FINANCIAL TIMES

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HOW THE EURO WAS SAVED

Part 2: Peter Spiegel on Grexit plans at height of eurozone crisis

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China hits at GSK's 'systemic' bribery

Accusations of millions in 'illegal revenues'

By Jamil Anderlini in Beijing and Andrew Jack and George Parker in London

China accused GlaxoSmithKline of earning billions of renminbi in "illegal revenues" through a programme of "massive and systemic bribery" as it ratcheted up the pressure on the pharmaceuticals group following a 10-month long corruption investigation.

Police at the Ministry of Public Security yesterday said 46 suspects at GSK's Chinese subsidiary had been identified as part of a "complete bribery chain" that funnelled money to hospitals, doctors and government officials between 2009 and 2012. Mark Reilly, a Briton who was head of the unit, ordered subordinates to offer the illegal payments, they said.

The allegations will almost certainly lead to charges, which could strain China's relations with Britain. Prime minister David Cameron had sought to limit any damage to the London-based company.

Regulators in the US and UK are closely monitoring events in China and could launch their own investigations, although legal experts said they were likely to wait for Beijing to complete its probe first.

A senior official at the Chinese ministry's economic crime investigation bureau said "all departments" of GSK's China subsidiary were "fully engaged" in the alleged bribery.

The company paid for the bribes by inflating the price of medicines in China, some of which were seven times more expensive than in other markets, the official said.

According to the official, the company set up several internal units with code names such as "operation Great Wall" and "operation soaring dragon" to pay the bribes.

The developments will send a chill through the international business community. So far very few expatriates have faced corruption charges.

GSK has previously denied any systemic corruption. In a statement yesterday it said: "We take the allegations that have been raised very seriously. They are deeply concerning to us and contrary to the values of GSK."

Mr Cameron raised the investigation with Premier Li Keqiang last December on a visit to Beijing, after which he described GSK as a "very decent and strong British business that is a long-term investor in China".

Downing Street said that during his talks with Mr Li, Mr Cameron wanted to "underline the importance he attaches to the bilateral commercial relationship between the UK and China".

Mr Reilly has not been arrested and remains in China, which he is not allowed to leave, according to people familiar with the matter. He could not be reached for comment.

Additional reporting by Patti Waldmeir in Shanghai and Caroline Binham in London

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Turkey grieves Hundreds die in coal mine disaster

A miner battles the effects of toxic gas after searching for co-workers at a coal mine in western Turkey yesterday Report, Page 5 AFP

Carney damps expectations of rates rise

By Sarah O'Connor and Chris Giles

Mark Carney, the Bank of England governor, yesterday played down expectations of an imminent rise in interest rates despite figures that show the UK economy is creating jobs at the fastest rate on record.

He said the UK economy had "only just begun to head back towards normal" as he presented the central bank's quarterly inflation report.

The jobless rate fell to 6.8 per cent yesterday and the number of people in work increased by 722,000 from last year. More jobs were created in the UK in the first three months of the year than at any time since records began in 1971.

However, many people said they were underemployed and regular wage growth was a meagre 1.3 per cent, down from 1.4 per cent a month ago.

The BoE did not change its February forecasts, which said that the economy would grow 3.4 per cent this year as it enjoys a quicker recovery than most other advanced countries.

It expects unemployment to fall faster than it did in February but the Monetary Policy Committee said it had not changed its "best collective judgment" that there was still plenty of untapped potential or "spare capacity" left in the economy.

Traders reacted by selling the pound, which fell 0.3 per cent to the dollar. Sterling took a further knock after Mr Carney said "persistent strength" in the currency would undermine the balance of the recovery.

Investors pushed back their predictions for the first rise in interest rates, pricing it in for March or April rather than earlier in the year, although that still means markets think rates will rise from their record low of 0.5 per cent before next May's general election.

Mr Carney said interest rate rises were the "last line of defence" to deal with rapidly increasing house prices and that the BoE would first use "macroprudential" tools, ranging from tougher conditions on mortgage lending to restrictions on the amount homeowners can borrow.

Some economists were critical of Mr Carney. Michael Saunders, at Citi, said: "The governor did not . . . send a clear warning to households and businesses to prepare now for the shift to higher interest rates." He said such a warning would reduce the risks of "super loose monetary policy" fuelling a "bubble mentality".

The BoE forecast inflation would hover around its 2 per cent target for all of the next three years on the assumption that interest rates will start to rise in the spring of 2015.

Most members of the MPC were willing to agree there was sufficient slack in the economy to pull down inflation, although they said "the margin of spare capacity has probably narrowed a little since [February]".

The report suggested only a modest tightening of monetary policy was needed to keep inflation in line with the bank's target over the next three years.

Additional reporting by Brian Groom

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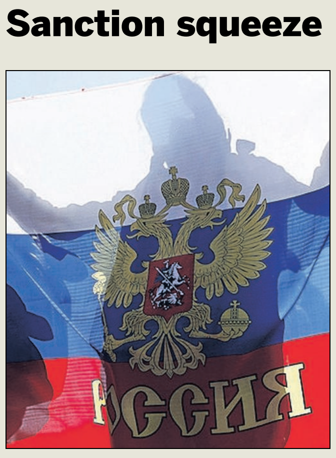
Sanction squeeze



Russian companies are facing tougher restrictions on loans from western banks as sanctions against the country start to bite. Banks are insisting new loans to Russian businesses not directly targeted by sanctions carry clauses forcing immediate repayment or default if sanctions affect those companies. Loan deals have almost dried up in the past two months.

Report, Page 7

London silver fix to end as Libor scandal tarnishes trust in the City

By Xan Rice

It was born in the late 19th century when a handful of London bullion dealers agreed to meet daily under a cloud of cigar smoke to set the price for the "devil's metal". But now, after 117 years of operation, the London silver fix – an integral part of the city's $1.6tn-a-year silver market – is on its deathbed.

The three banks that arrange silver's global benchmark yesterday said prices would be "fixed" for the final time at noon on August 14. The move comes on the heels of increased scrutiny by European and US regulators into precious metals price-setting following the Libor scandal and the probe into possible forex market abuse.

Deutsche Bank last month resigned its seats on the silver and gold fixes, after failing to find buyers, leaving just HSBC and Bank of Nova Scotia on the silver fix.

The three banks said there would be talks "to explore whether the market wishes to develop an alternative" to the benchmark. Reference prices could be derived from the futures or over-the-counter silver markets, while the London Metal Exchange could step in.

Market participants said the fixing process, which allows miners, financial institutions and jewellers to trade silver and value their stocks and contracts, could not function properly with fewer than three members. The UK's Financial Conduct Authority asked Deutsche Bank to stay on for an extra three months to help wind the benchmark down.

The regulatory attention has removed the lustre from the precious metals fixes, while legal action in the US has been a deterrent for potential new members. US lawyers have filed at least 20 class lawsuits alleging manipulation by the banks responsible for the gold fix. Claims of abuse by bankers in the silver futures market led to a five-year probe by the US Commodity Futures Trading Commission, which found no evidence of wrongdoing.

The demise of the silver fix will raise questions about the future of other precious metals benchmarks – platinum, palladium and, especially, gold. Following Deutsche Bank's withdrawal, the gold fix can continue to operate with four member banks, but critics say the process needs to be overhauled.

"There will now be pressure on the gold fix to make clear its utility," said Brian Lucey, a professor of finance at Trinity College, Dublin.

Markets, Pages 28-30

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World Markets

STOCK MARKETS

	May 14	prev	%chg
S&P 500	1888.53	1897.45	-0.47
Nasdaq Comp	4100.63	4130.17	-0.72
Dow Jones Ind	16613.97	16715.44	-0.61
FTSEurofirst 300	1368.38	1368.75	-0.03
Euro Stoxx 50	3210.42	3211.78	-0.04
FTSE 100	6878.49	6873.08	+0.08
FTSE All-Share UK	3669.17	3668.81	+0.01
CAC 40	4501.04	4505.02	-0.09
Xetra Dax	9754.39	9754.43	0.00
Nikkei	14405.76	14425.44	-0.14
Hang Seng	22582.77	22352.38	+1.03
FTSE All World $	274.73	274.89	-0.06

CURRENCIES

	May 14	prev		May 14	prev
$ per €	1.371	1.371	€ per $	0.729	0.730
$ per £	1.678	1.684	£ per $	0.596	0.594
£ per €	0.817	0.814	€ per £	1.224	1.229
¥ per $	102	102	¥ per €	139.6	140.1
¥ per £	170.8	172.1	£ index	86.6	86.9
$ index	86.5	86.6	€ index	96.30	96.22
SFr per €	1.220	1.220	SFr per £	1.493	1.498

COMMODITIES

	May 14	prev	chg
Oil WTI $ Jun	102.37	101.70	0.67
Oil Brent $ Jun	110.19	109.24	0.95
Gold $	1,293.35	1,295.80	-2.45

INTEREST RATES

	price	yield	chg
US Gov 10 yr	99.66	2.54	-0.08
UK Gov 10 yr	97.25	2.58	-0.10
Ger Gov 10 yr	103.44	1.37	-0.05
Jpn Gov 10 yr	99.96	0.60	-0.01
US Gov 30 yr	100.08	3.37	-0.08
Ger Gov 2 yr	100.28	0.10	-0.01
	May 14	prev	chg
Fed Funds Eff	0.09	0.08	0.01
US 3m Bills	0.03	0.03	-0.01
Euro Libor 3m	0.30	0.31	-0.01
UK 3m	0.51	0.51	-

Prices are latest for edition

Inside today

Modern Brazil

A new era kicks off

Separate section

Independence vote

Cameron pitches in to Scotland campaign

Two-day visit

PM aims to reach across party lines to put message across, say **George Parker**, **Kiran Stacey** and **Mure Dickie**

David Cameron embarks on a two-day visit to Scotland today, determined to prove to Alex Salmond that his presence can help rather than hinder the No campaign in September's independence referendum.

The prime minister has admitted his appeal is limited in Scotland but sees his role as reminding Scots that the English have "a voice but not a vote" in the referendum and that they want their northern neighbours to stay in the union.

Mr Salmond, Scottish first minister, said on the eve of the visit that Mr Cameron had "negligible support in Scotland" and that he could not command political authority over a country that would "never elect people like him to govern us".

Mr Salmond believes UK-wide opinion polls showing the Tories taking a lead over Labour will help him make the case that Scots can best rid themselves of the Conservatives by voting for independence.

The expected success of the UK Independence party in next week's European elections could also play into his hands; he wants Scotland to remain in the EU and says it is further evidence of England's drifting to the right.

One senior Lib Dem said: "A Ukip victory is one of the most serious threats to the future of the United Kingdom." Recent polls suggest the No campaign has managed to slow or stop the Yes campaign's growing popularity.

Mr Cameron will try to reach across party lines by invoking the spirit of John Smith, the former Labour leader and champion of Scottish devolution, as an example of someone who was proud to be Scottish and British.

The prime minister is also expected to meet more "real people" and stay overnight in Scotland; the No campaign admits he gave the wrong impression when he made a flying visit to Aberdeen for a cabinet meeting in February.

"The image on the television was of cars and outriders and Cameron going into a big corporate HQ," said one pro-union campaigner.

This week's visit is a riposte by the prime minister to those who say he has been too low key in the campaign. But access to Mr Cameron for the general public will be heavily controlled, depriving nationalists of the opportunity to "ambush" him; Mr Salmond is likely to claim again that Mr Cameron is frightened to engage with voters.

Alistair Darling, head of the Better Together campaign, is keen for Mr Cameron to make the emotional case for the union and the prime minister is expected to make several more visits to Scotland before polling.

Mr Cameron admitted in January: "I humbly accept that while I am sure there are many people in Scotland who would like to hear me talk about this issue, my appeal doesn't stretch to every single part."

To avoid giving Scots another reason to vote for independence, Mr Cameron has let it be known that he would not resign as prime minister if Scotland voted Yes, in spite of being leader of the Conservative and Unionist party.

John Curtice, politics professor at Strathclyde university, said interventions from Conservative politicians from south of the border were unlikely to be helpful and could actually damage support for the union. "If you want to persuade people to vote No to independence, you need to get people in Scotland to persuade them," Prof Curtice said. "'Keep away' is my advice."

> 'I humbly accept that . . . my appeal doesn't stretch to every single part' of Scotland

While the No campaign still wants to use Mr Cameron for big interventions, it is also preparing to unleash some of Labour's biggest figures in Scotland as the campaign enters its final stages.

Gordon Brown, the former prime minister, and John Reid, the former home secretary, are both expected to take prominent roles, while Frank Roy, a Labour MP and former steelworker, is giving Better Together a tougher campaigning edge.

The campaign rejected as "complete rubbish" suggestions that Mr Darling, the former chancellor, is being sidelined as its leader. But other Labour figures including Douglas Alexander, the shadow foreign secretary, and Jim Murphy, the shadow international development secretary, are taking bigger roles.

Banknote printing would stop, warns Osborne

Sterling

By Kiran Stacey, Political Correspondent

Scottish banks would be stopped from printing sterling banknotes and Scots would need to hold on to currency that crossed the border if the country continued to use sterling after declaring independence, George Osborne has said.

The chancellor told the cross-party Scottish affairs committee yesterday that if Scots wanted to continue using the pound, they would do so without the authority of the Bank of England. Mr Osborne said that would mean Scotland could no longer mint its distinctive pound banknotes. as it does today. Scots would also have to hold enough currency to run their economy.

The chancellor told fellow MPs: "It would be a situation where [Scots] would wait for coins and notes to come across the border and then you want to try and hold that money in the country, which means you have to always run a balance-of-payments surplus with your neighbour."

Mr Osborne's words are the latest escalation in the battle over what currency Scotland would use if it votes for independence in four months' time.

Pro-unionists see the Scottish National party's wish to keep the pound after independence as unrealistic. They tried to exploit the issue earlier this year in a co-ordinated move by all three Westminster parties ruling out the SNP's preference for a formal currency union to keep sterling.

That move appeared to backfire, however, with the pro-independence movement gaining strength in the polls afterwards. John Swinney, Scotland finance minister, said yesterday: "This was a desperate attempt from the chancellor to try and recover some credibility, after his 'sermon on the pound' completely backfired and has led to a surge in support for Yes."

Mr Osborne stood by his position, despite a briefing by an anonymous minister to the Guardian in March saying the currency issue would be on the table in any independence negotiation. He said: "There will not be a currency union, no ifs, no buts." He added that he "could not see the circumstances" in which such a suggestion would be put to a referendum of the whole UK.

In response, Alex Salmond has accused Mr Osborne of "bluff, bluster and bullying", insisting a currency union will be agreed if Scotland goes independent. But pushed on what his Plan B would be, the first minister told the BBC in February: "The pound is an internationally tradeable currency. It's not a question of 'keeping the pound'; it's a question of whether there would be an agreed currency union."

His words have led to speculation he would try to use the pound despite there being no formal agreement between the two countries, an arrangement Mr Osborne ridiculed.

The chancellor said: "This is an option used by Panama and Montenegro. Scotland is not Panama or Montenegro; it is much better than that."

Meanwhile Sir Nicholas Macpherson, the Treasury's top civil servant, defended his decision to ignore Whitehall's normal practice of keeping advice to government confidential and publish his recommendation against a currency union.

A vessel heads to sea from Eyemouth: EU fleets might lose access to Scottish waters and 'as a consequence . . . Norwegian waters' if independent Scots were left outside the bloc PA

Unionists feed on Salmond's fishing waters gaffe

Interview

Praise for Putin and hints at a 'blockade' on trawlers land first minister with more questions, writes **Mure Dickie**

Alex Salmond, Scotland's nationalist first minister, may now regret granting a two-hour interview with Alastair Campbell, the strongly pro-union former spokesman to prime minister Tony Blair.

The interview, spread across the pages of GQ magazine and including an unfortunately timed expression of qualified admiration for President Vladimir Putin of Russia, has helped shore up the morale of an ever more nervy pro-union campaign.

Mr Salmond's Putin gaffe and a political pummelling over issues ranging from fishing access to longevity and pensions affordability are fuelling optimism in the cross-party Better Together campaign.

Scottish National party campaigners say Mr Salmond's setbacks are mainly the creation of his opponents and a generally hostile Scottish media, noting that the first minister actually told Mr Campbell that he did not approve of "a range" of Russia's actions or its intermeshing of business and politics.

But speaking days before Russia's annexation of Crimea, Mr Salmond did say he felt admiration for "certain aspects" of Mr Putin. "He's restored a substantial part of Russian pride and that must be a good thing," he said.

While the first minister has refused demands from Ukrainian groups to apologise, critics say the comment cast doubt on his possible stewardship of an independent Scotland's foreign policy. He faces embarrassing reports that pro-Russian separatists in Ukraine are now looking to Scotland for support.

Pro-union campaigners have sensed the chance to wound the first minister over a recent speech in Bruges. There, he said that if an independent Scotland were to be stuck outside the EU, as some European leaders have suggested, then EU fishing fleets would lose access to Scottish waters and "as a consequence, their access to Norwegian waters".

Alistair Darling

Scottish government officials say he was merely pointing out that fishing pacts between the EU and Norway depend on being able to offer Norwegian boats permission to fish in Scottish waters. But pro-union politicians have interpreted his comments as a threat to defy international law and bar EU boats' passage through Scottish waters. Tavish Scott, the Liberal Democrat fishing spokesman, excitedly calculated yesterday that enforcing Mr Salmond's "blockade" would require a "flotilla of 160,000 vessels".

No campaigners have also jumped on SNP efforts to counter claims that Scotland would struggle to afford pensions for its rapidly ageing population. Nationalists point out that Scots on average have shorter lives than people in the rest of the UK, meaning they in general receive less in retirement benefits, but opponents say this suggests an acceptance of the status quo.

"For the nationalists to suggest the best way to be able to pay for pensions in Scotland is if we continue to die younger is frankly appalling," Better Together said this week.

While such attacks seem to have given Better Together momentum, repeated sniping at its leader, Alistair Darling, the former chancellor, means the No campaign cannot afford to relax, analysts say.

Mr Darling hailed one weekend poll by Progressive Scottish Opinion that found 54 per cent of Scots voters wanted to stay in the UK, compared with just 34 per cent who did not. But the latest survey from TNS found a much narrower gap of 12 points between the two sides, and both polls made clear that Yes support has grown markedly since last year.

Tom Costley, head of TNS Scotland, noted that while Mr Salmond's comments on Mr Putin excited the political classes, the focus on such gaffes risked entrenching perceptions that the No campaign was too negative.

"For every vote Mr Salmond loses, he probably gains one somewhere else because people get annoyed at the overreaction," Mr Costley said.

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AstraZeneca investors signal acceptance of better offer

Pfizer expected to increase its bid

By Ed Hammond in New York and Elizabeth Rigby and Miles Johnson in London

Several of AstraZeneca's largest investors have signalled they would be willing to accept a better offer than the non-binding £50 a share proposal made by Pfizer and are unconcerned by the political dimension the pharmaceutical takeover battle has taken.

Their private comments were made after Ian Read, Pfizer's chairman and chief executive, appeared before MPs and spoke with some shareholders to explain the merits of a possible tie-up with the UK company.

People close to both companies say they expect Pfizer to raise its informal cash and share offer in the coming days. The deadline for an increased offer is May 26, when, under UK takeover rules, Pfizer must make a firm bid or walk away for six months, unless AstraZeneca's management were to request talks.

However, Pascal Soriot, AstraZeneca's chief executive, continued to insist yesterday that the UK drugmaker had a bright, independent future.

"This deal is not inevitable. We have complete confidence in our independent strategy and we are focused on delivering new drugs for patients, which will save lives and in turn will deliver real value for our shareholders," he said.

Political opposition to the deal is growing because of fears that it will lead to job cuts in the UK.

Yesterday it emerged that the National Health Service had spent nearly £3bn in a three-year period on prescription drugs and medicines produced by AstraZeneca and Pfizer, underlining the importance of the British government as a customer of the companies.

The NHS spent £1.17bn of its £23.8bn primary care budget in the three years to 2013 with AstraZeneca and £1.7bn with Pfizer.

Lord Oakeshott, the senior Liberal Democrat peer who uncovered the figures in a parliamentary question, said the government should use its spending power as a lever to extract more assurances from Pfizer on jobs and investment.

"Solemn and binding undertakings from Pfizer without serious sanctions by government as a dominant customer would be a worthless placebo which we mustn't swallow," he said.

The Labour party is pressing the prime minister to introduce legislation to subject the deal to a "public interest test", but ministers are reluctant to undermine the UK's reputation as an open market for foreign investors.

Mr Read has done little to reassure MPs over the merits of the deal in two days of questioning. But parliament is now breaking for a three-week recess and attention will turn to local and European elections later this month.

In the two weeks since Pfizer made its £50-a-share approach to AstraZeneca, some investors are losing faith in the idea that a deal will happen soon.

At the time of the offer, shares in AstraZeneca rallied to a little over £48. Yesterday they finished at £46.65, despite speculation that Pfizer could improve its offer.

The spread between Pfizer's bid and AstraZeneca's share price reflects both a fear that the deal will not happen and concerns over the proportion of Pfizer stock that an improved offer would include. The current bid is about two-thirds stock.

"The discount is a spread that accounts for the risk of a deal not happening and the time it would take to actually close the deal," said Mark Schoenebaum, head of healthcare research at ISI Group.

Over the same period, Pfizer's share price has fallen close to 5 per cent, implying doubts that it will achieve the synergies and tax savings it wants.

Additional reporting by Arash Massoudi in London

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www.ft.com/indepth

US chief denies delay on drugs

The chief executive of Pfizer has said drugs development would, "if anything", be accelerated if his company took over AstraZeneca, rejecting criticism that a takeover could cost lives by delaying the launch of medicines, **write Andrew Jack and Elizabeth Rigby**.

Speaking before the House of Commons science and technology select committee yesterday in a second day of questioning by MPs, Ian Read said any experimental products within a month of being ready for patients would be "ringfenced" and their development possibly even speeded up.

"There is no truth to any comment that some products of a critical nature would be delayed," he said.

However, Pascal Soriot, chief executive of AstraZeneca, later dismissed Pfizer's assurances, telling the MPs there was "a risk some projects would get delayed".

"A company is made up of people," Mr Soriot said. "If they leave, there is no ringfence. It takes months to recruit [replacements]."

He stressed the UK company's long-term commitment to Cambridge as Europe's leading life science centre and AstraZeneca's global headquarters, rather than just one centre for Pfizer.

In his testimony, Mr Read had tried to calm politicians' and researchers' fears that the takeover would weaken the UK's strength in life sciences.

He said the Takeover Panel would have the power to refer the company to the courts if it violated the five-year commitments it gave to maintain R&D in the UK.

However, he reiterated that Pfizer's approach could alter if circumstances changed. He said that one such example would be if "the UK government changes completely the patent box [or] tax regime".

Outlook The Bank of England, Carney's interpretation of its report and planning document all differ

Confusion reigns over what lies ahead

By Chris Giles, Sarah O'Connor and Emily Cadman

Economists, markets and consumers were left in confusion yesterday, as it appeared that three UK inflation reports gave different outlooks for interest rates, growth, inflation and unemployment.

The three documents were the official inflation report published by the Bank of England, plus the governor's interpretation of that same report; and a still-secret document that takes account of action the BoE is planning to cool the housing market.

Mixed messages in the three reports highlight the growing concerns, raised on Tuesday by Ed Balls, shadow chancellor, that government and different parts of the BoE are seeking to avoid responsibility for cooling the surging housing market.

In the first report, the official text and forecasts painted a picture of robust growth, which was likely to require interest rate rises a little earlier than the Monetary Policy Committee had expected in February. The conclusion described the continued "strong performance" of the economy with "a sustainable rise in real wages and income . . . in prospect"

The BoE expects inflation to remain near its 2 per cent target for the next three years with gradual interest rate rises starting next spring, around the time of the 2015 general election. The degree of slack in the economy had "probably narrowed" since February, although most MPC members agreed that its estimate of 1-1.5 per cent of national income still applied.

Hawkish sections, such as acknowledgment that productivity was likely to remain weaker than previously thought, were balanced by a stronger showing for sterling over the past few months that is forecast to put downward pressure on import prices.

In contrast, Mark Carney, bank governor, appeared to be present a downbeat assessment that stressed the need to keep interest rates low for a long time. The governor's tone was uniformly pessimistic. With economic output having "only just begun to head back to normal", he said no one should "underestimate the difficulty of turning this recovery into a sustained and balanced expansion".

For him, the weakness of productivity growth was not a reason for a rate rise because there were likely to be fewer idle hands. Instead, slow growth in output per hour worked required a dovish stance because normal productivity growth was part of his definition of "escape velocity", something he said he had always made a precondition to monetary tightening.

Rob Wood, UK economist at Berenberg Bank said: "While the growth and unemployment forecasts were a little more hawkish, Carney's words stayed mostly dovish."

Although observers were confused, financial markets pared back expectations of very early rate rises and moved them towards the second quarter of 2015, in line with the written report. Allan Monks of JPMorgan said: "Both the tone of the inflation report and this morning's labour market report have reduced the odds of rates moving higher later this year".

The third inflation report yesterday was unpublished because it contained the BoE's private expectations for the economy once its Financial Policy Committee had taken promised action to cool the housing market.

The bank recognised housing as the biggest domestic threat to stability and Mr Carney was clear that the FPC's powers represented the lessons learnt from the BoE's pre-crisis error of taking too much comfort from its own inflation forecasts alone.

The BoE, he said, would "fully exploit the synergies between the FPC, the MPC and the Prudential Regulation Authority to ensure that an environment of predictable low inflation. . . is not associated with great risks to financial stability at the same time. The way we're managing across committees is to make sure there's shared information, analysis and understanding," he added.

Though the governor was confident the structures worked, there was evidence of buck-passing in the news conference. The MPC decided to give the housing hot potato to the FPC, with Mr Carney saying monetary policy "wouldn't be the right tool" and was only the "last line of defence".

In turn, speaking for the FPC, he tried to pass the responsibility of housing back to the government. Making it clear the committee's tools were strictly limited, Mr Carney said, "what we don't have at the FPC. . . is an ability to control every aspect of the housing market. . . The FPC will not build a single house. The FPC will not be targeting house prices."

Until the FPC has made up its mind and the MPC resolved its inner tensions, savers and borrowers will have to live with uncertainty.

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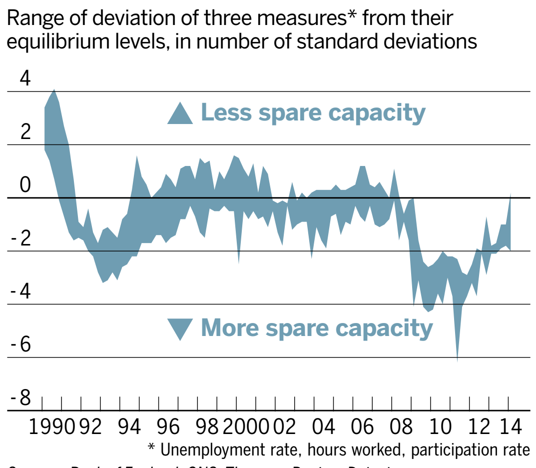
John Gapper, Page 11
Bond prices jump, Page 29
Video, www.ft.com/boe

Compare and contrast What the governor said and what was in the bank's quarterly statement

Carney...	... Inflation Report
The economy	**The economy**
'Amidst the excitement that output is close to regaining its pre-crisis level, we should not forget that the economy has only just begun to head back towards normal'	'The recent strong performance of the UK economy has continued'
Wages	**Wages**
'We are only beginning to get to the point where ... we would start to see real wage growth happen. It hasn't happened yet'	'There had also been evidence that earnings growth was beginning to pick up, suggesting a sustainable rise in real wages and income was in prospect'
Expansion	**Expansion**
'We should not underestimate the difficulty of turning this recovery into a sustained and balanced expansion'	'A sustained period of demand growth is in prospect, with the expansion likely to endure as productivity, and real incomes, revive'
Balance	**Balance**
'We do need more balance during the expansion in terms of the drivers of growth. The expansion will not endure through household spending. That requires business investment and ... some recovery in net exports'	'The pick-up in growth in 2013 was associated with an increase in both household consumption and business investment growth'

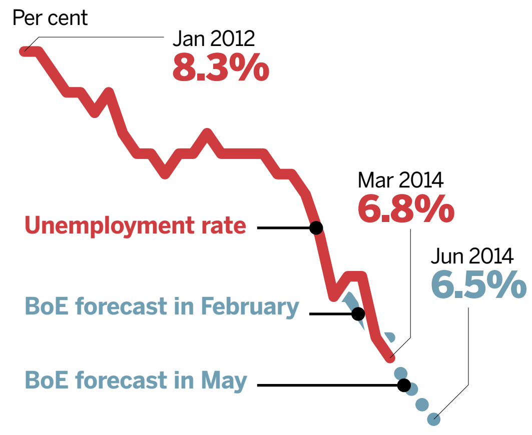
The BoE sees spare capacity narrowing ...



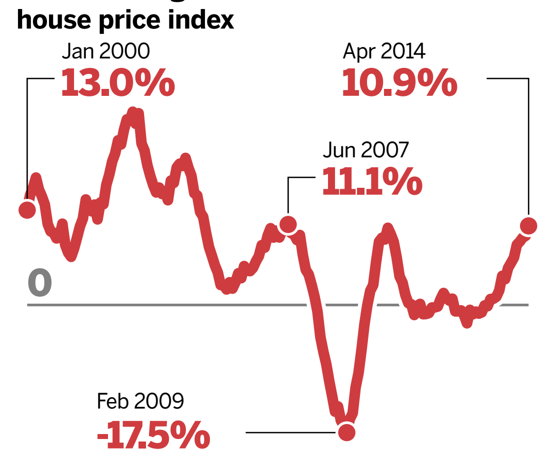
* Unemployment rate, hours worked, participation rate

Sources: Bank of England; ONS; Thomson Reuters Datastream

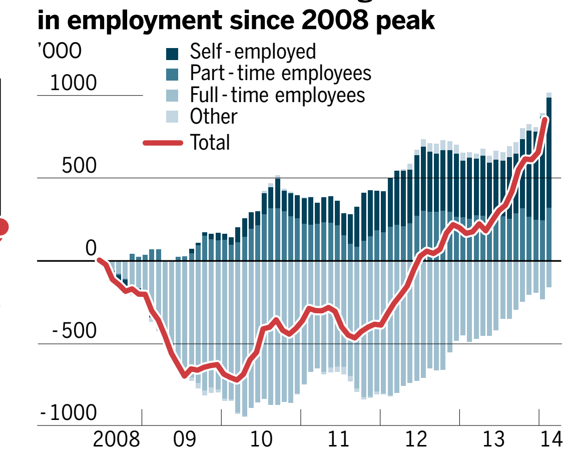
... as unemployment is set to fall fast ...



