

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 2nd July 2021



MACRO

- In the UK, house price inflation hit 13.4% in the twelve months to June - the biggest rise since the end of 2004 - with the average home now priced at £245,432, according to Nationwide's house price index
- The UK Government finally set out plans for its post-Brexit system of state subsidies and immediately unveiled a c.£100m support package for Nissan's new battery "Gigafactory" in Sunderland

STATISTIC OF THE WEEK

The results of a Reuters analysis of data published this week suggest that it take 13,500 miles before an electric vehicle (EV) does less harm to the environment than a diesel or petrol equivalent

COMPANY NEWS

- **Gap** said they would close all their UK stores as part of a continuing strategic shift from bricks-and-mortar to online
- French catering and food services group **Sodexo** raised its second-half revenue and profit margin forecasts, betting on the full reopening of US schools
- **GlaxoSmithKline** saw its shares largely unchanged as activist investor Elliott Management released its letter to the GSK board publicly. The letter outlined how it believes GSK shares can rise by over 45% if the issues highlighted were addressed whilst also calling for increased pharma expertise on the board of New GSK

FUNDS

Bridgepoint, the private equity group behind the restaurant group **Itsu**, online cycling specialist **Wiggle** and the UK arm of **Burger King**, is planning to raise £300m with a stock market flotation in London

SMALL-CAP NEWS

It was great to see the results finally arrive from **Invinity Energy Systems** where the Chairman and CEO went into

great detail about the difficulties of merging two businesses (RedT and Avalon) in a pandemic. This company is at the forefront of the energy storage debate but uses vanadium as the energy store rather than lithium which they argue does not degrade nearly as much and therefore can be thought of as a longer-term solution.

THIS WEEK IN HISTORY

1884: Dow Jones and Co. begins publishing average closing prices, in what would be the world's first equity index. Now known as the Dow Jones Transportation Average, the original 11 stocks in the index were nine railroads and two delivery companies including Union Pacific and D&L Western

1923: A new business by the name of the "Graham Corporation" is founded by young value investor Benjamin Graham. No longer an employee to another firm, Graham would now be free to invest as he chooses and the illustrious career of "The Dean of Wall Street" had begun

RE-OPENING TIMES

Plans were announced this week for **Robinhood**, the cheap online retail brokerage app, to IPO. Robinhood's revenue per user increased 65% in the first three months of 2021, up from almost \$83 to \$137. Robinhood's core business relies on a controversial practice known as payment for order flow, or PFOF. The brokerage sells customer trades to market makers, such as Citadel Securities, who in return promise to execute the trade at, or at better than, current market prices

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	-0.10	0.43	17.47	28.19
World Equities (% return GBP)	1.12	4.37	25.32	97.24
10 Year US Treasury Yield	1.44	1.59	0.68	1.81
GBP / USD (fx rate)	1.38	1.42	1.25	1.32

As at 2nd July 2021. Source: Financial Express

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