4 SHIRES

ASSET MANAGEMENT

Investment Commentary

Second & Third Quarters 2019


Seasons Greetings to all our clients,
contacts and supporters.
Wishing you a merry Christmas and
prosperous New Year.

Introduction

Welcome to the 4 Shires Investment Commentary for the second and third Quarters of 2019.

The trade war between China and the USA has overshadowed the world in the second quarter and beyond. The lack of a deal has weighed on markets.

Actual economic growth has been reasonably strong around the world. Markets, however, have been volatile over the past few months, providing both opportunities and headaches.

With Brexit approaching a likely final resolution, there is a good chance of a rally in British markets as the UK market remains one of the cheapest developed markets in the world. If there were to be a no deal Brexit as a result of failed trade talks in 2020, however, the damage could be reasonably significant to the UK economy. To be completely outside a trading bloc would put the UK in a unique and dangerous situation amongst developed nations.

We still believe the bull market has further upside, despite its longevity. We believe the recent bull market rally in bonds may be coming to an end, and that lower interest rates in the US will help to fuel optimism before the US presidential election year gets underway in 2020.

We hope that you enjoy reading this latest Investment commentary.

Jeremy Le Sueur
Managing Director

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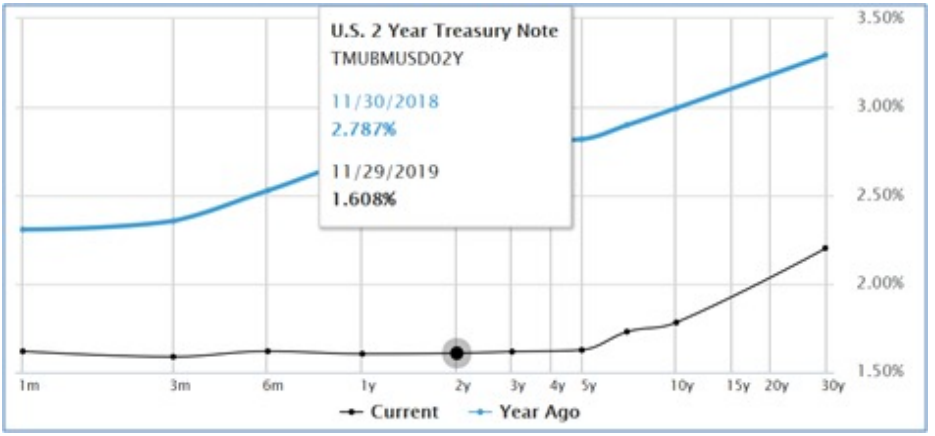
We are, of course, talking about the current economic climate. The forecast has been gloomy of late and with many market observers talking about the prospect of recessions we thought it was important to go through what the reality is in the world economy.

The signal that investors are most concerned about is the inverted US Treasury yield curve. This means you get paid more interest from holding short term paper and get paid less in interest for holding longer dated bonds (i.e. 5 years and longer). This yield curve inversion has historically been an indication of a recession. The reason investors are happy to be paid less for longer term paper than shorter dated paper is that they are expecting reductions in interest rates as a result of the Federal Reserve's response to the economy. We have now had those interest rate reductions according to Jerome Powell, chairman of the US Federal Reserve. The inversion has arguably already run its course and the yield curve remains flat, but hardly inverted. Inflation expectations are low.

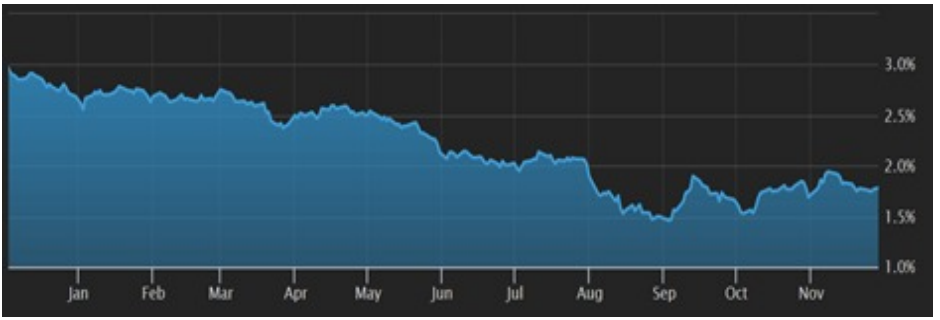
(Picture: Adam Kontor)

US Treasury Yield Curve



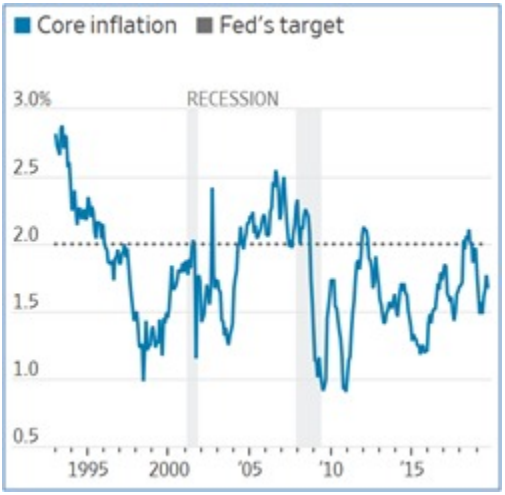
The chart below shows the end of the recent rally in the US 10 year Treasury as the yield bottomed at 1.5% and has since rise to circa 1.74%. This is despite the most recent cut in interest rates on 30th October.

US 10 Year Treasury Bond Yield Graph



(*Graphs source: Wall Street Journal*)

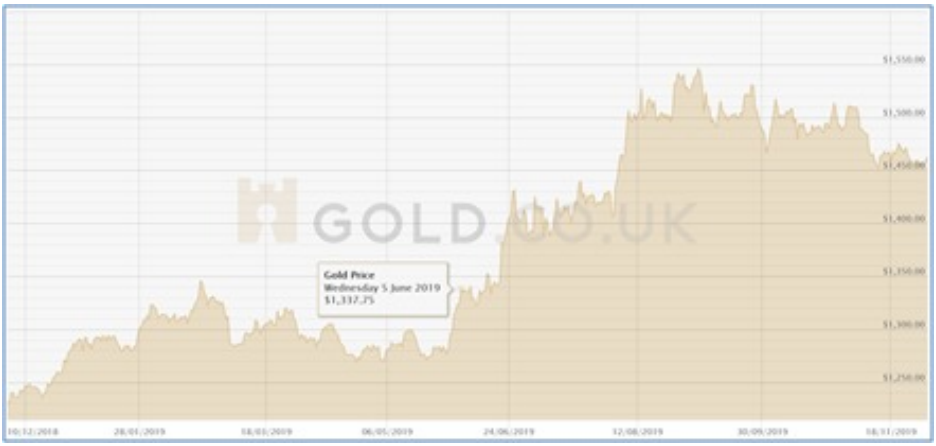
But US economic growth in the second quarter was 2.0% and 2.1% in the third quarter, better than the expected 1.6%. Although the economy has slowed from the breakneck pace it was setting earlier in the decade, stimulated by Trump's tax cuts, the US consumer is continuing to spend. This is critical to offset the effects of the US China trade war, where a breakthrough seems as elusive as ever.



