

	<u>5/4/17</u>	<u>1/7/17</u>	<u>5/10/17</u>	<u>1/1/18</u>	<u>5/4/18</u>	<u>1/7/18</u>	<u>5/10/18</u>	<u>1/1/19</u>	<u>5/4/19</u>
FTSE 100	7332	7313	7508	7688	7200	7637	7319	6728	7447
FTSE All Share	3997	4002	4119	4222	3961	4202	4078	3675	4067
Dow Jones (US)	20648	21350	22775	24719	24505	24271	26447	23327	26425
S&P 500 (US)	2353	2423	2552	2674	2663	2718	2886	2507	2893
Nikkei 225 (Japan)	18861	20056	20629	22765	21645	22305	23784	20015	21808
WMA Balanced	1538	1533	1571	1599	1538	1597	1578	1484	1610

Growth Equities

Bunzl
Compass Group
Croda
DCC
Intertek
Prudential
Reckitt Benckiser
Relx
Smith & Nephew
Smurfit Kappa

Higher Yield Equities

Carnival
DS Smith
Lloyds
National Grid
RDS 'B'
Rio Tinto
Severn Trent
Unilever

Mid-Cap Equities

Beazley
Coats Group
Dechra
Diploma
FDM Group
Hill & Smith
James Fisher
Pennon
Shaftesbury
Weir Group

Overseas Equities

ABB
Amadeus
Amazon
CHR Hansen
Estee Lauder
Heineken
Johnson & Johnson
Novartis
Novo Nordisk
Philip Morris
SGS
Umicore

Collective Investments

B Gifford Positive Change Fund
Bankers IT
Fidelity Special Values IT
Finsbury Growth & Income IT
Impax Environmental Mkts IT
JP Morgan Japanese IT
Pacific Assets Trust
Schroder Oriental Income IT
Trojan Global Income Fund
Troy Income & Growth IT

What the 'hell' is going on?

I had hoped that 'by now', with 29th March 2019 behind us, I would be writing a newsletter about which stocks and shares to 'buy now' yet I'm afraid once again this newsletter will be a little Brexit heavy.

It is somewhat ironic that I started penning these pages on April Fool's day and you may well be of the belief that Parliament is full of 649 fools and 1 court jester (John Bercow) but we have to remember that the UK electorate is little better.

We, the population of Britain, were split down the middle on the Referendum (give or take a couple of percentage points) and as I have mentioned in previous newsletters I certainly accept the result. However, it should be remembered that it was this same electorate that voted for Ant and Dec to win the National Television Award for Best Television Presenter, for the umpteenth consecutive year, despite the fact that Ant spent more of the year in a rehabilitation clinic than on our screen!

Quite frankly, the whole of the UK has gone completely bonkers and it would therefore probably be more apt if the late Screaming Lord Sutch were leading us through the Brexit process – he certainly couldn't have made less progress than the incumbent leadership at this stage!

Away from Brexit the following has occurred since 1st January

Aeroplanes were grounded at Gatwick and Heathrow as rogue drones caused disruption.

With an 18 day partial shutdown of the US Government fuelled by a disagreement with Congress over the funding of the US-Mexico border wall, Donald Trump (due a shortage of catering staff in the White House) bought his guests The Clemson Tigers 'Football' team; McDonalds, Burger King and Wendy's. In the President's words they were "great guys and big eaters".

Jaguar Land Rover confirmed it was cutting 4,500 jobs, of which the majority are in the UK. It is a good job that the Land Rover (for many homes a second pet) is built to last at least a couple of generations! In addition Honda decided to cut 3,500 employees from their Swindon plant.

Andy Murray announced his imminent retirement from professional tennis unsure as to whether he will make a last Wimbledon appearance. SW19 will certainly be a poorer place without him.

Nairobi was hit by another terrorist attack (I was there in the aftermath of the devastating bombing in 1998).

There was the heartbreak of the accident involving Cardiff City signing Emiliano Sala whilst one of Ethiopian Airline's Boeing 737 Max 8 aeroplanes also suffered a fatal crash seconds after take-off.

