FINANCIAL TIMES

WEDNESDAY 6 JULY 2016 — WORLD BUSINESS NEWSPAPER — EUROPE

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How the EU should respond to Brexit — COMMENT, PAGE 9

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Dear Lucy
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FBI judges Clinton careless but not criminal in email inquiry

- 110 'secret' messages in private account
- Republicans seize on 'pattern of dishonesty'

DEMETRI SEVASTOPULO — WASHINGTON

The Federal Bureau of Investigation has concluded Hillary Clinton was "extremely careless" in handling top secret emails while secretary of state but recommended against prosecuting the Democratic presidential candidate.

James Comey, the FBI director, said investigators had found 110 emails where Mrs Clinton had either sent or received classified information on her private email account. That conclusion contradicted multiple statements by Mrs Clinton that she had never transmitted information marked as secret at the time it was sent.

Still, Mr Comey said his investigators found no evidence Mrs Clinton "intended to violate laws" and there was no precedent of senior officials facing criminal charges for similar offences — although he acknowledged such breaches in the past had led to "security or administrative actions" rather than prosecution.

"Any reasonable person in Secretary Clinton's position . . . should have known that an unclassified system was no place for that conversation," Mr Comey said.

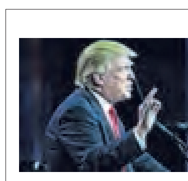
The end of the year-long probe into Mrs Clinton's decision to conduct government business on personal email servers, and the decision not to recommend prosecution to the justice department, almost certainly removes Mrs Clinton from any legal jeopardy. Loretta Lynch, the US attorney-general, has stated she would abide by the FBI's recommendation in the case.

The Clinton campaign said it was "pleased" with the decision. "As the secretary has long said, it was a mistake to use her personal email and she would not do it again," said Brian Fallon, spokesman for Mrs Clinton.

But the finding that Mrs Clinton was lax in handling sensitive information — Mr Comey said her behaviour made it possible for "hostile actors" to access her email — will play into the hands of Republican Donald Trump ahead of November's election. He took to Twitter to say the decision was evidence of the "rigged system" that he faces. "FBI director said Crooked Hillary compromised our national security. No charges. Wow! #RiggedSystem," he tweeted.

> 'Although we did not find clear evidence that Secretary Clinton or her colleagues intended to violate laws governing the handling of classified information, there is evidence they were extremely careless in their handling of very sensitive, highly classified information'
> **James Comey, FBI director**

Hillary Clinton 'should have known an unclassified system was no place for [secret] conversation, said James Comey — Kevin Lamarque/AP



Donald Trump
Republican candidate

Via Twitter:
'FBI director said Crooked Hillary compromised our national security. No charges. Wow! #RiggedSystem'

Although he was appointed to the FBI by Democrat Barack Obama, Mr Comey spent years as a senior prosecutor in Republican George W Bush's justice department.

Paul Ryan, the Republican Speaker of the House of Representatives, said the FBI decision "defies explanation". He said Americans would "reject this troubling pattern of dishonesty and poor judgment" by Mrs Clinton, who according to many opinion polls has struggled to convince voters she is trustworthy.

Despite the decision not to prosecute, Mr Comey used strong language over Mrs Clinton's use of the personal email server. He singled out her use of the account when overseas, including in the "territory of sophisticated adversaries".

The investigation was seen as one of the most sensitive in Washington for years because it involved a presidential candidate and former secretary of state.

In a rare move, Mr Comey stressed he had not told anyone what he was going to say before he delivered what he described as an "unusual statement".

Ms Lynch's decision to cede decision making to Mr Comey came after she had a highly criticised impromptu conversation last month with Bill Clinton, former president, in public at Phoenix airport.

Mr Comey said while there was "potential violation" of laws governing the handling of secret information, "no reasonable prosecutor would bring such a case" because there was no evidence of "clearly intentional or wilful mishandling of classified information".

Legal threat removed page 4

Briefing

▸ Chevron bucks trend with $37bn move
US oil company Chevron has bucked an industry trend of delayed and cancelled investments by agreeing a $36.8bn expansion of the Tengiz oilfield in Kazakhstan. — PAGE 13

▸ Moscow revels in post-Brexit turmoil
A quip by Sergei Lavrov, Russian foreign minister, hinted that some in the Kremlin are in a giddy mood in the wake of Britain's shock vote to leave the EU and the difficulties it presents to the bloc. — PAGE 2

▸ Australian PM rejects calls to resign
Malcolm Turnbull, prime minister, has rejected calls for his resignation over his government's poor performance in Australia's election, which could result in a hung parliament. — PAGE 5

▸ Modi appeals to castes and regions
Narendra Modi inducted 19 ministers into India's government yesterday in an attempt to appeal to constituencies beyond his party's traditional base and with an eye on forthcoming elections. — PAGE 5

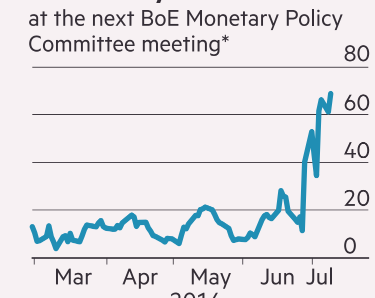
▸ Iranian state-linked bank chiefs quit
A scandal over the high salaries of directors at Iranian state-affiliated companies has triggered resignations at the Islamic republic's four main banks and its sovereign wealth fund. — PAGE 4

▸ German car groups raided in steel probe
Six of Germany's largest carmakers and parts groups — including VW, BMW, Daimler and Bosch — were raided by the cartel authority amid allegations of collusion in buying steel. — PAGE 13

▸ Goldman faces inquiry over 1MDB
US Department of Justice officials are investigating Goldman Sachs over its handling of the proceeds of securities offerings for 1Malaysia Development Berhad (1MDB), a state investment fund. — PAGE 15

Datawatch

Probability of a UK rate cut
at the next BoE Monetary Policy Committee meeting*



*Derived from futures contracts (%)
Source: Bloomberg

The implied probability of an interest-rate cut at the next meeting of the Bank of England's Monetary Policy Committee jumped to nearly 70 per cent from an average 13 per cent in the months from March to the EU referendum.

French terror probe calls for intelligence shake-up

Report ▸ PAGE 4

UK property funds trigger lock-ins as post-Brexit asset sell-off gathers pace

CHRIS GILES AND JUDITH EVANS
LONDON

Investors have been barred from cashing in assets in two more commercial property funds amid widespread disposals of UK assets on fears that the economic fallout from last month's vote to leave the EU is gathering pace.

On a turbulent day in financial markets, a flight to safety saw government bond yields hit record lows, sterling falling to below $1.30 for the first time since 1985 and the trade-weighted value of the pound fall to its lowest level since 2011.

The stop on property fund redemptions and market gyrations came after Mark Carney, Bank of England governor, pledged to keep banks lending but said his fears of the consequences of Brexit had "begun to crystallise".

UK commercial property funds holding more than £9bn of investor assets have now halted redemptions, including M&G's £4.4bn Property Portfolio, Britain's largest commercial property fund. It followed similar moves by a £1.8bn fund from Aviva and a £2.9bn Standard Life fund.

The moves sparked concern that forced selling of buildings by investment funds could act as the catalyst for a steep drop in commercial property prices, as happened during the 2008 financial crisis. "You can very quickly get a downdraught moving through the market," said Robert Duncan, analyst at Numis Securities.

The news put renewed pressure on sterling as investors sought safer options outside the UK, sending Switzerland's 50-year bond yield below zero for the first time. The 10-year Treasury yield, a crucial benchmark for global interest rates, fell below 1.36 per cent and into uncharted territory. Germany, France, Switzerland and Australia also saw all-time lows in yield for their 10-year benchmarks. The pound fell more than 2 per cent to a low of $1.2997 against the dollar and dropped sharply against the euro and yen.

Stress in the commercial property sector was one of the main concerns of Mr Carney as he presented the BoE's twice-yearly financial stability report.

In a bid to ensure credit supply remains robust, he announced an easing in the amount of capital banks must hold, but accepted that the problems were more likely to stem from a drop in the demand for loans in the UK.

Brexit fallout pages 2&3
Patrick Jenkins page 9
Property fund analysis page 17
Lex page 12

Austria	€3.60	Luxembourg	€3.60
Bahrain	Din1.7	Macedonia	Den220
Belgium	€3.60	Malta	€3.50
Bulgaria	Lev7.50	Morocco	Dh43
Croatia	Kn27.50	Netherlands	€3.60
Cyprus	€3.50	Norway	NKr35
Czech Rep	Kc100	Oman	OR1.50
Denmark	DKr32	Pakistan	Rupee 280
Egypt	E£20	Poland	Zl 18
Finland	€4.10	Portugal	€3.50
France	€3.60	Qatar	QR15
Germany	€3.60	Romania	Ron17
Gibraltar	£2.70	Russia	€5.00
Greece	€3.50	Serbia	NewD420
Hungary	Ft1090	Slovak Rep	€3.60
India	Rup195	Slovenia	€3.50
Italy	€3.50	Spain	€3.50
Kazakhstan	US$5.50	Sweden	SKr37
Kenya	Kshs300	Switzerland	SFr5.90
Latvia	€6.99	Tunisia	Din7.50
Lebanon	LBP7500	Turkey	TL10
Lithuania	€4.30	UAE	Dh15.00

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World Markets

STOCK MARKETS

	Jul 5	prev	%chg
S&P 500	2085.59	2102.95	-0.83
Nasdaq Composite	4808.45	4862.57	-1.11
Dow Jones Ind	17832.74	17949.37	-0.65
FTSEurofirst 300	1285.97	1305.96	-1.53
Euro Stoxx 50	2812.72	2862.21	-1.73
FTSE 100	6545.37	6522.26	0.35
FTSE All-Share	3514.46	3518.96	-0.13
CAC 40	4163.42	4234.86	-1.69
Xetra Dax	9532.61	9709.09	-1.82
Nikkei	15669.33	15775.80	-0.67
Hang Seng	20750.72	21059.20	-1.46
FTSE All World $	262.39	265.15	-1.04

CURRENCIES

	Jul 5	prev		Jul 5	prev
$ per €	1.111	1.114	€ per $	0.900	0.898
$ per £	1.305	1.329	£ per $	0.766	0.753
£ per €	0.851	0.838	€ per £	1.175	1.193
¥ per $	101.555	102.535	¥ per €	112.818	114.198
¥ per £	132.509	136.259	£ index	79.747	79.671
€ index	88.412	88.462	$ index	99.245	99.425
SFr per €	1.082	1.082	SFr per £	1.271	1.291

COMMODITIES

	Jul 5	prev	%chg
Oil WTI $	46.84	48.76	-3.94
Oil Brent $	48.05	50.10	-4.09
Gold $	1350.75	1350.75	0.00

INTEREST RATES

	price	yield	chg
US Gov 10 yr	102.44	1.36	-0.08
UK Gov 10 yr	105.80	0.90	-0.07
Ger Gov 10 yr	106.65	-0.18	0.00
Jpn Gov 10 yr	103.62	-0.24	0.00
US Gov 30 yr	108.09	2.13	-0.09
Ger Gov 2 yr	103.35	-0.69	0.00
	price	**prev**	**chg**
Fed Funds Eff	0.37	0.37	0.00
US 3m Bills	0.28	0.26	0.02
Euro Libor 3m	-0.30	-0.30	0.00
UK 3m	0.52	0.52	-0.01

Prices are latest for edition — Data provided by Morningstar

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Brussels

UK eyes diplomat for commission role

Ambassador to France in the running to fill vacancy left by Lord Hill

ALEX BARKER — BRUSSELS

Britain is poised to nominate Sir Julian King, a diplomat and old Brussels hand, as European commissioner to fill the gap left by Jonathan Hill.

David Cameron, the outgoing prime minister, has suggested Sir Julian, ambassador to France, as an apolitical appointment to make sure Britain is not left unrepresented at the EU's executive body led by Jean-Claude Juncker.

Britain remains a full member of the EU, but much of its influence on day-to-day business in Brussels evaporated after the UK voted to leave the EU.

Lord Hill relinquished his portfolio overseeing Europe's financial sector in the days after the vote and will formally leave his post in mid-July.

The nomination of a successor is complicated by the need for a confirmation hearing in the European Parliament. MEPs are expected to be hostile to any political nominee who backed Brexit. Under EU law commissioners are expected to show independence and "European commitment".

Mr Cameron and Mr Juncker have spoken about the nomination options, and the commission president and his team have sounded out several leading MEPs over Sir Julian's suitability, according to officials familiar with the process.

While Sir Julian's diplomatic background may help to overcome political hurdles in Brussels, his nomination could prove contentious with Brexit-supporting candidates to replace Mr Cameron as Conservative party leader and prime minister.

Sir Julian King has spent years commuting at weekends to Brussels where his wife works

Sir Julian's 30-year Foreign Office career has included long stints of EU work, including as ambassador to the EU handling security issues. He served in the commission for a year, running the office of Lord Mandelson and Baroness Ashton when they were trade commissioners.

He was appointed ambassador to Paris in February but has spent years commuting at weekends to Brussels, where his wife Lotte Knudsen works in the EU's diplomatic service.

Downing Street said a formal nomination had not been made. "This is an important role and we are making sure that we have a person in place to replace Lord Hill," it added.

When asked last week about the appointment of a successor to Lord Hill, Mr Cameron said: "I think we should appoint a new commissioner. We are a full member of this organisation. We pay our dues in full."

He hoped to "come forward with a nominee shortly", he added.

Under EU law Mr Juncker could choose to leave the position unfilled or appoint someone from a different member state. However, in practice all 28 EU countries have one appointee in the college of commissioners.

Questions remain over the portfolio for Lord Hill's successor. The return of the powerful financial services portfolio is out of the question, but UK officials hope that Britain's commissioner will still have substantial responsibilities.

One alternative would be for the new appointee to take on a commissioner-without-portfolio role, with responsibilities limited to college discussions of big policy decisions. The EU treaty states that commissioners should be chosen "on the grounds of their general competence and European commitment from persons whose independence is beyond doubt".

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Martin Wolf page 9

Russia. Schadenfreude

Kremlin revels in geopolitical rival's turmoil

Some in Moscow hope Brexit will empower pro-Putin populist forces in Europe

KATHRIN HILLE — MOSCOW

When Sergei Lavrov attended a lunch with EU ambassadors last week, the Russian foreign minister could not resist making a joke at his hosts' expense. Once Brexit was completed, Mr Lavrov quipped, "the EU will have only one vote left in the UN Security Council".

His lunch mates may have struggled to appreciate his humour. But Mr Lavrov's remark hinted at the giddy mood among Moscow's political elite following Britain's shock vote and the hard times now befalling the EU, a geopolitical rival whose growth, many Russians believe, has long come at their expense.

"Of course there are more than a few people here that feel schadenfreude right now," says Fyodor Lukyanov, chairman of the Council on Foreign and Defence Policy in Moscow.

Above all, many Russians view the British vote as a popular rejection of Europe's political establishment that vindicates Moscow.

For most of President Vladimir Putin's 16 years in power, European politicians have criticised his crackdown on civil liberties and accused him of undermining democracy.

Their disagreements spiralled into open stand-off when European governments threw their support behind Ukraine's Maidan revolution, an uprising Mr Putin denounced as a western-backed coup. For more than two years, the west has punished Russia with economic sanctions.

"It is important for the leadership in Russia to see their view of the world, their view of Europe — European values, an ideal Europe — vindicated," says Andrei Kortunov, director-general of the Russian International Affairs Council.

Citing German chancellor Angela Merkel's remark from the height of the Ukraine crisis that Mr Putin was "living in another world", Mr Kortunov says: "Merkel could still say that about him, but he could reply: 'Yes, I do live in a different world, but my world is more real than yours.' His view of the world can't be simply dismissed any more."

Even before Ukraine, Mr Putin and many others in Russia recoiled from modern Europe in puzzlement, even disgust. In their view, the continent had abandoned such traditional values as national pride, respect for law and order, Christianity and the family for the sake of excessive tolerance and diversity.

Some in Moscow hope the Brexit vote is a harbinger of political shifts in Europe that will empower populist forces more sympathetic to Mr Putin's world view. One example is Marine Le Pen, leader of France's far-right National Front and a Putin admirer.

"It's obvious that all changes now, be it in France or Germany or elsewhere, will be much more in favour of Russia," Mr Lukyanov says.

Beyond the strategic benefits, there may also be an emotional dimension to Brexit. For those Russians who lived through the collapse of the Soviet Union — an event that Mr Putin has called the greatest catastrophe of the 20th century — the first sign of the EU's fragmentation resonates deeply.

"That's the real context in which Putinists see Brexit: the break-up of the Soviet Union robbed them of their empire and exposed them to a constant loss of global power, and now they think the same might happen to Britain or even the entire EU," says a European diplomat in Moscow.

Perhaps with that in mind, Mr Lukyanov and other foreign policy experts worry about the consequences for Russia of an EU in turmoil.

"Decision mechanisms could become so dysfunctional that they can't even get their act together to lift sanctions against Russia," he warns.

For now, Moscow is trying to exploit Europe's sense of crisis, if ever so subtly. While EU governments try to deal with the Brexit aftermath, Mr Putin has started a push for rapprochement between Russia and Europe.

Vladimir Putin, with Angela Merkel in Belarus last year, has started a push for rapprochement between Russia and Europe
Mykola Lazarenko/AFP/Getty

On Friday, Vladimir Yakunin, one of his longest-running associates, launched a think-tank in Berlin that he says will focus on fostering a dialogue of civilisations.

Mr Yakunin suggests that the Soviet experience of running a multi-ethnic country is one topic that could provide valuable lessons for an EU struggling with migration.

"Right here in central Europe we see the appearance of phenomena that create colossal tension all over the world: terrorism, xenophobia, extremism," Mr Yakunin says. "From that perspective, the experience of Russia might be in demand."

> 'The coalition of nations, which pushed hard for sanctions, is decapitated'

Moscow also dreams of one day linking the EU to Mr Putin's own customs union pet project, the Eurasian Economic Union.

But in the short term, Moscow's most palpable hope is that Britain's waning influence will strengthen those in the EU who want to gradually lift sanctions.

With staunch UK support, Ms Merkel rallied support last month to extend the blockade for another six months.

"The coalition of concerned nations, which always pushed hard for sanctions, is now decapitated," says Alexander Rahr, a prominent Russia expert at the German-Russian Forum, a Russia-friendly dialogue platform in Berlin.

Mr Rahr adds: "Maybe after Brexit Merkel might feel more at ease to pursue a softer line."

Electoral tests

Votes in Hungary and Austria threaten more EU angst

ANDREW BYRNE — BUDAPEST

Europe faces the risk of further political setbacks this autumn after authorities in Hungary and Austria chose the same October date for two separate votes that will pit rightwing forces against EU institutions and mainstream politicians.

Janos Ader, president of Hungary, said yesterday that the central European country would hold a referendum on October 2 on Brussels' plan to share refugees out across the EU — stoking debate on a policy that has proved difficult to enforce.

Separately, Wolfgang Sobotka, the Austrian interior minister, said he would propose holding a re-run of the presidential election — ordered by the country's constitutional court — on the same day. Norbert Hofer, a nationalist candidate, came close to winning the original contest and the re-run raises the prospect of the election of the EU's first far-right head of state.

The announcements come as Europe reels from Britain's June 23 vote to leave the EU and will raise fears of further blows for the bloc's attempts to shape a common response to the migration crisis and shore up public support for European institutions.

Viktor Orban, Hungarian prime minister, who has criticised the EU and portrayed its leaders as a remote and illegitimate elite, first announced the referendum in February.

The Austrian election re-run was ordered because of irregularities during the original May 22 poll.

The timing of the votes means they are likely to overshadow a September 22 meeting of EU leaders in Bratislava to consider the bloc's future in the wake of the Brexit vote.

Mr Orban has cast the UK vote as a consequence of the European elite's failure to heed popular anger over the arrival of more than 1m refugees in Europe last year. Although an EU-Turkey deal to stem new arrivals has reduced the influx, Mr Orban has proposed halting immigration by deploying armed forces in neighbouring countries beyond the bloc's frontiers.

"Is it the goal of European policy to stop migrants at the borders, to keep processes under control, to conduct procedures outside our borders and to then decide on admitting certain individuals? Is this our goal?" Mr Orban said last month. "Or is it our goal to let them in, and to redistribute them later?"

Despite an EU agreement to relocate 160,000 refugees from Greece and Italy to other European countries — including 1,294 to Hungary — Budapest has accepted none under the plan.

Hungarian voters will be asked: "Do you want the European Union to prescribe the mandatory settlement of non-Hungarian citizens in Hungary even without the consent of parliament?"

Both votes will deepen concern over a wave of populist anger that could undermine the EU's political foundations. Mr Hofer has said Austria should hold its own vote on EU membership within a year if the bloc centralises more decision making, while Hungarian lawmakers have expressed reservations about continued membership of the bloc.

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Obituary

Iranian film pioneer who depicted ordinary lives

Abbas Kiarostami
Film director
1940-2016

Abbas Kiarostami, who has died in Paris aged 76, was a celebrated Iranian film director, whose minimalist *Taste of Cherry* was awarded the Palme d'Or at the 1997 Cannes festival.

Kiarostami never relocated from the country of his birth, even though he announced about a decade ago that he would not make any more films in Iran. Intellectual in nature, his movies were seen as portraying a dark picture of life under the Islamic republic, and he came under repeated official pressure.

In a Twitter post, centrist President Hassan Rouhani nonetheless praised "the different and deep views of Abbas Kiarostami toward life", saying he was someone "who invited human beings to peace and friendship, which will remain as an enduring achievement" in the country's cinematic history.

The director succumbed to a stroke after a series of operations for ulcerative colitis. His last film, *Like Someone in Love*, was made in Japan in 2012.

While Iran's history of film-making dates from the 1930s, it was Kiarostami who paved the way for other directors to shine at world festivals by introducing Iranian art-house cinema, which is internationally praised for its rich language and realist themes.

Asghar Farhadi, known for *A Separation*, *The Past* and *The Salesman*, and Jafar Panahi, whose work includes *White Balloon*, *Crimson Gold* and *Taxi*, have also been feted at film festivals in Cannes and Berlin and honoured at the Oscars and the Golden Globes.

Born on June 22 1940 and educated in affluent northern Tehran, he was admitted to study painting at Tehran university. After graduating he chose to be a graphic designer, which included making posters and the opening credits for movies.

He then joined the state affiliated Institute for Intellectual Development of Children and Young Adults in 1969 where he made films for children.

But his fame came after the 1979 Islamic revolution, when clerical rulers rolled back what they considered decadent "Film Farsi" — popular Iranian movies that demonstrated little restraint on sexual scenes in a highly conservative society.

Abbas Kiarostami 'invited human beings to peace and friendship', says President Hassan Rouhani

That created an opening for Kiarostami's work, which mostly depicted the lives of ordinary Iranians. *Where is the Friend's Home* showed the tireless efforts of a boy to find his friend's house to give him a notebook he had left behind; *Through the Olive Trees* depicted love in an earthquake-hit region; *The Wind Will Carry Us* revolved around a group of city dwellers awaiting the death of an old woman in a village, to demonstrate the differences between urban and rural lifestyles.

Filming abroad freed Kiarostami to an extent from public censure. That could make itself felt not just over his films but in instances such as a Cannes kiss he gave French actress Catherine Deneuve, which was considered an un-Islamic act.

Set in Tuscany, his *Certified Copy* in 2010 starred Juliette Binoche. It showed a British writer and a French antiques dealer whose relationship undergoes an odd transformation over the course of a day. The film was originally banned in Iran because of Ms Binoche's low-cut dress but was screened last year in the international section of Fajr Film Festival, the country's biggest.

Kiarostami, who was divorced, is survived by his sons Ahmad and Bahman, who are active in multimedia and documentary making respectively.

Martin Scorsese, the Hollywood director, called him "truly, one of our great artists".

Or as Jean-Luc Godard, the French-Swiss film-maker, once said about his Iranian peer: "Cinema begins with [Hollywood pioneer] DW Griffith and ends with Abbas Kiarostami."

Najmeh Bozorgmehr and Monavar Khalaj

INTERNATIONAL

Eurozone deficits

Spain and Portugal head for EU clash

Tensions set to rise as Madrid and Lisbon face penalties over fiscal rules

JIM BRUNSDEN — BRUSSELS
TOBIAS BUCK — MADRID

Spain and Portugal are on course to become the first eurozone countries to be sanctioned for breaking EU fiscal rules, in a move that is set to inflame tensions over how dogmatic Brussels should be in policing national budgets.

The European Commission yesterday concluded the two countries had failed to take "effective action" to meet EU deficit rules, according to people briefed on the talks. While EU officials presented the step as essentially procedural, it is nevertheless potentially explosive as it puts Spain and Portugal on a path to penalties that could include fines or a partial suspension of EU regional funds.

The commission recommendation is expected to be formally approved tomorrow, after which it will be for finance ministers to decide if they agree. Should they back the commission stance, this would start the clock on a 20-day process for Brussels to prepare the penalties, with Lisbon and Madrid able to make a last-ditch case for more lenient treatment.

While there is a strong chance the EU will set any fines at a nominal or even zero level, the gesture is still likely to prove controversial. Portuguese authorities have already warned that any step to apply a sanction could cause the country reputational damage on the markets at a time when it is trying to nurture its recovery.

EU tax policy chief Pierre Moscovici, speaking after a discussion yesterday in the commission's decision-making college, said Brussels "will adopt the necessary decisions very soon". He said EU budget rules "have to be respected", adding, however, the standards "are also intelligent and they demand to be applied in an intelligent way".

The timing is highly awkward for the commission, with Spain still in a period of flux after its second inconclusive general election in six months, and with the EU seeking to pull itself together after the shock of the British referendum.

The commission's moves mark the reactivation of a process that was put on hold in May because of concerns it could have affected the June 26 Spanish election. The step hands a hot potato to EU finance ministers who are already grappling with a rift within the eurozone over how much flexibility nations should be given over public finances.

While Germany, Finland, the Netherlands and the European Central Bank insist that firm application of the budget rules is essential to maintain confidence in the euro, Italy has led a push from many southern European members for more flexibility.

A spokeswoman for Slovakia, which holds the EU's rotating presidency, said ministers would discuss the issue at a meeting in Brussels next week.

Portugal is in the EU commission's crosshairs for failing to control its deficit in 2015; its deficit was 4.4 per cent of gross domestic product last year, 1.7 percentage points higher than its target.

Lisbon's government has argued it is unfair to punish the country for past failings even though Portugal is on course to comply with EU budget rules in 2016. Spain is estimated to have smashed its 2015 deficit target of 4.2 per cent of GDP to reach 5.1 per cent. It is also on course to miss its target to bring its deficit below 3 per cent in 2016.

The commission decision came on the same day that Spain's economy minister, Luis de Guindos, announced plans to lift the country's official growth forecast, citing better than expected economic data and the result of last month's general election. Mr de Guindos is set to meet members of the EU commission tomorrow in Brussels.

Economy minister
De Guindos lifts growth prediction to 3.2%

Spain's economy is growing faster than expected and could expand by more than 3.2 per cent this year, the government said yesterday.

Luis de Guindos, economy minister, said the official prediction of 2.7 per cent growth in output was "clearly too prudent", pointing to recent economic data and the result of last month's general election.

He said the official forecast would be revised up before the end of the month. Spain's economy grew by 3.2 per cent in 2015, one of the fastest rates in the EU. "If we are able to form a stable government with a good economic policy agenda, it is possible to exceed the growth rate we achieved last year," Mr de Guindos told the Financial Times.

The general election produced an unexpectedly clear victory for prime minister Mariano Rajoy and his conservative Popular party. Spain has also been boosted by better than expected employment numbers, and upbeat manufacturing and services sector data.

The labour ministry on Monday revealed a drop in unemployment for June of 124,349 — the second-biggest monthly decline on record. Yesterday, data provider Markit said Spain's services sector had expanded in June at the fastest pace in seven months.
Tobias Buck, Madrid

Brussels retreat

Canada trade setback foreshadows Brexit hurdles

ARTHUR BEESLEY — LONDON

The prospect of a smooth post-Brexit trade deal between Britain and EU was dealt a blow after the European Commission scotched plans for the fast-track approval of a trade pact with Canada.

With political enthusiasm for big global trade deals on the wane as anti-establishment sentiment rises, the development suggests any British deal with the EU will face complications and hurdles well beyond the technical challenge of agreeing new trading terms.

The commission's retreat comes amid a slowdown in talks on an EU-US trade accord, and bitter rows in the US over a transpacific deal with Canada, Australia, Japan and eight other countries. It marks a setback to efforts by Ottawa to deepen trade links with Europe. Annual trade in goods and services between Canada and the EU is worth over €90bn.

Talks on the EU-Canada agreement began in 2009, touching off squabbles over quotas for EU dairy products and Canadian meat. The commission celebrated when the two sides finally agreed to terms in 2013, lauding it as a stepping stone to an even bigger pact with the US.

But the agreement will not come fully into force for years as formal approval is required from as many as 38 national and regional parliaments in the EU.

Officials in Brussels were quick to draw the conclusion that any trade agreement with Britain would face the same requirements, raising the possibility of MPs in EU member states and their governments making a play for advantage in return for their support.

"If we go this route, clearly any further agreement will go in the same direction," said a senior commission official.

Jean-Claude Juncker, the commission president, had hoped to bypass national parliaments in the EU-Canada pact by having the agreement approved by only trade ministers and MEPs.

The commission insists this course remains open as the agreement centres on matters covered exclusively by EU law. But several member states protested, arguing some terms fell within the scope of their national law.

Under pressure, the commission reversed course yesterday. It will allow provisional approval of the deal as a "mixed agreement" under EU and national law, while formal endorsement is awaited.

"It reflects the challenges of concluding a trade agreement with a bloc composed of 27 or, as it is now, 28 members," said Christophe Bondy of London law firm Volterra Fietta, who was previously senior counsel to Canada in the EU trade negotiation. "That is something that the UK is now going to have to face . . ."

If anything, the UK faces a more daunting technical task than Canada, according to Mr Bondy, because of its pre-existing relationship.

"With the UK and the EU, there needs first to be a disentangling of a very extensive sphere of deeper integration and — either in parallel or after — to determine what the terms of the UK's access to the EU market will be. That adds a significant level of complication."

The commission's manoeuvre came in spite of divisions within the EU executive, where critics had made the case the institution was "giving up" on some of its prerogatives.

Cecilia Malmström, EU trade commissioner, suggested anti-globalisation sentiment had infected the debate within member states.

"The commission considers this agreement legally as an EU-only agreement but we are proposing as an EU-mixed because we understand that there is no agreement among member states to do this," Ms Malmström said.

The proposed fast-track endorsement of the EU-Canada deal had met resistance in France, Austria and, to a lesser extent, in Germany.

In addition, resolutions were passed in the parliaments of Hungary and Luxembourg demanding consultation on the Canadian deal with their MPs. Romania and Bulgaria have also said they would not support the deal due a visa dispute with Canada.

High-level observers in Brussels believe any push for parliamentary approval of a British deal would meet similar pressures.

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Annual trade in goods and services between Canada and the EU is worth more than €90bn
Ben Nelms/Bloomberg

GLOBAL INSIGHT
ROME

Tony Barber

Italy's referendum holds key to survival of currency union

Europe's faultline runs through Italy. Such was the candid opinion of one participant in a conference held last weekend by Eliamep, an Athens-based think-tank. Few other participants dissented.

By "Europe" everyone understood, primarily, the 19-nation eurozone. For the question on the minds of European policymakers is where, and to what extent, political, financial and economic contagion may spread from Britain's June 23 vote to leave the EU.

The sharp falls in Italian banks' share prices since the British referendum indicate where financial markets smell the danger of contagion. But Italy is the focus of attention not only because of its undercapitalised banks, colossal public debt and miserable economic growth.

Rather, EU governments and the markets sense trouble ahead in the way that Italy's uncertain political outlook feeds into these problems, making them even harder to tackle. Their paramount concern is the referendum on far-reaching constitutional reforms that Matteo Renzi, Italy's centre-left prime minister, plans to hold in October.

If voters reject these reforms, Mr Renzi says he will resign. Naturally the ever inventive, insouciant premier is free to retract his promise. However, he has staked much on this referendum, having described the reforms as essential for Italy's reconstruction as a responsibly governed nation.

Defeat would damage Mr Renzi and risk driving Italy into prolonged political and economic instability. Confindustria, Italy's employers' group, predicts that defeat would cause the economy to shrink by 0.7 per cent in 2017 and 1.2 per cent in 2018.

> Defeat for Renzi might boost the fortunes of the anti-establishment Five Star Movement

Apart from putting Italian banks under more stress, such a recession would undo the good work of Mr Renzi's government since 2014 in restoring a modicum of economic growth and modestly reducing unemployment. In a country that has recorded almost no growth since it became a eurozone founder member in 1999, and whose public debt is more than 130 per cent of annual economic output, this would be a heavy blow. Equally important, defeat for Mr Renzi might boost the fortunes of the anti-establishment Five Star Movement. This party, founded by blogger-comedian Beppe Grillo, opposes the constitutional reforms. It is wholly inexperienced in government at national level, but it showed its strength last month by winning mayoral elections in Rome and Turin.

At present, the movement is just a few percentage points behind Mr Renzi's Democratic party (PD) in opinion polls. Parliamentary elections are due in 2018 and only a rash forecaster would write off the Five Star Movement's chances. A referendum defeat for Mr Renzi may place the fate of Italy, a nation crucial to the survival of Europe's currency union, in the hands of an idiosyncratic party that merrily talks of pulling the country out of the eurozone.

Yet a referendum victory for Mr Renzi would not eliminate all risks. The essence of his reform proposals is that Italy should dismantle its bicameral legislature, established in the 1948 constitution, and concentrate power in the lower house. Meanwhile, an electoral law passed by his government guarantees an absolute parliamentary majority for the party that wins a national election.

Mr Renzi's advisers defend these reforms on the grounds they will cure Italy of its chronic governmental instability. More than 60 governments have come and gone since 1945, holding office, on average, for little more than a year each. Should the reforms take effect and lead to a PD victory in 2018, a five-year spell of strong government dedicated to economic reform might indeed ensue.

But if the Five Star Movement won, it would find itself — thanks to Mr Renzi's reforms — in firm control of a legislature reshaped to emasculate opposition to the ruling party.

Several banana skins lie in the EU's path over the next 12 months, from a potential victory for the far right in Austria's restaged presidential election in September to next year's Dutch legislative and French presidential elections. But Italy's referendum may be the most slippery banana skin of them all.

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Future of Europe. Bloc extension

Balkan aspirants refuse to give up hope of accession after UK vote

Britain's decision will make the cost of enlargement more burdensome for donor states

NEIL BUCKLEY — PARIS

At the Cité Universitaire in Paris on Monday, delegates to a Balkans youth forum whooped and snapped selfies as they celebrated the creation of an EU-backed youth co-operation office to foster reconciliation across the former Yugoslavia and Albania.

At a business conference in the French capital earlier, economy ministers from six aspiring EU members from the Balkans had talked up their reform plans and investment opportunities. Later, at a summit hosted by French president François Hollande and attended by German chancellor Angela Merkel, Balkan leaders discussed security and agreed on a €450m ($501m) infrastructure programme, one-third funded by the EU.

If the Brexit vote 11 days earlier had chucked a large spanner into the works of future EU enlargement, participants in the annual EU-western Balkans get-together were determined to give an impression of business as usual.

"The British decision doesn't change anything about the commitments that have been made with regard to the Balkans countries," said Mr Hollande.

Johannes Hahn, EU enlargement commissioner, agreed. "[Brexit] doesn't mean that [EU] enlargement, particularly to the western Balkans, has come to an end. Quite the opposite," Mr Hahn insisted. "There are very good reasons to enlarge, and I and the European Commission are determined to do so."

For all the official denials, however, the British referendum result represents a serious challenge to future EU expansion, not just for existing candidates including Serbia, Albania, Montenegro and Turkey, but longer-term aspirants such as Ukraine.

The UK had long been a vocal proponent of extending the bloc into ex-communist central and eastern Europe even as many EU states were losing their appetite for enlargement. It, too, backed off as a referendum campaign dominated by immigration unfolded.

Its exit could make EU enlargement even more unpalatable for the bloc's remaining donor states by driving up the cost.

"Clearly the whole EU enlargement project is dead in the water now," says Timothy Ash, an emerging markets strategist at Nomura. "The EU27 has its head in the sand [in] thinking the political appetite . . . is still surviving."

Even if expansion is not entirely halted, its supporters fear the EU could become so preoccupied with Brexit negotiations that membership talks with candidates and efforts to prepare countries further down the queue could suffer.

The prospect of EU membership has been a powerful incentive for pro-democracy reforms in the 11 ex-communist states that have joined since 2004, and in aspiring members in the Balkans.

Without that prospect, maintaining the reform momentum could be difficult. For an organisation that rose from the ruins of Europe after the second world war, that could complicate efforts to cement peace in the Balkans two decades after the post-Yugoslav conflicts.

As Mr Hollande noted, the Balkans youth co-operation office established by this week's summit is modelled on a Franco-German Youth Office set up in 1963.

Waning EU influence in the Balkans could also open the door further for Russia, which has cultural ties with countries in the region through shared Slavic roots and the Orthodox Church.

Milo Djukanovic, prime minister of Montenegro — which has faced angry criticism from Moscow over its coming accession to Nato — said even before the Brexit vote Russia had taken advantage of "disturbances in the global scene" to reassert itself in the region.

He and fellow Balkan leaders on Monday played down the impact of the UK vote. But they conceded deep reforms of the union were probably now needed for enlargement to continue.

The British referendum result represents a serious challenge to the membership hopes of countries such as Serbia — Daniel Berehulak/Getty

FBI decision removes legal threat to Clinton campaign

Criticism provides extra ammunition for Trump to attack Democratic rival

Under fire: Hillary Clinton campaigns in Washington yesterday. James Comey, FBI director, below, said she had been 'careless' — Michael Reynolds/EPA; Cliff Owen/AP

SAM FLEMING — WASHINGTON

The Federal Bureau of Investigation's decision not to recommend criminal charges in relation to Hillary Clinton's handling of secret information has dispelled a legal cloud hanging over the former secretary of state's presidential campaign.

But blunt criticism levelled by James Comey, FBI director, at the "extremely careless" way Mrs Clinton and her aides treated classified information will leave her exposed to attacks from Republicans for the duration of the presidential campaign leading up to November.

What the FBI did

The FBI conducted a year-long investigation into whether classified information had been transferred via a personal email server Mrs Clinton used when she was secretary of state.

The probe came after the Intelligence Community Inspector General asked for a review into whether classified information was transmitted during Mrs Clinton's use of a server kept in her house in Chappaqua, New York.

The FBI inquiry examined whether there was any evidence that classified information had been improperly stored or transmitted, something that could be a violation of a federal statute making it a felony to mishandle classified information. Another law makes it a misdemeanour to knowingly remove classified information from appropriate systems.

The FBI investigation required thousands of hours of work as investigators pieced together evidence of how Mrs Clinton used personal email for government work. Investigators read approximately 30,000 emails provided by Mrs Clinton to the state department in 2014. The FBI also discovered several thousand additional work-related emails that were not in that body of 30,000 messages she provided.

Piecing together the email fragments "was like removing the frame from a huge finished jigsaw puzzle and dumping the pieces on the floor," Mr Comey said.

What the FBI investigation found

Mr Comey said his staff had not found clear evidence that Mrs Clinton or her staff intended to violate laws governing the handling of classified information.

There is, however, evidence that she and her team were "extremely careless" in how they handled sensitive information, the FBI director said.

Seven email chains were related to matters that were classified at the Top Secret/Special Access Programme level when sent and received, for example. None of the emails should have been on any kind of unclassified system, the FBI said. While only a handful of the emails bore markings suggesting they contained classified information, people who knew or should know the subject matter is classified are still obliged to protect it, Mr Comey said. Mrs Clinton has said that she did not send or receive any information that had been marked as classified when it was sent.

The FBI also found that Mrs Clinton used not one but several different servers during her four years at the state department, as well as numerous mobile devices to view and send email on that personal domain.

The agency also found evidence that the security culture of the state department in general was lacking when it came to handling secret information.

The FBI did not find any signs that Mrs Clinton had been hacked, but it would be difficult to find clear indications that this had happened in any case, Mr Comey said. "We assess it is possible that hostile actors gained access to Secretary Clinton's personal email account," he said.

No recommendation to prosecute

Despite evidence of careless conduct, Mr Comey said the FBI was not recommending that the Department of Justice bring criminal charges. Indeed, no reasonable prosecutor would bring such a case, he said.

This is because a trawl of past investigations into classified information showed that past cases had involved either intentional and wilful mishandling of secret material, or the exposure of "vast quantities" of information pointing to intentional misconduct, or signs of disloyalty to the US. There were not signs of this in the Clinton case, Mr Comey concluded.

It will be up to the DoJ to decide on charges, but the FBI's decision not to recommend action will carry enormous weight. As such, the announcement will come as a relief for Mrs Clinton.

Nevertheless, this is by no means the last we will hear of the email furore, and Mr Comey himself acknowledged the FBI decision would trigger "intense public debate." Donald Trump, her Republican rival, will use the FBI's critical language to further push his arguments that Mrs Clinton is not trustworthy enough to be president.

Transparency

Iranian state-linked bank chiefs quit in salary scandal

NAJMEH BOZORGMEHR — TEHRAN

A scandal over the high salaries of directors at Iranian state-affiliated companies has triggered resignations at the Islamic republic's four main banks and its sovereign wealth fund.

The dispute, which has threatened to undermine the government's anti-corruption drive, erupted after media outlets close to hardline members of the Iranian regime published the payslips of top executives, revealing that some were earning more than 1,000 times the minimum wage of $400 a month.

Since then, the managing directors of Mellat, Saderat, Refah and Mehr, which are all state-linked banks, have resigned, as well as Safdar Hosseini, head of the National Development Fund, the country's sovereign wealth fund, and its entire board.

The scandal is seen by some as an attempt to undermine Hassan Rouhani, the centrist president, who is seeking re-election next year.

Mr Rouhani intervened in the controversy on Monday by praising the public's "sensitivity to unusual salaries", while promising urgently to draft an amendment to the public sector salary system. He also vowed to "fight corruption and rent-seeking in the administrative and economic system until it is uprooted".

The scandal erupted at a challenging time for Mr Rouhani. Under his watch, inflation has dropped to 9.7 per cent — the lowest in two decades — from around 40 per cent three years ago. He is also seeking to lure foreign investment following the lifting of sanctions after Iran reached its historic nuclear agreement with world powers.

But many Iranians have a bleak outlook on the economy, as they worry about stagnating growth and high unemployment — youth joblessness is put at 26 per cent. People took to social media to vent their anger over the salaries scandal, with Iranians questioning social justice in the Islamic republic.

"This fire will expand and will go deeper in social layers," said Saeed Laylaz, an economic analyst. "It does not mean that this scandal can lead to a social unrest, but we will see its impacts in other places like people's refusal to co-operate with the government to help cut subsidies [on energy]."

The leaked salary documents revealed that Mr Hosseini, head of the sovereign wealth fund, earned 570m rials ($18,512) a month and received 3bn rials in loans with an interest rate of 4 per cent, compared with the 30 per cent ordinary Iranians would typically pay. They also showed that Ali Rastegar, managing director of Bank Mellat, earned about $12,000 per month and an annual bonus of $454,000.

> 'The government has suddenly found itself in the middle of a dangerous war between rich and poor'

"When it is very difficult for an ordinary person to get a loan of 100m rials, it is maddening to hear the head of the same bank has [such] a monthly income," said another economic analyst. "The government of Rouhani has suddenly found itself in the middle of a dangerous war between the rich and the poor and will not find it easy to get out."

Analysts say the salary dispute could weaken Mr Rouhani's anti-corruption campaign against regime hardliners who have allegedly exploited their affiliations to military and religious bodies for personal benefit.

But it may also help him push for greater transparency at organisations that are not accountable to him.

Mr Rouhani has repeatedly said corruption is one of the main reasons Iran has struggled to attract significant foreign investment since the sanctions were lifted, which was an expected and much needed dividend of the nuclear accord.

Any disclosure of the income of military figures in the elite Revolutionary Guards, as well as the revenues of its economic empire and religious foundations, which together are estimated to run up to half of Iran's economy, are considered a taboo.

These organisations, which pay little tax, are accountable only to Ayatollah Ali Khamenei, Iran's supreme leader and ultimate decision maker.

Brigadier General Ramezan Sharif, head of public relations of the Guards, said that its payments, which he insisted were fair, had to remain confidential for security reasons.

France

Paris terror inquiry hits at intelligence services

ANNE-SYLVAINE CHASSANY — PARIS

A French parliamentary committee has called for an overhaul of the country's intelligence services after an inquiry into last year's terror attacks highlighted patchy surveillance of known suspects and tragic miscues that allowed the plots to happen.

High on the list of MPs' proposals was the creation of an anti-terror agency that would fall under the supervision of the French president or the prime minister to better co-ordinate the multiple units spread across ministries.

MPs also urged the revival of a network of field agents, calling its unwinding in a previous reform "a catastrophe" that had prevented authorities from collecting "weak signals" from homegrown terror operatives.

"A war is being waged against us," Georges Fenech, centre-right MP and committee chairman, said yesterday. "Today, our soldiers are being sent to war with soles of lead. Our intelligence services have failed."

The French MPs concluded it was difficult to anticipate the specific attack on the Bataclan, the Paris concert hall where 90 people died in November, despite a threat against it formulated by a known jihadi in 2009.

But the three terrorists who activated their suicide vests in the hall were known to intelligence services and slipped through the cracks of surveillance, they noted.

One, French-born Samy Amimour, had managed to travel to Syria while under judicial supervision. Abdelhamid Abaaoud, the ring leader of the attacks, could also have been arrested in Athens months before, they said.

The 1,000-page report — to be released on July 12 — offers a damning assessment of a 2008 reform of France's counter-terrorist services under former president Nicolas Sarkozy. The overhaul was designed to deepen co-operation among intelligence units by merging some of them. Instead, it prompted France to diminish a network of field officers built up over half a century.

Too much emphasis has been placed on high-tech tracking of "strong signals" from the top ranks of terror groups, such al-Qaeda, at the expense of investigating the whereabouts of low-level, French-born terrorists, the MPs said.

Intelligence services in neighbouring Belgium, where many of the attackers were based, came in for particular criticism. They were responsible for at least two major failings, the MPs said.

Tributes placed at the Bataclan in Paris where 90 people were killed

In January 2015, Greek services alerted Belgium that Abaaoud was in Athens. But the Belgian services did not inform their Greek counterparts they were planning to raid Abaaoud's cell in Belgium until half an hour beforehand. Tipped off, the jihadi vanished before police swooped.

Another mistake occurred the morning after the Bataclan killings, when French gendarmes stationed in Cambrai near the Belgian border stopped a car at 9:10am that was bringing Salah Abdeslam, one of the perpetrators of the Paris attacks, back to Brussels.

Officers were suspicious and held the car. Abdeslam's name had popped up in a Belgian-filled registry for common crimes. Attached to his name was a recommendation to question him but remain discreet and not detain him. More than an hour after officers let the car go, Belgian authorities told them Abdeslam should have been in a different registry for radicalised persons.

> 'Our soldiers are being sent to war with soles of lead. Our intelligence services have failed'

"There is a problem of Belgian legislation and of the quality of the Belgian intelligence services," Sébastien Pietrasanta, the socialist MP who wrote the report, said.

The French MPs also noted that having three distinct special intervention squads — one for Paris, two at the national level — had created problems on the ground. "Why not have just one unit?" Mr Fenech wondered.

The report also criticised miscommunication between France's prison administration and police. This allowed Amedy Coulibaly, then a petty criminal, to be released without surveillance despite having become radicalised in prison. Coulibaly later killed a police officer and four Jewish hostages in January 2015.

The MPs voiced doubts over the deployment of 10,000 soldiers throughout France as part of the security response to the terror attacks. They suggested replacing them with 2,000 police officers trained to operate in an urban environment and tackle hostage crises.

When lightly armed local police officers arrived at the Bataclan on the night of November 13 to heavy automatic gunfire, they pleaded with eight soldiers patrolling nearby for help.

The soldiers asked superiors for permission. But the order never came. The police officers then asked if they could borrow their guns. The answer was another No because the soldiers were instructed never to part with weapons.

Defence industry

German arms exports rise despite pledge to curb sales

GUY CHAZAN — BERLIN

Germany has recorded a big increase in arms exports this year, an embarrassing development for the Social Democrats, the left-of-centre coalition partner whose leader had vowed to curb sales of German weapons abroad.

The value of licences granted for arms exports stood at €4bn in the first half of this year, up from €3.46bn in the same period last year. That reinforces a trend first seen last year, when arms exports nearly doubled to €7.86bn from €3.95bn in 2014.

The figures have proved particularly awkward for Sigmar Gabriel, the economics minister and Social Democrat leader, who is responsible for handing out export licences and who entered the government in 2013 pledging a more restrictive policy on arms exports.

The defence industry's export success comes at a time when Germany has increased its military budget, boosted troop numbers and expanded its contribution to Nato, in the face of global security challenges such as Islamist terrorism and a resurgent Russia.

But many Germans, mindful of their country's Nazi past, oppose military deployments abroad and are equally resistant to exports of German weaponry, particularly to unstable parts of the world such as the Middle East.

Opposition politicians have been especially critical of German arms sales to countries with questionable human rights records, such as Saudi Arabia.

Dietmar Bartsch, a leader of the leftwing Die Linke party, said Mr Gabriel should ban all weapons exports to crisis regions. "It's scandalous that Germany is sending weapons to the whole world and then is surprised that all these [refugees] come here," he said.

Agnieszka Brugger, the Greens' spokesperson on security issues, said the sales figures showed Mr Gabriel had "finally lost the last vestige of credibility" and accused the government of a "fatal change of course at the expense of security and human rights".

Mr Gabriel blamed his predecessors for the surge in defence sales. In an interview with the Süddeutsche Zeitung, he said many of the biggest arms deals were approved before his Social Democrats entered the coalition in 2013. He cited a €1.6bn contract to sell Leopard 2 battle tanks to Qatar, "which I unfortunately can't undo".

The deal, which received the government's green light in 2013, was sharply criticised within Germany because of Qatar's bombing of Yemen and its alleged support for Islamist groups in the Middle East. Mr Gabriel also noted that some of the most valuable contracts contributing to last year's total involved arms sales to allies, such as the UK, which acquired four German tanker aircraft in a deal worth €1.1bn.

Otfried Nassauer, an arms control expert and head of the Berlin Institute for Transatlantic Security, said Mr Gabriel's problem was that he was under pressure from his coalition partner, Chancellor Angela Merkel's CDU, which "wants to see even more arms exports".

He pointed to an interview by Wolfgang Schäuble, Germany's finance minister, who called for a loosening of Germany's arms export regime.

Maritime claims

Warplane clash raises Tokyo-Beijing tension

Japan denies targeting Chinese aircraft during East China Sea encounter

CHARLES CLOVER — BEIJING

A near dogfight between Japan and China — according to the latter, involving the rare use of fire-control radar to target its warplanes — has further escalated tensions between the two powers amid fears that clashes are growing more provocative.

China and Japan have spent much of the past two years embroiled in an increasingly heated dispute over territorial claims in the East China Sea, with both sides launching manoeuvres in support of this.

But the latest clash on June 17 threatened to turn dangerous, according to a statement by China's defence ministry on Monday, when Japanese warplanes used fire-control radar to "light up" Chinese counterparts and released infrared flares during evasive manoeuvres. Japan's deputy chief of cabinet yesterday denied China's claims.

Both sides agree a pair of Chinese SU-30 fighter-bombers encountered two Japanese F-15 fighters somewhere over the East China Sea, where China and Japan dispute ownership of islands known in Japan as the Senkaku and China as the Diaoyu. The nations also claim overlapping Air Defence Identification Zones, which require foreign aircraft to identify themselves.

Japanese officials say China has increased its military activity in the sea and air, obliging Japan to almost double its scrambling of aircraft to engage Chinese jets over the past three months.

Yanmei Xie, an analyst with the non-governmental organisation International Crisis Group in Beijing, said the Chinese ministry of defence's comments on Monday had probably been in response to a story last week in the Japanese press, which quoted an unnamed retired officer in Japan's air force as saying Chinese aircraft had made threatening manoeuvres during the incident. Tokyo denied the press reports.

