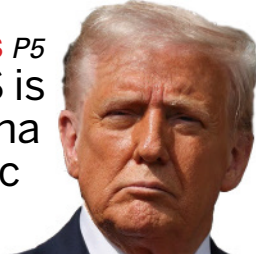


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# MONEYWEEK

MAKE IT, KEEP IT, SPEND IT

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## Healthy genes

Profit from the  
future of medicine  
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## From the editor...



"You can't rely on anything any more." The editor of WirtschaftsWoche, a German financial

weekly, spoke for many this week as he assessed the fallout from Donald Trump's Liberation Day, or Liberation Mayday, as WirtschaftsWoche prefers to call it. One of the few certainties of the post-war era was that you could depend on the US to prioritise the business environment and largely avoid capricious and economically dubious policymaking. Last week's scare in the bond market (see page 5) has grievously undermined confidence in this belief.

Allies and global investors are badly rattled, but Wall Street bosses, in particular, must be feeling as if they have just spent a night in A&E with a friend who went on the rampage and ended up with his legs sticking out of a recycling bin (see page 20). Social media is full of major investors' endorsements of Trump earlier this year followed by panicked tweets last week.

### Too serious

Trump made clear repeatedly that he was keen on tariffs, but perhaps executives took this notion of treating his utterances "seriously but not literally" a bit too seriously. And literally. "We didn't believe him. We assumed that someone in the administration that had an economic background would tell him that global tariffs were a bad idea," one Wall Street



Wall Street bosses, who should have known better, have been shocked by Donald Trump's antics

*"The whiff of cronyism and corruption is also undermining confidence in America Inc."*

executive told the Financial Times. Not for the first time, we have an inkling of why someone once asked where Wall Street's customers' yachts were.

Meanwhile, a country largely founded by a revolution resulting from tariffs on tea is now grappling with a trade war with China (see page 4) and inconsistencies in the range of tariffs that remain. Smartphones, laptops and some other electronics were exempted from the sweeping tariffs on China. This has had the interesting effect of taxing more highly the intermediate goods used in manufacturing than the final goods, an approach that discourages manufacturing in America (one of the supposed aims of import levies). There is a 145% tariff on Chinese batteries, a 20% tariff on a Chinese battery inside a Chinese laptop, and a 0% tariff on a Chinese battery in a

Vietnamese laptop, as Joseph Politano of Apricitas Economics points out.

As Max notes on page 29, tariffs have always been a blunt instrument with awkward side-effects. There now also appears to be limited scope to use them to encourage countries to change their trade policies, as the prospect of another bond market revolt limits leverage.

Moreover, as Simon Nixon (a former associate editor at MoneyWeek) points out on his Wealth of Nations substack, "nothing in the past three months suggests that the Trump administration possesses either

the bandwidth or expertise to conduct trade negotiations with as many as 75 partners in such a short time".

The strengthening whiff of cronyism and corruption is also undermining confidence in America Inc. Conflicts of interest are common. Elon Musk has been especially busy wielding the chainsaw at regulatory agencies that had launched several investigations into his companies; similarly there are recurrent whispers of insider trading around the tariff announcement. Investors are turning their back on American exceptionalism and looking elsewhere (see page 18). Once lost, a reputation is hard to regain. It will be some time before people stop saying that you can't rely on anything any more.

**Andrew Van Sickle**  
editor@moneyweek.com

### Trump takes his toll on tourism

US president Donald Trump's uncompromising rhetoric appears to be having a negative effect on tourism, says James Tapper in The Observer. The number of Britons visiting the US fell 14.3% in March from a year earlier, which bodes ill for the summer and beyond. Nor are Britons alone. The number of Germans staying at least one night fell 28.2% and the number of Spanish 24.6%. Britons make up the biggest group of overseas visitors to the US, with around 3.9 million visiting every year. Of course, tourism is a two-way street and Americans are also having their doubts. Travel agencies have noticed a drop in sales since Trump's inauguration and online forums are "filled with Americans asking variations of 'Will they hate us?'" says Lisa Abend in The New York Times. One tactic Americans are adopting while abroad "to deflect criticism" from foreigners is to identify as Democrat-voting Californians.



### Good week for:

Northern Irish golfer **Rory McIlroy** has ended an 11-year wait to become the first European to win the Grand Slam (winning all four "majors" tournaments), says BBC News. McIlroy claimed the elusive Masters Tournament title at Augusta National Golf Club in Georgia on Sunday, and with it the \$4.2m prize money.

US pop star **Katy Perry** (pictured) crossed the Karman Line, – the internationally recognised boundary 100km up at which space "begins" – as part of the first all-women space flight since the Soviet Union's Valentina Tereshkova flew a solo mission in 1963, says Space.com. Perry was joined in the Blue Origin capsule by five others. Blue Origin usually requires a \$150,000 deposit from would-be passengers, while Virgin Galactic charges \$650,000 for a seat.

### Bad week for:

French footballer **Kylian Mbappé** is suing his former club Paris Saint-Germain (PSG) to recover €55m he claims he is owed in unpaid wages and bonuses, says the Financial Times. The French national team captain joined Real Madrid from PSG last summer on a free transfer after he was temporarily sidelined by PSG. Mbappé alleges that was because he had refused to extend his contract with the French side.

**Taxpayers** footed the bill for the £721,189.25 the Department for Environment, Food and Rural Affairs (Defra) spent on 237 business class and premium economy flights in 2023-2024, says The Times. Flying in business class, which civil servants may do for flights of at least ten hours, subject to approval, generates twice the emissions of flying in economy. Defra claims to be working to "make our air purer".





# Globalisation is on life support



**Alex Rankine**  
Markets editor

Investors are profoundly shaped by big crashes, says James Mackintosh in *The Wall Street Journal*. Years such as 1987, 1998, 2008 and 2020 stay long in the memory. Now April 2025 “should join that list”. The period since Donald Trump unveiled global tariffs at the start of the month has seen a record \$6.6trn two-day wipeout on US markets, followed by one of the largest one-day rallies in history when Trump announced a 90-day pause to most new tariffs last week.

## Focusing the guns on China

Trump is instead concentrating his trade guns on China, hiking tariffs on the country to 145%. Beijing has responded with 125% import duties on US goods. The world’s top two economies have “effectively declared a trade embargo on each other”, says George Magnus in *The Guardian*. America’s \$150bn in exports to China will fall close to zero, while about 75% of China’s \$440bn exports to America could vanish over the coming 18 months. In America, the consequences will be inflation and possibly a mild recession. In China, growth will take a big hit – exports powered half of the country’s growth last year. Beijing “can ill-afford a trade torpedo as it tries to stabilise its beleaguered property sector”.

The White House has excluded smartphones and laptops from the highest tariffs, but a huge range of other US consumer goods face steep levies, says the *Financial Times*. In all, 75% or more of imported video-games consoles, food processors and toys in the US came from China last year, as did 90% of microwaves



Treasury secretary Scott Bessent: China is “playing with a pair of twos”

and 88% of electric fans, making it harder for US consumers to keep their cool.

Above a certain point, tariff rises have a diminishing impact, says German Lopez in *The New York Times*. “If you’re looking for a \$20 toaster, the distinction between a \$40 and \$50 price tag is irrelevant – both are far more than you’re willing to pay.” Once trade disappears, there is nothing left to tariff. The White House believes it has the upper hand. “They’re playing with a pair of twos,” says Treasury secretary Scott Bessent. “We export one-fifth to them of what they export to us, so that is a losing hand for them.”

That logic is flawed, says Adam Posen in *Foreign Affairs*. From pharmaceutical ingredients to basic semiconductors to critical minerals, the US imports “vital

goods” from China that cannot be swiftly replaced. China, by contrast, has more options to substitute lost US imports of things such as soybeans. A long-term plan aimed at reducing US dependence on China would be sensible. But cutting off trade before alternative suppliers are ready to step in is “wildly reckless”. Just as in a real war, in trade war it is “suicidal to provoke your adversary before you’ve armed yourself”.

US tariffs on China are now so high that they cancel out the impact of the 90-day pause for other countries, says Paul Ashworth of Capital Economics. “The overall effective tariff rate on US imports” (total tariffs as a share of total imports) now stands at about 22%, a huge rise from 2.3% last year. Globalisation remains on life support.

## The AI bubble starts to hiss air

The artificial-intelligence (AI) boom has been largely bankrolled by big tech, which is investing in vast quantities of AI chips and data centres, says Asa Fitch in *The Wall Street Journal*. Combined, Microsoft, Meta, Alphabet and Amazon plan to blow \$270bn building such hubs this year alone.

The problem? AI “is still trying to find its own legs as a business”, with tepid consumer demand failing to justify the hundreds of billions of dollars of investment. With the US economy “rapidly weakening”, big tech will have less spare cash to keep the AI party going.

AI star Nvidia, which sells the chips that big tech needs for AI projects, is losing ground. Its shares are down a fifth since the start of the year.



China has too many data centres

Sceptics have long predicted the AI bubble would burst when a big tech firm pulls back investment. That appears to be starting. TD Cowen analysts recently reported that Microsoft has abandoned two gigawatts-worth of

planned data-centre projects in the US and Europe over the past six months due to “an oversupply relative to its current demand forecast”, says Reuters. The emergence of cheaper Chinese AI models has only heightened investor

scepticism about whether “hefty” AI spending by tech giants will yield any returns.

China has its own oversupply problem, says Caiwei Chen for the MIT Technology Review. Fuelled by government subsidies, at least 150 new data centres were finished by the end of last year, yet many are reportedly “sitting empty”.

Data centres make money by renting out computer-chip clusters to firms that need computing capacity for AI training, but the launch of DeepSeek’s low-cost R1 model upended that market earlier this year. Nevertheless, given the scale of strategic AI competition with the US, experts say China is unlikely to scale back its efforts.



# Investors rattled by US banana republic

"For a good few hours on April 9th, disaster beckoned," says *The Economist*. "Convulsing" US bonds sent financial markets "perilously close to the brink". US president Donald Trump has staunchly resisted stock-market pressure to reverse his trade policies, says Shawn Tully in *Fortune*. Trump stuck to his trade guns even as the S&P 500 index flirted with a bear market and economists warned of recession. But when the bond market melted down last week, the president's "pain point" was reached, prompting him to announce a 90-day tariff reprieve for most countries.

## A crucial global market

"There is no larger thoroughfare for global capital than the market for US Treasury debt," says Nellie Liang for Brookings. Treasuries serve "several critical functions": firstly, they finance US government borrowing. Secondly, they act as a benchmark for interest rates in the world's largest economy. Finally, for big institutions – who use short-term Treasuries rather like individual investors use cash – they serve as the world's premier source of "safe and liquid assets".

Trump's tariff escalation caused the ten-year Treasury yield to spike to 4.5%, with the 30-year topping 5% (yields rise when bond prices fall). While these are not unprecedented levels – the US ten-year last

traded at this level as recently as February – the "unusual speed" of the move in the usually staid bond market created panic.

Last week's drama felt like an incipient "financial crisis", says Jeremy Warner in *The Telegraph*. It was equal parts the 2020 "dash for cash" that paralysed markets at the start of the pandemic, and the UK's 2022 liability-driven investment "debacle" during the brief premiership of Liz Truss. Over-leveraged hedge funds began to face margin calls from banks. To raise cash, they sold their most ready source of liquidity: US government bonds. Because everyone was doing the same, the value of the bonds fell, triggering fresh demands for extra cash. A vicious cycle ensued. Trump's partial tariff retreat has defused "the doom loop", but now an "uneasy quiet" remains.

## Investors sell America

Bond markets are usually "nerdy and technical", says Noah Smith in his *Noahpinion* blog. But when things go wrong, they have vast powers of financial destruction. What was especially "unusual and scary" about this episode was that the dollar sold off even as US bond yields rose. That doesn't usually happen. Rising US bond yields should prompt investors to buy into the US to get a higher return, which boosts the dollar. But last week investors were



The bond market has reined in Donald Trump for now

selling out of all US assets. For the first time in "many decades", America experienced emerging market-style "capital flight". The emerging-market parallel can be overstated, says George Saravelos of Deutsche Bank. Unlike in developing economies, America's liabilities are denominated in a currency it controls. While that should help forestall "explosive debt dynamics", there is no doubt that historically elevated valuations for US assets need to decline considerably before the country offers good value again. "Rapid de-dollarisation" is happening as markets reassess the "attractiveness of the dollar as the world's global reserve currency".

Multiple theories are circulating on Wall Street about the true cause of the bond meltdown, says Jon Sindreu in *The Wall Street*

*Journal*. These range from the plausible – "complex trading strategies employed by hedge funds" blowing up – to "conspiracy theories" that the Chinese government was liquidating its \$800bn stockpile of US government debt to exact revenge. A Chinese sell-off would have caused "far more havoc than actually occurred". The real source of trouble is glaringly obvious: US "government debt is doing badly because... investors don't want to buy it". Successful bond auctions have restored a measure of calm to the Treasury market, say Patrick Hosking and Jack Barnett in *The Times*. Yet rather like the continuing discount applied to UK gilts years after Truss, some lasting damage may have been done. "Behave like a banana republic, and the bond market will start treating you like a banana republic."

## Viewpoint

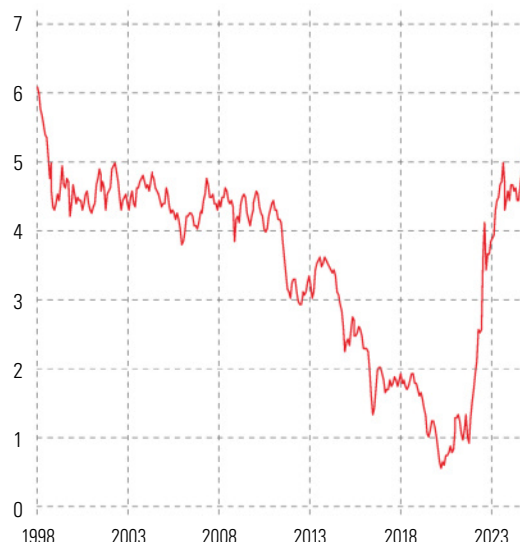
"Maintaining the dollar's role as the dominant... currency requires that the US economy accommodate an inherent contradiction between global integration and national sovereignty... When a country [subsidises] its own manufacturing... its trade surplus must be absorbed by... partners [with more open economies]... It is not just coincidence that the US, with its deep, flexible and well-governed financial markets, has manufacturing shares of GDP well below the global average, unlike economies such as China's [with] manufacturing shares well above the global average... The US is justified in acting unilaterally to reverse its role in accommodating policy distortions abroad... The dominance of the dollar in global... finance has long been assumed to be a net benefit for the [US], but... while it benefits Wall Street [it comes] at a cost to... manufacturers and farmers."

Michael Pettis, *Financial Times*

## ■ Another sell-off in British bonds

### UK 30-year gilt yields

Yield to maturity, monthly average, percent



Source: Debt Management Office, Bloomberg

Bond-market trouble has not been limited to America. As US Treasuries sold off, the UK 30-year gilt yield touched 5.65%, its highest level since 1998. On 9 April gilts suffered their biggest single-day move since the 2022 market meltdown unleashed by Liz Truss's mini-budget, says Elliot Gulliver-Needham in *City AM*. Other major economies have also been affected, with Japanese bond yields hitting a 21-year high, says David Milliken on Reuters. Yet recent UK moves have been outsized, with the 30-year gilt yield actually rising more than the equivalent US Treasury at the height of the sell-off. In unwelcome news for Rachel Reeves, Britain's "fiscal vulnerabilities" are back under market scrutiny.



# Tesco tackles price war

Britain's biggest grocer has opted to cut its prices more quickly to prevent Asda grabbing market share. Matthew Partridge reports

Tesco's CEO has warned of a "mounting price war among UK supermarkets", with conditions in the sector becoming "very competitive", says Isabella Fish in *The Times*. The country's largest grocer is to "double down on cost cuts" in addition to lowering its profit forecast by up to £400m for the year, from £3.1bn to between £2.7bn and £3bn. The move comes after Asda recently pledged to "deliver its biggest round of price cuts in a quarter-century", a move that has already wiped billions off competitors' market values.

No wonder Asda has decided to cut prices, says Hannah Boland in *The Telegraph*. It needs to do something to "stop the rot". Its market share has dropped from 14.8% to 12.6% in the last four years alone, with overall sales "slipping". This represents an "existential" problem for a company "lumbering" under a £3.8bn debt pile following a £6.8bn takeover in 2021 by private equity firm TDR Capital. Viewed in this context, the price cuts seem to be an attempt to return to the "tried and tested strategy" that was credited with "fuelling a major upswing at Asda in the 1990s".

## Running scared

It's good news that Asda's decision to try to win back some market share by lowering prices has "spooked" rivals such as Tesco, who are now "running scared", says James Moore in *The Independent*. After all, it's only fair that investors are now feeling a little pressure, given that Tesco has been "lining [its] pockets with gold", with £864m spent on dividends as well as another £1bn on buying back shares. These numbers "tell you all you need to know" about who has been winning the "battle" between retailers and their customers, so "it is about time the scales tipped back" towards the latter.

Price cuts may be "good news" for consumers, but it's important not to overstate the threat they pose to Tesco, says Ian King on *Sky News*.



