individual securities, in order to identify the best opportunities in their industry or country/region.

Fiscal policy
Government policy relating to setting tax rates and spending levels. It is separate from monetary policy, which is typically set by a central bank. Fiscal austerity refers to raising taxes and/or cutting spending in an attempt to reduce government debt. Fiscal expansion (or 'stimulus') refers to an increase in government spending and/or a reduction in taxes.

Fundamentals
Fundamentals include the basic qualitative and quantitative information that contributes to the financial or economic well-being of a company, security, or currency, and their subsequent financial valuation.

Leverage
The use of borrowing to increase exposure to an asset/market. This can be done by borrowing cash and using it to buy an asset, or by using financial instruments such as derivatives to simulate the effect of borrowing for further investment in assets.

Monetary policy
The policies of a central bank aimed at influencing the level of inflation and growth in an economy. It includes controlling interest rates and the supply of money. Monetary stimulus refers to a central bank increasing the supply of money and lowering borrowing costs. Monetary tightening refers to central bank activity aimed at curbing inflation and slowing down growth in the economy by raising interest rates and reducing the supply of money.

Quantitative Easing
An unconventional monetary policy used by central banks to stimulate the economy by boosting the amount of overall money in the banking system.

Valuation
Metrics used to gauge a company's performance, financial health, and expectations for future earnings eg, price to earnings (P/E) ratio and return on equity (ROE).

IMPORTANT INFORMATION

Why machines beat managers in 2021

Market conditions made it tricky for active funds to outperform passive alternatives

2021 has been a pretty grim year for active managers, with passive funds ruling the roost and delivering better returns for investors on average.

AJ Bell's latest *Manager versus Machine* report shows that only a third of active equity funds, 34% to be precise, beat a passive alternative this year. Outperforming active funds were particularly sparse in the Global and North America sectors, which are hugely important because they are two of the most popular areas for investment, accounting for £270 billion of investors' money.

In the North America sector, fewer than one in five active funds outperformed a passive alternative in 2021, and the picture is not much improved when looking over a 10-year period. This is no doubt partly down to the fact the US stock market is poured over by so many analytical eyes, that active managers naturally find it more difficult to find an edge.

But the continued market domination by a small number of large tech stocks may also be feeding into the equation, reinforcing the implicit passive principle that big is beautiful, and punishing those who take a dissenting view with their portfolios.

Seven tech companies command the top of the US stock market, including Apple, Microsoft and Nvidia. While not all have prospered over 2021, as a group they have tightened their grip on the US stock market. Together they now make up 27% of the S&P 500, up from 24% at the beginning of 2021.

Percentage of active funds outperforming passive

IA sector	2021 YTD	5 year	10 year
Asia Pacific Ex Japan	26.0%	44.0%	63.0%
Europe Ex UK	53.0%	46.0%	64.0%
Global	25.0%	40.0%	30.0%
Global Emerging Markets	50.0%	63.0%	72.0%
Japan	47.0%	61.0%	64.0%
North America	19.0%	32.0%	22.0%
UK	41.0%	71.0%	85.0%
TOTAL	**34.0%**	**51.0%**	**56.0%**

Total return in GBP to 01/12/2021. The figures are subject to survivorship bias, particularly over the long term, which should boost active returns.

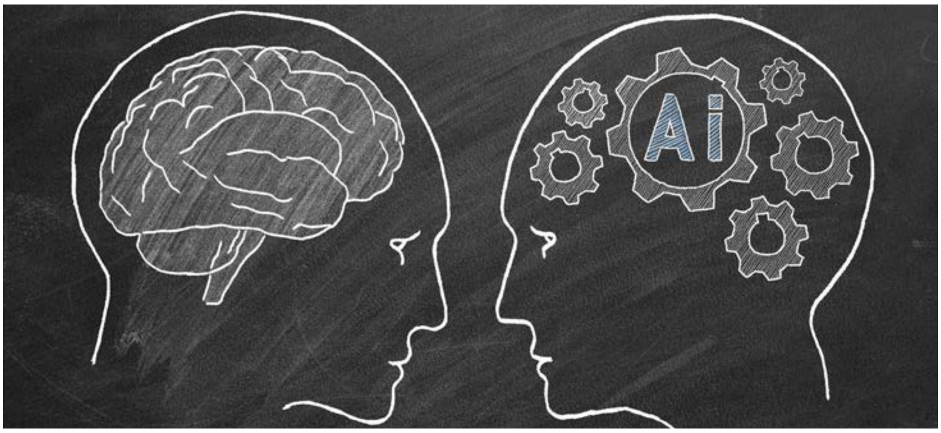
Source: AJ Bell, Morningstar • Created with Datawrapper

BETWEEN A ROCK AND A HARD PLACE

US active managers find themselves between a rock and a hard place when it comes to participating in the continued ascendancy of these tech titans.

In order to have a neutral position, an active manager running a US fund would have to allocate 27% of their portfolio to these seven companies. That would still leave more than a quarter of their portfolio simply pegged to the market, which would actually be losing ground against a comparative tracker fund because of higher charges.

On the other hand, any US active manager who dared



not to hold any of these stocks over the course of 2021 would have found themselves facing some uncomfortable questions around performance.

LEAKAGE INTO GLOBAL SECTOR

The issues affecting active managers in the US have increasingly leaked into the Global sector, seeing as the US stock market has grown to such an extent that it now makes up around two thirds of the world index.

Global tracker funds therefore increasingly resemble US trackers, making it more difficult for active funds to compete in this arena while the US maintains its ascendancy. If the raging US bull market comes a cropper though, this performance differential could get turned on its head, particularly seeing as the average global active fund is around 8% underweight the US compared to passive peers.

The UK funds market, by contrast, has been a bright spot for active managers over the longer term, with the average active fund returning 134% compared to 95.6% from the average passive fund over 10 years. However some structural factors in the funds market go some way to explaining this differential.

UK ACTIVE MANAGERS SHINE

The UK All Companies sector is home to a significant number of funds which focus on the small and mid cap area of the stock market. Not only have small and mid-caps significantly outperformed the big blue chips over the last 10 years, they are also a fertile hunting ground for active managers to pick out hidden gems, as they are not as well scrutinised by the wider market.

There are also a fair number of older tracker funds investing in UK shares, which charge higher fees, and therefore drag down the performance of passive funds in this market.

As ever, averages and aggregate data don't tell the whole story, and individual investors do have the opportunity to improve their own lot through fund selection, both active and passive.

For active investors this means picking seasoned fund managers who have proved their performance potential, or their ability to deliver a set outcome such as a high level of income or a low level of volatility, though of course there can never be a cast iron guarantee of future performance.

For passive investors, selection entails picking funds that effectively track appropriate market indices at the lowest price possible, as charges will be a key determinant of returns.

Many investors of course choose to mix and match passive with active funds, and AJ Bell's *Manager versus Machine* analysis suggests where each strategy might be in its element. While the long-term performance numbers from the US and Global sectors look pretty damning for active investors as a whole, there have been active success stories here, for instance Fundsmith and Baillie Gifford.

LIFE COULD GET TOUGHER FOR PASSIVE VEHICLES

It's also worth bearing in mind that market performance in the last 10 years has been heavily influenced by ultra-loose monetary policy and the digitalisation of the global economy. Should one, or both, of these trends moderate or even go into reverse, life might not prove so breezy for the passive machines that simply invest money according to the size of companies in the market.

DISCLAIMER: Financial services company AJ Bell referenced in this article owns Shares magazine. Tom Sieber who edited this article owns shares in AJ Bell.

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

Key events to watch for emerging markets in 2022

We take a look at the year ahead after clear outperformance for India in 2021

Looking at the performance of the big emerging markets in 2021 India is a clear winner, with Russia somewhere in the middle and Chinese and Brazilian stocks struggling to keep up.

The pandemic remains a key source of uncertainty as we look ahead to 2022 but there are some other key events to watch out for in developing economies in the coming 12 months.

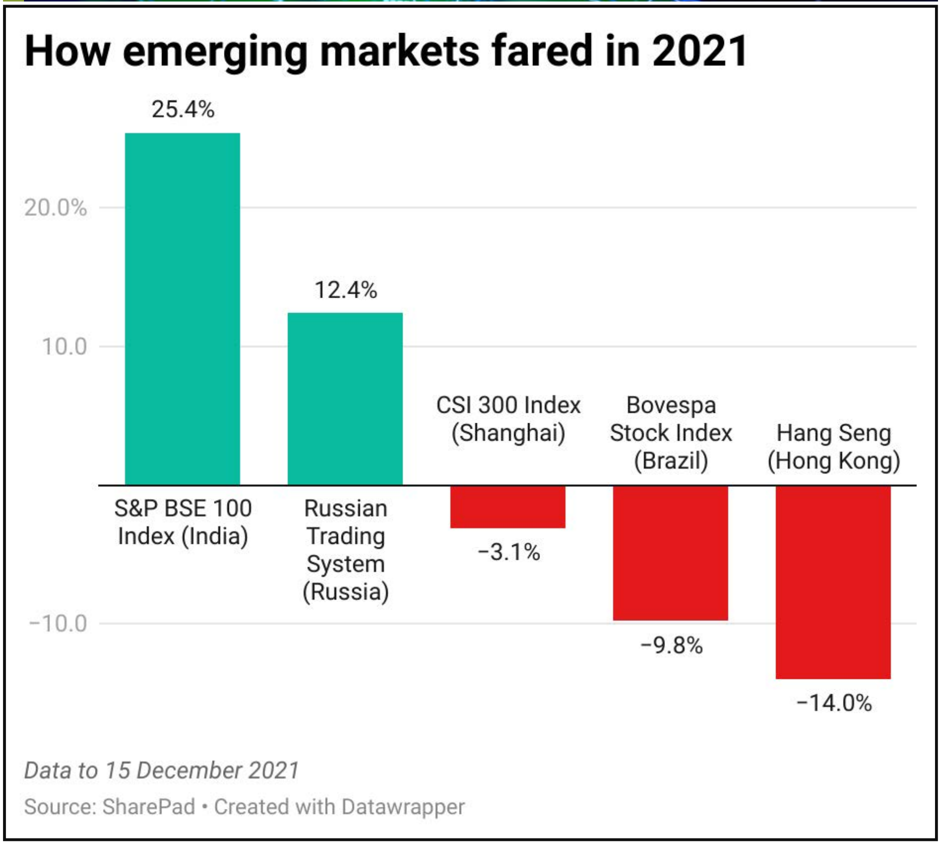
Election results may impact the market. India is set to hold some key state elections early next year, which could have an impact on the political fortunes of incumbent prime minister Narendra Modi, even if he doesn't face another general election until 2024.

Brazil will elect a president in October 2022. The election of incumbent Jair Bolsonaro in 2018 was initially received positively by investors given his perceived market-friendly policies but poor economic performance and a controversial approach to the Covid-19 pandemic have shaken the faith of voters and the markets.

China typically looks to provide support to its economy to maintain stability in the run-up to its five-yearly Party Congress which is a key political event taking place at the end of next year.

The country's next five-year plan, which will be agreed at the Congress, may look to encourage the ongoing transition from export-driven growth to a more balanced economy where domestic consumption plays a larger role.

As part of the COP26 agreement struck in Glasgow in November 2021 China and some other emerging markets (and developed nations) are expected to come back with more ambitious emissions targets so expect some focus on Chinese investment in a transition away from fossil fuels.



FRANKLIN TEMPLETON

This outlook is part of a series being sponsored by Templeton Emerging Markets Investment Trust. For more information on the trust, visit **here**

Emerging markets: Views from the experts

Three things the Franklin Templeton Emerging Markets Equity team are thinking about today

1. The emergence of the new **Covid-19 Omicron** variant added uncertainty to the global recovery with financial markets selling off in late November on concerns of new lockdowns and mobility restrictions. On the positive side, early indications from South Africa, where the variant was first discovered, suggest that Omicron's symptoms are less severe than previous variants. While we could see increased market volatility in the near term, continued implementation of public health measures and vaccination rollouts could help slow the virus transmission and limit potential future outbreaks. History has shown us that it is crucial to maintain a long-term view and not be derailed by short-term bouts of volatility. We are of the opinion that emerging markets (EMs) remain an attractive investment opportunity with solid fundamentals.

2. Public policy around climate change has been shifting quickly. The **2021 United Nations Climate Change Conference (COP26)** can be touted as the most significant global meeting since Paris 2015, where countries entered a legally binding international treaty—the Paris Accords—to reduce emissions and limit global warming to 2.7°F (1.5°C). COP26 was the critical next step and included a global call to action to raise trillions of dollars in private and public financing. EM governments will need to adopt growth-enhancing fiscal and structural reforms that promote low-emission resilient investments, backed by productive and cost-effective climate policies to achieve climate-compatible development.

3. **Digitalisation in India** has been advancing at a rapid pace since 2016, thanks to government initiatives, inexpensive mobile data and a significant step-up of venture capital and private equity funding. And as in most other countries around the world, Covid-19 accelerated the adoption of e-commerce and

digital services in India in 2020 and 2021. Companies related to the internet and digital economy have also been gaining prominence on Indian stock exchanges, providing exciting investment opportunities and diversifying the overall market. Interesting trends we currently see include India's online classifieds market, which has developed swiftly across multiple areas. More traditional businesses have also embraced digitalisation. In the banking industry, for example, several players have raced to develop technologies that can improve their customer service through digital channels.

TEMPLETON EMERGING MARKETS INVESTMENT TRUST (TEMIT)

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TEMIT is the UK's largest and oldest emerging markets investment trust seeking long-term capital appreciation.

The best performing stocks of 2021: big and small

We reveal the top risers across four different segments of the market

We might have thought we'd seen it all after 2020 but it's been quite a year in 2021 too with an impressive rebound for the markets from the ravages of the pandemic.

But which stocks have done best? Read on to discover the top performers up and down the market cap spectrum and find out why they've done so well. For the purposes of this article we've deliberately excluded investment trusts.

£4 BILLION+ MARKET CAP

Shares in media group **Future (FUTR)** have more than doubled as it has continued a highly successful strategy that involves making acquisitions of undervalued publishing assets and monetising their editorial content through a central platform.

Future has recently made two key strategic acquisitions, the financial services and utilities comparison platform GoCo, and a portfolio of brands from Dennis Publishing including *Kiplinger*, *The Week*, *Money Week* and *ITPRo*.

