TRENDWATCH

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***Notebook**: Important developments that may impact your investments*

Michel Barnier: "Brexit is a failure... of the EU"

IMAGINE YOU were recently watching that great TV gameshow QI, which I'm assuming you've all seen. We're on an "E" series – which means that there are questions are related to the Europe and the EU. The show's host, Sandi Toksvig (a brilliant successor to the inimitable Stephen Fry) pops the the first question: "*The UK has now formally left the EU. On what date did the trade agreement with the EU take legal effect?*". The panellists eye each other nervously. Is it a trick question? Can't be... can it? Nah, everyone knows the sequence of events. Heaven knows there was enough of a fanfare about it.

We left the EU at the end of 31 January 2020 at 11 p.m. GMT. Then there a transition period for 11 months, during which time both sides more or less carried on as before, after which the Brexit trade agreement took effect.

Alan Davies, who often acts as the QI fall guy, confidently steps up to the plate: "It happened at 23:00 hours GMT on 31 December last year".

Aaaaggghhh! That dreaded klaxon as the trap snaps shut!

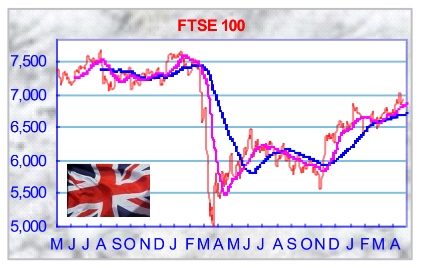
The Brexit trade agreement – or the *EU-UK Trade and Cooperation Agreement*, to give it its proper title – was *supposed* to come into effect when Alan Davies said it would. But technically, it didn't. Why? Because it was *conditional* upon both parties ratifying the agreement by no later than 28 February

Acting with customary speed, the UK parliament did indeed ratify it. It did so on 30 December last year, the very day that the treaty was presented to Parliament, and hours before it was due to take effect.

In stark contrast, the European Parliament finally only ratified *today* (in the early hours of Wednesday), four months late, having asked the UK for more time.

First, the excuse was that the EU needed more time to translate the 1,300-plus page document into 24 languages, and to give more time for proper scrutiny. But it's now clear that the main reason was to apply pressure to the UK, using ratification as a weapon in reprisal for the EU's perception that the UK was not abiding by the agreement, even though a similar charge could equally be served on the EU, especially in relation to its actions over Northern Ireland.

On the day the EU parliament finally rubber-stamped the Brexit deal, the chief mismanager of European vaccine disaster, European Commission president Ursula von der Leyen, couldn't resist a last dig at Britain, calling our decision to leave as "a mistake", as if we were some irresponsible child playing truant.



But the EU's chief Brexit negotiator Michel Barnier had a completely different take. He described the UK's exit from the EU as "*a failure... a failure of the EU. And we have to learn lessons from it as politicians here in the European Parliament, in Council, in the Commission, in all of the capitals. Why did 52% of the British vote against Europe? There are reasons for that - social anger and tension which existed in many regions in the UK but also in many regions of the EU. Our duty is to listen and understand the feelings of the people.*"

How refreshing.

❍ ❍ ❍

Since the last issue, some significant milestones have been reached. The most poignant is that the number of Covid-19 deaths globally has passed 3 million – almost certainly a significant under-estimate, since many countries have been overwhelmed. The tragedy unfolding in India is terrible to behold, with hospitals overwhelmed, oxygen supplies exhausted and mass funeral pyres lit in parking lots. Globally, the number of new cases per day is more than 900,000, easily exceeding the previous peak of 843,000 in January. India alone is reporting more than 300,000 new cases a day. India also accounts for at least 200,000 out of the global total of 3 million deaths.

And yet here in the UK, the average number of daily deaths has fallen to around just 17. Many hospitals haven't seen a single Covid patient in weeks.

So in the UK, the epidemic is finally over... until it isn't. Some are arguing that, because the virus appears to have been defeated, we should now throw caution to the wind and let the economy off the leash. The problem with that is that those same people thought it was over early last December. By the New Year, case numbers had exploded and we were back in lockdown.

Will it be any different this time? Yes, probably. Last December, we didn't have any authorised vaccines. Now we do. That's another important milestone

(Continued on page 8)

Stock market sectors
☺ **uptrends**

In course of preparation.

Stock market sectors
☹ **downtrends**

In course of preparation

TRENDWATCH Barometer

London-listed shares

% of total no. of shares monitored	29-Mar	26-Apr	% change on fortnight
OFFICIAL LIST:			
Uptrends	29.12%	**35.37%**	**+6.25%**
Indeterminate	63.75%	**60.77%**	**-2.98%**
Downtrends	7.13%	**3.86%**	**-3.27%**
AIM-LISTED:			
Uptrends	23.17%	**26.21%**	**+3.04%**
Indeterminate	64.73%	**62.59%**	**-2.14%**
Downtrends	12.10%	**11.20%**	**-0.90%**
INVESTMENT TRUSTS:			
Uptrends	20.82%	**43.22%**	**+22.40%**
Indeterminate	69.72%	**54.26%**	**-15.46%**
Downtrends	9.46%	**2.52%**	**-6.94%**
EXCHANGE TRADED FUNDS:			
Uptrends	14.61%	**45.45%**	**+30.84%**
Indeterminate	8.47%	**50.00%**	**+41.53%**
Downtrends	18.08%	**4.55%**	**-13.53%**

SHARE SELECTIONS IN THIS ISSUE

TrendWatch portfolio performance review

Nine of our shares rise by more than 20% since last issue

The TrendWatch portfolio: Valuation as at the open on 26 April 2021

Share (EPIC)	Date bought	Buy price (p) *	Price now (p)	gain/ loss (%)	F/c gross yield (%)	Mkt. gain/ loss (%)	Outperf. (%)	STOP-LOSS **
AFH Financial Group (AFHP) AIM	11/01/2021	390.00	**475.00**	21.8	2.4	3.4	17.8	**390**
Aquis Exchange (AQX) AIM	15/10/2020	410.00	**685.00**	67.1	-	21.0	38.1	**558**
Argentex Group (AGFX) AIM	11/01/2021	131.50	**128.50**	-2.3	2.6	3.4	-5.5	**108**
Arrow Global (ARW)	17/09/2020	106.40	**304.00**	185.7	2.0	17.1	144.1	**243**
Atalaya Mining (ATYM) AIM	10/12/2020	233.00	**312.50**	34.1	-	6.8	25.6	**269**
Avingtrans (AVG)	23/07/2020	266.00	**350.00**	31.6	1.2	14.7	14.7	**280**
Beeks Financial Cloud Group (BKS)	12/11/2020	97.00	**118.00**	21.6	0.4	11.0	9.6	**102**
Begbies Traynor Group (BEG) AIM	04/02/2021	115.00	**125.40**	9.0	2.9	7.3	1.6	**100**
Blackbird (BIRD) AIM	17/09/2020	20.50	**24.25**	18.3	-	17.1	1.0	**22**
Brickability (BRCK) AIM	10/12/2020	53.50	**91.50**	71.0	2.4	6.8	60.1	**73**
Brooks Macdonald Group (BRK) AIM	04/02/2021	1890.00	**2140.00**	13.2	3.2	7.3	5.5	**1728**
Cake Box Holdings (CBOX) AIM	17/09/2020	167.00	**263.00**	57.5	2.3	17.1	34.5	**210**
CareTech Holdings (CTH) AIM	02/08/2020	441.00	**540.00**	22.4	2.8	17.9	3.9	**436**
CentralNic (CNIC) AIM	28/05/2020	88.50	**85.00**	-4.0	0.5	14.4	-16.1	**78**
Cerillion (CER) AIM	01/04/2021	480.00	**600.00**	25.0	1.2	3.0	21.4	**480**
Clinigen (CLIN) AIM	04/02/2021	748.00	**820.00**	9.6	1.1	7.3	2.1	**680**
CVS Group **(CVSG)** AIM	25/06/2020	988.00	**2005.00**	102.9	0.4	15.9	75.1	**1604**
Eagle Eye Solutions Group (EYE) AIM	02/08/2020	245.00	**476.00**	94.3	-	17.9	64.8	**401**
Elixirr International (ELIX) AIM	04/03/2021	370.00	**545.00**	47.3	0.8	4.4	41.0	**436**
Entain (ENT)[1]	17/09/2020	905.60	**1690.50**	86.7	2.1	17.1	59.5	**1352**
Eurocell (ECEL)	01/04/2021	240.00	**258.00**	7.5	2.9	3.0	4.4	**206**
Franchise Brands (FRAN) AIM	15/10/2020	99.50	**138.50**	39.2	1.1	21.0	15.1	**110**
Frenkel Topping Group (FEN) AIM	15/10/2020	48.50	**50.00**	3.1	3.0	21.0	-14.8	**40**
Future (FUTR)	25/06/2020	1236.00	**2338.00**	89.2	0.1	15.9	63.2	**1870**
Gamesys (GYS)	30/04/2020	877.00	**1941.00**	121.3	2.2	20.5	83.6	**1700**
Gattaca (GATC) AIM	04/03/2021	111.50	**148.50**	33.2	-	4.4	27.5	**123**
GYG (GYG) AIM	04/02/2021	77.50	**87.00**	12.3	-	7.3	4.6	**70**
Hargreaves Services (HSP) AIM	10/12/2020	256.00	**345.00**	34.8	5.9	6.8	26.2	**276**
Hilton Food Group (HFG)	30/04/2020	1120.00	**1208.00**	7.9	2.4	20.5	-10.5	**990**
i3 Energy (I3E) AIM	04/03/2021	7.70	**9.55**	24.0	-	4.4	18.7	**8**
Jet2 (JET2) AIM	12/11/2020	1187.00	**1367.00**	15.2	-	11.0	3.7	**1188**
Joules Group (JOUL) AIM	17/09/2020	103.00	**242.00**	135.0	0.1	17.1	100.7	**194**
JTC Group (JTC)	25/06/2020	479.00	**645.00**	34.7	1.3	15.9	16.2	**528**
K3 Capital Group (K3C) AIM	10/12/2020	205.00	**344.00**	67.8	3.4	6.8	57.1	**275**
Kape Technologies (KAPE) AIM	10/12/2020	178.00	**290.00**	62.9	-	6.8	52.5	**234**
Kooth (KOO) AIM	04/02/2021	290.00	**375.00**	29.3	-	7.3	20.5	**300**
Macfarlane Group (MACF)	20/08/2020	93.20	**113.00**	21.2	2.4	17.9	2.8	**90**
Marshall Motor Holdings (MMH) AIM	12/11/2020	136.50	**175.50**	28.6	3.8	11.0	15.8	**141**
Mission Group, The (TMG) AIM	01/04/2021	81.00	**86.00**	6.2	2.8	3.0	3.1	**69**
Motorpoint (MOTR)	15/10/2020	286.00	**256.00**	-10.5	-	21.0	-26.0	**246**
Oncimmune Holdings (ONC) AIM	04/03/2021	207.00	**210.50**	1.7	-	4.4	-2.6	**192**
Panoply Holdings, The (TPX)	01/04/2021	245.00	**251.00**	2.4	0.3	3.0	-0.5	**214**
Plant Health Care (PHC) AIM	10/12/2020	11.85	**15.75**	32.9	-	6.8	24.4	**14**
Randal & Quilter Inv. Hldgs. (RQIH) AIM	12/11/2020	181.50	**170.00**	-6.3	6.2	11.0	-15.6	**152**
Redrow (RDW)	01/04/2021	637.00	**678.40**	6.5	3.5	3.0	3.4	**543**
SDI Group (SDI) AIM	20/08/2020	64.50	**183.00**	183.7	-	17.9	140.7	**150**

