REDMAYNE-BENTLEY'S FORTNIGHTLY PUBLICATION FOR ACTIVE INVESTORS

ANNUAL SUBSCRIPTION: £40

# EQUITY INSIGHT

REDMAYNE BENTLEY
ESTABLISHED 1875

## SHAREHOLDERS ~ KNOW YOUR RIGHTS!

ISSUE 656
7TH SEPTEMBER 2017

It is likely, if you are reading this, that you are a shareholder. Therefore, indications that the government will modify its proposals to curb "fat cat" pay awards in order to placate the pro-business lobby may be disappointing. Plans to include employee and customer representatives onto company boards are likely to be shelved, being replaced by the option of a company having a non-executive director, who represents employees, or an employee advisory council. In addition, shareholders will not have a binding vote on pay, instead remaining advisory.

Bodies that represent private shareholders have criticised the Prime Minister for not doing enough to change what Mrs May termed "the unacceptable face of capitalism". Their argument is that individual shareholders' rights need to be strengthened and restored. This could include having individual shareholders' names being placed on the register along with the nominee accounts through which the shares are generally held, saying that technology allows this option, where once it may have been too difficult. A senior industry figure said: "I support the financial groups passing voting power down to the ordinary private investor. After all, it is their money we are talking about." A counter-argument is that brokers will place votes on the investors' behalf, if asked to do so, and investors in nominee accounts have had the same rights as direct shareholders through the 2006 Companies Act.

> "Few people realise how much power is associated with being a shareholder..."

Some question whether legislation is required, as certain companies are showing a greater interest in the needs of its small shareholders and increasing the level of engagement. For example, **Marks & Spencer**, which relied on its small shareholders to stave off the takeover approach from Sir Philip Green in 2004 through the mass

attendance at its AGM, is creating a private shareholder panel and giving those members access to the board. **Royal Bank of Scotland** has recently held an event that was aimed at private investors.

ShareAction, a charity that promotes responsible investment, says: "Few people realise how much power is associated with being a shareholder". However, being a shareholder and voting on a company's policies can be more effective than signing a petition. It is suggested that political and economic factors could increase retail investors' participation as the realisation takes hold that ownership could influence a company's decision making.

Being a shareholder confers risks and opportunities. The opportunity is the potential to increase your wealth, through share price appreciation, whereas the risk is a share price falling and ultimately the collapse of a company. In this instance, the shareholder sits below bond holders and preference shareholders in the corporate hierarchy. Therefore, it should be remembered that one of the rights of being an equity shareholder is the ability to vote on corporate issues, from minor to major. It is important to remember and exercise these rights, as a knowledgeable and well-informed investor may be less susceptible to risks, and so enjoy the benefits of share ownership.

**Christopher Price,** *Investment Specialist*
Redmayne-Bentley

### FEATURED CONTENT



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01689 882 129

Visit our website at:
www.redmayne.co.uk

# TRADING RANGES

## Balfour Beatty (BBY)

BUY BELOW 260p

300p SELL ABOVE

**Balfour Beatty** issued 7 profit warnings between 2012 and 2015, and as a result has worked for the last 2 years to simplify its business in order to return to profit and maintain its independence. Shares hit lows in 2014 around 156p and have steadily seen recovery back above 250p over the last 12 months.

In August, results for the half-year ending June 2017 showed a return to profit for the first time since 2014. The business is booking new orders "at improved margins and reduced risk", according to chief executive Leo Quinn. It has become more selective of the contracts it has taken on, resulting in lower revenues but increased profitability as the focus is now on improving margins. The company reported underlying profit before tax of £22m. As a result the interim dividend was increased by 33 per cent to 1.2p per share.

Following the results, *Numis* stated they believe Balfour Beatty offers the best recovery story and strongest balance sheet in the sector and retained their full-year profit and earnings forecasts. They also upgraded their predictions for net cash to £94m by the end of 2017. In addition, *Liberum* predict Leo Quinn will continue to drive out costs from the business and also speculate that there is increased scope for shareholder returns. Both analysts have a 'buy' rating with a price target of 350p.

Therefore, whilst this view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives, I rate Balfour Beatty a trading buy at the time of writing.

