STOCKS | FUNDS | INVESTMENT TRUSTS | PENSIONS AND SAVINGS

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SHARES

WE MAKE INVESTING EASIER

STOCKS TO REWARD YOU FOR DECADES TO COME

ON THE HUNT FOR **DIVIDENDS, QUALITY** AND **EXCITING GROWTH POTENTIAL**

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Visit our website for more articles

Did you know that we publish daily news stories on our website as bonus content? These articles do not appear in the magazine so make sure you keep abreast of market activities by visiting our website on a regular basis.

Over the past week we've written a variety of news stories online that do not appear in this magazine, including:

Amazon's robust results show what company 'is capable of'

Frontier Developments shares continue their remarkable recovery

Next sales beat forecasts despite weak UK retail spending

Aston Martin shares tank after poor first quarter and soaring debt


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Why Berkshire Hathaway trimmed Apple stake as Q1 profit jumps 39%

Apple is 'extremely likely' to be Berkshire's largest holding at the end of 2024

The pilgrimage to Omaha for **Berkshire Hathaway's (BRK-B:NYSE)** annual shareholder meeting had a tinge of poignancy this year following the passing of Warren Buffett's long-term business partner and vice-chair Charlie Munger in November 2023.

In memory of the 'abominable no-man', as Buffett sometimes referred to Munger, the book stands at the meeting which would normally offer several investment books for purchase, this year just featured Munger's *Poor Charlie's Almanack* for sale.

Berkshire's chief executive and chair Buffett was joined on stage by his successor-in-waiting Greg Abel and Ajit Jain, who head-up Berkshire's non-insurance and insurance operations respectively.

The 93-year-old Buffett made his preference clear that following his demise Greg Abel should be responsible for making all Berkshire's capital allocation decisions including the $336 billion public stocks portfolio, although the board will ultimately make that decision after Buffett's death.

'I may try to come back and haunt them if they do it differently,' joked Buffett.

Before the 4 May shareholder meeting, many observers had expected the chief executive role and investment role to be divided between Abel and investment managers Todd Combs and Ted Weschler who manage the pension assets of Berkshire's operating companies.

Berkshire revealed a 39% jump in first-quarter operating profit to $11.22 billion driven by a 185% surge in insurance underwriting profit to $2.59 billion, although Buffett cautioned investors against extrapolating the strong results for the full year.

The company's burgeoning cash pile has reached a record $189 billion, up from $167.6 billion in the fourth quarter. Responding to a question on why Berkshire has not been tempted to put the cash to better use, Buffett replied 'we only swing at pitches we like' reiterating a discipline the nonagenarian has advocated for decades.

Berkshire trimmed its stake in **Apple (APPL:NASDAQ)** for the second consecutive quarter, although its $135.4 billion value means it remains the largest single bet in the public stocks portfolio and the second most important holding after Berkshire's insurance operations.

Interestingly, in response to audience questions on the Apple share sale, Buffett said it was to avoid potentially higher taxes further down the road as the government funds increasing fiscal deficits.

'If I'm doing it at 21% this year and we're doing it a little higher percentage later on, I don't think you'll actually mind the fact that we sold a little Apple this year,' Buffett added.

Buffett reiterated Apple remains a core holding alongside soft drinks giant **Coca-Cola Co (KO:NYSE)** and premium credit card business **American Express (AXP:NYSE).** [MG]

Berkshire's cash pile hit a record $189 billion in the first quarter

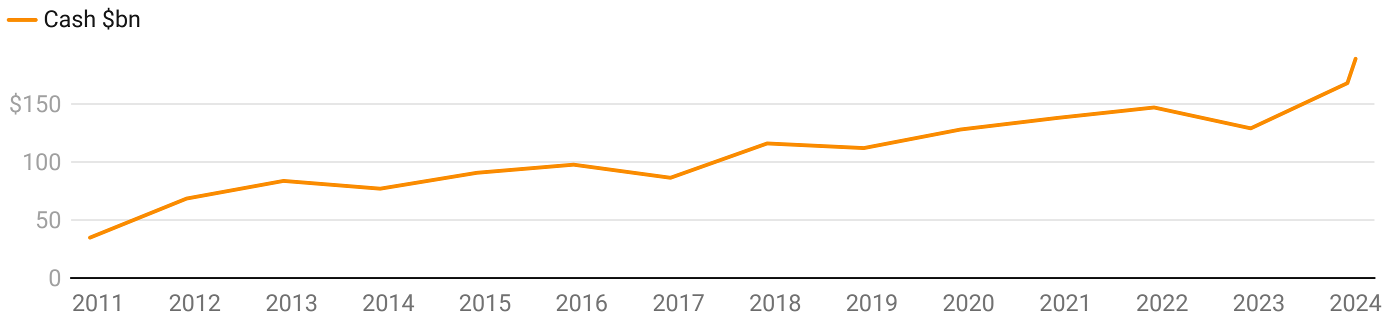


Chart: Share magazine • Source: Company accounts

Why competition in the market for obesity drugs just got tougher

Demand for Wegovy jumped five-fold in the first quarter of 2024

Eli Lilly launched their obesity drug Zepbound in late November 2023

The emerging battle for market share in the lucrative obesity market, which analysts at Goldman Sachs estimate could be worth more than $100 billion by 2030, is starting to heat up.

Sales of market-leading weight-loss drug Wegovy more than doubled to around £1 billion in the first quarter of 2024, helping to drive total sales for Danish drugmaker **Novo Nordisk (NOVO-B:CPH)** up 24% to DKK 65.3 billion or £7.5 billion.

Despite topping consensus earnings estimates and increasing full year sales and profit forecasts, the shares fell 4% on the day of the results (2 May) on concerns over lower prices of Wegovy in the US.

Don't feel sorry for shareholders though. After all, they have enjoyed a whopping 430% gain over the last five years as excitement over future profit growth has propelled the shares ever higher to the point where Novo briefly became Europe's largest company by market capitalisation.

The company's chief executive Lars Fruergaard Jorgensen played down price concerns saying: 'With the volume opportunity we have at hand, that significantly outweighs what we see in terms of lower price points.'

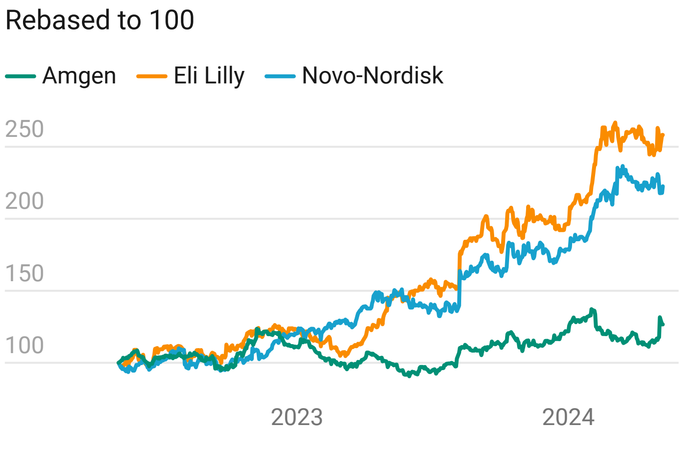


Chart: Shares magazine • Source: LSEG

There is a debate in the US over the high cost of Wegovy, which has a list price of $1,349 per month or about £1,100 compared with around £150 in the UK.

With roughly 40% of US adults being medically obese, strain on the healthcare system has led to insurers like Medicaid restricting access to Wegovy.

Competition in the obesity space was inevitable and it seems to be arriving thick and fast. The US's biggest healthcare company **Eli Lilly (LLY:NASDAQ)** launched its own obesity drug Zepbound in late November 2023.

Some analysts project sales of the weekly injectable treatment could top $1 billion in its first year on the market and potentially become the biggest selling drug of all time.

If first quarter results are a good guide, Zepbound looks well on its way to meeting those expectations. Reporting on its first quarter (30 April) Lilly revealed Zepbound generated $517.4 million of sales as the company posted 28% growth in group sales and a 74% increase in earnings per share.

Further competition concerns knocked Novo Nordisk shares on 3 May after US biotech firm **Amgen (AMGN:NASDAQ)** revealed 'encouraging' results for its own weight-loss drug MariTide which is undergoing late-stage clinical trials.

Amgen chief executive Robert Bradway highlighted the drug's differentiated profile which will likely entail monthly injections rather than weekly doses under the current regime for both Wegovy and Zepbound.

Given the high stakes, investors should expect further twists and turns as the obesity market evolves. [MG]

Royal London rattled by exodus as star manager and colleagues strike out on their own

Unit holders need to decide whether or not to stick with the popular Global Equity Select fund

Investors in the high-profile **Royal London Global Equity Select (BF93W97)** fund face a dilemma following the surprise resignation of star manager Peter Rutter from RLAM (Royal London Asset Management) alongside several of the firm's global equities team.

The managers are expected to set up their own company, having secured financial backing from Australia's Pinnacle Investment Management. The news represents a big blow for RLAM, since alongside colleagues Will Kenney and James Clarke, Rutter is responsible for funds managing close to £6 billion for the firm including the five-star Morningstar-rated Royal London Global Equity Select.

This vehicle underwent a 'hard close' last year after becoming a victim of its own success, with RLAM no longer accepting new money into the fund as it had grown too popular following a sustained period of success.

Citywire AAA-rated Rutter, who was RLAM's head of equities, has resigned along with portfolio managers Kenney, Clarke, Niko de Walden and Chris Parr. However, in a press release (29 April), RLAM stressed there would be 'no change to the investment approach which underpins its equity capabilities across Global Equity, UK Equity, Sustainable or the Quantitative funds. The funds will continue to be managed in line with their objectives and restrictions.'

Ranked first-quartile in the IA Global sector over one, three and five years, and offering exposure to the likes of tech titans **Apple (AAPL:NASDAQ)** and **Microsoft (MSFT:NASDAQ)** as well as chip designer **Nvidia (NVDA:NASDAQ)** and healthcare colossus **UnitedHealth Group (UNH:NYSE)**, Royal London Global Equity Select has generated formidable five-year annualised total returns of 18% under the outgoing team's repeatable 'Corporate Life-Cycle' framework, a tried-and-tested investment strategy which *Shares* detailed here in October.

Unit holders will need to monitor performance going forward in order to decide whether to stick with the £740 million vehicle or follow managers Rutter, Clarke and Kenney, who are establishing a new boutique. Their departure creates uncertainty regarding the future direction of the funds they managed at RLAM, which have a distinct approach. No directly comparable fund springs to mind, although other well-regarded global portfolios include Terry Smith's **Fundsmith Equity (B41YBW7)** and the James Thomson-steered **Rathbone Global Opportunities (B7FQLN1)** for instance.

RLAM chief executive Hans Georgeson said: 'We remain committed to offering a first-class equity capability and will continue to invest in the team. Piers (Hillier, chief investment officer) brings huge experience to the leadership of our global equities capability, supported by an extremely talented team that also bring many years of expertise in equity markets.' [JC]

HSBC hits multi-year high on profit beat and new buyback

Chief executive stepping down after eventful five-year tenue

Shares in global banking group **HSBC (HSBA)** hit a five-year peak of 700p last week after the Asia-focused lender said first-quarter net interest income dipped 3% to $8.65 billion, beating market forecasts of $8.5 billion.

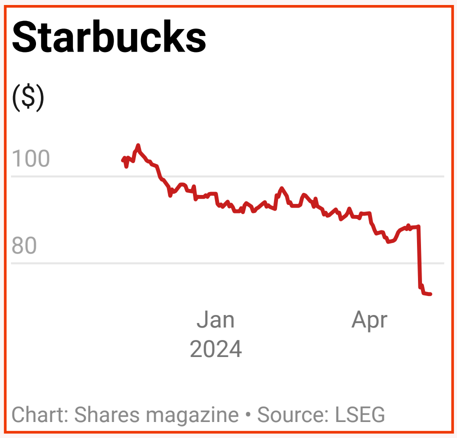
Pre-tax profit of $12.65 billion, down around 2% on last year, also beat the consensus despite a higher technology spend thanks to low levels of provisioning for bad loans due to solid credit quality.

