



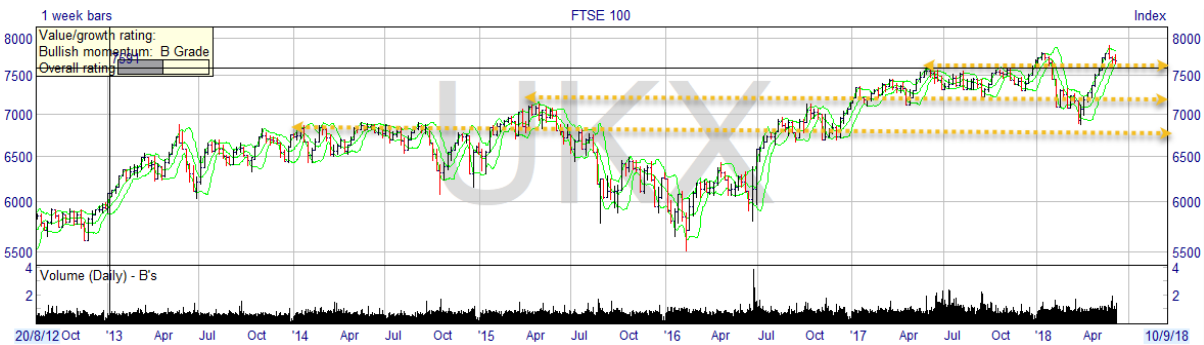
11 June 2018

My view on the markets

Well, I have to start off with this – my work in investing technology including the Alpesh Patel Special Edition of Sharescope and trading algorithms being recognised!



My biggest insight this month – just keep buying the US. In recent newsletters I have given you a lot of data which could suggest the market is overvalued but, from what I can see, the US market should carry higher for 18 months.



As you can see, the FTSE 100 chart exhibits quite a few support levels but, more importantly, if the £ falls or the Dow rises, there is a high correlation and likelihood of a FTSE rise.

Top insights from the City

This past week, we had our regular Investment Committee meeting of Chatham House. Now, Chatham House, also known as the Royal Institute for International Affairs is an important think tank whose patron is HM Queen. So, it matters what we on the Investment Committee think and do with the funds entrusted to us.

My views, and I have expressed these before is, aside from a quasi-Trustee role such as this one, I advocate for people using index trackers because they save costs of human fund managers who normally benchmark themselves against such indices and fail to beat them consistently anyway.

And my second advocacy, linked to the first is American stocks. You may say, what about the tech collapse and the credit crunch? Well, over most 5 year periods, it is rare for UK companies represented by the FTSE 100 to outperform the US markets – and if they ever do, then definitely expect that to be short-lived.

Why American companies outperform – meaning, they make their shareholders richer than UK ones - is a problem to do with access to capital, markets and productivity. But, one thing is for sure, whereas a Brit used to say they made their riches through owning property, an American used to say it was with the stock market.

The American still can with stocks. The Brit, no longer with property. Of course, one complication is currency. If you expect the Pound to plummet next year, because of Brexit being hard, then the conversion is in your favour anyway.

So is this unpatriotic? No, the very first column I wrote for the Financial Times in 1999, said exactly this in the opening sentence – i.e. I'm selling all my UK stocks and buying US ones. You have to look after your returns. Charity begins at home. Anyway, your profits will be taxed in the UK anyway on your gains – so that's patriotic; the more profits, the more tax you will pay.

Of course this does not mean I don't monitor or keep a close eye on UK stocks and for those wanting them, here are some great ones below.

My favourite Value/Growth picks this month

Using the APSE Value Growth data mining filter for the LSE shares list. Look at the 9s – they are my most highly rated stocks for a 12-month hold.

No.	Name	EPIC	Alpesh value/ growth rating
1	Babcock International Grou	BAB	9
2	Clarke (T) PLC	CTO	9
3	G4S PLC	GFS	9
4	Lukoil (OAO) Ord RUB0.02!	LKOH	9
5	Macfarlane Group PLC	MACF	9
6	Maintel Holdings PLC	MAI	9
7	National Express Group PL	NEX	9
8	Plus500 Ltd	PLUS	9
9	Speedy Hire PLC	SDY	9
10	Ten Entertainment Group F	TEG	9
11	TT electronics PLC	TTG	9
12	Vesuvius PLC	VSVS	9
13	Vitec Group (The) PLC	VTC	9
14	Vp PLC	VP.	9

And for US shares (only Nordstrom in US 500):