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Performance review *(continued from page 2)*

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Share (and EPIC code)	Date bought	Buy price (p) *	Price now (p)	gain/ loss (%)	F/c gross yield (%)	Mkt. gain/ loss (%)	Outperf. (%)	STOP-LOSS **
SEC Newgate (SECN) AIM	04/02/2021	55.00	**96.00**	74.5	-	7.3	62.6	**76**
Smart Metering Systems (SMS) AIM	30/04/2020	598.00	**829.00**	38.6	3.4	20.5	15.0	**664**
Tracsis (TRCS) AIM	11/01/2021	600.00	**810.00**	35.0	0.3	3.4	30.6	**648**
TT Electronics (TTG)	01/04/2021	232.50	**238.00**	2.4	2.4	3.0	-0.6	**190**
UP Global Sourcing Holdings (UPGS)	23/07/2020	74.70	**156.75**	109.8	3.4	14.7	82.9	**136**
Urban Exposure (UEX) AIM	23/07/2020	56.50	**67.50**	19.5	7.4	14.7	4.1	**58**
Various Eateries (VARE) AIM	04/03/2021	92.00	**97.50**	6.0	-	4.4	1.5	**84**
Warpaint London (W7L) AIM	04/03/2021	92.00	**126.50**	37.5	3.7	4.4	31.6	**101**
[1]Formerly GVC Holdings	Averaged gains (%):			41.1		11.0	27.2	

TrendWatch portfolio's percentage profit: 41.11% Change since last full TW: **+8.27%**

Market's percentage profit (tracker fund)†: 10.97%

TrendWatch has outperformed market by: 27.16%

* Buy price is the price as at close of business on the Thursday following publication of the recommendation.

** A blue stop-loss limit means that the limit has been raised since the last issue; red means it has been lowered.

† 'Market gain' is the resultant gain/loss if the holding had been invested in a tracker fund. (See 'Technical Notes' on back page).

ANOTHER amazing four weeks in which we logged no less than *eighteen* double-digit percentage gains for our portfolio's shares (that's three more than I reported in the last issue) and not a single corresponding faller. No less than *nine* of our shares put on more than a fifth in value. And since the last issue, the portfolio has put on more than 8¼%, bringing the total gain to more than 41%.

It doesn't get much better than this. Our customary table of big winners is on the next page.

The leader of the pack by a narrow margin was management consultancy **Elixirr International**, up 38.3%, helped on its way by very good full-year results in which it reported that pre-tax profit rose from £1.7m to £5.8m. It also announced the £7m acquisition of UK consultancy Retearn.

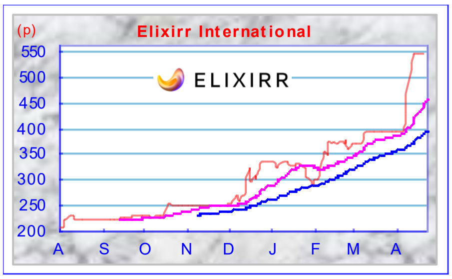
Not far behind was cosmetics supplier **Warpaint London**, which surged 36.8% after an impressive trading update. Even though the first quarter of year was disrupted by Covid lockdowns whereas most of the corresponding quarter of 2020 wasn't, the company reported that sales in Q1 this year were ahead of those in Q1 2020. Tesco has stepped up its orders; in the US, its products are now being stocked in over 1,000 branches of store group *Five Below;* online sales are accelerating; and its cash balance is up from £3.0m to £5.2m. Its full year results were released today (Wednesday) – I'll cover them in the next issue.

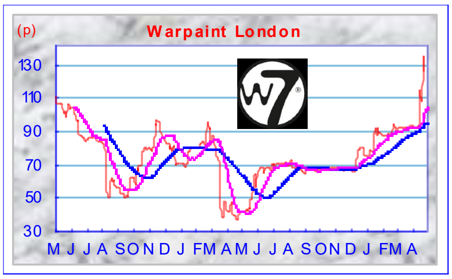
In third place came **Cerillion,** the billing, charging and customer relationship management software solutions provider. It rose 25% after disclosing that it has won its biggest ever contract from a Latin American phone network operator, worth $18m over 10 years. In a trading update, it also announced its strongest ever half-year trading period, exceeding its expectations.

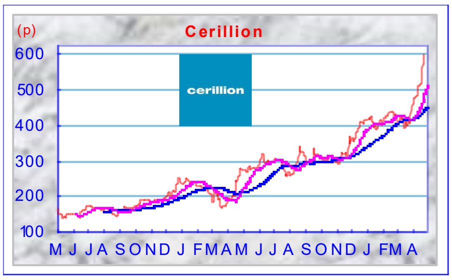
There was also news of the latest in a string of takeovers involving our portfolio constituents. Superyacht painting, supply and maintenance outfit **GYG** rose 11.5% after it said that it's considering a possible unsolicited offer from its major shareholder *Harwood Capital.*

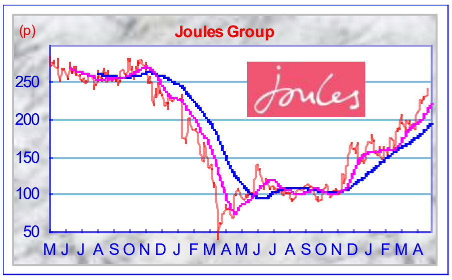
Other news in brief:

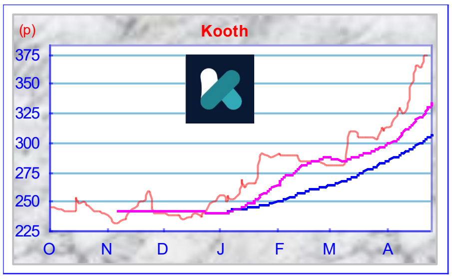
Packaging supplier **Macfarlane Group** (up 8.7%) has acquired *Carters Packaging (Cornwall) Limited,* a well established supplier of protective packaging in the south-west of England, for up to £6m. ❑

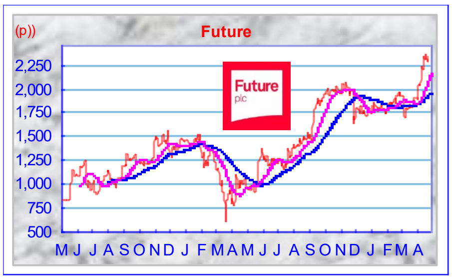












Performance review (continued from page 3)

4-week GAINERS	% gain	Reason
Elixirr Intl.	+38.3%	See text
Warpaint London	+36.8%	See text.
Cerillion	+25.0%	See text.
Joules (fashion retailer)	+24.1%	Founder Tom Joule and his discretionary trusts have sold 5.25m shares in a placing –though this probably does not explain the rise, since none of the proceeds accrue to the company.
Kooth (digital mental health services)	+24.0%	Publication of its full-year results, which were ahead of expectations. Also, it has entered into a partnership with the Chartered Management Institute to provide its 132.000 members access to the Kooth digital mental health platform. No details of the financial implications were provided.
Future	+24.0%	No price-sensitive news.
Brickability (construction materials distributor)	+23.7%	In a pre-close trading statement, it reported revenues and adjusted EBITDA ahead of expectations.
Tracsis (provider of services for rail and wider transport sector).	+22.7%	Well received interim results. Despite a difficult half year, it reported high activity levels going forward.
SEC Newgate	+21.5%	No price sensitive news.

4-week GAINERS	% gain	Reason
Aquis Exchange (stock exchange services)	+19.1%	Strong full-year results, delivering it's first pre-tax profit of £0.5m.
K3 Capital Group (provider of advisory services to SMEs)	+17.6%	A full-year trading update stated that results will be "significantly ahead of revised consensus market expectations".
Franchise Brands	+12.2%	At its AGM, it reported continued strong trading in Q1, with adjusted EBITDA up 24%.
GYG	+11.5%	See text.
Oncimmune (immunodiagnostic services)	+10.8%	It has signed two separate agreements with Roche and Cedars-Sinai Medical Centers to profile patients using Oncimmune's novel infectious disease panel.
Hilton Food Group	+10.8%	Strong full-year results.
Jet2 (airline and tour operator)	+10.6%	The rise was despite its announcement that it was suspending flights and holidays until June 23 because of the ongoing uncertainty around travel from the UK.
Avingtrans	+10.4%	No price-sensitive news.
Various Eateries	+10.2%	No price-sensitive news.

4-week LOSERS	% loss	Reason
NONE		

Six of the best – our picks from shares in the early stages of a new uptrend

Bluebird reviving gold mining in South Korea bigtime

BLUEBIRD MERCHANT VENTURES (BMV)

Business description: Our first pick for this issue is a share that I introduced to you back in October last year. It didn't end well. It got stopped out in December for a 23.4% loss. But that wasn't due to any mis-step by the company. At the time, the London stockmarket was in quite a steep downtrend because of a Covid resurgence. But now the share is back in uptrend and I'm as keen on it as ever.

