



19 February 2020

Overview

POST BREXIT – The Opportunity

Big Laggard

Since Brexit, U.K. large-cap stocks have lagged global peers in dollar terms



Because the UK has lagged, I do expect it to catch up and indeed the markets show signs of this, despite worries about Dec 31st 2020. Those concerns will be more relevant in Sept. So, Buy in Feb, go away in Sept! But we will keep an eye on that view.

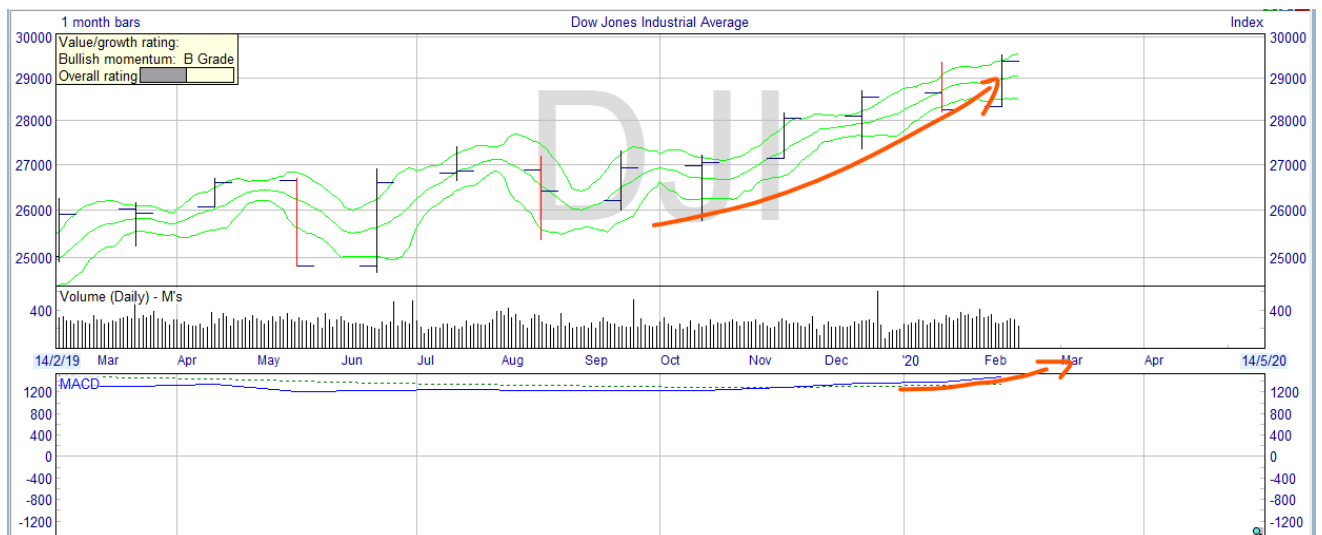
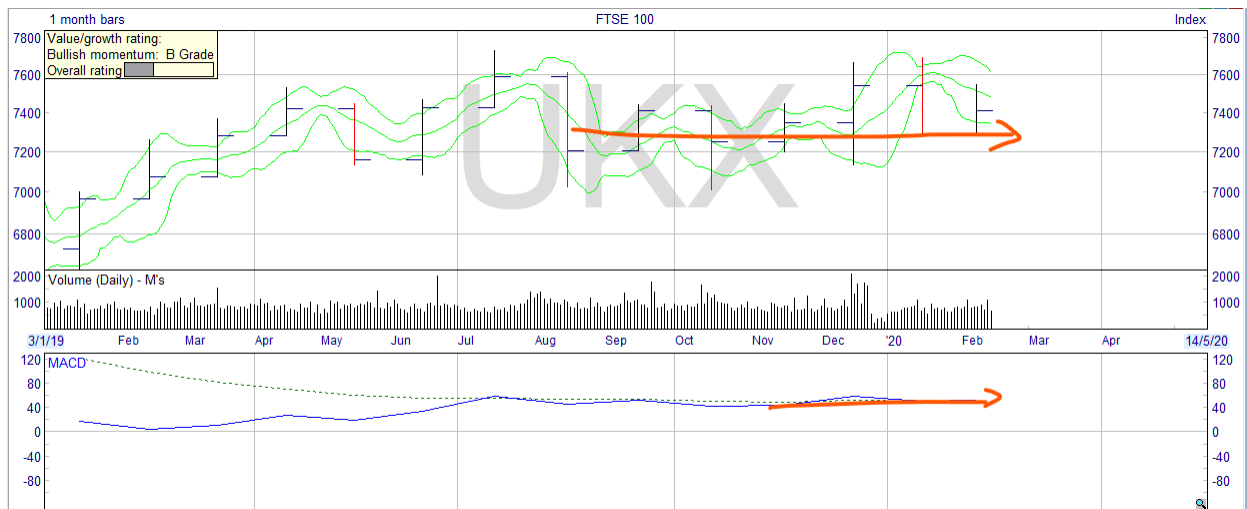
The most successful traders seek uncertainty / volatility to deliver above average returns.