**Anita Evans,** *Investment Support Executive*

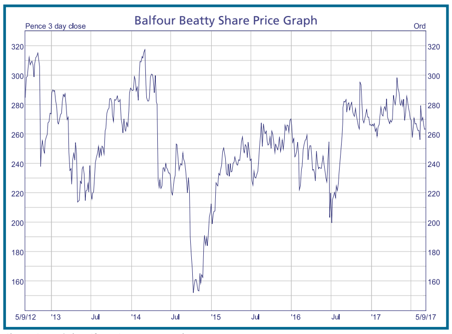



Chart Copyright: ShareScope www.sharescope.com

| CURRENT PRICE (P) | 260.4 | | |
|---|---|---|---|
| 52 WEEK RANGE (P) | 256.1 / 298.4 | | |
| RESULTS | *2016* | *2017(Est)* | *2018(Est)* |
| Profit (£m) | –51 | 95.3 | 168 |
| EPS (p) | –9.12 | 12.4 | 20.4 |
| Dividend (p) | 0.90 | 3.70 | 6.49 |
| Yield (%) | 0.34 | 1.40 | 2.46 |

Past performance and forecasts are not reliable indicators of future results or performance.

Source: www.companyrefs.co and Fidessa

## Alfa Financial Software (ALFA)

BUY BELOW 475p

550p SELL ABOVE

**Alfa Financial Software** provides software, enabling asset finance companies to manage financial contracts. The company was founded in 1990 and has developed a technology platform business which is used by Société Générale, Nordea, Toyota, Siemens and Mercedes Benz.

Alfa floated on the stock market in June 2017 and will be promoted to the FTSE 250 on the 18th September 2017. The company recently announced its maiden interim results as a listed company for the 6 months to the end of June. Pre-tax profits rose 15 per cent and revenues also significantly increased year on year.

In the first half of 2017, Alfa announced 2 substantial new customer wins, further diversifying their client base. The US market contributes approximately 45 per cent to their revenues, which provides a diverse income stream for the business. The company estimate the asset financing industry to be worth approximately US$3bn.

Alfa has a strong pipeline of opportunities and a confident management team in place. The company has a strong customer base which they are looking to expand in future years.

Therefore, whilst this view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives, I rate Alfa Financial Software a trading buy at the time of writing.

**Onochie Eneh,** *Investment Manager*

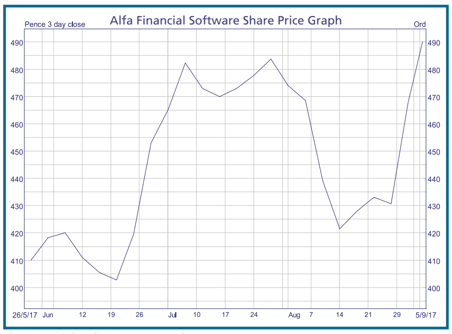



Chart Copyright: ShareScope www.sharescope.com

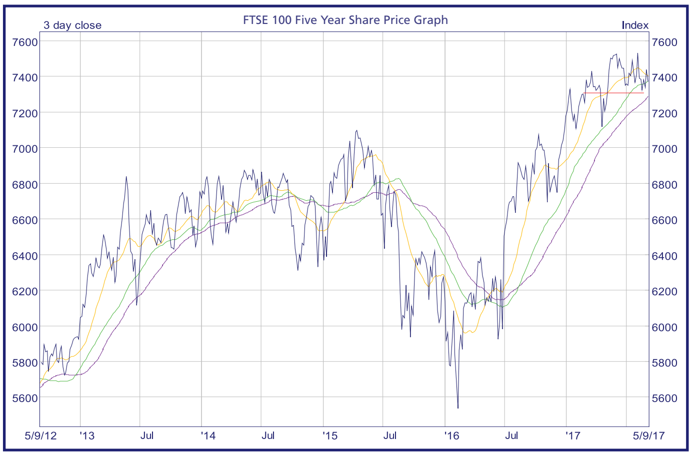
| CURRENT PRICE (P) | 475 | | |
|---|---|---|---|
| 52 WEEK RANGE (P) | 397 / 490 | | |
| RESULTS | *2014* | *2015* | *2016* |
| Profit (£m) | 18.20 | 22.90 | 17.50 |
| EPS (p) | 3.80 | 4.90 | 2.70 |
| Dividend (p) | ~ | ~ | ~ |
| Yield (%) | ~ | ~ | ~ |

Past performance and forecasts are not reliable indicators of future results or performance.

