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STOCK MARKETS **SPOOKED BY ECONOMIC WOES** AND BOND MARKET WARNING

WHY AREN'T **CHALLENGER BANKS** LIVING UP TO THEIR BILLING?

SHARES IN RETAILER **THE WORKS** DOWN 30% SINCE IPO

What's spooking the markets this time?

The bond market has issued another warning sign which has caused a widespread decline in share prices

A cocktail of negative data has troubled the markets once more, resulting in large declines in share prices around the world amid worries about global growth.

Investors have flocked to sovereign debt including Australian government bonds where the yield on the 10-year notes has fallen to a record low of 1.756%. Higher demand for bonds pushes up their price and pulls down the yield. Gold has also been in demand as economic fears tend to stir up higher interest for so-called safe haven assets.

So what's behind the latest stock sell-off? There are numerous factors but the one that's really spooked investors is how short and long-dated US government bonds have behaved.

The yield on the three-month US Treasury notes last week exceeded the 10-year note for the first time since 2007.

Bond investors normally expect to be compensated more for taking on the added risk of owning bonds with longer maturities. But when yields on short-dated notes exceed that on the 10-year bonds it is known as an inverted yield curve and such moves have historically signalled a recession approximately one to two years later.

Higher short-term borrowing costs can result in companies finding it more expensive to fund their operations and so management may reduce investment in their business including labour. Consumer borrowing costs also rise and consumer spending slows. All these factors can trigger a recession.

The latest movement was triggered by longer-dated yields falling by more than shorter-dated ones as investors sought to buy longer maturity bonds amid negative economic data from various parts of the world. The shorter-dated yields only fell by a small amount as the US Federal Reserve last week signalled it didn't expect to raise interest rates in 2019.

Bonds have been in demand in recent sessions because investors consider them to be lower risk than equities. And it is fairly obvious from the stream of economic data why individuals want lower-risk investments.

Data last week showed that Germany's manufacturing industry was shrinking at its fastest pace in more than six and a half years. China's exports fell by more than 20% in February amid the trade dispute with the US.

The UK economy has stalled with 0.2% growth in the three months to January, the same as the previous quarter. And US jobs growth in February was the weakest in nearly one and a half years.

Without wanting to sound like a broken record, it is really important in times such as now to have a diversified portfolio – and that includes exposure to different asset classes and not simply a range of different equity funds.

Having exposure to bonds, property, commodities, infrastructure and other assets classes can act as a cushion to your portfolio in tougher times. You can get exposure to many of these asset classes through exchange-traded funds or mutual funds, for example, or directly.

In addition to this diversification it is also important not to dump your equity holdings when markets make sudden downward movements. Stock markets go up and down and you are better off holding on to your investments and riding out the market volatility than trading in and out.

By **Daniel Coatsworth** Editor

Contents

VIEWING SHARES AS A PDF?
CLICK ON PAGE NUMBERS TO JUMP TO THE START OF THE RELEVANT SECTION

Market volatility returns as growth worries bite

We look at how global markets responded to the latest downbeat economic figures

The VIX measure of market volatility hit its highest level in weeks on 22 March as investors took fright at a series of alarming economic updates from the US and Europe and the cautious tone sounded by America's rate-setting Federal Reserve.

While shares are currently recovering from the sell-off, the return of market volatility is likely to continue as fears over global growth mount, and amid ongoing tensions on trade between the world's two largest economies (US and China) as well as the latest developments on Brexit.

The next big economic announcement for investors to watch is the US non-farm payrolls data on 5 April. February's data came in significantly below expectations, with the weakest job growth in nearly one-and-a-half years.

PMI (purchasing managers' index) data is also closely watched by investors as it is based on a survey of the professionals who buy in the goods and services required by a company for its day-to-day activities.

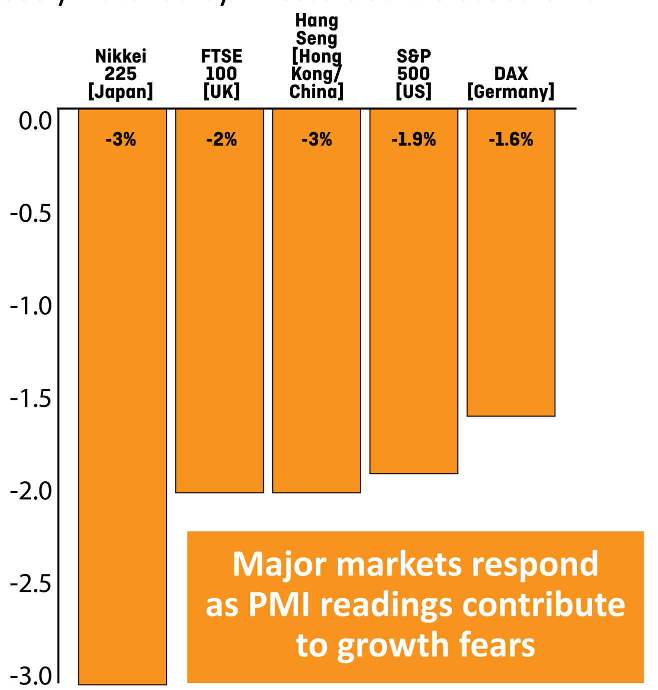
The requirement for these managers to have a good insight into the levels of demand enjoyed by their businesses means these readings tend to carry significant weight.

The Eurozone composite PMI, covering a range of different sectors, fell from 51.9 in February to 51.3 in March. A figure above 50 signals expansion while anything below this threshold means activity has contracted.

According to Capital Economics, a consultant, the latest Eurozone PMI figure implies quarter-on-quarter GDP growth of just 0.2% in the first three months of the year. 'More worryingly, Germany's manufacturing PMI has dropped to its lowest since 2012, when the economy was in a deep recession, and France's also fell below 50,' it adds.

The US manufacturing PMI slipped to a 21-month low in March, down from 55.5 to 54.3.

Export-driven economy Japan saw its headline stock index the Nikkei 225 fall 3% on 25 March before recovering a good chunk of that ground on 26 March. In all since the 22 March the Nikkei has traded in a fairly wide range of nearly 4%.

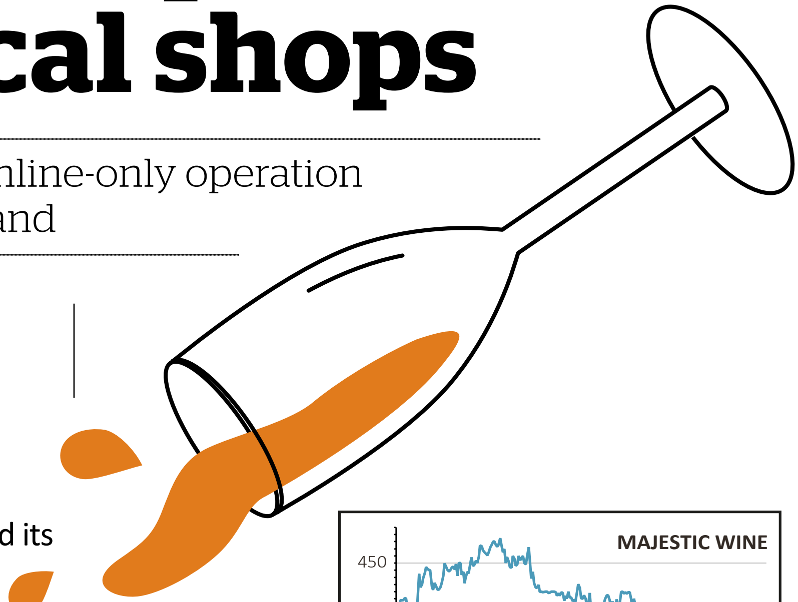


Shows performance of US and European markets on 22 Mar, Asian markets 26 Mar

Source: SharePad

Majestic Wine shocks investors with plan to ditch physical shops

Wine specialist could become an online-only operation as it prioritises the Naked Wines brand



Retailer **Wine (WINE:AIM)** has announced a radical new transformation plan that could potentially see it become a pure online player, prompting analysts to downgrade earnings expectations and its share price tumbling lower.

The company is to ramp up investment behind its online Naked Wines business which it acquired in 2015 and adopt that brand as the new group name. It will spend an extra £6m a year, taking total annual investment to £26m.

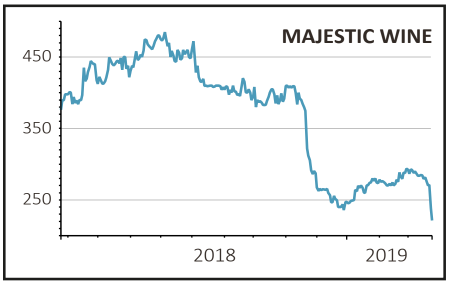
Restructuring charges will scar financial results going forward and it looks like dividends will be cut given the increased investment ahead.

The new strategy will be funded through asset sales and store closures. It is even actively seeking a buyer for the whole of the Majestic side of the group which covers the Majestic Wine retail chain, the commercial arm and the fine wine merchant Lay and Wheeler.

Peel Hunt says: 'It's inevitable that stores will close, and if a taker of the chains as a whole can't be found then the shuttered number will be large.'

The stores could be sold off in parcels should Majestic fail to find a buyer for the lot. If that proves problematic, some outlets could be rebranded as Naked, since roughly 10% of Naked Wines sales are currently collected at Majestic stores.

Shore Capital comments: 'It remains to be seen how much appetite there will be in the wider retail market for a chain of circa 200 wine warehouse stores but we note that Majestic is a well-known brand with a good client base. We wonder if it is a buyer's market following Oddbins' recent administration.'



Majestic said last November that nearly 45% of its business was online. At the time the company remarked that 'physical retail has a long-term future, but it will need to evolve into a much more experiential component of a multi-channel experience'.

Peel Hunt says the decision to now focus solely on Naked isn't a complete surprise, saying it had always been clear that the brand was 'the favourite' within the group.

Is Just Group a takeover target after share sell-off?

Cost of bond issue and shareholder dilution didn't go down well

On 14 March retirement solutions firm **Just Group (JUST)** caught the market by surprise when along with its full year earnings it slipped out the news that is was raising £375m in new capital. The shares shed 12% to 85.3p on the day.

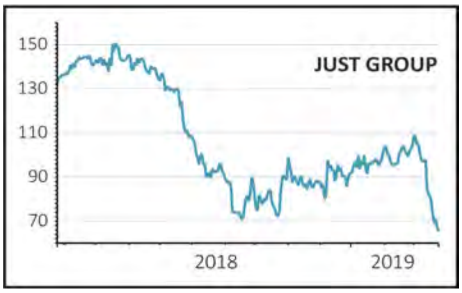
On 25 March it announced that the capital raise, consisting of £75m of new shares and £300m of Tier 1 bonds, was complete and it was back to business as usual.

Instead of rejoicing, however, investors have continued to sell the shares down to 66.75p.

Just Group needed to raise capital after the Prudential Regulatory Authority (PRA), a financial regulator, suggested last year that the insurance industry should account for equity-release mortgages more conservatively and put aside more reserves.

The £300m of bonds qualify as regulatory capital under the Bank of England's Solvency II regulations which strengthens the firm's previously tight balance sheet, but as chief executive Rodney Cook admits this new capital 'has come at a cost'.

Just Group bonds pay annual interest rate of more than 9%



EXPENSIVE DEBT

The bonds pay an annual interest rate of 9.375% — nice if you can get it when UK Government bonds are yielding just 1% but not so nice if you are Just Group and have to fork out the interest every six months.

With the firm re-capitalised and the shares at their lowest price for 10 years, analysts have taken note.

The consensus is that the stock deserves to re-rate to a higher multiple of earnings, despite the fact that for the next few years earnings are going to be at least 30% lower than previous forecasts.

Despite future regulatory uncertainty and the impact to earnings from the capital raise, which could affect the group's interest cover and therefore its credit rating, analyst Barrie Cornes at Panmure Gordon goes a step further and suggests that a trade buyer is likely to swoop because the shares have fallen too far.

While Just Group shares have fallen a long way and may be cheap on some metrics, without some kind of catalyst they are likely to stay cheap. And if a trade buyer is interested, it is unlikely they will pay much of a premium.

Apple, Ocado, Smiths Group and other news

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

Investors liked plans by Apple to offer various new services including new TV, gaming and credit card platforms, sending its shares up 1.4% to $191.4. This move suggests it is trying new ways of growing earnings without being so reliant on sales of iPhones and its other consumer electronics products, which are slowing.

While the company may be nearing saturation point with sales of tablets and smartphones, the prolific sales of these products means the company has a significant installed base of devices (around 1.4bn at the last count) through which to sell its services.

In the first quarter of its current financial year Apple's services revenue hit a record high of $10.9bn – up 19% year-on-year

PREPARING FOR DEMERGER

Shares in **Smiths Group (SMIN)** were in demand on 22 March as it bowed to shareholder pressure and firmed up plans to demerge its medical business next year.

Smiths is a diverse collection of businesses providing everything from sensors for explosives to hospital equipment and oil services and there has long been clamour for a break up, with the medical division in particular seen as a candidate for sale due to continued underperformance.

Full year results showed underlying pre-tax profit down 1% to £216m with its Smiths Medical and Smiths Detection arms faring poorly, while the John Crane oil and gas business, Flex-

Tek fluid engineering division and electronic components specialist Smiths Interconnect all posted solid growth.

ANOTHER DEAL FOR OCADO

Food delivery firm **Ocado (OCDO)** nabbed its fifth overseas deal in less than 18 months, firing the share price to new highs above £13. The tie-up with Australian grocer Coles will see the latter pay for the Ocado Smart Platform – which provides online delivery services.

Elsewhere, lender **Amigo Loans (AMGO)** saw its shares come under pressure after the Financial Conduct Authority said it was worried about the guarantor loans space in which Amigo occupies, raising the threat of growing scrutiny and stricter regulation.

Investors marked shares in wound management specialist **ConvaTec (CTEC)** and housebuilder **Crest Nicholson (CRST)** higher as they poached CEOs from stock market rivals.

On 25 March ConvaTec hired the current chief of animal genetics firm **Genus (GNS)** Karim Bitar and on 26 March Crest Nicholson secured **Galliford Try (GFRD)** head honcho Peter Truscott. Shares in both Galliford and Genus reacted negatively to the news.

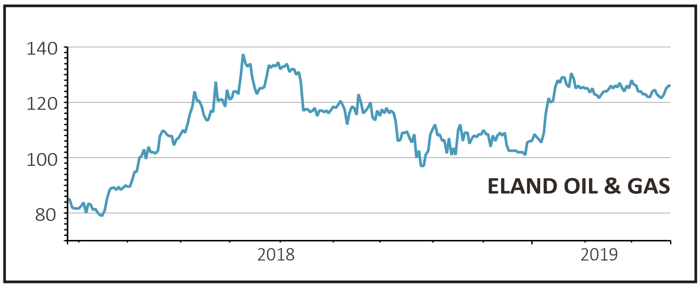
ELAND OIL & GAS

(ELA:AIM) 125p

Gain to date: 18.5%

Original entry point:

Buy at 105.5p, 10 January 2019



FULL YEAR RESULTS on 20 March only increased our faith in Nigerian oil producer **Eland Oil & Gas (ELA:AIM).**

They fully reflect the progress the company has been making on the ground in the West African country with 100% growth in production to 8m barrels of oil equivalent per day (boepd) resulting in record revenue and pre-tax profit of $169m and $77.6m respectively.

In a show of faith in the company's prospects, and a signal that it sees its shares as being undervalued, the company announced plans to extend its share buyback which commenced in the fourth quarter of 2018 from £3m to £6m.

The company also reaffirmed plans to start paying a dividend, with a maiden payout for the full year to 31 December 2019.

An extended lending facility gives the company the financial firepower to accelerate development of its assets, such that it should be on course to deliver a further 100% increase in production up to 17m boepd.

SHARES SAYS: ↗

Keep buying the shares. An exploration well on the Amobe prospect offers a further catalyst when drilling gets underway in the third quarter.

