

	<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>	<u>1/7/19</u>	<u>5/10/19</u>	<u>1/1/20</u>
FTSE 100	7688	7200	7637	7319	6728	7447	7426	7155	7542
FTSE All Share	4222	3961	4202	4078	3675	4067	4057	3933	4196
Dow Jones (US)	24719	24505	24271	26447	23327	26425	26600	26574	28538
S&P 500 (US)	2674	2663	2718	2886	2507	2893	2942	2952	3231
Nikkei 225 (Japan)	22765	21645	22305	23784	20015	21808	21276	21410	23657
WMA Balanced	1599	1538	1597	1578	1484	1610	1632	1643	1679

Growth Equities

Compass Group
Croda
Diageo
DCC
Intertek
RELX
Rightmove
Smith & Nephew
Spirax-Sarco

Higher Yield Equities

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

Mid-Cap Equities

Beazley
Dechra
Domino's Pizza
FDM Group
James Fisher
Pennon
Shaftesbury
SSP Group
Fevertree

Overseas Equities

Amadeus
Amazon
Church & Dwight
CHR Hansen
Novo Nordisk
PepsiCo
SGS
Verisk Analytics
Visa

Collective Investments

Fidelity Special Values IT
Impax Environmental Mkts IT
JP Morgan Emerging Mkts IT
JP Morgan Japanese IT
Monks IT
Pacific Assets Trust
Schroder Oriental Income IT
Smithson IT
Trojan Global Income Fund

Snakes and Ladders

It is a little known fact that the original game of snakes and ladders featured more snakes than ladders on the board, this could have been for a combination of reasons. Perhaps in order that the game lasted longer than the pulling of a Christmas cracker? Perhaps because it was designed by someone who's glass was half empty? Or perhaps because the snake is more aesthetically pleasing than the ladder? Who knows? What is true however is that over the course of time the game has become easier, or certainly quicker, where the former, lesser spotted rung is now very prevalent (indeed one such ladder can enable the player to jump forward from square 28 to 84)! Maybe this is a clamour from the younger generation in order that they can finish the board game in haste to satisfy their parent's wish for "good honest fun", before returning to the latest electronic games console.

As our snakes and ladders board was packed away until next Christmas, I was left pondering an analogy with regard to the events we have witnessed inside the walls of Westminster. It is fair to say that it would not have needed a particularly venomous asp to tempt the majority of our politicians to pluck an apple from the tree of knowledge; unlike Adam who merely took a bite, plenty of them would have filled a bushel or maybe two!

There is plenty of ground to cover since Will Mellor's well received newsletter of 5th October (thank you WJM), which I try to summarise below. If it is not callous to use a Winston Churchill quote with regard to Brexit, as Big Ben came out of retirement and chimed at midnight on 1st January 2020, his words resonated in our ears:

"Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning".

I record the events as the autumn of 2019 turned to winter although I have again done a separate diary for the political scene.

7th October: Extinction Rebellion gained traction with 280 people arrested in London (more on ESG later).

11th October: Ethiopian Prime Minister, Abiy Ahmed won the Nobel Peace Prize in honour of his efforts with Eritrea.

15th October: The Woodford Equity Income Fund was shut down. Thank goodness Barratt and Cooke, having been strong sceptics of this fund, dodged this bullet – many didn't.

23rd October: We heard the tragic news of 39 people being found dead in a lorry container in Essex.

26th October: We watched a truly heroic performance by the England rugby team in the World Cup with them beating New Zealand, having already defeated Australia and Argentina from south of the equator.

27th October: I.S. leader Abu Bakr al-Baghdadi was killed by the U.S. military, prompting Donald Trump to say "he died like a dog". Trump obviously doesn't like dogs.

2nd November: South Africa 'mauled' their way to victory over England in the Rugby World Cup final as Siya Kolisi became the first black South African captain to lift the Cup.

8th, 11th, 13th November: Heavy floods were reported in the north of England and Venice, whilst bush fires took hold in Australia. These fires sadly continue to rage, a complete modern day catastrophe.

Late November: David Duckenfield was cleared of gross negligence at Hillsborough. Prince Andrew struggled with the Epstein scandal and Alex Salmond was alleged to have disgraced himself.

29th November: We bore witness to another horrendous act of terrorism on London Bridge. We salute the heroes who disarmed the heinous jihadi, but not before the sad loss of 2 lives.

Early December: Anthony Joshua regained his crown, we remembered the real hero of Headingly 1981, Bob Willis, who sadly died of prostate cancer meanwhile his fellow cricketer, Ben Stokes scooped sports personality of the year.

