

## Alpesh Patel's May Newsletter

Exclusively for ShareScope Alpesh Patel Special Edition Subscribers



23 May 2019

### Overview

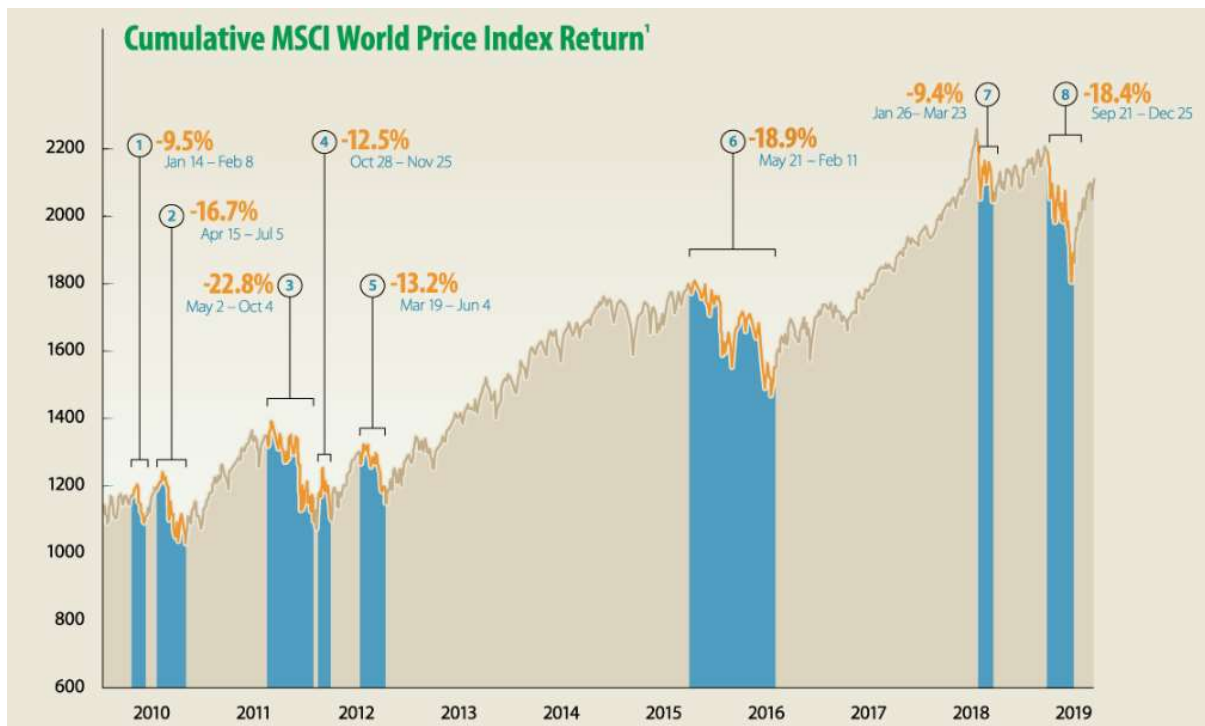
I make sure I share the most interesting data to cross my desk, and the most valuable insights. So here goes.

It looks like the market thinks a 60% chance of a US Fed rate cut. This will continue to fuel market optimism.