Its wide range of websites enables it to generate engaging stories and information on products including hi-fi equipment, bikes and computer games. Future generates

commission if readers click on links in its articles to buy goods.

For the second year running, equipment rental firm **Ashtead (AHT)** has rewarded shareholders with a stellar performance in terms of earnings and share price return.

In the six months to October rental revenues climbed 20% to a record $3.9 billion as the firm gained market share and expanded its footprint.

us President Joe Biden's infrastructure bill means the firm still has an enormous growth opportunity in front of it.

By its own admission, 2021 has been an extraordinary year for building materials and insulation firm **Kingspan (KGP)** *(pictured)*.

As well as strong demand

Best performing stocks 2021: £4 billion market cap and above

Name	Share price gain (%)
1. Future	108
2. Ashtead	80
3. Kingspan	78
4. Marks & Spencer	74
5. Airtel Africa	68
6. Meggitt	58
7. Glencore	58
8. Croda International	58
9. Diploma	52
10. IMI	51

Source: Shares, SharePad, Data to 10 Dec 2021 market close • Created with Datawrapper from the new-build housing market and a boom in the repair, maintenance and improvement market due to the work from home trend, demand for its energy-efficient products from large customers such as data centres has also soared.

The stock remains a popular ESG (environmental, social and governance) play with retail investors.

After years of false dawns, high street institution **Marks & Spencer (MKS)** finally bounced back into fashion. It has twice this year said that earnings were ahead of expectations.

In the New Year, investors will be keeping tabs on the progress of its food business, transformed through a joint venture with **Ocado (OCDO)**, as well as the ongoing makeover of the clothing and home division.

Airtel Africa (AAF) is a sub-Saharan mobile network operator. So far, so boring, but its far more exciting, and higher margin, Mobile Money solution Airtel Mobile Commerce makes all the difference.

AMC, which has pulled in investment from the Qatar Investment Authority and Mastercard, plays banker to Africa's 'unbanked' millions, a vital service to communities that are often isolated by large distances and underdeveloped infrastructure. It won a licence to operate in Nigeria in November.

The strong performance of aerospace engineer **Meggitt (MGGT)** in 2021 reflects a £6.3 billion takeover by US rival Parker-Hannifin which is still to be cleared by UK regulators.

Parker-Hannifin agreed a deal in August and a rival US suitor TransDigm pulled out of the running in September. For its part Meggitt is confident the deal will go through in 2022 despite it being referred to the Competition and Markets Authority by UK business secretary Kwasi Kwarteng in October.

A super-charged run for engineering firm **IMI (IMI)** in recent months began in earnest with a bullish first quarter update which showed margins, profit and cash flow higher not just than a pandemic-affected 2020 but 2019 too.

IMI, which makes valves and smart devices for managing the flow of liquids and gases, raised its earnings guidance again in November, suggesting it is doing a good job of managing the supply chain issues which have hit many global industrial firms.

£1 BILLION TO £4 BILLION MARKET CAP

Watches of Switzerland's (WOSG) 145% share price rise was underpinned by strong demand for its luxury watches.

Led by CEO Brian Duffy, the luxury timepiece seller profited from broad-based growth in the UK and US, supported by investments in marketing, stores and systems, with online sales ticking higher even after its brick and mortar stores reopened from lockdown.

The Rolex-to-TAG Heuer watches purveyor is well-stocked for Christmas 2021 and in 2022, investors will be watching for further progress with its US expansion strategy, advanced by the acquisition of five stores across the pond.

Israeli cyber security firm **Kape Technologies (KAPE:AIM)** is steadily building what nobody else thus far has; an all-in-one consumer platform to manage all aspects of online autonomy for a secure and accessible personal digital life.

Having amassed a portfolio of subscription-based software products it really took the bull

Best performing stocks 2021: £1 billion to £4 billion market cap

Name	Share price gain (%)
1. Watches Of Switzerland	145
2. Kape Technologies	117
3. Next Fifteen Communications	113
4. Indivior	109
5. Impax Asset Management	107
6. Investec	106
7. Volution	83
8. Playtech	81
9. Victoria	79
10. Safestore	75

Source: Shares, SharePad, Data to 10 Dec 2021 market close • Created with Datawrapper

by the horns in September by acquiring ExpressVPN in a $936 million deal.

Marketing business **Next Fifteen's (NFC:AIM)** success has been predicated upon its ability to help businesses connect with customers in an increasingly digital world. Its shares rose by 113%.

A key driver of growth has been the custom delivery business that incorporates data analytics to anticipate the future needs of customers. In the first half of the year it almost doubled operating profit.

In a recent third quarter trading update management highlighted that results for the year to January 2022 will be ahead of expectations.

Shares in pharmaceutical company **Indivior (INDV)**, which specialises in medicines to treat drug abuse and mental illness, have more than doubled in 2021 on the back of increased earnings guidance from management, driven by better than expected sales growth in key opioid dependency drug Sublocade.

Analysts have struggled to keep up with events which is reflected in the consensus 2021 earnings forecast increasing by 150% over the course of the year. Shares receiving persistent earnings upgrades tend to outperform the market.

Also helping momentum in the stock has been the firm's $100 million share buyback programme.

With the hunger for environmental investing continuing to grow, it should be no surprise that specialist manager **Impax Asset Management (IPX:AIM)** has performed well this year.

In the year to September, assets rose by 84% to £37.2 billion driven by record net inflows of £10.7 billion and an outstanding performance from its core ESG strategies.

Following COP26 and the commitment by financial firms worldwide to invest greater sums in ESG assets, the wave shows no sign of slowing.

£200 MILLION TO £1 BILLION MARKET CAP

UK investors remained blocked from cryptocurrency ETFs of the sort that got US investors in a frenzy in 2021, so they have focused on picks and shovels operators like bitcoin miner **Argo Blockchain (ARB)** in their wisdom.

The stock seems to have become decoupled from the underlying bitcoin price through 2021, but correlation in the early part of the year saw share price gains hit close on 500%, although the stock has since failed to hold on to those peaks.

Shares in car retailers **Lookers (LOOK)**, **Vertu Motors (VTU:AIM)** and **Marshall Motor (MMH:AIM)** zipped higher in 2021 as they rode an upgrade cycle fuelled by the industry's unusual supply and demand dynamics.

The release of pent-up consumer demand post-lockdown combined with the impact of the global semiconductor shortage on new car production drove up second hand vehicle prices and boosted sector-wide profit margins.

Towards the end of the year, predator turned prey when deal-hungry dealership Marshall Motor recommended a £323 million takeover by Constellation Automotive, the owner of online car marketplace Cinch as well as Webuyanycar and BCA Marketplace.

Shares in non-invasive cancer diagnostics company **Angle (AGL:AIM)** had a terrific year, driven by a stream of positive news around the commercialisation of its Parsortix cell separation system which isolates circulating tumour cells from a patient's blood.

In June the company raised £20 million to accelerate further applications for Parsortix and exploit first mover advantage. The company expects to receive FDA (Food and Drug Administration) approval during the current quarter.

Computer-based drug discovery platform specialist **E-therapeutics (ETX:AIM)** has seen its shares rise 177% this year reflecting the progress the firm has made in developing its proprietary RNAi tool used to study gene functions.

E-therapeutics believes it has developed one of the best datasets in liver biology allowing companies to quickly assess the effectiveness of drug candidates. The firm successfully raised £22.5 million in June to expand the disease-agnostic drug discovery platform's capabilities.

AIM-quoted **88 Energy (88E:AIM)** has been a beneficiary of both strong commodity prices and strategic progress with its Alaskan oil and gas assets in 2021. The shares traded above 4p amid positive news on its Merlin-1 well at the end of March and while they are now well below those highs, the stock price has still risen by 200% this year.

Increased focus on the need to transition away from polluting fuels, operational progress, and strong natural gas prices have lifted energy transition investor **Kistos (KIST:AIM)** this year. The Q10-A natural gas field, acquired in early summer, uses solar and wind to power operations on site, keeping carbon emissions low.

Best performing stocks 2021: £200 million to £1 billion market cap

Name	Share price gain (%)
1. Argo Blockchain	215
2. Lookers	210
3. 88 Energy	200
4. Marshall Motor	179
5. E-Therapeutics	177
6. Angle	173
7. Kistos	125
8. Tatton Asset Management	119
9. Kin and Carta	118
10. Vertu Motors	113

Source: Shares, SharePad, Data to 10 Dec 2021 market close • Created with Datawrapper

Best performing stocks 2021: £20 million to £200 million market cap

Name	Share price gain (%)
1. GSTechnologies	1,330
2. Quantum Blockchain Technologies	975
3. Zephyr Energy	757
4. Petroneft Resources	385
5. AssetCo	314
6. AudioBoom	308
7. Premier African Minerals	246
8. Cyanconnode	221
9. Xtract Resources	213
10. Universe	195

Source: Shares, SharePad, Data to 10 Dec 2021 market close • Created with Datawrapper

£20 MILLION TO £200 MILLION MARKET CAP

What started 2021 as a bespoke electronics and networks kit minnow, **GSTechnologies (GST:AIM)** ends the year a different beast.

Having raised around £2.6 million from investors this year it has focused on blockchain-enabled digital payments, or what the company has called 'neobanking business models and monetisation strategies'.

This included the acquisition of foreign exchange payments play Angra announced in October, sending the stock surging for the second time in 12 months.

The astounding share price performance for **Quantum Blockchain Technologies' (QBT:AIM)** is due to the completion of the first phase of its efforts to find faster and more energy-efficient ways to mine cryptocurrency.

Aberdeen Asset Management founder Martin Gilbert's **AssetCo (ASTO:AIM)** is targeting strategic acquisitions of undervalued asset and wealth management businesses.

To date AssetCo has made three acquisitions. These span thematic ETF provider Rize, financial adviser technology and investment solutions platform Parmenion and specialist fund manager Saracen.

Moving forward the real opportunity is that Gilbert can replicate his previous success by leveraging his extensive network of contacts and breadth of experience.

Utah-focused **Zephyr Energy (ZPHR:AIM)** has seen its fortunes transformed by drilling success on its natural gas assets in the Paradox basin.

Formerly Rose Petroleum, a name under which it had a decidedly mixed track record, the company's 757% advance this year has come from a low base and reflects both its progress in Utah and its acquisition of other non-operated US assets which have added production and cash flow to the portfolio.

Fintech tiddler **Universe Group (UNG:AIM)**, which designs and manages payment systems for thousands of retail websites, is something of an outlier in this year's table.

Having gone nowhere since January, the shares popped in mid-November on news of a major contract, then a week later they sky-rocketed after the company revealed it had agreed a 12p per share bid from a US private equity firm, almost times three the price of a year ago.

By **the Shares Team**

Seasoned investor warns of an end to the 'everything bubble'

Overvaluation in every asset class means little room for manoeuvre

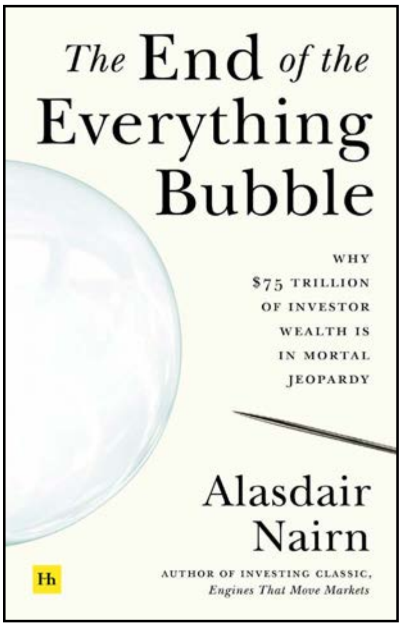
No Christmas story would be complete without a Scrooge character, and this year Alasdair Nairn, co-founder and chief executive of fund management firm Edinburgh Partners, has donned the mantle.

In *The End of the Everything Bubble*, Nairn explains why he believes $75 trillion of investor wealth is in 'mortal jeopardy' from dangers lurking in every asset class and why the bubble is about to burst.

Nairn has forged a successful career as a professional institutional investor, having been chief investment officer at Scottish Widows before setting up Edinburgh Partners, prior to which he worked at Templeton and Murray Johnstone, so to think of him as an investment bear would be a mistake.

He has, however, been around a long time and seen more than one stock market cycle. He also warned of significant corrections both in early 2000 during the tech bubble and in 2007 on the eve of the great financial crisis, so he has form.

What worries him about the current bubble is that valuations and speculation seem to be greater than ever before. He believes we are currently



witnessing 'an extraordinary period that in many respects has no parallel in the history of financial markets', and warns it is 'extremely unlikely that the process of rectifying today's excesses can be anything but a painful one'.

THIS TIME IT'S DIFFERENT

Famously, Nairn's former boss Sir John Templeton called the phrase 'this time it's different' as the most dangerous words in the English language. Ironically, this time it may truly be different, and not in a good way.

With interest rates at their lowest level for centuries, governments have accumulated more debt than at any time in history, yet through the suppression of interest rates over a quarter of investment grade bonds globally trade on negative nominal yields and the real (inflation-adjusted) yield on US Treasuries has been negative for the last two years.

That has forced investors to speculate in equities, which in the US are already far above their 1929 and 2000 peak valuations, and in all manner of real and alternative assets such as cryptocurrencies.

The problem now is that there are no pockets of undervaluation nor is it possible to easily find uncorrelated assets other than cash.

While acknowledging that trying to pinpoint the cause or the timing of the downturn is virtually impossible, Nairn advises that 'the first and most urgent requirement is to create a liquidity reserve which can be quickly deployed when there is sufficient clarity to understand what the new world will look like, and what the new investment framework will be after the end of the everything bubble'.

By **Ian Conway**
Companied Editor

Win one of three popular investment books

***Shares* has got copies of three investment books to give away in our Christmas competition, courtesy of publisher Harriman House.**

THE END OF EVERYTHING BUBBLE BY ALASDAIR NAIRN

Why $75 trillion of investor wealth is in mortal jeopardy

Historian and professional investor Alasdair Nairn predicted both the dotcom and subprime collapses, and in this new book he argues we are now living through a period of deadly excess.