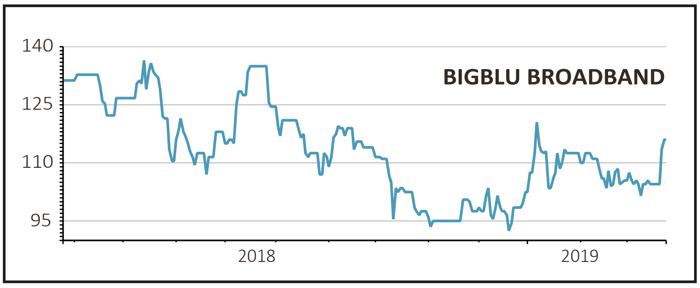
BIGBLU BROADBAND

(BBB:AIM) 116p

Gain to date: 9.4%

Original entry point:

Buy at 106p, 21 February 2019



FULL YEAR RESULTS from the super-fast broadband provider were well received by the market. Total revenue increased by 26.1% to £55.4m and total customers grew by 13% to approximately 113,000 in the 12 months to 30 November 2018.

Current trading is good with Bigblu adding more than 3,000 net new customers in the three months to the end of February, exceeding total organic growth in its 2018 financial year. It hopes to grow its customer base to 150,000 by 2020.

The company buys satellite broadband and airtime from a selection of major partners, such as Eutelsat, SES and Viasat, and plugs homes, businesses and broadcasters into its network.

Broker Numis has amended its earnings forecasts to take into account Bigblu owning the customer equipment for its relationship with Eutelsat, with the result that it must repay the partner for financing this equipment over a four year period. This alters Numis' estimates for capital expenditure, depreciation and changes in working capital.

The new forecasts now suggest Bigblu will narrow pre-tax losses from £9.5m in 2018 to £1.3m in 2019, before moving into the black with a £2.5m pre-tax profit in 2020, rising to £5m the year after.

Numis believes the share price could hit 230p over the next 12 months based on a discounted cash flow model, implying you could double your money.

SHARES SAYS: ↗

A solid set of results. Keep buying.

How to invest in Europe's winning cities

With the UK's deadline to leave the European Union fast approaching and a deal yet to be agreed, investors may be tempted to look further afield for income and diversification opportunities.

In contrast to the UK's commercial property market, which is shrouded by Brexit uncertainty, a number of cities across Europe currently offer investors exciting growth prospects.

Jeff O'Dwyer, manager of the Schroder European Real Estate Investment Trust, describes Berlin, Hamburg, Frankfurt, Stuttgart and Paris as "winning cities". He believes they have the potential to grow 25 per cent to 35 per cent faster than their domestic economies, buoyed by a number of positive dynamics. These include infrastructure improvements, employment growth, urbanisation and tourism.

What's more, a number of these cities are already benefiting from banks moving teams out of London as a result of Brexit.

"We have around 80 per cent allocated to the top tier growth regions," Mr O'Dwyer says.

Schroder European Real Estate is the only UK-listed real estate investment trust which offers investors access to a diversified portfolio of commercial property investments across Europe. Investors also receive inflation-linked income because all of the leases in the portfolio are index-linked.

"We are diversified in terms of sectors, cities and tenants. We have close to 100 tenants, an unexpired least term of around 6.5 years and 97 per cent occupancy, so there is a good basis there for maintaining our income profile," explains Mr O'Dwyer.

The investment trust, which has a gross asset value of approximately €250 million, draws on the expertise of local teams across Schroder Real Estate Investment Management. They focus on locations where rents are low and sustainable, where there is competing demand for uses and supply is constrained.

Once assets are purchased at attractive valuations, the team seeks to add value through asset management. For example, by investing in the properties to increase the amount of rent they can receive per square metre.

A good example is Mariendorf, a retail warehouse based in Berlin which is let to DIY operator Hornbach. The fund manager describes it as one of his favourite assets in the portfolio. The property was purchased with a lease term of a little over eight years and a net initial yield of 6.2 per cent. This equates to the net income the tenant pays (minus costs that accompany the running of the property) divided by the gross price.

"The big attraction here is that we are sitting on four hectares of land. Surrounding this asset is medium density residential and offices. We know we can add value once we get vacant possession.

"The tenant may stay and we are happy to take the 6.2 per cent net initial yield, but the longer term play is to work on planning and try to put this site to stronger use," Mr O'Dwyer explains.

The fund manager adds that the team's overall intention is to "sweat the assets, not the balance sheet". This helps to explain why leverage stands at 26 per cent loan-to-value, below the 35 per cent limit.

Over the past 12 months, the team has reduced exposure to retail and built an allocation to industrial warehouses - a sector that offers attractive growth prospects. Exposure to this sector currently stands at 13 per cent and Mr O'Dwyer expects it to increase to 19 per cent with the conclusion of a French logistics asset that is in exclusivity.

Post the addition of the French logistics investment, Office represents the largest allocation at 46 per cent, while retail stands at 27 per cent of the portfolio. In spite of the negative headlines concerning the retail sector, the team continues to identify attractive investment opportunities in this space with the above referenced Berlin investment a good example.

Jeff O'Dwyer, manager of the Schroder European Real Estate Investment Trust

Here, they focus on assets which have points of difference, where there is potential to add value. For example, Mr O'Dwyer likes that the Metromar shopping centre in Seville has entertainment and leisure facilities. A number of asset management initiatives are also under way at this site, including a refurbishment of the centre and the introduction of another leisure specialist, providing trampolining and rock climbing.

Looking ahead, Mr O'Dwyer is confident that the team can continue to grow Schroder European Real Estate's dividend by actively managing the assets and targeting markets where they identify superior growth prospects.

"European real estate fundamentals remain sound. Office rental growth remains above trend, driven by growth in office employment and record low vacancy rates. In addition, we haven't seen an imbalance on the supply side.

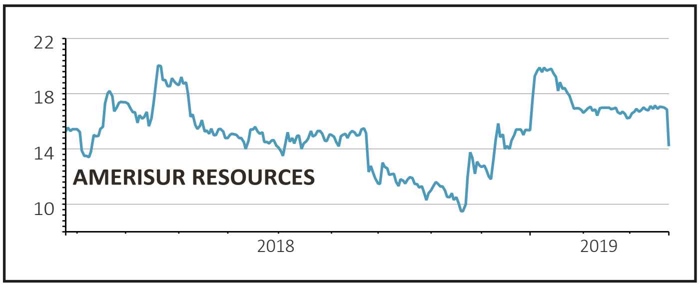
"We have put together a robust portfolio which can deliver a sustainable income. It is also diversified and exposed to cities we think will grow faster than their domestic economies," Mr O'Dwyer concludes.

Risk warning: The trust may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual position. This may result in large changes n the value of the fund, both up and down, which may adversely impact the performance of the fund. The Company may borrow money to invest in further investments, this is known as gearing. Gearing will increase returns if the value of the assets purchased increase in value by more than the cost of borrowing, or reduce returns if they fail to do so. The trust can be exposed to different currencies. Changes in foreign exchange rates could create losses. The dividend yield is an estimate and is not guaranteed. The value of investments and the income from them may go down as well as up and investors may not get aback the amounts originally invested. Past performance is not a guide to future performance and may not be repeated.

AMERISUR RESOURCES
(AMER:AIM) 14p

Gain to date: 3.7%

Original entry point:
Buy at 13.5p, 13 December 2018



FRUSTRATINGLY THE gains we chalked up on our trade in Colombian oil firm **Amerisur Resources (AMER:AIM)** have largely been wiped out on disappointing exploration results.

The Calao-1X well reached target depth with no hydrocarbons (oil or gas) found. It is the third well drilled on CPO-5 block where the company has a 30% stake and is partnered with Indian state operator ONGC and follows success with drilling on the Mariposa and Indico prospects.

Cantor Fitzgerald suggests the news should be kept in perspective. 'While the result at Calao is disappointing, it is important to recognise that this has no impact on the reserves on CPO-5 – as they are attributed to Mariposa and Indico,' it says.

'Two successful wells from three is still a decent record, and we are not hugely surprised at the failure given that the operator is ONGC – which has previous form for drilling in sub-optimal locations.'

Separately Amerisur announced on 20 March that it would exercise an option to acquire the 50% of the Put-18 block it did not already own for $19m.

SHARES SAYS:
While disappointing we do not see this news as significantly undermining the investment case.

RENISHAW
(RSW) £37.10

Loss to date: 2.5%

Original entry point:
Buy at £38.04, 20 December 2018

A PROFIT WARNING from precision engineer **Renishaw (RSW)** has wiped out all our earlier gains, putting the trade a touch below our December entry point.

Asian weakness is to blame amid a slowdown in demand for its encoder products and from large end-user manufacturers of consumer electronic products.

The Far East accounts for 43% of group sales so the profit warning means Renishaw is now a much higher-risk stock to own.

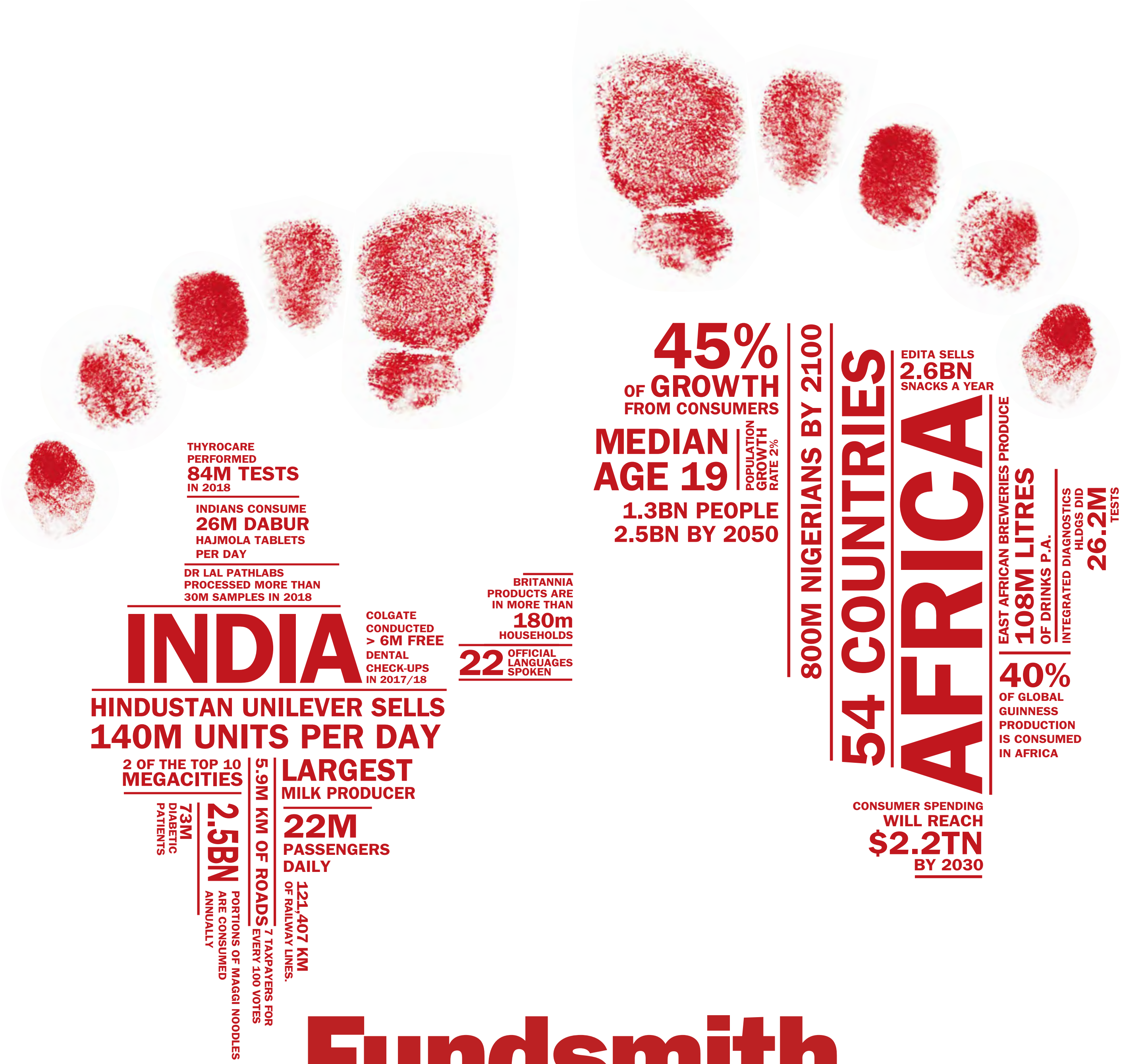
We acknowledge there are headwinds but we hope this is simply a bump in the road for what remains a high quality business. Renishaw has been through such issues in the past and come out fighting and we expect the same again.

It is also worth noting that the business isn't solely dependent on the consumer electronics sector as it has a growing business serving the healthcare sector including systems for the dental industry.

Chief executive William Ernest Lee invested nearly £38,000 of his own money in buying shares immediately after the profit warning, which sends a vote of confidence to the market in the company's outlook.

SHARES SAYS:
Renishaw's shares are likely to be volatile until it can prove that issues in Asia aren't getting any worse.

Its next scheduled announcement is a trading update on 14 May, coinciding with a big event at its headquarters for shareholders, analysts and brokers to better explain its business. We suggest you keep hold of the shares.



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a guide to future performance.

% Total Return

	2018	2017	2016	2015	2014	Since inception to 31.12.18
FEET Net Asset Value	–3.0	+21.2	+12.0	–7.0	+0.1	+22.7
MSCI Emerging & Frontier Index (£ net)	–9.3	+25.3	+32.4	–10.0	+0.5	+36.1

Source: Financial Express Analytics, MSCI.com, Inception 25.6.14.

www.feetplc.co.uk **Available for your ISA through your stockbroker.**

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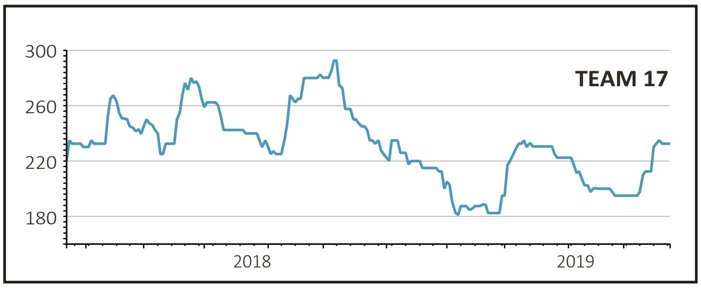
TEAM17

(TM17:AIM) 240p

Loss to date: 4%

Original entry point:

Buy at 250p, 05 July 2018



A STRONG SET of full year results from computer games developer **Team17 (TM17:AIM)** on 19 March have helped the shares get back within sight of our 250p entry price.

Revenue was up 46% to £43.2m off the back of some successful releases including *Overcooked 2* with adjusted earnings of £15m beating the consensus forecast of £14m.

Gross margins fell from 57% in 2017 to 46%, but this reflected a lack of new games based on its own intellectual property with an acceleration of third-party IP games being released through its Games Label platform.

Games Label allows independent developers to bring their games to market under a revenue sharing model and we are relaxed about the resulting pressure on margins given the growth potential and diversification benefits this offers.

More than half of its revenue came from its back catalogue of purchase-to-play games with sales of these titles up 42% to £22m year-on-year. This part of the business is lucrative as it requires limited development and marketing spend.

The shares have endured a bumpy ride in the past six months amid wider market volatility and in the face of weak performance from some leading game developers as well as the threat posed by free-to-play games, most notably *Fortnite*.

7 GREAT GROWTH STOCKS

FOR YOUR ISA

The clock is ticking towards the end of the tax year on 5 April which means investors should take advantage of any unused ISA allowance now. Everyone is allowed to invest up to £20,000 a year across the range of ISAs and you don't have to pay any tax on capital gains and income on investments held within the ISA.

You should take advantage of any unused allowance to transfer across investments held in a dealing account as currently you would incur tax on capital gains above the £11,700 allowance, and income above the £2,000 annual dividend allowance.