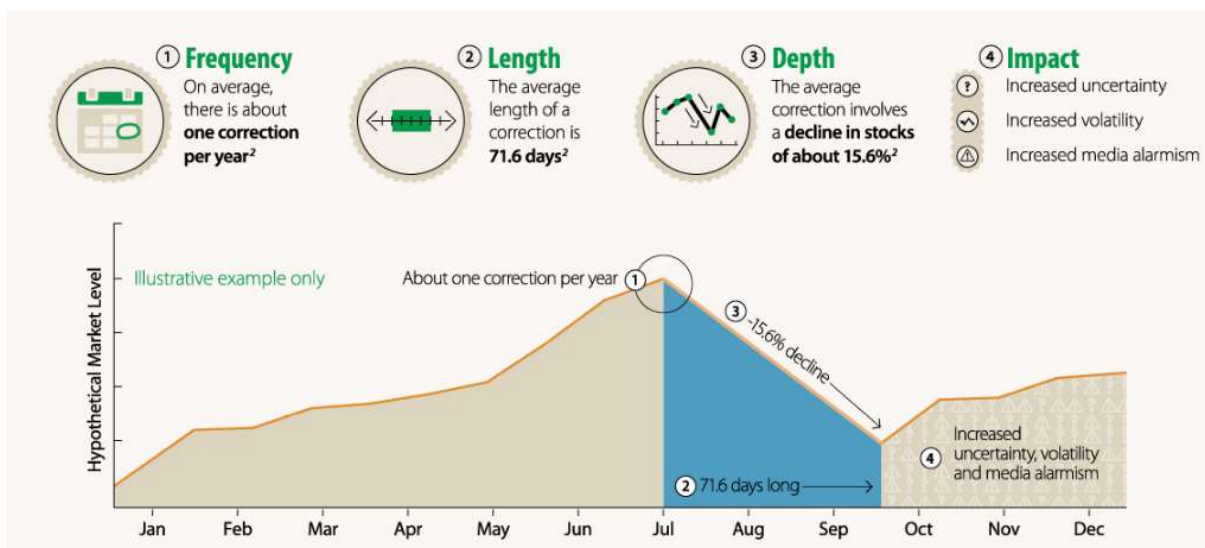


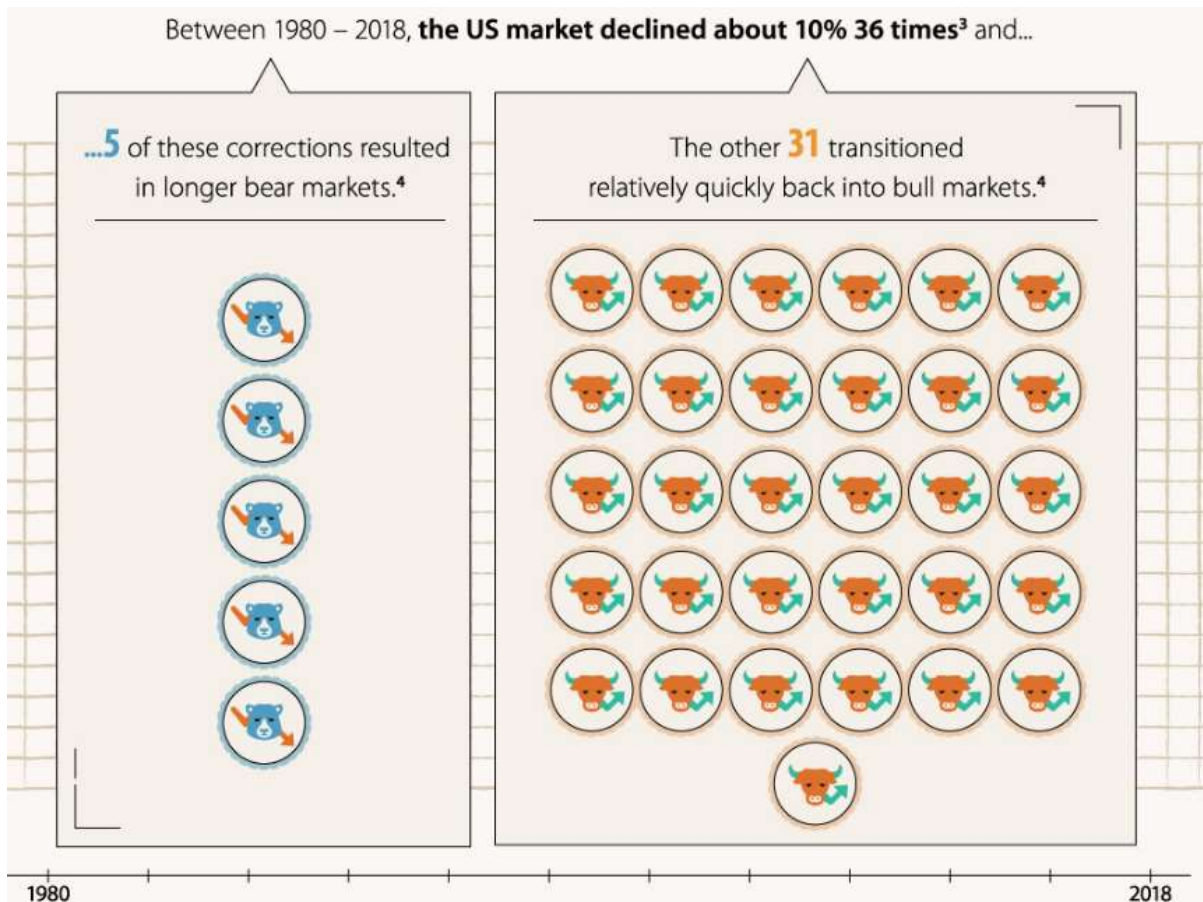
In 1995, stocks rose 36% when the Fed started cutting after prematurely raising. The P/E on the S&P 500 is only 17. If we get to 20 then the S&P500 has about 20% more to rise.