> 'This kind of thing can degenerate, and it is hard to verify what happened'
> Yanmei Xie, analyst

"The Japanese government put this back in a box," said Ms Xie, "but the Chinese side suspects that Japan uses these unnamed officials to leak information to smear China, while not making an official accusation. So that may explain why China still felt they had to respond.

"This kind of thing can degenerate into a 'he said, she said' situation, and it is very hard to verify what happened."

Ian Storey, of the Institute of Southeast Asian Studies in Singapore, said a radar lock by either side would be a "very dangerous move" because the targeted plane would have seconds to decide whether it was under attack and how to respond. That raises the possibility of accidental fire, something military analysts see as a possible result of the growing spats.

Japanese officials did not deny the claims that its aircraft had fired infrared decoy flares during the incident, a move that would be consistent with believing they were under attack.

The last time fire-control radar was allegedly engaged in the East China Sea was in January 2013, when Japan's defence ministry said a Chinese frigate had locked a weapons radar on to a Japanese destroyer, calling the incident "a unilateral, provocative act and extremely regrettable". China denied the claim following an internal investigation.

Maritime tensions in the western Pacific are edging higher a week ahead of an international ruling on a dispute between China and the Philippines over sovereignty claims in the South China Sea.

An arbitration court in The Hague is expected by analysts to rule in favour of the Philippines and invalidate many, if not all, of Chinese claims in the South China Sea. China has already rejected the arbitration proceedings.

Election

Australia prime minister rejects calls to step down

JAMIE SMYTH — SYDNEY

Malcolm Turnbull has rejected calls for his resignation over his government's poor performance in Australia's election, as one of his predecessors as prime minister warned fellow Liberals not to "start slitting their throats".

The opposition Labor party is running neck and neck with the Liberal-National coalition after Saturday's vote, with both sides needing 76 seats to win a majority in the 150-seat lower house of parliament. As vote-counting resumed yesterday, analysts said the election outcome was expected to be decided in 10 seats where the result remained too close to call.

Mr Turnbull is facing criticism from Labor and within his own party following the poll, which could result in a hung parliament and months of political instability. But John Howard, a former Liberal prime minister, said the party needed to show unity.

"This hasn't been an outcome we wanted but it's not the end of the world and people shouldn't start slitting their throats — certainly not Liberals — and they should remember the character of their party," said Mr Howard.

At least two senior ministers backed Mr Turnbull publicly yesterday, including Peter Dutton, a leading conservative figure in the Liberal party and immigration minister. He told Sky that he had spoken to many of his party colleagues and that no one was suggesting a change of leader.

Mr Turnbull signalled his Liberal-National coalition would reverse some proposed health reforms and listen to public concerns as it sought to tackle disillusion with mainstream politics.

"I want to make it quite clear that as prime minister and leader of the Liberal party, I take full responsibility for our campaign," said Mr Turnbull.

"I am very satisfied that I have the skills to do my job as prime minister."

Australia has developed a brutal political culture over the past six years, which has seen five prime ministers deposed through leadership coups or election defeats. Mr Turnbull ousted Tony Abbott as prime minister just nine months ago and there remains simmering discontent on the right wing of the Liberal party towards Mr Turnbull, a former lawyer and Goldman Sachs banker.

Cory Bernardi, a rightwing Liberal senator, said on Monday that those involved in the coalition's electoral disaster should "examine their conscience" and "do the right thing". Peta Credlin, the former chief of staff of Mr Abbott and now a political analyst, told Sky TV that Mr Turnbull had "broken the Liberal party's heart".

Asked who was to blame for the election result and who would face dismissal, Mr Turnbull said the result was disappointing but he accepted the verdict of the Australian people.

"Wallowing in blame and recriminations, that's for people who want to look backwards," he said. "Barnaby [Joyce, the deputy prime minister] and I look forwards. Leaders lead, you know, others can blame. I'm not interested in that."

Mr Turnbull accused Labor of peddling "a grotesque lie" during the election campaign that the coalition proposed to privatise Medicare, Australia's publicly funded universal healthcare system. But he said the government would have to address this to rebuild public trust on health issues.

Analysts said this might lead to a reversal of coalition reforms, including a freeze on government payments made to doctors to subsidise patient costs. These reforms were introduced to tackle Australia's budget deficit and any move to scrap them could increase pressure on the government's pledge to balance the budget.

Voters go to the polls in Queensland in front of a Labor poster urging the saving of Medicare from privatisation, described as a 'grotesque lie' by Malcolm Turnbull, below left
Brian Cassey /EPA

Count

Postal votes contribute to result's delay

Several days after Saturday's general election in Australia there is still no final result — a delay that is adding to a sense of political crisis for the government of Malcolm Turnbull, the prime minister. There are several reasons for the hold-up.

The first is that the contest is extremely close, with less than half a percentage point separating the Liberal-National coalition and Labor so far. By last night, eight of the 150 seats in the lower house were still considered too close to call. Australia's state broadcaster ABC calculates that the LNP has so far won 70 seats and Labor 67, with minor parties taking five.

The second is that a higher than usual number of postal and absentee votes in this election — up to 3m in a registered electorate of around 15.5m — has made it more difficult to call a result in constituencies where the race is tight. The Australian Electoral Commission began counting these ballots only yesterday following the introduction of tougher scrutiny of counts. The controls were imposed after a 2013 debacle in which 1,375 Senate votes went missing, prompting a rerun of some polls.

Under Australian law, postal votes remain valid as long as they are received within 13 days of an election.

Most observers believe a result for the lower house will be known later this week. But a complicated optional preferential voting system used for Australian Senate elections means the outcome for the powerful upper house, which can block legislation, may not be known for weeks.

Jamie Smyth

Appointments

Modi draws diverse castes and regions into India's government

AMY KAZMIN — NEW DELHI

Narendra Modi inducted 19 ministers into India's government yesterday in an attempt to engage constituencies beyond his party's traditional upper-caste Hindu base and with an eye on forthcoming state elections.

The prime minister's choices — from diverse states and many from the lower rungs of the caste ladder — reflect complex calculations ahead of legislative assembly polls in the bellwether state of Uttar Pradesh and other state elections due next year.

Critics say the appointments make a mockery of Mr Modi's campaign slogan "minimum government, maximum governance" and his promise of "government with a difference". Five low-profile ministers resigned yesterday but the tally has still risen to 78.

"This looks like any old Indian government with the same old arithmetical calculations of caste and region driving the combination of the government, rather than any semblance of wanting to be able to deliver," said Siddharth Varadarajan, founding editor of The Wire, a digital news agency.

"It's the age-old reliance on the political machine, rather than governance, on winning elections."

Among the appointees are five Dalits, once considered "untouchable", two with tribal backgrounds and a clutch from what are known as "other backward castes".

The appointments are widely seen as early preparations for 2019 national elections, in which Mr Modi has said he will seek a renewal of his mandate.

"This is highly political, highly election-focused," said Sanjay Pugalia, editorial director of The Quint, a digital news organisation. "There is no objective in gathering these people other than to attract votes from certain audiences or constituencies in upcoming assembly elections, leading up to parliament elections."

Government officials denied that ministers had been chosen based on political considerations, saying they had been rigorously screened for their ability to deliver effective governance. "The expansion comes after an exhaustive vetting and selection process to find the best talent," one said. "People were assessed on the value they would bring to the union council of ministers."

Appointees include PP Chaudhary, a constitutional lawyer; Subhash Ram Rao Bhamre, a physician specialising in cancer; and MJ Akbar, a journalist once closely connected with the opposition Congress party. Four have been ministers in state government before.

India is set for a period of intense electoral politics in the months leading up to 2017. Next year governments are due to be elected in seven states including Punjab, Mr Modi's home state of Gujarat and Uttar Pradesh, the largest with a population of 200m.

Mr Modi's Bharatiya Janata party is determined to win control of Uttar Pradesh, which has been ruled by the regional Samajwadi party since its most recent election in 2012.

The northern state has a rich haul of 80 seats in India's 545-seat parliament, which means it is considered key to maintaining political control in New Delhi. Uttar Pradesh is also considered crucial to the fortunes of the battered Congress party, led by Italian-born Sonia Gandhi and her son Rahul.

Emerging market. Economic headwinds

Mexico's central bank chief braced for Brexit fallout and US election risks

Carstens says growth can be maintained despite drop in peso and inflation pressures

JUDE WEBBER — MEXICO CITY

Mexico's central bank governor Agustín Carstens expects his country to maintain its 2.4-2.5 per cent growth rate in 2016, in spite of economic headwinds and Brexit-related fallout.

Matching last year's growth of 2.5 per cent will not be easy for a country battling a battered peso and inflationary pressures that last week prompted a surprise half-point rate increase.

The Bank of Mexico has regularly slashed economic forecasts over the past couple of years amid collapsing oil prices, slow-to-deliver structural reforms and what the bank calls an "unfriendly world economy". Furthermore, Mr Carstens expects "enhanced volatility" for the rest of 2016 as the US election reaches its peak and the dust settles from Britain's vote to quit the EU. Still, he told the Financial Times: "If subsequent [Brexit] developments are handled in an orderly, constructive fashion — that is an important if — I think it [the impact] should be manageable."

The central banker, who also chairs the governing body that advises the International Monetary Fund on how to respond to unfolding crises, appears as baffled by Brexit as many in Britain. A firm believer in globalisation, he says "economic collaboration and integration is of the essence" and the full impact of the UK leaving Europe is as yet hard to anticipate.

The Mexican peso has been in the line of fire. As the most liquid emerging market currency, it represents a convenient hedge and briefly touched an all-time low of just under 19.52 to the dollar on the UK referendum result. It rallied on the rate cut, but has since weakened again and is trading at just above 18.6.

The US elections could pose even bigger risks if Republican Donald Trump, who wants a border wall and an end to US companies relocating to lower-cost Mexico, wins in November. "We have to be very cold-headed," Mr Carstens said, noting "real gains of trade" in the bilateral US-Mexican relationship "that should be the leading consideration".

For now, volatility looks set to continue — which can curb investors' appetite to put money into Mexico, Mr Carstens said. "What Mexico needs to do is to distinguish itself from other emerging markets and the way of doing it is by having a consistent and congruent macro framework — adequate fiscal and monetary policy to accommodate the shocks we are facing," he said.

As such, Banxico, the central bank, "took the liberty . . . of reminding" the finance ministry on June 30 of the need to deliver a primary surplus next year when it raised its benchmark interest rate to 4.25 per cent. A surplus would be Mexico's first since 2009.

The finance ministry had already announced 2016 budget cuts of 31.7bn pesos ($1.7bn), on top of a previously announced 132bn pesos in cuts this year and 175bn in 2017. The central bank, fearing peso weakness would stoke inflation, delivered its second half-point rate rise in four months.

While inflation, which has been at historic lows, is in no danger of spiralling and should end the year "slightly above 3 per cent", Mr Carstens said Banxico "wanted to be ahead of the curve".

Though Banxico raised rates in parallel with the US Federal Reserve in December and made clear it wanted to shadow the Fed, it has forked off on to a different path. "The decisions of the Fed will still be very, very important," Mr Carstens said. "But Brexit illustrates very clearly that there are events where the impact on inflationary expectations is very, very different."

While the US dollar as a safe haven sparked dollar appreciation and reduced inflationary expectations in the US on Brexit, Mexico's peso depreciation stoked them. While Mexico delivered a rate increase, the Fed's tentative talk of a fresh rate rise now looks on ice.

So will Banxico's latest increase be enough? "We will see," Mr Carstens said, with a laugh because of the imponderables on the horizon. "I would hope so."

Mexico's economic turmoil

Sources: Thomson Reuters Datastream; Consensus Economics


BY APPOINTMENT TO THE ROYAL DANISH COURT
LINDBERG

FT BIG READ. TACKLING CORRUPTION

The likes of the US, UK and Switzerland are cracking down on kleptocracy, but in extending their reach these global policemen have faced difficulties in establishing ways to return illicit assets to citizens.
By Kara Scannell

Moving money out of purgatory

$84m Money returned

KAZAKHSTAN
In 1999 bank accounts linked to President Nursultan Nazarbayev's finance ministry were frozen on suspicions of money laundering. A deal was struck in 2007 by Kazakh officials, Switzerland, the US and the World Bank to set up an independent foundation to return the money to the country. Bota donated all its funds but, without the continued support of the Kazakh government, was subsequently wound down.

$30m Money agreed to be returned

EQUATORIAL GUINEA
In 2011 the US sought $80m in assets it alleges Teodoro Nguema Obiang Mangue, the son of the country's president, stole and used to fund an extravagant lifestyle. Mr Obiang, known as Teodorin, agreed in 2014 to turn over $30m in assets. The DoJ plans to return the money to a charity to benefit Equatorial Guinea — but it first needs to sell his former Malibu mansion.

$1.3bn Money returned

NIGERIA
Sani Abacha stole as much as $5bn when he was president of Nigeria from 1993 until his death in 1998, according to Transparency International. So far, $1.3bn has been repatriated and in March the Swiss announced an agreement to return another $321m. The US agreed in 2014 to return $480m but the money is in purgatory awaiting court appeals by entities linked to the Abacha family.

Aaron Bornstein arrived in Kazakhstan in February 2009 with $84m and a daunting assignment. His job was to hand out millions of dollars to impoverished families, non-governmental agencies and students who wanted to pursue secondary education. The catch was that he could not have any dealings with the Kazakh government, which was not exactly happy to see him coming.

The money had been frozen in 1999 and the US later alleged that it had been used to pay illegal bribes to top Kazakh officials under Nursultan Nazarbayev, the country's long-serving president. Now, Mr Bornstein was in Kazakhstan to give the cash back to the citizens who, according to US and Swiss authorities, it had been stolen from.

Mr Bornstein, an international aid worker, and his team set up field offices, screened local hires to weed out anyone with government ties and created a database of qualified recipients. The foundation was named Bota, or "little camel" in Kazakh.

Over the next six years — two longer than projected — Bota distributed all the money Mr Bornstein had arrived with, plus $31m in interest. In that time, more than 150,000 mothers and children received nutritional assistance and early education programmes. Scholarships were handed out to 841 students.

For the US Department of Justice and its "Kleptocracy Initiative", which was launched in 2010, Bota was a victory in the global battle against official corruption. But even supporters acknowledge that it will be hard to replicate in other countries where corruption is rampant or when larger sums of money are involved. And it was burdened by the fact that, at heart, the DoJ is a law enforcement agency, not a charity.

> 'The fact that the US, Britain, and the Swiss are a magnet for these illicit assets presents an integrity problem'

"It was over-bureaucratised," Mr Bornstein recalls. "The Department of Justice is not a development agency. It just wasn't its priority."

It is difficult enough for law enforcement agencies to successfully bring international graft cases and seize stolen assets. But it is proving just as difficult to return the money to the citizens without it landing back in the hands of the thieves.

That quandary has become more acute as the US, UK, Switzerland and other countries extend their reach as global policemen tracking stolen assets. The World Bank's Stolen Asset Recovery Initiative estimates that $20bn-$40bn a year is stolen from developing countries. Others say it could be as much as $1tn.

$1.5bn Money tied up by the US belonging to Nigeria, Uzbekistan, Thailand and Ukraine that is in litigation

The US has more than $1.5bn belonging to Nigeria, Uzbekistan, Thailand and Ukraine tied up in bank accounts in various stages of litigation as part of its Kleptocracy Initiative. Earlier this year the DoJ announced forfeiture actions freezing $850m it alleges were bribes paid to Uzbek officials to award telecoms contracts.

Of that, only about $120m, or one-eighth of the frozen assets, has been returned to the victim countries.

"When you think about the money that's stolen it's like an inverted pyramid," says Shruti Shah, vice-president of programmes and operations at Transparency International USA. "The top is the money that's stolen. A smaller percentage is frozen and a minuscule percentage is actually returned.

"All government and international institutions should work harder to try to find solutions."

$1tn Annual estimate of money stolen from developing nations, according to ONE, Bono's anti-poverty foundation

The UN convention against corruption says money should be returned to the victim country without conditions. But countries including the US, UK and Switzerland have generally insisted on terms to ensure that the money is not stolen again. That often means cash is tied up in litigation.

Funding extravagance

In 2011 the US sought $80m in assets that it alleged Teodoro Nguema Obiang Mangue, the son of the president of Equatorial Guinea, stole and used to fund an extravagant lifestyle — a Gulfstream jet, a $30m Malibu mansion, nearly $2m in Michael Jackson memorabilia and a Ferrari. After three years of court battles, the DoJ reached a settlement with Mr Obiang agreeing to turn over $30m in assets.

He managed to keep a crystal-encrusted glove Jackson wore during the "Bad" tour and his Gulfstream jet. The DoJ plans to return the money to a charity to benefit Equatorial Guinea — but it first needs to sell the six-bedroom mansion perched above the Pacific Ocean.

Sani Abacha stole as much as $5bn when he was president of Nigeria from 1993 until his death in 1998, according to Transparency International. About $3bn of the funds are tied up in Lichtenstein, Switzerland, the UK, US, France, Luxembourg and the Channel island of Jersey. So far, $1.3bn has been repatriated and in March the Swiss announced an agreement to return another $321m.

The US agreed in 2014 to return $480m but the money is frozen awaiting court appeals by entities linked to the Abacha family.

Muhammadu Buhari, a former military ruler who became Nigeria's president in 2015 after pledging to clean up graft in the oil-rich country, summarised the difficulties at an anti-corruption conference in London this spring. "Our experience has been that repatriation of corrupt proceeds is very tedious, time-consuming and costly," he said.

Even with agreements, civil society groups are concerned that the Abacha money will be misused. An earlier tranche that was returned was placed in the central budget with little transparency or accountability to ensure it was spent as intended.

David Ugolor, executive director of the Africa Network for Environment and Economic Justice, a civil society group in Benin City, says: "The issue of asset recovery cannot be discussed in the absence of the victim." His organisation would like the money to go toward supporting victims of the Boko Haram Islamist group, people harmed by oil exploration and education.

"We're very concerned about the US government putting its money where its mouth is. Too much policy without action doesn't mean anything to Nigeria and its people," says Mr Ugolor. DoJ officials say they will engage civil society groups after the court process is over.

Sometimes it is easier to return the cash — especially when there has been a change in power. Last year the DoJ returned $1m to South Korea that was allegedly stolen by a previous president, Chun Doo-hwan.

US prosecutors argue that the corruption cases are within their jurisdiction as long as the proceeds pass through America, whether in bank accounts, fancy cars or beachfront property.

"We want to protect the US financial system from becoming a haven for these proceeds," says a US official. "Where you have a rotten government — those are the kinds of places where organised crime and terrorism take root."

US officials also point to another benefit — tying up the money for years will deprive dictators from thriving off of it.

Yet some sceptics say the US is part of the problem because it allows for impenetrable shell companies that corrupt dictators can use to mask their purchases. Earlier this year, the US said it would require banks to verify who the true owners are behind accounts.

"The fact that the US, Britain, and the Swiss are a magnet for these illicit assets presents an integrity problem," says Mr Bornstein. "The new government in power will say my guy may have stolen the money but your system allows that to happen."

Transferring the cash

Establishing the Bota foundation was drawn out over a decade. In 1999 the Swiss government froze bank accounts linked to Mr Nazarbayev's finance ministry on suspicion of money laundering. Four years later the US indicted an oil executive and an American businessman in an alleged bribery scheme. Both later pleaded guilty.

Kazakhstan laid claim to the money and after years of negotiations, an agreement was struck in 2007 between Kazakh officials, the Swiss, the US and the World Bank to set up an independent foundation as a way to return the funds to the country. It took another year of talks to hash out the specific terms of the pact.

Mr Nazarbayev was still in power and both the US and Swiss worked to ensure the foundation was completely independent from the Kazakh government.

After competitive bidding, the World Bank chose Irex, an educational nonprofit group, and Save the Children to run the programme. Mr Bornstein was hired and dispatched to Almaty, the country's business capital. The biggest concern when setting up the foundation was to ensure the money would not leak back to the government.

"It was a little bit of a constraint for us," says Kathy Evans, director of Irex. "Kazakhstan is a socialist country so everything is tied to the government. We're supposed to be working with schools and health clinics and to find any not tied to the government was challenging and not always the best alternative."

> 'It [the Bota scheme] was over-bureaucratised. The DoJ is not a development agency. It just wasn't a priority'

Bota started in two regions and expanded to six. To launch a conditional cash transfer programme, which pays parents about $15 to have their children vaccinated, among other things, it opened field offices and had mobile enrolment centres that travelled from village to village.

"They used a lot of volunteers instead of government social workers," says Penny Williams, senior operations officer for the social protection unit at the World Bank. "They found ways to abide by the commitment that it would be independent of the government."

Bota's work sometimes ground to a standstill as it waited for all three governments to approve budgets. "We delayed when we had to delay. It wasn't a turn off the lights situation but we had to delay payments" to tens of thousands of individuals, says Mr Bornstein.

In one programme Bota said it delivered $56m to 154,241 beneficiaries under the cash transfer programme and 74,470 children were provided early childhood education. In another it distributed 632 grants worth $12.5m to NGOs to support the creation or expansion of social services. Of the 841 needs-based scholarships granted to poor and vulnerable youth, more than 90 per cent of the recipients were the first in their family to access higher education, the foundation said.

Bota surpassed its stated goals except one — the agreement called for it to continue "to operate as a functioning foundation". But without the support of the Kazakh government it was wound down after the money was distributed.

"The government was quite co-operative with us but once the time period was over it wanted to be done with it. It didn't want people asking questions," says Ms Evans of Irex.

The project helped many poor families, but its closure has left a void.

"Nobody is working on child welfare issues on a comprehensive basis," says Janyl Mukashova, a Kazakh who was director of Bota's social services programme. "It's a pity."

Applying the model

As the US steps up its efforts to rein in kleptocrats many challenges remain. In the mobile phone bribery case, Uzbekistan has argued the $850m should be returned unconditionally since it arrested individuals in connection with the bribery scheme. If the US prevails it will need to find a way to return the money while dealing with the same officials. There have been some discussions about following the Bota model, but the Uzbek case is of a bigger magnitude.

"Whether a Bota foundation arrangement is remotely feasible in a country as repressive and corrupt as Uzbekistan is truly a serious question that everyone is asking and scratching their heads about," says Ken Hurwitz, head of the Open Society Justice Initiative's anti-corruption legal work.

Some question whether prosecutors should be in the business of collecting money if they do not have clear pathways to return it. But others say patience is needed.

"For one thing [the DoJ has] only been making a serious effort for a few decades in creating what is in effect a new area of law," he says. "There is a huge learning curve. We're not there yet but when there is a critical mass of such cases then there becomes a deterrent effect," he says.

Speed read

Kazakh model Bota's work was praised but some question whether it would work in more repressive states

Gloomy view Nigeria's Muhammadu Buhari has said 'repatriation of corrupt proceeds is time-consuming and costly'

Deterrent effect A UN convention says money should be returned to the victim country without conditions

FINANCIAL TIMES
'Without fear and without favour'
WEDNESDAY 6 JULY 2016

EU trade deal bows to the power of parliaments

Brussels cedes ratification of pact with Canada to its member states

Even before the UK had voted to leave the EU, the tensions over authority between the member states and the European Commission across a range of issues had steadily been ratcheting up. The latest source of disagreement was the EU's proposed trade deal with Canada, which was finalised by negotiators in 2014 and requires ratification by both sides to take effect.

This week it became clear that the constituents had won the battle against the centre. On Tuesday the commission backed down from the attempt by Jean-Claude Juncker, its president, to drive the treaty through by rubber-stamping it at an EU level. Instead, each member state will separately ratify it, if necessary by a vote in national parliaments.

Given the toxic atmosphere surrounding trade deals at the moment, that may well consign the EU-Canada Comprehensive Economic and Trade Agreement to a painfully slow process of ratification, if not to oblivion. Even so, the politics surrounding the relationship of the member states with the centre are currently so sensitive that there is little point inflaming them for the sake of a trade deal which in any case has limited impact.

Technically, it is the European Parliament that has the power to block ratification of a trade deal, a power it acquired as a result of the Lisbon treaty on the functioning of the EU, which entered into force in 2009. The member states must also agree to ratify, but do not necessarily have to consult their legislatures. However, greater scrutiny by the European Parliament, plus rising public discontent with the EU in general and trade deals in particular, has made more control by national parliaments politically astute.

The CETA deal itself is a net positive overall: it does deliver some cuts to tariffs on manufactured goods and commodities. But it is weak on services integration, the real future for trade between advanced economies; even the two sides accept that the overall impact on economic growth is small. While it is worth having, CETA is certainly not an agreement so valuable it justifies blowing up the EU.

True, putting CETA on hold will further reduce momentum behind the Transatlantic Trade and Investment Partnership, a much more comprehensive EU trade and regulatory deal being negotiated with the US. But TTIP was deep in trouble in any case. The UK vote to leave the EU will remove one of the strongest voices arguing in favour of new trade deals, so the damage done to the EU's wider trade strategy is not dramatic.

To its credit, the EU has improved its transparency when it comes to negotiating bilateral and regional trade deals. It has released more negotiating texts and promised to open up the controversial mechanisms of investor-state dispute settlement, which allow companies to sue governments directly, to more public scrutiny. Still, the accumulated suspicion arising from many years of secrecy surrounding trade deals has fuelled criticisms that these moves towards transparency have not been able to assuage.

The UK's vote to depart the EU should occasion soul-searching in Brussels as well as in London. The popular animus against a centralised and unaccountable Europe does not begin and end in Britain. No one doubts that the EU has competency over much of what goes into trade deals, but that does not mean that the commission should be trying to ram through agreements rather than allowing ratification country by country. The commission's decision, while it will delay and complicate policymaking in the future, was the right one to make.

Britain should have no truck with xenophobia

The post-Brexit upsurge in hate crime must be curbed

Four years ago, when Britain hosted the Olympic Games, the nation did so in the spirit of a multicultural society, celebrating the diversity of its many parts. The public embraced the success of foreign-born UK athletes such as Mo Farah every bit as much as they did those of native stock.

That generous spirit seems to have been one of the biggest casualties of the EU referendum campaign. In the week since the nation voted to leave the EU on June 23, True Vision, the online police website, has recorded 331 incidents of hate crime, a 500 per cent increase on the average. On social media there has been an ugly spike in chauvinism. Foreign-born schoolchildren have been abused in the street, and buildings associated with minorities defaced.

These outpourings may represent the views of only a tiny minority in a country of 65m. But before Britons take refuge in complacency, it is also worth noting that the data show they represent the acceleration of a latent, recent trend. According to Tell Mama, a website that tracks Islamophobia, there was a 370 per cent increase in anti-Muslim attacks last year. Anti-Semitic attacks also rose to near record levels.

There is a danger that, left unchecked, this trend will erode hard-won gains made over decades towards a more open and tolerant society to which ethnic minorities and foreigners have been able to contribute at every level. Some may welcome the idea of Britain reverting to what the author Christopher Isherwood called a "right little, tight little island". But it will be less appealing for outsiders to visit or for foreign capital to invest in, and will have less stature on the global stage.

The mood is tangibly uglier since the Brexit vote, underlining the risks that mainstream politicians from the leave campaign took by focusing on immigration. The identity politics in which they engaged at times blurred the distinction between their positions and those of the extremes. The effect has been to give license to views that were previously rightly beyond the pale — a dangerous development at a moment when sections of the population feel dispossessed by economic change.

Most people who voted to leave were not motivated by xenophobia. But it does appear that many racists have been emboldened by Brexit. Nor was the referendum debate the only occasion on which identity issues have disfigured mainstream politics. London's recent mayoral elections, for instance, saw the Tory party play on public fears by trying to draw links between the Muslim Labour candidate and Islamist extremism.

The outgoing prime minister, David Cameron, is right to allocate additional funds to the police to crack down on the upsurge in hate crime. In itself, however, that is not enough. Those politicians who played with fire have a responsibility now to douse the flames. The anger stirred up by their campaign has unsettled ethnic minority communities, and foreigners working in the country.

To dispel the doubts they now harbour about their future status, EU citizens already resident in the UK should be given every assurance that whatever happens in Britain's exit discussions they will be able to remain. Threatening instead to make them bargaining chips in future negotiations, as one leading contender for prime minister, Theresa May, has done, is wrong in principle and only invites retaliatory action against expatriate Britons.

Immigration is a fact of life. A debate around its limits is necessary. But it needs to be managed carefully, in a way that is fair to all concerned and that does not inflame nationalist sentiment.

Letters

Email: letters.editor@ft.com or
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Include daytime telephone number and full address
Corrections: corrections@ft.com

Our climate change act does not depend on EU

Sir, Pilita Clark, in "UK move to set CO2 target faces challenge" (FT.com, June 30), quotes a press release by the Global Warming Policy Foundation alleging that the fifth carbon budget "may be unlawful" as a consequence of the EU referendum result.

There is no foundation to this claim. The UK's Climate Change Act is a domestic law. It doesn't depend on EU membership. Carbon budgets are set primarily to keep the UK on the most cost-effective trajectory to meeting its long-term domestic emissions targets. Ironically, the solution that was proposed to this fictional legal problem — a delay in adopting the carbon budget — would constitute a clear breach of UK law. As it happens, EU ambition is one of many other relevant considerations when budgets are set but there is no suggestion that Brexit would affect this, let alone in a way which would require UK ambition to be lowered.

The EU's Emissions Trading Scheme is no reason for hesitation either. It is relevant when we set a budget but mainly because of a technicality in how we currently use it to count our emissions. There's also no concrete reason to suspect we'd stop using the ETS on leaving the EU — it currently applies to Iceland and Norway.

Any considerable changes in the UK's situation that would elicit a reassessment of the fifth carbon budget (like stopping the use of the ETS to count emissions, or bringing ambition in line with the Paris Agreement) would be covered by provisions in the Act that allow changes to be made. But this scenario would involve a scaling up of ambition — as well it should — not a decrease.

Given current political uncertainty, the setting of a clear and unambiguous fifth carbon budget is greatly to be welcomed. The Climate Change Act is doing exactly what it should be doing: providing certainty to investors and ensuring the UK will continue to lead in climate action in the years ahead.

Jonathan Church
Climate & Energy Lawyer,
ClientEarth,
London E8, UK

Phasing down HFCs set to continue the momentum

Sir, Your editorial "We have saved the planet once, now let's do it again" (July 4) notes that "decisive action against [chlorofluorocarbons] 30 years ago has already had a substantial impact on the fight against climate change". Indeed: phasing out CFCs, through consumer boycotts and the Montreal Protocol, avoided as much warming as caused by carbon dioxide today.

In addition to this success being "useful ammunition" in the fight against climate change, the treaty is ready to do still more climate protection by phasing down hydrofluorocarbons , potent climate gases developed as replacement for CFCs (see "Antarctic's shrinking ozone hole linked to decline in CFC use", July 2).

Importantly, parties to the protocol are poised to amend the treaty to phase down HFCs, which could avoid 0.5°C warming by 2100, and even more by catalysing efficiency in air conditioners and other appliances when switching from HFCs.

Extraordinary meetings of the Montreal Protocol in Vienna this month will set the stage for agreement at the annual meeting in Rwanda in October. Phasing down HFCs is the largest climate opportunity this year, and critical to continuing the momentum of last year's Paris Agreement.

Durwood Zaelke
President,
Institute for Governance and Sustainable Development,
Washington, DC, US

Japan does not have fiscal space for more stimulus

Sir, One has to be surprised at the short-termism of your editorial cautioning Japan against adopting policies to weaken its currency ("Japan should not resort to currency depreciation", June 30), since its suggestion that Japan's best policy response to an appreciating currency would be a strengthening in demand via fiscal policy is almost certain to compound Japan's already serious public debt sustainability problem.

The sad reality is that Japan does not have the fiscal space to indulge in yet another round of fiscal stimulus. At more than 230 per cent, the country already has by far the highest gross public debt to gross domestic product ratio among the G7 countries. It also has a large budget deficit that, according to the International Monetary Fund, risks raising that ratio to 300 per cent over the next decade. This is hardly a good idea at a time when the country has a rapidly ageing population that is already putting its household saving rate on a steeply declining path.

Lacking fiscal space and recognising that a more expansionary fiscal policy could have the effect of further strengthening the currency, Japan would seem to have little alternative but to pursue an even more aggressive monetary policy and to fire more forcefully Abenomics' third arrow of structural reform than it has been doing to date.

As has generally proved to be the case in the US, Europe and Japan, unorthodox monetary policies if pursued sufficiently aggressively can succeed in weakening the currency without direct foreign exchange market intervention.

Desmond Lachman
American Enterprise Institute,
Washington, DC, US

'Being a trade negotiator wasn't always a sexy job'

Beware of sowing false divisions over Brexit vote

Sir, The FT's coverage of the referendum debate and its disastrous consequences has been excellent, but you sow false divisions in describing the UK as "fragmented between rich and poor, young and old, north and south" ("The Tories need a leader with a plan for Britain", editorial July 2). Wealth, age, region and education levels were not absolute determinants of preference for Leave or Remain; there were many voters on either side in all of these categories. For example, 40 per cent of the higher age group voted for Remain. Roula Khalaf ("Post-result mourning and the millennial vote", Notebook, June 30) feeds intergenerational antagonism in arguing that "the older generation has voted to strip the young of a cherished European identity".

Richard Batley
School of Government and Society,
University of Birmingham, UK

Both camps are feeling a sense of exclusion

Sir, I really enjoyed Kazuo Ishiguro's measured and highly personal article "The remains of the UK" (Life & Arts, July 2). Ishiguro refers to the feeling of "disenfranchisement" experienced by Leave voters. As a psychotherapist, this sense of separateness/exclusion is the strongest emotion I've witnessed in my consulting room this past week.

Interestingly, although their politics and priorities may differ widely, what unites Remain and Leave supporters, I believe, is precisely this sense of disenfranchisement. Both camps are feeling hard done by — whether pre- or post-June 23. It's human nature to project our own issues on to others, whether it's our lover, our family, our politicians, the media, "the elite", Europe or all of the above. Few of us pause to reflect how we all played our part — no matter how we voted — to create the unstable situation we've now found ourselves in.

Hilda Burke
London W6, UK

Globish will take over and level the playing field

Sir, Nicholas Ostler thinks there is little reason to suppose that the English language will be cherished on the continent in the future ("English is about to lose its continental crown" June 30). Cherished maybe not, but used for sure. English is de facto the common language of millions of Europeans, it is relatively easy to learn and a convenient lingua franca.

The good news about Brexit will be the departure of British people from European institutions: their unfair command of the language gave the UK a competitive edge to push a hidden agenda. After Brexit, Globish will take over and it will be a level playing field for everyone.

Stéphane Magnan
Issy, France

UK's corporation tax cut should just be the start

Sir, It's no surprise that the UK chancellor plans to reduce corporation tax to less than 15 per cent. Cutting corporation tax has been a flagship feature of the government's programme to show the UK is open for business. There is more reason now than ever to shout that message loud and clear. But the headline rate of tax is just that: a headline. While the rate undoubtedly drives some business to our shores, there's much more to tax policy and how it shapes the economy.

For instance, do we want to revamp our industrial hinterland or catapult the creative sector? Do we want to encourage capital investment or boost employment? Brexit will allow more freedom to use tax to help different people, regions and industries. We need a broad package of policies and their objectives to be crystal clear. Many will question why anyone should get a tax break in these challenging times. The government needs to forecast and communicate the expected benefits.

These policies cannot be developed overnight, nor do they need to be. The intended cut in corporation tax is hopefully the start of a more detailed programme. And while tax is an important lever to lure overseas business, let's not forget the UK has much going for it as a financial hub, including a pre-eminent legal system, access to funding, accessibility — not to mention that people like living here. Tax should be about reinforcing why the UK will remain a top location to do business.

Kevin Nicholson
Head of Tax,
PwC,
London WC2, UK

Think of the effect on poor countries, Mr Osborne

Sir, If the UK government presses ahead with further cuts to corporation tax it risks undermining its own efforts to reform the global tax system. The UK corporate tax rate was 28 per cent in 2009 but could now fall below 15 per cent. This is part of a wider trend that has seen corporate tax rates fall across the world. The implications are far-reaching, but it is the world's poorest countries that stand to lose the most from this downward spiral because they are more reliant on corporate tax revenue than is the case in the UK.

Developing countries, estimated to lose $200bn a year to corporate tax avoidance, are pressured by cuts in the UK and elsewhere into offering ever-lower tax rates. Healthcare, schools and other key public services are left starved of resources as they are deprived of revenue, and it is women and children who are worst affected.

While some may make the theoretical case against corporation tax, the reality is that if we fail to tax corporations, the value created often ends up out of reach of national revenue authorities — particularly those in poor countries. Tax havens are a particularly popular place to park corporate profits.

George Osborne should rethink his corporate tax cut. As IMF managing director Christine Lagarde says, "the problem with a race to the bottom is that everyone ends up at the bottom".

Charlie Matthews
Advocacy Adviser,
ActionAid UK

The first rule of Brexiquette: do not mention the B-word

Notebook
by Lisa Pollack

Caffeine, conference calls, overcrowded trains, genuine enthusiasm — there's only so much of each that I can handle in a day. And to this list I add the fog of Brexit, along with its political, economic and existential fallout. Whether you voted Leave or Remain in the referendum, or did not have a vote at all, there is a limit to how much discussion of the topic a person can take in 24 hours. If we're going to get through this we will need to converge on some form of Brexit etiquette. "Brexiquette," if you must.

For starters, if you want to talk about the referendum — and how it is going to affect your life plans, career and cat's EU passport — please recognise that your conversational partner might have reached their daily quota and is about to burst.

Short of wearing "Do not disturb with Brexit" badges, we'll have to get better at reading each other. Is this a face that says "Tell me about how Scotland can block Article 50 and therefore Brexit"? It could be. But it's probably not.

This advice should also be taken to heart by those interacting with Brits abroad. "What do you think is going to happen?" or "How long will it take?" These are questions to which our politicians — who are paid to have answers — have no credible responses right now. I've been quizzed along these lines this weekend in Vienna, where I am attending an academic workshop. It brings back memories of being asked as an American abroad (before I became a Brit) about the Monica Lewinsky scandal and the re-election of President George W Bush. Then, as now, if my answer starts with "Yeah . . . " and my eyes become unfocused, the thing to do if you don't hate me is to change topics. The weather in Vienna is so much nicer than London! Nudge.

Next, don't make assumptions about how a person voted. Asking mournfully "How you holding up?" of someone who you wrongly believe voted to remain, is like offering a seat to a woman who turns out not to be pregnant. There is no decent way to backtrack from there. Best to avoid getting into the situation at all.

That said, if you can manage to get there respectfully, it is worth having discussions with people who voted the opposite way to you. Not having these chats diplomatically is part of what has made the referendum and its result so divisive.

If this is too much to bear, use the speed-dating trick of treating it like an exercise. I mean, going to speed-dating is absolutely not about the fact that you are in your thirties and increasingly anxious to find someone who shares your love of National Trust properties and BBC Radio 4. Of course not. It's that you want to practise making small talk. What a valuable skill in business and in life! Similarly, with those on the opposite side of the Brexit divide to you, here's a chance to hone the skill of actively listening to someone who disagrees with you. As with telling people to take their feet off the seats (the sign is *right there*), having these conversations is something we could be a lot better at as a country.

Remember "Sumo". This stands for "Shut Up, Move On" and it's claimed as a trademark by Paul McGee, whose book I picked up years ago in the Answers section at a bookshop in London's Victoria station. I was reminded of it when a petition for a second referendum was widely shared on social media shortly after the result of the referendum came out. I mean, I get it. There is an overwhelming feeling of sadness among those who, like me, voted to remain. All of a sudden, how you view your country has changed. But this petition, a suggestion to undermine democracy, really isn't helping. Please, shut up.

Instead do something that can change outcomes: join a political party. This isn't a matter of etiquette per se but this enables you to vote for the next leader of your party of choice and they will influence how Brexit is handled. It will also help you move on.

Understandably it will be too soon for some to Sumo. What has happened is profound. The uncertainty about the future is a constant, nagging worry. Those seeking to reassure can offer sentiments and intentions but not much else. It's going to be a long haul. All the more reason to encourage better Brexiquette. And, please, someone make those badges.

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Comment

Renzi is right — there is a banking problem

OPINION
Philipp Hildebrand

With Britain's vote to leave the EU, the bloc has been granted a golden opportunity to prove that what does not kill you makes you stronger. The EU however needs to be clear-sighted about what the lethal threat is. It is not the UK's vote, but what lies behind it: poor economic performance and inefficient decision-making. That is what the remaining 27 member states should focus their energy on fixing. And they should start where the pain is most acute: Europe's banks.

Matteo Renzi, the Italian prime minister, might have gone about tackling this issue the wrong way when he floated the idea of suspending bail-in rules in the wake of Brexit to facilitate a publicly funded bank recapitalisation. On the substance, though, he is absolutely right: Europe has a banking sector problem. Weak bank balance sheets make for weak growth. And the markets agree. Eurozone bank shares have fallen nearly 40 per cent since the start of the year and have been hit as much by the news of Brexit as UK banks.

At the same time, I agree with those who reacted to Mr Renzi's proposal by saying there is no case to suspend the bail-in rules that are encapsulated in the Bank Recovery and Resolution Directive, which came into force at the start of the year, and that doing so would fatally damage the credibility of the brand-new bailout framework.

But as Angela Merkel, German chancellor, has pointed out, the rules as they stand provide for enough flexibility — for example, in the context of "precautionary recapitalisation", which does not require bail-in and permits the temporary shoring-up of banks with public money to make up for a capital shortfall revealed by a regulatory stress test, if raising private capital is not feasible. It is a fortunate coincidence that the 2016 European Banking Authority's stress test campaign is under way. And it is clear, with most European banks trading far below book value, that raising private capital at this juncture is not a practical option. At the same time, most European banks are perfectly viable, and so resolution is not the way to go.

> The EU should allow governments to take temporary equity stakes in lenders that need a boost

The European Commission should therefore allow those governments that wish to do so to take temporary equity stakes in banks that need a capital boost. Importantly, state aid rules apply, so this should not be a free handout. Rather, it should be conditional on banks committing to significant steps to address the structural difficulties they face and diversifying income sources. This would be similar to the US Tarp process in 2008 that ended up returning money to taxpayers. The scheme would ideally include provisions to encourage consolidation. Since they would be intended to be temporary, the equity participations taken by governments under this scheme should be excluded from calculations of government debt for purposes of the EU's fiscal rules.

Agreeing to this scheme would have a number of significant benefits: it would solve once and for all the deep structural weaknesses that have plagued eurozone banks since the crisis and which explain in large part why recovery has lagged behind those of other economies. And it would signal to markets and voters alike that European policymakers have grasped the need to finally get to grips with structural impediments to growth. It would also clear the way for further progress in completing the banking union, as core countries will no longer need to worry about being made to pay for the bad loans of southern European banks.

Equally important, this solution would have no meaningful downsides: no rules would be broken, no perverse precedent or incentive set and no complicated legal process set in train. It is, in short, a no-brainer.

The writer is vice-chairman of BlackRock and a former chairman of the governing board of the Swiss National Bank

How Europe should respond to Brexit

ECONOMICS
Martin Wolf

In October 1996, as the launch of the euro came closer, I argued that: "The choice looming for the UK is between being inside the European Monetary Union and being outside . . . It will become a choice between having a voice within the governing arrangements of Europe and not having one. In time, it will be between being inside the EU and being outside it."

I concluded, for this reason, that the UK should consider joining. Shortly thereafter I changed my mind, arguing that the UK could not thrive inside it. Subsequent events have confirmed this judgment. But my earlier concern has also been vindicated.

The UK has long been semi-detached and is now well on its way to becoming fully detached. The pending divorce poses a huge challenge for the UK. But it also brings challenges for the EU. To thrive, perhaps even to survive, it must change. The UK's departure is a threat but also perhaps an opportunity.

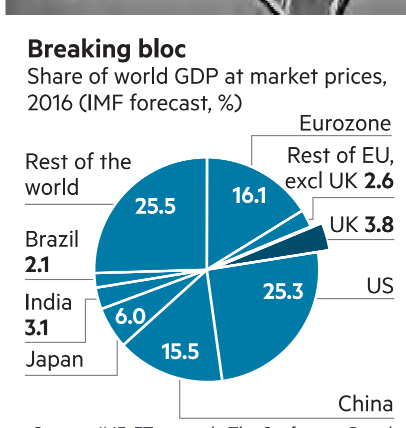
This is not to argue that divorce was predestined. Ending up where we are now was the result of a series of accidents including, not least, the amazing incompetence of David Cameron, the outgoing prime minister. If just 2 per cent of those who voted Leave had voted Remain, the latter would have won. If Mr Cameron had not won the last general election, the referendum would not have happened. If David Miliband had been leader of the opposition Labour party, Mr Cameron would probably not have won the election. One could go on. Nevertheless, the UK's disenchantment with the EU project and lack of belief in its existential purpose always made this sad outcome possible.

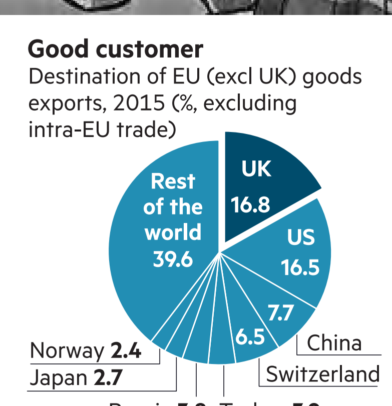
Brexit might still not happen. The referendum is, after all, purely advisory. It does not bind parliament and, what is more, parliament cannot bind its successors. Furthermore, the referendum result merely specified that the UK should leave the EU. It did not indicate what Leave meant. As choices become clearer to the public, the latter might be subject to a severe fit of buyers' remorse. Another referendum is not inconceivable but it is very unlikely. The political costs of ignoring, or seeking to overturn, the result exceed those of acceptance. Even if that did not have to be so, all the candidates to replace Mr Cameron believe it. The UK is leaving. That has to be the assumption of its EU partners, particularly if free movement of people remains an inviolable principle. So how should the rest of the bloc respond?

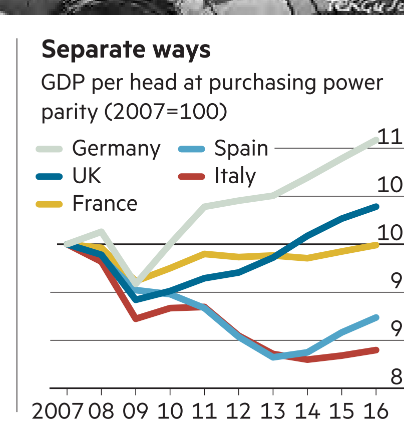
The UK's almost certain departure is a threat to the EU on two dimensions.

First, the UK is a neighbour, a market, a financial centre, a security partner and a link to the wider world. It is in the EU's interest to achieve a mutually satisfactory relationship, however infuriating the UK must be. This argues for the pragmatic position taken by Alain Juppé, frontrunner in the race for the French centre-right presidential nomination. He even suggests that restrictions on free movement of people should be negotiable. If so, that would surely have obviated Brexit.

Second, Brexit is a precedent. The first country to leave the EU is, inevitably, an example to those that wish to follow suit and a warning to those who oppose it. It is natural for the latter to seek to undermine the appeal of the former by punishing the UK. I sympathise. The question they must ask themselves, however, is whether the best way to preserve the EU is to make it a prison, rather than a desirable place of refuge.







Sources: IMF; FT research; The Conference Board

This is not to argue for indulgence. But it is to argue against vindictiveness.

Yes, it is understandable that the EU establishment wishes to reduce the appeal of populists. But the best way to do so must be to give Europeans the security and prosperity they seek. One of the reasons so many in the UK wanted to leave is that the EU is no longer seen to deliver on these promises. That has not just been a difficulty in the UK. It is a difficulty throughout the bloc.

Thus the core challenge for the EU is to make it work — and be seen to work — for the benefit of the great majority of its citizens. As Donald Tusk, president of the European Council, argues: "The spectre of a break-up is haunting Europe and a vision of a federation doesn't seem to me to be the best answer to it." This is sensible. The failure of the EU lies not in its political structures but in its policies. It must secure legitimacy via practical achievements rather than further erosion of national autonomy.

> Is the best way to preserve the union to make it a prison rather than a desirable place of refuge?

The paramount example of recent failure lies inside the eurozone. That has nothing to do with the UK. The sad truth is that, far from launching a period of prosperity, the euro has delivered a lengthy period of stagnation and massive divergences in living standards. Between the first quarters of 2008 and 2016, aggregate eurozone real gross domestic product rose by a mere 0.5 per cent, while real aggregate demand fell by 2.4 per cent. This is grim enough. Even worse, between 2007 and 2016, real GDP per head is forecast to rise 11 per cent in Germany, stagnate in France and fall by 8 per cent and 11 per cent in Spain and Italy respectively.

These dire outcomes are no accident. They are the product of a misdiagnosis of the crisis as mainly fiscal, of asymmetrical macroeconomic adjustment, and of obscurantist opposition to fiscal stimulus, even at a time of negative real interest rates on long-term borrowing. Germany has done well out of the euro. Its principal partners have not. This divergence poses a big threat. No effective plan exists to end it. (See charts.)

The EU is unlikely to gain the legitimacy that comes from democratic accountability: it is too big and diverse for that. The best route to legitimacy consists, instead, of managing the practical challenges it confronts. Dealing with migration is an extremely important and difficult practical challenge. But making the eurozone prosperous is indispensable. Brexit is a nuisance. The priority is a practical plan for widely shared economic growth.

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Open-ended property funds are accidents waiting to happen

OPINION
Patrick Jenkins

In the days that followed the UK referendum vote for Brexit, there was a mass sigh of relief from policymakers and senior financiers. Did they exhale too soon? Their mutual solace was understandable. The vote did not crash the system. Sterling devalued fast, equity markets plunged and then rebounded. But markets remained orderly.

The banking industry had long warned that regulation introduced to reduce risk following the 2008 financial crisis could actually prove counterproductive. The reactionaries argued that curtailing the ability of banks to hold large inventories of currencies and securities, and to make markets for customers, would increase volatility and expose investors to damaging losses.

For more than a week after the June 23 vote, that did not happen. It may be starting now, however — and not in the areas of bonds or currencies on which most attention had focused but in a field ungoverned by the post-crisis regulation that bankers have bleated about.

Standard Life's announcement on Monday that it was freezing withdrawals from its flagship £2.9bn property fund — one of Britain's biggest such open-ended funds — sent shockwaves through the market yesterday. They intensified when both M&G and Aviva said they had done the same with their £4.4bn and £1.8bn funds.

Share prices in listed commercial property companies and housebuilders tumbled as investors fretted that the bubble that has long been evident across the UK, particularly in south-east England, may be about to burst.

It all comes to down to confidence. As the Financial Times reported on Friday, at least £650m of large-scale commercial property sales had been shelved within a week of the Brexit vote. Nervousness about the outlook for the sector is likely to be magnified by the size and structure of the funds that are focused on it, especially the open-ended ones that allow instant withdrawals — at least until withdrawals are barred.

> If regulators had removed their blinkers, they would have seen the dangerous parallels with banks

Today, such funds control 5 per cent of the commercial property market, up from 2 per cent in 2007, when the last crash occurred and commercial property prices fell as much as 45 per cent.

Over recent months, many open-ended funds have built up cash reserves — to a typical 20 or 25 per cent, double the normal level — in an attempt to prepare for an exodus of money. But, as Standard Life and Aviva have shown, once investors have withdrawn the cash buffer, there is nothing more to do: you cannot sell a £100m building quickly.

The fundamental mismatch between a highly illiquid asset class and a promise of instant access to your money means open-ended property funds have always been accidents waiting to happen. There are uncanny echoes of the funding mismatch that killed off the likes of Lehman Brothers and Northern Rock, banks that had relied on short-term finance to back long-term loans and investments.

It is significant that the latest filings from the Standard Life, M&G and Aviva funds, relating to their finances at the end of May, show all three with far lower cash buffers than rivals — 13 per cent, 7 per cent and 9 per cent respectively.

Since 2008, regulators have made headway mitigating risks in banks. If they had removed their blinkers to look beyond the banking sector, they would have seen dangerous parallels elsewhere in financial services, including in this corner of asset management.