Inflation in the US also remains benign at 1.7% and the unemployment rate is low at 3.5%. Although the Federal Reserve is targeting a 2% inflation rate, there has been little sign of accelerating inflation since the Fed cut rates. In November Jerome Powell said that there would be no further rate cuts in the short term

(*Graph source: Wall Street Journal*)

US banking profits are also showing no signs of stress after the most recent reporting season in the US. US bellwether bank JP Morgan's share price has risen 30% this year following strong earnings, share buybacks and a continuing benign economic environment. In this healthy economic environment the talk of a recession currently seems overstated.



(*Graph source: gold.co.uk*)

The gold price surged earlier in the year, but has recently fallen back slightly, showing that investors are a little less nervous than they were in the summer. Gold hit a peak of $1,545 per ounce at the end of August. As recently as May it was below $1,300. It has since retreated to $1,464 at the end of November. This shows investors do remain nervous.

Monetary Distortions, Negative Interest Rates

Europe and Japan continue to have negative central bank interest rates, and this is causing a good recovery in European economies and markets in 2019. However savers are angry with governments for perpetuating this since 2014. The graph below shows the key European Central Bank (ECB) interest rate, which was cut again in September

(*Graph source: Sky News*)

The distortions caused by negative interest rates are occurring in the banking sector. Banks still remain very cautious on lending money, despite paying the ECB 0.5% a year to hold reserves of cash. Much of this liquidity has been invested into European government bonds, making the banks higher returns than they would get lending it to borrowers. An example of the caution amongst European lenders is that in France it is nearly impossible for a builder to borrow money to renovate properties despite a buoyant property market.

The current head of the ECB, Christine Lagarde, has just taken over from Mario Draghi. This is seen as a political move, and Christine Lagarde, fresh from her role heading up the International Monetary Fund (IMF), has said she is not a fan of negative interest rates. However moving the rates up towards zero could have unintended consequences, including causing the European economy to stutter and slow. As we mentioned in our summer investment seminar, governments in the world are spending more to stimulate economies, taking over from central banks whose ability to

positively affect economies is diminished. Japan is spending significantly to boost the economy, but Europe has a lot to do in this area. In 2020 the German government will remove the unification tax, effectively a tax cut for Germans, which ought to help the economy as it struggles with a lack of orders from China for its machine tools and from weakness in their car makers as a result of consumers' switch away from diesel cars. We are positive on the impact of the removal of the unification tax on the German economy for 2020. Whether that is enough to allow ECB interest rates to crawl back to zero remains to be seen. If interest rates are to head upwards, the European banks may suffer large book losses on their government bond holdings. Still, they should have been lending the money to businesses instead or growing their mortgage books.

The UK Election & The Economy

With voters just days away from going to the polls, it is clear that the Conservatives will be returned to office, and estimates range from a hung parliament to a majority of up to 70 seats. Even if they are forced to rely on the favours of Arlene Foster's DUP, it is likely that the EU withdrawal bill will pass rapidly through the House of Commons and the serious business of a trade agreement with the EU can begin. The other main economic feature of the coming administration is the increased government spending in the UK.

The negotiations for a free trade deal will be long and painful. Whilst the EU will no doubt grant a free trade deal to Britain, that will be very different from having single market access. The toughest part of the negotiations are likely to be on services access for British companies. Historically Britain as always had an 'invisible surplus' partially as a result of exporting these services to Europe. If this access is denied, the current account deficit would worsen. Another example of the problems to hit the British logistics industry is that permits are required to travel across Europe. It has been suggested that Britain's lorries will only have 10% of the permits they would need to continue to transit the continent, leading to thousands of redundancies and corporate bankruptcies. There will be many other areas of contention. This will make negotiations difficult and drawn out, making it nearly impossible to achieve a free trade agreement by the end of 2021. There are rumours that Boris Johnson's key backers, the European Research Group (ERG) faction of the Tory party, have been promised a no deal Brexit, which with a majority will be achievable. In that case we would expect there to be further weakness in sterling,

The car industry is set for more misery under the current Conservative proposals, and it is no accident that Honda has decided to shut its Swindon plant. Nissan's plant in Sunderland and the Jaguar Land Rover plant in Coventry also face a difficult future unless a comprehensive agreement on trade allows for just-in-time logistics to continue post Brexit. The Brexit economist, Patrick Minford, said in 2012 that the car manufacturing industry would have to be "run down". In 2016 he said much of UK manufacturing would be "mostly eliminated" if the UK left the EU.

The new Conservative government will be seeking to increase the national debt with its economic policies, and the Institute of Fiscal Studies has said that the Conservative's claim to not breach their fiscal rules are incorrect. Were there to be a hard Brexit, then the scale of spending by government would no doubt be increased. Whether the Conservatives can maintain their promise, or 'triple lock', to not increase income tax, national insurance or VAT over the next five years remains to be seen, given the promised spending plans

The tax cuts promised to those earning between £50,000 and £60,000 seem to have been missed out of the manifesto. But promises to spend in the NHS by recruiting a lot less than 50,000 nurses and to add 20,000 police officers are unlikely to stimulate the economy. With NHS, construction and leisure workers from the EU returning to their home countries in increasing numbers, it is hard to see there not being a staffing crisis in the British economy. This could force up wages in certain areas which might stoke inflation. If this wage inflation is combined with a weaker currency, then inflation could cause interest rates to rise.

Whatever actually happens in the first years of the new government it is likely that the trade deal talks or a potential no deal Brexit would be a significant drag on the performance of the economy