Gordon Banks, a true sporting great, died but his legacy lives on through his 1966 world cup win and 'that save' from Pele in the 1970 tournament.

Shamima Begum, one of the 3 school girls who fled London for Syria to fight the jihadi war, decided she wanted to return to Britain without remorse.

It transpires that Mike Coupe, the CEO of Sainsbury's, might 'not be in the money' as the Competition and Markets Authority (CMA) has logged an interest in the proposed merger with Asda and could very well block it!

Norfolk star Olivia Colman won Best Actress Oscar for her role in The Favourite.

Michael Cohen called the President a "racist", "conman" and "cheat" whilst Trump, on the back of the Mueller report and summary from the Attorney General, has claimed victory over the allegations that his team colluded with the Russians during his election campaign.

Explosive packages were found at Heathrow, London City Airport and Waterloo Station.

A mosque in Christchurch, New Zealand, was the scene of a mass shooting.

After 6 second places Willie Mullins, the great Irish trainer, finally claimed victory in the Cheltenham Gold Cup with a brilliant win for the curiously named Al Boum Photo. Well done Willie, if only Jimmy White could have reached one more final perhaps he too might have added that elusive victory to his 6 silver medals.

Norwich City have held firm at the top of the Championship and Liverpool now look set to claim their first ever Premier League title – can you believe the last time they won the top league in England was in 1990?

Brexit

It is likely that by the time these pages land on your door mat there will have been further developments. Indeed, on 12th April 2019 we might even have 'left Europe' – a confusing concept to discuss with 6-10 year olds as I learnt when chatting to my children over Sunday lunch. To those readers who have young children or grandchildren, please do ask them what Brexit is, the answers are brilliant! Thank goodness it hasn't reached the curriculum yet. Anyway, if only as a 'minute' of the last 3 months, I log what has occurred between 1st January 2019, Brexit day (29th March 2019) and beyond to 5th April 2019.

15th January – Parliament voted against Theresa May's withdrawal agreement by a massive 432 votes to 202 (118 Conservatives voting against their leader was the most significant defeat for a Government in the modern political era).

16th January – The Government survived a vote of no confidence by 325 votes to 306.

29th January – MPs voted in favour of the Brady amendment which meant that the terms of the backstop arrangement (as reported in the last newsletter) had to be changed. This was specifically with regard to the clause relating to no hard border and the ability for the UK to leave without the need for joint consent.

5th February – Donald Tusk, at a press conference with various European leaders, stated that he had been "wondering what the special place in hell looks like for those who promoted Brexit without even a sketch of a plan to deliver it safely". An interesting choice of words.

7th February – Theresa May went to Europe in a bid to change the backstop agreement per the Brady Amendment but once again the meeting with European leaders proved unfruitful, this time with Jean-Claude Juncker (thank goodness it wasn't Jean-Claude Van Damme) declining to grant legally binding changes to the terms of the backstop. He did however say that he was happy to add some wording to the political declaration with regard to content and speed of future relationships (trying to reduce the likelihood of the backstop coming into play).

18th February onwards – Resignations from various major parties (8 Labour and 3 Conservative MPs) seeded the new political party 'Change UK'. Given that they have left for differing reasons I wonder how they will come up with a manifesto for the next General Election (which may not be far away).

12th March – The second meaningful vote on the Prime Minister's Brexit deal was defeated by 391 votes to 242.

13th March – A non-binding vote (whatever that is) took place, the result of which was to reject a no deal Brexit under any circumstances.

14th March – MPs voted in favour of asking Theresa May to go to the EU to request a Brexit delay.

18th March – The speaker started to flex his muscles, deciding that there couldn't be a vote on the withdrawal agreement for a 3rd time as it remained "substantially the same", citing conventions from 1604.

22nd/23rd March – A petition to revoke Article 50 was signed by 5 million people whilst a 1 million strong march through London demanded a 2nd Referendum. Anarchy was starting to become apparent.

25th March – The Tory cabinet lost control of the house and was defeated by 329 votes to 302 as MPs voted to take control in order to try and seek to establish a Brexit plan that had majority support.