While Tesco and Sainsbury's have the "most to lose" from a turnaround at Asda, they are also "better placed than anyone else to withstand one". Tesco's Clubcard is "arguably the world's most successful supermarket loyalty and rewards scheme", providing the grocer with "data and insights no one else has, enabling it to react fast to changes in the market or to shoppers' habits".

Tesco has certainly shown that it is capable of matching rivals on price in the past, including the German "interloper" Aldi, says Alex Brummer in the *Daily Mail*. But the prospects of a price war between the major supermarkets that could hit profits isn't the only reason why Tesco's investors "aren't terribly happy". Its share price is also suffering from fears that consumer confidence is dwindling, while the £235m hit to income from the national insurance increase and the impacts from the Employment Rights Bill are "still to be felt". Nevertheless, the overall sector is less vulnerable than many think: "even in recession people want to eat well".

## Buying Versace on the cheap

Prada has agreed to buy the Versace fashion brand for €1.25bn from the fashion conglomerate Capri Holdings. While the price was previously expected to be €1.43bn, a discount of €180m was secured because the "recent market turmoil and trade uncertainty has hit the retail industry particularly hard", says Chloe Mac Donnell in *The Guardian*.

The acquisition hints at an attempt by Prada to strengthen its position as an "Italian powerhouse" with Versace joining the fashion brands Prada and Miu Miu, the footwear labels Church's, Car Shoe and Luna Rossa, and the pastry brand Marchesi. The deal isn't a "complete dud", says Bloomberg's Andrea Felsted. Versace has "huge recognition and a rich archive with plenty of iconic styles", while its "maximalist aesthetic" is far from Prada's "elegant minimalism" and Miu Miu's "cool-girl chic". Versace also brings "a broader lifestyle offering, from homewares to hotels", which will "become more important as younger consumers prioritise experiences".

Yet turning Versace into a "must-have" like Miu Miu will "take time". Prada will need to "overhaul Versace's products and tired image, while elevating its brand and its distribution network". Such changes will be "expensive as well as time-consuming", which risks distracting Prada from the potential of its current brands, especially Miu Miu.

Even if things go well and Versace brings "a fresh, bold, glamorous style" to Prada, the deal still looks "pricey", says Yawen Chen for *Breakingviews*. Prada is paying 1.5 times expected 2028 sales, while rival Burberry is trading on only 1.3 times.

And if Prada wants to move Versace away from wholesale distributors and discount outlet stores, then revenue may fall in the short run. Even if this doesn't happen, simply raising investment in design and marketing to reverse the damage the Versace brand has suffered in recent years could slash margins, making the financial rationale for the deal look "threadbare".

# JD Sports shrugs off turmoil

There's something almost "surreal" about the market's reaction to the latest results from retailer JD Sports, says Alistair Osborne in *The Times*. Even though it sells trainers, a product Donald Trump is "itching" to apply tariffs to so that they can be made in America, the shares shot up 10% on the back of a mere 0.3% rise in fourth-quarter like-for-like sales – even before Trump announced a delay to the tariffs. What's more, it has told investors to expect "volatile" trading with no underlying sales growth this year. Perhaps the only explanation for this paradoxical reaction is that investors have decided not to give the company "any more of

a kicking" now that its shares have halved in two years.

The results were actually reasonably "solid", says Hargreaves Lansdown's Aarin Chiekrie. It also looks as though JD is "holding firmer" on pricing than competitors, and is wisely avoiding a "fire sale of stock", which could "tarnish" its reputation as a higher-quality store.

The company is also taking advantage of tougher market conditions to "shift its focus from expansion to cash generation", with the focus on converting new acquisitions in the US and France to the JD brand and leveraging the cost efficiencies this increased scale can bring. Still, there's no

getting away from the fact that tariffs remain the "elephant in the room", and JD Sports' decision to leave them out of any projections means guidance may well be downgraded as the year progresses.

JD's position as one of the biggest shoe retailers gives it leverage when negotiating with brands over how much of the extra duties it will have to absorb, says Nils Pratley in *The Guardian*. It also trades at just six times earnings and is generating enough cash to afford a £100m share buyback. It could therefore be considered "cheap" unless a "proper Trump-inspired deep global recession" takes place.



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NAV per share (\$)²	3%	4%	29%	107%	246%
Share price total return (\$)³	12%	15%	6%	56%	180%
Share price total return (£)	11%	16%	16%	48%	268%
FTSE All-World Total Return (\$)	13%	18%	20%	73%	144%

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<sup>1</sup> Over the ten years to 31 July 2024, the US dollar NAV per share compound annual growth rate ("CAGR") was 13% and the public market comparator (the FTSE All-World Total Return Index) CAGR was 9%.

<sup>2</sup> Please also note the "NAV per share" percentages in the table above reflect the US dollar monthly estimated NAV per share.

<sup>3</sup> HVPE introduced an additional US dollar share price on 10 December 2018; from this date onwards, the actual US dollar share price, as reported by the London Stock Exchange, has been used. Prior to this date, the US dollar share price had been converted from the sterling share price at the prevailing exchange rate. The share price total return figures have been adjusted for the redemptions which occurred in October 2013 and October 2014.



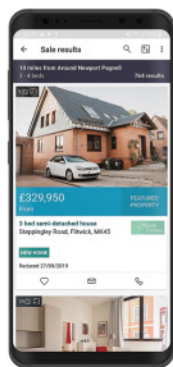
# MoneyWeek's comprehensive guide to this week's share tips

## Six to buy

### Rightmove

#### *The Telegraph*

The property market is in the midst of a rebound, with easing inflation providing scope for interest-rate cuts. Given the online property portal's dominant market position, it is well placed to benefit from rising transaction volumes, while a double-digit forecast rise in earnings justifies its "lofty" market valuation. Rightmove has the financial means to overcome an uncertain near-term operating environment; on a long-term view, it offers "investment potential". 681p



in return on capital employed over the past year suggests Hilton now has a firmer grip on spending. "We... think a rerating is deserved." 849p

### PureTech Health

#### *The Times*

PureTech Health has become a bargain thanks to the latest stockmarket sell-off. Despite therapeutic and commercial progress and recent takeover interest in the group, PureTech's shares are down 75% from their high in March 2021. The US biotech, dual-listed in London and New York, has a pipeline of 29 therapies and drug candidates and boasts a clinical trial success rate of about 80%. PureTech has a diverse portfolio and trades at a discount to cash. 114p

### Hilton Foods

#### *Investors' Chronicle*

Although Hilton Food's prices were lower, volumes grew and adjusted pre-tax profit rose in its latest financial year. The processor of meat, fish and other protein products for supermarkets is increasing investment to fund its launch in the Canadian and Gulf markets. An improvement

### International Public Partnerships

#### *This is Money*

International Public Partnerships (IPP) invests in public and social infrastructure assets and businesses. The company plans to increase

dividends around 2.5% annually, and the stock has an "attractive" 8% yield. IPP's investments include Cadent Gas, which supplies gas to about half of Britain's population; offshore wind-farm cabling systems; and a 20% stake in the Thames Tideway Tunnel, a "super-sewer". The slump in its shares is "overdone". IPP has reduced debt, cut costs and sold assets, but infrastructure spending is high on the government's agenda. 113p

### ASML

#### *Shares*

ASML is "the only company in the world capable of manufacturing" the extreme ultraviolet tools needed for making leading-edge semiconductor chips, giving it a unique place in the AI, cloud-computing, and semiconductor industries. The Dutch group's machines are used by TSMC, Samsung and Intel. Donald Trump's tariffs will harm the chip industry in the short term, but it will benefit from huge investment in new US-based manufacturing in years to come. ASML's shares are down, but earnings are forecast to grow. It

trades at a cheap valuation and will become "profitable" given time. €580

### Applied Nutrition

#### *Investors' Chronicle*

Applied Nutrition's (AN) full-year sales beat guidance, but the sports nutrition and wellness company's operating profit declined owing to higher whey-protein prices and shipping costs. Its shares have fallen since they listed in October due to concerns that growth rates and margins might not be sustainable. However, AN backed its guidance for revenue to increase from £86m to £100m this year, bolstered by the rollout at Holland & Barrett and three new US distribution deals. Despite growing competition, AN's valuation isn't "too taxing" given expectations of strong earnings growth. 110p



## ...and the rest

### This is Money

Foresight Group works with local authority pension funds to invest in up-and-coming businesses so they can develop, generate jobs, and fuel growth in deprived regions. Profits have almost tripled since flotation in 2021, with £64m forecast for the year to 31 March 2025, while dividends have soared. Yet Foresight's shares have fallen, which is "unjust and should reverse". The group aims to double earnings to £120m by 2029, and brokers forecast a 25.7p dividend for next year.

Foresight is a "well-run, well-regarded" firm with an annual 7% yield. Buy (330p).

### The Telegraph

Pan African Resources, having to contend with South Africa's creaking electricity



grid, recently bought Tennant Consolidated in Australia, bringing "welcome geographic diversification and a big potential kicker" to the miner's gold output, although the move has also had the effect of increasing its debt pile. Although Pan African's stock trades on a "lowly" multiple, given the "prevailing uncertainties, it makes sense" for investors to have an allocation to "haven assets". "Gold miners could yet dig portfolios out of any tariff trouble." Buy (40p).

### The Times

Softcat sells software and hardware services, and its stock has been bolstered by demand for technological improvements. The threat of a tariff-induced recession risks undoing Softcat's progress this year. The stock is on a premium to the sector thanks to the group's cash conversion rate and a potential dividend hike. But the high growth expectations implied by the valuation could leave it "vulnerable to investors taking a more risk-averse approach". Hold (476p).

## A German view

The war in Sudan and the crash in the naira, Nigeria's currency, have dented profits at MTN, one of Africa's largest mobile-network operators, says WirtschaftsWoche. But the long-term outlook remains auspicious. The group has 291 million customers, six million more than last year, which highlights the extent to which population growth underpins sales in the sector. In Ghana and Uganda, both rapidly developing economies, the group achieves operating margins of more than 50%. A growing emphasis on digital financial services through mobiles – a venture with Mastercard – also bodes well. The Johannesburg-listed stock also yields 3.2%.

## IPO watch

Shares in Indonesian coffee chain Fore Coffee shrugged off global volatility to surge 34% in their stockmarket debut in Jakarta, says Nikkei Asia. Despite investors' concerns over both US president Donald Trump's tariff policy and the Indonesian government's fiscal policy, the stock reached 252 rupiah (1p) per share at the open from the initial public offering (IPO) price of 188 rupiah. Fore raised around 353.4bn rupiah (£16m) from the oversubscribed listing of 1.88 billion shares, representing a 21% stake. Fore operates over 200 outlets selling cheap coffee for roughly 33,000 rupiah (£1.49) a cup. It plans to use the proceeds to open around 140 new shops in two years.

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# Labour nationalises steel

The politics means this makes more sense than usual. Emily Hohler reports

The fact that parliament was last recalled from recess for a weekend sitting in April 1982 after the invasion of the Falklands “illustrates the gravity” of the situation with British Steel, says The Telegraph. Although the state is “peculiarly unsuited to the commercial sphere”, steel is an exception, and the “imminent closure” of the two blast furnaces at Scunthorpe “forced the government’s hand”.

The most important justification for a state bailout is defence, particularly in an increasingly dangerous world. Scunthorpe is Britain’s last manufacturer of high-quality virgin steel, which is needed for submarines, aircraft engines, nuclear reactors as well as tanks and missile casings, says Robert Tombs in the same newspaper. Then there’s the “political importance” of the plant, says The Economist. With local elections on 1 May and Nigel Farage talking of the need to “save this vital strategic asset”, Labour is “keen to avoid accusations that it is allowing the continued demise of Britain’s industrial base”.

## “Extraordinary fecklessness”

That we have reached this point, and that the plant was sold to China, which has an interest in closing it down, is “proof of extraordinary fecklessness by successive governments”, says Tombs. In part, this came about due to the “net-zero fantasy”, which has raised energy prices to a level at which many industries have become uncompetitive. UK Steel estimates that British steel-makers will pay an average of £65.97 per MWh this year, compared



Deputy PM Angela Rayner in Scunthorpe: events forced the government's hand

with £43.49 in France. Not only that, “by importing steel and other products that can no longer be made competitively here, we are merely relocating the emissions” and making pollution worse by having to import key raw materials from distant countries.

Quite, says Jawad Iqbal in The Times. Take the emergency supplies of coking coal now being “rushed from Japan” to keep the furnaces burning; it could have been “just as

easily produced” in the UK. Meanwhile, the plan to switch to electric furnaces using green energy will not only take years but require “huge subsidies”.

The emergency legislation passed last Saturday means the government now has to run a “complex and very expensive industrial operation”, say Sylvia Pfeifer and Anna Gross in the Financial Times. In March, Jingye, British Steel’s Chinese owner, said the company was losing more than £700,000 a day. Company accounts show it made a pre-tax loss of £231m in 2023 and had £736m of outstanding debts. Business secretary Jonathan Reynolds put the cost of collapse at over £1bn.

Simply running the plant will be expensive, but Donald Trump’s 25% tariffs on steel imports increase the chances of “continued losses and requests” for more taxpayer cash, says Aimee Donnellan on Breakingviews. But subsidising a private-sector owner would “be costly too”. “If the state is going to put money behind a strategically sensitive, financially troubled company, it might as well be the one calling the shots.”

## China’s strong hand in tariff poker

“In America’s escalating trade war with China, it won’t be Beijing that blinks first,” says Karishma Vaswani on Bloomberg. “Trump is right, China is guilty of unfair trade practices,” but the fact is president Xi Jinping “can withstand way more economic and political pain” than Trump. Trump excepted China from his 90-day tariff pause and they now stand at 145%. In response, China has increased tariffs on US imports from 84% to 125%.

Trump’s “most ardent supporters continue to insist that he is a master strategist”, says Gideon Rachman in the Financial Times. “To my feverish mind, it looks like Trump has a much weaker hand” in this game of “tariff poker”. The fact that China exports far more to the US than vice versa is actually a “source of leverage” for China.

If Chinese-made products become more expensive or vanish from shelves, Americans will suffer. China makes 80% of Americans’ iPhones, almost 50% of the ingredients needed for America’s antibiotics, and supplies rare earths needed for a whole range of key products, including military hardware.

Meanwhile, the US market represents just 14% of Chinese exports. Not only that, China’s authoritarian regime is much better positioned to absorb “political and economic pain” than the US, “where economic turmoil swiftly translates into political pressure”.

More broadly, Trump’s moves “aimed at sidelining China may end up isolating the US” as America’s traditional allies become spooked and bolster ties with Beijing, says Tom Harper in The Conversation.

“Perhaps most concerning”, it increases the risk of a Chinese invasion of Taiwan. With the threats of US tariffs now a reality, Beijing has “less incentive not to go after Taipei”.

## “Responsibility for Germany” prepares for power

Friedrich Merz, Germany’s chancellor-in-waiting, has reached an agreement with the Christian Social Union (CSU) and Social Democrats (SPD) to govern Europe’s biggest economy five months after the last government collapsed.

Germany’s parliament is due to meet on 6 May to elect Merz as chancellor, but he “should have no problem” given his 13-seat majority, says Paul Kirby on the BBC. His next challenge is to persuade voters, who have deserted his Christian Democratic Union (CDU) party “in droves”, that he can “fix the economy and get immigration under control”, says Bertrand Benoit in The Wall Street Journal. The CDU has just been overtaken in an Ipsos poll by the Alternative for Germany party.

Germany, which relies on exports to the US for about 4% of GDP, has been “stagnating” since 2022 due to higher energy prices, falling Chinese demand for German goods and “fierce competition” from Chinese firms, say Anne-Sylvaine Chassany and Laura Pitel in the Financial Times. Now Donald Trump has imposed 20% tariffs on all EU exports.

Merz used the outgoing parliament to “relax the debt rules” and announce a €1trn spending programme. The new coalition agreement, “Responsibility for Germany”, aims to revive the economy by cutting energy prices, introducing incentives to boost demand for EVs and lowering taxes for corporations and those on low and middle

incomes. It also plans to cut the size of the federal government by 8% over the next four years and reduce immigration by tightening the laws and maintaining border checks.

Another significant part of the coalition deal is to increase defence spending and strengthen the military, says Kirby. Conscription was abolished in 2011 and Merz has said he will not reintroduce it, instead relying on the “Swedish model” of voluntary military service to expand the armed forces. Germany has been the second-largest provider of military aid to Ukraine since 2022, and Merz has also promised continued “comprehensive support”.



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## Washington, DC

**Make or break:** Meta Platforms's founder and boss Mark Zuckerberg (pictured) took the stand on Monday in a case brought by the Federal Trade Commission (FTC), the US markets regulator, over whether Meta broke competition rules by buying competitors, says The Wall Street Journal. If Meta, the owner of Facebook, is found guilty of running a monopoly in social media, it could be compelled to "undo its acquisitions" of Instagram and WhatsApp. "Forcing Meta to get rid of those two popular applications would devastate the

company's business, which relies heavily on serving advertisements to users of Instagram and Facebook." Advertising on Instagram accounted for around 50% of Meta's US sales this year. But the FTC has its work cut out. The regulator says Meta dominates the "personal social-networking" market. Meta argues that Instagram and WhatsApp only became successful because it bought them and that consumers do have other options. Meta also doesn't charge for its social-media platforms, although the FTC accuses the group of having raised the "quality-adjusted

price" through additional advertising and weaker privacy protections. The trial is expected to last eight weeks.