This is where we are so far:

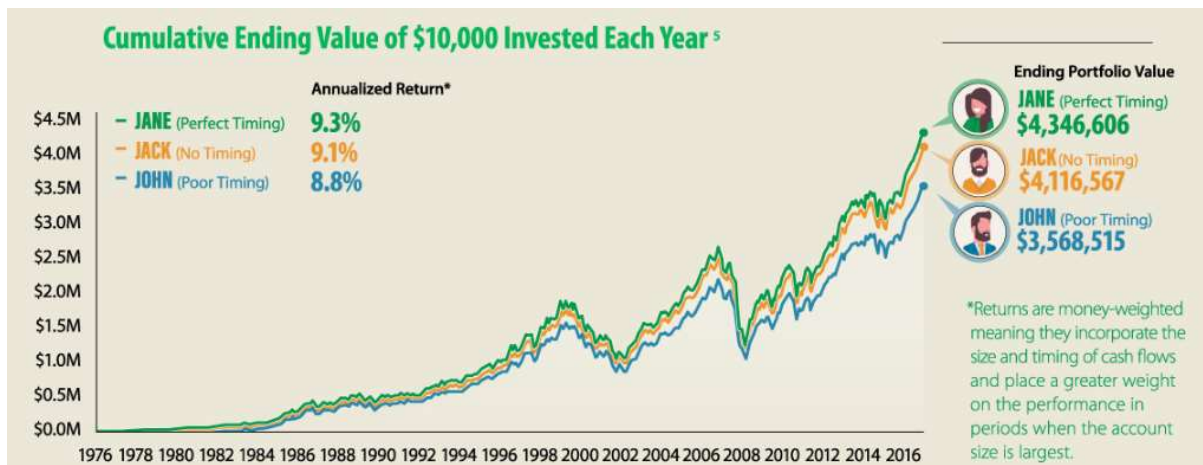


So, if there is a correction – what might it look like?





The point being, you may not want to time the market – unless you are also a trader and looking at significantly better returns. Indeed, this next image makes the point even better.