27th March – Theresa May announced that she would step down as Prime Minister if MPs backed her withdrawal deal.

29th March – BREXIT DAY! MPs voted against implementing the withdrawal agreement without the political declaration by 344 votes to 286, meaning that the Brexit date would now be 12th April 2019 and not the extended 22nd May 2019 deadline.

1st April – Bercow narrowed down eight alternative Brexit arrangements to four, all of which were defeated! They were: a customs union, a common market, a confirmatory referendum vote and parliamentary supremacy. Ken Clarke's customs union motion came the closest to succeeding; although it is important to note that this would have restricted the UK in making trade deals with the rest of the world. Immediately after the vote Nick Boles resigned from the Conservative party citing the Tory "refusal to compromise" as his reason.

2nd April – Another, last chance, Cabinet meeting took place as the Government sought to come up with a compromise agreement – a near impossible task given the cocktail of political views from no deal Brexiteers to second referendumers. After a six hour slog an announcement was made, with the cabinet still locked in 10 Downing Street, simply stating that the Prime Minister was going to try and seek a further extension and that she would talk to Jeremy Corbyn to try and come up with a cross-party deal. Hardly innovative!

3rd April onwards – Now Theresa May is sitting at a table with the leader of the opposition to try and find a way forward. Not only is it unlikely that they will find a suitable compromise but this will also put further pressure on the Prime Minister from her party. The new word is now 'Brexextension', we will see how long this lasts...

It really is a complete and utter mess, the Government is in disarray and worryingly, for them and domestic businesses, there is a chance of a General Election in the near future.

Theresa May's chess board has just her King and a couple of Pawns standing. She has tried to secure a deal which she stubbornly believes satisfies the Brexit mandate but many MPs see it as too 'hard'. Moreover, her recent compromise seems to have divided not only Parliament but also the Conservative Party. It is however comical that every other leader in the House of Commons, from Corbyn to Blackford and Cable to Dodds, along with the newly formed 'Change UK' party and indeed her Conservative leadership rivals think that they would have secured a deal and a better one by now!

Do these people not understand that we can't simply dictate to Europe? Once again this is British parliamentary hubris to the extreme. Tusk, Junker and Barnier are not interested in being held ransom to our decision.

Whilst the Brexit process is wearing everyone down there has been scope for a little humour. The dinner ladies of the House of Commons canteen priced the 'Eton Mess' (I wonder where David Cameron schooled?) at £1.08 on 29th March 2019, allegedly a penny for every time the Prime Minister has said the words 'we will leave on 29th March 2019'!

Talking of David Cameron, apparently the referendum was:

"Your decision, not politician's, not Parliament's, not lobby groups. When the British people speak, their voice will be respected, not ignored. If we vote to leave, we will leave. There will not be another renegotiation and another referendum".

What all of us laymen could foresee, including CWLB who highlighted it in previous newsletters, was that the entire period between the summer of 2016 and the summer of 2018 was to be a complete and utter waste of political time.

This mad dash for the line, which has already been moved once and is likely to move again, reeks of insufficient planning, has caused unnecessary concern and has generated future uncertainty. It is quite frankly unprofessional and a huge embarrassment to the UK.

Last night I watched BBC Parliament for three hours as the 'Father of the House', Ken Clarke, almost got the aforementioned proposition over the line. Anna Soubry was interviewed shortly afterwards and rarely have I found someone quite so galling. Relishing the squabble and full of self-importance, she was looking forward to another final battle on 3rd April 2019. I'm not sure such 'honourable' Members of Parliament realise that we, the public, are fed up with the arrogance of their game playing and brinksmanship.

We should now be looking forward to exciting new trade agreements, not still looking back at the Referendum result. John Bercow has become more famous than JR Ewing (of 1980's television fame as a character in Dallas) whilst Corbyn and May push Dot Cotton and Peggy Mitchell close. Being an MP has seemingly now replaced the Big Brother house as the quickest way to become a quasi-celebrity!