There are currently at least eight significant competition investigations into Silicon Valley giants, says Dave Lee on Bloomberg. "If tech leaders hoped president Donald Trump's return would mean being left alone by a more hands-off government," they are likely to be disappointed.

## Herndon

**Beacon has second thoughts:** US billionaire Brad Jacobs' shell company QXO is buying Virginia-based Beacon Roofing Supply for \$11bn. QXO has agreed to pay \$124.35 per share in cash, which is only ten cents higher than the previous bid of \$124.25 that the US building-products distributor rejected in January because it "significantly undervalued" the company. What a difference a looming trade war makes to valuations, says Jeffrey Goldfarb on Breakingviews. Wall Street is increasingly worried about the gap between public and private markets, with the former shrinking. Sam Altman's OpenAI raised \$40bn without going through broader capital markets, for example. Yet QXO is "trying to have the best of both worlds" as its takeover of Beacon is essentially a "less convoluted version of the many ill-fated special purpose acquisition companies (Spacs)", also known as shell companies. As a public entity, QXO will face market fluctuations and it must disclose more information, limiting its ability to "remake Beacon behind closed doors" and cut costs. But with listed shares, QXO benefits from lower-cost equity to pay employees and motivate them. Jacobs is building his shareholder base with \$5bn from select investors, including an investment firm led by Donald Trump's son-in-law Jared Kushner, who also sits on QXO's board. Unlike public shareholders, "they're probably around for the longer haul".

## Quito

**Noboa re-elected:** Ecuador has re-elected right-wing president Daniel Noboa (pictured) after he won a runoff against leftist candidate Luisa González, says Tiago Rogero in The Guardian. The vote was seen as a test of Noboa's "war on drugs" as he has placed the armed forces at the centre of his rule. That initially led to a fall in crime, but then to a return to previous levels of violence and a rise in reports of human rights violations. With 97% of ballots counted, Noboa secured 55.65% of the vote, compared with 44.35% for González, who has vowed to seek a recount over what she described as "grotesque" electoral fraud. The 1.1 million margin of victory was significantly larger than the one indicated by opinion polls, which had suggested a technical tie. Noboa had beaten González by just 16,746

votes (0.17%) in the first round. Less than 24 hours before polls opened, Noboa declared a 60-day state of emergency, allowing warrantless searches and suspending assembly rights, citing rising violence and "serious internal disturbance".

Ecuador was once one of the safest countries in Latin America, but last year it had the highest murder rate in the region against a backdrop of an energy crisis with 14-hour blackouts, a shrinking gross domestic product and rising levels of poverty. Noboa, who is the heir to a fortune built on the banana trade, will serve a full term until 2029, having completed the former president's term after the latter stepped down.



## The way we live now... athletics is chasing the prize money



Johnson is winning more money for athletes

Athletics pays less than other sports – something retired US Olympic sprinter Michael Johnson wants to change, says The Economist. A recent ranking of the world's 100 best-paid athletes by trade didn't include any track and field athletes. That's partly down to the fact that the Olympic Games and the World Championships – highlights in the sporting calendar – are only held every four years. The World Athletics' Diamond League – an annual series of track and field events introduced in 2010 – struggles due to the high number of

disciplines and the ability of athletes to choose whether to compete, resulting in weaker fields and low broadcast revenue. Last year's prize money was capped at just \$10,000.

In response, Johnson has launched Grand Slam Track, consisting of four "slam" tournaments, similar to golf and tennis, with a fan-friendly format. At the inaugural event in Kingston, Jamaica, this April, athletes are contracted to compete, and winners will receive \$100,000, plus a base salary. It is also betting on smaller venues attracting larger crowds.



## London

**Tough times ahead:** The economy grew by a larger-than-expected 0.5% in February month on month, restarting growth that had been flat at the start of the year. Growth was widespread across services and manufacturing, registering the fastest monthly pace since March 2024 and “providing some positive news for chancellor Rachel Reeves as she contends with the impact of US president Donald Trump’s tariffs”, says Valentina Romei in the Financial Times. Too bad it isn’t set to last. The latest wages and jobs data for February is “a snapshot taken in the china shop before the tariff bull was let loose”, says Sarah Coles of Hargreaves Lansdown. It shows the “jobs market... in decent shape, with steady wage growth and a rising employment rate”. Wage growth, excluding bonuses, edged up 0.1 percentage points to 5.9%. However, there are also “some early signs of shakiness”. Job vacancies fell for the 33rd quarter in a row and the number is now below the pre-pandemic level. The looming hike in employers’ taxes in April is “very likely” to have dented hiring, and business investment was down an annual 1.9% at the end of last year. That doesn’t “inspire a great deal of hope”. Then, there are the tariffs. “There’s a chance that businesses will pass the pain on to consumers, and inflation could become a threat again.” Shoppers can expect some “tough times” ahead.



## Seoul

**The chips are down:** South Korea has increased the support package for its “vital” semiconductor industry by a quarter to 33trn won (£17.5bn) in response to uncertainty over US tariff policy and competition from China, says Reuters. The government has also expanded a financial-assistance programme for the sector by 18% to 20trn won (£10.6bn). South Korea is home to chips heavyweights Samsung Electronics and SK Hynix. While in recent years both have fallen behind rivals in areas such as chip design and contract chip manufacturing, exports of semiconductors made up just over a fifth of the country’s total, worth \$141.9bn. South Korea also unveiled emergency measures to support its car industry last week. Meanwhile, the US is pressing ahead with its plans to impose tariffs on semiconductor and pharmaceutical imports. South Korea’s finance minister Choi Sang-mok promised to work with the US to minimise disruption to domestic firms.

Meanwhile, Lee Jae-myung, the leading candidate in South Korea’s presidential election on 3 June, unveiled his “K-initiative” last week, which, while before short on detail, is aimed at tackling economic challenges, says Steven Borowiec on Nikkei Asia. Lee “enjoys strong support among liberals”, but he is distrusted by conservative voters who see him as a “corrupt and reckless populist”.

## Libreville

**Victory for Nguema:** Gabon’s military leader, Brice Oligui Nguema (pictured), who led a coup in 2023 to topple president Ali Bongo, ending a near-60-year dynasty, has “cemented his grip on power” by winning more than 90% of the vote in the country’s presidential election at the weekend, say Katarina Hoiije and Kamailoudini Tagba on Bloomberg. Nguema faced seven other candidates, but Alain Claude Bilie-By-Nze, his main challenger, won just 3% of the vote. Turnout was 70.4%, which the authorities said was a sign that the election was fair and transparent, although Bilie-By-Nze fears a failure to secure ballot papers in some areas could have led to ballot stuffing, says Paul Njie on BBC News. Nguema now has a seven-year mandate to “tackle the corruption and bad governance” that bedevilled the oil- and timber-rich African nation. Despite its small population of just 2.5 million and natural resources, around 35% of the population live below the poverty line of \$2 a day. Nguema has promised to diversify the economy to help end youth employment, to attract foreign investment and tackle the country’s budget deficit, which is expected to reach 6.5% of GDP in 2025. Gabon’s dollar bonds were “among the top performers in emerging markets” on Monday.



## Singapore

**PM seeks a mandate:** Singapore will hold a general election on 3 May in what will be the first electoral test for new prime minister Lawrence Wong as he seeks a mandate as leader of the ruling People’s Action Party (PAP), says Tsubasa Suruga on Nikkei Asia. Wong is only the city-state’s fourth leader since independence in 1965, during which time the PAP has “maintained its grip on power”. It is expected to retain its majority in Parliament in the upcoming vote. But the opposition led by the centre-left Workers’ Party (WP) is hoping to build on gains it made in the previous election in 2020, when the PAP’s share of the vote fell to 61.2% from 69.9% in 2015. (It nevertheless won 83 of the 93 seats contested.) This year, 97 seats will be for the taking. Voters will be focused on “bread-and-butter issues” along with who is best to lead in a volatile world, says Eugene Tan from Singapore Management University. As a small, open economy, Singapore is particularly susceptible to global shocks. The cost of living, job security amid stiffer competition from foreign professionals, and the economy are top of the list of concerns for voters. Wong’s first budget as leader in February included a S\$2bn (£1.1bn) package of cash payouts to households and wage-support schemes for lower-income workers.



# The cause of the Brummie bin revolt

The bin strike in Birmingham is the fallout from an equal-pay claim brought by female cleaners. That bodes ill for the rest of British business. Simon Wilson reports

## What's going on in Birmingham?

The rubbish continues to pile up in the streets – to the disgust of residents and the delight of the local rat population – as the city's binmen this week rejected the latest pay offer from the municipal authorities. It's an intractable row, with no immediate resolution in sight. But what's getting lost in all the media coverage, says Ross Clark in *The Spectator*, is a clear-eyed view of what caused the stand-off. The strike, which began on 11 March, is the “fallout of Birmingham City Council going bust as a result of an equal-pay claim brought by [female] cleaners who complained they were not paid as much as [male] binmen”. Their successful case was built on the allegation of sex discrimination, and based on the concept of “work of equal value”. That's a worryingly nebulous concept, which has the potential to wreak much havoc on UK business, says Clark – and we can expect things to get worse once Labour's new “Fair Work Agency” muddies things further.

## How is “equal work” defined?

Employers have been required to offer men and women equal pay for equal work since the Equal Pay Act in 1970. The concept was widened under the Equality Act 2010, and today it applies to employees (including agency workers) no matter whether they are full-time, part-time, apprentices, or on temporary or freelance contracts. When it comes to defining “equal work”, there are three kinds of equality recognised by the law. The first two are “like work” (work that involves similar tasks, knowledge and skills), and “work rated as equivalent” (under a job-evaluation scheme). The third type of equal work is the most controversial and hard to define; namely, the “work of equal value” at the centre of Birmingham's woes. This refers to “equal” job roles that might not in fact be remotely similar, but are judged to be equivalent in terms of the effort and skill needed to carry them out, and the level of decision-making involved.

## Sounds quite subjective?

Indeed – and it's that that has proved a boon for (mostly) female workers and even more so for their lawyers. The concept of “equal pay for work of equal value” was enshrined in law in 1984; the Conservative government was obliged to legislate under European Community rules. To make a claim, a worker needs to identify a “comparator” employee – someone of the opposite sex within their organisation, or an “associated” organisation – and show that their pay or conditions are worse. This is a difficult thing to do – and there were relatively few cases until 1999, when legal



The political stink may soon reach all parts of the country

changes (a new Europe-wide right to claim six years' extra back pay rather than just two; the relaxation of rules on “no-win no-fee” lawyers) improved things for plaintiffs. Ever since, it has led to a multitude of legal cases – originally in the public sector and now increasingly in the private sector, too – in which (for example) female cleaners and carers have argued that their work was just as valuable as that of dustmen or caretakers. One of the most high-profile cases, involving Asda, finished (for now) its ten-year crawl through the courts in January.

## What happened?

The judges decided in favour of tens of thousands of shop-floor workers (most of them female) who were suing Asda for being paid less than their colleagues (most of them male) in warehouses. It's the biggest private-sector case so far, involving at least 60,000 staff. The case work was certainly thorough, says *The Economist*: “Detailed job descriptions submitted for the judges' consideration spanned over three times the length of the complete works of Shakespeare.” Of the 14 store-based roles they analysed, they concluded that 12 were of equal value to the warehouse-based roles. Although the plaintiffs did not have to prove intentional sexism, Asda does now have to prove it had a good reason (a “material factor”) other than sex for the pay disparity. That could take another two years.

## What if it can't?

If the supermarket can't justify the pay disparity, it will be on the hook for compensation of about £1.2bn – plus higher ongoing wage costs of about £400m (15%) a year. Leigh Day, the law firm

representing Asda's staff, is also representing shop workers bringing claims against Tesco, the Co-op, Morrisons and Sainsbury's; clothes-chain Next is already on the hook to pay compensation, possibly more than £30m. For free-market liberals, says Tim Worstall of the Adam Smith Institute, to argue about the equal value of work is “to commit a category error” akin to the one Marx made with his labour theory of value. In reality, the “value” of work – the wages paid for it – is determined by the supply of workers able to do the job and the demand for them to do so. Thus, two different jobs can never be said to be of “equal value”, since the only useful measure we have of what a job's worth is “what someone is willing to pay to get it done. How can it be otherwise in a market economy?”

## How can it?

When policymakers decide that it can, and pass laws to make it so. But organisations can protect themselves in a number of ways against unequal-pay claims and ensure they are acting fairly, says Charles Cotton of the Chartered Institute of Personnel and Development. Transparency: “Being transparent about pay and grading systems should avoid discrepancies that trigger equal-pay claims.” Audits: conduct regular equal-pay audits to identify potential issues. Action plan: identify risks around pay disparities and make a plan to resolve them. Job evaluation: put a formal scheme in place that rates the value of each job to the organisation. Salaries: do line managers tend to offer higher salaries to male new joiners? High levels of managerial discretion can increase the risk of unequal pay. “The gavel-wielding hand is on the move at the (considerable) expense of the invisible hand,” says *The Economist*. It's an ominous development: forewarned is forearmed.



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# The return of supersonic travel

Innovation in commercial aviation has been stuck for 60 years. China is about to get it moving again



**Matthew Lynn**  
City columnist

There is one very odd fact about commercial aviation. Although it has grown hugely, and we all fly far more frequently than ever before, it has hardly advanced technologically for 60 years. Sure, the aeroplanes are a little safer, slightly quieter, and they use less fuel, but those are all minor modifications. In the one respect that matters to passengers – how quickly you can get to your destination – it has gone backwards. You can no longer fly faster than the speed of sound, as you could when Concorde was still operational.

That might be about to change. We are on the cusp of a new era of aeroplane travel, with a whole series of technological advances making it possible that a commercial supersonic jet might be back on the market soon. The trouble is, China may get there first. Its hyper-aggressive aeroplane maker Comac has unveiled plans for a supersonic passenger jet, the C949. It has already launched the C919, a competitor to the Boeing 737 and the Airbus A320 family, and it has plans for a C929 competing with the Boeing 787 and the A330. It's now started work on the C949, a supersonic aircraft that it claims will be able to travel at 1.6 Mach, faster than anything Concorde could manage.

It would be easy to dismiss that as marketing hype. But consider China's advance in EVs, smartphones and AI. Its commercial science and engineering is far more advanced than most people have yet realised. It's perfectly capable of making a quality jet that can travel that fast, and do so safely. It may well do so before any of the major Western aerospace firms.



Yet the West can't afford to lose this race. A cheap, reliable and quiet supersonic aeroplane could easily turn into a "killer app" to knock out Boeing and Airbus. After all, if they were offered the choice, and so long as there was not much difference in price, who wouldn't want to get from London to New York in three hours instead of six, or from Paris to Shanghai in six hours instead of 12? Travel within most of the US, Europe and Asia would involve a connection of an hour or less; even Australia would be no more than a 12-hour, non-stop flight from anywhere. It would transform the industry.

## The West must step up

If China gets there first, it will create a huge new hi-tech manufacturing industry. It will generate lots of jobs, just as it does in North America and Europe, a network of well-paid suppliers, and plenty of spin-off start-ups. With a jet that's faster than sound, China could leapfrog both its main rivals in little more than a few years. Just as

significantly, it could lock the world into a critical infrastructure controlled by Beijing.

Both the US and Europe should be spending a lot less time bashing China with tariffs and more time working out how to maintain European and US leadership in core industries. If China is close to developing a commercially viable supersonic passenger jet, then perhaps there should be a Boeing-Airbus joint venture to get their own aeroplane onto the market at the same time, or preferably before the Comac version takes to the skies; or a government-funded collaboration on the core technology, which could then be licensed to both companies to build their own jets; or an entirely new firm to build a new generation of aeroplanes.

There are a range of approaches that could work. But the West can't afford to lose this race. Commercial aviation is one of the few industries left where the US and Europe are clearly dominant. Travel that's faster than speed could easily turn the entire industry upside down. Right now the West is doing nothing to stop that from happening.

## City talk

● "De La Rue's rocky road to the public market may end on an unexpected high," says Aimee Donnellan on Breakingviews. The banknote printer has accepted a 130p per share offer from US private-equity group Atlas, which seems a reasonable outcome for a firm that "has spent years breaking itself up while battling seemingly terminal decline". Although De La Rue has been in business for more than 200 years, the decline of cash – plus the loss of its contract for printing British passports in 2018 – has seen it



struggle in recent years. Still, the shares have risen almost fourfold since mid-2023, after new chair Clive Whaley brought in a greater focus on cutting costs. And although Atlas's bid might "seem like a dicey bet" in the era of digital money, there could yet be scope to boost margins further, while the pending sale of its authentication business will leave it with around £100m in net cash. "For a centuries-old company, there seems to be a surprisingly large amount of value left to extract."