An alternative is to invest any spare cash in the markets via an ISA to make future returns as efficient as possible without losing anything to the taxman.

This article looks at a selection of large and small cap growth companies which are ideal for holding in an ISA. All seven stocks are forecast by analysts to keep growing pre-tax profit for the foreseeable future.

These aren't risk-free investments and some of the valuations aren't cheap. However, we do rate all seven stocks as good 'buys' in the current environment and believe they will deliver tasty returns over the coming years.

B&M EUROPEAN VALUE RETAIL (BME) 372.7P

BUY

Multi-price discounter **B&M European Value Retail (BME)** is a self-funded growth company offering a compelling play on trends towards value and convenience. The highly cash generative company pays a progressive dividend and offers scope for special distributions too.

On course for its 14th consecutive year of profit growth, B&M is a resilient, high quality structural winner that should grow in economic weather fair or foul.

And while it is a physical store retailer, B&M's lease portfolio with an average of four years outstanding gives it welcome flexibility.

B&M benefits from higher average transaction values in the good times and rising footfall and volumes in the bad. The company is participating in two of the three key trends re-shaping modern retailing: the rapid expansion of the value sector and the rise of convenience.

It has yet to participate in online retailing as its bargain wares don't really lend themselves to online transacting.

The bulk of B&M's revenues are derived from frequent-visit customers, who flock to B&M to top up on food or fast moving consumer goods essentials, or to purchase competitively priced seasonal, garden and homeware products.

Following a wobble at the back end of 2018 – reflecting concerns over slowing like-for-like sales amid unhelpful weather and a tougher backcloth in Germany – B&M's share price has rallied and we think the rebound can continue.

UK like-for-like sales softened by 1.6% in the third quarter to 29 December, with B&M's performance held back by a tough November, but this also reflected a strong prior year comparable of 3.9% growth, while overall group sales grew by a solid 12.1% in the quarter.

Encouragingly, gross margin expanded in the third quarter thanks to strong inventory control and B&M said positive sales momentum had continued into January.

The retailer's discount convenience chain Heron Foods continues to trade strongly, and B&M not only boasts a platform for growth in Germany through its Jawoll chain – it has also made in-roads into France via the recent acquisition of the Babou store chain.

Analysts expect B&M will report £247m pre-tax profit when it reports results for the year to March 2019 (2018: £221m). This figure is expected to hit £277m next year and £311m the year after.

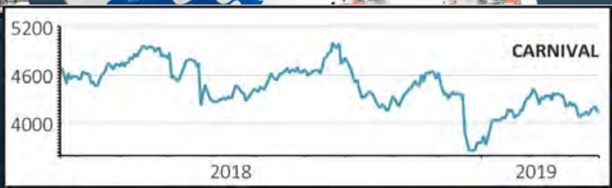
B&M PRE-TAX PROFIT GROWTH

2018	£221m
2019	£247m
2020	£277m
2021	£311m

Source: Liberum. March year end. Mixture of actual and estimated figures.

CARNIVAL (CCL) £37.97

BUY



CARNIVAL PRE-TAX PROFIT GROWTH

2018	£3.15bn
2019	£3.30bn
2020	£3.66bn
2021	£4.14bn

Source: SharePad. November year end. Mixture of actual and estimated figures.

After a turbulent 12 months for the share price, cruise operator **Carnival (CCL)** is looking attractively valued ahead of a period of anticipated solid growth and as such the company is an excellent candidate for inclusion in an ISA portfolio.

The company, which is dual-listed in the US and UK, has a portfolio of brands including Carnival Cruise Line, the most popular cruise line in North America. It is comfortably the industry leader with upwards of 100 vessels and a market share somewhere close to 50% based on the number of passengers.

The company has been seen as a beneficiary of an ageing population – as cruise holidays tend to be popular with older holidaymakers – and the rapidly expanding Chinese cruise market.

The shares came under pressure in 2018 as rising oil prices and the stronger dollar drove up fuel costs. This headwind abated somewhat in the final quarter of the year, but by the start of 2019 Shore Capital noted the market was discounting a 6% to 8% decline in net revenue yields.

This metric reflects how much the company makes per available passenger cruise day on each ship, and to put Shore's observation in context it fell 9% following the global financial crisis. The net revenue yield increased 3.7% in the November 2018 financial year although more modest growth of 1% is expected in 2019.

The company's investment in fleet replenishment is expected to result in cost savings and a higher rate of capacity growth, making it less reliant on growth in the revenue yield to drive earnings higher.

INFORMA (INF) 736.6P

BUY

Diversified media firm **Informa (INF)** offers solid growth at an attractive valuation. The ongoing integration of UBM, bought last year, should provide a catalyst for the share price in both the short and long-term as the benefits become apparent to the market.

Informa's most enduring brand is *Lloyd's List*, now a digital-only product covering the shipping industry which has been in existence in some form since 1734.

The company has invested in recent years to build a global operation with a focus on specialist business-to-business markets and with a growing proportion of recurring revenue. The company believes more than 65% of its future revenue is 'visible and predictable'.

Informa Markets – a combination of Informa's events arm and the exhibition assets picked up from UBM – is the company's largest division at around 50% of revenue. This is an attractive area of business because it is typically cash generative, has solid visibility with plenty of repeat revenue and, for the leading events in the company's portfolio, material barriers to entry.

There is also an opportunity to grow by taking established and successful events into new territories.

It is positioned to benefit from growing demand for its data analytics expertise, reflected in increased sales of digital subscription products.

INFORMA PRE-TAX PROFIT GROWTH

2018	£390m
2019	£801m
2020	£861m
2021	£927m

Source: SharePad. December year end. UBM takeover completed 15 June 2018. Mixture of actual and estimated figures.

LONDON STOCK EXCHANGE (LSE) £46.27

BUY

LONDON STOCK EXCHANGE PRE-TAX PROFIT GROWTH

2018	£865m
2019	£885m
2020	£1.02bn
2021	£1.12bn

Source: Thomson Reuters. March year end. Mixture of actual and estimated figures.

Analysts expect **London Stock Exchange (LSE)** to deliver very attractive earnings growth over the coming years. However you do have to pay a premium rating for such quality – its shares trade on 23.2 times forecast earnings for 2019.

Berenberg's Chris Turner says the company has completely changed its business model since 2007, relying less on traditional volume-driven activities and concentrating more on being an information services business and also a clearing house for OTC (over-the-counter) derivatives.

'This new model exposes London Stock Exchange to some of the strongest structural trends in the finance industry: ETF penetration, OTC clearing, greater risk management and quant investing,' he explains.

Underlying pre-tax profit is forecast to grow from £865m in 2018 to £1bn in 2019 and £1.12bn in 2020 according to the analyst consensus forecast.

There is scope for London Stock Exchange's margins to improve as the cost of clearing a trade or selling an additional index licence is close to zero, so nearly all extra revenue should turn into profit.

OTC clearing and the FTSE Russell index business generate half of the group's revenue. Turner believes they will generate two thirds of group revenue growth over the next three years.

The FTSE Russell business, in particular, is very important to future earnings growth. Most of its revenues are generated from recurring subscriptions to the division's benchmarks such as the FTSE 100 or Russell 2000.

'This division is benefiting from the secular increase in the application of quantitative techniques across the asset management industry,' says Turner.

'Traditional managers are using far more sophisticated, often bespoke, benchmarks and performance decomposition tools to analyse performance and monitor risks.

'At the same time, traditional passive products continue to grow, expanding into less mainstream strategies and incorporating more sophisticated ("smart beta") approaches,' adds the analyst.

Investors owning this stock shouldn't expect huge dividends despite the business being highly cash-generative. London Stock Exchange is more likely to use spare cash for acquisitions.

On the flipside, it is worth noting the company has, on average, received a takeover approach from third parties every 2.5 years since it was listed in 2000.

ALPHA FX (AFX:AIM) 670P

BUY

Shares in foreign exchange specialist **Alpha FX (AFX:AIM)** have more than tripled since it joined the stock market in April 2017 as earnings have repeatedly beaten estimates.

In its last trading update in December, the firm raised guidance again thanks to strong growth in its core business and in its newly-established institutional business.

Alpha's core business is providing foreign exchange services to medium-sized UK and overseas firms who need to convert currency for buying and selling goods and services overseas, repatriating profits or expatriating payroll.

The UK corporate foreign exchange market is dominated by the high street banks and is estimated by analysts at Liberum to be worth £445bn per year.

Alpha's UK clients include retailers such as **ASOS (ASC:AIM)** and **Halfords (HFD)** which buy goods in euros or other currencies and sell them to UK customers in pounds.

Other Alpha customers include energy companies whose products are bought and sold on world markets primarily in US dollars.

It also provides hedging programmes to help companies calculate how much foreign currency they need to buy and how far ahead they need to buy it to manage their cash flows and liabilities.

A big selling point for Alpha is its online platform which allows clients to manage their currency exposure on an almost bespoke basis. This has driven up customer numbers and meant customer retention is strong.

The platform comes as standard with no upfront cost or annual maintenance fee and more clients are moving their treasury and currency management functions onto Alpha's system to save money.

During 2017 the number of customers increased by 39% to 310 and last year the number increased by 55% to 482 as Alpha expanded its offering to funds and institutions.

Along with the increase in customer numbers, the average revenue per client is increasing. In the last two years this has risen 28% from £38,000 to £48,700 per client and this year that number is likely to be above £50,000 per client.

The institutional investor and funds market is potentially huge given the amount of currency dealing involved in managing global investment pools.

Chief executive Morgan Tillbrook says Alpha is 'barely scratching the surface' of the firm's potential given how large its target markets are and how small its turnover is currently.

ALPHA FX PRE-TAX PROFIT GROWTH

2018	£10.0m
2019	£11.4m

Source: Liberum. March year end. Mixture of actual and estimated figures.

FRANCHISE BRANDS (FRAN:AIM) 74.5P BUY

The £58m company is run by Stephen Hemsley, best known as the chairman (and former chief executive) of **Domino's Pizza (DOM)** and someone who certainly knows how to get the most from the franchise business model.

Franchise Brands is growing profit and dividends fast and forecasts suggests this trend will continue for the foreseeable future.

Allenby Capital expects pre-tax profit to rise from £2.9m in 2018 to £3.5m in 2019 and £4.2m in 2020. The dividend increased by 34% in 2018 to 0.67p and is expected to hit 0.91p in 2019 and 1.12p in 2020.

The company has four main franchise businesses: drainage services group Metro Rod, vehicle repair specialist ChipsAway, cleaning service Ovenclean and dog walking service Barking Mad. The latter two aren't crucial to the investment case as they only contribute a small amount to group earnings. Buying its shares is really about taking a view on the former two names.

Group fee income grew by 41% to £17.9m in 2018 with management service fee income up 32% to £10.9m. Net debt fell from £6.3m to £5m in the year. Hemsley believes all borrowings will be paid off 'in a couple of years'.

Metro Rod was acquired in April 2017 and is expanding through various means. For example, Hemsley says franchisees are now being encouraged to find more of their own work and they are already having success on a local basis with social housing landlords, for example, as well as national contracts.

Franchise Brands has pushed more aspects of work to the franchisee as part of a wider scheme to lower the management service fee to help franchisees and make itself more competitive. It will still do all the billing work and collect money on their behalf, therefore keeping control of the cash flow.

Metro Rod has a 4% share of the drainage market and it hopes to grab more market share by a mixture of having more focused franchisees and expanding the range of its services. Franchise Brands also has a small franchise operation called Metro Plumb.

ChipsAway is shifting from being a van-based operation where the franchisee pays a monthly fee to running physical centres in order to undertake larger repairs and where the franchisee pays 10% of their turnover as a management service fee.

FRANCHISE BRANDS PRE-TAX PROFIT GROWTH

2018	£2.9m
2019	£3.5m
2020	£4.2m

Source: Allenby Capital. December year end. Mixture of actual and estimated figures.

SIMPLYBIZ (SBIZ:AIM) 206.04P

BUY

Since listing on the stock market just under a year ago, compliance and business services firm **SimplyBiz (SBIZ:AIM)** has performed strongly in terms of financial results but the shares have only recently sparked into life.

SimplyBiz is the UK's leading provider of compliance and other business services to independent financial advisers (IFAs) and financial institutions and is growing its sales rapidly due to a combination of higher customer numbers and an expanding product range.

Following the pension freedom reforms of 2015 and with the increasing need for professional advice on investing, mortgages, tax and estate planning, IFAs are filling the gap left by the big banks who pulled out of advising customers in the wake of mis-selling scandals such as PPI.

The core Intermediary Services division works with more than 3,700 financial advisers, mortgage advisers and consumer credit firms which are authorised and regulated by the Financial Conduct Authority (FCA) through a membership model.

Revenue for the year to December 2018 was up by 15% to £50.7m thanks to an 8% increase in membership numbers while operating profit rose by 20% to £11.4m thanks to the operational leverage of more volume going through its technology platform.

As regulation increases, SimplyBiz can sell additional services to its existing member firms as well as taking on new firms. Last year 'additional services income' was up 7% to £4.5m thanks to GDPR (new data laws) and other new rules and this year there is more regulation coming.

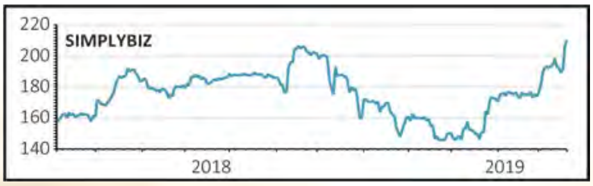
Investment in technology is one of the key differentiators in business these days and those that invest are tending to take greater market share.

In March last year SimplyBiz launched an online investment advice support platform called Centra which is designed to be a 'one-stop-shop' for financial planners giving access to product research, comparisons, ratings and suitability tools. In just nine months 2,300 of its 3,700 member firms signed up.

A second income stream is reselling its industry-leading back-office software to its members and last year software licence income was up almost 25%.

As SimplyBiz developed the Centra platform it formed a close working relationship with Defaqto, the ratings and technology group with the largest database of financial products in Europe, and this month it bought Defaqto.

Not only is Defaqto highly cash-generative but it has almost 100% repeat revenues so earnings visibility is excellent. By selling Defaqto's products alongside its own SimplyBiz expects the deal to add to earnings within 12 months.



SIMPLYBIZ PROFIT GROWTH

2018	£10.0m
2019	£12.3m
2020	£14.3m

Source: Zeus Capital. December year end. Figures exclude Defaqto contribution. Mixture of actual and estimated figures.

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

Why aren't challenger banks living up to their billing?

We look at how this new breed of financial services players have performed

Following the financial crisis more than a decade ago and the public bailout of **Lloyds (LLOY)** and **Royal Bank of Scotland (RBS)**, the UK banking market was opened up to a new wave of companies who it was hoped would genuinely challenge the established players.

Without 'legacy issues' such as mis-selling scandals, and without networks of high street branches weighing on their costs, the idea was that these fresh-faced 'challengers' would represent a new, modern way of banking.

Yet 10 years on from the crisis and the launch of Aldermore, the first 'challenger bank', the high street lenders still dominate personal and business banking.

As Phillip Monks, founder and chief executive of Aldermore, observes: 'If you look at the whole challenger bank experiment, the aim was to create diversification. That hasn't been achieved.'

CHALLENGER BANKS: SHARE PRICES SINCE IPO

COMPANY	IPO DATE	SHARE PRICE SINCE IPO
ONESAVINGS BANK	10 June 2014	117%
CHARTER COURT FINANCIAL	29 September 2017	35%
CYBG	03 February 2016	4%
METRO BANK	07 March 2016	-59%

NEW KIDS ON THE BLOCK

Most of the 75 challenger banks operating in the UK today are genuinely new businesses, set up in the past decade with freshly-minted licences and most aiming to grab a piece of the lucrative retail banking market.

As well as offering better rates on savings and mortgages, meaning they often topped the best-buy tables, start-ups like Atom, Monzo, Revolut, Shawbrook and Starling had whizzy technology and offered a better, more personalised service with low fees and no confusing jargon.