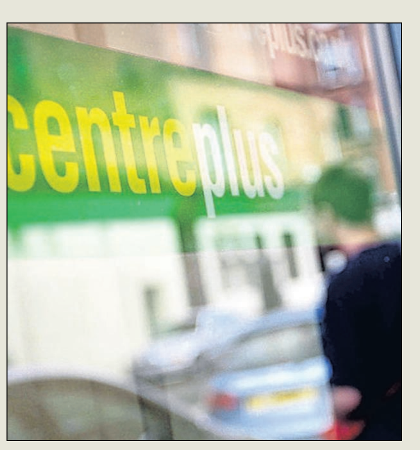
... and house prices are taking off ...



... but full-time employment is still below the peak



Labour market too flexible, says Cable, as Tories hail jobs



A record 30.4m are in employment

More jobs were created in the UK economy in the first three months of the year than at any time since records began in 1971 as the recovery gathered pace, but sluggish wage growth suggests it may be some time before workers enjoy a substantial improvement in living standards, **writes Brian Groom**.

Although average earnings edged ahead of inflation for the first time since 2010 as unemployment dropped to a five-year low, wage growth was slower than economists expected, prompting a clash between coalition colleagues.

An upbeat David Cameron said on Twitter: "There's more to do but it's welcome unemployment is down again. More jobs means more financial security for people."

However, Vince Cable, his business secretary, argued the UK labour market was becoming "too flexible", in a speech to the Resolution Foundation think-tank. "We do not want to reproduce the American experience, where, over a decade, wages have stagnated, even in a period of economic growth," he said.

The latest coalition spat came as employment rose 283,000 to a record 30.43m in the three months to March compared with the previous quarter, according to the latest figures from the Office for National Statistics.

The number of people in work was 722,000 higher than a year ago, the largest annual increase for 24 years, with most of the rise full-time. Self-employment accounted for two-thirds of the quarterly increase, up to a record 4.55m.

Unemployment was down 133,000 on the previous quarter at 2.21m, the lowest since early 2009, and the jobless rate fell 0.4 percentage points to 6.8 per cent, in line with market expectations.

Average earnings rose 1.7 per cent compared with a year earlier, unchanged on last month's data but nudging ahead of March's 1.6 per cent consumer price inflation rate. That was the first rise in real wages after a six-year squeeze, apart from a bonus-related blip in 2010.

However, the increase was below the 2 per cent that economists had predicted, suggesting that growth in real wages may be slow. Excluding bonuses, the increase was 1.3 per cent, down from 1.4 per cent in last month's data.

The Office for Budget Responsibility has estimated real incomes will not return to their 2009-10 levels until 2018 at the earliest.

Rachel Reeves, shadow work and pensions secretary, said there was a "huge amount of lost ground to catch up" on earnings.

Mr Cable proposed a new legal right to request a fixed-hours contract as an answer to abuses of zero-hours contracts, along with a ban on exclusivity clauses.

Youth and long-term unemployment fell and the proportion of women in work reached a record 67.7 per cent. Productivity appeared flat, with total hours worked growing slightly faster than the first-quarter estimate for output.

Those claiming jobseeker's allowance fell 25,100 in April to 1.12m, the 18th consecutive monthly decrease. Unemployment fell in all UK regions except northeast England, where it rose 0.1 percentage points on the previous quarter to 10.1 per cent of the workforce, the highest in the country. The lowest rate was in southwest England, down 1.6 points at 4.9 per cent.

Welsh unemployment falls to 6.8% amid caution about quality of new posts

Jobless data

By John Murray Brown

The recovery is reaching the country's poorest region as employment data show that Wales is matching the UK's jobless rate. Unemployment in the principality had been substantially higher than the rest of the UK during the recession.

Welsh unemployment fell 21,000, or 1.4 percentage points, to 6.8 per cent of the workforce in January-March compared with a year ago, the Office for National Statistics said yesterday. The Welsh economy, where one in four work in the public sector, saw private sector employment rise 79,000 in the final quarter of last year compared with the previous year – an increase of 8.3 per cent, better than any other UK region.

It is a welcome turnround for Wales after a savage recession, where the principality lost 5 per cent of its workforce, equivalent to 49,000 positions – including 32,000 in manufacturing.

Many wrongly predicted that the coalition's austerity drive would hit Wales hard, because of high levels of public sector employment and welfare dependence. But, like Scotland and Northern Ireland, Wales has been spared the worst of the public spending cuts by the Barnett formula, which allocates spending between the UK's four nations, as ringfenced areas such as health and schools make up a higher proportion of its devolved budget than for the country as a whole.

However, some economists warn that jobs growth is likely to have been in low-wage, low-skill sectors – typically with part-time positions – which will do little to help close Wales's productivity gap with the rest of the UK.

The Trades Union Congress highlights that the pay divide between Wales and London is increasing and the gap is widening at a faster pace than the rest of the country.

"There is no debate the economy is creating jobs but there is a question about the quality of those jobs, many of which are part-time or self-employment, perhaps on zero-hours contracts," said Calvin Jones, professor at Cardiff Business School. "Should we really be predicating a long-term recovery on that?"

With a working age population of about 1.8m, Wales had the lowest gross value added per head of any of the UK's 12 regions at £15,401 at the end of 2012, the most recent figures available. This compared with £21,295 for the UK and £37,232 in London. About a quarter of those of working age in Wales are out of work but not available for work, reflecting high numbers of the economically inactive, a legacy of the loss of the coal and other heavy industry in the 1980s.

Today, Wales is essentially three economies – the M4 corridor; the north east around Wrexham where big companies such as JCB and Toyota set up because of transport links to the Midlands; and the rural hinterland, which still qualifies for European aid.

Devolved ministers are responsible for economic development but have few levers to pull. Edwina Hart, the Welsh finance minister, has promised £15m to cut business rates for small businesses and a £29m fund has been used to retrain workers at Airbus in north Wales where airframes are increasingly using composite materials rather than traditional metals.

"It's very hard to find a devolution dividend on the economy. [Ministers] don't really have much influence," said Gerry Holtham, an economic adviser to the Welsh government.

While house price growth and consumer spending remain weak, the Welsh economy is adapting. Wales has had some success "reshoring" manufacturing from abroad. The fast selling Raspberry-Pi computer is made in south Wales after Sony moved production from China in 2012.

A large factory off the M4 near Newport, originally built for LG the South Korean electronics company, now houses Europe's largest data centre. It "reflects the new Welsh economy – high-tech services are now replacing low-cost manufacturing," said Nick Razey, chief executive of Next Generation Data.

The Welsh government announced last month that Alert Logic, a Texan company specialising in cyber security services for companies that host their data in the cloud, was setting up its European headquarters in Cardiff. Gray Hall, Alert Logic's US chief executive, said cyber security was growing faster than any other part of the information technology industry. "We've attracted 10 per cent of our customers in the UK and Europe without having a presence. Now we expect to build on that."

Television and film production boosts openings in new digital economy

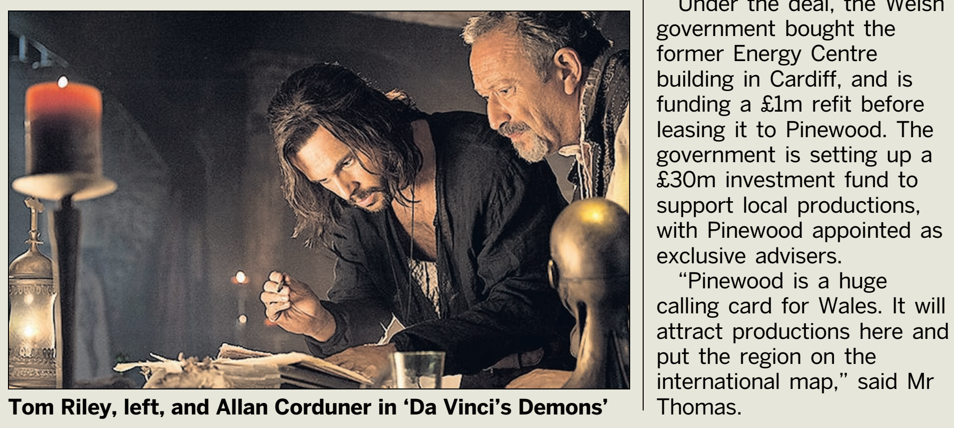
The streets of medieval Florence have been meticulously recreated in a former car parts factory in Swansea, **writes John Murray Brown.**

Filming is due to start this summer on a third season of *Da Vinci's Demons*, the US-made television series that portrays Leonardo da Vinci as Renaissance action hero. Mostly shot on location in south Wales, it is the latest example of old industrial buildings being brought back into use as Wales seeks to create jobs in the new digital economy.

"This is not just about where we buy timber to build the sets," said Edward Thomas, co-producer and designer. The Welsh government estimates the first series created 2,500 part-time and 160 full-time jobs, with thousands of local businesses, college students, crafts workshop and organisations benefiting.

Mr Thomas said each season cost around $34m to make, with much going into the local economy.

Wales has a long record of BBC productions such as *Dr Who*, *Casualty* and *Sherlock*, all of which were made at Cardiff's Roath Lock studios. At Chepstow, in part of a former Tesco distribution centre, the lost world of Ancient Greece has been recreated for *Atlantis*, a family fantasy drama series made for BBC Cymru by Urban Myth Film.



Tom Riley, left, and Allan Corduner in 'Da Vinci's Demons'

But the biggest catch for Wales was the announcement in February that Pinewood Shepperton, the film studio company behind the James Bond franchise, had chosen the region to open its first operation outside London.

Under the deal, the Welsh government bought the former Energy Centre building in Cardiff, and is funding a £1m refit before leasing it to Pinewood. The government is setting up a £30m investment fund to support local productions, with Pinewood appointed as exclusive advisers.

"Pinewood is a huge calling card for Wales. It will attract productions here and put the region on the international map," said Mr Thomas.

Military on course to outdo GPS

'Quantum compass' just years away

Navigation research a priority for MoD

By Sam Jones, Defence and Security Editor

The Ministry of Defence is investing millions, and financing dozens of PhDs, to look for the holy grail of navigation: a tamper and interference-proof device capable of pinpointing a location anywhere on earth.

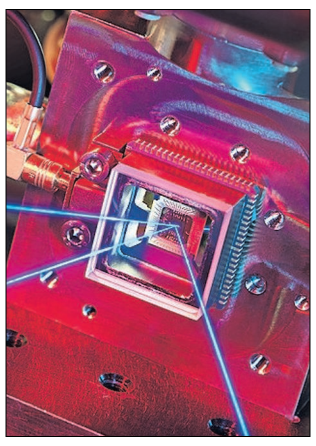
Scientists at Porton Down and the National Physical Laboratory (NPL) believe they are three to five years away from developing a "quantum compass" that would be able to locate itself, based on the sub-atomic effects of the earth's magnetic field. The technology, which would have no need for satellites or fixed points of reference such as radio masts, is of military interest round the world because of growing awareness of the limitations of space-based navigation systems.

The US architect of the Global Positioning System (GPS), the most widely used satellite navigational array, warned in February that it was under more strain than ever and extremely vulnerable to deliberate disruption or attack.

The MoD sees particular use for a new technology on its nuclear submarines, which need to navigate with great stealth and accuracy and rarely communicate with the outside world. Without regular fixes, even the most sophisticated current navigational systems can produce inaccuracies that amount to as much as 1km a day.

Many government strategic planners are keen to develop alternatives to existing satellite navigation systems.

Britain is building a land-based antenna array to act as a back-up to GPS devices. South Korea is constructing a similar array after damaging jamming attacks by North Korea.



NPL scientists are working on a quantum compass

"There is nothing in physics that could be used, given the knowledge we have now, to disrupt one of these [new] devices," said Bob Cockshott at the National Physical Laboratory.

Scientists say the MoD technology could have significant application for civilians, as GPS does, and may become available for use in smartphones.

Porton Down and the National Physical Laboratory are developing several quantum-navigation technologies.

At a basic level, they work by supercooling trapped ions and reducing the impact of external radiation so that they are sensitive only to electromagnetic fluctuations produced by the earth. Measuring the impact of those fluctuations on the particles should allow scientists to track the movement of a chip containing the trapped ions with extreme precision.

Quantum research has been identified by the government as part of its scientific agenda, with military technologies at the forefront. Research into quantum navigation is Porton Down's priority in the field.

In his Autumn Statement, George Osborne, the chancellor, earmarked £270m for research through a new "quantum technologies programme".

While other countries, particularly the US, are also engaged in such research, the UK is an international leader.

Dreams on wheels: Jaguar Commemorative E-Type from 1974, above, which has covered only 600 miles from new, is being sold as part of the collection of Dr James Hull, below

Doctor's orders mean sale of classic car collection

By Henry Foy, Motor Industry Correspondent

Britain's largest privately owned classic car collection, spanning 80 years of automotive history and including Winston Churchill's Austin and Lord Mountbatten's Mini Traveller, is up for sale to the highest bidder.

The collection, which has a reserve price of £100m, belongs to James Hull, who began collecting the cars 35 years ago. He made his fortune as the founder of a dentistry business.

The UK's £4.3bn classic car industry has witnessed a surge in business over the past few years, with historic British marques such as Jaguar, Aston Martin, Bentley, Alvis and Austin models attracting both afficionados and investors.

The total value of all classic cars sold last year by the RM Group, one of the world's biggest classic car auctioneers, was $442m, or about £260m.

In the UK, classic cars are exempt from capital gains tax and from vehicle excise duty – in the case of models built before 1974.

Dr Hull's collection, which he is selling because of health problems, will be sold whole through a private bidding process. It includes 365 replica miniature pedal cars and industry memorabilia.

"There is a huge amount of interest, from individual bidders and consortiums," Dr Hull told the Financial Times. "This bull run in classic car values is unprecedented and incredible, but it is due. The market started from such a low point."

He said there have been bids from overseas investors, as well as several Local Enterprise Partnerships in the UK. Dr Hull is keen for the collection to remain in Britain.

"Whether its to a national exhibition venue in the UK, or to a foreign bidder, I will insist upon it being kept together," said Dr Hull. "Hopefully, it will end up staying here."

Interested parties have been approaching Dr Hull since late last year for the collection, which includes a 1961 Jaguar E-Type, two 1954 Bentley Mulliner Continentals and even a model of the Sinclair C5, a one-seat electric car launched in 1985 that failed to take off but entered automotive folklore.

"I am merely a passionate custodian of this hugely significant part of British history," said Dr Hull. "Each car has its story and all have played a part in the history of British motoring. It is part of our heritage."

The winning bidder for the collection, which featured at the Queen's 80th birthday parade and has been exhibited at the Goodwood Festival of Speed and various Geneva Motor Shows, is expected to be announced soon, Dr Hull said.

Lifted visa curbs loosen no 'flood' of immigrants

By Helen Warrell, Public Policy Correspondent

The number of Romanians and Bulgarians employed in Britain has fallen slightly since controls were lifted in January, confounding predictions by anti-migration campaigners of a "flood" of immigrants.

A total of 140,000 people from the EU's two newest member states were working in the UK during the first three months of this year – a fall of 4,000 since the final quarter of 2013.

However, a year-on-year comparison of the statistics, which allows for seasonal variations in migration, does suggest that the removal of restrictions has caused an uptick in arrivals. The number of Romanians and Bulgarians working in the UK is up 25 per cent, or 28,000, on the first quarter of 2013.

Both pro-and anti-migration campaigners seized on aspects of the figures, released by the Office for National Statistics yesterday, as evidence for their arguments.

Danny Alexander, the Liberal Democrat chief secretary to the Treasury, said the latest data "give the lie" to scaremongering about migration by the UK Independence party, which is expected to perform strongly in this month's elections for the European Parliament.

"The very modest numbers of Romanians and Bulgarians coming to work in Britain this year is in stark contrast to the inflammatory rhetoric of earlier this year," he said.

Ion Jinga, Romania's ambassador to the UK, also derided predictions from the Migration Watch campaign group, which had suggested that 50,000 Romanians and Bulgarians would come to Britain every year after controls were dropped.

"I believe it time now to stop the scaremongering and unfair campaign against Romanians (and Bulgarians, Poles and east Europeans in general) and to concentrate on what we can do together for our common future," Mr Jinga wrote on the Huffington Post website yesterday. "The Romanians' flood to the UK is over even before it started."

But Nigel Farage, Ukip leader, said the numbers represented a "huge increase" in the number of foreign workers coming into Britain. He said the data did not show dependants of foreign workers or those migrants who were not in work.

"Far from controlling immigration, this government has shown it has absolutely no control over Britain's borders and no intention of putting the British people first," he said. "Having promised the British electorate that they would bring net immigration down to the tens of thousands, the government has instead overseen another massive increase in those coming to Britain."

Keith Vaz, a Labour MP who chairs the Commons home affairs committee, suggested that the government was partly to blame for the heightened debate by failing to produce a migration estimate for new EU states.

> 'It is impossible to achieve any definite conclusions about end of restrictions'
>
> **Carlos Vargas-Silva, Migration Observatory**

Academics from the Oxford-based Migration Observatory warned against drawing any immediate conclusions.

Carlos Vargas-Silva, senior researcher at the observatory, said the most recent changes "cannot really be seen as a result of the end of controls on the employment opportunities of A2 [Bulgarian and Romanian] migrants".

"It is important that we see this data for what it is – an important first step in understanding how A2 migration is changing – but until we have complete data for 2014 it is impossible to achieve any definite conclusions about the impact of the end of restrictions," Mr Vargas-Silva said.

Middleton's phone hacked 155 times, court hears

By Jane Croft

Kate Middleton's phone was hacked 155 times by a reporter at the defunct News of the World before she married Prince William, the Old Bailey has heard.

Clive Goodman, the former royal editor at the newspaper, told the long-running hacking trial that he had also accessed voicemail messages from the phones of Prince William and Prince Harry, as well as Ms Middleton, now the Duchess of Cambridge.

Prince William's phone was hacked 35 times and that of Prince Harry nine times, the trial heard.

Mr Goodman, 56, a defendant in the trial, returned to the witness box yesterday for the first time since March, after he fell ill during cross examination.

Mr Goodman, who is not on trial for phone hacking, and private detective Glenn Mulcaire were both convicted of conspiracy to intercept voice messages in 2007 and served prison sentences.

Yesterday Mr Goodman told the trial that police had not asked him before about his phone-hacking activities in connection with the younger royals.

The court heard that the phone of Ms Middleton, then the girlfriend of Prince William, was first targeted in October 2005 and even hacked on Christmas Day 2005.

Despite changing frequently the PIN code to access her voicemails, she was repeatedly hacked.

> 'You knew perfectly well you hacked Prince Harry and Prince William, didn't you?'

Mr Goodman told the court that Ms Middleton was "a figure of increasing importance around the royal family".

Timothy Langdale QC representing Andy Coulson, another defendant in the trial, put it to Mr Goodman that Ms Middleton's messages were first hacked in October 2005.

He added: "You knew perfectly well you hacked Prince Harry and Prince William didn't you?" Mr Goodman replied: "No one asked me."

Earlier Mr Goodman had told the court he had first been given details about how to hack phones by another News of the World colleague in 2005.

However, Mr Langdale put to Mr Goodman that "you knew a great deal about phone hacking much earlier than you have told this court".

The trial first heard last December that the phone of Ms Middleton had been accessed by the News of the World.

Mr Goodman and Mr Coulson face two counts of conspiracy to commit misconduct in a public office relating to two royal phone directories.

They deny the charges. Mr Coulson also faces an additional charge of conspiracy to intercept voicemail messages which he denies.

The remaining five defendants including Rebekah Brooks deny all charges against them. The trial continues.

Company directors' average bonus falls 23% in year

By Brian Groom, Business and Employment Editor

Company executive directors have seen average bonuses fall 23 per cent to less than £50,000 in the past year, research found, suggesting that businesses may be re-evaluating their approach.

The number of directors being paid a bonus has also fallen, although the average size is still worth about 34.5 per cent of salary, said the Chartered Management Institute, a professional body, and pay analyst XpertHR.

The average bonus for a manager was worth 14.5 per cent of salary.

Ann Francke, CMI chief executive, said: "The astronomical pay packages that have been making recent headlines are the preserve of a lucky few." She said payouts for most directors fell this year.

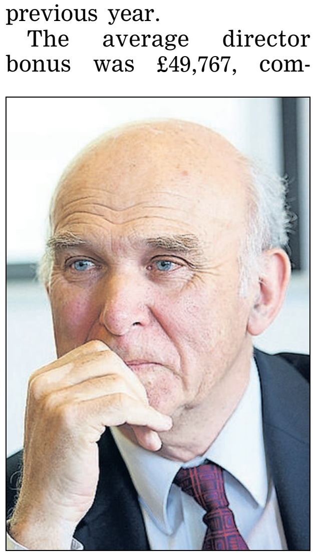
"Many employees will hope that this marks the start of a new approach to bonuses and a move to share the benefits of growth more widely as the economy picks up."

Vince Cable, the business secretary, wrote recently to chairmen of FTSE 100 remuneration committees to warn that pressure for more government action will "inevitably result" unless they do more to curb executive pay rises.

The CMI/XpertHR survey covers a wider range of companies.

Pay for all executives, including bonuses, rose an average 2.5 per cent, compared with 3 per cent the previous year.

The average director bonus was £49,767, compared with nearly £68,000 over the previous 10 years.



Vince Cable has called for executive pay restraint

Average salaries at all executive levels, including bonuses, were £42,230, compared with £42,710 a year ago.

The data covered 68,000 executives in 279 organisations in the 12 months to the end of August last year.

Directors in businesses with a turnover of under £25m had a 2.3 per cent increase in total pay but for those in businesses with a £1bn-£5bn turnover the increase was 6.9 per cent.

The proportion of directors receiving bonuses fell from 85 per cent in 2006-08 to 53 per cent in the past year. The percentage of executives at all levels getting bonuses over that period fell from 59 per cent to 36 per cent.

The survey found that more than three-quarters of companies had recruitment difficulties, with more than half identifying a lack of managers with the right skills as the biggest problem. Staff turnover among managers fell to a record low of 4.8 per cent compared with 20 per cent two years ago.

Tax crusaders renew attack on Vodafone

By Vanessa Houlder

UK Uncut, a grassroots pressure group, has announced plans to reignite its campaign against tax avoidance by staging protests at branches of Vodafone, its original target.

The pressure group said it planned to transform dozens of Vodafone branches into "living rooms, shelters, refuges, bedrooms and hostels" on June 14 to focus on "how tax dodging is crippling the UK's social housing sector".

Vodafone hit back, and accused the group of "picking on the wrong target on the basis of myths and falsehoods".

The renewed push to target tax avoidance comes before a general election, which UK Uncut said would put the government's record on tackling companies who avoid tax, while slashing public spending, centre stage. The group said pledges from David Cameron and George Osborne to crack down on avoidance have proven to be "empty words".

UK Uncut said it was tapping into public anger over news that Gary Barlow, the singer in the band Take That, had invested a in scheme that a judge ruled amounted to a tax-avoidance vehicle.

The Treasury has launched a crackdown on avoidance and evasion, expecting to collect about £10bn from measures to force tax evaders to come clean, reduce the scope for avoidance and to collect tax more quickly in cases where there are disputes. It has also sought an overhaul of international tax rules.

UK Uncut said "forcing tax avoiders to pay their tax could avert a looming housing crisis in the UK" and that Vodafone had not paid any corporation tax in recent years.

The company said it had not done so, because of allowances for capital investment and interest costs but it had a tax provision of £136m for UK corporate tax in 2011.

Vodafone added: "UK Uncut protests are totally unwarranted and ignore all of the salient facts. Vodafone is a major investor in the UK. We are also a major source of direct and indirect employment in the UK and in 2013 we paid £275m in direct taxes, while our total cash contribution to the UK government was more than £1.8bn.

"We spend more than £1bn a year on networks and services in the UK, which more than consumes any profit we make here."

Vodafone became the first target of UK Uncut protests in 2010 after the group claimed the company had been let off a £6bn tax bill following the settlement of a long-running dispute.

A judged-led inquiry by the National Audit Office ruled in 2012 that the settlement had been reasonable.

ECB eyes options to ease flows of credit

Cheap lending to banks on agenda

Loan conditions to aid small business

By Claire Jones in Frankfurt

The European Central Bank is working on measures to ease credit constraints on the eurozone's smaller businesses to unveil alongside interest rate cuts at next month's policy vote.

Mario Draghi last week signalled that policy makers were prepared to counter low inflation, which at 0.7 per cent is below half the ECB's target of just under 2 per cent. After the May governing council meeting, the ECB president said that officials were "comfortable with acting next time".

The ECB is considering actions including an auction of cheap central bank cash, known as a long-term refinancing operation, or buying bundles of SME loans repackaged as asset-backed securities (ABS).

0.7%

inflation is below half ECB's target of just under 2%

The LTRO would come with the condition that banks must increase lending to the bloc's smaller businesses.

An official told the Financial Times that policy makers had discussed both options at last week's governing council meeting, but that the central bank was much closer to working out the details of a targeted liquidity auction than a programme of ABS-buying.

Expectations are mounting that, after six months of standing firm, the ECB will finally respond to the threat of weak inflation, which risks derailing the region's recovery and exacerbating the debt burdens of governments and the private sector in the periphery.

While Mr Draghi said there was consensus within the ECB council over "dissatisfaction about the projected path of inflation", he signalled that whether policy makers acted in June would depend on the central bank's latest forecasts for price pressures, set for publication on the day of the vote.

Jens Weidmann, the president of Germany's Bundesbank and the committee's most hawkish member, has indicated he would back cuts to the ECB's key interest rates, including the deposit rate.

With the rate on deposits now at zero, a cut next month would make the ECB the first big central bank to experiment with negative interest rates. Officials hope this move will raise inflation by weakening the euro and by making imports more expensive. The German central bank has also said it may back purchases of private sector assets.

However, the Bundesbank has signalled its support for more unconventional moves depends on how forecasts for inflation for 2016 will change. While the June projections will almost certainly downgrade the outlook for inflation in 2014, economists are split on what forecasts will show for the year after next.

Jörg Krämer, chief economist at Commerzbank, said: "[The ECB] are likely to revise down inflation forecasts for this year. Whether this feeds through to the 2016 forecast is 50-50."

"[We're] not expecting it be revised down. The ECB can revise 2014 down to 0.8 per cent, 2015 to 1.2 per cent, but 2016 [will stay] at 1.5 per cent," said Nick Matthews, an economist at Nomura.

Eurozone bond yields fell across the board yesterday morning, as investors positioned themselves for the rising likelihood of action from the ECB at its June meeting. German and Italian benchmark 10-year bond yields edged down 3 basis points, while Portugal's fell 2 basis points to 3.51 per cent and Spain's by 4 basis points to 2.84 per cent.

The biggest gainers among eurozone members were France and the Netherlands, where 10-year yields fell 5 basis points to 1.83 per cent and 1.69 per cent respectively. Greece's yield tumbled almost 10 basis points to 6.16 per cent.

Additional reporting by Robin Wigglesworth

Erdogan jeered by angry mining community

By Piotr Zalewski in Soma

Recep Tayyip Erdogan, Turkey's prime minister, received an angry reception from grief-stricken residents as he visited the site of an explosion at a mine near the western city of Soma, where at least 274 workers were killed in one of the country's worst industrial disasters.

The prime minister promised an investigation as he sought to contain public anger into the tragedy, with at least 120 men still trapped 2,000 metres below ground. About 80 workers were injured in the blast.

Visiting the mine 120km northeast of the Aegean coastal city of Izmir, a crowd jostled and jeered Mr Erdogan, while small protests were also reported in Ankara and Istanbul.

"All steps will be taken, judicially and administratively" to investigate the cause of the tragedy, Mr Erdogan said. "Please don't say these things don't happen," he added, citing a number of mining disasters, many from the first half of the 20th century. "These are ordinary things."

Taner Yildiz, Turkey's energy minister, said: "We are moving towards the worst mining disaster in Turkey." The worst coal pit disaster was in 1992, when an explosion killed 263 workers in the Black Sea province of Zonguldak.

At the mine, some 30km outside Soma, ambulances waited to deliver the injured to hospital, while aid workers distributed food to families camping near the facility desperate for news. Sema, the wife of one of the trapped miners, said: "I hope you get to speak to him personally when he gets out, inshallah [God willing]."

Rescue teams carried out the lifeless body of another miner on a stretcher. His face, swollen, bloodied and covered in soot, emerged from underneath a blanket.

Tuesday's explosion in the mine's power unit triggered a power cut that rendered the lifts unusable and caused a fire that filled the mine with smoke. The fire has been contained, officials said, but smoke continues to rise from the mine, increasing fears that few would emerge alive.

Mr Erdogan said most of the dead succumbed to asphyxiation and acknowledged the toll was likely to climb further. He estimated that 120 workers remained inside the mine. A 15-year-old boy was reported to be among the victims.

The tragedy has sparked a political controversy. Two weeks earlier the opposition Republican People's Party (CHP) tabled a parliamentary motion calling on authorities to investigate work-related accidents in Soma's mines.

The motion cited three separate fires over a three-month period in 2012, as well another accident in October last year, which left a total of two dead and 48 injured. It was defeated with votes from Mr Erdogan's ruling AKP.

Trade union representatives across Turkey expressed outrage at safety standards in mines. "The accident at this private facility is truly a work-related murder of the highest degree," Cetin Uygur, former head of the Maden-Is miners' union, said.