Investors were also treated to an 11% hike in the first interim dividend from $0.09 to $1.10 per share, a special dividend of $0.21 per share following the sale of the Canadian business and a new buyback of up to $3 billion.

Chief executive Noel Quinn, who steered the group through the pandemic and successfully saw off a move by Hong Kong insurer **Ping An (2318:HKG)** to break the group up, took the opportunity to announce his retirement.

An HSBC lifer, Quinn joined the bank in 1987 and worked his way all the way to the top job and leaves with the bank in good shape with a tier one equity ratio of over 15% and a target return on tangible equity also in the mid-teens. [IC]

Shares in coffeehouse colossus Starbucks plunge 16% after earnings miss



Former boss calls for store revamp to stem stock-price decline

Are consumers starting to push back on their pricey skinny lattes in response to higher interest rates and cost-of-living pressures?

It's a key question for analysts and investors in **Starbucks (SBUX:NASDAQ)** after the Seattle-headquartered coffeehouse colossus posted a second-quarter earnings and sales shock, sending the share price plunging close to two-year lows.

The miss was bad enough, but slashing 2024 full-year guidance after telling investors things could get worse before they get better really set the alarm bells ringing. The stock's 16% collapse is its worst in years meaning the shares are down more than 22% year-to-date and nearly 32% over the past year.

The chain could be dealing with the repercussions of a social media backlash related to its position on conflict in the Middle East, Bank of America analyst Sara Senatore wrote in a research note Monday.

At the same time, former boss Howard Schultz has weighed in calling for an overhaul of the chain's US outlets.

'The stores require a maniacal focus on the customer experience, through the eyes of a merchant', Schultz wrote in a letter on Sunday evening (5 May) and posted to LinkedIn. 'The answer does not lie in data, but in the stores.'

In a statement, the company said it always appreciates Schultz's perspective. [SF]

UK UPDATES OVER THE NEXT 7 DAYS

FULL-YEAR RESULTS
14 May: Vodafone, Angling Direct
15 May: Experian, Vertu Motors
16 May: Premier Foods, BT, United Utilities
FIRST-HALF RESULTS
13 May: Victrex, Cerillion, Diploma
14 May: Marston's, Treatt, On The Beach
15 May: Compass, Britvic, Imperial Brands, Ultimate Products
16 May: Sage, Future, Grainger, Nexus Infrastructure, EasyJet
TRADING ANNOUNCEMENTS
10 May: International Consolidated Airlines, S4 Capital
14 May: Flutter Entertainment, Greggs
16 May: Vistry, Convatec

Will British Airways owner International Consolidated Airlines' revival continue in the first quarter?

Consumers are stomaching higher ticket prices and prioritising holidays

Airline operator **International Consolidated Airlines (IAG)** is due to report first-quarter numbers on 10 May.

The British Airways, Iberia, Aer Lingus and Vueling owner has experienced a revival of fortunes recently due to strong consumer demand – people are still prioritising holidays despite the ongoing cost-of-living crisis.

The company has grabbed the attention of several analysts recently with French investment bank BNP Paribas, Kepler Cheuvreux and US investment bank Raymond James all upgrading their recommendation on the stock.

In its full-year results at the end of February, the airline group said it had restored 95.7% of 2019 capacity and noted benefits from cost efficiencies, reductions in debt and some degree of stability in fuel prices.

Operating profits nearly tripled from €1.3 billion to €3.5 billion surpassing the previous record of €3.3 billion made by the company before the pandemic in 2019.

International Consolidated Airlines

Chart: Shares magazine • Source: LSEG

Shares in the airline have gained nearly 18% over the past year – nearly reaching a two-year high.

Analysts are expecting first quarter sales to rise by 8% to €6.4 billion

For the full year, the consensus is looking for a 6% increase in revenues to €31.2 billion and analysts will look for comment on capacity growth where 7% is the planned increase in (available seat kilometres) or ASKs. [SG]

What the market expects of International Consolidated Airlines

	EPS	Revenue
2024	44.5p	£31.17bn
2025	48.7p	£32.4bn

Table: Shares magazine • Source: Stockopedia

Slowdown in discretionary spending seen impacting Home Depot earnings

The firm has gone on a M&A spree to counter the drop in organic sales

On 14 May, the world's largest home-improvement retailer **Home Depot (HD:NYSE)** is set to release its first-quarter earnings.

The firm, which has a market value of over $330 billion and operates more than 2,300 stores in the US, Canada and Mexico, is expected to report EPS (earnings per share) of $3.60 on revenue of $36.65 billion.

While this will be a step up from the previous quarter, it represents a drop in both EPS and sales compared with last year as customers pull in their horns.

Whereas in the past the company enjoyed reliable growth thanks to its industry-leading position, consumers are focusing on essential spending and eschewing big-ticket discretionary items in particular.

In addition, after three years of bumper sales during and after the pandemic, a slowdown in the US housing market due to high mortgage rates has dampened demand for home-related purchases.

Like-for-like sales were down 3.2% in 2023, a year which president and chief executive Ted Decker called 'one of moderation', and for 2024 year the company expects organic sales to fall 1% so it has been acquiring other businesses both to boost revenue and fill gaps in its portfolio.

Last December, the company bought Construction Resources, a distributor of design-oriented interior products for professional contractors involved in the RMI (repair, maintenance and improvement) market.

In March, the firm paid $18.25 billion for SRS Distribution, a company which supplies roofing, landscaping and pool contractors, in the hope it would 'open up a new customer for us' according to chief finance officer Richard McPhail. [IC]

Home Depot

($)

Chart: Shares magazine • Source: LSEG

What the market expects of Home Depot

	1Q 2024	1Q 2023
Revenue ($bn)	36.65	37.26
EPS ($)	3.60	3.83

Table: Shares magazine • Source: Investing.com, Home Depot

US UPDATES OVER THE NEXT 7 DAYS

QUARTERLY RESULTS

14 May: Home Depot, Keysight Technologies

15 May: Cisco

16 May: Walmart, Applied Materials, Deere&Company, Ross Stores, Take-Two, Bath&Body Works

Goldilocks is back in the room after turbulent time for markets

Mildly disappointing news on the US economy is manna for investors

Having started the year betting on up to half-a-dozen interest rate cuts, then having to undo those bets as stronger-than-expected US economic data and Fed comments pointed at the possibility of one or even *no* cut in rates this year, investors' heads have been in a spin for the last few weeks.

Cue the return on 3 May of the 'Goldilocks' scenario, where the US economy turns out to be moderating so it is not too hot and not too cold but just right.

Next Central Bank Meetings & Current Interest Rates

Date	Event	Previous
09-May	Bank of England	5.25%
22-May	European Central Bank	4.0%
11-Jun	US Federal Reserve	5.5%

Table: Shares magazine • Source: Morningstar, central bank websites

Stocks were already in a good mood thanks to **Apple (AAPL:NASDAQ)** announcing overnight the biggest buyback in history ($110 billion) and **Amgen (AMGN:NASDAQ)** releasing positive trial data for its new anti-obesity drug, sending shares in both companies surging pre-market.

US non-farm payrolls, which have previously come in way above forecast at over 300,000, showed the economy created 175,000 new jobs last month, below the 240,000 estimate, while the unemployment rate rose.

As one commentator observed, it was almost as if Wall Street had scripted the report.

The jobs figure was followed by more positive (ie mildly negative) news as the S&P Global US Services PMI showed a slower rise in services activity, a renewed fall in new orders and the first drop in employment for 46 months.

This week sees the release of UK retail sales and housing market data followed by the Bank of England's rate-setting meeting on Thursday where, while no change is expected, attention is likely to focus on the split of opinion among board members on when and how much to cut later this year.

Next week sees the publication of revised UK and Eurozone first-quarter GDP along with US April core producer and consumer prices, housing starts and industrial production, although none of these are expected to influence the market to any great degree. [IC]

Macro diary 9 May to 16 May 2024

Date	Economic Event	Previous
09-May	UK Bank of England interest rate meeting	5.3%
10-May	UK Q1 GDP	−0.2%
	UK March industrial production	1.4%
14-May	UK March unemployment rate	4.2%
	Eurozone May ZEW economic sentiment index	43.9%
	US April core producer price index	2.4%
15-May	Eurozone Q1 GDP	0.4%
	US April core consumer price index	3.8%
	US April retail sales	4.3%
16-May	US April housing starts	1.32m
	US April industrial production	−0.3%

Table: Shares magazine • Source: Morningstar, central bank websites

Investors should build a position in construction group Morgan Sindall

Shares in this excellently run, high-returns business look good value at today's price

Morgan Sindall
(MGNS) £23.52

Market cap: £1.09 billion

BUY

Infrastructure, affordable housing and urban regeneration group **Morgan Sindall (MGNS)** is a good example of a UK stock with an attractive growth rate selling at a discount not only to the market but also relative to its own history.

The group's construction arm is expert in physical infrastructure and complex regeneration projects, while its fit-out division is the UK market leader generating consistent cash flows which support the group's investment in affordable housing and mixed-use redevelopments.

EXPERIENCE MEANS A DISCIPLINED APPROACH

John Morgan co-founded Morgan Lovell in 1977, which then merged with William Sindall in 1994 to form Morgan Sindall, and still leads the company today with responsibility for the group's overall strategy.

The rest of the management team is equally experienced with Chris Booth, head of Overbury and the fit-out division, having been with the firm 30 years, company secretary Clare Sheridan having been on board for more than 20 years and most of the rest of the team having served for more than a decade.

Chart: Shares magazine • Source: LSEG

The group consists of six specialist divisions across construction and regeneration in the UK public, private and regulated sectors, with the cash flows from the construction business invested in regeneration projects and 73 pence in every pound spent on average going into projects with 'social value'.

Consensus forecasts for Morgan Sindall

	Revenue (£bn)	Earnings per share (p)	Dividend per share (p)	Dividend yield (%)
2023A	4.12	254	114	4.9%
2024E	4.32	234	117	5.0%
2025E	4.45	254	123	5.3%

Data correct as of 3 May 2024

The firm defines its strategy as achieving 'quality of earnings' by selecting projects aligned to its strengths, delivering a first-rate service to its customers and end-users, thereby securing long-term workstreams, and continuing to innovate and add value, all the while maintaining a strong balance sheet.

It has a disciplined approach to capital allocation, making sure first of all there is an element of downside protection to the balance sheet should there be an unforeseen macro event, after which it maximises organic returns by investing in regeneration activities and then it considers bolt-on acquisitions to accelerate growth.

Only when all these priorities are satisfied does the board look at returning surplus cash to shareholders, which to us seems eminently sensible when the business itself generates such attractive returns.

SOLID PERFORMANCE IN A TOUGH ENVIRONMENT

In what was widely acknowledged to be a tough year for the construction industry in general, Morgan Sindall posted record results in 2023 with revenue up 14% to £4.1 billion and adjusted pre-tax profit up 6% to £145 million.

As of December, the order book stood at £8.92 billion or more than two years' worth of work, with management taking a selective approach to bidding and spreading its risk across suppliers and subcontractors.

The group recently published its first-quarter trading update showing an increase in the order book to £9 billion and an average daily net cash position between the start of January and the end of April of £389 million against £281 million last year.

Revenue breakdown by major business lines

	Weighting (%)
Commercial construction	27%
Social housing	19%
Community/public services	18%
Education	14%
Transport	6%
Mixed-tenure housing	5%

Table: Shares magazine • Source: Morgan Sindall

Trading over the quarter was in line with expectations, although fit-out was 'very strong' suggesting a significant increase in first-half revenue and partnership housing has seen higher sales thanks to an upturn in the market since the turn of the year.

