

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 30th July 2021



MACRO

- In the UK, almost three million people have moved off the furlough scheme since March as the economy begins to bounce back and businesses reopen
- In the US, the FOMC meeting saw a subtle yet significant change in the language that hints we are on the path toward tapering later this year
- China continued its crackdown on technology companies as it rules out profits in online tutoring companies and fires another shot across Tencent's bow

STATISTIC OF THE WEEK

Link say that UK dividends will not return to pre-pandemic levels until 2025. 15 companies now make up around two thirds of UK dividends

COMPANY NEWS

An enormous number of company results this week including some mainstays of Vermeer portfolios:

- **LVMH** released another stellar set of results, while top line growth was marginally less impressive than previous quarters, profits were very strong
- **Reckitt Benckiser** facing very difficult comps, numbers were impeded by weakness in cleaning products, and lower sales from their flu and cold remedies
- **Microsoft** triggered earnings upgrades with Azure still growing strongly
- **Apple** didn't give formal guidance but otherwise very good numbers and certainly an optimistic tone and service revenues still growing very strongly
- **Alphabet** produce stellar numbers showing the huge rebound in the Google search engine and the company calling out AI as the catalyst for that
- **Amazon** were talking about ramping up investment into data centres and logistics which dampens earnings, while e-commerce revenues fell as lockdowns ease
- **Bristol Myers Squibb** great results driven by Opdivo and forecasting that they will have two of the top five selling drugs in the world

SMALL-CAP NEWS

It seems that "where there's muck there's brass" as two waste management firms **Augean** and **Restore** were on the receiving end of opportune offers. Augean, which engages in the provision of hazardous waste at either its six landfill sites in the UK or through its waste processing services to the North Sea oil and gas sector, accepted a £293.9m takeover from Morgan Stanley Infrastructure. The board of Restore, the relocation and document experts (storage/shredding) heard from Alex Dacre (a previous employee and now CEO of Marlowe) why his £743m bid is attractive. Amongst other things he emphasised his record of share price appreciation and M&A action under his current stewardship – 58 deals and counting.

THIS WEEK IN HISTORY

1957: The Soviet Union tests its first intercontinental ballistic missile. Global stocks would fall 15% by the end of the year as worries about the Soviet Union's superiority, and concerns over a future potential conflict rise

RE-OPENING TIMES

A continuation of the mega-mergers in our own sector as private client broker and fund manager, **Charles Stanley**, falls to **Raymond James**. What will the new business be called? Perhaps Aberdeen Standard's marketing agency could be employed to come up with something like Rymnd Stnly...

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	0.82	0.91	22.18	24.86
World Equities (% return GBP)	-1.03	1.31	27.51	91.50
10 Year US Treasury Yield	1.23	1.45	0.55	1.40
GBP / USD (fx rate)	1.39	1.38	1.31	1.32

As at 30th July 2021. Source: Financial Express

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