THE SMART MONEY METHOD BY STEPHEN CLAPHAM

How to pick stocks like a hedge fund pro

Stephen Clapham is a retired hedge fund partner who now trains stock analysts at some of the world's largest and most successful institutional investors. He explains step-by-step his research process for picking stocks and testing their market-beating potential.

FREE CAPITAL BY GUY THOMAS

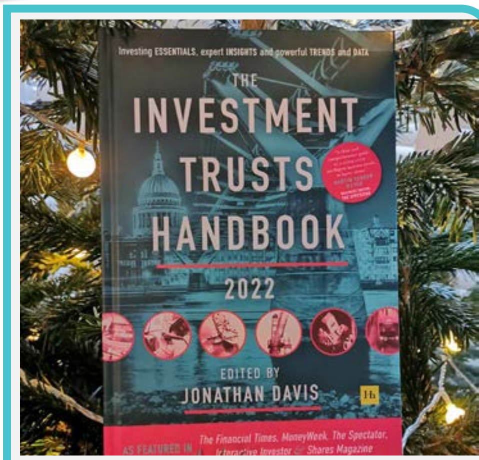
How 12 private investors made millions in the stock market

Based on a series of interviews, this book outlines the investing strategies, wisdom and lifestyles of 12 highly successful private investors. Each of them has accumulated $1 million or more – in most cases considerably more – mainly from stock market investment.

To win a copy of one of these books, answer this question:
Who is the chairman of the Bank of England?

Email your answer to editorial@sharesmagazine.co.uk with '*Book Competition*' in the subject line.

Please state which one of the three books you would like to win and include your name and postal address. The competition will close on 9 January 2022.



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Shares readers can download a digital copy of *The Investment Trusts Handbook 2022* for FREE from Harriman House's website

The 280-page e-book contains comment by analysts, fund managers and investment writers about investments trusts and includes lots of data and analysis.

Articles include how to analyse investments trusts, why boards sometimes bring in a new manager, a review of trusts in 2021, and various experts discuss different investment trust sectors.

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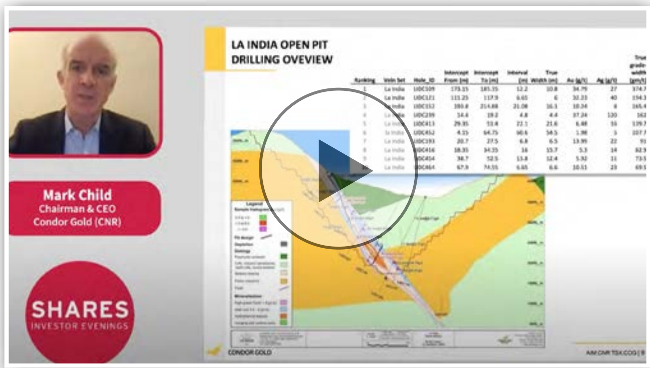

Condor Gold (CNR)
Mark Child

Condor Gold is a UK based exploration company focused on proving a large commercial reserve on its 100% owned La India Project in Nicaragua.

Samarkand Group (SMK)
David Hampstead

Samarkand is a cross-border eCommerce company focused on connecting Western brands with China, the world's largest eCommerce market.
Our mission – to make Chinese eCommerce simple, accessible, and profitable for brands and retailers of all sizes.

Team (TEAM)
Mark Clubb, Executive Chairman

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DANNI HEWSON
AJ Bell Financial Analyst

Insightful commentary on market issues

The opportunity ahead for get-fit stocks

New Year resolutions often see exercise on the agenda but which businesses could benefit?

It's no coincidence that Christmas excess naturally gives way to resolutions of getting fit and fabulous. January is always the month when gyms get a bumper crop of sign-ups. But 2021 was different and whatever happens with Covid restrictions over the next few weeks, 2022 is shaping up in a similar vein.

With fitness worth billions it's an industry lots of investors gravitate to. But the question this year is which companies might benefit?

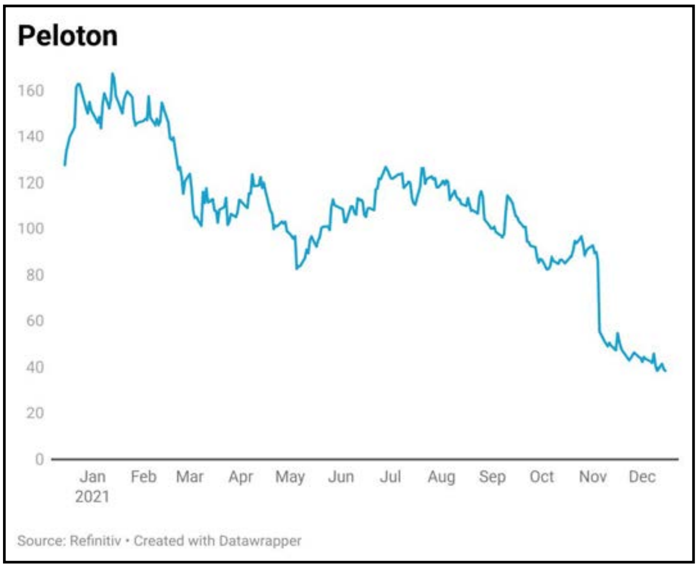
PELOTON'S CRASH

Halfords (HFD) has enjoyed a strong run over the last couple of years and its last earnings update showed bike sales up 8.8% and Peloton became a household name during lockdowns for good reason.

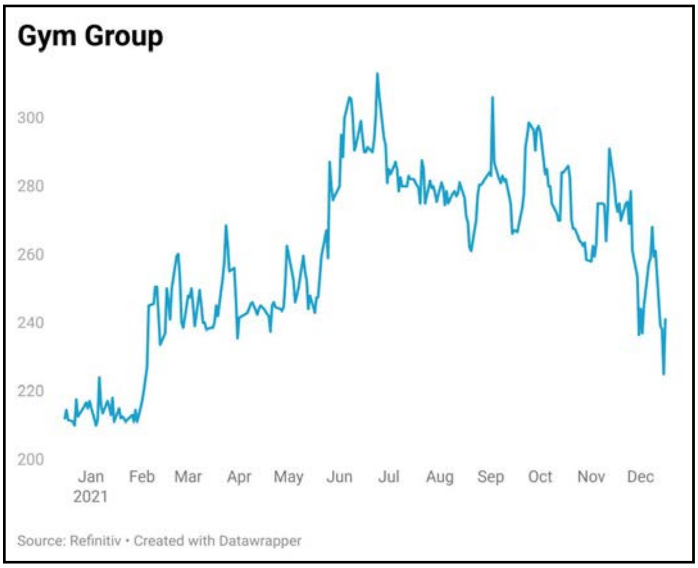
But the latter saw its share price tank this year as sales fell and fitness addicts bored of their own company headed back to the camaraderie and inspiration of a gym setting. And unless you've got growing kids or you're a real cycling nut you only need to buy a bike once.

For many the novelty of an expensive exercise bike faded fast. Those hugely expensive bits of kit often end up doubling as glorified clothes hangers until they find themselves up for sale. Resale marketplace Offer Up said it had seen a 77% increase in sellers since April.

Gyms themselves had begun to recover nicely. A planned stock market listing from Pure Gym earlier this year garnered lots of interest. In the end the float was put on hold after the business secured a big cash injection from private equity – which had clearly scented an opportunity. A similar return to public ownership in October from US-based Life Time has seen shares trading at a



DANNI HEWSON
AJ Bell Financial Analyst



steady premium and shares in no-frills offer Planet Fitness have surged.

But clearly there are now big question marks about the trajectory of that recovery. Shares in London-listed **Gym Group (GYM)** have been volatile following the Government's Plan B announcement and though a recent trading update highlighted robust membership numbers and restated its expansion plans the boss did admit there was an uncertain outlook.

OPPORTUNITIES FOR THE FUTURE

As a business, like many of those forced to close their doors for long periods of time, Gym Group is carrying considerable debt. But investors need to think beyond the now, particularly when planning portfolio strategy for long-term investments.

While Covid has knocked gyms for six it's also created huge opportunities for the future. First, it's made people hyper aware of the need to take care of their health. Second, it's cleared away some of the chaff and those businesses that remain do so because they are relevant and exciting. Many can and do deliver online programmes.

They've got a USP which resonates with their membership and a growing number of people ready to sign up. Working from home has taken a big bite out of many of our social lives and gyms are filling the void for many office workers looking for a new team to play on.

And then there's the uniform. Athleisure has taken on a life all of its own. Now acceptable attire in the office or pretty much any situation this is big business. Any investor who doesn't know the name GymShark will want to educate themselves.

It's taking the US by storm and its boss did admit to sounding out a few banks about a future IPO back in the autumn. Though, as with Pure Gym, a pin has been firmly put in those plans for now, the interest is most definitely still there and still simmering.

MARKS, GET SET, GO

Marks & Spencer (MKS), doyen of the high street, purveyor of underwear and boring basics has simply flown this year and growth in its sportswear brand has played a big part in its resurgence.

Sales of Goodmove activewear were up 50% over the first half of its trading year, a period that has boasted two profit upgrades for the once beleaguered retailer. **Frasers (FRAS)** similarly has enjoyed a mega turnaround helped by Sports Direct's successes and **JD Sports (JD.)** has seen revenues almost double in three years.

Then there are the big boys, Nike and Adidas. Massive brands with global and multi-generational appeal. It seems like the two brands have dominated the trainer space forever. It's no accident the brands have carefully aligned themselves with some of the most influential sporting stars. Their successes rub off and so does their cool.

Supply chain disruptions have hit both brands hard, however both stocks offering decent dividends and goods that consumers consider must-haves so the brands may enjoy some protection against mounting inflation.

And then there's the pizzaz. Those huge sporting events that get everybody watching, talking and buying. From the Winter Olympics at the start of 2022 to the Commonwealth Games in the summer and rounding off the year with the football World Cup in Qatar, next year will put sport front and centre.

Help, I'm concerned about the pension lifetime allowance trigger

Our resident expert discusses what happens when you take a lump sum out of your retirement pot

I will be 55 in 2022 and expect to have a pension pot of around £1.5 million. I intend to continue with self-employed part-time work (£30,000 per annum) for the next five years but would like to access the 25% lump sum to pay off some outstanding debt.

However, I am concerned about the lifetime allowance trigger. I would be happy to take 25% of the £1,073,100 lifetime allowance and move the remainder into drawdown. But not sure how this works, do you need to have two pension pots?

Also how is tax applied in the future if there are two pots if there was further growth? I am a bit confused!

Paul

Tom Selby, AJ Bell Head of Retirement Policy says:

Don't worry Paul, you aren't the first person to be confused by the lifetime allowance and you most certainly won't be the last!

As you mention in your question, the UK lifetime allowance is £1,073,100 and will remain at this level until 2025/26. The lifetime allowance caps the amount you can save tax efficiently in a pension over your lifetime.

However, anyone who has applied for one of numerous 'protections' may be entitled to a higher lifetime allowance, although there are conditions associated with retaining these protections. You can read more about lifetime allowance protections here.

The maximum tax-free cash someone can take over their lifetime is a quarter of their lifetime allowance. Based on the current standard £1,073,100 lifetime allowance, the maximum tax-free cash you could take today is capped at £268,275.

You don't have to take all your tax-free cash at once if you don't want to, and you certainly don't need to create a second pension pot. Savers often opt for 'partial crystallisation', taking the tax-free cash they need today and allowing the remainder to grow tax-free within their pension.

One of the reasons people do this is to keep as much money as possible in their pension, where it won't usually count towards their estate for inheritance tax (IHT) purposes.

CRYSTALLISATION EVENT

To access some or all your available tax-free cash, you'll need to 'crystallise' another part of your fund.

This just means choosing a retirement income route such as drawdown. Taking both tax-free cash and putting your pension into drawdown will each trigger a lifetime allowance 'test' and use up a percentage of your lifetime allowance.

Take, for example, someone

with a £100,000 pension pot and a £1,073,100 lifetime allowance. If they wanted to take their maximum £25,000 tax-free cash, they might put the remaining £75,000 into drawdown.

Taking the £25,000 tax-free cash would use 2.32% of their available lifetime allowance, while putting £75,000 into drawdown would use 6.98%.

Alternatively, if they only needed £5,000 of tax-free cash, they could crystallise £20,000 putting £15,000 in drawdown, with the remaining £80,000 of the fund – including the 25% tax-free cash element – able to grow within the 'uncrystallised' part of the pension.

FUTURE GROWTH

A lifetime allowance test will also be carried out at age 75 or on death if you die before age 75. This is intended to capture any funds that have not yet been crystallised and growth on the crystallised portion.

Let's go back to the earlier example of someone with a £100,000 pension who took £25,000 tax-free cash and put the remaining £75,000 into drawdown. If their drawdown fund then grew to £200,000 by age 75, the £125,000 growth on that portion would also be tested against the lifetime allowance at age 75.

Assuming the lifetime allowance was still £1,073,100, this would use up a further 11.64% of their available lifetime allowance.

That means, when taking into account all benefit crystallisation events, they will have used 20.9% of their lifetime allowance.

Given the importance of a decision to access your pension – not to mention the complexity – you should seriously consider speaking to a regulated financial adviser to discuss your options.

DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

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

Please note, we only provide information and we do not provide financial advice. If you're unsure please consult a suitably qualified financial adviser. We cannot comment on individual investment portfolios.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Autumn 2020

KEY ANNOUNCEMENTS COMING UP

Half year results

30 Dec: Creightons. **11 Jan:** Games Workshop. **12 Jan:** Gateley.

Trading statements

30 Dec: Genedrive. **6 Jan:** Greggs, Made.com, Next. **11 Jan:** B&M European Value Retail, Electrocomponents, Rathbone, Rotala. **12 Jan:** DFS, Grafton, JD Sports Fashion, Nichols, Pagegroup, Sainsbury's, Trustpilot, Vistry, Whitbread. **13 Jan:** ASOS, Dunelm, Halfords, Hilton Food, Halfords, Marks & Spencer, Persimmon, Taylor Wimpey, Tesco, Wood Group.