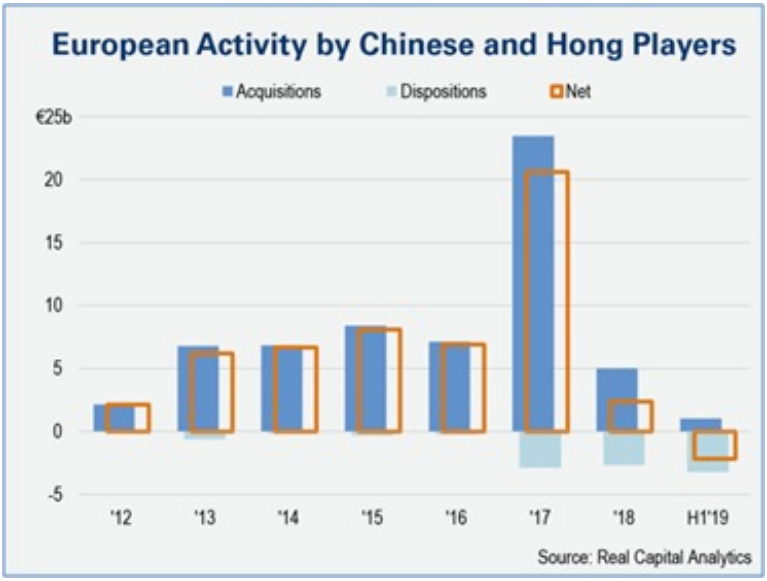
European Property Activity

The current Brexit and German growth issues that have hung over the European economy has made European commercial property an unappealing asset for foreign investors. In the first half of the year general property transaction activity was down 15%. This however hides a more serious picture in retail transactions, which were down 51% year-on-year, as the 'bricks to clicks' effect and the high level of complex voluntary arrangements (CVAs) has put pressure on the sustainability of retail properties. CVAs are how retailers have gone into liquidation arrangements with some of their stores in order to get lower rents. Intu Properties, the indebted UK and Spanish shopping mall owner that has fallen 96% in value since 2006, admitted in a company meeting we had that the upward only rent review built into leases was to all intents dead.

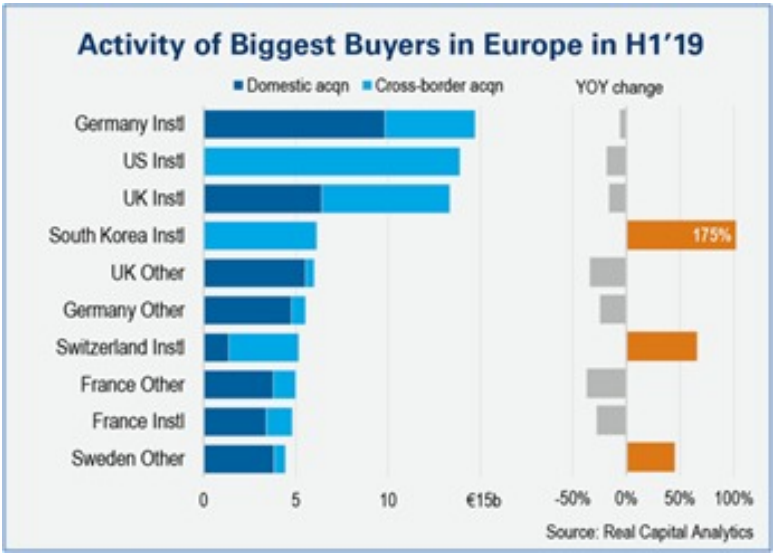
Transactions by Property Type

	Q2'19 Volume		H1'19 Volume	
	€b	YOY	€b	YOY
Office	25.9	-7%	47.6	-9%
Industrial	5.8	-12%	12.2	-16%
Retail	6.6	-46%	12.6	-51%
All Commercial	38.3	-18%	72.4	-22%
Hotel	4.4	-2%	9.4	3%
Apartment	14.4	22%	23.5	6%
Seniors Housing & Care	1.5	-18%	3.2	9%
Dev Site	2.6	-22%	5.6	-25%
Grand Total	61.2	-10%	114.3	-15%

One of the most obvious problems has been the drop off in purchases of European property from Chinese investors (see next page):



But not all news is bad in European property, with investment by South Korea having grown 175% in the first half. Switzerland and Sweden have also been perceived as safe haven investment markets.



The UK has under performed the major economies of Europe, and has seen a 31% drop in transaction volumes (*Graphs source: Real Capital Analytics).*

Most Active Countries

		Q2'19 Volume		H1'19 Volume	
		€m	YOY	€m	YOY
1	Germany	13,566.5	4%	24,639	-17%
2	United Kingdom	9,761.0	-46%	23,443	-31%
3	France	7,911.6	-11%	14,085	-11%
4	Netherlands	5,581.4	-22%	8,836	-22%
5	Spain	4,934.7	101%	7,388	39%
6	Sweden	4,276.1	46%	7,762	67%
7	Italy	2,612.7	40%	3,919	11%
8	Poland	1,689.3	32%	2,641	-36%
9	Finland	1,579.3	-6%	3,660	40%
10	Belgium	1,239.2	86%	1,781	-37%
	Other Europe	8,050.6	-90%	16,115.22	-90%
	Grand Total	61,202.1	-10%	114,269	-15%

Source: Real Capital Analytics

What is interesting is the pick-up in activity in Spain and Italy showing that these key European economies are pulling out of their recent problems.

European commercial property, and particularly retail, has been a relatively unattractive asset for many investors, although certain markets (Switzerland, Spain, Italy and Sweden) are showing healthier returns. However the largest economies are exhibiting weaker markets as the Internet and weak industrial production continues to affect their physical property assets.

US Election Demographics

The upcoming US election is still a year away. However voting intentions have recently been analysed by the Wall Street Journal in a set of fascinating graphs. These graphs show a very divided nation, particularly on educational levels.

63.6% of the US economy is based in districts that vote Democrat, shown in blue:

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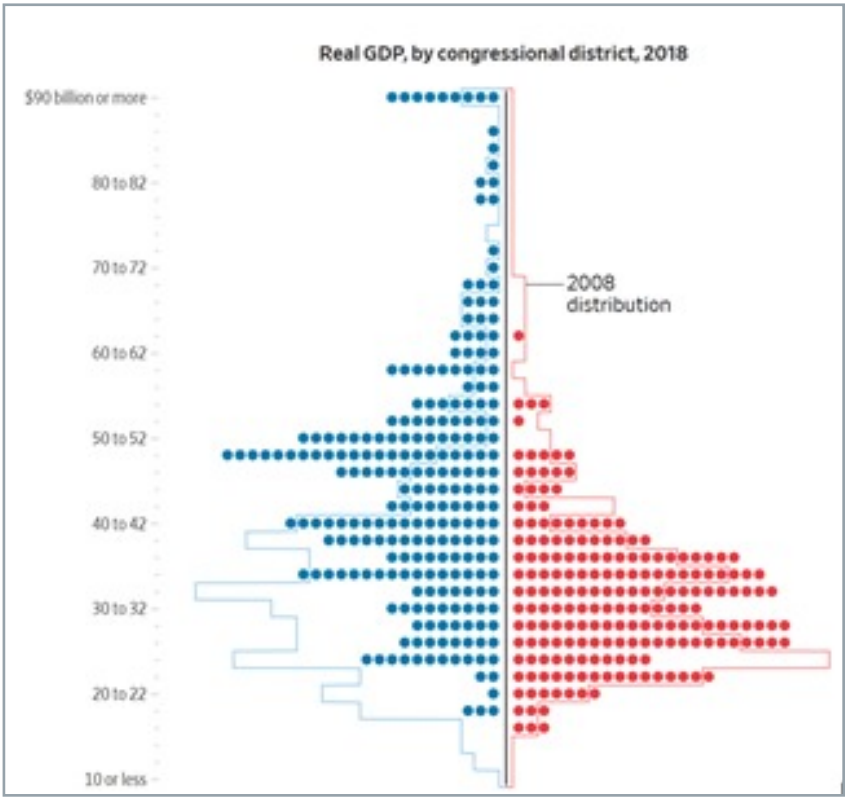
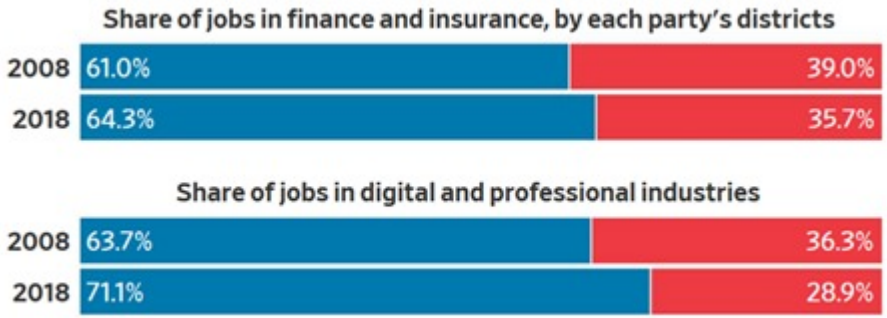
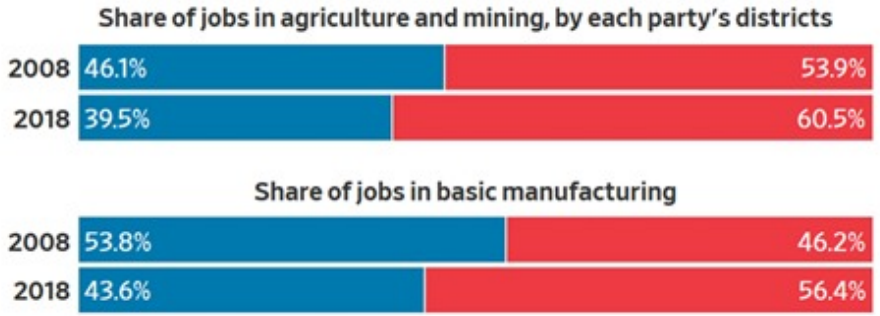


What these charts show (and there are a lot more of them) is that wealthier areas are voting for Democratic candidates and that in the poorer, less educated areas, they are voting Republican. This helps to explain some of the policies the Republican party have used, with their simple messages and slogans such as "Make America Great Again". The strength of using these policies to attract and retain their 'base' has been a key factor in Republican success in areas of lower income and less educated electorates.

By job category it is also stark, showing that Democrat voting areas have higher percentages of 'knowledge economy jobs':



Whereas Republican voting areas have a majority in agricultural or low skilled manufacturing jobs:

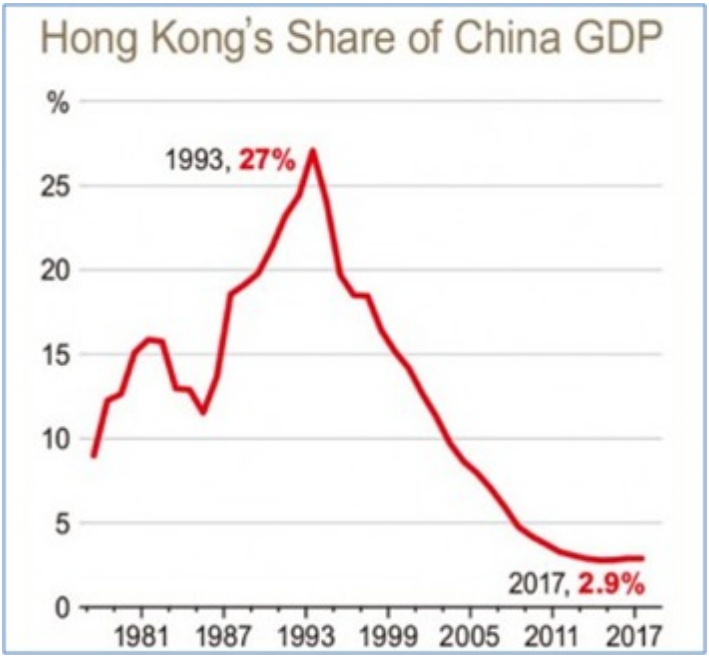


These graphs show that the political divisions in American society are also economic divisions that will be difficult to overcome. When the 2020 election vote finally takes place, the Democrats are going to have to appeal to the Republican base with clear policies that are attractive to them if they hope to retake the White House.

China & Hong Kong

It has been hard not see the trauma that Hong Kong has been through over the past few months. The underlying reasons for the unrest have been complex, and not all of them are related to a desire for increased democracy, having instead their roots in the cramped conditions in which many citizens find themselves.

However what is striking is how the economic importance of Hong Kong to China has diminished since the early 1990s. The chart below encapsulates that declining importance:



In the early days of Deng Xiao Ping's reform in China, Hong Kong was China's window on the world, and investment poured through the territory into China. As China opened up in the 1990s and the country's economic miracle exploded into life, mainland Chinese GDP grew significantly relative to the percentage of Chinese GDP from Hong Kong. Over the following fifteen years domestic capital took over from external capital and Hong Kong's importance declined.

But Hong Kong is important as a capital window for China. The Chinese stock markets are opening up, but are not yet fully investable. The Connect interface that allows Chinese 'A' share (A means domestic) to be bought in Hong Kong is important, but not significant enough due to its defined percentage ownership limits. In November Alibaba, the Chinese Amazon (and more) sought a quotation for its shares in Hong Kong. This was done at a time when the unrest had been slowing down, but the recent district elections show that Hong Kong supports pro-democracy parties, and has turned away decisively from pro-Beijing parties.

Will China intervene in Hong Kong? Their appointee, Carrie Lam, has been stuck between the Chinese government and the Hong Kong people. The former say they support her, the latter don't. However, it seems likely that Xi Jinping will not intervene militarily, and their reticence so far implies China and Hong Kong still need each other despite the change in GDP of Hong Kong relative to that of China.

(Picture: Hong Kong Cityscape by Skeeze)

Portfolio Activity & Investments

We have been busy changing our weightings in the UK. As the pound has rallied we have been increasing our weightings in UK companies that have fallen in value and yet have sound business models. We have taken profits in Vodafone, Ten Lifestyle and City of London Investment Group. We have also visited a large number of Alternative Investment Market (AIM) shares as part of our due diligence for our AIM portfolios.

In this edition we look at defence contractor Babcock, multi-utility business Telecom Plus and give our update on the AIM market. Data as at 29/11/19.

Babcock

(*Graphs source: Ionic Information*)

Babcock is the second largest defence business in the UK. They manage the Devonport naval shipyard, the Rosyth submarine dockyard as well as providing land systems and aviation training businesses. 70% of sales come from the UK and the balance from international markets.