There is a strong argument for banning instant-access open-ended fund structures from illiquid asset classes like property. If they are allowed, far more should be done to dictate their liquidity requirements, both upfront, and through monitoring. The property market is already too volatile: irresponsible fund mechanisms only amplify the situation.

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Three truths about the Iraq war and its consequences

WORLD AFFAIRS
David Gardner

After Brexit, Chilcot. Britain, run by people who long presumed to teach the world the finer points of governance, is in danger of becoming a byword for broken politics and gratuitous self-harm. This inquiry into the UK's involvement in the Iraq war, chaired by Sir John Chilcot, a retired civil servant, has taken seven years and now its report finally appears, 13 years after the US-British invasion, in 12 volumes running to 2.6m words.

It is hard to imagine how much more damage can be done to the tarnished reputations of Tony Blair, former prime minister, and his lieutenants, or whether any inquiry can capture the toxic mix of naivety, vanity and obtuseness that impelled this misadventure when the UK decided to go to war alongside President George W Bush.

Yet whatever Chilcot establishes, there are at least three deeper truths about Iraq — the geopolitical fiasco as well as the destruction of a state and society already brought low by tyranny, wars and sanctions — aside from the fact that the US and the UK started this war of choice with no more forethought than the Brexiters have exhibited.

First, Iraq offered the world a pitiless spectacle of the limits to US power (Britain's role was, in that sense, a sideshow). Obviously, America possesses military might in unique abundance. What it lacks is the ability to shape the broader Middle East, from Iraq to Afghanistan, or Syria to Libya. Conversely, the US and its allies do seem to possess the ability to help incubate worldwide security menaces. One result of Iraq is Isis, an even more savage iteration of jihadism than its al-Qaeda precursor, as we keep seeing, not just in Raqqa or Mosul, but from Dhaka to Medina, or Istanbul to Brussels; there is also regular carnage in Baghdad that rarely makes headlines.

> The US possesses military might in abundance yet lacks the ability to shape the broader Middle East

It is no defence to keep repeating, as Mr Blair does, that the world is a better place without Saddam Hussein. Scores of little Saddams have taken his place. The casual upending of a millennium-old balance of power between Sunni and Shia triggered a sectarian bloodbath across the region and beyond.

Second, Iraq led to Syria. Sure, the Syrian civil war was detonated by region-wide uprisings against Arab despots, most of them aided and abetted by the west, leaving dissidents little space except the mosque to regroup — a chemically pure formula for the manufacture of Islamists and jihadis. But the sectarian parameters of Syria were set by Iraq. And western policy of outsourcing support for Syrian rebels to Turkey and Saudi Arabia not only helped create the vacuum into which Isis stepped but has helped pulverise Syria and Iraq, creating a real risk of regional implosion.

The frequent comparison of Iraq to the Suez crisis of 1956, the last hurrah of French and British colonialism, falls short. While Americans and Europeans have no plan to put a brake on the proxy warfare between Sunni Saudi Arabia and Shia Iran that Iraq set in train, they have managed to make Vladimir Putin's Russia, a predatory if subprime superpower, look surprisingly good.

Third, the fecklessness of Iraq followed by the fecklessness of western policy towards Syria has led to other inescapable if unintended consequences — not least for the UK and EU. It is obvious not only in retrospect that the surge of refugees out of Syria, and the deal struck with Turkey to control it that appeared to offer visa-free travel in Europe to millions of Muslim Turks, were going to pump up the Brexit vote.

In Washington, London and other western capitals, the refrain that intervention in Syria is "too complicated", especially in light of Iraq, has become a political jingle. It obscures the fact that the west has been intervening, just not successfully. And it becomes self-prophetically truer as the shape-changing contours of the war keep getting worse. If only Messrs Bush and Blair had thought Iraq was too complicated.

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Britain will miss unskilled migrants after Brexit

Sarah O'Connor
On employment

Have you ever noticed how supermarkets run out of fruit salads on sunny days when everyone decides they fancy a picnic? No? That's because they rarely do.

I never really thought about the mechanics behind this until I interviewed a man who supplied temp workers to a British company that made bagged salads and fruit pots. Demand would fluctuate according to the weather, but British weather is notoriously changeable and fresh products have a short shelf life. So the company would only finalise its order for the number of temps it required for the night shift at 4pm on the day. Workers on standby would receive text messages: "you're on for tonight" or "you're off".

Most of this hyper-flexible workforce had come to the UK from Europe. "We wouldn't eat without eastern Europeans," the man from the temp agency said confidently.

Was he right? Britain might be about to find out. Now that UK citizens have voted narrowly to leave the EU, the country's immigration policy is in flux. Some want the UK to maintain the free movement of labour in exchange for access to the EU's single market. But the leading candidates to replace David Cameron as prime minister have said any deal to leave the EU must involve control over future migration, since this was the promise made to Leave voters before the referendum.

There is talk of the country introducing an Australian-style points system that would admit high-skilled migrants such as engineers but stop low-paid migrants like salad-baggers.

If that is the policy on the table, it is time for politicians, employers and the public to think seriously about how it would affect the economy.

EU nationals account for 31 per cent of the workers in food manufacturing, 21 per cent of those in hotels and other accommodation, 16 per cent of those in agriculture and 15 per cent of those in warehouses. While current migrants probably won't be sent home, people who want to limit low-paid migration say this would result in more jobs for British people in future.

Yet there are already plenty of jobs for British people. The proportion of UK nationals in work is at a near-record 74.4 per cent, higher than in 2004 when the "A8" eastern European countries joined the EU (which is when migration to the UK began to increase sharply). Torsten Bell, director of the Resolution Foundation think-tank, says the only significant pocket of unemployment left in Britain is among disabled people. "And we're not about to send them out into the fields".

There is also something about the nature of these jobs that makes them tough for UK nationals to do. These sectors usually require extreme flexibility from staff: the salad-baggers who wait for a text message to say they have work that night; the cleaners who cobble together piecemeal shifts at dusk and dawn; the fruit pickers living in caravans on farms.

> 'Something about the nature of jobs in hotels, farms and warehouses makes them tough for UK nationals'

When people say "migrants are doing the jobs that Brits are too lazy to do", they are missing the point. These jobs may be palatable if you are a single person who has come to the UK to earn money as a stepping stone to a better future. But if you live here permanently, have children here, claim benefits here, they are not jobs on which you can easily build a life.

Farmers say one reason they cannot attract UK workers is the unwieldy benefit system: it does not make sense to do short-term, low-paid temp work that will wreak havoc with your benefit payments for weeks afterwards.

So employers deprived of access to flexible EU workers would face a choice. They could automate some work, but that would be tricky in sectors such as cleaning. They could stop expanding because they think they could not staff a new meat factory, say, or a new fruit farm. Or they could redesign the jobs to attract UK workers: more stable, less precarious, better paid.

Some migrant workers have been pushing for these things already. The UK as a nation could have used regulation to help them. But until now, we seem to have accepted these jobs as they are in exchange for the cheap, convenient goods and services that depend on them.

Low-paid migrants are visible, but many of the benefits they bring are invisible: the British strawberries in the shops, that salad on the shelf just when you want it, the office that is dirty when you leave at night but clean on your return. Perhaps we'll only really know what we've got when it's gone.

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Dear Lucy
Work problems answered

My colleague ignores my pleas to stop slapping my bald head

One of my work colleagues sometimes slaps the top of my head when he passes behind me (as in the Benny Hill sketches). I am bald. I find this demeaning and have asked him to stop, which he won't. I have two options. I can complain to my manager but it will go down on my records and I will be seen by the rest of my colleagues as a whinger. I could threaten him or hit him but I might be dismissed. What would you do? **Male worker**

Lucy Kellaway's answer

I am a bit worried about the culture of your company. You work in an open plan office, so everyone sees what everyone else is up to all day. This man hits your head, you are obviously discomfited, all your colleagues watch — and presumably your manager does, too — and no one says anything.

That's not a good sign, but even worse is your suspicion that important records are being kept about you, and if you complain about something legitimate it will somehow go down in history as a black mark against your name for ever.

Your office sounds like a nasty place in which no one trusts anyone. In such an environment you have little choice but to take matters into your own hands. By that I do not mean that you wallop him next time he tries anything, tempting though that might be. As you point out, if you hit him it could easily end up hurting you more than it hurts him.

Instead, I suggest you attack him verbally. Wait for him to slap your head when there are a lot of people around, and then take a stand. Say in a loud, calm voice something like: "I've already asked you not to slap my head, but you have chosen to take no notice. I find it unpleasant and demeaning, and I am telling you again now, in front of everyone, to stop doing it." If he says: "Can't you take a joke?", say "No. It's not funny."

I guarantee you will have the attention of everyone on your floor. They will all gawp. They will discuss it afterwards, and I suspect you will emerge as the hero. If this man is doing this to you, he will also be messing with the heads (metaphorically as well as literally) of other colleagues, and they will thank you for your courage in confronting him. He will doubtless harrumph and swagger and possibly mimic your voice and do everything to make you look foolish, but that will be to cover his embarrassment.

Even though I have the good fortune of not knowing this particular brute, I am confident this will do the trick. But if it doesn't, and if he continues to hit you on the head every time he walks past, then it is easy: you complain to your manager, to HR, to anyone else you can think of. You will not then be seen as a sneak but as a man who has reached the end of his tether and has quite rightly had enough.

Your advice

Download an app which mimics hair clippers (eg. Real Razor on iOS, Hair Clippers on Android), then sneak up on your tormentor, turn on the virtual clippers and run your phone across his head. Once you and surrounding colleagues have finished laughing at his reaction, threaten to use real clippers if he slaps your head again. Job done! **Anon**

Surreptitiously record the next incident on your cell phone or computer, show it to HR and tell them you are considering consulting a lawyer unless they are able to immediately address this culture of obvious physical provocation and discriminatory intimidation. **Male, 30s**

I am bald and my teenage children enjoy rubbing my head like Buddha's belly. That is cute, intimate teasing and accepting it is the honourable thing to do. In your case there is nothing cute about it. You have been assaulted. At a minimum you should tell your employer. Being a whiner would at least be a higher rank than punching bag.

If alerting your employer doesn't solve this, you should hit back. If you are fired for that and you have told your employer that you have been assaulted regularly, then you might just win a tidy settlement and find a job at a place where people don't hit you. **Male, 45, managing director**

Slapping is assault. Repeated slapping is bullying. This is what I would do, as an ex-paratrooper: next time it happens stand up quickly, this will push your chair back into the person who slapped you.

When you are standing, turn quickly around. Point at the person who slapped you, don't extend your arm, keep your elbow in. You will now find you have your index finger and the chair forming a barrier between you.

Make eye contact, with your eyes open wide (this makes you look scary — try it in the mirror!) and do not break it. Say loudly: "Stop hitting me! Don't do it again". Say no more, just that sentence. If he does not back down, say "Right, I'm off to HR". If you do that, he will almost certainly run after you and apologise. **Security consultant, 57**

This happened to me (years ago). A work colleague would fire elastic bands off the end of his ruler into my lower back. They stung like hell. Finally, after many useless requests, I told him that if he did it again I would hit him. A short time later he fired another — I punched him once as hard as I possibly could. He could not believe I hit him, never fired another elastic band, and we are longstanding friends. **Engineer**

Next problem I have worked in investment banking in NY for 12 years, and while I earn a decent income, the prospects for my industry are bleak. My wife, 34, has a BA in history and a masters in teaching. She does not want to work but income from her would be welcome. What are good jobs that pay above minimum wage and are at least mildly enjoyable that she could enter with no work experience? How should she position herself for such a job? **Investment banker, male, 34**

Please send answers and new problems to problems@ft.com. This column appears fortnightly

Entrepreneurs. Shivani Siroya, InVenture

A fintech pioneer starts in Africa

A US start-up is using smartphone data to help millions more Kenyans gain a 'financial identity', writes John Aglionby

> 'We felt that smartphone data was the closest proxy to someone's daily life'

Shivani Siroya: the founder of InVenture wanted to help aspiring small-business owners such as Kenya's small traders, right, prove that they are creditworthy
Ann Johansson

Many entrepreneurs can point to a person who gave them the idea for starting their business. Shivani Siroya has 4,500 such individuals.

These are the owners of the small and microbusinesses that she interviewed a few years ago in sub-Saharan Africa and India about their spending habits and access to capital.

"I started to realise there was so much there that we were missing," she says about her time working for a small microfinance company and the UN. "If we could identify the businesses that actually needed a credit product, or specifically business loans, then our capital would be used in a much more efficient way."

Finding there was no way to help these often poorly educated but careful business people obtain credit, Ms Siroya has created her own start-up, which is at the vanguard of a fintech revolution. It is transforming millions of Kenyans' lives by using mobile phone technology to assess creditworthiness and issue uncollateralised loans.

InVenture, which is based in Santa Monica, California, but operates in Kenya, uses a mobile phone app to scrape data off a person's mobile phone to give them a "financial identity", as Ms Siroya puts it. The data range from mobile money spending patterns and calling and travel routines, to the way contacts are organised: for instance repayment of a loan is more likely by someone whose contacts are listed with both first and second names.

"We picked the smartphone data [as the basis for their financial identity] because we felt that was the closest proxy to someone's daily life," says the 32-year-old.

The company then issues uncollateralised loans to those who pass the algorithm's benchmark. Processing an application takes five minutes. InVenture also forwards positive credit reports to Kenya's Credit Reference Bureau to help people, many of whom have never been into a bank, secure longer-term loans.

Ms Siroya says it took years to develop InVenture. After deciding in 2008 that "nobody at the UN was really doing anything to solve the credit problem", Ms Siroya quit the development world to find a private sector solution.

However, she needed a job. Having worked at UBS before joining the UN, she was drawn to banking and joined Citigroup's M&A department in California. While working on an acquisition she realised that the big problem in that deal, and with her pet project, was a lack of data.

Ms Siroya formed a volunteer army of 35 like-minded people to find the data.

While holding down her banking job, she co-ordinated the gathering of data and testing in Ghana, India and Mexico.

"One day my boss came to me and said 'I think you have a better job' and that's what made me take that leap into starting my own company."

Initially the five staff in the company only gathered and then forwarded data to banks. "But then we decided to take our destiny into our own hands. We didn't want to wait for a bank to tell us whether we were right or wrong."

It was at that stage that Ms Siroya decided to focus on Kenya, because of its relatively high smartphone penetration, world-leading M-pesa mobile money platform and the fact that it was English speaking.

The app was launched in early 2014, and now some 125,000 Kenyans previously considered uncreditworthy have Tala — the InVenture app's new name — financial identities. InVenture, now with 50-plus employees, has issued more than \$10m in loans to 100,000 people. The average loan size is about KES10,000 (\$100) with the median about half that. Ms Siroya says the default rate is about 5 per cent.

InVenture's greatest success has arguably been the way it has disrupted the Kenyan lending system and prompted others to follow. Not only have similar start-ups, such as Branch International, based in San Francisco and Nairobi, emerged but two of Kenya's biggest banks — KCB and Equity Bank — have launched similar products. In total, more than \$200m in such phone data-assessed uncollateralised loans has been issued since InVenture launched its first app.

Ms Siroya is very hands-on. She rises daily at about 5.30am, fits in some exercise, and reaches the office in time to make contact with Nairobi from the West Coast before its office day ends. "And the cool part is that Kenya and the other markets we may be looking at wake up at 9pm or 10pm here in LA," she says. "So you actually get to have a full day, take a little break and then start working again in the evening."

An only child, Ms Siroya says she learnt her self-discipline from her parents who, when she was growing up in the US, woke her at 5.30am to join them for breakfast.

However, while forging a new path for a new company, Ms Siroya is at times happy to adopt a management style that she describes as "collaborative".

On a recent visit to Nairobi for the Tala rebranding of InVenture's app, Ms Siroya left the speechmaking to Amanda Donahue, who heads the east Africa operation. It helped show the audience that Tala was as much a Kenyan brand, with leadership based in the country, as a US one.

"That is how you become a global player, [by] having these localised brands," she says. "It's not a good thing if I go to Kenya and then I give a speech and leave and go back to LA. I can promote us at a global platform."

InVenture is still small. It took off after receiving \$1.2m in seed funding in March 2013 and its last funding round was for \$10m, while it has also recently raised \$3m in debt financing.

Helping its growth is the fact that it gets more bang for each buck than in the traditional loan market. The average repayment period is 30 days, but many borrowers repay within half that, which means the company's capital can be recycled much more quickly than banks' loans.

Ms Siroya believes the business has huge potential. Among the several billions of people without access to credit, some 1bn of them have a smartphone. With phones costing as little as \$20 in Kenya, and elsewhere, penetration is set to soar.

Diversification into areas such as insurance is now on the agenda as well as expansion beyond Kenya. "Instant credit is what we started with but we've always known that we are going to go beyond that," she says.

"That's why I think we'll be a big company . . . we're not just thinking about one product, we're thinking about the entire daily financial life of a customer."

Tips for founders

In her own words

When planning a start-up: "Do your research. If you have found a problem you want to solve, go find out as much as you possibly can about solving it, find out who else may be working on it and decide whether you should start [your own] or join [the existing] company.

"If you are going to start something, you need to know you are going to be in this for the long run."

Biggest mistake: "I wish we'd started doing what we were doing in 2013 rather than waiting until 2014 . . . this was right under our nose, we could have done this earlier."

What keeps you going: "The experience I had interviewing people and getting to know them — it kind of changes you. It makes you realise you are not just doing this just to do this; you are doing this because you believe what you're trying to do is solve a problem."

Timely questions, superficial answers

The International Center of Photography in New York inaugurates its new home with a meagre show about privacy and visibility, writes Ariella Budick

After two years of homelessness, the International Center of Photography has finally snuggled into its new Bowery den, and it celebrates the occasion with a bleak, confused exhibition about privacy, voyeurism and pose. Despite its new-found permanence, the ICP, once one of New York's mightiest institutions, appears to be trying on a youthful new identity as a pop-up museum taking its first sloppy steps. Having shed the stodginess of a midtown office building, it's now racking up millennial-cool clichés: cracked concrete floors, exposed columns, naked ceilings. In designing the new space, Skidmore, Owings & Merrill, the juggernaut of corporate architecture, has joined the organisation in the kid zone. I half expected to stumble across a castle made of beer bottles and pizza boxes.

The inaugural show, *Public, Private, Secret*, emulates the design's spirit of shoddiness. The street-level lobby and basement gallery look cheap; the exhibition is practically bankrupt. The architects have packed in plenty of square footage, but the low-ceilinged galleries still feel cramped. The curators, too, neutralise ambition with meagreness, roving over the world of surveillance and self-representation, and returning with a couple of narrow, superficial points.

The ICP's new curator in residence, Charlotte Cotton, conceived of *Public, Private, Secret* to address a swarm of timely questions: what we broadcast about ourselves, what we hide, and what others see that we can't control. This is well-trampled ground. In 2011, the MoMA/PS1 curator Peter Eleey put together *The Talent Show*, a ruminative enquiry into our contradictory hungers for solitude and recognition. The fine works at PS1 delved brilliantly into the culture of self-presentation. In an arena of escalating state and corporate security, the triangle linking artist, subject and viewer keeps shifting.

Five years later, fashions in technology have changed, but Cotton trots out some of the same artists as Eleey did. Once again, we get Phil Collins's "Free Fotolab", an engagingly random slideshow of other people's old 35-millimetre snapshots. (You would think that if one organisation could revive an old mechanical slide carousel, it would be the ICP, but somehow images kept

slipping out of focus.) Sophie Calle also makes an appearance, as she always does when the poetics of peeping come into play. Here, she's represented by a lesser work, "The Sleepers". Calle offered her (empty) bed to friends and strangers, who took turns spending the night while she stood watch and recorded their unconscious vulnerability. The project yielded a lot of pictures of lumpy blankets and tousled hair.

These incursions into what we once called the private domain seem quaint in the age of constant posts and metadata revelations. Since 2009, Natalie Bookchin has been braiding hundreds of online video diaries into "Testament". Anguished men and women reveal to their un-judgmental webcams intimacies that they might never tell a human being. And Bookchin is there to listen, or at least use what they say as raw material. We learn little about each individual, but hear only a murmuring chorus of pain.

The internet is an endless playground for artistically inclined snoops. The rest of us shop for dog food, book trips to Myanmar and research our symptoms, shattering individuality into an evolving collage of curiosities. Artists dip into this information landfill the way Rauschenberg scavenged in junk shops and empty lots. Jon Rafman emerges with "Mainsqueeze", seven minutes of found footage: a loose-bolted washing machine rattling itself into oblivion, interspliced with a sequence of anime porn, a hogtied man in a Kermit the Frog costume trying to slip his bonds.

This artistry of tapping into the world's swamp of desires and disgusts should have been the ICP's real innovation. Instead, it's where the show comes unstuck. Cotton and a team of curators rake through the dung heaps of Twitter, Snapchat, Vine and Instagram, emerging with a multitudinous mess. Scattered screens display feeds of images culled by algorithm from social media, a kind of cud-chewing that barely rises to the level of art. "Creators", for instance, offers an automated update on Warhol's celebrity culture: a "real-time stream of tweets and image posts aims to reveal the dynamics of the popularity and reach of young, media-savvy creatives".

The text describes a system where the cultural consumer has become a marketing cog, helping the famous circulate pictures they take of themselves being famous. The screen just dishes out tweets about Justin Bieber. Cotton doesn't marshal this undernourished overload into an argument; instead, she throws out a lot of disjointed content and leaves it up to the viewer to thresh.

The ICP's disastrous reopening represents more than just a curator's poor judgment or misfired ambitions; it exposes a churning institutional crisis. How does a temple of photography adapt to a time when astounding photographs are a Pinterest search away, or a \$5 app unlocks techniques once guarded by professionals? Today's radically democratised context presents limited options to photographers and curators.

In the past, the ICP has tried various tacks to protect its uniqueness: digital printing on a monumental scale, shows about politically engaged photojournalists, surveys of street photography or staged conceptual experiments. Now it seems to have given up, and gone grubbing about in the visually saturated world at large, substituting quantity for discernment.

Until January 8, icp.org

Main picture: image from Phil Collins's 'Free Fotolab' (2009). Above: Sophie Calle's 'The Sleepers' (1979-80). Above left: the ICP's new building in New York

Courtesy the artist and Paul a Cooper Gallery; Saul Metnick

Tepid evening warmed by Verdi's score

OPERA

Il trovatore
Royal Opera House, London
★★★☆☆

Richard Fairman

Guess the opera. Snow falls in a barren landscape. Butterflies flit here and there. A tank is menacingly never far away. For light relief a down-at-heel circus troupe turns up in a caravan and battered old car, led by a man in angels' wings who jousts with another in a bear suit.

The images in David Bösch's new production of *Il trovatore* are picturesque, but it is not always easy to see what they have to do with Verdi's opera. Most directors struggle with *Il trovatore*, an opera that works through raw emotions rather than dramatic logic. Bösch's whimsical effort is a feeble answer to the problem.

The mood he sets is very dark, almost everything happening at night, the colour scheme overwhelmingly black and white. We are in some unspecific, present-day war zone, where the ruling power is resorting to indiscriminate violence and the outcasts, in the form of Azucena's gypsy group, are a ragbag of travelling players. Projections of graffiti and cartoon faces nudge the ideas along. In terms of present-day productions it is hard to call this controversial, but none of it is followed through. As for the acting — well, what did they did spend the rehearsal time doing?

Sturdy: Željko Lučić in 'Il trovatore'

Clive Barda

Fortunately, the main four singers are all experienced in their roles. As Count di Luna, Željko Lučić may not be as stirringly powerful as Cappuccilli was, or as elegant as Bruson, but his sturdy timbre and long-breathed phrasing put him in the front rank of Verdi baritones at the moment. Ekaterina Semenchuk makes a suitably formidable and gritty Azucena. There is not much sense of romance going on between Lianna Haroutounian's not quite beautiful-sounding Leonora and Francesco Meli's bright-voiced, intense Manrico. It is good, though, to have Meli's native Italian accent and style; and another Italian, bass Maurizio Muraro, relates Ferrando's narrative clearly.

In the same vein Gianandrea Noseda conducts a trim, clear-cut, Italianate performance, which from time to time goes one step further and releases the all-consuming fire that burns in Verdi's score. For the rest this was a lukewarm evening. A second cast alternates the run of performances.

To July 17, roh.org.uk

OPERA

Siegfried/Götterdämmerung
Royal Festival Hall, London
★★★★★

Hugo Shirley

It's only in the third part of Wagner's *Ring*, in the opera that carries his name, that we meet the hero Siegfried. But there and in the sweeping apocalyptic drama of *Götterdämmerung*, these semi-staged performances demonstrated once again who the real heroes of Opera North's cycle are: Richard Farnes — the company's outgoing music director — and his terrific orchestra.

That the first two acts of *Siegfried* saw the tension drop was hardly their fault. The orchestra's role here is closer to accompaniment, plus there's the difficulty of casting the title role: as the boisterous young hero, Lars Cleveman was solid but short on vocal heft and ring. In his exchanges with Richard Roberts's vivid but light-voiced Mime there was for the first time a sense of the orchestra being reined in.

The balance changes, though, in the third act, as power slips away from Wotan (the imposing, smooth-voiced Béla Perencz) and Siegfried heads towards his climactic duet with a newly awakened Brünnhilde, the thrillingly fresh-voiced Kelly Cae Hogan (pictured with Mati Turi as Siegfried). From here the intensity didn't let up until Farnes brought his baton down at the end of a truly magnificent *Götterdämmerung*.

The conductor's control and pacing were unerring, his ear for balance impeccable and the playing of the orchestra — the strings soaring, the wind incisive, the brass rounded and imposing — consummate. And if Peter Mumford's "concert staging" might not all have worked — the actions for the young Siegfried's Forging Song were vaguely reminiscent of "Gangnam Style" — it achieved compelling focus in the powerfully acted final instalment.

Mats Almgren was the personification of lugubrious, baleful evil as Hagen, Andrew Foster-Williams outstanding as the nervy Gunther. Mati Turi was impressively burly-voiced and touchingly innocent as Siegfried. But the star was Hogan: an especially moving Brünnhilde, turning the righteous anger of a wronged wife into thrilling heroics in a climactic and tireless Immolation Scene.

As Valhalla collapsed around him, Farnes's control and musical intelligence remained supreme. His departure might not herald the end of the world for Opera North — his replacement, Aleksandar Marković, takes over in the autumn — but this outstanding *Ring* shows what they'll be missing.

operanorth.co.uk

Lex.

Twitter: @FTLex Email: lex@ft.com

UK current account: shock absorbed

Charles Dickens' Mr Micawber epitomised the Victorian attitude to thrift: spend sixpence more than your income and the result is misery. Thankfully, no one turns to Dickens for economic advice. An economy is a lattice of interlocking deficits, balanced by financial flows. The alternative is autarkic stagnation, with everyone consuming their own production.

As the UK demonstrates, this applies to countries as well. A deficit on the current account (trade, investment income and so on) is matched by a capital surplus (direct investment, portfolio flows, loans). So long as capital flows freely, no country need fear Mr Micawber's fate in the debtor's prison. The UK's deficit stands at 5 per cent of national income. Investment has flowed in, overseas ownership of factories, bonds and property balancing the outflow of our spending on foreign goods (and low returns on the UK's investments elsewhere).

So there is no need for Britain to hustle its way to a trade surplus. A good thing, as the UK is lamentably bad at this — usually only managing it by crushing domestic demand, which is the last thing it needs right now.

But note the assumptions hidden behind the neatness of this tale. First, a free-floating currency that can fall to whatever level is needed to entice overseas investors. Also, deep and liquid markets and an array of investable assets with reasonable returns. Inflation must also be contained, steep price rises having caused currency crises in the past.

All these still hold. Unlike the crises of the 1970s, nobody is calling for a defence of the pound against a growing loss of confidence. Returns are weak in the UK but so they are everywhere: from mid-2014 up until last month, the 10-year UK government bond yielded an average 1.8 per cent, compared to 0.5 per cent in Germany.

The weakening pound is doing its job as shock absorber and the Bank of England is right to list Britain's current account deficit as only a potential source of financial instability. Indeed, with about 60 per cent of UK liabilities denominated in foreign currency, against 90 per cent of assets, the pound's fall even helps its financial position. Yesterday a gilt auction proceeded without a hitch. Volatile times are when the City best shows its resilience. Mr Micawber also said: "Something will turn up." Just don't bet on it being the pound.

Gulf banks: sheikh-up

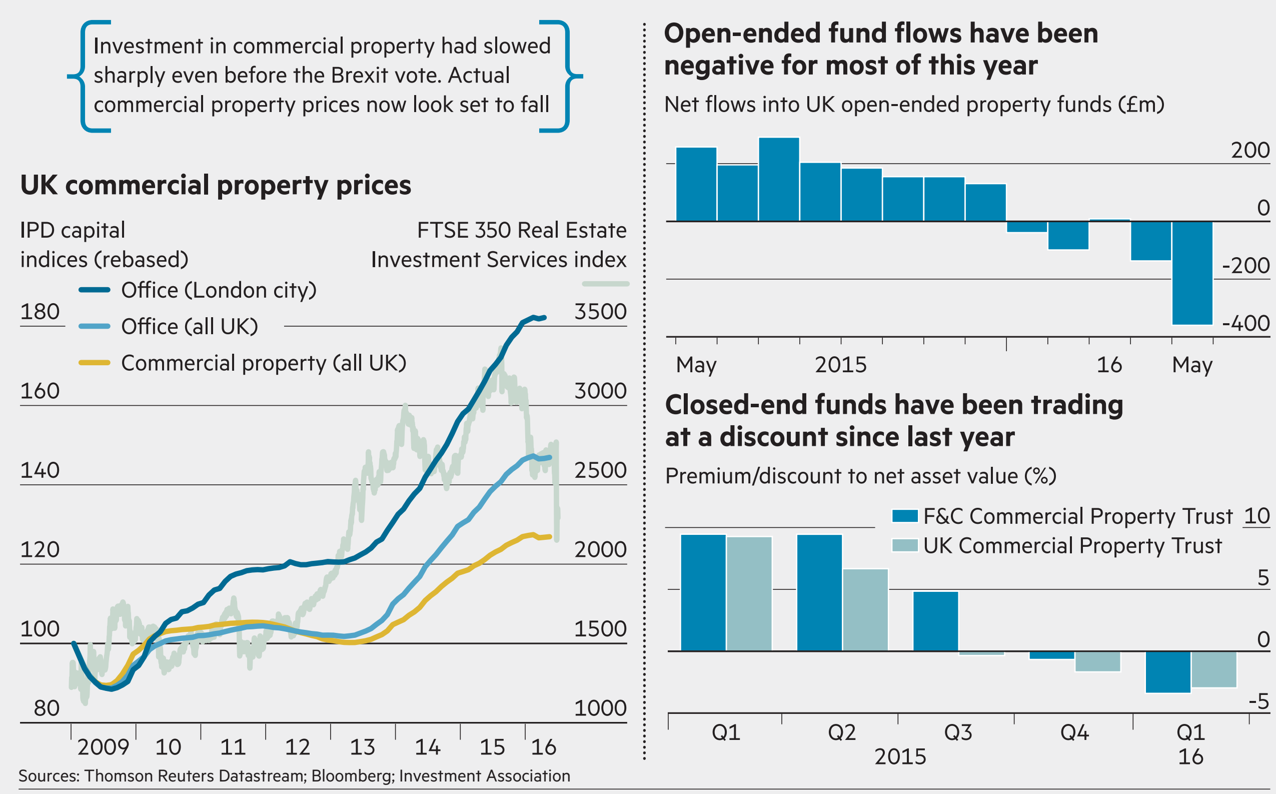
In theory, there are plenty of reasons banks should merge: lower head office costs; cheaper funding; greater pricing power over both deposits and loans; and less earnings volatility. Yet in practice, bank mergers often lead to bloated costs, increased regulatory scrutiny and lower returns on equity. National Bank of Abu Dhabi and First Gulf Bank will need to get lots right if their all-share merger, announced on Monday, is to work out for investors.

Rule one is not to overpay. In this case state-controlled National Bank of Abu Dhabi will issue 1.254 shares for every share in First Gulf, a fast-growing retail lender. That implies a 5 per cent discount to FGB's early June share price, according to Citigroup. But, in return, FGB shareholders get 52 per cent of the combined company, which would be the largest Middle Eastern bank by assets ($175bn). They would also share annual cost savings projected at $136m (achieved over three years, with up front integration costs of $163m).

Then there is timing. The last big UAE bank combination, between Emirates Bank International and National Bank of Dubai, happened in 2007, when markets were exuberant. The combined entity's shares are still down a third, having fallen sharply during Dubai's financial crisis in 2009. This transaction will take place against a more austere backdrop. Annual gross domestic product growth has halved to just over 2 per cent since 2014, according to the IMF, and government spending is falling.

The UAE is also arguably over-banked: there are more than 50 domestic and foreign banks in a country with fewer than 10m people. But if the new bank retains NBAD's rock solid double A credit rating, then a cheaper cost of funding combined with modest expenses (Arqaam Capital puts the merged bank's cost-to-income ratio at a very respectable 30 per cent) should allow it to weather a downturn and take market share from weaker rivals. In theory, at least.

Here we go again



Sources: Thomson Reuters Datastream; Bloomberg; Investment Association

Déjà vu all over again, as Yogi Berra might have said. Standard Life on Monday suspended trading in its flagship UK real estate fund, citing redemption requests following the EU referendum. Aviva and M&G did likewise yesterday. Shares in asset managers fell 3-5 per cent — but this should not be a repeat of 2008.

The funds are suspended not because of catastrophe in the commercial property market, but owing to a rush of investors trying to take their money out all at once, running down the funds' cash buffers. This trend predated the Brexit vote. Investors have been pulling money out of property funds for months, concerned as much about frothy valuations as Brexit.

Foreign inflows into UK property had slowed. Discounts to net asset value at real estate investment trusts such as British Land had already widened.

In 2008, funds run by Axa, Scottish Widows, Friends Provident and New Star closed to redemptions, locking up billions of pounds. The fear is that commercial property values will again be depressed as managers liquidate assets to pay back investors. After funds were gated in 2008, commercial property prices almost halved.

But there are key differences between 2016 and 2008. Brexit is a regional political event, not a global financial crisis. Leverage in the sector had been more conservative, and UK banks' exposure to commercial property lending has halved since the financial crisis, according to the Bank of England. And eight years of financial repression has boosted demand for yielding assets, especially those whose prices in dollar or euro terms have fallen. It is harder to imagine a scenario where there are no buyers, at any price, for UK property assets.

One thing that has not changed is the unsuitability of open-ended structures for property investment. They are convenient for investors and facilitate asset-gathering among managers, but offering daily prices on assets that can take months to sell is asking for trouble. Ordinary investors are (again) finding out the hard way that permanent capital is the way to invest in real estate.

Investment banks: no fee lunch

Investment banking fee revenues are melting away. Global fees in the first quarter declined 23 per cent, compared to the same period last year, reckons Thomson Reuters. Advisory revenues are linked to the business cycle but low interest rates, growing political uncertainty in the developed markets and low commodities prices are having an effect, too.

North America, the region with the biggest fee share by far, registered a 25 per cent decline, a $6.4bn drop. The league tables show that as much as $3bn of that gap was down to lower revenue from equity transactions, such as initial public offerings.

Emerging markets borrowing is one bright spot. Fees from bond deals in the Asia-Pacific region (which excludes central Asia and Japan) increased 57 per cent to $2bn of total revenue. In Africa, the Middle East and Central Asia total fees from bond and loan deals increased 74 per cent, to $500m.

This illustrates three key features of a world in which macroeconomics and political risk drive business decisions. First, broad geographic access matters. Regional outlooks and risk profiles are diverging. Second, product diversification is key: China's outbound equity M&A activity is at record levels, while Gulf states are raising debt funding to finance budget deficits related to the low oil price. Finally, note that the top five banks by fee revenue are US bulge bracket groups. Easy access to the deep liquidity of the US market and proximity to its attractive target companies helps.

No single bank is best positioned to compete in this world. Big US groups are well positioned in products and regions with rising fees, but their commercial and asset management units in the US leave them exposed to a downturn in that economy. More value might lie in the listed boutiques, such as Lazard and Greenhill. Their shares have sold off hard in the past year but they are purer plays on dealmaking in the US and Europe — and so better placed for when activity picks up.

Private equity: the Twinkie defence

Twinkies — those tubular yellow cakes fat with white cream filling — are déclassé but decadent. Their production, it seems, calls for austerity. Two private equity groups bought the Twinkies brand out of bankruptcy for $410m three years ago. Yesterday, that latest Twinkie parent company, Hostess Brands, announced a complex transaction to list its shares at a valuation of $2.3bn. Add in a $900m debt-financed dividend paid last year, and the bounty for the owners is vast.

The turnround involved cutting the number of factories and (unionised) employees, and using more machines. The elite making a pile on an esteemed brand while pensions and jobs disappear makes the Twinkies revival an ideal symbol for those who suspect something has gone badly wrong in the modern economy.

When Twinkies went belly up in 2012, it was bucking under debt, pension obligations and an inefficient production system churning out both snacks and bread. It had 18,000 employees.

Apollo and C. Dean Metropolous picked off Twinkies and a few other cake brands, as well as some production assets, leaving the rest of the carcass to others.

The new Hostess has just a couple of thousand employees, not selected from the ranks of the bakers union. The factories have cutting-edge robotics. The owners boast of industry-leading margins.

The Twinkie maker is to merge with a shell company that was listed in order to acquire a private business. Hostess is valued at a healthy 10 times earnings before interest, tax, depreciation and amortisation. Apollo and Metropolous will take money off the table but will maintain a 42 per cent stake in the listed group.

The pair would probably claim that without unsentimental measures Twinkies would no longer exist. Their character witnesses could be the pension funds that invest in these ruthlessly efficient buyout firms.

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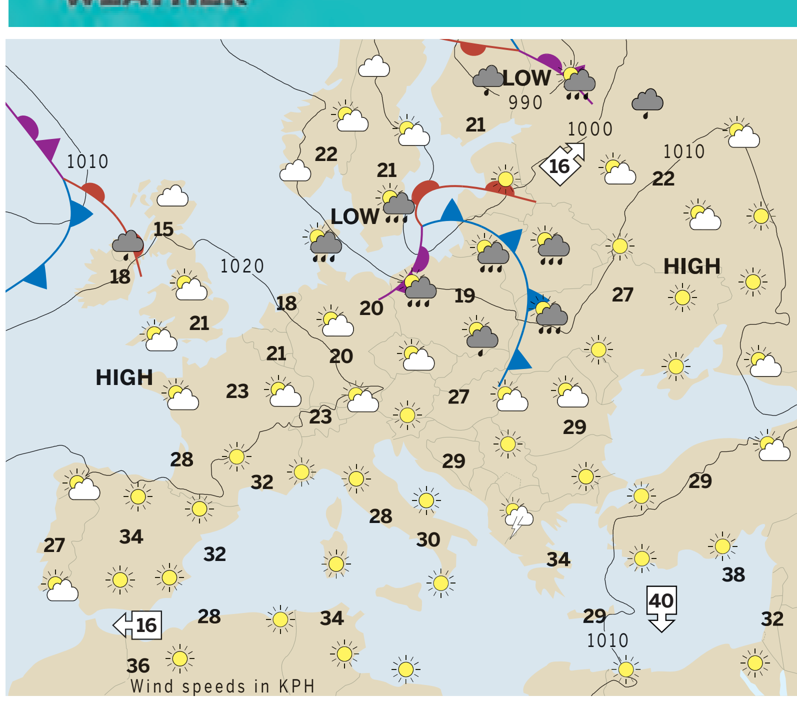
WEATHER



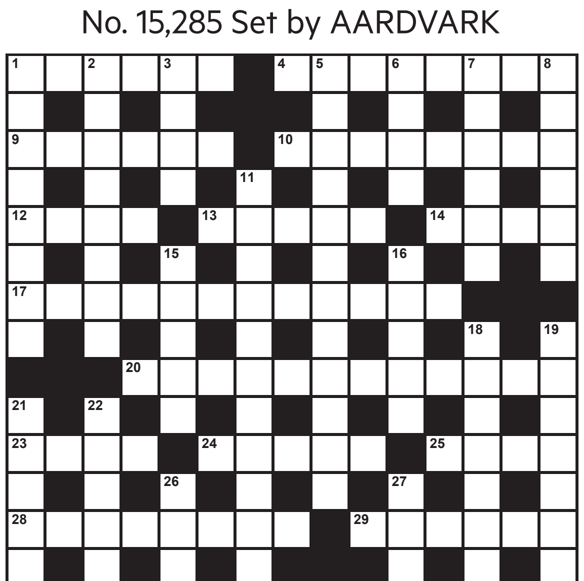
Forecasts by MeteoGroup — Warm front — Cold front — Occluded front — Wind speed in KPH

Today's temperatures — Maximum for day °C

City		°C	City		°C
Abu Dhabi	Sun	40	Malta	Sun	30
Amsterdam	Fair	18	Manila	Thunder	32
Ankara	Sun	29	Miami	Fair	33
Athens	Sun	34	Milan	Sun	33
Bahrain	Sun	40	Montreal	Cloudy	30
Barcelona	Sun	29	Moscow	Fair	22
Beijing	Sun	32	Mumbai	Thunder	30
Belfast	Rain	15	Munich	Fair	24
Belgrade	Cloudy	25	Naples	Sun	30
Berlin	Fair	20	New York	Fair	33
Brussels	Fair	19	Nice	Sun	27
Budapest	Sun	27	Nicosia	Sun	38
Cairo	Sun	37	Oslo	Fair	22
Cardiff	Cloudy	19	Paris	Fair	23
Chicago	Shower	32	Prague	Fair	19
Cologne	Fair	20	Reykjavik	Fair	15
Copenhagen	Shower	18	Riga	Thunder	19
Delhi	Fair	36	Rio	Sun	31
Dubai	Sun	38	Rome	Sun	28
Dublin	Cloudy	18	San Francisco	Fair	19
Edinburgh	Cloudy	16	Singapore	Shower	31
Frankfurt	Fair	21	Stockholm	Fair	23
Geneva	Sun	25	Strasbourg	Fair	22
Hamburg	Shower	17	Sydney	Rain	17
Helsinki	Fair	21	Tokyo	Fair	27
Hong Kong	Fair	30	Toronto	Fair	33
Istanbul	Sun	29	Vancouver	Cloudy	20
Lisbon	Sun	27	Vienna	Sun	23
London	Fair	21	Warsaw	Shower	19
Los Angeles	Fair	23	Washington	Fair	33
Luxembourg	Fair	21	Zagreb	Fair	26
Madrid	Sun	34	Zurich	Fair	23

CROSSWORD

No. 15,285 Set by AARDVARK



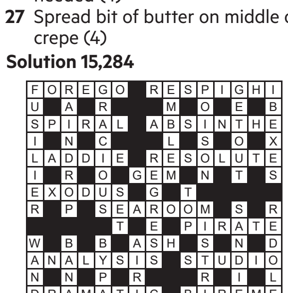
ACROSS

1 Primate's an important person with great standing westwards (6)
4 A racket's produced by disturbance over in slaughterhouse (8)
9 Make pitiful money in Asia, restricting tot (6)
10 US sportsman to remain before game in part of changing facilities? (4,4)
12 Sound equipment used by Durham psychologist (4)
13 Greek character starts to hobble about on mountain (5)
14 Callas doesn't need intro for song (4)
17 Father's on a holiday that's ridiculously dear – March, in America (6,6)
20 Novelist Jack takes Porsche with Dan, tearing around circuit (6,6)
23 Sports venue's toilet round back (4)
24 Sub from United stole limelight ultimately (1-4)
25 Weird headless deity is a mythical creature (4)
28 Medic's energy transfixes poet seen by A + E initially? (8)
29 Copier's component has run out inside (6)
30 Slightly flushed woman mixed drink (4,4)
31 Early fall leads to Irish colt getting infected (6)

DOWN

1 Thin material in work uniform accepted by Sister (8)
2 During break, record advert about European city (8)
3 Listen! Little weight's apparent over six months? (4)
5 Just bay horse briefly relaxing on the trailer (2,1,5,4)
6 English runner in casual top, half-exposed (4)
7 One's outside light on for work (6)
8 Oriental fellow in desert's warm again (6)
11 One praises director etc's filmmaking equipment (12)
15 Physician collects green ornamentation (5)
16 Charlie regularly hit out after personal data revealed (5)
18 Western street in Paris grey when described by bird (4,4)
19 In command after dynamic raid at sea (8)
21 Refusal by mum to increase meal (4-2)
22 Did model, in audition, deserve heavenly body? (6)
26 I've turned fifty – head covering needed (4)
27 Spread bit of butter on middle of crepe (4)

Solution 15,284



JOTTER PAD

Companies & Markets

FINANCIAL TIMES

Japan's Palaeolithic PCs
Tech in the deflation era
LEO LEWIS, PAGE 14

Volkswagen	Sharp	US Steel	Sterling/euro	FTSE Mid 250	10yr US Treasury	Brent oil	CBOE Vix
2.87%	5.61%	3.53%	1.2%	2.4%	10bp	4%	10%
€108.20	¥101	$17.63	€1.1762	15,734	1.36%	$48.11	16.25

Chevron to boost Kazakh oil output

$36.8bn Tengiz field expansion bucks trend • Biggest move by oil majors this decade

ED CROOKS — NEW YORK
JACK FARCHY — ALMATY

A $36.8bn expansion of the Tengiz oilfield in Kazakhstan, the largest investment by private sector oil companies this decade, has been given the go-ahead by Chevron, bucking the trend of delays and cancellations resulting from the crude crash.

The green light for the plan is a rarity at a time when oil companies have been slashing capital spending and holding back on new commitments to large developments in particular.

The investment will add 260,000 barrels per day of crude to production at Tengiz. That would increase the output at TCO, the Chevron-led consortium that runs the field, by 44 per cent from its average of 595,000 b/d last year. The expansion is scheduled to deliver oil from 2022.

The industry's expected spending between 2015 and 2020 has dropped by about $1tn, or 22 per cent, since 2014, according to Wood Mackenzie.

Chevron is cutting its planned capital spending from nearly $42bn in 2013 to a planned $25bn this year. It has several mega-projects coming on stream between 2014 and 2017, and has set a strategy of shifting towards smaller, more flexible investments.

But the fact that Tengiz is already in production, rather than a greenfield development, makes the investment more attractive. The project will break even with an oil price at about today's levels of $50 a barrel, according to people close to two of the companies in the Tengiz consortium.

The economics of the project have also been helped by the downturn in the industry, which has cut the cost of equipment and contracts with service providers.

Jay Johnson, Chevron's executive vice-president for oil and gas production, said the project was "well-timed to take advantage of lower costs of oil industry goods and services".

Matthew Sagers, senior director of Russia & Caspian Energy at IHS, the consultancy, said: "The project's economics are not wonderful, but at the same time they're solid. You don't need a ridiculously high price to recognise the benefits."

TCO is 50 per cent owned by Chevron, 25 per cent by ExxonMobil, 20 per cent by KazMunaiGas, Kazakhstan's state oil group, and 5 per cent by Russia's Lukoil.

In terms of investments by private sector oil companies, the Tengiz expansion is larger than any of the other big oil and gas projects approved this decade, including BP's $28bn expansion of the Shah Deniz gas development in Azerbaijan, and Total and Novatek's $26.9bn Yamal LNG plant in Russia, both given the go-ahead in 2013.

260,000 b/d
Crude the investment will add at the oilfield, lifting output 44% at consortium TCO

$25bn
Chevron's planned capital spending this year, down from nearly $42bn in 2013

Cultural theory
Vice sees the virtue of Zhukova's magazine

Vice Media has acquired a controlling stake in Garage, an art and culture magazine founded by Dasha Zhukova, wife of Russian tycoon Roman Abramovich, as the brand pushes into contemporary art, **writes Matthew Garrahan.**

Vice said it would bolster Garage's online presence, building a digital video channel, expanding its editorial team and launching international editions. Ms Zhukova, Garage editor-in-chief, will continue in her role. Terms of the deal were not disclosed.

Ms Zhukova, pictured right at her Garage museum in Moscow, and her husband have become big participants in the art world with a private collection that includes works by Freud and Bacon.

Ms Zhukova was a founding partner of Artsy, an online art sales site, alongside Google's Eric Schmidt and Wendi Deng, Rupert Murdoch's ex-wife.

Vice's interest in the art world follows the investment in Frieze, the London art fair and publisher, by WME-IMG, the sport and entertainment group run by Ari Emanuel and Patrick Whitesell.

With Garage, Vice will follow a template it set four years ago when it acquired i-D, a fashion magazine, and relaunched it as a digital video brand.

Pavel Golovkin/AP

Short View

Katie Martin

It is becoming increasingly difficult to maintain a stiff upper lip as markets convulse after the UK's vote to leave the EU. But let us give it a try.

Exhibit 1: the FTSE 100. Look at it go. After a dent in the immediate aftermath of the vote, it has risen to a high for the year. Shares in British American Tobacco are up 18 per cent since the post-vote low. Who says stress-induced smoking is all bad? Silver miner Fresnillo's shares are up more than 50 per cent.

Exhibit 2: sterling. There's a currency war on, you know, and Blighty is winning. A drop in the pound is just what exporters need, and heaven knows it has fallen. The currency has not been weaker than this since 1985, before many currency traders were born.

Exhibit 3: gilts. UK government bonds have never had it so good. Yields are on the floor and the government has shown it can borrow new five-year cash at super-skinny yields with very healthy demand (1.8 bids received for each one accepted).

So is everything awesome? No.

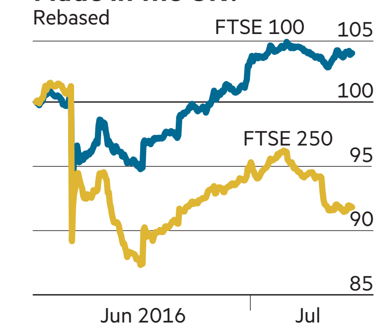
What is going on is, at best, a nasty shortlived shock. At worst, it is a full-on reassessment of the case for investing in the UK. The FTSE 100 is in a happier place but that is thanks to an unprecedented collapse in sterling that is a fillip to UK-listed companies earning their crust overseas. Ciggie shares fall into that camp, as do miners and energy companies. The FTSE 250, packed with more domestic names, is still 9 per cent below the peak it saw before the referendum result was known, and that is with the help of expectations for more easing from the Bank of England this summer.

Sterling's slide will continue to support some exporters. But as the drop after the 2008 crisis showed, it is heroic to argue that this will spark a manufacturing boom, particularly while the UK is exporting mainly political strife to its European neighbours.

And gilts are in full-blown recession territory. The punchline: they are at risk of falling horribly if the wilting pound succeeds in pumping up inflation.

Accentuate the positive if you must. But let us not be silly. This is not a game.

Made in the UK?
Rebased



Source: JPMorgan Asset Management

The FTSE 100 is in a happier place thanks to sterling's collapse while the FTSE 250 is still 9% below the peak it saw before the referendum result

katie.martin@ft.com

It never rains but it pours for Goldman bankers

For Goldman Sachs, the 1MDB fund probe is a regulatory entanglement to add to a long list. The bank's quarterly filing with the SEC sets out seven pages of proceedings which might cost the bank up to $1.9bn more than the amounts it has reserved for losses.
Regulatory woes ▶PAGE 15

German carmakers and parts groups raided in steel purchase cartel probe

PATRICK MCGEE — FRANKFURT
PETER CAMPBELL — LONDON

Six of Germany's largest carmakers and parts suppliers were raided by the country's cartel authority yesterday over suspicions that they had colluded when buying steel.

Volkswagen, BMW and Mercedes-Benz owner Daimler confirmed the raids, which were conducted on June 23 by Germany's Federal Cartel Office, supported by police and crime authorities.

Bosch and ZF, two of the country's largest parts suppliers to the car industry, were raided at two separate locations, the companies confirmed.

The sixth company has not made itself known.

The raids follow a number of probes in recent years on car parts ranging from airbags to lighting systems.

Joaquín Almunia, the EU's former antitrust chief, quipped in 2014 that if each part under investigation were added up, "we can have almost a fully-fledged car".

A spokesman for the cartel office said the investigations could last months, or in some cases three to five years. He clarified that the suspicions related to the purchasing of steel, rather than the classic cartel practice of colluding over prices of goods to be sold.