According to the Bir Umut (One Hope) Association, work-related accidents claimed the lives of at least 1,235 workers in Turkey last year, more than anywhere else in Europe and 70 per cent more than in 2012.

On Tuesday, Soma Komur Isletmeleri, the mine's owner, said an inspection of the mine in March had revealed no safety hazards. The public prosecutor's office said it had launched a criminal investigation into the disaster.

The European Parliament building in Strasbourg: the secretary-general's vision for the institution is modelled on the US Congress, working to an American-style two-chamber system Reuters

'Prince of darkness' plots EU parliament power grab

Klaus Welle

The secretary-general will not allow an expected poll backlash to spoil his vision, writes **Alex Barker**

Klaus Welle's formal title is secretary-general of the European Parliament.

Yet in the corridors of the EU capital, Mr Welle is better known as Brussels' "prince of darkness".

With his neatly trimmed moustache, icy intellect and fondness for black polo-neck tops, Mr Welle certainly looks the part as he marshals the parliament's 4,000 staff. Even if the fearsome moniker is exaggerated – as he suggests – it reflects a very real shift in the EU's political order.

Once derided as a powerless talking shop, the parliament has through perseverance and some low cunning grabbed hold of almost all EU policy: financial reform, banker pay, trade pacts, data protection rules and a trillion-euro budget.

Mr Welle, as much as anyone, has helped to further that transformation since being appointed to its top job five years ago. It was a Welle-fostered powerplay, for example, that has yielded a new system of using the parliamentary elections to select the presidency of a more revered Brussels institution – the European Commission.

Mr Welle, has delivered new outposts for the parliament in Washington, research arms and multimillion-euro history museums. He has pursued countless other ploys to extend its reach and make the institution more political, more ambitious and more bolshie.

"We started with very little and after 60 years we have developed quite a bit," Mr Welle, 49, said in a speech last year. "Our motto could be: 'We have no chance but we use it'."

That makes this month's parliamentary elections more important than ever. An antifederalist backlash is expected to deliver a quarter or more of the vote to parties that oppose deeper European integration.

Yet Mr Welle and the parliament's core parties are preparing to press on regardless, tightening their grip on how the EU functions.

Andrew Duff, a British Liberal Democrat, describes Mr Welle as "undoubtedly one of Brussels' canniest operators". "His first vocation is the European Parliament, and he has been one of the faithful few in rocky times who have stuck to our federalist guns," Mr Duff said. "He is the right man in the right place at the right time. And that is a rare coincidence in politics."

Within the institution, Mr Welle has stirred controversy – and some fear – for his partisan approach. His appointments, say critics, do not disguise his heritage as a German Christian Democrat, and aide in the parliament's centre-right European People's party bloc. "He has centralised powers around him. It is not healthy," said one senior parliamentary official.

"I don't know how it was allowed to happen. He is very powerful. He thinks he runs the place."

What distinguishes Mr Welle is his clear-sighted vision for the institution. His model is the US Congress. To him, Brussels is already working to an American-style "two-chamber system", where the European Council "represents member states" and the parliament is "representing the citizens".

> 'He is the right man in the right place at the right time – a rare coincidence in politics'

Given the public's ignorance of the European Parliament's workings – let alone its MEPs – it is a presumption that rankles national leaders, such as the UK's David Cameron, who enjoy the legitimacy of robust, popular elections. In terms of crafting legislation, the parliament is still growing into its expanded powers as a co-legislator with the council. Mr Welle has tried to improve its ability to shape and amend law by bulking up its expertise and opening a research service.

Where it trails the US Congress is in holding the executive branch to account. Here Mr Welle's second motto comes into play: it is known as *Verfassungswirklichkeit*, the reality of power in a political system, as opposed to what is written in a constitution. It is the art of exploiting the grey zones of EU law to exert influence. In recent years, parliament has practised *Verfassungswirklichkeit* by regularly forcing nominees to the commission to back out after bruising hearings. Lawmakers' views have become an ever-present consideration for commissioners.

Even though the commission holds a near monopoly on initiating legislation, Anand Menon, a professor of European politics at King's College London, describes it as already "held to ransom by the parliament". With party groups for the first time nominating lead candidates in this month's election, the parliament is marching into a new grey zone. More than just influence over the commission work, it is looking to supply its president for the next five years and dictate its priorities.

The two leading candidates, Martin Schulz for the Socialists and Jean-Claude Juncker for the EPP, may yet fail. Seeking to put the parliament in its place, Britain and other national governments want member states to propose their own candidates for the parliament to approve.

But that may require bowing to parliament on other fronts. "There will be a price to pay and it will set a lasting precedent," said one EU official. That could include ceding some power to the parliament to initiate reforms, or heeding its ideas.

In a recent speech, Mr Welle noted that the outgoing commission president, José Manuel Barroso, had submitted a "political programme" to MEPs at the outset of his term. "I think that it is a process which could become much more detailed and specific next time around," he said.

Klaus Welle: critics say he has centralised more powers. 'He thinks he runs the place'

Europe's Plan Z, Pages 8-9

Qatar labour move fails to allay fears

By Simeon Kerr in Dubai

Qatar unveiled reforms of its labour laws yesterday, responding to global criticism of working conditions that have marred preparations for its hosting of the Fifa World Cup in 2022.

But the proposed changes, while marking significant progress for the Gulf state's arcane labour system, failed to allay some concerns over conditions for Qatar's 1.39m migrant workers as the country embarks on a construction boom to prepare for the football tournament.

Hundreds of workers have died in the state, amid reports – denied by the government – that they were caused by poor conditions.

The government said it would "abolish" the controversial sponsorship system, *kafala*, which is blamed for granting employers excessive control over their staff, and which critics say effectively creates a system of bonded labour. It said exit permits – formerly approved by employers – would be granted automatically by the interior ministry, with a 72-hour period for employers to object.

The timeframe for the implementation of the reforms was unclear.

Rights groups said the proposed changes – while an improvement on the current system – did not constitute an abolishment of *kafala*. They called for an immediate end to exit permits, which limit the movement of most expatriates.

"If employers can still use that 72-hour period to limit people leaving, then this is not addressing the fundamental problem," said James Lynch of Amnesty International. "That's just changing the name – there are no legitimate grounds for employers to hold that right."

Qatari companies have resisted government moves to modify the labour laws, arguing that easing restrictions on workers' freedom of movement would make employers liable for debts and criminal activity.

The government clarified that under the new system, employers would not be liable for workers' debts.

The proposed changes were made after a government-commissioned report into Qatar's labour system by DLA Piper, the law firm.

A copy of the report seen by the Financial Times said that *kafala* is no longer the "appropriate tool" for regulating Qatar's migrant workers, who form 94 per cent of the workforce and would benefit from reform.

Under the current system, the ultimate sanction for breach of contract is criminal detention, which "lends weight to the allegation that the *kafala* system constitutes forced labour", DLA Piper said.

Bulgaria electricity spat fuels suspicions of Russian role

By Christian Oliver in Brussels

Bulgarian authorities are poised to decide whether to eject a trio of Czech and Austrian electricity distributors in a case that is alienating Sofia's EU partners and raising suspicions of undue Russian influence.

The case hinges on a payment dispute between the distributors – Austria's EVN and the Czech companies CEZ and Energo-Pro – and Bulgaria's state electricity company, NEK, with each side claiming to be owed money by the other.

The European Commission, the EU's executive arm, and its 28 nations have complained to Bulgaria about its handling of the case, which is being widely viewed as a test of the rule of law in the bloc's poorest member state.

The case is also being watched as a barometer of Russian influence amid concerns that local businessmen with Russian backing have been lobbying to build stakes in the grid business if the foreign investors are stripped of their licences.

Bulgaria is already under scrutiny amid possible moves to give special treatment to a Russian natural gas pipeline at a time when the west and Russia are in conflict over the Ukraine crisis.

The South Stream pipeline, developed by Russia's Gazprom, would carry gas from the Black Sea to Austria – bypassing Ukraine – and has been a strategic priority for Moscow. The commission has threatened legal action if the Bulgarian parliament amends the national energy law to exempt a portion of South Stream from EU competition rules.

Ognyan Minchev, director of Sofia's Institute for Regional and International Studies, noted that Russian influence was a key factor in both cases, and was often exercised through local media controlled by Bulgarian people with close ties to Russia.

The Bulgarian regulator is expected to deliver its verdict in the electricity case in a matter of days. In the meantime, it threatened yesterday to impose fines of at least Lv50m ($35m) against the companies for 2,690 other infringements.

NEK said it was owed Lv347.6m by the distributors, which have ceased paying for electricity. The companies, in turn, argue they are not paying because they are owed a greater sum by NEK for surplus renewable electricity they were forced to buy. The money owed to the utilities by NEK was confirmed by Bulgaria's supreme administrative court last year.

Günther Oettinger, the EU's energy commissioner, has said that the dispute over payments should be settled in a commercial court rather than a ruling by a regulator that is seen as politicised. "My services . . . will take the necessary legal steps, if necessary, to ensure full compliance with EU law," he wrote in a letter to Bulgaria's energy minister seen by the Financial Times.

The German, French, Austrian, Czech, Danish and Finnish ambassadors in Sofia have also written to Plamen Oresharski, the Bulgarian prime minister, warning that revoking the licences would "send a most negative signal to all existing and future investors in Bulgaria".

Mr Oresharski insists Bulgaria is simply applying its laws and denies accusations of pressing the regulator; but the media are styling the forthcoming verdict on licences as a potential vote-winner for his socialist party ahead of this month's European elections.

Electricity prices are an explosive political issue in Bulgaria and last year helped topple the government of Boyko Borisov.

Bulgarians across the political spectrum are critical of the foreign companies, saying they underinvested and abused their position as regional monopolies. The companies deny this and say their operations are restricted by Bulgaria's regulated market.

‘Nuclear option’ puts Fed on hold

New Senate rules hit confirmations

Bank may have only three governors

By Robin Harding and Gina Chon in Washington

Radical changes to Senate rules have failed to speed up confirmations to vital economic jobs and could leave the Federal Reserve Board with only three governors.

The nominations of Stanley Fischer and Lael Brainard to the Fed have languished in the Senate for four months so far. The situation is even worse at other agencies – the Commodity Futures Trading Commission has no chairman and only two out of five commissioners.

The delays highlight how Democrats' use of the "nuclear option" to force through their nominees has held up less controversial appointments, as Republicans retaliate with delaying tactics to slow down Senate business.

Agencies are often reluctant to take big decisions when a lot of nominees are pending, and if no Fed nominee is confirmed before Jeremy Stein leaves the Fed on May 28, no two governors will be able to meet without forming a quorum. That requires advance notice to the public.

"I think the issue really here is the contest for floor time in the Senate," said Sarah Binder, a senior fellow at the Brookings Institution in Washington. "There are many ways in which the Senate's need for unanimous consent means that Republicans still have leverage."

With a chance that the Democrats will lose control of the Senate in elections this autumn, Harry Reid, the Democratic Senate majority leader, has to choose which nominees and legislation to prioritise, leading to delays for regulators and central bankers.

"If there's any concern about the loss of the Senate then I'd imagine that getting judicial nominees on to the bench with a lifetime appointment may take priority," said Ms Binder.

Last November, Mr Reid invoked the "nuclear option" and changed the body's rules so that most nominees only need a simple majority of 51 votes for confirmation, instead of the previous requirement for a super majority of 60.

Although some Republican senators still try to attract attention by putting a "hold" on nominees – Rand Paul of Kentucky did so for the potential Fed governors this week – such holds are now barely relevant. With a 51-vote threshold, the Democrats can push through any nominee they want.

However, the Senate can only move rapidly with the unanimous consent of all its 100 members, and Republicans now delay even non-controversial appointments, so in effect there is a hold on every single nominee.

There was only one No vote in the Senate banking committee on the current set of Fed candidates, suggesting they will pass easily when they come up for a vote.

Last week, Mr Reid railed against delays in the Senate, saying that an "obstructionist" party is "playing politics and constantly grinding the wheels of the Senate to a stop".

Mayor's $41bn housing goals face long slog

New York City

Bill de Blasio has an uphill struggle to create 200,000 affordable homes over 10 years, writes **Anjli Raval**

Artist Corey Lewis rents out a futon in his one-bedroom Harlem apartment for $36 a night to travellers wanting a cheap place to stay in New York City. It is one way to subsidise his accelerating housing costs.

"Sometimes I'll charge a bit more, rent out my room and I'll sleep on the sofa. By having someone stay for two weeks a month I can cover my $1,500 rent," says 33-year-old Mr Lewis.

"It's also a way to help pay off the $50,000 I have in student debt."

The rising cost of living in the city, from housing and healthcare to transport and taxes, is pushing Mr Lewis and other young professionals to resort to online sites such as Craigslist and Airbnb to rent out basements, sofas, walk-in wardrobes, tents and other spaces, as a means to supplement their income, despite laws meaning it is illegal under certain circumstances.

It is just one aspect of the affordability crunch that inspired Bill de Blasio's successful "tale of two cities" mayoral campaign, when he promised "to put an end to economic and social inequalities that threaten to unravel the city".

Mr de Blasio last week presented a 10-year plan to build or refurbish 200,000 affordable houses by increasing rent protection for the poor, requiring developers to include below-market-rate apartments in newly zoned areas, and encouraging the redevelopment of vacant or underused sites. Attention has now turned to how he plans to achieve his target.

City, state, federal and private funds will pay for the $41.1bn plan, where 60 per cent would be focused on preservation and 40 per cent on building. About $8.2bn of the cost is to be borne by the city.

"Technically, of course, 200,000 units is not enough," says Alicia Glen, Mr de Blasio's deputy mayor for housing and economic development and a former Goldman Sachs executive.

"But this is an ambitious plan that is the biggest undertaking ever attempted at the local level."

Part of the problem is that New York's population has swelled almost 14 per cent over the past two decades to 8.3m, making overcrowding a growing concern. Cheaper homes intended for one person are often being occupied by four people, says Barika Williams, policy adviser at non-profit housing organisation ANHD.

As demand for rental properties has escalated, affordability has dropped, with New York now one of the most expensive US cities in which to rent, according to property website Trulia. The median rent for a two-bedroomed apartment costs more than 60 per cent of the local average wage.

Although a hefty chunk of New Yorkers spend at least half their income on rent, according to the city's Rent Guidelines Board, that is much more than the one-third deemed acceptable by housing groups.

Many residents say New York City, where the median household income stands at $50,711, is turning into a playground for the wealthy. Those who cannot afford to pay large sums for housing have either been forced to live in cramped conditions or pushed out to far-flung, cheaper neighbourhoods. Others have cut back on healthcare and food costs or are living in less safe areas.

The city has had a vacancy rate of under 5 per cent since the Department of Housing Preservation and Development began keeping track more than 40 years ago, which means New York has been in a "housing emergency" for all that time. The city's population is expected to reach more than 9m by 2040, adding to the pressure.

For Mr de Blasio, it is likely to be a messy slog.

Some people have criticised his plan's emphasis on the poorest New Yorkers, which they say perpetuates the "two cities" theme.

Mr de Blasio is seeking a 200 per cent increase in "very-low income" housing, defined as serving a four-person household earning $25,151 to $41,950 a year, and a 50 per cent increase in "moderate-income" units for those making $67,121 to $100,680 a year.

Preventing and reducing homelessness is also part of the plan. New York's shelter population has surged to record levels over the past decade to 53,615 people, including 22,712 children, according to an annual report by the Coalition for the Homeless. But it is those in the middle who are often the ones who feel squeezed the most.

The development plan has a "mandatory inclusionary zoning" stipulation, requiring developers to include a percentage of low and moderate-income housing in buildings benefiting from zoning changes that lift height restrictions. More developers are seeking to build towers as land costs escalate.

The policy is not expected to be adopted for at least a year and, even then, will vary depending on region. Although developers have called it "a realistic road map for solutions" and laud the flexibility, Mr de Blasio's team will have to work hard to achieve its goals. That means young professionals such as Mr Lewis may still be forced to find people to rent sofas in their apartments.

Shocked at how many landlords or subletters do not offer full-sized rooms, Ryan Nethery, a Kentucky film-maker, highlights some of the worst accommodation available to rent.

"They know even awful spaces will get taken because the number of people who want, and need, to live in New York is high and there is a shortage of affordable housing," he says.

New build: Hudson Yards Redevelopment Project in Manhattan. New York's population has risen 14 per cent in 20 years Getty

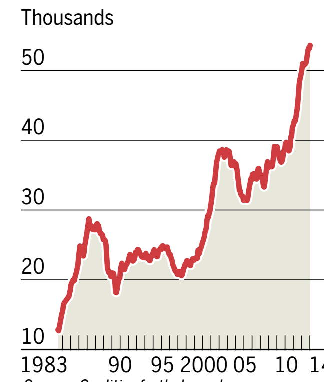
Low rents go

Although Michael Bloomberg, the previous mayor, met his target to build or preserve 165,000 homes, data from Community Service Society, a non-profit lobby group for low-income New Yorkers, show the city lost 40 per cent of apartments for low-income residents from 2002 to 2011, **writes Anjli Raval**. The study defined a "low-income" New Yorker as being on or below 200 per cent of the federal poverty threshold, a demographic that makes up about 40 per cent of the city's residents.

The freedom allowed landlords to increase rents after renovating rent-regulated apartments, allowing them to convert those apartments to market-rate homes, was a factor in the reduction of affordable inventory.

Number of people each night in the NYC shelter system

Thousands



Source: Coalitionforthehomeless.org

Overcautious foreign policy comes home to haunt Obama

GLOBAL INSIGHT

Richard McGregor in Washington

Barack Obama has made great play in office of his success in pulling US troops out of Iraq. In his head, however, he often seems to have never left the Middle East country invaded by his predecessor.

Note the verbal tick when Mr Obama is challenged on whether he should order the use of the US "military" overseas, most recently at the end of his Asia trip last month on his handling of the Ukraine crisis. As he often did in the 2012 campaign, Mr Obama switches gear to reframe the issue, talking not about the "military" but "military adventures", as if the two are inseparably linked.

Mr Obama may have been right about Iraq and his anti-war stance has paid off: in 2008, helping see off Hillary Clinton, his Democratic rival, who voted for the invasion of Iraq; and in 2012, by equating Republican foreign policy with rash, expensive wars.

But his use of language such as "military adventures" has turned foreign policy into a crude binary choice – the US either goes to war or, given the cost and horror of that option, stays on the sidelines – and it is starting to catch up with him.

No one is seriously advocating sending US troops into Ukraine or Syria. Even the Bush administration, Dick Cheney aside, had started to absorb the lessons of the Iraq war by the end of its first term and tailor policy accordingly.

In the words of one commentator, Mr Obama's constant citation of Iraq is akin to perpetually invading "Strawmanistan" and a poor substitute for fashioning his own distinctive diplomatic policy.

The White House often cites the firm support of a war-weary US public for its hyper-cautious use of the military. But that argument gets it only so far.

Approval of Mr Obama's foreign policy actually sank to 38 per cent in the latest, widely watched Wall Street Journal/NBC poll, a new low for his presidency, and well below his overall job performance.

Andrew Kohut, the former head of the Pew Research Center, noted in response to similar data: "The same public that criticises Obama's lack of assertiveness is now saying in record numbers the US should mind its own business, and let other countries get along as best they can."

Maybe the public is on to something. They, too, are not persuaded by "military adventures" in the post-Iraq world but, at the same time, they are mystified by what Mr Obama stands for.

Either that, or they know that America's global standing and its ability to influence world events are faltering, perhaps irretrievably.

As with the US economy, they worry about losing the top-dog status that once seemed part of being American and, when they look to their president for leadership, see no answers beyond rhetoric.

The new advice in Washington for Mr Obama is that the president should "say less and do more". That will not hold for the moment as, in the wake of the criticism, Mr Obama is planning a major speech on foreign policy at West Point military academy at the end of May. Privately, he is infuriated by attacks from the many hawks who populate the op-ed pages in Washington calling on him to send US troops into various conflicts or funnel arms to one side or another. In his mind, prudence in foreign policy is a virtue. A reflex response to deploy the US military is, by contrast, the easy option.

> His rhetoric, and the mishandling of his ‘red line’ over Syria, are bringing their own blowback

A doubtless jet-lagged Mr Obama nearly snapped when pressed at his Manila press conference on suggestions that his Syria and Ukraine policies displayed an endemic weakness.

But his rhetoric, and the mishandling of his "red line" over Syria – threatening a military strike and then swiftly turning to a diplomatic solution in the face of a likely congressional veto – are producing their own blowback.

It should come as no surprise that, if you pitch your policy in terms of managing retrenchment, that the policy itself starts to look like retrenchment and little else. And that is not a success on anyone's terms.

Modi's IT savvy army propels India campaign to new level

Holograms allow simultaneous rallies

By Victor Mallet in Gandhinagar, India

Behind the bas-relief of the goddess Durga at the entrance to the Bharatiya Janata party's Gujarat headquarters, triumphant workers are packing away the projectors and satellite dishes that allowed their leader, Narendra Modi, to address more than 100 simultaneous election meetings a night.

The nationwide deployment of 10-feet high holograms of Mr Modi – requiring scores of shipping containers, trucks and buses – and 4,000 workers – was just one element of a logistical and technological operation unprecedented in Indian politics.

Mr Modi travelled 300,000km and addressed 196 rallies in person in six weeks, while his corporate sponsors financed a barrage of traditional advertising and his young supporters organised an intense social media campaign, likened to the one that propelled Barack Obama to the White House in 2009.

Exit polls suggest that Mr Modi has delivered a crushing defeat to the incumbent Congress party and will become prime minister. One of his advisers said the campaign was akin to the one-sided war in Kuwait and Iraq in 1991, when the US-led alliance used air superiority to crush Saddam Hussein's occupying army. "When they finally moved [on the ground], there was no resistance."

Mr Modi's likely success, however, was not all the work of BJP politicians or the party's traditional workers. A year ago, Prashant Kishor, a 36-year-old former UN health specialist who became one of Mr Modi's trusted strategists, quietly helped establish an anodyne-sounding group called Citizens for Accountable Governance. Led by hundreds of young volunteers – alumni of US universities or the Indian Institutes of Technology who took sabbaticals or resigned from such employers as JPMorgan, Deutsche Bank or their own companies – the CAG became a parallel army of young, IT-savvy talent that propelled Mr Modi's campaign to new levels of logistics, planning and communication.

By December, the group says it had 100,000 volunteers in the field.

"I'm one of the Modi fans," says Kerishma Malik, a 25-year-old MBA graduate who has worked for Boston Consulting in Delhi. "His pro-development agenda is what motivates you."

Siddharth Mazumdar, a 29-year-old Columbia University graduate who co-founded the CAG, is less gushing about Mr Modi.

"It's not that I was an inherent fan. He's got a crazy following, a cult," he says. However, he relishes the challenges of an election campaign in the world's biggest democracy using everything from WhatsApp to holograms. "In America you use technology to reach out to people who have access to technology," he says. "What they [the BJP] have done is reach out through technology to people who don't have access to technology."

The CAG's tasks included the recruitment of millions of supporters via mobile phones, researching ideas for Mr Modi's speeches and giving him feedback; the deployment of observers to polling booths; and sending 400 video vans with 55in (140cm) screens to reach what organiser Piyush Sharma, a 24-year-old CAG member who has worked as a consultant in the Middle East, called the "dark zones" in remote villages where Mr Modi was unknown.

Some CAG volunteers admit that there were tensions between them and the older, established BJP workers but the group's access to Mr Modi was the trump card that brought the party rank and file to heel. "Once these BJP guys know you are working for the man himself, they start working for you," said one 29-year-old previously employed as an analyst for a US investment bank.

The cost of the campaign is unclear – Mr Mazumdar says the CAG plans to make all its finances public – although the Modi holograms were so expensive that BJP candidates were advised to stay away from shows in their constituencies for fear of exceeding the $118,000 spending limit on each parliamentary candidate.

Mr Modi, the BJP and the CAG will almost certainly be celebrating an election win on Friday night. While Mr Modi's political skills far exceed those of his rivals – "This is a beauty contest with just one contestant," author Shankkar Aiyar said this week – there is little doubt that the young technocrats and logisticians will have substantially bolstered the margin of victory.

Narendra Modi adorns a sari in Mumbai yesterday AP

David Pilling, Page 11
Videos and reports, www.ft.com/indiaelection

WORLD NEWS

Loans to Russian companies tighten

Deals dry up since Ukraine crisis

US banks take more cautious line

By Jack Farchy in Moscow

Russian companies are facing tougher restrictions on loans from western banks as sanctions against the country start to bite.

Banks are insisting new loans to Russian businesses not directly targeted by sanctions carry clauses forcing immediate repayment or default if sanctions affect those companies.

"If someone sneezes towards your company, the loan becomes immediately due and payable," said the chief financial officer of a large Russian group.

Loan deals have almost dried up in the past two months since the Ukraine crisis erupted and Moscow annexed Crimea. US and Japanese banks have taken a more cautious approach in the region with Wells Fargo telling the Financial Times yesterday that it had stopped doing new business in Russia.

But some European banks are trying to continue working with the country despite the threat of more sanctions.

According to people familiar with the matter, bankers insisted on rewording the terms of a deal with Metalloinvest, the metals company owned by Alisher Usmanov, Russia's richest man, just days before it announced a $1bn financing.

European banks, including Deutsche Bank, ING, Société Générale and BNP Paribas, made up the bulk of the deal, announced as the US and Europe unveiled the first sanctions against Russia in March.

Loan deals typically require repayment in the event of "material adverse change", with many including a clause committing the borrower to avoid using the proceeds of the loan for sanctioned activity.

However, bankers and company executives told the Financial Times that lenders were requiring much more specific language that would trigger immediate repayment or even default if the companies or any of their beneficiaries were named in sanctions against Russia.

"Banks want to make sure that it becomes specific rather than having to provide evidence of a material adverse change," a senior banker said.

"If you do a new transaction and something happens the next day, you look a bit foolish."

Some executives argue the language is window-dressing to appease nervous compliance officers. "If no US payments are allowed, how will the loan be repaid? It's ridiculous. If the lenders do not want to participate, they'd better not participate," said one executive in Moscow.

Russian companies have also been deterred by the newly stringent requirements from lenders. Sibur, a petrochemicals company part owned by Gennady Timchenko – who was put under sanctions by the US Treasury as one of Vladimir Putin's "inner circle" – borrowed Rbs27bn ($780m) from Sberbank last month after talks with international lenders were delayed.

People familiar with the matter said that one of the sticking points was the banks' insistence on enhanced sanctions clauses. Sibur said it had "considered borrowing options both from Russian and international banks" but chose Sberbank "due to better terms offered".

James Johnston, regional president for Europe Middle East and Africa at Wells Fargo, said the US bank had stopped doing any new business in its Moscow office.

"We are taking a wait-and-see approach," he said.

He said the bank had $786m of exposure in Russia at the end of last year.

Other US banks have cut their exposure. Citigroup said in a filing that its exposure to Russia fell 9 per cent to $9.4bn in the first three months of the year. JPMorgan Chase said it cut its exposure to Russia by 13 per cent to $4.7bn in the same period, while Bank of America Merrill Lynch cut its exposure to the country by 22 per cent to $5.2bn.

Additional reporting by Martin Arnold in London

Where the oil is

ExxonMobil
Since 2011 Exxon has had a co-operation agreement with Rosneft, the state-controlled oil group, which now covers Arctic exploration, shale projects in western Siberia and a possible liquefied natural gas plant in Russia's far east

Royal Dutch Shell
Shell signed a co-operation agreement with Gazprom, the state-controlled gas group, in 2010, and last year agreed new accords for exploration in the Russian Arctic and the Bazhenov shale deposit

Statoil
Norway's national oil company signed its agreements with Rosneft in 2012, including Arctic exploration in the Barents Sea and the Sea of Okhotsk, as well as onshore developments of heavy oil and shale oil

Total
Total is leading the Yamal LNG project in northern Russia in a consortium with Novatek, the independent Russian gas producer, and CNPC of China. One of Novatek's shareholders, Gennady Timchenko, is under US sanctions

Eni
Eni of Italy also signed a co-operation agreement with Rosneft in 2012, and last year the two companies finalised plans for joint ventures to explore three blocks in the Barents and Black seas

BP
BP took a 19.75% stake in Rosneft last year as it sold out of its TNK-BP joint venture. Bob Dudley, BP's chief executive, has said the stake means BP can 'play an important role as a bridge' between Russia and the west

Sources: companies; FT research; BP; Energy Information Administration

FT graphic

Forecast halved

The stand-off between Russia and Ukraine is having a "severe" impact on the two economies and threatens to slow or even halt eastern Europe's recovery, says the leading multilateral investment bank for the region, **writes Neil Buckley in London**.

The European Bank for Reconstruction and Development more than halved its 2014 growth forecast for the ex-communist economies of eastern Europe and the former Soviet Union, plus Turkey, from 2.8 per cent in January to 1.3 per cent.

"What you see now is that the growth recovery that we were hoping for at the beginning of the year is being interrupted in our region, which is a little bit different from what is happening elsewhere in the world," said Erik Berglof, the EBRD's chief economist.

The biggest downgrades were for Ukraine, forecast to contract 7 per cent this year – against 1.5 per cent growth in January – and Russia, whose growth forecast was cut from 2.5 per cent to zero.

Video: www.ft.com/ebrd

Energy ties pose conundrum on use of sanctions

Oil and gas

Targeting only new projects would do long-term damage while protecting global supplies, writes **Ed Crooks**

As the US looks for levers to exert influence over Russia, energy is an obvious choice. Oil and gas generate more than 50 per cent of Russian federal government revenues, and Rosneft and Gazprom, the country's two largest energy companies, are both state-controlled.

The problem is that energy binds Russia to the rest of the world in a co-dependent relationship. Consumers – especially in Europe – need Russian oil and gas as much as Russia needs the revenue that their sale brings in.

The new energy sanctions now being proposed by the US are intended to circumvent that obstacle.

The plan is to block exports of oil and gas technology only for new projects run by state-controlled companies, with the objective of casting the long-term future of Russia's energy industry into doubt, while safeguarding its short-term contribution to global fuel supplies.