Sources: Factset

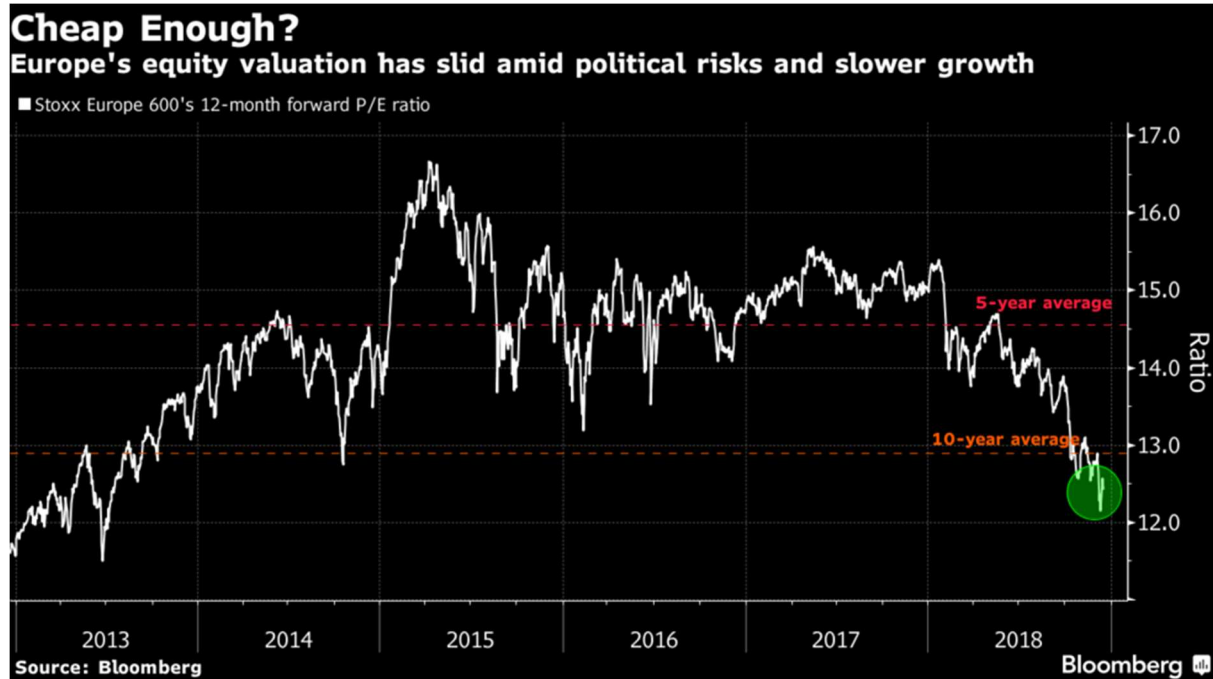
## Equities

So many in the FTSE 350 rank at 9 or 8 for value growth. That's a lot of choice. They are growing in the case of exporters because GBP makes it cheaper. They are undervalued due to pessimism being potentially overdone and they pay good income.

## 03 List: FTSE 350 - All sectors - Alpesh Table (Linked)

No.	Name	Alpesh value/ growth rating	Price% 6 months ago	EPIC
1	Greencore Group PLC	9	19.07	GNC
2	Sanne Group PLC	9	24.77	SNN
3	Ashtead Group PLC	8	9.27	AHT
4	Auto Trader Group PLC	8	36.44	AUTO
5	Avast PLC	8	8.83	AVST
6	BBA Aviation PLC	8	12.61	BBA
7	BHP Group PLC	8	11.70	BHP
8	Bovis Homes Group PLC	8	10.69	BVS
9	Britvic PLC	8	14.91	BVIC
10	Cineworld Group PLC	8	6.58	CINE
11	Coca-Cola HBC AG	8	24.58	CCH
12	Countryside Properties PLC	8	13.71	CSP
13	Dechra Pharmaceuticals P	8	32.44	DPH
14	Diageo PLC	8	19.46	DGE
15	EI Group PLC	8	26.83	EIG
16	Euromoney Institutional Inv	8	10.16	ERM
17	FDM Group Holdings PLC	8	11.44	FDM
18	Games Workshop Group P	8	47.09	GAW
19	Grafton Group PLC	8	26.96	GFTU
20	Greggs PLC	8	72.27	GRG
21	Hilton Food Group PLC	8	10.81	HFG
22	Hiscox Ltd	8	3.69	HSX
23	Ibstock PLC	8	10.49	IBST
24	IntegraFin Holdings PLC	8	40.19	IHP
25	JD Sports Fashion PLC	8	61.48	JD.
26	London Stock Exchange Gr	8	29.07	LSE
27	Londonmetric Property PLC	8	12.62	LMP
28	Marshall's PLC	8	48.96	MSLH
29	Merlin Entertainments PLC	8	12.64	MERL
30	Moneysupermarket.com Gr	8	23.74	MONY
31	Polymetal International PLC	8	8.01	POLY
32	Polypipe Group PLC	8	17.05	PLP
33	QinetiQ Group PLC	8	11.13	QQ.
34	Rightmove PLC	8	29.14	RMV
35	Royal Dutch Shell PLC	8	3.59	RDSB
36	RSA Insurance Group PLC	8	5.84	RSA
37	Sage Group (The) PLC	8	34.41	SGE
38	Segro PLC	8	16.06	SGRO
39	Softcat PLC	8	51.61	SCT
40	Spirax-Sarco Engineering f	8	29.65	SPX
41	Spirent Communications P	8	34.97	SPT
42	St Modwen Properties PLC	8	13.28	SMP





