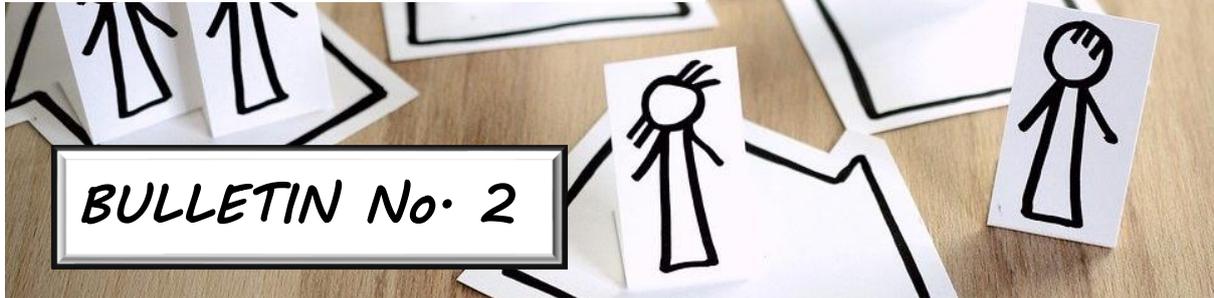


NICHOLLS STEVENS.



INTRODUCTION

On the basis that the next two or three months are going to be a difficult time for us all, I have racked my brains for a way of keeping in contact with clients in a positive rather than a negative way. I propose to keep in touch with a monthly newsletter. The newsletters are not in any way aimed to trivialise the seriousness of either the health or the economic situation but rather to give us something else to think about.

INVESTMENT HORSE RACES



I have spent my entire life as a financial adviser saying to clients 'investing is not like putting money on a horse' and now I am introducing the idea of an investment horse race! The reason behind the races is that, as and when we come out of the economic stalemate, it will be interesting to see which type of fund recovers quickest; will it be an income fund, a growth fund, a smaller companies fund, an ethical fund or a bog standard tracker? What about the economies in the rest of the world, which will be the winner?

As you will see we have four races, the UK National, The US Derby, The European Stakes and the Rest of the World Championship. We have invested £5,000 in each open-ended collective fund. Each race started on 23rd March 2020 and will run until 30th November 2020. We will provide monthly updates so you can keep track of performance. I would stress that the funds I have selected are not a personal recommendation but rather funds run by experienced fund managers with good investment track records.



PLACE YOUR BETS!

Place your bets on just one fund in each category. I suggest £5.00 and if at the end of the race you have picked a winner, I would like to think that you will give your winnings to a charity of your choice.



The UK National – The runners

The Funds	Sector	The starting value
Artemis Income	Income	£5,000
LionTrust Special Situations	Growth	£5,000
Merian UK Mid Cap	Mid cap	£5,000
BMO Responsible UK Income	Ethical	£5,000
HSBC FTSE All Share	Tracker	£5,000
Total value		£25,000

The US Derby – the runners

The Funds	Sector	The starting value
J P Morgan US Equity Income	Income	£5,000
Franklin US Opportunities	Growth	£5,000
Schroder US Mid Cap	Mid cap	£5,000
Fundsmith Sustainable Equity -62% USA	Ethical	£5,000
HSBC American Index	Tracker	£5,000
Total value		£25,000

The European Stakes – the runners

The Funds	Sector	The starting value
ASI European income	Income	£5,000
Fidelity European	Growth	£5,000
Baring European Select	Mid cap	£5,000
Liontrust Sustainable Europe	Ethical	£5,000
HSBC FTSE Developed Europe Index	Tracker	£5,000
Total value		£25,000

The Rest of the World Championship – the runners

The Funds	Sector	The starting value
Legg Mason Japan	Japan - Growth	£5,000
HSBC Japan Index	Japan Tracker	£5,000
Fidelity Asia	Asia - Growth	£5,000
L&C FTSE Asia Pacific	Asia - Tracker	£5,000
Fidelity India	India - Growth	£5,000
First State Greater China Growth	China - Growth	£5,000
Bailey Gifford Emerging Markets	Emerging markets - Growth	£5,000
Stewart Investors Emerging Markets Sustainability	Ethical	£5,000
L & G Emerging Markets Index	Emerging Markets Tracker	£5,000
Total value		£45,000



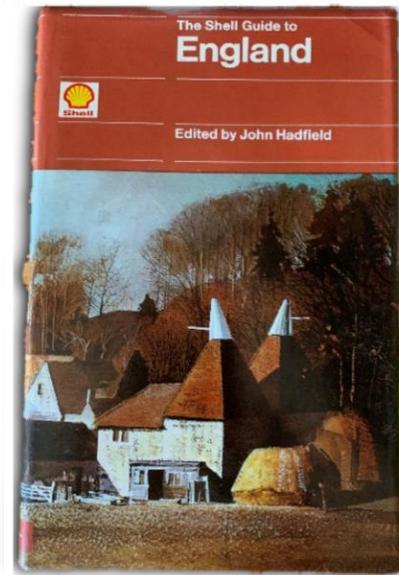
As we are only allowed out for our once a day exercise break, I thought it would be interesting to go traveling from our chairs. Most clients have money invested in the UK, but how much do we know about the regions in the UK and what they contribute to the economy of this country? Now that we have some time to spare, I thought we could go and have a look. As we visit each area, we will highlight one or two companies in which fund managers may be investing. We thought it would be interesting to identify not just large companies but also smaller companies which are not 'household names'.