French ski instructors rival London black cab drivers (not the Uber variety) in terms of 'knowledge'; they speak many languages and have to make conversation on lifts whilst they wait for the next slope and consequently they know what is going on in the world. On a recent skiing trip I overheard instructors telling their British pupils on three separate occasions that they were right to leave Europe. Each instructor thought the EU was a shambles and wished that France wasn't part of it. It is easy to forget that mainland Europe isn't all that happy either. That said, the French do like a revolt and I am looking forward to 'Les Miserables (London)' coming to the Norwich Theatre Royal in March 2020 so that I can refresh myself on the French Revolution once again!

Markets

As I've written in the past, bad news (Brexit) has actually been positive for the FTSE 100 which on 5th April stood at 7447. Indeed the old adage that "markets hate uncertainty" has not actually been the case, with our leading index just 5% off its record high.

Despite the debacle in Parliament we have witnessed a fabulous results season with company after company reporting increased earnings, increased margins, above-inflation dividend growth and improved dividend cover (important since this was a worry for some time). Furthermore, although some shares are reaching all-time highs we still see good value in many stocks on forward valuation metrics whilst the corporate message from Boards of Directors has been steadfastly positive.

Of course it is easy as a stockbroker to try and allay fears, but the proof of the pudding is in the numbers and I therefore list a selection of companies which have reported excellent figures to prove this is not just a yarn.

UK: Compass, Diageo, Rio Tinto, Royal Dutch Shell and Smith & Nephew

US: Automatic Data Processing, Estee Lauder, Waters Corporation

Europe: Heineken, Novartis, Wolters Kluwer.

This list is not exhaustive but simply demonstrates the plethora of positive corporate newsflow is neither country nor sector specific.

Our advisory team was under considerable pressure at Christmas when the FTSE 100 fell to a 2 ½ year low at 6,585 and some clients questioned whether it was appropriate to remain almost fully invested. However, with share prices driven by both company performance and market sentiment we believed in 'the numbers' and held firm. Now, with sentiment having recovered we are delighted that the equity market has bounced in recent months as sense has prevailed.

As mentioned in previous newsletters the weakness of Sterling is positive for those FTSE 100 stocks with large overseas earnings. Additionally, robust balance sheets, which support ongoing company share buybacks and the re-emergence of special dividend payments, suggests there is the potential for a swathe of merger and acquisition activity. Indeed, should the share price of a specific stock fall too far it may well come 'into play' for corporate predators willing to pay a premium for the business, which can only be positive for shareholders (as evidenced with John Laing Infrastructure Fund in 2018).

Outside the UK we have seen US growth slowing marginally but it is still in positive territory at +2.1% whilst the Federal Reserve has indicated that there will be no US interest rate rises for the remainder of 2019, stemming the flow of nine 0.25% 'hikes' since late 2015. This is positive for US equities and should in turn be good for emerging markets as the flat outlook for US interest rate rises could finally see Dollar weakness.

Emerging markets do present a good investment case, albeit with additional risk, although we remain cautious of being too highly exposed to China which makes up 30% of the emerging markets index. Indeed the Chinese, who have always 'massaged' their figures, couldn't bring themselves to churn out numbers which would imply a further increase in the rate of growth for their economy in 2018. It also remains to be seen if the US and China have resolved their trade wars and we suspect there will always be a little bit of friction between the two global super powers.

We remain cautious on European markets generally and would not be surprised to see the Euro come under pressure again since the UK leaving Europe is not good for them either. Whilst we own very few European collectives there are some excellent companies listed on the continent that have made it into client portfolios.

That said, the most positive thing to come out of Europe in the last three years is most definitely Daniel Farke and his countrymen, where half of the Norwich City team and the manager are from Germany. It is therefore hardly surprising that we are romping the Championship and heading to Old Trafford, Anfield and the new White Hart Lane next year although given the German contingent our penalty record is a little hard to fathom (one success from seven)!