An analysis of US stocks has led me to buy some Globant and Veeva



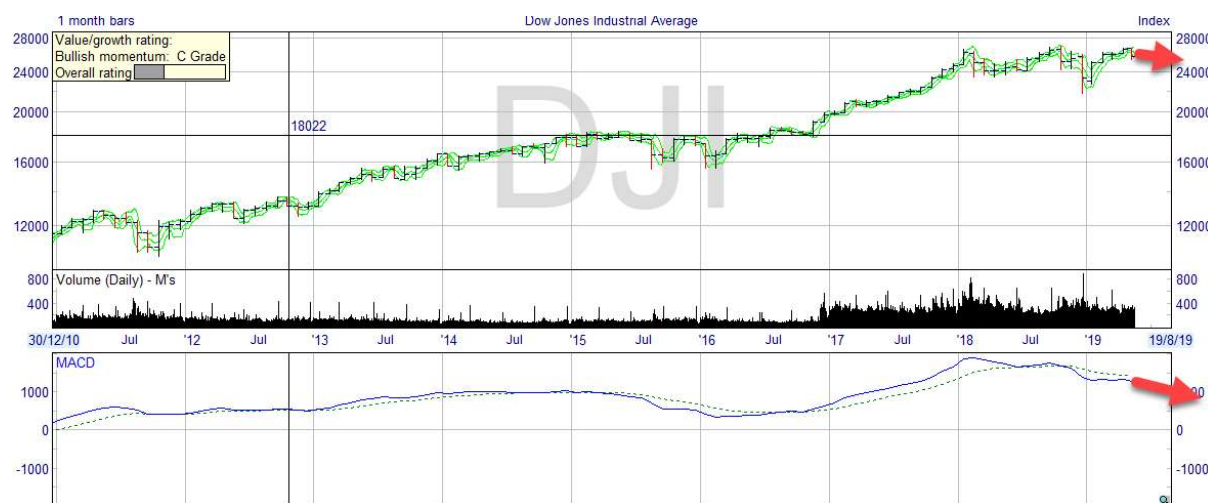
I do find my ratings my first port of call when deciding whether to buy or not and put my money where my mouth is.

## 03 List: US - All sectors - Alpesh Table (Linked)

No.	Name	Alpesh value/ growth rating	Price% 6 months ago	Price% 3 months ago	EPIC
1	Allegiant Travel Co	9	19.51	3.12	ALGT
2	Arch Capital Group Ltd	9	19.53	7.24	ACGL
3	Arconic Inc	9	8.98	25.13	ARNC
4	Century Communities Inc	9	36.39	16.31	CCS
5	Chubb Ltd	9	9.36	8.81	CB
6	Coca-Cola European Partners PLC	9	15.43	21.65	CCEP
7	Encore Capital Group Inc	9	33.53	7.84	ECPG
8	Fidus Investment Corp	9	17.78	11.07	FDUS
9	Global Partners LP	9	9.09	5.92	GLP
10	Hannon Armstrong Sustainable Infrastructure Capital Inc	9	11.83	11.64	HASI
11	Hartford Financial Services Group Inc	9	22.27	9.95	HIG
12	James River Group Holdings Ltd	9	21.06	11.25	JRVR
13	KBR Inc	9	12.20	22.71	KBR
14	Kinder Morgan Inc	9	16.96	7.53	KMI
15	Kirkland Lake Gold Ltd	9	78.69	0.94	KL
16	Knoll Inc	9	8.44	-2.85	KNL
17	Lockheed Martin Corp	9	12.19	9.98	LMT
18	MetLife Inc	9	7.66	5.55	MET
19	NMI Holdings Inc	9	34.45	14.50	NMIH
20	Open Text Corp	9	22.89	8.63	OTEX
21	Progressive Corp	9	17.23	9.12	PGR
22	QIWI PLC	9	11.33	10.01	QIWI
23	Qudian Inc	9	49.34	35.58	QD
24	Royal Caribbean Cruises Ltd	9	13.49	5.88	RCL
25	Shell Midstream Partners	9	10.89	8.61	SHLX
26	Southern Co (The)	9	14.75	10.81	SO
27	Travelers Companies Inc (The )	9	14.64	14.57	TRV
28	Universal Forest Products Inc	9	23.51	9.03	UFPI
29	Victory Capital Holdings Inc	9	49.58	46.17	VCTR
30	Wyndham Destinations Inc	9	6.77	-4.39	WYND

## Indices

We will make an all-time high this year in US markets. For now, with war and tariff talk there is some profit taking.