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THIS WEEK: 25 PAGES OF BONUS CONTENT

SHARES SPOTLIGHT

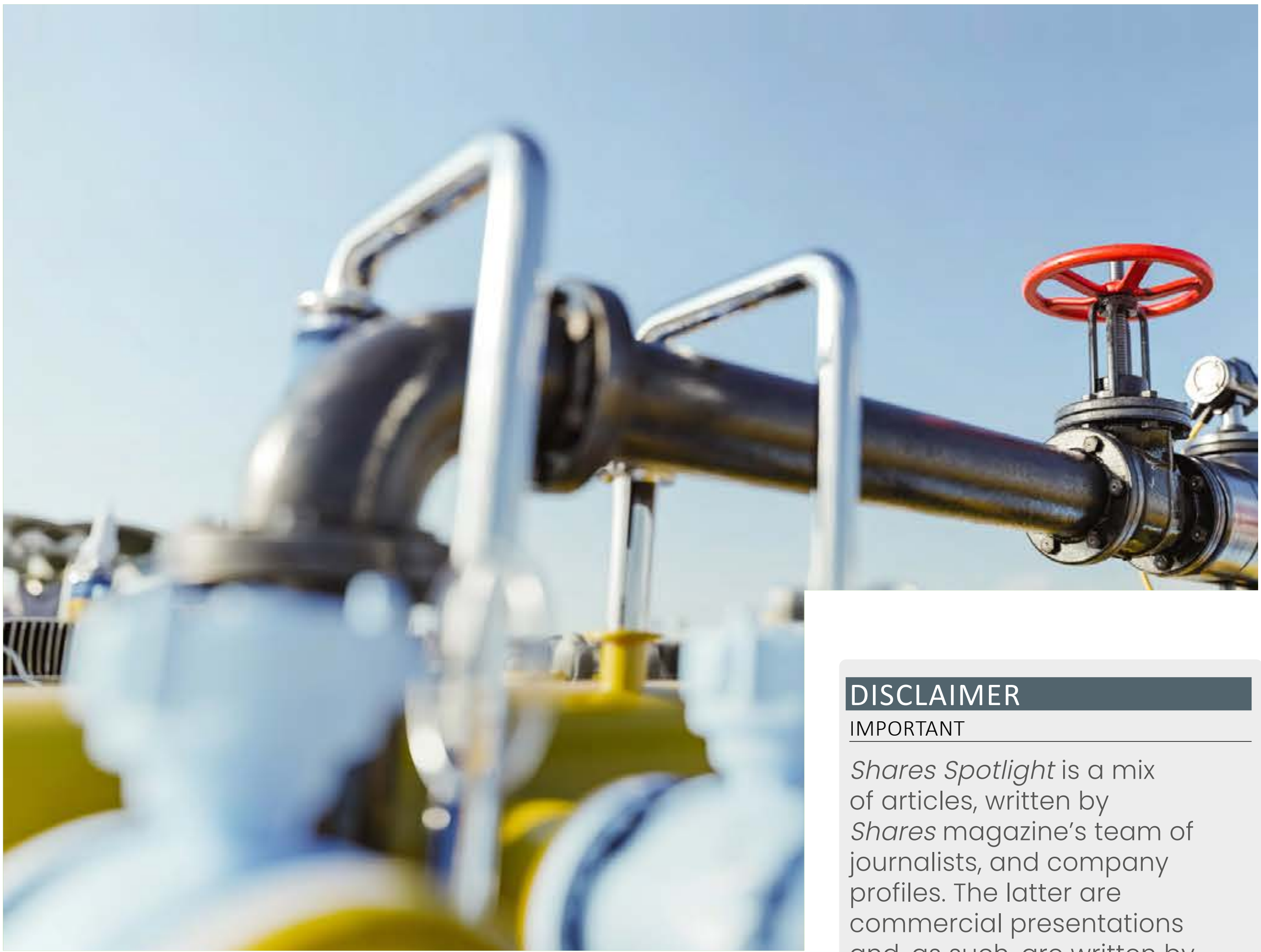
- ADRIATIC METALS
- ANGLESEY MINING
- EMMERSON
- GOLDSHORE RESOURCES
- GREENX METALS
- SOVEREIGN METALS
- UNION JACK OIL
- WORLD COPPER

Energy, renewables and resources

ISSN 2632-5748

DECEMBER 2021

INCLUDES COMPANY PROFILES, COMMENT AND ANALYSIS



Introduction

Welcome to *Spotlight*, a bonus report which is distributed eight times a year alongside your digital copy of *Shares*.

It provides small caps with a platform to tell their stories in their own words.

This edition is dedicated to businesses powering the global economy, whether that be in mining, oil and gas, the renewables space, infrastructure or energy provision.

The company profiles are written by the businesses themselves rather than by *Shares* journalists.

They pay a fee to get their message across to both existing shareholders and prospective investors.

These profiles are paid-for promotions and are not independent comment. As such, they cannot be considered unbiased. Equally, you are getting the inside track from the people who should best know the company and its strategy.

Some of the firms profiled in *Spotlight* will appear at our webinars where you get to hear from management first hand.

Click here for details of upcoming events and how to register for free tickets.

Previous issues of Spotlight are available on our website.

The best and worst performing clean energy plays in 2021

We look at how some of the smaller firms in this emerging space have performed over the last year

In 2021 the momentum behind green energy and the transition away from fossil fuels has mounted, with the COP26 climate summit in Glasgow in November helping to bring focus to this theme.

We have looked at a selection of the smaller companies with exposure to the clean energy space and how they have performed this year, to paint a picture of how this emerging sector is translating increased attention and headlines into share price gains or losses.

Gains haven't been enjoyed across the board, with some businesses finding life tough despite the helpful backdrop.

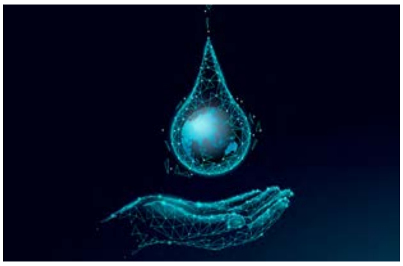
The best performer in our table is **Kodal Minerals (KOD:AIM)**, a lithium miner which has surged thanks to progress on its Bougouni project in Mali, where it received a mining licence in November. Lithium is a key component in the production of batteries used in electric vehicles.

Another top performer, again in the mining sector, is **Kavango Resources (KAV)** which is in the process of a potentially transformational drilling campaign in Botswana where it is targeting nickel and copper, both metals which are fundamental to renewable energy and electric vehicle infrastructure.

Rainbow Rare Earths (RBW) recently stated it was well positioned to meet anticipated future demand for rare earths through its Phalaborwa project in South Africa. These commodities often feature in wind turbines.

One company which has been able to perform well, despite the pressures on energy providers from a surge in electricity and natural gas prices, is renewable energy supplier **Good Energy (GOOD:AIM)**, though it recently attracted criticism from major shareholder, one-time suitor and rival Ecotricity for its decision to sell renewable energy assets to focus on becoming a decentralised clean energy and electric mobility services provider.

The worst performer is **Simec Atlantis Energy (SAE:AIM)**. The troubled renewable energy producer has run into financial problems and recently sold its hydro power operation for £3 million to focus on tidal



Clean energy plays: how they've fared in 2021

Company	2021 performance (%)
Kodal Minerals	110
Kavango Resources	102
Zinnwald Lithium	91.3
Rainbow Rare Earths	58.1
Good Energy	46.1
Inspired Energy	18.2
Adriatic Metals	12.7
Bacanora Lithium	-0.78
ITM Power	-25.5
Velocys	-26.8
Ceres Power	-27.3
AFC Energy	-41.3
Power Metal Resources	-50.9
EQTEC	-51.7
Powerhouse Energy	-59.7
Verditek	-64.3
Active Energy	-86.6
Simec Atlantis Energy	-91

Source: Shares, Sharepad, data to 13 December 2021

Adriatic Metals set to shine as it brings Bosnian silver project on line

adriaticmetals.com

Adriatic Metals (ADT1) has just started construction of its flagship high-grade Vares Silver Project in Bosnia & Herzegovina. The project boasts robust economics from its recent Definitive Feasibility Study, released in August this year, of $1.1 billion post-tax net present value, with a 134% internal rate of return and an upfront capital expenditure of $168 million.

Adriatic's flagship Vares Silver Project is one of the highest grade undeveloped polymetallic mining projects in the world, with an Ore Reserve of 7.3Mt at 485g/t silver equivalent. It is this exceptionally high grade ore which makes it one of the lowest cost silver mining projects globally, with an all-in sustaining cash cost of $7.3 per ounce silver equivalent. Once production commences in Q2 2023, the project is expected to generate $200-250 million in post-tax free cashflow per annum. The current market capitalisation of Adriatic is circa $530 million.

Founded in 2017, Adriatic's Vares Silver Project has advanced at record pace. The project has gone from discovery to being fully permitted and financed for construction within as little as four and a half years. A process that typically takes other mining peers well over a decade.

Vares Project's processing plant will be built on a brownfield site

TRANSFORMATIONAL 2021

The company has had a transformational past 12 months. The year began with receipt of its Project Environmental Permit. This was subsequently followed, mid-year, with the Exploitation Permit, the last required permit for construction.

In August, just 10 months following the completion of the 2020 Pre-Feasibility Study, the company released its 2021 Definitive Feasibility Study, with further improved economics.

Shortly thereafter, in October, the company announced a $244.5 million project finance package, consisting of $102.0 million in equity and $142.5 million in debt. Of the funding package, private equity group Orion Resource Partners provided $50.0 million of the equity requirement, as well as the entire debt package. This package now fully finances the Vares Silver Project into production, whilst leaving a healthy budget for ongoing exploration.

Within the past few weeks, Adriatic has announced the discovery of a high-grade northwest extension to its underground deposit called Rupice. This significantly increases the potential of adding mine life to the existing

10 year life of mine. The delineated strike length of the Rupice underground deposit is just 650 metres. The recent drilling encountered high-grade mineralisation as far as 145 metres northwest from the Rupice deposit – a possible strike extension of over 20%.

In addition, recent drilling has shown there is also potential for mineralisation to be open to the southeast. In the New Year, the company will be focused on stepping up exploration efforts to further test the extents of the mineralisation, with the aim of delineating additional resources in both directions along strike.

ESG FOCUS

In April 2021, the company set up a charitable trust in Bosnia called the 'Adriatic Foundation'. The objective of the Foundation is to support the communities around the Vares project, investing in initiatives that will create a positive long-term legacy, thereby creating alignment between the company and the communities that the Foundation supports. The initiatives will be specifically focussed on improving education, healthcare and environmental protection.

The Foundation is managed by a board of trustees, that includes four representatives from the local communities surrounding the Vares Silver Project. The board of trustees will be responsible for the community investment decisions of the Foundation.


Team Photo of Adriatic Metals staff in Vares, Bosnia & Herzegovina

Adriatic Metals provided an initial funding of €100,000, as well as an ongoing commitment of 0.25% of profits from Project operations. In addition, Adriatic's CEO and managing director, Paul Cronin, and non-executive Director Sanela Karic, have personally made further contributions that are in total worth almost €450,000.

In November 2021, the company released its Project Environmental and Social Impact Assessment. Adriatic Metals is the first foreign direct investor in Bosnia & Herzegovina to produce an ESIA. Not only that, it was also produced to the highest possible international standards, as set out by its shareholder, the European Bank for Reconstruction and Development.

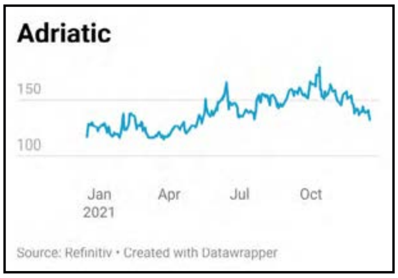
The ESIA is currently under public review until the end of the year, and thus far, has been very positively received by the local communities around Vares.

2022: ANOTHER BIG YEAR

2022 is set to be another transformative year for Adriatic. The top priority is to build the Vares Silver Project. With Project construction now underway, production is expected to commence in the second quarter of 2023.

Concurrent with Project construction, exploration activities will continue. The focus will be to determine the extent of the high-grade mineralisation recently intercepted both northwest and south east of the Rupice underground deposit. In addition, there are a number of identified high-conviction greenfield targets across its 41 square kilometres of Project concession area that Adriatic will also start turning its attention to in the New Year.


Civil earthworks commenced in December 2021



Anglesey Mining has exciting plans for Parys Mountain deposit

www.angleseymining.co.uk

The Anglesey Mining story is no doubt familiar to many investors in the UK. The Parys Mountain Cu-Zn-Pb-Ag-Au VMS deposit, located on the isle of Anglesey in North Wales, has been the key focus for the company on-and-off since the company was incorporated in 1984. A post-GFC move into the Canadian iron ore sector saw the Parys Mountain project once again become overlooked.

However, the appointment of a new CEO, Jo Battershill, in August 2021 has seen the Parys Mountain project come back to the fore.

The existing global resource base of almost 17 million tonnes, across three main deposits, with grades of 1.0% Cu, 1.5% Zn, 0.8% Pb, 17g/t (grammes per tonne) Ag and 0.2g/t (grammes per tonne) Au remains open both at depth and along strike.

This resource fed into an updated PEA released in January 2021 that demonstrated a financially robust development opportunity for a 12-year mine producing up to 16 kilotonnes a year of copper equivalent at very competitive operating costs and from a pre-production capital estimate of only $99 million.

Why so cheap? An abundance of infrastructure. The project has a shaft that was sunk down to 300 metres below surface in 1990 along with a 1,000 metres of underground development, there is road immediately adjacent to the mine site that will enable concentrate to be trucked to the port of Holyhead 21 miles to the south west and the mine site already has an electrical substation connected to the local grid. For many potential mining projects around the world, this infrastructure advantage is what dreams are made of.

LOW CARBON COPPER

However, it is on the topic of power that Parys Mountain could benefit even further in the eyes of modern investors.

One of the largest industries on the isle of Anglesey is now renewable energy and when you stand atop Parys Mountain, local wind farms can be seen in all directions. Tapping into this plentiful source of renewable energy could result in Parys Mountain producing some of lowest carbon copper concentrate in the world.

NEXT STEPS FOR PARYS MOUNTAIN

A drill rig was mobilised to site at the end of November to complete a 3,000m programme of infill drilling targeting an upgrade of the remaining Inferred resources into Indicated at the White Rock deposit. The programme will also collect some additional metallurgical samples from the high-grade Engine Zone and geotechnical samples to enable further mine design optimisation. The company expects this data to feed into a Feasibility Study in 2022.