"It's very difficult to make a judgment," Marc-René Tonn, analyst at Warburg Research, said. The fact that the probe was about steel added a layer of uncertainty because there were so many different kinds of the material used for different purposes in a car.

Steel is one of the most important materials for the car industry, accounting for about a third of raw material costs. An average car contains about 900kg of steel, according to the World Steel Association.

In 2014 the EU fined German parts supplier Schaeffler €371m and Sweden's SKF €315m for colluding with four Japanese suppliers on sales of ball bearings. The investigations began with raids in November 2011.

The Federal Cartel Office has the power to levy fines of up to 10 per cent of turnover, though this upper limit is rarely reached.

Companies / Sectors / People

Tobacco

EU to end anti-cigarette smuggling deal

Brussels will not renew its 'ineffective' arrangement with Philip Morris

DUNCAN ROBINSON — BRUSSELS

The EU is to end a controversial $1.25bn deal with Philip Morris International aimed at reducing trade in illicit cigarettes following criticism from lawmakers.

A change in smuggling trends coupled with tougher EU anti-tobacco laws — which came into force this year — mean that the agreements are no longer necessary, according to officials who confirmed the move.

MEPs had called on the European Commission not to renew the agreement with Philip Morris, arguing that it was ineffective and inappropriate, particularly as the World Health Organisation's tobacco rules call for a general separation between governments and tobacco companies.

The deal came after the EU took Philip Morris to court in the 1990s, alleging that the world's biggest tobacco company was not doing enough to stop the flow of cigarettes smuggled into the bloc. Under the terms of the 2004 agreement, the Marlboro-maker agreed to monitor more closely illicit cigarettes — which have not had the correct duty paid on them — as well as pay a contribution to the EU.

The surprise decision not to renew the deal also puts similar agreements with British American Tobacco, Japan Tobacco and Imperial Brands in doubt. But these deals do not have to be renewed until at least 2022.

The number of cigarettes seized under the scheme has dwindled in recent years. In 2014, only 14m cigarettes belonging to Philip Morris were seized — an amount that would fit into two shipping containers. This was 85 per cent lower than in 2006.

$1.25bn
EU's controversial deal, which was struck in 2004, with the world's biggest tobacco company

14m
The number of Philip Morris-owned cigarettes seized in 2014 — 85% lower than in 2006

Luk Joossens, a tobacco control expert at the Association of European Cancer Leagues, welcomed the decision. "It was not worth working with industry," he said. "There is always suspicion from other countries because the EU collaborates with industries."

Philip Morris and others in the industry, launched an unsuccessful legal challenge in the EU's highest court against the new rules on tobacco, which require strict tracing requirements of tobacco sales and ban certain types of cigarettes.

Bart Staes, a Belgian MEP who had argued against the renewal, said: "With Philip Morris and others having taken an unsuccessful legal challenge against the recently agreed EU tobacco rules, it would have been inappropriate to conclude a parallel new bilateral agreement with the industry in this context."

Philip Morris, which had indicated that it wanted the arrangement to continue, said: "What matters most for us is that the supply chain control measures contained within it will remain an integral part of how we do business in the EU and around the world. With or without the agreement, our commitment to fight illegal trade around the world remains intact and stronger than ever."

FT **Beyond the law**
The new mantra for EU governments when dealing with rules of which they are not fond
ft.com/brusselsblog

Industrials. Growth plan

Maersk's new helmsman on lookout for revenue

Chief to undertake strategic review as conglomerate faces headwinds in shipping and oil

RICHARD MILNE
NORDIC CORRESPONDENT

The new chief executive of AP Møller-Maersk has signalled that one of his main priorities is to boost revenues at the Danish shipping-to-oil conglomerate after a decade of stagnation.

In his first interview since starting the job last Friday, Soren Skou told the Financial Times that the group was buffeted by short-term "headwinds" in all of its businesses — from the world's largest container shipping line to oil production and drilling rigs.

"In the long term, we are challenged on top-line growth. Obviously, for us it's important that we have a group that is both profitable but also has a growth path . . . If you have a business that isn't growing the top line it's very hard to deliver attractive returns to shareholders," said Mr Skou, who is also head of Maersk Line, the group's container shipping unit. The European industrial heavyweight sent shockwaves through the markets last month when it fired its chief executive and hinted that it could break up the 112-year conglomerate.

'The board has asked me to look at the strategic options. We are going to look at the full menu'

Maersk's chairman, Michael Pram Rasmussen, told the Financial Times 10 days ago: "Should we be a group as we are today, or might it be an idea to have a number of different separate businesses instead?"

He has charged Mr Skou with leading a strategic review of the conglomerate, and the board will update investors by the end of September.

Mr Skou gave little away in the interview as to the likely outcome, but he indicated that there were no sacred cows.

"The board has asked me to look at the strategic options. We are not starting with a lot of do nots, or areas where we don't want to go. We are going to look at the full menu of options," he added.

Mr Rasmussen hinted that Maersk Line — which accounts for more than half of the conglomerate's revenues — would be the cornerstone of any future company as Mr Skou will permanently combine his job running it with his new role as group chief executive.

Mr Skou, 51, who has worked at the Danish group for the past 33 years, gained a reputation with investors as a cost cutter after he boosted Maersk Line's profitability and made it the market leader in volumes and margins after taking the helm in 2012.

Before that, he was for a decade head of Maersk Tankers, whose ships transport oil and gas all over the world. "He has been impressive at Maersk Line and we hope he can shake the group up," said a leading Danish fund manager.

Mr Skou said his latest initiative at Maersk Line of "standardising, automating, digitalising" gave it "some new growth opportunities" that could be applied to the group's other transport-related businesses, including port terminals and marine service companies.

Maersk generated $40bn of revenues last year, compared with $44bn in 2006 and a peak of $61bn in 2008. Like Mr Rasmussen, Mr Skou said acquisitions could take place at Maersk, without giving any specifics.

Nils Andersen, Mr Skou's predecessor, streamlined the conglomerate by selling its big stakes in Denmark's largest bank and supermarket chain.

But during Mr Andersen's more than eight years in charge, shares fell about 40 per cent, though shareholders benefited from a multibillion-dollar special dividend and stock buyback programme.

Mr Skou said that creating value for shareholders was another goal of the strategic review. "We have created a massive amount of value previously. In the last decade we have not. We have to figure out how to change that," he added.

Some analysts have speculated that Maersk Oil, the conglomerate's mid-sized exploration and production business, could be sold, especially after one of its main assets — a Qatari oilfield — was stripped from it after a tender process. Mr Skou refused to speculate on whether assets could be sold but added that Maersk had been a conglomerate for a long time.

"The ability of the group to have financial strength and leverage different businesses in different cycles has many times been shown to be an advantage," he said.

But he also hinted at frustration inside Maersk that diversifying from container shipping in an attempt to offset the volatility of that business had not worked in the current business cycle.

Freight rates for container shipping were at a record low earlier this year while oil prices are still weak, leading Mr Andersen in February to warn that business conditions for the company were worse than at the peak of the 2008 financial crisis.

Mr Skou said: "Those headwinds are short-term challenges, but I think it's rather unfortunate that we have them in both of our industries at the same time."

Soren Skou says his digitalisation push at Maersk Line may be extended within the group
Edgar Su/Reuters

INSIDE BUSINESS
ASIA
Leo Lewis

Japan's computer cannibals reveal glitch in Abenomics plan

Operating from a flimsy hilltop warehouse in the backwoods of Japan's Izu peninsula, Tomoharu Iguchi is a highly successful technology cannibal. His existence is one of the country's darker secrets: a necessary strut in a corporate edifice defined by decades of deflation.

For those who picture Japanese production lines at the bleeding-edge of modernity, Mr Iguchi's business of disembowelling, scavenging and supplying parts from long obsolete computers, seems improbable. His stockroom — a precariously stacked jumble of grimy monitors, half-gutted '90s-era PCs and spaghetti knots of yellowed keyboard and mouse cabling — should not logically be humming with activity in 2016.

But his customer base — a nationwide, 1,000-strong list of Japanese companies that includes major railway operators, auto-parts giants, drugmakers, retailers and hundreds of small manufacturers — reveals a rather more threadbare Japan. It cannot live without its creaking, underpowered, 20-year-old computers. Or Mr Iguchi.

Mr Iguchi is hardly to be blamed for the phenomenon, but the corporate mindset and decision-making that keeps him in business are one of the main reasons that Abenomics is having such a hard time gaining traction.

Larger Japanese manufacturers, as reflected in the Bank of Japan's most recent Tankan survey of business sentiment, are narrowly planning to raise their IT spending. But the less visible industrial heartlands are dragging their heels.

Those managers and business owners who opt for Mr Iguchi's services have spent a large part of their careers in the shadow of deflation. For them, cost-cutting — to the point of not replacing computers — has become a cherished corporate skill and guarantee of promotion.

Abenomics, though, is suddenly calling on companies to be risk-taking innovators, and to reward a different set of skills. In practical terms, Mr Iguchi's business, while admirably lucrative for him, indulges Japan's wider antipathy to capital spending. And it does so just when the "virtuous circle" proponents in prime minister Abe's team need capex to advance at ramming speed and haul the economy with it.

An extensive critique of the Japanese economy by the Daiwa Institute of Research last week cited weak corporate investment as one of the three main reasons that Abenomics and the Bank of Japan's negative interest rate policy have yet to refire the growth engines.

Cost-cutting — to the point of not replacing computers — is a cherished skill

Computer cannibalisation highlights the blockage. Mr Iguchi is entirely focused on the PC-98 — a famously workhorse-like series of computers first produced by the Japanese technology group NEC in the 1980s. A Japanese-made computer, it was suited to Japanese use at a time when Japan was buying.

A decade later, the arrival of the internet and flatscreen monitors created hot demand for new computers across corporate Japan. As offices upgraded their desktops, manufacturing and other sectors took the same opportunity to embed a new generation of machines in production lines, points of sale and back-office operations.

But the PC-98 was rather too successful: the machines were so user friendly and so deeply embedded, says Mr Iguchi, that for years nobody could see any good reason to replace them. Until 2010, NEC was still making replacement parts. Many took the 2010 cut-off as the prompt to finally ditch their old machines, but thousands decided that the cost was simply too high.

As a result, PC-98s are still embedded in production lines. They cannot simply be replaced with something newer, and replacing entire production lines instead seems recklessly expensive when people like Mr Iguchi are around to replace the crucial burnt-out microchip for a few thousand yen.

That prudence, say analysts, is what Abenomics is fundamentally up against. Goldman Sachs points out that the June Tankan survey, even after an upward revision from March, found that full-year 2016 capex plans across all companies and industries were the weakest for several years. Risks are all to the downside — and that was before Brexit added further spice to market uncertainties.

Meanwhile, Mr Iguchi still has hundreds of brand new machines, bought from NEC at fire-sale prices when the PC-98 was discontinued. They sit, ready to be broken apart and sold piece by piece — keeping the ancient computers of Japan running, and capex plans on hold for another year.

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Technology

Ashley Madison faces FTC 'fem-bots' probe

HANNAH KUCHLER — SAN FRANCISCO

Ashley Madison, the adultery website that was hacked last year, is under investigation by the US Federal Trade Commission for its use of bots to chat with paying male customers, the company said.

The dating website was attacked by cybercriminals last summer, exposing the identities of its would-be adulterer subscribers and internal documents that appeared to show that it used so-called "fem-bots" so that men would believe they were engaging with real women willing to have an affair.

Avid Life Media, which owns Ashley Madison and other dating sites including CougarLife and EstablishedMen, has appointed a new chief executive Rob Segal to attempt a fresh start at the company.

Mr Segal, the former chief executive of esports company WorldGaming, told Reuters that the FTC had been investigating its use of bots, and a spokesperson confirmed the company had been "proactively sharing information with regulatory authorities" since August 2015. The FTC did not respond to requests for comment.

Mr Segal said bots, thought to have been deployed because there were far more men than women on the site, were no longer used. James Millership, newly appointed as president at Ashley Madison after working under Mr Segal at WorldGaming, added: "My understanding is that bots are widespread in the industry, but they are no longer being used, and will not be used, at Avid Life Media and Ashley Madison."

Ashley Madison, which used to advertise itself with the tagline "Life is short. Have an affair" is trying to reposition itself as the dating website for the "open-minded" and people with an "adventurous spirit", rather than just those looking for extramarital affairs. It is looking at acquisitions, partnerships and a total rebranding, Mr Millership said.

Banks

UBS fights French demand for accounts data

RALPH ATKINS — ZÜRICH

UBS is launching a legal challenge to a demand that it surrender historical information on French customers' accounts, in the latest example of a clash between tax authorities and Swiss banks.

Zürich-based UBS revealed yesterday that it had been asked for information on the accounts of current and former French-domiciled clients dating from 2006 to 2008. This request was made by French tax authorities and passed on by their Swiss counterparts under a French-Swiss double tax treaty.

However, UBS said it had "expressed its concern . . . that the legal grounds for this request are ambiguous at best", and decided that the demand should be challenged in the Swiss federal administrative court "to ensure legal clarity".

It claimed it had launched its challenge because the data and justification cited in the French authorities' request "lack the required specificity". Swiss courts are considering a similar legal challenge to an information request submitted by the Dutch tax authorities.

Over the past decade, Swiss banks that helped their international clients to evade tax have faced a clampdown by both European and US authorities. US authorities have imposed billions of dollars in fines on institutions including on UBS and Credit Suisse.

Swiss financial institutions have since overhauled their business models and introduced procedures to ensure customers comply with tax laws. From next January, under agreements on the exchange of tax-relevant information, Swiss banks will also have to provide information to French and other tax authorities on an annual basis.

But banks such as UBS still face having to deal with "legacy" issues dating from before these recent reforms.

France's request for account information was based on data supplied to its tax authorities by Germany.

COMPANIES

1MDB probe poses risks for Goldman Sachs

Investigation into possible violations by bank in its handling of securities proceeds adds to list of regulatory woes

DAVID J LYNCH — WASHINGTON,
JEEVAN VASAGAR — SINGAPORE
BEN MCLANNAHAN — NEW YORK

1MDB's Tun Razak Exchange development in Kuala Lumpur — Olivia Harris/Reuters

Two blocks from the White House, in a century-old stone building once owned by Lehman Brothers, federal prosecutors are probing the activities of Goldman Sachs in Malaysia.

Department of Justice officials are investigating whether the Wall Street bank violated the Bank Secrecy Act in its handling of the proceeds of securities offerings for 1Malaysia Development Berhad (1MDB), a state investment fund embroiled in a long-running scandal over claims of misappropriation. Regulators at the Securities and Exchange Commission and the Federal Reserve are also scrutinising the bank's conduct, says one person familiar with the probes.

"Any time you have illicit activity going through international banks, you've got — potentially — exposure by those banks for failing to do a good enough job of figuring out the purpose of those transfers," says one former federal prosecutor.

For Goldman, the probe is another regulatory entanglement to add to a long list. The bank's latest quarterly filing with the SEC sets out seven pages of legal proceedings — including an action in the High Court in London, pitting the bank against the Libyan Investment Authority — which could cost the bank up to $1.9bn more than the amounts it has reserved for losses. Any unexpected hits would further eat away at returns, in a year in which the bank is expected to struggle to meet its profit targets.

US prosecutors are focusing on Goldman's role in advising on three bond deals for 1MDB between 2012 and 2013, in which the fund — then overseen by an advisory board headed by Najib Razak, the prime minister — raised about $6.5bn. Goldman earned $593m in fees along the way — a sum which it says is explained by the risk it ran by holding the offerings on its books.

In a deal in March 2013, Goldman bought bonds with a face value of $3bn for $2.71bn — then asked Standard & Poor's to provide a rating, so it could sell them on to investors. At the time, Goldman declined to comment on the transaction but told the FT the bank had conducted "the same consistently high global standards of due diligence and business selection in connection with all securities offerings".

Goldman declined to comment on the DoJ investigation. 1MDB and Mr Najib have denied any wrongdoing.

No charges have been filed against Goldman or its executives and none appears imminent, says a person close to the situation. Investigators first hope to interview several bank employees.

The office of the US attorney for the Eastern District of New York is also investigating Goldman's role advising the Malaysian fund, while other DoJ units, as well as federal prosecutors in Los Angeles, are investigating aspects of the 1MDB affair. Those include potential misappropriation involving Malaysian officials associated with the fund.

At issue is Goldman's compliance with the Bank Secrecy Act, a 1970 law that gained teeth with passage of the Patriot Act following the 2001 terrorist attacks. Under the Act, all financial institutions are required to maintain programmes to prevent money laundering, including notifying authorities of suspicious customer transactions. Banks are required to have robust internal controls, independent testing, a compliance officer responsible for daily monitoring and adequate training for employees. Large banks typically rely upon a mix of manual and automated systems to detect suspect transactions.

In the 1MDB case, Goldman employees had an obligation to be especially careful when dealing with Mr Najib — who set up the fund in 2009 — his relatives, or other senior Malaysian government officials. The law requires enhanced due diligence when handling transactions connected to a "politically exposed person".

That provision requires the bank to ask extra questions and seek independent verification on funds going through it and to monitor any account associated with such senior government officials. "That's where the exposure lies," says a second former federal prosecutor.

> Goldman employees had an obligation to be especially careful when dealing with Najib Razak

The DoJ investigation is led by the bank integrity unit of the asset forfeiture and money laundering division, where veteran trial attorneys are scrutinising the adequacy of Goldman's internal anti-money laundering controls, the person said. The division's main hallway is lined with framed testimonials to the corporate scalps it has collected over the years, including those of companies such as Enron and Bank Credit and Commerce International.

Investigators are considering a host of issues, including the overall rigour of Goldman's anti-money laundering programme. Prosecutors typically evaluate how much a specific transaction differs from the bank's standard practice; how much headquarters knew about the details; and the incentives created by the bank's compensation structure. One red flag that prosecutors look for: indications that compliance officers alerted higher-ups to concerns before a transaction was cleared.

Some of the publicity has so far focused on Tim Leissner, Goldman's former main banker on the 1MDB account, who resigned from the bank on February 23. The move came after Goldman suspended him in January for having made "inaccurate and unauthorised statements" in a June 2015 reference letter, a filing with Finra, the financial industry's self-regulatory body says.

Scrutiny may not be limited to Mr Leissner. "That [1MDB] business was very important. It brought in a ton of money for the bank. It's hard to believe the main people involved didn't have a sense of what was happening," says one of the former federal prosecutors.

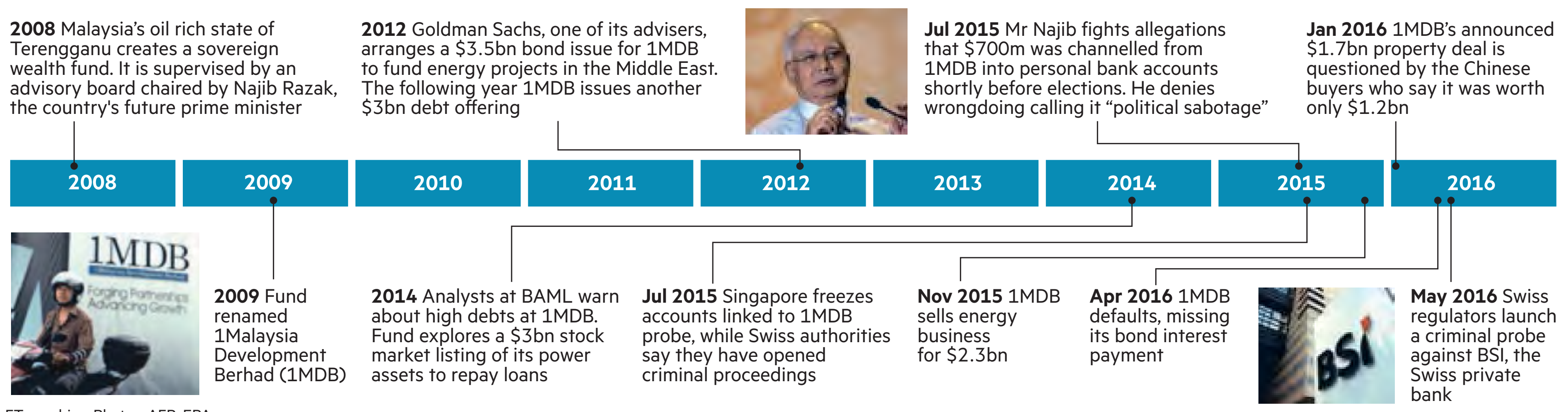
Goldman's business in Malaysia appears to have been damaged by the scandal. The bank was not invited to pitch on government bond issuances in April, or for recent debt and equity-raising deals for Khazanah, Malaysia's sovereign wealth fund, says a person familiar with the deals. Last year, Goldman ranked 15th by value of Malaysian deals advised on, Dealogic says. In 2012, before the 1MDB scandal, it was first.

Some observers are sceptical the bank will face any meaningful action in the US. "Given the DoJ's slap on the wrists to global banks which violate the BSA, the risk to Goldman is probably a couple billion bucks, which is to say, not much risk at all," says Dennis Kelleher, of Better Markets, a non-profit advocacy group.

But the serial 1MDB probes come as the justice department is under pressure to hold individuals, not just institutions, responsible for corporate misdeeds. In September, deputy attorney-general Sally Yates announced a new policy, requiring prosecutors to "focus on individuals from the very beginning" of any investigation. "DoJ is under a lot of pressure to indict," says a third former government lawyer. "If you're Goldman, you'd have been better off having this scandal in 2009."

Additional reporting by Jennifer Hughes in Hong Kong

Timeline: 1MDB



FT graphic Photos: AFP; EPA

Banks

LIA official's brother 'given internship'

JANE CROFT — LONDON

The brother of a top Libyan official was taken on as an intern at Goldman Sachs despite the fact he was "unsuitable" for a traditional placement, a High Court trial in London heard yesterday.

Haitem Zarti, the brother of a Libyan Investment Authority director, was handed a coveted Goldman internship on a pro-rata salary of £36,000 soon after the US bank carried out lossmaking trades on behalf of the country's sovereign wealth fund in early 2008, the court heard.

The internship forms part of a lawsuit brought by the Libyan Investment Authority in which it claims the investment bank exploited its limited experience and forced it into the nine risky and ultimately lossmaking derivative trades. Goldman denies the allegations.

In its case, the LIA has detailed the efforts of Youssef Kabbaj, an ambitious Goldman banker, to cement ties with the LIA.

Mr Kabbaj befriended Haitem Zarti, the younger brother of LIA executive Mustafa Zarti, and offered him the internship, the trial has heard.

Andrea Vella, a partner at Goldman Sachs, agreed in his evidence that Haitem Zarti was "unsuitable" for a traditional internship. However, he said that Mr Zarti's time at the bank was for a "different purpose and objective" to a traditional internship because it was thought he would eventually become a senior official at the LIA.

"I was excited at the fact that someone who would be a key decision maker in future had the opportunity to familiarise himself of our complex financial services firm," Mr Vella told the court.

Mr Vella also testified it was "surprising" and "a bit intense" that Mr Kabbaj had built up a client relationship with Haitem Zarti to the extent that he holidayed with him at his own expense in Morocco. Both men then flew business class to Dubai for a Goldman Sachs conference. The flights, five-star hotel accommodation at Dubai's Ritz-Carlton hotel and meals at a series of top restaurants were paid for by the bank. Haitem Zarti was not an LIA employee at the time.

Goldman paid for LIA clients to attend a bank conference in Dubai

Philip Edey, representing the LIA, cross-examined Mr Vella on whether Mr Kabbaj's treatment of Mr Zarti was normal for the bank.

"Is it normal to fly even a client business class to a conference abroad?" Mr Edey asked. "Probably not," Mr Vella replied.

"Is it normal to take any client out for dinner or a meal as regularly as that?" Mr Edey asked. "Probably not," Mr Vella replied.

The trial has already heard lurid claims about Mr Kabbaj procuring two prostitutes on the Dubai trip with Mr Zarti. Mr Vella told the court this behaviour was "inappropriate".

Earlier in his evidence, Italian-born Mr Vella denied claims that he got so angry with Mr Kabbaj, who no longer works for Goldman, on one occasion that he took his shoe off and banged it on the table at a meeting.

But Mr Vella said he was "upset or disappointed" that Mr Kabbaj gave gifts, including iPods, to the LIA team as he sought to build ties with them.

The trial continues.

Travel & leisure

Berlusconi lines up China sale of AC Milan

‘Leading companies’ join forces in €400m-plus deal for Italian football club

MURAD AHMED — LONDON
JAMES FONTANELLA-KHAN — NEW YORK

AC Milan are set to be the latest top-tier European football team to move into Chinese ownership after long-time owner Silvio Berlusconi said he had sold the club.

The former Italian prime minister and media magnate told local newspapers yesterday that he had sold one of Europe’s most successful football clubs, after receiving assurances from the buyers that they would invest significantly to return the club to former glories.

Though he did not disclose the identity of those behind the purchase, Mr Berlusconi said: “Milan has now embarked on this path towards China.

“I accepted what was offered to me, that does not even take into account the value of the brand. But I demanded the commitment of the new owners, who are a group of leading Chinese companies, some also state-owned, to pay at least €400m over the next two years.”

The two sides are still finalising the terms of the agreement, according to one person involved in the talks.

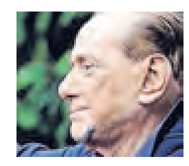
The sale comes as Chinese investment in European football has grown rapidly. Last month, Chinese retail group Suning Holdings paid €270m for a 70 per cent stake for Inter Milan.

In March, billionaire Wang Jianlin’s Dalian Wanda Group agreed a deal with Fifa to sponsor the next four football World Cups for an undisclosed sum. Last year, Wanda acquired a 20 per cent holding in Atlético Madrid football club for €45m. A consortium of Chinese investors paid $400m for a 13 per cent stake in Manchester City in December.

The dealmaking has the tacit approval of Beijing. Xi Jinping, China’s president, wants to make the country a football powerhouse, with the government this year approving a programme that aims to elevate China’s national team to among Asia’s best by 2030.

Mr Berlusconi, 78, bought AC Milan in 1986, when it was near bankruptcy and he invested significantly in the squad. The following year, he hired Arrigo Sacchi, the coach who led the club to multiple trophies, including back-to-back European Cup victories in 1989 and 1990, and created a team widely regarded as one of the world’s best.

Former Italian prime minister Silvio Berlusconi bought AC Milan in 1986 when it was near bankruptcy



The sale of AC Milan marks the end of an era for many Italians. Mr Berlusconi’s exit comes as the political fortunes of his Forza Italia party have been eclipsed by the rise of Matteo Renzi’s ruling centre-left Democratic party and populist groups such as the Five Star Movement and the Northern League.

For decades Mr Berlusconi tied his personal success in business and politics to those of his club, which under his ownership won eight Serie A and five European Champions League titles.

The entrepreneur, who was found guilty of bribing a senator last year, said that his legal troubles have created “other concerns” than the club.

“I have not followed AC Milan as in the past, and now I want to close a 30-year period, including 28 major successes, in the best way and I think it’s important the choice of giving Milan away to somebody who is willing to invest in the club to get it back at the top in Italy and in the world,” he said.

AC Milan finished seventh in Italy’s Serie A last season, well outside the qualification positions for European competition that provide a vital source of revenues for Europe’s biggest clubs. The club made a loss of €93.5m last year.

Last week, AC Milan appointed Vincenzo Montella, the former Italian international player, as coach.

IT services. Innovation

Bangalore’s finest eye the storm beyond the cloud

Indian groups must think quickly as data-driven shift threatens their business model

SIMON MUNDY — BANGALORE

Wipro is researching robots and other connected machines as opportunities for graduates shrink
Namas Bhojani/Bloomberg

At one end of a room at Wipro’s headquarters on the southern edge of Bangalore stands a shelf stacked with packets of Coco Pops and Special K — a training ground for robots designed to roam supermarket aisles in search of out-of-place products.

Nearby is a smart snack vending machine that can send alerts to headquarters when it is low on stock, and greets consumers through a touchscreen interface.

Such projects are a far cry from the work Indian IT services groups such as Wipro, Infosys and Tata Consultancy Services did to become a crucial part of the global business landscape.

From the 1980s their low-cost skilled labour became popular among big western companies, which outsourced to them the installation and maintenance of computer systems and the running of call centres.

The sector has become a totem of the national economy, constituting a fifth of exports and giving India a reputation as a market with pockets of technical excellence and high efficiency.

But the quirky research at Wipro reflects the pressure these companies are under to overhaul their businesses amid rapid shifts in how companies spend on IT. “If we continue to offer just traditional services — that’s a shrinking space,” says Rajan Kohli, head of Wipro Digital Services, a unit set up in March last year to pursue nascent areas of IT services.

One important shift is the move to “public cloud” services offered by Amazon and Microsoft, whose huge data centres offer flexible and cost-efficient data storage and processing, allowing companies to abandon their own on-site data centres maintained by outside IT companies.

Natarajan Chandrasekaran, chief executive of TCS, takes an upbeat view of the trend. “When customers want to move to the cloud, we help them to move and manage the environment,” he says. “This is a big opportunity for us.”

TCS says 15.5 per cent of its first-quarter revenue this year came from new “digital” services. None of its leading peers has given a corresponding breakdown of sales, and TCS’s definition of “digital” is deemed vague by some analysts, who say it is difficult to assess the sector’s progress in making money from the new areas.

Sandeep Muthangi, an analyst at IIFL Institutional Equities, points out that work helping clients to migrate to the cloud will be a one-off, after which IT companies will find that many of their traditional services are redundant in the age of cloud-based enterprise software.

Moreover offerings from cloud pioneers such as Salesforce and established players such as Germany’s SAP do not entail the same need for IT services companies to install, customise and update software, he says.

Leading IT services companies have continued to increase their revenue, albeit at a lower pace, in part by aggressively chasing contracts in traditional business areas. Infosys reported a sales increase of 13.3 per cent in constant currency terms for the year to March 31.

But executives and analysts are unanimous in their view that the companies need to change dramatically to prosper in the long term.

A meeting this year of the National Association of Software and Services Companies, the India’s IT services trade body, was the “first where we experienced a genuine atmosphere of honesty and humbleness”, say analysts at HFS Research. Companies have started to emphasise the need for expertise in building IT systems that work across office and mobile devices, and the importance of analysing the data that come from those devices.

Pravin Rao, chief operating officer of Infosys, cites an early-warning system the group developed for a mining company, which uses sensors to send alerts when mine vehicles are at risk of breaking down.

Infosys — which has long run its own college to educate recruits — has trained 80,000 employees in “design thinking” as it tries to boost margins by playing more of a consulting role, advising on the design of IT systems instead of simply taking instructions.

“Workers understand that there are a lot of new technologies out there, but most are confused about how to use them,” Mr Rao says.

In addition to the emphasis on retraining the existing workforce, the increasing sophistication of technology is likely to weigh on opportunities in what has become a prized sector for young Indian graduates. He singles out business process outsourcing, which consists of services such as customer support call centres.

When it comes to disruptive innovation, ‘you have to cannibalise your own business’

“For areas where there is automation, you’ll be able to do it with a lesser number of people,” says Mr Rao.

Mr Muthangi warns that in terms of innovation Indian companies are not keeping pace with their US peers such as Accenture, which has expanded in emerging IT services through a spate of acquisitions in the past three years, and IBM.

There is also a clutch of young competitors offering narrowly focused cloud-based services, such as the UK’s Equiniti, which specialises in financial administration applications.

Rather than simply allowing competitors to chip away at the revenue of their traditional businesses, the Indian sector must take a more active part in the process, says Ganesh Ayyar, chief executive of Mphasis, a Bangalore-based IT service company that was acquired by Blackstone in April.

“Why did Kodak fail? They had smart people,” he says. “But it’s a very hard thing to cannibalise your own business. And for disruptive innovation, you have to be prepared to do that.”

Insurance

Euro 2016 teams hedge exposure to bonus payouts

PAUL MCCLEAN

For semi-finalists in the Euro 2016 football championship, the prospect of success is an expensive one.

The German Football Association will have to pay out €300,000 per player if Germany win, at a cost of €6.9m to the governing body, while Wales’s players and staff would share €8.7m.

Bonuses are often funded by prize money from the tournament, which, at €301m, is 50 per cent higher than in 2012, with a potential €27m going to the winning team. In other contests, however, such as domestic leagues, the potential bonuses far outweigh the prize money clubs would receive.

An increasingly popular option for teams faced with the double-edged sword of success is insurance. A governing body or football team can hedge against hefty payouts. It pays a premium and the insurer covers the cost of any bonuses.

“Whether the team wins or not, the cost for the year is known,” says Rod O’Callaghan, a director at Airton Risk Management, a branch of Paddy Power Betfair. “If the team wins, our clients get the added advantage of paying out only a fraction of the bonus in addition to all the other trappings of success.”

Many of the national sides competing in Euro 2016 have offered players bonuses for progressing, and a handful have hedged their exposure. “There has certainly been an increase in performance-related pay in sport,” says Luke de Rougemont, a director at Hedgehog Risk Solutions, a specialist sports insurer. “We’ve seen a significant increase in premium for contractual bonus insurance over the past two years.”

‘We’ve seen a significant increase in premium for contractual bonus insurance over two years’

Airton says business has grown fivefold since 2011, as bonuses increasingly form part of players’ contracts. It insures bonuses at Premier League and lower-league clubs.

Domestic competitions are prime targets for insurers. “Often bonus payouts are offset by incoming prize money, but frequently they outweigh the amount received,” says Mr De Rougemont. “Lots of clubs offer players bonus payments for winning the FA Cup, for example, but the [£3.4m] prize money for winning isn’t that significant.”

Under rules introduced by the FA in 2012, clubs can take out cover only through insurers regulated by the Financial Conduct Authority. FA rules also state that clubs cannot insure against “negative outcomes”, such as relegation — an issue that irks many of the insurers.

“If Arsenal failed to qualify for the Champions League group stages, it would cost them €55m, so they’d surely be interested in cover,” says Mr O’Callaghan. “And if we offered relegation cover, 16 teams would probably take it up given how uncertain the league is.”

In addition to hedging player bonuses, companies such as Airton and Hedgehog work with retailers and sponsors to hedge their risk from promotions offered during big sporting events. Electricals retailer Currys is running a “cash for goals” event in which customers who buy a TV can claim £10 cashback for every goal scored by a team of their choice at Euro 2016. Curry’s confirmed it had hedged its potential losses.

Banks

Beijing’s CICC enters merger talks with rival state-owned group

GABRIEL WILDAU — SHANGHAI

China International Capital Corp, one of China’s most prominent investment banks, is in merger talks with rival China Investment Securities as it seeks to expand its retail footprint and pave the way for a possible mainland debut.

A merger would mark the latest tie-up between state-owned enterprises. Beijing has signalled that large-scale mergers are a central element of its effort to revitalise the state sector, whose profitability trails that of private companies.

Beijing-based CICC confirmed in a filing to the Hong Kong stock exchange on Monday that it was in talks with unlisted China Investment Securities. Shenzhen-based China Investment is fully owned by Central Huijin Investment, a unit of the country’s sovereign wealth fund that serves as a holding company for shares in state-owned financial institutions. Huijin also owns 28.4 per cent of CICC.

Analysts said a merger could clear the way for CICC to list on China’s domestic market: regulations forbid a single shareholder from owning controlling stakes in multiple mainland-listed securities companies.

“This is probably primarily an effort to allow CICC to conduct an A-share [initial public offering]. The fact that Huijin also has majority stakes in other brokers violates the non-competition rule in the IPO regulation. Therefore, a merger is an important first step,” said Ivan Shi, director at Z-Ben Advisors, a consultancy that tracks China’s asset management and securities sector.

Huijin also orchestrated Shenyin & Wanguo Securities’ $6.4bn purchase of Shenzhen-listed Hong Yuan Securities in 2014 and now owns 25 per cent of the combined company, known as Shenwan Hongyuan Group.

CICC was founded in 1995 as a joint venture between China Construction Bank and Morgan Stanley, which sold its 34 per cent stake in 2010 to a private equity consortium led by KKR and TPG after disputes.

CICC enjoyed a golden era in the mid-2000s as it drew on the connections of Levin Zhu, its chief executive and son of former premier Zhu Rongji, to win mandates to underwrite IPOs from major state-owned enterprises.

The bank had lead roles on IPOs including Agricultural Bank of China’s $22.1bn deal in 2010 — the world’s largest until it was surpassed by Alibaba’s $25bn listing in 2014 — and was also an adviser to Sinopec on the $17.4bn sale of a stake in its retail arm. But Mr Zhu resigned in 2014 and the bank has lost market share in recent years as the IPO focus has shifted to smaller, privately owned companies, many of them listing on the Shenzhen exchange.

Additional reporting by Ma Nan

COMPANIES

'Gating' moves spark fear of contagion

Property funds' decision to trap investor money leads to concerns for real estate investment trusts

JUDITH EVANS — LONDON

When three funds holding £9bn of investors' money halted trading this week, it brought back memories of the credit crunch of 2007, when a run on property funds was an early sign of the financial crisis.

In 2007, a series of funds suspended redemptions in an apparent domino effect; in 2016, Standard Life's "gating" was swiftly followed by that of Aviva's £1.8bn UK Property Trust and M&G's £4.4bn Property Portfolio.

But fund managers and others in the industry say much has changed since a race to the bottom in commercial property values helped to cripple a series of banks and plunge the world into financial distress. "This is not a Lehman Brothers moment," said one fund manager in the sector.

UK banks already have much more capital than they did in 2008. That has given the Bank of England the freedom to relax its requirements in order to allow banks to continue lending — unlike in 2008, when credit was abruptly removed from the market.

> 'It might not be a re-run of 2008 . . . but 2016 is shaping up to be a re-run of 2007'

Property companies, meanwhile, are far less indebted than they were ahead of the previous crisis, reducing the stress likely to result from them being unable to pay their debts.

"In the listed sector, levels of leverage then were about 45 per cent — today they are in the mid-20s to 30 per cent," said Robert Duncan, an analyst at Numis Securities.

The UK funds — some of the largest in the property sector — had little choice but to effectively trap investors' money this week, after they were faced with withdrawal requests that ate into their liquid holdings. As open-ended funds, they are normally structured to return investors' money on demand.

Investors fear that forced property sales by funds could act as catalyst for steep drops in real estate values, as they did in the credit crunch, when UK commercial property prices shed 36 per cent.

"It might not be a re-run of 2008, with banks better capitalised to the tune of £150bn, but 2016 is shaping up to be a re-run of 2007," said Mike Prew, an analyst at Jefferies. Mr Prew said he believed that the contagion could spread to real estate investment trusts, which experienced a fresh sell-off yesterday.

Meanwhile, open-ended property funds now own about 5 per cent of the UK commercial property market, compared with 2 per cent in 2007, after investors piled into the funds in search of yield and what for three years has been strong capital growth.

This increase in size could potentially heighten the funds' impact on the wider market; in the past, inflows and outflows from such funds have closely foreshadowed changes in capital values for real estate.

The BoE, which held talks with property funds before the Brexit vote, yesterday highlighted commercial real estate as a key risk to financial stability. "The behaviour of open-ended funds investing in the UK commercial real estate market could amplify any market adjustment," the bank said.

Many property funds — although not Aviva's — had already written down the value of their assets by 5 per cent after the UK's vote to leave the EU, anticipating a knock to commercial property values as businesses put on hold their expansion plans.

But analysts expect a bigger drop: those at Liberum are pricing in a 10 per cent fall, while real estate investment trusts are trading at an average discount of 32 per cent to the net value of their assets, according to Jefferies.

> The funds will still need to dispose of properties relatively fast so investors can reclaim their money

Investors have especially sold off stocks with exposure to London offices, which are expected to suffer from financial services companies relocating staff elsewhere in Europe.

However, there are some factors that should ease the slowdown.

James Beckham, head of central London investment at the property advisers Cushman & Wakefield, said the shock to demand would be mitigated by low vacancy rates — occupancy in central London is higher than during any of the past three market shocks.

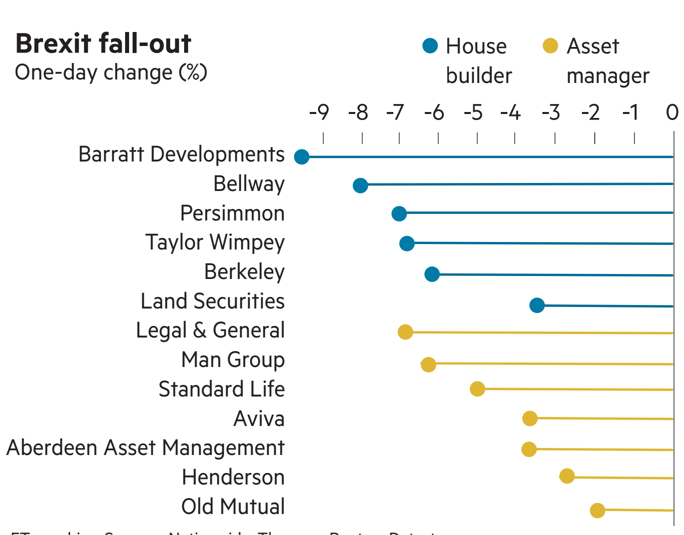
Gating the funds will prevent the need for fire sales, but the funds will still need to dispose of properties relatively fast to enable investors to reclaim their money, and this could set new benchmarks for pricing in the market.

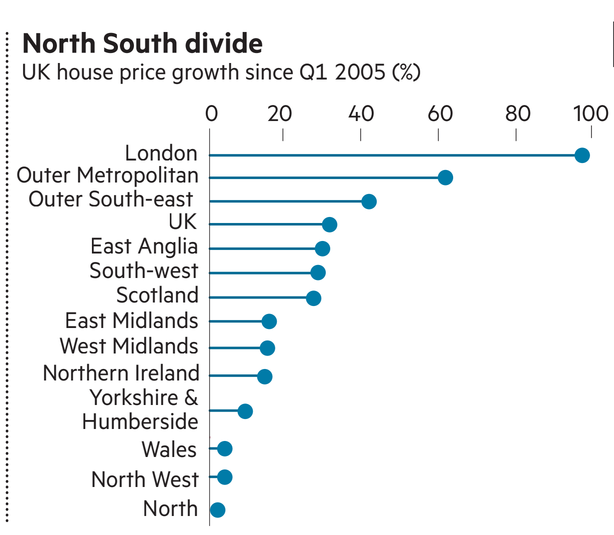
Few commercial property transactions have taken place since the EU vote, while deals worth at least £650m fell through after the result.

Most funds are now carrying out weekly valuations to ensure they keep pace with the market, where any property deals that do proceed will be watched closely for signs of the new post-Brexit pricing and of buyer appetite after the vote.

See Lex

Investors have sold off stocks with exposure to London offices, which may suffer EU relocations — Luke MacGregor/Bloomberg





FT graphic Sources: Nationwide; Thomson Reuters Datastream

Financials

Suspensions take toll on wider UK sector

MADISON MARRIAGE AND CHRIS NEWLANDS

The reverberations from a halt on redemptions from property funds at three of Europe's largest asset managers have already started to spread through the UK investment market.

Large listed fund companies including Schroders, Man Group, Aberdeen and Jupiter suffered significant share price falls yesterday, with analysts blaming the sell-off on the fund suspensions at Aviva Investors, Standard Life and M&G.

"Retail investors will read those headlines and worry about whether they can get their money out quickly — it could cause a spiral effect [of outflows elsewhere in the investment industry]," said Mark Hodgson, managing director of Gatemore, the investment adviser.

The Financial Conduct Authority met the UK's largest asset management companies yesterday to assess the impact on the industry of Britain's exit from the EU.

The meeting was called before the property funds put the gates up to withdrawals. But Andrew Bailey, head of the FCA, told a Bank of England press briefing earlier yesterday that the regulator would look at the structure of open-ended real estate funds as part of its discussions.

The concern is that the move to block redemptions on property funds will spook investors further, prompting additional sell-offs that would crunch the profit margins of investment managers.

Muna Abu-Habsa, a senior analyst at Morningstar, warned that retail funds in less liquid asset classes, such as small-cap equities and high-yield bonds, were likely to suffer outflows on the back of investors' concerns about retrieving their money.

Many UK asset managers had already been hit by share price downgrades amid worries about outflows from their funds following Britain's vote to leave the EU.

Man Group was the worst affected yesterday, as its share price fell about 9 per cent. Jupiter and Schroders dropped about 5 per cent, Aberdeen 4 per cent and Henderson 3 per cent.

"[This is the] first real evidence that the asset managers are being hit with redemptions post the vote [on the UK's membership of the EU]," said Justin Bates, an analyst at Liberum, the brokerage. "Concerns of a repeat of 2008 are overdone, in my opinion, but it is the obvious reference point."

Jefferies, the brokerage, said yesterday that it expected Schroders, the UK's largest listed asset manager, to suffer net outflows from its retail funds until the first quarter of 2017. The broker also cut its performance fee estimates for Man Group, the world's largest listed hedge fund company, by 44 per cent.

Amin Rajan, chief executive of Create Research, a consultancy, said more funds were likely to suspend redemptions in an attempt to avoid being forced to sell their most liquid holdings at low prices to meet withdrawal requests.

"Further gating is inevitable while retail investors remain jittery," Mr Rajan said.

Banks

US homeowners stand to gain from British vote to leave EU

ALISTAIR GRAY AND JOE RENNISON
NEW YORK

Brexit has unleashed turmoil in global financial markets but at least one group is poised to benefit: US homeowners.

While their peers in the UK face the threat of sinking property prices after the country's vote to leave the EU, bankers predict the referendum outcome will put American mortgage holders in line to gain from lower financing costs.

The flight to haven assets by global investors since the Leave vote has already helped push US mortgage rates to new lows for the year, according to Freddie Mac. At 3.48 per cent, the 30-year fixed-rate mortgage is only 17 basis points shy of an all-time low.

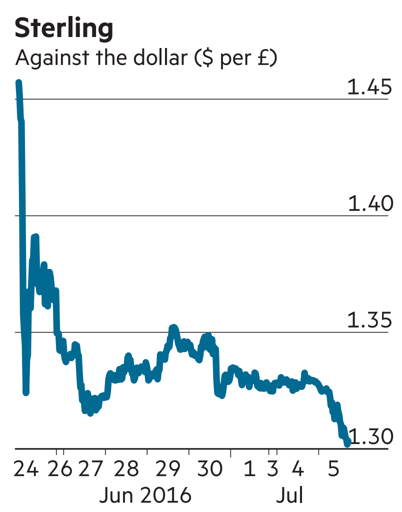
It is a silver lining for US banks whose share prices have fallen since the Brexit vote, given the prospect of higher fees from mortgage refinancings.

Michael Fratantoni, chief economist at the Mortgage Bankers Association, said: "With those lower mortgage rates, we do expect a higher amount of refinance activity and a little bit more purchase activity."

Refinancings, which allow consumers to lock in the benefits of cheaper rates in exchange for a fee, are a big source of revenues for retail banks such as Wells Fargo. "If rates plummet, a mortgage refinance boom will develop which will increase bank earnings," said Richard Bove, a banking analyst at Rafferty Capital Markets, adding that it was a "clear positive that could result" from Brexit.

American homeowners and prospective buyers have already benefited from rock bottom yields. Investors consider US mortgages safe assets since most are ultimately backed by the government through agencies such as Freddie Mac and Fannie Mae.

Refinancing applications are up by a tenth in the second quarter compared with the first three months of the year, according to a team of Deutsche Bank analysts led by Matt O'Connor. "Following [the] Brexit vote, mortgage rates are likely to further decline, driving refi activity even higher," he wrote.



Source: Bloomberg

Advisers typically tell consumers they can only benefit from refinancings if rates are at least 50 or 75 basis points lower than they were when they took out their mortgage.

Given rates have been low for so long, analysts had been expecting the pace of refinancing deals to slow. At the start of the year, when investors expected the Federal Reserve would finally begin increasing interest rates, the MBA forecast total originations — also including purchases — to come in at \$1.38tn this year, down from \$1.63tn in 2015.

But the trade body has since lifted its estimates as mounting economic uncertainty has diminished the prospect of rate rises by the Fed — even before the turbulence caused by the Brexit vote.

Shortly before the referendum, the MBA forecast \$1.66tn worth of mortgage originations would be completed this year. Refinancing transactions were estimated to account for \$690bn of that.

In a report Goldman Sachs published last week on the potential knock-on effects of Brexit for US banks, analysts estimated a 20 per cent rise in mortgage originations would boost profits in the second half of this year by about 3 per cent at M&T Bank, and 2 per cent at BB&T and SunTrust.

Wealthy and less well-off Americans alike would benefit from another cut in rates, analysts said. As house prices rise, more lower-income households have become eligible for refinancings.

"Any buyers that have purchased since 2012 may have an opportunity to refinance, along with those that perhaps didn't have enough equity to refinance [back then]," said Danielle Hale, at the National Association of Realtors. "We expect mortgage rates to come down. Lower rates do tend to boost refinancing opportunities."

Financials

Funds hold positions and wait for referendum dust to clear

MARY CHILDS — LONDON

Investors have been waiting to see who the big winners and losers were in the sharp sell-off that followed the UK's surprise vote to leave the EU. They are still waiting.

Despite the drama of the first few days after the referendum, wild price swings in everything from sterling to stocks failed to mint a new George Soros. After an initial drop, the markets turned around and undid much of the impact, so that many of those with early profits ended up giving them back.

"I guess it was a Y2K event after all," said one hedge fund manager, referring to the year 2000 computer glitch that proved to be less worrisome than expected.

So-called directional hedge funds, which bet on the market going up or down, lost money, while market-neutral funds and trend-following funds did well, according to Hedge Fund Research.

Many hedge funds sat out the biggest event of 2016, too battered by volatile markets that have whipsawed them all year to take a sizeable position, especially where most felt they had no extraordinary insight.

Some funds are praying the volatility calms down while others wish it would persist. But even now, few of them are betting that the market will fall: the tally of equity short positions after Brexit is near the lowest point since September last year, JPMorgan's global head of quantitative and derivatives research, Marko Kolanovic, wrote in a June 30 note.

Equity long-short funds declined about 2 per cent in the wake of Brexit, Mr Kolanovic said, but have not trimmed their exposure much since then as they "likely decided to avoid selling into more volatile/less liquid markets".

A few winners emerged after Brexit, including the London-based Horseman Global Fund, which gained 10 per cent in June, reversing an earlier loss for the year. Horseman was also a winner in the sell-off early this year but lost ground in March.