I will be keeping our readers informed of this volatility on my Telegram:

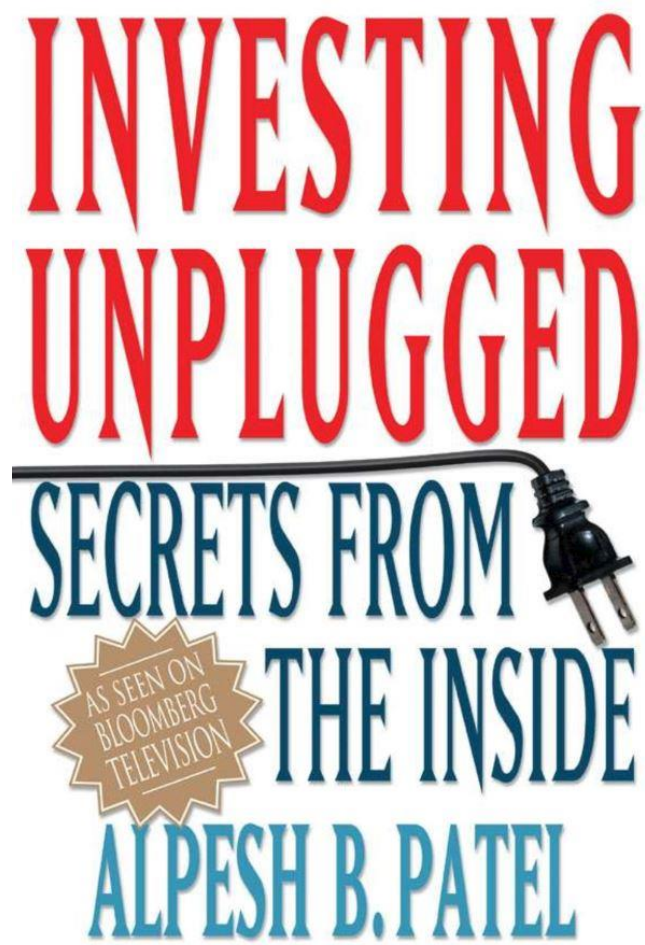
<https://t.me/pipspredator> channel

January was a busy month working to deliver on the demands of the Govt, Dealmaker role, I apologise for the delay in this months Newsletter reaching you!

But you can see why I am a US stocks fan!



All APSE users can have a free copy of my book Investing Unplugged:



It's at www.trading-champions.com



I have had my co-author, Paresh Kiri, audit my [Sharescope Track Record](#) and this is up to date record, using APSE Edition of Sharescope – If you did nothing else as an investor then you will see great returns as an APSE user and his audit shows those returns were better than we realised!