Source: www.companyrefs.co and Fidessa

# THE CHARTS

Markets have continued to consolidate as geopolitical tensions rise, natural disaster strikes, Brexit negotiations stall and uncertainty lingers around the strategy of the European Central Bank on the strong Euro.

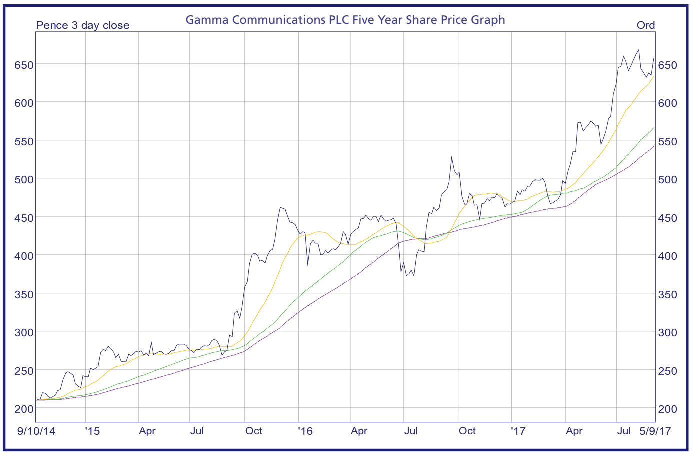




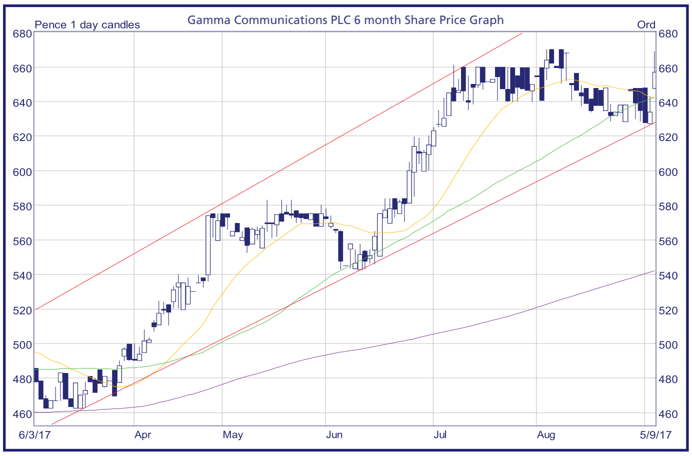


## FTSE 100

The FTSE 100 seems to be maintaining a prolonged period of consolidation. The value has reverted back down following a recent minor breakout from its 20-day moving average, which has been providing resistance over the past 2 weeks. A key moment occurred at the beginning of September when the 20-day moving average slipped below the 50-day moving average, a typical sign of the formation of a downtrend. However, with the long-term moving averages still looking strong and the prevalence of buying pressure still in the market, this downtrend may not be very severe.









## Gamma Communications PLC (GAMA)

**Gamma Communications** appears to be a strong mover, being funneled upwards in a controlled manner by the forming support and resistance lines. This growth of the company seems to be grounded in some fundamentals as well, which themselves have a positive outlook. Projections for its earnings before interest, tax, depreciation and amortisation are set to increase over the next two years, as well as dividend yield. With both short-term moving averages sitting comfortably above the 200-day average, the company seems to be on a very strong footing moving forwards. This view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives. ✔✔

Strong Buy ✔✔✔ Buy ✔✔ Hold O Sell ✖✖ Strong Sell ✖✖✖

**Jacob Smith,** *Investment Services*

**Key: Moving Averages**
A moving average is the unweighted mean of the previous datum points.
20-Day ——— 50-Day ——— 200-Day ———

Past performance and forecasts are not reliable indicators of future results of performance and investments and income arising from them can fall as well as rise in value and you may get back less than you originally invested.