Against this, urban regeneration saw a lower level of scheme completions and the property services business will book a charge to exit an underperforming contract but the full-year outlook for the group is unchanged.

ARE THE SHARES CHEAP?

Using almost 30 years of historic data, we estimate the firm has grown its earnings by an average of more than 11% per annum, which is better than any of the mainstream construction firms or the housebuilders, and with lower volatility which suggests it is less cyclical.

According to Stockopedia, the shares trade on a 2024 price to earnings multiple of 9.7 times with a yield of 5.1% compared with 12.6 times and 4.2% for the FTSE 250 index, which seems good value for a business with a return on capital of around 20% (FTSE 250 average 7.3%) and a proven track record of growing its earnings at a double-digit rate. [IC]

Investment trust Aurora can light up your portfolio

This concentrated portfolio of great businesses purchased at attractive prices gives investors a big margin of safety

Aurora Investment Trust (ARR) 243p

BUY

Market cap:£185.3 million

Aurora Investment Trust

Chart: Shares magazine • Source: LSEG

Investors seeking a value-oriented fund focused on avoiding permanent capital losses first and foremost, while offering exposure to the improving consumer outlook among other themes, should buy **Aurora Investment Trust (ARR)**.

Managed by long-term value investment firm Phoenix, the dividend-paying trust's 10.2% discount to NAV (net asset value) offers a compelling opportunity to access Phoenix's strategy of investing in a concentrated portfolio of high-quality and thoroughly-researched businesses at attractive prices.

Aurora's board is determined to close the discount and grow the market cap to a medium-term target of £250 million, which suggests investors should see attractive returns in the years ahead.

Aurora is managed by Phoenix's Gary Channon and his team, who use a value-based philosophy inspired by the teachings of Warren Buffett, Charlie Munger, Benjamin Graham and Phillip Fisher and begin with the aim of not losing money.

They devote their attention to understanding a small number of businesses in depth and wait patiently for their shares to reach the right price; Aurora never pays more than half of what the managers think a business is worth, which builds in a big margin of safety.

This approach gives Aurora the confidence to run a concentrated portfolio, typically 15 to 20 names, of great companies run by trustworthy management that boast pricing power and generate high and enduring returns on capital.

Excellent returns result when all this comes together, as demonstrated by results for the 2023 calendar year showing a swing from 2022's losses to an impressive NAV total return of 36.3%, well ahead of the 7.9% haul from the FTSE All Share Total Return benchmark.

Top contributors included housebuilder **Barratt Developments (BDEV)**, Mike Ashley-controlled retail conglomerate **Frasers (FRAS)** and posh chocolates seller Hotel Chocolat, taken over by US food giant Mars at a 175% premium.

As of 30 April 2024, Ashley's diversified retail conglomerate spoke for almost 20% of Aurora's assets, while other top holdings included online electricals seller **AO World (AO.)** and streaming service **Netflix (NFLX:NASDAQ)**, so the fund offers a play on a potential consumer spending uptick. Other holdings spanned high street lender **Lloyds (LLOY)** and refractory products supplier **RHI Magnesita (RHIM)**.

Aurora entered 2024 with a portfolio Phoenix has insisted is cheap despite a 2023 return that has taken the NAV to an all-time high.

'The upside to intrinsic value is 130%, which is attractive in historical terms'; it says. Uniquely, Phoenix receives no annual management fee; instead it is solely remunerated from an annual performance fee, equal to one third of any outperformance of Aurora's NAV against the benchmark. [JC]

Trainline reassures on threat from state-backed ticketing app

Shares recover as the company notes Labour nationalisation policy does not include plan to create a rival platform

Trainline (TRN) 326p
Market cap: £1.45 billion

Gain to date: 0.6%

On 1 February *Shares* said that rail booking site and app **Trainline (TRN)** was 'firmly on track for growth' and investors should seize the momentum and buy the stock.

WHAT HAS HAPPENED SINCE WE SAID BUY?

Trainline shares have been on a rollercoaster. On the 14 March a year-end trading update revealed full-year performance ahead of guidance and the shares hit a 52-week high of 393p in response.

The stock then took a turn for the worse, losing as much as 13% in one week when the Labour Party announced plans to renationalise the UK railways. This raised the sceptre of any such move being accompanied by some sort of state-backed rival to Trainline's ticketing platform.

Then on 3 May, the company reported a positive set of results for the year ending 29 February – revenue was up 21% to £397 million and operating profit up over 100% to £56 million.

Net ticket sales were up 22% year-on-year to £5.3 billion, at the top end of the previously guided range.

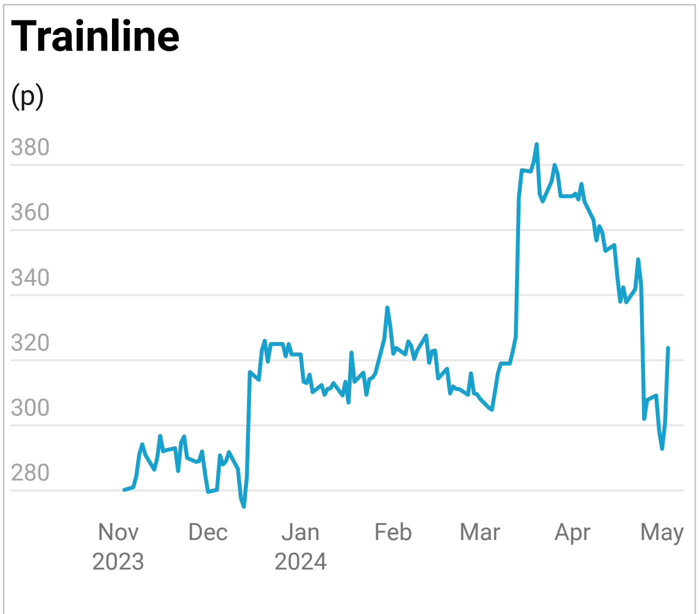


Chart: Shares magazine • Source: LSEG

Perhaps even more significantly, Trainline revealed that Labour has informed the company it will not create a rival platform if it comes to power.

WHAT SHOULD INVESTORS DO NOW?

We remain upbeat about Trainline, with any competitive threat neutered for now. The company has already acquired a 60% share of the UK online market and has successfully tapped into the growing European market.

The Trainline rail app is now the most downloaded in Europe. International consumer net ticket sales recently surpassed £1 billion.

Analysts at Shore Capital said: 'Trainline continues to see robust performance despite industrial action and attempts of new competition, and we believe the UK backdrop appears more encouraging versus 12 months ago, with Labour recently re-confirming there are no plans for the Government ticketing retailing website and app.

'Furthermore, Trainline is well-funded to support expansion opportunities, platform enhancements and rollouts, as well as the announced share buyback plans.' [SG]

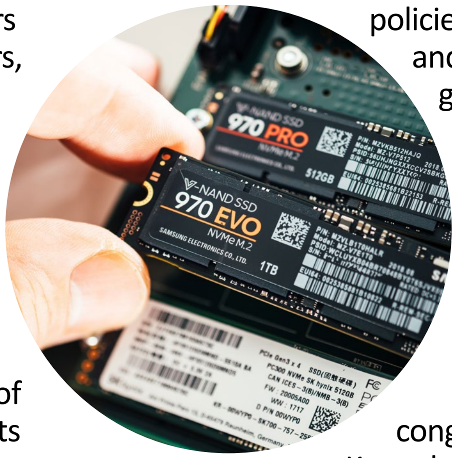
Is South Korea the new Japan for stocks?

Why the 'Land of the Morning Calm' could re-rate like its 'Rising Sun' neighbour

From pop groups, TV shows, cars, home appliances, electronics and smartphones, South Korean brands have for years been familiar to global consumers. Millions of homes are filled with Smartphones and TVs made by **Samsung Electronics (005930:KRX)** and **LG Electronics (006657:KRX)**, cars made by **Hyundai Motor (005380:KRX)** and **Kia (000270:KRX)**, while microchips made by **Hynix (000660:KRX)** power these gadgets and goods.

Yet its stocks have spent years underwhelming global investors, the nation's KOSPI Composite Index lagging the MSCI All-Country World Index for much of the last 15 years, creating the 'Korea discount'.

'South Korea has for years been the cheapest equity market in Asia, and even the world,' says Will Lam, co-head of the Asian and Emerging Markets Equity team at Invesco and manager of the **Invesco Asian UK (B8N44Q8)** fund.



ROOTS OF THE 'KOREA DISCOUNT'

Many analysts portray this discount as resulting partly from the ever-simmering tensions with North Korea, which are unlikely to ease for the foreseeable future. Others think there underlying corporate issues that continue to hobble stock prices,

'Many companies sit at a price-to-book ratio below 1.0 and are known to have historically placed little emphasis on shareholder return policies, including dividends and buybacks, and to have questionable corporate governance,' says Josef Licsauer, analyst at Kepler Trust Intelligence.

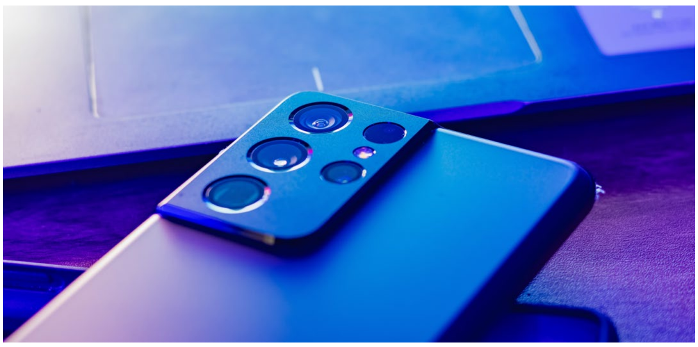
Inefficient asset utilisation and capital allocation is complicated by corporates web of cross company shareholdings, while critics say too much power is wielded by company founding families intent on capping inheritance tax bills.

'Much like Japan has family-run conglomerates known as *zaibatsu*, South Korea has family-run conglomerates called *chaebols*, including companies like Samsung and

LG Electronics,' says Kepler's Licsauer. 'They are often accused of ignoring the interests of other shareholders, keeping share prices artificially low to avoid Korean inheritance tax, which is among the highest in the world.'

South Korea wants this to change. Taking pages from Japan's years long corporate reforms playbook, in February 2024 the country launched the corporate 'Value Up' programme. It aims to home in on companies with low price to book valuations, just as Japanese reforms do, and to hold management more accountable for improving governance.

'The high-level roadmap suggests the programme will be incentive-based and focused on strengthening governance, not on punitive measures,' say analysts Fisher Investments, meaning investors are more likely to see tax incentives for companies that participate rather than threats of delisting or other penalties.



INITIAL EXCITEMENT FIZZLES OUT

Anticipation of these changes saw global investors pour money into South Korea's stock market in the hope that a government push on this scale will boost depressed valuations. Kepler believes managers of **JPMorgan Global Emerging Markets Income (JEMI)** trust have increased exposure to South Korea, having effectively been structurally underweight for many years.

But with 'Value Up' details still vague and subject to change, the influx of capital to the Korean stock market has proved short-lived, the index drifting since March highs.

'The KOSPI Index fell the morning of the announcement, with losses led by automakers and banks, sectors that had rallied hard ahead of the government's reform proposal,' notes Kepler's Licsauer.

'We think this is because the incentives need legislative approval, which opens them up to execution risks and the potential for disappointment,' say Fisher Investments analysts.

MAJOR QUESTIONS REMAIN

Without even a draft law available yet, can it even pass? How generous will it be? And can that overcome the presumable opposition from vested interests? Looming over these questions is the Yoon administration's flagging popularity, which contributed to his conservative People Power Party's defeat in 10 April legislative elections.