## Forex

Some of my views I've shown with arrows

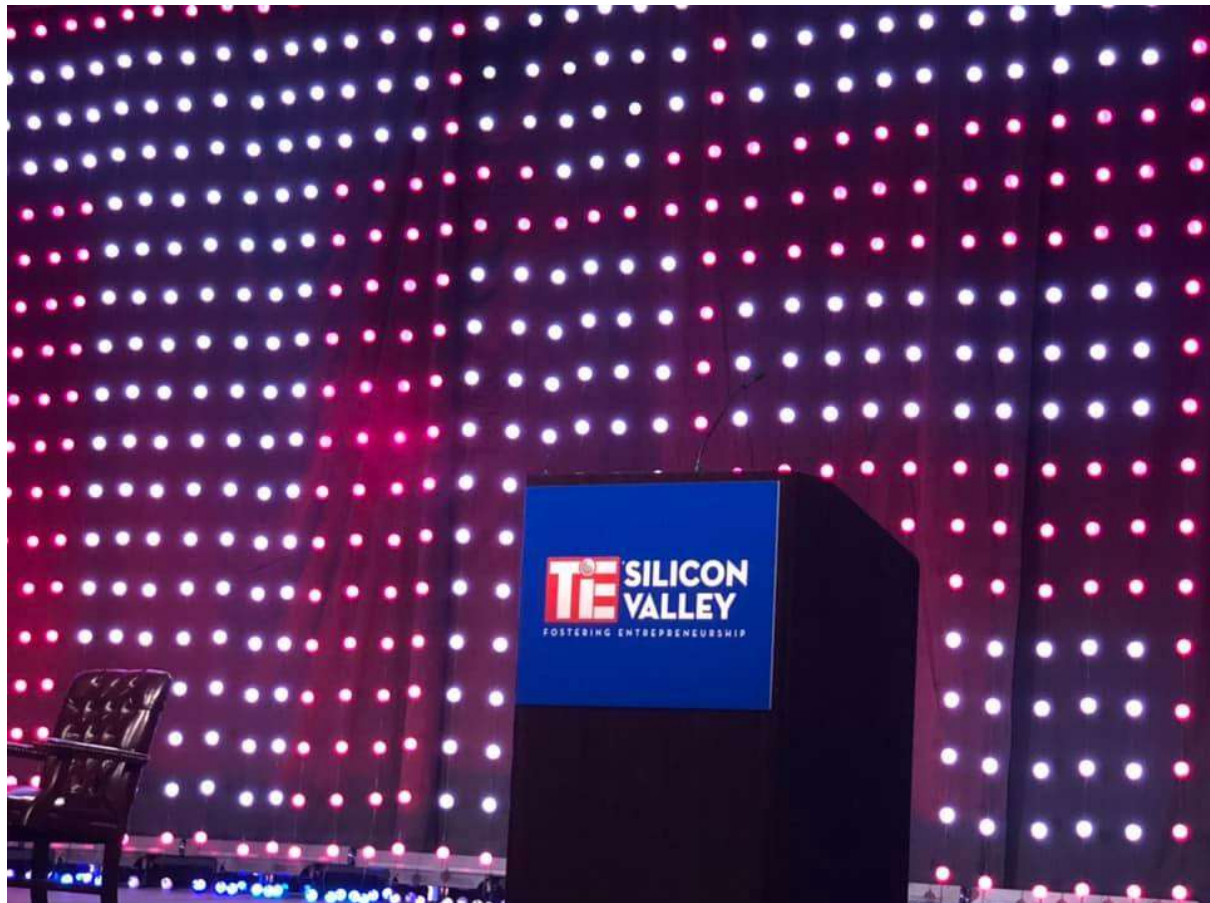




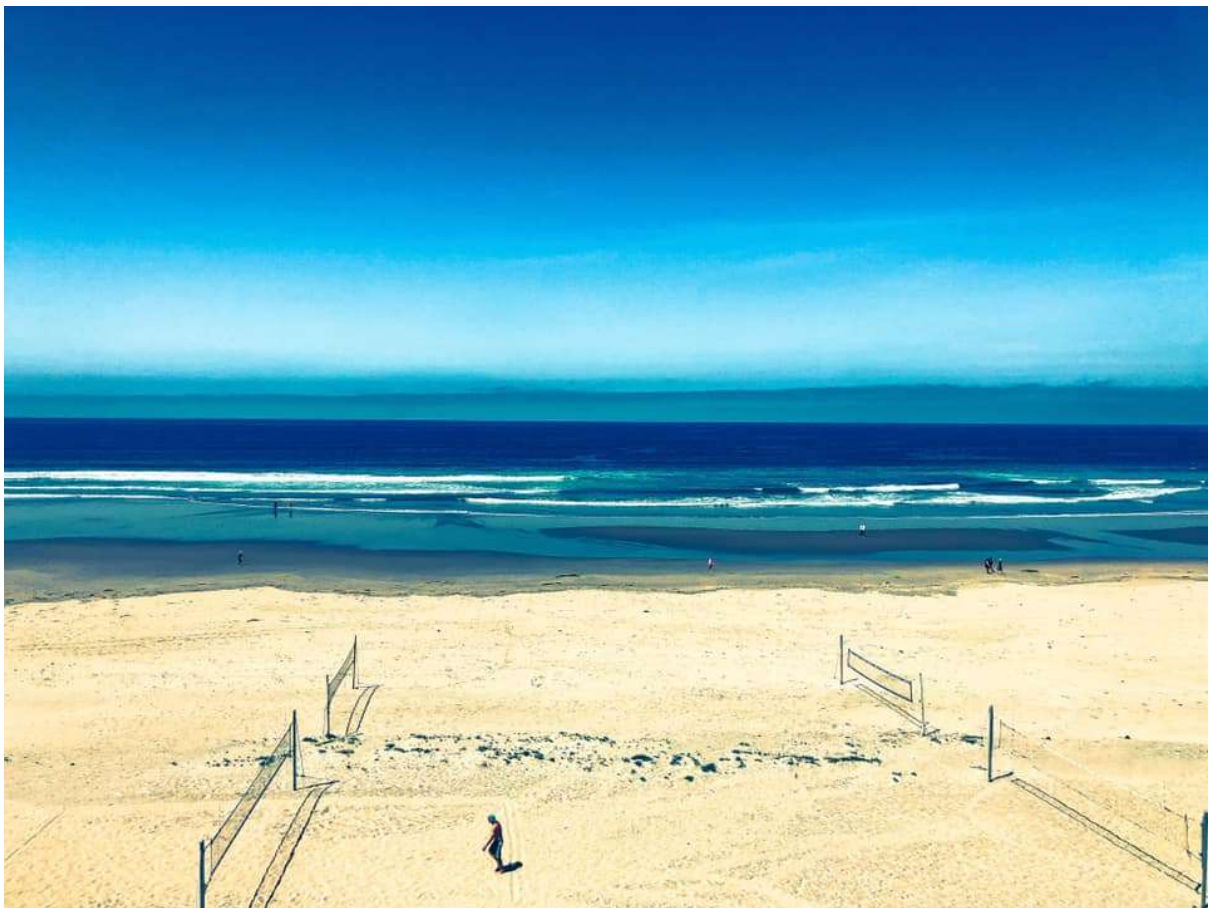
## Personal Thoughts

I flew to Silicon Valley, and whilst there drove to Malibu to meet the US Presidential Candidate -Tulsi Gabbard.















## The Real Blockchain

A lot is written about crypto and blockchain. I thought I would tell you about what is really going on:

I write to you from Silicon Valley. I want to share with my readers insights because of the number of Indians here running the Valley. I've come along with a UK company I helped in my Government capacity. I helped this company set up a UK HQ and now they are with me in Silicon Valley to set up their subsidiary.

I want Asian Voice readers to know what's happening in finance. This company is Finboot and the Chairman is Indian too – Nish Kotech. So, there are a lot of links.