There were allegations of unhappy customers and accounting irregularities levelled against the business, mostly about the booking of revenues early that had flattered profits. However, when results were released in May it was clear that the cash flow of the group was strong and likely to remain so for the coming years ahead. We started to buy shares in the summer. Babcock has recently announced two contract wins, one to build the type 31 frigate and the other to implement the weapons systems on Australia's

6 newly ordered submarines. It is hard to believe that the MOD would award a key shipbuilding contract were they unhappy with the company.

The company's bidding pipeline has increased in size to 23 contracts with values each in excess of £100m. Some of these contracts could be significantly larger. The 2020 revenue target is now 92% covered by existing orders, while 2021's revenue is 62% covered, and both are ahead of target. The stock currently trades on 8.3x March 2020 earnings with a 5.1% prospective yield. We believe the shares remain good value and ought to recover further over the coming few years.

Telecom Plus

(*Graphs source: Ionic Information*)

Telecom Plus is a multi-utility business trading under the name of Utility Warehouse. They have 635,000 customers, 95% of whom are domestic supply. Their route to market is via 'partners', of which there are 40,000 (although not all are active) selling direct to consumers. This reduces the cost of having a sales force and means that Utility Warehouse can be competitive versus the energy suppliers. The business works on customers taking several services, and each additional service brings down the total overall cost for the customer.

Recently there has been a rush of new energy providers in the sector that have hampered profitability for all traditional suppliers. Many of these new

entrants are either going bust or merging, implying that a return to more normal pricing will prevail. When we met management they stated that the business can begin to grow in double digits from here. Although the shares are fairly expensive at 21x prospective earnings, the prospective dividend yield is 4.25% and the company likes to distribute any surplus cash to shareholders.

AIM Sector Review

We invest in many companies for our clients in the Alternative Investment Market. These companies offer the potential of being outside inheritance tax after two years and can form an important part of an inheritance tax mitigation strategy. We regularly meet management to understand the business models and to hear of the business environment in which they operate.

So far this year we have invested over £3m into the AIM market for clients. The list below discusses in brief some of the companies we have invested in. They tend to be some of the larger and more mature AIM businesses with larger market capitalisatjons.

Dart Group Market Cap £2.2bn

Dart Group operates budget airline JET2.com and Fowler Welch chilled logistics business. The stock has benefited from the demise of Thomas Cook

and has risen strongly in 2019. Dart trades on 14x prospective March 2020 earnings with a 0.8% prospective yield.

Smart Metering Systems Market Cap £621m

SMS installs and owns smart electricity meters. It is trading at a discount to the long term discounted cash flows from those meters. The shares fell recently and we used the opportunity to buy some and they have subsequently recovered strongly. The stock has a prospective 1.49% yield.

Strix — Market Cap £354m

Strix makes consumer sensors and products, notably the assembly that turns off your kettle when it boils. They are world market leader in this and protect their intellectual property vigorously. The company is building a new Chinese factory which will give significant operational efficiencies. The stock trades on 12x December 2019 earnings and has a 4.5% prospective yield.

Restore — Market Cap £566m

I recently met the new management of document management business Restore that I have known and invested since 2012. The company will benefit from the new GDPR regulations. The stock trades on a prospective valuation of 17x earnings with a 1.5% yield.

Gooch & Housego — Market Cap £313m

Gooch and Housego is photonics business based in Somerset but with operations in America. GHH has developed something call a Q switch used in lasers. It does a lot of work with government agencies and telecom equipment suppliers. It trades on 27x September 2019 earnings with a 1% yield falling to 24x September 2020 earnings. I visited their facility about 13 years ago and met the late founder, Archie Gooch.

Johnson Service — Market Cap £665m

JSG is a hotel/catering and work wear laundry business. The company's main brand is Stalbridge cleaning. The company has operations across England. The valuation is 18 times December 2019 earnings with a 1.9% yield.

James Halstead — Market Cap £1.1bn

JHD is a family controlled specialist flooring business with a strong multi-decade track record. The company trades on 26.4x June 2020 earnings and has a 2.9% prospective yield.

EMIS — Market Cap £670m

EMIS is a GP and GP surgery software system. It is in use in many of the surgeries of Britain. This gives the earnings defensive and reasonably predictable characteristics. It trades on 21.7x December 2019 earnings with a 2.9% yield.

RWS Holdings — Market Cap £1.8bn

Founded by largest shareholder and chairman, Andrew Brodie, RWS is a patent translation services business that has branched out into other related translation areas. It has had a very good track record of earnings growth, leading it to have a premium valuation of 30.7x earnings with a 1.3% yield.

GB Group — Market Cap £1.3bn

GBG performs remote anti-money laundering checks on behalf of financial companies and internet based businesses. The company has grown at fast rates over previous years, and trades on 39.7x March 2020 earnings falling to 35.6x the following year's earnings.

Clinigen — Market Cap £1.15bn

Clinigen is a pharmaceutical supply business that trades on 12x June 2020 earnings despite a good earnings growth track record that would imply a higher valuation.

Kromek — Market Cap £60m

Kromek is a world class medical imaging and nuclear detection business using CZT (Cadmium Zinc Telluride) that operates in the US and the UK but sells products globally. I visited the company in County Durham last week to see part of their operations. The company ought to be cash flow positive in 2021, and there is potential for several very large, US nuclear detection contracts to be awarded in the coming year.

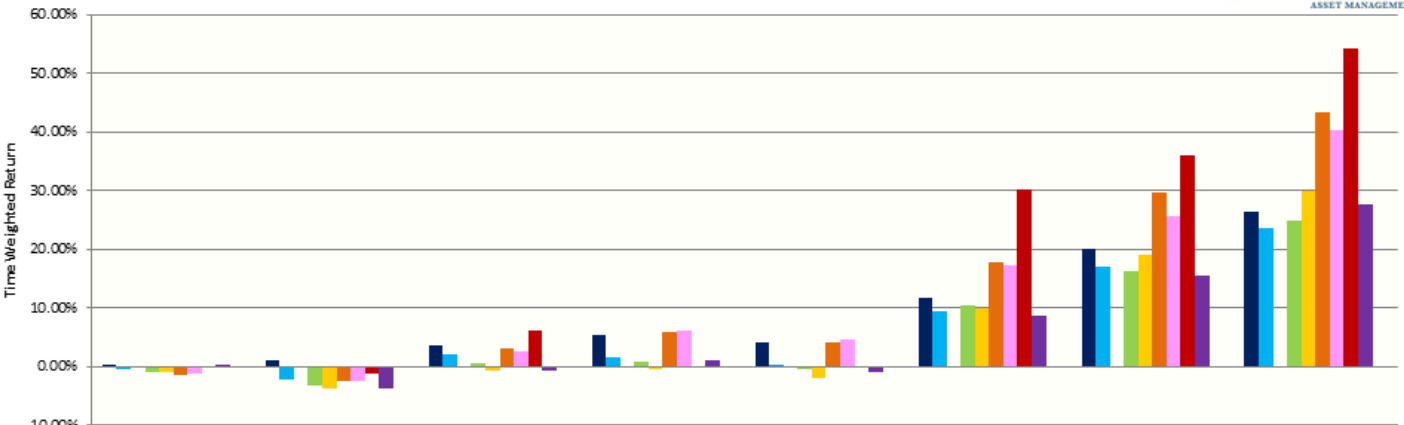
Scapa — Market Cap £375m

Scapa sells bonding products into the healthcare and industrial sectors. It trades on 17.2x March 2020 earnings with a yield of 1.1%.