# CITY VIEWS

A selection of recently published views from analysts in The City.

| STOCK | DATE | PRICE (P) | BROKER NAME | VIEW | TARGET (P) |
|---|---|---|---|---|---|
| HIKMA (HIK) | 01.09.17 | 1188 | CANTOR FITZGERALD | BUY | 1670 |

*Cantor Fitzgerald* maintained their 'buy' rating on **Hikma**, however, they cut their price target to 1670p from 2200p. According to the broker, Hikma has had "significant problems" with its generic drug division with a "never ending reduction in guidance". The company has lowered its full-year revenue expectations to US$2bn from US$2.2bn. The generics segment of the business has lowered expectations, and it no longer expects the generic version of GlaxoSmithKline's chronic obstructive pulmonary disease drug, Advair Diskus, to be approved this year. *Cantor* have reduced their profit expectations for the generics division for 2017 to US$30m from US$37m, in line with Hikma's forecast.

| STOCK | DATE | PRICE (P) | BROKER NAME | VIEW | TARGET (P) |
|---|---|---|---|---|---|
| INDIVIOR (INDV) | 01.09.17 | 292.8 | NUMIS | BUY | 470 |

*Numis* maintained their 'buy' rating and 470p price target for **Indivior**. A recent court ruling that generic competitors to Indivior's core Suboxone Film product, from Dr Reddys Laboratories, are not infringing its patents is a "step back" for the company. However, according to analysts note, the "step back" is only after "many steps forward". The London–listed drugmaker is looking to appeal the US court ruling and will continue to "vigorously defend" its intellectual property. Recent company guidance assumed no generic drug launch for 2017, however, with the court ruling, this has "significantly increased" the risk to Indivior's guidance. The broker is now focused on the "imminent approval" of Indivior's long-acting injection, RBP-6000, which has been cast into doubt after the recent declaration of an "opioid crisis" by the US National Crime Agency.

| STOCK | DATE | PRICE (P) | BROKER NAME | VIEW | TARGET (P) |
|---|---|---|---|---|---|
| MCBRIDE (MCB) | 04.09.17 | 193.75 | NUMIS | BUY | 211 |

*Numis* have reiterated their 'buy' rating and 211p price target on **McBride**. Its recent acquisition of Danlind, a Danish based supplier of auto-dishwash products, makes a "good, strategic rationale" according to the analyst. The £38.8m acquisition allows McBride to offer a complete auto-dishwash product range. It has opened the doors to a number of new customers, including commercial and manufacturing contracts. McBride was able to complete the deal at a reasonable price following Danlind's recent poor trading. McBride is expected to leverage its scale to deliver synergies, with c.£6m cut in planned capital expenditure, and a further £6m-£8m in working capital savings in the near term.

| STOCK | DATE | PRICE (P) | BROKER NAME | VIEW | TARGET (P) |
|---|---|---|---|---|---|
| CURTIS BANKS (CBP) | 04.09.17 | 291.375 | PEEL HUNT | BUY | 350 |

*Peel Hunt* retained their 'buy' rating and price target of 350p on **Curtis Banks** following the release of its interim figures. These were marginally ahead of expectations and the dividend was increased to 1.5p from 1p the year before. Adjusted profit before tax was £5m against a forecast of £4.8m, equivalent to diluted earnings per share of 7.2p in comparison to an expected 7.1p. Operating cash inflows were £5.8m over the year, equivalent to 109 per cent of operating profits. Analysts at *Peel Hunt* have made no changes to their full-year forecasts and note that the company "remains on track for existing expectations."

| STOCK | DATE | PRICE (P) | BROKER NAME | VIEW | TARGET (P) |
|---|---|---|---|---|---|
| ACACIA MINING (ACA) | 05.09.17 | 188.3 | NUMIS | BUY | 450 |

*Numis* cut their price target on **Acacia Mining** to 450p from 500p, but kept its 'buy' rating. This comes after recent news that Acacia will scale back operations at the Bulyanhulu mine following a ban imposed by the Tanzanian government on gold-copper concentrate exports. Acacia believe the wind down of activity at the mine could take approximately 3 months and cost a one-off payment of US$20-$25m. It has reduced its full-year production target and now expects it to be 100koz below the original estimation of 850-900koz, due, in part, to lower production at its North Mara site. North Mara has had "underground development delays" caused by difficulty obtaining work permits for key contractors. *Numis* believe that once the changes at Bulyanhulu are complete, Acacia should return to positive cash generation by early 2018.

