



## BULLETIN No. 3

# INVESTMENT HORSE RACES



Let's have a look and see how the various runners have performed in the last four weeks. As you can see every single fund has made a positive improvement with the front winner a UK mid cap fund – The Merian UK mid cap and likewise the UK National was the economy to back. I think it is too early to see any significant patterns overall – we look to next month's results with interest.

### The UK National – The runners

The Funds	Sector	The starting value	Value at 23 April 2020
Artemis Income	Income	£5,000	£5,910
LionTrust Special Situations	Growth	£5,000	£5,893
Merian UK Mid Cap	Mid cap	£5,000	£6,500
BMO Responsible UK Income	Ethical	£5,000	£5,724
HSBC FTSE All Share	Tracker	£5,000	£5,837
Total value		£25,000	£29,864

### The US Derby – the runners

The Funds	Sector	The starting value	Value at 23 April 2020
J P Morgan US Equity Income	Income	£5,000	£5,745
Franklin US Opportunities	Growth	£5,000	£5,833
Schroder US Mid Cap	Mid cap	£5,000	£5,772
Fundsmith Sustainable Equity - 62% USA	Ethical	£5,000	£5,614
HSBC American Index	Tracker	£5,000	£5,864
Total value		£25,000	£28,828

### The European Stakes – the runners

The Funds	Sector	The starting value	Value at 23 April 2020
ASI European income	Income	£5,000	£5,489
Fidelity European	Growth	£5,000	£5,550
Baring European Select	Mid cap	£5,000	£5,612
Liontrust Sustainable Europe	Ethical	£5,000	£5,499
HSBC FTSE Developed Europe Index	Tracker	£5,000	£5,493
Total value		£25,000	£27,643

## The Rest of the World Championship – the runners

The Funds	Sector	The starting value	Value at 23 April 2020
Legg Mason Japan	Japan - Growth	£5,000	£5,691
HSBC Japan Index	Japan Tracker	£5,000	£5,360
Fidelity Asia	Asia - Growth	£5,000	£5,461
L&G Pacific Index	Asia - Tracker	£5,000	£5,808
Fidelity India	India - Growth	£5,000	£5,581
First State Greater China Growth	China - Growth	£5,000	£5,378
Baillie Gifford Emerging Markets	Emerging markets - Growth	£5,000	£5,672
Stewart Investors Emerging Markets Sustainability	Ethical	£5,000	£5,772
L & G Emerging Markets Index	Emerging Markets Tracker	£5,000	£5,417
Total value		£45,000	£50,140



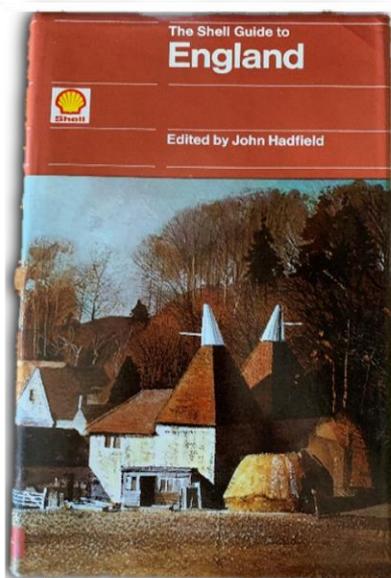
As the weather improves it would be great to get in the car and explore our beautiful country, we cannot do this for a while, so the next best thing is arm-chair travel.

#### **WHERE ARE WE GOING?**



This month we are visiting The Yorkshire and Humber region which comprises the counties of North and South Yorkshire and parts of North Lincolnshire. Included in these boundaries are the large metropolitan areas of Leeds, Bradford, Wakefield, Sheffield and Rotherham and the beautiful rural areas of the North Yorkshire Moors and the Yorkshire Dales. It covers an area of 5,948 square miles and has just under 5.5m inhabitants. Rather surprisingly it is the third least populated region in the UK.

## WHAT DOES OUR GUIDE BOOK SAY ABOUT THE REGION ?



Most of us will be aware that Yorkshire is home to some of the most dramatic landscapes in the country. Oh, that we were out walking on those beautiful moors and feeling the amazing fresh air on our faces! If we are 'history buffs' we could spend our time visiting Captain Cook's birthplace, Castle Howard, Harewood House and the impressive abbeys of Rievaulx and Fountains. Where else could we find 500 acres of outside art and gaze upon the largest outdoor collection of Henry Moore's sculptures in Europe standing amid the resident herd of sheep? A visit to the Yorkshire Sculpture Park should be on your wish list for the future. Yorkshire has been the birthplace of many of our famous authors, artists and actors: Dame Judi Dench, Alan Bennett, J B Priestley, David Hockney – in each case their canny knack of observation makes their work particularly memorable

Now that we know something about the people and the place, we will see what the guide book says about the economy in the region today.