'While Yoon's presidency wasn't up for a vote, the PPP's failure to take control of Korea's National Assembly from the progressive Democratic Party could determine the Corporate Value-Up Program's success or failure,' says Fisher Investments.

However, it's important to remember that Japan's governance successes were a result of efforts spanning over a decade. 'We hope to see South Korea's discount unwind over the next decade, although there is not much evidence today,' the Invesco's Lam says.

'We think this is a promising start from South Korea and a step in the right direction, and ultimately leads to some interesting opportunities that may be flying under the radar, something a number of fund managers we've spoken to recently are seeing,' says Kepler's Licsauer.

He flags the **Templeton Emerging Markets (TEM)** investment trust as another option for gaining exposure to South Korea. 'The managers, Chetan Sehgal and Andrew Ness, are currently overweight South Korea, versus the MSCI Emerging Markets Index, but have trimmed exposure given its recent market rally.'

ETFs offer investors another option on South Korea, including **iShares MSCI Korea (CSKR)**, which is one of the larger options at a 0.65% annual charge (on the high side for a tracker fund).

Investors may also feel that emerging markets funds will give them plenty of exposure, although you'll need to do some checking since unlike MSCI, FTSE doesn't class South Korea as an emerging market.

By **Steven Frazer** News Editor

STOCKS TO REWARD YOU FOR DECADES TO COME

ON THE HUNT FOR DIVIDENDS, QUALITY AND EXCITING GROWTH POTENTIAL

By **Ian Conway** Deputy Editor

The last couple of years have seen outsized returns for stocks, especially those in the US, but that doesn't mean now is a bad time to invest. The truth is there is never a bad time to invest as long as you are looking to *stay* invested for the long term.

From its inception in 1984 to 2022, the FTSE 100 index has gained around 5.5% per year in price terms and 7.5% per year in terms of total return, which is far better than the returns on cash over the same period.

The US market has performed even better, generating a total annual return of around 10% per year over the last 30 years, even though markets have endured several crashes, including the great financial crisis which almost sank the US banking sector, several recessions, a pandemic and a series of conflicts.

According to the latest Barclays Equity Gilt study of long-term returns for different asset classes, if you hold UK stocks for two years you have a 70% probability of enjoying better returns than if you hold government bonds or cash.

If you hold stocks for 10 years, the probability of beating government bonds and cash rises to 91%, so there is no question if you truly want to build wealth then stocks are your best bet, but you shouldn't put all your eggs in one basket, be that the same country, the same industry or the same investment 'style'.

We have gathered together three individual stocks and one investment trust which we believe will stand the test of time over the next 30 years or more.

In some respects, we have played it safe, picking a mega-cap quality company and a super-reliable dividend machine, but every portfolio should have an element of 'blue-sky' potential so we have included a smaller company which we think has great prospects and a 'future-filled' investment trust which is trading at an uncustomary discount to net asset value.

A GREAT COMPOUNDER: RELX

(REL) £32.99

When you make an investment into a dividend-paying stock you can set yourself up to benefit from a compounding effect which played out over decades can be extremely powerful.

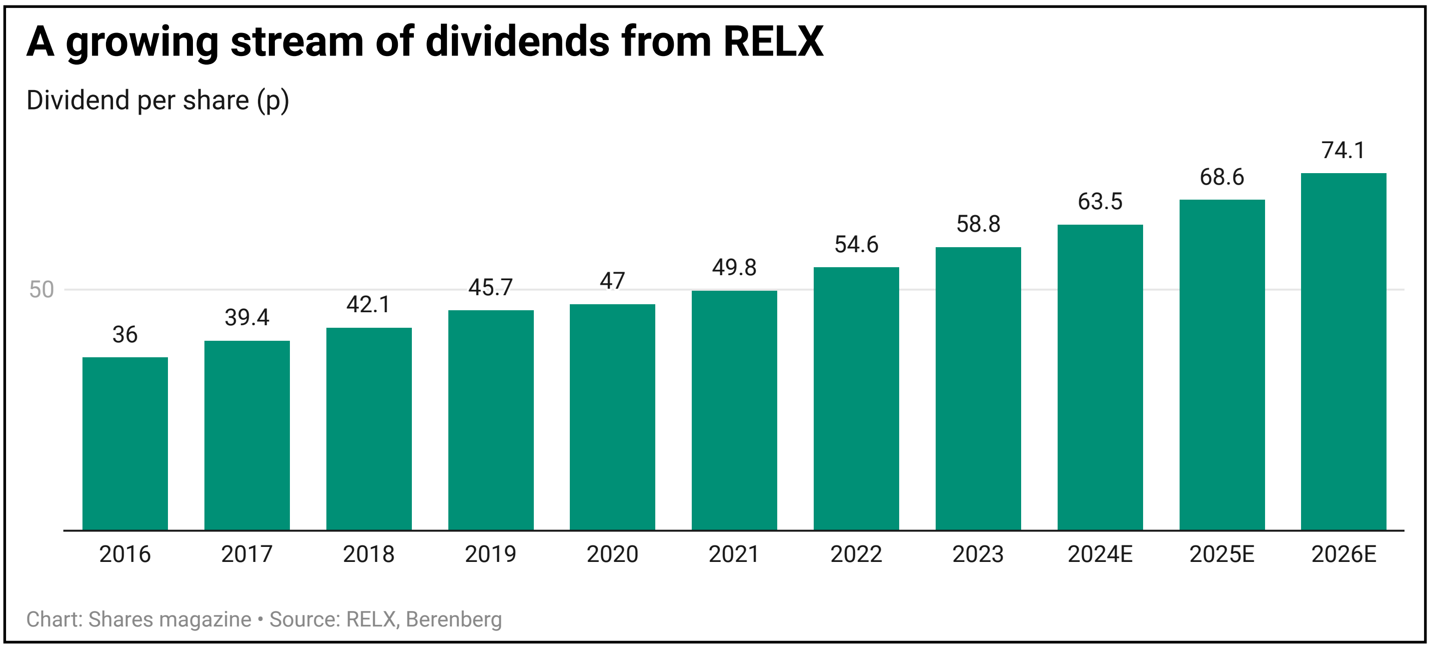
Compounding describes the process where investment returns themselves generate future gains. The value of an investment can increase exponentially because growth is earned on the initial sum of money plus the accumulated wealth.

Imagine you invest £1,000 in a stock and it increases by 5% in year one to £1,050. If the stock rises by another 5% in year two, it will be worth £1,102.50. In the first year you earned £50 and in the second year you earned £52.50. If you add dividend income to the mix and reinvest it into the shares you can amplify this effect and if that stream of income is also growing, so much the better.

RELX has transformed itself over several years from a publisher of printed academic materials to a provider and analyser of business-critical data across a range of sectors – much of which is sold on a subscription basis – while still dominating the market for scientific journals and running a successful events business. The company has been investing in innovation around data analytics and AI for several years which is helping to reinforce an already strong competitive position.

This has underpinned reliable growth in revenue, profit and cash flow and in turn allowed the business to increase its dividends consistently (even during the pandemic).

The shares are not cheap on a 2024 price to earnings ratio of 26.9 times but as Berenberg analyst Carl Murdock-Smith observes: 'If looking on a medium- or long-term view, RELX's valuation becomes less stretched due to its growth. The company has demonstrated the ability over time, on an underlying basis, to deliver consistent mid-single-digit top-line growth, with modest operating leverage leading to higher EPS (earnings per share) growth.' [TS]



ENDURING QUALITY: MICROSOFT

(MSFT:NASDAQ) $389.33

When it comes to high-quality stocks, if **Microsoft (MSFT:NASDAQ)** isn't already the benchmark by which all others are judged, it probably should be. The Seattle technology giant has come a long way since a spotty Bill Gates (with partner Paul Allen) launched Windows on the world, emerging as a software empire critical to businesses and consumers globally, and investment returns have been consistently excellent for years.

Just looking at the last decade, Microsoft shares have handed investors an average total return (share price gains plus dividends) of 26% a year, 41% better than the Nasdaq Composite and more than twice that of the S&P 500. Put another way, if you had invested $1,000 in the stock 10 years ago, your stake would now be worth $9,811, or $14,133 over 20 years.

These market average-mashing returns are not by accident. Operating margins have increased by more than 10 percentage points since 2018 to last year's 41.8%, and if most recent trading is anything to go by (48% in the second quarter 2024), they're expanding faster and faster. Returns on capital and equity, both strong indicators of a quality business, are 28.9% and 38.5%, based on Stockopedia data, where over 20% is considered good and above 25% exceptional.

How Microsoft makes its money ($bn)

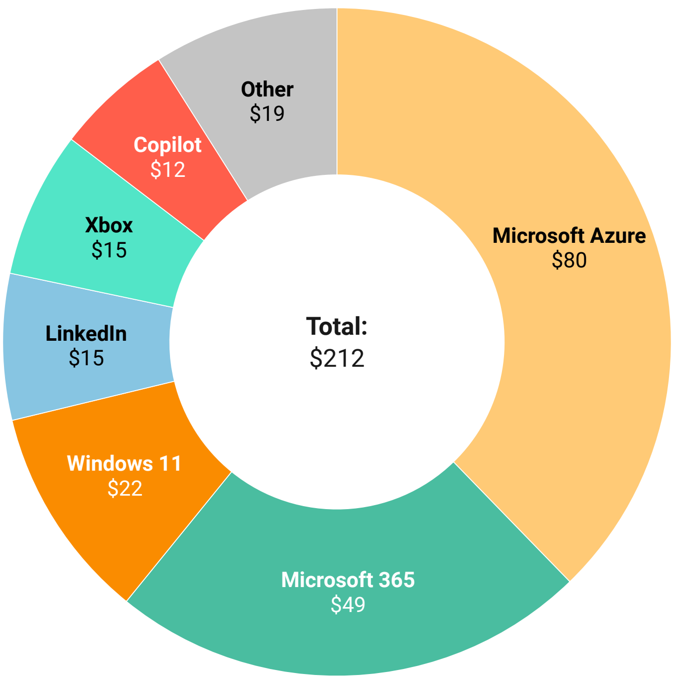


Chart: Shares magazine • Source: Afinity data (rounded up), Visual Capitalist. Full year 2023.

Microsoft scores 97 out of 100 on Stockopedia's quality ranking, while Morningstar analyst Dan Romanoff recently upped his fair value estimate from $420 to $435, noting the company's 'wide' economic moat.

Cloud computing has been a big driver for business in recent years and Microsoft has been remarkably successful at selling its products – the Windows operating systems, Microsoft 365 suite of productivity applications, Azure big data analytics, etc – as cloud-hosted subscriptions rather than upfront licences.

Microsoft is widely seen as the best software bet AI (artificial intelligence), where the company has a crucial partnership with Open AI, the developer of ChatGPT. This point has been hammered by the rapid progress of Copilot, its AI-powered intelligent cloud productivity tool, whose customers numbered around 53,000 in March 2024, a significant increase from 18,000 in September and 11,000 in July.

Yes, it faces constant regulatory hurdles to overcome, and the expectations bar is always set high, leaving little scope to escape disappointments unscathed. Owned by long-run quality investors like **Fundsmith Equity (B41YBW7)** and **Blue Whale Growth (BD6PG78)**, Microsoft is arguably the first stock to fill any portfolio. [SF]

Disclaimer: Steven Frazer has a personal interest in Fundsmith Equity and Blue Whale Growth.

BLUE SKY POTENTIAL: MICROSALT

(SALT:AIM) 70.5P

Excess sodium consumption is a major contributor to hypertension and heart disease with a big part of the typical person's intake hidden in processed foods. With this health crisis front of mind, the WHO has set a target for slashing global sodium consumption by 30% by 2025, which it estimates will save 7 million lives by 2030.

One market minnow on a mission to reduce sodium consumption and heart disease is **MicroSalt (SALT:AIM)**, producer of a patented full-flavour, low-sodium salt for food manufacturers and consumers that is strengthening its intellectual property position and could reward a punt if its technology fulfils its tasty potential over the next decade, though the market newcomer is no stock for widows and orphans.