PERMITTING WELL ADVANCED

On the permitting front, the company still retains the original planning permission that was granted back in 1988 – another clear advantage over other potential development projects around the world. Management is working closely with the North Wales Minerals and Waste Planning Service and local councils to ensure any permissions are bought up to modern standards via a voluntary review.

Running concurrently with the Feasibility Study, the company will compile the historical environmental studies completed at Parys Mountain and determine whether there are any aspects that need to be redone or modified. Protecting the historic workings, listed buildings and SSSI's at the Parys and Mona mines will be of key importance to Anglesey Mining. The site has enormous heritage value, and the company sees itself as an integral part of that heritage.

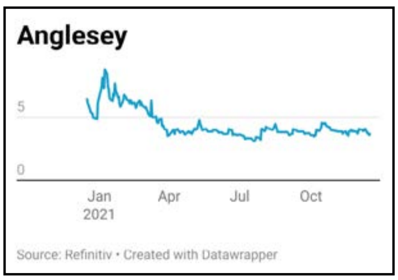
As for what might still be found at Parys Mountain, there are several opportunities to extend the known mineralisation, particularly along strike and at depth in the Norther Copper Zone where there have been some world class intersections drilled over the years.

OPTION VALUE FROM IRON ORE ASSETS

While the focus is clearly on Parys Mountain, the company still retains some significant leverage to the iron ore sector. A 12% equity stake in Labrador Iron Mines Holdings Limited (LBRMF.OTC) provides exposure to that company's Houston development opportunity, which has a PEA outlining a 12-year life and NPV8 of C$109m.

Anglesey Mining also owns a 20% stake in Grängesberg Iron AB in Sweden, with a right of first refusal to increase its stake to 71%. The Grängesberg mine produced 180Mt of high-grade iron ore concentrate and pellets until its closure in 1989. With 148Mt of resources still insitu, a 2012 Pre-Feasibility Study is now being updated by the company. The original PFS demonstrated strong financial returns from a development with reserves of 82Mt supporting a 5.3Mtpa underground mine producing 2.5Mtpa of concentrate grading c.70% Fe.

Ultimately, in a world where electrification of the economy is paramount – alongside reducing the overall carbon footprint of industry – Anglesey Mining is incredibly well positioned with its current asset base.



EMMERSON PLC

Emmerson:
The star of Morocco

www.emmersonplc.com

As global potash markets have strengthened considerably over this past year, with prices in the fast growing fertiliser market of Brazil surpassing $800 per tonne, many commentators are suggesting that potash prices will continue to perform over the near and mid-term.

The predicted structural bull market for commodities can already be witnessed in the climbing prices of key agricultural commodities. Due to potash's importance to the fertiliser industry, its price is not only affected by the market but also by global demographics and population growth which, continues to support an upward trajectory.

With this market outlook as a backdrop, the Moroccan potash development company **Emmerson (EML:AIM)** is focused on the development of its flagship Khemisset Potash Project, which is in a prime position to take advantage of these dynamics.

After first joining the London Stock Exchange's Main Market in February 2017, Emmerson made the strategic decision to make the move to AIM in April of this year in order to better suit its development goals ahead of its rapid growth phase. The main goal in question is to become the first and leading potash producer in Africa to help feed the world's growing population - a seemingly ambitious aim but one that Emmerson is on track to achieve.

A UNIQUE PROJECT

The key pillar in Emmerson's strategy is its 100% owned Khemisset Potash Project in Northern Morocco, ideally located in a stable and supportive mining jurisdiction and one of the fastest growing potash consuming countries in the world. The project's location provides a gateway to Africa's potentially huge fertiliser market and is close to a number of high capacity ports for access to the export markets of Europe, Brazil and the USA.

Its location gives Khemisset a competitive edge, providing pre-production capital cost savings of over $1.2 billion compared to average deep shaft projects. The unique location advantage of the project is now worth over $115 per tonne in delivered cost to the key market of Brazil, a figure which has increased from $80 per tonne from earlier this year.

Khemisset boasts very attractive fundamentals with a large JORC Resource Estimate of 537Mt @ 9.24% K2O, as well as significant exploration potential with an accelerated development pathway. It has also demonstrated world class economics with a post-tax NPV (net present value) of $1.4 billion and IRR (internal rate of return) of 38.5% to produce an estimated 735,000 tonnes of K60 MOP per annum over its initial 19 year mine life, and offers the possibility to be expanded up to 30 years.

Khemisset is set apart from its competitors by its low pre-production capital cost of $411 million, because the deposit is shallow and accessible by ramps.

The Feasibility Study has demonstrated its potential to become a world class, low capital cost, high margin potash mine; these impressive fundamentals make the project an incredibly rare jewel of an asset in the potash industry.

This is a point which has been recognised by the market, and Emmerson secured a key strategic investor in November 2021 to support the pre-production phase of the project.

This cornerstone investment, of up to $46.75 million which was secured at a premium to

the company's share price, was a major endorsement of the deep value of the project. The Emmerson team has formed a strong partnership with the investors who share Emmerson's vision of creating a new, independent, and highly profitable and environmentally sustainable potash company.

A TEAM TO LEAD

With such a strong asset, an experienced team is vital to take it forward into production. Emmerson is led by. The company is headed by Graham Clarke as chief executive, one of the industry's most experienced potash mining executives with a background of over 25 years managing large teams for some of the most challenging underground potash mines..

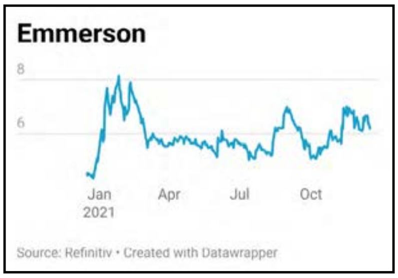
The board is made up of senior mining executives with a range of previous careers covering corporate finance, commercial mining, investment banking, and also boasts the former Ambassador & Head of the EU Delegation to Morocco. In addition, management includes highly experienced geologists to further support the running of the project onsite, with the majority of the team based in Morocco.

ON THE FAST TRACK

This year saw a strong start for Emmerson, with the mining licence approval for Khemisset received in February, providing the exclusive right to develop and mine the deposit.

From there, development of Khemisset continued with work onsite fully underway to move towards construction, including, decline and deep drilling for detailed mine design and advancing the land acquisition programme.

Following the award of the first basic engineering contract for a mineral processing facility in December, and targeting to award all of the declines, civils and site engineering by year end, Khemisset is now firmly placed in the pre-construction phase which is in line with its goal of achieving first production in early 2024.



Goldshore Resources - developing the next tier one gold asset in Ontario, Canada

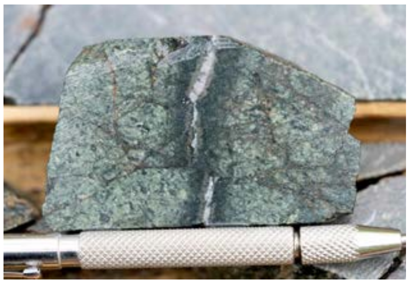
www.goldshoreresources.com

Toronto-listed Goldshore Resources, is an emerging junior gold development company, which owns the Moss Lake gold project located in northwestern Ontario, Canada. Goldshore acquired the Project from Wesdome Gold Mines in January 2021 and subsequently raised C$25 million in February 2021 in support of the transaction and development of the project.

The various transactions by the company were approved by the TSX.V on May 31, 2021 and Goldshore was admitted for trading on June 4, 2021 on a C$65 million valuation.

Wesdome commenced as a 29.9% shareholder and recently moved to 25.7% after the company announced a C$7 million private placement in November 2021 that was upsized to C$10 million, with the financing being completed on November 23, 2021.

Well-financed and supported by an industry-leading management group, board of directors and advisory board, Goldshore is well positioned to advance the Moss Lake gold project through the next stages of exploration and development,



in an effort to create a path to becoming the next **tier one gold asset in Ontario, Canada**.

Often gold projects (globally) have captive resources that may or may not reach multi-million ounce status, yet are still economical and get placed into production. However, Goldshore acquired a 4M oz historical resource in the Moss Lake Project, and intends on developing it through its various phases of drilling in its initial 100,000m planned drilling campaign, towards Tier One status: 10M oz resource size; 500,000 oz per annum production profile; 10 year+ life of mine (mine plan) and lower half of the gold producers cost curve (c.$900/oz currently).

So Goldshore recognized the size and scale of the Moss Lake's potential, and quickly prepared a comprehensive strategy to maximize this potential; and to a standard that is acceptable to a mid-tier or large market cap gold producers.

ABOUT THE MOSS LAKE GOLD PROJECT

The Moss Lake gold project is located approximately 130 kilometres west of the city of Thunder Bay, Ontario. It is accessed via Highway 11 (Trans-Canada Highway) which passes within 1 km of the property boundary to the north. The Moss Lake gold project covers 14,292 hectares and consists of 282 unpatented and patented mining claims.

The project land package contains the Moss Lake deposit, the Osmani deposit, and the Hamlin zone, all of which occur over a known mineralized area exceeding 20 kilometres in length, through three different types of geological occurrences: I.O.C.G. (iron-ore, copper-gold) style deposit; sheer zone hosted deposit and a V.M.S. (volcanic massive sulphide) style deposit). A historical PEA (preliminary economic assessment) was completed on Moss Lake in 2013 and published by Moss Lake Gold. An unpublished update of the historic PEA was done by Wesdome in 2020.


Brett Richards, CEO, Goldshore Resources

The total project area has 1.47 million ounces of indicated gold resources and 2.5 million ounces of inferred historical gold resources, primarily focused at Moss Lake. The company is led by a management team with extensive experience in the mining industry, including Brett Richards, president and chief executive officer, Peter Flindell, vice president of exploration, and Marlis Yassin, chief financial officer.

A VIEW FROM GOLDSHORE MANAGEMENT

Brett Richards joined Goldshore as its CEO in January 2021, and commented: 'I got excited when I first looked at the Project last year during due diligence,' he said. 'The project ticked many boxes of potential size and scale, and it is why I decided to participate not only as CEO, but also financially. Given the current and forecasted outlook for gold price, I think the Moss Lake Project is quickly going to be defined as one of the next Tier One gold assets in Ontario – much like Detour Lake was many years ago.

When asked his view of the gold price, Richards noted: 'I believe gold is rising to a new trading range of $1,800 to $2,200 an ounce, up from the $1,100 to $1,400 or the $1,500 to $1,800 range of the past five to 10 years. There will be spikes up and down, of course, but I believe we'll be in that new range for a long time to come, given the macro-economic fundamentals that are before us causing an inflationary (and in some periods deflationary) economic environment, which is not transitory.'

Richards stated: 'The Moss

Lake project works at $1,500 to $1,600 gold, and will do exceptionally well if gold goes up, given the fact that these low grade / high volume / bulk tonnage projects are so leveraged to the gold price. When I personally look to invest, I look for size and scale, and Moss Lake ticks both boxes in a big way.'

Richards also added: 'In my experience, the best way to serve shareholders is to add value as quickly as possible, which I believe we will do within 18 to 24 months. We have created a solid vehicle, and when we complete our strategy, we will endeavor to look for a possible way to realize that value by partnering with a strategic operator to lead the continuation and advancement of the project into permitting, financing, construction and production." he concluded.

FIRST RESULTS FROM DRILLING CAMPAIGN

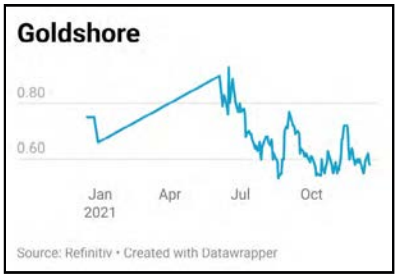
Commenting from the field, Pete Flindell had these comments: 'These first drilling results confirm the caliber of results received since the start of the drilling program and confirm the significant widths of higher grade, +1 g/t Au mineralization.

'Our plan to expand the drilling fleet over the winter will allow us to reach our targeted monthly meterage of 10,000m and allow us to test extensions to Moss Lake suggested by our airborne geophysical survey, as well as infill the gold deposit to support next year's PEA.

'Getting results of an intercept of 117.12m @ 1.26 g/t Au, essentially from surface, reaffirms our view that the Moss Lake gold project contains a significant volume of +1 g/t Au mineralization that can underpin a meaningful, economic gold deposit. The fact that we are continuing to intersect gold mineralization outside of the volume modelled in 2013 also affirms our belief that the deposit is much wider, much deeper and larger than previously interpreted."

SUMMARY

With a historical resource of 4m oz of gold; a great team; a large land package in a jurisdiction such as Ontario, Canada; with Richards and Flindell driving the Company through its development; Goldshore Resources looks ready to deliver the next tier one gold asset in Ontario, Canada.



GreenX Metals – powering the energy transformation through copper exploration

www.greenxmetals.com

Simply, there is no decarbonisation without copper. Copper is the most cost-effective conductive material while boasting all the necessary physical attributes for capturing, storing, and transporting all sources of non-renewable and renewable energy – whether used to power an electric car or light an eco-city.

GreenX Metals (GRX) intends to create long-term shareholder value by focusing on the exploration and development of sustainable clean-tech metal resources needed for our modern, lower carbon world in which copper will be vital.

ARC – MASSIVE POTENTIAL YET VIRTUALLY UNEXPLORED

In October 2021, GreenX Metals entered into an Earn-In Agreement to acquire an 80% interest in the Arctic Rift Copper Project (ARC) in Greenland. GreenX will be exploring the project alongside its partner Greenfields Exploration and will earn its 80% by spending A$10 million (around £5.5 million) over five years.

ARC is a new, significant, large-scale copper exploration project in north-eastern Greenland.