Best of all, customers could do all their banking online or on their mobile phone without ever needing to go into a bank branch again.

A FEW OLD FACES GOT IN ON THE ACT

Not all of the challengers were new faces: Virgin Money had been around since the mid-1990s while the Co-operative Bank can trace its roots to 1872 and TSB's roots go back as far as the early 1800s.

Yet for all their long pedigree and supposed 'ethical' credentials, none of these more established players have made much of an impact.

Virgin Money fell quietly into the arms of traditional lender **CYBG (CYBG)** last October, while Co-operative Bank had a £1.5bn 'hole' in its accounts due to loan losses acquired through the merger with Britannia Building Society. The bank struck a £700m rescue deal last year with a group of US hedge funds.

TSB, which used to be part of Lloyds, last year left millions of customers without access to their finances after a series of meltdowns with its new IT system. This led to a Financial Conduct Authority (FCA) investigation and the resignation of chief executive Paul Pester last September.

HYBRID MODEL LOOKED LIKE A RUNNER

Metro Bank (MTRO), formed in 2010, combined the low-cost approach of the 'challengers' with the branch network of the old guard.

Everything seemed to be going well until earlier this year chief executive Craig Donaldson revealed that Metro had mis-classified some of its buy-to-let and commercial property loans and had under-provisioned for them, necessitating a £900m increase in reserves.

Worse, it later transpired that it was the Bank of England which spotted the mistake and not Metro itself, raising doubts about its accounting and leaving investors wondering whether they and the authorities had been misled.

CHALLENGER BANKS ACCOUNT FOR 14% OF UK BANKING REVENUE

LIMITED SUCCESS IN SPECIALIST LENDING

Some of the start-up banks have carved a niche for themselves providing loans to consumers and small businesses who are considered too risky by the big banks because they have low credit scores or unpredictable incomes.

This type of lending requires more in-depth analysis and carries a higher rate of interest to compensate for the increased risk. Higher rates on lending and often lower costs mean margins can be good.

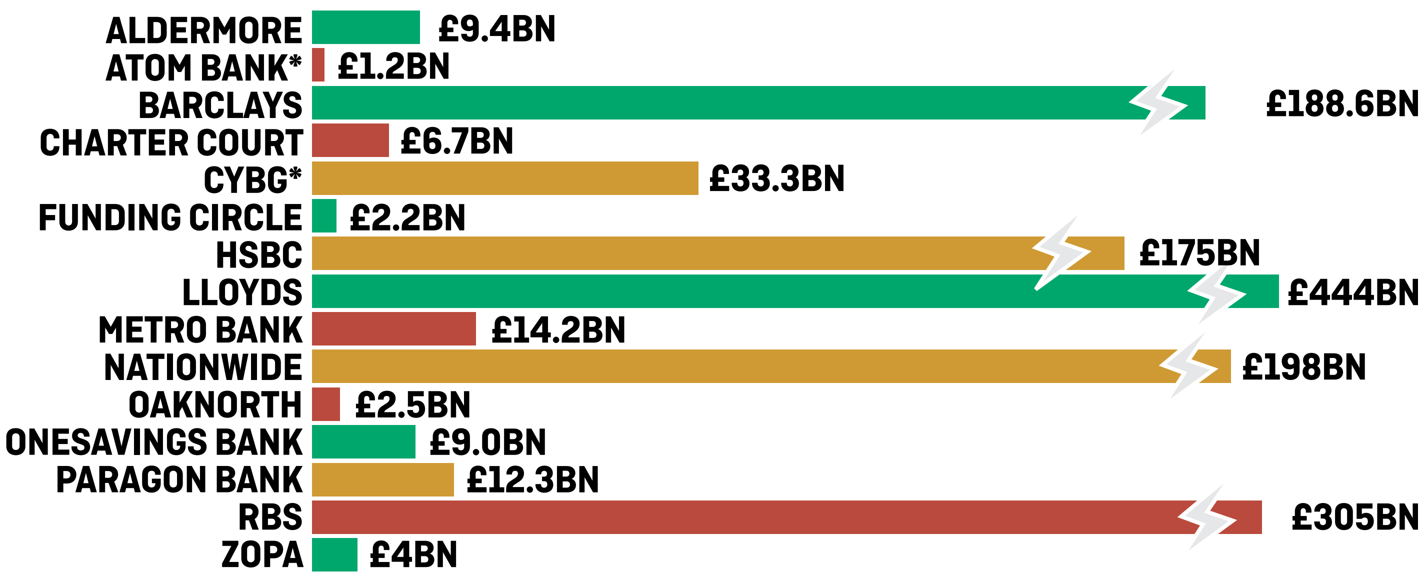
Others have focused purely on business banking and have targeted the hundreds of thousands of small firms which the big banks either service poorly or overlook completely.

Oaknorth lends to small businesses which need capital to grow or to fund management buy-outs or takeovers. It has lent more than £2.5bn since it launched in 2015 and the latest accounts show that Oaknorth made three times as much profit last year as it did the year before.

Backed by Softbank and other private investors, Oaknorth was valued at $2.8bn in its latest funding round and therefore has fintech 'unicorn' status.

Funding Circle (FCH), which is an alternative lender rather than a challenger bank, increased its loans under management by 55% last year to £3.15bn and lent more money to small and medium enterprises (SMEs) last year than all the high street banks combined according to Bank of England data.

TOTAL UK LENDING AS OF DECEMBER 2018



All figures as of Dec 2018 except Atom Bank (March 2018) and CYBG (Sept 2018). HSBC $225bn @ rate of USD 0.77 per 1 GBP.
Source: Company reports & accounts, Shares

However it is yet to turn a profit as it continues to invest heavily in marketing, technology and people in order to grow.

SCALE IS KEY TO GROWING MARKET SHARE

In theory once the challengers have won a slice of the market, be it in personal or business banking, they can start to eat into some of the other businesses dominated by the high street lenders.

Sadly success in one sub-set of the market is no substitute for scale, which is what most of the challengers lack.

Just this month **OneSavings Bank (OSB)** – one of the most profitable start-ups – announced it was merging with another very profitable start-up, **Charter Court Financial (CCFS)**.

The main reason for the two banks getting together was to create a specialist lender 'with greater scale and resources' to go after more growth opportunities.

OFF TO THE RACES OR GOING TO THE DOGS?

According to consultancy Accenture the challenger banks have so far taken 14% of the UK's banking revenue, so the rest of the sector needs to take the competitive threat seriously.

However those who compare the challengers to companies with disruptive business models like Airbnb, Netflix or Uber ignore the fact that the latter operate on a global scale and not just in one market. They aren't competing with each other for the same dollar of customers' money.

They also ignore the fact that

the big traditional banks have the resources – if not the skill-set or the savvy, yet – to adopt the challengers' playbook and launch clever new products and services of their own which they can cross-subsidise through the rest of their business lines.

It was hoped that the £775m pay-out from the Banking Competition Remedies (BCR) fund, set up during the financial crisis and funded by RBS, would help transform the landscape.

However the first round of awards – to Metro, Starling and Tide – has already created controversy.

Metro Bank received its award roughly the same time as revealing a big miscalculation in its loan book. Starling has been in the spotlight over its long-standing relationship with BCR director Aidene Walsh, raising questions about a potential conflict of interest. And Tide doesn't have a banking licence, instead relying on its partner ClearBank which was only recently granted one.

The second round of awards is expected to go to more traditional lenders with CYBG and Nationwide thought to be strong contenders.

HUDDLING TOGETHER FOR WARMTH

The challengers promised much but many will either need to throw greater resources at the market or find new ways to gain share.

There may be more mergers following the example of OneSavings Bank and Charter Court, but more likely there will be more collaboration on products.

Monzo seems to be taking this option and is partnering with other challengers such as Oaknorth to offer its customers access to new products like high-interest savings accounts.

By **Ian Conway**
Senior Reporter

Nine ways to save more than £3,000 a year

These simple steps will free up money which can be used to top up your investments

Everyone wants to be able to put away a little bit more cash each year, but no one wants to live on beans and have no social life in order to do so.

We've crunched the numbers and found some of the best ways to save cash each year, with minimal effort and that are actually realistic. If you do all these you can save £3,000 and more each year. This money can then be used to invest in the markets.

1 GET YOURSELF A REUSABLE CUP

You could ditch your daily coffee from the shops altogether, but we want to work out ways to keep the luxuries you love and just cut the cost of them.

A number of coffee shops now offer discounts if you take your own cup. Sandwich chain Pret A Manger, for example, offers 50p off your drink if you take a reusable cup – this means you can get its filter coffee for a mere 49p. Starbucks and Costa Coffee give you 25p off, while Greggs will give you 20p off any hot drink. You'll need to buy a reusable cup in the first place, but Starbucks sells one for just £1.

Saving: Assuming you buy a coffee from Starbucks every weekday (and buy its £1 cup): £64 a year

2 CANCEL YOUR UNWANTED SUBSCRIPTIONS

Lots of people hand over money every month for subscriptions that they no longer use, or even ones they never intended to pay for. Most of us have fallen victim to signing up for a free trial to something and then forgetting to cancel before the trial period ended.

The Citizens Advice Bureau estimates that the average Brit spends £640 a year on unwanted subscriptions, and some people don't even realise they are paying for some services. Check your bank accounts, including any old accounts you think you no longer use, and cancel anything you don't use, don't need or don't want.

Saving: Around £640 a year

3 SWITCH ENERGY SUPPLIER

It's likely that the electricity and gas bills drop onto your doormat (or into your inbox) each month and you keep meaning to hunt for a better deal but never get around to it.

The Government estimates the average household could save £300 or more by switching utility provider, particularly if you've fallen on your energy provider's standard variable tariff, which is usually the most expensive rate.
Around half of UK households

are on these standard tariffs, so the chances are high that this includes you. Arm yourself with a recent energy bill and go to a comparison site, which will work out the best deal for you based on your usage.

Savings: On average £300

4 TAKE THE BANK'S FREE MONEY

There are banks out there who will pay you hard cash just to switch your bank account. Oh, but that's so much hassle and paperwork, I hear you cry! Well, not as much, since the Current Account Switching Service was launched.

This service promises to take care of the process for you – and those who have used it appear to agree. HSBC is currently offering £150 for those who switch, or £175 if you use the link through MoneySavingExpert. The account has no fee, but you'll need to switch at least two direct debits or standing orders, and it won't work if you've been an HSBC customer at any point since 1 January 2016.

First Direct offers a lower £100 for switching, as long as you've never been a customer of the bank in the past. You need to pay in £1,000 in the first three months and then pay in £1,000 a month after six months to avoid an account fee.

Saving: £175

5 RENT OUT YOUR UNUSED STUFF

Have you got a fancy camera that you only use a few times a year, or some tools that are gathering dust in your shed? You can put them to work, generate spare cash and still keep them. Various websites allow you to rent out your possessions for others to use. The oddly-named Fat Llama is one of them. For example, on Fat Llama a digital SLR camera is rented out for £43 a day, while a table saw is £13 a day.

Other options include renting out your driveway as parking for someone, which works well if you live in a city or town centre or in a good commuting location. Someone renting a space half a mile from the centre of Manchester is charging £13.60 for a day, while a space in London Bridge is £27.20 a day. Another option for those wanting to generate more cash is to rent out a room or your home while you're away through home sharing website Airbnb. You'll need to check your mortgage terms and be aware of the insurance implications, but you can earn up to £7,500 a year tax-free by going down this route.

Savings: varies massively depending on what you're willing to rent out

6 GET A CHEAPER PHONE BILL

Lots of people sign up to a higher monthly phone bill in order to get a new handset, but forget to switch once they've reached the end of that contract and paid off the handset. This means you're paying a higher cost for no extra benefit.

If your phone still works then you can keep it and switch to a SIM-only contract, which means you just pay for the monthly plan and not the phone. This is far cheaper than signing up to get a new handset.

For example, Vodafone has a £10 a month SIM-only deal with 4GB of data if you sign up for 12 months, while the latest iPhone will cost you £47 a month with 10GB of data on a 24 month contract, assuming no upfront cost. If you went for the slightly older iPhone 8 you'd pay £35 a month for 24 months.

Savings: Based on the two options above, you'd save £444 or £300 a year by going SIM-only.

7 USE CASHBCK WEBSITES

Using cashback websites for your online purchases could earn you money for a little extra hassle. When you shop online you use a link via these websites and you'll earn money back on each purchase you make.

How much you get varies depending on the site and the retailer, but you typically get around 6% cashback at some department stores and 1% back on flights booked through some travel sites.

The biggest cashback websites are TopCashback and Quidco, and because they are larger they can usually negotiate the better deals. They both allow you to sign up for free.

Savings: TopCashback says its average user saves up to £280 a year.

All of the main supermarkets have meal deals that can save you money

8 SWAP YOUR TAKEAWAY FOR A SUPERMARKET MEAL DEAL

Most money-saving articles will tell you to ditch your weekly takeaway, cook food from scratch instead and save money. But we'll be more realistic – sometimes you don't want to cook and want the easy dinner option.

The average takeaway for two costs around £22 each time. So instead, pick up a supermarket meal deal on your way home. M&S does its ever-popular Two Dine for £12 deal, which includes a main, side, dessert and wine for two, and includes steaks, seabass, carbonara and a cheese selection.

Tesco and Asda have similar deals for £10, including the main, side, dessert and wine/beer. Meanwhile, to replace your takeaway curry Waitrose has an Indian meal deal, which is two mains and two sides for £10.

Saving: Assuming one takeaway a week, saving you £12 each time: £624 a year

9 DO THE 1P SAVINGS CHALLENGE

This is a more fun way to build up a rainy day fund. Start on day 1 by saving 1p and then add 1p to the amount you save each day. On the first day you save 1p, the next you save 2p, the next 3p, and so on. If you keep it up, by the end of the year you'll have almost £700.

Savings: £667.95 a year

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

BACK TO THE FUTURE:
A GLOBAL ‘MIS-STEP’ AND A LESSON LEARNED

ADVERTORIAL

PICTET
1805
Asset Management

HANS PETER PORTNER, HEAD OF THEMATIC EQUITIES, PICTET ASSET MANAGEMENT

In the mid-1990s, while working for a competitor, I was given the exciting responsibility of managing the global equity segment of a pension fund. Among the stocks I inherited was a new tech manufacturer with rapid sales growth. But I couldn’t understand the long-term business fundamentals, so after some strong price performance I sold out at a profit.

That, unfortunately, proved a little premature. In the following five years, the company’s share price continued on a stratospheric path. While falling heavily in the dot-com bust, it ultimately emerged on the other side to become a mainstay in global equity indices. The stock was Cisco Systems, a behemoth of the Internet age.

From this I learnt it pays to become a specialist portfolio manager. Taking recommendations from a pool of sector analysts can lead to poor decisions. By accumulating expertise in a specific sector, however, investors are, I believe, better positioned to deliver repeatable outperformance over the long term.

I also learnt the world was changing faster than ever and that being on the wrong side of change could have massive repercussions. More specifically, I discovered the value in viewing the world through the prism of ‘megatrends’ - the technological, environmental and societal forces of change that were giving rise to compelling investment opportunities in specific industries.

Our thematic platform

By applying these two lessons over 20 years at Pictet Asset Management we have been able to build our expertise in thematic equities to around USD 40 billion.

The firms we invest in have distinguishing features. First, they operate in dynamic areas of the economy being transformed by megatrends. Second, they are specialists whose revenue growth is tied to the evolution of a particular theme, which we measure with our proprietary gauge of thematic “purity”. This is because we are mindful of avoiding the ‘conglomerate discount’ - a valuation penalty that’s applied to larger, more complicated businesses.

Third, the companies we invest in have underappreciated cash generation capabilities. Our research shows that the market persistently overestimates how quickly the cash flow of these companies fades: an anomaly that we aim to exploit.

