STOCKS | FUNDS | INVESTMENT TRUSTS | PENSIONS AND SAVINGS

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SHARES

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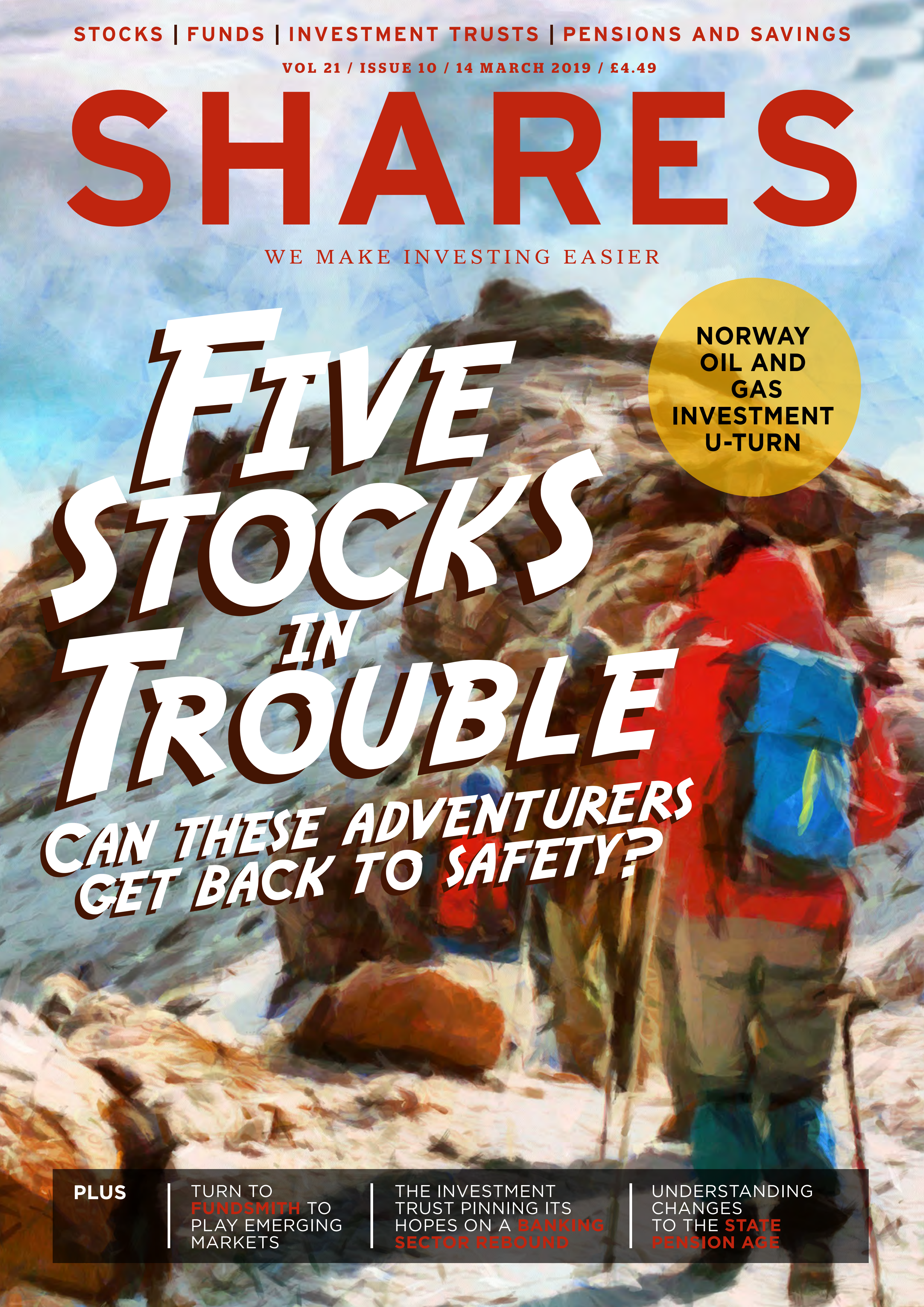

NORWAY OIL AND GAS INVESTMENT U-TURN

FIVE STOCKS IN TROUBLE

CAN THESE ADVENTURERS GET BACK TO SAFETY?

PLUS

TURN TO FUNDSMITH TO PLAY EMERGING MARKETS

THE INVESTMENT TRUST PINNING ITS HOPES ON A BANKING SECTOR REBOUND

UNDERSTANDING CHANGES TO THE STATE PENSION AGE

Top up your ISA with cash now and invest later if you are nervous

New figures suggest investors are increasingly worried

Brexit is nearly upon us and the dreaded 'B' word has been playing havoc with how we manage our money.

For example, many of us have been happy to buy extra longer-life food to avoid being caught out by any Brexit-related supply disruption. However, demand appears to have weakened for spending on holidays as travellers delay booking over Brexit fears.

Uncertainty over the process of separating the UK from the EU is clearly influencing our spending patterns and it also appears to extend to investing.

New figures from the Investment Association, a trade body, show net outflows from investment funds held within ISAs for the ninth month in a row.

Net outflows for retail investors in January added up to £135m for UK equity funds and £450m for European equity funds. Of the UK equity funds, there was a £200m net outflow of money in the All-Companies category while net inflows of £35m were recorded for the UK Equity Income category and £30m for the Smaller Companies category.

Overall there was an £870m net outflow from all types of equity funds (across the full range of geographies) in January 2019 versus a £1.39bn net inflow in the same month a year earlier. It also represents the fourth month in a row of net outflows for equity funds overall.

These figures would suggest investors are nervous about Brexit and possibly other factors such as a slowdown in global growth. While hoarding cash in times of strife is a natural instinct, turning your back on investing isn't necessarily the best option.

DRIP FEED CASH INTO THE MARKETS

One of the best approaches with investing is to drip feed money on a regular basis into your account. You buy less of something when its price is high and you buy more when its price is low.

Staying in the markets is also widely considered to be a good strategy. Moments of weakness can sometimes be shorter than you expect, meaning you are in position to benefit from a bounce-back and don't miss out on any sudden recovery rally.

There is nothing wrong about being nervous when it comes to investing. Negative events do happen and it is perfectly normal to see the value of your money go up and down. Just don't let your nervousness put you off investing completely.

Importantly, you can still hold money as cash in an investment account and decide what to do with it later on.

We're approaching the end of the tax year which means now is the perfect time to take advantage of any unused ISA allowance – you're allowed to deposit £20,000 a year.

Nervous individuals still with capacity to add to their stocks and shares ISA should deposit some cash and enjoy the benefits of no tax on capital gains or dividends at a later date.

While you may receive minimal interest on this cash, you are actually giving yourself firepower with which to invest as soon as you are feeling more confident.

You cannot carry forward any unused ISA allowance to the next tax year but you can keep the engine running, so to speak, by acting now and filling up your account with cash. Once money is deposited, those tax advantages are locked in.

By **Daniel Coatsworth** Editor

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Raft of negative economic data fuels global growth concerns

Investment bank Morgan Stanley warns market is too confident in 'Goldilocks' scenario

Fears over the state of the global economy are intensifying as a series of key data points suggest growth is stalling.

On 8 March the influential US non-farm payrolls figures came in miles behind expectations. Just 20,000 new jobs were created across America in February against a consensus forecast for 180,000. This was also down sharply from 311,000 in January.

The monthly jobs report is widely watched by the markets as it offers a snapshot of the health of the world's largest economy. Chinese trade figures for February also sparked alarm as exports slumped by 20%.

There were potential mitigating factors behind both shocks. US job creation was potentially a victim of the government shutdown and the impact of bad weather and China was likely to have suffered from the tariffs on exports to America. It is also worth noting that wage growth for Americans actually accelerated.

Beyond the world's two largest economies there are other worrying signs. On 11 March it emerged that German industrial production had unexpectedly fallen 0.8% in January, Japanese tool orders dropped 29% year-on-year in February to their lowest level since 2009 and Turkey officially entered recession for the first time in a decade.

And after a strong start to the year for equities, investment bank Morgan Stanley believes investors are 'overpricing' a Goldilocks economic backdrop, where growth is neither too hot (leading to inflation) or too cold (resulting in a slowdown).

'We think the market is too confident in a central scenario where growth stabilises, inflationary pressure is absent and G3 (US, Japan, EU) policy is on hold for the next 24 months,' it says.

Reading too much into individual economic updates can be a mistake but it will be important to keep a close eye on some of these trends as we move through 2019.

Brexit latest

AS WE WENT to press Theresa May's Brexit deal had suffered a second heavy defeat in the House of Commons. MPs were widely expected to vote against a no-deal Brexit and for an extension to Article 50.

However, amid signs attitudes on the European side may be hardening, it is worth pointing out that an extension requires the unanimous support of all members of the EU. In order to get this support, there will almost certainly need to be a credible justification.

The default position is that the country exits the EU in a fortnight, something most observers believe is still not being priced in by the market.

Airline sector gets tough on shareholders to keep flying post-Brexit

EasyJet still to qualify for the rules and Ryanair to block UK investors from buying shares in case of 'hard Brexit'

EasyJet (EZJ) is the only London-listed airline yet to meet shareholding rules to ensure it maintains the right to fly within the European Union after Brexit.

Operating licences to fly between locations within the bloc are reserved for airlines owned more than 50% by European Economic Area (EEA) or Swiss nationals. Therefore airlines must be majority owned by this group once Britain leaves the EU in order to keep flying within the bloc.

A grace period for the industry will run until 26 October 2019 to comply with the rules, according to a spokesperson for **Wizz Air (WIZZ).**

Information issued by **Dart Group (DRT:AIM)**, **International Consolidated Airlines (IAG), Ryanair (RYA)** and Wizz Air since last summer would suggest they all qualify for the rules.

EEA nationals currently represent only 49% of EasyJet's shareholder base. Chairman John Barton says the airline may suspend a small number of shareholders' voting rights if it cannot exceed the 50% level. If this happens, the most recent non-EU investors in the airline may be among the first forced to sell shares to European investors.

Ryanair says UK nationals will not be allowed to buy its shares if we get a 'hard Brexit'. In this situation all existing shares owned by non-EU shareholders will be imposed restrictions meaning they can't attend or vote at any shareholder meetings. These restrictions will be held in place until Ryanair is happy there is no longer a risk to its airline licences.

International Consolidated Airlines recently imposed a 47.5% cap on the amount of shares non-EU investors can buy. The decision has led to the airline's removal from several MSCI global equity indices which require a sufficient amount of shares are available for foreign investors. This doesn't affect its position in FTSE's UK indices.

Under International Consolidated Airlines' policy, an existing investor being forced to sell shares can make their case to the board. If the investor fails to convince the board, the company may acquire their shares.

If an airline has restrictions on buying shares, investors will usually be flagged by investment platforms which will look at their nationality to ensure they are eligible to invest. If an individual is not eligible, the trade will not go through.

By **Lisa-Marie Janes** Reporter

What Norway's oil investment U-turn means for UK investors

Sovereign fund plans to exit oil and gas exploration and production investments

Company	% stake
Ophir Energy	2.37
Tullow Oil	2.10
Cairn Energy	1.92
Nostrum Oil & Gas	1.89
President Energy	1.82
Premier Oil	1.80
Gulfsands Petroleum	0.65
IGas Energy	0.09

Source: Norges Bank Investment Management

The decision by Norway's $1trn sovereign wealth fund to sell its positions in pure play oil and gas companies has caused shockwaves across the natural resources sector.

The plan, subject to parliamentary approval, is to sell off interests in businesses which only undertake exploration and production of oil and gas, rather than integrated operators like **BP (BP.)**, **Royal Dutch Shell (RDSB)** and their US counterpart ExxonMobil which are also active in areas like refining and marketing. They also have some investments in alternative energy and a greater capacity to switch more heavily to renewables in the future.

The news hit several UK mid cap names including **Cairn Energy (CNE)** and **Tullow Oil (TLW)** as they are currently held by the Norwegian fund and now look likely to be divested.

But it also sends a message to their larger peers about the need to potentially transition from fossil fuels in the future or to go 'Beyond Petroleum' to quote the widely mocked publicity campaign from BP in the early noughties.

It is notable that the reasoning for exiting exploration and production is not necessarily environmental but to protect the fund from lower oil prices in the longer-term as use of fossil fuels declines.

A greener future for BP and Shell?

Given their toxic reputation among environmental campaigners it may surprise you to learn that BP and Shell could be included in a list of the largest global investors in renewables in the eighties, nineties and the very beginning of this century. While these investments subsequently fell away, they have come back in recent years.

According to climate-focused researcher CDP and Bloomberg New Energy Finance, BP allocated 2.3% of its total capital expenditure to so-called 'low-carbon' investments between 2010 and the third quarter of 2018. While modest this compares with just 0.2% for ExxonMobil and 0.03% for ConocoPhillips. Shell recently outlined an ambition to double expenditure on green energy to $4bn a year from 2020 onwards.

DISCLAIMER: Government Pension Fund Norway holds a stake in AJ Bell which owns and publishes *Shares*. The author Tom Sieber owns shares in AJ Bell.

Could Unilever turn the tables on Kraft Heinz?