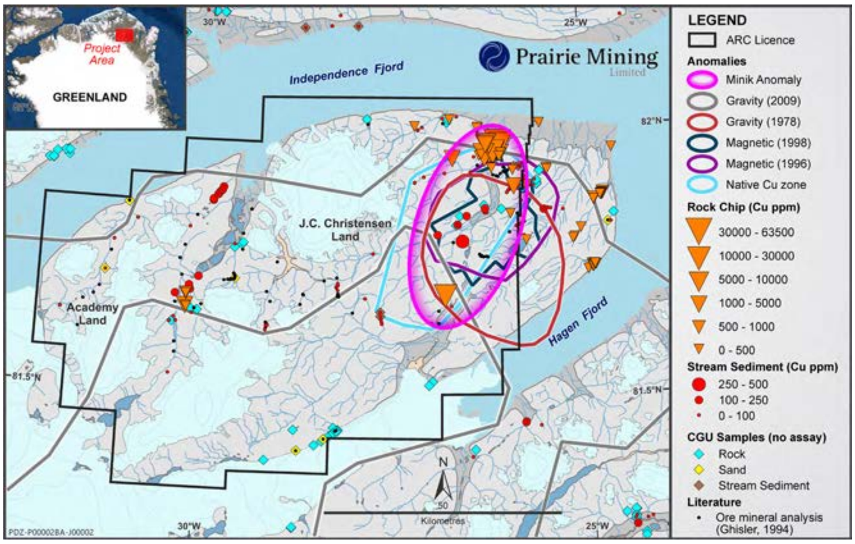
Limited but detailed historical exploration results exist and are indicative of an extensive mineral system which we believe has the potential to host multiple significant copper deposits.

ARC offers world-class potential with indications of a mineral system known to be prospective for basalt, fault, and sedimentary rock-hosted copper mineralisation however, it remains virtually unexplored.

Widespread copper has been found at surface with 80% of stream sediment samples containing native copper including copper "nuggets" / clasts weighing up to 1kg+ each.

As well as the native copper,

Native Copper Sample



Minik Anomaly

high grade copper sulphides in breccias and sediments have been assayed with results across ARC including 53.8% Cu & 2,480 g/t Ag and 20.7% CU & 488 g/t Ag.

ARC is GreenX Metals' first entry into the clean-tech metals arena at a time when global focus is on lowering emissions.

MINIK ANOMALY IS KEY FOCUS OF FIRST FIELD CAMPAIGN

Within ARC, is an area defined as the Minik Anomaly covering 640 square kilometres with near-term discovery potential for multiple copper deposits. Very high-grade copper mineralisation has been identified at the Minik Anomaly, a coincident magnetic-electromagnetic-gravity feature in an area where there is a change in oxidation state and widespread copper mineralisation at surface.

These features are presented as the footprint of a large-scale mineralised system. The frequency and size of native copper clasts and high grade of the copper-silver sulphides that are exposed at the surface, signify the potential for world-class discovery.

Within the Minik Anomaly lies the most advanced prospect within ARC which is the copper-silver bearing Discovery Zone located at the northern end of Neergaard Dal.

The Discovery Zone is comprised of at least three parallel breccia faults trending northwest-southeast, with the furthest faults being around 2km apart. The faults are traced for a minimum of 2km along strike before they disappear underneath moraine. The Discovery Zone is open in both directions.

The mineralisation is expressed in two main forms, within which there are two sub-forms:

Breccia Bound mineralisation occurs in thin quartz-dominated veining within the fault breccia and contains disseminated copper sulphides. Assays from this material grades up to 53.8% Cu and 2,480g/t Ag. Within the breccia-bound mineralisation are intensely potassic, unconsolidated materials known as 'Black Earth'. The Black Earth material contains high grades of copper and silver, with reported true widths of 4.5m grading 2.15% Cu and 35.5g/t Ag.

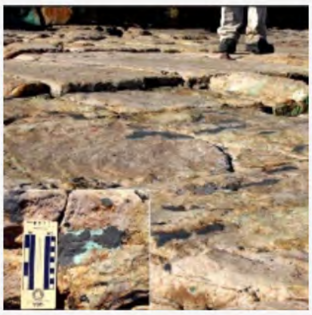
Stratiform (Sediment Hosted) mineralisation occurs immediately adjacent to the faults and comprises lenses and blebs of chalcocite and bornite measuring from mm-scale to 15cm long.

ARC IS UNIQUE TODAY BUT HAS HISTORICAL ANALOGUES

ARC hosts both copper sulphides and native copper in basalts which makes it unique compared to most copper deposits around the world today. However, it is highly analogous to the historically prolific Keweenaw Peninsula, the northernmost part of the Michigan's Upper Peninsula, United States which hosted the White Pine Copper Mine

DZ Types

Sediment-hosted



Comprises lenses and blebs of chalcocite and bornite measuring from mm-scale to 15cm long

Breccia Bound

Occurs in thin quartz-dominated veining within the fault breccia and contains disseminated copper sulphides

"Black Earth"

Unconsolidated materials containing high grades of copper and silver. 2.15% Cu & 35.5g/t Ag over 4.5m true width reported

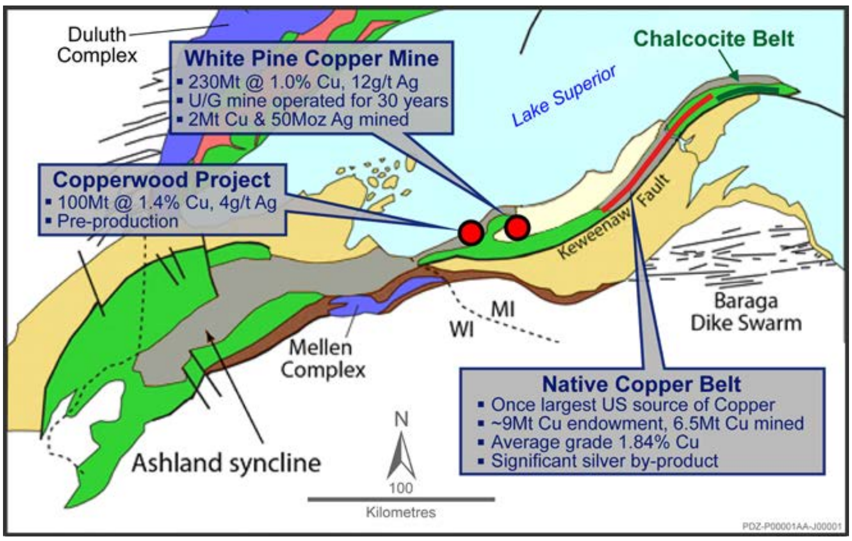
and Native Copper Belt and had a combined pre-mining copper endowment of some 16Mt.

The Native Copper Belt was once the largest source of copper for the US with 6.5 million tonnes of copper mined from the 1840s to the early 1900s. The White Pine Copper Mine operated for 30 years during which 2 million tonnes of copper and 50 million ounces of silver were mined. The significant scale of copper occurrence made the Keweenaw Peninsula the site of the first copper boom in the US, leading to its moniker of "Copper Country".

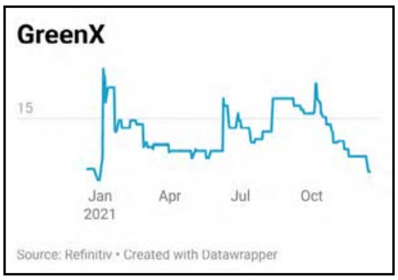
LOOKING AHEAD TO 2022 FOR GREENX

GreenX has agreed an innovative exploration plan which is designed to create near-term value for investors using low environmental impact methods. The company will reanalyse 311 historical samples using comprehensive modern analysis methods and widespread geochem sampling campaign using handheld core drilling and ground geophysical surveys using modern prospect generation techniques will take place. Low cost, high impact exploration technology deployed by a highly skilled team will be key to unlocking Greenland's mineral potential safely and respectfully.

GreenX Metals is listed on the London Stock Exchange Standard Listing, the Australian Stock Exchange and is well funded for 2022's exploration program.



Keweenaw



Sovereign Metals – awakening the sleeping titanium giant

sovereignmetals.com.au

Sovereign Metals (SVML:AIM) is aiming to develop an environmentally and socially sustainable operation to supply highly sought-after natural rutile and graphite to global markets. The company recently dual listed on AIM and a few days later released a Scoping Study on its large Kasiya Rutile Project in Malawi.

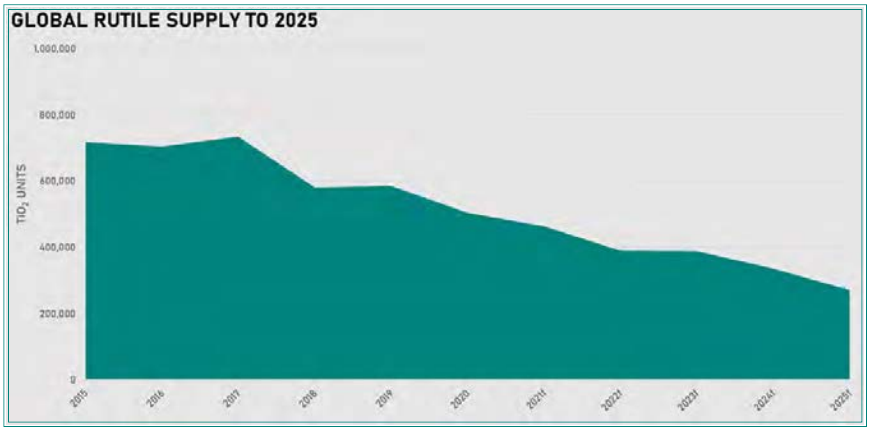
The Scoping Study confirms Kasiya as a globally significant natural rutile project. Kasiya is the largest undeveloped rutile deposit in the world and therefore is highly strategic in a market characterised by extreme supply deficit. This initial Scoping Study develops the concept for a multi-decade mine providing a stable supply of a highly sought-after rutile (TiO2) and graphite whilst contributing significantly to the economy of Malawi.

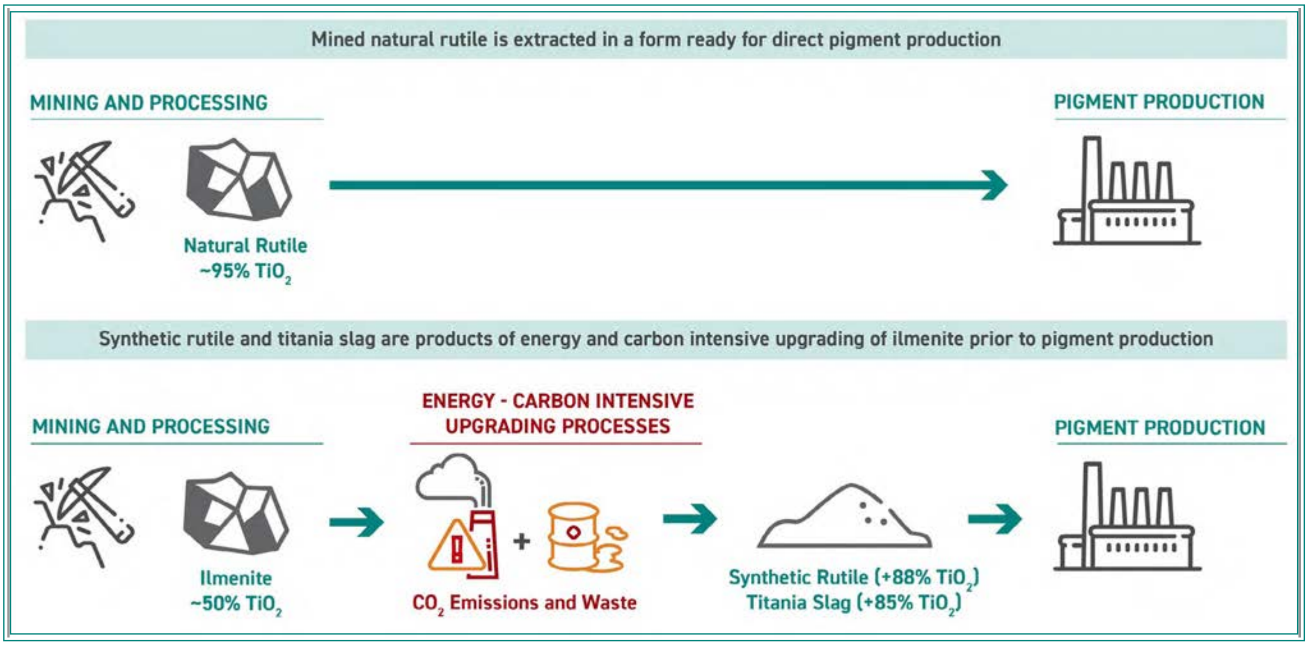
WHAT IS RUTILE

Natural rutile is the purest, highest-grade natural form of titanium dioxide (TiO2) mineral and is the preferred feedstock in manufacturing titanium pigment and producing titanium metal. Titanium pigments are used in paints, coatings and plastics. Titanium minerals are also used in specialty applications including welding, aerospace and military.

The global titanium feedstock market is over 7.7Mt of titanium dioxide with the majority of this been consumed by the pigment industry. Natural rutile's high purity classifies it as a high-grade titanium feedstock. The high-grade titanium feedstock market consumes approximately 2.8Mt of contained titanium dioxide with strong demand driven from the pigment, welding and metal industries.

Natural rutile is a genuinely





scarce commodity with no other large rutile dominant deposits having been discovered in the last half century Natural rutile is a genuinely scarce commodity with no other large rutile dominant deposits having been discovered in the last half century.

Supply of natural rutile from current sources is in decline as several operations' reserves are depleting concurrently with declining ore grades. These include Iluka Resources' (Iluka) Sierra Rutile and Base Resources' Kwale operations in Kenya.

Recent announcements by Iluka advising of the potential suspension of operations at Sierra Rutile may cause significant additional product to be removed from the market in the near to medium term. Additionally, there are limited new deposits forecast to come online, and hence supply of natural rutile is likely to remain in structural deficit.

LOW CARBON ADVANTAGE

Like many other industries globally, the titanium dioxide pigment industry is targeting reduced carbon emissions, reduced energy consumption and a move toward renewable energy and waste minimisation.

Natural rutile (+95% TiO2) is the cleanest, purest natural form of titanium dioxide. However, due to natural rutile's scarcity, the principal source mineral for titanium has been ilmenite (~50% TiO2). Ilmenite requires energy and carbon intensive upgrading for use as titanium pigment feedstock.

Conversely, natural rutile requires no upgrading once mined and processed, resulting in zero additional CO2 emissions. For each tonne of natural rutile utilised up to 2.8 tonnes CO2 eq. could be saved compared to the upgrading/beneficiation of ilmenite, via smelting and chemical processes, to high-grade titanium feedstocks like titania slag and synthetic rutile.