‘Knowing everything about little’

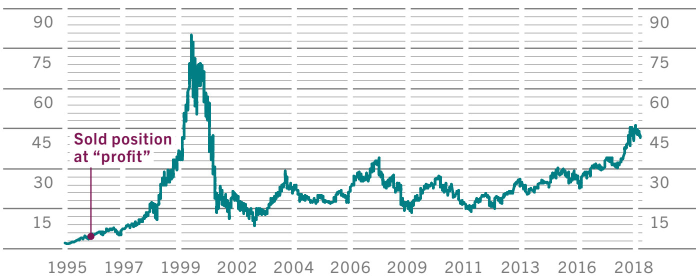
Our ability to identify such distinctive investments stems from our specialist expertise. Our investment managers are specialists in the themes they manage. We say they “know a lot about little”, combining the role of both analyst and portfolio manager.

Pictet Global Thematic Opportunities (GTO)

Our entire thematic process is built on identifying the Ciscos of the future, and we remain confident that our approach leaves us well placed to outperform the main global equity indices over the long term.

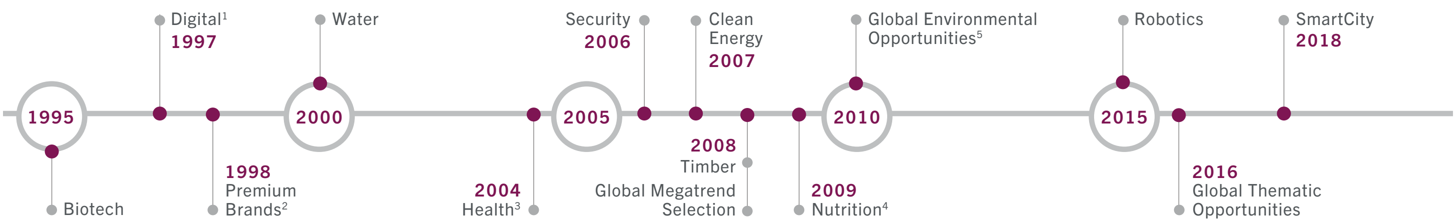
GTO is a multiple-theme fund that aims to offer the very best ideas from all of our thematic range. Launched in 2016 it is benchmark agnostic and genuinely active, with a high active share and high conviction approach.

Share price of Cisco 1995-2018 (US$)



Source: Bloomberg, July 2018

Pictet Asset Management thematic strategies

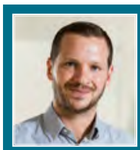


Source: Pictet Asset Management. Note: [1] Digital repositioned in 2008; [2] Premium Brands repositioned in 2005; [3] Health repositioned in 2015; [4] Nutrition repositioned in 2017; [5] Global Environmental Opportunities repositioned in 2014.

‘Should I spread my money across different providers?’

AJ Bell’s Tom Selby explains the Financial Services Compensation Scheme

There have been various horror stories about investments failing and people losing everything. What are my rights if this happens and is it worth having my money with lots of different companies to maximise FSCS cover?
Jane, via email



Tom Selby
AJ Bell
Senior Analyst says:

This is a common question and it’s worth spending a bit of time understanding how the Financial Services Compensation Scheme (FSCS) works before answering.

The FSCS exists to ensure savers and investors are protected should their provider go bust. There are different levels of protection in place depending on how you invest your money.

Cash in a bank or building society, for example, is covered up to £85,000, while those drawing a lifetime income in retirement via an annuity enjoy 100% protection.

[You can read about all the different compensation limits here.](#)

When it comes to investing – whether that’s through an ISA, SIPP or general investment account – the compensation cap is £50,000.

This means if you save any more than this amount with a single FCA-regulated investment manager and it goes bust, you may lose some or all of the excess. It’s important to note that the FSCS only covers regulated investments, so if you put your money in a direct stock and the company goes bust, or an unregulated investment such as peer-to-peer, you might get nothing back.

It is therefore sensible to check your investments are covered by the FSCS before handing over your money.

If the platform you are using to invest goes bust this shouldn’t result in you losing money. This is because a platform doesn’t usually hold your money directly – instead it provides a low-cost route for you to invest in things like stocks, funds and bonds. It is these end investments where the FSCS protection kicks in (provided they are eligible), which is one of the reasons doing due diligence is so important.

However, where your platform goes bust and there are problems finding your end investments the costs of doing this could potentially come from your funds. This is unlikely to be the case when you’re investing in regulated funds, but it’s still worth checking the financial stability of your provider, including how much cash they hold in reserve.

Maximising your FSCS protection is one reason why it is sensible to spread your investments around a few different providers. It also makes sense to do the same with things like cash deposits, although make sure the providers are different entities as some banks have different brands which will fall under the same FSCS compensation umbrella.

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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*Seneca Investment Managers Ltd defines a typical investment cycle as one which spans 5-10 years, and in which returns from various asset classes are generally in line with their very long term averages. There is no guarantee that a positive return will be achieved over this or any other period. Your capital is at risk.
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Elect to stay invested and ride out ups and downs

We explain how JPMorgan caters for investors' different needs

Investors of a certain vintage will recall the stock-market adage, 'Sell in May and go away, don't come back until St Leger Day'.

The saying is based on the belief that returns during the summer months are negative so you should 'time' the market by selling out completely at the beginning of May and reinvesting in September in time for the horse racing meeting on St Leger Day.

Once upon a time there might have been an obvious seasonal effect in the UK market, but these days there is little evidence to support the view that you get better returns by sitting on the sidelines over the summer.

BEING OUT OF THE MARKET COULD HARM YOUR RETURNS

According to research from investment firm Fidelity, in 18 of the last 30 years returns have been positive between the start of May and the middle of September.

Being out of the market even for just a short period can have a negative effect on your returns as the table from JPMorgan Asset Management shows.

If you had invested £10,000 in 1999, just before the tech bubble burst, and left your money in the market without trying to time it, by the end of last year your average annual return would be 5.1% and your £10,000 would be worth over £25,000.

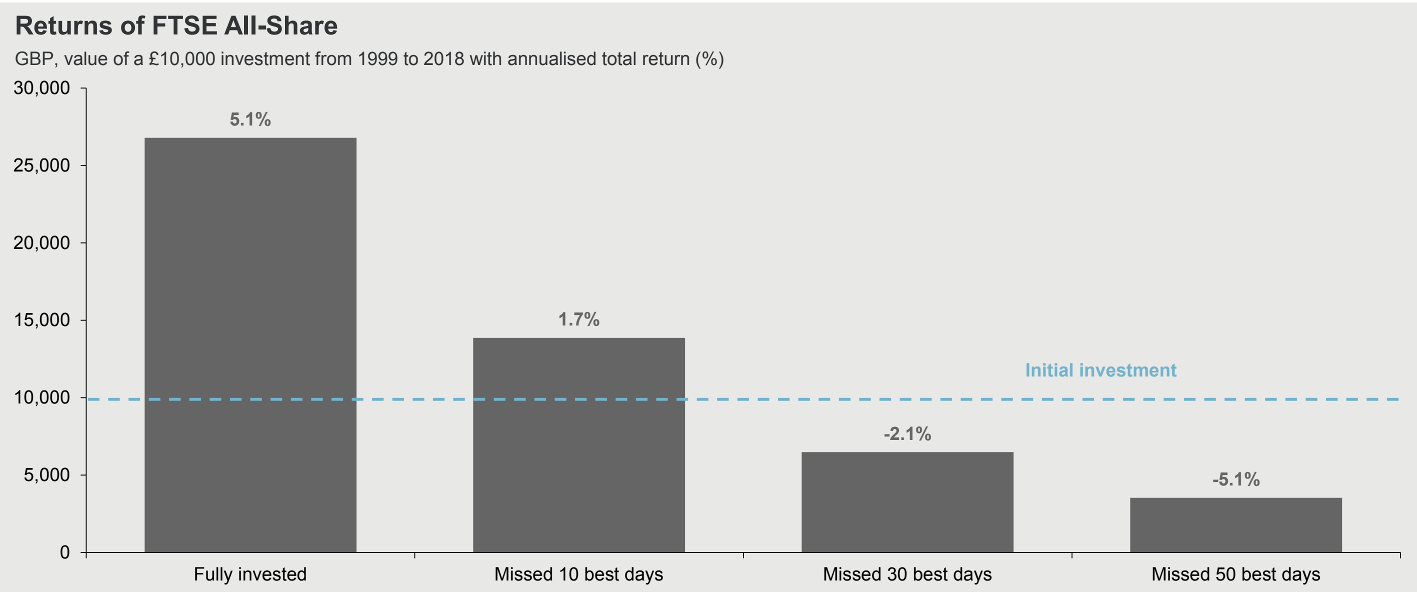
If instead you had tried to time the market but you missed just the 10 best days over those 20 years, your average annual return would drop to 1.7% and your £10,000 would be worth just under £15,000.

However if you missed the best 30 days or more, your returns would be negative and you would have lost money even though the market had gone up over the 20 years.

STAY INVESTED BUT HEDGE YOUR BETS

To cater for investors who would like to stay invested but want to spread their bets across income as well as growth stocks, JPMorgan Asset Management developed its Elect product.

IMPACT OF BEING OUT OF THE MARKET



Source: Bloomberg, FTSE, J.P. Morgan Asset Management. Investment outcomes based on total return.
Returns calculated daily over the time period assuming no return on each of the specified number of best days. Data as of 31 December 2018.

JPMORGAN MANAGED GROWTH – TOP HOLDINGS

TRUST	% of Assets
JPMorgan Claverhouse Inv Trust	10.6%
JPMorgan American Inv Trust	9.8%
JPMorgan US Equity All Capital	8.6%
Finsbury Growth & Income	8.5%
JPMorgan UK Dynamic	7.7%
JP Morgan US Select Equity	6.3%
JPMorgan UK Equity Plus	5.2%
JPMorgan Japanese Inv Trust	4.2%
JPMorgan European Inv Trust (Growth)	4.1%
Murray Income Trust	3.4%

Source: JP Morgan

Elect is a simple but tax-efficient way to switch investments between capital growth and income. If the worst comes to the worst and capital protection is the order of the day, there's also the option to switch into cash.

Investors can split their assets across three different investment trusts: **JPMorgan Elect Managed Growth (JLE)**, **JPMorgan Elect Managed Income (JPEI)** and **JPMorgan Managed Cash (JPEC)**.

MORE ON THE GROWTH FUND

The Managed Growth fund invests for capital growth via an internationally-diversified portfolio of investment trusts and open-ended funds managed by JPMorgan Asset Management and outside managers.

Katy Thorneycroft, who is managing director of multi-asset solutions as well as having managed the growth fund since 2006, selects the underlying investments to provide a globally-diversified asset base.

While discounts would be 'nice to have', the manager is more concerned with getting the asset allocation right than trying to bottom-fish for trusts trading below their net asset value.

'The beauty of being multi-asset is that we can tap into the expertise of our various in-house teams and weigh up different strategies,' says the manager.

The largest holding is **JPMorgan Claverhouse Investment Trust (JLE)**, run by Will Meadon and Callum Abbott, with a mix of UK domestic earners such as **Barratt Developments (BDEV)** and **Lloyds (LLOY)** and mega-cap overseas earners such as **GlaxoSmithKline (GSK)** and **Unilever (ULVR)**.

The UK makes up just under half of the fund's total assets while North America represents roughly another third of assets. The rest is spread between Continental Europe, Japan, other Asian or emerging markets and cash.

OUTSIDE MANAGERS ALSO GET A LOOK IN

Most of the growth fund's holdings are JP Morgan's own funds but there are a few notable exceptions including Lindsell Train's **Finsbury Growth & Income Trust (FGT)** and Baillie Gifford's **Murray Income Trust (MUT)** which both feature in the top 10 holdings.

As well as picking managers with long track records of outperforming the big benchmarks, the fund also backs niche managers in secular growth areas such as impact investing.

'I've held **Impax Environmental Markets (IEM)** since 2006 and I'm happy to continue holding it,' says Thorneycroft. 'It's been a great performer and the team are doing a fantastic job.'

MANAGED INCOME PROVIDES A HEDGE

In periods when the growth style takes a back seat to value or income investing, Elect offers the option once a quarter to switch as much or as little of your Managed Growth holdings into the Managed Income or even Managed Cash versions of the investment trust.

The income version of the fund is managed by JPMorgan's John Baker and Karen Patel and the top 10 holdings are a roll-call of the FTSE 100's biggest dividend payers including **Royal Dutch Shell (RDSB)**, **HSBC (HSBA)**, **British American Tobacco (BATS)** and **Diageo (DGE)**.

This approach enables investors to keep their exposure to the market but vary the degree of risk they feel comfortable with and not incur capital gains tax as long as the funds are kept in the Elect structure.

By **Ian Conway**
Senior Reporter

Why certain types of ETFs are riskier than you think

We look at the pros and cons of synthetic ETFs compared to the more popular physical versions


Synthetic ETFs are one way to gain exposure to oil prices

In 2018, only 6% of flows went to synthetic exchange-traded funds (ETFs) yet approximately £1 in every £5 invested in ETFs is in a synthetic product according to data from Lyxor ETF and Bloomberg.

Physical and synthetic replication are terms used to describe how ETFs manage to track a market.

Physically-backed products trade directly in the underlying stocks in an index to replicate the performance of a market, while synthetic ETFs employ a swap-based method of replication, buying derivatives contracts offered by brokers and investment banks which artificially provide the performance of a market.

In recent years providers have responded to investors' preference for physical ETFs and investors should have several options for most mainstream indices which are physically-backed.

However, the figures from Lyxor and Bloomberg are a reminder that a sufficient chunk of the money invested in ETFs is still in synthetic products. As such, it is worth understanding which products sit in this category and why.

> APPROXIMATELY £1 IN EVERY £5 INVESTED IN ETFS IS IN A SYNTHETIC PRODUCT

WHAT DO SYNTHETIC ETFS OFFER EXPOSURE TO?

Using a synthetic ETF may be the only solution for investors seeking exposure to harder-to-access parts of the market, less liquid benchmarks or certain commodities like oil.

Lyxor Northern Europe ETF strategy head Adam Laird says synthetic ETFs can help investors gain access to emerging markets, particularly India where physical replication isn't an option due to restrictions on foreign ownership of domestic shares.

'There are a few markets where synthetic really makes sense, though we'd say that these are generally only suitable for professionals who understand the structure,' comments Laird.

'In some instances, synthetic investments can be lower cost to run – dealing charges might be lower, tax treatment can be different or they can reduce turnover in a market where trading is costly,' he explains.

WisdomTree UK Distribution director Pav Sharma adds that many commodities markets can only be accessed synthetically due to difficulties associated with physically buying and storing them.

THE PROS AND CONS OF SYNTHETIC ETFS

A major perceived advantage of synthetic ETFs is that they largely eliminate tracking error – the amount by which an ETF's returns deviate from its benchmark index – as they are not exposed to the inefficiencies of the physical market.

However, complexity is a big drawback with synthetic ETFs and often there are physical alternatives that may offer the same exposure.

There is also counterparty risk. For example, an investment bank with an ETF swap agreement which gets into trouble could ultimately create a problem.

'Since a synthetic ETF is usually swap-based and the swap is a credit obligation of a bank, if that bank were to default, it could lead to losses for the investor,' says Sharma.

Synthetic products are typically covered by some kind of collateral to protect investors against the risk of the counterparty (the broker or bank which issues the contracts) going bust.

HOW MANY ASSETS ARE HELD IN UK-LISTED SYNTHETIC ETFS?

Approximately £51.2bn in assets are held across 248 UK-traded synthetic ETFs according to data from Lyxor.

LARGEST UK-TRADED SYNTHETIC ETFS

Name	Class AUM (€M)
Xtrackers S&P 500 Swap UCITS ETF 1C	4,346
Invesco S&P 500 UCITS ETF A	4,020
Lyxor S&P 500 UCITS ETF - Dist (USD)	3,017
Amundi MSCI Emerging Markets UCITS ETF - USD (C)	2,618
Xtrackers MSCI World Swap UCITS ETF 1C	2,520
Xtrackers MSCI USA Swap UCITS ETF 1C	2,369
Lyxor MSCI World UCITS ETF - Dist	2,062
Amundi MSCI Europe UCITS ETF - EUR (C)	2,046
Xtrackers MSCI Emerging Markets Swap UCITS ETF 1C	1,619

Correct as at 12/03/2019. Database: Lyxor ETF, AUM data source Bloomberg

As we mentioned before, these types of ETFs are more complicated and potentially only worth considering when the investment strategy is not possible via a physical ETF.