18th December: Donald Trump was impeached, with the trial pending.

20th December: It was announced that the former Chief Executive of the FCA, Andrew Bailey, is to become the new Governor of the Bank of England.

Politics

Disclaimer: It has been said in the past that my political slant when writing these newsletters has been to the right and, to be frank, that is a fair observation. That said, I would like to point out that when penning these pieces I do so with my work responsibilities to the fore of my mind i.e. as Chairman of a company which is custodian of Stockmarket assets on behalf of individuals, trusts and charities. As such, when I pick up the pen, I will naturally adopt a bias to which party I feel will better serve Barratt and Cooke clients in terms of; risk mitigation, capital appreciation and income, both now and in the future. Personal preferences regarding immigration policies, NHS funding, local council grants, policing and criminal justice, have to be put to one side.

Not only is it extraordinary to reflect on the shift in the political scene over the last three months but also the rate of change we have witnessed. To recap on 6th October 2019 Parliament, helmed by John Bercow (or the quasi Prime Minister) was about to be prorogued. Boris Johnson and his

Conservative party had found themselves in a Brexit deadlock, primarily due to the fact that 20 members of his party had lost the whip (including father of the house Kenneth Clarke).

Moreover, a number of others had gone a step further by defecting to other parties including the new (short lived) "Change UK" and the established Liberal Democrats. This meant Johnson no longer had a working majority.

Boris, realising this stalemate was doing him no good, had been "calling out" Jeremy Corbyn for some time. Like a heavyweight boxer losing his allure, he needed Corbyn to agree to a General Election in order that he could reaffirm himself as the "undisputed and unified" leader of the UK. We now know how the battle for supremacy ended, with Boris Johnson in the Blue corner dismantling the opposition in the Red corner and delivering Corbyn a knock-out blow effectively ending his career and that of his trainer John McDonnell. It is interesting listening to people now who "saw this result coming", I'm not sure anyone had it down as wide as an 80+ seat majority. Going into the contest, the Labour party certainly had a live chance (or maybe we thought so having listened to the biased BBC). So in chronological order I report that:

14th October: Boris Johnson's Queen's Speech (a legacy from when he succeeded Theresa May as Prime Minister) focused primarily on "delivering Brexit" but also on supporting the NHS, tackling violent crime, strengthening the criminal justice system, the environment, better animal welfare, improving infrastructure as well as policies surrounding education, science, agriculture and fisheries.

15th October: Nicola Sturgeon, again, voiced her view "that a Scottish independence vote must take place in 2020" (as we later found out, whilst the SNP increased their number of seats, more Scottish residents voted for parties which oppose another Independence Referendum than those that are in favour of one).

17th October: Boris had a final shot at getting a Brexit deal done, in effect the much chastised Theresa May's deal but with the odd tiny tweak to the backstop. Jeremy Corbyn is said to have rejected it at 10:51am, which was 26 minutes before it was published at 11:17am. Although to be critical of this would be churlish since he had been reading a similar document for the previous 18 months and in his view there were more holes in it than a sieve.

29th October: Following Jeremy Corbyn's agreement, Parliament voted in favour of an early General Election to be held on 12th December 2019.

31st October: Bercow finally stepped aside, no doubt to work on his juggling. I did enjoy the montage of his 'best bits' on the radio so I think he'll do well at the circus. They say the best referees are the ones you do not notice and Sir Lindsay Hoyle is likely to pass under the radar far more discreetly than his colourful predecessor. Let's be fair to Bercow though, it has been an unprecedented 10 year period for which he was Speaker.

5th November: Jo Swinson launched the Liberal Democrat campaign which revolved entirely around a once in a lifetime referendum being cancelled through the revocation of Article 50. I have no idea how this action could be deemed either liberal or democratic.

11th November: Nigel Farage gave the Conservative party some momentum, promising that The Brexit Party would not stand in any of the existing 317 Tory constituencies.

15th November: Labour pledged that if it is successful in the General Election it would nationalise parts of BT to provide the whole of the UK with free broadband. They had spoken about taking control of infrastructure assets (where private money had paid for the building of hospitals etc. in the first place) as well as re-nationalising the Royal Mail and railways. In addition there was further speculation about what might happen to second homes or 'buy to let' properties. Hard working people who had purchased such assets were going to be put at a severe disadvantage, and with Corbyn and McDonnell at the helm "possession would not be 9/10ths of the law". We all watched interviews and heard questions about where the money was to come from but the fact was the Labour party didn't have a plan.