You may recall that **Bluebird Merchant Ventures** is a South Korea-focused gold explorer, whose speciality is bringing old mines back into production. Many Korean gold mines were closed down a couple of decades ago when the gold price was so low (around $140 an ounce) that the mines were not economic. With the gold price now standing at around $1,776 an ounce, such mines have huge potential.

Its first gold production will come from South Korea, where it has a 50% joint venture with the Australian-listed company *Southern Gold*. The venture already holds the required mining permits for the following narrow-vein underground mines:

- **Gubong,** a giant mine situated 130km south of Seoul. Once the second largest gold producer in South Korea, it has a substantial amount of remnant ore lying between mined blocks which should provide early cash flow. Drilling data also indicates good potential from re-establishing production.
- **Kochang:** There are actually two separate mines here: one silver and one gold mine. Mining ceased in 1975 but exploration work previously carried out by Southern Gold has now defined gold mineralisation extending over a 2.5-kilometre strike which joins the two mines.

According to the South Korean government, these two projects contain nearly 800,000 ounces (or over USD$1.5 billion of ready-to-mine gold, with a geological upside defined in the millions of ounces.

Bluebird was incorporated in 2014 and was admitted to the Official List in April 2016.

It also has a goldmining project at Batangas in the Philippines. See *Bull points* for the latest news on this project.

Bull points:

- It's far quicker and cheaper to rehabilitate old gold mines than fund exploration from scratch
- Many credible analysts – such as those in Bank of America – consider that the gold price could hit $3,000 an ounce by the end of this year due to weak bank balance sheets and soaring government fiscal deficits.
- Sitting as it does on the Pacific Ring, and therefore being subject to the enormous geological forces generated by plate tectonics, South Korea is rich in natural resources. It's estimated that there are 1,400 disused mines there, a substantial number of which are gold mines. Yet many small to medium-sized mines closed in the mid-1980s and there has been little exploration there since the late 1990s.
- Despite this, the South Korean government is highly supportive of the mining industry. It charges no mining royalty nor excise duties, plus it offers significant incentives. For example, it supported Bluebird's partner Southern Gold's drilling at Kochang by funding 70% of the direct drilling costs.
- To accelerate development of Gubong and Kochang, South Korean investors in Bluebird have committed to lending between $5m and $20m. The first tranche of funding has already been received. That enabled preparatory work on mine construction at Kochang to begin last month. The funding is non-dilutive, being a straight pre-payment for gold with no interest. Bluebird will repay the debt funding in gold from production at a 20% discount to the gold price based on the gold price at the time of delivery. Additionally, Bluebird will pay its investors 5% of its gold production for 5 years, at a 10%

Six of the best (Bluebird Merchant Ventures – continued from previous page)

discount to the then gold price.

- Arrangements are well advanced for Bluebird to increase its interests in South Korea by buying out Southern Gold's 50% stake. To determine the value of its stake, Southern elected to to appoint an Independent Expert. The expert has delivered his verdict. The latest we heard, in February, is that "*Constructive discussions ongoing with Southern Gold seeking a "win-win" for both companies*".
- Bluebird's target Bluebird's gold production is due to start at 7,000oz this year rising to 40,000 oz in 2024 and then onto 100,000oz a year from 2025.
- Last year, Bluebird received good news from the Philippines. Its Batangas gold project there has been mothballed, apparently because of local opposition to mine development. In September last year, Bluebird reported that it "*has received communication that there is local support to restart the project... When local support is formalized, the prospects of being able to make progress on the ground would be materially enhanced.*" The Batangas project has a total JORC-compliant resource estimate of 440,000 ounces of gold.
- Bluebird has highly experienced management. It would take too long to go through their biographies here but you can read them on Bluebird's website.
- Align Research has a very conservative price target of 34.8p, which is more than *six times* the current price.

Risk factors:

- Over the past few years, progress has been slower than hoped. Although events now seem to be proceeding at a brisk pace, it's always possible that there could be further unforeseen hold-ups, to which mine developments are especially prone.
- Share price volatility is an issue, as is the bid-offer spread.
- It's a little concerning that its website appears to have been abandoned.

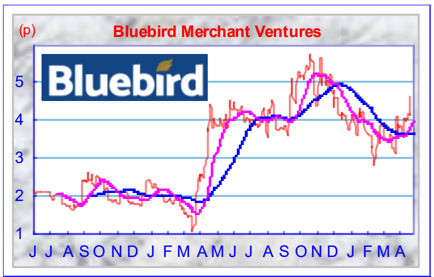
Summary: Bluebird is a company you could easily overlook. Its name gives nothing away; it has no revenues. Yet it's one of those companies whose medium-term fortunes look extremely promising, not least because global financial chaos should be very good for the gold price. And as I've pointed out before in these pages, the share prices of junior goldminers have far outperformed the seniors, or

Year:	2015	2016	2017	2018	2019	2020**	2021**
Revenue ($m)	0.0	0.0	0.0	0.0	0.0	-	-
Pre-tax profit ($m)	-0.094	-0.921	-1.55	-1.74	-4.38	-	-
Normalised eps (¢)*	-0.02	-0.498	-0.681	-0.776	-1.11	-	-
Norm. eps growth rate (%)						-	-
Prospective price/earnings (p/e) ratio:						-	-
Prospective p/e:earnings growth (PEG) ratio:						-	-
Forecast dividend yield (%):						-	-

*Normalised earnings per share takes into account any unusual or one-off items **Forecast

indeed the gold price itself.

Incidentally, while there are no forecasts from conventional brokers — Bluebird is currently below their radar — we do have a forecast (see last "Bull point", above) from an equity research outfit that has impressed us: *Align Research*. Although most of its research is paid for by the subject companies, it only accepts payment in the equity of those companies, or applies any monetary fee to purchasing the equity of those companies. Thus its interests are aligned (hence its name) with those of the investor. Because it's a small share in the early stages of development, volatility is an issue, and it could suffer the same fate as before.



Bluebird's return to uptrend gives you the chance to buy at above the price at which we were stopped out (4.06p) but below the price at which we last recommended it (5.6p). But do bear in mind that this isn't a share for widows and orphans.

One other point to bear in mind: the spread can be quite wide, despite being an Official List share. You should aim to buy when the spread is no more than, say, 7.5%.

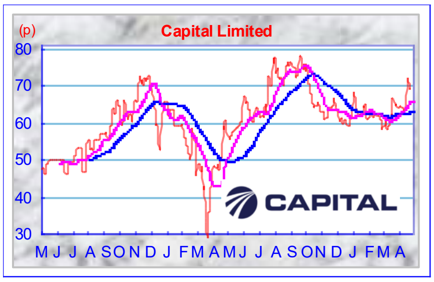
BUY (4.35p; yield: nil; market capitalisation: £17.3m; initial stop-loss: 3p; EPIC: BMV; sector: Metals & mining; classification: [non-index]; website: *https://bluebirdmv.com*). ❑

Capital riding a resurgent wave of African mining activity

CAPITAL Limited (CAPD)

Business description: **Capital Limited** (formerly *Capital Drilling*) is a leading mining services company providing a complete range of drilling, mining, maintenance and geochemical laboratory solutions to customers within the global minerals industry, focusing on the African markets.

Its services include: exploration, delineation and production drilling; load and haul services; mining equipment hire and maintenance; and geochemical analysis.



The Group's corporate headquarters is in Mauritius and it has established operations in Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Guinea, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.

Bull points:

- Last month, it announced that it had been awarded two new contracts related to AngloGold Ashanti's Geita Gold Mine in Tanzania. One relates to surface operations and involves the existing on-site fleet of 5 drilling rigs. The other relates to underground operations and will utilise 9 rigs, 5 of which are on site, the other 4 have been secured and have been transported to the site. Both are three-year contracts, anticipated to generate $65m in revenues over that period.
- Almost all of its contracts are with Tier 1 or mid-tier mining companies.
- Earlier this month, it reported what it described as *"the strongest quarterly revenue performance since the Company's inception"* with a 27% increase during the quarter to US$44m. Its drilling rig utilisation rate improved to 67% from 57% in Q1 2020, thanks mainly to the start of new contracts - it won 5 new contracts in Q1, all in West Africa: in Mali, Cote d'Ivoire, Mauritania and Burkina Faso. It also observed that tendering activity across all businesses continues to be highly active.
- In December, it announced the transformative award of a 120 megatonne open pit waste mining contract from Centamin's Sukari gold mine in Egypt, including load and haul and ancillary services, and an expansion and extension of the existing drilling contracts. Earth-moving operations began in February. Sukari is one of the biggest gold mines in Africa. The contract is so large (worth around $235m to $260m in incremental

Year:	2016	2017	2018	2019	2020	2021**	2022**
Revenue ($m)	98.3	119	116	115	135	190	226
Pre-tax profit ($m)	-4.85	5.21	7.72	10.4	24.6	16.7	23.4
Normalised eps (¢)*	-2.97	4.00	5.96	7.86	18.0	9.10	12.4
Norm. eps growth rate (%)			+49.0	+31.9	+129	-49.3	+36.3
Prospective price/earnings (p/e) ratio:						10.6	7.78
Prospective p/e:earnings growth (PEG) ratio:						0.29	0.74
Forecast dividend yield (%):						2.3	2.9

*Normalised earnings per share takes into account any unusual or one-off items **Forecast

Six of the best (Capital Limited – continued from previous page)

revenue over a 4-year period) that Capital had to raise £22m in a placing and put other financing in place to fund the acquisition of the necessary heavy equipment.

- Its safety record is second to none.
- The consensus analysts' share price target is 54.5% above the current price.

Risk factors:

- Nothing specific.