"This situation calls for a scalpel, not a meat axe," says Robin West of the Center for Strategic and International Studies. "We need targeted asymmetric sanctions that hurt them more than they hurt us."

By allowing continued exports of oil and gas equipment and services to Russia's existing oil and gas-fields, the proposed sanctions should make very little difference to the country's energy exports.

Russia's oil exports of about 7m barrels per day supply 8 per cent of global consumption, while gas exports of about 16bn cubic feet per day meet 30 per cent of Europe's demand. Blocking exports of equipment and services for new projects could have a "very meaningful impact on Moscow", says to Jason Bordoff of Columbia University's Center on Global Energy Policy. Depriving Rosneft and Gazprom of the most modern technology would be a significant setback for their ambitions in the areas that are the future of the Russian industry, including shale oil.

Vladimir Putin, Russia's president, moved in the 2000s to tighten the state's grip on the energy industry and curb the influence of western companies, but more recently has been encouraging deals to bring in expertise in drilling and hydraulic fracturing that will be needed to develop the country's more challenging resources.

ExxonMobil of the US in 2011 signed a wide-ranging strategic co-operation agreement with Rosneft, which has since been expanded to include joint exploration of the Arctic Kara, Chukchi and Laptev seas, pilot projects in the Bazhenov and Achimov shales of western Siberia, and a possible new liquefied natural gas plant in the far east of Russia.

>50%

Russian revenues generated from oil and gas

30%

Total of Europe's demand met by Russian gas exports

Royal Dutch Shell has a similar arrangement with Gazprom, also expanded last year to include exploration in the Arctic and shale development in western Siberia. Without the help of these and other western companies, such projects would progress much more slowly, if at all, and would face higher costs.

The sanctions would not send Russia's oil and gas production into an immediate slump, but over time the natural decline of existing fields would depress the country's output.

The US government's Energy Information Administration has estimated that the more stringent sanctions on Iran cut its oil production capacity by about 10 per cent to 3.4m barrels a day during 2009-13.

The uncertainty over Russia's long-term prospects in oil and gas would probably also depress the share prices of Rosneft and Gazprom. Exempting private sector companies would also help local rivals such as Novatek, the Russian independent gas group, which would probably be allowed to go ahead with Yamal LNG, its project with Total of France.

The sanctions will be more effective if applied multilaterally. Shell is based outside the US, as are many of the main technology providers.

Schlumberger, the oil services group with a large Russian operation, has its legal domicile in the Netherlands Antilles. SeaDrill, which is providing the rig scheduled to drill wells for Exxon in the Kara Sea, is registered in Bermuda.

The US is seeking support from European countries, but that may not be necessary. Mark Dubowitz of the Foundation for Defense of Democracies points out that when the administration began tightening restrictions on Iran in 2010, "secondary sanctions" were effective in persuading non-US companies to stop doing business there.

The tricky question will be what to do if the crisis drags on.

As time passes and the effect on Russia's output grows, the strains on world energy markets will become more noticeable, potentially driving up prices for oil and gas.

Mr Bordoff warns: "In a global economy, each of these actions may also come at a cost to the countries imposing the sanctions that needs to be considered."

Moscow tussle at WTO points to souring embrace with partners

Trade body has few enforcement levers

By Shawn Donnan in London

When, after almost two decades of negotiations, Russia became in 2012 the last major economy to join the World Trade Organisation it did so to great acclaim. Business groups hailed the opening-up of an important emerging market.

The World Bank predicted a great boost to Russian national income. Karel De Gucht, the EU's top trade official, declared it a "major step for Russia's further integration into the world economy".

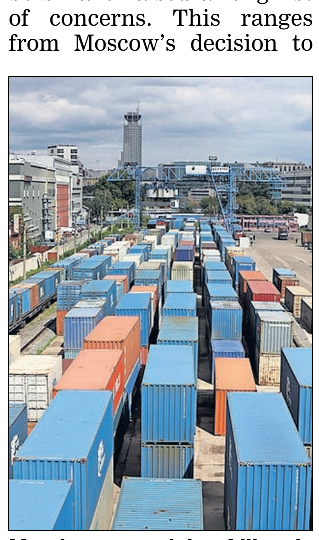
Two years on, however, Russia has become the subject of a growing confrontation echoing through the WTO's marbled halls in Geneva. "Russia is moving increasingly to build walls around its economy," Michael Punke, the US ambassador, complained this week to the WTO's top non-ministerial body, the General Council, during a session on Russia's membership that amounted to a rare public dressing-down of a WTO member.

The battle in the WTO is a reflection of how broader relations between Russia and its trading partners in the west have deteriorated as a result of the crisis in Ukraine. But its origins predate the stand-off and raise bigger questions for the future about Russia's engagement in international bodies such as the WTO as its leadership becomes more isolated.

Russia is the subject of a growing number of disputes in the WTO. The EU has already filed complaints over Russian policies that it says amount to illegal barriers to European cars and pork products. Officials in Brussels say they are preparing additional cases, including a broader challenge to Russia's import duties regime.

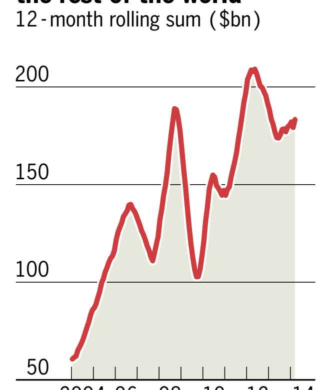
But the battle over Russia in the WTO has gone beyond that. The EU, US and other prominent members have raised a long list of concerns. This ranges from Moscow's decision to raise tariffs it had promised to lower, to the opacity of its plans to turn an existing customs union with former Soviet states such as Kazakhstan and Belarus into a broader Eurasian Union.

More broadly, they argue, Russia has wilfully failed to embrace the broad point of joining the WTO – to encourage more open economies and increase trade with fellow members.



Members complain of illegal barriers to trade in Russia

Russia's trade balance with the rest of the world
12-month rolling sum ($bn)



Source: Thomson Reuters Datastream

Russia denies it is doing anything of the sort. Officials and analysts in Moscow insist that Russia intends to live by its obligations. They claim the WTO disputes it is involved in are a routine consequence of membership.

"Many people bring complaints against other people in the WTO. That is normal politics," said Alexei Portansky, a former spokesman for Moscow's WTO accession bid now at Russia's National Research University.

Russian officials have also fired back by threatening to use the WTO to challenge EU and US sanctions levied as a result of the crisis in Ukraine.

No one is threatening to push for Russia's expulsion from the WTO. Such a move would be unprecedented and almost impossible, unless Moscow quit of its own volition. Trade officials also argue that having a forum to air disputes with Russia is exactly why keeping it as a member is important. But the fight risks highlighting the WTO's institutional weakness. Even when it finds against a member in a dispute there is little the WTO itself can do to enforce a ruling other than give another member the right to impose punitive trade measures.

Angelos Pangratis, the EU's ambassador to the WTO, gave warning this week that Moscow's repeated moves to ignore its commitments posed a risk to the credibility of the organisation as a whole.

"This is an issue of systemic importance," Mr Pangratis told the general council. "A WTO member cannot serially fail to respect its obligations without undermining the rules-based multilateral system we all believe in."

Just how big a risk that represents is unclear. Russia would not be the first WTO member to ignore its rulings. But if Moscow persisted in routinely doing so, it would add to the uneasiness in Geneva, where the WTO is fighting for relevance as a venue for negotiating trade agreements.

Fredrik Erixon, a trade analyst at the European Centre for International Political Economy, argues that the current fight illustrates the "naivety" with which European and US officials embraced the idea of Russian membership in the first place. "The perception in the western world since the collapse of the Soviet Union was that Russia would eventually turn into a democratic market economy," he said. "That's been a false assumption, a completely misguided narrative, ever since the Soviet Union collapsed."

Vietnam mobs ransack Chinese factories

By Demetri Sevastopulo in Hong Kong, Michael Peel in Bangkok and Jeremy Grant in Singapore

Factories in Vietnam making goods for export halted production after plants were ransacked and burnt as maritime tensions in the South China Sea spilled into the business world.

On Tuesday mobs attacked businesses at a Singapore-run industrial park near Ho Chi Minh City in southern Vietnam. Many foreign factories stopped work as a precaution.

Yue Yuen Industrial, the world's biggest sports shoe maker which supplies Nike, said it was not affected but had suspended production as a precaution. Li & Fung, the world's biggest sourcing company, said some of its suppliers in Vietnam had also stopped production.

Last night, the industrial zone's management said police and security guards had "re-established control". It said 99 tenants had been hit by the protests and four Chinese and Taiwanese factories were set on fire.

The attacks highlight the widening impact of a spat between China and Vietnam over disputed parts of the South China Sea.

They have echoes of violent protests against Japanese companies in China in 2012 related to a separate dispute over the Senkaku Islands – which Beijing claims and calls the Diaoyu – in the East China Sea.

Chinese consumers boycotted Japanese products and targeted companies.

> The attacks highlight the widening impact of a spat between China and Vietnam

The Vietnam protests have been sparked by the latest spat over disputed waters in the South China Sea. Chinese and Vietnamese ships are engaged in a stand-off near the Paracel Islands. Vietnam last week sent vessels to the area after China moved a deep-sea oil rig there.

Vietnam allowed protesters to demonstrate outside the Chinese embassy in Hanoi at the weekend, but the factory attacks show rising anger towards China. The government deployed riot police yesterday.

One official cited by Vietnamese media said some of the affected factories were South Korean or Taiwanese and that peaceful protests had been exploited by "extremists" who set fire to at least 15 factories.

Crystal Group, one of Asia's biggest clothes companies with operations in Hanoi in northern Vietnam, said it had no plans to suspend production, but was assessing the situation to ensure employees were safe.

The Chinese embassy in Hanoi urged Chinese company staff to be on guard for protests. Xinhua, China's state news agency, reported that Tran Van Nam, a top official in Binh Duong province where the attacks occurred, said the government was "determined to suppress those who force others to take illegal actions".

Singapore yesterday said it viewed the issue "very seriously given our close economic co-operation with Vietnam" and had asked the country "to restore order urgently". It summoned Vietnam's ambassador to express its concern.

Additional reporting by Julie Zhu

Factories burn after the Binh Duong province attacks

ANALYSIS

Inside Europe's Plan Z

How the euro was saved

In the second instalment of a series on the year that changed Europe, *Peter Spiegel* reveals how a secret strategy was developed to contain the firestorm from a Greek exit.

Every working day since the crisis struck, George Provopoulos, the silver-haired governor of Greece's central bank, summoned a small "emergency team" of aides to his offices at 6pm to review the health of the nation's banks. What he was told on June 15 2012 was enough to make the courtly central banker blanch.

It was the Friday before a parliamentary election – the second national vote in as many months – and the country appeared to be edging towards panic. On that day, Greeks withdrew more than €3bn from their bank accounts, or about 1.5 per cent of the country's entire economic output. The Bank of Greece had watched people moving money from their banks to their mattresses for nearly three years, but never on such a scale.

"In a matter of a few days, a full-blown banking crisis could have erupted," Mr Provopoulos said in an interview. At that rate, Greece would run out of bank notes in a day or two.

Unbeknown to almost the entire Greek political establishment, however, a small group of EU and International Monetary Fund officials had been working clandestinely for months preparing for a collapse of Greece's banks. Their secret blueprint, known as "Plan Z", was a detailed script of how to reconstruct Greece's economic and financial infrastructure if it were to leave the euro.

The plan was drawn up by about two dozen officials in small teams at the European Commission in Brussels, the European Central Bank in Frankfurt and the IMF in Washington. Officials who worked on the previously undisclosed plan insisted it was not a road map to force Greece out of the euro – quite the opposite. "Grexit", they feared, would wreak havoc in European financial markets, causing bank runs in other teetering eurozone economies and raising questions of which country would be forced out next.

But by early 2012, many of those same officials believed it was irresponsible not to prepare for a Greek exit. "We always said: it's our aim to keep them inside," said one participant. "Is the probability zero that they leave? No. If you are on the board of a company and you only have a 10 per cent probability for such an event, you prepare yourself."

Over the past six months, the Financial Times has interviewed dozens of officials directly involved in fighting the eurozone crisis to examine how, over the course of the conflagration's final year, those leaders transformed the European project into something entirely new: a far more centralised eurozone where EU institutions have assumed vast swaths of economic and financial authority that once rested with national governments. Voters seeking to reject this new concentration of power in Brussels and Frankfurt could be a significant force in next week's European Parliament elections.

A new sense of urgency

It was yet another near-catastrophe in Greece – which by mid-2012 had experienced street riots, soaring unemployment and austerity that had produced four years of Great Depression-style economic contraction – that would spark European leaders to act decisively. Since 2009, Greece's economy had shrunk by 20 per cent.

At no time in the crisis was Europe's single currency more at risk of blowing apart than the weeks either side of the Greek parliamentary election in June. Grexit planning took on new urgency when it appeared that the leftist Syriza party – led by anti-bailout insurgent Alexis Tsipras – was on the verge of winning. "That was the time when we really said: We've got to finalise our work," said another person involved in Plan Z.

With most of the world's economic leadership flying to Los Cabos, Mexico, for the annual Group of 20 summit the same weekend as the Greek vote, a small group of top EU officials stayed at their desks in case Plan Z had to be activated. They were led by Olli Rehn, EU economic commissioner, who cancelled his flight to Mexico to stay in Brussels. Mario Draghi, the European Central Bank chief, remained in Frankfurt and Jean-Claude Juncker, the Luxembourg prime minister who headed the eurogroup of finance ministers, was also on call.

Plan Z was never used. Mr Tsipras's Syriza party finished second, allowing Greece's mainstream parties to form an uneasy coalition that eventually agreed to stay the bailout course.

But senior officials said the near-miss that summer, and the ensuing debate about Greek membership, helped focus minds in capitals across the eurozone – particularly Berlin, where fights over the advisability of Grexit raged for three more months, before Angela Merkel, the German chancellor, finally put an end to them.

A stunning reversal

Greece's membership of the euro has been a contentious subject since the moment Athens joined the common currency in 2001. After years of raising alarms, Eurostat, the EU's statistical agency, conducted an investigation in 2004 that found Greece had misreported its financial data, producing figures that vastly overstated its fiscal health in the run-up to euro membership. Despite endemic mismanagement, Athens was able to take advantage of the low interest rates that came with eurozone membership to keep its economy humming on borrowed cash. EU leaders largely ignored the warnings about Greece from bean-counters in Brussels.

But when Greece's bailout began to falter in 2011, the issue moved from dust-covered EU reports to closed-door deliberations between Europe's most influential leaders. According to multiple EU officials, Wolfgang Schäuble, the powerful German finance minister, became Grexit's most influential advocate.

Until early 2012, however, much of the discussion remained theoretical, the province of competing economists within various finance ministries, as well as the commission's economics directorate, which attempted to model the impact Grexit would have on Greece and the rest of the eurozone.

Actual Europe-wide contingency planning remained limited, if it occurred at all. Jean-Claude Trichet, the ECB chief until November 2011, barred any discussion of Grexit for fear that even a hint the central bank was considering it could become a self-fulfilling prophesy, former ECB officials said.

In Brussels, a group directed by Marco Buti, head of the commission's economics directorate, had quietly compiled data aimed at convincing Germany and its allies that Grexit

On the first public mention of Grexit

'I fell off my chair. For the first time, instead of the word being expunged out of conversations, they were using it. I remember thinking "we're heading for trouble now"'

On the rise of fringe parties in Greece following the bailout

'We were not reading properly what was happening in Greek society. Nobody picked up the rise of Golden Dawn, nor the spectacular rise of Syriza, nor our collapse'

would wreak far more havoc than they were anticipating. But more concrete planning was curtailed for fear of leaks.

Only at the IMF, which had vast institutional experience gained from all manner of economic disasters, had any serious work begun.

When Grexit was first publicly broached during the November 2011 G20 summit in Cannes – where both Ms Merkel and host Nicolas Sarkozy, the French president, pushed for an in-or-out referendum in Greece – there had been no planning for an outcome in which Greece opted to leave.

Several senior officials said they were stunned Ms Merkel and Mr Sarkozy had aired the idea that the eurozone could be left voluntarily, something that had previously been vigorously denied. Even officials who had worked closely with the two said they were caught unawares.

"I fell off my chair," said one who had participated in closed-door discussions with both leaders. "For the first time, instead of the word being expunged out of conversations, they were using it. I remember thinking then: we're heading for trouble now."

Leaving the Greeks out

Work on Plan Z began in earnest in January 2012, largely overseen by four men. Jörg Asmussen, a German who had joined the ECB executive board that month, was assigned by Mr Draghi to head a Grexit task force within the central bank. Thomas Wieser, a long-time Austrian finance ministry official, was appointed permanent head of the "euro working group" of finance ministry deputies and helped co-ordinate work in Brussels with Mr Buti. And Poul Thomsen, a Dane who had headed the IMF's Greek bailout team since the onset of the crisis, provided input from the fund in Washington.

Efforts to keep information from leaking from the small teams around the four men were extreme for the same reason Mr Trichet had banned such planning: public discovery could be enough to cause the kind of panic that would force them to put their plan into action.

According to one participant, no single Plan Z document was ever compiled and no emails were exchanged between participants about their work. "It was totally fire-walled even within [the institutions]," said the official. "Even between the teams there was fire-walling." A decision was made not to involve Greek officials out of fear of leaks.

Their firewalls worked. During a

Greek bank deposits

Source: Bank of Greece Photo: Bloomberg

Fall in average wages in the four years leading up to the 2012 elections

dinner between José Manuel Barroso, the commission president, and Ms Merkel at the chancellery in Berlin less than two weeks before the Greek vote, Ms Merkel asked for reassurance from Mr Barroso that a plan was in place in case Greece rejected bailout conditions and Grexit ensued.

Mr Barroso acknowledged the plan's existence and offered to show it to Ms Merkel but she said his word was enough, according to officials in the room. Under the German system, such documents can be requested by the Bundestag, and senior German officials were concerned they would be obliged to disclose such planning if they had it in writing.

Although the FT was not given access to Plan Z documents, officials who saw them said they amounted to a detailed script of how to create a new financial system from scratch.

An argument and a plan

In Washington, IMF officials prepared a 20-page matrix of actions. Drawing on their experience on bank runs and currency crises, officials said the detailed IMF blueprint included such drastic action as turning off all ATMs and reinstating border controls to prevent massive capital flight.

At the ECB, officials studied Argentina's experience of issuing IOUs during their 2001 currency crisis, since the euro notes and coins circulating in Greece would no longer be legal tender. Among the options was issuing Greek IOUs worth about half the value of those euros, since getting new bank notes to Greece would be a logistical nightmare.

ECB officials examined the US military's introduction of new dinars into Iraq in 2003 but were humbled by the logistical challenge; the US effort took only three months but relied on the air and land assets of the world's largest armed forces. Greece's capacity to print notes on its own was limited; since the euro was introduced, Athens had mostly printed €10 notes.

Equally complicated was the basic "plumbing" of the Greek economy. Greece, like all other eurozone countries, is connected by a network called Target 2, a giant proprietary computer system run by the ECB and national central banks that make most commercial transactions possible. Once Greece was disconnected from Target 2, it would have no way to clear transactions, grinding the economy to a halt. The entire system would have to be rebuilt.

Similar work was occurring in Brussels. Some of it was thick in EU law: how can a ringfenced economy still be a fully integrated member of the EU's internal market, which requires a free flow of goods? What were the legal authorities to set up capital controls?

Other preparations were much more practical, such as which officials would appear in public to announce Greece's new status. "The people who would have been responsible for pulling a switch, they would have received in good time a paper saying: you've got to do this and this and this," said a participant.

To many who worked on the project, Plan Z was as much an argument as an action plan. They wanted to demonstrate to those advocating for Grexit that the job was Herculean, something they could not conceivably back once they realised how difficult it would become. But in the summer of 2012, Greek voters almost forced their hand.

A hard default

With most of Europe's attention focused on France, where Mr Sarkozy was fighting an unsuccessful effort to win re-election on the same day as Greece's first parliamentary election, few outside Greece anticipated the storm that was approaching. Even within Greece many political leaders were stunned when results started rolling in on the evening of Sunday May 6.

For most of the four decades since its return to democracy in 1974, Greece's electoral politics had been dominated by two parties, Pasok on the left and New Democracy on the right. But as the crisis deepened, amid accusations by bailout monitors of mismanagement under governments led by both parties, that status quo began to splinter.

Anti-government activists on the far left and right, once dismissed as radical fringe groups tossing Molotov cocktails in Athens' central Syntagma Square, began to gain support from a disaffected electorate. The neo-Nazi Golden Dawn party found a receptive audience among the alienated urban poor; the charismatic Mr Tsipras found his own fertile ground among supporters of Pasok, which had negotiated the hated bailout agreements.

As expected, New Democracy finished first in the vote but it polled less than 19 per cent – a stunning 14.6 percentage points less than it had received in national elections three years earlier. Even more remarkable was the complete collapse of Pasok. It finished third behind Syriza, with just 13 per cent of the vote – 31 points less than in 2009.

"We were not reading properly what was happening in Greek society," said a veteran Pasok politician. "We knew there was a lot of anger but when you're caught up in the [bailout] programme and wanting to make it a success and believing that the country needs to change, we did not pick up – nobody did, really – the rise of Golden Dawn, nor the spectacular rise of Syriza, nor our collapse."

One person who was not surprised was Lucas Papademos, Greece's technocratic prime minister who had managed to hold the country together during a truncated six months in office. In an interview, the former central banker said opinion polling on the eve of the vote had made him so concerned the election would prove inconclusive that he remained in his office on the Sunday night of the election to prepare for the market shock.

According to Mr Papademos, Greek authorities were concerned in the vote's immediate aftermath that things could spin out of control if the antagonistic parties were unable to form a government for weeks. But they also feared that a new govern-

ANALYSIS

The Plan Z team

Jörg Asmussen
European Central Bank

Poul Thomsen
International Monetary Fund

Thomas Wieser
Euro working group

Marco Buti
European Commission

Clockwise from above: rioting in Athens; José Manuel Barroso and Antonis Samaras address a joint press conference; German finance minister Wolfgang Schäuble, the most influential advocate of Grexit
Reuters; Getty; Bloomberg

ment, led by Syriza or even New Democracy, would reject the bailout deal, leading EU authorities to pull the plug. "The risk was that the constellation of election results would not allow the formation of a government supportive of the new economic programme," Mr Papademos said.

In a teleconference, the seven European leaders heading to the Los Cabos G20 summit agreed to stick to a common line: they would promise to support Greece – but only if it abided by the existing bailout's conditions. There would be no renegotiation.

Without bailout funding, Athens would no longer be able to pay its bills, and there was a €3.1bn bond due on August 20, a portion of which was held by the ECB.

A "hard default" – failing to pay an outstanding bond – was long seen as the most likely route to Grexit since, if there was no one left to lend to Athens, it would not be just the government that ran out of money.

At the time, Greek banks were relying on emergency central bank loans to stay afloat because private investors had stopped lending. To get those central bank loans, Greek banks had to provide some kind of collateral, which, for banks in most countries embroiled in the crisis, meant government bonds. But those government bonds would become worthless in a hard default, so central bank loans would be cut off. Without emergency liquidity assistance, Greece's banks would collapse. With no banks there was no economy.

This would not happen in a traditional monetary system. But Greece did not have a central bank in the traditional sense. Its central bank was in Frankfurt, run by officials who were mainly not Greek, and there was no way to compel the ECB to lend to Greek banks. The only way to restart the banking system would be for Athens to set up its own central bank and begin printing its own currency.

'Kill the country in hours'

But Mr Papademos and EU officials began to worry about a second "accidental" route to Grexit after the May election results: a bank run.

If panicked withdrawals began, it could lead to the same place as a "hard default". Greek banks would literally run out of cash, and the ECB would be unable to fund them because they would be insolvent. "Rules would clearly prohibit providing liquidity without adequate collateral, so that means you kill the country within hours," said an ECB official involved in the deliberations. To restart the banks, a new currency would be needed.

As Greece's political parties fought over whether they could form a government, Mr Papademos was receiving daily updates from the central bank on totals being withdrawn by depositors; the amounts were becoming so large that he wrote a warning letter to the Greek president. If no government was possible, elections had to be called quickly.

Since the start of 2009, Greek authorities had successfully managed a slow-motion "bank jog" that had seen deposits fall from €245bn to less than €159bn on the eve of the 2012 elections. According to Greek officials, about a third of that money was pulled out of the country entirely; another third was spent to maintain rapidly falling living standards; and a final third was squirrelled away in mattresses and pillowcases for fear the euros could be turned into drachma if they were kept in banks.

Under Mr Provopoulos, the central bank went so far as to fly in extra euros from other parts of the EU to ensure even large withdrawals could be accommodated. A pattern was established: if a Greek depositor asked for a big withdrawal, they were told to come back the next day. For Greek central bankers, it was essential the account holder got the cash when they returned.

"What if a depositor had walked into a bank and asked for his or her money? What if the answer was: 'I'm sorry, we are short of cash'?" said Mr Provoploulos. "Under the then prevailing conditions, it would have led to widespread concerns and very likely panic among depositors." An astounding €28.5bn in new banknotes was pumped into Greece in the run-up to the 2012 elections.

But the feverish withdrawals between the May and June votes – the central bank was making shipments 24 hours a day – spooked officials, none more so than those watching from the ECB. A bank run raised questions of democratic legitimacy – should an unelected group of central bankers in Frankfurt, by deciding on their own that Greek banks were no longer solvent, really be the ones to force Greece out of the euro?

Inside the ECB, there was broad consensus that the call that would lead to Grexit should not be made by central bankers. Instead, they would pass the decision to eurozone politicians.

During a June 25 meeting in Brussels with Mr Barroso and Herman Van Rompuy, the European Council president, with Mr Juncker joining by phone, Mr Draghi informed the leaders that eurozone politicians would be asked to guarantee emergency loans to commercial banks before the ECB pulled the plug.

Mr Draghi's warning was not an academic exercise. One official said Mr Draghi had told the leaders a "period of uncertainty" would begin 30 days before the August bond was due, on July 20. Although Antonis Samaras had cobbled together a coalition the week before, the new government was still demanding renegotiated bailout conditions. And Ms Merkel had not yet decided whether Greece should remain a member of the eurozone.

The infected leg camp

For Germany, the Grexit debate echoed nearly every negotiation over Europe's common currency since its founding document, the 1992 Maastricht treaty. Should it be a German-led monetary union made up of a small number of neighbouring states with similar economies or a broader political project that welcomed even those less competitive economically?

As a scientist trained to search for certainty, Ms Merkel began her own attempt to answer that question in the months leading up to her 2012 summer break. It would be an exaggeration to say she privately consulted every great economic and political mind in Europe during those weeks. But only a slight exaggeration.

During a Berlin meeting in early June with Mr Barroso, she solicited his view, fretting that Greek voters were about to force their hand by choosing a government that rejected the current bailout. When Mr Barroso told her Grexit would be a disaster and that Mr Samaras would probably win, Ms Merkel said it was Mr Samaras she was worried about, since he was on the campaign trail advocating scrapping the programme.

On Wolfgang Schäuble's support for 'Grexit'

'People think he doesn't like the Greeks. That's not true. It is because he loves Europe that anybody who's screwing European ideas is just so anti-European that they don't have a place in his scheme of things'

José Manuel Barroso tells Antonis Samaras to stop making demands

'Don't start asking for new conditions; there's no way. The first message you have to convey to Germany is that you are going to deliver'

Tomorrow

Next: How Angela Merkel came to embrace the programme that delivered the *coup de grâce* to the eurozone crisis

Two days later David Cameron, the British prime minister, engaged in a similar debate with Ms Merkel in Berlin, according to officials who participated in the meeting. Although Mr Cameron was less optimistic than Mr Barroso regarding Greece's ability to turn itself round, his advice was the same: the market reaction was likely to be violent and a eurozone bank run would be hard to stop, citing the UK experience with Northern Rock.

Ms Merkel's advisers were divided into two camps: the "domino" camp and the "infected leg" camp. The domino camp warned that Grexit would trigger panicked selling of all troubled eurozone government bonds, potentially followed by large-scale bank runs in Portugal, Italy and Spain.

The infected leg camp argued that cutting off Greece would allow the rest of the eurozone to return to health. "You had these two camps and you had good economists in both camps," said a German official.

At the head of the infected leg camp was Mr Schäuble. Several people who spoke with him said he viewed a Greek exit almost idealistically, as something necessary to save a European project that he had worked for his entire political career.

"What is little understood is that this is because he is such a fervent pro-European," said one eurozone official who discussed the issue with the gruff German finance minister. "People think he doesn't like the Greeks. That's not true. It is because he so much loves Europe that anybody who's screwing European ideas is just so anti-European that they don't have a place in his scheme of things."

Moral hazard

That drive would occasionally lead to conflict with Ms Merkel, officials said. Where Mr Schäuble was far more prepared than his chancellor to cut Greece loose, he was also more willing to increase Germany's contributions to the eurozone's bailout fund to help create an impenetrable firewall to protect other euro members.

Within the German finance ministry there was a core group who took an even harder line. Most focused on the "moral hazard" that they argued was emerging in the eurozone, where countries believed there were no consequences to their fiscal mismanagement. Some senior aides felt that "you need to sacrifice one to scare the rest", said a person involved in the finance ministry discussion.

Ministry officials compiled analysis arguing that Grexit would cost less in the short term than trying to keep a fundamentally insolvent country on life-support indefinitely. Outside consultants were brought in to run similar studies.

Ms Merkel was being given conflicting advice by three central bankers whom she relied on heavily during her pre-holiday soundings and trusted implicitly: Mr Asmussen, who had been Mr Schäuble's deputy before moving to the ECB; Jens Weidmann, her former economic adviser whom she had named head of the Bundesbank a year earlier; and Philipp Hildebrand, former head of the Swiss National Bank.

All shared the concerns about moral hazard and felt it was unlikely Greece would live up to promises made as part of its bailout, which could lead to endless transfers of German taxpayer money to Athens. But they also told the chancellor that trying to predict the cost of Grexit was folly.