Nichols — Market Cap £605m

Nichols is the company that produces Vimto and V8 vegetable drink. Recent profit growth has been lacklustre, but the brands do have value and could be acquired by a global food and beverage company for a premium to the current share price. The stock trades on 22x December 2019 earnings with a 2.5% yield falling to 21x earnings. It has defensive qualities.

4 Shires Performance Chart



	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years
Risk A	0.28%	1.09%	3.53%	5.33%	4.17%	11.85%	20.11%	26.42%
Risk B	-0.48%	-2.15%	2.05%	1.57%	0.00%	9.48%	17.04%	23.73%
Risk C								
Risk D	-1.02%	-3.12%	0.59%	0.82%	-0.46%	10.38%	16.34%	24.94%
Risk E	-0.91%	-3.64%	-0.74%	-0.44%	-1.87%	9.99%	18.95%	29.85%
Risk F	-1.40%	-2.40%	3.23%	6.01%	4.10%	17.74%	29.68%	43.33%
Risk G	-1.25%	-2.41%	2.50%	6.09%	4.69%	17.22%	25.75%	40.39%
Risk H	-0.07%	-1.07%	6.27%			30.08%	35.97%	54.17%
Risk I	0.13%	-3.71%	-0.58%	1.07%	-0.84%	8.64%	15.49%	27.77%
Risk S								

Notes: Performance is measured to 05/10/2019. All 4 Shires performance figures are net of management fees, VAT, stamp duty and commissions. Total return measures include dividends and income received. Time weighted return measures consider deposits and withdrawals to/from the portfolio. The performance for each risk scale includes every portfolio in that risk scale at that time. **Disclaimer:** The value of investments and the income you get from them may fall as well as rise, and there is no certainty that you will get back the amount of your original investment. You should also be aware that past performance may not be a reliable guide to future performance.

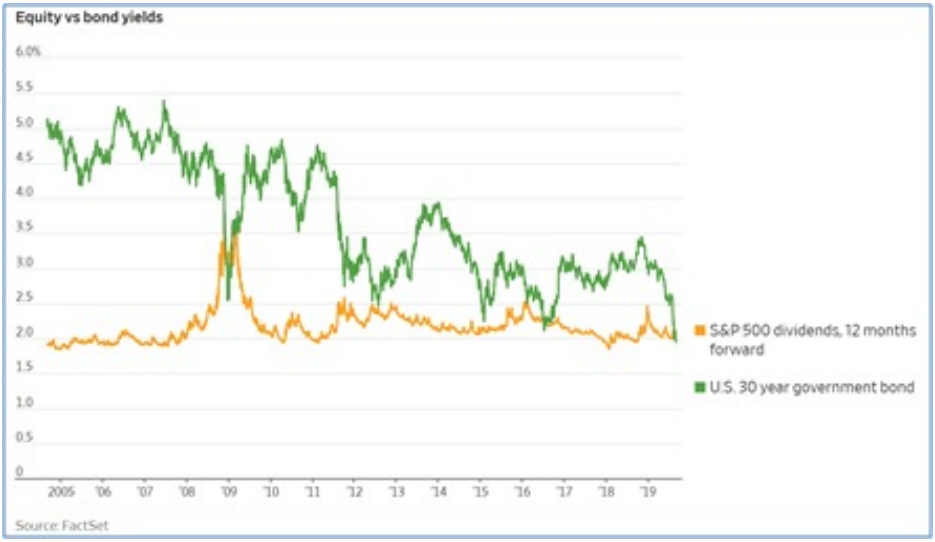
Markets

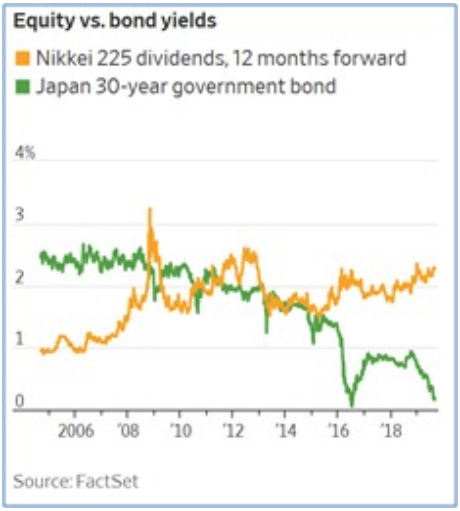
Global markets have been recovering over the period up to the end of November. As the US recessionary clouds began to dissipate, the markets recovered.

In our first article we look at where equity vs bond valuations are in two key markets, USA and Japan. In the second article we look at the likely changing landscape of energy generation in Australia and key European markets.

Equities versus Bonds

The fascinating change in the yield on government bonds relative to the yield available on shares is very striking. It is so noticeable that one might be tempted to believe there had been a bear market in equities. Since 2004 the US 10 year bond yield (see below) has fallen from 5% a year to under 2% today, whilst the equity market yield has pretty much tracked sideways at about 1.8% over the period.

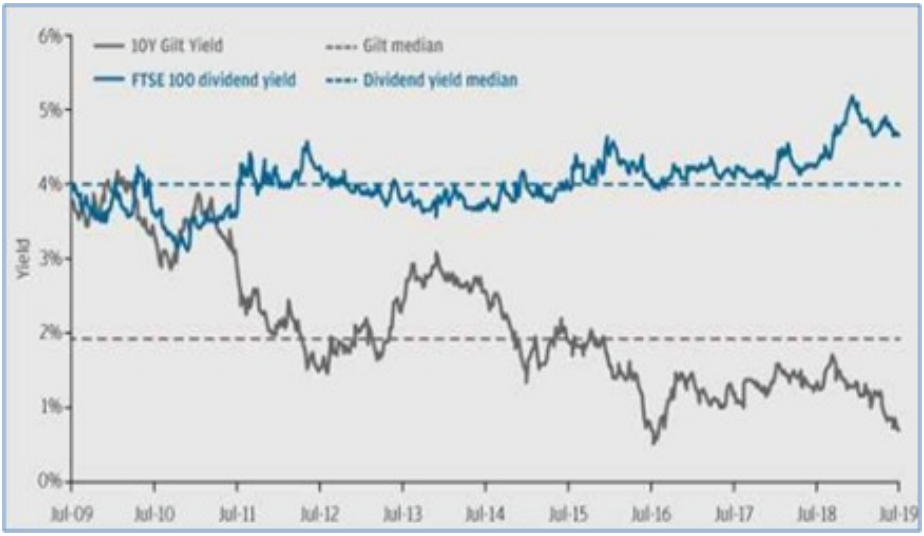




The graph for Japan is more striking showing the incredible increase in dividend returns from shares despite the large rally that has occurred in Japanese shares. This is partly due to the rise of activism and a more shareholder oriented corporate world where companies have been returning cash from profits and surplus cash from those companies with large cash holdings. Earnings growth has also been reasonably strong over the period.