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

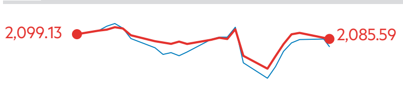
Change during previous day's trading (%)

S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-0.83%	-1.11%	-0.65%	0.35%	-1.53%	-0.67%	-1.46%	-1.04%	-0.269%	-1.806%	-0.956%	1.551%	-2.46%	No change

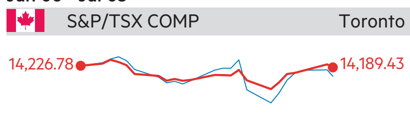
Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

AMERICAS / EUROPE / ASIA

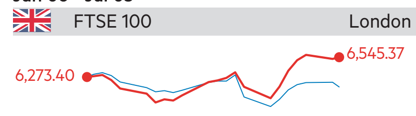
Jun 06 - Jul 05 — Index / All World

S&P 500 — New York


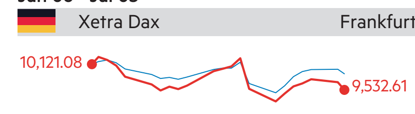
Day -0.83% Month -0.99% Year NaN%

S&P/TSX COMP — Toronto


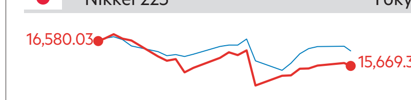
Day -0.49% Month -0.31% Year -3.40%

FTSE 100 — London


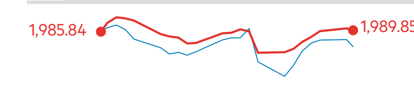
Day 0.35% Month 5.54% Year -0.49%

Xetra Dax — Frankfurt


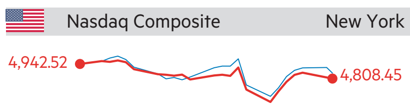
Day -1.82% Month 0.90% Year NaN%

Nikkei 225 — Tokyo


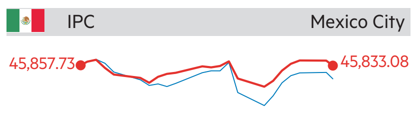
Day -0.67% Month -5.85% Year -23.71%

Kospi — Seoul


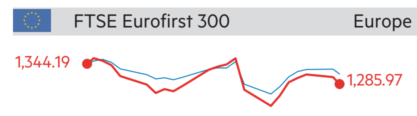
Day -0.27% Month 0.20% Year -5.44%

Nasdaq Composite — New York


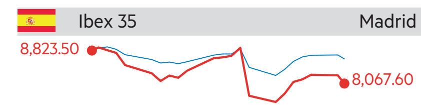
Day -1.11% Month -2.77% Year -4.06%

IPC — Mexico City


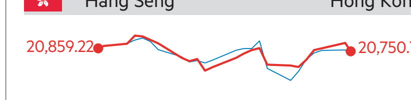
Day -0.80% Month -0.24% Year 1.67%

FTSE Eurofirst 300 — Europe


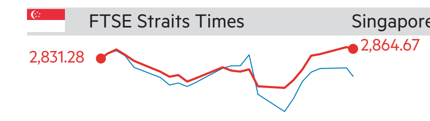
Day -1.53% Month -3.93% Year -15.25%

Ibex 35 — Madrid


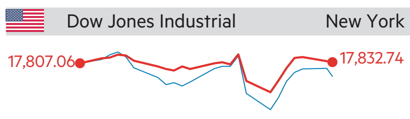
Day -2.28% Month -8.34% Year -25.16%

Hang Seng — Hong Kong


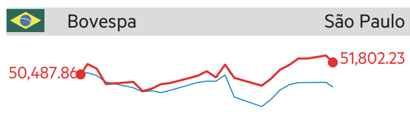
Day -1.46% Month -0.94% Year -20.39%

FTSE Straits Times — Singapore


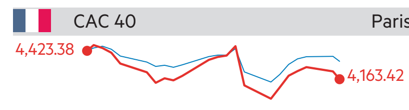
Day -0.21% Month 1.97% Year -14.30%

Dow Jones Industrial — New York


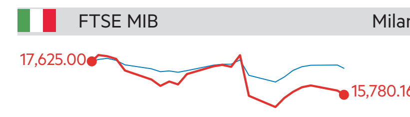
Day -0.65% Month 0.09% Year 0.53%

Bovespa — São Paulo


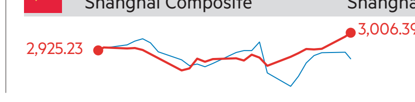
Day -1.46% Month 2.27% Year -1.43%

CAC 40 — Paris


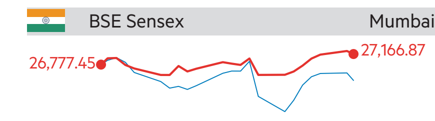
Day -1.69% Month -5.84% Year -13.41%

FTSE MIB — Milan


Day -1.45% Month -9.80% Year -29.89%

Shanghai Composite — Shanghai


Day 0.62% Month 2.30% Year -18.46%

BSE Sensex — Mumbai


Day -0.41% Month 1.21% Year -3.30%

Country	Index	Latest	Previous
Argentina	Merval	14936.97	15229.31
Australia	All Ordinaries	5312.80	5365.20
	S&P/ASX 200	5228.00	5281.80
	S&P/ASX 200 Res	2871.00	2884.70
Austria	ATX	2026.04	2082.69
Belgium	BEL 20	3283.98	3337.73
	BEL Mid	5661.35	5761.95
Brazil	Bovespa	51802.23	52568.66
Canada	S&P/TSX 60	824.86	829.10
	S&P/TSX Comp	14189.43	14258.87
	S&P/TSX Met & Min	603.30	621.54
Chile	IGPA Gen	19798.22	19871.51
China	FTSE A200	8120.10	8101.23
	FTSE B35	9417.14	9410.98
	Shanghai A	3147.00	3127.60
	Shanghai B	352.28	351.74
	Shanghai Comp	3006.39	2987.91
	Shenzhen A	2099.12	2094.20
	Shenzhen B	1117.72	1116.69
Colombia	COLCAP	1312.98	1313.18
Croatia	CROBEX	1693.96	1685.49
Cyprus	CSE M&P Gen	65.30	65.81
Czech Republic	PX	826.29	824.43
Denmark	OMXC Copenhagen 20	990.99	996.35
Egypt	EGX 30	6981.72	6942.52
Estonia	OMX Tallinn	983.10	981.81
Finland	OMX Helsinki General	7979.72	8001.14
France	CAC 40	4163.42	4234.86
	SBF 120	3292.14	3350.74
Germany	M-DAX	19482.28	19891.29
	TecDAX	1577.01	1603.71
	XETRA Dax	9532.61	9709.09
Greece	Athens Gen	527.16	539.81
	FTSE/ASE 20	1385.67	1434.29
Hong Kong	Hang Seng	20750.72	21059.20
	HS China Enterprise	8643.31	8802.35
	HSCC Red Chip	3614.22	3658.69
Hungary	Bux	26425.87	26268.11
India	BSE Sensex	27166.87	27278.76
	S&P CNX 500	6627.95	6634.30
Indonesia	Jakarta Comp	4971.58	5016.65
Ireland	ISEQ Overall	5522.29	5669.76
Israel	Tel Aviv 100	12.25	12.11
Italy	FTSE Italia All-Share	17327.28	17595.72
	FTSE Italia Mid Cap	28323.14	28955.27
	FTSE MIB	15780.16	16012.31
Japan	2nd Section	4161.86	4188.47
	Nikkei 225	15669.33	15775.80
	S&P Topix 150	1023.18	1027.59
	Topix	1256.64	1261.97
Jordan	Amman SE	2102.86	2093.45
Kenya	NSE 20	3652.79	3640.61
Kuwait	KSX Market Index	5389.60	5369.03
Latvia	OMX Riga	623.57	635.44
Lithuania	OMX Vilnius	515.04	511.20
Luxembourg	LuxX	1460.89	1492.14
Malaysia	FTSE Bursa KLCI	1650.71	1654.84
Mexico	IPC	45833.08	46201.33
Morocco	MASI	9512.71	9505.98
Netherlands	AEX	430.41	435.12
	AEX All Share	660.32	667.98
New Zealand	NZX 50	6970.99	6940.95
Nigeria	SE All Share	29305.40	29597.79
Norway	Oslo All Share	663.11	665.18
Pakistan	KSE 100	37966.76	37966.76
Philippines	Manila Comp	7808.13	7846.54
Poland	Wig	44139.00	44294.15
Portugal	PSI 20	4392.24	4492.98
	PSI General	2341.26	2388.16
Romania	BET Index	6507.23	6483.82
Russia	Micex Index	1895.66	1907.48
	RTX	924.20	940.85
Saudi-Arabia	TADAWUL All Share Index	6499.88	6499.88
Singapore	FTSE Straits Times	2864.67	2870.56
Slovakia	SAX	312.74	312.74
Slovenia	SBI TOP	686.71	687.49
South Africa	FTSE/JSE All Share	51670.16	52454.24
	FTSE/JSE Res 20	30679.17	31355.84
	FTSE/JSE Top 40	45330.93	46027.48
South Korea	Kospi	1989.85	1995.30
	Kospi 200	246.91	247.62
Spain	IBEX 35	8067.60	8255.90
Sri Lanka	CSE All Share	6280.39	6254.77
Sweden	OMX Stockholm 30	1345.44	1359.14
	OMX Stockholm AS	480.68	485.01
Switzerland	SMI Index	7941.67	8056.71
Taiwan	Weighted Pr	8716.07	8760.58
Thailand	Bangkok SET	1450.07	1454.56
Turkey	BIST 100	78387.70	77952.11
UAE	Abu Dhabi General Index	4575.84	4549.42
UK	FT 30	2760.00	2775.70
	FTSE 100	6545.37	6522.26
	FTSE 4Good UK	5746.42	5749.54
	FTSE All Share	3514.46	3518.96
	FTSE techMARK 100	3898.50	3910.22
USA	DJ Composite	6275.40	6322.05
	DJ Industrial	17832.74	17949.37
	DJ Transport	7417.79	7557.62
	DJ Utilities	719.78	715.97
	Nasdaq 100	4398.30	4437.44
	Nasdaq Cmp	4808.45	4862.57
	NYSE Comp	10401.62	10515.76
	S&P 500	2085.59	2102.95
	Wilshire 5000	21224.32	21238.05
Venezuela	IBC	12507.11	12851.31
Vietnam	VNI	650.80	647.96
Cross-Border	DJ Global Titans ($)	236.65	238.11
	Euro Stoxx 50 (Eur)	2812.72	2862.21
	Euronext 100 ID	833.32	845.95
	FTSE 4Good Global ($)	5246.99	5246.99
	FTSE All World	262.39	265.15
	FTSE E300	1285.97	1305.96
	FTSE Eurotop 100	2557.36	2590.71
	FTSE Global 100 ($)	1300.48	1309.00
	FTSE Gold Min ($)	1988.24	1995.41
	FTSE Latibex Top (Eur)	2588.80	2592.70
	FTSE Multinationals ($)	1491.42	1491.81
	FTSE World ($)	465.00	469.90
	FTSEurofirst 100 (Eur)	3627.20	3676.34
	FTSEurofirst 80 (Eur)	3835.86	3903.78
	MSCI ACWI Fr ($)	401.41	401.07
	MSCI All World ($)	1660.88	1660.26
	MSCI Europe (Eur)	1332.24	1342.32
	MSCI Pacific ($)	2247.82	2226.87
	S&P Euro (Eur)	1280.86	1303.84
	S&P Europe 350 (Eur)	1318.51	1339.24
	S&P Global 1200 ($)	1822.32	1843.11
	Stoxx 50 (Eur)	2783.63	2814.02

(c) Closed. (u) Unavailable. † Correction. ▼ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

AMERICA

ACTIVE STOCKS	stock traded m's	close price	Day's change
Hospira	11.8	89.95	-0.01
Apple	10.9	94.71	-1.18
Amazon.com	7.3	721.36	-4.32
Facebook	6.1	113.41	-0.78
Bank Of America	6.1	12.69	-0.41
J P Morgan Chase & Co	5.9	59.50	-1.76
Tesla Motors	5.8	208.50	-8.00
Netflix	5.7	94.05	-2.62
Microsoft	5.1	51.02	-0.15
Procter & Gamble (the)	5.1	85.80	1.02

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Extra Space Storage	92.73	2.08	2.29
Dr Pepper Snapple	97.69	2.04	2.13
Public Storage	258.90	5.06	1.99
Macerich (the)	86.82	1.57	1.84
Realty ome	70.87	1.23	1.77
Downs			
Danaher	79.98	-22.34	-21.83
Harley-davidson	47.82	-6.43	-11.85
Southwestern Energy	11.60	-1.42	-10.88
Chesapeake Energy	4.19	-0.41	-8.82
Range Resources	41.00	-3.48	-7.82

Based on the constituents of the S&P500 and the Nasdaq 100 index

LONDON

ACTIVE STOCKS	stock traded m's	close price	Day's change
Bp	219.5	453.55	-4.20
Glaxosmithkline	218.2	1645.00	29.14
Hsbc Holdings	189.4	464.75	1.45
Royal Dutch Shell	173.5	2126.50	61.00
Lloyds Banking Group	163.4	51.02	-1.03
Royal Dutch Shell	163.0	2103.50	52.50
Sabmiller	161.0	4353.00	-10.48
Vodafone	143.3	228.55	2.10
Diageo	137.3	2139.50	41.39

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Royal Dutch Shell	2126.50	61.00	2.95
Acacia Mining	497.60	14.00	2.89
Royal Dutch Shell	2103.50	52.50	2.56
British American Tobacco	5035.00	130.50	2.66
Hikma Pharmaceuticals	2543.00	54.00	2.17
Downs			
Shawbrook	138.50	-22.90	-14.19
Virgin Money Holdings (uk)	219.00	-35.60	-13.98
Onesavings Bank	180.20	-23.60	-11.58
Aldermore	111.40	-11.70	-9.50
Ibstock	118.90	-12.38	-9.32

Based on the constituents of the FTSE 350 index

EURO MARKETS

ACTIVE STOCKS	stock traded m's	close price	Day's change
Bbva	552.0	4.98	-0.12
Nestle N	412.5	70.33	0.00
Allianz Se Vna O.n.	334.9	125.15	0.00
Unicredit	331.4	1.81	-0.08
Intesa Sanpaolo	319.3	1.63	0.00
Daimler Ag Na O.n.	318.2	54.24	0.00
Novartis N	296.3	74.53	0.00
Bnp Paribas Act.a	264.2	39.12	-0.11
Vodafone	243.9	24.93	0.16
Roche Gs	242.1	236.40	0.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Deutsche Wohnen Ag	28.23	1.12	4.15
Acerinox	8.83	0.24	2.81
Pandora A/s	130.53	3.02	2.37
Novo Nordisk A/s	94.30	1.88	2.03
Industrivarden Ab	15.04	0.25	1.72
Downs			
Grifols Sa	14.99	-14.40	-48.99
Rwe Ag	3.18	-0.29	-8.27
Iberdrola	5.73	-0.38	-6.25
Bayerische Motoren Werke Ag	64.40	-4.15	-6.05
Peugeot	10.68	-0.61	-5.43

Based on the constituents of the FTSEurofirst 300 Eurozone index

TOKYO

ACTIVE STOCKS	stock traded m's	close price	Day's change
Toyota Motor	482.5	5153.00	26.00
Mitsubishi Ufj Fin.	285.4	450.00	-5.30
Sumitomo Mitsui Fin.	284.0	2887.50	-42.00
Fast Retailing Co.	246.3	26540.00	-1165.00
Mizuho Fin.	198.5	147.00	0.60
Softbank	169.9	5728.00	-64.00
Sony	164.6	3036.00	-2.00
Japan Tobacco	160.9	4320.00	5.00
Kddi	158.9	3277.00	-18.00
Nippon Telegraph And Telephone	148.3	4937.00	-14.00

BIGGEST MOVERS	Close price	Day's change	Day's chng%
Ups			
Teijin	369.00	19.00	5.43
Tokuyama	300.00	10.00	3.45
Furukawa Electric Co.	245.00	8.00	3.38
Nissan Chemical Industries	3175.00	100.00	3.25
Nec	255.00	8.00	3.24
Downs			
Sharp	101.00	-6.00	-5.61
Alps Electric Co.	1840.00	-88.00	-4.56
Fast Retailing Co.	26540.00	-1165.00	-4.21
Mitsubishi Motors	450.00	-19.00	-4.05
Okuma	650.00	-26.00	-3.85

Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

FTSE 100	Jul 05 price(p)	%Chg week	%Chg ytd
Winners			
Fresnillo	1893.00	27.8	161.7
Randgold Resources Ld	9310.00	15.0	121.1
Anglo American	739.80	13.1	164.0
Glencore	157.85	13.4	73.6
Antofagasta	461.50	12.7	-0.3
Shire	4762.00	12.4	7.4
Sse	1570.00	11.5	3.3
Centrica	230.20	11.0	5.1
British American Tobacco	5035.00	10.4	33.3
Royal Dutch Shell	2126.50	10.2	37.8
Bunzl	2332.00	10.0	23.7
Merlin Entertainments	456.70	10.0	0.3
Losers			
Dixons Carphone	286.70	-15.9	-42.4
Royal Bank Of Scotland	158.50	-6.9	-46.4
Land Securities	944.00	-5.8	-20.9
Travis Perkins	1313.00	-5.8	-32.4
Lloyds Banking Group	51.02	-5.2	-28.7
Barratt Developments	350.30	-5.1	-42.3
British Land	552.00	-4.9	-30.0
Hargreaves Lansdown	1124.00	-2.4	-25.5
Legal & General	173.70	-2.2	-35.0
Kingfisher	308.80	-2.2	-6.3
Whitbread	3405.00	-1.8	-24.3
Royal Mail	481.60	-1.1	8.6

FTSE 250	Jul 05 price(p)	%Chg week	%Chg ytd
Winners			
Hochschild Mining	202.70	22.6	321.8
Centamin	147.00	17.7	126.1
Acacia Mining	497.60	17.5	176.4
Sophos	216.70	17.2	-18.6
Essentra	545.50	14.2	-33.9
Cairn Energy	214.60	14.1	36.1
Dignity	2681.00	11.7	4.9
Worldwide Healthcare Trust	1946.00	11.7	0.4
Evraz	126.00	10.7	46.3
Genus	1642.00	10.5	5.7
Croda Int	3196.00	10.3	4.8
Indivior	254.10	9.9	35.7
Losers			
Clarkson	1795.00	-11.4	-20.3
Polypipe	226.10	-10.8	-35.2
Mccarthy & Stone	148.00	-10.4	-41.0
Cain Energy	191.40	-10.1	-42.4
Countryside Properties	229.00	-9.5	-41.2
Zoopla Property	240.00	-9.1	0.2
Crest Nicholson Holdings	167.60	-9.4	-45.8
Countrywide	229.00	-8.4	-42.7
Card Factory	239.00	-8.1	-34.9
Moneysupermarket.com	229.00	-8.1	-34.9
Big Yellow	702.50	-8.0	-15.0
Hiscox	942.00	-9.1	-31.2

FTSE SmallCap	Jul 05 price(p)	%Chg week	%Chg ytd
Winners			
Wireless	308.00	69.6	26.5
Lonmin	211.25	32.5	165.0
Nanoco	52.25	28.2	-9.1
Findel	195.50	17.6	0.0
Mj Gleeson	475.00	16.3	-11.2
Stobart Ld	156.00	15.8	45.8
Low & Bonar	63.75	14.3	-3.6
Nostrum Oil & Gas	290.00	11.8	-25.7
Shree	262.50	11.6	-19.5
Hunting	446.00	10.4	48.8
Lindsell Train Investment Trust	673.02	10.2	21.2
Photo-me Int	140.25	9.8	-4.2
Losers			
Brammer	61.00	-57.3	-66.5
Gulf Marine Services	38.50	-14.9	-62.9
Interserve	233.00	-14.1	-57.1
Topps Tiles	101.50	-13.8	-35.8
Trinity Mirror	85.00	-13.3	-57.5
Forterra	114.75	-13.0	-
Schroder Real Estate Investment Trust	45.00	-12.2	-24.4
Hss Hire	84.50	-11.0	-74.9
Ricardo	669.50	-10.8	-26.0
U And I	143.25	-9.2	-36.3
Helical Bar	260.00	-8.8	-46.3
Enterprise Inns	73.25	-8.2	-34.1

Industry Sectors	Jul 05 price(p)	%Chg week	%Chg ytd
Winners			
Mining	10885.52	11.7	44.9
Industrial Metals	1380.79	11.1	92.8
Electricity	9196.86	11.1	4.9
Oil & Gas Producers	7726.77	10.6	36.5
Gas Water & Multiutilities	6860.27	9.8	15.6
Tobacco	58470.13	9.7	27.0
Personal Goods	31003.45	8.7	20.2
Pharmaceuticals & Biotech.	13903.46	8.7	8.5
Technology Hardware & Equip.	1378.81	7.9	8.1
Aerospace & Defense	4378.68	7.5	6.0
Forestry & Paper	14875.25	7.1	3.5
Chemicals	11086.50	6.4	3.1
Losers			
Real Estate & Investment Servic	2180.59	-2.7	-28.7
General Retailers	2301.97	-1.6	-23.1
Real Estate Investment Trusts	2597.56	-1.3	-20.0
Industrial Transportation	2771.86	-0.4	7.1
General Financial	7797.65	0.9	-17.4
Life Insurance	6043.02	1.3	-22.7
Banks	2974.73	1.6	-21.8
Automobiles & Parts	6160.80	1.7	-14.7
Construction & Materials	5115.44	2.1	-1.1
Electronic & Electrical Equip.	4500.57	3.0	6.4
Fixed Line Telecommunication	4578.18	3.1	-13.7
Industrial Engineering	8432.58	3.3	18.1

Based on last week's performance. †Price at suspension.

CURRENCIES

Jul 5	Currency	DOLLAR Closing Mid	DOLLAR Day's Change	EURO Closing Mid	EURO Day's Change	POUND Closing Mid	POUND Day's Change
Argentina	Argentine Peso	15.0450	-0.0300	16.7135	-0.0762	19.6307	-0.4025
Australia	Australian Dollar	1.3389	0.0130	1.4874	0.0107	1.7470	-0.0149
Bahrain	Bahrainin Dinar	0.3774	0.0003	0.4192	-0.0007	0.4924	-0.0086
Bolivia	Bolivian Boliviano	6.8900	-	7.6541	-0.0196	8.9901	-0.1661
Brazil	Brazilian Real	3.2925	0.0423	3.6576	0.0377	4.2961	-0.0232
Canada	Canadian Dollar	1.2954	0.0114	1.4391	0.0090	1.6902	-0.0161
Chile	Chilean Peso	661.1500	2.8300	734.4724	1.2705	862.6696	-12.1742
China	Chinese Yuan	6.6690	0.0054	7.4086	-0.0130	8.7017	-0.1536
Colombia	Colombian Peso	2965.2550	32.3450	3294.1060	27.5861	3869.0706	-28.4845
Costa Rica	Costa Rican Colon	546.7500	-	607.3853	-1.5559	713.4003	-13.1778
Czech Republic	Czech Koruna	24.3609	0.0380	27.0625	-0.0269	31.7861	-0.5366
Denmark	Danish Krone	6.6982	0.0174	7.4411	0.0004	8.7399	-0.1383
Egypt	Egyptian Pound	8.8816	0.0237	9.8665	0.0011	11.5887	-0.1826
Hong Kong	Hong Kong Dollar	7.7587	-0.0002	8.6191	-0.0223	10.1236	-0.1873
Hungary	Hungarian Forint	284.8817	0.3340	316.4754	-0.4388	371.7141	-6.4224
India	Indian Rupee	67.4775	0.2000	74.9608	0.0307	88.0448	-1.3606
Indonesia	Indonesian Rupiah	13140.0000	-	14597.2616	-37.3845	17145.1007	-316.7190
Israel	Israeli Shekel	3.8826	0.0301	4.3132	0.0224	5.0660	-0.0536
Japan	Japanese Yen	101.5550	-0.9800	112.8176	-1.3805	132.5091	-3.7500
..One Month		101.5549	-0.9802	112.8176	-1.3804	132.5090	-3.7502
..Three Month		101.5547	-0.9807	112.8176	-1.3804	132.5088	-3.7506
..One Year		101.5535	-0.9830	112.8176	-1.3805	132.5090	-3.7514
Kenya	Kenyan Shilling	101.1500	-	112.3677	-0.2878	131.9807	-2.4379
Kuwait	Kuwaiti Dinar	0.3017	-0.0001	0.3351	-0.0009	0.3936	-0.0073
Malaysia	Malaysian Ringgit	4.0250	0.0280	4.4714	0.0197	5.2518	-0.0598
Mexico	Mexican Peson	18.7265	0.3182	20.8033	0.3012	24.4344	-0.0284
New Zealand	New Zealand Dollar	1.3953	0.0130	1.5500	0.0105	1.8206	-0.0163
Nigeria	Nigerian Naira	282.0000	-	313.2742	-0.8025	367.9541	-6.7967
Norway	Norwegian Krone	8.3912	0.0871	9.3218	0.0731	10.9489	-0.0866
Pakistan	Pakistani Rupee	104.7100	-	116.3225	-0.2980	136.6258	-2.5237
Peru	Peruvian Nuevo Sol	3.2901	0.0015	3.6549	-0.0076	4.2929	-0.0772
Philippines	Philippine Peso	47.0250	0.2290	52.2401	0.1212	61.3583	-0.8291
Poland	Polish Zloty	4.0045	0.0266	4.4485	0.0183	5.2250	-0.0611
Romania	Romanian Leu	4.0706	0.0180	4.5220	0.0085	5.3113	-0.0742
Russia	Russian Ruble	64.6082	0.7705	71.7733	0.6745	84.3008	-0.5331
Saudi Arabia	Saudi Riyal	3.7517	0.0012	4.1677	-0.0093	4.8952	-0.0888
Singapore	Singapore Dollar	1.3497	0.0049	1.4994	0.0016	1.7611	-0.0261
South Africa	South African Rand	14.7888	0.2502	16.4288	0.2366	19.2964	-0.0239
South Korea	South Korean Won	1155.5000	8.5500	1283.6465	6.2343	1507.6985	-16.4878
Sweden	Swedish Krona	8.5018	0.0629	9.4447	0.0459	11.0932	-0.1213
Switzerland	Swiss Franc	0.9740	0.0026	1.0821	0.0001	1.2709	-0.0200
Taiwan	New Taiwan Dollar	32.2610	0.0620	35.8388	-0.0228	42.0942	-0.6952
Thailand	Thai Baht	35.1400	0.0825	39.0371	-0.0081	45.8507	-0.7373
Tunisia	Tunisian Dinar	2.1951	0.0032	2.4385	-0.0027	2.8641	-0.0487
Turkey	Turkish Lira	2.9241	0.0189	3.2484	0.0128	3.8154	-0.0453
United Arab Emirates	UAE Dirham	3.6731	0.0000	4.0804	-0.0104	4.7926	-0.0885
United Kingdom	Pound Sterling	0.7664	0.0139	0.8514	0.0133	-	-
..One Month		0.7664	0.0139	0.8513	0.0133	-	-
..Three Month		0.7665	0.0139	0.8512	0.0133	-	-
..One Year		0.7671	0.0139	0.8506	0.0133	-	-
United States	United States Dollar	-	-	1.1109	-0.2180	1.3048	-0.0241
..One Month		-	-	1.1108	-0.2180	1.3048	-0.0241
..Three Month		-	-	1.1105	-0.2180	1.3049	-0.0241
..One Year		-	-	1.1093	-0.2180	1.3055	-0.0241
Venezuela	Venezuelan Bolivar Fuerte	9.9900	0.0100	11.0979	-0.0173	13.0350	-0.2275
Vietnam	Vietnamese Dong	22306.5000	-1.0000	24780.3224	-64.6450	29105.6418	-538.9199
European Union	Euro	0.9002	0.0023	-	-	1.1745	-0.0186
..One Month		0.9000	0.0023	-	-	1.1745	-0.0186
..Three Month		0.8998	0.0023	-	-	1.1743	-0.0186
..One Year		0.8985	0.0023	-	-	1.1737	-0.0187

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES
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Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Jul 05	Day's chge%	Euro Index	£ Strlg Jul 04	£ Strlg Jul 01	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	6545.37	0.35	5994.88	6522.26	6577.83	6535.68	3.82	0.71	36.73	140.35	5247.52
FTSE 250 (250)	15734.68	-2.37	14411.33	16116.70	16465.49	17443.28	2.91	2.02	17.01	252.01	11117.25
FTSE 250 ex Inv Co (209)	16853.88	-2.72	15436.40	17325.77	17728.19	18976.42	2.97	2.16	15.62	273.10	12142.10
FTSE 350 (350)	3573.99	-0.08	3273.40	3576.77	3614.69	3629.82	3.68	0.87	31.14	73.60	5767.33
FTSE 350 ex Investment Trusts (309)	3551.60	-0.07	3252.89	3554.22	3591.77	3607.70	3.70	0.87	31.05	73.61	2951.40
FTSE 350 Higher Yield (125)	3418.81	0.55	3131.27	3400.06	3431.90	3392.59	5.01	0.42	47.32	94.73	5707.62
FTSE 350 Lower Yield (225)	3367.90	-0.81	3084.65	3395.44	3436.33	3513.85	2.10	2.15	22.18	41.07	3608.42
FTSE SmallCap (281)	4431.78	-1.57	4059.05	4502.38	4518.93	4677.75	3.10	1.42	22.70	69.89	6170.75
FTSE SmallCap ex Inv Co (146)	3864.74	-2.56	3539.69	3966.37	3971.52	4203.01	3.29	1.85	16.41	68.21	5656.82
FTSE All-Share (631)	3514.46	-0.13	3218.88	3518.96	3555.45	3573.98	3.66	0.89	30.76	71.82	5735.86
FTSE All-Share ex Inv Co (455)	3478.25	-0.12	3185.71	3482.38	3518.59	3537.56	3.69	0.89	30.57	71.90	2938.01
FTSE All-Share ex Multinationals (567)	1028.22	-2.01	780.53	1049.28	1070.48	1219.36	3.40	1.42	20.66	19.70	1783.69
FTSE Fledgling (104)	7517.11	-0.32	6884.89	7540.96	7519.45	7930.53	2.85	1.49	23.59	100.54	13726.84
FTSE Fledgling ex Inv Co (53)	9670.07	-0.97	8856.77	9765.00	9734.01	10806.67	3.30	1.89	16.06	145.60	17192.13
FTSE All-Small (385)	3075.05	-1.50	2816.43	3121.99	3132.41	3245.63	3.09	1.42	22.74	48.12	5496.98
FTSE All-Small ex Inv Co Index (199)	2882.75	-2.49	2640.29	2956.51	2959.79	3138.02	3.29	1.85	16.39	50.60	5345.72
FTSE AIM All-Share Index (828)	705.15	-1.22	645.84	713.86	713.48	758.51	1.82	0.62	88.50	5.32	764.57
FTSE Sector Indices											
Oil & Gas (16)	**8091.10**	**1.98**	**7410.60**	**7934.15**	**7999.32**	**7076.58**	**5.49**	**-0.68**	**-26.69**	**228.12**	**7025.08**
Oil & Gas Producers (9)	7765.21	2.19	7112.12	7599.01	7659.42	6699.77	5.52	-0.70	-25.74	218.77	6973.20
Oil Equipment Services & Distribution (7)	13729.71	-5.02	12574.98	14455.98	14702.00	18061.43	4.66	0.26	83.39	394.46	10382.82
Basic Materials (27)	**3825.33**	**-1.44**	**3503.60**	**3881.31**	**3818.56**	**4189.50**	**3.59**	**0.21**	**130.37**	**52.87**	**3816.99**
Chemicals (7)	11834.24	-0.51	10838.93	11895.30	11988.75	11605.91	2.51	2.06	19.37	239.20	10387.27
Forestry & Paper (1)	16231.63	-1.22	14866.47	16431.44	16831.06	15996.55	2.88	2.97	11.69	347.94	17238.13
Industrial Metals & Mining (2)	1375.29	-1.61	1259.62	1397.73	1394.10	1231.08	0.42	2.79	86.14	0.00	1200.20
Mining (17)	10501.41	-1.58	9618.19	10669.52	10439.66	11808.85	3.80	-0.06	-437.35	132.94	5483.99
Industrials (117)	**4359.17**	**-1.17**	**3992.55**	**4410.80**	**4478.96**	**4517.05**	**2.62**	**1.42**	**26.90**	**67.40**	**4399.03**
Construction & Materials (15)	5224.50	-2.36	4785.10	5350.66	5455.31	4970.17	2.42	0.06	711.07	86.07	5428.07
Aerospace & Defense (9)	4530.90	0.24	4149.83	4519.85	4547.30	4627.20	2.61	1.51	25.47	71.61	4760.87
General Industrials (6)	3747.96	-1.18	3432.74	3792.74	3870.31	3620.43	3.16	1.19	26.52	48.86	4133.96
Electronic & Electrical Equipment (10)	5584.25	-1.56	5114.59	5672.51	5772.36	5452.64	2.21	1.99	22.71	50.68	4991.91
Industrial Engineering (13)	8822.78	-2.79	8080.75	9076.34	9189.53	9024.26	3.05	1.33	24.66	163.97	10541.32
Industrial Transportation (8)	4285.55	-2.25	3925.11	4384.30	4538.77	4507.04	3.96	1.04	24.36	119.13	3705.78
Support Services (56)	6365.03	-1.08	5829.71	6434.82	6536.30	6819.94	2.46	1.75	23.26	93.04	6478.87
Consumer Goods (39)	**20447.39**	**0.94**	**18727.67**	**20257.89**	**20392.26**	**16907.74**	**2.66**	**1.78**	**21.06**	**273.28**	**14634.72**
Automobiles & Parts (1)	6192.37	-1.38	5671.57	6279.32	6481.43	7654.10	3.30	1.81	16.72	136.30	5813.95
Beverages (6)	17068.58	0.88	15633.03	16918.85	16958.12	14243.30	2.28	1.60	27.43	113.34	11710.42
Food Producers (8)	7755.76	-1.41	7103.46	7867.01	8018.15	7746.53	2.13	1.84	25.45	83.55	6558.53
Household Goods & Home Construction (15)	13056.02	-1.19	11957.95	13213.69	13537.92	12761.14	2.37	2.66	15.85	153.86	8980.71
Leisure Goods (1)	4678.73	-2.94	4285.23	4820.51	4737.11	4769.62	3.65	1.50	18.31	129.52	4055.68
Personal Goods (6)	26983.51	2.01	24714.07	26450.83	26664.61	22053.05	2.53	2.94	13.46	316.89	17647.25
Tobacco (2)	58470.24	2.08	53552.63	57277.24	57123.51	41611.47	3.19	1.19	26.44	1163.34	36491.23
Health Care (19)	**10290.16**	**1.79**	**9424.71**	**10108.94**	**10119.85**	**9138.67**	**3.24**	**0.57**	**54.61**	**211.12**	**7680.91**
Health Care Equipment & Services (8)	8011.19	1.00	7337.41	7931.82	8024.79	6572.55	1.37	2.21	32.90	64.89	6853.81
Pharmaceuticals & Biotechnology (11)	13877.81	1.87	12710.62	13622.39	13622.02	12424.65	3.43	0.50	58.59	303.96	9216.34
Consumer Services (94)	**4385.22**	**-1.03**	**4016.40**	**4430.69**	**4514.58**	**4884.32**	**2.77**	**1.82**	**19.86**	**73.85**	**4021.19**
Food & Drug Retailers (7)	2758.80	-1.74	2526.78	2807.70	2822.94	3172.88	1.50	2.48	26.95	29.93	3189.19
General Retailers (32)	2264.68	-2.74	2074.21	2328.59	2399.03	3113.22	3.27	2.14	14.31	32.93	2513.03
Media (21)	7234.24	-0.25	6625.80	7252.46	7404.30	7237.49	2.96	1.34	25.21	135.19	4349.68
Travel & Leisure (34)	7620.29	-0.64	6979.39	7669.07	7788.30	8188.72	2.75	1.98	18.39	138.05	7064.26
Telecommunications (6)	**3793.25**	**0.47**	**3474.22**	**3775.55**	**3833.38**	**4001.44**	**4.40**	**-0.26**	**-87.02**	**82.59**	**4061.30**
Fixed Line Telecommunications (4)	4658.24	-0.28	4266.46	4671.22	4755.51	5209.37	3.37	1.83	16.19	2.62	4041.99
Mobile Telecommunications (2)	5133.06	0.89	4701.34	5087.70	5157.78	5233.39	4.98	-1.05	-19.05	172.86	4967.17
Utilities (7)	**9510.64**	**1.10**	**8710.75**	**9407.40**	**9394.54**	**8207.26**	**4.26**	**1.55**	**15.12**	**226.12**	**10401.92**
Electricity (2)	9175.98	-1.08	8404.24	9276.61	9191.02	9279.79	5.36	1.36	13.76	146.48	12435.89
Gas Water & Multiutilities (5)	9066.54	1.63	8304.01	8921.07	8926.00	7503.64	4.00	1.62	15.48	233.10	9979.38
Financials (288)	**3770.78**	**-2.20**	**3453.64**	**3855.56**	**3932.69**	**4781.58**	**4.44**	**1.50**	**14.98**	**104.25**	**3378.51**
Banks (11)	2937.24	-1.29	2690.21	2975.51	3027.20	4314.77	5.61	0.86	20.86	101.66	2090.36
Nonlife Insurance (10)	2870.50	-1.96	2629.07	2927.86	2968.52	2411.54	2.87	2.30	15.15	53.63	4916.73
Life Insurance/Assurance (10)	6132.98	-4.41	5617.17	6415.80	6571.18	7887.08	4.81	1.53	13.61	201.97	5791.59
Index- Real Estate Investment & Services (20)	2205.19	-4.68	2019.73	2313.37	2365.13	3133.33	2.99	5.02	6.66	36.83	5747.28
Real Estate Investment Trusts (28)	2368.71	-3.27	2169.49	2448.68	2545.75	2906.22	3.95	4.75	5.33	57.52	2858.55
General Financial (33)	6671.85	-3.46	6110.71	6910.84	7086.61	7886.11	3.90	1.89	13.56	170.52	7411.08
Equity Investment Instruments (176)	7662.34	-0.36	7017.90	7690.08	7764.05	7767.90	2.73	1.00	36.55	110.92	4090.13
Non Financials (343)	**4346.18**	**0.46**	**3980.64**	**4326.42**	**4359.51**	**4121.77**	**3.44**	**0.67**	**43.28**	**80.24**	**6209.68**
Technology (18)	**1501.61**	**0.84**	**1375.32**	**1489.15**	**1505.74**	**1356.30**	**1.46**	**1.57**	**43.59**	**14.65**	**1897.94**
Software & Computer Services (12)	1861.75	0.19	1705.17	1858.23	1869.72	1608.88	2.01	1.53	32.59	26.40	2477.20
Technology Hardware & Equipment (6)	1703.36	1.39	1560.10	1680.07	1705.86	1592.62	1.00	1.65	60.83	10.68	1969.36

Hourly movements	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	6536.11	6487.25	6489.92	6522.09	6557.70	6539.13	6550.49	6535.95	6541.65	6561.06	6472.79
FTSE 250	16116.95	15751.85	15691.01	15683.49	15734.12	15699.77	15669.96	15712.96	15781.41	16116.95	15647.03
FTSE SmallCap	4497.98	4474.46	4462.83	4458.19	4459.86	4457.12	4450.47	4446.27	4441.17	4497.98	4431.78
FTSE All-Share	3524.93	3490.67	3489.49	3503.23	3520.59	3511.22	3515.04	3509.97	3514.64	3525.05	3482.74

Time of FTSE 100 Day's high:11:04:30 Day's Low08:33:00 FTSE 100 2010/11 High: 6577.83(01/07/2016) Low: 5536.97(11/02/2016)
Time of FTSE All-Share Day's high:07:04:00 Day's Low08:33:00 FTSE 100 2010/11 High: 3555.45(01/07/2016) Low: 3046.53(11/02/2016)

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FT 30 INDEX

	Jul 05	Jul 04	Jul 01	Jun 30	Jun 29	Yr Ago	High	Low
FT 30	2760.00	2775.70	2817.80	2781.70	2728.40	0.00	2876.90	2508.90
FT 30 Div Yield	1.62	1.63	1.62	1.64	1.68	0.00	3.93	2.74
P/E Ratio net	27.54	27.32	27.58	27.22	26.54	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
2775.7	2742	2749.2	2757.4	2769.8	2760.1	2759.6	2752.8	2762	2779.7	2741.3

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FX: EFFECTIVE INDICES

	Jul 04	Jul 01	Mnth Ago		Jul 05	Jul 04	Mnth Ago
Australia	90.81	90.24	88.50	Sweden	78.97	79.14	80.01
Canada	90.80	90.45	89.88	Switzerland	160.16	159.83	156.18
Denmark	107.25	107.28	106.75	UK	79.75	79.67	86.41
Japan	149.84	149.72	142.41	USA	99.25	99.43	99.37
New Zealand	117.02	116.20	112.81	Euro	88.41	88.46	87.85
Norway	87.57	87.36	86.53				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Industrial Metals &	90.58	Electronic & Elec Eq	7.41	Household Goods & Ho	-1.78
Mining	48.11	Forestry & Paper	7.35	Support Services	-2.01
Basic Materials	39.25	Tech Hardware & Eq	7.20	FTSE SmallCap Index	-2.50
Oil & Gas Producers	34.50	Health Care	6.65	Telecommunications	-4.13
Oil & Gas	33.56	Pharmace & Biotech	6.40	FTSE 250 Index	-5.53
Tobacco	24.07	Aerospace & Defense	5.55	Consumer Services	-8.13
Industrial Eng	20.20	FTSE 100 Index	5.37	Food Producers	-10.09
Personal Goods	18.55	Nonlife Insurance	4.72	Automobiles & Parts	-10.57
Industrial Transport	15.32	Electricity	4.58	Travel & Leisure	-11.98
Gas Water & Multi	13.74	Technology	4.45	Fixed Line Telecomms	-12.03
Utilities	11.85	Chemicals	4.12	Financial Services	-12.34
Consumer Goods	11.43	FTSE All{HY-}Share Index	3.23	Leisure Goods	-13.52
Beverages	9.92	Industrials	2.60	Real Est Invest & Tr	-13.82
NON FINANCIALS Index	9.45	Construct & Material	1.51	Financials	-13.99
Health Care Eq & Srv	8.80	Software & Comp Serv	1.28	Life Insurance	-17.24
Food & Drug Retailer	8.18	Mobile Telecomms	1.13	General Retailers	-18.44
Oil Equipment & Serv	7.72	Equity Invest Instr	0.74	Banks	-19.70
		Media	-1.45	Real Est Invest & Se	-23.32

FTSE GLOBAL EQUITY INDEX SERIES

Jul 05 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	7723	454.35	0.1	-0.8	0.7	631.19	2.3	2.6
FTSE Global All Cap	7079	462.39	0.3	7.3	-0.3	624.68	0.2	2.5
FTSE Global Large Cap	1426	399.74	0.1	-0.5	0.3	568.68	1.9	2.8
FTSE Global Mid Cap	1641	613.26	0.0	-1.5	1.9	811.46	3.2	2.2
FTSE Global Small Cap	4656	641.82	0.1	-1.5	2.3	823.33	3.5	2.1
FTSE All-World	3067	265.15	0.1	-0.7	0.5	388.83	2.1	2.7
FTSE World	2542	469.90	0.0	-0.8	0.5	925.04	2.1	2.7
FTSE Global All Cap ex UNITED KINGDOM In	7397	469.76	0.1	-0.4	1.3	643.25	2.9	2.5
FTSE Global All Cap ex USA	5770	410.26	0.2	-1.7	-1.7	607.62	0.3	3.2
FTSE Global All Cap ex JAPAN	6459	464.83	0.0	-0.7	1.3	651.66	2.9	2.6
FTSE Global All Cap ex Eurozone	7077	472.35	0.2	-0.1	1.8	643.81	3.2	2.5
FTSE Developed	2095	426.43	0.0	-1.0	-0.1	597.04	1.5	2.6
FTSE Developed All Cap	5690	448.23	0.0	-1.1	0.2	620.49	1.7	2.5
FTSE Developed Large Cap	900	393.46	0.1	-0.8	-0.3	558.69	1.3	2.7
FTSE Developed Europe Large Cap	223	308.03	-0.6	-3.8	-6.7	499.49	-3.9	3.8
FTSE Developed Europe Mid Cap	308	470.45	-1.1	-7.7	-8.2	689.24	-6.1	2.9
FTSE Dev Europe Small Cap	706	656.46	-1.1	-9.7	-10.3	932.86	-8.6	2.8
FTSE North America Large Cap	292	448.88	0.1	0.1	2.8	597.96	4.1	2.3
FTSE North America Mid Cap	393	679.01	0.2	0.2	6.0	846.05	7.0	1.8
FTSE North America Small Cap	1483	679.92	0.2	-0.2	6.0	824.26	6.9	1.7
FTSE North America	685	301.26	0.1	0.1	3.4	411.09	4.6	2.2
FTSE Developed ex North America	1410	215.14	-0.1	-2.8	-5.1	342.45	-3.0	3.3
FTSE Japan Large Cap	176	306.68	0.8	-2.0	-6.4	388.22	-5.3	2.5
FTSE Japan Mid Cap	307	484.63	0.5	-1.5	-1.4	591.43	-0.4	2.0
FTSE Global wi JAPAN Small Cap	781	528.80	0.2	-2.0	0.5	667.19	1.6	2.2
FTSE Japan	483	128.98	0.7	-1.9	-5.4	183.39	-4.3	2.4
FTSE Asia Pacific Large Cap ex Japan	549	555.79	0.9	2.6	2.7	846.84	4.6	3.3
FTSE Asia Pacific Mid Cap ex Japan	420	766.40	0.8	2.9	2.6	1119.81	3.9	3.0
FTSE Asia Pacific Small Cap ex Japan	1443	507.40	0.9	2.4	1.6	730.00	2.7	2.7
FTSE Asia Pacific Ex Japan	969	441.06	0.9	2.6	2.7	713.82	4.6	3.3
FTSE Emerging All Cap	2033	611.22	0.6	3.4	7.0	886.35	8.8	3.1
FTSE Emerging Large Cap	526	575.64	0.6	3.1	6.9	840.86	8.8	3.2
FTSE Emerging Mid Cap	446	784.50	0.6	4.4	10.5	1129.33	12.1	2.9
FTSE Emerging Small Cap	1061	639.87	0.7	4.0	3.9	889.60	5.1	2.9
FTSE Emerging Europe	112	299.00	0.2	-1.1	12.0	446.62	13.9	4.2
FTSE Latin America All Cap	236	747.37	0.0	8.6	24.8	1119.14	26.6	3.2
FTSE Middle East and Africa All Cap	219	663.56	0.6	1.9	7.3	1005.87	9.1	3.0
FTSE Global wi UNITED KINGDOM All Cap In	326	304.83	-0.8	-5.3	-7.3	492.35	-5.3	3.7
FTSE Global wi USA All Cap	1953	515.93	0.0	0.0	2.9	668.43	4.0	2.1
FTSE Europe All Cap	1424	355.52	-0.7	-4.9	-6.8	557.73	-4.3	3.6
FTSE Eurozone All Cap	646	327.56	-0.8	-6.5	-8.7	520.62	-6.1	3.6
FTSE RAFI All World 3000	3048	5438.51	0.1	-1.1	0.2	6981.86	2.1	3.3
FTSE RAFI US 1000	1004	9217.71	0.0	0.2	4.2	11805.16	5.6	2.5
FTSE EDHEC-Risk Efficient All-World	3067	323.39	0.0	-0.5	2.5	440.62	3.9	2.3
FTSE EDHEC-Risk Efficient Developed Europe	531	263.07	-0.8	-5.4	-5.8	392.14	-3.8	2.8

Jul 05 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas	151	349.62	0.1	0.1	14.6	544.73	16.9	3.6
Oil & Gas Producers	110	328.05	0.1	0.1	15.0	520.33	17.2	3.7
Oil Equipment & Services	31	319.10	0.4	0.4	15.0	453.07	17.1	3.1
Basic Materials	256	379.58	1.0	1.0	8.0	565.77	9.9	2.9
Chemicals	125	569.08	0.1	0.1	-3.8	852.31	-2.0	2.9
Forestry & Paper	16	197.28	-0.3	-0.3	0.6	325.01	3.2	3.9
Industrial Metals & Mining	62	303.15	1.9	1.9	17.8	450.81	19.0	2.6
Mining	53	482.80	2.9	2.9	49.2	717.79	51.4	3.0
Industrials	534	308.65	0.0	0.0	3.2	435.07	4.6	2.4
Construction & Materials	111	439.56	-0.4	-0.4	4.9	649.57	6.6	2.2
Aerospace & Defense	26	517.08	-0.1	-0.1	2.1	722.48	3.5	2.3
General Industrials	54	227.41	0.0	0.0	4.8	345.09	6.6	2.6
Electronic & Electrical Equipment	69	305.93	0.0	0.0	-3.3	396.12	-2.3	2.1
Industrial Engineering	104	561.98	-0.1	-0.1	4.9	779.49	6.4	2.6
Industrial Transportation	95	520.75	0.4	0.4	5.2	733.19	6.8	2.6
Support Services	75	281.96	-0.1	-0.1	2.2	381.17	3.4	2.0
Consumer Goods	425	426.25	0.0	0.0	2.3	615.16	3.8	2.5
Automobiles & Parts	105	322.78	-0.1	-0.1	-15.4	449.35	-13.8	3.3
Beverages	48	602.67	-0.1	-0.1	5.4	879.81	6.6	2.4
Food Producers	103	607.83	0.2	0.2	8.8	904.36	10.6	2.2
Household Goods & Home Construction	47	416.95	-0.4	-0.4	3.8	596.94	5.1	2.3
Leisure Goods	31	145.24	0.3	0.3	10.1	187.88	10.7	1.4
Personal Goods	80	619.31	0.0	0.0	3.6	849.07	4.8	2.0
Tobacco	11	1400.99	0.5	0.5	15.1	2793.35	17.5	3.4
Health Care	177	453.84	0.1	0.1	-1.0	640.49	0.3	2.0
Health Care Equipment & Services	63	710.65	0.0	0.0	9.4	819.24	10.0	1.0
Pharmaceuticals & Biotechnology	114	332.98	0.2	0.2	-4.3	489.57	-2.8	2.3
Consumer Services	394	387.86	0.0	0.0	-0.5	509.12	0.6	1.8
Food & Drug Retailers	54	299.13	0.0	0.0	-0.2	408.88	0.9	1.9
General Retailers	122	534.41	0.0	0.0	0.3	683.51	1.2	1.6
Media	87	292.24	-0.2	-0.2	1.0	384.84	2.2	2.0
Travel & Leisure	131	367.61	0.2	0.2	-3.6	487.54	-2.6	1.9
Telecommunication	91	170.98	0.2	0.2	8.6	307.42	11.0	3.9
Fixed Line Telecommuniations	42	148.10	0.0	0.0	11.7	291.48	14.3	4.3
Mobile Telecommunications	49	171.65	0.6	0.6	4.2	279.46	6.3	3.4
Utilities	164	266.63	0.3	0.3	12.4	499.72	15.0	3.6
Electricity	111	290.28	0.3	0.3	12.1	537.63	14.6	3.6
Gas Water & Multiutilities	53	284.11	0.5	0.5	12.8	547.16	15.7	3.7
Financials	690	184.20	-0.1	-0.1	-8.2	292.26	-6.3	3.4
Banks	246	154.55	-0.2	-0.2	-13.4	262.32	-11.2	4.1
Nonlife Insurance	68	208.39	-0.3	-0.3	-2.8	296.00	-0.9	2.6
Life Insurance	51	169.55	-0.2	-0.2	-14.5	263.03	-12.6	3.6
Financial Services	152	206.09	0.1	0.1	-7.3	277.92	-6.2	2.3
Technology	185	172.99	0.1	0.1	-0.7	208.53	0.3	1.9
Software & Computer Services	89	309.62	0.1	0.1	-0.2	357.66	0.5	1.1
Technology Hardware & Equipment	96	124.68	0.0	0.0	-1.3	155.30	0.2	2.8
Alternative Energy	10	97.46	-1.0	-1.0	-5.7	130.62	-4.6	1.4
Real Estate Investment & Services	102	280.65	1.3	1.3	-0.8	456.22	1.1	2.7