But there are plenty of options for any UK investor still comfortable owning synthetic ETFs.

WHICH UK-LISTED SYNTHETIC ETFS ARE THE LARGEST?

The S&P 500 is the focus for the three biggest UK-traded synthetic ETFs.

Xtrackers S&P 500 Swap UCITS ETF (XSPU) has approximately €4.3bn in assets under management, followed by **Invesco S&P 500 UCITS ETF (SPXP)** with €4bn and **Lyxor S&P 500 UCITS ETF (LSPX)** with around €3bn.

Also among the largest synthetic EFTs is **Amundi MSCI Emerging Markets UCITS ETF (AU EM)**, which tracks the performance of the MSCI Emerging Markets Index.

In addition, investors can gain exposure to the US and Eurozone via **Xtrackers MSCI World Swap UCITS ETF (XMWD)**, which reflects the performance of the MSCI Total Return Net World Index.

By **Lisa-Marie Janes**
Reporter

CAUTIOUS, BUT CONFIDENT

With the macroeconomic backdrop arguably weaker than it was at the start of last year, Rhys Davies, Fund Manager of City Merchants High Yield Trust Limited and Invesco Enhanced Income Limited, discusses why he is cautious – but confident – in his approach.

Watch the video to see Rhys give his views on:

- Whether high yield now offers value
- Where he is currently finding opportunities – and those areas of the market he is avoiding
- His expectations and outlook for the coming months

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

When making an investment in an investment company you are buying shares in a company that is listed on a stock exchange. The price of the shares will be determined by supply and demand. Consequently, the share price of an investment company may be higher or lower than the underlying net asset value of the investments in its portfolio and there can be no certainty that there will be liquidity in the shares.

The portfolios have a significant proportion of high-yielding bonds, which are of lower credit quality and may result in large fluctuations in the NAV of the products.

The products use derivatives for efficient portfolio management which may result in increased volatility in the NAV.

The use of borrowings may increase the volatility of the NAV and may reduce returns when asset values fall.

The products may invest in contingent convertible bonds which may result in significant risk of capital loss based on certain trigger events.

Important information

Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and are subject to change without notice.

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Record high FTSE 100 profits forecast in 2019

However earnings forecasts have already been downgraded by 7% this year

The FTSE 100 is currently doing a good job of confounding the Cassandras, naysayers and pessimists with a capital gain of around 6% in 2019 to date, despite the ongoing uncertainty over global tariff and trade policies, Brexit and gathering concerns over the globe's economic growth prospects.

The index's advance may be the result of its valuation, since a forward price-to-earnings ratio of 12.5-times and a prospective dividend yield of 4.7% look attractive, both in absolute terms and also relative to the other geographic options available to investors.

Such relative lowly multiples could suggest a lot of bad news is already in the price, especially after the second-half slump in the index last year.

After a marked period of underperformance which stretches back to the summer 2016 referendum vote on EU membership, UK equities look unloved and may therefore be undervalued.

The question now is what could trigger fresh interest in the FTSE 100 and other UK stock benchmarks. The best catalyst of all would come in the fundamental form of positive momentum in both earnings and dividend forecasts.

PROFIT UPLIFT

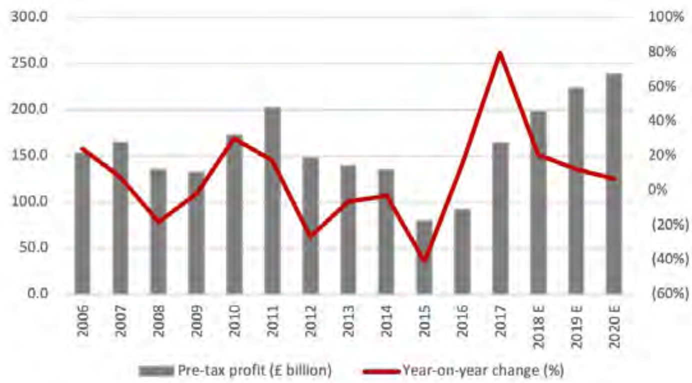
Analysts expect the FTSE 100 to generate an all-time high pre-tax profit of £223bn in 2019. That is a 13% increase on 2018 and would finally take the index past the £202bn peak of 2011, when over £100bn in pre-tax profit came from the mining and oil sectors.

In 2019, oil producers and miners are forecast to churn out £74bn in profit, so the FTSE 100's earnings power seems more broadly based, which should be a good thing.

Financials and consumer staples stocks such as **Diageo (DGE)** and **Unilever (ULVR)** are also expected to make sizeable profit contributions.

The decreased reliance on commodity

FTSE 100 IS EXPECTED TO PASS 2011'S PROFITS PEAK IN 2019



Source: Company accounts, Sharecast, consensus analysts' forecasts for 2019 and 2020

Percentage of forecast FTSE 100 profits in 2019	
Financials	24%
Oil & Gas	18%
Mining	15%
Consumer Staples	13%
Consumer Discretionary	9%
Industrial goods & services	8%
Health Care	5%
Telecoms	3%
Utilities	2%
Technology	0%
Real estate	0%

Percentage of forecast FTSE 100 profits growth in 2019	
Financials	40%
Industrial goods & services	29%
Health Care	19%
Consumer Staples	11%
Consumer Discretionary	6%
Utilities	4%
Telecoms	2%
Oil & Gas	1%
Technology	0%
Real estate	-3%
Mining	-10%

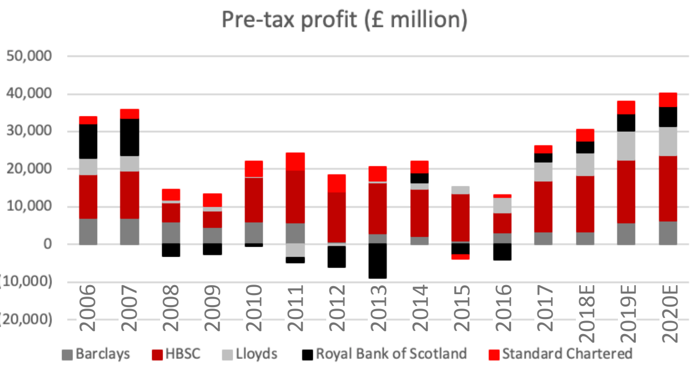
Source: Sharecast, analysts' consensus pre-tax profit forecasts, company accounts producers, where prices and profits are difficult to predict, is also welcome. However, investors will need to keep an eye on the contribution to profits (and profits growth) from the financials, where the banks will have a key role to play.

Analysts expect **Barclays (BARC)**, **HSBC (HSBA)**, **Lloyds (LLOY)**, **Royal Bank of Scotland (RBS)** and **Standard Chartered (STAN)** to increase profits in 2019 for the third time in a row and finally exceed 2007's previous profits peak, at the end of the last credit, stock market and economic boom.

SHIFT IN MOMENTUM

The potential snag is that we have been here before. Analysts have predicted a new aggregate peak in profits from the banks for the past several years but that 2007 high of £35.8bn has remained tantalisingly out of reach.

BANKS WILL HAVE A BIG INFLUENCE ON THE FTSE 100'S EARNINGS POWER



Source: Company accounts, Sharecast, consensus analysts' forecasts

There remains the risk that a final raft of PPI claims before the autumn deadline proves an obstacle to reaching and passing that 2007 number. The banks must also continue to invest heavily in IT and digitisation to reassure customers over cyber security and also fend off the threat posed by challenger banks and fintech rivals.

Competition to win deposits and offer mortgages has started to weigh on net interest margins in the UK and neither HSBC nor Standard Chartered will want to see too much of an economic slowdown in either China or Hong Kong, so dangers still lurk to the rosy profit scenario.

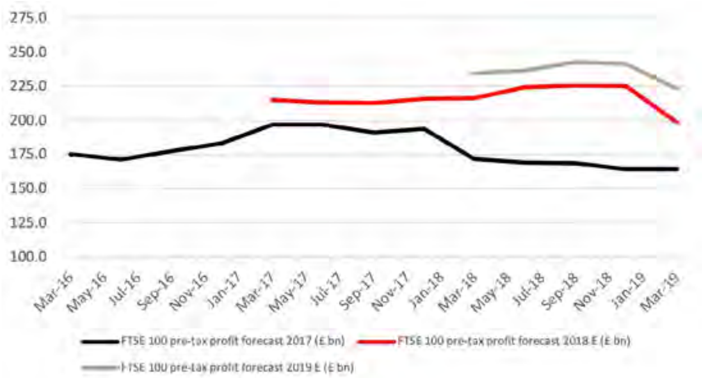
And for all of the bullish outlook on profits for 2019, it is worth noting that analysts have stopped upgrading their forecasts.

Positive earnings momentum helped to carry the FTSE 100 through the first half of last year, as analysts upgraded their profit forecasts and the index peaked on a closing basis at 7,877 in May, but the rate of increases slowed in the third quarter and came to a grinding halt in the fourth.

In aggregate, analysts' earnings forecasts for the FTSE 100's members have dropped by 7% so far this year, to £223bn from £242bn at the end of last year.

The pound's rise against sterling and the euro will be having a major impact here, as this will decrease the value of overseas profits once they are translated back into pounds.

ANALYSTS HAVE STOPPED UPGRADING THEIR PROFIT FORECASTS FOR 2019



Source: Company accounts, Sharecast, consensus analysts' forecasts

And given concerns over the growth outlook in the EU, China and the US (let alone that of the UK as the Brexit negotiations drag on) it is easy to pick holes in analysts' forecasts for 13% pre-tax profit growth in 2019.

Yet this may already be reflected in the index's lowly valuation, which takes us back to whether the UK represents contrarian value or not.

With 25 FTSE 100 members trading on 10 times forward earnings or less, it is tempting to think that the gloom may just be a little overdone and that even meeting, let alone beating, earnings forecasts could be enough to convince the doubters to return to UK stocks.

After all, the index stands some 10% below its prior all-time high, even if profits are forecast to reach a new peak this year.

By **Russ Mould**
AJ Bell Investment Director

Value retailer The Works fails to excite as shares flop 30% since IPO

The company has yet to convince investors that its stock is worth buying

Shares in retailer **TheWorks.co.uk (WRKS)** have fallen by 30% since it joined the stock market last summer at 160p, caught up in general negative market sentiment towards everything linked to the high street.

While it hasn't been the best start to life as a quoted company, there is a feeling that investors haven't really given it the time of the day and don't fully understand what it does and how it could grow. This article gets under the bonnet of the latter two points.

WHAT DOES IT DO?

The Works is a multi-channel value retailer of gifts, arts, crafts, toys, books and stationery. This gives its stores a treasure trove feel; hence the strapline in stores is 'What will you discover?'.

Books is the biggest category, but the company is also winning market share in toys, games and stationery. Management insists The Works is seen as a 'specialist by the discounters and as a discounter by the specialists'.

Broker Peel Hunt explains: 'The company plies its trade in four growth areas of the market, which have a total size of about £8bn. Currently, The Works has a minor share in each of the markets, which in many respects is a good thing in that it drifts under the radar of some of the key competitors, and this has allowed it to build a franchise without raising the alarm.'

Going to market with ultra-competitive prices and eye-catching promotions, The Works has a broad customer base, scores a higher value-for-money rating with shoppers than the likes of **B&M European Value Retail (BME)** or even Amazon and now has over 1.5m active loyalty card users.

WHAT ARE THE GROWTH DRIVERS?

The Works trades from 484 stores and is adding 50 new outlets per year with the ultimate goal of having 1,000 stores. Given the well-documented headwinds blowing through the entire industry, the retail property sector is very much a buyers' market which means The Works can expand on more favourable terms than periods past.

In-store like-for-like sales are in sector-beating rates of growth and are often boosted by the latest craze in the school playground – known in the trade as 'mega trends'. Recent years have seen a clamour for loom bands, fidget spinners and squishy toys and this is being augmented by online growth, currently speaking for about 10% of turnover.

Admittedly, brand awareness could be better but it is definitely building. 'The amount of shoppers that are aware of the existence of The Works has increased dramatically in the last six years,' says Peel Hunt.

'This, to a degree, is to be expected given how aggressive the store roll-out has been: there are simply more high streets and retail parks that include The Works now.

'It is also interesting that 80% of the online shoppers that use its website are not customers of the bricks and mortar chain, and we believe that as time goes on and the relevance of the website continues to grow, overall awareness of the brand will continue to grow.'

WHAT ARE THE KEY RISKS?

Significant seasonality is one issue to consider with the retailer currently making all of its profit in the second half of the financial year.

Results for the six months to 28 October 2018 revealed an adjusted pre-tax loss of £4.4m, the same as a year earlier despite revenue up 15% to £91.5m with 3.8% like-for-like sales growth. Rising costs were to blame for failing to narrow pre-tax losses.

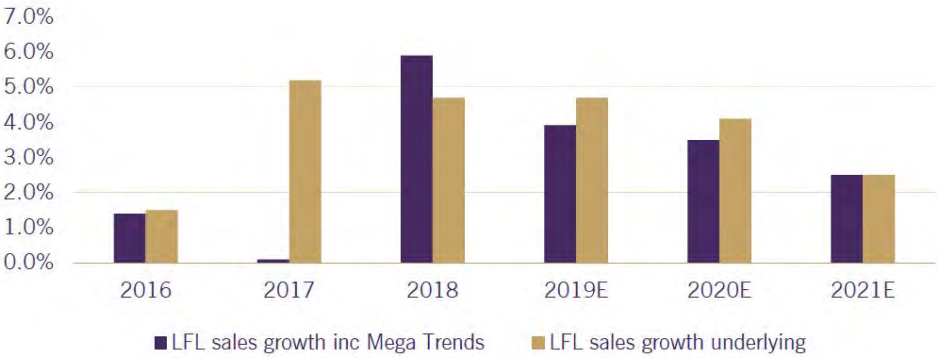
Unusually for a purveyor of low ticket items, The Works operates a transactional website, although teething problems with the switch to a new distributor will see online earnings before interest and tax fall in the current financial year.

Competition in the retail sector is ever-fierce and the company locks horns to varying degrees with names ranging from Amazon and B&M to Poundland, Smyths Toys, **WH Smith (SMWH)**, Paperchase and Hobbycraft.

Any renewed sterling weakness would act as a headwind, since The Works sources a significant portion of product in US dollars while operating margins are skinny – Peel Hunt forecasts 3.7% operating return on sales for the current financial year rising to 3.8% for 2020 – and rising wage costs are unhelpful.

Margins could potentially improve over time if sales densities increase and management drives through efficiencies and rent reductions.

LIKE-FOR-LIKE SALES GROWTH HAS BEEN AHEAD OF ITS PEERS

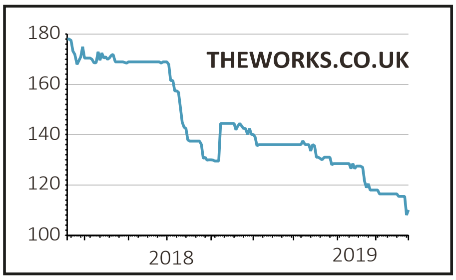


Source: Company accounts, Peel Hunt estimates

HOW MUCH MONEY COULD IT MAKE?