Summary: I cannot understand why this highly successful, well managed growth company is trading on such low forward p/e and PEG ratios. The shares are clearly undervalued. **BUY** (69.5p; yield: 2.5%; market capitalisation: £132 million; initial stop-loss: 55p; EPIC: CAPD; sector: Metals & mining; classification: FTSE Fledgling; website: *http://www.capdrill.com/*). ❑

Warehousing and logistical services for the retailing elite

CLIPPER LOGISTICS (CLG)

Business description: **Clipper Logistics** is a leading provider of value-added logistics solutions, e-fulfilment and returns management services, delivering consultancy-led services to its blue-chip client base. Those clients include H&M, John Lewis, Imperial Tobacco, L'Oreal, Marks & Spencer, Wm Morrison, New Look, Office Depot, Arcadia, ASOS, boohoo, Asda, Halfords, Harvey Nichols and many others – including the distribution and storage of PPE for the NHS.

More than 70% of revenue is derived from e-fulfilment and returns (i.e. handling online sales).

Note that, unlike businesses such as Royal Mail, UPS or DPD, Clipper doesn't deliver to your front door. Rather, it offers everything from warehousing, stock management, order picking and packaging of goods, which it then distributes to retailers to despatch.

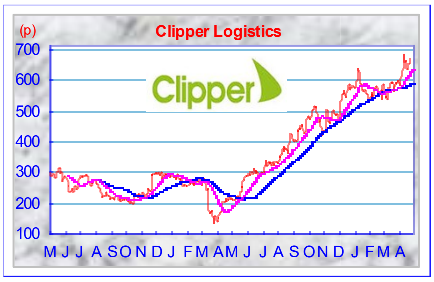
It has over 10,000 highly-skilled employees, a network of 55 European sites, 11.8 million sq ft of warehousing space and it operates a fleet of over 350 vehicles

A profitable and cash generative commercial vehicles business involving sales, servicing and repairs complements the Group's logistics activities.

The company was founded 30 years ago by its current executive chairman, Steve Parkin. It listed on the Official List in May 2014.

Bull points:

- Its latest interim results were excellent despite (or more likely because of) Covid-19. Revenues increased by 20% to £305.2m; pre-tax profit rose by 22% to £20.2m and it reduced debt sharply from £64.4m to £27.7m. The dividend was raised by 14%. It expects its full-year results to be materially ahead of expectations.
- It expects that the structural consumer behaviour shift into online sales will be permanent, which bodes well for substantial organic growth going forward. According to the ONS, a record 36% of retail sales in January were e-commerce sales.



- Its contracts typically run for between three and ten years, resulting in good earnings visibility. However, thanks to contract renewals, some retailers such as John Lewis and William Morrison have been customers for more that 20 years.
- A couple of weeks ago, it signed a letter of intent with JD Sports Fashion, to provide e-fulfilment services from its distribution centre in Sherburn, near Leeds.
- Its success has already attracted takeover interest. Chairman Steve Parkin explored a potential bid from US buyout firm Sun Capital in 2019; and other players have expressed interest, notably the London-based private equity firm Cinven.
- It already operates in Germany and the Netherlands but has plenty of scope to expand in Europe.

Risk factors:

- Its prospective p/e and PEG ratios are higher than we would have liked
- The business is inherently capital intensive and low margin – though what it lacks in margin it makes up for in sheer volume.

Year to April:	2016	2017	2018	2019	2020	2021**	2022**
Revenue (£m)	290	340	400	460	501	639	729
Pre-tax profit (£m)	10.3	12.5	14.3	13.4	16.2	25.0	30.0
Normalised eps (p)*	10.2	12.1	12.4	13.5	12.9	23.3	28.8
Norm. eps growth rate (%)	+25.1	+17.1	+2.52	+9.25	-4.66	+28.9	+23.9
Prospective price/earnings (p/e) ratio:						28.9	23.3
Prospective p/e:earnings growth (PEG) ratio:						1.21	2.01
Forecast dividend yield (%):						1.8	2.2

*Normalised earnings per share takes into account any unusual or one-off items **Forecast

Summary: As mentioned above, the shares are not conspicuously cheap. There are two reasons for this. First, this is a very high quality business that naturally attracts a premium. It's often worth paying a bit more for quality. Second, it has attracted takeover interest, which has had the effect of somewhat elevating the price.

Nevertheless, this is a very attractive business whose growth appears to be accelerating with the shift to online shopping. **BUY** (690p; yield: 2.1%; market capitalisation: £699 million; initial stop-loss: 552p; EPIC: CLG; sector: Freight & logistics; classification: FTSE SmallCap; website: *https://www.clippergroup.co.uk/*). ❑

Like us (!) Liontrust is great at what they do

LIONTRUST ASSET MANAGEMENT (LIO)

Business description: **Liontrust Asset Management** is an independent fund management company with no corporate parent. It was founded in 1995 and listed on the London stockmarket in 1999. Its headquarters is in the Strand in London and it has offices in Edinburgh and Luxembourg.

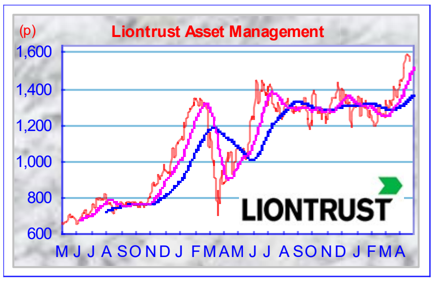
Like us, Liontrust is a strong believer in active fund management, and rightly so, judging from its results. You'll look in vain for index trackers. It currently runs 68 different funds, run by seven fund management teams.

Bull points:

- A week ago, the company issued excellent Q4 results. Assets

Six of the best (Liontrust Asset Mangement – continued from previous page)

under management (AUM) grew by 5.1% to £30.9 billion. The increase was a combination of net inflows (£958m) plus £543m performance growth. The net inflow during the whole of its investment year reached an outstanding £3.5 billion, up 92%. Since the year end its AUM has put on another 5% to £32.5 billion.



- Seventeen of its funds received 5-Crown rating from *FE fundinfo*, more than any other asset manager. And 12 funds have been shortlisted for Fund Manager of the Year Awards.
- Among its other recent awards:
  - ⇒ ranked as the 8th best asset management brand in the UK by Broadridge's annual survey in March 2021.
  - ⇒ named as both the *Multi-Asset Group of the Year* and the *Best ESG Solution for Advisers* at the Professional Adviser Awards 2021.
  - ⇒ won the *Best Multi-Manager Fund Provider Award* at AJ Bell's Online Personal Wealth Awards 2021.

Risk factors:

- As with *TrendWatch*, Liontrust's performance is dependent primarily on decent conditions on global stockmarkets.

Summary: We last invested in this company back in November 2019. We were only invested for 3½ months before being taken out by the great Covid crash of March last year. But in that short tme, we secured a gain of more than 26%.

If you think it's odd that an investment manager (us) is recommending an investment manager... don't! These are successful businesses in their own right, capitalising on stockmarket strength, and should be regarded as such.

Like us, Liontrust is very good at what it does, in common with a couple of other companies such as *Polar Capital* and *Premier Miton*. We might even invest in them as well at some stage.

But TAM 2 investors have one big advantage over them. Our investments are geared. So however well their share price does in the future, TAM 2 investors should do about four times better.

BUY (1570p; yield: 3.3%; market capitalisation: £968 million; initial stop-loss: 1256p; EPIC: LIO; sector: Investment banking & services; classification: FTSE 250; website: https://www.liontrust.co.uk/). ❑

Year to March:	2016	2017	2018	2019	2020	2021**	2022**
Revenue (£m)	45.0	51.5	85.8	97.6	124	146	203
Pre-tax profit (£m)	7.31	6.83	8.72	20.1	13.0	92.5	132
Normalised eps (p)*	19.3	17.2	26.7	40.2	37.6	70.8	100
Norm. eps growth rate (%)	+15.0	-10.7	+55.3	+50.2	-6.31	+88.1	+41.7
Prospective price/earnings (p/e) ratio						21.9	15.4
Prospective p/e:earnings growth (PEG) ratio						0.52	0.96
Forecast dividend yield (%)						2.6	3.4

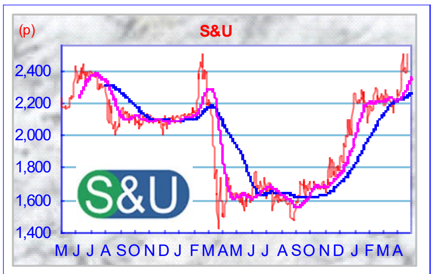
*Normalised earnings per share takes into account any unusual or one-off items **Forecast

S&U expects a strong recovery as Covid restrictions ease

S&U (SUS)

Business description: **S&U** is the holding company for two trading subsidiaries:

◊ **Advantage Finance:** Established in 1999, Advantage Finance focuses on the non-prime used car market, lending to working customers to meet their requirement for cars for work and for family purposes. It has now provided motor finance for over 180,000 customers and employs over 150 people. Most loans range from £5,000 to £8,000, with a maximum loan amount of £15,000; the average advance last year was £6,581. The average original term is 52 months with a flat interest rate of 17.0%. The provisional approval rate for loan applications in the last financial year was approximately 25% of applications. It accesses its market through over 40 internet and dealer introducer brokers, direct to dealers and through re-finance from loyal customers. It possesses state-of-the-art customer processing systems (95% of all applications are decided within 10 seconds); an industry leading under-writing system and a reputation for quality as much as for quantity of business. Most of the very experienced management team have been with Advantage since it was founded and it has low staff turnover.



◊ **Aspen Bridging** was launched in 2017 to cater for the burgeoning short term refurbishment and residential markets. It lends up to £5m per deal with an average loan of £500,000. Based in Solihull, it's earning a growing reputation for speedy service and consistent delivery amongst its broker partners.

The company was founded as long ago as 1938 as a department store operator, its first store being in Edgbaston Street, Birmingham. It floated on the London stockmarket in 1961. In 1975, it moved away from stores and manufacturing to concentrate on home credit loans. It sold that business for £82.5m in 2015 to concentrate on Advantage motor loans, which it had set up in 1999.

Bull points:

- Aspen property bridging saw a strong recovery in activity in the second half and nearly matched H2 2020 profit, giving a full-year profit of £0.8m versus £1.2m. Customer receivables at the year end increased to £34m (£21m).
- S&U expects a strong recovery in demand for motor finance as lockdown restrictions ease and has added £25m to its borrowing facilities, taking the total to £155m to provide headroom for this rebound.
- Until Covid hit it last year, Advantage had achieved 20 years of consecutive profit growth
- The founding Coombs family still owns around 52% of the equity and management take a long-term, sustainable approach to the development of the group.