# SHARE SPOTLIGHT

## Phoenix Group (PHNX)

**Phoenix Group** is a speciality life insurer that acquires, consolidates and manages closed (also known as zombie) life assurance and pension funds. Closed-life funds are those that have stopped actively selling products and slowly taper off over time. Phoenix's closed-life funds have around 6.1m policyholders and assets in the region of £75bn.

The life assurance business, including management services and operations, is called Phoenix Life. It has four operating companies which hold assets for policyholders, plus the Sun Life distribution business. Under other fund types it provides legacy products including With-profit, Unit-linked, and Non-profit products. With-profit is investment and saving products. Unit-linked includes insurance and non-guarantee investment contracts. Non-profit, or annuities, covers policyholders making fixed or variable payments for future income payments up to death. Non-profit is term assurance that pays out if death occurs within specific parameters.

On 24th August the interim results were released. The financial highlights were £360m of cash generation in the first half of 2017, compared to £147m in the first half of 2016. Total holding company cash was £691m at 30th June 2017, up from £570m at 31st December 2016. It reported that it remains on track to achieve its cash generation target of £1bn - £1.2bn between 2017 and 2018, and the longer-term cash generation target for 2016 - 2020 of £2.8bn. The Solvency II surplus was up to £1.7bn at 30th June 2017 from £1.1bn at 31st December 2016. Group operating profit of £215m for the first half 2017, was up 100 per cent from £107m in the first half of 2016. The interim dividend was increased by 5 per cent to 25.1p.

The chief executive, Clive Bannister, said: "The Group continues to deliver strong cash generation and remains on track to achieve its targets, supported by capital and cost synergies from the AXA and Abbey Life acquisitions. The plans to bring Phoenix onshore are progressing well and have been supported by the issuance of over £800m of subordinated debt during 2017. Our strengthened capital position and the recent upgrade from Fitch Ratings gives us the financial flexibility to execute additional acquisitions in future."

On 25th August *HSBC* nudged its target up to 810p from 790p and on 29th August *Berenberg* raised its price target to 880p from 821p. In its first September edition, the *Investors Chronicle* gave it a 'buy' tag and said "the group is progressing well against its cash generation target of £1bn-1.2bn between 2017 and 2018. We remain buyers."

### "REDMAYNE-BENTLEY SAYS..."

**VIEW**
**BUY**

If Phoenix is successful in achieving its long-term target of generating £2.8bn cash over 2016–2018, it will help to support the dividend, currently around 6.3 per cent, and to support further growth. The acquisition of AXA Wealth, last year, has surpassed expectations, through enhanced cash generation and improved cost synergies. The company estimates there are over £300bn of closed-life funds in the UK and it aims to continue consolidating that market. Some of the risks identified by the company are political, counterparty, and actuarial. Political includes potential changes in legislation following Brexit, counterparty is the failure of third parties and actuarial covers incorrect assumptions in mortality rates. With technological advances there is also the risk of digital innovation by peers, increasing competition.

Therefore, whilst this view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives, I rate Phoenix Group a buy at the time of writing.

**Robert Kilner,** *Stockbroker*

All prices quoted correct as at 6th September 2017.

PHOENIX GROUP

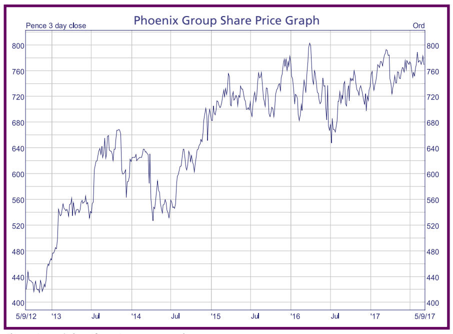



Chart Copyright: ShareScope www.sharescope.com

| | |
|---|---|
| CURRENT PRICE (P) | 760.5 |
| 52 Week High | 798.5 |
| 52 Week Low | 697.5 |

Activities
Phoenix Group Holdings is a specialist closed life and pension fund consolidator. It manages closed life funds by protecting and enhancing policyholders' interests.