● "Once a big success story in the UK energy industry, Wood Group looks set to succumb to a pretty sorry end," says Russ Mould of broker AJ Bell. The latest in "a litany of disasters" was a probe that found key financial information had been withheld from the auditors, forcing the energy-engineering group to delay its results and sending the shares to fresh all-time lows. This hasn't stopped Dubai-based engineering firm Sidara from making a new 35p-per-share offer, but that is "very small beer compared with the 230p on the table before Sidara walked away from a deal last summer". Still, "beggars cannot be choosers" and Wood "has little choice but to accept what is on offer".

● Nikhil Rath, the CEO of the Financial Conduct Authority (FCA), "has survived the night of the long knives among regulators", says Alex Brummer in the Daily Mail. Rath "has been given another five years in the job" – a reward for attaching himself to chancellor Rachel Reeves's growth agenda, including supporting reforms to revive Britain's initial public offerings market. But he has been "less effective in pursuing financial wrongdoers". For example, the FCA's investigation into the fall of Neil Woodford's investment empire remains unreleased after six years, and "the bright idea of 'naming and shaming' miscreants has been abandoned".

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# Out of America's shadow

Upending global investment and trade could benefit other countries at the expense of the US market



**Cris Sholto Heaton**  
Investment columnist

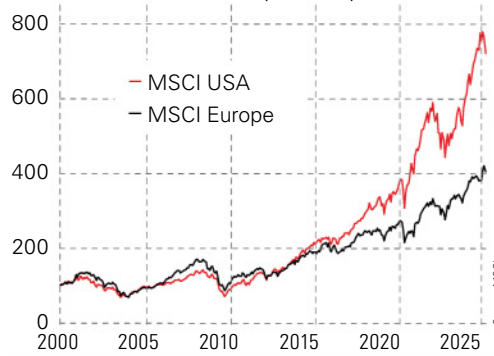
The Trump tariff chaos and the broader sense that the world is changing profoundly (see right) makes it hard to remain optimistic at times like these. There's a temptation to retreat to safe assets – such as cash or gold – which may well turn out to be the smart call in the shorter term. Yet there is a bullish way to think about these changes as well. They may end up being part of a long-overdue adjustment – just not quite in the way that the US president and his advisers hope.

America has dominated global markets to an unhealthy extent over the past decade or more. The degree to which it has beaten almost everything else is striking: the MSCI USA index has returned 12.4% per year (in dollar terms) over ten years, while the MSCI World ex USA has returned 6% per year. There have been some solid reasons from this, ranging from America's superior energy security after the shale revolution in the early 2010s to the greater dynamism of high-growth sectors (helped by capital markets that were willing to fund and scale up new companies in a way that the rest of the world was not). However, this cannot continue forever.

The US market trades at a large premium to the rest of the world. The MSCI USA is on a forecast price/earnings ratio of around 20 times, the MSCI World ex USA on around 14 times. It may well still deserve some of that premium – but it cannot continue to expand the difference and keep outperforming. What's more, to the extent that higher valuations reflected a superior business environment up until now, the premium may need to be smaller in future. Erratic policy making and weakening of the rule of law will surely make America a less attractive and more uncertain place to do business. It would be hyperbole to

## A decade of runaway returns

Total return in local currency, January 2000 = 100



say that it now looks like an emerging market, but that contains a grain of truth: recent events are what you expect to see in a rather ineptly managed and somewhat autocratic country, rather than the lynchpin of the global order.

## Two benefits for the rest of the world

If investors become a little more sceptical about the USA, it may benefit other markets in more than one way. The most obvious and immediate benefit is that a bit more cash going into the UK, Europe, Japan or emerging markets rather America will – at the margin – help raise valuations there.

The more subtle and long-term benefit is the counterpoint to the Trump administration's belief that the US trade deficit means that the rest of the world is simply harming America. After all, an alternative way to think about the real damage caused by this imbalance is that America's capital surplus (the necessary offset to the current-account deficit in the balance of payments) sucks in capital from the rest of the world, starving economies, markets and start-ups of investment.

While the US market was doing better, this was a rational decision for investors, but one that arguably created a virtuous cycle for America and a vicious cycle for other economies. If less capital now flows to the US, it may be good for growth elsewhere, which in turn will be good for earnings and create another tailwind for non-US stocks.

## Guru watch

**Ray Dalio,**  
founder,  
Bridgewater  
Associates



Investors are not paying attention to the "once in a lifetime" breakdown of the monetary, political, and geopolitical order, says Ray Dalio, the billionaire founder of Bridgewater, the world's largest hedge-fund group.

"A huge amount of attention is justifiably being paid to the announced tariffs and their impact on markets and economies, while very little attention is paid to the circumstances that caused them and the biggest disruptions that are likely ahead," Dalio writes on X. Rising gaps in education, opportunity, productivity, wealth and values are causing the breakdown of democratic systems and the rise of autocratic leaders.

Geopolitically, "we are going from multilateralism, which is largely an American world order... to a unilateral world order in which there's great conflict", he tells NBC. Trade disruption and the emergence of new world powers threaten to bring down the international economic and geopolitical structure that has been in place since World War II.

Against this backdrop, America's reliance on debt to finance excessive spending – with creditor countries such as China holding too many US bonds – is a growing risk.

"It is obviously incongruous to have both large trade imbalances and large capital imbalances in a deglobalising world in which the major players can't trust that the other major players won't cut them off from the items they need (which is an American worry), or pay them the money they are owed (which is a Chinese worry)," says Dalio.

"There are big pressures for these imbalances to be corrected on way or another and doing so will change the monetary order in major ways." These changes mean the US could experience "something worse than a recession if this isn't handled well". Still, "if the budget deficit can be reduced to 3% of GDP – it will be about 7% if things are not changed –... these trade deficits and so on are managed in the right way, this could all be managed very well".

## I wish I knew what balance of payments was, but I'm too embarrassed to ask

The balance of payments is the record of all transactions between a country and the rest of the world. Defined as simply as possible, the balance of payments is broken down into the current account and the capital account.

The current account includes payments for exports and imports of goods and services, as well as money sent home by citizens working abroad and income from foreign investments. The capital account covers the difference between the amount that the country's residents are investing abroad and the amount that foreigners are investing in it, plus some

smaller items such as capital transfers and grants to other countries and changes in foreign-currency reserves held by the central bank.

The balance of payments is an accounting identity in which every debit must be matched by a credit – so in theory the current account and capital account sum to zero. In practice, measurement errors mean the numbers don't match up, so the definition includes a balancing item to make up the difference.

The International Monetary Fund's official definition refers to the change in ownership of financial assets as the financial account, and uses the term capital account mostly to refer

only to some capital transfers, grants and the change in ownership of certain fixed assets.

A balance of payments crisis occurs when a country can no longer pay for imports or service its debts. This is usually caused by a sudden stop in inflows (or large outflows) in the capital account. Both developed and emerging-market nations regularly run current-account deficits (the UK has run a deficit for many decades now). But emerging markets – partly due to their more fragile institutions, and partly due to the fact that more "hot" (speculative) money tends to flow their way in the good times – tend to be far more vulnerable to rapid losses of confidence.

A burst of blue and white confetti is scattered across the top right of the image.

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## China steals a march in the AI race

Vivian Toh  
Nikkei Asia

A “quiet AI revolution is unfolding in places few analysts bother to look”, says Vivian Toh: China’s countryside. Here, rice farmers are using AI for tailored advice on how to save their crops from flooding and disease. In the process, China is providing an AI road map for the rest of the world. Unlike the West, China’s leading AI services are generally free, “driving mass adoption”. The integration of DeepSeek into WeChat, China’s super app, in February, led to rapid adoption at scale across an enormous, largely rural, population (China has 300 million farmers). This reveals a “broader strategic divergence between the US and China”. As Washington debates security aspects – Australia has already banned DeepSeek on all government devices – China is pushing deployment rather than innovation. And if China’s model raises real concerns about state control, for farmers the benefits are at least immediate. The other issue, and not just for China, is whether companies such as Tencent and Alibaba can afford to keep subsidising users. For global tech, the “lesson is that mass adoption without usability is a half-finished revolution”. The AI race “isn’t just about whose model is the biggest. It’s about who makes theirs useful and to whom”.

## Wall Street misreads Trump

Michelle Goldberg  
The New York Times

Donald Trump’s 2024 victory “sent many finance types into spasms of anticipatory ecstasy” about freedom from regulations, taxes and “woke doctrine”, says Michelle Goldberg. However, one Wall Street veteran, Peter Berezin, chief global strategist at BCA Research, understood the economic risk Trump posed. What’s surprising is not his foresight, but that he was an “outlier”. Berezin himself isn’t surprised. People in finance, he says, are more likely to be punished for being timid than bullish, while a “cultural affinity” with the new administration may have “further clouded their judgment”. Wall Street professionals are not the only “smart people” to have mistaken Trump’s “skill as a demagogue for wisdom as a policymaker”. And unlike during his first term, no one in the executive branch appears willing to push back on Trump’s “most destructive whims”. Berezin thinks it may already be too late, and that even if Trump retreats on tariffs, so much “damage has been done to the US economy, to the global economy, to investors’ confidence, to consumers’ confidence” that a recession is now inevitable. The fact that investors aren’t rushing to buy US Treasuries is an “alarming” sign that in this new world, the US “just can’t be trusted”.

## Xi tightens the rare-earth taps

Editorial  
The Economist

Earlier this month, Chinese president Xi Jinping took the step of restricting sales of seven rare earths to the US, says The Economist. It’s not an “outright ban”, but if it becomes one, it could be highly damaging. Unlike previous restrictions, China has picked “heavy” rare earths, which are the hardest to substitute. Dysprosium and terbium are used in wind turbines, jets and spacecraft. The other five are needed for AI chips, MRI scanners, lasers and fibre optics. Second, it dominates production even more than it does for lighter rare earths, controlling most of the mining as well as 98% of processing, which is highly specialised. Lastly, China has “powerful tools to enforce a ban” as it tracks every tonne of rare earths it exports, making it easy to close loopholes. A ban would therefore hit the US hard and fast. The strongest deterrent will be self-interest. A ban would hurt China as it would destroy demand. It banned exports to Japan in 2010 after a fishing spat. Within months, Japan made concessions and the ban was lifted, but Japan’s carmakers had already designed vehicles that relied less heavily on rare earths. China is therefore likely to treat the US with caution unless Trump continues to be aggressive – in which case things could “turn truly nasty”.

## Did Trump just kill the AI boom?

Asa Fitch  
The Wall Street Journal

Donald Trump threw an apparent “lifeline” to technology firms last week by suspending tariffs that had sent their share prices into a tailspin, says Asa Fitch. But sustaining the AI boom depends on firms’ willingness to stick with their spending plans against a “rapidly weakening economic backdrop” and that is “probably too much” to ask. Meta is almost entirely funded by advertising; last year, about 75% of Google’s revenues came from it. Tech firms were “already pretty far over their skis” when it came to AI spending before the tariffs, added to which, AI still hasn’t been hugely profitable. Amazon’s investments in AI generate around 20 cents for every \$1 of capital spending. Demand for its cloud-computing generates around \$4. Tariffs are likely to be used as an excuse to “dial back”. Microsoft is already pulling back on data-centre construction. At least Microsoft, along with Amazon and to an extent Google, have big cloud-computing divisions that will help them weather any storms. Meta is perhaps the most vulnerable. The other “big casualty” would be Nvidia, whose CEO, Jensen Huang, was “touting near-limitless spending on AI data centres just last month”. “In the blink of Trump’s eye,” such statements might “prove to be a pipe dream.”

### Money talks

**“Divorces are expensive. Even for very wealthy people. Children are expensive. A certain lifestyle is expensive too. So it’s not just one**



**problem, right? It’s a combination.”**  
Former tennis star Boris Becker (pictured) on how he managed to go bankrupt, quoted in The Times

**“I am of the belief that every billionaire who can’t live on \$999m is kind of a sociopath. Like, why? You know, over a billion dollars makes money so fast that it’s almost impossible to get rid of. And so by just sitting on your hands, you become more of a billionaire until you’re a double billionaire. It’s a strange way to live when you have objectively more money than a person can spend.”**

Abigail Disney, one of the heirs to the Walt Disney fortune, quoted in The Guardian

**“I don’t want to abolish government. I simply want to reduce it to the size where I can drag it into the bathroom and drown it in the bathtub.”**  
Grover Glenn Norquist, conservative activist and founder of advocacy group Americans for Tax Reform, quoted in The Times

**“When I see three, four pounds for an espresso in London, or eight for a cappuccino in New York... I see the limit. It’s like when you see the New York Stock Exchange market going up, up, up, up, and you say sooner or later it will collapse.”**

Antonio Baravalle, chief executive of Italian coffee roaster Lavazza, quoted in the Financial Times

**“We waste our time with short-term thinking and [work for work’s sake]. Warren Buffett spends a year deciding and a day acting. That act lasts decades.”**

US-Indian investor Naval Ravikant, quoted on social-media platform X

©Getty Images

# The West is bored to death

newstatesman.com

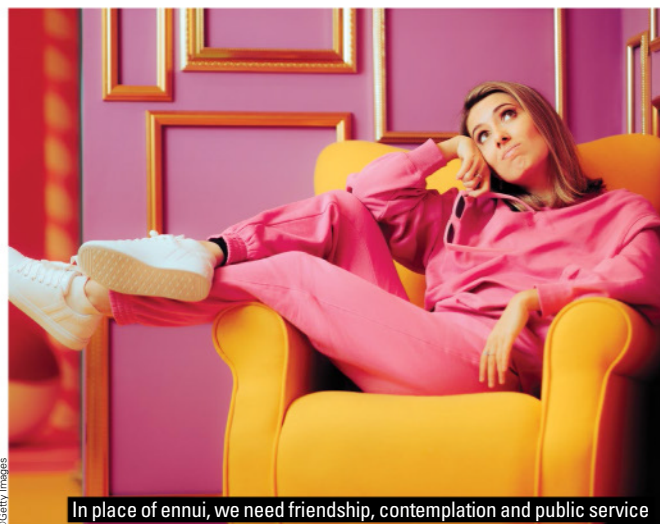
Schopenhauer argued that life is ever a flight from either boredom or pain, says Stuart Whatley. The “vast material abundance of wealthy, industrialised society” has taken care of much of the pain. But that has only amplified the other side – in place of pain, we have “ennui, the quintessential modern condition”. It is the effort to fill this void with “misspent leisure” that is to blame for many of our woes.

Working hours in the developed world have steadily declined over time, and the work that we do for the most part cannot give us the sense of meaning we used to attach to it. Such trends place an even greater burden on leisure to satisfy all our human needs and longings. If not spent well, too much free time, too much boredom, makes people “easy prey to hucksters, demagogues,

or their own worst impulses”. “Addictive, sensationalist, forgettable entertainment and media have encroached on almost every province of 21st century life – including at the office and on the worksite.”

We are now having to deal with the consequences. For politics, it means “parties are out and online mass movements are in”. These “feed on their members’ self-contempt”, dominating their free time and attention, and leading to the creation of citizens who are not only “frustrated with their circumstances” but also “bored and unhappy” with themselves. What the movement is ostensibly all about is not as important as the feeling of belonging to something.

Such behaviour tends not to be found in people who have “arrived at healthy, enriching uses for their free, unstructured time”. Solutions to the “leisure



In place of ennui, we need friendship, contemplation and public service

problem” can be found “throughout our own wisdom tradition, which stresses the value of friendship (Epicurus), contemplation (Aristotle) and ‘other-regarding’ public service (Cicero)”. These “basic human goods” have been corrupted, “producing an age of loneliness, inattention and ginned-up tribalism”. We need to reclaim such goods. “Demagogues, conspiracists and cult leaders” would “have no purchase over a people who can find fulfilment in themselves”.

The purpose of education should be to “create well-rounded citizens with rich inner lives, political discernment and a capacity for spiritual or emotional self-sufficiency”, not merely to “sustain the economy’s stock of ‘human capital’”. American greatness produced a society whose members do know not what to do with the freedom and abundance they have. The result is “even more idiotic and vulgar a spectacle” than anyone would have expected.

# Thank you, bond vigilantes

ft.com/alphaville

Things were “looking very dicey” for Americans after the White House introduced an “aggressive and bafflingly calculated” set of tariffs on its trading partners, says Alexandra Scaggs. Stocks and the dollar went down, Treasury yields up. Not good. Long-dated Treasuries started selling off hard. Thankfully, our “wise friends”, the bond vigilantes, were at hand and ready to act. These bond investors have a bad name for their tendency to terrify governments into holding off on spending and investment. But things have changed. Few would have dreamt that the US executive branch would be willing to try an “American version of Brexit”, but “even dumber and more harmful to the global economy”. But the vigilant vigilantes knew this wouldn’t work and stepped into the breach. Donald Trump backed off on some of his tariff measures once he saw that the bond market was “getting yippy”, as he put it. It was the bond vigilantes who contributed most to the president’s decision to follow through on a 90-day pause. This isn’t to say that the US is saved. “Who knows what fresh horrors await tomorrow and next week?” For now, though, it feels like a fast-moving disaster has become a slow-moving one. Maybe now we can get some sleep. Thank you, bond vigilantes.

# How to cope with overload

hbr.org

When managers are overloaded, the usual advice is to delegate more, says Frans van Loef and Jordan Stark. But what if you’ve delegated all you can, or your team already has too much work, and you’re still overwhelmed? Then three key strategies will help.