(*Graph source: Factset*)

The UK has the most stark market differential, where dividend yields at the end of July were nearly 4% higher than gilt yields.



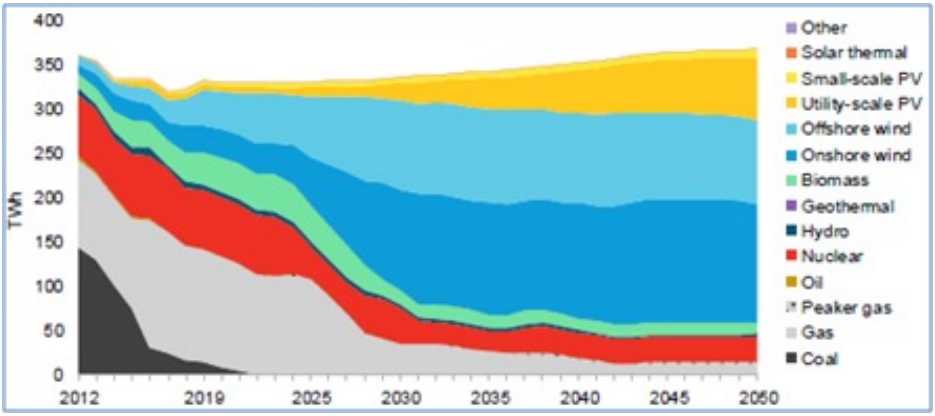
(*Graph source: JP Morgan*)

Whereas the US dividend yield has been relatively stable apart from during market corrections, the Japanese recovery has been very positive. However the UK market yield shows how British companies have been churning out good profits and dividend growth, but since the Brexit vote the stock market has been seen as the most unattractive major global equity market. With valuations at this level of disparity the UK market looks very good value for those from overseas. It also shows that dividends are now offering far higher long term income returns than 10 year government bonds.

Energy Market Changes

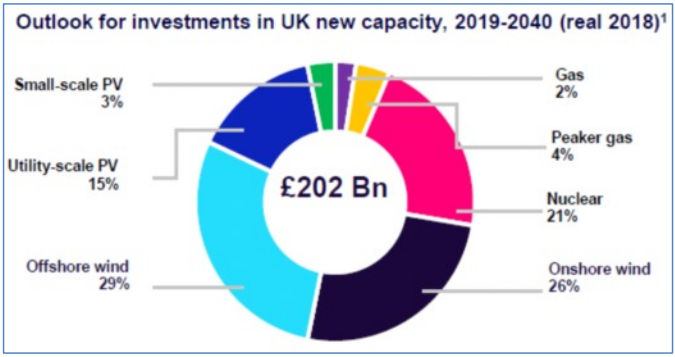
We attended the launch of a new investment trust, the Octopus Renewables Infrastructure Trust, and they presented some fascinating graphs about what the likely energy mix might be in major European markets and also Australia. They show the rapid changes away from fossil fuel dominated power generation.

UK Energy Mix



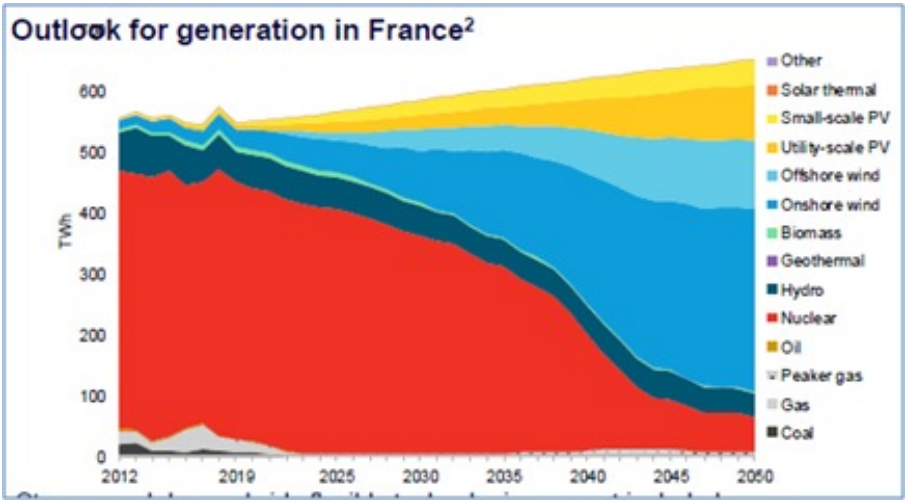
Currently gas is the largest component of energy mix in the UK, followed by nuclear. But by 2030 the largest component of generation will be from both offshore and onshore wind, comprising over 60% of all generation.

What will that mean for the new generation capacity being installed over the next 20 years (see graph below):

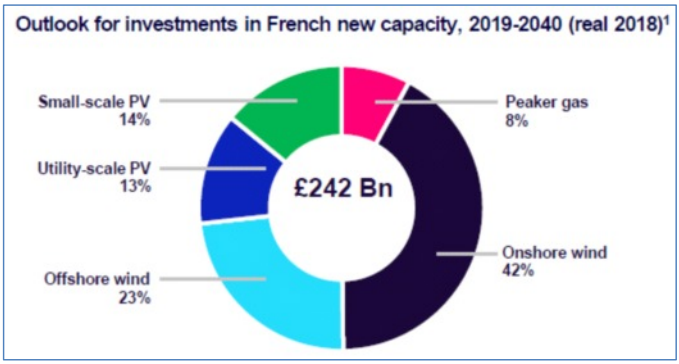


There are practically no new gas plants that will be built over the coming 20 years and that which will be built are low-carbon investments (there is energy used in the manufacture, transportation and installation of the generating capacity.