Source: www.companyrefs.co and Fidessa

| RESULTS | 2016 | 2017(Est) | 2018(Est) |
|---|---|---|---|
| Profit (£m) | –98.0 | 174 | 173 |
| EPS (p) | –30.90 | 35.30 | 35.30 |
| Dividend (p) | 53.40 | 50.20 | 50.20 |
| Yield (%) | 6.91 | 6.50 | 6.50 |

Past performance and forecasts are not reliable indicators of future results or performance.

Source: www.companyrefs.co

| COMPANY DATA | |
|---|---|
| SECTOR | Life Insurance |
| YEAR END | December |
| AGM | May |
| INTERIM | August |
| MARKET CAP (£M) | 3,037 |

Source: www.companyrefs.co

# BROKER PICK

## United Utilities (UU)

**VIEW**
**BUY**

**United Utilities** founded in 1995, supplies water and recycles waste water in the North West of England. Results for the year ending March 2017 showed revenue of £1,704m, marginally lower due to the impact of a joint venture. The underlying operating profit was £623m, a 3.1 per cent improvement. Net cash generated by continuing activities was almost a fifth higher at £821m, but net debt increased by £318m to £6,261m while the total dividend was raised 1.1 per cent to 38.87p.

The investment plan totalling £3.6bn for the 2015-2020 period was accelerated and the company achieved industry-leading standards with respect to pollution incidents. Operational progress included a sustained improvement in customer satisfaction and a 27 per cent reduction in complaints.

Uncertainties principally centre on regulation. The next Ofwat regulatory period is 2020-2025 and their review provides a framework which regulates the price and service requirements for the sector. The draft methodology was published in July, the consultation closed at the end of August and the final methodology will not be available until this December. United Utilities expects to submit its main business plan in September 2018. The company notes that there is a risk that regulatory price indexation for water charges may change from RPI to CPI, which would moderate potential for price increases. Given that the UK is set to leave the EU in around 18 months, it is unclear how long the European directives relating to the water industry will continue to apply.

Given the nature of its activities, turnover at United Utilities typically shows resilience during periods of slower economic growth in the domestic economy. While earnings per share are likely to be static in the current year, estimates for the year to March 2019 exceed 11 per cent. Dividend growth this year and next is forecast at around 2.5 per cent, with an attractive net yield available of 4.25 per cent. The shares in the last 12 months reached a peak of 1078p while the low was 849p. At the current level of 911.5p they remain towards the lower end of their trading range.

This company is viewed as buy for income at the time of writing. The views expressed in this article are the views of the author and do not necessarily reflect the views of Redmayne-Bentley as a whole.

**Bill Keen,** *Investment Manager*

All prices quoted correct as at 6th September 2017.

United Utilities

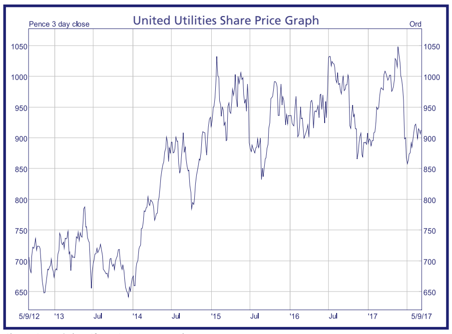



Chart Copyright: ShareScope www.sharescope.com

| | | | |
|---|---|---|---|
| CURRENT PRICE (P) | 911.5 | | |
| 52 WEEK RANGE (P) | 854.5 / 1056 | | |
| RESULTS | *2017* | *2018(Est)* | *2019(Est)* |
| Profit (£m) | 441 | 444 | 460 |
| EPS (p) | 54.80 | 59 | 61 |
| Dividend (p) | 38.60 | 40.10 | 41.10 |
| Yield (%) | 4.23 | 4.39 | 4.50 |

Past performance and forecasts are not reliable indicators of future results or performance.