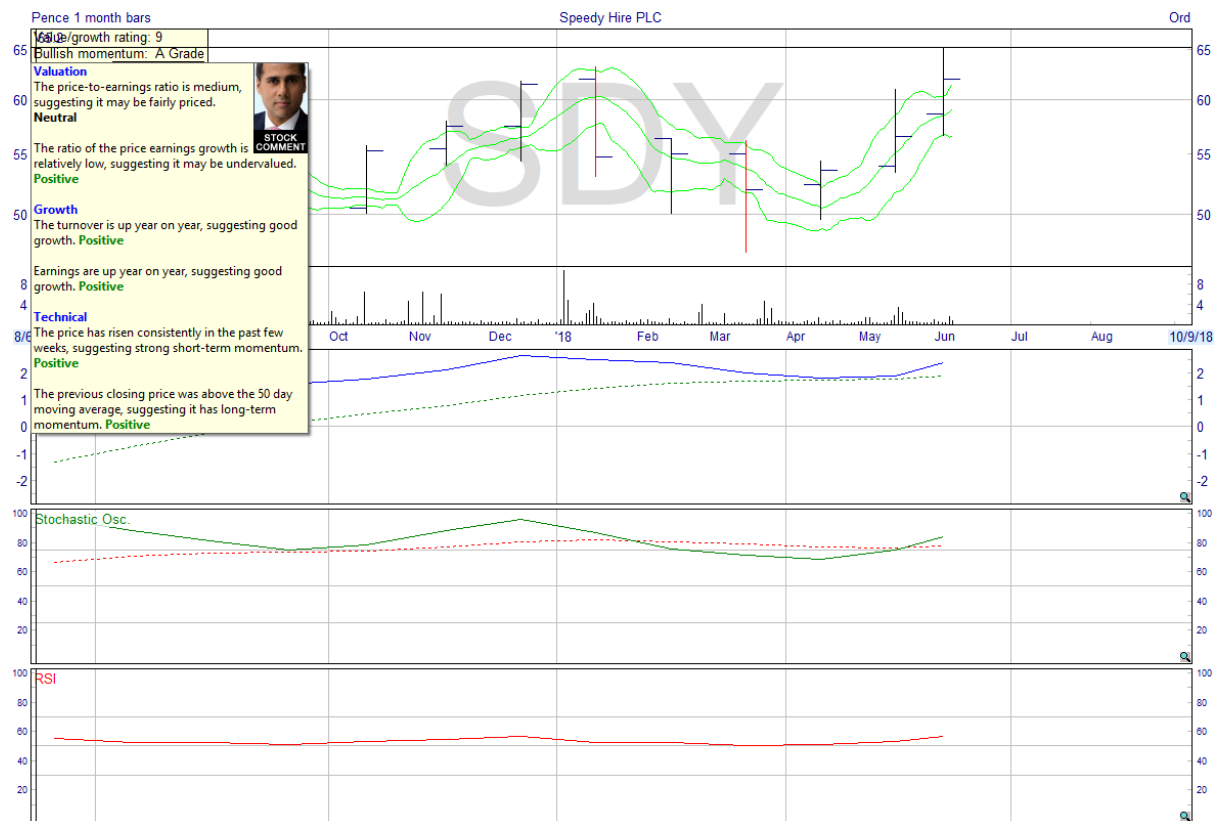
No.	Name	EPIC	Alpesh value/ growth rating
1	CVR Refining LP	CVRR	9
2	Manhattan Bridge Capital II	LOAN	9
3	Nordstrom Inc	JWN	9
4	Orion Engineered Carbons	OEC	9
5	PBF Energy Inc	PBF	9
6	Plains All American Pipelin	PAA	9
7	Sabre Corp	SABR	9

My favourite Momentum/Value picks this month

The aim with this radar is to find undervalued stocks showing some momentum.

No.	Name	EPIC	Alpesh value/ growth rating
1	Nordstrom Inc	JWN	9
2	Orion Engineered Carbons	OEC	9
3	PBF Energy Inc	PBF	9
4	Sabre Corp	SABR	9
5	AmTrust Financial Services	AFSI	8
6	First Commonwealth Finan	FCF	8
7	Williams Sonoma Inc	WSM	8
8	Glacier Bancorp Inc	GBCI	7
9	KKR & Co LP	KKR	7
10	Sierra Bancorp	BSRR	7
11	First Financial Bancorp	FFBC	6
12	Insteel Industries Inc	IIIN	6
13	Midland States Bancorp Inc	MSBI	6
14	Old National Bancorp	ONB	6
15	Stewart Information Service	STC	6
16	Umpqua Holdings Corp	UMPQ	6

Top trades for this month



Speculative and higher risk: CVR Refining, Manhattan Bridge, Lookers.

Personal Activities

Busy hosting Award ceremonies in Parliament and receiving Awards in Parliament too! This one with the Assistant Commissioner of the Metropolitan Police and Head of Counter Terror – Neil Basu:



And an Entrepreneur award in the Pride of Bengal awards!