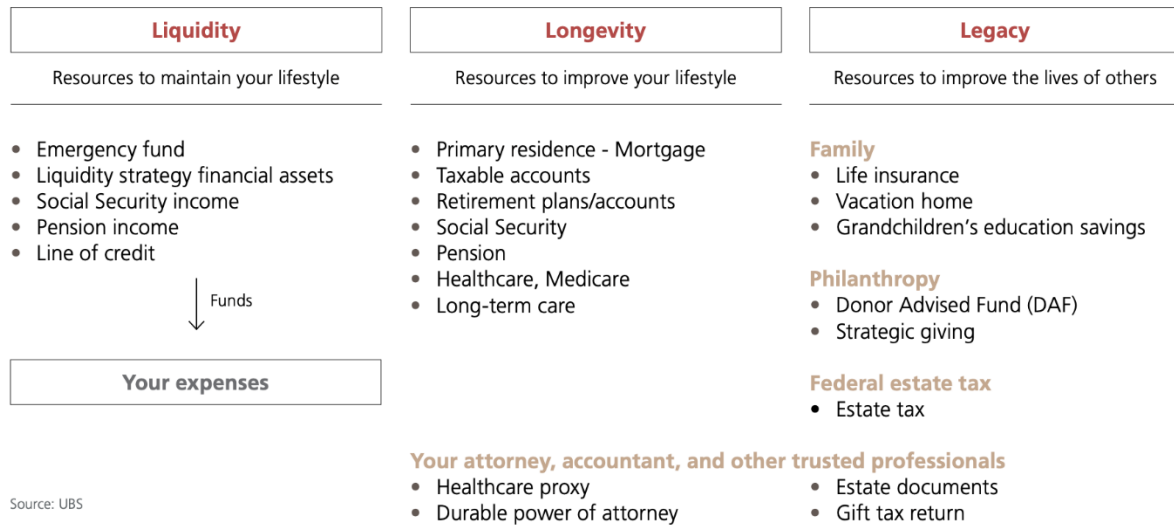
I often get asked about how to best manage bear markets. UBS have recently released an interesting and comprehensive account of how to manage this and interesting facts are:

Since 1945, US large-cap stocks have spent approximately 25 years at an all-time high, 24 years within 10% of an all-time high, two years in a bull market correction, and 22 years in a bear market.

Even in a Bear Market – you need to ensure all aspects are considered.

The following image represents a fully diversified approach to ensure during difficult markets you are placed to fight another day:

A roadmap to the 3L framework



VIRUS

China sneezes and the rest of the world is on alert. The Coronavirus has shaken up several sectors and bought the mortality question to the minds of market participants. Yet Ali Baba is outperforming in early February.



What do the main brokers make of this and where have they positioned themselves with this Chinese bellwether!

Jan-22-20	Initiated	DZ Bank	Buy	\$260
Nov-22-19	Initiated	Macquarie	Outperform	
Oct-04-19	Reiterated	HSBC Securities	Buy	\$230 → \$233
Aug-05-19	Initiated	Jefferies	Buy	
Jun-04-19	Initiated	Loop Capital	Buy	
May-16-19	Reiterated	The Benchmark Company	Buy	\$205 → \$220
May-07-19	Reiterated	KeyBanc Capital Markets	Overweight	\$210 → \$240
Jan-31-19	Reiterated	SunTrust	Buy	\$180 → \$200
Jan-31-19	Reiterated	Stifel	Buy	\$175 → \$180
Jan-31-19	Reiterated	Nomura	Buy	\$200 → \$205
Jan-31-19	Reiterated	Macquarie	Outperform	\$220 → \$224
Jan-31-19	Reiterated	KeyBanc Capital Mkts	Overweight	\$200 → \$210
Jan-31-19	Reiterated	Citigroup	Buy	\$208 → \$211
Jan-31-19	Reiterated	BofA/Merrill	Buy	\$221 → \$215
Jan-31-19	Reiterated	Barclays	Overweight	\$195 → \$200
Jan-14-19	Resumed	Bernstein	Mkt Perform	
Nov-05-18	Reiterated	The Benchmark Company	Buy	\$220 → \$205
Oct-29-18	Reiterated	Nomura	Buy	\$224 → \$202
Oct-23-18	Reiterated	Macquarie	Outperform	\$250 → \$225
Oct-22-18	Reiterated	The Benchmark Company	Buy	\$245 → \$220

As health seems to be in the limelight, we note that the S&P500 is historically at a P/E high

Danger Zone?

S&P 500 estimated P/E ratio is on the higher end historically



No surprise as the market has had an inexhaustible return from last years lows:

A Long Trip From Last Christmas

Stocks soared this year after last year's meltdown



US Value Growth

No.	Name	Alpesh value/ growth rating	Price% 3 months ago
1	AbbVie Inc	9	7.30
2	American Airlines Group Inc	9	1.49
3	Assurant Inc	9	7.94
4	DR Horton Inc	9	13.92
5	Interpublic Group of Companies Inc (The)	9	10.05
6	McKesson Corp	9	16.19
7	T Rowe Price Group Inc	9	13.63
8	Unum Group	9	1.35
9	Abbott Laboratories	8	6.57
10	AES Corp	8	13.68
11	Akamai Technologies Inc	8	16.37
12	Albemarle Corp	8	36.70
13	Alliant Energy Corp	8	12.59
14	Allstate Corp	8	13.34
15	Alphabet Inc	8	15.95
16	AON Corp	8	18.77
17	Arthur J Gallagher & Co	8	18.27
18	Automatic Data Processing Inc	8	6.53
19	Baxter International Inc	8	15.33
20	Best Buy Co Inc	8	19.48
21	BlackRock Inc	8	16.72
22	BorgWarner Inc	8	-22.99
23	Broadcom Inc	8	2.85
24	Cardinal Health Inc	8	8.97
25	Carmax Inc	8	1.98
26	CBRE Group Inc	8	15.00
27	Charter Communications Inc	8	11.44
28	Chubb Ltd	8	8.71
29	Cincinnati Financial Corp	8	6.68
30	Coca Cola Co (The)	8	13.87
31	CVS Health Corp	8	-2.15
32	Darden Restaurants Inc	8	8.23
33	Dominion Energy Inc	8	7.21
34	Evergy Inc	8	11.95
35	Fastenal Co	8	5.86
36	Fortune Brands & Home Security	8	15.60
37	General Dynamics Corp	8	1.55
38	Home Depot Inc (The)	8	3.56
39	Ingersoll-Rand PLC	8	14.79
40	Intel Corp	8	16.36
41	International Flavors & Fragrances Inc	8	1.45
42	Intuit Inc	8	14.92
43	Iron Mountain Inc	8	-0.36
44	Kinder Morgan Inc	8	8.83