Risk factors:

- It was badly hit by the pandemic. In its recently published full-year results, revenue was only 7% lower but pre-tax profits almost halved due to doubled pandemic-related provisions. If Covid-19 takes off again, it will be hit again. But this seems unlikely, given the speed and effectiveness of the vaccines roll-out.

Year to January:	2017	2018	2019	2020	2021	2022**	2023**
Revenue (£m)	60.5	79.8	83.0	89.9	83.8	88.4	95.8
Pre-tax profit (£m)	20.3	24.4	28.0	28.9	14.6	19.5	27.5
Normalised eps (p)*	169	202	232	239	121	161	221
Norm. eps growth rate (%)	+27.8	+19.7	+14.6	+3.18	-49.6	+33.3	+37.4
Prospective price/earnings (p/e) ratio						15.5	11.3
Prospective p/e:earnings growth (PEG) ratio						0.4	0.6
Forecast dividend yield (%)						3.9	4.5

*Normalised earnings per share takes into account any unusual or one-off items **Forecast

Summary: The company has a good, though not outstanding growth record. However, it is very good at what it does. It was quite badly hit by Covid and looks set for a strong recovery. But events of the past year have left the shares looking markedly undervalued. They should recover as pent-up demand returns. **BUY** (2520p; yield: 4.0%; market capitalisation: £305 million; initial stop-loss: 2016p; EPIC: SUS; sector: Banking services; classification: FTSE SmallCap; website: https://www.suplc.co.uk/). ❑

Six of the best *(continued from previous page)*

A one-off fraud takes the shine off OSB's full-year results

OSB GROUP (OSB)

Business description: **OSB Group** (formerly *OneSavings Bank*) is a leading specialist mortgage lender, primarily focused on carefully selected sub-segments of the mortgage market that are underserved by large UK banking institutions.

It provides loans (including bridging loans and second mortgages) to limited companies and individuals, secured on residential property held for investment purposes. It targets experienced and professional landlords or high net worth individuals with established and extensive property portfolios.

It also provide loans to limited companies and individuals, secured on commercial and semi-commercial properties held for investment purposes or for owner-occupation, as well as oans to small and medium sized developers of residential property.

It gets its funding from two main sources:

- Retail savings accounts with two longstanding retail franchises: *Kent Reliance* and *Charter Savings Bank*.
- Securitisation – the issue of high-quality residential mortgage-backed securities. Between 2013 and 2020, it has completed 14 such issues worth more than £4.5 billion.

Bull points:

- It has a very strong balance sheet, which easily exceeds regulatory requirements.
- It came through the pandemic almost unscathed, achieving a double-digit return on equity. The loan book grew by 4%.
- Of the 13 analysts who follow this company, 7 rate it a "Buy"; 6 rate it a "Strong buy". The consensus target price is 541p, 13.4% above the current price.
- The median p/e ratio of the Banking Services sector is 12.7. OSB's forecast p/e for the current year is only 7.5.

Risk factors:

- There is a risk that higher post-Covid unemployment will spark a rise in rental payment defaults.
- Its results would have been significantly better than they were had it not been forced to set aside an impairment provision of £20m to cover a potential fraud involving a secured loan that it made to a third party. It has appointed Smith & Williamson LLP to carry out a forensic investigation into how this happened. OSB says it believes this to be an isolated incident but we await with interest further details on how the alleged fraud was perpetrated.

Summary: This recommendation is predicated on the fact that there continues to be a sharp mismatch in the UK between the demand for housing and the supply. People have to live somewhere. They can live with their parents (often not a viable option, especially when the kids get married and want to start a family of their own); they can buy their own house (for many, raising the depsit is an impossible dream) or they must rent ("money down the drain" but often the only feasible option left). So long as this situation continues to exist, OSB should continue to prosper.

BUY (481p; yield: 4.0%; market capitalisation: £2.14 billion; initial stop-loss: 384p; EPIC: OSB; sector: Banking services; classification: FTSE 250; website: *https://www.osb.co.uk/*). ❑

Year:	2016	2017	2018	2019	2020	2021**	2022**
Revenue (£m)	209	247	289	348	501	614	657
Pre-tax profit (£m)	121	127	140	159	196	269	299
Normalised eps (p)*	41.9	51.8	58.1	56.3	51.8	63.5	71.3
Norm. eps growth rate (%)	+19.2	+23.6	+12.2	-3.06	-8.10	+22.7	+12.2
Prospective price/earnings (p/e) ratio:						7.5	6.7
Prospective p/e:earnings growth (PEG) ratio:						0.6	0.5
Forecast dividend yield (%):						3.8	4.4

*Normalised earnings per share takes into account any unusual or one-off items **Forecast

Notebook *(continued from page 1)*

reached right there since the last issue: More than half the population of the UK has had at least its first jab. For all the government's mis-steps (the latest being the very late addition of India to the red "no travel" list), I think it will pay us to back the government's caution for just a few more weeks. We must remember that this is a virus that mutates readily. Can we be sure that it won't mutate in a way that renders the vaccines much less effective? No, we can't.

But by July, it really could be a return to more or less normal life for us, apart from foreign travel. Sadly for much of the rest of the world, notably India and Brazil, the nightmare continues.

❍ ❍ ❍

This coming autumn, there's a general election in Germany. Frau Merkel's 16-year reign as chancellor will come to an end, as she is standing down. We know that there is great dissatisfaction around Europe about the way the EU has handled the pandemic. What effect will this have on the election? I predict it will be significant. I'll try to explain why.

Unlike the UK, Germany has a veritable alphabet soup of political parties. But let's ladle out the choicest morsels:

- Mrs Merkel leads Germany's dominant political party, the CDU (Christian Democratic Union).
- Germany is currently led by a coalition of the CDU and its sister party, the CSU (Christian Social Union).
- Both the CDU and CSU have been losing ground fast over the past few years because of Mrs Merkel's liberal attitude to immigration, the party's failure to prioritise climate change and environmental policies, and general discontent with the EU.
- Despite being founded only as recently as 2013, the biggest opposition party in Germany is the AfD (Alternative for Germany). It was founded originally in protest against the euro, and more specifically in protest against Mrs Merkel's decision to bail out Greece after the 2010 financial crisis. None of the other parties want anything to do with it, as at tends to attract hardcore neo-Nazis, even though the party has banned them. There are many aspects of its policies that would certainly prevent me from voting for it. Nevertheless, it has already won 92 of the 709 Bundestag seats.
- The leadership of the AfD has explicitly stated that it will fight the autumn elections on the ticket of emulating Britain and taking Germany out of the EU.

I'm not suggesting that the AfD will win the election. But I am suggesting that the gap between those voters that want to stay in the EU and those that will vote to leave will shrink significantly. I'm also predicting that this won't just be a German phenomenon. People all over the EU will note that Britain is prospering without the EU's deadly embrace, and wondering if they too might benefit from following our example.

❍ ❍ ❍

Since the last issue, there was a some comment in the financial media about the Footsie having recovered to 7,000, though it has since slipped back to 6,960. I have a few brief comments on that.

First, the index is still 6.6% shy of where it was in early March last year, just before the pandemic struck. An excellent recovery, but we're not quite there yet.

Second, its still 11.6% short of its all time high of around 7,750, achieved in July 2018.

Third, the Footsie is no higher than it was 6 yeas ago, back in May 2015. And this at a time when many other equity markets, most notably New York, have been surging. The only saving grace here is that London listed equities look to be a lot better value than those on Wall Street.

Not that any of this will bother active *TrendWatch* or TAM 2 investors. Since the nadir of the post-Covid crash, TAM 2 investors have seen their investment more than double even after fees (see next page). ❑

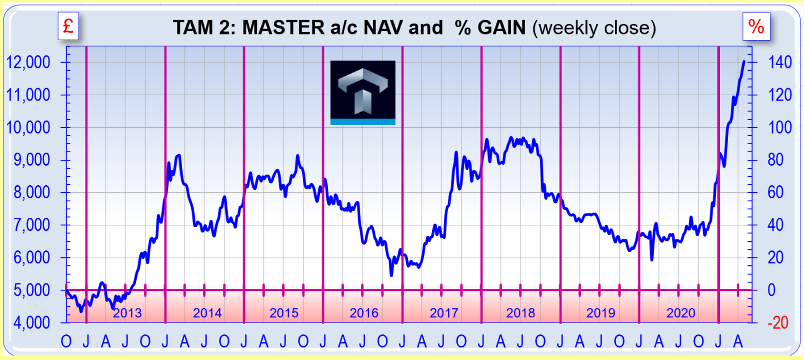
TAM 2 and TGF – a progress report

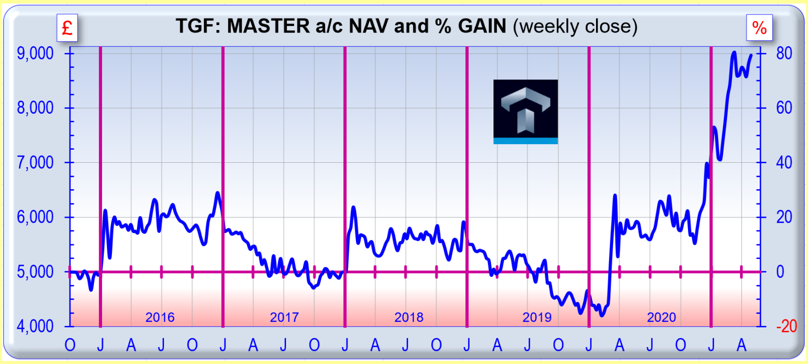
The extraordinary performance by TAM 2 and TGF cotinues apace, with no sign of the run coming to an end.

The performance that you yourself would have seen obviously depends on exactly when you invested in these remarkable products. However, as an example, anyone who invested £5,000 in TAM 2 from the inception date would have seen their investment grow from £3,729.30 at the end of February last year, just as the market was hit by the Covid crash, to £8,197.28 at the start of this week, a rise of 119.8% – and that's net of all fees.

TGF too is up there very close to its all-time high and looks to be poised for another upward leg.

Congratulations to those of you who nipped in before our special offer deadline expired yesterday.