KEY TAKEAWAYS FROM THE SCOPING STUDY

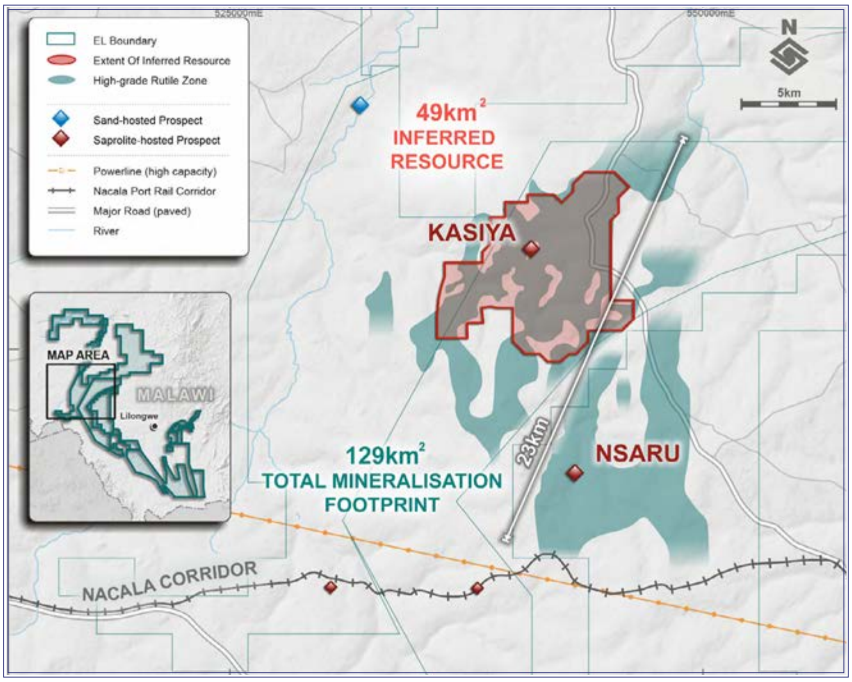
The scoping study sets out a 25 year life of mine project for a capital outlay of US$332m and delivering an NPV of $861 million and IRR of 36%. Annual average EBITDA (earnings before interest, tax, depreciation and amortisation is estimated at $161 million and yet the Study only takes into account 38% of the mineralization zone so far.

The proposed large-scale operation will process soft, friable mineralisation mined from surface. The Project has excellent surrounding infrastructure including bitumen roads, a high-quality rail line connecting to the deep-water of Nacala on the Indian Ocean and hydro-sourced grid power.

LOW-COST OPERATION IN A STRUCTURALLY DEFICIENT COMMODITY

Kasiya's low costs are achieved through deposit size and grade, location and infrastructure. Central Malawi boasts excellent existing infrastructure including hydropower and an extensive sealed road network. The Kasiya Rutile Project is strategically located in close proximity to the capital city of Lilongwe, providing access to a skilled workforce and industrial services.

The existing quality logistics route to the Indian Ocean deep-water port of Nacala, via the Nacala Logistics Corridor, for the export of products to global markets provides significant capital cost savings compared to many other undeveloped projects. The soft, friable and high-grade mineralisation occurring from surface results in no waste stripping requirement and the amenability to hydro-mining means the mining cost component is kept relatively low.



POSITIONED FOR GROWTH

The current mining inventory for the Scoping Study covers only 49km2 or 38% of the total drill-defined area of high-grade rutile mineralisation of 129km2. The company expects to be able to materially increase the overall Mineral Resource Estimate tonnage in early 2022 which will enable the Study options to be reviewed in terms of potential for scale ups or mine life extensions beyond the current 25 years.

SUSTAINABLE AND ESG DRIVEN PROJECT

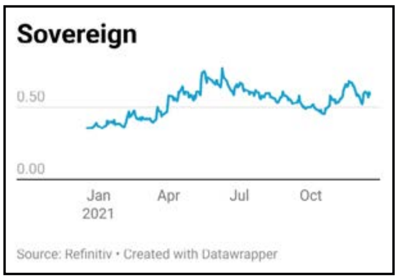
Sustainability is a vital element of Sovereign's strategy for Kasiya. The company is committed to making informed choices that improve our corporate governance, financial strength, operational efficiency, environmental stewardship, community engagement and resource management.

Access to hydro-generated grid power and a solar power system to be installed on site will ensure low carbon power supply for the project and the use of predominantly rail rather than road transport for rutile and graphite products will further help give the mine a low carbon footprint.

The Scoping Study contemplates that the operation will use a closed circuit zero discharge process water circuit and a tailings storage facility designed to store chemically benign tailings during operations which will be rehabilitated and restored progressively.

NEXT STEPS

The company is targeting a number of significant milestones over the next two quarters which include: an updated mineral resource estimate with substantial growth of the Indicated and Inferred JORC MRE base expected including addition of the Nsaru deposit; a revised Life Cycle Assessment (LCA) based on the Scoping Study results to quantify the environmental impacts with a specific focus on carbon footprint and a Scoping Study update based on the expected new resource base planned for mid-2022.



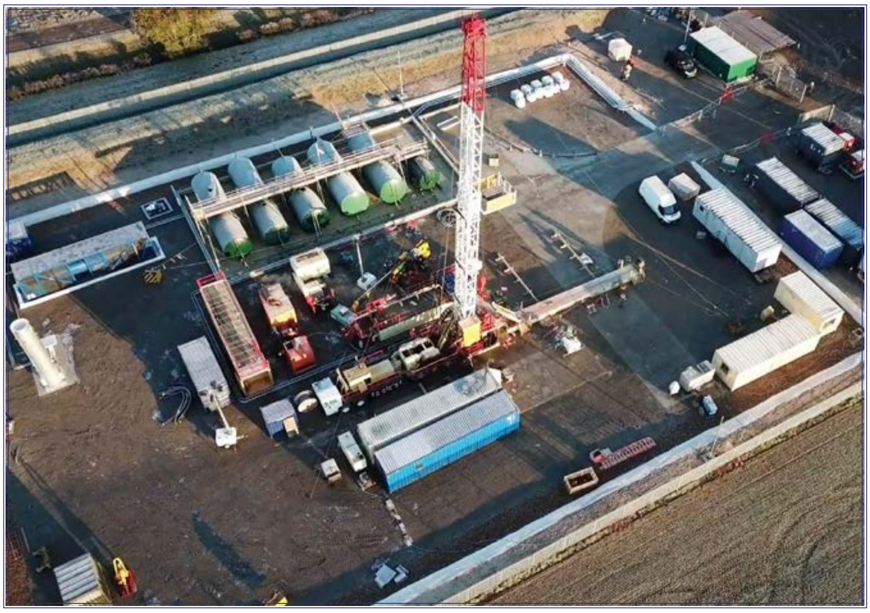
Union Jack flies the flag for UK onshore oil and gas

www.unionjackoil.com

The directors of **Union Jack Oil (UJO: AIM)**, a focused onshore hydrocarbon, production, development and exploration company, see the United Kingdom as being an attractive target for investment in oil and gas investment ventures, considering the relatively low-cost operating environment and a fully transparent licencing regime.

The company has adopted a business model, typically acquiring interests in late stage projects, mitigating risk and offering exposure to wells with the scope to dramatically change the dynamics with the drill bit, Wressle being a text book example of our recent success in developing key projects.

Union Jack holds what the board considers to be high-value material project interests with significant upside potential in our axis areas of the East Midlands, Humber Basin and East Yorkshire. These interests are already assisting in delivering material growth and revenues in the medium term and build a sustainable mid-tier UK onshore focused conventional hydrocarbon producer.



ASSET OVERVIEW

The company has acquired material key interests in several licences all being located within an established hydrocarbon producing province.

- **PEDL180** and **PEDL182** Wressle and Broughton North - 40% interest
- **PEDL183** West Newton A-1, A-2 and B1z oil and gas discoveries - 16.665% interest
- **PEDL005(R)** Keddington oilfield - 55% interest
- **PEDL253** Biscathorpe - 45% interest
- **EXL294** Fiskerton Airfield oilfield - 20% interest
- **PEDL241** North Kelsey - 50% interest

PEDL180/PEDL182 WRESSLE DEVELOPMENT

Located in Lincolnshire on the Western margin of the Humber Basin, PEDL180 and PEDL182 contain the substantial Wressle conventional oil discovery with proven reserves and significant upside from contingent resources.

During August 2021, a proppant sqeeze was successfully applied to the Ashover Grit formation as part of the development plan and as a result the Wressle-1 well is comfortably exceeding initial expectations and is flowing on a severely restricted choke at a controlled rate of 650 plus barrels of high quality oil whilst site upgrades are taking place.

A secondary seperator system has been designed and manufactured and is expected to be installed by the year end to optimise gas/oil separation.

Decisions will be made in Q1 2022 on the plateau production rate, to match with longer term operational objectives and prudent reservoir management.

Focus during 2022, will move to progressing the optimal method of additional gas monetisation and finalising plans for the development of other hydrocarbon bearing zones to access the identified material contingent resources, with particular focus on the Penistone Flags reservoir.

Revenues from Wressle have already transformed the fiscal staus of Union Jack and we look forward to reporting on a second financial milesone early in 2022.

PEDL183 WEST NEWTON A1, A2 AND B1Z DISCOVERIES

Union Jack hold a 16.665% interest PEDL183 located in East Yorkshire and within the Western sector of the Southern Zechstein Basin, containing the West Newton A-1,A-2 and B-1z discoveries.

These discoveries confirm the presence of substancial onshore hydrocarbon resources, within the Kirham Abbey formation.

Hydrocarbons have been recovered from all three wells and a number of external studies are in process, encompassing a wide range of reservoir analysis in order to achieve satisfactory and commecial flow rates from these wells. Preliminary reports are encouraging and we expect to be in a position to provide a comprehensive update to the market in early 2022.

The operator has produced an update of the best estimate in place hydrocarbons over several material prospects on trend and including the West Newton discoveries and these figure show liquids in place of 412 million barrels of oil and 183 billion cubic feet of gas.

PEDL005(R) KEDDINGTON

An independent detailed sub-surface review of the producing Keddington oil filed and the surrounding licence has highlighted an opportunity to increase production via a new side-track well for which planning is already in place.

Reservoir engineering work has been completed confirming a target area in the south-east of the licence area which would add up to 85,000 to 120,000 barrels of recoverable oil. Any recoverable oil could be monetised and produced using the existing production equipment already in place and being utilised on site.

Additional near-field exploration opportunities have been identified at Keddington South and Louth, where a combined gross prospective resource of approximately 1,200,000 barrels of oil could be accessed from the existing well site in due course.

PEDL253 BISCATHORPE

PEDL253 is within the proven hydrocarbon fairway of the South Humber Basin and is on-trend with the Saltfleetby gasfield, Keddington oilfield and the Louth and North Somercotes Prospects.

In February 2019, the Biscathorpe-2 well was drilled and logging operations were conducted. Preliminary analysis indicated that the primary objective, the Basal

Westphalian Sandstone, was not encountered as the well was drilled high to prognosis and did not thicken as expected in the pre-drill model.

Union Jack's independent technical team was greatly encouraged by the significant elevated gas readings and shows from logging supported by calculated oil saturations in the Dinantian Carbonate over an interval in excess of 150 metres, which included a suite of gas indications C1 to C5 and nC5, which is indicative of an effective petroleum system in close proximity to the Biscathorpe-2 well.

As a result of these compelling indications of hydrocarbons, the joint venture commissioned independent consultants APT to perform a detailed geo-chemical analysis of drill cutting samples taken from 20 intervals in the Biscathorpe-2 well.

The key result from the report was the likely presence of a 57 metre live oil column with API Gravity of 33 degrees to 34 degrees in the top of the Dinantian interval. Additionally, data evaluated at the base of the analysed section were suggestive of possible extra hydrocarbon pay at the base of the Dinantian interval.

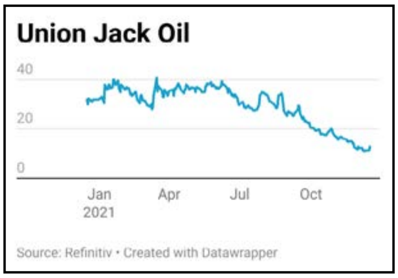
Following the drilling of the Biscathorpe-2 well and subsequent technical analysis, Union Jack management's view is that this prospect remains one of the UK's largest onshore un-appraised prospects.

In December 2021, the planning application was refused by the North Lincolnshire Council for a side-track drilling operation, associated testing and long term production, despite being recommended for approval by the Council's planning officers. The operator is currently reviewing in detail the reasons for refusal with their planning and lehal adisers and considering other options which are likely to lead to an appeal.

NEWS FLOW

Union Jack has a balanced portfolio of production, development and drill-ready interests.

The company's strategy of focusing on conventional, relatively low-risk and low-cost projects, avoiding early stage and frontier ventures is showing signs of reaching fruition and allows investors to become involved at the end of the exploration phase and the beginning of the development and transformational cash generating cycle, principally from the Wressle oil field.



WORLD COPPER LTD.

World Copper targets Chilean copper potential

worldcopperltd.com

What if you saw potential others had missed? What if you possessed a once in a lifetime opportunity that others had overlooked? What if you knew something that could change the world? Explorers of old, who ventured off to discover distant lands asked themselves these questions. Fueled by conviction and courage they ventured where others were hesitant to tread. Exploration in the mining world is different in many ways yet similar in all the ways that matter.

World Copper is a Canadian exploration company that embraces these virtues and is prepared to make its mark on the world. The company's flagship asset, Escalones, in Chile, is rich with intrigue and a unique story that investors will look back on in years to come with great wonder – and that will have major miners around the world asking themselves, what if?