Corporate Actions

RPC Group – 793p cash offer from US company Berry Global

Croda - Consolidation – 41 new for every 42 held plus 115p special dividend

Intercontinental Hotels - Consolidation– 19 new for every 20 held plus £2.038 special dividend

SSP Group - Consolidation – 20 new for every 21 held plus 32.1p special dividend

The Renewable Infrastructure Group - Open offer– 1 new for every 9 held at 114p

Novartis - Alcon spin off – 1 new Alcon share for every 5 Novartis shares held

Conclusion

Since taking over writing these Newsletters I have made just one Brexit prediction and it has been pointed out that even that was 'hardly rocket science': that Brexit wouldn't take place on 29th March 2019. Despite the 108 reassurances from our Prime Minister unfortunately this has come to fruition. As the referee (John Bercow) has admitted he has little clue as to what will happen next it would be futile of me to nail my colours to any particular mast as, like everyone else, I haven't got a clue what the "hell" (to quote Donald Tusk) is going on.

No doubt you are aware that 24th May 2019 will mark 200 years since the birth of Queen Victoria. In order to celebrate the occasion I implore you all to make 2019 the year of the Victoria Sponge. In this day and age the queen of cakes is much underrated with pastry chefs from the age of 6 to 106 opting to bake coffee or lemon cake (not too weird) or avocado, courgette or beetroot cake (weird) in order to show off their culinary expertise.

Of course it is important to move with the times, and indeed Barratt and Cooke portfolios (where appropriate) now hold different 'flavours' with Infrastructure Funds / Gold / Amazon (and other leading overseas stocks) which were 'alien' to us 12 years ago when I returned 'home' from London. That said, you'll be unsurprised to read that rather like the Victoria Sponge standing the test of time and always being the centrepiece at a proper village tea party, Barratt and Cooke portfolios will continue to hold, at the very core, the good old staples such as: BP, Diageo, National Grid, Reckitt Benckiser, Rio Tinto and Unilever.

Hannah and I are encouraging our girls to cook savoury dishes so until they can make a liver and bacon sponge, cakes are off the menu! But we will allow them to make a cake in honour of Queen Victoria on the weekend of 24th May 2019 and I look forward to eating it; after all I am in the process of trying to fatten up but that is a story for another day!

WJB
5/4/19

p.s. Board Announcement from CWLB

On 31st March 2019 I stepped down as Chairman of the Board of Barratt and Cooke Ltd (the trading company). William Barratt has now succeeded me as Chairman and as you may be aware he has been in the industry for 18 years, 12 of which have been at Barratt and Cooke. As you will know William is now the author of the newsletter.

I will remain an active Non-Executive Director of Barratt and Cooke Ltd. I will, however, stay on as Chairman of Barratt and Cooke Holdings Ltd (the holding company) where, I am delighted to say, Virginia Edgecombe will be joining this Board as a Non-Executive Director in the summer. As you know we have a robust Board of the trading company with the Non-Executive team of: Roy Nicholson, James Hunter and Nigel Savory, along with four members of the Barratt and Cooke management team.