19th November: We learnt very little from the ITV Leaders debate bar the facts that Boris wanted to “get Brexit done” and Corbyn didn’t know whether he wanted Brexit or not. A little later, Channel 4 depicted the absent Johnson as a melting block of ice, a slant at his policy to try and slow the rate of climate change.

20th November: It came to light that the Conservatives were prepared to use underhand tactics as there had been some shenanigans with regard to their twitter feed and a renaming of it during the television debate. This really did reek of snide tactics but what did we expect, Queensbury rules? No!

End of November and early December: The lead up to the election saw politicians held to account with regard to a number of domestic issues such as racism and prejudice (anti-Semitism), the WASPI women, spending on the NHS (and whether the incumbent would honour commitments), terrorism and policing etc. However the Conservative unified voice, particularly with those MP’s who were ‘rebels’ in the previous Government not standing, and their message of “Get Brexit done” was heard much louder and certainly clearer than the Labour party’s slogans of “It’s time for real change”, “get Brexit sorted in six months” and “for the many not the few”.

12th December 22:00: We heard the exit poll which predicted a landslide victory for the Conservative party. Whilst such polls have occasionally been wrong in the past they are generally accurate and so it proved as one of the first seats announced saw Conservative candidate Ian Levy overturn a 7,915 Labour majority to secure Blyth Valley.

13th December: The results were in. The Liberal Democrats saw leader Jo Swinson lose her seat with just 11 MP’s remaining. The Scottish Conservatives, without the leadership of the great Ruth Davidson, took a pasting north of the boarder and relinquished many seats to the SNP. The Labour party fell into crisis with a loss of 60 seats but the Conservatives were triumphant, gaining 48 seats and increasing their majority to a staggering 80+.

<u>Party</u>	<u>2017</u>	<u>2019</u>	<u>change</u>
Conservative	317	365	48
Labour	262	202	-60
SNP	35	48	13
Lib Dems	12	11	-1
DUP	10	8	-2
Sinn Fein	7	7	0
Other	7	9	2

Note: In this newsletter I have referred to an 80+ majority as historically Sinn Fein have not taken their seats.

Predictably and within minutes of the final gong Nicola Sturgeon, (who lacked any sort of class when Jo Swinson lost her seat in Scotland) called for a 2nd Scottish Independence Referendum. Boris, for once, showed a little humility by thanking voters in the ‘Northern Wall’ who despite having sided with Labour for a lifetime felt compelled on this occasion to ‘lend’ their vote to him. Corbyn and McDonnell simply looked shell shocked and as many political commentators have pointed out Labour might not have just lost this election, they might have lost the next as well. We will see.

So as the dust settled, whatever our political inclination, we found ourselves in a situation where ‘deadlock’ had been broken. Whether you voted for Brexit or not, at least we now have a clearer idea of the direction of travel for the UK economy indeed it might even be:

“The end of the beginning”.

Subsequently: Following Jeremy Corbyn's announcement that he will not lead the Labour Party at the next General Election Clive Lewis (MP for Norwich South) put his hat into the leadership ring along with Emily Thornberry, with many others waiting in the wings.

More recently, Parliament passed the EU Withdrawal Agreement Bill to allow the UK to leave the European Union on 31st January 2020. Do we have Brexit?

Then over Christmas, we all forgot about politics for a day or two but many did exciting tasks, indeed 12,257 people filed their tax returns!

Markets

Leading into the General Election, and with the polls suggesting a Conservative majority (albeit with nowhere near such a large winning margin), investors gradually began to allocate capital to those domestically focussed UK equities which had remained out of favour since the EU Referendum result in 2016. Such behaviour stimulated a modest recovery in sterling, which dampened the previous euphoria in globally exposed UK equities.

There is no doubt that the huge Conservative majority, and the political certainty it has brought, has stimulated a 'feel good factor' towards UK equities which was evident in the 'Santa rally' we witnessed.

	<u>Closing value</u> <u>12 December 2019</u>	<u>Closing Value</u> <u>31 December 2019</u>	<u>% Change</u>
FTSE 100	7,273	7,542	+3.7%
FTSE 250	20,793	21,883	+5.2%
Dow Jones	28,132	28,538	+1.4%

As shown, UK equities in general performed relatively well but the more domestically focussed mid-cap index (FTSE 250) led the charge.

Where appropriate and ahead of the General Election we acted to marginally reduce our global equity bias via investment into domestically sensitive stocks such as Rightmove and Dominos Pizza, both of which have enjoyed a good start. Furthermore, the long-held exposure to utility companies and infrastructure funds also enjoyed a strong rally as the 'Corbyn risk' receded.