Source: www.companyrefs.co and Fidessa

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## Worldwide Markets

Global markets have been volatile in the wake of rising geopolitical tensions between the United States and North Korea, significant economic data and uncertainties surrounding global monetary policy.

| INDEX | VALUE | | CHANGE | % |
|---|---|---|---|---|
| FTSE 100 | 7354.13 | ↓ | –28.52 | –0.39 |
| Dow Jones | 21807.64 | ↓ | –4.45 | –0.02 |
| CAC40 | 5101.41 | ↓ | –13.98 | –0.27 |
| DAX | 12214.54 | ↑ | 40.24 | 0.33 |
| Nikkei | 19357.97 | ↓ | –76.67 | –0.39 |
| Hang Seng | 27613.76 | ↑ | 212.09 | 0.77 |

NOTES

The UK services sector, representing 80 per cent of the economy, slowed in August due to reduced orders and cost pressures. Meanwhile, many economists are pushing back rate hike expectations until 2019.

US equities have been hit by mounting tensions between the US and North Korea, following Pyongyang's successful weapons testing. GDP growth was revised higher in the second half of 2017.

The French economy recorded its fourth consecutive quarter of expansion, growing 0.5 per cent in the 3 months to the end of June. This was mainly driven by household consumption and exports.

The German economy grew by 0.6 per cent in the second quarter of 2017. Meanwhile, the inflation rate rose to a four month high in August, driven by energy and food prices.

Japan's inflation rate held steady in the 4 months to July 2017 at 0.4 per cent, while the unemployment rate remained at a 23-year low of 2.8 per cent in July, in line with market expectations.

The Chinese inflation rate was 1.4 per cent for July, representing the lowest inflation rate since April as the growth in the cost of non-food items slowed and the cost of food continued to fall.

Performance figures relate to the period from the publication of issue 655 to the close of business on 6th September 2017.

Source: *Financial Times*

# STOCK VIEWS UPDATE

Below, we revisit some of the views that we have previously held and give you our current thoughts on them.

## Inmarsat PLC (ISAT)

British satellite telecommunications company **Inmarsat PLC** recently released interim results for the first half of 2017. Revenues increased by US$59.2m, however, adjusted profit after tax fell US$84.8m to US$37.6m. Strong performance from government operations offset weak performance from the maritime division. However, Inmarsat's largest customer is the US government, which is currently undergoing budget cuts. The five per cent decline in maritime revenues and the weaker outlook for the sector more generally are also a cause for concern. The satellite company faces increasing competition in the next few years, potentially affecting prices in the sector. Furthermore, the company faces regulatory risks regarding its in-flight wifi network. This view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives. ✖✖

Viewed a Hold by Robert Kilner on 23rd March 2017. Price on 22nd March 2017 was 791.5p.
Current price 663p ~ yield 6.35%.

## Vodafone Group PLC (VOD)

British multinational telecommunications company **Vodafone** reported positive performance for the quarter ended 30th June 2017. Organic service revenue grew 2.2 per cent, with 0.8 per cent growth in Europe. The period saw strong growth in Italy, Spain and Germany, with the UK showing signs of recovery. Analysts have welcomed these first-quarter results, highlighting the strong momentum in Europe as a positive. However, increasing competition and regulatory risks present possible challenges on the horizon. Vittorio Colao chief executive commented "We have made a good start to the year in Europe, where our commercial momentum remains robust…Although competition in India remains intense, service revenues stabilised compared with the prior quarter". Management maintains a positive outlook regarding meeting its full-year goals. This view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives. ○

Viewed a Buy by Robert Kilner on 20th October 2016. Price on 19th October 2016 was 223.95p.
Current price 215p ~ yield 6.29%.

## easyJet (EZJ)

Low-cost airline **easyJet** reported mixed results for the quarter ended 30th June 2017. Passengers carried increased by 10.8 per cent to 22.3m, total revenue per seat increased by 2.2 per cent and total revenue in the quarter increased by 16 per cent to £1.39bn. However, the revenue environment remains challenging, with forward bookings indicating that easyJet expects second half revenue per seat to decline by 2 per cent. Despite signs that industry capacity growth may be slowing, reducing pressure on passenger yields, increased competition may continue to weigh on easyJet's revenue, threatening the airline's recovery. Carol McCall, chief executive, commented: "easyJet has delivered a strong performance in the quarter right across the business." This view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives. ○

Viewed a Buy by Nick Thompson on 9th April 2015. Price on 8th April 2015 was 1858p.
Current price 1151p ~ yield 4.69%.