Bitcoin's rise and fall are rightly becoming the side show of what is the core value proposition: the emergence of Blockchain as the trust substitute technology.

Worrying about a bubble risks diverting your attention away from the disruptive technology powering crypto today and potentially our world tomorrow. The next blockchain winners will be those who use this technology for real world challenges - so called front end services - and that's what is captivating technologists in London, India, China, Europe and Silicon Valley.

Blockchain is the technology behind a distributed network of computers that can be used to store data securely but which, uniquely, has a single memory. That means data cannot be copied to sell the same asset again. Imagine duplicating the deeds of your house and re-selling it – a common enough practice in the developing world; that risk remained even with the passage from stamped paper to a digital file. Blockchain removes this risk. It's why Blockchain technologists refer to it as the 'trust platform'.

The technology is still nascent though evangelists believe it can fundamentally change the way we live, work and transact. Storing and managing data in a distributed way vs today's single guardian of your data approach requires a new way of thinking.

In a recent study by Deloitte 39% of the surveyed 1,053 global C-level/senior executives stated they were likely to invest more than \$5 million in Blockchain technologies in 2019 and this from a diverse range of sectors from oil and gas to fintech to automotive, retail, media, and so on. It seems that the new way of thinking is catching on.

Repsol, the leading Spanish Oil and Gas group valued at over Euro 24 billion announced a partnership with Finboot (London/Barcelona) where their product Marco has been successfully tested to improve the Product Certification process. Marco, which means 'frame' in Spanish, acts as a platform for end-to-end blockchain applications which can be easily developed and deployed using a single dashboard and thereby bringing these solutions to the desk of every employee.

The early adopters of Blockchain such as Walmart, Repsol, IBM, Accenture, BP will encourage the mainstream to come onboard.

It is clear the technology is at the start of the adoption curve. As an evangelist, I say move on and don't let the froth get in the way: The hype of Blockchain will demand interest and resource: a deeper and wider ecosystem of developer and design skills, mentoring, early-stage capital and a maniacal startup culture which each technology centre of excellence is running to make Blockchain their own.

## Women vs Men

The Financial Times Money Editor, for whom I used to write my weekly column, asked this week if women make better investors. The data suggests that not only do women make better investors, but investing in women gives better returns.

There can be little doubt about male dominance when only one out of a hundred of the UK's largest companies are headed by a woman. Even in the US, it's a similar proportion of women who head Fortune 500 companies.

Eighty per cent of women-owned businesses that need credit are under-served worldwide, creating a £1.3 trillion financing gap according to research last week. Also, according to the Rose Review "only 13pc of people on UK investment teams are women and 48pc of investment teams have no women at all. This is reflected in the fact that less than 1pc of UK venture funding goes to all-female teams and just 4pc of deals."

Not only does research show women run business do better, but also those with a more gender balanced board – basically on every metric it makes sense investing in women. But it doesn't happen. So, women have started their own funds, their own investor groups to invest in women led businesses.

How ironic. Research shows 46 per cent of all US businesses are owned by women, and employment at women-owned businesses is growing at 18 per cent, compared with 8 per cent for all companies, according to business magazine Forbes. Actually, US women have an average net worth of £1.96 billion compared with the men, at £1.45 billion.

And when it comes to investment, research also shows women make better investors than men. Women's portfolios earned 1.4% annually more than men's did in a study of over 35,000 investors by the University of California at Davis. Indeed, single women earned 2.3% annually more than single men.

Poor male performance is due to over-trading, according to the study. Men trade their accounts 45% more often than women. And single men shuffle their holdings 67% more than single women. Perhaps the adage about men's fear of commitment is true after all.

A National Association of Investors Corporation ten-year study found all-female investment clubs outpaced all-male investment clubs by producing 23.8% average compounded lifetime annual returns compared to 19.2% for male clubs.

So what lessons are there for men? Fear of making a mistake was 50% to 60% higher among women than among males according to the US National Center for Women & Retirement Research. Consequently, women spend 40% more time than men researching and are also less likely to trade on a 'hot tip'. Men need to reign in their overconfidence. 52% of men express confidence in their ability to invest wisely, compared to just 38% of women according to the American Savings Economic Council. Men are overconfident in their abilities to pick market beating stocks.