Revenue remains modest and the company chalked up operating losses of $2.5 million in the year to December 2022 followed by a $1.7 million deficit in the six months to June 2023 due to ongoing investment in the MicroSalt brand and new product formulations. Liquidity is also thin given **TekCapital's (TEK:AIM)** majority stake.

MICROSALT

Key numbers

50%: Less sodium without sacrificing flavour

$5.5 billion: Global sodium reduction market as of 2021

Source: Microsalt

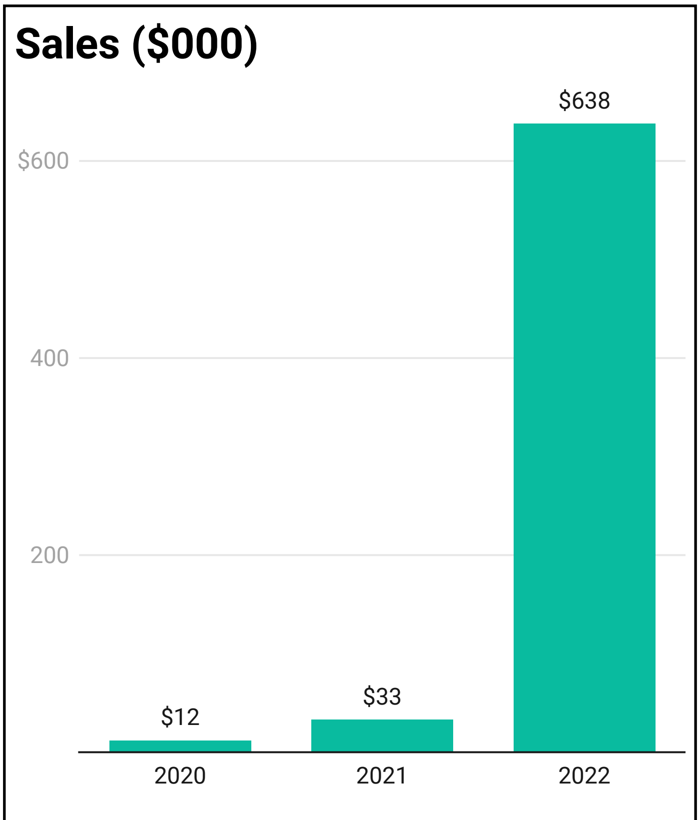


Chart: Shares magazine • Source: MicroSalt admission document

Nevertheless, the shares are up 65% on February 2024's 43p IPO (initial public offering) price in recognition of its potential to disrupt the food industry and growth scope in a global sodium reduction ingredients industry worth an estimated US$5.5 billion in 2021 and forecast to reach US$9.6 billion by 2032.

Management believes the £30.5 million cap, whose consumer products include 50% less sodium salt shakers and SaltMe! low sodium crisps selling on **Amazon (AMZN:NDQ)** and stocked on retail shelves across the pond, is well positioned to capture growth in the low sodium market and enter the larger salt market, with major, though as yet unnamed, food, drink and snack manufacturers developing and trialling MicroSalt across their products.

MicroSalt has also secured its first placement into the premium food service sector with Carma, a chain of restaurants in Canada, which CEO Rick Guiney said demonstrates 'the wide appeal of Microsalt and offers a real-world example of our potential in the foodservice channel'. [JC]

A FUTURE-FACING INVESTMENT TRUST: SCOTTISH MORTGAGE

(SMT) 841.1P

We couldn't write about investing in long-term trends without picking **Scottish Mortgage (SMT)**, one of the biggest and most popular investment trusts, which invests in what it calls 'the world's most exceptional public and private growth companies' at the forefront of huge structural shifts.

The managers explain their approach: 'We believe a small number of exceptional growth companies will drive returns. We aim to find them and own them for long periods of time. The businesses we seek have long growth runways ahead of them. They address large and growing opportunities. They possess an enduring competitive advantage, disrupting their respective industries or even creating new ones. Many are founder-led and have a cultural edge that will tilt the chances of success in their favour.'

The list of the top 10 stocks is heavily skewed towards US technology companies, but it would be wrong to assume Scottish Mortgage is 'just another tech fund'.

It has a lot of exposure to healthcare and consumer stocks, as well as to emerging markets and China, but maybe its biggest point of differentiation is it invests in privately-owned companies, many of which have come to market or are expected to come to market, generating enormous returns on the trust's original stake.

Private investments include SpaceX, whose Starlink satellite network is expected to unlock opportunities in global internet connectivity; Northvolt, which aims to transform the European transport sector with its battery technology; and Bytedance, which is at the leading edge of technology using AI (artificial intelligence) to change how content is distributed.

The shares trade at a 7.5% discount to NAV (net asset value), so there is upside potential if they revert to par on top of any gains in the price.

As the managers point out, however, while the trust's targeted returns will appeal to many investors, 'the road achieving them may not' because by its nature investing in companies at the forefront means the trust's performance is likely to deviate – sometimes quite widely – from the rest of the market.

Scottish Mortgage top 10 holdings

Holding	Weighting	Five-year performance
Nvidia	8.0%	818%
ASML	8.0%	349%
Moderna	5.4%	83%
Amazon	5.4%	77%
MercadoLibre	4.7%	880%
SpaceX	4.0%	Private
PDD Holdings	3.3%	101%
Ferrari	3.3%	267%
Tesla	3.0%	166%
Northvolt	2.6%	Private

Data correct as of 1 May 2024

Table: Shares magazine • Source: Scottish Mortgage, Google Finance

Older, richer, sicker:

The implications of global demographic megatrends on the biotech opportunity

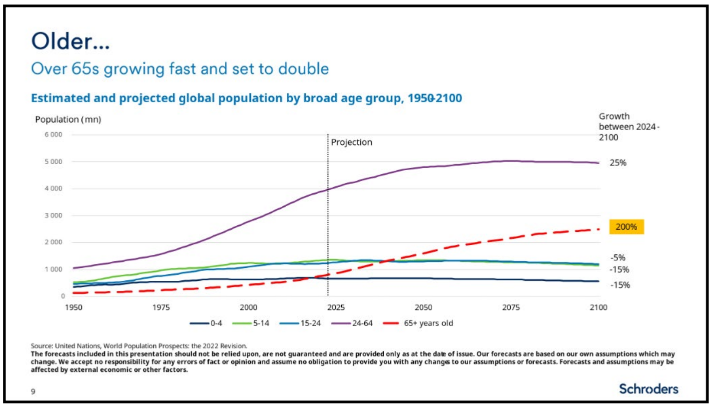
The biotech sector has languished behind equity markets as a whole over much of the past three years since investors deserted it following the correction that took place in 2021.

The sector valuation tends to run in cycles from boom to bust and back again, but this last downturn was the longest in the sectors' history. The five year performance for the Nasdaq Biotechnology Index, the leading benchmark for the sector is flat. Looking at the performance, one could be forgiven for assuming that the sector has little to offer. In fact, the opposite is true.

The global healthcare industry benefits from several fundamental tailwinds that look capable of driving structural growth for many years, if not decades, into the future. Many of these relate to demographics, where the increasingly complex demands of a global population that is growing older, richer and sicker, are driving rising demand for healthcare services in general and underpinning a particularly strong secular growth story in biotechnological innovation.

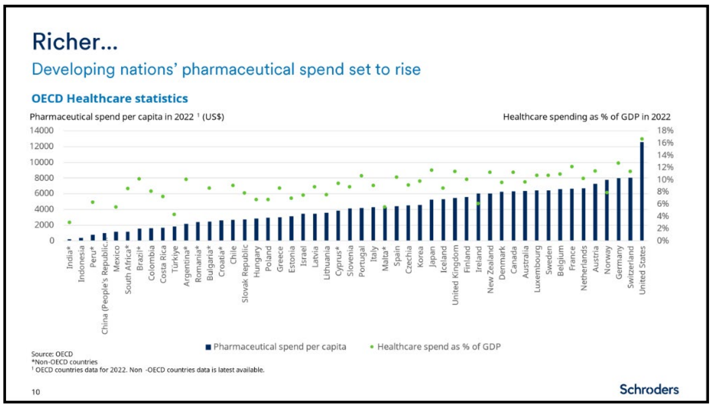
OLDER...

Due to advances in medicine, and generally healthier living conditions, life expectancy across the world has vastly improved in recent times, reaching an average 71.0 years in 2021, compared to just 66.1 years at the turn of the century[1]. The gains in life expectancy have been greatest in the developing economies of Africa and Asia, but this has been a global phenomenon with the populations of North America and Europe also now generally living for longer. As a result, the global population of over 65s is projected to increase to 2.5 billion by 2100, up from 650 million in 2017.



...RICHER...

Meanwhile, as living standards in the developing world rise towards those of the developed world, the demand for better access to medicines and health services compels governments to spend a greater proportion of their GDP on healthcare. As the chart below suggests, healthcare spending tends to increase as countries become richer.

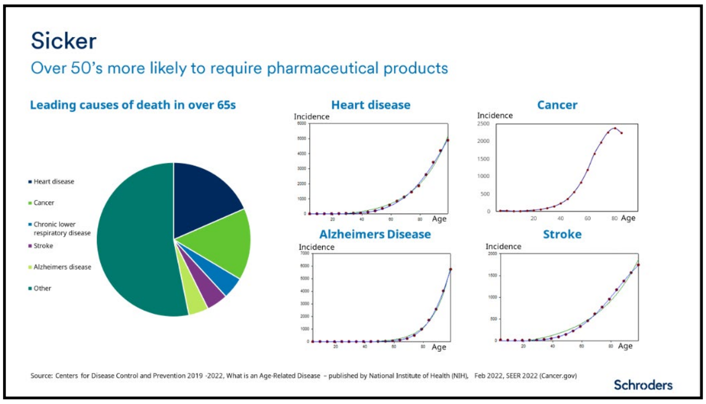


...SICKER

Although the globally aging population is undoubtedly a societal positive, old age naturally predisposes humans to diseases. After the age of 50, biological

[1]Source: Our World in Data

wear and tear begins to take an increasing toll on the human body, requiring increased consumption of healthcare resources. Cancer, cardiovascular diseases and dementia are among the high profile ailments that are commonly associated with age, and all of them require drug-based treatments.



In combination, we should expect the fact that the global population is growing older, richer and sicker to drive robust growth in demand for pharmaceutical products in the years ahead. This should represent one of the most reliable – and investable ¬– trends of the investing world in the decades to come.

Currently, the US is the largest healthcare market in the world by far. In 2022, the US spent 16.6% of GDP on healthcare, compared to the OECD average of 9.2%[2]. Per capita health expenditure in the US is expected to increase from $13,413 in 2022 to $20,425 in 2031, an annualised growth rate of 4.3%[3]. Healthcare spending growth in emerging markets, however, is expected to be even stronger, driven by faster growth in the elderly population and continually improving economic standards. This is evidence that healthcare is a genuinely global growth industry – and, over time, we should expect the healthcare spending rates in the developing countries to rise substantially to match the rest of the world.

NECESSITY IS THE MOTHER OF INVENTION

Improving living standards and increasing life expectancies clearly bring with them many societal positives but, with budget-constrained governments ultimately on the hook for at least a proportion of the rising cost of healthcare provision, there are also challenges to overcome.

Fortunately, the confluence of advances being seen across scientific and technological disciplines is fuelling an unprecedented wave of innovation from the healthcare sector, with biotechnology companies leading the way. New therapies may carry a high individual price tag, but the cost saving associated with keeping a patient out of hospital or long-term care is often a multiple of that price. Considering that drugs typically constitute just 10-20% of total healthcare costs[4], a new therapy that can delay the onset or slow the progression of a disease can have huge cost saving implications for society, keeping a patient out of advanced hospital care, improving quality of life, while lowering the financial burden for relatives. Moreover, after ten or so years, the drug patents expire and these highly innovative drugs become available to society at a fraction of the original price, freeing up healthcare providers' budgets to pay for the next generation of drugs. It is a conveyor belt system designed to stimulate constant innovation and ultimately benefits patients.