Shares in Kraft Heinz have cratered, potentially leaving it vulnerable to a takeover

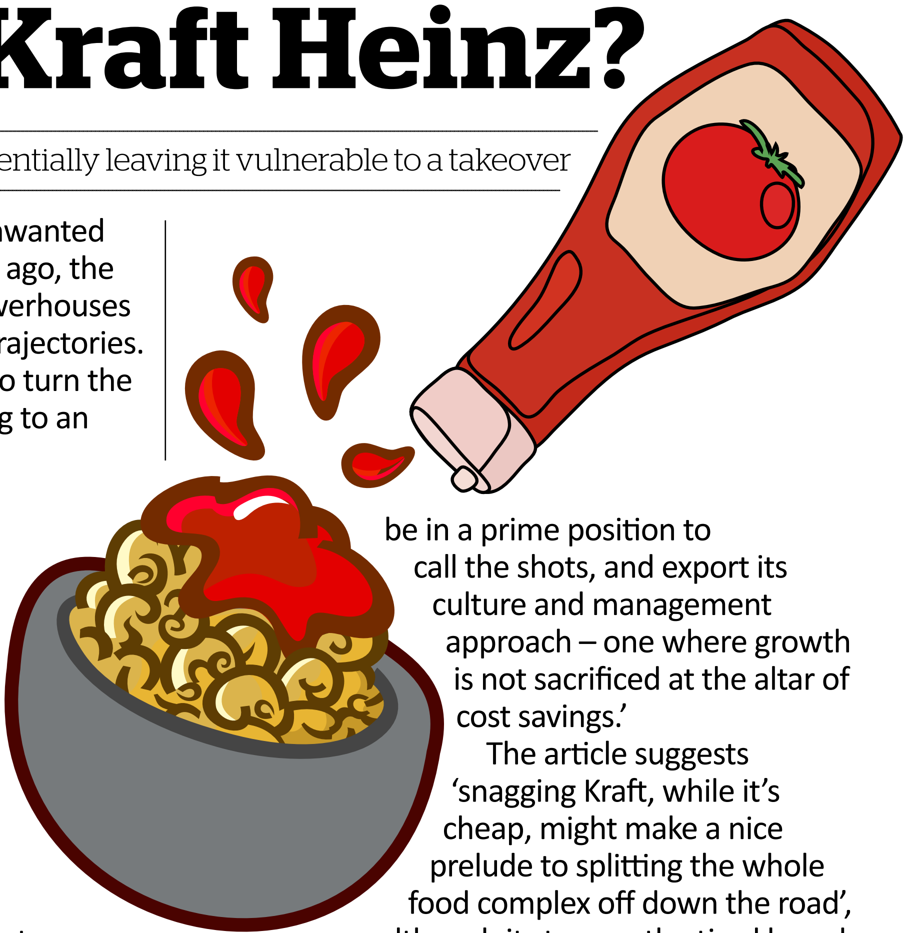
Since **Unilever (ULVR)** rejected an unwanted bid from Kraft Heinz over two years ago, the two packaged consumer goods powerhouses have been on very different share price trajectories.

The erstwhile prey looks in a position to turn the tables on its one-time predator, according to an article by *Reuters Breakingviews*.

Kraft Heinz's shares have been in a downwards spiral after taking a $15.4bn writedown for its *Kraft* and *Oscar Mayer* brands and other assets, and revealing the SEC is probing its accounts.

Anglo Dutch consumer goods giant Unilever, famed for brands including *Dove* and *Marmite*, is now worth more than its former suitor.

As Breakingviews explains: 'Unilever can afford to swallow the much-diminished Kraft. In a straight takeover, rather than a merger like the one Kraft sort-of proposed two years ago, Unilever would also be in a prime position to call the shots, and export its culture and management approach – one where growth is not sacrificed at the altar of cost savings.'



The article suggests 'snagging Kraft, while it's cheap, might make a nice prelude to splitting the whole food complex off down the road', although it stresses the tired brand portfolio is a potential barrier to a bid.

Doubts raised on OneSavings Bank and Charter Court merger

The companies have not yet identified where they could make cost savings

On 11 March it emerged that 'challenger banks' **Charter Court Financial Services (CCFS)** and **OneSavings Bank (OSB)** want to merge.

Investors chased both stocks higher, Charter Court finishing up 12% just above 340p and OneSavings Bank up more than 10% at 410p.

That puts their combined market value at more than £1.6bn or roughly double the capitalisation of **Metro Bank (MTRO)** after its latest tumble.

Under the all-share merger, OneSavings Bank would own 55% of the combined group and chief executive Andy Golding would be chief executive.

The aim is to join forces in the increasingly tough buy-to-let mortgage market in an effort to keep their respective net interest margins from falling further.

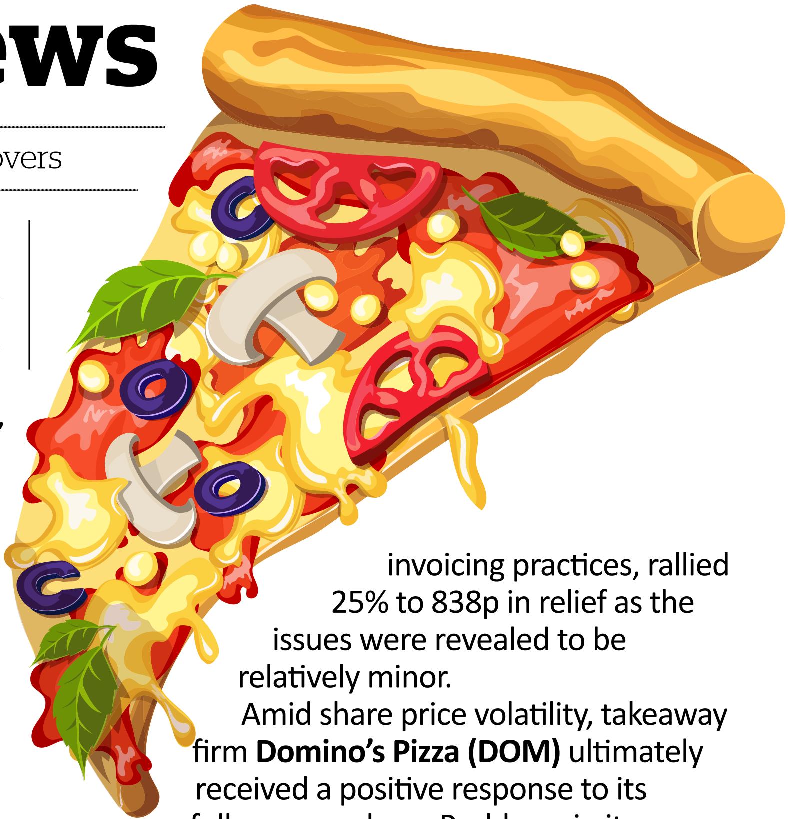
Despite talk of the deal having 'a compelling strategic and financial rationale', no cost synergies have been identified and the plan seems to be to maintain two separate distribution platforms which makes little sense.

Analysts at Cannacord are lukewarm on the deal, questioning whether OneSavings shareholders should be pleased about the bank taking on £6.2bn of loans 'the underwriting quality of which has not been tested through the cycle'.

They suggest that OneSavings shareholders should 'consider taking advantage' of the share price move and booking profits.

Superdry, Kier, Domino's and other news

We look at some of the past week's share price movers



The board of struggling fashion brand **Superdry (SDRY)** came out fighting with a scathing statement rebutting claims made by charismatic co-founder Julian Dunkerton as he bids to return to the business.

Currently led by chief executive Euan Sutherland, the board said its strategy was working and argued Dunkerton's return 'in any capacity' would be 'extremely damaging to the company and its prospects'.

Further down the statement, the board claimed institutional shareholders had voiced strong support for the current strategy and management team and insisted none of them had indicated to the board any support for Dunkerton's return to Superdry.

ACCOUNTING ISSUES

Accounting mis-steps dominated the agenda for two companies this week but with very different outcomes. On 11 March construction outsourcing group **Kier (KIE)** got a bashing from the market, wiping out nearly all of its year-to-date gains to trade at 435.4p, as it revised its year-end net debt upwards.

The negative market reaction was unsurprising given the company had launched a heavily discounted £264m rights issue in December which it promised would address balance sheet issues.

On 12 March shares in recruiter **Staffline (STAF:AIM)**, which had been suspended pending an investigation into payroll and invoicing practices, rallied 25% to 838p in relief as the issues were revealed to be relatively minor.

Greggs' sales hit £1bn for the first time

Amid share price volatility, takeaway firm **Domino's Pizza (DOM)** ultimately received a positive response to its full year numbers. Problems in its international business had already been well flagged and despite a 24% drop in pre-tax profit to £61.9m investors were prepared to focus on CEO David Wild's guidance for continued growth in the UK in 2019 and an improved performance from its overseas arm.

More positively, on 7 March baker and food-on-the-go retailer **Greggs (GRG)** unveiled a 10% increase in full-year profit and sales of £1bn for the first time in its history. The results were boosted by publicity around its vegan-friendly sausage rolls.

The company also promised a special dividend payment in July along with a 10% rise in its ordinary dividend.

Average sales at new shops opened last year were above expectations and this year has started well with like-for-like revenues up nearly 10% despite lower footfall on the high street.

By **Tom Sieber, James Crux and Ian Conway**


THE BEST TIME TO PLANT A TREE WAS 20 YEARS AGO. THE SECOND BEST TIME IS NOW
CHINESE PROVERB
With Witan Pacific, you get a broader view of the entire Asia Pacific region including Japan. We use a multi-manager approach, choosing fund managers to run different parts of the portfolio based on their specialist experience. This plays to their individual strengths and aims to smooth out the volatility that can arise from being dependent on a single manager.
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A BROADER VIEW
Witan Pacific investment trust

Now is the time to buy WPP again

Advertising giant offers a 7% yield while investors wait for recovery

Having previously been negative on the investment case for advertising giant **WPP (WPP)** we now feel the story has reached a turning point and it is time to buy again.

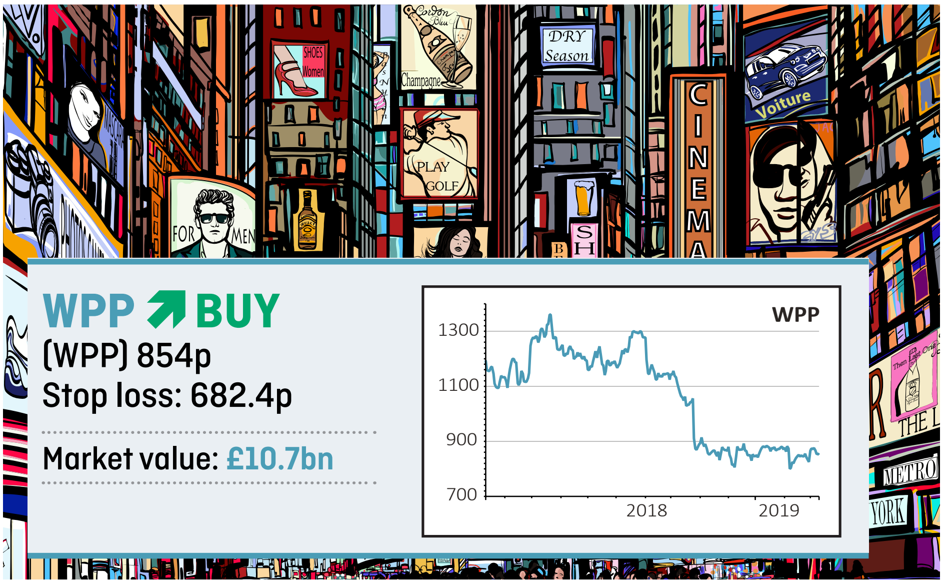
We could be wrong and this is certainly not a stock to buy if you are risk-averse. However, the company is in the early stages of a turnaround plan under chief executive Mark Read. Any signs of progress could see the shares re-rate from the current low rating of 8.5 times forecast earnings. WPP's 10-year average forward PE is 12-times.

The pledge to maintain dividends at a base line of 60p means investors should be paid for their patience as they wait for WPP shares to recover – that level of payout implies a 7% yield.

Read was appointed in September 2018 as a permanent successor to founder Martin Sorrell, following the latter's acrimonious departure six months earlier.

We think if there were any hidden nasties in the business then he would have found them by now. The threat of a dividend cut also looks somewhat reduced and the company has issued some fairly conservative guidance – most notably with a third quarter update in October.

Targets for Read's turnaround of the group include £275m



WPP ↗ BUY
(WPP) 854p
Stop loss: 682.4p

Market value: **£10.7bn**

of annualised cost savings, a margin of 15% and industry growth in line with peers by the end of 2021.

As Liberum analyst Ian Whittaker observes: 'WPP itself said it had set targets it knew it could meet and that will raise the hopes more can be done.'

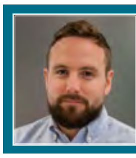
WPP has lots of moving parts, having made a series of bite-sized acquisitions in the last decade. The plan is to now simplify the business and integrate the large number of agencies operating under the WPP umbrella.

The group will have four new reporting segments. The first is Communications which is currently 75% of the business and encompasses the traditional work of an advertising agency.

The other areas are Experience, Commerce and Technology – these are priorities for expansion as reflected in management comments that they 'already' account for a quarter of revenue.

The sale of a large stake in its market research business Kantar, expected to fetch as much as £3bn, is another strategic priority for the group and should help reduce borrowings and could also provide scope for a one-off capital return to shareholders.

The main risk investors have to weigh is the company's exposure to an uncertain global economic backdrop, but we think the combination of a discounted valuation, lowly expectations and a programme of self-help is a compelling one.



By **Tom Sieber**
Deputy Editor

Turn to Fundsmith to play emerging markets

FEET offers defensive and disciplined exposure to the globe's fastest growing markets

Emerging economies are faring better than their developed market counterparts despite the US/China trade spat. We believe the best way to get exposure is via an actively-managed fund rather than picking stocks individually as you can lean on the expertise of a fund manager who has the right resources to properly research these markets.

