

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 29th May 2020



MACRO

- General retailers in the UK look set to re-open on 15th June
- An offline briefing suggesting that big bailouts by European governments are going to be allowed, with the first one in the frame being Jaguar Landrover
- President Trump announced that he will look to end preferential treatment for Hong Kong in response to a new security law being pushed by Beijing
- The stock market rally continues with the S&P 500 Index breaching 3,000 for the first time since early March

STATISTIC OF THE WEEK

With **Astra Zeneca** becoming the largest company in the UK by market capitalisation, those who will recall **ICI** once enjoying that honour will be pleased to see it reclaiming its rightful place – Astra Zeneca is, after all, a company that span out of ICI in 1993

COMPANY NEWS

- **Amazon** announced they were in talks to buy self-driving start up **Zoox**
- **IWG** raised a £315m war chest, £90m of which was committed by CEO Mark Dixon, in order to fund its growth and pursue the acquisition of rivals hit by the effects of coronavirus
- **Auto Trader** announced that car showrooms can re-open from June 1

SMALL-CAP NEWS

ITM Power, which gives exposure to the renewable energy sector, rose significantly this week on the back of news in Europe regarding funding for a hydrogen economy (as well as a share tip in last weekend's press). ITM designs and constructs electrolyzers which use tap water and power (preferably wind and solar) to produce hydrogen and oxygen. There are a number of trials at the moment using hydrogen in refineries, gas grids and fuelling buses, lorries and ferries.

FUNDS

A public denouncement of value investing and its flagbearer, **Warren Buffett**, from top performing growth investor **Scottish Mortgage Investment Trust** in their annual report released this week:

"Performance chasing has its own evils but replacing it with endless rebalancing towards 'value' strategies backed by a blind conviction that reversion to the mean is inevitable has been an investment tragedy. It's largely been prompted by misguided theorising. But the theory has been reinforced by the extraordinary grip that Warren Buffett has exercised over the investment world."

THIS WEEK IN HISTORY

1914: The beginning of devolution as the UK passes the Irish Home Rule Act

2009: **Time Warner** spins off **AOL** 8 years after its merger. At the time of the merger AOL had a market cap of about \$192 billion. The new AOL would have a market cap of about \$3.3 billion, down more than 97% from its tech bubble highs.

LOCKDOWN LOWDOWN

Lockdown Britain highlights a return to traditional garden pursuits as **John Lewis** reveal a 600% increase in sales of croquet sets.

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.36	-0.55	-13.42	3.59
World Equities (% return GBP)	2.23	4.55	8.16	63.95
10 Year US Treasury Yield	0.65	0.63	2.25	2.12
GBP / USD (fx rate)	1.23	1.24	1.26	1.53

As at 29th May 2020. Source: Financial Express

Vermeer Partners

130 Jermyn Street, London, SW1Y 4UR

T +44 (0)20 7123 5200

E info@vermeerllp.com

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