The impact of ongoing biotech innovation is clearly evident in the data for new clinical trials and novel drug approvals. More clinical trials are being registered than ever before – nearly 40,000 trials were initiated in 2023 alone, which is a new annual record. In turn, we are seeing a higher number of regulatory approvals for new drugs. The US Food and Drug Administration (FDA) approved more than 50 novel drugs in 2023, the second highest annual total ever seen, and the vast majority of new drugs are originally generated in biotech companies rather than in the R&D departments of pharmaceutical companies.

This wave of innovation is also delivering a constant supply of new investment opportunities in biotech companies with exciting products that can meet the evolving needs of patients globally. At IBT we invest in some of the most innovative companies we can find from within an increasingly diverse sector. Selective investment in biotech businesses which focus on high unmet medical need, with attractive valuations, outstanding technology and significant future earnings potential are the keys for unlocking value in the sector.

A sector with such strong fundamental tailwinds deserves to be better appreciated by the investment community. We anticipate that these global demographic trends will underpin outperformance from the healthcare sector in the years ahead. Within healthcare, we believe biotech should do even better.

[2]Source: OECD
[3]Source: Petersen-KFF Health System Tracker
[4]Source: OECD

RISK CONSIDERATIONS

Capital risk / distribution policy: As the Company intends to pay dividends regardless of its performance, a dividend may represent a return of part of the amount you invested.

Concentration risk: The Company's investments may be concentrated in a limited number of geographical regions, industry sectors, markets and/or individual positions. This may result in large changes in the value of the Company, both up or down.

Currency risk: The Company may lose value as a result of movements in foreign exchange rates, otherwise known as currency rates.

Gearing risk: The Company may borrow money to make further investments, this is known as gearing. Gearing will increase returns if the value of the investments purchased increase by more than the cost of borrowing, or reduce returns if they fail to do so. In falling markets, the whole of the value in that such investments could be lost, which would result in losses to the Company.

IBOR risk: The transition of the financial markets away from the use of interbank offered rates (IBORs) to alternative reference interest rates may impact the valuation of certain holdings and disrupt liquidity in certain instruments. This may impact the investment performance of the Company.

Liquidity risk: The price of shares in the Company is determined by market supply and demand, and this may be different to the net asset value of the Company. In difficult market conditions, investors may not be able to find a buyer for their shares or may not get back the amount that they originally invested. Certain investments of the Company, in particular the unquoted investments, may be less liquid and more difficult to value. In difficult market conditions, the Company may not be able to sell an investment for full value or at all and this could affect performance of the Company.

Market risk: The value of investments can go up and down and an investor may not get back the amount initially invested.

Operational risk: Operational processes, including those related to the safekeeping of assets, may fail. This may result in losses to the Company.

Performance risk: Investment objectives express an intended result but there is no guarantee that such a result will be achieved. Depending on market conditions and the macro economic environment, investment objectives may become more difficult to achieve.

Share price risk: The price of shares in the Company is determined by market supply and demand, and this may be different to the net asset value of the Company. This means the price may be volatile, meaning the price may go up and down to a greater extent in response to changes in demand.

Smaller companies risk: Smaller companies generally carry greater liquidity risk than larger companies, meaning they are harder to buy and sell, and they may also fluctuate in value to a greater extent.

Valuation risk: The valuation of some investments held by the Company may be performed on a less frequent basis than the valuation of the Company itself. In addition, it may be difficult to find appropriate pricing references for these investments. This difficulty may have an impact on the valuation of the Company and could lead to more volatility in the share price of the Company, meaning the price may go up and down to a greater extent.

Using a Junior ISA to help your kids with the costs of university

We look at how to employ the tax wrapper to reduce the debt burden for your offspring when they graduate

One of the most compelling reasons for investing through a Junior ISA is to help provide your offspring with the necessary funds to leave university without the burden of onerous debts.

If you invested the whole allowance of £9,000 every year from birth until your child reached 18 they would inherit a pot worth £229,000 based on an annual return of 4.5% and with charges of 0.75% factored in. Best of all, because it is in a Junior ISA, your pot will have grown without incurring tax.

But how much exactly would you need to cover university tuition fees, accommodation and food and other costs, and what would it take to reach these goals?

In this article we'll examine three different scenarios: one where you are simply trying to cover the cost of tuition, another where the aim is to cover tuition and rent and a final scenario where all the costs of living and studying at university are covered.

Any of these would be a laudable goal and you could ramp up or be more pragmatic with your plan depending on your circumstances. For example, you might start out with the aim of covering tuition fees only but find you are able to put away a bit more or take some extra risk in order to meet a more ambitious target.

> **"Best of all, because it is in a Junior ISA, your pot will have grown without incurring tax"**

A FRAMEWORK TO PLAN AROUND

It is important to say the totals included in this article are just educated guesses. They provide a framework to plan around but the more you are able to put away and the earlier you can start, the better the chance you have of ensuring your kid or kids can graduate without being weighed down by significant borrowings.

Or, if they decide university is not for them and they end up doing an apprenticeship or going straight into the world of work at age 18, they will have a sizeable sum to help them get on the property ladder or achieve some other goal.

It's worth remembering that it will genuinely be up to your young person how they spend their cash once they reach 18 and their Junior ISA automatically converts to an adult ISA.

Another thing to note with Junior ISAs is others can put money in too, so the whole burden doesn't necessarily have to fall on you if you're lucky enough to have friends and family who are willing and able to contribute.

If your kid has more toys than they know what to do with then a contribution to the university education fund might make for a more meaningful present suggestion (if unpopular with your little one in the short term).

Potential cost of university tuition in years to come

Year	£
2024	9,250
2025	9,620
2026	10,005
2027	10,405
2028	10,821
2029	11,254
2030	11,704
2031	12,172
2032	12,659
2033	13,166
2034	13,692
2035	14,240
2036	14,810
Estimated cost of tuition fees for someone starting a three-year course at university in 2034	42,742

Assumes 4% inflation rate from 2025 onwards

Table: Shares magazine • Source: Shares

SCENARIO 1: COVERING TUITION FEES ONLY

TOTAL BILL £42,742

Tuition fees vary depending on which region of the UK you live in. In England, annual fees are capped at £9,250 for UK and Irish students until 2025.

Scottish students can study for free in their home country, but outsiders must pay £9,250. In Wales, yearly tuition fees are currently £9,000 per year but are set to rise to £9,250 from September 2024. If you are from Northern Ireland and your children are studying there, tuition fees are £4,750 per year.

You might need to set aside more if a course goes on for longer: for example, medicine and veterinary courses run for between five and six years.

Tuition fees have been fixed at £9,250 since 2017 but it would be naïve to think this situation will persist indefinitely, particularly as many universities are finding it difficult to balance the books.

Applying a 4% inflation rate to tuition fees from 2025 onward, the point to which the current UK Government has frozen fees, means by 2034 the annual cost would have increased to £13,692.

Someone looking to raise enough to cover a three-year course in a decade's time would therefore need to achieve a sum of £42,742, with 4% increases for years two and three factored in.

Assuming a 4.5% return and investment charges of 0.75%, from the age of eight you would need to put £295 per month into a Junior ISA. However, if you were prepared to take on a bit more risk to achieve a 7.5% return (which is not drastically out of line with the average return from financial markets over the long term) this figure would be reduced to £252 per month.

Let's assume you started a bit earlier than that – when the child was three, for example. Based on a 4.5% return and fees of 0.75% you would need to set aside £178 per month and if we bump the return up to 7.5% the monthly total would be £140.

SCENARIO 2: MEETING TUITION AND ACCOMMODATION COSTS

TOTAL BILL £82,631

The best measure of student accommodation costs in the UK is provided by a three-yearly survey by Unipol and the National Union of Students. The latest figures we have are for 2021, when the average cost for weekly rent in the UK in purpose-built student accommodation for 2021-2022 was £166. Private accommodation averaged £155 a week for an ensuite room and £228 for a studio. In London, the average was £212 per week for university accommodation and £259 for privately-owned property.

On an annual basis, the average cost of student accommodation was £7,374 but given inflation came in at 8.2% across 2022 and 2023 in the UK we're going to be prudent and apply that rate for those two years. Now inflation has moderated let's apply the same 4% rate to accommodation costs as we did to tuition fees – that puts our starting point in 2024 at £8,978. For someone going to university in 10 years' time the total outlay to cover accommodation over three years would be £39,889.

If we put that alongside the estimated cost of tuition earlier then we arrive at a total of £82,631. To achieve that with an investment return of 4.5% (again with charges of 0.75%), you would need to allocate £570 per month and at 7.5% £488 over a decade.

Potential cost of university accommodation in years to come

Year	£
2024	8,978
2025	9,337
2026	9,711
2027	10,099
2028	10,503
2029	10,923
2030	11,360
2031	11,814
2032	12,287
2034	12,778
2035	13,290
2036	13,821
Estimated cost of accommodation fees for someone starting a three-year course at university in 2034	39,889

Starting point is average cost per Unipol and the National Union of Students 2021 survey with 8.2% inflation assumed between 2021 and 2023 and 4% inflation thereafter

Table: Shares magazine • Source: Shares/Unipol & NUS

SCENARIO 3: EVERYTHING COVERED

TOTAL BILL £107,999

Working out exactly what someone might need to cover their costs at university outside of accommodation and tuition fees is not an exact science.

Shares has had a stab by employing personal finance portal NimbleFins' analysis of ONS (Office for National Statistics) data.

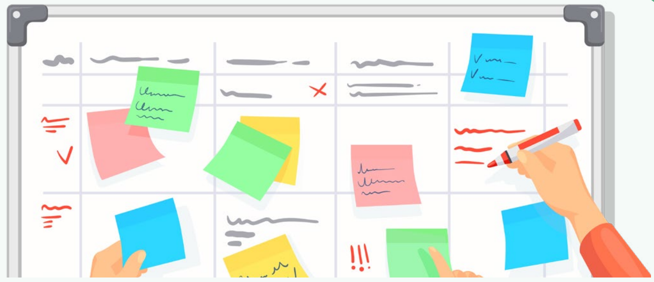
This provides a picture of the average spend on items like food, insurance, toiletries, utilities, socialising and going out, entertainment subscriptions, broadband and clothes. Some of these figures are for households rather than individuals and some costs might be covered by the student accommodation provider. We've also assumed these costs will be borne throughout the year whereas students might look to make savings by heading back to mum and dad during the holidays, but by stretching the target out a bit we should allow for some contingency to cover unexpected or one-off expenses.

Again, if we assume a 4% annual increase in these costs going forward, then over three years starting in 2034, they will add up to £25,368. The overall bill, adding in tuition fees and accommodation costs would therefore be £107,999. At a return of 4.5% and with 0.75% fees factored in, you would need to put in close to the current maximum allowance for Junior ISAs – £745 per month or £8,940 per year for a decade. A return of 7.5% would reduce this to £638 per month.

HOW JUNIOR ISAS WORK

You can apply for a Junior ISA if you are the parent or legal guardian of anyone under the age of 18 who is resident in the UK. Applying for a Junior ISA makes you the registered contact, responsible for managing the account and making investment decisions.

Although only a parent or legal guardian can open or manage a Junior ISA for a child, anyone can pay into it – up to the £9,000 annual limit. Most providers will let you create a link to send to family or friends which allows them to make payments to the account.



COMING UP WITH AN INVESTMENT PLAN

When it comes to what to invest in there are some general points worth bearing in mind. Diversification can help smooth out the ups and downs of financial markets and for this reason an obvious route to go down is to invest through funds.