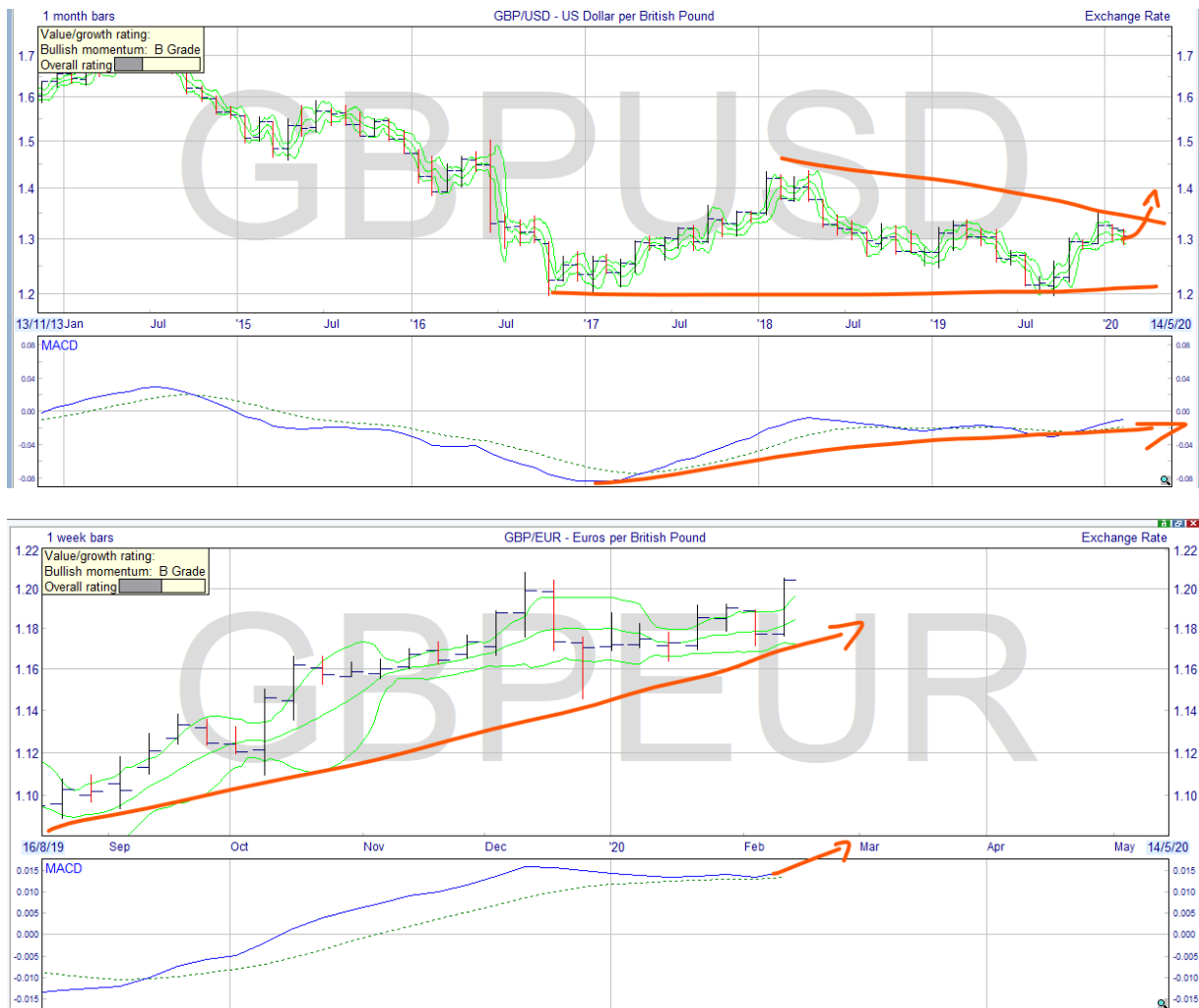
UK Value Growth

And if you insist on the UK then these rate highest presently:

No.	Name	Alpesh value/ growth rating	Price% 3 months ago
1	Countryside Properties PLC	9	45.13
2	DS Smith PLC	9	-5.01
3	Taylor Wimpey PLC	9	36.84
4	Vistry Group PLC	9	29.69
5	Ashmore Group PLC	8	15.24
6	Ashtead Group PLC	8	13.32
7	Assura PLC	8	15.97
8	Auto Trader Group PLC	8	11.34
9	Aveva Group PLC	8	19.95
10	Bakkavor Group PLC	8	9.05
11	Bellway PLC	8	31.40
12	Britvic PLC	8	-1.27
13	Centrica PLC	8	-3.42
14	Coca-Cola HBC AG	8	11.11
15	Diploma PLC	8	20.35
16	Dunelm Group PLC	8	69.26
17	Experian PLC	8	14.57
18	Ferguson PLC	8	11.05
19	Genus PLC	8	2.90
20	Grafton Group PLC	8	20.40
21	Hastings Group Holdings PLC	8	5.93
22	Hilton Food Group PLC	8	6.11
23	Howden Joinery Group PLC	8	24.85
24	Ibstock PLC	8	25.34
25	IntegraFin Holdings PLC	8	33.77
26	International Consolidated Airlines Group SA	8	17.96
27	Marshalls PLC	8	15.69
28	Mondi PLC	8	0.82
29	Persimmon PLC	8	32.76
30	Polymetal International PLC	8	8.11
31	Polypipe Group PLC	8	27.48
32	PPHE Hotel Group Ltd	8	11.70
33	Rank Group (The) PLC	8	46.14
34	Redrow PLC	8	30.44
35	Rightmove PLC	8	15.76
36	RSA Insurance Group PLC	8	6.80
37	Sabre Insurance Group PLC	8	12.31
38	Sanne Group PLC	8	17.86
39	Segro PLC	8	10.62
40	Sirius Real Estate Ltd	8	25.81
41	Smiths Group PLC	8	6.46
42	Smurfit Kappa Group PLC	8	6.54
43	Spirent Communications PLC	8	18.27
44	Synthomer PLC	8	10.50

Forex

Well the arrows tell you what is supposed to happen! The main problem is the overhand of 31st December 2020.



Meet Me

I will be speaking at this event on various aspects and invite my readers to attend and discuss ideas with me. All my APSE users can use this code to get a free ticket worth gbp25 to the London Trader Show. PIPSPRED20 www.londontradershow.com

The banner features a dark blue background with a blurred image of two men in suits sitting at a table. The text is white and yellow. At the top left is the logo for 'the London TRADER show' with a candlestick chart icon. At the top right is the 'Headline Sponsor' logo for 'FINEC B A N'. The main title 'THE LONDON TRADER SHOW 2020' is in large white letters. Below it, the date 'FRIDAY, FEBRUARY 28TH, 2020' and venue 'VENUE: NOVOTEL LONDON WEST' are listed. A timer '16 : 00 : 10 : 28' is shown. At the bottom is a white button with the text 'REGISTER NOW' in yellow.

the London
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THE LONDON TRADER SHOW 2020

**FRIDAY, FEBRUARY 28TH,
2020**

**VENUE: NOVOTEL LONDON
WEST**

16 : 00 : 10 : 28

REGISTER NOW

In my industry, you don't need a big return to have an income of a billion dollars as a fund manager! You can see why hedge fund managers are not very liked! And why any trader worth his salt establishes a hedge fund as I did back in 2004 - back then it was called Agile Partners and we had a Cayman Domiciled equity long/short momentum fund. The General Partner being in the UK. Btw Hohn (is one of the most charitable people there is).