Value of new banknotes pumped into Greece ahead of the election

One eurozone official who spoke to Mr Asmussen at the time said his advice to Ms Merkel was: "You could have something which is priced in already, and then you could contain it, or you could end up with a eurozone of 10 [countries]."

The work of Mr Buti and his team in Brussels also appeared to have paid off. German officials said Ms Merkel was told it would be nearly impossible to get all 17 eurozone governments to agree to an exit plan, doing it all in secret without the markets catching wind of the effort, particularly with Greece showing no interest in leaving.

The political discussion in Berlin surrounding Grexit was the most subjective. Many EU leaders who dealt directly with Ms Merkel say she has less sentimental attachment to the European project than did her Christian Democratic predecessors, such as Helmut Kohl and Konrad Adenauer. EU leaders attribute that to her pre-politics life in communist East Germany, where she moved as an infant and lived into adulthood.

At the same time, several officials said they had begun to sense the weight of history on her shoulders. Did she want to be the German chancellor who "potentially breaks up Europe, even though it's not clear that would happen – but there's a possibility?" said one German official

In mid-July, Ms Merkel left for her six-week summer break to weigh the advice. Although the chancellor was undecided, the cacophony of senior German politicians publicly calling for Greece to leave had reached a crescendo. "If Greece no longer meets its requirements, there can be no further payments," Philipp Rösler, head of Ms Merkel's junior coalition partner the Free Democratic party, said as he prepared for his own summer holiday. "For me, a Greek exit has long since lost its horrors."

A spectacular U-turn

One leader acutely aware of the debate going on inside the chancellery was Mr Barroso. The commission president told aides he believed one of his cardinal duties as guardian of the EU's treaties was to keep the eurozone and EU from losing members, be it Greece from the currency union or Britain from the EU itself.

With a massive, long-delayed €34.3bn aid payment hanging in the balance and Mr Samaras continuing to argue for big bailout revisions, Mr Barroso decided to become the first of the inner circle of EU crisis-fighters to visit Athens since the crisis began.

The talks between the two men went on for two hours. Sitting in front of an unlit fireplace in Mr Samaras' wood-panelled office, Mr Barroso told the new prime minister that demands for wholesale reforms of the bailout programme needed to stop. According to officials in the room, he urged Mr Samaras to spend at least a year executing the existing requirements. After that, the topic of revisions to the programme could be addressed, Mr Barroso suggested. But execution had to come first.

"Don't start asking for new conditions; there's no way," one person in the room recalled Mr Barroso saying. "The first message you have to convey to Germany . . . you have to say you are going to deliver."

The blunt message from a political ally appeared to have the desired effect. Officials in the room said Mr Samaras began redrafting his press statement by hand even as Mr Barroso delivered his admonition, later telling gathered reporters he would begin "the implementation of agreed measures" immediately.

"Samaras did the most spectacular U-turn in history," said a minister in the preceding Pasok government.

They just don't know

Ultimately, however, it would come down to Ms Merkel herself, and after six weeks of contemplation, the German chancellor returned to Berlin with her verdict. There would be no certainty for the scientist. A cautious politician by nature, she could not abide Grexit if none of her advisers could agree on its consequences.

"You all say: 'Sorry, finally, we don't know'; If you don't know, then I won't take this risk," one adviser recalled her saying. "Her sense was: all these people, they might all be idiots, but they don't know."

Talk of Grexit within the eurozone receded. Ms Merkel made a highly symbolic trip to Athens in October. In Brussels, after a series of tendentious meetings of eurozone finance ministers, a revised bailout was agreed where Greece was promised more debt relief as soon as it achieved a primary budget surplus, which was projected by 2013.

The deal to release Greece's €34.3bn aid payment was struck just hours before an EU summit in November 2012. As he arrived, Mr Samaras made a quick statement: "Solidarity in our union is alive. Grexit is dead." Never again would Greece threaten the existence of the euro.

Greek elections

% of vote, selected parties

	Oct 4, 2009	May 6, 2012	Jun 17, 2012
New Democracy	33.5	18.9	29.7
Syriza	4.6	16.8	26.9
Pasok	43.9	13.2	12.3

Source: Hellenic parliament

Photo: AFP

FINANCIAL TIMES

"Without fear and without favour"

Thursday May 15 2014

Carney and the UK housing boom

BoE needs to signal how it will contain house-price growth

With one year to go before the next general election, David Cameron's government is enjoying a remarkable rush of good news on the economy.

Economic output has increased by more than 3 per cent over the past year, its fastest rate of growth since the crisis. Unemployment has fallen quicker than most economists had forecast, with the jobless rate in the first three months of this year down to 6.8 per cent. Real wages are on the rise for the first time since 2010, signalling that living standards are finally improving for some Britons.

But while all this spells good news for the government, it has brought new challenges for Mark Carney, governor of the Bank of England. As the recovery gains momentum, Mr Carney and the Bank's Monetary Policy Committee are under pressure to decide whether – and when – they will raise interest rates to keep inflation in check.

At the same time, Mr Carney needs to address the phenomenon most likely to derail the UK recovery: the housing-market boom in London and the South East.

Delivering his latest assessment of the health of the economy yesterday, Mr Carney effectively scotched any chance of an interest rate rise this year. The governor acknowledged that the UK has "edged close to the point at which [the] bank rate will need gradually to rise". But he ruled out an early tightening of monetary policy, warning the economy has only just started to "head back towards normal".

The BoE gave a convincing explanation for its caution over raising rates. The lack of any pickup in productivity is clearly worrying. But this is set against other factors. While unemployment is falling fast, the 6.8 per cent jobless rate remains high when set against the long-term trend in the UK. Both this – and the number of people saying they want to work longer hours – suggests there is still some slack in the jobs market. At 1.6 per cent in March, inflation was still below the BoE's 2 per cent target.

The BoE's stance on house prices gives more cause for concern. House prices in London have risen by an average of nearly 18 per cent in the past year, boosted by the government's ill-judged Help to Buy scheme. The BoE is clearly concerned about this, saying that "new lending at high loan to income ratios has surpassed pre-crisis levels, particularly for high value properties". However, Mr Carney is somewhat reticent in spelling out what action the BoE might take if fears of a bubble intensify.

The governor said yesterday that a rise in interest rates would be his "last line of defence" against a growing housing-market risk. But there are other tools at his disposal. Last year George Osborne, the chancellor, gave the BoE's Financial Policy Committee the green light to examine the government's Help to Buy scheme annually. The FPC could take a range of actions to cool the housing market, including capping mortgages via loan-to-value or loan-to-income ratios.

House prices in London have risen by an average of about 18% in the past year

At its meeting next month the committee, which is chaired by the governor, should spell out publicly in what circumstances it would use these and other tools to curb the rise in prices. At the very least, this would warn the public that more restrictive policies on housing may be on the horizon.

Mr Carney has stated repeatedly that the BoE cannot set policy on the basis of economic developments in one UK region. And he is in the unenviable position of having to contemplate restraining a flagship government policy in the final year before an election.

However, if the governor fails to take action to curb house-price rises soon, he may end up being forced to cool the market by using the much blunter instrument of an interest-rate rise.

GSK and China's war on drug prices

UK company needs to answer allegations of misconduct

China's campaign against corruption and corporate bad behaviour is often accused of focusing on foreigners while turning a blind eye to domestic malfeasance.

When Beijing handed out its biggest ever pollution fine this week, it targeted a US company for the crime of open-air spray-painting. That a foreign venture should be shamed in this manner, rather than one of the many smoke-belching coal-fired utilities that ring China's capital, seems to speak of a skewed sense of priorities.

At first sight, the accusations brought by the Chinese authorities against GlaxoSmithKline seem to fit a similar pattern. The police investigation is part of a wider crackdown by the state on unfair pricing practices. The government believes that Chinese consumers often pay far more for goods and services than they should and the pharmaceuticals industry is an important focus of this inquiry. True, some domestic businesses have been roped into this probe. But most of the high-profile targets to date have been foreign.

Still, the severity of the charges levelled at GSK is striking. Mark Reilly, the company's former head in China, and many others, are accused of orchestrating a scheme by which GSK staff offered illegal incentives to purchase the company's medicines. GSK staff allegedly concocted expense claims to hide the payment of cash bribes to doctors who prescribed the drugs.

This, the police claim, had the effect of artificially raising drug prices and distorting competition. At a briefing this week, they alleged that GSK drugs cost up to seven times more than they did in other countries because of such practices. The case has now been handed to the Chinese prosecutor who must decide whether to pursue it in the courts.

GSK must clearly answer any charges that are brought by the Chinese authorities. But the matter should not rest there: it resonates far beyond China. The company may also face prosecution under British and US bribery legislation.

In July GSK admitted that some of its Chinese executives had broken the law, and sacked several it claimed had gone rogue. What is not clear is to what extent the company was aware of the activities in China. Claims that executives attempted to suborn government officials are especially worrying. GSK needs to investigate exactly what happened to establish who knew what and whether people higher up in the organisation may have encouraged or turned a blind eye to any wrongdoing.

The Chinese authorities are right to crack down if companies have been abusing the healthcare system. But if they wish to eradicate malfeasance they should lift their eyes beyond large corporations and address some of the shortcomings in the healthcare sector.

The Chinese government does not pay hospitals enough to cover the cost of treating patients, leaving a shortfall that must be made up elsewhere. Patients who cannot afford to pay often struggle to get treatment. Even the luckier ones sometimes endure unnecessary procedures, peddled by hospitals seeking extra fees. Drugs, to which healthcare providers add a 15 per cent mark-up as a source of income, are liberally prescribed.

Doctors, too, are disgruntled. They struggle to make ends meet on wages that are low even by Chinese standards. In a country in which bribery remains a problem, hardship among doctors makes it almost inevitable that some will look for kickbacks to supplement their meagre incomes.

None of this excuses improper conduct by drugs companies or the medical profession. Still, enforcing the law is only part of the solution. The powerful incentives for misbehaviour must be removed. Corporate prosecutions are necessary where rules have been broken. They should not, however, be the end of the story.

LETTERS

All investors should have say in AstraZeneca's fate

From Mr Eric Chalker.

Sir, In the debate over whether the fate of AstraZeneca should be decided solely by its legal owners, the shareholders, there ought to be room to consider whether the beneficial owners will have an adequate say. If a takeover proceeds by a scheme of arrangement, they will not.

Many private investors in the company will be in pooled nominee accounts, some compulsorily so because their investments are held in individual savings accounts and self-invested personal pensions. Some account providers may give them all the necessary information and the opportunity to vote, but others will not. Astonishingly, the Takeover Panel declines to be interested in those who are excluded, despite its "central objective" being "to ensure fair treatment for all".

Schemes of arrangement, recommended by a company's directors, are settled by a vote for which the High Court does not require any minimum participation. Future ownership of the whole equity is decided by a simple majority of shareholders actually voting, holding just 75 per cent of the shares voted. The system is biased towards the big shareholders, many of which will have used other people's money to buy the shares. It favours those whose objective is capital gain, which may be short-term, against those who need a long-term home for their savings and a reliable source of income.

The government could remedy this bias if it wished. We think it should.

Eric Chalker,
Policy Co-ordinator,
The UK Shareholders' Association

From Mr Peter Geiger.

Sir, Martin Wolf shows his customary perspicaciousness in his suggestion that "the entire company" should "be viewed as a legal entity that permits the benefits of hierarchical control to be embedded within markets" ("Shareholders alone should not decide on AstraZeneca", Comment, May 9). This means directors' fiduciary duties are to the company and not to shareholders. Like it used to be in the old days and as it is with Berkshire Hathaway.

The principle of creating a new and superior stakeholder, such a stakeholder being not a natural person but rather an idealisation of the processes involved in the endeavour, to mitigate the extreme decisions of stakeholders that are natural persons, is not new. Between 1990 and 1992 I was a committee member of the Federation of Private Residents' Associations working to improve landlord-tenant and tenant-tenant relations and conditions and helping steer government-sponsored leasehold reform legislation. During this period I proposed the concept of the "building's rights" to counter the widespread problems of tyranny-by-committee in blocks of flats where a company formed by leaseholders has purchased the freehold of the building. In couples therapy (I am a psychotherapist) we also have a concept of "the relationship as stakeholder" in addition to the two spouses.

I hope Mr Wolf's recommendations to the business world will carry more weight than did mine to the world of buildings in shared ownership. The short-termist processes that he seeks to counter are those that have bequeathed us the enduring financial crisis and the present global financial unease and inability properly to assess risk, as shrewdly observed by Gillian Tett in her column "Why Buffett is steering clear of catastrophe bonds" on the same page.

Peter Geiger,
San Francisco, CA, US

Too little, too late in UK's drug research battle

From Mr Paul Clifton.

Sir, It is interesting to observe the sudden concern that politicians are showing towards the preservation of drug research capability in the UK. GSK began a programme of consolidation of the UK drug industry in the mid-1990s by first merging with Wellcome and, subsequently, with SmithKline Beecham. This resulted in considerable consolidation of UK research activity and left only one other major UK drug research company, Zeneca, which merged in 1999 with the Swedish company Astra to form AstraZeneca.

At the time, the response from Westminster was essentially to act as cheerleaders for GSK since it was seen as creating a "national champion" in the drug industry. Little notice was taken of objections to the consolidation of research from academia and various organisations connected with the industry. In this respect, our politicians seem to be riding to the rescue of UK drug research almost two decades too late.

Paul Clifton,
London NW3, UK

Productivity link with zero hours

From Mr Norman Pickavance.

Sir, Brian Groom's article on the scale of zero hours contracts in the UK (May 1) highlights their use may represent a structural shift in the UK's labour market, but questions the degree to which they hold back productivity. He is wrong to do so.

My independent report for the Labour party into zero hours contracts ("Zeroed Out") highlights that there is direct link between the low levels of commitment that these zero hours contracts offer to staff, and low levels of productivity.

The MacLeod report (2009) demonstrates that high commitment work environments are crucial to creating a motivated and productive workforce, and goes on to indicate that improvement in engagement levels could boost UK gross domestic product by as much as £25bn.

One business leader reflected that the use of zero hours contracts represented "lazy management", because better planning takes away the need for such arrangements. As Barclays Bank put it to me: "We stopped using zero hours contracts, because we realised we could better serve our values, our colleagues and customers through more sophisticated rostering of employed staff." However the reality is that there are an increasing number of employers using zero hours as a permanent management tool.

My report therefore concludes that zero hours contracts are not only undermining dignity and fairness in the workplace, they are also eroding British productivity. Their use must be seriously limited.

Norman Pickavance,
Former Group HR Director at Wm Morrison,
Linton, Yorks, UK

Price measure: better for Savile Row to attribute a rise to higher costs Ryan Slack

Winning way to stitch a tax crackdown

From Prof Ira Sohn.

Sir, I find it amusing that Wall Street's "more dollars than sense brigade" – those who purchase suits for £9,000 – have been so discomfited by the tax crackdown reported by Camilla Hall and Elizabeth Paton ("US has the measure of Savile Row in tax crackdown", May 13).

Since it is well-known that taxes are toxic for the infamous "top 1 per cent", if Savile Row tailors had attributed the price increase to something other than taxes – such as higher fabric or labour costs – I'm certain sales would be increasing!

Ira Sohn,
New York, NY, US

James Joyce chose a British passport

From Dr John Doherty.

Sir, Philip Pilkington (Letters, May 5) claims that James Joyce was "a well-known Irish nationalist".

Joyce rejected Irish nationality on several occasions. Living in Paris in 1930, he wrote to his son Giorgio: "Some days ago I had to renew my passport. The clerk told me he had orders to send people like me to the Irish delegation. But I insisted instead and got a British one."

A decade later the Joyces were offered Irish passports, which would have enabled them to leave Nazi-occupied France more easily if needed. Again, the offer was declined and Joyce clung doggedly to his British passport, despite the increased risk.

By his own choice, Joyce was officially British to his death in 1941.

John Doherty,
Vienna, Austria

Where are the eurosceptics?

From Mr Gregory Shenkman.

Sir, Professor Thomas Christiansen and others are surprised at general British media indifference towards the process of nominating the *Spitzenkandidaten* for the post of president of the European Commission (Letters, May 14). They should not be.

All the candidates come with lengthy europhile credentials and not one represents the view of the growing numbers of eurosceptics throughout the EU, especially in Britain.

That all *Spitzenkandidaten* are informally required to aspire to the European dream is in itself undemocratic and conforms to the long-held perception of the EU in much of the British press.

Therefore it is not news. Hence the indifference.

Gregory Shenkman,
London W8, UK

Board members need to speak up

From Mr Malcolm Gooderham.

Sir, The research finding that voters want a "tougher" approach to business ("Most voters – and half of Tories – want clampdown on big business", May 7), points to a wider issue: business failure to communicate. In particular, being defined by what they are against, not what they are for.

Most board members share the same aspirations as their consumers for higher living standards and a better quality of life, but fail to articulate this.

Instead their strident opposition to regulation (the means) often obscures their commitment to positive social outcomes (the ends).

As a result boards strengthen the hand of the very politicians who are pushing for greater state regulation of corporate activity.

Malcolm Gooderham,
FTI Consulting,
London EC4, UK

Perhaps there isn't a coherent case for defending the union

From Mr Paul Davis.

Sir, Simon Schama's article "A splendid mess of a union should not be torn asunder" (May 10) attempts valiantly to lay out a case for the union but ultimately falls into the same traps as the No campaign.

He makes essentially two points. First, that we should be proud of being a motley collection of peoples and cultures who come together to make a united kingdom. Second, that some Scottish people have done some good things south of the border. Neither of these would make a compelling business case for creating the UK, so neither are good enough reasons to stay together.

I'm firmly in the No camp but am not sure I'll be overly heartbroken if the vote goes the other way. Scotland will still be there and we'll still all be able to visit. Having been born there, I might even get a passport.

Its people will still leave; so will their ideas and inventions. London, and what remains of the UK, will still be influenced strongly by our friends in the north.

As a unionist I've been disappointed with the recent failure of the Better Together campaign to lay out a coherent case for their cause. Perhaps there isn't one – if someone of Mr Schama's calibre can't find one then nobody can.

Paul Davis,
London SW19, UK

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Notebook

Robert Shrimsley

Googling and the search for privacy

In what now seems like a different lifetime I worked as a junior reporter on The Daily Telegraph, then a fusty, traditional newspaper, which spoke to those still convinced that to be born an Englishman was to have won first prize in the lottery of life.

Our readers – who were essentially Nigel Farage – liked their gardens, cricket, beer, sherry and, above all, really smutty court cases, which were reported in graphic detail and always placed on page three. In the British media, "page three" is associated with the topless models of Rupert Murdoch's Sun, but in its own way the Telegraph's page threes were far filthier. There was a clear formula. Once, sent to cover the defrocking of an adulterous curate, I was told that the phrase "in the back of a Ford Cortina" was never to appear lower than the third paragraph.

But I digress. The other thing readers loved were stories of loutish behaviour, which confirmed that the country was going to hell in a handcart. So it was that I found myself writing about a village terrorised by bikers. Sadly, the villagers were weak on the taxonomy of biker gangs. They thought the gang were Hells Angels but they would probably have said the same about Bradley Wiggins' peloton.

Lacking direct exposure to the Hells Angels – I was more the Ford Fiesta type – I did what any reporter at the time would do. I went to our library and pulled the cuttings file. This was rather thick and entitled "Hells Angels, Mods, Rockers, Hippies, Freaks and Hooligans." It took 30 minutes to find what I needed. Today I would google Hells Angels and, in seconds, be on their web page which, while short of corporate information, does offer a handy "contact us" form.

All of this is a rather-circuitous way of talking about Google – but then in the days before Google things were rather circuitous. But when the European Court handed down a verdict apparently enshrining the "right to be forgotten" and have embarrassing links removed from search results, the futility of that large, yellowing file was one of three memories that came to mind.

The second was more recent. It came one night as I idly googled my name in the way that self-absorbed journalists do. I'm not a self-absorbed journalist, you understand, but I had heard about them and wanted to see what they were like.

To my horror, the results brought up the smiling and named image of my young daughter. The picture had been taken and put on a photo-sharing site by an old babysitter. We got in touch and she deleted it. But the cached image remained in the search results. I tried the remedies offered by Google to get the picture down to no avail, or indeed response.

So I did the only thing I could. I took advantage of a personal connection and called a friend who worked there. Even then he would not have helped had I not got the babysitter to delete the image. It brought home the potency and permanence of search.

One last story; the Slane Girl. At a concert last year at Slane Castle in Ireland, a drunken teenage schoolgirl performed what The Telegraph would have described as "a sex act" on two men. This was unwise in a crowded field full of people with smartphones. The images went viral and she was widely derided and shamed.

Because of her age, major websites removed the most graphic pictures. But an image search leaves little to the imagination. Her face is blurred and her name absent but no one looking to complete the jigsaw will be long detained. It is, of course, her fault, but people do stupid things and few merit endless global humiliation.

I fear the "right to be forgotten". I fear it will be abused by those whose sins most need to be remembered. But there is a wider point, which is why the issue is so difficult. The web – Google in particular – has changed our lives and we are only beginning to grapple with its impact.

No one can dispute Google's immense role in democratising information. But it is led by people who resist restraints on the web and have little regard for privacy. It has a smart lobbying operation and believes the appeal of its technology will protect it from lawmakers.

History suggests it is wrong. Indeed, one reason it was bound to be hit by such a ruling is its failure to engage at an emotionally intuitive level with concerns about privacy.

Yet there was a moment in Google's past when it seemed to grasp this – the day it adopted its famous "don't be evil" motto. It suggests its leaders realised the scope for harm. It is, after all, something few other companies feel the need to tell their staff.

robert.shrimsley@ft.com

COMMENT

Modi should stick to his pledge of toilets before temples

David Pilling

Narendra Modi, the man most likely to become India's next prime minister, has a wicked turn of phrase. In one of his most memorable remarks, he subverted his strong association with Hindu asceticism by declaring his support for "toilets before temples". The same phrase, spoken by a Congress party cabinet minister, had provoked outrage from the Bharatiya Janata party of which Mr Modi is head. The BJP said the remark threatened to "destroy the fine fabric of religion and faith". But the party hierarchy, knowing that its fate depends on the so-called "Modi wave", barely demurred when its candidate adopted the slogan as his own.

The BJP leader is quite right to declare that India should spend less money on devotion and more on sanitation. According to 2011 census data, nearly half of households have no access to a toilet, forcing inhabitants to defecate in the open. More Indians own a mobile phone than a lavatory of their own. Poor hygiene, not lack of food, is the main reason that 40 per cent of children are malnourished. Much of Mr Modi's appeal, which has swept through India like a brush fire, lies in his promise to conjure the growth that will eradicate such dire conditions and set his supporters on the road to a middle-class life.

Therein lies one conundrum of a likely Modi premiership, which will become certain only if the BJP proves to have secured enough votes when results are declared tomorrow. Is he a leader who will prioritise development, providing jobs and bulldozing bureaucracy? Or will he revert to his Hindu nationalist roots and impose a sectarian agenda on a state largely moulded by the Congress party's secular principles?

The question is not unlike that posed of Shinzo Abe, the Japanese nationalist who in 2012 stormed to the premiership on a Modi-like platform of halting the economic rot. In practice, he has managed to be both reactionary and reformer. He spent his first months installing an economic revival plan whose outcome is uncertain. He went on to indulge his rightwing predilections, passing a draconian secrecy bill and inflaming already volatile relations with China by visiting a nationalist shrine. Mr Modi, too, has his potential problems with neighbours, particularly Pakistan. The primary concern, though, is domestic; that he will stir up Hindu chauvinism and create the conditions for intolerance towards India's 175m Muslims.

Fears about Mr Modi, a celibate who abandoned his wife to pursue religious devotion, are based not only on revenge killings in Gujarat in 2002 when, as the state's chief minister, he was accused of standing by while more than 1,000 people, mostly Muslims, died. More fundamentally, many liberal Indians worry about his links with the Rashtriya Swayamsevak Sangh, an organisation with its roots in a paramilitary group dedicated to the cause of Hindu nationalism. The BJP manifesto contains a pledge to protect the cow, considered holy by Hindus but eaten by some Muslims. It also seeks to rebuild the temple to the Hindu god Ram on the site of the Babri Masjid mosque in Uttar Pradesh. The mosque was torn down in 1992 amid much bloodshed by Hindus who believed it was erected on the site of Ram's birthplace by Mughal invaders in the 16th century.

Would he prioritise India's development, providing jobs and bulldozing bureaucracy – or revert to his Hindu nationalist roots?

The hope, shared by most of the pro-Modi business elite, is that Mr Modi will listen to his better angels. A common refrain is that he has matured. Gujarat has been peaceful, and increasingly prosperous, since 2002. Another is that India, with its independent institutions and federalist system, can never fall under the sway of one man. Mr Modi may be, in the words of one of his admirers, "a one-man army"; it is his decisiveness that some find so compelling. But there is faith that, as one pundit puts it, "you cannot run a dictatorship in this country".

The comparison with Mr Abe takes us only so far. A second aspect of Mr Modi's electoral appeal more closely resembles that of Thaksin Shinawatra, another firebrand who rode to power on a wave of political and economic frustration. Mr Thaksin, now in self-exile after being ousted in a coup, was elected Thai prime minister in 2001. His main support base was in the poorer, rural, northeast where people felt ignored by the Bangkok elite.

Mr Modi, too, claims to speak for the marginalised against a corrupt and self-serving urban elite. He trades on his lower-middle-class status as the son of a tea-stall owner. Unlike previous BJP leaders, he is not from the upper Brahmin caste. He mocks Rahul Gandhi, Congress party leader, as a *shahzada*, or princeling. For many, a Modi victory would be a torpedoing of the Nehru-Gandhi dynasty, whose patrician grip on post-independence India the author William Dalrymple calls "sexually transmitted democracy".

Mr Modi has stirred the pent-up yearnings of millions who have glimpsed India's economic awakening from afar. He has also encouraged those who long for the birth of an identity politics based on a narrow definition of Hinduism. The former is to be welcomed. The latter decidedly not. Mr Modi should stick to toilets – and leave temples to the priests.

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People do not have the right to erase the web's memory

John Gapper

Perhaps the European Court of Justice wants to equal the US Supreme Court in a display of poor judgment. That might explain why it ruled this week that a 19-year-old directive means Google must remove some search results that people do not like.

There may be arcane logic under European law to classifying internet search engines as "data controllers" along with publishers and holders of personal data such as government computers. But this only shows that the EU's 1995 data protection directive is an ass.

A line will soon form to knock out revealing photographs, bits of tawdry gossip, legal orders, past convictions and anything that anyone finds an embarrassment. Before long, people's search results will start to resemble official biographies, recording only the facts that they want other people to know, and not the remainder of reality.

Search results in Europe, that is. Those in the US and Asia will remain unaffected, rather as Google in Hong Kong presents the search results that the Chinese government refuses to permit on the mainland. It is embarrassing for the Party leadership for old photographs of a man standing in front of a tank near Tiananmen Square to distract from the present day.

Here is a small example of what is bound to start happening. I was once considering buying a house from a property developer. The more I dealt with him, the more suspicious I became, so I turned to Google. It emerged, on the second page of the results, that he had been convicted of fraud a decade previously, and been barred from practising law.

Were I this developer, I would be writing a letter to Google today demanding that this search result be removed. He could argue that he is not a public figure and his crime was a youthful mistake. Under the ECJ's interpretation of European law, he has a decent case that a French-style *droit à l'oubli* – or "right to be forgotten" – should shield him.

This would be useful for him, but not for those signing contracts in ignorance. Google might rebuff him on the grounds that it is a matter of public interest but he could then complain to the UK information commissioner and Google would be dragged into a legal tussle. Multiply the case by thousands – probably tens of thousands – of such requests and the search engine has a problem.

Will Google take a stand on principle for European rights to freedom of expression? Or will it retreat, steadily erasing links and tweaking its local search algorithm to demote controversial results and reduce the likelihood of people objecting? Gradually, wrinkles would disappear as if a plastic surgeon were Botoxing the faces of the vain.

The absurdity of the Luxembourg ruling is that search engines will no longer be allowed to link to stories and information that are published legally. This is not like copyright enforcement in the US, under which music and film companies can get Google to remove links to illegal content piracy sites.

The ECJ ruling involved the case of a Spanish man whose Google search results linked to a 1998 newspaper listing of a property auction, which mentioned his past social security debts. The Spanish regulator ruled that the paper need not remove the original official notice but Google had to stop linking to it. Europe's most senior judges have concurred.

If publishers can keep a story public, Google equally has the right to link to it

Thus, the aggrieved man does not really have the right for his past to be forgotten; he merely has the right for it to become harder for others to find. In future, a potential partner or employer checking his *bona fides* in Europe will need to trawl through local news sites individually, tap into Google's US search engine through a virtual private network, or phone a foreign friend.

Technology has changed rather a lot in the decades since the EU data directive was drafted. As Niilo Jääskinen, the court's advocate general, wrote drily in an opinion that the judges overruled, "the development of the internet into a comprehensive global stock of information which is universally accessible and searchable was not foreseen by the [European] Community legislator".

Nor, to be fair, was it foreseen by many outside Silicon Valley. Instead of waiting for an internet-ready update, Europe's judges have written into law a vast unintended consequence. Any search engine that crawls and indexes data from websites falls into the same legal category as a company that stores personal information, and is equally accountable.

This is defensible in law but it makes little sense. Nor is it the correct way to deal with the genuine challenge that technological change has made it much harder for people to control personal data. Privacy has been eroded by public and private organisations, from governments to Facebook, that fail to keep credit card details, photographs, court records and the like secure.

People deserve what Paul Bernal, a law lecturer at the University of East Anglia, calls "the right to delete". An individual not only has a right to data privacy but to require any organisation – LinkedIn, Twitter, her doctor's office or her health club – to delete her personal data when she wishes to destroy it.

This is different from the notion that history should be hidden from the collective memory through a technical fix. If a publisher can keep a story public, Google equally has the right to link to it. The fact that discovering it is easier than before is a bonus, not a flaw. People used to ride slowly from town to town on horseback and now they drive. I call that progress.

