

THAT WAS THE WEEK THAT WAS

By Vermeer Partners

Week ending 7th May 2021



MACRO

- In the UK, a very strong showing from the Conservative party in the Hartlepool by-election and other local elections reinforced the majority that Boris Johnson's government currently enjoys
- Unusually for a Treasury Secretary, Janet Yelland, the former Governor of the Federal Reserve, commented on the prospects for higher rates in the US
- US employment figures came in much weaker than expected with just 266,000 new jobs last month and the unemployment rate edged up to 6.1%

STATISTIC OF THE WEEK

This week saw the death of David F. Swensen, the pioneering manager of Yale's endowment fund. Swensen took on the fund in the mid-1980s, when he was in his early 30s and the endowment stood at \$1.3bn. In the decades to come, he won international renown for an approach to investing that emphasized diversification beyond listed equities and bonds, especially through the use of illiquid alternative assets.

Over his 35-year stewardship, the fund generated returns of 13.1% per annum, outperforming the Cambridge Associates mean by 3.4% and a traditional 60% stock/40% fixed income portfolio by 4.3% per annum. In dollar terms, Yale's performance during Swensen's tenure translates into gains of \$45.6bn. The endowment is now more than \$31bn and spending from it covers one-third of the university's budget.

COMPANY NEWS

- **PayPal** reported Q1 results ahead of expectations and 50% yoy growth in total payment volumes
- **Linde** closed the week higher after reporting first quarter results with revenue rising 7% yoy to \$7.2bn
- **Novo Nordisk** saw Q1 EBIT rise 3% and sales rise 7%, ahead of consensus estimates, whilst management highlighted sales growth across all geographies

FUNDS

At the **Berkshire Hathaway** AGM, Warren Buffett sounded the alarm on inflation and admitted his mistake over selling his airline investments last year. After many years of

anticipation, Greg Abel was revealed as his successor. The Canadian runs the group's sprawling portfolio of non-insurance investments, which include the **Burlington Northern Railroad** and **Dairy Queen** ice cream. He also sits on the board of **Kraft Heinz**, of which Berkshire is a big shareholder

SMALL-CAP NEWS

It was good to see **Victoria plc** getting ready for BBQ season with the acquisition of Edel Group, which is a Netherlands-based manufacturer of artificial grass and carpets. The former is key to making sure rain doesn't stop play

THIS WEEK IN HISTORY

1915: German submarines sink the Lusitania, the same ship that had brought \$7m in gold to help restore the U.S. financial system in 1907

2010: The "Flash Crash" causes the Dow Jones index to fall 6% in just a few minutes, at one point down 9%, triggering a renewed focus on ETF's whose prices became disconnected from their underlying holdings

RE-OPENING TIMES

A new Moody's Analytics report shows Americans have accumulated excess savings of \$2.6tn since the start of COVID which should power a spending boom to boost the economy

MARKET DATA

% returns	1 Week	1 Month	1 Year	5 Years
UK Equities (% return GBP)	1.75	3.25	22.07	37.09
World Equities (% return GBP)	0.17	1.89	31.39	110.11
10 Year US Treasury Yield	1.58	1.68	0.63	1.79
GBP / USD (fx rate)	1.40	1.37	1.24	1.44

As at 7th May 2021. Source: Financial Express

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