Emerging markets can be quite volatile and so nervous individuals should seek a more defensive fund with a disciplined approach to avoid too many ups and downs with their investment.

Terry Smith-managed **Fundsmith Emerging Equities Trust (FEET)** looks ideal in this situation. It follows the same proven investment strategy that has made the global fund **Fundsmith Equity (B41YBW7)** so popular with investors.

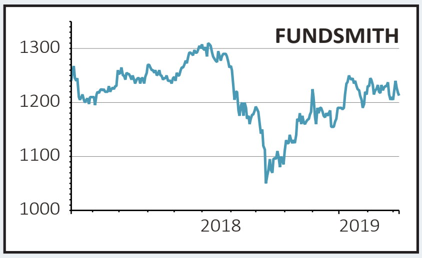
'FEET' applies Fundsmith's three step investment process – 'only invest in good companies', 'don't overpay' and 'do nothing' – to the world's faster growing economies. Doing as little dealing as possible minimises expenses and lets the returns from the underlying portfolio compound over time.

The investment trust invests in companies which have the majority of operations in or revenue derived from developing economies, and which provide direct exposure to the rise of the emerging market consumer classes.

FUNDSMITH EMERGING EQUITIES TRUST BUY

(FEET) £12.30
Stop loss: 984p

Total assets: £322m



It likes companies which make their money by a large number of everyday, repeat transactions. Such firms have relatively predictable revenues and low capital intensity as well as high returns on capital.

The fund eschews banks and heavily cyclical sectors such as construction and manufacturing. Instead, it puts money to work with established, well-managed companies with cash generative brands of consumer staple products which should deliver compound growth in shareholder value over the long term.

'FEET' leans heavily towards markets in India for investments and only has a small exposure to China because of general concerns about corporate quality and disclosure.

Leading portfolio holdings include soymilk, tea and tofu maker Vitasoy, Indian packaged food maker Britannia Industries and Chinese airline reservation business Travelsky.

'FEET' will sell a stock if management makes bad capital allocation decisions, the investment case fundamentally changes, the valuation becomes indefensible, or (involuntarily) if a company gets taken over.

Its performance since launch in 2014 hasn't been as good as some other emerging market funds and it is worth noting its portfolio is extremely different to the MSCI emerging markets index – which many funds in this field use as a benchmark.

However, we would expect 'FEET' to be less volatile than many of its peers over the coming years and it is for this reason, alongside the proven investment strategy, that we are happy to give it a 'buy' rating.

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

Disclaimer: *Editor Daniel Coatsworth has a personal investment in Fundsmith Equity*

4IMPRINT
(FOUR) £21.90

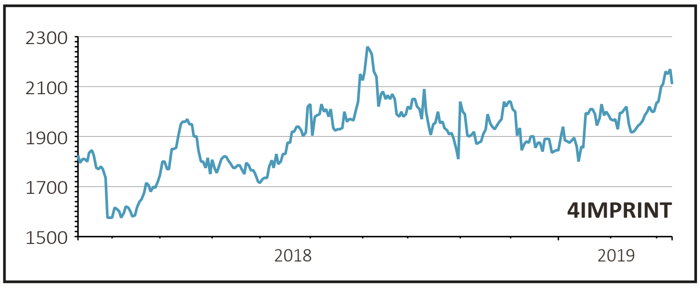
Gain to date: 11.6%
Original entry point:
Buy at £19.62, 7 February 2019

Promotional products group **4imprint (FOUR)** is trading well, as illustrated by a robust set of full year numbers on 5 March.

The company posted revenue up 19% to $738.4m, putting it comfortably on course to hit its 2022 turnover target of $1bn. This was backed by a 17% increase in orders, with the acquisition of 279,000 new customers and 'stable' retention rates suggesting the company's recent marketing investment is paying off.

In a show of confidence in the prospects for the business the dividend was also hiked 20% to 70c. The balance sheet looks strong with cash of $27.5m at the year end. Further marketing spend is planned and the company will also put $5m towards an upgrade of its Oshkosh distribution centre.

WH Ireland analyst Nick Spollar says: 'Given the success of the brand awareness campaign, and new capacity at Oshkosh, we feel that this is another year which has good potential for further upside (and with a relatively modest rating by historical standards of this company).'



SHARES SAYS:
We are encouraged by these results and believe investors should keep buying.

C&C
(CCR) €3.19

Loss to date: 4.5%
Original entry point:
Buy at €3.34, 8 Nov 2018

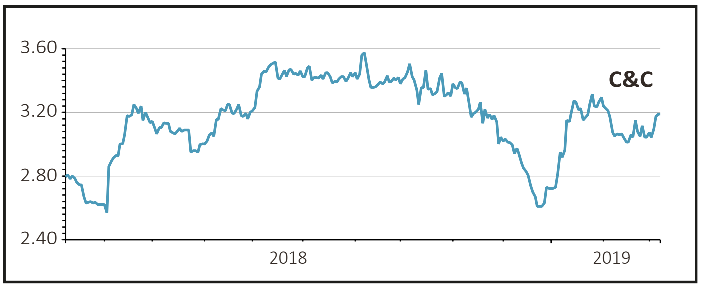
OUR POSITIVE call on Irish brewer **C&C (CCR)** continues to sit at a small loss, despite a positive update on 7 March from the Dublin-headquartered *Bulmers* and *Magners* maker. We're calling time on the trade as life could get a lot harder from here for the business.

At face value there are several positive factors in its favour. C&C says earnings before interest and tax for the year to 28 February are expected to be 'towards the upper end of current market estimates' with annual adjusted earnings per share growth of around 20%.

'Operational delivery, customer service and the underlying cash contribution of both Matthew Clark and Bibendum in the second half have continued to improve', adds C&C which is now expecting year-end net debt below previous market estimates.

The Matthew Clark and Bibendum businesses have 'significant underlying momentum', but we are more cautious having digested the words of Berenberg, which views the recent positive share price performance as a good point to sell the shares.

The investment bank believes C&C has a challenging year to come given tough comparatives 'coupled with negative consumer demographics, increased competition and cost inflation'.



SHARES SAYS:
We're mindful that the market remains sceptical towards the business despite some good news in recent months. We're cutting our losses and moving on to fresh opportunities.

FIVE STOCKS IN TROUBLE

A contrarian investor looks for unloved assets and buys them cheaply in the expectation that sentiment will change and he or she will be able to bank a healthy profit.

This is not an easy thing to do. Most of us prefer the comfort of falling in with the crowd. Sticking one's neck out, particularly when your own cash is at stake, takes nerves of steel.

In this article we examine five businesses which are out of favour with investors – something which is reflected in bombed-out share prices. We look at what the market is concerned about and the changes which need to be made to win people over.

WHAT DO CONTRARIANS LOOK FOR?

A contrarian will look for signs that negative factors have already been priced in by the market.

They will also look at balance sheet strength, namely weighing up cash against liabilities. A contrarian needs to know a company can at least survive long enough for its fortunes to turn around.

A company lumbered with significant borrowings could either go bust or face a radical financial restructuring which leaves little upside on the table for existing shareholders.

Shopping centre investor **Intu Properties (INTU)** might look like an obvious candidate for a contrarian call. Its shares are at roughly a third of the level seen two years ago and it is hard to think of an asset class which is more unloved at the moment than retail bricks and mortar. Intu trades on just 0.36 times Liberum's estimated 2019 net asset value.

Meanwhile the appointment of a new chief executive to replace the departing David Fischel could in theory act as a catalyst for the shares.

But – and it's a big but – Intu has £4.87bn worth of debt. It has already cancelled its dividend and if the value of its assets continues to fall then lending covenants could be tested.

With these examples in mind we now look at five companies sitting in the doldrums. Our analysis should stimulate your research process and show you how to think about stocks that the market doesn't like.

Aston Martin Lagonda (AML) £11.32

Capitalised R&D

	R&D Total	Amount capitalised	
2015/2016*	£259.8m	£238.4m	91.8%
2017	£224.4m	£213.3m	95.1%
2018	£213.8m	£202.3m	94.6%

Source: Company accounts.
*combined

WHY ARE THE SHARES DOWN?

You don't have to dig deep to spot the multiple reasons for the dark market mood enveloping luxury sports car maker **Aston Martin Lagonda (AML)**.

Brexit and the free flow of car components to and from Europe remains a major headache for all UK-based automotive operators. Aston also has to juggle massive investment for growth versus weakening profits, even after stripping out one-off costs from its IPO last year, and threadbare underlying cash flows despite selling more cars than ever.

The stock has got a lot cheaper since landing on the UK stock market with a toppy-looking valuation of £4.3bn and a £19 share price. The current price of £11.32 implies a 40% decline in six months which is significantly worse than the FTSE 100's 5% equivalent fall.

HOW CAN IT WIN BACK THE MARKET'S FAVOUR?

A record 6,441 Aston Martin models were sold last year (26% gain year-on-year), with ever greater sales in North America and China encouraging for the company's production push to 14,000 by 2022.

Aston's development plan has stabilised the business and is now designed to expand the product portfolio and sell more motors.

Here lies the challenge to the immediate investment case. New models require huge upfront investment to stay ahead of the technology curve, especially in the luxury space where Aston operates. Last year it spent £213.8m in research and development (R&D), yet 95% of that was capitalised, keeping it off the profit and loss accounts.

Companies are allowed to do this when they can demonstrate a clear benefit to the business down the line but this is not always possible. Aston Martin has always been fairly aggressive in this regard although within the rules. Ferrari, for example, expenses about a quarter of its R&D.

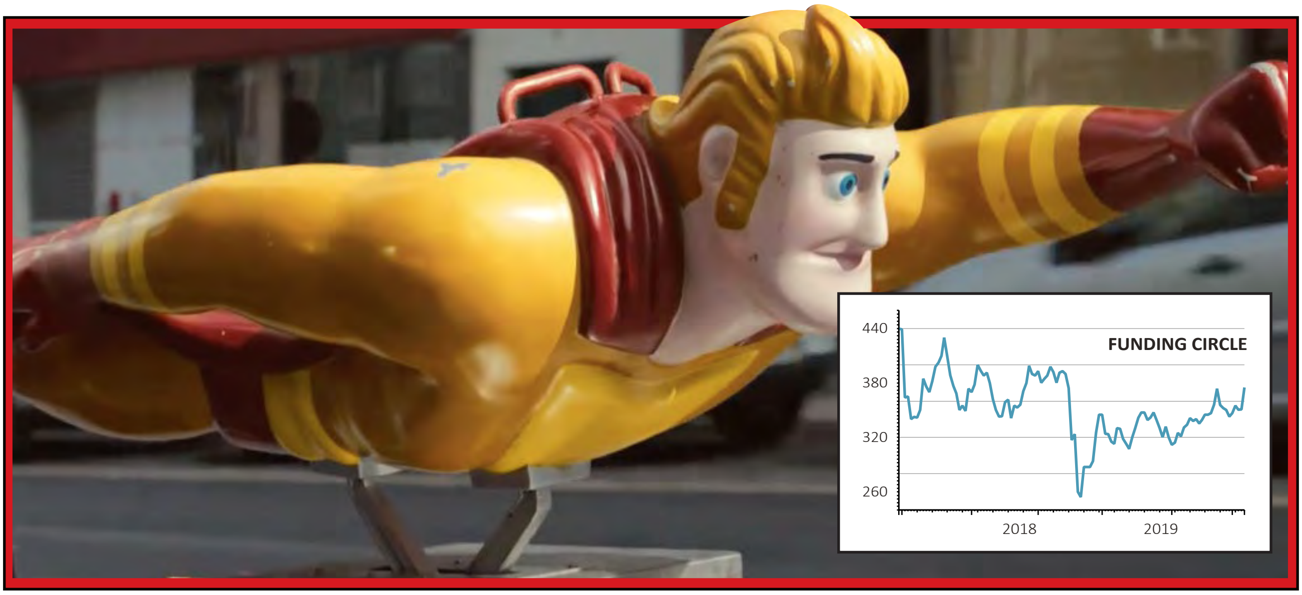
On top of new models the company also has to grow its current 162-strong worldwide dealer network and seed the necessary marketing to catch prospective buyers' eyes.

WHAT DO ANALYSTS SAY?

Cash of £144.6m sits on the balance sheet but Aston Martin is actually £560m in the red when bank loans are taken into account, about 2.3-times EBITDA (earnings before interest, tax, depreciation and amortisation) which is the measure closely watched by lenders.

Analysts at Numis Securities don't forecast positive free cash flow from the business until 2021. Could that imply extra funding will be required from investors in the future? That's a possibility and one that may hang over the share price until being resolved one way or the other.

Funding Circle (FCH) 371p



WHY ARE THE SHARES DOWN?

Business lending platform **Funding Circle (FCH)** floated last year at an issue price of 440p, raising £300m and valuing it at £1.5bn.

Chief executive Samir Desai described the firm's market debut as 'an exciting new chapter for the business as we seek to create a better financial world for small businesses and investors'.

Unfortunately, the first day of trading on 2 October was exciting for the wrong reasons with the shares sliding nearly 20%.

Concerns had been raised before the IPO about the mooted valuation given that Funding Circle only generated £94.5m of revenue in 2017 and racked up pre-tax losses of £36m due to heavy advertising spending.