If you're not yet a Trendwatch investor and you're looking for exceptional investment returns, please visit *www.trendwatchAM.com*

The charts accurately reflect the performance of the TAM 2 master account from its inception on 1/10/2012, and TGF from its inception on 1/10/2015..

However, even investors who invested at inception will see an appreciably different performance from the master account, for two reasons.

First, the master account does not include client charges.

Second, the trade sizes on the master account are fixed, whereas the trade sizes on client accounts will grow as the NAV of these accounts grow. This is achieved through a real-time adjustment of the multipliers on client accounts each time a trade is placed on the master account. The effect of this will be that, other things being equal, a profitable client account will show a bigger NAV gain than the master account gain.

Clients investing after the inception date may see a very different performance profile, as with any other investment.

Remember too that these are historic figures. While they give an indication of the skill of the investment managers, past performance is not a guide to future performance.

☺ OFFICIAL LIST SHARES IN UPTREND (excl. inv. cos. & wts.) 35.4%

* Air Partner 8	Anglo American 117	Dechra Pharma. 12	Helical 34	Macfarlane 41	Renishaw 20
* Alfa Fin. Soft. 2	Antofagasta 108	Devro Intl. 68	Helios Towers 43	McBride 133	Restaurant Gp. 117
* Anglo-Eastern 3	Arrow Global 159	DFS Furniture 33	Hill & Smith 32	Medica Group 40	RHI Magnesita 142
* Aveva 3	Ashtead 230	Diageo 16	Hilton Food 14	Mitie Group 111	Robert Walters 113
* Avon Rubber 4	Athelney Trust 16	Diploma 53	Hostelworld 12	Mondi 150	RPS Group 130
* Babcock Intl. 9	Augmentum Fin. 39	Dixons Carphone 43	Howden Joinery 61	Morgan Sindall 113	S & U 13
* Barr (AG) 7	Bakkavor 119	Dunelm 34	Ibstock 22	National Grid 13	Sage Group 23
* Bluebird Merch.V. 6	Balfour Beatty 113	Electrocompon. 159	IG Group 17	Ninety One 17	Savills 143
* Bunzl 2	Bellway 39	Entain 161	IMI 108	Norcros 134	Schroder N/V 103
* Capital Limited 9	Big Yellow 16	Eurocell 33	Inchcape 139	Ocean Wilsons 11	Severn Trent 15
* Castings 5	Braemar Shipping 74	Evraz Group 225	Intermediate Cap. 39	OTAQ 13	Smith (DS) 123
* ConvaTec 7	Brewin Dolphin 16	Ferrexpo 108	Intertek Group 13	Oxford Instrum. 15	Smiths Group 16
* Croda 9	Britvic 24	Forterra 142	Intl. Personal Fin. 37	PageGroup 117	Smiths News 14
* DiscoverIE 9	BT Group 29	Frasers 28	Investec 39	Palace Capital 31	Softcat 90
* Elementis 10	Carclo 64	Fuller Smith & T. 117	IP Group 223	Panther Sec. 52	South32 113
* Experian 6	Card Factory 39	Funding Circle 94	JD Sports Fash. 14	Pendragon 60	Spectris 112
* Ferguson 6	Carr's Group 17	Future 28	Johnson Matthey 87	Pennon Group 29	Speedy Hire 12
* Halma 4	Circassia Pharm. 31	Gem Diamonds 166	Just Group 112	Persimmon 39	Spirax-Sarco 16
* Marshalls 8	Clarke (T) 33	Gleeson (MJ) 103	Kenmare Res. 173	Pets at Home 11	Spire Healthcare 161
* Reckitt Benckiser 8	Clarkson 23	Greggs 117	Kingfisher 33	Photo-Me Intl. 28	St James Place 117
* Safestore 5	Clipper Logistics 21	Gt. Eastern Ener. 22	Kingspan 25	Plus500 14	St Modwen Prop. 44
888 Holdings 240	Coca-Cola HBC 11	Gulf Marine 28	KRM22 73	PPHE Hotel Gp. 44	Stagecoach Gp. 117
Admiral 53	Computacenter 14	Halfords 159	Liontrust Asset M. 27	Record 152	SThree 78
Altyngold 31	Cranswick 22	Hansard Global 126	Lookers 149	Redde Northgate 160	Superdry 16
Aminex 14	Crest Nicholson 43	Hargreaves Lans. 16	LSL Prop.Serv. 32	Redrow 44	Synthomer 162
Anemoi 20	Dalata Hotel 117	Hays 117	Luceco 23	RELX 16	Ted Baker 14

Technical Notes

TREND DEFINITION

The analytical criteria that we use to identify uptrends and downtrends are tightly defined. Our criteria are designed to filter out data series which are technically in uptrend or downtrend, but which are in reality only drifting sideways.

Here is a full list of the criteria we require for a data series to be formally identified as an ***uptrend***:

- The actual value must lead the 25-day moving average;
- the 25-day moving average must lead the 65-day moving average;
- the 25-day moving average must have been rising for at least 5 days;
- the 65-day moving average must have been rising for at least 1 day;
- to filter out passive uptrends, the data must show a rise of at least 2.5% on the month.

The analytical criteria for a ***downtrend*** are exactly the converse of the above criteria.

Any data series not conforming to either set of criteria we describe as having an *indeterminate* trend They are not listed. Note that it is quite normal for a data series to alternate between determinate and indeterminate trends from time to time, but not for it to jump directly from an uptrend to downtrend, or vice versa without an interval of several days.

The percentage figures which appear in the title box of each section represent the percentage of securities in uptrend or downtrend relative to all securities that we monitor in that section. These figures correspond with the latest uptrend and downtrend percentages shown in the various *TrendWatch* barometers. ❑

PRICE CHART KEY:

——— 65-day moving average.

——— 25-day moving average.

☺ OFFICIAL LIST SHARES IN UPTREND (excl. inv. cos. & wts.) continued

TheWorks.co.uk 119	Trifast 11	United Utilities 16	Vistry Group 39	Walker Crips 17	Worldsec 58
TI Fluid Systems 129	UDG Healthcare 12	UP Glob. Sourcing 92	Vivo Energy 43	Watches of Switz. 220	WPP 142
Treatt 198	UNITE Group 16	Victoria 219	VP 110	Wincanton 169	Zegona Comm. 19

☹ OFFICIAL LIST SHARES IN DOWNTREND (excl. inv. cos. & wts.) 3.9%

* B.S.D. Crown -5	* Plaza Centers -5	Beazley -26	Harbour Energy -12	Royal Dutch 'B' -12
* BATM Adv. Com. -7	* Zoetic Intl. -5	Cairn Energy -20	Hemogenyx Ph. -107	Standard Life Ab. -12
* Dukemount Cap. -7	Allied Minds -85	Cellular Goods -54	JKX Oil & G. -52	Supply @ME C. -15
* Moneysupermkt. -3	Anglesey Mining -32	Direct Line -17	Royal Dutch 'A' -12	

☺ AIM-LISTED SHARES IN UPTREND (excl. inv. cos. and warrants) 26.2%

* 600 Group 7	Alpha Fin.Mkts. 216	D4t4 99	Impellam 33	Northern Bear 36	Tandem Group 21
* AB Dynamics 4	Altitude Grp. 97	Deltic Energy 213	Ince Group 113	Oncimmune 21	Tasty 111
* Accrol Group 2	Alumasc 155	Dewhurst 191	Independent O&G 80	One Media iP 71	Tatton Asset M. 86
* Airea 6	Amiad Water S. 128	Dillistone 86	i-nexus Global 11	Open Orphan 56	Tern 50
* Angling Direct 7	Angle 76	Distil 315	Inspecs Group 108	Ovoca Bio 28	Thorpe (F W) 19
* Benchmark 2	Animalcare 68	Ebiquity 49	Instem Life Sci. 79	Oxford Metrics 12	Time Finance 12
* Botswana Diam. 6	Anpario 182	Echo Energy 88	IQGeo Group 109	Parkmead 14	Time Out 26
* Central Asia Met. 9	Aquis Exchange 158	Eckoh 23	Ironveld 46	Polar Capital 16	TMT Investments 11
* Chamberlin 6	Arbuthnot 103	EKF Diagnostics 21	Itaconix 174	Premier Miton 13	Totally 98
* Craneware 10	Arden Partners 32	Elixirr Intl. 114	Jarvis Securities 57	Prime People 13	Touchstar 96
* Crimson Tide 9	Armadale Cap. 77	EMIS Group 83	Jaywing 129	Proteome Scienc. 48	Tracsis 91
* Driver 10	AssetCo 219	Empresaria 215	Joules Group 120	Quadrise Fuels 66	Trakm8 16
* Empyrean Energy 6	Audioboom 114	Epwin Group 29	K3 Capital 114	RBG Holdings 61	Tristel 100
* Ethernity Net. 9	Aura Energy 53	Equals Group 82	Kazera Global 109	REACT Group 69	Tyman 159
* FRP Advisory 8	Avingtrans 33	Escape Hunt 142	Kooth 76	Redcentric 24	UK Oil & Gas 12
* GB Group 8	Begbies Traynor 84	essensys 63	Kropz 37	Renew 21	Uniphar 59
* Hardide 8	Belvoir Lettings 86	FIH Group 11	Latham (James) 11	RWS Holdings 53	Universe 28
* Keyword Studios 9	Biome Tech. 81	Filta Group 73	Leeds Group 109	Safestyle UK 87	Van Elle 14
* Merit Group 5	Bonhill Group 27	finnCap 77	Live Company 11	SEC Newgate 60	Various Eateries 75
* Mirriad Advertis. 6	BP Marsh & Pt. 15	Finsbury Food 14	London Security 12	Shoe Zone 97	Vector Capital 14
* MJ Hudson 3	Brand Architekts 33	FireAngel Safety 13	Loungers 166	SigmaRoc 146	Vertu Motors 59
* Pelatro 9	Brave Bison 76	Franchise Brands 44	Marlowe 231	Sirius Real Est. 11	Volvere 13
* Petro Matad 3	Breedon Group 108	Frontier IP 34	Mercia Asset M. 104	SkinBioTherap. 82	W Resources 27
* Purplebricks 8	Brickability 115	Gaming Realms 86	Michelmersh 115	Smart Metering 101	Warpaint London 94
* Quixant 6	Brighton Pier 55	Gamma Comm. 17	Mincon Group 204	Somero Enterp. 121	Water Intelligence 54
* ReNeuron 2	Cadence Miner. 106	Gear4music 21	Minds+Machines 12	Sosandar 31	Watkin Jones 116
* Restore 4	Cambridge Cog. 234	GlobalData 15	Mission Group 47	Sound Energy 64	Wey Education 16
* Victoria Oil & Gas 5	Catena Group 80	GoldStone Res. 75	MP Evans. 21	Spaceandpeople 32	WH Ireland 124
Accesso Tech. 116	Cenkos Securit. 118	Gusbourne 82	Naked Wines 111	Spectra Systems 156	Winkworth (M) 30
Adept Tech. 67	Cerillion 19	GYG 69	Nanoco Group 66	Steppe Cement 149	Xpediator 115
Adv. Medical Sol. 13	Clinigen 75	Harvest Miner. 57	Netcall 223	Strix 67	Zoo Digital 106
Advance Energy 377	CloudcocoGroup 14	Haydale Graph. 90	Next Fifteen 177	Sumo Group 20	
Aeorema Comm. 138	Comptoir 43	Helium One Glob. 14	Nexus Infrastr. 107	Surgical Innovat. 77	
All Asia Ass. C 271	Corcel 14	HSS Hire 32	Nichols 13	Sutton Harbour 12	
Alliance Pharma 99	Curtis Banks 81	Impax Asset M. 11	Norman Broadb. 26	Symphony Env. T. 17	