This might include those which are managed by a professional and invest in a range of underlying investments or a tracker fund offering broad-based market exposure.

You should aim to keep your costs as low as possible so keep a close eye on any fees as these can really eat into your returns over the long term. This includes the cost of trading in and out of investments. So, while it is worth keeping an eye on the performance of your Junior ISA portfolio, with a detailed check perhaps once a quarter, you should resist the urge to tinker with it unnecessarily.

Another sensible move is to set up a direct debit to regularly fund your Junior ISA with directions to drip feed sums into the investments held within it, as typically this comes with a significantly reduced trading fee.

Going down this road ensures you're in the habit of squirelling money away regularly and also means you benefit from a phenomenon known as 'pound-cost averaging'. Because you're putting a regular amount in the market, regardless of market movements, you'll help to smooth out your volatility. When markets rise you buy fewer shares or units in a fund, and when they fall you buy more shares or units thereby lowering your average price.

By **Tom Sieber** Editor

How easy is it to switch your Child's Trust Fund to a Junior ISA account?

Almost a million young adults have not claimed savings in their matured fund

Almost 42% of young adults aged between the ages of 18 and 20 have not claimed savings in their matured Child Trust Fund (CTF), according to data from the account providers' trade association.

According to the Share Foundation, the value of unclaimed savings is now over £1.7 billion, while a 2022 study by HMRC estimated teenagers could have an average of £2,100 sitting in their accounts.

WHAT IS A CTF?

The government launched the Child Trust Fund scheme in 2005 meaning every child born in the UK between 1 September 2002 and 2 January 2011 was eligible for a tax-free long-term savings account which parents and family members could pay into.

If a parent or guardian was not able to set up an account for their child, HMRC opened a savings account on the child's behalf. To encourage future saving and start the account, the government provided an initial deposit of at least £250.

In 2010, the government announced it would no longer run the scheme beyond the end of the year and in 2011 it launched the Junior ISA.

According to HMRC, around 6.3 million accounts were set up, almost three quarters of which were opened by parents and guardians using a government voucher, with the government making £2 billion of contributions. Like a Junior ISA, CTFs come with a separate cash and investments iteration.

Where children have a Child Trust Fund, families can still pay in up to £9,000 a year tax-free. Young adults are able to take over and manage their account at 16 years old and access the funds at age 18, after which the account matures and no further money can be deposited.

They can either withdraw the funds from the matured Child Trust Fund account or reinvest it into another savings or investment account. Until the child withdraws or transfers the money, it stays in an account that no-one else has access to.

The first young adults with these accounts will have reached the age of 18 in September 2020, while as of April 2021 the total value of child trust funds was £10.5 billion or an average value was £1,911 per account.

Many eligible teenagers who have yet to claim their savings might be starting university, apprenticeships or their first job, so the lump-sum amount could offer a financial boost at a time when they need it most.

CAN YOU TRANSFER A CTF TO A JUNIOR ISA?

While a CTF is, for an intents and purposes, the same as a Junior ISA, switching would allow you to have access to a broader range of providers and, likely, more flexibility over what you can invest in. If your child is under 18 then you can transfer their CTF to a Junior ISA. You will need to open a Junior ISA account before you can make a CTF transfer.

Your child can't hold a CTF and a Junior ISA at the same time so you will need to fully transfer over their CTF then close their account.

Only the registered contact of a CTF can request to transfer the account, and the same person must also be the registered contact for the new Junior ISA.

When you make this transfer to a Junior ISA, remember you will be responsible for investing the cash not your child or children as they are not legally old enough to do so.

HOW DO YOU FIND A LOST CTF

If you, a family member or your child have lost track of the CTF, what should you do next?

If you know who the fund was set up with, in the first instance you can contact the account provider directly.

You can also search the HMRC website on gov.uk for 'child trust funds' and the agency can usually tell you when the account was originally opened.

You will need your national insurance number and child adoption details (if applicable), as well as the child's full name, address and date of birth and any previous names used for the child. You can also include the child's national insurance number if you have it.

After submitting this information you will normally receive a letter from HMRC with the details of the CTF provider within three weeks of your enquiry. If you don't receive a response from HMRC you can write to them with your reference number, if you were given one.

HOW TO PLAN A TRANSFER

Chartered financial planner Lena Patel tells *Shares*: 'Research different Junior ISA providers to find one that offers the best investment options, fees, and customer service. Once you've chosen a Junior ISA provider, contact them and inform them that you want to transfer the CTF to a Junior ISA.

'The Junior ISA provider will provide you with transfer forms that you need to fill out. These forms will include details about the CTF account and where it's currently held.

'The transfer process typically takes a few weeks to complete. During this time, the funds from the CTF will be moved into the Junior ISA.'

Finally, Patel says it is important to monitor the transfer: 'Keep track of the transfer process and ensure everything is completed smoothly. Once the transfer is complete, you can start managing the funds within the Junior ISA.'

By **Sabuhi Gard** Investment Writer

How to invest like Warren Buffett

What you can learn from the Sage of Omaha

Warren Buffett is probably the only professional investor who needs no introduction. Over a long and illustrious career stretching back to 1965, he's produced a mind-boggling 4,384,749% return for investors through his investment vehicle, Berkshire Hathaway. In other words, $100 invested in 1965 would today be worth over $4.3 million. For some context, the same $100 invested in the S&P 500 would now 'only' be worth $31,323.

Investors can of course get exposure to Warren Buffett's investment expertise by buying **Berkshire Hathaway (BRK.B:NYSE)** shares, which are listed on the New York Stock Exchange. But Buffett has dropped so many pearls of wisdom over the years that it's entirely possible for investors to channel the Oracle of Omaha into their own DIY portfolios, though not all his advice is perhaps exactly what you would expect.

CENTRAL INVESTMENT PHILOSOPHY

Buffett's central investment philosophy can be summed up in one statement, which Buffett attributes to his long-term investing partner, the late Charlie Munger: It's far better to buy a wonderful company at a reasonable price than a fair company at a wonderful price.' This is a far cry from Warren Buffett's initial forays into money management in the 1960s, when he built a name as a disciple of value investing guru Benjamin Graham, looking for companies that were down on their luck but trading at very cheap valuations. While he is still known as a value investor because of this history, actually Buffett's investment style is now probably better described as what the fund management industry calls GARP, or Growth at a Reasonable Price.

The basis of this approach is to invest in companies that have strong fundamentals, such as growing earnings, a competitive advantage, a solid balance sheet and wide economic moats which help to buffer them against new entrants on their patch. There is then a valuation assessment to determine to what extent these positive attributes are factored into the current market price. This approach is more nuanced and subjective than being an out-and-out growth or value investors, but as Buffett points out these are two sides of the same coin, because you can't judge the real value of a company without analysing its growth prospects.

A LONG-TERM APPROACH

Buffett also advocates a long-term approach saying 'our favourite holding period is forever'. He suggests having a portfolio you would be happy with if the market shut down for 10 years and you couldn't sell.

It's not a practical situation investors will ever face, but it's a pretty good way to think about your portfolio when you're doing a review. Warren Buffett also says he relishes dividends from the companies he's invested in, though Berkshire Hathaway doesn't itself pay a dividend, because Buffett likes to reinvest those payments for future growth. DIY investors can mimic this with the dividends they receive, instructing their platform to reinvest dividends back where they come from, or simply to hold on to them waiting for instructions to invest them elsewhere.

One of the most unusual recommendations provided by Warren Buffett comes from the 2016 Berkshire Hathaway annual report: 'Both large and small investors should stick with low cost index funds.' It's not an uncommon piece of advice to hear, and wouldn't be out of place if delivered by the late Jack Bogle, the founder of Vanguard and pioneer of index investing.

But it's a bit of an odd statement coming from a man who has spent six decades successfully beating the market through stock picking. Buffett's view on active funds probably stems from his antipathy to Wall Street and what he views as short-term investing behaviour.

Plenty of investors are of course going passive with their investment choices, and these funds have revolutionised investing, offering simple and low-cost exposure to global markets. Though as Buffett notes 'there are, of course, some skilled individuals who are highly likely to outperform the S&P over long stretches'.

A balanced portfolio can in fact accommodate both these perspectives, using index trackers in markets that are hard to beat, and active funds where investors have a great degree of conviction in their skill, or in areas that are less well served by passive funds such as smaller companies or income investing.

A CRYPTO SCEPTIC

One more recent Buffett proclamation which might also be of interest is a rather unambiguous view on crypto, which he describes as 'probably rat poison squared… I can say almost with certainty they will come to a bad ending'. Nuff said.

By **Laith Khalaf**
AJ Bell Head of Investment Analysis

The underappreciated quality scattered all over the UK stock market

There is a common thread running through the best performing FTSE 350 companies

The UK stock market has enjoyed quite the ride this year, with the FTSE 100 keeping pace with the S&P 500 in the US and hitting new record highs. It is certainly helping to raise the profile of what has been an unloved part of the investment universe – however, investors often overlook one of the UK's key attributes.

You might think having a rich pool of takeover targets on cheap valuations is why the UK stock market is finally getting more attention from investors domestically and abroad. That is certainly true to an extent – but there is something else which is grossly underappreciated and needs to get on more people's radars as it could help improve how investors perceive the UK market.

THE POWER OF BEING NICHE

One of the UK stock market's best qualities is its veritable feast of niche companies. You might call them boring and others might label them as unglamourous – what is clear is that the UK has experts in a narrow field.

Forget the fanfare around tech companies in the US disrupting the way we live and work. The UK is chock-a-block full of businesses that have identified a gap in the market and stuck to their knitting – focusing on what they do best, even if it there is limited scope for innovation.

AJ Bell analysed the FTSE 350 index of mid and large-cap companies from the date ISAs launched on 6 April 1999 until 1 May 2024, comparing total returns which encompasses the change in a share price and any dividends paid along the way.

Nine of the top 15 best performing stocks over this 25-year period fall under the category of 'niche' businesses. Is that coincidence? I think not.

It does not matter that their business model may have barely changed in decades. Their success is down to giving customers what they want, in an efficient manner, via a well-run and expertly managed operation which has enabled them to slowly take market share from competitors. This rinse and repeat approach can be highly lucrative, as this pack of companies have shown.

They are quietly getting on with the job, growing profit and paying more dividends which, when reinvested, help to enhance the returns for investors thanks to the power of compounding.

WIDGETS AND CRASH BARRIERS

Diploma (DPLM) is the top performer on the table, delivering a 14,200% total return since 6 April 1999. Anyone lucky enough to have owned the stock

Niche companies feature heavily in the best performing FTSE 350 stocks over the past 25 years

Company	Total return since 6 April 1999
Diploma*	14,100%
JD Sports	9,220%
Clarkson	7,750%
Antofagasta	5,730%
Hill & Smith*	4,750%
Cranswick*	3,230%
Games Workshop*	3,050%
Howden Joinery	2,910%
Ashtead	2,880%
Halma*	2,540%
Croda*	2,520%
Savills	2,270%
Spirax-Sarco*	2,040%
4imprint*	2,010%
Chemring*	1,890%

**Classified as niche company*

Table: Shares magazine • Source: AJ Bell, SharePad. Data 6 April 1999 to 1 May 2024

during that time could have made a mint. It is a notable example of how boring is beautiful when it comes to investing.

The company supplies widgets, cables and seals vital to keep factories running. It also distributes important items that doctors and laboratory scientists need to do their job, making it an unsung hero supporting the healthcare sector.

If you asked the average person which is more attractive as an investment: a company providing bits and bobs for a factory or a technology business with fancy software? I would wager that most people would say the latter. However, Diploma's returns over the past 25 years illustrate that being part of the system that keeps conveyor belts greased and workers in overalls is a successful way to put dinner on the table. Keeping factories ticking over is still as relevant today as it was in the 1970s.