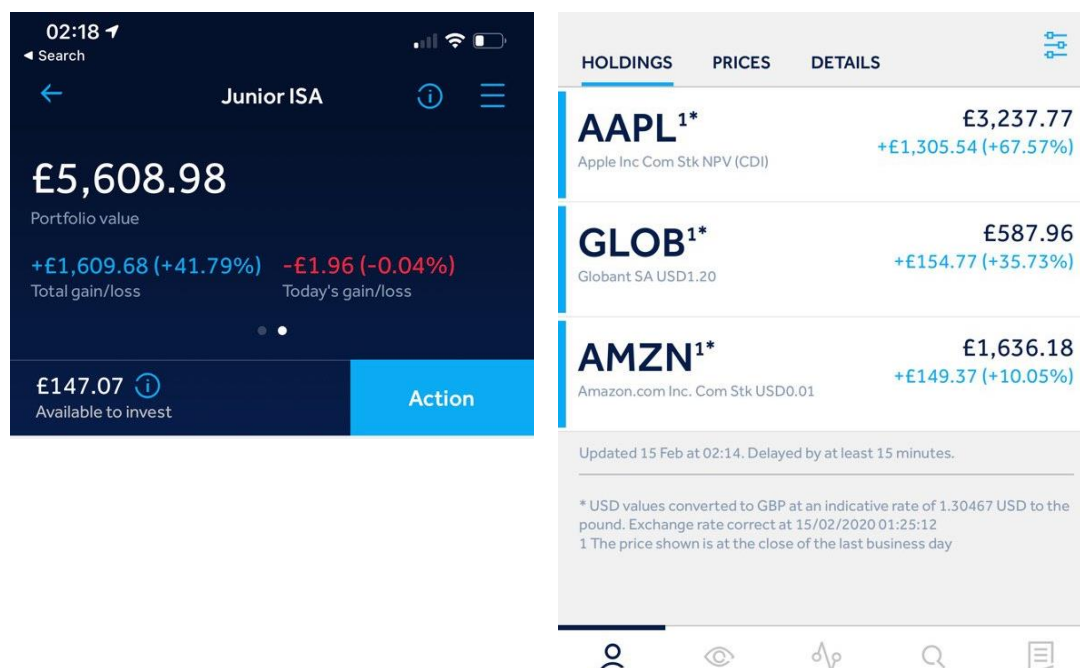
Billion-Dollar Club: Five highest-paid managers all made more than \$1 billion in 2019

RANK	OWNER/FIRM	MAIN FUND RETURN (%)	INCOME (\$, MILLION)
1	Chris Hohn/TCI	41	1,845
2	Jim Simons/Renaissance	14	1,730
3	Ken Griffin/Citadel	19	1,500
4	Steve Cohen/Point72	16	1,260
5	Chase Coleman/Tiger Global	33	1,105

Source: Bloomberg

Your Children

Please open a Junior children's Tax Free ISA for your kids. If you use the maximum allowance for them each year around GBP 4k and invest it - I'm not saying every year will be like last year was for stock investor Reyaan (my son)- but if it was, your child at 18 will have gbp8 million in tax free savings. If that doesn't motivate, nothing will. (Yes I know – 40% pa is not typical!)