## WPP (WPP)

Multinational advertising and public relations company **WPP** released results for the first half of 2017. Revenues were up 1.9 per cent, headline profit before tax was up 15 per cent to £793m and after-tax profits were up 80.6 per cent on a constant-currency basis. The company declared a 22.7p dividend, up 16.1 per cent. Analyst reaction has been mixed, with negative organic growth being highlighted as a concern. However, several analysts maintain a positive outlook, suggesting that the second half will be stronger due to reduced competition and higher advertising and public relations spending. Management maintains a positive outlook regarding meeting its long-term targets, reiterating that the prime focus for the remainder of 2017 will be improving revenue and net sales along with strategically-targeted acquisitions. This view does not constitute a personal recommendation and any advice given to individual clients would vary according to their personal risk profile and objectives. ✔✔

Viewed a Buy by Malcolm Bracken on 20th October 2016. Price on 19th October 2016 was 1820p.
Current price 1403p ~ yield 4.28%.

All prices quoted correct as at 6th September 2017.

Strong Buy ✔✔✔ Buy ✔✔ Hold ○ Sell ✖✖ Strong Sell ✖✖✖

# THE BACK PAGE

## TOP TRADES

Below, we take a look at the most frequently traded shares through Redmayne-Bentley over the last couple of weeks and consider why they have been so popular.

### Indivior (INDV)

Specialty pharmaceuticals group **Indivior PLC** was hit with a £1bn drop in value due to losing its heroin treatment patent case. A Delaware court ruled that drug maker Dr Reddy's had not infringed its patents, paving the way for the launch of rival treatments. Indivior expressed intent to appeal against the ruling, with chief executive Shaun Thaxter saying: "Today's news is disappointing…given the belief that the company has in its intellectual property for Suboxone Film". The group warned that the ruling could lead to an 80 per cent reduction in market share for the treatment.

### Melrose (MRO)

Shares in **Melrose** slid recently following its interim results. Investors seem particularly concerned by Melrose's Brush business which is experiencing "its toughest market conditions" since it was acquired in 2008. Melrose said that "appropriate action is being taken for the long term with all parts of the business being reviewed." On the other hand, the group's Nortek business achieved a record first-half performance, with an underlying operating profit 54 per cent higher than last year at £145.5m. Melrose said it remains confident of identifying further acquisitions.

### Provident Financial (PFG)

Personal credit lender **Provident Financial PLC** saw nearly £1.7bn wiped from its stock market value after issuing consecutive profit warnings, parting with its chief executive and cancelling a dividend. Additionally, it announced that it is facing a regulatory probe by the Financial Conduct Authority regarding a product sold to individuals who wished to freeze their credit card debt. However, investors reacted positively to the lender's management shake-up which has seen Chris Gillespie, who ran the consumer credit arm between 2007 and 2013, reappointed.

## NEWS & EVENTS

**Is staying in the new going out?**

Many people enjoy going out, whether it involves a trip to the cinema, the theatre, a restaurant or even a few nights in a hotel. However, the latest purchasing managers index (PMI) results for the UK services sector suggest that we don't do it as much as we used to. An index figure of 53.2 for August still indicates expansion, however, this is down 0.6 on July, below the forecasted figure of 53.5 and is the slowest pace of growth for 11 months. Subdued demand and increased economic uncertainty have both had a bearing on activity and contributed to a loss of momentum for the economy.

On the results, Chris Williamson, chief business economist at IHS Markit, commented: "In services, the weaker growth trend was most evident in consumer-facing sectors such as hotels and restaurants and other personal services, which includes businesses such as cinemas, gyms and hairdressers."

However, the results also provided some cause for optimism. In an attempt to alleviate the backlog of work within the services sector, the number of new jobs created increased for the third month in a row and to its strongest level since early 2016.

**Info Point:**

**Opening Hours:**
Monday to Friday 0800 – 1700

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