While growth in the first half of 2018 was impressive – revenue was up 54% to £63m and it lent over £1bn to small and medium enterprises (SMEs) – free cash flow was negative to the tune of £35m and the company was nowhere near turning a profit.

The chief executive stressed that Funding Circle is 'a very ambitious company' but investors were clearly unhappy about the amount of cash it was burning through to achieve its ambitions.

HOW CAN IT WIN BACK THE MARKET'S FAVOUR?

The 6% rally in the shares in response to the 2018 full-year results last week suggests the market is starting to come around but there is still a long road ahead.

Revenue was above the guidance given at the IPO at £142m with strong loan growth in the UK and the US. Net lending on its platform to UK SMEs last year was greater than all the high street banks combined and its US platform is now among the 50 largest US SME lenders.

So in terms of growth the firm is delivering, but free cash flow is still negative and rising so 2018 pre-tax losses were higher than 2017's number.

WHAT DO ANALYSTS SAY?

Analysts are firmly on the fence with four 'hold' recommendations, one strong 'buy', one strong 'sell' and an average price target of 369p.

Numis likes the stock for the revenue growth and the potential to increase margins as it increases in scale. It has a fairly punchy 523p target price.

TechMarketView on the other hand is floored by the company's spending on people and advertising and wonders if the company will ever turn a profit.

GLENCORE (GLEN) 305p

WHY ARE THE SHARES DOWN?

Shares in FTSE 100 miner and commodities trader **Glencore (GLEN)** have lagged every other diversified London-listed miner over the past year for a number of reasons.

It was ordered last summer by US authorities to hand over documents relating to a money laundering probe, prompting investors to panic.

A new mining law in the Democratic Republic of Congo (DRC) – where it has numerous interests – pushed up royalty rates, made taxes more punishing and placed restrictions on the repatriation of profits.

Glencore's exposure to coal has also been a negative in the eyes of many investors who are increasingly paying more attention to environmental, social and governance factors. There are also concerns about a structural decline in coal usage and how that could weaken the commodity price longer term.

HOW CAN IT WIN BACK THE MARKET'S FAVOUR?

The US Department of Justice probe into money laundering is expected to take at least two more years to complete, thereby creating a major overhang on the shares.

Miners in the DRC have been trying to fight the new mining code and any success in reducing its severity would certainly act as a positive share price catalyst for Glencore.

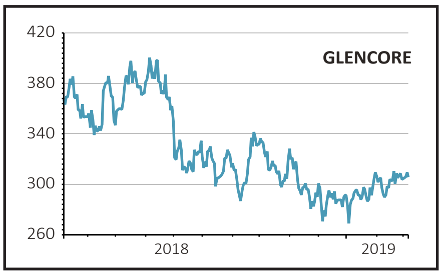
The company last month said it would put a cap on its coal activities. While that may pacify some investors, it still doesn't remove the fact that Glencore remains a large coal producer.

Perhaps a more realistic near-term potential catalyst for the shares would be a rally in the copper price as Glencore is one of the world's biggest miners of the base metal, producing around 1.5m tonnes a year.

And an amicable resolution to the US/

GLENCORE OVERVIEW

NET DEBT / EQUITY (2019E)	1.7
NET EV / EBITDA (2019E)	4.9
PE (2019E)	9.2
DIVIDEND YIELD (2019E)	5.1%
SHARE PRICE PERFORMANCE (PAST 12M)	-17%
AV. SHARE PRICE PERFORMANCE FOR FTSE 100 MINERS (EXC. GLENCORE) (PAST 12M)	4%



Source: Jefferies, SharePad

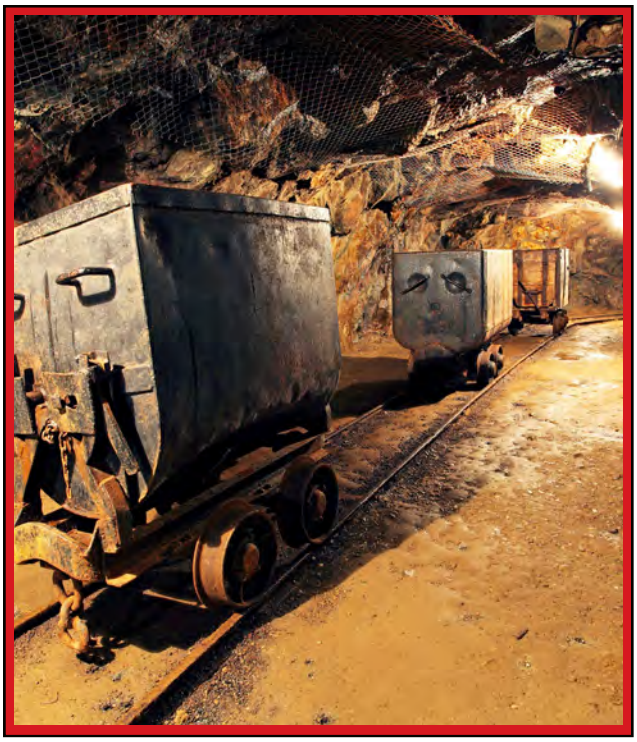
China trade war would be positive for commodity producers in general and act as a tailwind to Glencore's shares.

WHAT DO ANALYSTS SAY?

Christopher LaFemina at investment bank Jefferies says shares in Glencore are worth buying 'due to its inexpensive valuation, ongoing capital returns, resilient trading business, and leverage to prices of copper and coal.'

He expects the company to continue returning capital via dividends and share buybacks and to pay down debt. Large acquisitions look unlikely for now.

'Glencore should continue to benefit from its resilient trading business,' he adds. 'On our estimates, the trading business accounts for up to a third of the company's earnings before interest and tax.'



GoCompare (GOCO) 73.9p

WHY ARE THE SHARES DOWN?

Having been spun out of Esure and become a separately-listed company in November 2016, price comparison site **GoCompare (GOCO)** reached a peak of 143p in summer 2018.

During that period it fought off a takeover offer from property portal Zoopla and expanded in the energy price comparison industry.

Its shares have been in a falling trend since last summer as declining motor insurance premiums saw fewer motorists switch providers. GoCompare also saw its market share decline and suffered slowing revenue. This partially reflected a drive for advertising efficiency and higher margins which the market believes not unfairly will come at the expense of growth.

Equally as important was chatter that Amazon was preparing to disrupt the price comparison market – although nothing has come of that to date.

HOW CAN IT WIN BACK THE MARKET'S FAVOUR?

Central to the company's strategy is delivering so-called 'savings as a service'. To this end the company has launched WeFlip – a

GOCOMPARE'S MARKETING COST DILEMMA		
Year	**Marketing costs as % of revenue**	**Revenue growth (%)**
2018	53.6	2.3
2017	59.5	5.1
2016	61.7	19.5

Source: GoCompare

fully automated utilities switching service. The company will have to invest heavily in marketing in order for the service to gain traction, but the plan is for it to take in other areas like insurance and financial products.

Success with WeFlip could increase the predictability of earnings, boost growth and transform sentiment towards a business which currently trades on an undemanding 8.2 times forecast 2019 earnings. An investor day on 20 March is likely to spell out GoCompare's plans for WeFlip in more detail.

The company recently received a vote of confidence from its chairman and insurance entrepreneur Peter Wood who increased his stake from 25.6% to 29.9%.

WHAT DO ANALYSTS SAY?

Berenberg's Edward James believes WeFlip could be transformative for GoCompare as it '(1) addresses the underserved "infrequent switcher" user segment; (2) improves customer retention and switching rates, leading to higher user life-time value; (3) shifts the revenue model from one-off transactions to recurring switching revenue streams; and (4) reduces user acquisition/ retention costs'.

However, he also cautions that WeFlip will take time to build up and will require significant upfront investment – cutting his 2019 earnings forecast by a third to reflect this thinking.

Topps Tiles (TPT) 68p

WHY ARE THE SHARES DOWN?

The UK's largest specialist tile retailer languishes on a price-to-earnings ratio of 11-times with a 4.7% dividend yield, based on Liberum Capital's forecast earnings per share and dividend per share estimates of 6.2p and 3.2p respectively.

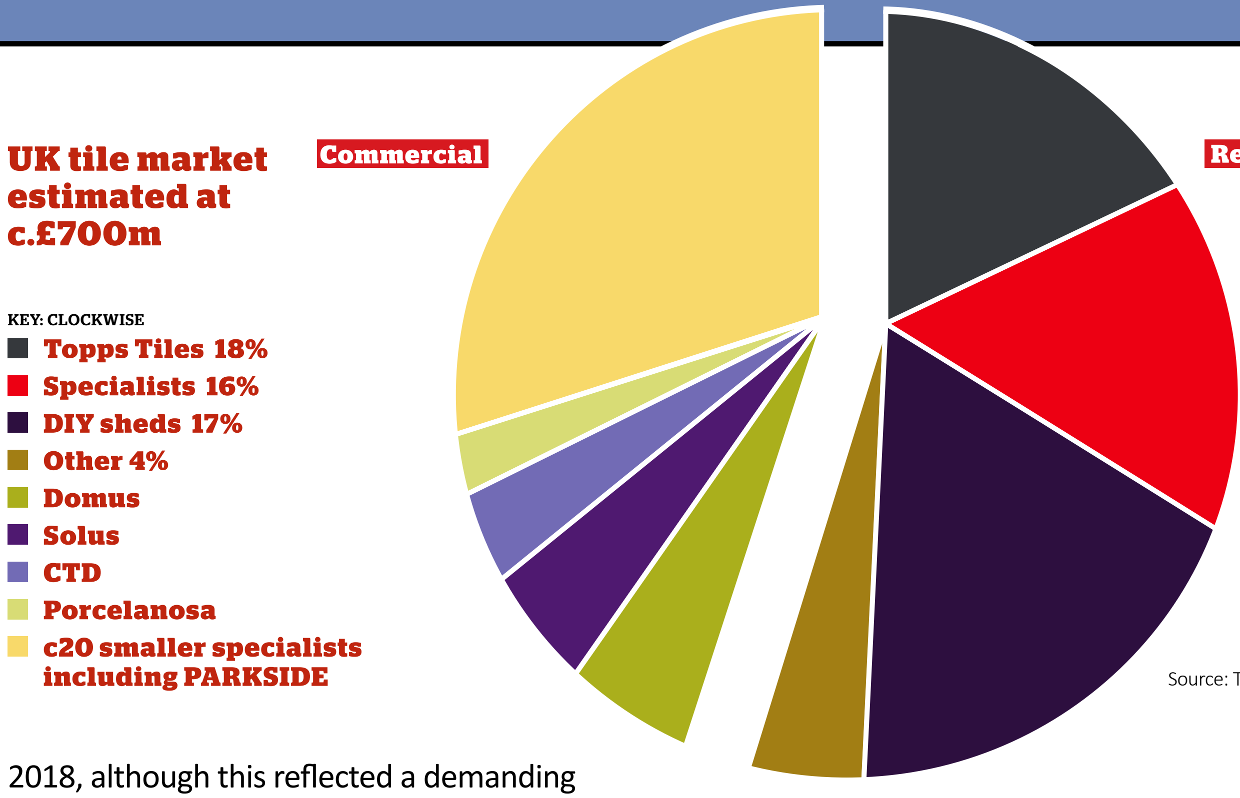
Poor sentiment towards **Topps Tiles (TPT)** reflects heavy exposure to the UK's challenged residential and renovation construction markets.

Investors are concerned about Topps' near-term growth prospects amid diminishing consumer confidence, coupled with little to no growth in housing transactions resulting from Brexit-driven anxieties, which have caused weakness in the UK RMI (repair, maintenance and improvement) market. Topps' like-for-like growth is subdued and rising costs present a margin headwind.

HOW CAN IT WIN BACK THE MARKET'S FAVOUR?

Topps Tiles posted a 1.4% like-for-like sales decline for the first quarter to 29 December

UK tile market estimated at c.£700m



Source: Topps Tiles

2018, although this reflected a demanding comparative and the base for comparison softens for the second and third quarters of its current financial year.

As the bulk of operating costs are fixed, Topps Tiles is operationally geared which means profit should grow by a greater amount than revenue. When sales growth is muted, that is a negative, but an eventual return to positive same-store sales growth would provide a material earnings boost.

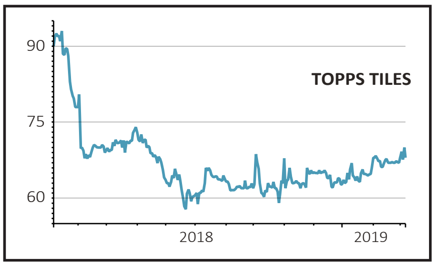
Management needs to continue executing on its proven retail strategy of 'out specialising the specialists', aided by a winning digital offer. They believe there's scope to add 10 to 15 sites a year, increasing Topps' total estate from 367 stores to 450 locations.

Contrarians should also remember Topps has a competitive advantage in being the clear market leader, three times the size of its next biggest competitor.

Share price catalysts could include a Brexit resolution and confirmation Topps is growing profitably in the UK commercial market. Entry into commercial (via the 2017 acquisition of Parkside Ceramics) has nearly doubled Topps' addressable market.

WHAT DO ANALYSTS SAY?

Liberum Capital has a 'buy' rating and 95p price target, arguing 'the strategy continues to deliver outperformance versus the



competition, underpinning Topps' leading market position, and progress in the commercial division remains encouraging'.

It adds: 'We do not see any change in the positive longer-term fundamentals and, with the group trading close to its five-year historic low price-to-earnings ratio, we see good value for those willing to look past the shorter-term.'