However, it would be dangerous to get too complacent and we remain cognisant of the risks facing the global economy, not least:

- The ongoing US/China trade war
- The fact that Brexit still has to be 'delivered' & 'residual Europe' is stagnating
- Significant political tensions in the Middle East

Such risks perhaps explain why, in Dollar terms, the oil price is approaching a six month high and the gold price is close to multi-year highs. Despite automation reducing the costs of industry, a rising oil price may act as a 'drag' on global economic growth. Indeed, GDP growth across all of the major global markets remains lower than a year ago:

	<u>GDP</u> <u>Q3 2018</u>	<u>GDP</u> <u>Q3 2019</u>
UK	+1.6%	+1.0%
US	+3.0%	+2.1%
EU	+1.6%	+1.1%
China	+6.5%	+6.0%

Given this backdrop we remain comfortable with the composition of portfolios with a strong bias towards high quality equities (as defined by Will Mellor in his October newsletter) which have a proven ability to perform well and compound value over the longer term irrespective of macroeconomic conditions.

Elsewhere the Fund Portfolio Service has had an excellent first term, where clients who went in at the initial launch are currently sitting on a good gain. We enclose a separate fact sheet for anyone who might be interested in this new product, either for themselves, a family member or indeed anyone for whom they think it might be suitable where we are pleased to now have a product which can be used to look after clients with investment assets under £200,000. I would like to extend my thanks to Sam Matthews and Edward Sidgwick who continue to work incredibly hard managing these funds.

I have mentioned in recent times the increasing client demand for investment into companies which have superior Environmental, Social & Governance (ESG) credentials. Work continues behind the scenes where we are creating a large database of information in order that we can truly establish which companies best satisfy these important issues. Unlike many in our industry, we are not prepared to simply rely on third party information where we feel 'greenwashing' may well be the next big stockmarket scandal.

Greenwashing is the process whereby a fund is conveyed or indeed labelled as 'green' or 'ethical' but the underlying investments are far from environmentally sound. Indeed, through conducting extensive research, we have recently identified several such funds which hold equities such as Chevron, BP and Carnival (the cruise ship operator and a significant polluter). We are determined to ensure we continue to respect any individual client or trustee instructions regarding ethical requirements and restrictions and are excited by the in-house work being undertaken as we move towards being able to offer a truly ESG sensitive product in due course.

Corporate Actions

Takeovers:

Greene King – 850p cash

Inmarsat – \$7.09 cash

Just Eat – 0.12111 Takeaway.com shares or 800p cash

Other:

Prudential - demerger of M&G on a 1 for 1 basis

Treasury 0.125% IL 2019 – redeemed at £116.57

Conclusion

I have referred to Boris as a "buffoon" in newsletters past but I'm prepared to give him a fair crack. Plenty were calling for his head just days after he was appointed as Mrs May's replacement but he has had a remarkable couple of months. Can a leopard change its spots and do people deserve a second chance? I am the firmest of believers that the answer to these questions is "yes". Boris certainly is "the man of the moment" but, in his words he is aware that, plenty of votes were "lent to him" and as such he can be held to account easily by the electorate. This is not a bad thing and will ensure he treads a little carefully.

Hopefully the aforementioned Sir Lindsay Hoyle will be true to his word and will stamp out some of the serpent like behaviour in the House of Commons. Let us also hope that with a degree of certainty in place the UK economy can catch a fair wind and start to climb that very long ladder. Of course there are plenty of snake like traps out there and the British Isles are far from united but I feel there is reason to be optimistic; a view which seems to be replicated in the stockmarket as investors focus on positive news rather than the negatives.

I avoided one trap in 2019 when, at 17:00 on the eve of the Rugby World Cup final, I visited a sports shop where hundreds of England Rugby shirts remained on their hangers. I politely enquired as to whether I could purchase five at half price since "tomorrow they would be surplus to demand". I was told "no" as "tomorrow, on the back of a victory they'd sell". I therefore managed to gain the tiniest bit of solace as I watched the South African team dominate England, wondering whether those shirts would be selling faster than hot cakes!

WJB
1/1/20

P.S.