First, make sure your team understands what “good enough” looks like. Too much moneyweek.com

perfectionism wastes energy and slows down progress. Similarly, feeling the need to involve the whole team in organisational decisions can end up making their lives harder, not better. AI tools may help in making “good enough” work less onerous.

Maybe don't send out that missive from the CEO?

©Getty Images



Second, eliminate all the stuff that you do by habit but that is probably best left undone as it adds no value and does nothing to help customers, colleagues or the bottom line. A common place to find such low-value work is in the “information overflow” – all that unnecessary reporting and communication – or in the bureaucracy of an overly process-heavy culture.

Third, reduce your availability. Managers don’t need to be involved in every project or decision. Extricate yourself and that will free more time for yourself and your team.

# The flaw in the Doge vision

reason.com

Elon Musk’s Department of Government Efficiency (Doge) is up against the same barrier Ronald Reagan discovered when he tried to slash government waste and make the state more accountable more than four decades ago, says Zach Weissmueller. The barrier is what Milton Friedman called the “Iron Triangle of Politics”.

The three points of that triangle are the beneficiaries, the politicians and the bureaucrats. The beneficiaries are the interest groups that profit from subsidy. They have strong incentives to maintain the status quo and are politically organised and powerful. The politicians are elected to serve their constituents but end up serving the beneficiaries. And the bureaucrats grow in power by managing all this and expanding their reach. The only way to make real progress is not with Doge’s thousand-cuts approach, but by abolishing federal agencies. But to do that would require mass political support for the idea, which Trump didn’t seek, and congressional action, where his majorities are slim. The task of breaking the Iron Triangle will “be left to whoever comes next”.



# A promising fintech firm going cheap

LendInvest has made some mistakes in the past, but it's now primed for growth



**Rupert Hargreaves**  
Investment columnist

The UK has one of the most active and vibrant fintech sectors in the world, but there are not that many publicly-traded opportunities for the average investor. Most of the UK's fintech champions are privately-, venture-capital- or private-equity-backed companies with no plans to float any time soon.

**LendInvest (LSE: LINV)** is the rare exception. The firm was founded in 2008 to disrupt UK property lending, with an estimated addressable market of £150bn at the time of its initial public offering (IPO) in 2021. LendInvest joined the market during the busiest year for public offerings in London since 2007. Globally, 2021 was a record

year for new listings, especially for tech names, as investors piled into any company that looked like it could benefit from the disruption caused by the coronavirus pandemic. LendInvest went public in July 2021 at 186p per share for a market capitalisation of £255m on London's Aim market. The stock spiked to 226p in September – and then the world started to change.

In late 2021, central banks, including the Bank of England, began one of the most aggressive interest-rate hiking cycles in the history of central-bank rate-setting. As the Bank hiked rates from a record low of 0.1% in December 2021 to 3.5% by the end of 2022, and then to 5.25% by September 2023, a chill fell on the UK property market. LendInvest was hammered. When the company told the



LendInvest has some big backers

market in October 2022 that it would not grow as expected at its IPO, the stock plunged 30% in one day. By mid-October 2022, shares in the company were changing hands for just 61p. In August 2021, investment bank Berenberg published its inaugural analyst report on the company, projecting a profit before tax of £13m for fiscal 2022, £24m for fiscal 2023 and £37m by 2024. Just over a year later, Berenberg had downgraded the numbers for 2023 and 2024 to £15m and

£18m. As it turns out, the firm missed these projections by a mile. For fiscal 2024, it reported a loss after tax of £27.3m.

## Wrong place, wrong time

LendInvest really entered the public domain at the wrong time. The technology underpinning the company's investment platform, which connects lenders with borrowers, has the potential to revolutionise the UK market. However, fintech has lurched from disaster to disaster over



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the past five years. Some of these disasters were utterly uncontrollable, such as the dramatic shift in the lending environment in 2022. Others, such as the firm's early reliance on individual investors to help fund mortgage lending, and a £12.1m accounting error in 2024, could have been avoided. The strategic missteps have shaken investor confidence in the firm and its management.

Now the business has finally stabilised. The most significant shift has been the move away from the bank-like lending model to an asset-management-led, capital-light business model. LendInvest's edge has always been its technology, which streamlines the process of underwriting and servicing mortgages, especially when it comes to specialist property lending on commercial properties or developments. Where it struggled was finding the money to lend to borrowers at economic rates of interest. But over the past year, it has inked a number of deals with major lenders to provide funding to support the loans. In January, the group reported that these funds under management – capital committed to

LendInvest – reached £5.14bn. This included £1.5bn from US investment giant JPMorgan, £300m from BNP, Barclays and HSBC, and £300m from Lloyds and other institutional investors. The fact that these lenders, some of the largest in the world, have backed LendInvest is telling.

Finding the money is only half of the battle for a specialist lender such as LendInvest. The hard part is deploying the capital effectively. Figures suggest it is doing just that. In a January trading update, LendInvest said it had lent just shy of £1.2bn in the calendar year 2024, surpassing its previous record of £1.1bn in 2022. This was achieved without any meaningful rise in headcount. In fact, the group cut more than a quarter of its staff in 2023 to help with costs as profit plunged. Increased lending volumes, coupled with the group's increased funds under management, are both a testament to the scalability of its tech platform.

#### Primed for growth

LendInvest is putting the mistakes of the past behind it. It's still at the mercy of markets to a certain extent,

#### LendInvest (Aim: LINV)

Share price in pence



but it's better positioned now than ever before. The company moved to run-rate profitability in September last year and has continued to deploy capital. A tough lending market may even work in the company's favour as it'll become even more important for lenders to assess the complex needs of borrowers.

Still, there's no denying this is a high-risk play. LendInvest has a market capitalisation of just £37m, and it needs to execute well over the coming years to avoid the mistakes of the past. However, based on Panmure Liberum projections, the stock is trading at a forward

price-to-earnings ratio (p/e) of 8.4 based on fiscal 2027 earnings projections. That's dirt cheap and suggests the market has little confidence in the company meeting growth expectations. But if LendInvest does execute well, there's scope for huge returns for investors. It's also worth noting that, at £33.6m, the company would be worth less than the money it's spent developing the tech that underpins its lending and mortgage servicing business. That could be a good opportunity for one of its deep-pocketed partners to pick up the tech on the cheap.

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# Tap into trusts to profit from private equity

The investment companies providing access to unlisted firms' robust growth are looking cheap, says Max King

According to the Association of Investment Companies (AIC), the private-equity trust sector has produced the best share-price returns of any sector over one, five and ten years. Over five years, it has done nearly twice as well as the second-best sector, North America, and over ten years, at 534%, nearly two-and-a-half times as well.

Yet private-equity trusts trade at some of the widest discounts to net asset value (NAV) in the market, averaging 21% for directly investing trusts and 37% for funds of funds (as of 3 April). Admittedly, the data is distorted by the giant 3i, trading at a 49% premium and with 73% of its asset value accounted for by a single investment, European discount retailer Action. 3i is the best-performing of the private-equity trusts, multiplying investors' money nearly tenfold over a decade.

And yet another six trusts are also in the AIC's list of the 25 best-performing investment companies over ten years, showing that 3i is not a complete outlier. Two of these, Hg Capital and Oakley Capital, are direct investors and three, CT Private Equity, Patria and ICG Enterprise, are funds-of-funds. So why are investors so averse to private-equity trusts, especially the funds of funds?

## The sceptics are wrong

The excuse for widening discounts in 2022 was that valuations had supposedly become unrealistic as interest rates rose and equity markets fell. Funds that sought to prove their asset values by selling investments at a premium to NAV were met with scepticism; perhaps they were just selling their best assets?

Three years on, with continued sales and strong underlying performance, that scepticism looks misplaced. Asset value growth has slowed (average investment returns are 5% over one year, but 14% compounded over five), but that has largely been a function of higher interest rates, which have started to fall.

Higher discounts for funds-of-funds were justified by the low visibility of underlying investments, which individually are too small to make a difference to performance; the double-charging implied by a fund-of-funds structure, and the uncertainty resulting from "commitments" to new funds. The manager of a new fund will take several years to invest it so does not ask investors who commit to it to pay upfront, but only as the funds are required.

Years later, the investments will be sold and capital returned to investors, but the liquidation will be piecemeal and take several years. The fund-of-funds manager has to balance the drawdown of new capital against the return of old capital. This risks the fund either running out of cash, or having too much of it, dragging on returns. Brokers Stifel, however, point out that "there has been a major shift in the composition of these funds in recent years, which hasn't received the attention it should have. This is the switch to

*"Private-equity trusts have outperformed all other investment-company sectors over the past decade"*



Boots is seen as an example of the private-equity sector's financial engineering

co-investments, eg, direct company investments and away from fund-of-fund portfolios". Pantheon International, they point out, was 100% invested in funds in 2023, but this has since fallen to 45%, with co-investments and other direct exposure accounting for 55% of the total.

## A simplified structure

Co-investments, which mean investing alongside a fund rather than through it, avoid the double layer of fees, improve the visibility of the investments in the portfolio and remove the headache of managing long-term unfunded commitments. Allowing co-investment from the likes of Pantheon reduces the exposure and therefore the risk of the lead investor. The negatives for the co-investor are that they are minority investors with little or no influence over the investment and that co-investments are more time-consuming than simply investing in a fund.

The response of private-equity trusts to high discounts has been to accelerate share buybacks, which materially enhance NAV. Pantheon, for example, bought back £200m of shares in the year to 30 May 2024 but only £12m in the next six months, partly because buybacks have pushed the portfolio from net cash to net debt, and partly because outstanding commitments of £730m are 31% of NAV. Still, with the shares trading at a discount of more than 40% to NAV and distributions on exits picking up, more buybacks can be expected when cash is available.

The investment return has been just 3% over the last year, but annualised at 13% over ten years. Moreover,



*“Investors are prejudiced against the sector, which has resulted in a buying opportunity”*

the average uplift on exited investments in Pantheon’s last financial year was 20% (against a long-term average of 30%) and the performance of the underlying companies remains robust: they produced average revenue growth of 11% in the last year and 16% growth in cash generation.

### Wide diversification

HarbourVest Global Private Equity (LSE: HVPE), trading on a near-40% discount to NAV, has doubled its allocation to buybacks from 15% to 30% of gross distributions received, which is expected to enable £180m of buybacks this year, potentially reducing the number of shares by 9% for a reduction in assets of just 6%. Only 20% of the portfolio is accounted for by co-investments, but the other 80% is invested in 63 separate HarbourVest-managed funds-of-funds. This reduces the visibility of the underlying portfolio, but also the risk of being embarrassed by over-commitments.

With 1,151 underlying fund managers and 14,385 underlying portfolio companies, the trust is highly diversified. A 15% exposure to venture capital is unusual and has held performance back recently. But the long-term record of a 15.3% annualised investment return over ten years is impressive, as is the 17% growth in cash generation.

At first sight, the sale by ICG Enterprise Trust (LSE: ICGT) of exposure to eight mature fund investments at a 5.5% discount to NAV looks disappointing, but the £62m realised enables it to buy back shares on a 37% discount to NAV as well as commit to new funds. Sales of participations in the

secondary market always attract a lower price than full exits when the underlying investments are sold; ICGT disclosed an 18% uplift to carrying value from 12 full exits in its latest quarterly results. Over the last ten years, annualised investment returns have been 13.5%, while the one-year return of 6.5% is higher than average. Like other funds, it has increased its exposure to direct investments (30%-35% of the portfolio) with 40%-50% in primary investments (bought at the start) and 25%-30% in secondaries (bought second hand, usually at a discount). The former offers the best overall returns, but primaries usually gain value momentum slowly; the latter allows the investor to jump in later, provided that there is a willing seller. Like Pantheon and HarbourVest, ICGT invests globally, but unlike them, only in buyout funds.

Oakley is a direct investor with a concentrated portfolio of 33 private European companies in four sectors. But it still trades at a 32% discount to NAV, despite an annualised five-year return of 16%. This includes returns of just 2% and 4% in the last two financial years (to the end of February), with higher interest rates depressing valuations.

Furthermore, recent disposals have left 8% of the portfolio in cash even despite nearly 20% of it having been invested in 2024. These new investments have not yet built up valuation momentum. Despite the cash, Oakley has cancelled its modest dividend to free up £20m per annum for share buybacks. It also announced a £420m commitment to a new fund, expected to be drawn over five years.

Dull market conditions have meant that the shares of Hg Capital Trust (LSE: HGT) have slipped to an 8% discount, in spite of it being the second-best performer over ten years on the AIC’s list (+476%), and a one-year investment return of 8%.

### A backlash against technology

HGT’s focus on software and services has meant it has fallen out of favour in the current anti-technology backlash. Nonetheless, an outstanding record (an annualised investment return of 18% compounded over ten years); 23% growth in cash generation in the portfolio last year, and an average uplift to carrying value of 15% on the £500m of realisations last year (20% of the portfolio), make it excellent value.

Lastly, a -1.5% investment return in 2024 has caused the shares of Literacy Capital (LSE: BOOK) to fall from a premium to a 13% discount to NAV, despite a three-year investment return of 54%, two-and-a-half times the sector average. Given that the sales growth from the top-ten investments (91% of the total) in 2024 was 18% and the growth in cash generation was 24%, the slight reduction in NAV was entirely the result of a very conservative basis of valuation.

Literacy, founded in 2017 and listed in 2021, is unusual in that it invests solely in the UK. Its modest size (net assets below £300m) enables it to invest in smaller businesses. Its founders, Paul and Richard Pindar, take no fees as directors, but own 39% of the share capital.

So why is this important and strongly performing part of the market so undervalued? Quite simply, there are not enough buyers, which is probably a result of prejudice. Many people associate private equity with cost-cutting and financial engineering rather than investment and growth, citing the examples of Thames Water, Boots and Asda.

Most wealth managers put only token exposure into their portfolios and private investors don’t appreciate that private-equity trusts offer them access to the high returns available via a tradable vehicle. For now, a lack of demand results in high discounts, but in better times strong performance should see those discounts fall sharply or disappear, as they have for 3i.



# Precision-engineered profits

Developments in genomics are enabling the rise of personalised medicine, with therapies tailored specifically for individuals. Smart investors should buy in now. Matthew Partridge reports



The return of the “dire wolf” from extinction to the land of the living thanks to the scientific wizardry of genetic engineering captured the headlines earlier this month. The magic going on behind the scenes may be less dramatic, but is no less impressive. Genomics, or the applied use of genetics in medicine, is changing the way we diagnose and treat disease by tailoring treatments to the individual. The development of gene therapies that directly treat diseases, rather than prevent their emergence, is also “rapidly advancing”, says Daniel Lyons, a portfolio manager on the healthcare and biotechnology teams at Janus Henderson Investors. Early challenges in manufacturing and delivery have been overcome and research is ongoing with the aim of improving the potency and safety of treatments.

## Costs collapse and knowledge advances

The potential of these developments for investors has grown rapidly as costs have collapsed in recent years, says Geoffrey Hsu of the Biotech Growth Trust. It cost the Human Genome Project \$2.7bn in 2003 to map the human genome (the base genetic material that provides a blueprint for our cells). Just four years later, the cost of sequencing an entire human genome had fallen to \$1m. Laboratories are now able to do it for just a few hundred dollars. This has enabled the rise of several mega-projects that rely on the sequencing of a large number of individual genomes to “understand the underlying genetics of many diseases” better, says Neil Ward, vice president and general manager, EMEA, PacBio. His firm has itself been involved in sequencing the genome of 10,000 people who donated blood and tissue samples to Estonia’s national biobank. This is only the start, says Ward. Researchers around the world have expressed interest in carrying out similar projects.

Perhaps the most ambitious scheme is Britain’s Our Future Health project, a public-private partnership involving the NHS, drug companies and healthcare charities. The aim is to gain a better understanding of the risk factors behind various diseases – whether they have their roots in genetic, lifestyle, or environmental factors – by tracking the health of a large sample of people over time, says the project’s CEO and chief medical officer, Raghav Ali. The project will rely on the genetic sequencing of blood samples given by the 2.4 million participants, with the aim of advancing our knowledge of the links between our genes and illness (Our Future Health is still recruiting, see [ourfuturehealth.org.uk/get-involved](http://ourfuturehealth.org.uk/get-involved)).

## Rapid improvements in diagnosis

The plummeting cost of sequencing is giving clinicians an important tool for detecting rare genetic diseases, says Ward. There are many such conditions, but they often affect only a handful of patients in any given year and years can pass after a patient shows up with symptoms before they get a definite diagnosis. Genetic sequencing diagnostic tests can speed up the process substantially. Our knowledge of the genetic basis of illness is still incomplete, so we’re not yet at the stage

where we can rapidly diagnose every individual. And most current tests are designed to identify one condition at a time, so there can often be a frustrating and time-consuming process of trial and error. But researchers at Radboudumc in the Netherlands are looking to consolidate the various genetic tests available so clinicians can screen for multiple conditions at the same time and deliver definitive results in as little as a week.

Cheaper tests are also starting to make it cost effective routinely to screen entire populations for more common conditions, say Ailsa Craig and Marek Poszepczynski, portfolio managers at the International Biotechnology Trust. Just a decade ago, the idea of routinely screening newborn children for genetic conditions was unheard of, but now many countries have some sort of programme in place. An example is screening for spinal muscular atrophy (SMA), which can now be treated before symptoms develop.