WHERE ARE WE GOING?



Our first trip is going to be to the North West. The North West region comprises the counties of Lancashire, Cumbria, Cheshire and the large metropolitan areas of Merseyside and Greater Manchester. It covers an area of 5,472 sq. miles and has 7,272,136 inhabitants representing about 11% of UK population (Eurostat, 2019) and is the third most populated region in England.

WHAT DOES OUR GUIDE BOOK SAY ABOUT THE REGION ?



Before opening the guide book let's look at some facts we most probably already know about this area. Lancashire is famous for many things: its great comedians, musicians and artists include Lowry, George Formby, Victoria Wood, Les Dawson and Ken Dodd. We all recognise certain food from this part of the country: the Lancashire hot pot, black pudding, Eccles and Chorley cakes. Did you know that Lancashire is the birthplace of the Ewbank carpet sweeper, Meccano, the Co-operative movement and white road markings (and I imagine much more)? Armed with this knowledge you can see that we are talking about an innovative people. So, let's see what the guide book says about the economy in the region today.



Access to the sea continues to be important in economic activities. The port of Liverpool has served, and continues to serve, as a key international transport hub for imports and exports. The last 40 years has seen the North West build on its traditional strengths in chemicals, textiles, shipping and engineering and diversify into modern high technology sectors including ICT, biotechnology, pharmaceuticals, aerospace, and telecommunications. The area is a leader in other areas: Lancashire and Cheshire have the largest concentration of advanced manufacturing and chemicals production in the UK and we must not forget that Manchester is now the largest media hub outside of London. Major global manufacturing companies such as BAE Systems, and Astra-Zeneca operate here and the north west is still home to Unilever.

No area can thrive without good research and development facilities. If you look hard you will find 12 Universities in the area. The University of Manchester, is ranked 15 in the UK and 51 internationally in 2019, according to the Times Higher Education World university rankings. The region is also home to a number of public-sector research establishments such as the Daresbury Laboratory, Cockcroft Institute, Jodrell Bank telescope and the Proudman Oceanographic laboratory.

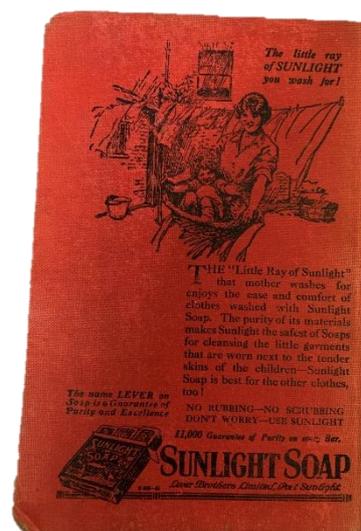


SPY GLASS ON TWO COMPANIES

We have looked through the holdings of many of the funds we use and have identified two companies who operate from this area. We have selected one household name and one company with which you will be less familiar.

Unilever

Earlier we said that the people from this area have always been innovative, who more so than William Hesketh Lever who founded Lever Brothers. In the 1890s he wrote down his ideas for Sunlight soap which would bring cleanliness to Victorian England. Later the invention of the bubble bath 'Matey' in 1958 meant that children were not only cleaner but happier at bath time. Today the innovation and ethos continues. The Unilever website says that everyday 2.5bn people use one of their 400 products and their mantra is still that their products help people to look good, feel good and get more out of life. Many of our clients have investments in this company which is a core holding in many funds. By the way if you are ever in Liverpool, do go and visit Port Sunlight Village which is a village of arts and crafts houses built by William Lever for his workforce – it is really worth a trip.



Boohoo Group

This company is a total contrast to Unilever: Rather than having a history of over 100 years, Boohoo was only founded in 2006. It is an online fashion retailer aimed at the 10 – 30 year age group operating out of headquarters in Manchester. This a vibrant young company which has seen a niche in the market place which they are filling successfully. Maybe after all there are similarities with Unilever – Lever saw the need for soap, Boohoo has seen the need of the young for the instant gratification of online shopping. The shares of this company are held in the Merian UK mid cap fund.

NEXT TIME: next time we will catch up on the performance of our competing funds in the various horse raises, visit another area of the UK and we hope to introduce a financial quiz. In the meantime we hope you all stay safe and well.

Carole Nicholls

March 2020