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The A list

End currency manipulation debate
Now is politically the time to repeal the futile search for manipulators permanently, writes **Martin Feldstein**

www.ft.com/thealist

Victory for Le Pen would impose a heavy cost on Europe

David Bell

Could Marine Le Pen's far-right National Front beat all other French political parties in this month's European elections? Following the FN's impressive performance in municipal elections in March, several polls show it moving ahead of President François Hollande's Socialists and the neo-Gaullist UMP. French commentators are already speaking of a political "earthquake". The massive headline in the left-leaning daily Libération read simply: "*Le choc*".

But wait. That headline, in response to FN electoral success, actually appeared the day after the European elections of June 1984. In the 30 years since, the party has inspired consternation, even panic, in France at regular intervals. It did so in 1988 and 1995, when party founder (and father of Marine) Jean-Marie Le Pen won roughly 15 per cent of the vote in the first round of presidential elections, coming within just a few points of candidates from the leading parties. In 2002, with a first-round vote of almost 17 per cent, he finished ahead of Lionel Jospin, the Socialist prime minister, making it into the second round (at which point the left held its collective nose and propelled UMP incumbent Jacques Chirac to a decisive victory).

Even if the FN does come first in the European election – which French voters have traditionally seen as an opportunity to register a protest against their country's political elite – it will not score much higher than 20 per cent. Its chances of winning a presidential or legislative election any time soon remain close to zero, despite Ms Le Pen's repeated claims that she is "ready to rule". In short, even if the "earthquake" takes place, the struts and beams of the Fifth Republic are unlikely to collapse.

Make no mistake, however: since 1984, the FN has gone beyond merely inducing heart palpitations in the country's chattering classes. Its electoral strength has changed the way France deals with immigration and immigrants. A strong showing this month could extend its influence much further, notably on European policy.

In the 1980s, in reaction to the FN's breakthrough, Charles Pasqua, neo-Gaullist interior minister, took a series of high-profile steps to deport illegal immigrants, which the Socialists continued on their return to office. In 1991 Mr Chirac, then Paris mayor, took a page from Mr Le Pen's xenophobic playbook in a speech railing against an "overdose" of immigration. French workers, he declared, could be forgiven for objecting to the "noise and smell" of their immigrant neighbours. After the widespread violence that in 2005 shook "*communautés issues de l'immigration*" (including the children and grandchildren of immigrants), Nicolas Sarkozy, then interior minister, attacked the rioters as "scum" and "hoodlums", and suggested cleaning out a Muslim-majority town with a power hose. He regularly decried the slow pace at which immigrant communities were integrating into French life; and in 2007, on becoming president, he set up a ministry of immigration, integration and national identity to hasten the process.

The Front National has changed the French approach to immigration. It could now extend its influence to EU policy

Laws passed in the past few years banning "ostentatious" religious symbols such as Muslim headscarves in schools and full-face coverings such as the burka in public, in theory reflect the French Republic's longstanding commitment to secularism in public life. But would parliament have passed them without the pressure created by the FN to be seen addressing the "problem" of immigrant communities?

Since succeeding her father as head of the FN in 2011, Ms Le Pen has tried to mute the party's overt racism and anti-Semitism. She has also attacked globalisation, neoliberalism and the US in language at times strangely recalling that of the far left (it was the French, of course, who coined the phrase "*Les extrêmes se touchent*"). She has called for France's withdrawal from Nato – but, for the French, it is the EU that represents by far the most prominent incarnation of global integration. Ms Le Pen has denounced the Lisbon treaty as illegitimate, demanded a return to the franc and proposed a referendum on the country's EU membership. This tactic has allowed her to build on her father's electoral achievements. If she can extend these successes this month, politicians from the leading parties will almost certainly harden their own attitudes to Europe, just as their predecessors did on immigration.

This particular shift, however, could not be taking place at a worse time. The euro may well have been a bad idea. But at a moment when Ukraine is in turmoil, President Vladimir Putin's Russia is flexing its muscles and US global influence is waning, European unity is arguably more important than ever. In this sense, even if the latest "*choc*" from Ms Le Pen's FN is nothing new, it may still do more real damage than any of those that preceded it.

The writer is Lapidus professor in the department of history at Princeton University

Investors must have the final word on AstraZeneca

Roger Carr

The proposed takeover by Pfizer of AstraZeneca has engaged the public, enraged politicians and triggered, in some quarters, a demand for legislation to frustrate foreign ownership.

It is an argument that surfaces wherever national champions are under takeover threat and, if won, has serious and potentially damaging implications for the reputation of the UK as an open market that welcomes investment and encourages free enterprise. It is an argument that in all but the most clear-cut cases of real national concern should be vigorously resisted.

The same demands for government involvement were heard at the time of Kraft's 2009 bid for Cadbury, the confectioner, of which I was chairman at the time. The emotions were strong, but the case was weak. The Cadbury takeover was one of general public interest, but not a matter of true national importance. Cadbury brands were loved by the consumer, but a lacklustre financial performance of the company had caused the shares to be shunned by UK investors and the company to be vulnerable. Public perception of what was believed to be a predominately UK family company bore little resemblance to the actual international business model it had become. It was, however, on these misconceptions that the demands for intervention grew, with the rights of the shareholder consigned to second place. It was a demand that, if accepted, would have been a serious blow to shareholder democracy.

The transfer of power to hedge funds during the course of that bid highlighted the danger of short-term interest in determining the long-term future of companies. In the event, however, owners' rights, irrespective of their length of ownership, were preserved and a significant premium extracted. Importantly, following the bid, Takeover Panel rules were changed to create a more even playing field on which future battles could be fought.

The case for protecting national interests in life sciences is arguably more compelling than for chewing gum or chocolate

It is the adjustment to these rules that is currently setting the 28-day timeframe for the possibility of the Pfizer bid to be converted into a formal process – a Cadbury legacy that will focus the antagonist and protect the protagonist from prolonged uncertainty.

At first sight, the case for the protection of UK interests in life sciences is arguably more compelling than in chocolate or chewing gum. The rationale for legislation is not. There is a case, however, for careful scrutiny of the offer and extracting meaningful commitments from the bidder. The use of government muscle as an investor in life sciences, product consumer and custodian of the National Health Service, is entirely reasonable. As an interested party the extraction of promises to underpin employment, retain talent and facilitate the expansion of research is appropriate.

Cast-iron guarantees in an uncertain world may be difficult to secure but written commitments, which can be monitored and subjected to public scrutiny, are fair and reasonable demands. Legal recourse may not be available, but reputational risk, as discovered by Kraft when it reneged on a bid promise, bring long-lasting damage to corporate and management reputations.

While government exercising leverage in the cause of national interest is acceptable, creating legislation that strays into the preserve of the shareholder is not. This is the line in the sand that government should not cross.

In any bid, it remains the job of management to fight for all its stakeholders and present its case with vigour in the long-term interest of the company. It is the right of the shareholders to judge the merits of the argument, to value the offer made and to determine the outcome. It is the responsibility of regulators to ensure that the rules of engagement are fair and respected. Finally, it is the role of government to create the right climate for enterprise with a robust and credible industrial strategy in which companies may thrive.

In all bid situations it is crucial that each of these individual roles is respected, lines of responsibility are observed, rules of engagement acknowledged and knee-jerk reactions avoided.

An open market, free from protectionism, continues to offer the greatest opportunity for economic success. It must be preserved for our nation's sake.

The writer is chairman of BAE Systems and a former president of the CBI, the employers' organisation

Starbucks backlash was not just froth

Michael Skapinker
Business and society

When UK politicians called in 2012 for a boycott of Starbucks over its tax arrangements, I expected nothing much to happen.

Sure, in a poll for Christian Aid last year, a third of Britons said they were boycotting companies that did not pay their share of UK tax. I did not believe it. In the case of Starbucks, I thought, let's see what goes into people's mouths, not what comes out. Few consumer boycotts ever amount to anything.

It seems I was wrong. Starbucks has announced its first-ever fall in UK annual sales. The drop in 2013 was relatively small – 3.4 per cent – and correlation is not causation. There could have been other reasons for the decrease; Starbucks closed a number of lossmaking outlets. On the other hand, the fall might have been bigger if the US chain had not pledged a voluntary £20m donation to the UK tax authorities.

Starbucks last month said it was moving its European headquarters from the Netherlands to the UK, where it would pay more tax. Although its global tax rate will stay the same, the shift could ease pressure on Starbucks in the UK, where more than half its European stores are.

Do other companies need to worry they will get the Starbucks consumer treatment? On the face of it, no. Amazon, another US group that faced heavy criticism over its tax arrangements, reported a 12 per cent rise in sales to UK customers.

It is easy to give up Starbucks coffee: there are competing chains around the corner and sometimes next door. Companies with more distinctive offerings may feel they have less to worry about.

That would be a mistake. It is not just about consumer habits. Opinion has shifted against business. Companies once had reliable allies – people who thought it best to let top executives get on with their jobs, who believed the free market should be left to regulate itself.

No more. During this week's UK parliamentary hearings into Pfizer's proposed takeover of AstraZeneca it was often impossible to tell the party affiliation of committee members from their questions. The Conservatives appeared to be as sceptical of the assurances given by Ian Read, Pfizer's chief executive, as the Labour members.

There was a time when many would have said that those best-placed to judge the merits of Pfizer's bid were the AstraZeneca shareholders, and that politicians shouldn't second-guess them. Many of those free-market cheerleaders have slipped away, or changed their minds.

Politicians are merely following the public. In a recent Populus poll for the Financial Times, almost two-thirds of UK voters said they wanted the next government to be tougher on big business. Strikingly, it was not just a significant majority of Labour, Liberal Democrat and UK Independence party supporters who felt this way; half of Conservative voters did too.

Is the same happening elsewhere? The 2014 Edelman Trust Barometer showed high trust in business in some countries, such as Mexico, Brazil, Indonesia, India and China. In France, Italy, Spain, Ireland and Turkey, however, fewer than half trusted business.

It is not just about consumer habits. Opinion has shifted against business

Richard Edelman, the firm's chief executive, said that although the reputation of business worldwide had risen since the 2008 financial crash, this had now stopped.

Although, in most countries, government was even less trusted than business, companies could take no comfort from this. People were demanding increased regulation of business.

In the UK, Ireland and Spain, support for more regulation of financial services ran at five-to-one, Mr Edelman said. Nearly three-quarters of Britons thought the energy industry was under-regulated.

Business had a chance to redeem itself after 2008, but too many companies blew it – chasing tax breaks and continuing to pay unjustifiable bonuses. It is tough on decent companies that so many businesses could now find themselves friendless if governments decide to act against them.

When Robert Pickering, a former investment bank head, recently wrote a letter to the FT deriding the argument for high "market-based" pay, nearly all those who commented on FT.com agreed with him.

Business has lost Conservative MPs and now many FT readers. That is not a pretty place to be in.

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The review

Chefs' ingredients now include trucks and tweets

On the road: Jon Favreau and Emjay Anthony in 'Chef' AP

Chef

Director: Jon Favreau
Currently on release in the US; in the UK from June 25

From Austin to New York to London, food trucks have moved on from vendors hawking "street meat" and warmed-over hot dogs. Gourmet carts selling lobster rolls, ice cream sandwiches and Korean barbecue have become fixtures in cities, serving a clientele in search of fresh, interesting and healthy food.

Now the craze has rolled into Hollywood, by way of the film *Chef*. Jon Favreau stars as Carl Casper, celebrated chef at an upscale Los Angeles restaurant who melts down publicly when a reviewer condemns his food as "needy" and uninspired. After a social media firestorm, Carl quits his gig and sets out on a road trip selling Cuban sandwiches out of an old taco truck, assisted by his young son and a loyal sous chef. Along the way he reignites his cooking mojo and reconnects with his kid.

It is entertaining but how truthful is the Hollywood tale to culinary reality? I watched a screening with New York City chef David Santos, who chuckled throughout before sitting down afterwards to discuss what *Chef* got right and wrong.

Mr Favreau, who wrote and directed, turned to an expert to try to make sure every note hit, and every sandwich grilled, was authentic. Roy Choi, the LA restaurateur who rode to fame in a truck serving Korean-influenced tacos, gave Mr Favreau a crash course in cooking and kitchen culture, and consulted on the script.

"In a real kitchen you'd hear way more F-bombs," says Mr Santos, chef at Greenwich Village's Louro, of the film's mildly colourful language. But that quibble aside, Carl's rout and redemption, amplified by Twitter, ring true to his experience.

Carl clashes with his bottom-line-focused employer (Dustin Hoffman), who shoots down the chef's creative ambitions and orders him to "play your hits." When an influential critic (Oliver Platt) publishes a scathing review of the muzzled menu, the chef starts a Twitter war, culminating in a screaming fit in the restaurant that is captured on diners' phones and goes viral. (Mr Platt is the brother of Adam Platt, restaurant critic for New York magazine).

The tale is familiar to Mr Santos, who got his start working at Per Se and Bouley, two New York dining meccas, but later had trouble finding a job that was a good fit, and clashed with management. He considered starting a food truck but opted for a different route: an underground supper club run out of his apartment.

"I ended up walking out of that last restaurant job literally the same way [Carl] did, it just wasn't on YouTube," he says. But he understands how it could happen: "So many chefs would have written back to the critic [on Twitter]", he says, fired up by the heat of the kitchen.

Social media fuels not only Carl's undoing but his resurgence too. On the road, his son Percy (Emjay Anthony) uses Twitter, Facebook and Vine to track the truck's progress, building a buzz that results in a horde of eager customers queueing up the moment it arrives in New Orleans.

"How did you get this crowd?" Carl asks. "I tweeted it," Percy grins.

"Twitter is why the food truck took off," Mr Santos says. He holds up his phone to show how he uses it to post about food and his restaurant, and chat with other chefs.

In this sense, Twitter, food truck and supper club alike are weapons in the modern chef's arsenal. "The end game was always to open a restaurant of my own," he says.

In *Chef*, Carl indignantly asks Percy: "Can you picture me driving around in a food truck? I'm a chef!" But the truck turns out to be a launch pad for his own restaurant with a financial backer who lets him run the show.

Carl embraces his career detour while still getting a storybook ending.

Shannon Bond

From the blogs

Know when to stop innovating

Managers ignore what already works

And still they come: the unending stream of articles, books and research telling people how to innovate. But is there anything new in innovation?

A lot of new thinking is actually "people applying their own language to something that isn't really different from what has been applied before". That is the view of Scott Anthony, a Singapore-based partner at Innosight, the consultancy co-founded by Clayton Christensen, below,

an acknowledged master of straightforward language to help business people understand complex ideas on innovation.

Most companies are still a long way from understanding what already works, says Mr Anthony, whose own new book *The First Mile* is billed as "a manual for getting great ideas into the market". For instance, most executives ignore some of the most obvious lessons from the past, notably the main one illuminated by Prof Christensen's work: that it is vital to create a separate path for experimental projects, answering to less rigid short-term goals.

But what of the next frontiers? The holy grail is not so much a theory of how to start things but a guide to when to stop them. If someone could identify "when to pivot or persevere", says Mr Anthony, that really would be valuable.

Andrew Hill

www.ft.com/blogpost

ARTS & TELEVISION

Industrial relations: the musical

Revived 1950s show comes to the West End; two contrasting Shakespeares in Paris; the Kronos Quartet, 40 years on

THEATRE
The Pajama Game
Shaftesbury Theatre, London
★★★★☆
Sarah Hemming

A show about an industrial dispute simply should not be this much fun. That's the view too of the time-and-motion man in the Sleep-Tite pyjama factory, who informs us sternly that "This is a very serious drama: it's about capital and labour." But this is 1950s musicals-land, and any serious points come packaged in an irresistible mix of waspish comedy (book by George Abbott and Richard Bissell), droll songs (Richard Adler and Jerry Ross) and exuberant dance – all fabulously delivered in Richard Eyre's affectionate production.

This staging started life at the Chichester Theatre, but expands happily, filling the big West End stage with the clatter of a shop floor full of sewing machines. The first number, "Racing with the Clock", gives us 1950s American production at full-pelt: a cheery bunch of workers busting a gut to keep up with demand for comfort and elegance in pyjamas. But there's trouble brewing: the workers want a pay rise, management is resisting. It's a crisis that will put lovebirds Sid Sorokin, the new superintendent, and Babe Williams, the union rep, in conflict.

Their prickly romance is the heart of the show – bringing a new meaning to the term industrial relations. But while it's all lightly handled, Eyre's production cannily suggests that this is a musical about a changing America. The production seethes with energy: the whole workforce seems ready to burst a button – if they weren't so busy dancing they might challenge more fundamentally their sweatshop conditions and crooked boss. Both Eyre's direction and Stephen Mear's witty, effervescent choreography draw on the great American musicals of the 1940s, but also hint that rock'n'roll is just around the corner. And while the factory churns out safely unerotic pyjamas, the atmosphere is steamy with lust. Change is in the air.

The elastic begins to sag slightly in the second half. But it's so joyously performed that it is hard to mind.

There's fine, detailed work from the cast: Peter Polycarpou and Claire Machin deliver a delightfully daft duet about jealousy, while Alexis Owen-Hobbs sizzles as the sultry secretary. And in the Darcy and Elizabeth-style love affair, Michael Xavier brings a lovely wry style to his character's mix of arrogance and anxiety (duetting with himself on the office Dictaphone) and Joanna Riding combines terrier-like determination with vulnerability. A stylish pyjama case, this one.

thepajamagamethemusical.com

MORE ARTS ONLINE
Francis Carlin reviews 'Ali Baba' at the Opéra Comique, Paris
ft.com/arts

THEATRE
Le Roi Lear/Twelfth Night
Théâtre de la Ville/
Le Carreau du Temple, Paris
★★★★★/★★★☆☆
Laura Cappelle

The 450th anniversary of Shakespeare's birth hasn't exactly prompted effusive displays of entente cordiale in France. Rather than mark it with creations of its own, Théâtre de la Ville has chosen to extend an invitation to two productions created in the provinces earlier this season.

Christian Schiaretti, director of Villeurbanne's Théâtre National Populaire on the outskirts of Lyon, scored a notable success with his 2006 production of *Coriolanus*, and his *Le Roi Lear* is on a similarly epic scale. With its 25-strong cast and leisurely running time (nearly four hours), the production resists black-and-white readings of the play to delve into the political implications of its family feud and the meaning of power.

And in Serge Merlin, Schiaretti has a wizard-like Lear. At 81, the actor commands the stage with prodigious range, in turns frail and irascible, childlike and feverish. The rest of the cast follow his lead, and deliver the rhapsodic translation by poet Yves Bonnefoy with poise.

Twelfth Night, a transfer from Saint-Nazaire, is about as far on the spectrum of French Shakespeare productions as you can get. The comedy is far less well known than *Lear* in France, and director Bérangère Jannelle has taken its subtitle, *What You Will*, quite literally. The first half is set in an undertaker's office, until Sir Toby and Sir Andrew don kilts to paint the town (or in this case, Olivia's home) neon; they get a helping hand from Feste (Thomas Gonzalez) as a cross-dressing fool with a taste for glam-rock and eye make-up.

The focus on modern sexual identity and androgyny works well for the secondary characters, but the production's other stunt – having Viola and Sebastien played by the same actress, Caroline Breton – is less convincing. The men in the cast contribute fine performances, but Jannelle's production is too showy to get to the heart of the central relationships.

While part of the Théâtre de la Ville's season, *Twelfth Night* was the first to be performed at the Carreau du Temple, a former covered market beautifully renovated as a multidisciplinary space. Its new 250-seat theatre is likely to be welcomed with open arms by the *bobos*, the bourgeois bohemian crowd that is now prevalent in the surrounding third arrondissement.

theatredelaville-paris.com
carreaudutemple.eu

Energy: Richard Jones and Jo Morris, centre, in 'The Pajama Game'. Below: Serge Merlin in 'Le Roi Lear'
Nigel Norrington

CLASSICAL MUSIC
Kronos at 40
Barbican, London
★★★★☆
Richard Fairman

It is a remarkable coincidence that the two chamber music groups so dominant in contemporary music are marking their 40th anniversaries at the same time. Only weeks after the Arditti Quartet had its celebrations at Milton Court, here was the Kronos Quartet at the nearby Barbican holding its own 40th anniversary evening.

These two groups have been midwives to a vast swathe of new chamber music over the past four decades. But the music they favour is very different: whereas the Arditti's links are with progressive European composers, the California-based Kronos have visited many and varied frontiers, minimalism in particular, but also pop, jazz and world music.

Only the Kronos could start their party with a short film showing them chatting to Big Bird on *Sesame Street*. That was in 1987, when they made a celebrity appearance to explain to children "What is a string quartet?" – a relevant question to a group that has done so much to expand the art form's boundaries.

This programme typically featured two premieres and three UK first performances. The first of the premieres was *40 Canons*, written for the Kronos's anniversary by Bryce Dessner. With the composer joining the group on electric guitar, Dessner explores different facets of a stringed instrument's possibilities (drumming, bowing, chords, and so on) in music that goes back to basics, but is tightly organised. Jarvis Cocker also appeared as a guest performer for the premiere of his haunting *KERF: a dialogue between a saw, an electric organ and a string quartet* – ethereal and evocative.

The three UK first performances included works by two minimalist composers who have long been the Kronos's running mates. Terry Riley's *The Serquent Risadome* splendidly spins complex music out of simple ideas. Philip Glass's String Quartet No. 6 tries to do the same, but the faster movements get unpleasantly congested. Finally, Ukrainian composer Mariana Sadovska joined the Kronos as vocalist and harmonium-player in her own *Chernobyl: The Harvest*, a folk-infused lament that she describes as a "pagan requiem". Forty years on, there are still so many paths to the future.

kronosquartet.org

This Evening's Television

BBC 1

6.00 BBC News.
6.30 BBC Regional News Programmes.
6.55 Party Election Broadcast for the European Parliament. By the Liberal Democrats. R
7.00 The One Show.
7.30 EastEnders.
8.00 The Food Inspectors. New series. Matt Allwright, Chris Hollins and Gaby Roslin lift the lid on Britain's food and food preparation.
9.00 MasterChef: The Finals. The contestants are sent to Spain to learn new culinary skills.
10.00 BBC News.
10.25 BBC Regional News and Weather.
10.35 Question Time. Former Liberal Democrat leader Paddy Ashdown is among the panellists answering audience questions in Coventry.
11.35 This Week. Andrew Neil and Michael Portillo discuss political developments from the past seven days.

BBC 2

6.00 Eggheads. Quiz.
6.30 Celebrity Antiques Road Trip. R
7.30 Great British Menu. North East chefs Frances Atkins, Paul Welburn and Colin McGurran prepare desserts.
8.00 The Big Allotment Challenge. The three pairs of finalists have to present melon and sweetcorn to the show bench. Last in the series.
9.00 Thalidomide – The Fifty Year Fight. Documentary about the campaign to secure compensation from the manufacturer of the drug that caused children to be born without limbs in the late 1950s and early 1960s.
10.00 The Best of The Sarah Millican Television Programme: Vol 1. First of two compilations of highlights from the chat show. R
10.30 Newsnight.
11.20 Watermen: A Dirty Business. Dealing with a collapsed sewer in Blackpool. R

ITV London

UK's driving habits, 7.30pm

6.00 ITV News London.
6.25 Party Election Broadcast for the European Parliament. By the Liberal Democrats. R
6.30 ITV News and Weather.
7.00 Emmerdale.
7.30 How Bad Is Your Driving? Tonight.
8.00 Emmerdale.
8.30 Paul O'Grady: For the Love of Dogs. R
9.00 Wanted: A Family of My Own.
10.00 ITV News and Weather.
10.30 ITV News London.
10.35 Billy Connolly's Big Send Off. R
11.35 The Late Debate.

Channel 4

6.00 The Simpsons. R
6.30 Hollyoaks.
7.00 Channel 4 News.
8.00 Posh Pawn. A man hopes to raise money from a classic car collection to avoid losing his mansion, while a drummer wants to cash in on a silver elephant so he can set up a recording studio.
9.00 Heston's Great British Food. Heston Blumenthal seeks inspiration from the nation's history of chocolate-making to create a supersized Great Bar of Britain that pays homage to several popular treats.
10.00 Ramsay's Kitchen Nightmares USA. Gordon Ramsay heads to Wilkinsburg in Pennsylvania, in a bid to save a struggling soul-food restaurant. R
11.00 The Island with Bear Grylls. As hunger grips the castaways, they seek new ways to chase, trap and outsmart the elusive wildlife. R

Other Channels

BBC3
7.00 Tough Young Teachers. 8.00 Barely Legal Drivers. 9.00 Tyger Takes on Porn. 10.00 Jonah from Tonga. 10.30 EastEnders. 11.00 Family Guy. 11.25 Family Guy. 11.45 American Dad!

BBC4
7.00 World News Today. 7.30 The Sky at Night. 8.00 Orbit: Earth's Extraordinary Journey. 9.00 The First Georgians: The German Kings Who Made Britain. 10.00 Ripping Yarns. 10.30 Some Scousers with Jokes. 11.00 Horizon: The Core.

Channel 5
6.00 Freaky Eaters USA. 6.30 5 News Tonight. 6.55 Party Election Broadcast for the European Parliament. 7.00 Police Interceptors. 8.00 Beware! Cowboy Builders. 9.00 Trauma Doctors: Every Second Counts. 10.00 Person of Interest. 11.00 Person of Interest. 11.55 Access.

ITV2
6.00 Dinner Date. 7.00 You've Been Framed! 7.30 You've Been Framed! 8.00 Two and a Half Men. 8.30 Two and a Half Men. 9.00 Tom Daley Goes Global. 10.00 Celebrity Juice. 10.50 Viral Tap. 11.35 Dads.

E4
6.00 The Big Bang Theory. 6.30 The Big Bang Theory. 7.00 Hollyoaks. 7.30 How I Met Your Mother. 8.00 The Big Bang Theory. 8.30 How I Met Your Mother. 9.00 Brooklyn Nine-Nine. 9.30 2 Broke Girls. 10.00 The IT Crowd. 10.30 The IT Crowd. 11.00 Rude Tube.

Tom Daley's trip, ITV2, 9pm

More4
6.50 Come Dine with Me. 7.55 Grand Designs. 9.00 The Good Wife. 10.00 Nashville. 11.00 Boss.

Film4
6.35 Twilight. 9.00 X-Men: The Last Stand. 11.00 Mirrors.

TCM
6.05 Cheyenne Autumn. 9.00 National Lampoon's Vacation. 10.55 Sideways.

Sky Atlantic
6.00 House. 7.00 House. 8.00 The British. 9.00 Jews on Bikes. 10.00 Blue Bloods. 11.00 Big Love.

Sky Sports 1
6.00 Ringside. 7.00 Premier League World. 7.30 FL72 Live. 10.00 Rise as One. 10.30 Ringside. 11.30 Premier League World.

Sky Sports 2
6.00 The Rugby Club. 7.00 Live Premier League Darts. 10.00 WWE: Late Night – Raw.

Sky 1
6.00 Modern Family. 6.30 The Simpsons. 7.00 The Simpsons. 7.30 The Simpsons. 8.00 Arrow. 9.00 Intelligence. 10.00 Revolution. 11.00 NCIS: Los Angeles.

History
6.00 Shipping Wars. 6.30 Storage Wars. 7.00 Storage Wars. 7.30 Pawn Stars. 8.00 Ax Men. 9.00 Ultimate Wheels. 10.00 American Restoration. 10.30 American Restoration. 11.00 Storage Wars. 11.30 Pawn Stars.

Sky Arts 1
6.00 The Elaine Paige Show. 7.00 Inside the Actors Studio: Jim Carrey. 8.00 Portrait Artist of the Year. 9.00 Playhouse Presents: The Cruise. 9.30 Queen – Live at Wembley. 10.50 Video Killed the Radio Star. 11.20 Beat Beat Beat. 11.30 Prisoners of War.

Discovery
6.00 Wheeler Dealers. 7.00 Bear Grylls: Born Survivor. 8.00 Gold Rush. 9.00 Deadly Islands. 10.00 Survive That! 11.00 North America.

Pick of the Day

Thalidomide: The Fifty Year Fight (BBC2 9pm) inspires grief, rage, incredulity, and reflections on tenacious dedication – besides greed, callousness and dishonesty. Heroes include David Mason, father of a Thalidomide baby. He fought corporate interests, his own lawyers, other Thalidomide parents, even a nervous government. In the cast: horrified medical staff, babies left to die, crusading journalists, principled shareholders, Jack Ashley MP, and active, fulfilled beneficiaries of the Thalidomide Trust. The battle continues against the drug's German inventors . . . A tremendous documentary.

Barton Fink (Sky Select 7.55pm): funny and frightening, satirical and sinister – a typical Coen brothers mix.

Martin Hoyle

THE LEX COLUMN

Thursday May 15 2014

Banks of the Ganges

Whisper the words 'UK Financial Investments' to an investor in British banks. Brace for one of two forms of outburst. UKFI was an institution set up – supposedly at arm's length – to manage government stakes in lenders rescued in 2008.

One sort of person will start shouting about how UKFI is an indecent figleaf balanced on the angry tumescence of the state's control. UKFI never votes its shares contrary to its master's wishes. Other complainants will fume and spit over how UKFI's ex-banker management would always approve grotesque bonuses for their mates, if the government did not intervene.

Which is right? Hard to tell. Either way, it is striking that a Reserve Bank of India report on Tuesday named UKFI among other bodies as a model for how India should manage its public sector banks. But even if a little politics did gum up the transfer of state holdings of over 20 banks to an indirect investment company, anything would be an improvement on Indian banking's status quo.

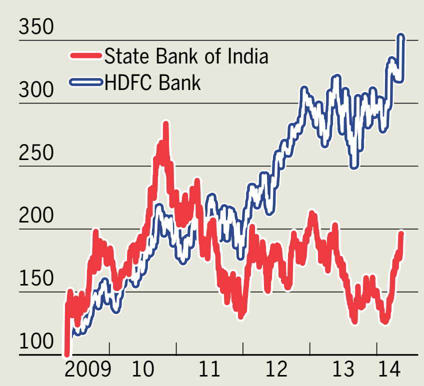
The publicly held lenders have rarely been as moribund as they are now. They account for four-fifths of the total provisions for bad loans in the financial system. Their combined price-to-book ratio is close to 1 times, unsurprisingly distant from the private banks' 3 times. That reflects how little the government has received in return for listing between a half and a third of banks including State Bank of India and Bank of Baroda.