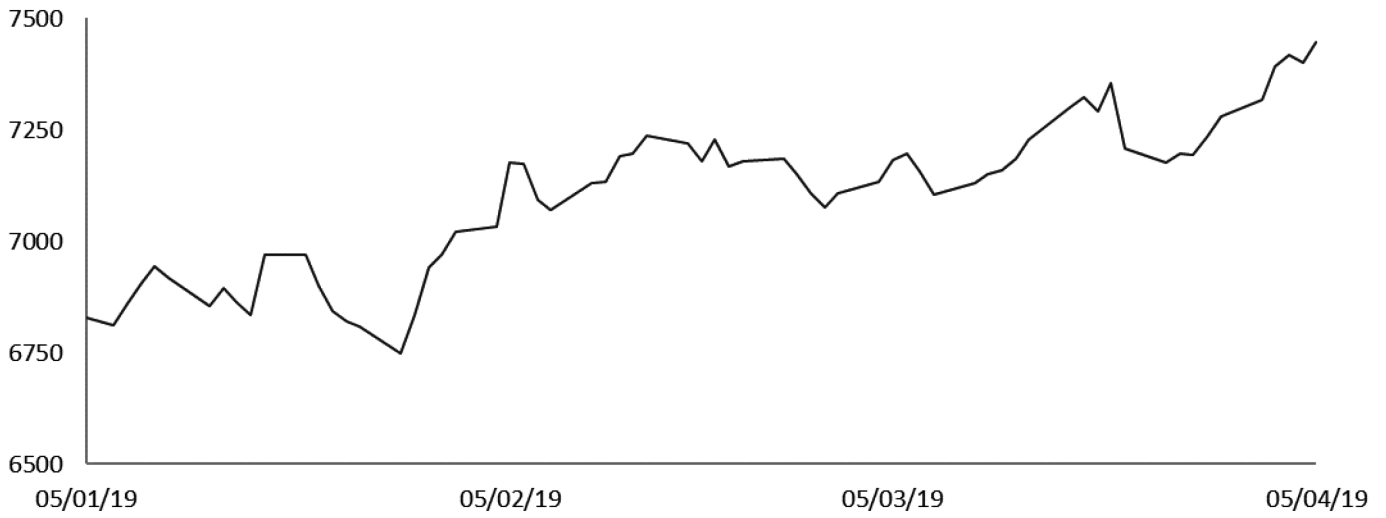
These changes to the structure of the Board will help secure continuity, independence and quality of service for clients now and in generations to come. I am delighted that the plan which has been in place for a number of years has finally been accomplished. The last 50 years has been an amazing journey and, like every day for those last 50 years, I feel the journey has only just begun.

CWLB

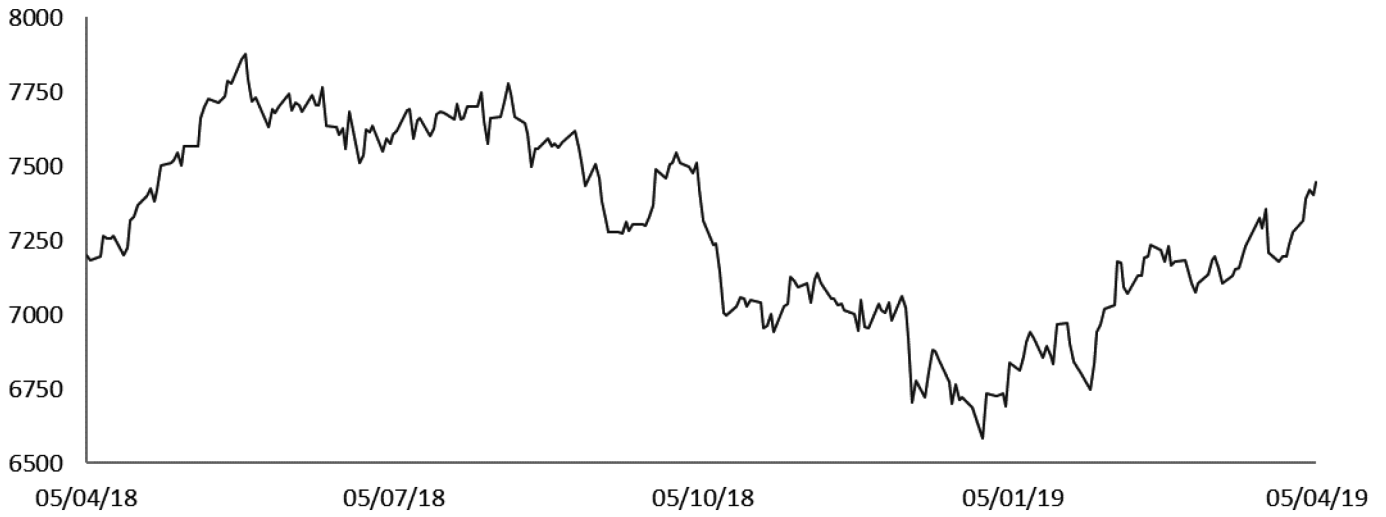
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FTSE 100 – Previous Quarter



FTSE 100 – 1 Year



FTSE 100 – 5 Year