What else is on the list? Businesses involved in crash barriers, pork processing, miniature figures of trolls and specialist ingredients for the life science industry feature on the list of niche UK stocks delivering stellar returns since 1999. There are also companies involved in such activities as steam management and promotional pens. None of these businesses are glamourous but all of them are successful.

EXAMPLES OF NICHE WINNERS

For example, **Hill & Smith (HILS)** is a leader in attractive niches where it would be incredibly hard for a new business to waltz along and suddenly take market share. Significant sums of money go into new and existing infrastructure projects each year, and safety is paramount. In addition to the provision of road barriers, Hill & Smith is active in such unglamourous areas as pipe supports for the energy sector and security fencing. Someone has to do these jobs and Hill & Smith proudly does it well.

Just look at **4imprint (FOUR)** which is as wildly different to the bright lights of AI, cloud computing or other go-go growth sectors as you can get. 4imprint is a key player in the US promotional products market – think branded pens, caps and coffee cups. The fact more than 25,000 distributors serve this market might imply this is not a niche activity, yet we would argue otherwise. It does promotional items, full stop – easy to understand and the only company of its kind on the UK stock market. A 2,010% total return since 6 April 1999 is noteworthy.

Next time someone says the UK stock market is full of old economy, fuddy-duddy companies, recite the fantastic returns from companies on the table in this article.

While something that has done well in the past isn't guaranteed to continue doing so in the future, the long-term achievements of the UK stock market's niche champions would suggest the upper, middle and lower ends of the London Stock Exchange might contain more opportunities that its unloved reputation suggests.

By **Daniel Coatsworth**
AJ Bell Editor in Chief and Investment Analyst

WATCH RECENT PRESENTATIONS

Edinburgh Investment Trust
Imran Sattar, Portfolio Manager

Edinburgh Investment Trust (EDIN) seeks to grow capital and income by investing in UK companies, with the ability to invest up to 20% of the portfolio in international stocks. The portfolio manager and his colleagues aim to achieve this through a flexible approach because investment styles come in and out of fashion, with economic and market cycles impacting them positively and negatively.

Schroder AsiaPacific Fund
Abbas Barkhordar

Schroder AsiaPacific Fund (SDP) aims to invests in high quality companies, across all countries and sectors of the Asian economy, that offer the greatest return potential. The portfolio managers draw upon the extensive resources of Schroders' Asia Pacific equities research team with 40+ analysts based across the region, as well as Schroders' London-based global sector specialists.

Solid State PLC
Gary Marsh, CEO & Peter James

Solid State PLC (SOLI) is a value-added electronics group supplying commercial, industrial and defence markets with durable components, assemblies, manufactured units and power units for use in specialist and harsh environments. The Group's mantra is - 'Trusted technology for demanding environments'.

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Can ASOS restore its fortunes?

Why asking the customer base might be the best guide

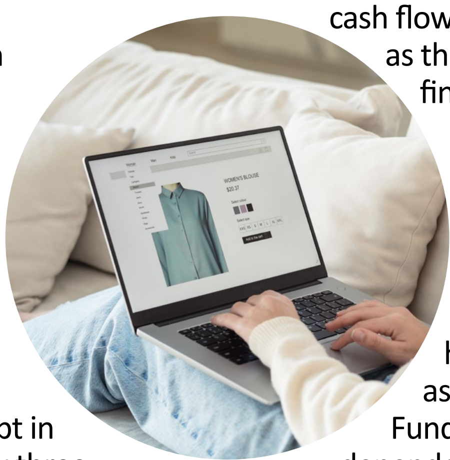
The journey of online clothing retailer **ASOS (ASC)** on the stock market has been a pretty extraordinary one. It started life as a penny stock on AIM – when *Shares* first covered the story in 2003 it traded at 4.5p.

Within a little less than five years the share price had reached more than £4, by 2014 it had hit £70 and, after another retreat, at its 2018 height it traded close to £80. Even its pandemic highs saw it within touching distance of £60. Today it trades at 358p. In chart form it looks like a visual representation of the Three Peaks challenge.

There's no doubt ASOS was once able to tap into changing trends in the world of clothes shopping. The late John Cotter supported many beginner investors as they dipped their toes in the stock market as a vice president at Barclays Stockbrokers, and this author had the pleasure of meeting him more than a decade ago.

In his 2011 volume *Cotter on Investing*, he explained how he returned from work in April 2005 to find his three teenage daughters gathered round a laptop and was persuaded to ask what they were so interested in.

Their reply – ASOS (As Seen On Screen) – prompted Cotter to ask more questions. When an audience at a training presentation in Glasgow the next day also showed enthusiasm for the site his interest was well and truly piqued. He initially invested at 51p.



Cotter writes: 'There is no doubt in my mind if it wasn't for seeing my three daughters huddled around the laptop, and the reaction to the questions I got the following day in Glasgow, I would never have heard of the company until the share price was at least eight times higher than the level at which I first bought at.'

Investors now need to decide if ASOS shares can scale another peak. Despite the company having addressed issues around costs and excess inventory, a looming obstacle could be its balance sheet.

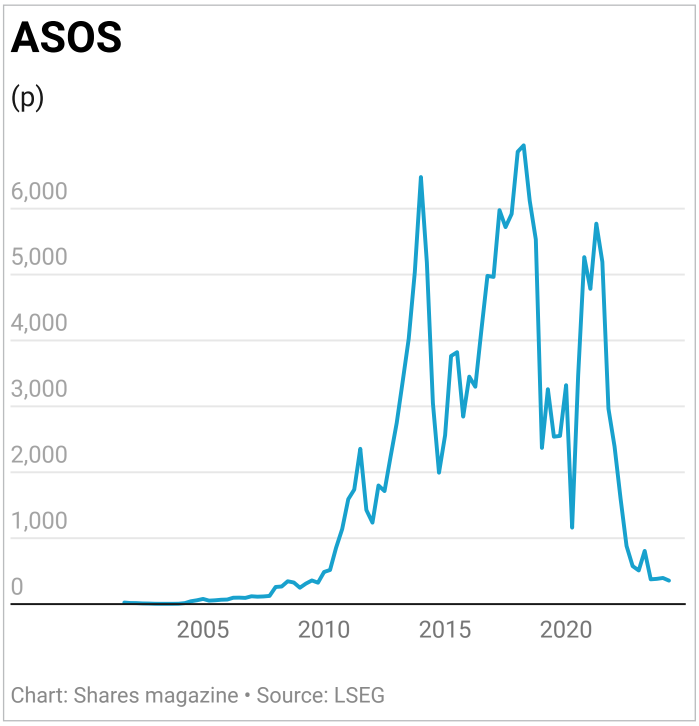


Chart: Shares magazine • Source: LSEG

Liberum analyst Anubhav Malhotra says: 'The cost base and working capital have been rightsized but without returning to meaningful sales growth, free cash flow generation will not improve materially as the inflow from working capital ends this financial year.

'ASOS probably has another 12 months to fix free cash flow generation before it must start thinking about refinancing/paying the convertible due less than 24 months from now.' If it can't then Malhotra suggests it will have to go down the route of selling assets or raising funds from shareholders.

Fundamentally, the company's success is dependent on its ability to remain relevant with its customer base.

Teenagers and young adults are likely to remain just as focused on fashion as they have always been, but they are increasingly eco-conscious and the whole concept of disposable fast fashion is somewhat at odds with a green philosophy. If you have children or grandchildren in this demographic yourself (or friends who do), canvassing their opinion might be a good starting point.

Should I tap into my untouched SIPP in anticipation of a future pensions shake-up?

Answering a query from a reader who has fixed protection on their tax-free cash allowance

I have a SIPP worth just over £1.5 million. I have previously applied for fixed protection 2014 and understand that this means my tax-free cash allowance is higher than normal.

I am aged 73 and as yet haven't touched the funds. Furthermore, I am not proposing to take any income in near future, instead I am taking income from my ISAs.

What is the downside of crystalising a chunk of the SIPP and maybe taking a little tax-free cash now, so that if a future government brings back some form of lifetime allowance my benefits can be brought below the limit prior to any possible changes.

Fred

Rachel Vahey,
AJ Bell Head of Public Policy, says:

The lifetime allowance was abolished from 6 April and has been replaced with two new key allowances. One of these – the lump sum allowance – measures the amount of tax-free lump sums a pension saver can take in their life. This allowance is set at £268,275 for most people but could be higher if the person had previously applied for lifetime allowance protection.

The pensions lifetime allowance was originally introduced in 2006 as £1.5 million and then rose gradually to £1.8 million in 2010. However, in 2012 it was cut to £1.5 million, then £1.25 million in 2014, and then £1 million in 2016. Every time it was cut, pension savers who had built up substantial pension pots could apply to protect that higher level, to mitigate how much they would be affected by the lower allowance.

Fixed protection was one such protection option. In 2014, anyone could apply for the protection and boost their personal lifetime allowance back up to £1.5 million, as long as, broadly, they didn't pay more contributions into their pension pot after 5 April 2014. Their tax-free cash was also protected at £375,000.

LIFETIME ALLOWANCE PROTECTIONS CARRIED OVER TO NEW REGIME

Lifetime allowance protections have been carried over into the new regime. So, someone with fixed protection 2014 would now have a protected lump sum allowance worth £375,000. (Although now they can contribute to their pension plan and keep the protected lump sum allowance.)

When a pension saver accesses their pension pot three quarters of any money taken out can be moved into drawdown and can continue to benefit from investment growth. However, up to a quarter of it can be paid out tax-free. That could leave a big amount of money in the person's bank account which they may want to invest.

Some of it could be paid into ISAs, depending on how much allowance they have left (including the ISA allowance of any partner). There are other tax-efficient investments they could also consider, such as EISs (enterprise investment scheme) or VCTs (venture capital trusts), although these are higher risk. Or they could gift the money to others, within inheritance tax allowances.

If the lifetime allowance was then reinstated

this might not affect the drawdown money still invested, but we do not know this with any certainty, and it would depend upon the new rules.

Alternatively, a pension saver may want to leave pension funds untouched, especially if they didn't need any income or cash. The current rules mean pension funds can be passed on very tax efficiently to loved ones, especially if people die before age 75. They also no longer face a lifetime allowance test at age 75. However, if they died after age 75 without ever taking their tax-free cash this feature would be lost – those that inherit pension money have to pay income tax on all withdrawals or lump sums.

A TRICKY DECISION

Deciding what money to take from a pension pot, and when, can be a tricky decision. Especially in times of political uncertainty. Although the lifetime allowance has been abolished, Labour has previously said they would reinstate this. But for now we don't know if they will carry this out.

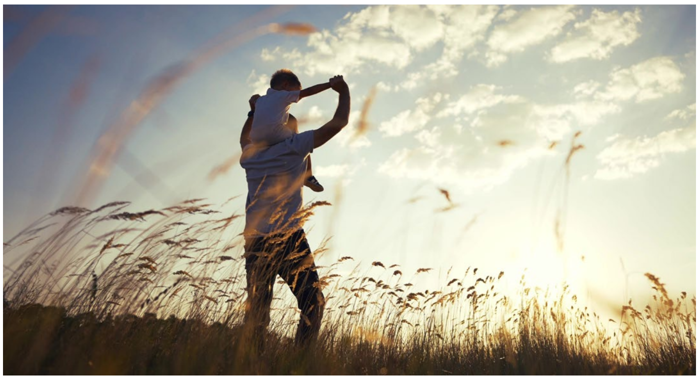
Furthermore, we simply don't know what it would mean for pension savers if the lifetime allowance was reinstated. It could affect them, or they could be offered some form of protection.

Second guessing politicians is difficult. Instead, it may be easier for pension savers to make decisions based on their current situation and their income and cash needs now.

DO YOU HAVE A QUESTION ON RETIREMENT ISSUES?

Send an email to **askrachel@ajbell.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 information 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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