☹ AIM-LISTED SHARES IN DOWNTREND 11.2%

* 7digital -6	* Oriole Res. -4	Adv'd Oncother. -12	Cloudcall -41	Lansdowne Oil -67	Pressure Tech. -17
* Attraqt Group -1	* Pantheon Res. -8	Alba Miner. Res. -66	Conroy Gold -30	Lok 'N Store -22	Providence Res. -20
* BION -5	* Proton Motor P. -6	Altus Strategies -17	Coro Energy -15	LPA Group -27	Randall & Quilter -17
* Borders & Sthn. -4	* Ridgecrest -6	Ascent Res. -13	DCD Media -49	Manx Financial -41	Real Good F'd -143
* Clontarf Energy -9	* Rurelec -6	Aukett Swanke -17	DP Poland -16	MC Mining -55	Remote Monit. S. -12
* Egdon Res. -8	* Salt Lake Potash -3	Bahamas Petrol. -82	Eco (Atlantic) O. -16	Metal Tiger -44	Scotgold Res. -93
* Falanx Group -5	* Sopheon -3	Base Resources -16	ECR Minerals -29	Metals Explorat. -32	Stanley Gibbons -63
* GCM Resources -9	* Star Phoenix -5	Berkeley Energia -27	Fletcher King -68	MTI Wireless E. -12	Tiziana Life Sc. -14
* Hurricane Ener. -1	* Synairgen -9	Bidstack -23	Gama Aviation -17	Novacyt SA -49	Touchstone Expl. -17
* IGas Energy -2	* Tiger Royalties -10	Bioventix -20	Global Petroleum -19	Orchard Funding -33	Verditek -79
* Maintel -9	* Trinity E.& P. -1	Block Energy -46	Ingenta -61	Ormonde Mining -16	Wemeja -14
* Malvern Intl. -6	* Watchstone -5	Blue Prism -37	Invinity Energy -41	Orosur Mining. -22	Wishbone Gold -22
* Midatech Pharm. -5	Abingdon Health -14	Bluejay Min. -41	iomart -19	PipeHawk -13	Zoltav Res. -58
* Mosman O&G -2	Active Energy -15	Bushveld Min. -20	IQE -21	Plexus -54	
* Nostra Terra O. -8	Actual Experien. -28	China Nonferrous -19	Katoro Gold -53	Powerhouse En. -20	

☺ EXCHANGE TRADED FUNDS (ETFs / ETCs) IN UPTREND 45.5%

* DB X-track. STOXX Eur.600 Basic Res. 9	* ETFS Phys. Precious Metals Basket ($) 9	DB X-track. S&P 500 UCITS £ Hedged 227
* DB X-track. DJ Euro STOXX Sel.Div. 30 5	* iShares FTSE/EPRA Euro Prop. Index 7	DB X-track. DJ Euro STOXX 50 Ind.(£) 115
* ETFS Phys. Precious Metals Basket (£) 7	* L&G Gold Mining UCITS ETF 7	DB X-tr. DJ STOXX Glob.Sel.Div.100 121

Technical notes

OUR SHARE SELECTION PROCESS

Our strategy for selecting the 6 shares recommended in each issue is systematic, easy to understand, transparent – and very effective.

Our starting point is the uptrend list. Note that each share in our uptrend and downtrend lists carries a numeric suffix. This number represents the number of days that the 65-day moving average has been in uptrend or downtrend. For uptrend lists, this number is always positive. For downtrend lists, it is always negative.

All new uptrends (or downtrends) - those that have occurred in the past 10 business days - are collected together at the beginning of the lists, prefixed by an asterisk. However, we evaluate all shares that have been in uptrend (or downtrend) for up to 20 business days, because that is the number of business days since the last issue of *TrendWatch*.

New uptrends are the ones of most interest to investors because it is desirable to get into the trend early.

Having identified the new uptrends, our next step is to perform limited fundamental analysis on them. The idea is to produce a shortlist of companies whose shares appear to have potential to appreciate in value.

Finally, we do in-depth fundamental research on the shares in the shortlist. The six shares that, in our view, are the best of the bunch become our six formal share recommendations.

As described in the previous Technical Note (*Trend Definition*), the 65-day moving average is our prime moving average. Remember that, for a share to get into the list, all other criteria as set out in the above Technical Note have to be satisfied. If they are not, the share will disappear from the list. If all criteria are subsequently satisfied and the 65-day MA was not affected, the share will reappear in the list as a mature (non-asterisked) trend. If the setback was such that the 65-day MA suffered a reversal, the recovery will see the share reappearing in the list as a new (asterisked) trend. ❑

☺ EXCHANGE TRADED FUNDS (ETFs / ETCs) IN UPTREND continued

DB X-trackers EURO STOXX 50 1C 115
DB X-trackers FTSE 100 115
DB X-trackers FTSE 250 140
DB X-trackers FTSE All Share 115
DB X-trackers FTSE Vietnam $ 156
DB X-trackers FTSE Vietnam 148
DB X-trackers LPX@ MM Private Eq. 118
DB X-trackers MSCI Europe 117
DB X-trackers MSCI Taiwan 232
DB X-trackers MSCI USA 33
DB X-trackers S&P Global Infrastructure 20
DB X-trackers S&P Select Frontier 19
DB X-trackers S&P/ASX 20 120
DB X-tr. STOXX Eur. 600 Food & Bev. 12
DB X-track. STOXX Europe 600 Tech. 87
DB X-tr. STOXX Europe 600 Telecoms. 20
ETFS Agriculture (£) 166
ETFS Agriculture 189
ETFS All Commodities (£) 207
ETFS All Commods. DJ-AIGCI 209
ETFS Aluminium 144
ETFS Copper 222
ETFS Corn 170
ETFS DAX 2x Long Fund € 89
ETFS FTSE 100 Leveraged (2x) Fund 115
ETFS Grains (£) 160
ETFS Grains 172
ETFS Industrial Metals 218
ETFS Physical Palladium 30
ETFS Soybean Oil 215
ETFS Soybeans 204
HSBC MSCI World UCITS 33
INVESCO IQQQ Nasdaq 100 UCITS 15
iShare FEPRA/NAREIT UK Property 30
iShares AEX 118
iShares Core FTSE 100 UCITS ETF 115
iShares Core MSCI World £ Hedged 120
iShares Core S&P 500 UCITS $ 33
iShares Dividend UCITS ETF 115
iShares DJ Euro STOXX Growth 15
iShares DJ Euro STOXX MidCap 118
iShares DJ Euro STOXX Select Div. 115
iShares DJ Euro STOXX Small Cap 119
iShares DJ STOXX 50 26
iShares Edge MSCI World Min. Volatility 15
iShares FTSE 250 121
iSh. FTSE EPRA/NAREIT Asia Pr.Yld. 120
iSh. FTSE EPRA/NAREIT Gl.Prop.Yld. 33
iShares FTSE EPRA/NAREIT US Pr.Yld 42
iShares FTSE/Macquarie Global Inf 100 22
iShares Global Water UCITS $ Dist. 218
iSh. MSCI AC Far E.ex Jap.Sm.Cap £ 231
iShares MSCI Europe 116
iShares MSCI Europe ex-UK 33
iShares MSCI North America 33
iShares MSCI Taiwan 121
iShares MSCI USA Islamic ($) 120
iShares MSCI USA Islamic (£) 120
iShares MSCI World £ Hedged UCITS 227
iShares MSCI World 33
iShares MSCI World Islamic ($) 119
iShares MSCI World Islamic (£) 120
iShares S&P 500 £ Hedged ETF 227
iShares S&P 500 33
iShares S&P Global Water 33
iShares S&P Listed Private Equity 118
Lyxor Core Morningstar UK UCITS 115
Lyxor FTSE 100 115
SPDR FTSE UK All Share UCITS 115
SPDR S&P US Div. Aristocrats UCITS 43
Vanguard FTSE 100 UCITS ETF 115

☹ EXCHANGE TRADED FUNDS (ETFs / ETCs) IN DOWNTREND 4.6%

* DB X-trackers S&P CNX Nifty India -10
* ETFS Live Cattle -1
DB X-track. DJ Euro STOXX 50 Short -117
DB X-trackers FTSE 100 Short -115
DB X-trackers S&P 500 Short -229
DB X-trackers ShortDAX -117
ETFS FTSE Super Short Strategy (2x) -116
iShares MSCI Turkey -23