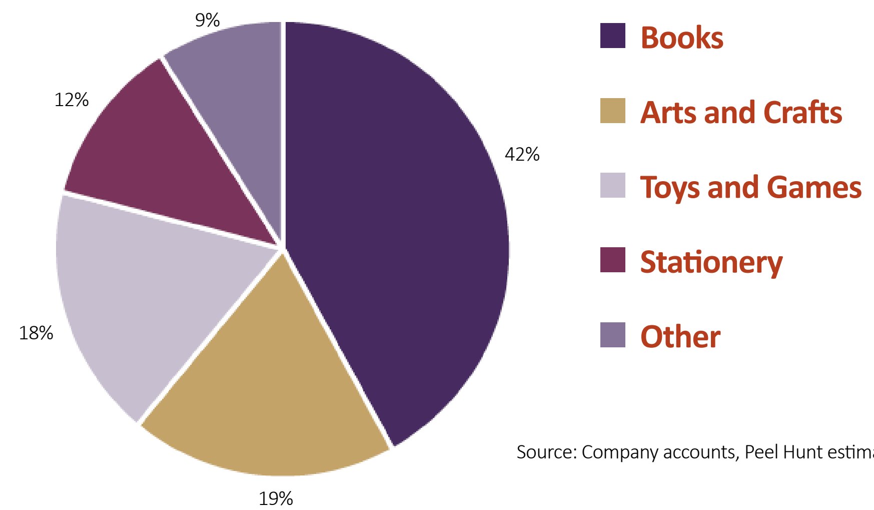
Peel Hunt forecasts a jump in adjusted pre-tax profit to £7.4m (2018: £4.3m) for the year to April 2019, ahead of £9.3m in 2020 and £11.5m in 2021.

The shares trade on a price-to-earnings ratio of 9.9 based on next year's earnings per share forecast of 11.7p and the current share price of 111p. It is expected to pay 4.8p in dividends next financial year, implying a 4.3% prospective yield.



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

SALES BY CATEGORY (%)



Source: Company accounts, Peel Hunt estimates

INDEX

KEY

- **Main Market**
- **AIM**
- **Investment Trust**
- **Fund**
- **Exchange-Traded Fund**

KEY ANNOUNCEMENTS OVER THE NEXT WEEK

Full year results

2 April: DP Eurasia, Belvoir Lettings. **3 April:** AA. **4 April:** Saga.

Half year results

29 March: CVS Group. **2 April:** YouGov.

Trading statements

3 April: CMC Markets, Topps Tiles.

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THIS WEEK: 14 PAGES OF BONUS CONTENT

ANGLO ASIAN MINING

BUSHVELD MINERALS

STRONGBOW EXPLORATION

SHARES SPOTLIGHT

Mining, Oil & Gas

INCLUDES COMPANY PROFILES, COMMENT AND ANALYSIS

MARCH 2019

Introduction

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

It provides small caps with a platform to tell their stories in their own words and this edition is dedicated to the natural resources space. The company profiles are written by the businesses themselves rather than by *Shares* journalists.

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

These profiles are paid-for promotions and are not independent comment. As such, they cannot be considered unbiased. Equally, you are getting the inside track from the people who should best know the company and its strategy. Some of the firms profiled in *Spotlight* will appear at our investor evenings in London and other cities where you get to hear from management first hand.

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

Previous issues of Spotlight are available on our website.

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Report unveils future potential for North Sea oil and gas

The Glendronach and Glengorm finds are the largest UKCS conventional discoveries for a decade

102 wells were drilled on the UKCS in 2018 (85 development, 8 exploration and 9 appraisal)

A new report from industry body Oil & Gas UK suggests a further £200bn needs to be spent to exploit the remaining potential in the UK North Sea.

In this article we look at some of the findings from the report and discuss which smaller companies could be at the forefront of the push to squeeze the most out of the remaining oil and gas resources in the UK Continental Shelf (UKCS).

The Business Outlook Report 2019 shows production from the region has increased 20% in the past five years after more than a decade of decline.

The Government-backed Oil & Gas Authority outlined its Vision 2035 to provide a long-term plan for the UK's oil and gas industry in January 2017, building on the Wood Review which had sought to encourage greater co-operation between the individual operators in the North Sea.

Oil & Gas UK observes that the 'business and operational improvements implemented during the downturn have positioned the UKCS as a much more attractive basin for E&P companies to invest in. The improved cost profile of the basin, along with a stable and competitive fiscal regime and an extensive network of infrastructure, mean that significant returns can potentially be made from UKCS investments.

'Investors recognise this value, with more new projects committed to in 2018 than in the previous three years combined — providing a much-needed boost to investment and future reserves. Maintaining this level of new project commitments in the years to come will be crucial to maximising economic recovery.'

BUILDING MOMENTUM IN EXPLORATION

It notes building momentum around exploration activity, after record low levels in 2018 with around 15 wells planned for 2019.This is underpinned by the fact that, despite the subdued overall picture, the two largest conventional oil and gas discoveries in a decade were made from wells which commenced drilling last year.

Oil and gas production was up 4% in 2018 to 619m barrels of oil equivalent (mmboe) and the Oil & Gas UK projection is for 2019 to see anywhere between flat or even slightly

Smaller UK-listed North Sea operators
EnQuest
i3 Energy
Independent Oil & Gas
Jersey Oil and Gas
Parkmead
Rockrose Energy
Serica Energy

UKCS production accounted for 59% of UK oil and gas demand and 44% of primary energy demand in 2018

lower output and a reasonable increase with a range of 610 mmboe to 630 mmboe. On a longer-term view production is expected to continue to grow until 2020 before returning to a decline.

While these major developments are largely being led by major oil companies, smaller firms are likely to play a significant role in the development of the North Sea.

The table shows some examples of oil and gas firms with a market cap of less than £400m which are active in the region. Firms are likely to share infrastructure and knowledge to be successful as Oil & Gas UK points out: 'Many of the opportunities within E&P portfolios are relatively small, a reflection of the maturity of the UKCS and the increased diversity of ownership.

'It is important that companies continue to work collaboratively to create scale within and across portfolios to improve the chances of resource progression opportunities being realised.'

- **EnQuest (ENQ)** is partnered with **Cairn Energy (CNE)** on the Kraken field where the two companies recently had a difference of opinion over the remaining potential reserves. It also owns several other smaller assets and infrastructure.
- **Serica (SQZ:AIM)** transformed its prospects through a deal with **BP (BP.)** and several other parties to acquire an interest in the Bruce, Keith and Rhum fields which boosted production from around 3,000 barrels of oil equivalent per day (boepd) to closer to 30,000 boepd. The company is currently drilling the Rowallan exploration well in the central North Sea with results expected around the middle of 2019.
- **Rockrose Energy (RRE)** was set up in 2015 and has been buying up assets in the North Sea. It agreed a deal with Marathon Oil to buy its interests off Shetland in a £107m deal in February 2019 and had a £26.6m bid for fellow North Sea outfit **Independent Oil & Gas (IOG:AIM)** knocked back in March 2019.
- **Jersey Oil & Gas (JOG:AIM)** is currently drilling an appraisal well on its Verbier discovery along with Norwegian partner Equinor (formerly Statoil) which should determine just how much oil the find contains.

Revealed: AIM's best and worst performing mining, oil and gas shares

The best performer in the AIM oil and gas universe over the past 12 months is **Eco Atlantic Oil & Gas (ECO:AIM)**. Excitement is building ahead of the company's drilling off the coast of Guyana. Along with its partners **Tullow Oil (TLW)** and French outfit Total, Eco will drill two wells on the Orinduik block.

The first will go after the Jethro-Lobe prospect, estimated to potentially hold 250m barrels of oil equivalent (boe).

Eco reckons Jethro-Lobe has a 44% chance of success, though investment bank Berenberg settles for a more conservative 20%.

The net cost to Eco of drilling Jethro-Lobe is put at $6.7m. With $26m in the bank following a farm-in payment from Total, the company has plenty of cash to fund this well and a second, likely cheaper well, as the initial $6.7m includes the cost of mobilising and demobilising a drilling rig.

Other strong performers include Ukrainian natural gas producer **Regal Petroleum (RPT:AIM)**. Its shares surged higher off the back of new, more supportive industry rules in the country and improving operational and financial performance as well as speculation major shareholder and Ukraine native Victor Pinchuk is mulling a takeover.

Nigeria's **Eland Oil & Gas (ELA:AIM)** has benefited from increasing output and plans to pay a dividend to shareholders this year, while **Bahamas Petroleum's (BPC:AIM)** bombed-out share price was lifted by an extension to its exploration licences off the Caribbean islands which investors hope will allow it to bring in a partner to drill a well.

Among the list of worst performers is **Chariot Oil & Gas (CHAR:AIM)** which reported disappointing results from a long-trailed exploration well offshore Namibia.

Cameroon-focused **Bowleven (BLVN:AIM)** was also hit by disappointing drilling results although shareholders' pain may have been soothed by a 15p special dividend as the company returned surplus cash.

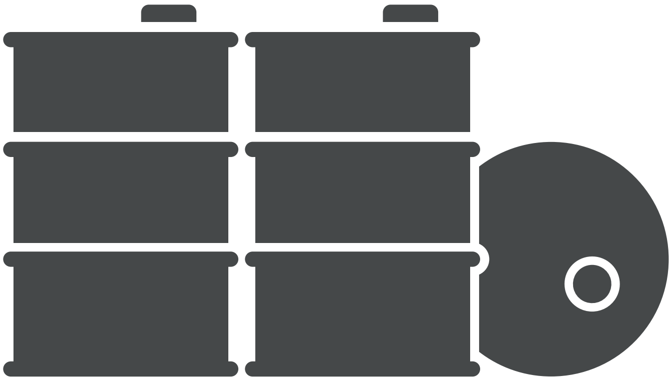
Eastern Europe outfit **Ascent Resources (AST:AIM)** has also slumped significantly as it has been hit by permitting issues in

AIM OIL & GAS BEST & WORST PERFORMERS

Company	12 month performance (%)
Eco Atlantic Oil & Gas	188
Regal Petroleum	113
Lansdowne Oil & Gas	102
Bahamas Petroleum Company	91.7
Serica Energy	84.3
Westmount Energy	76.8
San Leon Energy	67.9
Providence Resources	53.7
Hurricane Energy	50.7
Eland Oil & Gas	48

Company	12 month performance (%)
Solo Oil	-63.1
BowLeven	-64.8
Mosman Oil & Gas	-65.9
Echo Energy	-71.7
Ascent Resources	-73.2
Chariot Oil & Gas	-80.9
Mayan Energy Limited	-84.2
Range Resources	-88.9
MX Oil	-91.5
Cabot Energy	-98

Source: SharePad, 22 March 2019



AIM MINING BEST & WORST PERFORMERS

Company	12 month performance (%)
Greatland Gold	229
Bushveld Minerals	167
Anglo Asian Mining	113
Ormonde Mining	102
Pathfinder Minerals	74.1
Sylvania Platinum	60.3
Eurasia Mining	45.8
Pan African Resources	39.8
Shanta Gold	36
Ariana Resources	35.8

Company	12 month performance (%)
Bezant Resources	-76.9
Rambler Metals and Mining	-77.6
Tertiary Minerals	-79.2
Regency Mines	-82
BlueRock Diamonds	-85
Metals Exploration	-85.2
Kibo Mining	-88
African Battery Metals	-90
Edenville Energy	-91.1
Altona Energy	-94.9

Source: SharePad, 22 March 2019

Slovenia which have affected production. The company is currently planning legal action to address this issue.

There is no doubt **Greatland Gold (GGP:AIM)** has enjoyed a glittering year. The company recently agreed a $65m farm-out deal with Newcrest Mining to advance its Havieron prospect in Australia after announcing drilling results in November 2018.

For context, it is worth noting the company previously signed a partnership agreement with Newmont, one of the world's largest gold miners, to develop its Ernest Giles project (also in Australia) back in 2017. Newmont subsequently walked away.

Two of the other best performers over the last year, **Anglo Asian Mining (AAZ:AIM)** and **Bushveld Mining (BMN)** are profiled in this edition of *Spotlight*.

Another strong performer is **Ormonde Mining (ORM:AIM)** whose plans to fully reopen the Barruecopardo tungsten mine in Spain moved closer to fruition.

In February the company confirmed first ore had been introduced to the process plant on site. The company holds a 30% interest in the project.

Open pit mining of surface tungsten ore zones commenced in January, and the crush and screen plant had been commissioned using ore to produce the fine ore stockpile for feeding into the process plant.

'This activity will continue during the following weeks, including producing tungsten concentrates, which will lead on to a progressive transition from the commissioning phase into the gradual ramp-up of production at Barruecopardo,' the company says.

Among the laggards, **Kibo Mining (KIBO:AIM)** suffered a big hit as its hopes of developing a coal-to-power project in Tanzania were poleaxed by the receipt of a written notice from the Tanzania Electricity Supply Company (TANESCO) saying it did not qualify to compete in the next stage of the bidding process to develop coal-fired power generation projects.

Like several small cap resource plays, Philippines miner **Metals Exploration (MTL:AIM)** risks being swallowed up by debt.

Noting the recent resignation of the company's nominated adviser, broker Shore Capital didn't mince its words on the company. It said: 'Serial disappointer and disaster epic Metals Exploration has lost its nomad. If a replacement is not appointed by 14 April 2019, the company's shares would be suspended; within one month of that date, the company's AIM listing would be cancelled.'

ANGLO ASIAN MINING PLC

Building on a record year in 2018, Anglo Asian is positioned for future growth

Website: www.angloasianmining.com

2018 was a highly significant year for Anglo **Asian Mining (AAZ:AIM)** and its shareholders – the company reported record gold equivalent ounce (GEO) production, delivered a share price rise of 185% and paid its maiden dividend.

However, the board believe that the business has a lot more to offer investors in 2019 and beyond. The business has a growing portfolio of assets in the politically-stable, and economically thriving, West Asian country of Azerbaijan, ranging from mature operations to newly producing mines, together with a pipeline of highly prospective new mining targets.

Anglo Asian's operations are centred on its Gedabek Contract Area – a 300 square kilometre concession which already houses three separate mining operations: the Gedabek Open Pit, the Ugur Open Pit and the Gadir Underground Mine.

These three mines, together with supplementary material from the Company's fourth mine, the Gosha Underground Mine, located 50 kilometre from Gedabek, produced a total of 83,736 GEOs in 2018. The company also boasts some of the lowest production costs in the sector – in the last published accounts, the all-in sustaining cost of production of gold was $543 per ounce.

AIMING TO ESTABLISH ITSELF AS MID-TIER PRODUCER

The Board has ambitions to increase total production and establish itself as a mid-tier producer in the near-term. In 2018, Anglo Asian launched a wide-ranging geological exploration and evaluation programme to both extend current mine life and increase production – all of which has been, and will continue to be, funded by internal cash flow.

2018 was the first year of this three-year rolling programme of geological exploration of near mine, brownfield and greenfield areas with the objective of replacing mined ounces, increasing the company's inventory of resources and discovering new mineral deposits.

This programme of work has already resulted in the declaration of updated or maiden resources for several of its key operations.

In September 2018, and after more than nine years of continuous mining, during which time Anglo Asian produced over half a million ounces of gold, an updated JORC estimate was published which demonstrated that the Gedabek Open Pit ore body still contains a surface accessible resource of almost 1,000,000 ounces of gold and over 90,000 tonnes of copper.

INTRODUCING... ANGLO ASIAN MINING

A COMPANY WITH A PORTFOLIO OF GOLD, COPPER AND SILVER PRODUCTION AND EXPLORATION ASSETS IN AZERBAIJAN

ESTIMATE OF RESOURCES

A company estimate was released in February 2019 in relation to the Gadir Underground Mine which indicated resources of 172,000 ounces of gold and 3,866 tonnes of copper (145,000 ounces of gold and 3,295 tonnes of copper in measured plus Indicated).

In addition to replacing mined ounces, the board recognise of the importance of making new discoveries – similar to the Ugur mineral deposit. Ugur was originally identified in October 2016 and began production in September 2017 highlighting the pace at which new discoveries can be developed and how quickly they can be translated from mineralised potential to significant gold and copper contributors within Anglo Asian's overall production profile.

With this in mind, the first comprehensive helicopter survey of its entire 300 square kilometre Gedabek concession was completed in 2018. The data from the survey is being analysed and the initial results will be shortly published. The Anglo Asian team is aware of multiple additional gold and copper mineral occurrences at Gedabek. These occurrences will be the focus of future ground-based follow-up work as it seeks to identify new potential standalone mines to further swell the company's GEO production.