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FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	540.00	-19.00	Legal & General Group PLC	173.70	-13.30
Admiral Group PLC	1938	-71.00	Lloyds Banking Group PLC	51.02	-2.11
Anglo American PLC	739.80	-24.20	London Stock Exchange Group PLC	2440	-53.00
Antofagasta PLC	461.50	-19.10	Marks And Spencer Group PLC	300.20	-3.60
Arm Holdings PLC	1139	24.00	Mediclinic International PLC	1100	13.00
Ashtead Group PLC	1054	-14.00	Merlin Entertainments PLC	456.70	4.90
Associated British Foods PLC	2606	-69.00	Mondi PLC	1381	-17.00
Astrazeneca PLC	4554.5	80.50	Morrison (Wm) Supermarkets PLC	185.80	-2.20
Aviva PLC	375.60	-15.40	National Grid PLC	1130.5	26.00
Babcock International Group PLC	900.00	-9.00	Next PLC	4719	-60.00
Bae Systems PLC	533.00	4.50	Old Mutual PLC	194.60	-4.10
Barclays PLC	135.85	-0.70	Paddy Power Betfair PLC	7995	20.00
Barratt Developments PLC	350.30	-38.00	Pearson PLC	974.00	12.00
Berkeley Group Holdings (The) PLC	2327	-158.00	Persimmon PLC	1332	-103.00
Bhp Billiton PLC	935.40	-16.80	Provident Financial PLC	2306	-32.00
BP PLC	453.55	6.75	Prudential PLC	1203.5	-56.50
British American Tobacco PLC	5035	130.50	Randgold Resources LD	9310	150.00
British Land Company PLC	552.00	-13.00	Reckitt Benckiser Group PLC	7645	135.00
Bt Group PLC	402.00	-0.50	RELX PLC	1419	29.00
Bunzl PLC	2332	25.00	Rio Tinto PLC	2326.5	-29.50
Burberry Group PLC	1160	12.00	Rolls-Royce Holdings PLC	711.00	4.50
Capita PLC	917.00	-16.50	Royal Bank Of Scotland Group PLC	158.50	-9.00
Carnival PLC	3387	11.00	Royal Dutch Shell PLC	2126.5	61.00
Centrica PLC	230.20	0.90	Royal Dutch Shell PLC	2103.5	52.50
Coca-Cola Hbc AG	1542	16.00	Royal Mail PLC	481.60	-8.40
Compass Group PLC	1445	8.00	Rsa Insurance Group PLC	485.80	-4.70
Crh PLC	2125	-33.00	Sabmiller PLC	4353	-9.00
Dcc PLC	6575	85.00	Sage Group PLC	642.00	14.00
Diageo PLC	2139.5	38.50	Sainsbury (J) PLC	222.90	-8.00
Direct Line Insurance Group PLC	339.20	-9.10	Schroders PLC	2230	-119.00
Dixons Carphone PLC	286.70	-23.30	Severn Trent PLC	2467	19.00
Easyjet PLC	1056	-25.00	Shire PLC	4762	45.00
Experian PLC	1436	6.00	Sky PLC	849.00	-11.00
Fresnillo PLC	1893	-2.00	Smith & Nephew PLC	1293	22.00
Gkn PLC	263.50	-3.70	Smiths Group PLC	1135	-10.00
Glaxosmithkline PLC	1645	44.00	Sse PLC	1570	-16.00
Glencore PLC	157.85	-4.90	St. James's Place PLC	766.00	-26.50
Hammerson PLC	496.00	-13.00	Standard Chartered PLC	560.20	-11.80
Hargreaves Lansdown PLC	1124	-68.00	Standard Life PLC	271.60	-14.90
Hikma Pharmaceuticals PLC	2543	54.00	Taylor Wimpey PLC	121.30	-9.20
HSBC Holdings PLC	464.75	1.00	Tesco PLC	175.75	-2.70
Imperial Brands PLC	4079	29.50	Travis Perkins PLC	1313	-81.00
Informa PLC	724.00	5.00	Tui AG	888.00	-7.50
Intercontinental Hotels Group PLC	2797	1.00	Unilever PLC	3678.5	82.00
International Consolidated Airlines Group S.A.	378.50	3.50	United Utilities Group PLC	1039	10.00
Intertek Group PLC	3513	8.00	Vodafone Group PLC	228.55	2.65
Intu Properties PLC	266.00	-12.80	Whitbread PLC	3405	-98.00
Itv PLC	168.90	-6.20	Wolseley PLC	3875	-23.00
Johnson Matthey PLC	2920	-19.00	Worldpay Group PLC	265.80	-0.80
Kingfisher PLC	308.80	-10.80	WPP PLC	1617	16.00
Land Securities Group PLC	944.00	-36.00			

UK STOCK MARKET TRADING DATA

	Jul 05	Jul 04	Jul 01	Jun 30	Jun 29	Yr Ago
SEAQ Bargains	4369.00	4291.00	4291.00	4291.00	4400.00	4546.00
Order Book Turnover (m)	94.26	76.02	76.02	76.02	200.04	221.63
Order Book Bargains	1310921.00	1237463.00	1237463.00	1237463.00	1391784.00	1385799.00
Order Book Shares Traded (m)	1854.00	1744.00	1744.00	1744.00	2384.00	2272.00
Total Equity Turnover (£m)	2521.60	2879.12	2879.12	2879.12	3361.74	3254.60
Total Mkt Bargains	1382052.00	1319559.00	1319559.00	1319559.00	1480160.00	1472616.00
Total Shares Traded (m)	3502.00	3744.00	3744.00	3744.00	4836.00	4879.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
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UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
AdEPT Telecom	Pre	**28.881**	22.066	**2.75**	2.137	**8.78**	6.9	**3.5**	2.5	Oct 7	**6.5**	4.75
Imagination Technologies Group	Pre	**120.003**	156.774	**63.209L**	2.244	**29.8L**	4.9L	**-**	-	-	**-**	-
IMImobile	Pre	**61.63**	48.876	**4.164**	2.287L	**7.1**	13.5L	**-**	-	-	**-**	-
Polar Capital Technology Trust	Pre			**8.87**	187.273	**2.33L**	2.22L	**-**	-	-	**-**	-
Solid State	Pre	**44.1**	36.559	**4.196**	3.014	**49.9**	34.9	**8**	8	Sep 23	**12**	12
St Modwen Properties	Int	**159.7**	135.7	**35.5**	180.2	**11.8**	76	**-**	1.9	-	**-**	5.037
SVM UK Emerging Fund	Pre			**0.366**	0.087	**0.96**	1.02	**-**	-	-	**-**	-
Tavistock Investments	Pre	**29.85**	0.369	**2.792L**	1.524L	**1.09L**	0.61L	**-**	-	-	**-**	-

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.
For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
06/21	50.00	AIM	COM	Comptoir Group PLC	60.50	-1.50	70.90	50.00	5808.0
06/15	300.00	AIM	GROW	Draper Esprit PLC	301.50	-1.00	312.00	295.00	12263.2
06/15	3.30	AIM	MKA	Mkango Resources Ltd	4.75	0.43	5.89	3.25	337.5
06/09	221.00	AIM	MPH	Mereo BioPharma Group PLC	303.00	0.50	303.60	240.00	19495.3
05/27	75.00	AIM	DCTA	Directa Plus PLC	158.50	-10.50	215.25	83.00	7007.7
05/26	160.00	AIM	JOUL	Joules Group PLC	172.00	1.20	199.00	160.00	15050.0

§Placing price. *Intoduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir
For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Company	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
PngAnBnk RMB	8.81	-	12.80	7.75	1.54	7.15	19328.37
Pwr Cons Corp RMB	6.00	0.19	11.75	5.40	1.56	16.68	8637.02
SaicMtr RMB	21.14	-0.02	27.36	14.00	5.76	8.23	34949.83
ShenwanHong	0.16	0.00	0.28	0.12	-	-0.24	52.53
ShgPdgBk RMB	15.79	-0.14	18.29	10.83	4.08	6.72	48581.79
Sinopec Corp	5.52	-0.10	6.73	3.86	3.97	16.51	18151.79
Sinopec Oil RMB	3.91	0.03	12.25	3.60	-	-40.37	1045.55
Denmark (kr)							
DanskeBk	167.60	-4.50	218.00	164.20	4.44	13.48	24613.93
MollerMrsk	8490	-400.00	12940	7355	-	-55.29	13489.8
NovoB	365.70	-2.00	415.00	305.10	1.63	29.25	109878.65
Bk Cent Asia	13225	-	13925	11000	1.06	19.31	24814.53
Israel (ILS)							
TevaPha	192.30	-1.20	275.90	189.40	2.49	28.15	50996.07
Italy (€)							
Enel	3.96	-0.03	4.45	3.33	3.30	17.70	44679.81
ENI	14.41	-0.11	16.34	10.93	6.20	-6.14	58176.37
Generali	10.17	-0.20	18.27	9.93	5.49	8.83	17623.36
IntSPaolo	1.59	-0.04	3.65	1.52	4.09	11.19	28066.22
Luxottica	43.50	-0.22	67.80	43.09	1.43	30.13	23379.92
Unicred	1.82	0.01	6.45	1.76	6.15	6.92	12476.85
KoreaElePwr	59100	100.00	63700	45600	4.81	2.91	32834.34
SK Hynix	31850	-900.00	42050	25650	1.44	7.81	19460.11
SmsungEl	1469000	3000	1479000	1033000	1.17	12.60	181758.51
Spain (€)							
BBVA	4.98	-0.12	9.46	4.50	6.92	15.36	35851.22
BcoSantdr	3.38	-0.10	6.79	3.15	8.26	9.31	54247.42
CaixaBnk	1.96	-0.04	4.39	1.82	5.69	17.67	12888.47
Iberdrola♦	5.73	-0.38	6.71	4.80	0.49	15.82	39706.62
Inditex	29.81	-0.20	35.38	26.00	1.36	34.77	103210.95
Repsol♦	11.39	-0.19	17.00	7.95	7.77	-11.11	18235.11
Telefonica	8.35	-0.28	14.31	7.45	8.31	-235.56	46150.1
Alphabet	704.24	-6.01	810.35	539.85	-	32.65	206817.79
Altria♦	69.87	0.85	70.15	47.41	2.88	27.78	136685.62
Amazon	721.36	-4.32	731.50	425.57	-	327.79	340357.82
AmerAir	28.61	-0.72	47.09	24.85	1.27	2.82	16541.49
AmerExpr♦	59.42	-1.27	81.66	50.27	1.77	13.08	56510.39
AmerIntGrp	51.53	-1.34	64.93	48.41	1.77	-227.04	57660.94
AmerTower♦	113.84	0.24	114.50	83.07	1.44	81.43	48339.29
Amgen	154.37	0.09	181.81	130.09	1.98	17.99	115965.38
Anadarko	53.23	-1.66	78.59	28.16	1.47	-6.69	27170.01
Anthem	130.59	-1.08	165.79	115.63	1.76	16.13	34339.03
Aon Cp	108.38	-1.39	110.17	83.83	1.01	24.41	28712.22
Apple	94.71	-1.18	132.97	89.47	1.99	11.57	518766.92
ArcherDan	41.93	-0.68	49.50	29.86	2.47	17.78	24637.32
Intcntl Exch	253.70	0.96	271.95	220.28	1.11	23.95	30201.88
Intel	32.60	-0.15	35.59	24.87	2.73	15.29	153787.28
Intuit	112.06	0.15	112.48	79.63	0.91	45.70	28672.93
John&John	123.00	1.71	123.23	81.79	2.21	24.68	338329.25
JohnsonCn	43.15	-0.96	51.85	33.62	2.31	72.01	27973.93
JPMrgnCh♦	59.50	-1.76	70.61	50.07	2.69	11.11	217571.21
Kimb-Clark	138.22	1.22	138.87	103.04	2.34	51.01	49776.87
KinderM	18.05	-0.65	38.58	11.20	8.07	994.50	40279.59
Kraft Heinz♦	88.95	0.71	89.49	61.42	2.32	699.91	108159.22
Kroger	36.77	0.22	42.75	27.32	0.99	19.29	34889.7
L Brands	66.50	-1.03	101.11	60.00	2.81	19.10	19118.91
LasVegasSd	42.78	-0.93	57.77	34.88	5.67	21.13	33998.07
LibertyGbl	28.00	-1.71	54.42	26.19	-	-31.82	7089.27
Venezuela (VEF)							
Bco de Vnzla	105.00	-	143.95	85.00	-	-	612.50
Bco Provncl	2700	-200.00	4400	2200	-	0.41	463.92
Mrcntl Srvcs	4785	-	6200	4300	0.28	16.27	452.92

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Glencore	157.85	162.75	-4.90	-3.01	19.40	14.0	15.77
ChShpbldng	7.01	6.65	0.36	5.41	0.84	13.6	13.61
Shire	4762.00	4717.00	45.00	0.95	518.00	12.2	8.25
Telenor	139.10	139.10	0.00	0.00	15.10	12.2	0.66
BP	453.55	446.80	6.75	1.51	49.10	12.1	23.44
E.ON	9.33	9.33	0.00	0.00	0.97	11.6	8.80
Telia Co	39.62	39.62	0.00	0.00	3.93	11.0	1.16
Diageo	2139.50	2101.00	38.50	1.83	204.50	10.6	14.21
BrAmTob	5035.00	4904.50	130.50	2.66	479.50	10.5	19.54
OilNatGas	232.05	232.05	0.00	0.00	21.90	10.4	8.92
Natl Grid	1130.50	1104.50	26.00	2.35	106.00	10.3	13.19
Hngzh HikVDT	23.37	23.66	-0.29	-1.23	2.15	10.1	9.31
GenMills	72.29	71.94	0.35	0.49	6.53	9.9	13.49
SHK Props	97.55	96.75	0.80	0.83	8.80	9.9	5.23
Vale	16.97	16.97	0.00	0.00	1.51	9.8	-0.31
MollerMrsk	8890.00	8890.00	0.00	0.00	790.00	9.8	0.12
Tesco	175.75	178.45	-2.70	-1.51	15.30	9.5	8.79
RylDShlA	2103.50	2051.00	52.50	2.56	182.50	9.5	25.51
Nokia	4.98	4.98	0.00	0.00	0.42	9.2	-4.08
Sony	3036.00	3038.00	-2.00	-0.07	254.00	9.1	-1.17

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
ITC	244.90	244.90	0.00	0.00	-114.05	-31.8	3.23
Danaher	79.98	102.32	-22.34	-21.83	-18.14	-18.5	-18.62
Hunng Pwr	4.73	4.88	-0.15	-3.07	-0.70	-12.9	-9.73
RBS	158.50	167.50	-9.00	-5.37	-15.30	-8.8	-31.80
LlydsBkg	51.02	53.13	-2.11	-3.97	-3.93	-7.2	-25.57
Luxottica	43.72	43.72	0.00	0.00	-2.52	-5.4	-8.52
LibertyGbl	28.00	29.70	-1.71	-5.74	-1.48	-5.0	-28.17
In&CmBkCh	4.20	4.28	-0.08	-1.87	-0.21	-4.8	0.24
Ch Evrbrght	3.26	3.33	-0.07	-2.07	-0.16	-4.7	-1.81
Williams Cos	19.70	20.56	-0.87	-4.21	-0.95	-4.6	-13.47
ValeroEngy	49.49	51.43	-1.94	-3.77	-2.34	-4.5	-10.23
Unicred	1.81	1.81	0.00	0.00	-0.07	-3.9	-31.03
HumanaInc	175.94	174.00	1.94	1.11	-7.01	-3.8	-5.51
KBC Grp	41.50	42.23	-0.73	-1.73	-1.52	-3.5	-21.13
AgricBkCh	2.82	2.87	-0.05	-1.74	-0.10	-3.4	-1.05
CanImp	97.07	97.07	0.00	0.00	-3.41	-3.4	-5.99
Cred Agr	7.25	7.52	-0.27	-3.53	-0.25	-3.3	-16.13
Deere	78.86	80.90	-2.04	-2.52	-2.52	-3.1	-7.96
FastRetail	26540.00	27705.00	-1165.00	-4.21	-845.00	-3.1	-11.89
Formosa PetChem	84.90	84.90	0.00	0.00	-2.70	-3.1	-2.75

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Jul 05	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Frontier Communications Corporation	10/18	8.13	BB-	Ba3	BB	108.57	4.10	-0.01	0.00	3.55
High Yield Euro										
Kazkommerts Intl BV	02/17	6.88	B	Caa1	B	97.50	-	0.00	0.00	-
Emerging US$										
Mexico	09/16	11.40	BBB+	A3	BBB+	106.80	1.49	0.03	0.01	0.44
Brazil	01/18	8.00	BB	Ba2	BB	104.73	4.77	-0.07	0.01	4.22
Russia	07/18	11.00	BB+	Ba1	BBB-	118.37	1.82	0.00	-0.61	1.27
Peru	03/19	7.13	BBB+	A3	BBB+	128.75	1.95	0.00	0.00	1.40
Peru	03/19	7.13	BBB+	A3	BBB+	114.01	2.60	0.00	0.20	0.84
Colombia	07/21	4.38	BBB	Baa2	BBB	107.80	2.72	0.00	-0.44	1.79
Brazil	01/22	12.50	BB	Ba2	BB	104.39	11.38	0.02	0.32	10.46
Poland	03/22	5.00	BBB+	A2	A-	117.38	2.80	0.00	0.00	1.87
Turkey	03/22	5.13	-	Baa3	BBB-	109.75	3.88	0.00	0.00	2.95
Turkey	10/26	4.88	-	Baa3	BBB-	105.83	4.21	0.00	-0.33	2.85
Emerging Euro										
Brazil	02/15	7.38	BBB-	Baa2	BBB	111.75	0.73	0.00	0.00	0.09
Mexico	07/17	4.25	BBB+	A3	BBB+	111.13	1.50	0.00	0.00	0.95
Mexico	02/20	5.50	BBB+	A3	BBB+	121.63	2.06	0.00	0.00	1.13
Bulgaria	09/25	5.75	BB+	-	BBB-	119.54	3.31	0.00	-0.13	1.94

Data provided by SIX Financial Information & Tullett Prebon Information. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

Jul 05	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
US$										
Halliburton Company	02/27	6.75	A-	Baa1	A-	121.05	4.30	0.00	-0.30	2.94
Korea Electric Power Corporation	08/27	6.75	AA-	Aa2	AA-	105.29	6.18	0.00	-0.19	4.82
Archer Daniels Midland Company	12/27	6.75	A	A2	A	126.11	3.94	0.00	-0.02	2.58
FleetBoston Financial Corp.	01/28	6.88	BBB	Baa3	A-	125.58	4.11	0.00	-0.29	-
SunTrust Banks, Inc.	01/28	6.00	BBB+	Baa1	A-	119.62	3.91	0.00	-0.16	-
E.I. du Pont de Nemours and Company	01/28	6.50	A-	A3	A	125.77	3.76	0.00	-0.12	-
Euro										
Credit Agricole S.A.	03/27	2.63	BBB	Baa3	A-	101.21	2.49	0.00	-0.10	1.13
Electricite de France (EDF)	03/27	4.13	A	A2	A-	122.21	1.91	0.00	0.00	0.55
Poland	05/27	0.88	BBB+	A2	A	95.48	1.33	0.00	-0.20	-0.04
BHP Billiton Fin Ltd	09/27	3.25	A	A3	A+	118.59	1.44	0.00	-0.19	0.08
Yen										
Wal-Mart Stores, Inc.	07/15	0.94	NR	WR	NR	100.00	0.31	0.00	0.00	-
£ Sterling										
IPIC GMTN Limited	03/26	6.88	AA	Aa2	AA	122.65	4.11	0.06	0.12	1.82
B.A.T. Intl Fin plc (Re - British American Tobacco)	09/26	4.00	A-	A3	A-	104.67	3.47	0.06	0.29	1.18

Data provided by SIX Financial Information. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

INTEREST RATES: OFFICIAL

Jul 05	Rate	Current	Since	Last	Mnth Ago	Year Ago
US	Fed Funds	0.25-0.50	16-12-2015	0.00-0.25	0.25-0.50	0.00-0.25
US	Prime	3.50	16-12-2008	3.50	3.50	3.25
US	Discount	1.00	16-12-2015	0.75	1.00	0.75
Euro	Repo	0.00	10-09-2014	0.05	0.00	0.05
UK	Repo	0.50	05-03-2009	0.50	0.50	0.50
Japan	O'night Call	0.00-0.10	05-10-2010	0.00-0.10	0.00-0.10	0.00-0.10
Switzerland	Libor Target	-1.25-0.25	15-01-2015	0.00-0.75	-1.25-0.25	-1.25-0.25

INTEREST RATES: MARKET

Jul 05	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.45	-0.35	-0.45	-0.35	-0.50	-0.35	-0.40	-0.25	-0.31	-0.16	-0.12	0.03
Sterling			0.43	0.53	0.40	0.50	0.45	0.55	0.52	0.67	0.70	0.85
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	0.40	0.50	0.40	0.50	0.45	0.55	0.60	0.70	0.90	1.00	1.20	1.30
Japanese Yen	-0.30	-0.10	-0.30	0.00	-0.30	-0.10	-0.35	-0.05	-0.20	0.10	-0.15	0.15

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA.

BOND INDICES

CREDIT INDICES

	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	369.26	-12.07	35.21	40.34	390.04	288.69
Europe 5Y	85.00	-1.98	7.21	7.01	90.43	67.59
Japan 5Y	70.05	-2.51	2.21	-0.87	93.03	64.22
Senior Financials 5Y	111.86	-3.89	10.86	12.50	121.66	80.36
Markit CDX						
Emerging Markets 5Y	264.97	0.00	-41.95	-16.20	313.33	264.97
Nth Amer High Yld 5Y	422.48	0.00	-54.21	-1.74	476.69	415.17
Nth Amer Inv Grade 5Y	76.80	0.00	-14.25	2.26	91.05	72.99

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

VOLATILITY INDICES

	Jul 05	Day Chng	Prev	52 wk high	52 wk low
VIX	16.29	1.52	14.77	53.29	10.88
VXD	15.47	1.21	14.26	56.32	8.09
VXN	18.38	1.55	16.83	46.72	12.06
VDAX	23.95	1.70	22.25	-	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility. ‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

GILTS: UK CASH MARKET

Jul 05	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
Tr 4pc '16	100.63	0.31	0.00	0.00	-27.91	-39.22	102.23	100.00	0.35
Tr 1.75pc '17	100.86	0.17	-10.53	-34.62	-50.00	-69.64	101.94	100.76	0.29
Tr 5pc '18	108.30	0.03	-50.00	-62.50	-85.71	-96.15	111.41	107.81	0.35
Tr 4.5pc '19	111.81	0.07	-30.00	-12.50	-78.13	-93.69	112.71	110.85	0.36
Tr 4.75pc '20	116.74	0.17	-19.05	-32.00	-67.31	-87.31	117.12	114.45	0.33
Tr 1.5pc '21	105.23	0.34	-10.53	-22.73	-55.26	-78.21	137.29	99.91	0.29
Tr 4pc '22	120.46	0.35	-10.26	-23.91	-55.13	-78.92	120.46	113.85	0.38
Tr 5pc '25	136.27	0.68	-8.11	-20.00	-41.38	-66.00	136.27	124.91	0.35
Tr 4.25pc '27	135.51	0.96	-5.88	-15.04	-33.79	-56.95	135.51	120.29	0.31
Tr 4.25pc '32	142.23	1.30	-4.41	-13.91	-28.57	-48.21	142.23	122.08	0.35
Tr 4.25pc '36	147.43	1.47	-3.92	-12.50	-26.13	-44.11	147.43	123.55	0.29
Tr 4.5pc '42	163.40	1.56	-4.29	-11.86	-24.64	-42.22	163.40	132.20	0.26
Tr 3.75pc '52	164.39	1.45	-3.97	-12.65	-26.40	-45.90	164.39	121.95	0.23
Tr 4pc '60	186.40	1.36	-4.90	-14.47	-28.80	-48.29	186.40	131.72	0.22

xd Ex dividend. Closing mid-prices are shown in pounds per £ 100 nominal of stock. Red yield: Gross redemption yield. This table shows the gilts benchmarks & the non-rump undated stocks.

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Jul	47.56	-1.20	Corn♦	Jul	353.50	0.00
Brent Crude Oil‡		48.05	-1.99	Wheat♦	Jul	416.00	0.00
RBOB Gasoline†	Jul	1.47	-0.03	Soybeans♦	Jul	1169.25	0.00
Heating Oil†	Jul	1.50	0.00	Soybeans Meal♦	Jul	404.80	0.00
Natural Gas†	Jul	2.86	-0.05	Cocoa (ICE Liffe)✠	Jul	2484.00	62.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Jul	3040.00	0.00
Uranium†	Jul	26.40	-0.05	Coffee(Robusta)✠	Jul	1763.00	-3.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Jul	145.00	0.00
Diesel†		-	-	White Sugar✠		574.00	7.30
Unleaded (95R)		-	-	Sugar 11♥		20.85	0.18
Base Metals (♠ LME 3 Months)				Cotton♥	Oct	65.91	0.85
Aluminium		1648.00	5.00	Orange Juice♥		183.00	5.00
Aluminium Alloy		1525.00	-50.00	Palm Oil♣		-	-
Copper		4827.50	-57.50	Live Cattle♣	Aug	112.98	0.00
Lead		1826.50	-15.50	Feeder Cattle♣	Aug	142.25	-1.63
Nickel		10020.00	20.00	Lean Hogs♣	Jul	82.60	0.00
Tin		17900.00	-100.00				
Zinc		2115.50	-2.00		Jul 04	% Chg Month	% Chg Year
Precious Metals (PM London Fix)							
Gold		1350.75	0.00	S&P GSCI Spt	364.19	-2.65	-16.06
Silver (US cents)		1973.00	-63.00	DJ UBS Spot	87.28	0.12	-14.35
Platinum		1063.00	-3.00	R/J CRB TR	190.65	0.58	-15.35
Palladium		604.00	-7.00	Rogers RICIX TR	2252.65	-	-
Bulk Commodities				M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Iron Ore (Platts)		56.25	0.00	UBS Bberg CMCI TR	13.58	0.77	-13.78
Iron Ore (The Steel Index)		55.80	-0.10	LEBA EUA Carbon	5.83	0.00	-22.37
GlobalCOAL RB Index		60.75	1.00	LEBA CER Carbon	0.39	-2.50	-7.14
Baltic Dry Index		692.00	4.00	LEBA UK Power	1350.00	-50.91	-40.42

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ✠ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BONDS: INDEX-LINKED

	Price Jul 04	Yield Jul 04	Yield Prev	Month return	Value stock	Market	No of stocks
Can 4.25%' 21	126.24	-0.527	-0.508	0.14	5.18	76370.88	7
Fr 2.25%' 20	113.80	-1.062	-1.067	0.02	20.31	232709.50	15
Swe 0.25%' 22	113.38	-1.635	-1.620	0.27	29.45	225344.50	7
UK 2.5%' 20	367.44	-2.089	-2.114	-0.07	6.58	577188.27	27
UK 2.5%' 24	357.42	-1.601	-1.606	0.20	6.82	577188.27	27
UK 2%' 35	254.05	-1.355	-1.341	0.67	9.08	577188.27	27
US 0.625%' 21	105.56	-0.467	-0.465	0.29	35.84	1200311.96	37
US 3.625%' 28	139.41	0.231	-0.465	0.76	16.78	1200311.96	37

Representative stocks from each major market Source: Merill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	2.05	2.23	0.69	Italy	1.25	1.43	-0.11
Austria	0.13	0.31	-1.23	Japan	-0.24	-0.06	-1.60
Belgium	0.17	0.35	-1.19	Netherlands	-0.09	0.09	-1.45
Canada	0.98	1.16	-0.38	Norway	0.91	1.09	-0.45
Denmark	0.03	0.21	-1.34	Portugal	3.01	3.19	1.65
Finland	0.08	0.26	-1.28	Spain	1.17	1.35	-0.19
France	0.14	0.32	-1.23	Switzerland	-0.61	-0.43	-1.97
Germany	-0.18	0.00	-1.54	United Kingdom	0.90	1.08	-0.46
Greece	7.88	8.06	6.52	United States	1.36	1.54	0.00
Ireland	0.44	0.62	-0.92				

Data provided by SIX Financial Information & Tullett Prebon Information

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Jul 05	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	99.42	0.09	2426.69	0.87	3.40	0.20
2 5 - 10 Years	190.14	0.33	3496.10	3.13	10.30	0.58
3 10 - 15 Years	225.18	0.60	4263.76	5.37	15.67	1.06
4 5 - 15 Years	198.80	0.42	3687.74	3.89	11.89	0.80
5 Over 15 Years	358.31	1.25	5278.40	11.03	28.25	1.47
7 All stocks	190.08	0.67	3618.30	5.81	15.33	1.27

Index Linked	Jul 05	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	312.91	0.09	1.00	0.26	2412.24	1.00	2.07
2 Over 5 years	664.57	0.87	11.78	18.18	4921.33	11.78	18.98
3 5-15 years	462.32	0.45	4.72	7.51	3533.99	4.72	8.65
4 Over 15 years	843.50	1.02	14.49	22.44	6124.64	14.49	23.09
5 All stocks	603.98	0.77	10.31	15.56	4533.77	10.31	16.53

Yield Indices	Jul 05	Jul 04	Yr ago		Jul 05	Jul 04	Yr ago
5 Yrs	0.24	0.28	1.41	20 Yrs	1.58	1.64	2.67
10 Yrs	0.90	0.96	2.12	45 Yrs	1.37	1.44	2.67
15 Yrs	1.39	1.44	2.50				

Real yield	inflation 0% Jul 05	Dur yrs	Previous	Yr ago	inflation 5% Jul 05	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.87	1.90	-1.82	-0.89	-2.41	1.90	-2.36	-1.53
Over 5 yrs	-1.42	24.48	-1.39	-0.72	-1.45	24.56	-1.42	-0.75
5-15 yrs	-1.52	9.22	-1.47	-0.72	-1.63	9.23	-1.58	-0.81
Over 15 yrs	-1.41	29.77	-1.38	-0.72	-1.43	29.81	-1.40	-0.74
All stocks	-1.43	21.69	-1.39	-0.72	-1.46	21.80	-1.43	-0.77

See the FTSE website for more details: http://www.ftse.com/products/indices/gilts

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

Data provided by Morningstar | www.morningstar.co.uk

MANAGED FUNDS SERVICE

Fund	Bid	Offer	D+/-	Yield
ACPI Global UCITS Funds Plc (IRL)				
www.acpishard.com				
Regulated				
ACPI Emerging Mkts FI UCITS Fund USD A	$ 118.37	-	0.07	0.00
ACPI Global Credit UCITS Funds USD A	$ 14.46	-	0.01	0.00
ACPI Global Fixed Income UCITS Fund USD A	$ 157.63	-	0.12	0.00
(I) ACPI India Fixed Income UCITS Fund USD A	$ 10.28	-	0.01	0.00
ACPI India Fixed Income UCITS Fund USD A3	$ 87.70	-	0.11	0.00
ACPI International Bond UCITS Fund USD A	$ 18.77	-	0.00	0.00
ACPI Select UCITS Funds Plc (IRL)				
Regulated				
ACPI Balanced UCITS Fund USD Retail	$ 14.20	-	0.04	0.00
ACPI Balanced UCITS Fund EUR Retail	€ 10.62	-	0.02	0.00
ACPI Balanced UCITS Fund GBP Retail	£ 10.78	-	0.03	0.00
ACPI Balanced UCITS Fund USD Institutional	$ 10.00	-	-	-
ACPI Balanced UCITS Fund EUR Institutional	€ 10.00	-	-	-
ACPI Balanced UCITS Fund GBP Institutional	£ 10.00	-	-	-
ACPI Horizon UCITS Fund	$ 12.77	-	-0.05	0.00
Algebris INVESTMENTS				
Algebris Investments (IRL)				
Regulated				
Algebris Financial Credit Fund - Class I EUR	€ 133.90	-	0.25	0.00
Algebris Financial Income Fund - Class I EUR	€ 106.47	-	-0.27	0.00
Algebris Financial Equity Fund - Class B EUR	€ 79.31	-	-1.25	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 94.11	-	-0.27	0.00
Amundi Funds (LUX)				
5 Allee Scheffer L-2520 Luxembourg + 44 (0)20 7074 9332				
www.amundi-funds.com				
FCA Recognised				
Bd. Euro Corporate AE Class - R - EUR	€ 19.09	-	0.04	0.00
Bd. Global AU Class - R - USD	$ 27.54	-	0.05	0.00
Eq. Emerging Europe AE Class - R - EUR	€ 26.83	-	-0.24	0.00
Eq. Emerging World AU Class - R - USD	$ 84.99	-	0.41	0.00
Eq. Greater China AU Class - R - USD	$ 546.84	-	4.34	0.00
Eq. Latin America AU Class - R - USD	$ 360.32	-	1.26	0.00
Gl. Macro Bds & Curr Low Vol AHG - GBP	£ 98.67	-	-0.04	0.00
The Antares European Fund Limited				
Other International				
AEF Ltd Usd (Est)	$ 563.67	-	-7.85	-
AEF Ltd Eur (Est)	€ 565.26	-	-8.30	0.00
Arisaig Partners				
Other International Funds				
Arisaig Africa Consumer Fund Limited	$ 12.91	-	0.01	0.00
Arisaig Asia Consumer Fund Limited	$ 65.11	-	0.19	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 10.37	-	0.02	0.00
Arisaig Global Emerging Markets Consumer UCITS	€ 12.05	-	0.01	0.00
Arisaig Global Emerging Markets Consumer UCITS STG	£ 12.79	-	0.01	0.00
Arisaig Latin America Consumer Fund	$ 24.01	-	0.10	0.00
Artisan Partners Global Funds PLC (IRL)				
Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland Tel: 44 (0) 207 766 7130				
FCA Recognised				
Artisan Partners Global Funds plc				
Artisan Global Equity Fund Class I USD Acc	$ 14.41	-	0.10	0.00
Artisan Global Opportunities I USD Acc	$ 12.44	-	0.11	0.00
Artisan Global Value Fund Class I USD Acc	$ 15.83	-	0.05	0.00
Artisan US Value Equity Fund Class I USD Acc	$ 11.84	-	0.13	0.00
Artisan Global Opportunities Class I EUR Acc	€ 16.80	-	0.10	0.00
Ashmore Sicav (LUX)				
2 rue Albert Borschette L-1246 Luxembourg				
FCA Recognised				
Ashmore SICAV Emerging Market Debt Fund	$ 98.73	-	0.13	8.38
Ashmore SICAV Emerging Market Frontier Equity Fund	$ 145.87	-	-0.03	1.14
Ashmore SICAV Emerging Market Total Return Fund	$ 85.57	-	0.05	6.23
Ashmore SICAV Global Small Cap Equity Fund	$ 128.28	-	1.31	0.00
EM Mkts Corp.Debt USD F	$ 87.72	-	0.05	8.85
EM Mkts Loc.Ccy Bd USD F	$ 83.06	-	0.04	3.40
aspect capital				
Aspect Capital Ltd (UK)				
Other International Funds				
Aspect Diversified USD	$ 422.07	-	17.41	0.00
Aspect Diversified EUR	€ 252.51	-	10.35	0.00
Aspect Diversified GBP	£ 130.89	-	6.07	0.00
Aspect Diversified CHF	SFr 120.07	-	4.87	0.00
Aspect Diversified Trends USD	$ 126.52	-	1.23	0.00
Aspect Diversified Trends EUR	€ 126.25	-	1.23	0.00
Aspect Diversified Trends GBP	£ 132.14	-	1.31	0.00
Atlantas Sicav (LUX)				
Regulated				
American Dynamic	$ 3279.23	-	-208.83	0.00
American One	$ 3146.83	-	-155.53	0.00
Bond Global	€ 1426.30	-	25.78	0.00
Eurocroissance	€ 910.65	-	-60.11	0.00
Far East	$ 662.82	-	-12.44	0.00
BLME Asset Management (LUX)				
BLME Sharia'a Umbrella Fund SICAV SIF				
Regulated				
Income Fund - Share Class A Acc	$ 1142.02	-	-0.04	0.00
Income Fund - Share Class G Acc	£ 1083.22	-	-0.05	0.00
Gl Sukuk Fund - Share Class A Acc	$ 1261.33	-	1.12	0.00
Gl Sukuk Fund - Share class B Acc	£ 1125.82	1125.82	0.98	0.00
Bank of America Cap Mgmt (Ireland) Ltd (IRL)				
Regulated				
Global Liquidity USD	$ 1.00	-	0.00	0.61
Barclays Investment Funds (CI) Ltd (JER)				
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800				
FCA Recognised				
Bond Funds				
Sterling Bond F	£ 0.49	-	0.01	2.35
Barings (Luxembourg) (LUX)				
FCA Recognised				
Russia A GBP Inc F	£ 33.59	-	0.22	0.00
BlackRock (JER)				
Regulated				
BlackRock UK Property	£ 42.06	-	0.28	3.24
Blackrock UK Long Lease	£ 1078.93	-	0.03	0.00
BLK Intl Gold & General	$ 7.64	8.06	0.19	0.00
BLI - Banque de Luxembourg Investments S.A.				
FCA Recognised				
BL-Equities Europe B	€ 5921.28	-	-43.51	0.00
BL-Equities America B	$ 5726.76	-	-0.55	0.00
BL-Equities Japan B	¥ 14827.00	-	-135.00	0.00
BL-Emerging Markets B	€ 163.45	-	0.62	0.00
BL-Global Equities B	€ 754.65	-	-0.71	0.00
BL-Global 30 B	€ 1437.32	-	2.38	0.00
BL-Global 50 B	€ 1715.35	-	0.93	0.00
BL-Global 75 B	€ 2310.99	-	-0.58	0.00
BL-Global Flexible EUR B	€ 152.99	-	0.51	0.00
BONHOTE				
Other International Funds				
Bonhôte Alternative - Multi-Arbitrage USD Classe (EUR)	€ 6457.00	-	38.00	1.95
Bonhôte Alternative - Multi-Performance USD Classe (EUR)	€ 9546.00	-	7.00	0.84
Braemar Group PCC Limited (GSY)				
Regulated				
UK Agricultural Class A	£ 1.23	-	-0.01	0.00
UK Agricultural Class B	£ 1.36	-	0.00	0.00
Student Accom Class B	£ 0.55	-	-0.17	0.00
CG Asset Management Limited (IRL)				
Northern Trust, George's Court, 54-62 Townsend Street, Dublin 2, Rep of Ireland 00 353 1 434 5098				
FCA Recognised				
Capital Gearing Portfolio Fund Plc	£ 28475.52	28475.52	130.64	0.59
CG Portfolio Fund Plc				
Real Return Cls A	£ 198.65	198.65	2.16	1.50
Dollar Fund Cls D	£ 154.21	154.21	-0.27	1.40
Capital Value Fund Cls V	£ 138.43	138.43	0.65	0.25
Cedar Rock Capital Limited (IRL)				
Regulated				
Cedar Rock Capital Fd Plc	$ 387.77	-	17.77	0.00
Cedar Rock Capital Fd Plc	£ 455.43	-	43.81	0.00
Cedar Rock Capital Fd Plc	€ 363.37	-	19.76	0.00
Charles Schwab Worldwide Funds Plc (IRL)				
Regulated				
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	0.01
Chartered Asset Management Pte Ltd				
Other International Funds				
CAM-GTF Limited	$ 357579.07	357579.07	-1775.21	0.00
CAM GTi Limited	$ 673.40	-	-52.06	0.00
Raffles-Asia Investment Company	$ 1.54	1.54	-0.07	5.59
Cheyne Capital				
Cheyne Capital Management (UK) LLP (IRL)				
Regulated				
Cheyne Convertibles Absolute Return Fund	€ 1328.94	-	-1.60	0.00
Cheyne Global Credit Fund	€ 120.21	-	0.17	0.00
Cheyne European Mid Cap Fund	€ 1074.86	-	-10.57	0.00
Cheyne Capital Management (UK) LLP				
Other International Funds				
Cheyne European Event Driven Fund	€ 131.03	-	0.53	0.00
Cheyne Real Estate Credit Holdings Fund	£ 167.54	-	0.94	0.00
Cheyne Real Estate Credit Holdings Fund III	€ 110.38	-	0.87	0.00
Cheyne Real Estate Debt Fund Class A1	£ 132.19	-	0.63	0.00
Cheyne Total Return Debt Fund - December 2017 Class	$ 186.74	-	14.87	0.00
Cheyne Total Return Credit Fund 2020	$ 104.25	-	-1.96	-
Cohen & Steers SICAV (LUX)				
Regulated				
European Real Estate Securities	€ 21.9407	-	-0.1985	1.85
Europ.RealEstate Sec. IX	€ 29.8998	-	-0.2705	0.00
Gbl Listed Infrastructure I	$ 10.9243	-	0.0354	-
Gbl Listed Infrastructure IX	$ 11.0521	-	0.0359	-
Gbl RealEstate Sec. I	$ 11.3329	-	-0.0321	1.57
Gbl RealEstate Sec. IX	$ 13.6709	-	-0.0387	0.00
Crèdit Andorrà Asset Management				
Crèdit Andorrà Asset Management (LUX)				
www.creditandorra.com				
FCA Recognised				
Creditinvest SICAV Money Market Eur I	€ 11.21	-	0.00	0.00
Creditinvest SICAV Money Market Usd A	$ 10.07	-	0.00	0.00
Creditinvest SICAV Fixed Income Eur	€ 10.78	-	0.02	0.00
Creditinvest SICAV Fixed Income Usd	$ 10.72	-	0.01	0.00
Creditinvest SICAV Spanish Value	€ 236.07	-	-0.02	0.00
Creditinvest SICAV International Value	€ 230.12	-	-0.59	0.00
Creditinvest SICAV Big Cap Value	€ 14.70	-	-0.10	0.00
Creditinvest SICAV US American Value	$ 18.54	-	0.00	0.00
Creditinvest SICAV Sustainability	€ 14.97	-	0.04	0.00
DAVIS Funds SICAV (LUX)				
Regulated				
Davis Value A	$ 39.43	-	0.10	0.00
Davis Global A	$ 28.26	-	0.19	0.00
DODGE & COX WORLDWIDE FUNDS				
Dodge & Cox Worldwide Funds (IRL)				
6 Duke Street,St.James,London SW1Y 6BN				
www.dodgeandcox.worldwide.com 020 3713 7664				
FCA Recognised				
Dodge & Cox Worldwide Funds plc - Global Bond Fund				
EUR Accumulating Class	€ 12.15	-	-0.01	0.00
EUR Accumulating Class (H)	€ 9.62	-	0.03	0.00
EUR Distributing Class	€ 11.29	-	0.00	4.07
EUR Distributing Class (H)	€ 8.92	-	0.02	4.11
GBP Distributing Class	£ 11.52	-	0.06	3.73
GBP Distributing Class (H)	£ 9.04	-	0.03	4.17
USD Accumulating Class	$ 9.76	-	0.03	0.00
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 15.52	-	0.08	0.00
GBP Accumulating Share Class	£ 19.22	-	0.14	0.00
GBP Distributing Share class	£ 13.91	-	0.09	0.88
EUR Accumulating Share Class	€ 20.93	-	0.03	0.00
Dodge & Cox Worldwide Funds plc-International Stock Fund				
USD Accumulating Share Class	$ 12.69	-	0.05	0.00
EUR Accumulating Share Class	€ 13.42	-	0.01	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 18.03	-	0.06	0.00
GBP Accumulating Share Class	£ 21.11	-	0.11	0.00
GBP Distributing Share Class	£ 13.36	-	0.07	0.67
EUR Accumulating Share Class	€ 21.00	-	0.00	0.00
DRAGON CAPITAL				
Dragon Capital Group				
1501 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam				
Fund information, dealing and administration: funds@dragoncapital.com				
Other International Funds				
Vietnam Property Fund (VPF) NAV	$ 0.91	-	0.00	0.00
Vietnam Enterprise Inv. (VEIL) NAV	$ 4.07	-	0.05	0.00
DSM Capital Partners Funds (LUX)				
www.dsmsicav.com				
Regulated				
Global Growth I2 Acc	€ 129.87	-	0.17	0.00
Global Growth I1 Eur	€ 97.05	-	0.13	0.00
Edinburgh Partners Limited (IRL)				
27-31 Melville Street, Edinburgh EH3 7JF				
Tel: +353 1 434 5143 Dealing - Fax +353 1 434 5230				
FCA Recognised				
Edinburgh Partners Opportunities Fund PLC				
Emerging Opportunities I USD $	$ 1.10	-	0.01	0.95
European Opportunities I EUR	€ 2.18	-	-0.02	1.69
European Opportunities I GBP	£ 1.82	-	-0.02	1.67
European Opportunities I USD	$ 2.43	-	-0.03	1.82
European Opportunities A EUR	€ 2.13	-	-0.03	1.09
Global Opportunities I USD	$ 1.53	-	0.01	1.29
Global Opportunities I GBP	£ 1.15	-	0.00	1.37
Global Opportunities A GBP	£ 1.08	-	0.00	0.82
Pan European Opportunities I EUR	€ 1.33	-	0.00	-
EFG HERMES				
EFG Hermes				
DIFC, The Gate Building, West Wing Level 6, PO BOX 30727, Dubai UAE				
Contact: Telephone + 971 4 363 4029 Email AMsales@EFG-HERMES.com				
Other International Funds				
The EFG-Hermes Egypt Fund	$ 29.93	-	-	0.00
EFG-Hermes Frontier Equity UCITS Fund Class I	$ 1020.66	-	5.45	-
EFG-Hermes MENA Equity UCITS Fund Class A	$ 990.86	-	0.15	-
Middle East & Developing Africa Fund (Final)	$ 19.81	-	-	0.00
Saudi Arabia Equity Fund	SR 11.88	-	-0.02	0.00
ENISO Partners AG				
Claridenstrasse 34, Postfach CH-8022 Zurich				
Tel: +41 (0)44 286 17 17				
www.eniso-partners.com				
Other International Funds				
ENISO Forte CH SMI Expanded	SFr 144.24	-	-0.97	0.00
ENISO Forte E	€ 105.78	110.01	-1.17	-
ENISO Forte G (CHF)	SFr 129.43	-	-0.63	0.54
ENISO Forte G (CHF)	€ 119.29	-	-0.34	0.84
ENISO Systematic Risk Class 1	€ 97.76	-	-0.10	-
Ennismore Smaller Cos Plc (IRL)				
5 Kensington Church St, London W8 4LD 020 7368 4220				
FCA Recognised				
Ennismore European Smlr Cos NAV	€ 109.96	-	-0.16	0.00
Ennismore European Smlr Cos NAV	€ 131.20	-	-0.02	0.00
Ennismore European Smlr Cos Hedge Fd				
Other International Funds				
NAV	€ 501.49	-	9.86	0.00
Equinox Fund Mgmt (Guernsey) Limited (GSY)				
Regulated				
Equinox Russian Opportunities Fund Limited	$ 116.66	-	5.99	0.00
Euronova Asset Management UK LLP (CYM)				
Regulated				
Smaller Cos Cls One Shares	€ 34.40	-	0.14	0.00
Smaller Cos Cls Two Shares	€ 24.05	-	0.09	0.00
Smaller Cos Cls Three Shares	€ 11.98	-	0.05	0.00
Smaller Cos Cls Four Shares	€ 15.51	-	0.07	0.00
Eurobank FMC-LUX				
Eurobank Fund Management Company (Luxembourg) S.A.				
Regulated				
(LF) Absolute Return	€ 1.32	-	0.00	0.00
(LF) Eq Emerging Europe	€ 0.74	-	0.00	0.00
(LF) Eq Flexi Style Greece	€ 0.94	-	-0.05	0.00
(LF) Eq Mena Fund	€ 12.49	-	0.04	0.00
(LF) Greek Government Bond	€ 19.57	-	-0.02	-
(LF) Greek Corporate Bond	€ 12.53	-	0.00	-
(LF) FOF Dynamic Fixed Inc	€ 11.96	-	0.00	0.00
(LF) FOF Real Estate	€ 17.48	-	-0.02	0.00
FIL Investment Services (UK) Limited (1200)F (UK)				
130, Tonbridge Rd, Tonbridge TN11 9DZ				
Callfree: Private Clients 0800 414161				
Broker Dealings: 0800 414 181				
OEIC Funds				
Target 2020 A-ACC-GBP	£ 0.61	-	0.00	0.50
Target 2025 A-ACC-GBP	£ 1.42	-	0.00	0.31
Target 2030 A-ACC-GBP	£ 1.53	-	0.00	0.39
Institutional OEIC Funds				
Europe (ex-UK) Fund ACC-GBP	£ 4.23	-	-0.01	1.55
Reduced Duration UK Corp Bond Gross	£ 10.73	-	-0.01	3.21
Reduced Duration UK Corp Bond Inc	£ 9.67	-	-0.01	3.23
Reduced Dur UK Corp Bond Gross Inc	£ 9.67	-	-0.01	3.23
UK Gilt Fund Inc	£ 1.40	-	0.01	1.86
UK Long Corporate Bond - Gross Inc	£ 11.92	-	0.08	4.01
Findlay Park Funds Plc (IRL)				
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900				
FCA Recognised				
American Fund USD Class	$ 84.04	-	0.05	0.00
American Fund GBP Hedged	£ 45.66	-	0.03	0.00
American Fund GBP Unhedged	£ 63.88	-	0.71	0.00
Latin American Fund USD Class	$ 13.95	-	0.01	0.00
Latin American Fund GBP Unhedged	£ 10.75	-	0.11	0.00
The First Investor QSCC				
5th Floor, Barwa Bank Building, Grand Hamad Street				
, P.O. Box 16034, Doha, State of Qatar				
+ 974 4459 6111				
http://www.tfi.com.qa/				
Other International				
TFI GCC Equity Opportunities Fund (QI)QAR	1245.70	-	11.19	0.00
Foord Asset Management				
Other International Funds				
Foord International Trust	$ 34.52	-	0.10	0.00
Foord Global Equity Fund_Class B	$ 12.22	-	0.01	0.00
Franklin Templeton International Services Sarl (IRL)				
JPMorgan House - International Financial Services Centre,Dublin 1, Ireland				
Other International Funds				
Franklin Emerging Market Debt Opportunities Fund Plc				
Franklin Emg Mkts Debt Opp CHFSFr	16.89	-	0.02	9.06
Franklin Emg Mkts Debt Opp EUR	€ 11.90	-	0.01	6.99
Franklin Emg Mkts Debt Opp GBP	£ 10.11	-	-0.04	7.01
Franklin Emg Mkts Debt Opp SGD S$	22.03	-	0.02	5.46
Franklin Emg Mkts Debt Opp USD	$ 16.91	-	-0.09	7.02
Frontier Capital (Bermuda) Limited				
Other International				
Commercial Property-GBP Class	£ 71.42	-	-0.53	-
Global Real Estate-GBP C Class	£ 45.26	-	-0.50	-
GYS Investment Management Ltd (GSY)				
Regulated				
Taurus Emerging Fund Ltd	$ 184.35	188.11	-1.35	0.00
Generali Worldwide				
PO Box 613, Generali House, Hirzel Street, St Peter Port, Guernsey, GY1 4PA 01481 714108				
International Insurances				
Global Multi-Strategy Managed	$ 4.61	4.97	-0.13	0.00
UK Multi-Strategy Managed	£ 4.71	5.08	-0.12	0.00
EU Multi-Strategy Managed	€ 2.84	3.06	-0.07	0.00
Global Bond USD	$ 3.54	3.81	-0.01	0.00
Genesis Asset Managers LLP				
Other International Funds				
Emerging Mkts NAV	£ 6.32	-	0.01	0.00
HPB Assurance Ltd				
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490				
International Insurances				
Holiday Property Bond Ser 1	£ 0.51	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.61	-	0.00	0.00
Haussmann				
Other International Funds				
Haussmann Cls A	$ 2552.18	-	-8.04	0.00
Haussmann Cls C	€ 2217.06	-	-8.46	0.00
Haussmann Cls D	SFr 1169.34	-	-4.44	0.00
Heartwood Wealth Management Limited (IRL)				
Regulated				
Heartwood Caut Multi Asset B Acc	£ 139.55	-	0.30	0.00
HERMES INVESTMENT MANAGEMENT				
Hermes Investment Funds Plc (IRL)				
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0)20 7680 2121				
FCA Recognised				
Hermes Abs Return Credit Fund Class F Acc £	£ 1.16	1.16	0.00	0.00
Hermes Abs Return Credit Fund Class R Acc €	€ 1.97	1.97	0.00	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc	£ 1.81	1.81	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class R Acc	€ 3.37	3.37	-0.05	0.00
Hermes Global Emerging Markets Fund Class F Acc	£ 1.36	1.36	0.00	0.00
Hermes Global Emerging Markets Fund Class R Acc	€ 2.96	2.96	-0.03	0.00
Hermes Global Equity Fund Class F Acc	£ 1.73	1.73	0.01	0.00
Hermes Global Equity Fund Class R Acc	€ 3.90	3.90	-0.02	0.00
Hermes Global ESG Equity Fund Class F Acc	£ 1.30	1.30	0.01	0.00
Hermes Global High Yield Bond Fund Class F Acc	£ 1.26	1.26	0.00	0.00
Hermes Global High Yield Bond Fund Class R Acc	€ 2.86	2.86	0.00	0.00
Hermes Global Small Cap Fund Class F Acc £	£ 1.14	1.14	0.00	0.00
Hermes Global Small Cap Fund Class R Acc €	€ 1.93	1.93	-0.02	0.00
Hermes Multi Asset Inflation Fund Class F GBP Acc	£ 1.02	1.02	0.00	0.00
Hermes Multi Strategy Credit Fund Class F Acc Hed	£ 1.06	1.06	0.00	0.00
Hermes Sourcecap EU Alpha Fund Class F Acc	£ 1.39	1.39	0.00	0.00
Hermes Sourcecap EU Alpha Fund Class R Acc	€ 1.33	1.33	0.00	1.40
Hermes Sourcecap EX UK Fund Class F Acc	£ 2.88	2.88	-0.05	0.00
Hermes Sourcecap EX UK Fund Class F Acc	£ 1.48	1.48	0.00	0.00
Hermes Sourcecap EX UK Fund Class R Acc	€ 2.98	2.98	-0.04	0.00
Hermes US All Cap Equity Class F Stg £ Acc	£ 1.17	1.17	0.00	0.00
Hermes US All Cap Equity Class R € Acc	€ 1.98	1.98	0.00	0.00
Hermes US SMID Equity Fund Class F Acc	£ 1.99	1.99	0.01	0.00
Hermes US SMID Equity Fund Class R Acc	€ 3.65	3.65	-0.01	0.00
INDIA VALUE INVESTMENTS LIMITED (INVIL)				
www.invil.mu				
Other International Funds				
NAV	£ 8.62	-	0.03	0.00
Intrinsic Value Investors (IVI) LLP (IRL)				
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210				
FCA Recognised				
IVI European Fund EUR	€ 17.72	-	-0.19	0.00
IVI European Fund GBP	£ 20.01	-	-0.24	0.59
Invesco				
Invesco (LUX)				
Dublin 00 353 1 439 8100 Hong Kong 00852 3191 8282				
FCA Recognised				
Invesco Management SA				
Invesco Active Multi-Sector Credit Fund A €	€ 2.97	-	0.00	0.00
Invesco Asia Balanced A dist	$ 14.11	-	-0.05	3.68
Invesco Asia Consumer Demand Fund A ann	$ 12.36	-	-0.14	0.24
Invesco Asia Infrastructure (A)	$ 12.58	-	-0.10	0.77
Invesco Asia Opportunities Equity A	$ 105.48	-	-1.05	0.00
Invesco Balanced Risk Allocation Fund A	€ 15.97	-	-0.03	0.00
Invesco Emerging Europe Equity Fund A	$ 8.18	-	-0.08	0.00
Invesco Emerging Local Currencies Debt A Inc	$ 7.12	-	-0.04	8.11
Invesco Emerging Mkt Quant.Eq. A	$ 9.56	-	-0.13	0.00
Invesco Energy A	$ 18.63	-	0.00	0.00
Invesco Euro Corporate Bond Fund (A)	€ 17.43	-	0.00	0.00
Invesco Euro Inflation Linked Bond A	€ 15.89	-	-0.02	0.00
Invesco Euro Reserve A	€ 322.27	-	-0.01	0.00
Invesco Euro Bond A	€ 7.37	-	0.01	0.00
Invesco European Growth Equity A	€ 22.38	-	-0.41	0.00
Invesco Global Absolute Return Fund A	€ 11.01	-	0.00	0.00
Invesco Global Bond A Inc	$ 5.53	-	-0.01	0.00
Invesco Global Conservative Fund 90 (EUR) A	€ 11.75	-	0.01	0.00
Invesco Global Equity Income Fund A	$ 55.76	-	-0.44	0.00
Invesco Global Inc Real Estate Sec A dist	$ 9.60	-	-0.02	2.24
Invesco Global Inv Grd Corp Bond A Dist	$ 12.17	-	0.06	3.07
Invesco Global Leisure A	$ 36.99	-	-0.01	0.00
Invesco Global Smaller Comp Eq Fd A	$ 55.70	-	-0.57	0.00
Invesco Global Structured Equity A	$ 45.35	-	0.03	1.18
Invesco Global Total Ret.(EUR) Bond Fund A	€ 13.28	-	-0.01	0.00
Invesco Gold & Precious Metals A	$ 6.86	-	0.20	0.00
Invesco Greater China Equity A	$ 45.56	-	-0.38	0.00
Invesco India Equity A	$ 53.03	-	-0.51	0.00
Invesco Japanese Equity Adv Fd A	¥ 3387.00	-	-12.00	0.00
Invesco Japanese Value Eq Fd A	¥ 1090.00	-	-6.00	0.00
Invesco Latin American Equity A	$ 6.53	-	-0.02	0.00
Invesco Nippon Small/Mid Cap Equity A	¥ 1212.00	-	-13.00	0.00
Invesco Pan European Equity A EUR Cap NAV	€ 15.79	-	-0.30	0.00
Invesco Pan European High Income Fd A	€ 13.55	-	-0.05	2.81
Invesco Pan European Small Cap Equity A	€ 19.29	-	-0.42	0.00
Invesco Pan European Structured Equity A	€ 16.15	-	-0.22	0.00
Invesco UK Eqty Income A	£ 31.15	-	-0.21	0.00
Invesco UK Investment Grade Bond A	£ 1.06	-	0.00	2.47
Invesco US Structured Equity A	$ 22.58	-	-0.01	0.00
Invesco US Value Eq Fd A	$ 30.49	-	-0.01	0.00
Invesco USD Reserve A	$ 87.08	-	0.00	0.00
Invesco Global Asset Management Ltd (IRL)				
Dublin 00 353 1 439 8100 Hong Kong 00 852 2842 7200				
FCA Recognised				
Invesco Stlg Bd A QD F	£ 2.64	-	0.00	3.59
Invesco Asian Equity A	$ 6.35	-	-0.07	0.00
Invesco ASEAN Equity A	$ 95.77	-	-0.36	0.26
Invesco Bond A	$ 28.34	-	0.11	1.97
Invesco Continental Europ Small Cap Eqty A	$ 189.39	-	-2.98	0.00
Invesco Emerging Markets Equity A	$ 36.39	-	-0.35	0.00
Invesco Emerging Markets Bond A	$ 21.59	-	0.02	4.81
Invesco Continental European Equity A	€ 7.49	-	-0.13	1.27
Invesco Gilt A	£ 16.67	-	0.13	1.18
Invesco Global Small Cap Equity A NAV	$ 116.46	-	-0.71	0.00
Invesco Global High Income A NAV	$ 12.04	-	0.00	6.44
Invesco Gbl R/Est Secs A GBP F	£ 9.46	-	0.04	0.84
Invesco Global Health Care A	$ 116.81	-	-0.06	0.00
Invesco Global Select Equity A	$ 11.83	-	-0.10	0.08
Invesco Jap Eqty Core A	$ 1.83	-	0.01	0.09
Invesco Japanese Equity A	$ 19.05	-	0.07	0.00
Invesco Korean Equity A	$ 30.95	-	-0.42	0.00
Invesco PRC Equity A	$ 49.46	-	-0.70	0.00
Invesco Pacific Equity A	$ 47.65	-	-0.16	0.07
Invesco Global Technology A	$ 14.68	-	0.00	0.00
Invesco UK Eqty A	£ 7.47	-	-0.06	1.60
Invest AD				
Client services: +971 2 692 6101 clientservices@InvestAD.com				
Other International Funds				
Invest AD - Emerging Africa Fund	$ 893.68	-	8.97	0.00
Invest AD - GCC Focus Fund	$ 1396.11	-	2.39	0.00
Julius Bär Funds				
GAM				
funds@gam.com, www.jbfundnet.com				
Regulated				
Ms EF Special Val. EUR/A	€ 141.24	-	-0.15	1.11
Strategy Balanced-CHF/B	SFr 150.37	-	-0.09	0.00
Strategy Balanced-EUR	€ 155.54	-	-0.10	0.00
Strategy Balanced-USD/B	$ 131.50	-	-0.04	0.00
Strategy Growth-CHF/B	SFr 91.97	-	-0.13	0.00
Strategy Growth-EUR	€ 115.47	-	-0.15	0.00
Strategy Inc-CHF/B	SFr 120.31	-	-0.01	0.00
Strategy Inc-EUR/B	€ 161.35	-	0.02	0.00
Strategy Inc-USD/B	$ 149.79	-	0.05	0.00
KAMES CAPITAL				
Kames Capital VCIC (IRL)				
1 North Wall Quay, Dublin 1, Ireland +35 3182 24493				
FCA Recognised				
Absolute Return Bond B GBP Acc	1090.47	-	0.16	1.64
Eq Market Neutral B Acc	990.48	-	1.46	-
Eq Market Neutral Plus B Acc	957.23	-	2.95	-
High Yield Global Bond A GBP Inc	522.90	-	0.77	4.07
High Yield Global Bond B GBP Inc	1089.46	-	1.61	4.57
Investment Grade Global Bd A GBP Inc	582.57	-	1.14	2.35
Kames Global Equity Income B GBP Acc	1325.04	-	-0.73	-
Kames Global Equity Income B GBP Inc	1242.29	-	-0.68	-
Strategic Global Bond A GBP Inc	1112.75	-	1.29	0.58
Strategic Global Bond B GBP Inc	631.65	-	0.73	1.08
Lloyds Investment Fund Managers Limited (1000)F (JER)				
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8ZU 01534 845555				
Other International Funds				
Lloydstrust Gilt	£ 0.5800	-	0.1000	2.03
Lloyds Investment Funds Limited				
Euro High Income	€ 1.6540	-	0.0040	2.72
European	€ 8.1800	-	-0.0380	1.27
High Income	£ 0.8901	-	0.0047	4.82
International	£ 4.7170	-	0.0270	0.65
North American	£ 18.1500	-	0.1700	0.05
Sterling Bond	£ 1.5310	-	0.0100	3.45
UK	£ 6.8530	-	-0.1220	1.47
Lloyds Gilt Fund Limited				
Lloyds Gilt Fund Quarterly Share	£ 1.3860	-	0.0110	1.51
Monthly Share	£ 1.3340	-	0.0100	1.51
Lloyds Money Fund Limited				
Sterling Class	£ 52.6470	-	0.0000	0.15
Lloyds Multi Strategy Fund Limited				
Conservative Strategy	£ 1.1490	-	0.0030	1.67
Growth Strategy	£ 1.5980	-	-0.0010	1.22
Aggressive Strategy	£ 1.9470	-	-0.0060	0.00
Global USD Growth Strategy	$ 1.3670	-	0.0000	0.00
Dealing Daily				
M & G Securities (1200)F (UK)				
PO Box 9039, Chelmsford, CM99 2XG				
www.mandg.co.uk Enq: 0800 390 390, Dealing: 0800 328 3196				
Authorised Inv Funds				
M&G Episode Growth A Inc	48.52	-	-0.31	2.13
M&G Global High Yield Bond A Inc	49.35	-	0.02	4.24
M&G Global High Yield Bond A Acc	119.28	-	0.03	4.22
M&G Managed Growth A Inc	84.56	-	-0.09	0.37
M & G (Guernsey) Ltd (GSY)				
Regulated				
The M&G Offshore Fund Range				
Corporate Bond A	1366.91	1409.18	5.99	2.82
Global Basics X	2739.27	2823.99	7.19	0.24
Global Dividend A	130.60	136.04	0.74	2.94
Global Leaders A	3667.17	3819.97	10.73	1.10
Global High Yield Bond X	970.31	1000.32	0.20	4.23
Global Macro Bond A	1314.08	1350.00	97.17	0.71
North American Dividend A	184.55	192.23	1.50	2.14
Optimal Income A	143.15	147.58	0.20	2.38
Recovery A	9820.09	10229.26	-99.57	0.49
Strategic Corporate Bond A	136.75	142.44	0.53	2.64
UK Infl Lkd Corp Bd A Inc	107.23	110.55	0.10	1.08
UK Select A	1400.41	1458.76	-22.04	1.19
MFS Investment Funds (LUX)				
FCA Recognised				
Blend.Research Gb.Eq.Fd.	€ 100.33	-	0.17	0.00
Blend.Research Gb.Eq.Fd.	£ 113.12	-	1.29	0.00
Blend.Research Gb.Eq.Fd.	$ 98.59	-	0.36	0.00
Blend.Research U.S.Core Eq.Fd.	€ 104.33	-	0.10	-
Blend.Research U.S.Core Eq.Fd.	£ 112.10	-	1.19	-
Blend.Research U.S.Core Eq.Fd.	¥ 8894.00	-	32.00	0.00
Blend.Research U.S.Core Eq.Fd.	$ 102.63	-	0.30	-
Em.Mk.Eq.Fund Euro	€ 113.26	-	0.19	0.00
Em.Mk.Eq.Fund Sterling	£ 111.77	-	1.28	0.00
Em.Mk.Eq.Fd.US Dollar	$ 96.29	-	0.36	0.00
Gb.Conc.Eq.Fd.Euro	€ 284.29	-	0.61	0.00
Gb.Conc.Eq.Fd.Sterl.UK T	£ 199.61	-	2.37	0.00
Gb.Conc.Eq.Fd.Sterling	£ 302.09	-	3.58	0.00
Gb.Conc.Eq.Fd.US	$ 200.37	-	0.83	0.00
Gb.Eq.Hdg.Fd.Euro IRE T	€ 185.68	-	0.59	0.00
Gb.Eq.Euro Hdg.Fd.	€ 263.08	-	0.83	0.00
Gb.Eq.Fund Euro	€ 285.03	-	0.87	0.00
Gb.Eq. Fd Euro IRE T	€ 180.36	-	0.55	0.00
Gb.Eq.Fd.Sterling UK T	£ 242.04	-	3.08	0.00
Gb.Eq.Fd.US Dollar	$ 317.16	-	1.60	0.00
Gb.Eq.Fund Sterling	£ 239.26	-	3.05	0.00
Gb.Val.Ex-Jap.Fd.USD	$ 123.72	-	0.16	0.00
Gb.Val.Ex-Japan Fd.Yen	¥ 12486.00	-	25.00	0.00
Gb.Val.Fd. Euro	€ 138.23	-	-0.06	0.00
Gb.Val.Fd.Sterling	£ 140.99	-	1.30	0.00
Gb.Val.Fd.USD	$ 110.69	-	0.17	0.00
Low Volatility Gb.Eq.Fd.Euro	€ 111.53	-	0.26	0.00
Low Volatility Gb.Eq.Fd.Sterl	£ 125.81	-	1.51	0.00
Low Volatility Gb.Eq.Fd.USD	$ 109.69	-	0.47	0.00
Low Volatility Gb.Eq.Fd.Yen	¥ 8783.00	-	45.00	-
MMIP Investment Management Limited (GSY)				
Regulated				
Multi-Manager Investment Programmes PCC Limited				
UK Equity Fd Cl A Series 01	£ 2343.33	2371.79	38.10	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$ 1543.14	-	12.12	0.00
Diversified Absolute Return Stlg Cell AF2	£ 1561.36	-	12.06	0.00
Global Equity Fund A Lead Series	£ 1054.79	1058.47	7.76	-
Marlborough International Management Limited (GSY)				
Tudor House, Le Bordage, St Peter Port, Guernsey, GY1 1DB +44 1481 715529				
FCA Recognised				
Marlborough North American Fund Ltd	£ 37.22	39.67	3.37	0.00
Marlborough Tiger Fund Ltd F	£ 24.91	26.55	-0.66	0.00
Marwyn Asset Management Limited (CYM)				
Regulated				
Marwyn Value Investors	£ 437.24	-	-0.07	0.00
Meridian Fund Managers Ltd				
Other International Funds				
Global Gold & Resources Fund	$ 224.00	-	-10.18	-
Global Energy & Resources Fund	$ 31.95	-	-2.63	-
Mirabaud Asset Management (LUX)				
www.mirabaud.com, marketing@mirabaud.com				
Regulated				
Mir. - Conv. Bds Eur A EUR	€ 130.25	-	-0.16	0.00
Mir. - Conv. Bds Glb A USD	$ 109.60	-	0.06	0.00
Mir. - Eq Asia ex Jap A	$ 169.49	-	-1.54	0.00
Mir. - EqEurope ExUK Sm&Mid	€ 115.80	-	-0.74	-
Mir. - Eq Glb Emrg Mkt A USD	$ 89.67	-	-1.11	0.00
Mir. - Eq Global Focus A USD	$ 95.16	-	0.22	0.00
Mir. - EqPanEuropeSm&Mid	€ 107.39	-	-1.06	0.00
Mir. - Eq Spain A	€ 23.13	-	-0.08	0.00
Mir. - Eq Swiss Sm/Mid A	SFr 333.78	-	-1.94	0.00
Mir. - Glb High Yield Bds A	$ 110.73	-	0.29	-
Mir. - Glb Eq High Income A USD	$ 96.82	-	0.48	0.00
Mir. - Glb Inv Grade Bds A	€ 103.01	-	0.00	-
Mir. - Glb Strat. Bd A USD	$ 107.47	-	0.22	0.00
Mir. - US Shrt Term Credit Fd	$ 102.51	-	0.63	-
MW Japan Fund Plc (IRL)				
FCA Recognised				
MW Japan Fund PLC A	$ 23.61	-	0.16	0.00
MW Japan Fund PLC B	$ 23.74	-	0.16	0.00
MW Japan Fund PLC C	$ 76.55	-	-0.15	0.00
Morant Wright Funds (Ireland) PLC (IRL)				
FCA Recognised				
Morant Wright Fuji Yield EUR Acc Hedged	€ 9.58	-	-0.01	-
Morant Wright Fuji Yield EUR Dist Hedged	€ 8.62	-	0.00	2.99
Morant Wright Fuji Yield GBP Acc Hedged	£ 9.01	-	-0.01	0.00
Morant Wright Fuji Yield GBP Dist Hedged	£ 8.29	-	0.00	7.54
Morant Wright Fuji Yield USD Acc Hedged	$ 8.85	-	-0.01	0.00
Morant Wright Fuji Yield USD Dist Hedged	$ 8.75	-	-0.01	2.94
Morant Wright Fuji Yield YEN Acc	¥ 921.88	-	-0.94	0.00
Morant Wright Fuji Yield B YEN Acc	¥ 814.41	-	-0.83	0.00
Morant Wright Fuji Yield YEN Dist	¥ 889.31	-	-0.91	2.96
Morant Wright Sakura Fund Sterling Acc Hedged	£ 10.76	-	-0.01	0.00
Morant Wright Sakura Fund Euro Acc Hedged	€ 10.81	-	-0.02	0.00
Morant Wright Sakura Fund Yen Acc Unhedged	¥ 1119.04	-	-2.44	0.00
Morant Wright Sakura Fund Dollar Acc Hedged	$ 10.79	-	-0.02	0.00
Morant Wright Sakura Fund Swiss Franc Acc HedgedSFr	10.68	-	-0.03	0.00
Morgan Stanley				
Morgan Stanley Investment Funds (LUX)				
6b Route de Trèves L-2633 Senningerberg Luxembourg (352) 34 64 61				
www.morganstanleyinvestmentfunds.com				
FCA Recognised				
US Advantage A F	$ 57.90	-	-0.47	0.00
Asian Equity A F	$ 40.97	-	-0.46	0.00
Asian Property A F	$ 18.41	-	-0.13	0.00
Diversified Alpha Plus A F	€ 27.35	-	-0.05	0.00
Emerg Europ, Mid-East & Africa Eq A F	€ 65.49	-	-1.02	0.00
Emerging Markets Debt A F	$ 82.33	-	-0.53	0.00
Emerging Markets Domestic Debt AX F	£ 12.57	-	0.13	4.14
Emerging Markets Equity A F	$ 34.05	-	-0.42	0.00
Euro Bond A F	€ 16.44	-	0.07	0.00
Euro Corporate Bond AX F	£ 25.91	-	0.56	1.44
Euro Strategic Bond A F	€ 45.22	-	0.22	0.00
European Currencies High Yield Bd A F	€ 22.15	-	-0.03	0.00
European Equity Alpha A F	€ 39.01	-	-0.57	0.00
European Property A F	€ 31.02	-	-0.89	0.00
Eurozone Equity Alpha A F	€ 10.23	-	-0.19	0.00
Global Bond A F	$ 41.22	-	0.08	0.00
Global Brands A F	$ 104.00	-	-0.36	0.00
Global Convertible Bond A F	$ 40.67	-	-0.09	0.00
Global Property A F	$ 28.11	-	-0.26	0.00
Indian Equity A F	$ 36.56	-	-0.29	0.00
Latin American Equity A F	$ 43.55	-	-0.70	0.00
Short Maturity Euro Bond A F	€ 20.38	-	0.03	0.00
US Dollar Liquidity A F	$ 13.03	-	0.00	0.00
US Growth A F	$ 65.59	-	-0.82	0.00
US Growth AH F	€ 45.19	-	-0.57	0.00
US Growth AX F	£ 50.10	-	0.04	0.00
US Property A F	$ 75.84	-	0.04	0.00
Morgens Waterfall Vintiadis.co Inc				
Other International Funds				
Phaeton Intl (BVI) Ltd (Est)	$ 367.82	-	3.22	0.00
NATIXIS GLOBAL ASSET MANAGEMENT				
Natixis International Funds (Lux) I SICAV (LUX)				
Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA 0044 20 3216 9000				
FCA Recognised				
Harris Global Equity R/A (USD)	$ 227.28	227.28	-1.14	0.00
Harris US Equity Fund R/A (USD)	$ 202.91	202.91	-0.03	0.00
Harris Concentrated US Equity R/A (USD)	$ 152.84	152.84	-0.02	0.00
Loomis Sayles Strategic Alpha R/A (USD)	$ 111.76	111.76	-0.01	-
Natixis International Funds (Dublin) I plc (IRL)				
Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA +44 (0)20 3216 9000				
Regulated				
Loomis Sayles Global Opportunistic Bond R/D (USD)	$ 13.22	13.22	0.01	1.20
Loomis Sayles High Income R/D (USD)	$ 8.34	8.34	-0.06	10.81
Loomis Sayles Multisector Income R/D (GBP)	$ 12.33	12.33	-0.06	5.49