The Yorkshire and Humber economy is in transition as it moves from an economy that relied on large-scale heavy industry, manufacturing, textiles and agriculture to a more diverse market. However, manufacturing and other traditional industries are still important for the region and, although the numbers employed in this sector have fallen and are likely to continue to fall in the next five years, output in the sector is forecast to grow and it will remain important to the region, more so than in other UK regions. Services feature heavily in the regional economy but to a lesser extent than in other regions. It has a higher percentage of firms in distribution, hospitality, manufacturing and public administration than in other regions whilst there is a smaller proportion of firms in banking, finance and insurance and other services.

There are 11 Universities in the area and research is focused on science and technology. It hosts five science/innovation parks and York has been designated a 'science city'. The University of York is well-known for its 'green' chemistry research and the University of Sheffield has established an Advanced Manufacturing Research Centre with investment from Boeing. Public-sector research establishments such as the Food and Environment Research Agency and the Centre for Terrestrial Carbon Dynamics are to be found in the region.

### **SPY GLASS ON TWO COMPANIES**

In the section above we highlight the future of this area as being in science and technology but, if you look to its past, it is all about food. Back in 1150 the French Cistercian Monks introduced the creamy crumbly wensleydale cheese which many still eat with their Christmas cake whilst enjoying a Terry's (originally of York) chocolate orange, jelly babies come from here, they were originally named 'peace babies' in commemoration of the end of the first world war and were manufactured by Bassets. Party rings became a feature at children's parties in the 1980s, produced by Fox's biscuits who still operate from Batley. Let's not forget Tetley Tea, Yorkshire Tea, Taylor's of Harrogate (teas and coffee) and John Smith who started brewing ale in Bradford back in 1758. Therefore, you will not be surprised to know that my choice of companies operating from Yorkshire is also food related.



### **Nestle**

Last month I selected Unilever and spoke about the work carried out by William Hesketh Lever in Liverpool. This month indirectly by selecting Nestle, I have looked at the life of Joseph Rowntree of York who was a champion of social reform and deeply interested in improving the lives of his employees. He too built a model village to house his workforce. In 1988 Rowntree's was purchased by Nestle but 2,000 people still work in research and in the factory. Nestle is the largest private employer in York. To give you some idea of the scope of the production, the York factory produces 1 billion KitKat bars a year and 38 billion Polo mints every day.



The purchase of Rowntree fitted well into Nestle expansion plans. The company started life back in 1866 as the Anglo-Swiss condensed milk company which merged with Henri Nestle baby formula company in 1905 and the business went from strength to strength, having an 'instant' success with the introduction of Nescafe coffee in 1939 and then branching out into a huge range of food products so that today it is a multi-national company producing and distributing chocolate, coffee, breakfast cereal, food, drinks, bottled water and even pet foods. This stock features as a core holding in many European fund such as Baring European, Fidelity European or BNY Mellon Continental Europe.

## Morrisons

Three leading supermarkets/retail stores started their lives in Yorkshire. In 1894 Michael Marks started as a market trader in Kirkgate Market in Leeds before joining forces with Tim Spencer to form a chain of stores, called 'Penny Bazaars'. Asda, now owned by Walmart, started in Leeds in 1949 and Morrisons started out in 1899 as an egg and butter stall in Bradford market and its head office is still in Bradford.



I have selected Morrisons as my choice because at the time that my elder daughter went to Leeds University in 1998 I had never heard of Morrisons supermarkets but she introduced me to this Yorkshire centric organisation. Since then I have wondered at its expansion over the next 20 years, joining the FTSE100 in 2001 and growing to be the 4<sup>th</sup> largest supermarket in the UK with over 110,000 employees but maintaining its Yorkshire feet on the ground. The share is held in many of the collective funds we hold for clients but it features as one of the top ten holdings in JOHCM UK Opportunities and Threadneedle UK growth and income.

## Five quick finance questions



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| 1. What is the standard term of office for the Governor of the Bank of England?   |
| 2. In what year did the UK introduce the first general old age pension which was non-contributory?  |
| 3. In what circumstances might you have to wait to receive your money from a UK property fund?  |
| 4. Why is the income produced by annuities at the present time so low?  |
| 5. If I am under 75 and have £1,000 to invest, what investment will give me an instant return of £250.00 even if I leave the funds in cash? |

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, set you a new quiz and give you the answers to the last one. In the meantime, we hope you all stay safe and well.