At the end of the Summer my brother and I had the privilege of attending a UEA graduation ceremony where CWLB was presented with an honorary degree. The Chancellor delivered an excellent speech in which she said:

"If you always do what you always did, you'll always get what you've always got"

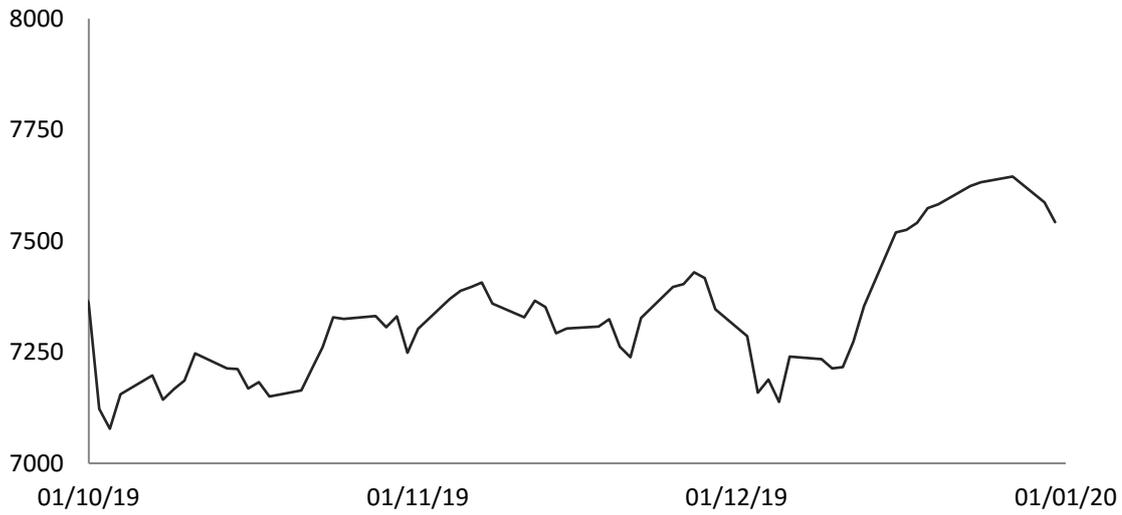
This resonated with me as I reflected on what we are doing at Barratt and Cooke moving forwards, embracing change, but without losing sight of our heritage. There are some exciting projects to come.

Whether or not an honorary degree is the 'right' accolade for my father, it was an excellent and fitting way for 'Norwich' to acknowledge him. It was also a great pleasure for me to observe this as I know nobody who has done more, in their working lifetime (from the age of 16) for both the City of Norwich and, as was highlighted in the ceremony, for Norfolk Charities. Well done Dad.

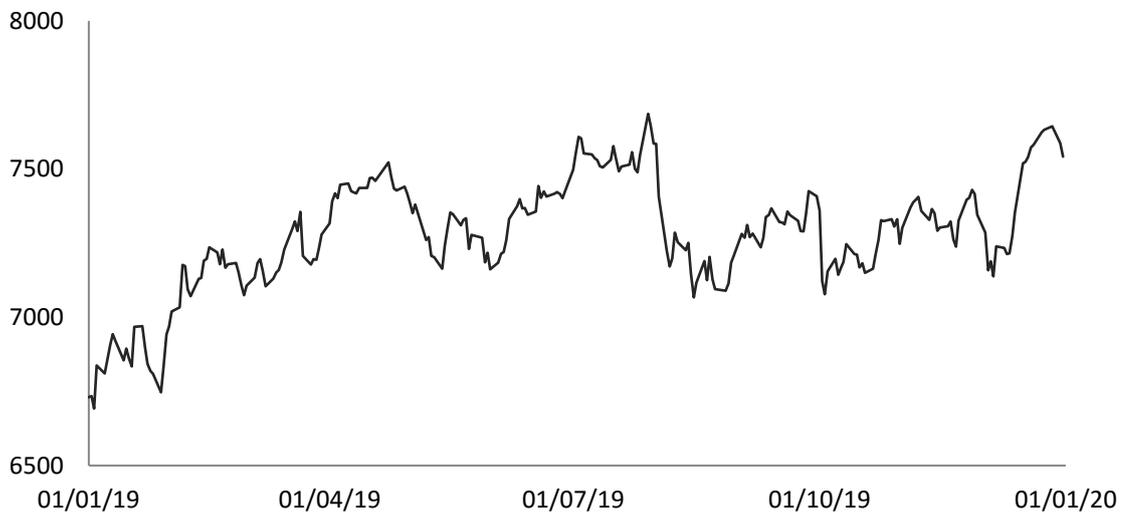
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FTSE 100 – Previous Quarter



FTSE 100 – 1 Year



FTSE 100 – 5 Year