Berenberg has a 'hold' rating and 65p price target. 'With no clear signs that the RMI market is going to return to strength over the next 12 to 18 months, and with operating cost inflation continuing to provide a material headwind, we remain cautious with regards to Topps Tiles' outlook,' it says, also acknowledging the retailer's solid cash generation and healthy dividend.

By **Tom Sieber, Daniel Coatsworth, Steven Frazer, Ian Conway and James Crux**

Watch out! Avoid these 10 ISA mistakes now

By avoiding these mistakes you can potentially improve your returns and minimise tax

There are many reasons to use an ISA for saving and investing but it can be easy to overlook various benefits that come with the tax-efficient wrapper or making inefficient decisions with how you manage your money. This article explains 10 ISA mistakes to avoid so you make better financial decisions in the future.

1. Forgetting to use your whole family's allowances

ISA allowances have grown dramatically in recent years, and now every adult has a £20,000 annual limit. But don't just think of your limit, remember that your spouse or partner gets that same £20,000 limit too. Children get a smaller limit for their Junior ISA, but you can put £4,260 in per child (this will increase to £4,368 from 6 April 2019).

However, there is a great trick that many parents don't realise – you can get an adult ISA allowance once a child reaches 16. This means that when your child turns 16 you can pay in £20,000 as well as the Junior ISA allowance of £4,260. This continues until they turn 18, when they are no longer eligible for the Junior ISA.

2. Don't pay into more than one of the same type of ISA in a year

You're only allowed to pay into one of each type of ISA each tax year, so make sure you don't fall foul of the rules. This means that you can pay into a cash ISA and a stocks and shares ISA in one year, but not into two different cash ISAs. It's tricky though, as you're allowed to have more than one open, you just can't pay into two in the same tax year.

If you accidentally pay into more than one in a year, don't attempt to fix it yourself, as you may close the wrong ISA. Instead, call HMRC's ISA helpline on 0300 200 3300 to get advice on what to do. There is a similar process if you accidentally paid too much into an ISA (so more than £20,000 for an adult ISA, for example). HMRC will work out which ISA had the payment into it that breached the limit and will reclaim the money (including charging you for any tax owed).

3. Not putting your income-paying investments in first

The amount of dividend income you could receive tax-free was slashed from £5,000 to £2,000 last April. Any dividend income you get above this amount is taxed at 7.5% for a basic-rate taxpayer, 32.5% for a higher-rate taxpayer or 38.1% for additional-rate taxpayers.

As the tax year ends people should make sure they put as much of their dividend-producing assets in their ISA as possible to avoid getting walloped with a tax bill. In pounds and pence, someone who receives £5,000 in dividends would previously have paid no tax but this year they will be hit with a tax bill of £225 if they are a basic-rate taxpayer, £975 for a higher-rate taxpayer and a whopping £1,143 for an additional-rate taxpayer.

Assuming a 4% income on your investments, anyone who has more than £50,000 invested in dividend-producing assets outside an ISA is likely to be hit by this cut. However, if you have this money in an ISA you won't be taxed a penny of income tax on this pot.

An investment pot of £100,000 that is yielding around 4% means that the investor will save £150 a year in income tax if they are a basic-rate taxpayer, £650 a year if they are a higher-rate taxpayer and £762 a year if they are an additional-rate taxpayer if this money was in an ISA rather than a normal investment account.

4. Staying in cash for a long period, for fear of investing

Around 72% of ISA money is in cash, likely earning measly interest rates. Holding cash is smart, if it's to meet short-term spending needs, as an emergency pot and if you want a low-risk investment. But if you're willing to dip your toe into the investment markets you could potentially make more money over the long term.

Inflation is currently around 2%, which means you need to make at least 2% on your cash ISA account in order to just keep up with rising prices – and the top easy-access cash ISA account only pays 1.5% at present.

The difference between cash and investment returns adds up over the longer term. Studies of long-term stock market returns show that they average around 5.5%, after inflation, so around 7.5% at the current rate of inflation.

On a £10,000 ISA pot, after 10 years the investment would have grown to £18,771, assuming 7.5% annual return and 1% charges. In that same period the cash account with a £10,000 initial investment would have been turned into £11,605. After 20 years the difference between the two pots would be £21,768.

5. Thinking too short term

Too often when savers are filling their ISA allowance they think about what is doing well in investment markets now, rather than what will perform well over the long term. Rather than thinking about what assets did well in the past year, think about getting a good spread of investments across different countries and asset classes.

If you're investing you should be locking money away for at least five years, so think about markets that will do well over the period you're investing, not just in the next six months.

6. Forgetting to use Bed & ISA, or Bed & Spouse

Strange name, but a useful tax-planning strategy. Bed & ISA effectively means selling investments that are outside your ISA and rebuying them within the ISA. It means you can use your capital gains tax allowance in a year, which is currently £11,700, and lock your investments into an ISA, where you won't be charged income tax or capital gains tax.

If you've got some investments that have gone up in value a lot, and so have a big capital gain, you can sell enough to realise £11,700 of gains and then rebuy them within an ISA. You won't be charged tax on the gain, as it's within your annual allowance, and you protect the investment from future tax.

You can do a similar move but transfer the asset to your spouse instead, who can then put it in their ISA. Just make sure you don't leave it until the last minute, as it can take a bit longer to execute this move – not one for 11:30pm on 5 April, half an hour before the new tax year begins.

7. Not using free Government bonuses

With the Lifetime ISA you can get up to £1,000 a year in Government bonus, up until the age of 50. If you opened a Lifetime ISA at age 18, that is a maximum Government bonus of £32,000 (or £33,000 if you're lucky enough to have your 18th birthday before 6 April).

The Lifetime ISA is open to those aged 18 up to your 40th birthday, and you can save up to £4,000 each year – either in one or more lump sums or as a regular monthly saving. From the age of 50 you no longer get the Government bonus but you can carry on paying into the account. You can withdraw Lifetime ISA money once you've reached age 60 or to buy your first property, but be warned that if you take the money for any other reason (excluding terminal illness) you'll pay a 25% exit penalty.

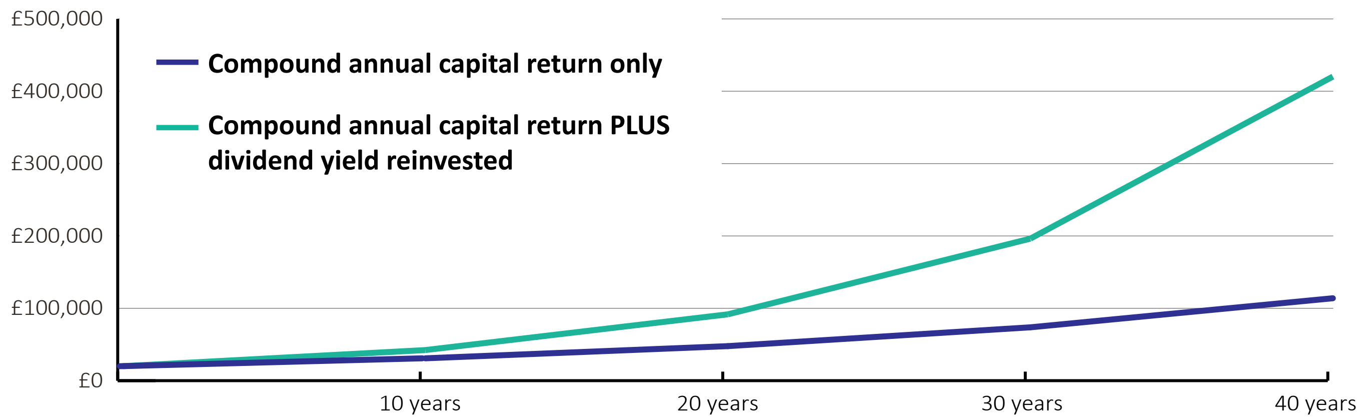
8. Failing to reinvest your income

Dividends on investments in ISAs can be withdrawn with no tax liability, but if you don't need the income, reinvesting them to buy more shares in the same investment can have a dramatic impact on the size of your ISA. This is because when you buy more shares each time you receive a dividend, you then receive more dividends next time there is a payout, which can then be reinvested again and so on.

Let's take the example of someone investing the full ISA allowance of £20,000 and assuming the FTSE All-Share's long-term averages of a compound annual growth rate of 5.5% and annual dividend yield of 3.5%.

After subtracting 1% a year for platform administration and fund fees, the initial £20,000 will be worth £47,729 after 20 years. You would have also banked £21,834 in cash dividends to give a total return of £69,563. However, an investor who

IMPACT OF REINVESTING DIVIDENDS



	5.5% compound annual capital return only	Dividends paid in cash (3.5% yield)	Investment value + cash dividends	5.5% compound annual capital return PLUS 3.5% dividend yield reinvested
Initial investment	£20,000	-	-	£20,000
After 10 years	£30,896	£8,580	£39,476	£42,280
After 20 years	£47,729	£21,834	£69,563	£91,678
After 30 years	£73,733	£42,309	£116,042	£196,282
After 40 years	£113,903	£73,940	£187,843	£420,240

Source: AJ Bell

reinvests the dividends rather than banking them would have £91,678 – more than £22,000 extra.

9. Forgetting about charges

There can be a wide disparity between the charges levied by investment platforms and asset managers. The differences can appear small in percentage terms but over a long period can have a significant impact. Higher charges are not necessarily bad if they are for a service or investment you value highly, but make sure charges are not eating into your investment returns unnecessarily.

For example, the UK regulator recently said that investment platform fees range from 0.22% to 0.54%. The cheapest active fund in the UK All Companies sector is **7IM UK Equity Value (BWBSHS3)** with an ongoing charges figure of 0.35% and the most expensive in the sector is **Candriam Equities L UK (QG69)** at 2.34%.

Holding the cheapest UK All Companies fund on the cheapest fund platform could cost 0.57% a year, whereas holding the most expensive fund on the most expensive platform could cost 2.88%.

Assuming a gross investment return of 6% a year, on a £20,000 ISA investment, the difference in fund value after 20 years would be a whopping £20,612 (£36,973 compared to £57,586).

10. Being scared by Brexit or market moves

This year's ISA season comes at a tricky time – the outcome of Brexit is not yet known, there's nervousness about ongoing trade wars between the US and China, and worries about the rate at which Europe is growing. All this is making investors nervous.

Since the Brexit vote almost three years ago UK investors have pulled more than £11bn of money from funds focused on the UK stock market, according to the Investment Association. What's more, in December last year investors withdrew a total of £1.65bn from funds in that month alone. Equity funds saw their highest outflows in more than two years, as investors pulled £875m, with every major equity market seeing outflows.

In this environment it's easy to be nervous and just stay in cash for a long time, rather than making a decision about where to invest. But this is where you need to go back to the investment basics of thinking about the time period you're investing over, how much risk you're willing to take and building a diversified portfolio. It's notoriously hard to time markets correctly, so instead drip feed money into markets and invest in more defensive assets if you're cautious.

HOW ISA LIMITS HAVE INCREASED

Tax year starting 6 April	Overall subscription limit	Cash ISA limit
1999-2008	£7,000	£3,000
2008-09	£7,200	£3,600
2009-10	£7,200*/£10,200^	£3,600*/£5,100^
2010-11	£10,200	£5,100
2011-12	£10,680	£5,340
2012-13	£11,280	£5,640
2013-14	£11,520	£5,760
2014-15	£11,880/£15,000"	£5,940/£15,000"
2015-17	£15,240	£15,240
2017-18	£20,000	£20,000

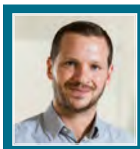
Source: HMRC. *For those under age 50.
^For those aged 50 and over. "ISA limit was raised to £15,000 from 1 July 2014.

By **Laura Suter**
AJ Bell Personal Finance Analyst

'Can you help me understand the state pension age changes?'

Pensions expert Tom Selby explains the age-related timetable

Trevor says:
I'm a bit confused about the state pension. I've seen some stories saying it is now 65 and three months – does that mean it won't be increasing to 66?



Tom Selby
AJ Bell
Senior Analyst says:

Unfortunately no, but it's not surprising the approach the Government has taken to raising the state pension age has caused a little confusion.

The increase to age 66 is being phased in until October 2020, meaning people reaching their 65th birthday before that date will receive their state pension at different ages. The timetable in this article shows you exactly how it works.

Those first affected were born between 6 December 1953 and 5 January 1954. This group of people had to wait up to three months beyond their 65th birthday to receive the state pension on 6 March 2019.

The next cohort with birthdays between 6 January 1954 and 5 February 1954 will then have a state pension age between 65 and three months and 65 and four months. This pattern continues until October 2020, when the shift to a state pension age of 66 for all will be complete.

Beyond this point, there are plans in place to increase the state pension age to 67 by 2028 and 68 by 2039. It is possible this will be reviewed in light of a growing body of evidence suggesting life expectancy improvements have slowed since 2011, although it's worth remembering these reforms have been a long time coming.

Male life expectancy at birth has risen from 71 in 1980 to 79 today, while male life expectancy at 65 has increased from 13 years in 1980 to 18.5 years today. This shift has pushed up the cost of the state pension to the Exchequer, expected to reach an eye-watering £96bn in 2018/19. You should therefore factor a rising state pension age into your retirement planning.

Increases to the state pension age will have a significant impact on those affected. The amount of state pension to which you are entitled will depend on whether you built up rights under the old system or the new system introduced from April 2016.