MANAGED FUNDS SERVICE

new capital

New Capital Fund Management Ltd (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
FCA Recognised
New Capital UCITS Funds

Fund	Bid	Offer	D+/-	Yield
Asia Pac Bd USD Inst Inc	$ 94.86	-	0.17	3.24
Asia Pac Bd USD Ord Inc	$ 96.96	-	0.17	2.55
Asia Pac Eq EUR Ord Inc	€ 85.42	-	0.93	3.17
Asia Pac Eq GBP Ord Inc	£ 88.38	-	0.97	3.70
Asia Pac Eq USD Ord Inc	$ 89.94	-	0.98	3.14
Asia Pac Eq USD Inst Acc	$ 98.79	-	1.08	0.00
Asia Pac Eq USD Inst Inc	$ 100.24	-	1.09	3.81
Dyn Europ Eq EUR Ord Inc	€ 161.99	-	-1.45	0.73
Dyn Europ Eq GBP Ord Inc	£ 170.27	-	-1.52	1.11
Dyn Europ Eq USD Ord Inc	$ 162.51	-	-1.47	0.72
China Equity EUR Ord Acc	€ 116.02	-	1.68	0.00
China Equity GBP Ord Acc	£ 121.13	-	1.76	0.00
China Equity USD Ord Acc	$ 118.82	-	1.73	0.00
China Equity USD Inst Acc	$ 122.72	-	1.79	0.00
Europ. Equity Fd EUR	€ 97.92	-	-0.88	-
Europ. Equity Fd GBP	£ 95.78	-	-0.86	-
Europ. Equity Fd USD	$ 97.17	-	-0.87	-
Global Val.Cr.Fd GBP Ord Inc	£ 111.21	-	0.25	3.52
Global Val.Cr.Fd USD Inst Acc	$ 127.72	-	0.29	0.00
Global Val.Cr.Fd GBP Ord Acc	£ 183.63	-	0.40	0.00
Global Val.Cr.Fd USD Ord Acc	$ 172.41	-	0.39	0.00
Global Val.Cr.Fd EUR Ord Acc	€ 159.50	-	0.34	0.00
Swiss Select Equity Inst Acc	SFr 115.36	-	-0.92	0.00
Swiss Select Equity Ord Acc	SFr 113.64	-	-0.91	0.00
US Growth USD Ord Acc	$ 194.58	-	-0.03	0.00
US Growth EUR Ord Acc	€ 184.79	-	-0.03	0.00
US Growth GBP Ord Acc	£ 194.45	-	-0.02	0.00
US Growth USD Inst Acc	$ 180.49	-	-0.02	0.00
Wealthy Nat Bd EUR Inst Inc	€ 113.02	-	0.27	3.52
Wealthy Nat Bd GBP Inst Inc	£ 117.85	-	0.29	3.47
Wealthy Nat Bd EUR Ord Inc	€ 112.35	-	0.27	3.27
Wealthy Nat Bd GBP Ord Inc	£ 118.67	-	0.28	3.21
Wealthy Nat Bd USD Ord Inc	$ 115.96	-	0.28	3.19
New Capital Alternative Strategies				
All Weather Fd USD Cls	$ 115.30	-	0.77	0.00
All Weather Fd EUR Cls	€ 103.19	-	0.72	0.00
All Weather Fd GBP Cls	£ 111.28	-	0.83	0.00
Tactical Opps USD Cls	$ 122.63	-	-3.68	0.00
Tactical Opps EUR Cls	€ 102.52	-	-3.11	0.00
Tactical Opps GBP Cls	£ 114.71	-	-3.43	0.00

NORTHWEST INVESTMENT MANAGEMENT

Northwest Investment Management (HK) Ltd
11th Floor, Kinwick Centre, 32 Hollywood Road, Central Hong Kong +852 9084 4373
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Northwest $ class	$ 2238.86	-	-41.88	0.00

OASIS

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Equity Fund	R 10.24	-	-0.03	0.00

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Global Investment (Ireland) Plc

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Global Short Term Income Fund	$ 0.99	-	0.00	1.12
Oasis Global Equity	$ 27.10	-	-0.05	0.34
Oasis Crescent Global Investment Fund (Ireland) plc				
Oasis Crescent Global Equity Fund	$ 28.07	-	-0.02	0.11
Oasis Crescent Variable Balanced Fund	£ 10.21	-	-0.09	0.85
OasisCresGl Income Class A	$ 10.81	-	0.01	2.53
OasisCresGl LowBal D ($) Dist	$ 11.78	-	-0.01	0.00
OasisCresGl Med Eq Bal A ($) Dist	$ 11.97	-	-0.01	0.53
Oasis Crescent Gbl Property Eqty	$ 9.69	-	-0.06	1.73

ODEY ASSET MANAGEMENT

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
OEI Mac Inc GBP A	£ 271.38	-	24.45	0.00
OEI Mac Inc GBP B	£ 155.60	-	16.72	0.00
OEI MAC Inc USD	$ 1436.61	-	126.78	0.00
Odey European Inc EUR	€ 638.09	-	61.79	0.00
Odey European Inc GBP A	£ 249.15	-	25.02	0.00
Odey European Inc GBP B	£ 141.34	-	14.14	0.00
Odey European Inc USD	$ 296.66	-	29.14	0.00
Giano Capital EUR Inc	€ 459.07	-	45.64	0.00

Odey Asset Management LLP (IRL)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Pan European EUR R	€ 284.82	-	-1.81	0.00
Odey Absolute Return Focus Fund	$ 94.38	-	4.08	-
Odey Allegra European EUR O	€ 249.56	-	-0.44	0.00
Odey Allegra International EUR O	€ 154.70	-	-0.34	0.00
Odey Allegra Developed Markets USD I	$ 126.11	-	-0.67	0.00
Odey European Focus Fund	€ 16.80	-	-0.06	0.00
Odey Giano European Fund EUR R	€ 113.14	-	-0.49	0.00
Odey Naver Fund EUR I	€ 115.76	-	0.49	0.00
Odey Odyssey USD I	$ 125.85	-	0.05	0.00
Odey Swan Fund EUR I	€ 71.15	-	0.50	0.00
Odey European Absolute Return GBP S	£ 93.28	-	0.40	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Opportunity EUR I	€ 213.02	-	-0.15	0.00

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Estimated NAV	$ 846.06	-	0.30	0.00

OPTIMA Fund Management

Optima Fund Management
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cuttyhunk Fund II Limited	$ 1361.40	-	-12.02	0.00
JENOP Global Healthcare Fund Ltd	$ 12.93	-	-0.05	0.00
OPTIKA Fund Limited - Cl A	$ 90.38	-	-1.93	0.00
Optima Fd NAV (Est)	$ 81.77	-	-1.05	0.00
Optima Discretionary Macro Fund Limited	$ 84.17	-	0.27	0.00
The Dorset Energy Fd Ltd NAV (Est)	$ 32.98	-	-0.92	0.00
Platinum Fd Ltd (Est)	$ 79.20	-	-1.66	0.00
Platinum Fd Ltd EUR (Est)	€ 15.20	-	-0.33	0.00
Platinum Japan Fd Ltd (Est)	$ 50.52	-	-1.08	0.00
Optima Partners Global Fd (Est)	$ 13.49	-	-0.16	0.00
Optima Partners Focus Fund A (Est)	$ 13.53	-	-1.15	0.00

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV (Fully Diluted)	£ 7.17	-	0.18	0.00

PERMAL

Permal Investment Mgmt Svcs Ltd
www.permal.com
Other International Funds
Offshore Fund Class A US $ Shares

Fund	Bid	Offer	D+/-	Yield
Investment Holdings N.V.	$ 5054.96	-	17.32	0.00
Macro Holdings Ltd	$ 404.60	-	-48.44	0.00
Fixed Income Holdings N.V.	$ 339.26	-	2.85	-
Permal Absolute Return Fund	$ 153.10	-	-0.04	0.00

PICTET 1805 Asset Management

Pictet Asset Management (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Pictet-Absl Rtn Fix Inc-HI EUR	€ 107.82	-	0.30	0.00
Pictet-Agriculture-I EUR F	€ 184.68	-	0.86	0.00
Pictet-Asian Equities Ex Japan-I USD F	$ 206.61	-	-2.06	0.00
Pictet-Asian Local Currency Debt-I USD F	$ 162.13	-	-0.87	0.00
Pictet-Biotech-I USD F	$ 651.60	-	11.93	0.00
Pictet-CHF Bonds I CHF	SFr 514.90	-	0.15	0.00
Pictet-China Index I USD	$ 100.30	-	0.85	0.00
Pictet-Clean Energy-I USD F	$ 76.40	-	0.36	0.00
Pictet-Digital Communication-I USD F	$ 271.21	-	2.23	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 171.92	-	0.41	0.00
Pictet-Emerging Europe-I EUR F	€ 285.71	-	0.22	0.00
Pictet-Emerging Markets-I USD F	$ 499.21	-	4.90	0.00
Pictet-Emerging Corporate Bonds I USD	$ 114.78	-	0.43	0.00
Pictet-Emerging Markets High Dividend I USD	$ 96.75	-	-0.72	0.00
Pictet-Emerging Markets Sust Eq I USD	$ 88.86	-	0.63	0.00
Pictet-EUR Bonds-I F	€ 587.61	-	-0.43	0.00
Pictet-EUR Corporate Bonds Ex Fin I EUR	€ 150.59	-	0.76	0.00
Pictet-EUR Corporate Bonds-I F	€ 207.26	-	-0.21	0.00
Pictet-EUR Government Bonds I EUR	€ 167.13	-	-0.06	0.00
Pictet-EUR High Yield-I F	€ 247.47	-	0.50	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 137.44	-	0.05	0.00
Pictet-EUR Short Term HY I EUR	€ 122.76	-	0.08	0.00
Pictet-EUR Sov.Shrt.Mon.Mkt EUR I	€ 102.72	-	-0.01	0.00
Pictet-Euroland Index IS EUR	€ 120.10	-	-0.95	0.00
Pictet-Europe Index-I EUR F	€ 157.56	-	-1.08	0.00
Pictet-European Equity Selection-I EUR F	€ 577.66	-	-5.05	0.00
Pictet-European Sust Eq-I EUR F	€ 232.42	-	-1.69	0.00
Pictet-Global Bds Fundamental I USD	$ 126.79	-	0.34	0.00
Pictet-Global Bonds-I EUR	€ 178.89	-	0.15	0.00
Pictet-Global Emerging Currencies-I USD F	$ 101.24	-	0.16	0.00
Pictet-Global Emerging Debt-I USD F	$ 390.90	-	3.81	0.00
Pictet-Global Env Opport-I EUR	€ 161.77	-	0.01	0.00
Pictet-Global Megatrend Selection-I USD F	$ 221.46	-	1.40	0.00
Pictet-Greater China-I USD F	$ 427.14	-	-7.56	0.00
Pictet-Health-I USD	$ 263.30	-	1.61	0.00
Pictet-High Dividend Sel I EUR F	€ 161.36	-	0.29	0.00
Pictet-India Index I USD	$ 98.80	-	0.77	0.00
Pictet-Indian Equities-I USD F	$ 452.54	-	-3.30	0.00
Pictet-Japan Index-I JPY F	¥ 13241.78	-	-61.31	0.00
Pictet-Japanese Equities Opp-I JPY F	¥ 7806.35	-	-52.22	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 11244.06	-	-87.04	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 125.93	-	-0.10	0.00
Pictet-Multi Asset Global Opportunities-I EUR	€ 117.23	-	-0.05	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 343.58	-	5.64	0.00
Pictet-Premium Brands-I EUR F	€ 139.18	-	1.25	0.00
Pictet-Quality Global Equities I USD	$ 142.10	-	0.87	0.00
Pictet-Russia Index I USD	$ 55.32	-	0.56	0.00
Pictet-Russian Equities-I USD F	$ 51.83	-	0.42	0.00
Pictet-Security-I USD F	$ 204.42	-	0.62	0.00
Pictet-Select-Callisto I EUR	€ 103.22	-	0.58	0.00
Pictet-Small Cap Europe-I EUR F	€ 1016.51	-	-14.95	0.00
Pictet-ST.MoneyMkt-I	€ 140.31	-	0.00	0.00
Pictet-ST.MoneyMkt JPY I USD	¥ 101450.93	-	-2.36	0.00
Pictet-ST.MoneyMkt-ICHF	SFr 123.74	-	0.00	0.00
Pictet-ST.MoneyMkt-IUSD	$ 135.83	-	0.00	0.00
Pictet-Timber-I USD F	$ 142.53	-	2.20	0.00
Pictet Total Ret-Agora I EUR	€ 114.60	-	0.01	0.00
Pictet Total Ret-Corto Europe I EUR	€ 134.09	-	-0.37	0.00
Pictet Total Ret-Divers Alpha I EUR	€ 104.93	-	0.02	0.00
Pictet Total Ret-Kosmos I EUR	€ 109.80	-	0.07	0.00
Pictet Total Ret-Mandarin I USD	$ 113.21	-	0.38	0.00
Pictet-US Equity Selection-I USD	$ 187.64	-	0.38	0.00
Pictet-US High Yield-I USD F	$ 148.34	-	0.62	0.00
Pictet-USA Index-I USD F	$ 187.11	-	0.39	0.00
Pictet-USD Government Bonds-I F	$ 671.65	-	1.76	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 131.71	-	0.01	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 102.92	-	0.00	0.00
Pictet-Water-I EUR F	€ 294.47	-	-0.83	0.00

Pimco Fds: Global Investors Series Plc (IRL)
PIMCO Europe Ltd,11 Baker Street,London W1U 3AH
http://gisnav.pimco-funds.com/
Dealing: +44 20 3640 1000
PIMCO Funds: +44 (0)20 3640 1407
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Capital Securities Inst Acc	$ 14.91	-	0.03	0.00
Commodity Real Return Fund Inst Acc	$ 6.66	-	0.08	0.00
Credit Absolute Return Fund Inst Acc	$ 11.20	-	0.03	0.00
Diversified Income - Inst Acc	$ 20.77	-	0.12	0.00
Diversified Income Durat Hdg Fund Inst Acc	$ 11.58	-	0.06	0.00
Emerging Asia Bond Fund Inst Acc	$ 10.38	-	0.05	0.00
Emerging Local Bond - Inst Acc	$ 11.99	-	0.04	0.00
Emerging Markets Bond - Inst Acc	$ 42.04	-	0.30	0.00
Emerging Markets Corp.Bd Fund Inst Acc F	$ 13.50	-	0.05	0.00
Emerging Markets Short-Term Local Currency Fund	$ 12.41	-	0.03	0.00
Euro Bond - Inst Acc	€ 23.68	-	0.00	0.00
Euro Credit - Inst Acc	€ 15.38	-	0.02	0.00
Euro Income Bond - Inst Acc F	€ 13.43	-	0.02	0.00
Euro Long Average Duration - Inst Acc	€ 25.66	-	-0.06	0.00
Euro Low Duration Fund Inst Acc	€ 11.34	-	0.00	0.00
Euro Real Return - Inst Acc	€ 13.85	-	-0.03	0.00
Euro Short-Term Inst Acc	€ 12.25	-	0.00	0.00
Euro Ultra Long Duration - Inst Acc	€ 34.83	-	0.18	0.00
Global Advantage - Inst Acc	$ 12.82	-	0.06	0.00
Global Advantage Real Return Fund Inst Acc	$ 8.97	-	0.06	0.00
Global Bond - Inst Acc	$ 29.43	-	0.11	0.00
Global Bond Ex-US - Inst Acc	$ 20.80	-	0.08	0.00
Global High Yield Bond - Inst Acc	$ 20.83	-	0.11	0.00
Global Investment Grade Credit - Inst Income	$ 12.52	-	0.05	3.93
Global Investment Grade Credit Fund Inst Acc €	€ 12.25	-	0.03	0.00
Global Investment Grade Credit Fund Inst Acc $	$ 17.65	-	0.07	0.00
Global Multi-Asset - Inst Acc	$ 14.38	-	0.07	0.00
Global Real Return - Inst Acc	$ 19.28	-	0.09	0.00
Income Fund Inst Acc	$ 12.79	-	0.03	0.00
Inflation Strategy Fund Inst Acc	$ 9.43	-	0.06	0.00
Low Average Duration - Inst Acc	$ 15.00	-	0.01	0.00
PIMCO RAE Fundam.PLUS Em.Mkts Inst Acc	$ 9.20	-	0.08	0.00
PIMCO RAE Fundam.PLUS Gl.Dev.Inst Acc	$ 10.96	-	0.06	0.00
PIMCO RAE Fundam.PLUS US Inst Acc	$ 12.80	-	0.05	0.00
Socially Resp.Emerg.Mkts Bd Fd Inst Acc F	$ 13.84	-	0.09	0.00
StocksPLUS{TM} - Inst Acc	$ 24.00	-	0.07	0.00
Total Return Bond - Inst Acc	$ 28.30	-	0.12	0.00
UK Corporate Bond - Inst Acc	£ 18.59	-	0.07	0.00
UK Long Term Corp. Bnd Inst-Inst Acc	£ 21.38	-	0.13	0.00
UK Low Duration - Inst Acc	£ 14.28	-	0.00	0.00
UK Real Return - Inst Acc	£ 22.94	-	-0.04	0.00
UK Sterling Long Average Duration - Inst Acc	£ 23.19	-	0.00	0.00
Unconstrained Bond - Inst Acc	$ 12.03	-	0.02	0.00
US High Yield Bond Fund Inst Acc	$ 28.97	-	0.14	0.00

PLATINUM CAPITAL MANAGEMENT

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Platinum All Star Fund - A	$ 115.76	-	-	-
Platinum Global Dividend Fund - A	$ 49.35	-	-	-
Platinum Maverick Enhanced Fund Limited	$ 92.74	-	-	0.00

POLAR CAPITAL

Polar Capital Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Asian Financials I USD	$ 295.42	295.42	-1.68	1.12
Biotechnology I USD	$ 15.50	15.50	0.26	0.00
European Income Acc EUR	€ 10.77	10.77	-0.08	0.00
European Ex UK Inc EUR Acc	€ 9.38	9.38	-0.06	0.00
Financial Opps I USD	$ 10.30	-	-0.02	2.12
GEM Growth I USD	$ 8.85	-	0.05	0.00
GEM Income I USD	$ 9.79	-	0.04	0.00
Global Alpha I USD	$ 12.71	12.71	0.03	0.00
Global Convertible I USD	$ 11.30	11.30	0.01	0.00
Global Insurance I GBP	£ 4.78	-	0.02	0.00
Global Technology I USD	$ 24.00	-	0.06	0.00
Healthcare Blue Chip Fund I USD Acc	$ 10.67	10.67	0.05	0.00
Healthcare Opps I USD	$ 35.80	-	0.27	0.00
Income Opportunities B2 I GBP Acc	£ 1.70	1.70	0.00	0.00
Japan Alpha I JPY	¥ 152.83	152.83	-1.29	0.00
Japan I JPY	¥ 1515.74	-	-15.06	1.35
North American I USD	$ 17.56	17.56	-0.01	0.00
UK Absolute Equity I GBP	£ 13.93	13.93	0.21	0.00

Polar Capital LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
ALVA Convertible A USD	$ 128.81	-	0.26	0.00
European Conviction A EUR	€ 145.54	-	2.09	0.00
European Forager A EUR	€ 171.42	-	-0.46	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Monument Growth 28/06/2016	£ 457.52	462.39	-22.43	1.32

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	D+/-	Yield
Prusik Asian Equity Income B Dist	$ 162.05	-	-1.52	3.89
Prusik Asia A	$ 193.43	-	-0.78	0.00
Prusik Asian Smaller Cos A	$ 151.67	-	-0.23	0.00

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	D+/-	Yield
PCG B ✱	162.32	-	-0.77	0.00
PCG C ✱	159.91	-	-0.76	0.00

Putnam Investments (Ireland) Ltd (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Putnam New Flag Euro High Yield Plc - E	€ 1007.76	-	2.20	4.04

ram ACTIVE INVESTMENTS

Ram Active Investments SA
Tél. +41 22 816 87 30
www.ram-ai.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
RAM Systematic Emerg Markets Core Eq	$ 82.59	-	0.69	-
RAM Systematic Emerg Markets Eq	$ 150.26	-	1.07	-
RAM Systematic European Eq	€ 362.52	-	-3.18	-
RAM Systematic Global Shareholder Yield Eq	$ 100.10	-	-0.12	0.00
RAM Systematic Long/Short Emerg Markets Eq	$ 119.49	-	0.16	-
RAM Systematic Long/Short European Eq	€ 143.39	-	-0.17	-
RAM Systematic North American Eq	$ 242.16	-	0.66	-
RAM Tactical Convertibles Europe	€ 139.40	-	-0.30	-
RAM Tactical Global Bond Total Return	€ 143.68	-	0.14	-
RAM Tactical II Asia Bond Total Return	$ 133.17	-	0.34	-

ROBECO The Investment Engineers

Robeco Asset Management (LUX)
Weena 850, 3014 DA Rotterdam, The Netherlands
www.robeco.com/contact
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Asia-Pacific Equities (EUR)	€ 127.37	-	-0.90	0.00
Chinese Equities (EUR)	€ 69.68	-	-0.73	0.00
Em Stars Equities (EUR)	€ 168.86	-	-1.64	0.00
Emerging Markets Equities (EUR)	€ 144.57	-	-1.03	0.00
Flex-o-Rente (EUR)	€ 109.39	-	0.00	0.00
Glob.Consumer Trends Equities (EUR)	€ 147.78	-	0.74	0.00
High Yield Bonds (EUR)	€ 132.92	-	0.55	0.00
Lux -O- Rente (EUR)	€ 150.25	-	0.01	0.00
New World Financials (EUR)	€ 45.70	-	-0.32	0.00
US Premium Equities (EUR)	€ 182.09	-	0.32	0.00
US Premium Equities (USD)	$ 204.59	-	0.39	0.00

S. W. MITCHELL CAPITAL

S W Mitchell Capital LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
S W Mitchell European Fund Class A EUR	€ 284.08	-	7.39	-
S W Mitchell Small Cap European Fund Class A EUR	€ 218.44	-	0.90	-
The Charlemagne Fund EUR	€ 254.81	-	4.13	-

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
SWMC European Fund B EUR	€ 12458.04	-	-178.60	0.00
SWMC UK Fund B	£ 10175.12	-	-181.49	0.00
SWMC Small Cap European Fund B EUR	€ 12102.47	-	-42.48	0.00
SWMC Emerging European Fund B EUR	€ 9602.43	-	-8.18	0.00

ROBECOSAM We are Sustainability Investing.

RobecoSAM (LUX)
Tel. +41 44 653 10 10 http://www.robecosam.com/
Regulated

Fund	Bid	Offer	D+/-	Yield
RobecoSAM Sm.Energy/A	£ 12.46	-	-0.05	1.54
RobecoSAM Sm.Energy/N	€ 11.31	-	-0.03	0.00
RobecoSAM Sm.Materials/A	£ 138.86	-	-0.26	1.29
RobecoSAM Sm.Materials/N	€ 143.30	-	-0.08	0.00
RobecoSAM Sm.Materials/Na	€ 98.92	-	-0.05	-
RobecoSAM Gl.Small Cap Eq/A	£ 86.49	-	-0.29	1.18
RobecoSAM Gl.Small Cap Eq/N	€ 154.57	-	-0.30	0.00
RobecoSAM Sustainable Gl.Eq/B	€ 174.35	-	-0.36	0.00
RobecoSAM Sustainable Gl.Eq/N	€ 151.05	-	-0.30	0.00
RobecoSAM S.HealthyLiv/B	€ 182.96	-	-0.18	0.00
RobecoSAM S.HealthyLiv/N	€ 171.20	-	-0.16	0.00
RobecoSAM S.HealthyLiv/Na	€ 125.15	-	-0.29	-
RobecoSAM S.Water/A	£ 201.92	-	-0.69	1.02
RobecoSAM S.Water/N	€ 174.12	-	-0.36	0.00

Schroders

Schroder Property Managers (Jersey) Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Indirect Real Estate SIRE	£ 132.91	139.76	0.26	2.90

SIA (SIA Funds AG) (CH)
Other International Fds

Fund	Bid	Offer	D+/-	Yield
LTIF Stability Growth	SFr 177.10	-	-11.80	-
LTIF Stability Inc Plus	SFr 152.00	-	-10.20	0.59

Standard Life Wealth (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130
FCA Recognised
Standard Life Offshore Strategy Fund Limited

Fund	Bid	Offer	D+/-	Yield
Bridge Fund	£ 1.6884	-	-0.0028	2.11
Diversified Assets Fund	£ 1.1907	-	-0.0021	3.45
Global Equity Fund	£ 2.0498	-	0.0048	1.44
Global Balanced Fund - Income Units	£ 1.4563	-	0.0033	2.48
Global Balanced Fund - Accumulations Units	£ 1.7342	-	0.0039	2.43
Global Fixed Interest Fund	£ 1.0120	-	0.0009	4.45
Sterling Fixed Interest Fund	£ 0.8794	-	0.0043	3.75
UK Equity Fund	£ 1.8356	-	-0.0203	3.10

STENHAM ASSET MANAGEMENT

Stenham Asset Management Inc
www.stenhamassetmanagement.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Stenham Asia USD	$ 122.82	-	0.70	0.00
Stenham Credit Opportunities A Class USD	$ 101.33	-	1.75	0.00
Stenham Equity UCITS USD	$ 132.82	-	-2.24	0.00
Stenham Growth USD	$ 202.37	-	5.39	-
Stenham Healthcare USD	$ 168.54	-	5.82	0.00
Stenham Managed Fund USD	$ 108.62	-	1.87	0.00
Stenham Macro UCITS USD	$ 98.21	-	0.31	0.00
Stenham Multi Strategy USD	$ 109.48	-	0.50	-
Stenham Quadrant USD A	$ 399.51	-	0.20	-
Stenham Trading Inc USD	$ 115.68	-	0.05	-
Stenham Universal USD	$ 413.17	-	3.58	-
Stenham Universal II USD	$ 152.68	-	1.26	0.00

Stratton Street Capital (CI) Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Japan Synthetic Warrant Yen Class	¥ 1356.05	-	95.18	0.00
Japan Synthetic Warrant GBP Hedged Class	£ 144.00	-	11.91	0.00
Japan Synthetic Warrant USD Class	$ 11.91	-	1.55	0.00
Japan Synthetic Warrant USD Hedged Class	$ 144.19	-	12.09	0.00
Renminbi Bond Fund AUD Cls A	A$ 126.02	-	1.29	3.28
Renminbi Bond Fund AUD Cls B	A$ 127.99	-	1.31	3.06
Renminbi Bond Fund CHF Cls A	SFr 120.59	-	1.22	3.40
Renminbi Bond Fund CHF Cls B	SFr 120.44	-	1.21	3.15
Renminbi Bond Fund CNH Cls A	CNH 136.20	-	1.53	3.15
Renminbi Bond Fund CNH Cls B	CNH 135.97	-	1.53	2.92
Renminbi Bond Fund Euro Cls B	€ 122.76	-	1.26	3.07
Renminbi Bond Fund GBP Cls B	£ 125.58	-	1.33	3.13
Renminbi Bond Fund SGD Cls B	S$ 125.23	-	1.28	3.05
Renminbi Bond Fund USD Cls B	$ 125.35	-	1.29	2.91
Renminbi Bond Fund YEN Cls B	¥ 14135.40	-	143.88	0.00
Renminbi Bond Fund USD Cls A	$ 172.71	-	1.77	3.16
Renminbi Bond Fund GBP Cls A	£ 167.27	-	1.77	3.37
Renminbi Bond Fund SGD Cls A	S$ 165.77	-	1.70	3.29
Renminbi Bond Fund YEN Cls A	¥ 20919.00	-	214.00	0.00
Renminbi Bond Fund EUR Cls A	€ 112.83	-	1.16	3.32

EI STURDZA

E.I. Sturdza Strategic Management Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Nippon Growth Fund Limited	¥ 76858.00	-	-4409.00	0.00
Strat Evarich Japan Fd Ltd JPY	¥ 67667.00	-	1744.00	0.00
Strat Evarich Japan Fd Ltd USD	$ 664.21	-	17.34	0.00

E.I. Sturdza Funds PLC (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Nippon Growth (UCITS Fund Euro Hedged Class EUR)	€ 825.10	-	3.41	0.00
Nippon Growth (UCITS Fund Euro Hedged Institutional Class EUR)	€ 973.81	-	4.07	0.00
Nippon Growth (UCITS) Fund JPY Class A shares	¥ 77517.00	-	320.00	0.00
Nippon Growth (UCITS) Fund JPY Class B Acc shares	¥ 65033.00	-	268.00	0.00
Nippon Growth (UCITS) Fund JPY Class C Dis shares	¥ 82212.00	-	968.00	0.00
Nippon Growth (UCITS Fund Class D Institutional JPY)	¥ 42248.00	-	176.00	0.00
Strategic China Panda Fund USD	$ 2035.16	-	20.64	0.00
Strategic China Panda Fund Hedged EURO	€ 1968.18	-	19.51	0.00
Strategic China Panda Fund Hedged Sterling	£ 1998.02	-	20.22	0.00
Strategic Euro Bond Accumulating Class CHF	SFr 989.23	-	0.51	0.00
Strategic Euro Bond Institutional Class EUR	€ 1023.17	-	0.71	0.00
Strategic Euro Bond Fund Accumulating Class Shares	€ 1145.27	-	0.77	0.00
Strategic Euro Bond Fund Distributing Class Shares	€ 1034.22	-	0.69	0.00
Strategic European Smaller Companies Fund EUR Class	€ 970.55	-	6.51	0.00
Strategic Global Bond RMB Acc	$ 1077.95	-	0.67	0.00
Strategic Global Bond USD Acc	$ 1078.94	-	0.72	0.00
Strategic US Momentum and Value Fund	$ 713.20	-	1.03	0.00
Strategic US Momentum & Value Fund USD I Class	$ 475.10	-	0.69	0.00
Strategic US Momentum and Value EUR Hedged Class EUR	€ 495.03	-	0.68	0.00
Strategic US Momentum and Value CHF Hedged Class CHF	SFr 490.67	-	0.55	0.00

The Hartford International Funds (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Gbl Govt Bond (Ex Japan) Index (GBP)	£ 1907.87	-	-2.49	0.00
UK Corporate Bond	£ 1692.19	-	10.45	0.00
Gilt	£ 1765.09	-	11.66	0.00
Global Eq (Ex Japan) Index Fund	¥ 1.39	-	0.00	0.00
Global Eq (ex Japan) Class HJ4	¥ 1.45	-	0.00	0.00
Global Eq (ex Japan) Class JP5	¥ 1.33	-	0.00	0.00
Global Eq Ex Japan Index Fund (Hedge)	¥ 1.22	-	0.00	0.00
Gbl Govt Bond (Ex Japan) Index	¥ 1.20	-	0.00	0.00
Gbl Govt Bond (ex Japan) Class JP4	¥ 1.17	-	0.00	0.00
Japan Equity Index Fund	¥ 0.88	-	0.00	0.00
Japan Equity Class JP3	¥ 1.06	-	-0.01	0.00