In fact, SMA is just one of a long list of genetic conditions that are now routinely screened for immediately after birth, says Hsu, including sickle-cell disease, cystic fibrosis and congenital hyperthyroidism. The number of diseases that are screened for as a matter of course will only grow, says Hsu, as our knowledge of genetics improves. The development of new treatments for these conditions will also galvanise screening programmes – “knowing that someone has a disease becomes more important once you can actively do something useful with that knowledge”.

There is also increasing interest in the potential of genetics to predict whether someone has an increased risk of getting a certain condition in the future that they don’t currently have. Screening programmes are already in place for those genes that have the strongest link to a particular disease. Women with a family history of breast cancer, for example, are now offered screening for the BRCA1 and BRCA2 genes, which raise the lifetime risk of getting breast cancer from 12.5% to around 70%, and also greatly increase the risk of ovarian cancer.

Soon we may be able to detect in more subtle ways the genetic factors that increase the risk of developing a particular disease, says Ward. The aim in Estonia, for example, is to use the information from the biobank to identify those who should be prioritised for cancer screening at an earlier age, as well as those who should be screened a bit later. Getting the timing right in this way should improve detection rates and save money. Within five to ten years, there will be genetic tests to give an indication of people’s propensity for certain types of cancers and their chances of developing conditions such as Alzheimer’s, says Ali.

## The rise of personalised medicine

Genomics is also starting to help doctors tailor treatments to the individual. It has long been known that treatments that work for one patient might not necessarily work for everyone with the same condition, as Paul Major, portfolio manager with Bellevue Healthcare Trust, points out. Until recently, the medical profession resigned itself to this lack of

*“The cost of mapping a human genome has collapsed from \$2.7bn in 2003 to a few hundred dollars today”*



Take care of the DNA, and the rest will take care of itself

the draw, knowing that some patients would fare better than others. Genetics should help us eliminate this element of chance and enable doctors to give individuals the drugs that will work best based on their genetic profile. This can be incredibly important for conditions such as cancer. One drug may have similar overall effectiveness as another, for example, but be particularly effective in a certain subgroup of patient, says Major. Similarly, patients with a particular genetic profile may be at a much higher risk of side effects from a particular drug than from others. Such considerations may rescue useful drugs from elimination in clinical trials – those that would have been discarded due to side effects or low effectiveness in the overall patient group, for example, could be repurposed if they show promise for a subset of patients.

Personalised healthcare can also zoom in on factors other than the genetic profile of the patient. An advance in the understanding of the genetics of the tumour, for example, is perhaps the most important factor in determining the best course of cancer treatment. “As recently as 30 years ago, doctors tended to consider all cases of lung cancer as basically similar,” say Craig and Poszepczynski. “Today they realise that there are multiple types of lung cancer depending on the particular mutation contained in the genetic code of the patient’s tumour.” As a result, it is increasingly common for doctors to take a biopsy of the tumour and send it to a laboratory to determine which type it is and hence which type of treatment is most likely to be effective. The falling cost of genetic screening means that this is now increasingly common

and the process can be repeated multiple times so that therapies can be adjusted as the disease progresses.

### Redesigning the genome

Genomics is also giving rise to gene therapies that directly treat conditions. The method currently in vogue is that of using a modified virus to introduce a correct version of a faulty or missing gene into someone’s genome, as Craig and Poszepczynski point out. This technique has been around since the 1990s, but at that time we “didn’t know much about where (or how) to insert the gene, which resulted in genes ending up in random places, leading to patients getting cancer rather than being cured”. More recently the science has progressed and the result is a better targeting of genes and a higher rate of success.

Gene therapies are also becoming much more durable. Just as in organ transplants, where the danger is that the immune system will see the organ as foreign and hence fight and reject it, over time our bodies can recognise that a gene has been inserted and try to get rid of it, say Craig and Poszepczynski. The inserted gene then begins to work less well, which can lead to the return of the condition. Scientists are making progress at dealing with this problem and increasing the effective lifespan of genetic therapies.

Such advances are important because the industry is built on the idea that healthcare systems will be willing to pay a large amount of money upfront for a one-off course of therapy in the hope that this will save

*“Even genetic therapies that cost in the millions can be cost-effective compared with treating the disease with drugs”*

Continued on page 28



Continued from page 27

them from having to pay large amounts in the future for drugs to treat the condition, says Hsu. Given that it can otherwise cost as much as \$500,000 to treat someone in the US with severe haemophilia each year, even genetic therapies that cost in the millions can be cost-effective compared with treating the disease with drugs, but only assuming the disease does not recur.

Other types of genetic therapies are also starting to emerge, says Andrew Craig, author of *Our Future is Biotech: A Plain English Guide to How a Tech Revolution is Changing Our Lives and Our Health for the Better*. Crispr (clustered regularly interspaced short palindromic repeats) therapy holds out the prospect of better and more precise gene editing, which should in theory give us the ability to treat any genetic disease at its source. The process is currently expensive, but a Crispr treatment for sickle-cell disease was approved in 2023 and means that “what was previously considered a... life-threatening condition is now effectively cured”.

CAR-T therapy also promises to transform medicine. This involves genetically re-engineering the T-cells in patients’ immune systems so that they can better fight cancer. This has already produced some “pretty incredible results” in treating conditions such as acute lymphoblastic leukemia, which primarily affects children, with a “remarkable” response rate of around 80%. Other treatments are also in development.

### A strong pipeline of new therapies

There are some clouds on the horizon for the subsector. The recent departure of Peter Marks from the Centre for Biologics Evaluation and Research division of the US Food and Drug Administration (FDA) seems to have spooked some investors as Marks was seen as a “champion of innovative therapies, such as cell and gene therapy”, says Alex Hunter, global equity analyst at Sarasin & Partners. Redundancies at the FDA and US National Institutes of Health also suggest that the environment for the development and approval of gene therapies may become “slower and temporarily more problematic”.



In the future, medicine will no longer treat us all as just one from a pack

© Getty Images

But these concerns are overblown, reckon Craig and Poszepczynski. New US health secretary Robert F. Kennedy Jr may have been “very vocal about vaccines”, they note, but he “hasn’t really said anything negative about gene therapies”. In any case, the strength of the patient advocacy groups that campaign for those suffering from rare diseases such as Duchenne muscular dystrophy or Huntington’s means that “there would be a massive public outcry in the United States if the FDA tried to prohibit or limit access to gene therapy”.

The US is likely instead to accelerate and streamline regulatory pathways, and new gene therapies will continue to come to market, says Karin Hyland, a partner and deputy head of co-investments at Patria Private Equity Trust. This in turn will lead to “material advances in gene therapy in the coming years, alongside improved affordability and availability”. Given that there are now 38 gene therapies currently approved by the FDA, compared with just five in 2000 when Hyland started investing in this area, and with more than 1,200 gene therapies now in clinical trials around the world, it’s clear that the only way is up for gene therapies.

*“Crispr therapy holds out the prospect of better and more precise gene editing”*

## The best investments to buy now

One company with promise in precision medicine is **CareDx (Nasdaq: CDNA)**. Its genetic testing is the “gold standard” for surgeons wanting to match donated organs with patients in order to cut the chances of post-transplant organ rejection, says Paul Major of Bellevue Healthcare Trust. Its tests also inform clinicians that the body is starting to reject an organ so doctors can adjust medications, which is important given the scarcity of donated organs. The stock currently trades at only 18 times 2026 earnings, despite revenue more than doubling between 2019 and 2024.

With the field of personalised medicine changing every day, it is “difficult and expensive” for hospitals and clinics “to keep up with this continually evolving technology”, says Paul Major. It therefore makes sense for them to outsource the genetic testing of tumours and blood to **NeoGenomics (Nasdaq: NEO)**. The firm receives tissue and blood samples from hospitals, decides which machines and which tests to run on them, then sends the information back to doctors about the type of cancer, say, the stage at which it has reached, and the best treatment. The stock trades at 26 times 2026 earnings.

Two years ago, **Krystal Biotech (Nasdaq: KRY)** had its gene therapy for dystrophic epidermolysis bullosa approved by the US regulator, say Ailsa Craig and Marek Poszepczynski. This genetic skin disease of children raises the chances of developing skin cancer. What’s particularly striking about the firm’s treatment is that it is applied in the form of a cream. Krystal has other gene therapies in the pipeline, including ones for other skin diseases and cystic fibrosis. Its stock trades at 14.5 times 2026 earnings.

Biotechnology firm **UniQure Biopharma (Nasdaq: QURE)** is currently losing money, making it a relatively risky investment than the others tipped here. But as well as a treatment for haemophilia (in partnership with CSL Behring) that has already been approved, its gene therapy for Huntington’s disease is in late-stage trials, and the firm could potentially file for approval from the regulator in as little as 12 months, say Craig and Poszepczynski. This “could be a game-changing solution for a devastating disease”. Gene therapies for Fabry disease, epilepsy, ALS and Alzheimer’s disease are also in development.

Another high-risk, potentially high-reward option is **MeiraGTx Holdings (Nasdaq: MGTX)**. The company is currently losing money, but Karin Hyland of the Patria Private Equity Trust thinks it could benefit from the move among regulators to accelerate approval of gene therapies, especially following its successful trials in the UK, which saw its gene-therapy treatment for blindness in children succeed in restoring their sight. It is also working on gene-based therapies for other conditions, including ALS, genetic obesity and Parkinson’s. The Parkinson’s treatment in particular showed promise in early clinical trials.

**Oxford BioMedica (LSE: OXB)** is particularly admired by Andrew Craig. The company was spun out of Oxford University in the 1990s, and it has developed a lentiviral vector used in CAR-T therapy. What makes it “such a good example of British scientific innovation” is that it has managed to bring the cost of making the vector down by 90%, “and has said that it expects to bring down the cost by another 80%-90% over the next few years”, says Craig. If it manages to achieve this it could not only start to make money, but also turn a significant profit.

# Will Donald Trump's tariffs work?

Import taxes are a blunt instrument with limited potential, says Max King

On the cliff at Dunwich Heath on the Suffolk coast sits the coastguard's lookout, where the authorities in the 18th century scanned the coastline for smugglers. The smuggling trade was centred on tea, on which an import duty of 119% was levied, resulting in a price equal to £140 a pound today. This made smuggling highly profitable. The East India Company shipped tea to Holland, from where the smugglers brought it over to England in small boats. Three-quarters of all the tea drunk in England was smuggled.

Smuggling was only ended by the Commutation Act of 1784, which reduced the tax to 12.5%. The lesson that high taxes on goods encourage smuggling has not been learned. A packet of 20 cigarettes today costs £16.50 in the UK, 170% more than in Germany. The result is widespread smuggling, which, together with personal imports, may account for 40% of consumption. The precedents for successfully imposing tariffs, prohibitions and penal pricing on domestic consumers are hardly encouraging, then, but the tactic is likely to be more successful for bulk goods than for ones that are easily transported. The politics has swung to and fro.

## The left's about-turn on trade

Post-war, the left became sceptical about free trade, seeking to protect domestic production and industrial jobs. In the 1970s, a group of left-wing academic economists led by Wynne Godley, a professor of economics, advocated import controls to protect British industry. The Labour government of the day didn't implement them but regularly bailed out coal mines, steel production and car makers, even promoting a domestic computing rival to IBM called ICL. It was acquired by Fujitsu and continued to be favoured in government procurement.

In a complete about-turn, the Left, who have renamed themselves "progressives", are now outraged by president Donald Trump's tariffs, which are seen as a protectionist tool of the right. There is a great deal of hypocrisy in this outrage. The EU allows free trade between its members (but only for goods, not services), but imposes tariffs on imports from outside the block. It also imposes barriers to trade (as does the UK) in the shape of regulations, domestic subsidies, product standards, health-and-safety rules and environmental regulations in order to protect domestic producers.

Meanwhile, China has built 600 million tonnes of excess steel capacity, effectively state funded, in order to undercut overseas producers and drive them out of business by selling steel at a loss-making knockdown price. Unsurprisingly, the Trump administration does not want to be dependent on China for its supply of such an important product. But China didn't invent the "mercantilist" approach. Japan and Korea used a similar strategy in the 1970s and 1980s, combining a very low cost of capital with an undervalued currency to dominate the global market in electrical goods, motorcycles, bicycles and, less successfully, cars.

Once they had forced the competition out of business, they could, in theory, raise prices – except that it didn't all go according to plan. Design and technology, not manufacture, are where the value is added, and these have reverted to US and European firms. Manufacture is just a sub-contract to wherever provides a sincere welcome, low costs and stability. Trump is right to say that the world is taking



In the 18th century, 75% of all the tea drunk in England was smuggled

advantage of America, demanding US protection and access to US markets, but keeping American goods and services out of their own. It makes sense for America to retain capacity in some strategic industries, such as steel, and recent disruptions to trade flows show that global supply chains are vulnerable. Some vertical integration is desirable, together with some reshoring.

But tariffs encourage smuggling and thereby criminal activity. Unless applied equally to all countries, they are very hard to police as imports can be rerouted. They encourage avoidance through personal imports and disrespect of the law. Disrupting cross-border trade with Mexico and Canada makes no sense, nor does imposing tariffs on branded goods, (such as Scotch), goods that cannot be made in the US (such as coffee), or would be ruinously expensive to make there (such as clothing).

Trump's tariff blitz may prove a good way of encouraging bilateral negotiations to achieve fairer trade, but to do so the threat needs to be convincing. Arguably, Trump's 90-day pause came too soon for that. The pause was precipitated by rising bond yields rather than a falling stockmarket, but it's not clear why yields, having initially fallen, then jumped. Popular wisdom claims that tariffs are inflationary, but as James Ferguson of MacroStrategy Partners points out, tariffs are only inflationary if, as in the 1970s, they are accompanied by an easing of monetary policy. Otherwise, they just achieve a shift in the terms of trade, ie, relative prices.

Tariffs may stabilise the US's industrial base, but the clock can't be turned back to the 1950s and 1960s. Arguably, America's dominance in technology and innovation put it in a stronger position economically than ever before, but policy instability could undermine that. If the US wants to cut its trade deficit with the rest of the world, it needs to cut its fiscal deficit. The excess demand created by large fiscal deficits always leaks into the trade account, so bringing the former down provides an alternative route to reducing trade imbalances. However, the dollar's enduring status as a global reserve currency creates a demand for US Treasury bonds that means the twin deficits can be reduced, but not eliminated.

Sadly, the focus on tariffs is in danger of causing the progress of the Department of Government Efficiency (Doge) to stall. Trump's promise to bring the wars in Gaza and Ukraine to a speedy end are failing and he has alienated America's closest allies, notably Canada, ensuring long-term distrust. If the Doge initiative is stillborn, nobody will take him seriously.

*"Tariffs are only inflationary if accompanied by an easing of monetary policy"*



# Do you need a safety net?

Life insurance gives your dependants financial peace of mind if you die



**Jessica Sheldon**  
Money columnist

If you have a partner or children who are dependent on your income, then life insurance is worth considering, as it could give them valuable financial support if you die.

According to Compare the Market, 39% of parents with children at home don't have life insurance, despite 90% worrying about how their children would cope financially if they died.

Life insurance works as a safety net, typically paying out a lump sum in the event of death. It could help the beneficiary to cover a mortgage, outstanding debts or regular bills.

There are several forms of life insurance. Term life insurance is a policy that provides cover for a set period. If you die within that term, then the nominated beneficiaries will get a payout. If you live longer, then the insurer would not make a payment when you die.

There are different options within this. Level-term life insurance pays a fixed sum. A decreasing term life insurance policy sees the payout decline over time. With an increasing term life insurance policy, the payout rises over time to keep pace with inflation.

Whole-of-life insurance covers the policyholder for their entire life. Beneficiaries are guaranteed a payout when the policyholder dies. There



Almost 40% of parents with children at home aren't covered

are other types of life insurance for people with specific circumstances, such as over-50s life insurance, a family income benefit (FIB) arrangement and joint life insurance.

When buying life insurance, you will need to assess your needs to work out the coverage you require – and be sure to shop around. “As well as price, check cover levels and exclusions of different policies to make sure you're getting exactly what you need for the best price,” says Tom Lyon, director at Compare the Market.

You will then need to secure a quote. Insurers are likely to ask for personal details including age, occupation, health and lifestyle. The average cost of cover is around £10 a month. The younger you are, the cheaper it is.

“Taking out life insurance when you're young and healthy could cost less than starting a policy in later life

and then potentially topping up your existing policy to cover the gap as your situation changes throughout your life,” says Lyon.

Once you've selected the provider, you will need to complete an application which goes into more detail about personal and medical information. You might need to have a medical examination. Always check the details of the policy, including looking at any specific terms and conditions and whether any exclusions apply. You will then need to pay monthly or annual premiums to keep the policy active.

Finally, note that your employer may be able to provide cover. If you have a job, you may get “death-in-service benefit”, meaning your dependant would be paid a lump sum if you die while you work for them. Check how much this is worth and whether you need any additional cover.

## Are Premium Bonds any use?

Why would you invest in Premium Bonds? There is no interest paid on savings, and no guarantee of winning a prize. But the chance of winning a £1m jackpot each month appeals to many.