If we use the modern flat-rate state pension as an example,

STATE PENSION AGE TIMETABLE – THE TRANSITION FROM 65 TO 66

Date of birth	Date state pension age reached
6 December 1953 - 5 January 1954	6 March 2019
6 January 1954 - 5 February 1954	6 May 2019
6 February 1954 - 5 March 1954	6 July 2019
6 March 1954 - 5 April 1954	6 September 2019
6 April 1954 - 5 May 1954	6 November 2019
6 May 1954 - 5 June 1954	6 January 2020
6 June 1954 - 5 July 1954	6 March 2020
6 July 1954 - 5 August 1954	6 May 2020
6 August 1954 - 5 September 1954	6 July 2020
6 September 1954 - 5 October 1954	6 September 2020
6 October 1954 - 5 April 1960	66th birthday

Source: Department for Work and Pensions

those who have to wait an extra three months to receive it will miss out on over £2,000 in income. A full year delay will cost £8,546.20 in today's prices, while two extra years will leave a hole of £17,000.

If you still want to stop working at 65, you'll need to either save a bit more in your private pension or spend less in retirement to fill the gap.

DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

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

Please note, we only provide guidance 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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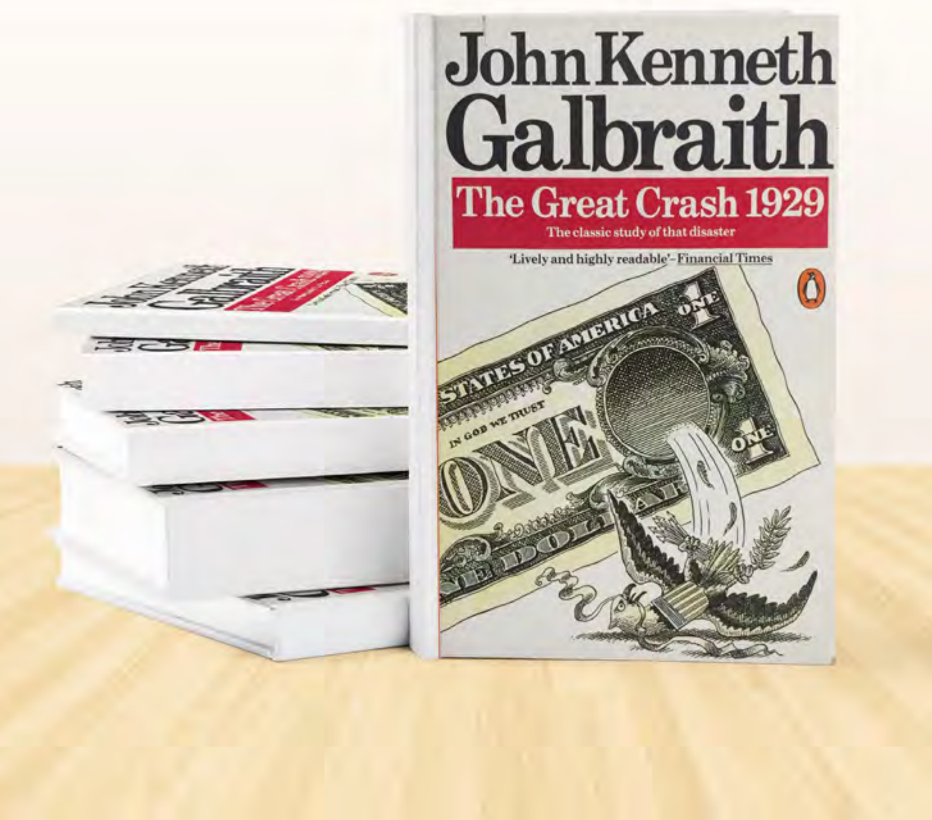
Why The Great Crash 1929 is essential reading

We look at the lessons this seminal book has for investors today

The market 'degenerated into a wild, mad scramble to sell' driven by 'blind, relentless fear'



In terms of market histories, *The Great Crash* stands out not just for the significance of the events it describes but also for the standard of writing.

As well as lecturing in economics at Harvard and Princeton, its author John Kenneth Galbraith was an accomplished author having published two major works before writing this seminal work.

His view was that people needed to be reminded of their behaviour, of what he called the 'mass escape from reality', in order not to make the same mistakes again.

Instead of leaving it to the regulators, he believed that 'as a protection against financial illusion or insanity, memory is far better than law'.

WHAT CAUSED THE BOOM?

Galbraith doesn't lay the blame for the boom with politicians or Wall Street: it was the product of free choice and the decisions of thousands of individuals.

The late 1920s were a good time for America with a strong economy, rising corporate earnings and high employment, and the public was showing a desire to get rich quickly 'with a minimum of physical effort'.

The mid-1920s had already seen a real estate boom in Florida fuelled by the option to buy land for a 10% 'margin' payment.

However in the autumn of 1926 two hurricanes struck, killing hundreds of people, destroying thousands of homes and wiping out the speculators.

Despite these losses, the Florida boom seemed to convince the public that 'God intended the American middle class to be rich'.

THE FED POURS FUEL ON THE FIRE

Stock prices were already rising sharply in the spring of 1927 when the Federal Reserve Bank cut interest rates and bought masses of Treasury bonds.

The funds the Fed made available either went straight into stocks or into lending to buy stocks 'on margin'.

At this point the nature of the boom changed and 'the mass escape into make-believe started in earnest', says Galbraith.

Industrial companies even started using surplus cash or issuing new shares to play the markets rather than invest in new production.

As Walter Bagehot observed: 'All people are most credulous when they are most happy'.

WHAT CAUSED THE BUST?

It's in the nature of speculative booms that anything at all can make them collapse.

By September 1929 stock prices were no longer rising and buyers were no longer sure that they could sell on at a profit.

Confidence didn't disintegrate overnight, but as prices dropped the brokers called for more margin payments and the speculators had to sell to repay their loans.

The panic really started in October 1929 as the market 'degenerated into a wild, mad scramble to sell' driven by 'blind, relentless fear'.

WHY IS THIS RELEVANT 90 YEARS ON?

Speculative booms always break out after periods of economic prosperity. A strong economy generates confidence which combined with cheap money and margin lending leads to a mad dash for stocks and other assets.

Galbraith's advice is that when rising prices overtake fundamentals as a reason for buying, think back to how 'on some past occasion, illusion replaced reality and people got rimmed'.

By **Ian Conway**
Senior Reporter

The neat guide to understanding investment trusts

Packed with essential educational material and data

THIS BOOK IS essential reading if you are serious about long term investing and want to use investment trusts to gain exposure to different parts of the market.

It is very easy to read with bite-sized chapters covering a wide range of topics. These include the basics of investment trusts and thoughts on investing by various fund managers and industry experts.

The book also provides tips on how to analyse trusts and data on aspects like fees and insight into the directors with more than £10m of their own money in investment trusts.

You can dip into any section rather than having to read it from front to back and it works well as a reference tool to aid your investing research.

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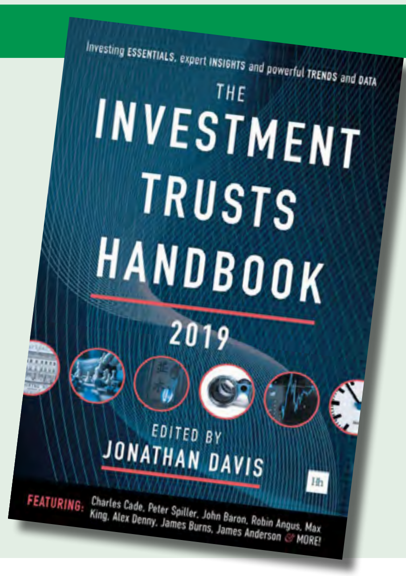


For your chance to win a copy of the book, correctly answer the following question by 19 March:

What is the biggest holding in Scottish Mortgage Investment Trust's portfolio?

Email your answer, name and postal address to **editorial@sharesmagazine.co.uk** with 'Investment trust book competition' in the subject line.

The winners will be picked at random and will be announced in 21 March issue of *Shares*. We have two copies up for grabs.

This investment trust is pinning its hopes on a banking sector rebound

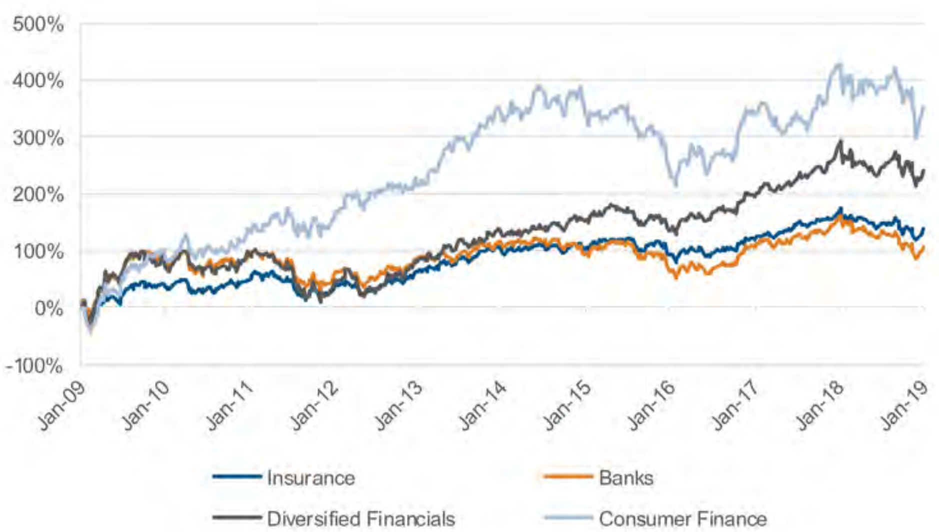
Polar Capital Global Financials Trust hopes M&A and technology developments could help drive the broader financial sector

It's been 10 years since shares started to recover from the global financial crisis-induced market collapse. However, there are pockets of the market still trying to play catch-up including financial stocks like banks which remain 'unloved, under-owned and misunderstood', say John Yakas and Nick Brind, managers of investment trust **Polar Capital Global Financials (PCFT)**.

They believe the financial sector offers a buying opportunity for the coming decade. In their opinion, financials are beneficiaries of rising interest rates (which widen their margins), the potential for accelerated loan growth, their balance sheets are strong, emerging markets and fintech are creating opportunities, and stock valuations are low.

> Because of the financial crisis, the Federal Reserve essentially put a stop to big bank mergers because banks had become so big

INSURERS HAVE SIGNIFICANTLY OUTPERFORMED THE REST OF THE FINANCIAL SECTOR



Source: Polar Capital, Bloomberg, 21 January 2019

POPULAR WITH INCOME SEEKERS

Most investors have historically been drawn to the banking sector for its generous dividends. The shareholder rewards disappeared in the middle of the global financial crisis but dividends now appear to be back on the menu. Sadly a lot of banking stocks are still struggling to deliver decent capital gains as many investors remain cautious towards the broader sector.

Launched in summer 2013, Polar Capital Global Financials Trust has yet to prove its worth as a better vehicle for investors than buying a passive fund tracking a global financial sector index.

Its net asset value total return since launch has been 62.2% which is exactly the same as its benchmark, the MSCI World Financials index (including some adjustments for the real estate sector which used to be part of that index until August 2016).

However, on a share price total return basis the investment trust has lagged its benchmark by a considerable margin, only delivery 46.7% total return since inception. The shares currently trade on a 5.5% discount to net asset value.

'The trust was launched as a

way to play the sector at a point when people had very little confidence in it,' recounts Yakas. 'We're all about risk-adjusted returns. Our aim is to have a relatively quality bias, slightly more cautious vehicle. We also capitalise on the income streams.'

US BIAS

The fund manager says it is a global financials fund with 40% to 50% of investments in the US because that region is home to so many sector constituents.

'The other thing about financials is you are naturally biased towards banks and they, alongside non-life insurance, are probably Polar Capital's two specialisms. Ultimately you have to be quite positive on banks if you want to buy the trust.'

In addition to banking the investment trust seeks to generate a growing dividend and capital appreciation via stakes in insurers, property plays, asset managers, specialty lenders and fintech firms.

Its portfolio includes a position in banking group JPMorgan Chase, described by Yakas as the winner of the financial crisis because all of its businesses are performing 'extremely well' and it has gained market share.

Other names in the portfolio include banks Wells Fargo, Citigroup, Bank of America, insurance and reinsurance group Chubb and Japanese lender Sumitomo Mitsui Financial.

IS IT DIFFERENT THIS TIME?

Fears of a repeat of the global financial crisis currently weigh on investor sentiment towards financial stocks. However, Yakas insists a lot has changed over the past 10 years.

VALUATIONS HAVE FALLEN ON US BANKING SHARES IN RECENT YEARS

Source: Bloomberg, 21 January 2019

He stresses that banks' balance sheets look very different to what they did 10 years ago because the regulators have clamped down on the sector.

'Our view generally is that you have better quality balance sheets, more capital, better funding structures in place and the fact that you haven't had much loan demand, you haven't had that build up in gearing on bank balance sheets.'

Firmly outside of the camp arguing banks have become over-regulated and thus utility-like, Yakas says it is possible to buy cheap, attractively priced, great income stream banks as well as access to a market undergoing structural change driven by technology which is altering the whole cost structure.

CORPORATE ACTIVITY IS HEATING UP

Other dynamics which could drive higher returns for financial stocks include mergers and acquisitions. In February BB&T announced plans to buy SunTrust Bank, representing the biggest US bank deal in a decade. Yakas believes this deal could put pressure on other regional banks to consider their own mergers.