TOSCAFUND

Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
Aptus Global Financials B Acc	£ 2.72	-	-0.01	5.05
Aptus Global Financials B Inc	£ 2.29	-	-0.01	5.22

Toscafund Asset Management LLP
www.toscafund.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Tosca A USD	$ 283.35	-	14.87	-
Tosca Mid Cap GBP	£ 267.56	-	5.62	0.00
Tosca Opportunity B USD	$ 368.32	-	8.62	0.00
Pegasus Fund Ltd A-1 GBP	£ 59.11	-	0.73	0.00

treetop ASSET MANAGEMENT

TreeTop Asset Management S.A. (LUX)
Regulated
TreeTop Convertible Sicav

Fund	Bid	Offer	D+/-	Yield
International A	€ 265.53	-	-1.00	0.00
International B	$ 344.12	-	-1.32	0.00
International C	£ 112.93	-	-0.44	3.56
International D	€ 238.91	-	-0.90	3.36
TreeTop Global Sicav				
Global Opp.A	€ 133.88	-	-0.69	0.00
Global Opp.B	$ 134.78	-	-0.57	0.00
Global Opp.C	£ 187.64	-	-1.13	3.04
Sequoia Equity A	€ 128.47	-	-0.88	0.00
Sequoia Equity B	$ 134.07	-	-0.83	0.00
Sequoia Equity C	£ 167.67	-	-1.35	3.07

Unicapital Investments (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Investments III	€ 5.03	-	-22.38	-
Investments IV - European Private Eq.	€ 210.25	220.76	-4.08	-
Investments IV - Global Private Eq.	€ 311.03	326.58	-10.79	-

Value Partners Hong Kong Limited (IRL)
www.valuepartners.net, fis@vp.com.hk
Regulated

Fund	Bid	Offer	D+/-	Yield
Value Partners Asia Dividend Stocks Fund	$ 8.74	-	0.07	-
Value Partners Classic Equity Fund USD Z Unhedged	$ 10.51	-	-0.06	0.00
Value Partners Classic Equity Fund CHF Hedged	SFr 10.86	-	-0.06	0.00
Value Partners Classic Equity Fund EUR Hedged	€ 11.01	-	-0.06	0.00
Value Partners Classic Equity Fund GBP Hedged	£ 11.30	-	-0.06	0.00
Value Partners Classic Equity Fund GBP Unhedged	£ 13.38	-	0.33	0.00
Value Partners Classic Equity USD Hedged	$ 12.89	-	-0.08	0.00
Value Partners Greater China Equity Fund	$ 8.09	-	0.07	-
Value Partners Health Care Fund RMB Class Z Unhedged	CNH 9.69	-	0.05	0.00
Value Partners Health Care Fund HKD Class A Unhedged	HK$ 8.94	-	0.03	0.00
Value Partners Health Care Fund USD Class A Unhedged	$ 8.96	-	0.03	0.00

Veritas Asset Management LLP (IRL)
HSSI Ltd, 1 Grand Canal Sq, Grand Canal Harbour, Dublin 2, Ireland
Veritas Funds Plc
www.veritas-asset.com
+353 1 635 6799
FCA Recognised
Institutional

Fund	Bid	Offer	D+/-	Yield
Veritas Asian Fund A USD H	$ 328.88	-	0.72	0.41
Veritas Asian Fund A GBP H	£ 465.14	-	5.40	0.21
Veritas Asian Fund A EUR H	€ 336.86	-	-0.18	0.21
Veritas China Fund A USD	$ 121.76	-	0.03	0.42
Veritas China Fund A GBP	£ 126.04	-	0.02	0.43
Veritas China Fund A EUR	€ 118.61	-	0.01	0.44
Veritas Global Equity Income Fund D USD	$ 122.92	-	-0.03	3.94
Veritas Global Equity Income Fund D EUR	€ 213.94	-	-0.65	3.95
Veritas Global Equity Income Fund D GBP	£ 181.55	-	1.66	3.52
Veritas Global Focus Fund D USD	$ 26.23	-	-0.08	0.64
Veritas Global Focus Fund D EUR	€ 23.67	-	0.15	0.65
Veritas Global Focus Fund D GBP	£ 33.81	-	0.21	0.56
Veritas Global Focus Fund A GBP	£ 32.61	-	0.20	0.32
Veritas Global Focus Fund A EUR	€ 13.78	-	-0.09	0.37
Veritas Global Focus Fund A USD	$ 25.29	-	-0.08	0.37
Veritas Global Focus Fund C GBP	£ 35.45	-	0.22	0.00
Veritas Global Focus Fund C EUR	€ 24.94	-	-0.14	0.00
Veritas Global Focus Fund C USD	$ 27.56	-	-0.09	0.00
Veritas Global Equity Income Fund A GBP	£ 173.73	-	1.58	3.53
Veritas Global Equity Income Fund A EUR	€ 207.53	-	-0.64	3.96
Veritas Global Equity Income Fund A USD	$ 118.11	-	-0.04	3.96
Veritas Global Equity Income Fund C GBP	£ 212.05	-	1.93	-
Veritas Global Equity Income Fund C EUR	€ 252.89	-	-0.77	-
Veritas Global Equity Income Fund C USD	$ 143.38	-	-0.04	-
Veritas Global Real Return Fund A USD	$ 23.58	-	0.16	0.26
Veritas Global Real Return Fund A GBP	£ 13.34	-	0.09	0.29
Veritas Global Real Return Fund A EUR	€ 13.88	-	0.09	0.10
Retail				
Veritas Asian Fund B USD	$ 228.89	-	0.49	0.00
Veritas Asian Fund B GBP	£ 342.65	-	3.96	0.00
Veritas Asian Fund B EUR	€ 248.02	-	-0.14	0.00
Veritas China Fund B GBP	£ 121.89	-	0.01	0.00
Veritas China Fund B EUR	€ 163.91	-	1.09	0.00
Veritas Global Focus Fund B USD	$ 18.21	-	-0.06	0.00
Veritas Global Focus Fund B GBP	£ 24.86	-	0.16	0.00
Veritas Global Focus Fund B EUR	€ 16.37	-	-0.10	0.00
Veritas Global Equity Income Fund B GBP	£ 159.31	-	1.44	3.56
Veritas Global Equity Income Fund B EUR	€ 189.84	-	-0.59	3.99
Veritas Global Equity Income Fund B USD	$ 116.71	-	-0.05	3.98
Veritas Global Real Return Fund B USD	$ 22.81	-	0.15	0.00
Veritas Global Real Return Fund B GBP	£ 13.06	-	0.09	0.00
Veritas Global Real Return Fund B EUR	€ 14.79	-	0.09	0.00

Veritas Asset Management LLP
www.veritas-asset.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Real Return Asian Fund USD (Est)	$ 277.60	-	-26.20	0.00
Real Return Asian Fund GBP (Est)	£ 296.77	-	-7.03	0.00
Real Return Asian Fund EUR (Est)	€ 292.91	-	-10.89	0.00

Waverton Investment Funds Plc (1600)F (IRL)
waverton.investments@citi.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Waverton Asia Pacific A USD	$ 17.66	-	0.08	5.85
Waverton Global Bond Fund Cls A	$ 8.52	-	-0.03	5.41
Waverton Global Equity Fund A GBP	£ 15.58	-	0.08	4.48
Waverton UK Fund A GBP	£ 12.47	-	-0.21	1.83
Waverton Equity Fund A GBP	£ 15.53	-	0.11	0.35
Waverton Sterling Bond Fund A GBP	£ 9.54	-	0.03	5.19

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Fixed Income Sector	€ 121.10	-	0.40	0.00

Yapi Kredi Asset Management (TUR)
Yapi Kredi Plaza A Blok Kat:13 Levent 34330 Istanbul / Turkey
Email: info@ykportfoy.com.tr, Tel: + 90 (212) 385 48 48
www.yapikrediassetmanagement.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Private Sector Bonds and Bills Fund	TRY 0.015580	-	0.00020	-
Eurobond (Dollar) Bonds and Bills Fund	TRY 0.080620	-	0.00050	-
Fourth Variable Fund	TRY 0.021280	-	-	-
Koc Affiliate and Fgn Eq. Fund (Eq. Intensive Fund)	TRY 0.785830	-	0.02060	-
Istanbul Hedge Fund	TRY 0.014570	-	0.00020	-

yuki

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com
Regulated
Yuki Mizuho Umbrella Fund

Fund	Bid	Offer	D+/-	Yield
Yuki Mizuho Japan Dynamic Growth	¥ 7158.00	-	7.00	0.00
Yuki Mizuho Japan Large Cap	¥ 7772.62	-	-0.38	0.00
Yuki Japan Low Price	¥ 27107.00	-	-271.00	0.00
Yuki Japan Value Select	¥ 13966.00	-	-120.00	0.00
YMR Umbrella Fund				
YMR N Growth	¥ 10921.83	-	-270.17	0.00
Yuki Asia Umbrella Fund				
Yuki Japan Rebounding Growth Fund JPY Class	¥ 23765.00	-	-214.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$ 919.13	-	-8.34	-

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Memnon European Fund I GBP	£ 124.52	-	-1.26	0.00

Data Provided by

MORNINGSTAR

www.morningstar.co.uk

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Guide to Data

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Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD. Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, charging structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: ✱ 0001 to 1100 hours; ♦ 1101 to 1400 hours; ▲ 1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that that managers/operators deal at the price to be set at the next valuation.

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. Scheme particulars, prospectus, key features and reports: The most recent particulars and documents may be obtained free of charge from fund managers/operators. ✱ Indicates funds which do not price on Fridays.

Charges for this advertising service are based on the number of lines published and the classification of the fund. Please contact **data@ft.com** or **call +44 (0)20 7873 3132** for further information.

FT explainer

Three-decade bond rally has further to run after EU vote

One major consequence of Brexit has been a surge in demand for top-tier government bonds, further distorting this bedrock of global fixed income and clouding the valuation of equities, **writes Michael Mackenzie**.

Many have called time on the three-decade-and-counting rally in top-tier sovereign bonds, only to suffer from being far too early. Thanks to Brexit, this bond market rally appears very much intact — and moreover, the era of ultra-low and negative bond yields may only be in its early stages.

Where are key bond benchmarks currently?
Starting with the global benchmark: the US 10-year Treasury note yield has fallen below 1.36 per cent, entering uncharted territory. Back in January, many analysts predicted a yield of 3 per cent by the end of the year as a strengthening US economy was seen clearing the way for the Federal Reserve to lift overnight borrowing rates beyond 1 per cent.

Now, the bond market expects no tightening of US policy this year, and in a world of $12tn in negative-yielding debt, the Treasury market stands out as a high yielder.

Being a global high yielder was a trait shared by the UK's gilt market, but that status is slipping fast. Last week, a couple of short-dated gilts briefly turned negative, while the yield on 10-year benchmark paper has fallen to a record low under 0.77 per cent. Before Brexit, the 10-year gilt yielded 1.38 per cent, representing a powerful appreciation in price terms for holders of the paper. For foreign holders, who have not hedged for currency risk, the picture is less appealing given the slide in the pound.

The 10-year Treasury yield has dropped from 1.75 per cent since Brexit and it began the year at 2.30 per cent. The Barclays 10-year Treasury index has generated a total return of 7.8 per cent so far this year, ahead of the S&P 500's total return of 4.1 per cent.

In the growing world of negative-yielding paper, Swiss government bond yields all the way out to 50-year maturities are now below zero.

Germany, France, Switzerland and Australia registered new all-time lows in yield for their 10-year benchmarks on Tuesday.

What are low bond yields telling us?
The investor mood in the wake of Brexit has accelerated this year's stellar bond rally, with yields falling to fresh lows as prices rise, particularly for long-dated paper.

Bond investors are painting a grim picture of the post-Brexit world — weaker growth and further central bank easing, starting with the Bank of England later this month. Further easing from the Bank of Japan and the European Central Bank also looms, only exacerbating the downward pressure on yields and encouraging more investors to seek higher-yielding US paper.

With the US Federal Reserve on the policy sidelines until the Brexit shockwaves ebb, there is also a narrowing between short and long-dated bond yields. This flattening of the yield curve usually signals turmoil ahead. Not since November of 2007 has the difference between US two-year and 10-year yields been so flat, at about 0.80 percentage points.

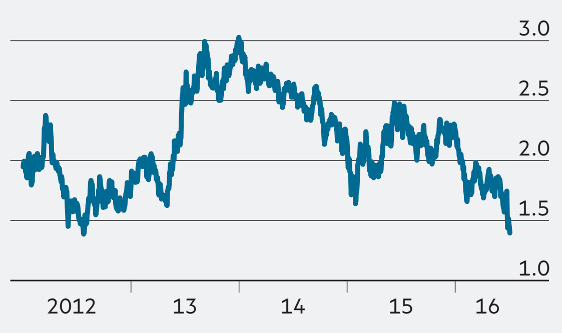
What is the message for equities?
After the Brexit shock sent share prices tumbling, buyers of equities went bargain hunting and have booked a nice trade. Bond yields continued to send a warning to equity investors betting on firmer global growth later this year.

From a dividend perspective, shares look attractive when compared to ever-lower bond yields. The FTSE All World index for example pays out a dividend of 2.75 per cent, well above yields for top-tier bonds.

The message of lower yields suggests the squeeze on corporate profits will not end soon. While FTSE 100 global companies reliant on dollar revenues are set to enjoy a currency tailwind thanks to a much weaker pound, top-line growth remains elusive for many blue-chips.

S&P 500 earnings for the second quarter are forecast to fall for the same period a year ago, marking four straight quarters of weaker profit growth.

US 10-year Treasury bond yield
Per cent



Source: Bloomberg

Capital markets

Yield of post-Brexit gilts hits record low

Bond rate of 0.38% reflects strong demand for first sovereign sale since vote

ELAINE MOORE AND DAN MCCRUM

As yields for global benchmark bonds hit record lows, Britain yesterday held its first gilts sale since voting to leave the EU, issuing £2.5bn of debt and attracting robust demand from investors.

Bids exceeded the amount on sale by 1.8 times according to Reuters data, enabling the five-year bond to be sold at a record low yield of 0.38 per cent, even as sterling fell to a fresh post-Brexit low against the US dollar.

The auction ends one of the longest suspensions of gilt sales since the financial crisis, exceeding annual Christmas breaks and the 2015 election hiatus.

Reflecting the financial market's uncertainty around the referendum, the UK Debt Management Office will reintroduce gilts slowly after its near month-long pause, starting with the sort of conventional vanilla bonds that are popular with a broad range of investors.

The sale of 2021 debt was also extended by an hour to take into account the fact that it coincided with publication of the Bank of England's twice-yearly risk assessment report, which outlined what action the BoE would take to address risks created by Brexit.

The sale came as bond yields fell across Europe, and the yield on 10-year Treasuries traded below the previous record low of 1.38 set in 2012, as a fresh bout of post-Brexit nerves pushed up prices for so-called safe assets.

As the coupon on government bonds is set at issue, rising prices lower yields.

Ten-year gilts, which started the year trading at interest rates of 1.96 per cent, fell to 0.78 per cent yesterday.

It comes after rates on two short-dated gilts traded briefly below zero for the first time last week.

Although low yields benefit the UK by reducing debt-servicing costs, the DMO said it had no intention of opportunistically selling more debt to take advantage of the rates.

Instead, it aims to sell bonds in the most liquid market possible — always avoiding sales on Mondays and Fridays — via a regular, reliable schedule.

"There is liquidity in gilt markets," said Luke Hickmore at Aberdeen Asset Management. "But the vote did have an impact."

Trading activity in gilt markets measured by Trax, a MarketAxess subsidiary, dipped to £9.6bn on the day of the referendum, half the amount of the previous Friday.

£2.5bn
Size of the UK government's first gilt issue since the EU referendum

0.78%
Yesterday's yield on 10-year gilts, which started 2016 trading at 1.96%

The DMO, concerned by market liquidity, revised its issuance procedure earlier this year following an auction of 5-year gilts in January, which attracted the lowest bid-to-cover ratio on record of just 1.07 times.

Since the changes were introduced in April, demand at auction has increased sharply — pushing bid-to-cover ratios up. However, the previous sale of debt before the EU referendum — a £900m issue of 20-year index-linked gilts — attracted mediocre demand, with bids 1.75 times the amount sold.

Ahead of Britain's EU referendum, there were questions about how the gilt market would react to a Leave vote. In the event, the threat of a negative economic shock sparked a rush to gilts, pushing yields to record lows.

Analysis. Trading room

Battle over price of finance data heats up

Large fee rises are leading to bitter clashes between brokers and exchanges

ROBIN WIGGLESWORTH, NICOLE BULLOCK AND GREGORY MEYER

Information has become one of the biggest battlegrounds of the US finance industry, pitting banks, brokerages and trading firms against the exchanges that control financial market data flows.

Banks are desperate to lower costs after the financial crisis, while exchanges need to find ways to boost revenues given a drop in commissions and trading volumes in the past decade.

"There's a great deal of angst about this," says Eric Noll, chief executive of Convergex, a brokerage. "It's manageable now, but the trend is disturbing. It's moved from a back-of-the-head issue to the forefront."

Tabb Group, a consultancy, estimates that while trading volumes, market-making profits, brokerage revenues and institutional trading commissions have all declined, the revenues of US exchanges have climbed 16 per cent over the past five years — largely thanks to rocketing data revenue. Revenues from "exchange data, access and technology" are up 62 per cent in that time.

Some of that is due to acquisitions but the shift is still stark, says chief executive Larry Tabb. "The large fee increases that are buttressing data, technology and access revenue growth at exchanges have led to a death match between brokers and exchanges," he wrote in a note.

In spite of a chorus of complaints, the exchanges have reason to feel vindicated. The Securities Industry and Financial Markets Association last month lost a drawn-out lawsuit against them over the rising cost of data, even if the US finance industry's lobbying group is expected to appeal.

Still, a new front in the industry battle has opened, with two Congressmen preparing to sponsor a bipartisan bill that would give broker-dealers a direct say on the "securities information processor" (SIP) the main feed of market data that is now controlled by exchanges.

"This bill will simply allow the broker-dealers, the exchanges' customers, to have a voice," Brad Sherman, a Democratic Congressman from California and one of the legislation's co-sponsors, says in an emailed statement to the FT. "Public utilities should always consider the views of its customers."

Because exchanges also sell rival data

Critics say exchanges have a data monopoly, with traders having little choice but to buy faster feeds despite rising costs
Richard Drew/AP

feeds that are faster and more efficient, critics argue they have starved the SIP of investment. Also, the SIP is slow compared with direct feeds and most brokers feel compelled to pay for an exchange's expensive pipelines.

Critics say it amounts to a data monopoly, as each broker, trading firm and asset manager has little choice but to buy the quicker data feeds from each of the big exchanges. "Our market data bills are astronomical, and they're growing hugely every year," says one senior Wall Street banker. Another senior banking executive says: "Market data and connectivity is still a monopoly, and they're exploiting that. There's no way to control this cost escalation."

Supporters of the bill argue it will encourage more investment in the system, making it a more viable alternative to the pricey direct feeds.

The New York Stock Exchange and Nasdaq point to the Sifma case, stressing that a Securities and Exchange Commission judge found that market data sales were subject to competitive forces.

Nasdaq also points to investments made in the SIP in recent years that will dramatically increase its speed from about 225 milliseconds a decade ago to 500 microseconds today, and soon to 50 microseconds.

Nasdaq also argues brokers already get a say in any decisions regarding the SIP through various meetings and the SEC's public comment process.

Bats Global Markets, whose shareholders include banks, supports giving both sellside and buyside representatives a vote on the SIP operating committee and market plans generally. It also says it charges far less for data than its competitors.

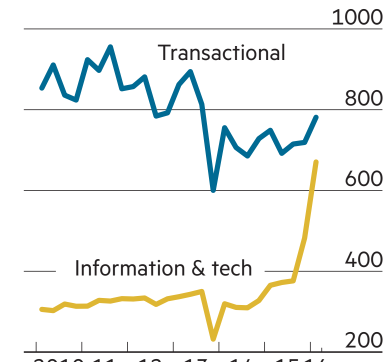
IEX, which recently won approval to be an exchange, also argues for both brokers and investors having representation on the SIP committee. It has also complained that market data costs are too high and for now is not charging for its feed for lit trading. "We don't project that at any point our revenue will depend on market data," says John Ramsay at IEX.

But it is an increasingly important business for some. At Intercontinental Exchange, which owns NYSE, data and connectivity sales were $477m, or 41 per cent, of revenues in the first quarter. Adjusting for its recent $5.2bn purchase of Interactive Data Corp, that was up 6 per cent in the year, and pure data sales gained 9 per cent annually.

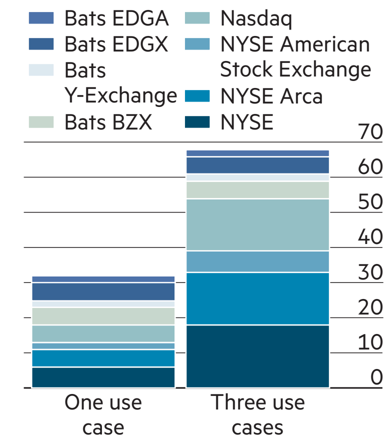
CME Group, which owns the Chicago Mercantile Exchange, intends doubling data fees for customers who previously had waivers to $85 per month per screen. But on its first-quarter earnings call, an executive warned the number of screens had declined as banks cut staff.

Jonny Aucamp of OSTC, a UK-based proprietary trading group, says: "We are seeing traders leaving the market as a result of increased costs, one of which is data fees."

Data increasingly important for exchanges
$



Cost of direct-feed data from US equity exchanges, 2015
Monthly cost ($ '000)



Cases: ATS, Agency Execution, Market Maker
Sources: TABB Group; companies

Commodities

Oil tie-up raises hopes of Libyan stability

ANJLI RAVAL
OIL & GAS CORRESPONDENT

A top Libyan oil official has said an agreement to unify the energy sector could pave the way for reconciliation between rival governments and higher crude production in the north African nation.

A deal was reached on Saturday to merge the competing national oil companies (NOC) in western and eastern Libya, which have been in a power struggle over oil revenues.

Mustafa Sanalla, head of the Tripoli-based NOC, told the Financial Times after the announcement the decision removed an important hurdle to the unification of the country.

"This will help the broader political climate. I urge all other political institutions to do the same," said Mr Sanalla, who will remain chairman of the company.

Libya has been split between two governments since 2014, with rival parliaments located in Tripoli and Tubruq.

Both still have to approve the agreement and despite the optimism, many hurdles remain, said Mattia Toaldo, senior policy fellow at the European Council on Foreign Relations.

"The deal was a good symbolic act, but there is still a long way to go before a rapprochement between both sides of the company," said Mr Toaldo.

A new UN-brokered unity government has sought to unite Libya's many political and armed factions, but it has struggled to make progress and still faces pushback from hardliners who reject its authority.

Even so, Mr Sanalla said several meetings with the eastern NOC took place since March to unite the oil sector that is the backbone of the country's economy. "We need our production to move higher," he said.

The two sides have agreed in principle on high level appointments, a budget, the composition of the board and a relocation of the headquarters from Tripoli to Benghazi.

The head of the eastern-backed NOC, Naji al-Maghrabi, will join the board of the national oil company.

He said: "We support this agreement and we are optimistic. But this deal will only hold if funds from oil revenues benefit all Libyan people."

Mr Sanalla said oil export contracts reached with the eastern NOC, and deemed illegal by his company, would be reviewed. "We consider all contracts and judge each one on their merits," he said. Exports stand at 228,000 b/d.

Currencies

Dollar driven higher by referendum turbulence

ROGER BLITZ

Risk aversion stalked the currency market with fallout from Brexit sending the dollar higher against a swath of emerging market counterparts.

Sterling dominated the forex landscape by tumbling to new lows against the dollar, yen and euro, with sentiment rattled by UK real estate funds halting redemptions.

The jitters were contagious, and in the broader FX market traders sought havens and sold EM and commodity currencies.

Brad Bechtel, FX strategist at Jefferies International, said Brexit-related turbulence, commodity market volatility, dollar strength and market nervousness were conspiring to offset the high carry opportunity in EMs. He added: "The emerging market sector is going to be challenging trading from here given the crosswinds in place."

EM FX appeared to have weathered last week's post-Brexit storm, as risk assets staged a rally.

Yesterday brought 1 per cent-plus falls for the Mexican peso and the South African rand, alongside significant falls for the Korean won, Turkey's lira, Russia's rouble and Poland's zloty. Dollar bloc currencies also fell, as did the Norwegian krone and Swedish krona.

The Brexit effect is carrying over to EM central banks, said Win Thin at Brown Brothers Harriman. Individual EM stories mattered little in the current environment, as policymakers shifted to "a more dovish stance in light of Brexit", he added.

Chief among the haven beneficiaries was the yen. The dollar at one stage was worth as little as ¥101.56, while the yen gained 2.6 per cent on the pound and 0.8 per cent on the euro.

The yen's trend all year has been one of appreciation, said Bilal Hafeez, global FX strategist at Nomura, driven by "excessive hope" that the Bank of Japan could weaken the yen and "the vagaries" of Federal Reserve policy.

The euro was flat against the dollar, but the climate for European currencies remains troubling.

Brexit has increased political risks in the EU, said Piotr Matys, EM FX strategist at Rabobank, "which cannot be offset by monetary policy measures".

The UK referendum may have been a wake-up call to European politicians not to rely on central banks, but to implement structural reforms, yet such reforms were unpopular — and countries like Poland "seem to be doing the opposite", he added.

MARKETS & INVESTING

TRADING POST

Jamie Chisholm

The MSCI Emerging Markets index by mid-session yesterday was in line to break a five-day winning streak on the latest post-Brexit wobble.

Still, chartists will be intrigued that the recent bounce for the index seems to be sketching out the second shoulder of an inverse head-and-shoulders pattern.

Some may consider that a bullish set-up. Whether it proves to be may depend on the trade-off between monetary policy and growth worries — in other words, will the support provided by the Federal Reserve standing pat on rates counteract fears of a global economic slowdown?

Capital Economics is taking a positive view of the MSCI EMs.

The research boutique points out that "around 80 per cent of the index is accounted for by equities in Emerging Asia and Latin America, which are far removed from the events in Europe".

And, providing inflation expectations do not build in the US, the country's central bank will maintain its dovish pose.

"Brexit appears likely to ensure that global monetary conditions remain looser for longer," said David Rees at CapEco. "We suspect that this, along with relatively low valuations, will continue to support EM equities in the next 18 months."

Mr Rees' forecast is for the MSCI EMs to gain another "15 per cent or so by the end of next year".

One problem could be if China allows for a sharper-than-expected depreciation of the renminbi.

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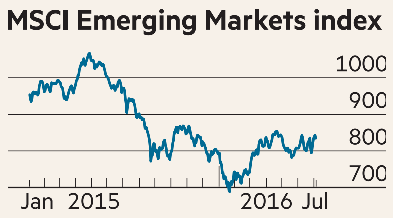
MSCI Emerging Markets index



Source: Thomson Reuters Datastream

Global overview

Sterling and Treasury yields touch fresh lows as real estate is rocked

Pound battered and chance of a US rate rise is pushed back, while UK property funds suspend withdrawals

DAVE SHELLOCK

A renewed bout of nerves regarding the impact of the UK's vote to leave the EU pushed sterling to a fresh three-decade trough against the dollar and drove benchmark government bond yields to record lows.

Global equity indices came under pressure — with the notable exception of the UK's FTSE 100 — as banking and energy stocks lost ground, while gold's stellar post-Brexit vote rally continued. The prevailing "risk-off" environment lifted the dollar and the yen.

But it was the turn of the US **Treasury** market to grab the headlines as the yield on the 10-year note — which moves inversely to its price — touched a record low of 1.36 per cent, down 10 basis points on the day, according to Reuters data.

The US 30-year yield also hit an all-time trough of 2.14 per cent, down 11bp.

On the day before the result of the UK referendum was announced, the 10-year yield had closed at 1.74 per cent and the 30-year at 2.56 per cent.

"The rally in US Treasuries in the wake of the Brexit vote was a textbook-like reaction of the ultimate safe haven to an event that had the potential to upend the growth dynamics for Europe and the global economy as well as the stability of global financial markets," said Anthony Karydakis, chief economic strategist at Miller Tabak.

"While a portion of the strong demand for Treasuries could be attributed to quarter-end portfolio adjustments exacerbated by the anxiety in global markets, the main reason was the sensible adoption of the view that the Federal Reserve's plans to proceed with the rate normalisation process in the coming months were now put on hold — quite possibly for the rest of the year."

German and UK 10-year yields also hit record lows, of minus 0.189 per cent and 0.779 per cent respectively.

Meanwhile, sterling was down 1.9 per cent against the dollar at $1.3041 — just off a 31-year low of $1.2997 — as the markets responded to mounting worries about the UK commercial real estate sector and further dovish comments from Mark Carney, governor of the Bank of England.

The UK **currency** was down 1.2 per cent against the euro at €1.1764 and 2.8 per cent versus the yen at ¥132.50.

M&G, the fund management arm of Prudential, suspended trading in its UK property portfolio and feeder fund following strong demand from investors to withdraw their money — the third commercial real estate fund to be suspended this week.

Mr Carney warned that the financial risks of Brexit had "begun to crystallise" and said the Bank had told lenders to pause building a special buffer of capital, with the aim of releasing as much as £150bn in possible loans.

"The announcement of an easing of capital requirements by the Bank's Financial Policy Committee simply reinforced expectations of additional support from the Monetary Policy Committee to cushion the economy and financial system against the uncertainties prompted by the Brexit vote," said Julian Jessop at Capital Economics.

He said there were good reasons to expect the pound to fall further.

"For a start, while the headlines have focused on the multi-decade lows in the bilateral exchange rate against the dollar, the pound is still only back to where it was over most of the period from 2009 to 2014 on a trade-weighted basis.

"The ongoing economic and political uncertainty, as well as the backdrop of the UK's huge current account deficit, would surely justify a bigger decline."

Sterling's renewed decline helped support the UK's FTSE 100 **equity** index, which contains a large number of companies that earn significant revenues overseas.

The index edged up 0.4 per cent, although the more domestically focused FTSE 250 index sank 2.4 per cent — leaving it 9.2 per cent down from its pre-Brexit vote level.

The pan-European Stoxx 600 index fell 1.7 per cent — with the financials sub-index sliding another 2.6 per cent. Across the Atlantic, the S&P 500 was down 0.7 per cent at 2,087 by midday in New York, while the CBOE Vix volatility index was up 9 per cent and above 16.

Energy was the worst-performing S&P 500 sector as the price of Brent **oil** tumbled 4 per cent to $48.11 a barrel amid a renewed bout of worries about global growth. **Copper** fell 1.5 per cent in London to $4,817 a tonne.

Gold shrugged off the broad strength of the dollar — the US currency was up 0.4 per cent against a basket of peers — although the metal's advance was comparatively muted. Gold was up $3 at $1,353 but still shy of the two-year intraday peak of $1,358 hit in the immediate aftermath of the Brexit vote.

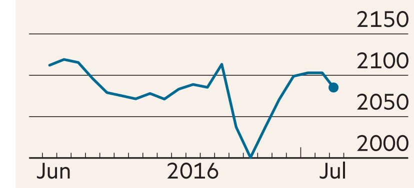
The euro was down 0.7 per cent against the dollar at $1.1079, while dollar/yen was 1 per cent softer at ¥101.56.

— Patrick Seeger/EPA

City of London post-Brexit: ft.com/video
The FT's Philip Stafford discusses the future of trading after Brexit with Mark Hemsley, chief executive of BATS Europe

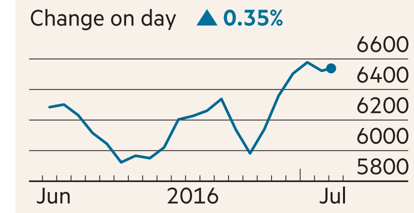
Markets update

S&P 500 index
Change on day ▼ 0.81%



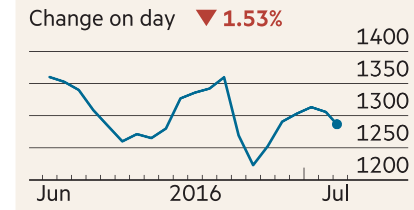
US equities Wall Street took its cue from losses in most other global equity markets as growth worries sent crude oil prices sliding and Brexit concerns remained to the fore

FTSE 100 index
Change on day ▲ 0.35%



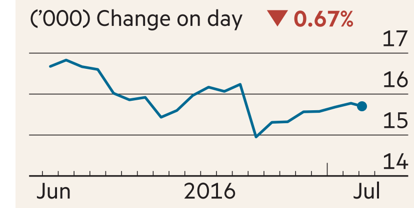
UK equities Sterling's renewed slide helped support the FTSE 100 after the Bank of England unveiled new measures to prop up the economy in the wake of the UK's Brexit vote

Eurofirst 300 index
Change on day ▼ 1.53%

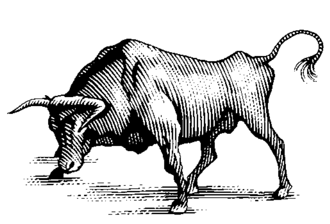


European equities Concerns about the outlook for the UK helped push the Eurofirst 300 lower for a second day, with Italian bank Monte dei Paschi coming under renewed pressure

Nikkei 225 index
('000) Change on day ▼ 0.67%



Japanese equities A renewed bout of yen strength helped trigger profit-taking following six straight days of gains for the Nikkei



Wall Street

Harley-Davidson goes downhill fast as hopes for KKR takeover fade

Joe Rennison

Harley-Davidson, the US motorcycle company, sputtered yesterday, as analysts said they saw no evidence of a potential takeover by KKR, a rumour that sent the stock soaring on Friday.

The company's stock fell 11.5 per cent to $48 by midday in New York, giving up much of its 19.8 per cent rise from Friday, making it one of the worst-performing stocks in the S&P 500 index.

Friday's rumours of a $65-per-share takeover bid from KKR remain uncorroborated. Harley-Davidson will report earnings at the end of this month.

RW Baird noted the company's strong balance sheet with only $750m of debt, excluding its financial services arm. However, RW Baird cut its rating to neutral from outperform, maintaining its target price for the stock at $54.

"We have no information that would corroborate takeover speculation surrounding the company, and are aware of no credible source behind the rumour," it said in a research note.

"With shares above our fundamental price target, we would need evidence to support a takeover scenario to sustain our outperform rating here."

UBS analysts also downgraded the stock to neutral. KKR was previously rumoured to be making a bid for Harley-Davidson in 2010, which was also unconfirmed. RW Baird described the motorcycle company as "among the most valuable brands on the planet with an intensely loyal customer base".

Other big declines were concentrated in the energy sector, which fell 2.4 per cent, as Brent crude lost 4.3 per cent, trading at $48 going into midday. The material and financial sectors also lost ground, declining 1.7 per cent and 1.6 per cent respectively.

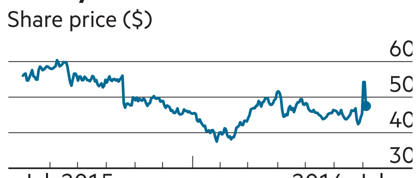
Among the worst performers were **Southwestern Energy**, which fell 11.2 per cent to $11.55, **Chesapeake**, which gave up 8.8 per cent to $4.19 and **Marathon Oil**, which lost 6.8 per cent to $14.62. **Murphy Oil**, which led the energy sector's gains last Wednesday, dropped 7.2 per cent to $30.32.

At the other end of the spectrum, several food, beverage and consumer companies led the S&P 500 index. **Dr Pepper Snapple**, the soft-drink maker, was the best-performing stock in the S&P 500 going into midday. It rose 2.3 per cent to $97.85, buoyed by the company's limited exposure to Europe — good news in light of the UK's vote to leave the EU.

Campbell Soup gained 1.7 per cent to $67.19, **Clorox**, which manufactures cleaning products, rose 1.6 per cent to $139.35, and US supermarket operator **Kroger** moved up 1 per cent to $36.92.

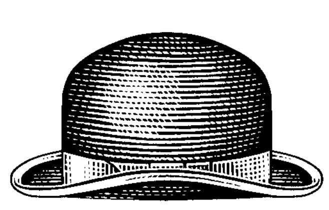
Consumer staples led the S&P 500 index, rising 0.84 per cent. On the day, the S&P 500 dipped 0.9 per cent to 2,084.81, the Dow Jones Industrial Average lost 0.7 per cent to 17,824.76, and the Nasdaq Composite fell 1.1 per cent to 4,807.38.

Harley-Davidson
Share price ($)



Source: Thomson Reuters Datastream

Indices	Close	Day's change
S & P 500	2085.59	-17.36
DJ Industrials	17832.74	-116.63
Nasdaq Comp	4808.45	-54.12
Russell 2000	1204.70	-8.35
VIX	16.29	1.52
US 10 yr Treas Bd	1.36	-0.08
US 2 yr Treas Bd	0.55	-0.04



London

Dixons Carphone's shares down one-third on consumer concerns

Bryce Elder

Fears about consumer confidence have left **Dixons Carphone** among the sharpest post-Brexit fallers.

Dixons has slumped by a third since the UK referendum result, reducing its market value by £1.6bn. Yesterday's fall, by 7.5 per cent to 286.7p, dragged the stock below its May 2014 level when Dixons announced an all-share merger with Carphone Warehouse. As well as weaker retail spending, analysts have been cutting forecasts to price in tougher-to-deliver merger synergies and a higher cost of imported goods. Though with just 10 per cent of goods bought in dollars and 20 per cent of group earnings coming from Europe, some were arguing the share has been oversold. HSBC called the stock a "fairly binary" bet on a consumer recession. "Dixons appears better positioned and more diversified now than in previous cycles, even though it is still exposed to some cyclical categories," it said.

The FTSE 100 ended 0.3 per cent higher, up 23.11 points at 6,545.37 as sterling hit a three-decade low. Sharp falls for companies with a domestic focus were outweighed by strength among the exporters and dollar earners, with **British American Tobacco**, **Unilever**, **Diageo** and **Smith & Nephew** all climbing to record highs.

Gauloises maker **Imperial Brands** added 0.7 per cent to £40.79. "If there ever was a time when Japan Tobacco should go for Imperial Brands, it is probably now," said Northern Trust. "In yen Imperial Brands is as cheap as it has been in over a year."

Asset managers slipped on news that Standard Life, Aviva and M&G had locked their open-ended property trusts to protect against a wave of redemptions. **Henderson**, whose £3.9bn UK property trust accounts for about 4 per cent of assets under management, fell 2.9 per cent to 199.9p.

Housebuilders were the day's worst-performing sector with **Barratt Developments** off 8.7 per cent to 350.3p and **Berkeley** down 6.4 per cent to £23.27. **Persimmon**, down 7.2 per cent to £13.32, beat forecasts with its first-half results, but its statement gave no detail on current trading.

Shawbrook led the challenger banks lower, losing 14.2 per cent to 138.5p, after RBC moved the stock to "underperform". RBC cut its forecast for sector loan growth by a quarter and cautioned that lower-for-longer interest rates will spur more aggressive competition for the business available as well as pressuring net interest margins. Shawbrook's flotation last year means it does not have a proven record of trading through instability and has admitted a breach of risk controls, meaning it deserves a higher risk rating than peers, RBC added.

Whitbread slipped 2.8 per cent to £34.05, with Barclays downgrading to "underweight".

Markets & Investing
FINANCIAL TIMES

INSIGHT

Henny Sender

Western shareholder activists try their luck with China Mobile

Activist hedge funds have experienced mixed results when they have pressed Japanese companies to improve returns to shareholders. Now one western fund has decided to try its luck with shareholder activism in China.

Indus Capital Partners, a New York-based Asia-focused hedge fund, has entered into a dialogue with China Mobile — a Hong Kong- and New York-listed state-owned enterprise and the largest mobile company in the world with 826m customers — to see if global investors can get a mainland company to focus more on raising the payout to those who hold its stock.

The experiment comes as the government assesses how to reform SOEs, which can sometimes be lean and profitable, but usually have objectives far different from companies in the capitalist west. "China Mobile is, despite outward appearances, as much a collection of bureaus as it is a proper company in a global sense," says one investor.

Even when the SOEs are listed and have all the trappings of a public company, including a board of directors and pay out dividends, they remain in the control of a party committee and exist as much to maintain employment and subsidise management as they do to pay dividends to shareholders. Today, they remain in an uneasy state of transition, caught between the conflicting demands of the government and their outside shareholders.

Moreover, reforms that sound compelling can have perverse consequences. As part of the anti-corruption drive, for example, salaries of top managements at many SOEs have been cut. That can mean a return to practices where officials supplement salaries by padding expenses.

> 'China Mobile is as much a collection of bureaus as it is a proper company'

Many of Indus Capital's peers are cynical about activist campaigns in China.

"Activism in a Chinese-listed state enterprise? I don't see how it works," says the founder of one equity hedge fund in Hong Kong. "Who cares what minority shareholders think? The politics and the incentives are different. You have to figure out how Sasac [State-owned Assets Supervision and Administration Commission] actually thinks and whether they will ever tolerate making it appear that a hedge fund caused change. There isn't the basic trust."

From the outside, the argument in favour of greater payouts would seem compelling. As with many companies in Japan, China Mobile is cash rich. It has net cash in excess of $60bn. Yet it has cut its dividend for three years in a row (though it has kept its dividend payout ratio constant). Why it needs that much cash is not clear and it has also reduced its capital expenditure for the past three years.

Moreover, China's telecoms are already concentrated, making unlikely further domestic mergers and acquisitions that would require a big pool of capital. Although Beijing still backs acquisitions abroad, it is becoming more selective as it seeks to discourage capital outflows that could weaken the already vulnerable renminbi.

"Management reiterates the importance to reserve cash for future investment and the need to balance near-term shareholders' return with long-term company growth," a recent report from JPMorgan notes.

SoftBank's acquisition of Sprint in the US is a reminder telecoms can be demanding. The government has allowed internet companies to challenge SOEs, so, for example, Tencent's WeChat app has already eroded China Mobile's short message service. Most of the growth in revenues comes from declining pricing that drives data revenue growth, the report adds. Last year data revenues overtook voice revenues for the first time.

China Mobile's expenses are large by western standards. In 2015, there were some $11bn of "other expenses" on its income statement, including "office expenses, travelling expenses, consumables and supplies", according to the annual report. (This is despite the fact Beijing maintains strict controls on overseas travel.)

As the government itself holds about 73 per cent of the shares, minority shareholders would seem to be aligned with the interests of Beijing, whose own finances presumably could use the inflows from greater dividend payouts. The self-interest of minority and majority shareholders would seem to suggest the idea has merit.

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Analysis. Currencies

Sterling emerges as proxy for investors' mood

The pound's devalued status will help mould how the BoE meets economic challenges

ROGER BLITZ

The pound has become a proxy for the UK's national mood — thrown into turmoil by Brexit, reduced to paralysis by the political crisis and the economic consequences of a future outside the EU.

Sterling's devalued status, now 20 cents below its post-referendum high of $1.50, is remoulding the UK economy. With further falls expected, the pound has plumbed levels not just well below those reached during the financial crisis, but into territory alien to even the most experienced chief executive, investor, politician or Whitehall official.

"The treasury departments of major British companies will be wrestling with issues of liquidity and volatility that they probably haven't seen for some time," says George Magnus, senior economic adviser to UBS.

Sterling marked time against the dollar for much of last week, following a precipitous decline in the 48 trading hours after the referendum poll closed.

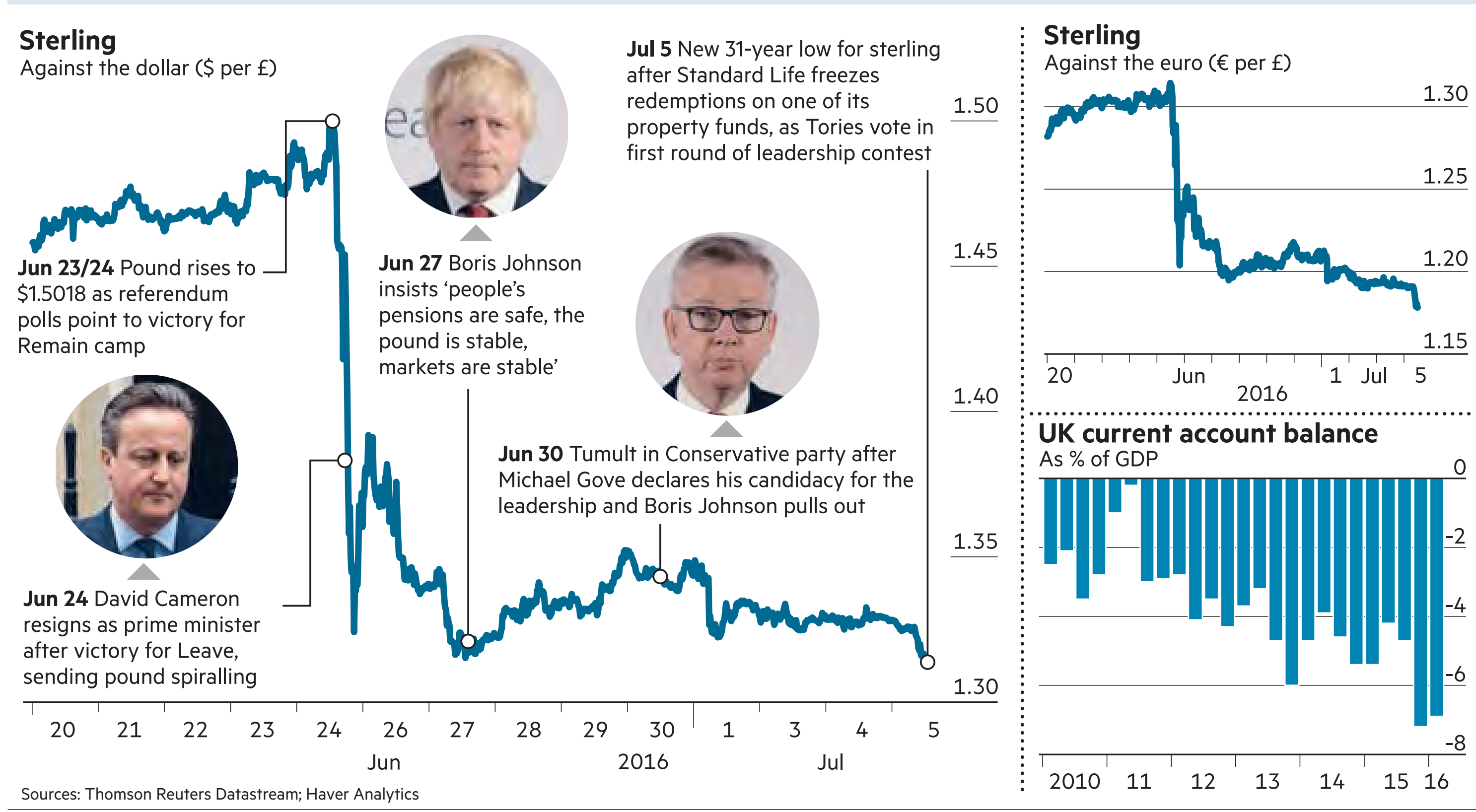
Yesterday, sterling broke $1.30, falling a further 2.1 per cent to a fresh 31-year low, the day after Standard Life froze redemptions from one of its property funds.

The latest turn lower comes as signs emerge of investors selling sterling to hedge against losses elsewhere, in the same way as selling the Mexican peso has become a proxy for across-the-board risk for emerging markets.

The pound's devalued status — it is also more than 11 per cent down on the euro since referendum night and nearly 20 per cent lower against the yen — will help determine how the Bank of England meets the challenge of Brexit's impact on the UK economy.

The market craves certainty, and in a climate of stark political volatility is looking to BoE governor Mark Carney

Turmoil timeline



Sources: Thomson Reuters Datastream; Haver Analytics

> 'It could be that us gloomsters have got it wrong and the economy doesn't go into a major contraction'

to provide it. He has made three public appearances in less than a fortnight.

"The governor is doing his technocratic job very well," says Mark Boleat, policy chairman at the City of London Corporation. "Notwithstanding political instability, he's getting on with it."

Politics remains in a state of flux, although it is not a given that the market will turn negative on each convulsion in the continuing saga played out in Westminster.

"It depends on how events play out," says Alan Wilde, head of fixed income at Baring Asset Management.

"Politics is a factor, but markets often don't respond necessarily to that degree of uncertainty as they would to an economic data release or a change in policy, so the Bank's policy is the factor more likely to drive markets."

Mr Magnus sees it slightly differently. Investors and currency managers need to bring closure to this period of political insecurity, he says, but it will not happen any time soon. "This inability to bring this to a close, and to be able to fully discount this, is going to hang over the currency for some time," he says.

For some, a sharply lower currency contains a silver lining. FTSE 100 companies, which earn much of their revenues in dollars, have benefited from sterling's decline.

A weaker pound also boosts exporters, while Mr Carney said sterling's weakness "should be beneficial" for the UK's chronic current account imbalance.

The flipside is what sterling's weakness says about confidence in the UK. Mr Carney is worried about a slowdown in portfolio flows into UK equities, fearing that concerns about the vulnerability of the UK's current account deficit to big shifts in foreign capital and sharp sterling weakness "appear to have been borne out".

As Mr Carney rummages in his policy toolbox for measures to offset the likely slowdown in the economy, many investors expect him to fall back on lower interest rates and quantitative easing.

The settled view among FX strategists is that sterling will fall to the mid-$1.25 level. To Mr Magnus, that sounds like a rounding error — it could go further.

"If the data starts to look rather poorer from the third quarter, that will give the market and the exchange rate something more concrete to focus on," says Mr Magnus.

"It could be that us gloomsters have got it wrong and the economy doesn't go into a major contraction. It could go both ways."

Capital markets

Monte dei Paschi debt doubts fuel bond drop

THOMAS HALE

The price of a bond issued by Monte dei Paschi di Siena, Italy's third-largest lender, plunged more than a tenth yesterday in the latest sign of growing investor alarm over bad debts within the country's financial institutions.

Anxiety has spread from stock markets, where shares in the world's oldest bank have fallen by more than a quarter this week to reach a record low, after the European Central Bank demanded it shed another €10bn in bad loans.

It comes as Matteo Renzi, the Italian prime minister, has begun to weigh whether to bypass banking regulations and bail out lenders using public funds. Under EU rules, such bailouts are illegal unless creditors bear the brunt of a rescue.

The Monte dei Paschi subordinated bond was trading at 77 cents on the euro yesterday, a drop of more than 16 per cent so far this week.

The bank's five-year subordinated credit default swaps, which reflects the cost to insure against default, jumped by 320 basis points to 1,646 basis points, the highest level yet.

Bonds issued by other Italian banks also weakened. An Intesa coco bond — the riskiest form of bank debt — fell 3.2 per cent, to just over 91 cents on the euro. A €750m subordinated bond issued by UniCredit, Italy's only bank large enough to be considered systemic, was down 2.3 per cent to under 96 cents on the euro.

Concerns have escalated over an estimated €360bn of non-performing loans within the Italian banking system. The Italian 10-year bond yield, which moves inversely to prices, is now trading at 1.24 per cent, above that of Spain's benchmark. An index of Italian bank shares has halved in value this year.

The possibility of official intervention serves to highlight the scale of the problem, but at the same time an injection of capital by the government would in principle offer greater protection to bond holders.

"This time is the only time there's a net positive where the government might do something concrete," said one investor. "The market is not really buying it." He added that some of the bonds from higher quality banks were "unusually cheap".

In a report published on Monday, Fitch Ratings said "measures that would strengthen asset quality or capital without triggering bail-in could be positive for Italian banks' issuer default ratings".

However, it also said, "the impediments under EU legislation to using public funds will make a solution difficult to achieve".

Rating agencies have suggested more borrowing from the Italian government to support banks would undermine its creditworthiness.

As Monte dei Paschi's share price dropped 20 per cent, other banks were mixed, with UniCredit up 0.7 per cent. The FTSE Italia All-Share banks index closed nearly 2 per cent lower.

Banks across Europe fell, with the Euro Stoxx Banks index down 2.4 per cent. Other risky bank debt also dropped, including a Deutsche Bank coco bond.