People also appreciate that the state-backed provider protects all their savings, even though the maximum amount of Premium Bonds you can purchase is £50,000 and the Financial Services Compensation Scheme insures £85,000 of your savings at banks.

If you aren't among the two savers who win the jackpot, other high-value tax-free payouts are up for grabs each month. There were 5,914,009 prizes in April 2025, with a total value of £412m, while 78 winners gained £100,000.

However, the odds of winning anything at all are 22,000 to one. Of the 22.7 million Premium Bonds holders, two-thirds (14.4 million) have never won anything, a Freedom of Information request by AJ Bell has found.

“[The] vast majority of winning prizes in 2024 were... worth £100 or less,” says Laura Suter, director of personal finance at AJ Bell. So, are you better off putting your money in a savings account and earning some interest on your cash? Yes, especially if you are after a guaranteed return, with some savings accounts paying just under 5%.

But if you're an additional-rate taxpayer and have used up your Isa allowance, Premium Bonds make sense, as you do not get a personal savings allowance and any winnings on the bonds are tax-free.

## Pocket money... the rush to find a high Isa savings rate

● Traditionally, banks and building societies boost their individual savings account (Isa) rates in April to attract business in the new tax year, writes *Ruth Jackson-Kirby*. But the best deals “have already begun to disappear”, says George Nixon in *The Sunday Times*, with savers being urged to lock into one of the top rates while they can. “It is looking increasingly likely that the Bank of England will cut interest rates, and so banks are slashing their rates in anticipation.”

● “London is losing its millionaire residents at a similar rate to Moscow, with 30,000 gone in the past decade,” says *Mattie Brignall* in *The Daily Telegraph*. There were 245,100 millionaires in the capital in 2014, but this had fallen by 12% to 215,700 in 2024. The only city in the world to

have lost a higher proportion of its super-rich is Moscow, thanks largely to Vladimir Putin's 2022 invasion of Ukraine. The Russian capital saw a 25% fall in the number of residents with liquid assets of more than \$1m.

● “Drivers are being caught out by hefty price rises to park their cars, as councils across England impose parking surcharges on petrol and diesel vehicles,” says *Anna Tims* in *The Guardian*. Roughly one in five councils now add a clean-air levy to parking tariffs and residents' parking permits.

“Unlike clean air zones, the parking surcharges – which can triple the cost of a tariff – are not routinely flagged on street signs and parking notices and many motorists are unaware of them until they come to pay on a parking app.”

The AA have described it as a stealth tax. “A ‘charge’ reasonably covers the cost of providing a service, plus some profit. Anything above that is a ‘tax’, according to evidence submitted to parliament,” an AA spokesperson told the paper. “Tying emissions to the cost of parking is cash-guzzling by councils.”

● Hundreds of Junior Isas (Jisas) contain six-figure sums “thanks to their parents' investments in stocks and shares”, reports *Lucy Evans* in *The Mail on Sunday*. Figures from HMRC obtained by *Standard Life* show that about 400 children are set to receive at least £100,000 when they take control of their Jisas on their 18th birthdays. If you had maxed out the deposit allowance over the past 18 years, you would have put in £85,636.

# Tackling Trump's tariffs

British companies in the firing line face some difficult decisions



**David Prosser**  
Business columnist

At first sight, small and medium-sized enterprises (SMEs) in the UK may appear to be less vulnerable to the trade tariffs president Donald Trump has unveiled in recent weeks. Smaller firms tend to be more focused on domestic sales. These won't be affected by the 10% tariff that the US has now imposed on imports from the UK. However, SMEs should not be complacent. The majority of British businesses are likely to take a hit from the chaos caused by Trump's efforts to reorder global trade. Even those not directly in the firing line will suffer collateral damage.

For one thing, many SMEs do make significant exports to the US, from scotch whisky producers to manufacturing companies. The UK's vehicle industry, subject to a higher tariff of 25%, includes many small suppliers that sell components to US manufacturers. British retailers that manufacture and sell goods to the US via China could also suffer. The US's battle with that country will next month see it suspend the *de minimis* exemption that currently means goods valued at less than \$800 are excluded from tariffs even when they come from China. For any British firm shipping that way, this will be a significant problem.

Moreover, even if your business makes no sales at all to the US, or even outside the UK, it is still threatened by the economic slowdown this battle over trade is likely to cause. Banks are now predicting a global recession as their base-case scenario for the next 12 months, hitting international demand for most products and services. In the UK, the Office for Budget Responsibility (OBR) last month predicted that tariffs on the UK could wipe a full percentage point off economic growth; the OBR's forecasts were based on a 20% tariff on UK goods, rather than the 10%

actually imposed, but there will still be a significant effect.

How, then, do SMEs plan for what lies ahead – particularly given the unpredictability of the Trump administration, which has already changed course several times? The first step, say experts, is to assess your direct exposure to the new tariffs. What, if anything, do you currently sell to the US? How exactly will these sales be affected by tariffs – what tariff will apply?

## Sharing the pain

Remember that in theory, at least, it is the importer who is responsible for paying tariffs. It's your customer in the US – whether a consumer or a business – who faces the immediate charge. You therefore have to decide whether you're willing and

able to share this pain, perhaps by reducing prices. That will depend on the margins you enjoy on these sales and the extent to which they matter to your business. You may also be able to recoup some of this extra cost by asking your own suppliers to reduce their prices, where this is relevant to your business.

Working through these questions should give you a much better idea of whether your sales to the US remain viable. Some firms may simply decide not to continue exporting to US customers because such sales are no longer profitable; or you may feel that you can accept reduced profitability, particularly if you're able to pass some of the hit on to customers and suppliers. In addition, don't overlook the increased administrative

burden now likely on most exports to the US. If you're shipping to US customers, you may need to factor in longer customs processing times, higher fulfilment costs, and increased customer service difficulties related to unexpected duties. These will carry additional costs and could threaten relationships with customers. Addressing such issues as early as possible is important. You may be able to agree new methods of operating with customers. Different



Exporting UK goods is about to become far more complicated

## A hand-up for your start-up

Are you hoping to launch a new business in the coming months? If so, funding from the Start Up Loans scheme could help. The Government-backed scheme, managed by the British Business Bank, has seen a 21% increase in applications since Covid. That partly reflects the high numbers of Britons who have launched new firms over the past year; NatWest and Beahurst found that 846,000 new companies were registered in 2024.

The Start Up Loans scheme is aimed at these new ventures. It offers loans of up to £25,000 to brand new firms and those that have been trading for under three years. These loans come at a fixed 6% rate of interest and can be repaid over terms ranging from one to five years. The scheme also offers a year of free mentoring for entrepreneurs, with practical advice from a named adviser, as well as a range of online material. Borrowers also help with writing business plans and making cash-flow forecasts. The lending is in the form of a personal loan to the business owner, but borrowers need not put up collateral as security.

types of payment arrangement may help you to manage cash-flow problems. Disputes can be avoided.

It also makes sense to investigate whether you can shift sales to other international markets. Demand from customers in markets such as the European Union may increase, as they look for trusted suppliers closer to home. This business may now be more profitable than US sales.

## Petty cash... where small firms do best

- Your business has a better chance of succeeding if it is based in Manchester, Leeds or Birmingham. A new survey from Brandgility identified the three cities as the best locations in the UK for small companies, based on 15 key factors related to business activity, wellbeing, infrastructure and talent. These included metrics such as business birth and survival rates, the cost of renting an office, broadband speed and access to skilled workers.

- The introduction of higher employers' national insurance contributions has prompted more than six in ten SMEs to consider changes to their employee benefits packages. A survey by Canada Life found that 61% of them are now looking at

changes such as reducing benefits, shifting to salary-sacrifice arrangements, and asking employees to pay more for perks such as insurance. An increase in employers' NI from 13.8% to 15% came into effect on 6 April; in addition, the level at which employers start paying has fallen from £9,100 to £5,000 a year.

- Small businesses continue to face attacks from cyber criminals, with 35% experiencing some sort of cyber incident over the past year, according to a survey from Vodafone. The telecoms company urged business owners to invest in improved risk management and cybersecurity, with the average cost of a breach for small businesses hitting £3,398 last year.



# The music mogul of the TikTok age

The entrepreneur behind the upstart music producer 10K Projects has taken over the top job at Atlantic Records, the label synonymous with musical greats. Can he transform its prospects? Jane Lewis reports

When Elliot Grainge was a child, his father – legendary Universal Music boss Lucian Grainge – would take him into the office while he worked. “Subconsciously listening to mixes, listening to phone conversations about music as a very, very, very young chap must have stuck with me.” Grainge junior went on to found an independent record label, 10K Projects, that established a niche “signing buzzy rappers”, says *The Wall Street Journal*. Now the 31-year-old has a much more daunting task. In October, he was appointed CEO of Atlantic Records, the well-known label now owned by Warner Music, and “synonymous with music greats” such as Aretha Franklin and Led Zeppelin. His mission is to position it more savvily for the TikTok generation.



*“Grainge rode the wave of independence brought on by the streaming era”*

become an expert in something. But the company’s growth was explosive. Early on, Grainge signed an emerging artist named Trippie Redd, seven of whose albums made the top five of the Billboard 200. He was just one of many up-and-comers that Grainge bet on as “10K rode the wave of independence brought on by the streaming era”.

When Warner’s CEO Robert Kyncl was on the hunt for new blood in 2021, 10K Projects seemed the obvious choice. That year, Grainge – who had never taken on outside investment – sold a 51% stake for \$102m. He proved his worth almost immediately. Soon after striking the Warner deal he signed up the British artist Artemas after a 12-second chorus on TikTok went viral.

The resulting *I Like the Way You Kiss Me* was streamed more than a billion times on Spotify in less than a year.

## Rare spirit

“Considering what we’ve been through together personally, in some ways he’s like the twin brother I never had,” observed Lucian Grainge of his son. Now they find themselves in competitive camps at a time of great flux in the industry. But the similarities shine through. “What I noticed about my father’s negotiating style was how transparent, honest and sensible he is,” said Elliot in 2019. Friends consider him a chip off the old block. “The music industry was invented by entrepreneurs” who “ran through walls for artists they believed in,” says Val Blavatnik. It’s a “rare” spirit. “I believe Elliott has it.”

## Inheriting the crown jewel

The stakes are high: Atlantic is “Warner’s crown jewel” and both companies have struggled of late. Atlantic’s market share in new music more than halved last year from 2019. The shares in parent company Warner (owned by the Ukrainian-born billionaire Len Blavatnik) are down by around 40% from their 2021 peak. Grainge has the ear of Blavatnik – the latter’s son, Val, who sits on Warner’s board, is an old friend and they plan to work together to rebuild the label. But some music analysts are sceptical about Grainge’s prospects.

Grainge, who is married to Lionel Ritchie’s daughter, Sophia, has been steeped in music since birth. “I was a weird kid who used to read the music trades,” he

told *Variety* in a 2019 profile. Growing up in London, he established a particularly close bond with his father after his mother entered a coma in childbirth and died some years later, notes *Town & Country*. There were perks to being the son of a music-industry boss. Take That famously performed at Grainge’s bar mitzvah, and he has known Sophia Ritchie since they were children. It also gave him a more transatlantic outlook. The family moved to the US when he was 16 and he studied sociology and economics at Northeastern University in Boston, while promoting shows for other college students in the area.

“Around 2016, that effort morphed into – and helped fund – a new label,” says *The Wall Street Journal*. The name is a reference to the number of hours of practice Malcolm Gladwell suggests is required to

## JPMorgan’s 25-billion-dollar man

When Donald Trump called off the worst of his tariff blitz, he told reporters that the reason was that “people were jumping a little bit out of line. They were getting yippy... a little bit afraid... a little queasy”. As well as the turmoil in the stock and bond markets, no doubt the president had in mind the “parade of executives and traders” he saw in his morning viewing of Fox News, says Justin Sink on Bloomberg. They all sounded alarmed. The chief executive of JPMorgan Chase, Jamie Dimon (pictured), particularly “piqued the president’s interest”.



Dimon struck a different tone. He said it was “perfectly reasonable” to think global trade was unfair, and that foreign policymakers needed to stay calm and “negotiate some trade deals”. Trump praised Dimon. “He understood it,” he said. “He’s very smart and very genius financially [sic], did a fantastic job at the bank.”

Indeed he did, says Lex in the *Financial Times*. After nearly two decades in the job, Dimon has handed shareholders an annualised return of more than

20% for the past five years. He took the New York-based bank from being a mid-tier player to becoming the biggest Wall Street bank by revenue and the leader in US finance. True, global banks “do best when goods and services are flowing freely across borders”, so they cannot be entirely sanguine about Trump’s policies. Investment banking fees now look unlikely to rebound as once hoped. Initial public offerings are being scrapped. But deal-related income makes up only a tenth of JPMorgan’s revenue in a good year anyway, and the bank is “pretty well padded”, having “provisioned for double its most recently reported loss rates”.

Dimon’s recent 58-page missive to shareholders struck a similarly diplomatic tone, but he was far less minded to sugar-coat his criticism when it came to his own workers, says William Sitwell in *The Telegraph*. He was particularly annoyed with workers who check their phones in meetings. “This has to stop. It’s disrespectful. It wastes time,” he thundered. Unlike other bosses, the 69-year-old need not fear the consequences in terms of his firm’s PR. He is known as the “25-billion-dollar man” as that’s how much the stock would fall by if he quit the firm tomorrow. When Dimon says stop looking at your phone, you stop looking at your phone.



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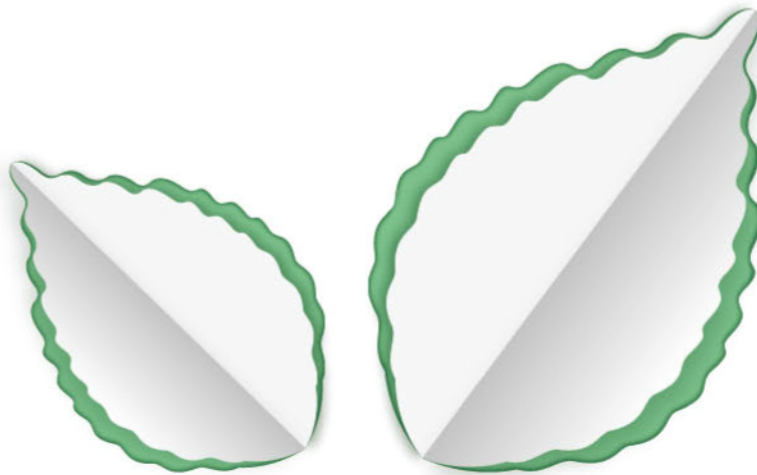
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European forests, which provide wood for making paper, paper packaging and many other products, have been growing by 1,500 football pitches every day!

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# Three hotels with character

A getaway in Europe doesn't have to mean staying in a boring hotel – far from it

## A night with Roman ruins

The Romeo Roma has finally opened, having been more than a decade in the making, says Cathy Adams in *The Times*. From around £2,000 a night, it must be one of the most expensive hotels in the world. But for that you get “jaw-dropping avant-garde design [by Zaha Hadid], a Roman temple to lacquered macassar ebony and Carrara marble”.

An ancient Roman workshop was uncovered in the basement during the restoration of the palazzo building, formerly a government office, while five of the bedrooms have original 17th-century frescoes, which were also discovered during the renovation. The rooms, however, come with “space age” technology and “Hadid’s signature curves are everywhere”, from the “breathtaking craftsmanship of the ebony bed” to the “sinuous” double sink and bath. “So high-gloss are the surfaces that I can only think it’s like sleeping in a designer spaceship... This is extraordinarily, dizzyingly, unbelievably OTT stuff, a giant moonstep from anything that has come before.” *Theromeocollection.com*



Modern design meets ancient ruins at the Romeo Roma

## A night in the museum

Lisbon’s new Museu de Arte Contemporânea Armando Martins (MACAM) is a novel and “intriguing” take on the “night at the museum” concept, says Elise Morton in *The Telegraph*. While it’s not unusual for luxury hotels to blur the boundaries with impressive art collections interwoven with the hotels’ design, MACAM offers, in the words of its director Adelaide Ginga, a “unique setting for experiencing art”. That setting is made up of 64 guest rooms alongside 2,000 square metres of exhibition space.

“I found that I could step out of my room and be immediately immersed in the delights of Portuguese modernism, admiring the works of Amadeo de Souza-Cardoso and Maria Helena

Vieira da Silva”, to name but two of the artists whose art graces the walls of the museum. But unlike at other, more conventional, high-end hotels, these are not just a bunch of pretty pictures for guests to admire. Themes such as the female body, oppression and resistance are explored, while in the deconsecrated chapel-turned-bar, a black sculpture of Christ, “seemingly levitating against a backdrop of a fiery, apocalyptic sky”, is on display.

“Can I imagine guests sipping their G&Ts while contemplating an impending apocalypse? It may not be the refined tone most upmarket hotel bars strive for – but then, perhaps that’s the point.”

From €300 a night, *macam.pt/en*

## A night on a Dutch farm

Over-Amstel Boerderij is a new farmhouse restaurant and B&B located just outside of Amsterdam and the little sister of South Africa’s Babylonstoren and The Newt in Somerset, says Fiona Kerr in *The Financial Times*. However, “compared with such starry siblings, little Over-Amstel has, so far, kept a much lower profile”. It is a “pocket” estate of just 60 acres compared with The Newt’s 2,000.