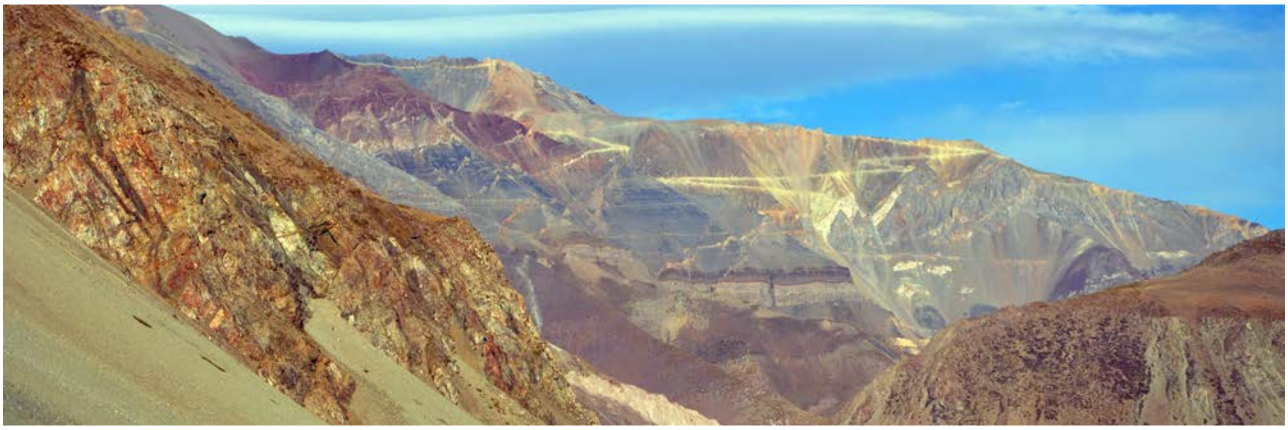
INTRODUCING ESCALONES

Escalones is a property that is no stranger to mining, having been mined as far back as the 1920s, its high grade 12% ore was mined out extensively. With only the low-grade (for the 1920s) ore left, Escalones was left to be 'discovered' again, in the mid-1990s. There are three copper porphyries on the claim block, considered a 'cluster' of porphyries similar to the largest copper mines in the world, including Escondida in Chile, which alone provides 5% of the world's copper.

The project found its way into the hands of TMI (Tri Metals Mining) in the early 2010s, who drilled 53 holes atop the mountain, initially targeting the high-grade copper skarn and then discovering the adjacent large-tonnage porphyry mineralization. It was such a large deposit, they never finished drilling-off their multiple targets. Pausing to review their initial results, they concluded the size and grade of Escalones were not sufficient to justify the investment of billions of pounds in infrastructure to put the project into production as a sulphide flotation mine and the project went dormant.

WHAT IF YOU SAW POTENTIAL OTHERS HAD MISSED?

Escalones was acquired by World Copper in 2019 from TMI for shares. World Copper's chief geologist recognized that the highest grade of copper was closest to the surface in the oxide layer of the resource and could potentially be processed in a far less expensive manner than TMI had contemplated: heap leaching copper oxide.



TMI relinquished its rights to Escalones for a 30% stake in World Copper. TMI, now Gold Springs, has since sold their stake in World Copper to Wealth Minerals. The chairman of World Copper is the CEO of Wealth Minerals.

WHAT IF YOU POSSESSED A ONCE IN A LIFETIME OPPORTUNITY THAT OTHERS HAD OVERLOOKED?

World Copper geologists performed hundreds of metallurgical tests on drill core samples and outlined an oxide resource that was now Chile's largest copper oxide project; no small feat in a country known for mega-copper projects. Instead of a potential infrastructure cost of billions of dollars, it's reduced to hundreds of millions.

Instead of a tailings-generating sulphide flotation mining operation, a more environmentally friendly heap leach oxide mining operation would be appropriate. For all the right reasons, oxide heap leaching is the best way to produce copper for the world, and provides World Copper with the opportunity to develop the World's Greenest copper project at Escalones.

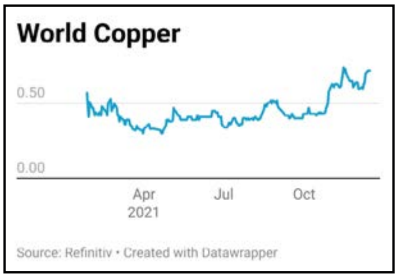
WHAT IF YOU KNEW SOMETHING THAT COULD CHANGE THE WORLD?

World Copper's management is led by CEO Nolan Peterson who has set the company on a path to revolutionize copper mining. World Copper has retained experienced third-party engineers to provide a preliminary economic assessment for the current resource at Escalones, which will be delivered in early Q1 2022. World Copper has outlined an inferred resource of 426 million tonnes of 0.37% oxide copper.

The resource has more potential tonnage, with a higher grade, than three of the largest oxide copper mines currently in production in Chile, held by majors such as Codelco (the world's largest copper company).

With over 3.4 billion estimated pounds of copper currently in the resource, Escalones is the largest copper oxide project in Chile.

World Copper has answered its 'What if?' emphatically. Escalones has evolved in a heartbeat from a copper-sulphide project that would take decades to put into production, to a development project with a clear path to production.



We hoped you enjoyed our *Shares/Spotlight* investor webinars this year.

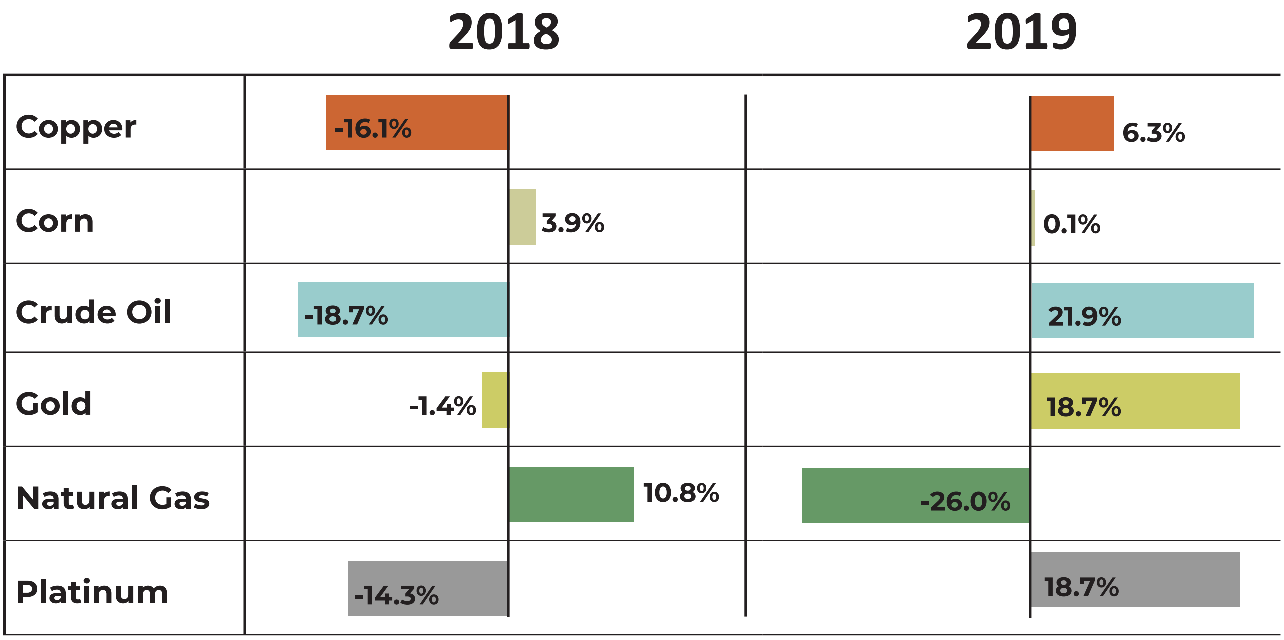
In 2022 we will continue to offer you excellent access and coverage through *Shares* magazine, with more webinars and 'in-person' investor events scheduled when and where possible next year

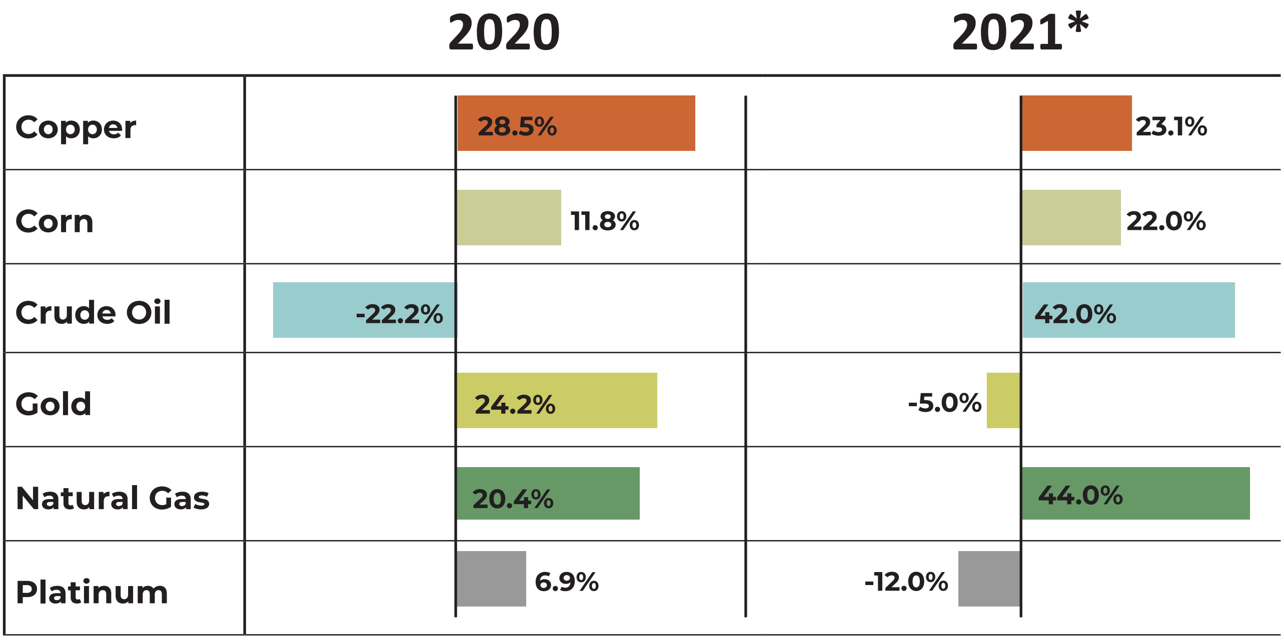
Our next webinar is scheduled for January 26 2022 – more details will follow in the New Year.

And we will continue the excellent coverage provided by our *Spotlight* online magazines, allowing companies to explain their investor propositions to you in their own words.

In the mean time we would like to wish a Merry Christmas and a prosperous New Year.

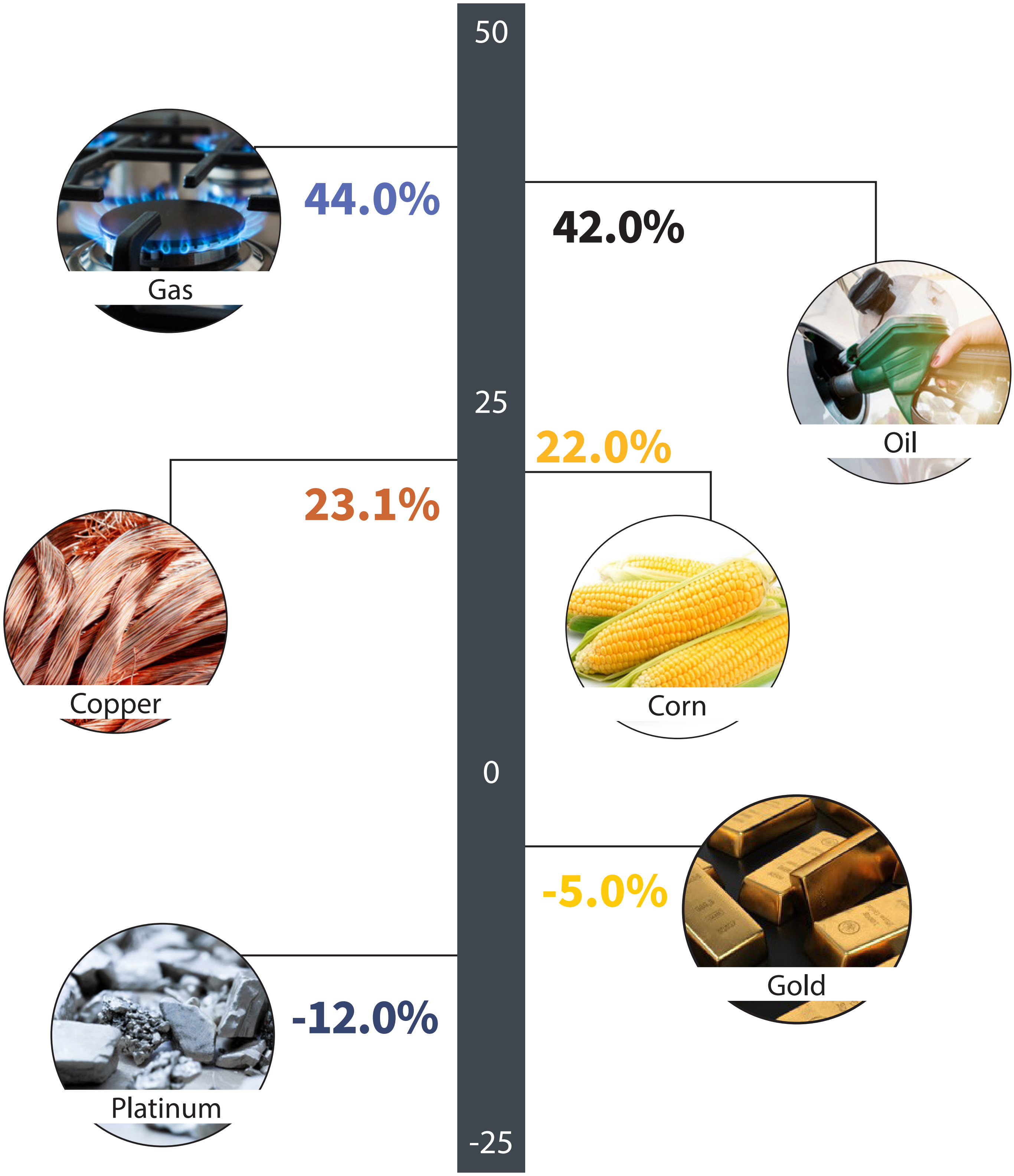
Databank – Commodity price performance 2018-2021





Source: Refinitiv. Data to 17 December 2021

Databank – Gain / loss so far in 2021



Source: Refinitiv. Data to 17 December 2021.