☺ INVESTMENT COMPANIES IN UPTREND (excl. warrants) 43.2%

* Aberdeen Latin Amer. Inc. 2
* BMO Commercial Property 1
* Caledonia Inv. 9
* CC Japan Income & Growth 3
* CQS Nat. Res. Grth. & Inc. 2
* Foresight Tech. 10
* Henderson Eurotrust 9
* JPMorgan Europ. Sm. Cos. 9
* JPMorgan Private Equity 1
* Kistos 3
* Lindsell Train IT 6
* Mid Wynd Int. Inv. 3
* Montanaro Europ. Sm. Cos. 9
* Polar Cap.Glob.H'lthc. G&I 2
* Primary Health 5
* Securities Trust of Scot. 7
* Shires Investments 3
* Troy Income & Growth 9
* Vietnam Opportunity Fund 3
3i Group 16
Aberdeen Smaller Cos.Inc. 12
Aberdeen Stand.Asia Focus 222
Aberdeen Standard Eq. Inc. 112
Aberforth Smaller Co's IT 132
Acorn Income 13
AEW UK REIT 84
Alliance Trust 33
Alternative Income REIT 15
Amati AIM VCT 230
Artemis Alpha 31
Aurora IT 30
AVI Global Trust 223
AVI Japan Opportunity Trust 18
Baillee Gifford UK Growth 141
Baker Steel Resources 110
Baronsmead VCT 2 112
BlackRock Brit. Smlr. Cos. 139
Blackrock North Amer. Inc. 111
BlackRock World Mining IT 117
Blue Planet Euro. Fin. 73
BMO Capital & Income 117
BMO Global Smaller Cos. 160
BMO Mgd. Portfolio Grth. 228
BMO Mgd. Portfolio Inc. 116
BMO Real Estate Invest. 93
Brunner IT 117
Burford Capital 14
Canadian General Inv. 227
Chelverton Growth Trust 64
City of London IT 39
Civitas Social Housing REIT 45
Custodian REIT 74
CVC Cr.Ptnrs.Europ.Opp. € 216
Derwent London 43
Diverse Income Trust 119
Drum Income Plus REIT 30
Dunedin Income & Growth IT 16
Edinburgh Investments 116
Electra Private Equity 115
Empiric Student Property 29
EPE Special Opportunities 217
European Assets Trust 223
F&C Investment Trust 16
Fidelity Asian Values IT 217
Fidelity Europ. Values Equity 12
Fidelity Special Value Trust 121
Finsbury Growth & Inc. 13
GCP Sudent Living 115
Gulf Investment Fund 214
Hargreave Hale AIM VCT 1 219
Henderson European Focus 15
Henderson Intl. Income Trust 31
Henderson Smaller Cos. 139
Independent IT 34
INVESCO Perp.UK Sm.Cos 138
JPMF American 229
JPMF Claverhouse 117
JPMF Mid Cap 39
JPMF Smaller Companies IT 16
JPMorgan Elect Mgd. Grth. 145
JPMorgan Elect Mgd. Inc. 115
JPMorgan Glob. Grth. & Inc. 80
Law Debenture Corp. 117
Lowland Inv. 117
LXI REIT 130
Majedie Investments 128
Marwyn Value 19
Matrix Inc. & Growth 2 VCT 160
Matrix Income & Growth 38
Matrix Inc. & Growth 4 VCT 157
Maven Inc. & Growth VCT 3 101
Maven Inc. & Growth VCT 63
Mercantile Investment Trust 16
Merchants Trust 121
Miton Global Opportunities 217
Momentum Multi-Asset Val. 121
Montanaro UK Smaller Cos. 13
Murray Income Trust 38
Murray Intl. Trust 29
NB Private Equity Partners 14
New Century AIM VCT 143
New Century AIM VCT 2 84
North American Income 32
North Atlantic Sm. Cos. 116
Northern Venture Trust 18
Oakley Capital Investments 196
Pershing Square Holdings 34
Personal Assets IT 14
Phoenix Spree Deutschland 59
Picton Property Income 116
Princess Private Equity 32
PRS REIT 74
Real Estate Inv. 14
Rights & Issues IT Inc. 146
RIT Capital 150
Schroder Income & Growth 117
Schroder Oriental Income 147
Schroder UK Mid & Sm. Cap 39
Scottish American Invest. 14
Scottish IT 32
SEGRO 12
Smithson Investment Trust 13
Standard Life Private Equity 119
Standard Life UK Smr. Cos. 12
Target Healthcare Reit 12
Throgmorton Trust 219
TR European Growth 223
TR Property Investments 12
Tritax Big Box Reit 229
TwentyFour Sel. Mthly. Inc. 101
UK Commercial Prop. REIT 29
Urban Logistics 32
Utilico Emerging Markets IT 31
Vietnam Enterprise Trust 149
Warehouse REIT 108
Witan IT 14
Yew Grove REIT 32

☹ INVESTMENT COMPANIES IN DOWNTREND (excl. warrants) 2.5%

* Aberdeen New India IT -10
* Chrysalis Investmen Co. -4
* Gore Street Energy Storage -4
* JPMorgan Indian -10
* Schroder UK Public Private -6
Cambium Global -31
Myanmar Investments Intl. -249
Syncona -18

Technical notes

BENCHMARKING

Accurate monitoring of our investment performance is of critical importance, both for you and for us. It is not enough to simply monitor the profit (or loss) on our selections. You are entitled to know how we have done *relative to the market as a whole*. It is no use us boasting of a 20% profit if the market as a whole has risen 30%.

We therefore monitor each of our recommendations against a **benchmark index.** Ours is the *FT All-share Index (exc. investment companies)*.

Whenever we recommend a share, we record the value of this index as at the date the share was bought. When we do a valuation or when we sell a share, we record the latest value of the index. We then add the percentage change in the index to the cost of buying the share. This tells us how much our investment would have grown had we invested in a market tracker fund rather than in the actual share – the **market gain/loss**.

To determine how much we have outperformed (or under-performed) the market, it is tempting to subtract the tracker gain from the actual gain – but this is mathematically flawed. The industry-standard formula for outperformance / underperformance is:

((100 + actual gain) / (100+ tracker gain) x 100 – 100

If we sell a share at a profit, but the tracker index for that share shows an even bigger rise, we record it as a loss against the market. If we sell a share at a loss in a rising market, we record it as an even bigger loss against the market.

You can find how well each share has performed against the market by looking in the "Outperf." colum in the portfolio valuation table on page 2. ❑

Share sales

IT HAS been an excellent four week on the London stockmarket, at least for our own share portfolio. The fact that only one share breached its stop is a good illustration of just how well we've been doing.

Even so, it was disappointing to lose **Advanced Oncotherapy** for a loss of 24.2%.

You'll recall that this company is developing particle therapy with protons, a revolutionary successor to conventional radiotherapy. Advanced Oncotherapy's team "ADAM," based in Geneva, focuses on the development of a proprietary proton accelerator called, Linac Image Guided Hadron Technology (LIGHT). LIGHT's compact configuration delivers proton beams in a way that facilitates far greater precision and electronic control.

Every sign is pointing to the first LIGHT system coming to fruition in 2021. Furthermore, this should be the first of a pipeline of installations to satisfy the pent-up demand and bring down the cost of proton therapy. The execution risk is decreasing as the prospect of a successful outcome rises.

The company's CEO Nicholas Serandour said recently: "*Despite the delays caused by the COVID-19 pandemic we have made strong progress with construction in Daresbury and remain on track to have a fully operational LIGHT system with a 230MeV beam, which is required to treat patients, in 2021*." Construction of its Harley Street site is now complete and is awaiting the arrival of the first machine. The company predicts a further 9,000 treatment rooms will be required by 2040.

I had hoped that the share price would respond accordingly. Sadly, for whatever reason, it didn't work out. If the share returns to uptrend, as it probably will at some stage, then I'll probably give it another go. In investment, its often a case of second or even third time lucky. ❑,

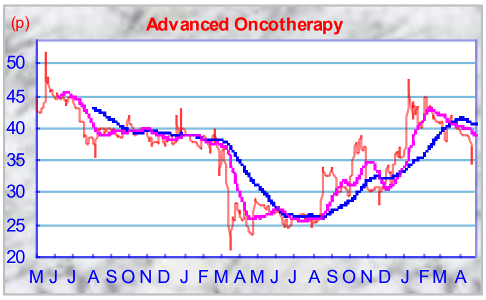
TrendWatch Portfolio performance summary

Stop-loss sales during 2021

Share	Date bought	Date sold	Buy price (p)	Sell price (p)	Gain/ loss (%)	Mkt. gain/ loss (%)	Out-perf. (%) *
Sales previously reported in Jan.to Mar. 2021 (9 shares):					27.36	4.07	19.60
Sales since last issue:							
Advanced Oncotherapy	11/01/21	22/04/21	45.50	34.50	-24.18	3.37	-26.65
Averaged gain / loss (%):					-24.18	3.37	-26.65

Percentage loss on most recent sales:	-24.18%
Percentage market gain (tracker fund):	3.37%
Trendwatch has underperformed market by:	-26.65% *

* See 'Benchmarking' note [panel, right, on previous page] to see how this figure is calculated.



The TrendWatch Top Twenty – *our best-performing recent recommendations*

Rank	Share	Date bought	Date sold	% gain	Rank	Share	Date bought	Date sold	% gain
1	Arrow Global	17/09/20	-	185.7	11	SEC Newgate	04/02/21	-	74.5
2	SDI Group	20/08/20	-	183.7	12	Brickability	10/12/20		71.0
3	Joules Group	17/09/20	-	135.0	13	Codemasters	23/07/20	19/02/21	70.9
4	Tremor International	12/11/20	09/03/21	132.3	14	K3 Capital Group	10/12/20	-	67.8
5	Gamesys	30/04/20	-	121.3	15	Aquis Exchange	15/10/20		67.1
6	UP Global Sourcing	23/07/20	-	109.8	16	Kape Technologies	10/12/20	-	62.9
7	CVS Group	25/06/20	-	102.9	17	Petropavlovsk	02/04/20	12/08/20	61.8
8	Eagle Eye	02/08/20	-	94.3	18	Cake Box	17/09/20	-	57.5
9	Future	25/06/20	-	89.2	18	Sumo Group	28/05/20	09/03/21	55.3
10	Entain	07/09/20	-	86.7	20	Elixirr Intl.	04/03/21	-	47.3

THIS TABLE shows our biggest recent gains, taken from shares that were sold within the past 12 months and from those shares that are still in our current portfolio (page 2).
IN THE NEXT ISSUE we'll show our best performers since *TrendWatch* was first published.