“Standing handsomely on the Amstel,” the longhouse, built in 1894, has been “meticulously restored”. The first couple of bedrooms in the “front house”, with its “neat brickwork” and “traditional double-pitched gambrel roof”, were made available for bookings last September, while the attached thatched barn has been “reimagined as a farm-to-fork restaurant”. Five new barns have been built around the yard, but they are “indistinguishable from the originals”. The menu in the restaurant is “unfussy”, focusing on produce from the farm and the surrounding area. From £410, *over-amstel.com/en*

## Wine of the week: six of the best from Bordeaux

### 2020 Château Vieil Orme, Bordeaux, France

£11.55, reduced to £10.25 each by the case, Haynes Hanson & Clark, tel. 020 7584 7927, *hhandc.co.uk*



Matthew Jukes  
Wine columnist

Every year, without fail, the HH&C team scours Bordeaux for bargains and drives their truck back to Chelsea laden with gems. This year, I have picked six of the best. They are all unmissable and drinking right now.

My headliner is the least expensive of this keenly priced collection. At five years of age, this merlot-driven beauty is augmented with 25% cabernet sauvignon and 15% cabernet franc, bringing uncommon class, a pretty little perfume, and a sleek chassis to this fantastic discovery. I am not sure how a £10 wine can taste this accurate and impressive! All wines are subject to by-the-case discounts, which are listed here. 2019 Château Quincaron Maypé Lagrave (£15.85 to £14.05) is a classy cabernet-



dominant Graves with a silky palate and gorgeous freshness. 2019 Château Balac (£18.60 to £16.50) is a Cru Bourgeois Supérieur stunner with a dark core of cassis fruit, a modern outlook, and a glossy finish. 2019 Château Larrivau (£20.40 to £18.10) sports a classical stance, profound depth and a long, savoury, mineral-drenched finish. While 2019 Château Juguet (£23.65 to £21), a Saint-Emilion Grand Cru, is polished, lusty and bold with ample flesh and gorgeous balance. Finally, 2018 Château Mauvesin-Barton (£23.35 to £20.75) sports the famous Barton moniker, and it shows elite wines from famous dynasties can still find their way to our shores with £20 price tags.

Matthew Jukes is a winner of the International Wine & Spirit Competition’s Communicator of the Year (*MatthewJukes.com*).



# Time to get grilling

With summer on the way, we look at some of the best barbecues and pizza ovens



## An American beast

The "snazzy" **Broil King Baron 490 IR** gas barbecue is from one of America's favourite brands, says Derek Adams in T3. "This is a four-burner beast with a side-mounted steak sizzler, a rotisserie with dedicated rear burner, heavy-duty reversible cast-iron grilling grates, a sturdy side shelf... and backlit control knob for nighttime grilling." Few large barbecues can compete for sheer versatility and performance. £1,519, [thebbqshop.co.uk](http://thebbqshop.co.uk)

## Pizza anytime, anywhere

The **Gozney Tread** propane-fired pizza oven is perfect for cooking pizza and other meals "just about anywhere," says Dan Cavallari on Tom's Guide. It weighs just 30 pounds, which means you can take it "to the park... and open up tons of cooking options far away from the kitchen". It is one of the smaller ovens on the market, which means it

can only bake a pizza up to 12 inches, but it is rugged and no less capable for its diminutive size. In fact, you will want to pay careful attention while cooking, "lest you burn your meal before it leaves the oven". In short, "if you're looking for the best pizza oven for your next camping trip... the Tread is a solid bet." £499, [thepizzaovenshop.com](http://thepizzaovenshop.com)



## Smoking and more

The compact **Kamado Joe Jr** charcoal smoker uses the "superior heat-retention properties of ceramic to perform a myriad of outdoor cooking [methods], from grilling, searing and slow-and-low smoking to baking and roasting," says T3. "This cracking little barbecue should last a lifetime if properly looked after and it is a top choice for couples, smaller families, balconies and even a spot of car camping." £499, [directstoves.com](http://directstoves.com)



## A pizza oven with a PhD

Current, which specialises in making electric outdoor appliances, unveiled its **Model P Smart Pizza Oven** at this year's Consumer Electronics Show (CES) in January, billed as the "world's smartest electric pizza oven," says Jason Cockerham on TopTenReviews. Users will be able to tailor the exact cooking time, depending on toppings, and the temperature using a smartphone app. Current also claims the oven gets hot enough to cook a pizza in two minutes. Available in the US later this year, priced at \$599. See [get.currentbackyard.com/pizzaoven](http://get.currentbackyard.com/pizzaoven)



### Charcoal grilling made easy

Grilling with charcoal could not be easier with the **Masterbuilt Gravity Series 600**. Simply plug in this barbecue smoker and fill the hopper with good-quality lump wood charcoal, then light it. Next, select the temperature on the control panel and the 600's fan will ensure the heat is controlled. The charcoal heats from the bottom up, just like with a chimney starter, while the fan pushes the heat from the hopper along a newly designed tunnel that sits beneath the cast-iron grill grate. The result is perfectly cooked food that won't be burnt to a cinder. Alternatively, the 600 can also be used for gentle, slow cooking. £787, [bbqland.co.uk](http://bbqland.co.uk)



### Perfect pizzas every time

The new **Ooni Karu 2 Pro** outdoor pizza oven is "almost flawless," says Alex David in Homes & Gardens. It is the "quintessential pizza oven – it's fast and makes perfect pizza". It's not the cheapest and it is quite large, which makes it unsuitable for anyone with a courtyard garden. But it is easy to put together and the cooking stone reached the desired temperature for baking Neapolitan pizza in 15-20 minutes, which is faster than many other pizza ovens. "It was one of the best pizzas I've ever made... and it was all thanks to the oven." £699, [uk.ooni.com](http://uk.ooni.com)



### Ninja ventures outdoors

Ninja, the American brand best known for its airfryers, has ventured outdoors. Its first pizza oven was quite big, but Ninja has solved that problem with its latest model, the **Artisan 5-in-1 Portable Electric Pizza & Outdoor Oven**. As a portable appliance, it can be taken on camping trips or simply used in the garden. Its five pizza settings are designed to bake Neapolitan, pan, New York-style, thin-crust and custom pizzas perfectly. £299.99, [ninjakitchen.co.uk](http://ninjakitchen.co.uk)



This week: houses with kitchen gardens – from a restored watermill in Cumbria to a house in Hampsh



▲ **Mansard House, Bardwell, Bury St Edmunds, Suffolk.** A Grade II-listed, 17th-century house with later additions and outstanding grounds, with a kitchen garden featuring a greenhouse, fan-trained fruit trees and vegetable beds. 5 beds, 3 baths, 2 receps, workshop, annexe, swimming pool, 2 acres. £1.25m Knight Frank 020-3995 0779.



▶ **Wheatlands, Great Tew, Chipping Norton, Oxfordshire.** A renovated period property with formal grounds with box hedges and a vegetable garden. It has open fireplaces and a kitchen with a vaulted ceiling and an Aga. 5 beds, 3 baths, 2 receps, study, party barn, 5 paddocks, 2 field shelters, woodland, 12.9 acres. £3.8m+ Strutt & Parker 01865-366660.



▶ **Foxwood Lodge, Ampert, Andover, Hampshire.** A family house with landscaped grounds that include a walled kitchen garden with a pond and a Victorian-style greenhouse. It has a drawing room with an open fireplace with a wood-burning stove, and French doors leading onto a terrace. 6 beds, 5 beds, 3 receps, kitchen, music room, barn with workshop, double garage with gym, gardens and grounds, 16.9 acres. £4.65m Savills 01962-841842.





ire with a Victorian-style greenhouse in the kitchen garden



▶ **Moathouse, Beeston, near Tarporley, Cheshire.** A Grade II-listed, 17th-century former farmhouse below Peckforton Hill set in landscaped grounds with a kitchen garden with raised beds and cold frames. It has leaded-light windows, exposed wall and ceiling timbers, an inglenook fireplace with a wood-burning stove, and a kitchen with an Aga. 4 beds, 2 baths, 3 receps, double garage with workshop, summerhouses, orchard, pond, paddock, 2.6 acres. £1.25m Jackson-Stops 01244-328361.

▶ **The Mill House, Sebergham, Carlisle, Cumbria.** This restored watermill retains its original mill workings and mill stream, and comes with a kitchen garden and an orchard. It has beamed ceilings and an open-plan kitchen with an Aga. 5 beds, 2 baths, recep, 2 studies, garden room, outbuildings, 4.6 acres. £950,000 Finest Properties 0330-111 2266.



▶ **Tredefaid, Penybryn, Cardigan, Wales.** A renovated 17th-century former farmhouse in extensive grounds with a range of period barns, an 18th-century stable block and a productive vegetable garden. It has exposed beams, stone walls, flagstone floors and a kitchen that leads into a modern extension with floor-to-ceiling glass doors. 5 beds, 3 baths, 2 receps, office, paddocks, woodland, 75 acres. £1.25m Country Living Group 01437-616101.



▶ **Tower House, Terrington St. Clement, Norfolk.** A Grade II-listed 1650s house with a tower room that commands far-reaching views over open countryside. The landscaped grounds include a kitchen garden with raised vegetable beds and a greenhouse. It has oak floors, open fireplaces with wood-burning stoves, and a Shaker-style breakfast kitchen leading onto the gardens. 4 beds, 2 baths, 2 receps, garage/workshop, barn, greenhouse, stores, parking. £800,000 Sowerbys 01553-766741.



▶ **Church Fields, Fawley, Henley-On-Thames, Oxfordshire.** A 1930s house in the Chilterns Area of Outstanding Natural Beauty. The grounds include a kitchen garden with vegetable plots, fruit trees and a greenhouse. It has a reception hall with a galleried landing and a kitchen with a wood-burning stove. 5 beds, 3 baths, dressing room, 3 receps, study, garage with studio annexe above, swimming pool, tennis court, 3.2 acres. £4.5m Hamptons 01491-815479.





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# Trump backs down

The big beautiful bond market gets to intimidate everybody



Bill Clinton, too, was humbled by the bond markets



**Bill Bonner**  
Columnist

Countries are “kissing my ass” to negotiate trade deals, says Donald Trump. How exhilarating it must be. To have the whole world bending over and puckering up. What a feeling of power! Like Bonaparte chasing the Russkies out of Moscow, or the Titanic under full steam.

And what a pleasure it must be to jerk them around. You threaten them with tariffs, and then, at the last moment, you “pause”. And then, you single out the world’s biggest exporter for punishment, because he disrespected you! On your own say-so, you introduce the biggest tax rises ever on everyone who shops at Walmart. And you – not the free market, not the citizens themselves, not buyers and sellers – decide who wins and who loses.

We thought we’d seen it all, but that there must be more to the story – a sequel, a Part II. After all, in what kind of a story would we see such vaulting pride without a fall that followed? What kind of dull, predictable world would it be if the bully got his way? Fortunately for irony, sarcasm and long-odds bettors, there are still plenty of surprises, and many slippery feed-back loops to circle around and bite the Big

Man on his big derrière. And then it arrived – the snakiest bond market since Adam, a huge beast nourished by Democrats and Republicans over the last half-century.

Thanks to the US fake money system, nearly un-interrupted deficits, including half-a-century of trade deficits as well as federal budget deficits, there are nearly \$37trn worth of US notes, bills and bonds (not including dollars) outstanding. And of all the prodigious borrowers, none outdid America’s current jefe, Donald Trump. In just four years, he accomplished what took his

*“Presidents can’t control the value of money or the cost of borrowing it”*

predecessor, Barack Obama, twice as long, adding \$8trn to the national debt. Now he’s back. And back at it. Spending is going up. Debt is going up too.

But there is a wobbly planet in the Trump firmament. The feds can cut off trade with friends and “enemies”. They can pump up the economy with stimulus. They can back the stockmarket with “put options” and rescue packages. They can reduce unemployment by hiring people and increase sales by spending money they don’t have. But they can’t control the value of the money they spend

or control the cost of borrowing it. And when Planet Debt spins out of control, watch out.

James Carville famously remarked, in 1993: “I used to think that if there was reincarnation, I wanted to come back as the president or the pope or as a .400 baseball hitter. But now I would like to come back as the bond market. You can intimidate everybody.” Back then, the US Treasury market counted only \$4trn in federal debt. Today, it is nearly ten times as much. Worldwide there’s more than \$100trn of debt that is either directly or indirectly calibrated to US Treasury market yields. This week, those yields went over 5%, rattling global financial markets.

In 1993, the bond market flexed its muscles and prevented Bill Clinton from passing the stimulus package he had promised voters. Yields rose and he couldn’t finance it. Today, the bond market is much bigger and much stronger. It is where investors all over the world register their faith in the US. But with enough tariff hikes, pauses and tax cuts, that faith could evaporate. A big rise in yields would mean a big rise in the cost of funding US deficits. Trump would be forced to back off. If not, brace yourself for wealth extinction on a planetary level!

For more from Bill, see [bonnerprivateresearch.com](http://bonnerprivateresearch.com)

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**MoneyWeek is published by**

Future Publishing Limited

121-141 Westbourne Terrace,

London, W2 6JR

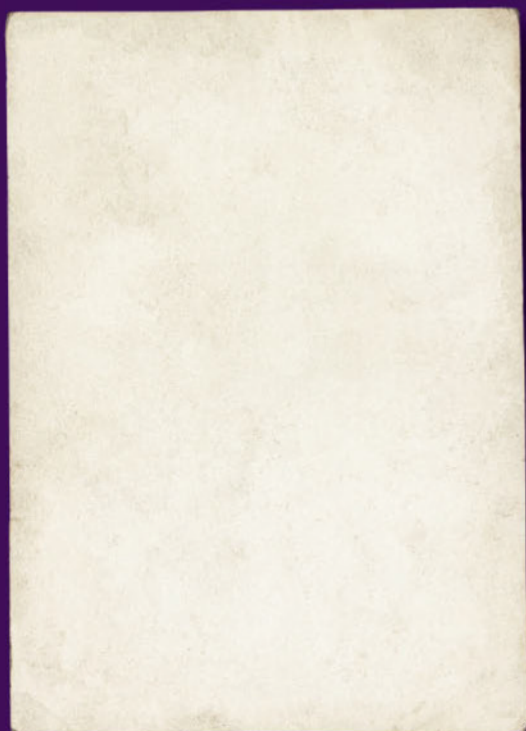
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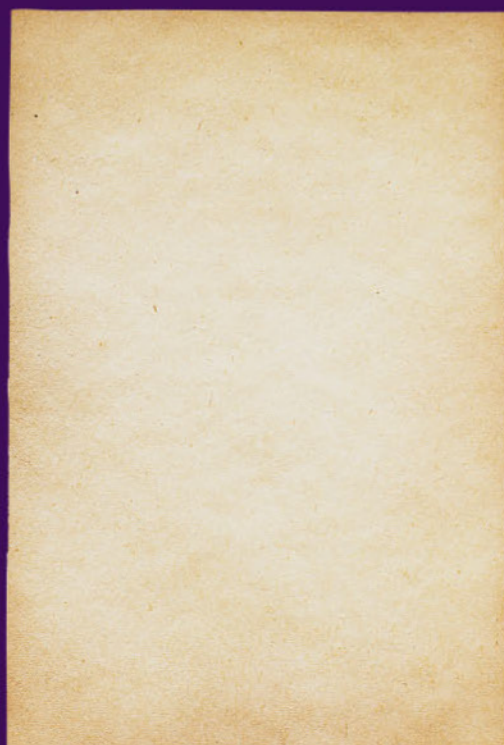
ISSN: 1472-2062



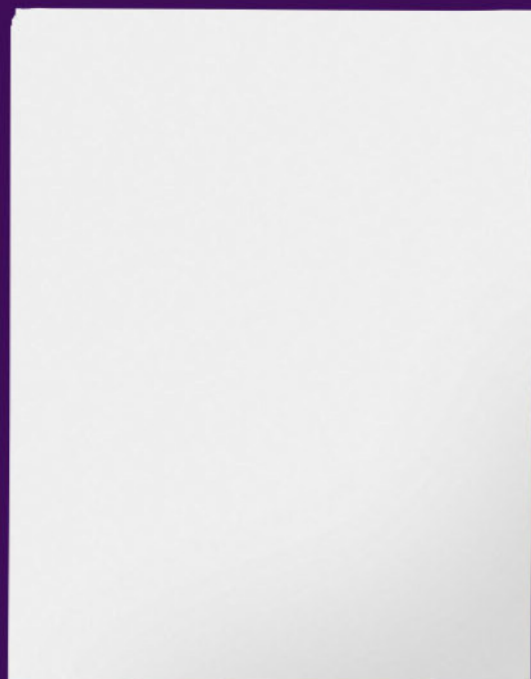
Start with a blank sheet of paper and  
you can create something totally unique.



The Mona Lisa



Hamlet



Beethoven's 5th.

We give our fund managers a  
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that allows them to freely express  
their individual talent. And hence,  
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something that truly stands apart.  
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thinking differently that's risky.  
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