If the state cuts these stakes to below 50 per cent, as recommended by the report, other investors would be in a position to demand change, especially if India's answer to UKFI better managed the state's share.

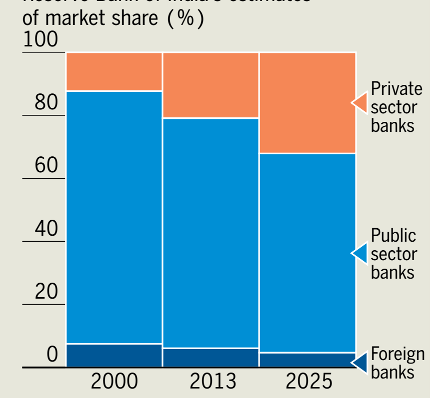
The UKFI is warden of four-fifths of RBS shares. That makes political temptation too hard to resist. India must do better. The long list of opportunities for liberated Indian banks hardly needs to be rehashed: urbanisation, the growth of a vast middle class, and so on. Without a diverse ownership, India's state banks will miss out on them all.

Elephant in the room

Indian banks, total return (rebased)



Reserve Bank of India's estimates of market share (%)



Sources: Thomson Reuters Datastream; Reserve Bank of India

GSK in China

Authorities in China say that GlaxoSmithKline's Chinese subsidiary paid bribes on a massive scale and that the orders to do so came from management. Investors don't care. GSK shares did nothing in response to the news.

Partly, this is an old story. The investigation surfaced last summer. It had an immediate impact then – drug sales in China fell 60 per cent in the third quarter (they have recovered since, perhaps because of vaccine sales, which are less sensitive to quick decisions of prescribers than pills or inhalers). So the bad news may already be in the share price.

Or maybe investors have concluded that sales in China just aren't that important. At about $700m, Chinese pharma sales were just 3 per cent of the group total in 2012. More likely, investors struggle to estimate how important China is because the disclosures are so thin. The Chinese revenue number takes a bit of work to find and GSK does not disclose Chinese profits.

It is not just GSK. Global pharma companies rattle on about China's potential. On its profitability they prefer silence. GSK is better than average – at least there is a revenue number to be found. Novartis and Pfizer disclose revenue growth but not revenue. Johnson and Johnson disclosed a China revenue number for 2013 ($2.8bn) but not a growth figure. Roche provides annual revenue. Merck is a standout for doing what they all should: regularly providing a China revenue figure in its quarterly reports. But on profits, Merck is as silent as the rest.

The big companies can argue that Chinese sales and profits are hardly material, given how much more they make elsewhere. Yet investors are told that China is hugely material to the future of the industry. So some figures on investment and returns are in order – all the more so in light of the mess GSK finds itself in.

US retail

Well, that was not the number we were looking for. US retail sales did not grow at all in April, the Census Bureau said this week. Growth had crept up in prior months. Further growth would have confirmed improving employment data. Better luck next time.

The market called the figures in advance. The S&P 500 retailers index, which outperformed the wider market by 30 percentage points through 2012 and 2013, has trailed by 12 percentage points so far this year. The index is heavily weighted to Amazon, which has been hit hard. But 21 of the 31 constituents are in negative territory. They don't look cheap, either. Put aside Amazon, with its still mind-boggling price tag. The shares of retailers with solid growth in recent years – Tiffany, TJX Companies, Urban Outfitters – trade on at least 18 times this year's earnings. That is not the top of those companies' historical ranges but it isn't bargain territory either – especially if the US shopper is not as resurgent as hoped.

One exception is department store Macy's. Its growth has been a little slower than the companies just mentioned. It is cheap, though, at 12 times earnings. As department stores have struggled, it has kept same-store sales rising and returns on invested capital ticking up. Its first-quarter results, reported yesterday, were imperfect. Sales shrank a bit from a year before, missing expectations. Same-store sales fell for the first time since 2009.

The company showed resilience, though. Operating margin of 7.1 per cent was 0.3 percentage points better than the year before, a hard trick to turn when sales are down. Management showed confidence that winter would turn to spring by boosting shareholder cash returns. It would be a better signal still if more of the cash went to dividends rather than buybacks. But this cheap, well managed retailer remains a standout.

Compass

What do you want out of an equity investment? A steadily increasing share price is nice; so is exposure to a steadily growing market. A sober balance sheet policy, in which excess cash is used for small acquisitions, or returned to shareholders, has a lot to recommend it as well.

Compass, a UK-based contract caterer, ticks the boxes. The share price was 349p five years ago but hit 1011p yesterday as companies around the world (from Twitter to Vale) have come around to the idea that the cooking is best left to someone else. Compass's operating cash flow – £833m five years ago – is expected to hit £1.5bn this year. It spends about £200m per year on acquisitions so has plenty left over. Hence a £500m share buyback and a £1bn special dividend this year, which between them will return 8 per cent of the company's market capitalisation to shareholders.

Yes, there are quibbles; investors who like to fret will find something to fret over. Free cash flow in the first half of the financial year was 10 per cent below the same period in 2013, due partly to working capital movements. Business in Europe and Japan (together a third of group revenue) is looking weak, even after a big European restructuring a couple of years ago. In emerging markets, margins are slipping. And Compass needs to keep winning new contracts – like-for-like revenue growth in the first half was a dull 2.2 per cent.

Most of all, Compass is not cheap. A valuation of 19 times next year's earnings looks high for a caterer, with its exposure to corporate spending whims and food price fluctuations. But then it is possible to quibble about most companies and few can match Compass's recent record. Compass is the kind of steady-as-she-goes business that will not excite investment bankers or thrillseekers. Long-term investors should not be so dismissive.

Elizabeth Arden

To believe in fragrance maker Elizabeth Arden, one must believe in Taylor Swift and Justin Bieber. After the latest in a string of weak quarters – Arden said this week that third-quarter revenues were 20 per cent lower than last year – its shares fell a fifth and are down 40 per cent from last May.

The explanation for the dreadful decline was bad weather in the US, along with general weakness among US mass retailers where Arden sells its colognes and perfumes – most of which are tied to celebrity brands. Setting aside challenges in the environment, it is fair to wonder about the reliability of a business tied to teen idols and various other celebrities.

About two-thirds of Arden revenue, $1.3bn in fiscal 2013, came from celebrity-branded fragrances (the rest is Arden labelled skincare, cosmetics and perfume). The third quarter last year featured strong results from its Bieber and Swift lines. And so the latest quarter was not only hurt by those tough comparisons but also from retailers not replenishing inventories as much as Arden expected. The company knows it must tighten its operations, and so has announced a restructuring plan to generate $40m to $50m in annual savings.

A month ago, news reports indicated that South Korea's LG Household & Healthcare was considering an Arden buyout. The company says it has hired Goldman Sachs to "explore strategic alternatives". But with the business seemingly at a bottom, it is difficult to justify starting an auction now. Shareholders hoping for a return to last year's peak will have to hope either that the restructuring pays off or that Arden's self-described "innovation" resonates. That is – new fragrances from One Direction, Britney Spears and Nicki Minaj. Its chances of success? Just ask a teenager.

LEX ON THE WEB

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TODAY ON FT.COM

Beijing statecraft

Blog: China is not an empire. It is a successful trading nation that uses state power to further its commercial interests

www.ft.com/bb-cn

Brazil World Cup

Video: Pelé talks to Joe Leahy about the ups and downs of hosting the tournament in his home country

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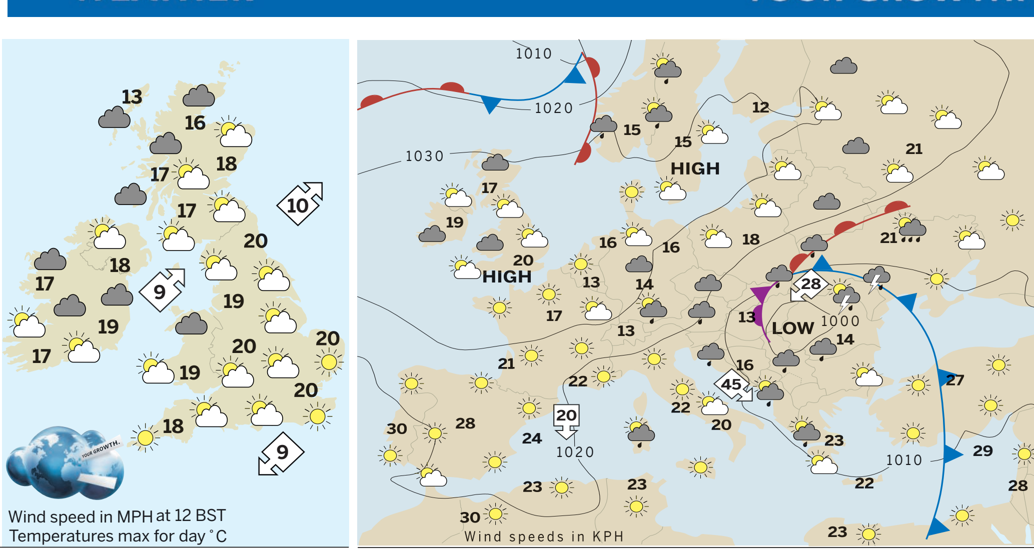
Most read

WEATHER



Forecasts by MeteoGroup

Today's temperatures Maximum for day °C & °F Warm front Cold front Occluded front

City	Weather	°C	°F
Abu Dhabi	Sun	35	95
Amsterdam	Sun	16	61
Athens	Sun	23	73
B'ham	Fair	20	68
Bangkok	Fair	37	99
Barcelona	Sun	21	70
Beijing	Sun	28	82
Belfast	Fair	19	66
Belgrade	Rain	11	52
Berlin	Fair	16	61
Brussels	Sun	16	61
Budapest	Rain	13	55
Buenos Aires	Fair	20	68
Cardiff	Sun	19	66
Chicago	Rain	10	50
Cologne	Cloudy	15	59
Copenhagen	Sun	16	61
Delhi	Sun	36	97
Dubai	Sun	34	93
Dublin	Cloudy	19	66
Edinburgh	Faor	18	64
Frankfurt	Cloudy	15	59
Geneva	Sun	16	61
Glasgow	Fair	17	63
Hamburg	Fair	17	63
Helsinki	Sun	12	54
Hong Kong	Shower	30	86
Istanbul	Sun	21	70
Jersey	Sun	17	63
Lisbon	Sun	30	86
London	Fair	20	68
Los Angeles	Sun	36	97
Luxembourg	Fair	13	55
Lyon	Fair	16	61
Madrid	Sun	28	82
Manchester	Fair	18	64
Miami	Thunder	29	84
Milan	Sun	22	72
Montreal	Fair	27	81
Moscow	Fair	21	70
Mumbai	Fair	33	91
Munich	Fair	13	55
New York	Cloudy	21	70
Nice	Sun	19	66
Paris	Sun	17	63
Prague	Cloudy	13	55
Reykjavik	Drizzle	9	48
Rio	Sun	27	81
Rome	Sun	22	72
San Francisco	Sun	24	75
Stockholm	Fair	14	57
Strasbourg	Fair	15	59
Sydney	Sun	23	73
Tokyo	Drizzle	18	64
Toronto	Rain	20	68
Vancouver	Sun	20	68
Vienna	Shower	14	57
Warsaw	Fair	18	64
Washington	Shower	27	81
Zurich	Shower	13	55

CROSSWORD

No. 14,622 Set by SLEUTH

JOTTER PAD

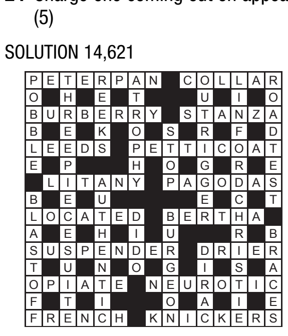
ACROSS

1 Dull tone largely set by company executive before drink (7)
5 A German occupying limited store that's very awful? (7)
9 Dispose of wine behind small hotel (5)
10 A storm is erupting about Catholic getting banishment (9)
11 Religious high-up returns greeting volunteers after a year (9)
12 Applaud food (5)
13 Throw out bunch blocking crime victims (5)
15 One in outfit taken with supermarket biscuit (9)
18 Fake US city immersed in daily sun (9)
19 Poems analysed in course (5)
21 Monarch heading off having acquired cold sore (5)
23 Perhaps, cordial fellow, Irish politician, put in order timeless writing material (4,5)
25 Criminal activity associated with aggressive batsman? (3-3-3)
26 Famous boxer, British one found in Italy (5)
27 School authority in cheap refectory (7)
28 Petition beginning to exercise northern doctor (7)

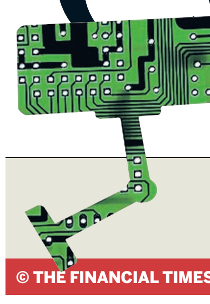
DOWN

1 Label carried by old gear providing security (7)
2 Festivity with artist arising in US college associated with a cocktail (9)
3 What injured jockey did in stock venue? (5)
4 Low thing possibly to hoard pounds and work illegally (9)
5 Old TV cop that's hard and tough hiding head (5)
6 Hot-headed manoeuvring of basic flier ignoring fighter plane (9)
7 Fruit all recorded presumably? (5)
8 Military figures putting missile on old city road (7)
14 Expression of approval in ecstatic state for permissiveness (9)
16 Group with criminal to reserve funds? (4-5)
17 Weariness in boss not having succeeded in film (9)
18 Pay out with sign of illness on the increase? (5,2)
20 Discern type in error (4,3)
22 Line with support, we hear, for smart girl (5)
23 Petty row about river fish (5)
24 Charge one coming out on appeal (5)

SOLUTION 14,621



COMPANIES & MARKETS



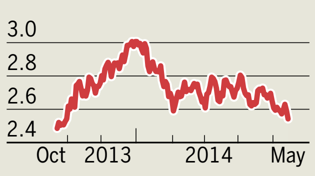
Thursday May 15 2014

Call off the search Data regulators aim to enforce Google privacy ruling **Page 18**

Week 20

News Briefing

US government bonds
10-year Treasury yield (%)



Source: Thomson Reuters Datastream

US Treasury bond prices defy inflation data, Page 29

Companies

HSBC head's bonus cut
Bank halves figure in response to investor pressure. **Page 20**

Rocket systems push
Russian threat to block tech exports set to spur US efforts. **Page 18**

Sales hope boosts Cisco
Shares rise 7 per cent as sales look set to stabilise. **www.ft.com/tech**

Orange merger protest
Telecoms group to report Numericable-SFR tie-up. **www.ft.com/telecoms**

Compass dishes it out
Catering group returns £1bn to investors amid robust growth. **Page 16**

Sombre Sony
Finance chief 'deeply regrets' poor outlook amid 'severe situation'. **Page 19**

British Land cheer
Profits increase 8.4 per cent as UK property market recovers rapidly. **Page 20**

NY Times editor out
Jill Abramson removed after less than three years as management speeds digital change. **Page 19**

Lombard
GSK's chopsocky shocks pose questions over UK's ethics. **Page 16**

Markets & investing

Garden bond hold-up
Country Garden postpones raising debt, prompting concern for property sector. **Page 28**

Chinese tap city-state
Traders join rush to Singapore as it emerges as iron ore hub. **Page 30**

US small-caps slip up
Shift to bigger groups raises question of whether trouble lies ahead for wider market. **Page 28**

Smart Money
The scramble for Africa is on once more, but it is still an expensive place to do business. **Page 30**

Citi fires 11 staff in Mexico unit

Banamex cull after two-month probe

Alleged $400m fraud forces cut in earnings

By Jude Webber in Mexico City and Camilla Hall and Kara Scannell in New York

The alleged fraud involved lending to Oceanografía and another supplier to Pemex, the state energy group, against falsified invoices Bloomberg

Citigroup has purged 11 staff in Mexico, including four managing directors, after a two-month internal investigation at Banamex, its Mexican subsidiary, into an alleged $400m fraud that forced the US bank to cut its 2013 earnings.

Citi had already fired one person it identified as "directly involved in the fraud".

Mike Corbat, Citi chief executive, said the 11 employees, including two business heads in Mexico, had been fired because their "actions or inactions failed to protect our company from this fraud".

The alleged fraud involved the bank lending to Oceanografía and another supplier to Pemex, the Mexican state energy group, against falsified invoices. It cost Citi $235m in 2013 earnings and sparked investigations in the US and Mexico. The bank took a further $165m charge in the first quarter.

"Before our investigation concludes, we expect that several other employees, both inside and outside of Mexico, may receive forms of disciplinary action as well," Mr Corbat wrote in a memo to staff.

The heads that have rolled do not include Manuel Medina-Mora, a Citi executive who oversees the Mexican operations and had his pay docked by $1.1m in March over issues at Banamex and Javier Arrigunaga, Banamex chief executive.

Despite the likelihood of more staff sanctions, Mr Arrigunaga said in a separate statement that the bank was "closing a painful episode in our history".

"We are also revising our risk processes and controls and we continue to strengthen any area that does not satisfactorily with Citi's global standards and best practice," he said.

This month the bank said the US Securities and Exchange Commission had started a formal investigation and the Department of Justice had requested information regarding Banamex's dealings with Oceanografía. The Mexican National Banking and Securities Commission is also undertaking a review.

The Federal Bureau of Investigation and US attorney's office in Manhattan are also investigating the reported fraud.

Citi's lawyers have briefed authorities several times in recent weeks about their findings from the internal probe, according to a person familiar with the matter. At this stage US authorities do not believe Citi knowingly participated in the fraud, this person said.

Citi disclosed a second criminal investigation by prosecutors in Massachusetts into whether Banamex's US unit was involved in money-laundering. That investigation is separate from the reported Mexico fraud.

Bankers fire broadside at bonus clawback plan

By Martin Arnold, Banking Editor

The Bank of England's proposals to impose the world's toughest rules for clawing back bonuses from bankers could be unenforceable in the UK and would be illegal in some countries, an industry lobby group has warned.

The central bank's proposal, unveiled in March, would mean bankers could be forced to give back cash up to six years after they receive and spend it and as much as a 11 years after a bonus is awarded. The clawback would apply if a banker's employer later discovered misconduct or material errors, or if it suffered a severe downturn in its financial performance or a risk management failure.

In a submission to the BoE's consultation process, the British Bankers' Association said the proposals would be illegal in several countries where UK banks operate, including Germany, France, Brazil and Mexico, where they would conflict with employment law. Even where the proposals are not illegal, such as in the UK, it would be "a convoluted process, particularly where the firm does not already have the flexibility to vary existing contracts".

The BBA submission, seen by the Financial Times, read: "Whilst clawback may be legally possible, the actual ability to enforce clawback will be dependent on the decision of a court to enforce clawback clauses in employment contracts." It added that "because of the practical difficulties involved", the regulator should remove the requirement for retrospective clawback provisions. Instead the provisions should "apply in the case of all awards of variable remuneration made after 1 January 2015".

The lobby group forecast that "some employees will acquiesce to the introduction of retrospective clawback and others will not consent".

And it would be impossible to apply retrospective clawback rules to vested bonuses of staff who had left a bank.

It also argued that the proposal was too vague on the issue of which bankers should have their bonuses clawed back in the event of a downturn in performance, saying its definition was "too wide, going beyond what could be considered as fair and reasonable".

The BBA said the plans would create the perception of an "unlevel playing field" between UK banks and foreign rivals. "Clawback and indeed malus [stopping payments of unvested bonuses] are not practices that are prevalent in many markets, and there is little prospect of other regulators in, say, Asia adopting clawback provisions."

Liverpool turn tables on Man City to win Premier League cash title

By Roger Blitz, Leisure Industries Correspondent

Liverpool Football Club did win the Premier League – if it is measured by the revenues each club makes from the league's central pot, rather than results on the pitch.

Despite being pipped to top spot by Manchester City, Liverpool – owned by John W Henry, whose Fenway Sports Group includes the Boston Red Sox baseball team – made £97.5m from the distribution of league income. According to the league's figures, that was £900,000 more than the revenues of the champions.

While this might not soothe the pain of missing out on the title, Liverpool's income represented an increase on last year of £42.7m, as the league's 20 clubs felt the benefit of the first year of new domestic and international television rights deals sold for £5.5bn.

Each club received an equal share of £52.1m from TV rights deals and commercial income. But Liverpool had the highest number of live matches in the UK, with 28 – three more than City, Chelsea, Manchester United and Arsenal – earning the club a further £21.9m.

Clubs are also awarded merit payments depending on their final league position. For winning the league, Manchester City received £24.7m, while Liverpool won £23.5m.

Such is the growth in TV income that the Premier League is now able to boast of seeing all its competing clubs among the richest in Europe in the next few years. Liverpool's £97.5m income is nearly £6m higher than the broadcast revenues made by Bayern Munich in 2012-13, the year the German club won three titles, including the Champions League and the Bundesliga.

Two other UK clubs earned more than £90m: Arsenal and Chelsea. Manchester United, last year's champions, finished seventh but still earned £89.2m.

The uplift in TV rights income means that even bottom-placed Cardiff City, with £62.1m, earned more than the £60.8m United made last year. That meant the distribution ratio between Manchester City at the top and Cardiff in 20th place was 1.57 to 1. In total, the Premier League distributed £1.56bn to its 20 clubs.

Liverpool's income boost should invigorate a set of accounts that were in the red by £49.9m in 2012-13.

Lombard, Page 16

The Short View
James Mackintosh

Economic forecasting is more a dark art than a scientific endeavour. Even so, the Bank of England's latest inflation forecasts look bizarre. If interest rates stay on the floor for the next three years, the BoE's central forecast suggests inflation will reach only 2.4 per cent in 2017.

The prediction came on a day when UK employment data showed the strongest quarterly jobs growth since records began in 1971. Even with productivity staying weak – leaving more scope for inflation-damping productivity improvements in future – the crystal ball seems to have a crack.

In fact, the odd forecast is a quirk of the model, which assumes inflation expectations stay anchored (in other words, people expect an immediate jump in base rate after the prediction period ends).

The model is very complex, and of very little use. But the words from the BoE yesterday chimed with the dovishness suggested by the model.

Investors reacted by unwinding nascent hopes of a rate rise at the end of this year, and selling the pound. Short-dated gilts, which are most affected by pushing back expectations of a rate rise, had their best day since before Mark Carney took over as BoE governor last summer.

Investors are right to react as they did: the BoE is remaining dovish in the face of extremely strong economic data.

But no one should mistake the inflation forecasts for a useful guide to what might actually happen to the economy. Central bank predictions are a guide to the thinking of the central bank, not a useful way to find out what is going to happen in the real world.

Investors will have no better luck with the private sector. The Bloomberg consensus for this year's growth in Britain's economy has soared from 1.5 per cent last summer to 2.8 per cent, in spite of little support from elsewhere in the world. Economies are complex and change quickly. Focus on what everyone else believes, not on making your own predictions.

Companies and sectors in this issue

Companies

Sectors

GSK's chopsocky shocks pose questions over UK's ethics

Jonathan Guthrie
LOMBARD

Is it time for a public interest test on whether UK drug companies should bribe foreign physicians? The furore over Pfizer, which may cut research spending if it buys AstraZeneca, contrasts with a more muted reaction to Chinese allegations of corruption against GlaxoSmithKline.

Of the two hypotheticals, distorting doctors' priorities is worst. People could die as a result. The substitution of the wrong medicine for the right one is only one part of the problem. Over-prescribing of antibiotics helps infections develop immunity.

Shares in the drugs group were off only 1 per cent after Chinese officials accused GSK of bribery on a "massive scale" and implicated country head Mark Reilly.

Of course, allegations have been dripping out for months, as China seeks to make an example of GSK *pour encourager les autres* in its endemically corrupt healthcare system. But the betting will also be that bribery is a tougher crime to prove and punish harshly than the financial misdemeanours for which banks have been caned.

Operation Soaring Dragon – the chopsocky name of one corrupt GSK unit, according to police – has given way to Operation Headless Chicken as the drugs giant has fought a losing battle to dispel suspicions about its Chinese operation.

Chinese prosecutors look set to whack GSK if they are able. A statement from GSK hinted at fears of exclusion from the fast-growing Chinese market. The UK's Serious Fraud Office is underfunded, overwhelmed with work and dispirited by its failures. The US Department of Justice is a tougher cookie, but would probably focus on cases closer to home.

There is a growing chance China will determine supposed wrongdoing was a domestic phenomenon. This would take some pressure off chief executive Sir Andrew Witty. But Britons should ponder whether tax-driven inward investment is really more reprehensible than allegedly dishing out bungs overseas.

Party pooper

Have you ever supervised a party for seven-year-olds? Sooner or later, one little rascal hands round the Class "A" psychotropics – Haribo Magic Mix, for example – and the situation is liable to spin out of control. It must be a bit like running a private equity business, such as 3i, when a bull market is ripping.

Consider, therefore, the dilemma of troubleshooting boss Simon Borrows. He has just unveiled annual results marking the quoted group's return to full financial health. Net asset value per share rose 12 per cent to 348p and the stock to 400p. Operating expenses as a percentage of assets under management dropped to 1 per cent. Net debt halved to £160m.

3i's deal doers are doubtless beating a path to Mr Borrows' office, brandishing invitations from investment banks to bid in company auctions at over 10 times forward earnings. Investors, from whom 3i could have as easily extracted eye teeth as fresh capital three years ago, are fluttering their cheque books coquettishly.

What's a guy to do? Private equity is a cyclical business. It would please a lot of people if 3i joined the party. But Mr Borrows, like Hackney soulsters Rudimental, is Not Giving In. His comments on valuations will send private equity execs scuttling off to seek thrifty, privately-negotiated deals. He is keeping a pledge to raise no new funds before 2015.

Very commendable, given 3i's historic penchant for investing at the top of the cycle. But staff craving the sugar rush of deals done with cheap money may not stick around to see whether 3i's virtue is its own reward.

Football weary, football sad

The Bigger Mug Theory has been confirmed by the success of high-spending Premier League football clubs in selling television rights to broadcasters for ever larger sums. Liverpool, the plaything of US sports entrepreneur John W Henry, was the top earner at £97.5m in 2013-14. That compared with £55m in the 2012-13 season.

Even Aston Villa raised its income from £45m to £72m. But it was not enough to placate Randy Lerner, another American sports investor. He announced this week that he was selling the Birmingham club, comparing himself to "the Shunammite".

This pious Old Testament matron was blessed with child by the prophet Elisha through supernatural rather than carnal means. However, Mr Lerner is not pregnant. Instead, he plans to dwell quietly, like the Shunammite. That precludes visits to Villa Park.

Pessimists say Mr Lerner has no chance of getting £200m for Villa. But they should emulate him by having faith. As the theory states, there's always a bigger mug just around the corner.

jonathan.guthrie@ft.com

Bullish Compass serves up £1bn treat

TRAVEL & LEISURE

Caterer pays special dividend on growth

By Gill Plimmer

Compass, the catering company that feeds staff at Google, Twitter and LinkedIn, has dished up a £1bn return to investors on the back of strong growth in North America and emerging markets.

The UK company serves more than 4bn meals a year and employs more than 500,000 people in about 50 countries. But Richard Cousins, chief executive, said the addition of lucrative customers such as Skype in Silicon Valley, America's technology hub, had "made [the company] very bullish".

The special dividend brings the total amount returned to investors over the past seven years to £6bn. It comes on top of a £500m share buyback in November, which took stock repurchases by Compass over the past two and a half years to £1.4bn.

Shares in Compass, which also supplies food to the Wimbledon tennis championships and the US baseball league, soared 5 per cent on news of the windfall.

Stephen Rawlinson, analyst at Whitman Howard, said: "Compass goes from strength to strength and indicates that there is much more growth to come in its core food offering which has a £200bn a year market of which only 50 per cent is outsourced. Rival Sodexo is making greater inroads into hard services and Compass needs to have a response."

Compass has benefited from a trend towards outsourcing in emerging markets, including China and India, its fastest-growing divisions. But sales in North America, which accounts for 45 per cent of the business, have also been increasing, with schools, universities and hospitals keen to use external suppliers to save costs.

Although its European division had been hit by the recession, Compass said it expected modest growth in this year. It is planning to increase spend on sales and marketing in the region.

Rival caterers, including Sodexo, the French outsourcing company, have expanded rapidly into facilities management services including running prisons for the British government and pathology units for NHS hospitals. But Compass said it would remain "focused on food" and the company will expand into the broader support services market only "selectively and incrementally".

News of the higher payout to shareholders came as pre-tax profits for the first six months of the year rose to £595m, compared with £575m in the same period last year. Revenue fell slightly to £8.7bn, compared with £8.8bn in the same period last year, in part because of unfavourable exchange rates. The company also proposed an interim dividend of 8.8p, 10 per cent ahead of last year.

Mr Cousins, chief since 2006, rejected speculation he would be leaving in the next two years. "I'm really enjoying it," he said. "I hope to stay even longer."

Rothschild advised Compass on the dividend.

See Lex

COMPANIES ROUND-UP

France and Sweden are battling to delay legislation which would open up the EU truck market to US competition Getty

Renault and Volvo near truck rules delay

France and Sweden are close to winning a battle to delay by 10 years EU legislation that could make truck designs safer and more efficient, as they look to protect national manufacturers Renault and Volvo, **writes Henry Foy.**

The legislation, which would also open up the European truck market to US competition, will come into force only in 2025 because of the lobbying by France and Sweden, according to documents seen by the Financial Times.

Renault Trucks, and its owner, Sweden's Volvo Trucks, have launched new model ranges, which would mean that any imminent changes to design rules would be costly to implement and could allow competitors a head start.

"Given the importance of this legislation to the industry, it needs to be done in the correct way . . . matched with appropriate timing for planning and preparation," said Volvo, which is separate from the car brand of the same name. "Redesigning the cab is quite complex and costly, and you have to bear in mind that product cycles in our business are 15, maybe 20 years long.