'The US has got 5,000 banks. Because of the financial crisis, the Federal Reserve essentially put a stop to big bank mergers because banks had become so big. There was a lot of fear about "too big to fail" etc. I don't think the regulator in the US will allow someone like JPMorgan to buy a big bank, but further down the list you've suddenly seen the thing open up. We invest quite locally in the US, where there are still loads of tiny little banks.'

In the UK, the Polar Capital trust has stakes in both **OneSavings Bank (OSB)** and **Charter Court Financial Services (CCFS)** which are in talks over a £1.6bn merger.

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

New investment trust targets $250m to invest in US solar opportunity

US Solar Fund will aim to deliver 5.5% yield and 7.5% total return a year

A new investment trust is about to join the stock market offering investors with a pure play on the expanding US solar sector.

US Solar Fund aims to pay a 5.5% yield and a total return of 7.5% from 31 March 2020 or when all of its assets are operational. Ahead of this time it expects to pay a dividend yield of between 2% and 3%.

The company is hoping to raise $250m alongside its stock market listing, with trading in the shares scheduled to commence on 20 March and the net initial proceeds likely to be invested within the first six to nine months.

The focus will be on states in America's South West where there is the most consistent sunshine. Revenue will come from selling the electricity generated by its plants to investment-grade customers through power purchase agreements in excess of 10 years.

The investment manager behind the fund is NESM, which already runs Australia-listed New Energy Solar. Its chief executive John Martin tells *Shares* the US has a rapidly growing solar space. 'The thing we like about solar in the US is that it is already cheaper than coal and nuclear without subsidies,' he says.

This is a crucial point as, perhaps unsurprisingly given the position of the current White House administration, several of the federal subsidies for solar energy are due to roll off from 2020.

The investment trust will principally target construction-ready or in-construction solar projects. These will be developments where all the necessary planning approvals are in place.

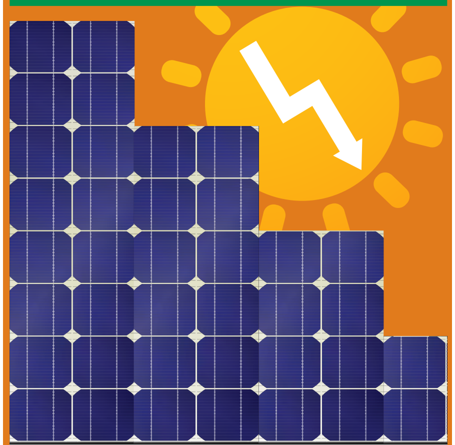
Martin is hopeful that the team can leverage existing relationships to acquire assets off-market but if or when the company does engage in competitive bids it expects to be up against private equity or utilities and not pension funds who are happy to buy already-operational assets at a very low yield.

The trust will not be active at the other end of the spectrum and take on development risk as Martin explains: 'Development projects can be spectacularly risky mainly thanks to the difficulty in getting planning approval.

'When it goes well people can make a lot of money but there have been examples in the last few years where a lot of money has been lost. It is too risky for the return,' he says.

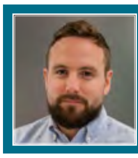
As well as delivering consistent income, Martin says the assets could enjoy a valuation uplift as they move from construction to the operational phase.

FALLING COST OF PRODUCING SOLAR POWER IN THE US



Year	$ per megawatt-hour (MWh)
2009	359
2010	248
2011	159
2012	125
2013	104
2014	79
2015	64
2016	55
2017	50
2018	43

Source: QuotedData, PV Magazine



By **Tom Sieber**
Deputy Editor

Is property primed for a comeback?

We discuss the merits of the asset class with several fund managers

Property has been firmly out of favour with UK investors since the EU referendum in 2016.

Panic about the effect of Brexit on the property market saw investors pull an eye-watering £1.8bn out of property funds in 2016, according to figures from the Investment Association. Meanwhile property investment trusts saw their share prices plunge by as much as 40%.

But are these fears overdone? Managers say there are plenty of opportunities in the sector if you're willing to do your homework.

WHAT STANDS OUT?

'We do a lot of research to try and understand the supply and demand situation of any location before we buy a unit,' says Gerry Frewin, manager of **Threadneedle UK Property (BQ3G0Y0)**.

Keeping costs down is one of his top priorities so he prefers retail units on pedestrianised high streets, rather than in a shopping centre, because they attract a similar level of footfall and don't have to pay hefty service charges.

He also likes so-called retail warehouse space – the large, industrial-looking stores you find on retail parks. These tend to have a cheaper rent, which means their tenants are less likely to vacate or go bust.

In the event they do, then the cheaper rates means they are easier to replace with a new tenant. Frewin says: 'We try to look at a firm's turnover and profit and the rent it pays before we buy anything – that's how you understand if it has a future in that location.'

REPORTS OF DEATH OF HIGH STREET EXAGGERATED

One of the major themes in the property sector at the moment is the idea that the 'high street is dead' as businesses concentrate their efforts on their online operations.

But Justin Upton, co-manager of the **M&G Property Portfolio (B89X8P6)** says the relationship between online and in-store is complementary for many businesses.

Frewin says **Dunelm (DNLM)** is a great example of a business which has tapped into this so-called omni-channel approach, allowing customers to order online but collect in-store and vice versa.

Upton adds: 'Companies once synonymous with pure online retailing, such as Amazon, are recognising this and building out their physical presence.' He says good locations, high quality buildings and long leases are key when investing in the sector.

David Wise, manager of the **Kames Property Income (BK6MJB3)** fund, has just 25% of assets in retail currently but says Brexit is not the reason for this underweight position. 'I think big shopping centre owners such as **Intu (INTU)** and **Hammerson (HMSO)** have taken tenants

Lockmeadow in Maidstone forms part of Kames Property Income's portfolio

such as House of Fraser and Debenhams for granted and now they're teetering on the brink.

'This retail space has historically been highly rated and highly priced and now it is very hard to price,' he explains.

He thinks there are better opportunities in offices, another area which has been out of favour among many property investors amid fears of an exodus of businesses to Europe after Brexit. There are concerns that if this happened, vacancy rates would soar and rents would plunge.

Wise is focusing his attentions on thriving larger, regional cities such as Bristol, Birmingham and Leeds, where he believes many companies are starting to focus their attention.

This is because businesses can attract talented, younger employees out of universities who don't want to live in London because housing is so expensive. In particular, he prefers smaller lots valued between £5m and £20m, where competition is less fierce and the prospects to improve lots and attract new tenants are greater.

But Wise still believes concerns about office space in London are overdone and the capital has 'a great future'. He adds: 'Some companies might have to move a portion of their business to Europe but the talent pool and time zone of London means it will remain an attractive location in which to do business. You can't just move a company's operations overnight.'

INCOME RATHER THAN GROWTH

Regardless, there is a feeling that the days of easy capital growth in the property sector are over. After years of gains, some believe the market was due a correction and should now be viewed by investors as a long-term income play rather than a growth component within their portfolios.

Frewin says: 'Around 75% of returns are now income after a few years of strong capital appreciation. But I think property has been heading for a correction regardless of Brexit and the asset should be viewed as an income proposition.'

And despite their optimism about the prospects for property, managers have to prepare for a swing in sentiment. In the wake of the Brexit referendum result investors panicked and flocked out of funds. Many funds had to suspend trading to avoid having to enter into a fire-sale of their assets.

Frewin has raised his cash level to around 15% of assets, and Upton too is holding more cash than the typical level of between 7.5% and 12.5%.

Having more cash on the balance sheet can act as a drag on returns. There are also difficulties in allowing holders of open-end property funds to buy and sell whenever they want when the underlying asset class doesn't work that way. After all it is not practical to sell a property in the space of a day. This has led some to argue this space is better accessed through closed-end funds (investment trusts).

Their structure and listing on the stock market means they do not have to sell assets when investors sell their holdings. The best performing UK property trust over the last five years is **Standard Life Investments Property Income (SLI)** with a five-year total return of 57.8%. It yields 5.4%.


By **Holly Black**

Why central bank caution should worry investors

Stocks have performed patchily in response to interest rate cuts in the past

Just two months after it halted its quantitative easing (QE) bond-buying programme and made vague promises of interest rate increases for the second half of 2019 the European Central Bank is already downgrading its GDP forecasts for the Eurozone and delving once more into its bag of monetary policy tricks.

Interest rate increases are on hold until 2020 and the outgoing President Mario Draghi looks set to sanction another Targeted Long-Term Refinancing Operation (TLTRO) – in plain English, a third dollop of cheap cash directed at the banks to prompt them to lend and in turn offer cut-price credit to try and get the Eurozone economy back on track.

Rather than whoop for joy at the prospect of more central bank largesse, equity markets actually sagged, although bond prices rallied and yields fell as markets absorbed the possible implications of downgraded GDP growth forecasts and interest rates remaining lower for longer.

This (very rapid) policy U-turn by Draghi coincides with a similar switch by the US Federal Reserve and further studious inactivity from our own Bank of England. And coming so soon after central bankers had begun to tighten policy, albeit gently, it does raise two questions:

What are the ECB and US Federal Reserve so worried about, that they feel they cannot continue to try and normalise monetary policy? The Fed in particular is actually doing rather well on its twin mandates of inflation and employment and February's 3.4% wage growth figure, the highest since April 2009, would normally have been enough to prompt interest rate increases.

And if the Fed and ECB stop tightening policy, is this a signal for stock markets and other risk assets to head off the races again?

That is what has happened so far this year as we have seen a huge 'risk on' rally with equities beating bonds hands down, cyclical sectors leading the way and high-yield or 'junk' bonds doing best in a fixed-income context.

Mario Draghi

But can such a surge continue if the underlying fundamentals of economics and corporate earnings are as weak as the need to stoptightening policy suggests?

FIRST CUT IS THE DEEPEST

Perhaps the ECB's policy shift got such a cool reception last week because history actually shows that buying stocks on the first rate cut is not always a good idea. This sobering thought is worth bearing in mind, given that markets are now pricing in a 23% chance of an interest rate cut from the US Federal Reserve by December 2019, rather than the pair or trio of hikes that the central bank had been aiming for as recently as Christmas.

The ECB's relatively limited history means we have a short data set when it comes to interest cycles and their impact on stock markets. But we have plenty of data in the UK and US.

To start with the UK, the good news is that over the 11 rate-cut cycles since the inception of the FTSE All-Share in the early 1960s, the index has gained after the first decrease in borrowing costs on a three, six, 12 and 24-month view.

Yet the hit rate over the first three months is patchy (five gains, six losses) and the last two rate-cutting cycles started disastrously for buyers, with losses over a two-year period as recessions bit hard, earnings disappointed and equity valuations proved unsustainable.

Buying on the first rate cut in the UK had generally worked, until the last two cycles

First rate cut		FTSE All-Share after first rate cut	
Date	**From**	**3 months**	**1 Year**
Jun-1965	7.00%	(3.5%)	12.1%
Mar-1968	8.00%	19.1%	26.4%
Jan-1974	13.00%	(16.6%)	(57.3%)
Nov-1976	15.00%	25.4%	64.1%
Jul-1980	17.00%	6.7%	17.9%
Mar-1985	13.88%	(1.9%)	30.2%
Oct-1990	14.88%	(4.5%)	18.5%
Dec-1995	6.63%	1.4%	9.0%
Oct-1998	7.50%	27.8%	33.0%
Feb-2001	6.00%	(5.1%)	(17.3%)
Dec-2007	5.75%	(10.1%)	(38.8%)
AVERAGE		**3.5%**	**8.9%**

Source: Refinitiv, Bank of England

As for the US, the data since 1970 makes for grimmer reading. Buyers of US stocks after the first rate cut from the Fed have lost money on average over the past eight rate-cutting cycles on a three, six and 12-month view, with the last two being particularly painful, when 'fighting the Fed' was actually the right thing to do.

How the US market reacted to rate cuts

First rate cut		S&P 500 after first rate cut	
Date	**From**	**3 months**	**1 Year**
Jan-1971	4.50%	10.1%	11.7%
Jul-1974	11.00%	(23.5%)	(8.1%)
Jul-1981	19.00%	(5.4%)	(16.4%)
Aug-1984	11.56%	(1.8%)	13.2%
Jun-1989	9.81%	7.7%	12.6%
Jul-1995	6.00%	5.1%	18.7%
Jan-2001	6.50%	(17.9%)	(13.5%)
Sep-2007	5.25%	(4.3%)	(20.6%)
AVERAGE		**(3.7%)**	**(0.3%)**

Source: Refinitiv, US Federal Reserve

EMERGENCY MEASURE?

We may be jumping the gun here. The Fed is still shrinking its balance sheet, after all.

But Fed officials are already talking about zero interest rate policies and markets do seem to be asking themselves, in the case of Europe, why the third instalment of the ECB's TLTRO should create sustainable growth when the prior two rounds did not?

And why, in the case of the US and UK, are the alleged temporary measures of a decade ago – namely QE and record-low interest rates – still required? After all, the architect of the policy in America, then Fed chair Ben S. Bernanke told Congress in 2009: 'Clearly this is a temporary measure which is intended to provide support for the economy in this extraordinary period of crisis and when the economy is back on the road to recovery, we will no longer need to have these measures.'

Perhaps markets are now taking him at his word and thinking that the economy is still not in the best of health after all, despite 10 years of extraordinarily loose policy. And if that did not work, what remedies will central banks try next?