(interest compounded **yearly** - added at the end of each year)

Year	Year Deposits	Year Interest	Total Deposits	Total Interest	Balance
1	£4,800.00	£2,986.64	£9,800.00	£2,986.64	£12,786.64
2	£4,800.00	£6,101.30	£14,600.00	£9,087.94	£23,687.94
3	£4,800.00	£10,461.81	£19,400.00	£19,549.75	£38,949.75
4	£4,800.00	£16,566.54	£24,200.00	£36,116.29	£60,316.29
5	£4,800.00	£25,113.15	£29,000.00	£61,229.44	£90,229.44
6	£4,800.00	£37,078.42	£33,800.00	£98,307.86	£132,107.86
7	£4,800.00	£53,829.78	£38,600.00	£152,137.64	£190,737.64
8	£4,800.00	£77,281.70	£43,400.00	£229,419.34	£272,819.34
9	£4,800.00	£110,114.38	£48,200.00	£339,533.71	£387,733.71
10	£4,800.00	£156,080.13	£53,000.00	£495,613.84	£548,613.84
11	£4,800.00	£220,432.18	£57,800.00	£716,046.01	£773,846.01
12	£4,800.00	£310,525.05	£62,600.00	£1,026,571.06	£1,089,171.06
13	£4,800.00	£436,655.06	£67,400.00	£1,463,226.12	£1,530,626.12
14	£4,800.00	£613,237.09	£72,200.00	£2,076,463.21	£2,148,663.21
15	£4,800.00	£860,451.92	£77,000.00	£2,936,915.14	£3,013,915.14
16	£4,800.00	£1,206,552.69	£81,800.00	£4,143,467.83	£4,225,267.83
17	£4,800.00	£1,691,093.77	£86,600.00	£5,834,561.60	£5,921,161.60
18	£4,800.00	£2,369,451.28	£91,400.00	£8,204,012.88	£8,295,412.88

Regular Deposit Calculation

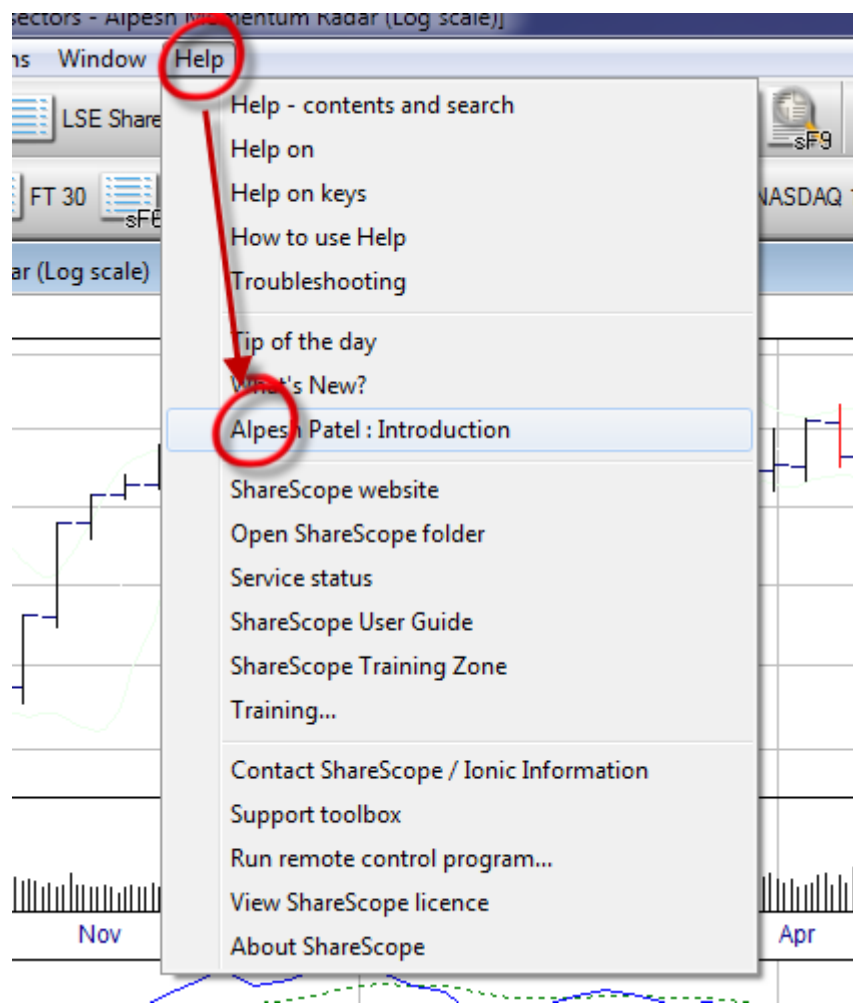
Base amount: £5,000.00

Interest Rate: 40% (yearly)

Effective Annual Rate: 40%

Help Page

Some interesting things you might like:



Personal Thoughts

Lots of speeches around the world!