ESTABLISHED AND SCALABLE PLATFORM

With an established and scalable platform for profitable production and robust financial performance forecast for the foreseeable future, the board of Anglo Asian paid its maiden dividend of 3 cents per share in November, totalling $3.4m.

Furthermore, the board has indicated its intention to target a distribution to shareholders each year comprising approximately 25% of the group's free cash flow and recently announced it would pay a minimum total dividend for the year ending 31 December 2019 of 6 cents per share.

The Anglo Asian team says it has set out an ambitious growth and dividend policy to reward shareholders and expand the company's production profile over the coming years, with the aim of ensuring that there is a lot for investors to look forward to in terms of near-term high impact news flow and long-term value accretion potential.

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PHOENIX GLOBAL MINING (PGM)

Speaker: Dennis Thomas, CEO

This North American-focused base and precious metals exploration and development company's flagship project is a brownfield, past producing, copper, gold, silver, zinc and tungsten underground mine in Idaho.

+ MORE TO BE ANNOUNCED

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Bushveld looking to leverage its dominant position in the world's best vanadium district

Website: www.bushveldminerals.com

The year 2018 was a transformational one for **Bushveld Minerals (BMN:AIM)**, as the integrated vanadium company secured maximum control of the Vametco mine and plant in South Africa, cementing its place as one of the world's leading low-cost primary producers of vanadium.

Bushveld currently supplies approximately 3,000 tonnes of vanadium (mtV) annually, representing approximately 3% of the global vanadium market, with plans to increase production to 10,000 mtV in the medium term and feed a predicted market deficit brought on, not only by increased demand from the steel industry, but also from the burgeoning energy storage market where vanadium is expected to play a major role.

The current market dynamics for vanadium point to a positive price outlook, underpinned by a growing deficit which many believe can only be closed by existing quality primary vanadium producers like Bushveld Minerals, who are in a position to scale up production.

The vanadium price has seen a significant surge in the last 3 years, rising by more than 400% from $14.70 per kilogramme of vanadium (kgV) in February 2016 to highs of more than $120 per kgV as recently as November 2018.

The price increase is driven by a fundamental structural deficit in the vanadium market, arising from robust and growing demand underwritten by the steel sector amidst concentrated and constrained supply with limited new supply in the near future.

INTRODUCING BUSHVELD MINERALS

... A VERTICALLY INTEGRATED PRIMARY VANADIUM PRODUCER, WITH AN ADDITIONAL FOCUS ON VANADIUM REDOX FLOW BATTERY TECHNOLOGY

STRONG DEMAND

Approximately 90% of vanadium consumption is from the steel industry which is set to continue supporting robust vanadium demand. Vanadium consumption from the steel sector is expected to grow at a CAGR (compound annual growth rate) of approximately 2% over the next 10 years, supported by the increased intensity of use of vanadium in steel from emerging markets. China's new high-strength rebar standard, which came into effect in November 2018 is estimated to increase global vanadium demand by 10-15%.

Furthermore, the energy storage market is expected to grow to as large as $350bn by 2030, with significant upside potential of as much as 96,000 mtV from the growing application of vanadium redox flow batteries (VRFBs), with current forecasts estimating that VRFBs could account for 44% of vanadium consumption by 2027.

Over 70% of vanadium produced is through co-production, mostly from China, which is driven by steel fundamentals. Structural changes in the steel market are expected to continue to adversely impact the economics of vanadium co-producers going forward. Overall, vanadium supply will remain constrained , with very limited new supply expected to come on stream.

AN INDUSTRY LEADER

In order to achieve its ambitious growth targets, Bushveld has created and operates two flagship platforms in this space, namely: Bushveld Vanadium and Bushveld Energy.

Bushveld Vanadium is targeting expansion of its production platform over time. Being a primary vanadium platform means having one of the largest highest-grade primary vanadium resource bases while also being a significant producer, while promoting the growth of new demand sources such as in the energy storage arena.

To this end, Bushveld Energy has taken up the mantle as a leading energy storage project developer and component manufacturer, exclusively focused on VFRB technology.

Bushveld Energy's business model is focused on activities along the VRFB value chain and will include: an electrolyte manufacturing capability in South Africa, a VRFB assembly and manufacturing facility, as well as an energy storage project development project. In 2018 Bushveld Energy received delivery of the first VRFB with a peak energy 450kWh. The battery is currently being tested in Eskom's facility, South Africa's national utility.

SUCCESSFUL START

In a nutshell, Bushveld's vision is to grow into one of the world's most significant, lowest cost and vertically integrated primary vanadium companies comprising of low-cost vanadium production, electrolyte manufacturing and deployment of VRFB in the energy markets.

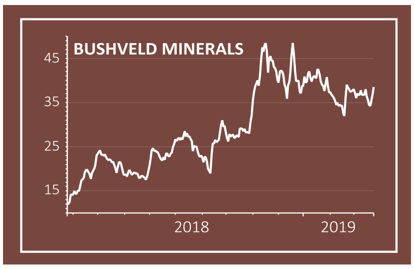
Low cost means targeting the lowest cost position on the cost curve. The company's vanadium assets are either positioned in the first quartile or show the potential for first or second quartile cost positioning. Vametco, the company's flagship asset is one of the lowest cost producers on the planet while enjoying some of the highest grades.

In 2018, Vametco's sales revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) increased by 142.7% and 349.2% respectively to $192.2m and $107.5m (on a 100% basis).

The company has commenced the implementation of a transformation programme to enhance Vametco's performance expects production levels in the current year to be even higher than in 2018.

In addition, all assay results for Phase 1 of its exploration programme at the neighbouring Brits project were recently received, which have to date been above or in line with management's expectations. A maiden mineral resource estimate is expected by mid-year.

South Africa itself has undergone major political change in the past 12 months, with the new president strongly promoting the message of investor friendliness, growth and job creation, a positive environment for companies, like Bushveld, looking to achieve similar goals.



Bright future to shine on Strongbow's South Crofty tin project in Cornwall

Website: www.strongbowexploration.com

The electric vehicle (EV) revolution has galvanised battery metals such as lithium, cobalt and nickel - and now the tin market is becoming aware that it, too, might be a beneficiary.

The International Tin Association (ITA) has just released a report on the use of tin in lithium-ion batteries.

The takeaway is that this additional use beyond soldering and packaging could generate a demand surge of up to 60,000 tonnes per year by 2030. This might not sound like much, but keeping in mind last year's global consumption of about 357,000 tonnes, it represents a significant increase.

The shift in outlook for tin started in March last year when Rio Tinto Ventures published findings from a Massachusetts Institute of Technology (MIT) study at a Battery Metals conference in Austrialia, which projected that tin would be most impacted, relative to market size, by increases in metals demand from new technologies.

The study indicates the steady, rising trend of tin consumption in electronics and strong new indications of use in emerging technologies. Coupled with a static supply curve, tin prices are expected to continue strengthening.

Prices of the metal have steadily climbed, rising from $18,750 per tonne in November 2018 to current levels of $21,275 per tonne – a 13.5% rise. The price climb appears to be stimulated by the return of instability in the world's top exporter, Indonesia, and coincided with a significant downturn in tin production from Myanmar, which has dominated feedstock for China's tin smelters over the last five years.

Imports of tin concentrates from Myanmar fell by 26% to 184,000 tonnes in the first 10 months of 2018.

Global stockpiles tracked lower, falling from 1.9m tonnes in early July 2017 to around 400,000 tonnes in November 2018 – resulting from declining grades from newly mined material according to the ITA.

Tin is recognised as a strategic mineral, with neither the US or Europe having any primary mined tin production. Significant investment and exploration effort is required to ensure domestic supplies to the growing high tech economy.

INTRODUCING STRONGBOW EXPLORATION...

AIMING TO BUILD A PORTFOLIO OF STRATEGIC METALS ASSETS IN NORTH AMERICA AND THE UK WITH ITS FLAGSHIP PROJECT THE PAST PRODUCING SOUTH CROFTY UNDERGROUND TIN MINE IN CORNWALL

STRONGBOW TO CAPITALIZE ON SURGING DEMAND FOR TIN

Strongbow Exploration, quoted on the TSX Venture

Exchange, hopes to capitalise on surging demand for tin and higher prices.

Strongbow's flagship project is the high-grade South Crofty property, which includes 26 former producing mines within a 1,490-hectare mining licence in Cornwall on the southwestern tip of Great Britain.

Tin is embedded in Cornwall's DNA - the metal has been mined in the region for thousands of years. Until just a few decades ago, Cornwall was the global production centre, with over 2,000 mines documented. But the tin price collapse in the mid-1980s laid waste to Cornwall's tin mining industry, and production moved elsewhere.

The South Crofty mine outlasted all the others but shut its doors and turned off the pumps in 1998, succumbing to 13 years of low tin prices.

Since Strongbow took on the project in 2016, it has updated the resource estimate. The resource was split into two: the high-grade tin-only lower mine resource and an upper mine resource that also has copper and zinc. The company plans to mine the lower resource first. It hosts 1.66 million tonnes Indicated at 1.81% tin and 740,000 tonnes Inferred at 1.91%. The upper mine resource has 257,000 tonnes grading 0.70% tin, 0.79% copper and 0.58% zinc Indicated (0.99% tin equivalent) and 464,000 tonnes grading 0.67% tin, 0.62% copper and 0.63% zinc (0.91% tin equivalent inferred).

At 1.8% tin in the tin-only lower mine resource, South Crofty is one of the highest-grade undeveloped tin projects in the world.

Owen Mihalop (2nd from the right) inspecting the pump to be used in the mine dewatering.

In 2017, Strongbow published a PEA (preliminary economic assessment) on South Crofty that showed positive economics. At a 5% discount rate, South Crofty has an after-tax net present value of $130.5m and an after-tax IRR of 23.4% (at metal prices of $10 per pound of tin, $2.65 per pound of copper and $0.90 per pound of zinc). Tin is currently trading at $9.71 per pound, copper at $2.89 per pound, and zinc has moved higher at $1.23 per pound.

FULLY PERMITTED SOUTH CROFTY BEING MOVED TO A PRODUCTION DECISION

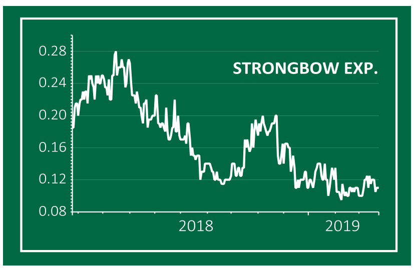
The project has a valid mine permit (to 2071) and planning permission to construct a new process plant. After receiving a water discharge permit in October 2017, the project is now fully permitted.

In January 2018, Strongbow completed the sale of a 1.5% Net Smelter Returns Royalty to its largest shareholder, Osisko Gold Royalties, for CAD$7.17m. Construction of the water treatment plant is expected to be completed in 2019. Strongbow plans to bring the project to a production decision and complete a feasibility study in parallel with the mine dewatering process.

Strongbow is currently working on a dual listing on the AIM Exchange. To that extent, Strongbow entered into a financing and offtake agreement with Orion Mine Finance in November 2018 for the South Crofty tin project conditional on the AIM listing and Orion making an equity investment of no less than $3m in common shares of Strongbow as part of the listing.

Also, Cornwall council recently voted overwhelmingly in support of a £1m investment into Strongbow Exploration Inc., subject to Strongbow completing a dual listing on the London's AIM Exchange.

The listing on the AIM Exchange is expected to be completed soon and Strongbow will continue on its pathway to production once again at the South Crofty tin mine with the aim of bringing tin mining back to Cornwall.



Databank – Commodity price performance 2016-2019

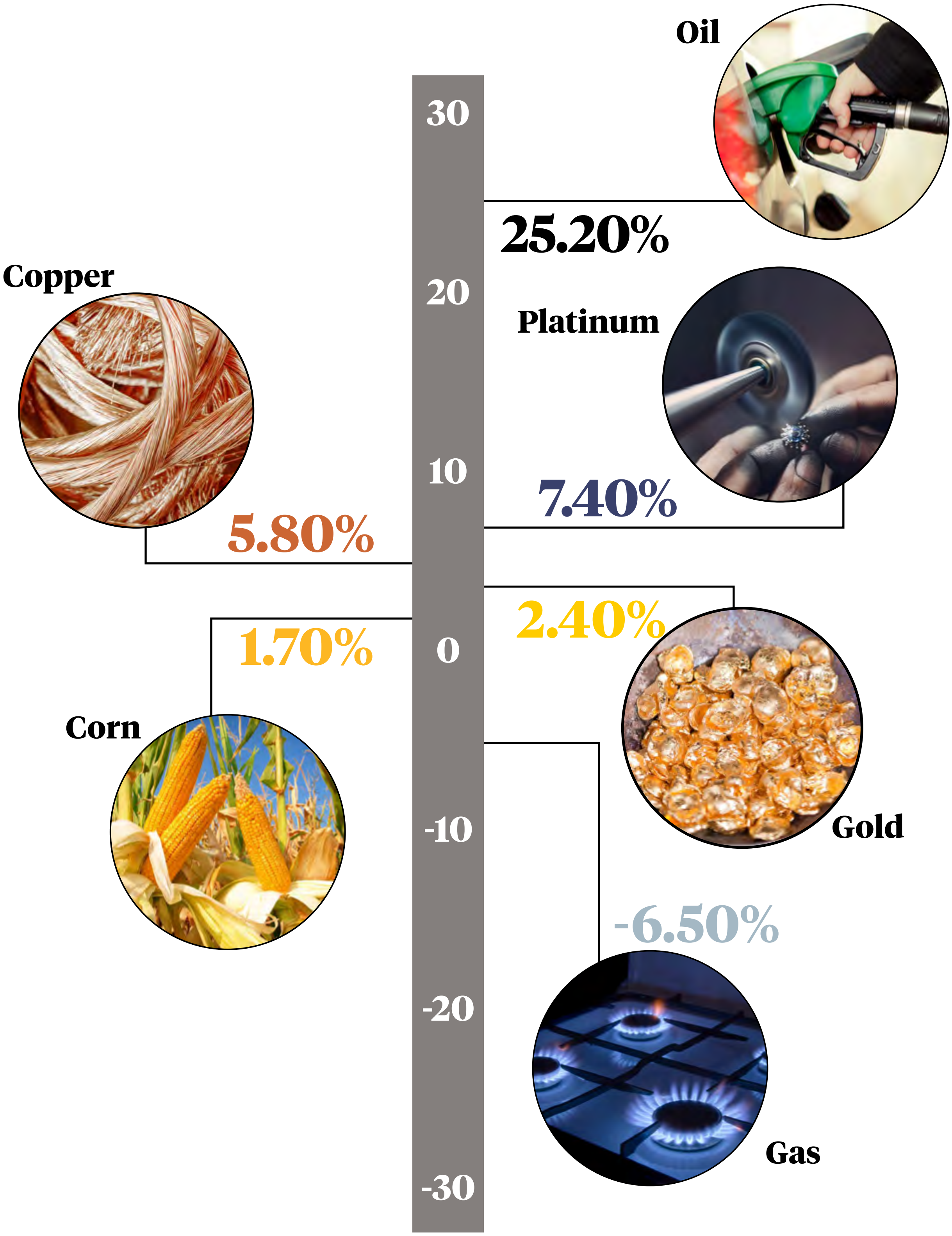
	2016	2017
Copper	17.0%	19.5%
Corn	-1.0%	3.6%
Crude Oil	53.0%	7.7%
Gold	8.5%	7.6%
Natural Gas	59.0%	-25%
Platinum	1.4%	-1.0%

	2018	2019*
Copper	-16.1%	5.8%
Corn	3.9%	1.7%
Crude Oil	-18.7%	25.2%
Gold	-1.4%	2.4%
Natural Gas	10.8%	-6.5%
Platinum	-14.3%	7.4%

Source: Refinitiv

*Year to date (25 March 2019)

Databank – Gain / loss so far in 2019



Source: Refinitiv