By **Russ Mould**
AJ Bell Investment Director

Reappraising John Menzies now it is a pureplay aviation services group

The company has moved on from its high street and news distribution days

For a business which ranks number two in the world for its industry, **John Menzies (MNZS)** has an image problem. Folk memories of its high street origins mean that few people realise it is now a global support services firm.

Nor do they appreciate that it has a long growth runway ahead of it although a 'no-deal' Brexit may do it no favours in the short term.

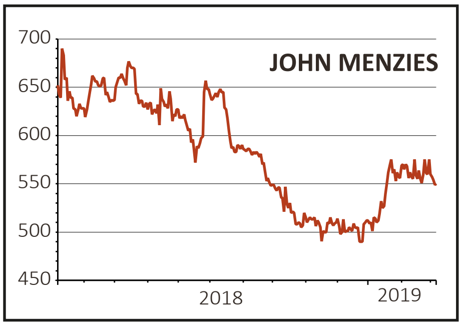
WHAT'S IN A NAME?

Even though the retail business was sold more than 20 years ago, for many people it's a name which evokes the heyday of the high street when Menzies stood proud with the likes of Littlewoods and Woolworths.

Today, Menzies is in fact one of the world's largest aviation services firms with almost 35,000 employees and operations at 200 airports in over 30 countries.

BREAK WITH THE PAST

The company's founder opened his Edinburgh store in the early 1830s, after which the firm expanded into wholesaling in the late 19th century and logistics in the first half of the 20th century.



In the 1980s the firm moved into the international courier market and then into air freight, cargo handling and ground services at Heathrow airport.

Sensing that aviation services offered better long-term growth prospects than retailing, Menzies sold its shops to **WH Smith (SMWH)** in 1998 and pushed further into ground-handling services around the world.

The final break with the firm's roots came last September with the sale of the media distribution arm to private equity investors.

UK TRAFFIC GROWTH

The global aviation services market generated $60bn of turnover in 2017 and is estimated to reach $95bn by 2025.

However the industry is highly fragmented with top half-dozen firms controlling around a quarter of the market and three quarters in the hands of small operators who are increasingly struggling to keep up with the demands of the airlines and the regulators.

Menzies' biggest location is Heathrow where it employs 3,000 people and services nearly 300 flights a day, providing ground services including baggage handling and aircraft lounges, cabin cleaning, cargo, trucking and de-icing.

In cabin services alone it has 37 customer airlines and turns around over 52,000 flights a year which requires a mind-boggling level of organisation.

According to Government forecasts, even without a third runway and with only a 2% rise in flight numbers, passenger traffic at Heathrow would rise by nearly 20% in the next 20 years as airlines use larger aircraft and occupancy rates increase.

With a third runway, the number of flights could increase by more than 50% and passenger numbers could rise by 70% assuming larger planes and higher occupancy.

This means huge potential for Menzies to add to its customer roster not just at Heathrow but at its hub operations where these flights originate such as Cape Town, Los Angeles, Sydney and Toronto.

GLOBAL EXPANSION PLANS

Menzies' major clients include Air France-KLM, **EasyJet (EZJ)**, **International Consolidated Airlines (IAG)**, Lufthansa and Norwegian in Europe and Air Canada, American, Delta and United in North America.

Historically it was under-represented in Asia but it has now added Air China, Capital Airlines, China Eastern and Hainan Airlines to a Heathrow roster which already boasts Korean Air, Japan Airlines and Singapore Airlines.

The global aircraft fleet is seen growing by 3.5% a year to 2037 while traffic is seen growing by 4.7% and the biggest driver of this growth is Asia.

Menzies is also investing abroad, buying US aviation services firm Asig from **BBA Aviation (BBA)** in 2017 for a net $195m. Within a year of purchase, Menzies' management had made synergy savings of $20m, equal to Asig's operating profit.

CARGO VOLUMES AND MARGINS RISING

Global cargo volumes are forecast to grow by around 4% per year for the next 20 years and like passenger traffic most of the growth is seen coming from Asia.

For the major airlines Menzies manages their warehouses air-side while for smaller carriers and at secondary airports it offers a one-stop shop for cargo management.

Margins are already improving and there is a good pipeline of opportunities to make small bolt-on acquisitions at higher margins.

BREXIT RISKS MITIGATED FOR NOW

The most obvious risk for Menzies is the impact on UK and European air travel in the event of a no-deal Brexit.

Last December the EU ruled that flights from the UK into and over Europe would be allowed to continue for 12 months to allow 'basic connectivity' in a no-deal scenario. Along with this 12-month guarantee was a proposal to extend the ruling by nine months to ensure that certain licences were still valid.

This month the UK Government agreed to match the EU's offer, bringing relief to the airline industry and firms like Menzies, but the company could still see its growth targets challenged by the UK's exit from the European Union.

JOHN MENZIES: FINANCIAL OVERVIEW

	2016	2017	2018	2019E
Revenue	£2.08bn	£2.52bn	£1.29bn	£1.40bn
Operating profit	£55.2m	£77.9m	£34.0m	£62.2m
Pre-tax profit	£19.8m	£26.7m	£21.6m	£44.70m
Earnings per share	11.8p	15.1p	14.6p	39.4p
Dividends per share	18.5p	20.5p	20.5p	21.3p

Source: Company, Thomson Reuters. Note: 2018 and 2019 results exclude Distribution arm

By **Ian Conway**
Senior Reporter

What happens when you buy a share?

We explain the mechanics of making a share transaction

While potential investors are often focused on what they should invest in, they can overlook a vital aspect: how do I actually buy a share?

Anyone looking to make their own investment should open a dealing account, ISA or SIPP (self-invested personal pension) through an investment platform or a stockbroker.

HOW DO I BUY A SHARE?

Once you have opened an account, you can search for the company, investment trust or exchange-traded fund you are interested in. The same process would apply to investing in unit trusts and OEIC funds.

Before dealing, you should be able to find essential information on your investment platform such as a company's financial and dividend history, details of an investment trust's holdings or the index being tracked by an ETF. You can also find this information and more from financial websites such as Morningstar and *Shares* own website.

To buy a share, you either enter the number of shares you want or the monetary amount you would like to spend. The latter option will figure out how many shares you can buy at the current price. You should be able to specify whether you want dealing charges included or

excluded as part of this figure.

There is no recommended amount of shares you should buy in a company, although you should bear in mind the dealing costs you can incur. It would not make sense to buy one share costing 500p, for example, as you could pay twice that amount as a transaction fee.

It is important to understand the distinction between the bid and offer price. The former is the price you'll achieve if you sell (i.e. what a market maker will bid for your shares), the latter represents the purchase price (i.e. the price that a market maker will offer you). We will discuss the bid and offer prices and the typical spread between them in a future article.

BUYING WITH A DELAY

If you are unsure about the price you are paying for a share, you can set a limit order, which is essentially a price point at which you would be happy to buy stock.

For example, if Company X is currently priced at 100p and you wanted to buy at a cheaper price, you can specify 90p as your limit. Should the shares hit this price, an instruction is automatically sent to buy the stock at the best available price.

There is a catch as limit orders are often only valid for a short period, such as up to 90 days, so you may need to put through another order if it does not go through during this period.

Once you have entered all the information on a normal trade, you will be presented with a countdown. This is a quote for a price that is only guaranteed for 15 seconds due to the fast-moving nature of the market.

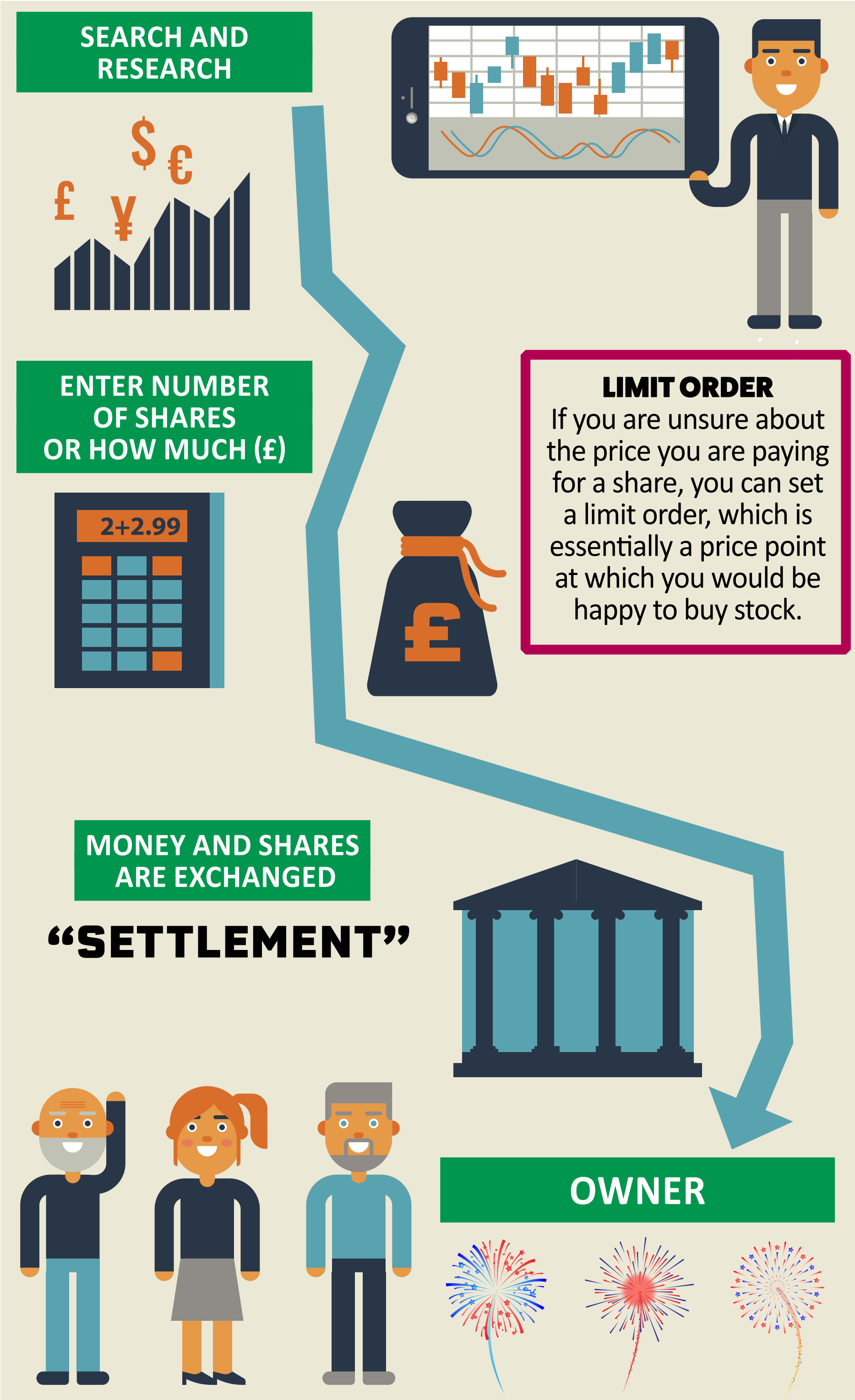
If the quote expires, you need to request another, which could be higher or lower than the previous price offered.

WHEN WILL I OWN THE SHARES?

AJ Bell's head of operations Mark Gillan explains what happens when you have committed to a trade.

'After you have entered your order, the money and shares need to be exchanged in the marketplace. This process is known as "settlement",' he says.

'Settlement takes a number of days, depending on the type of investment – for standard shares, settlement takes two



working days, but for investment funds, settlement can take three working days or more.'

As Gillan explains, the date you enter your order is known as the 'trade date', and the date that the money and shares change hands is known as 'settlement date'. The difference between these dates is often known as the 'settlement cycle'.

You will often see abbreviations such as 'T+1' and 'T+2' used – this refers to the days between trade and settlement date (for example, T+1 means the trade will settle on the first working day after trade date).

On settlement date, you will become the beneficial owner of the shares. This is also the day that you become a shareholder of record and therefore entitled to any dividends.

HOW YOU HOLD YOUR SHARES

There are three possible options in terms of how you hold your shares: you can take them in the form of paper certificates; use your broker's nominee account to create an electronic record in Crest (the UK's central depository for non-paper based shareholding) or have your own Crest account which is known as Crest personal membership.

The choice you make can have a bearing on how you receive information about your investments. This is because if you have your own Crest account or share certificate your name will be on the share register of the company you're invested in. Nominee accounts instead see the broker's name entered on the register.

Most of us will see our shares held in the name of their platform's nominee company, where they are ringfenced and should be protected from creditors if your broker or investment platform was to go bust.

Nominee account holders will have to go through their investment platform if they want to vote at or attend an EGM or AGM.

By **Lisa-Marie Janes**
Reporter

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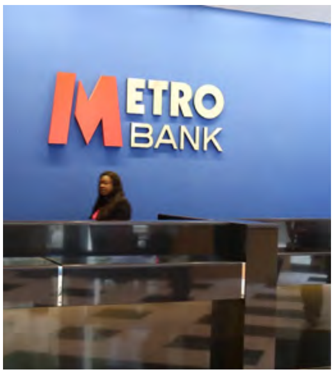

KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full year results

18 March: Miton. **19 Mar:** Antofagasta, Applegreen, JPJ Group, Team17, Zotefoams. **20 March:** John Wood, IQE, Kingfisher, Ten Entertainment. **21 March:** Next, Sopheon, Ted Baker.

Half year results

15 March: JD Wetherspoon. **19 March:** Softcat, SCS Group. **20 March:** Kier.

Trading statements

15 March: Berkeley. **19 March:** ASOS, Ocado. **21 March:** IG Group, Mitie.

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