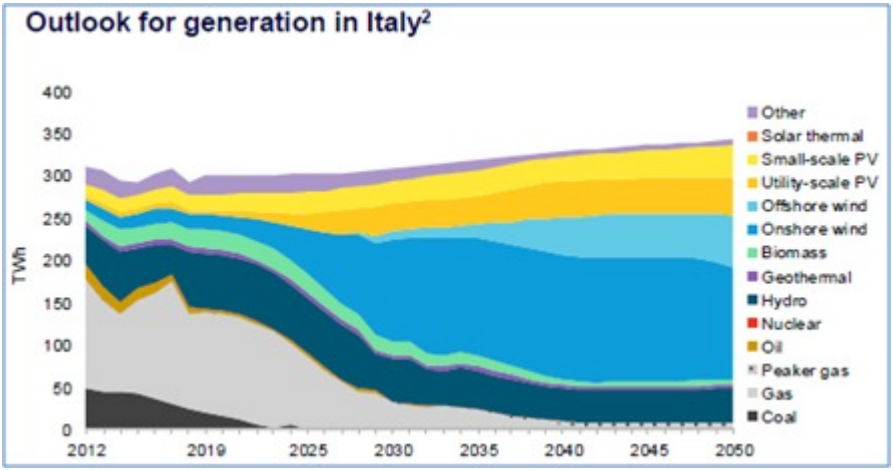
France Energy Mix



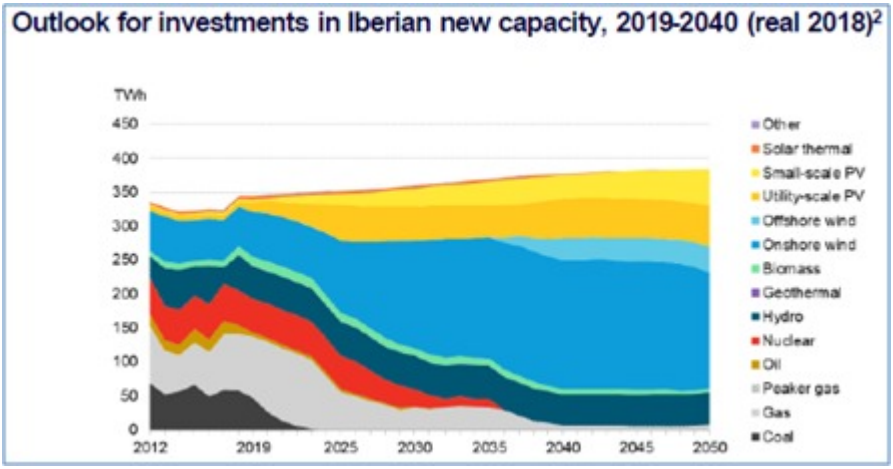
France is facing a steady decline in its usage of nuclear power which currently makes up nearly all electricity generation. Concerns over nuclear waste storage and a strong green movement have combined to change the outlook for new capacity being built over the next 30 years.



Italy and Spain Energy Mix

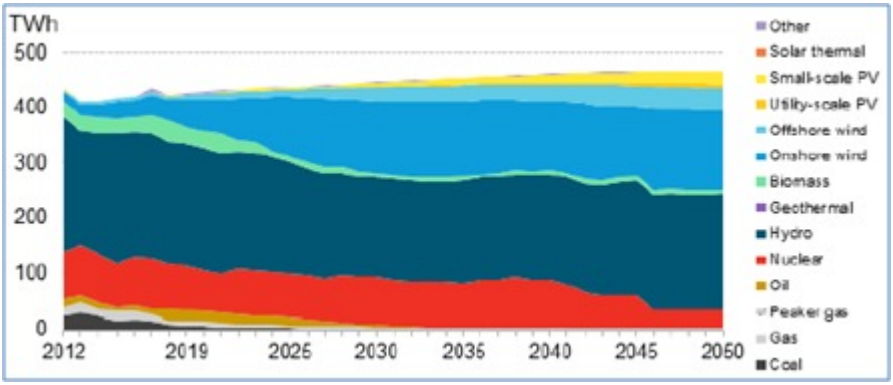


Both Italy and Spain will install higher quantities of solar generation, but onshore wind will see the highest growth in installed capacity.



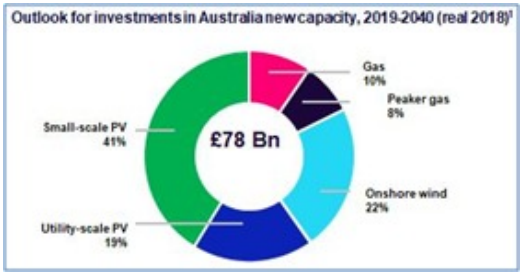
Nordics

Scandinavia has been a pioneer of renewable generation capacity for decades, (particularly hydro-electricity) and their current mix is already low carbon:



Australia

With the best sun resource of the economies studied by Octopus, it is hardly surprising that solar will make up the lion's share of new generation capacity:



But the old energy mix was predominantly based on coal generation, which currently provides over 60% of the country's generation. By 2050 over 50% of Australian generation will be from solar, mostly small scale.

The changes to generation type of such magnitude will radically change the companies that make the generator, the nature of the national grids that underpin the distribution of electricity and carbon emissions will come down.

Outlook

A sizeable amount of the global bond market, especially in Europe and Japan trades on negative yields, in effect where investors are paying the borrower for the privilege of lending to them. Bloomberg estimated that in August the amount of negative-yielding debt outstanding was over $17 trillion.

Region	Negative-Yielding Debt
Europe	$8.7 trillion
Japan	$7.3 trillion
Other	$688.6 billion
Americas	$332.4 billion

(*Source: Blooomberg News)*

We have had a decade-long economic expansion. Company valuations are elevated, although the UK is one of the cheapest markets globally. We are also overweight emerging markets where valuations remain attractive. We continue to favour equities over bonds, as dividend yields, especially in developed markets, continue to exceed the yields available on fixed interest investments.

JLS - 06/12/2019

Important Compliance Information

In this section of the commentary, we would like to remind our clients and prospective clients of the following regulatory topics:

Risk Disclaimer

The value of investments and the income you get from them may fall as well as rise, and there is no certainty that you will get back the amount of your original investment. You should also be aware that past performance may not be a reliable guide to future performance. This document is not intended as investment advice.

Any security mentioned in this commentary is for information purposes only and is not a recommendation to buy. 4 Shires, its clients and its staff may own some of the investments that we mention in this report.

Senior Managers Compliance Regime

From December 2019 onwards, 4 Shires will be required to comply with this new regulatory environment for senior managers. We currently do not believe that this will impact you. If we discover that you need to be informed of any facet of these new regulations we will be in touch.

Suitability

Please contact us as a matter of urgency if you feel that you wish your portfolio to be run in a different way (for example on a lower or higher risk level) or if your financial situation has changed.
It is vitally important that we look after your portfolio with a mandate that fits your personal requirements.

Know Your Client and Anti-Money Laundering

We will be contacting you as part of your annual review to ensure that we have your correct address and any to check that any other details (e.g. passport, driver's license) have changed so that we have the most up-to-date information on your circumstances.

Visit our website for our latest newsletters and other useful investment information

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