"We support an application of the new requirements by 2025. This is the message we have communicated to all our stakeholders."

Representatives of the Swedish and French delegation to the EU dealing with this issue declined to comment when contacted by the FT.

European trucks, which must follow EU-mandated design rules, are distinguishable from US vehicles by their boxlike, square cockpits. The European Parliament has already agreed on the new legislation that would enable truckmakers to design more curved, streamlined cabs.

Campaigners say that this would make them more fuel efficient and safer to other road users, such as cyclists.

Other countries such as Germany, Denmark and Ireland are in favour of implementing the new laws as soon as possible, according to the documents. Germany's Volkswagen owns MAN and Scania, both major competitors to Volvo and Renault.

The changes would reduce haulage company fuel bills by 10 per cent and save the lives of more than 300 cyclists and pedestrians every year, according to Siim Kallas, the European Commissioner for Transport.

The European Council will vote on the legislation, containing the 10-year delay, on June 5. It is expected to be passed.

Tencent racks up profits with smartphone games

MEDIA

Chinese internet group Tencent said yesterday its profits rose 60 per cent in the first quarter, a strong result that will be scrutinised ahead of the initial public offering of the company's biggest rival, Alibaba.

The Hong Kong-listed company, which runs the popular mobile messaging service WeChat and the gaming platform QQ, beat analyst estimates thanks largely to the growth of revenues from smartphone games.

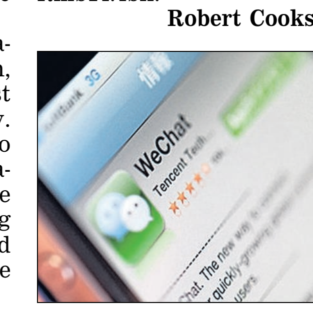
With a market capitalisation of more than $120bn, Tencent is China's biggest listed technology company. But that position is set to be challenged by the flotation of Alibaba, the Chinese ecommerce group preparing for a US listing that would value its equity at more than $100bn.

Tencent said yesterday that its net profit for the three months to the end of March was Rmb6.45bn ($1.04bn), an increase of 60 per cent compared with the same period a year ago.

Total revenues were Rmb18.4bn, an increase of 36 per cent over the first quarter of 2013 – the fastest growth in three years.

The Shenzhen-based company reported that the bulk of its growth came from its VAS division, which includes gaming businesses. Revenues from this division rose 35 per cent to Rmb14.4bn.

Robert Cookson



First-quarter profits rose 60% compared with last year

Tata Steel results upbeat as Europe demand picks up

GENERAL INDUSTRIALS

Tata Steel, India's largest private sector steelmaker by revenue, posted unexpectedly good financial results yesterday as demand picks up in the European market.

The group posted underlying net profits of Rs36.23bn ($609m) in the financial year to the end of March, up from Rs3.32bn in the previous year. Meanwhile, revenues expanded to Rs1.486tn, up from Rs1.347tn in the previous 12-month period.

The results exceeded forecasts, with Thomson Reuters forecasting net income of Rs34.45bn, on revenues of Rs1.450tn.

Improvements in the group's European business – because of the wider economic environment, as well as operational changes and product launches within the company – are crucial for Tata Steel, which has struggled in the region. "Europe appears to be entering a phase of solid economic growth, which is supporting a recovery in steel demand," Karl-Ulrich Köhler, chief executive of Tata Steel Europe, said in a statement.

The group's $13.1bn purchase of Anglo-Dutch steelmaker Corus in 2008 has weighed on its finances, as demand from Europe slowed during the financial crisis, leading to a $1.6bn writedown last year and job cuts.

Ahead of yesterday's results, shares in Tata Steel gained 6 per cent to close at Rs452.35, after reaching the highest level since July 2012.

In the three months to March 31, the company reported net profit of Rs10.36bn on a consolidated basis, up from a loss of Rs65.29bn in the same period a year earlier.

Avantika Chilkoti

More news at ft.com/companies

● BHP launches review of Nickel West operation

BHP Billiton is pushing ahead with plans to sell unwanted assets, and has announced a review of its Nickel West business in Australia, **write James Wilson and Neil Hume.**

A sale by the world's largest miner by market capitalisation would aim to take advantage of a sharp rise in the price of nickel in recent weeks, stimulated by concerns over supply.

Analysts at Investec said BHP's nickel business could be worth $700m.

The Nickel West review comes as the Anglo-Australian miner considers a wider unbundling of a significant portion of its assets it considers non-core. Under Andrew Mackenzie, who took over as chief executive last year, BHP has been adamant it wants to concentrate on its largest mines and oil and gasfields in a smaller number of locations.

www.ft.com/mining

● Judge puts brakes on Ecclestone bribery trial

The German judge presiding over F1 chief Bernie Ecclestone's trial on bribery charges yesterday delayed defence cross-examination of the prosecution's star witness for two-and-a-half months, **writes Rose Jacobs.** Judge Peter Noll set the timetable after testimony from Gerhard Gribkowsky, a former banker who says he accepted $44m in bribes from the F1 chief executive and his family trust. "It's a cliffhanger," the judge said.

Prosecutors say Mr Ecclestone paid Mr Gribkowsky $44m to facilitate the sale of a 47 per cent stake in F1 to private equity firm CVC Capital Partners. The new cross-examination date is partly the result of scheduling a trial around Grand Prix. Mr Ecclestone, 83, who denies all the charges, could face up to 10 years if convicted.

www.ft.com/autos

Top Barclays dealmaker latest to depart Asia unit

BANKS

Barclays' top dealmaker in Asia has become the latest high-profile departure from the bank in the region after last week's announcement of plans to cut more than a quarter of its investment banking unit's headcount.

Jason Rynbeck, vice-chairman of mergers and acquisitions for Barclays in the region, officially left the bank on May 8, according to a regulatory filing.

Mr Rynbeck joined Barclays from RBS in 2008 and helped the bank rise from 43rd in the regional dealmaking tables that year to ninth last year, according to data from Dealogic. Barclays last year advised on deals in Asia worth a total of $31.7bn, giving the bank 4 per cent market share – up from 0.5 per cent in 2008.

Other recent high-profile exits from the bank include Skip McGee, head of Americas, Paul Parker, head of M&A and Robert Morrice, Asia chief since 2001.

Mr Morrice announced his departure ahead of last week's strategy update, although the bank said his move was long planned.

Mr Rynbeck has not said what he plans to do next. His departure will be a blow to Barclays' plans to shift its investment banking balance away from fixed income trading to advisory work and corporate finance.

Recent Asian deals the bank has worked on include advising Tencent on its $2.1bn stake in JD.com.

Staff in Asia fear the cuts – 7,000 positions over three years – could fall disproportionately on the region as the bank shifts to focusing on international customers.

Barclays' first-quarter results last month included a near halving of the investment bank's pre-tax profits.

Jennifer Hughes

3i warns asset prices are holding back investment

GENERAL FINANCIAL

High asset prices are holding back investment, the chief executive of British private equity company 3i Group said yesterday as it reported a 28 per cent year-on-year rise in total return to shareholders.

Simon Borrows is seeking to accelerate the pace of investments for the London-listed group after cutting jobs, scaling down international operations and focusing on disposals to restore its finances.

It invested £337m in the year to March 31, from £149m the year before, it said as it reported a total return of £478m. Along with acquisitions 3i also lifted its stake in Nordic ferry operator Scandlines.

European private equity groups have been taking advantage of buoyant stock markets to sell assets through initial public offerings. 3i, which owns UK clothing retailer Hobbs, reaped £677m from disposals in the fiscal year, up from £606m the previous year. Including third-party funds, sales amounted to £1.1bn and generated an average 80 per cent cumulative gain.

Net debt more than halved year on year from £335m to £160m. Net asset value rose to 348p a share, beating estimates from Société Générale and Oriel Securities.

£337m

Amount 3i invested in the year to the end of March

3i confirmed a final dividend of 13.3p per share, bringing the total for the year to 20p. The shares rose 5.8 per cent to 400.2p.

Anne-Sylvaine Chassany

See Lombard

Renewable energy switch leads to RWE income fall

ELECTRICITY

RWE's net income for the first quarter fell more than a third as Germany's switch to renewable energy continued to batter the company's business model.

In a letter to shareholders, Peter Terium, chief executive of Germany's second biggest utility by market value, blamed the "crisis in the conventional electricity generation business" for the decline.

Recurrent net income, the measure on which the dividend is based, declined 35.5 per cent from €1.3bn to €838m. The shares closed down 2.1 per cent. Earnings before interest, tax, depreciation and amortisation fell 15 per cent to €2.59bn.

Eon, Germany's biggest utility by market value, on Tuesday posted a 12 per cent year on year drop in core earnings for the first quarter. Renewables now account for nearly a quarter of Germany's electricity consumption.

Subsidised solar and wind energy is increasingly taking the place of fossil fuels, hammering profits for conventional power generators.

A decrease in hard coal prices and the renewables switch had led to a drop in wholesale electricity prices in Germany, RWE said.

In the first quarter, a megawatt hour of base load power sold for an average of €33 on the spot market, €9 less than in the same period a year ago.

Chief financial officer Bernhard Günther said a new market design for electricity in Germany was urgently required.

RWE posted a net loss of €2.8bn for 2013, the first time since the federal republic was established that the group has posted an annual loss.

Jeevan Vasagar

GSK PROBE

China police hail success in anti-graft ‘tiger hunt’

PHARMACEUTICALS

News analysis

Regulators are flexing their muscles and have turned spotlight on multinational groups, say **Tom Mitchell** and **Jamil Anderlini**

Chinese police claimed to have bagged a tiger yesterday when they accused the former head of GlaxoSmithKline’s China operations of corruption, in an unprecedented case that allegedly involves systematic lawbreaking at a major foreign investor.

Beyond the long jail terms that Mark Reilly and two of his Chinese colleagues named in the probe could face, lawyers say that GSK’s China arm could be forced to pay fines and disgorge tainted profits totalling billions of renminbi if the allegations are eventually proved.

Police and prosecutors have not laid any formal charges against either the executives or GSK’s China unit. Charges could be laid in the coming weeks or months, although prosecutors have a lot of leeway over extending their deliberations.

“It is an extremely serious accusation that they are making here,” said one lawyer whose firm is not involved in the case but has dealings with GSK. “They are looking at corporate liability. Mark has really been singled out as being responsible for creating a corrupt organisation.”

The targeting of an entire legal entity is extremely rare in China, even at a time when President Xi Jinping’s anti-corruption drive has Chinese authorities rounding up high-level “tigers” and low-ranking “flies” at a furious rate. The singling out of such a senior foreign executive is unprecedented, although lower-ranking foreigners have been targeted in the past.

In one of the most high-profile cases, Stern Hu, Rio Tinto’s former top iron ore salesman in China and an Australian citizen, was sentenced to 10 years in jail in 2010 for bribery and stealing commercial secrets. While Chinese executives routinely disappear from prominent posts at Hong Kong and Shanghai-listed state-owned enterprises, their employers are rarely implicated and quickly assure foreign shareholders that the arrests will have no impact on operations.

At a press briefing held at the Ministry of Public Security’s headquarters in Beijing, a police spokesman said that senior GSK executives had ordered subordinates to pay bribes on a massive scale, generating “illegal revenue worth billions of renminbi”.

Mr Reilly and his colleagues, Zhang Guowei and Zhao Hongyan, could not be reached for comment.

Some lawyers and analysts say that the case against GSK can be traced back to a shift in regulatory priorities about 18 months ago, shortly after Mr Xi was appointed general secretary of the ruling Chinese Communist party. Government bodies, most notably the National Development and Reform Commission, began to focus on industries, such as pharmaceuticals, in which Chinese consumers appeared to be paying more than their international counterparts.

“There has been a lot more aggression from the NDRC, which is flexing its muscles to show it’s not just a policy body but an enforcer,” said Duncan Clark, a telecoms consultant and former head of the British Chamber of Commerce in China.

> ‘It is an extremely serious accusation that they are making. They are looking at corporate liability. Mark has been singled out’

One signal of the new policy direction was evident on China Central Television’s annual March 15 Consumer Day broadcasts, which began to target some of the world’s most recognised multinationals. Last year, the programme extracted both an apology from Apple over its attitude to Chinese consumers and a vehicle recall from Volkswagen.

“There was a very clear shift in policy,” said Rocky Lee, Asia managing partner at Cadwalader, Wickersham and Taft. “The focus shifted from counterfeits and shoddy goods to business segments where prices seemed artificially high compared to international markets.”

Last summer the NDRC, which shares policing duties for China’s Competition Law with the State Administration of Industry and Commerce, fined six baby formula manufacturers – five brand-name multinationals – $110m for anti-competitive pricing policies. But it was the police investigation into allegedly criminal practices at GSK, revealed last summer, which really alerted the foreign business community to the seriousness of the new campaign.

In their briefing yesterday, Chinese police alleged that some of the UK pharmaceutical company’s medicines were seven times more expensive in China than in other markets, with prices inflated in part to fund the cost of bribes to doctors and hospital staff, as well as enforcement officials.

GSK said yesterday that the claims were “deeply concerning to us and contrary to the values of GSK”, and would “continue to fully co-operate with the authorities in this matter”. The charges that GSK’s executives and operations face in China could trigger follow-up actions in the US and the UK – all for alleged misbehaviour in a country that accounted for only about 3 per cent of global revenues in 2012 and even less last year, when GSK’s China revenues plummeted in the wake of the scandal.

“Now that the Chinese police are handing over the case to prosecutors, they can still fight in court and no one knows the result of that,” said the lawyer whose firm does business with GSK. “But you have to ask if GSK even wants to stay in China after this whole thing.”

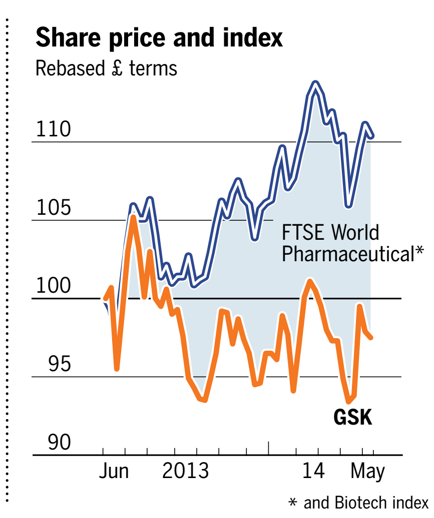
See Editorial Comment
See Lex
www.ft.com/lombard

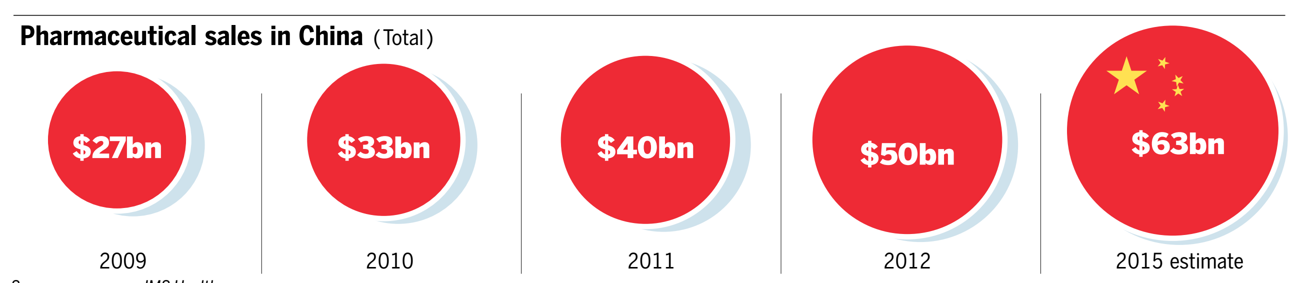
MORE ON FT.COM

To hear the Lex team discuss GSK’s China blues and why the group’s stock has barely moved, go to
www.ft.com/lexvideo

Changing practices

Lawyers say the case against GSK can be traced back to a shift in regulatory priorities about 18 months ago Getty Images





Sources: company; IMS Health

Timeline of woes

June 28 2013 Police in the central Chinese city of Changsha say they have placed GSK company officials under investigation for alleged “economic crimes”.

July 4 China’s National Development and Reform Commission, the main economic planning agency, says it has launched a probe into the costs of medicines at 60 domestic and international drugmakers, including GSK.

July 11 China’s Public Security Ministry accuses GSK of bribing doctors to prescribe its drugs and concocting a “huge scheme” to raise drug prices. Chinese officials say executives from GSK admitted to using bribes and other fraudulent measures to boost sales in China.

July 13 GSK puts on hold tests on human volunteers of an experimental compound for multiple sclerosis following claims of fraud in a scientific paper that led it to fire the head of its neuro-immunology centre in Shanghai.

July 15 Police say GSK made “illegal” transfers as they release details of an investigation into the bribery allegations. Gao Feng, head of the economic crimes investigation unit, says four senior Chinese executives from GSK have been held.

July 23 Abbas Hussain, GSK’s president of international operations, says that senior China-based executives “appear to have acted outside of our processes and controls, which breaches Chinese law”.

Aug 15 China’s State Administration for Industry and Commerce says it is investigating possible bribery, fraud and anti-competitive practices in a range of sectors, including the drugs industry. The Shanghai government instructs hospitals to identify any corruption.

Dec 16 GSK says it is to scrap individual sales targets for commercial staff and will instead link pay to improved patient care and company-wide performance.

Feb 4 2014 GSK reveals that sales of medicines and vaccines in China fell 29 per cent in the fourth quarter of 2013, compared with the year before, after falling 61 per cent in the third quarter.

April 4 GSK fires “a very small number” of its 7,000 staff in China for breaching expenses rules.

May 14 Chinese police announce the results of their investigation, alleging that GSK as a company and individuals engaged in bribery on a “massive scale”. They recommend that the company and executives, including Mark Reilly, the former head of its China operations, be prosecuted. GSK says that it will fully co-operate.

British veteran at heart of corruption probe

Mark Reilly, the British national at the centre of the Chinese corruption probe, has a quarter of a century’s experience working for GlaxoSmithKline, including a decade in Asia, **writes Andrew Jack**.

A chartered accountant, he joined SmithKline, a predecessor company of GSK, in 1989. Mr Reilly spent time working in the US as well as the UK before taking responsibility for finance in Asia in 2003, based in the group’s Singapore office.

He was a board member of GSK’s India and Bangladesh operations, before being appointed in 2009 as general manager for its China operations, based in Shanghai, and promoted to senior vice-president for the country in 2012.

It is in that role that he has been named by the Chinese authorities over the alleged creation by the company of a “bribery chain”, although police have yet to publicly present any evidence of his direct involvement and he has not been arrested.

Described by former employees as “of high integrity” and “tough but fair”, he was back in London last summer when the Chinese authorities first announced their probe against GSK. But he returned to the country a few weeks later, where he has remained.

He has been replaced as general manager by Hervé Gisserot, and is working for GSK full time, co-operating with the continuing investigation.

After taking a medical science degree, he obtained a doctorate in pharmacology from University College London and carried out work experience at the Metropolitan Police Forensic Sciences Laboratory.

Stance echoes US and UK crackdowns

By Tom Mitchell and Caroline Binham

Chinese regulators are asserting themselves in the GSK case with an authority that has parallels abroad, particularly in the US and the UK.

US authorities have long led the field in cracking down on dodgy sales practices, both at home and abroad.

The US Department of Justice has prosecuted a series of pharmaceutical companies in recent years for marketing and clinical trial activities in the US.

GSK is among them, having agreed two years ago to pay $3bn – including a $1bn criminal penalty – to settle charges related to its promotion of drugs beyond their authorised uses.

US prosecutors have also taken an aggressive stance against overseas corruption, empowered by the 1977 Foreign Corrupt Practices Act, which allows the DoJ to go after companies that do business in the US for bribery activity elsewhere in the world.

In the UK the Serious Fraud Office was given expanded authority to tackle corruption both in the UK and abroad with the 2010 Bribery Act.

When it comes to the Chinese bribery allegations, GSK has commissioned an inquiry by the law firm Ropes & Gray and is reporting the results to the SFO and the DoJ. The SFO will say only that it is aware of the Chinese allegations, and the DoJ declined to comment.

While the Chinese authorities have targeted three individuals, it is not clear whether they will charge GSK’s China unit itself.

If they were to do so, the UK’s double-jeopardy laws would preclude the SFO from also charging the same unit with the same offences, an ex-SFO official explained.

The US view on double jeopardy is more nuanced, however, and a Chinese prosecution might not stop the DoJ from taking action against the corporate entity.

In 2006, for example, the DoJ forced Statoil to pay $21m in penalties and admit that it had bribed Iranian officials, even though it had already paid $3m in fines in 2004 to settle a Norwegian investigation into the same issue.

The SFO has been seeking an entente with its Chinese counterparts, with the director, David Green, visiting China last year, while a Chinese delegation has since met SFO officials in London.

The US has twice fined Statoil over bribery claims Bloomberg

COMPANIES

US set for rocket systems push

INDUSTRIAL ENGINEERING

Russia export ban to spur programme

Technology is years behind, say experts

By Robert Wright in New York and Mark Odell in London

Russia's threat to block exports of critical rocket technology to the US looks set to spur development of new US homegrown rocket systems for the first time since the 1980s, according to key figures in the industry.

Loren Thompson, an analyst at the Virginia-based Lexington Institute, said the Russian threat on Tuesday made it "nearly inevitable" that the US would push ahead with development of its own, new rocket technology.

Meanwhile, Sergey Gugkaev, chief executive of Sea Launch, a Russian-controlled, US-based satellite launch contractor, acknowledged the likelihood of a new US push but warned that it would take years for a new engine to emerge.

Professor Mark Sims, a space expert at the University of Leicester in the UK, said the decision by Moscow "could potentially hit all space programmes quite seriously".

Dmitry Rogozin, Russia's deputy prime minister, announced on Tuesday that Russia would bar further exports of Russian RD-180 engines to the US if they were to be used for military satellite launches. The engines power the rockets used by the United Launch Alliance, the joint venture between Lockheed Martin and Boeing that handles the US's most sensitive military satellite launches. Mr Rogozin also said Russia would bar US access to the International Space Station after 2020. All astronauts travelling to and from the space station travel on Russian rockets to and from Kazakhstan's Baikonur cosmodrome.

The Russian move has heightened concern among US policy makers about the US's reliance on Russian engines for ULA's Atlas V rocket, which currently handles military launches for the US Air Force.

The US stopped developing new rocket engines after the end of the cold war and has become reliant on Russian breakthroughs that have produced new, more efficient engines.

Mr Gugkaev said it was "not a secret" that Russian propulsion systems were "the best in the market".

"This will remain the case for several years at least," Mr Gugkaev said. "Replacing in particular the Atlas V RD180 with a US domestic engine will take, I would say, five to eight years."

Mr Thompson said Russia had "changed the conversation. It makes development of a new American launch vehicle nearly inevitable".

There is already work under way in the US on a new space launch system for the National Aeronautics and Space Administration, which handles civilian space launches for the US. Nasa intends to have a new vehicle ready for test flight in 2017 and to fly crews into space by 2021. However, that vehicle will build on technology used in past space programmes. Any new programme would be a "clean sheet" that would build on Russian advances, Mr Thompson said.

Orange's share price has been rising partly as the result of an extensive cost-cutting programme, which chief executive Stéphane Richard says he is committed to maintain Bloomberg

Orange benefits from squeezing the pips

MOBILE & TELECOMS

News analysis

Telecoms group's chief sees an end to low prices, says Daniel Thomas and Adam Thomson

After years of being squeezed by a price war of unprecedented severity and the grip of regulations, Stéphane Richard, chief executive of Orange, can afford himself some hope for the years ahead.

"We are higher than Free's arrival two years ago. I am happy with this position," Mr Richard said, alluding to a period when the arrival of a fourth, cut-price competitor in France's mobile market sent prices – as well as Orange's shares – spiralling downwards.

A share price recovery has been helped by extensive cost-cutting at Orange, something Mr Richard is committed to maintain with no plans to replace many of the 30,000 employees set to retire in the next few years.

But, more importantly, investors have begun to take greater interest in Orange due to the competitive situation in European telecoms. Mr Richard says he believes that Orange, and perhaps the rest of European market, has reached the cyclical nadir. The French price war might well be over.

"We are at the end of the cycle. We have had massive price cuts in the French market – 30 per cent on average in the last three years – so we are now at the low of the lowest in Europe. At a level not sustainable for some of the players for long."

This, he predicts, will mean further consolidation in the French telecoms market to follow the merger deal between SFR and Numericable.

"Bouygues is facing a real challenge. In my view, they have a standalone plan, but that will probably lead them to restructuring the company massively with quite a social impact.

"So I understand that they would also look at other options, including finding an understanding with the other players such as network sharing or a merger. I think they are still assessing the options, but they need to make a decision quite quickly."

The merger between SFR and Numericable would have a "limited indirect impact" on Orange's wholesale revenues, since the mobile operator would have less need to use its fixed-line network. But he is not worried about increased competition from the merged group, even if he will seek to level the regulatory position with competition authorities. "SFR and Numericable will be a powerful convergent player. SFR is a good brand, much better than Numericable, but Orange will remain the leader in all the markets."

More broadly, Mr Richard detects a change in tone among European politicians about the telecoms sector, which has been hamstrung by restrictions on mergers as well as cuts to revenues from roaming and connections.

'We are at the end of the cycle. We have had massive price cuts in the French market'

He said the telecoms sector was no longer regarded as just a "mine for taxes" but something that needed to be nurtured to ensure global competitiveness. This view has been reinforced by recent support for telecoms consolidation by European Commission presidency hopeful Jean-Claude Juncker and German leader Angela Merkel.

While French politicians failed to block the takeover deal by Numericable of SFR, there is a tide of opinion that the decision to introduce a fourth operator into the market was a mistake and should be reversed.

Mr Richard's own position as chief executive of Orange was extended last month by the board, which is expected to be ratified by shareholders at the company's general meeting.

He is still under investigation in a fraud inquiry involving businessman Bernard Tapie when he was chief of staff of former French finance minister Christine Lagarde. "I reject clearly and totally the accusations regarding my personal involvement in this matter," he said.

He added that he was not worried about the outcome of the inquiry, although he noted that he "would not advise any friends to take a position in the government" in future.

Orange is, however, coming to an end of its bombastically named "Conquest 2015" strategic plan, which he admits will fall short in a couple of areas but only as a result of the unexpected changes in the telecoms market in the period.

For example, an objective to reach 300m customers in the emerging markets will probably miss by 20m-30m, but he says that the right objectives were addressed in the plan such as network investment, 4G rollout and employee conditions.

Meanwhile, the long-mooted merger of Deutsche Telekom and Orange is no closer to being a reality.

Data protection agencies will gain power from Google defeat

MEDIA

News analysis

Extra pressure on regulators criticised for being toothless, writes James Fontanella-Khan

Although it was Europe's highest court that reinterpreted the bloc's privacy directives for the internet age, the task of enforcing and applying that ruling to individual cases will probably fall to a patchwork of national data protection authorities across the 28 member states.

The landmark decision will put new pressure on those agencies, which have often been criticised for being toothless when it came to enforcing their authority.

Law professors and lawyers representing large tech companies are questioning whether national regulators are equipped to decide if an individual's privacy should trump the interests of a community to access information freely.

Joris van Hoboken, a research fellow at New York University's law school, said that the European Court of Justice's ruling gave data protection authorities (DPAs) a disproportionate amount of power that could lead to censorship.

"Some DPAs are going to be very happy as they will be given the right to censor media outlets," said Mr van Hoboken. "Others will be more careful and will try their best to balance freedom of expression and information rights with privacy rights. But there is little clarity of how it will work and many cases will end up in civil courts."

Karin Retzer, a partner at Morrison & Foerster, a law firm that works closely with several technology groups, said there were other practical problems that made national privacy watchdogs unsuitable for the role.

"In many countries the data protection regulators are underfunded, understaffed, they are not even in a position to fulfil their normal statutory role," said Ms Retzer. "In addition . . . they don't necessarily have the context to make these decisions."

Unlike antitrust regulators, which could fine companies up to 10 per cent of their revenues, national data watchdogs have limited power to impose fines.

$7m

Google's US fine over the Street View data issue

Google, for example, was let off the hook in the UK for collecting people's personal data as part of its Street View service, and in France, the US group this year incurred only a €150,000 fine – out of a maximum possible of just €1m – for breaching France's data protection rules. By contrast, Google paid $7m to a group of US states over the same issue.

However, Orla Lynskey, a lecturer in digital rights at the London School of Economics, said that as public authorities, DPAs would be better placed than a private entity, such as Google, to decide whether citizens' rights had been infringed.

"DPAs will have some prior experience to balance cases, they have already done so with privacy cases versus freedom of information matters," said Ms Lynskey. "[DPAs] are clearly not experts in freedom of expression . . . so in the end it would be preferable to have judicial oversight."

Moves are also already under way to strengthen European data protection agencies. As early as this year, new EU data protection rules could be passed into law to give DPAs the power to impose fines worth up to 5 per cent of a company's global turnover if found in breach of individuals' privacy rights. Google took $59.8bn in revenues in 2013.

A final decision has yet to be agreed with the European Council, which represents national governments, but most technology groups expect that the days when they faced only paltry fines will soon be over.

Dogged persistence over four-year crusade pays off for González

Mario Costeja González insists he has nothing against Google and its flagship search engine. He describes himself as a "fan" of the US group and offers praise for its broader stance in the battle to further freedom of expression, **writes Tobias Buck**.

Yet his four-year legal crusade to force Google to remove links to certain, potentially embarrassing, internet content has culminated in a bitter defeat for one of the world's most powerful corporations. It is a loss that has the potential to reshape core parts of the internet economy, from search engines to social networks. It is unlikely that Google executives will reciprocate the affection that the 59-year-old Spaniard claims to have for their company.

A graphologist who has his own consultancy on non-verbal communication, Mr Costeja González's campaign started in 2010, when he realised that a Google search of his name threw up a link to a January 1998 article in La Vanguardia, the Barcelona-based newspaper. The piece gave details of the auction of a house he used to own, and which he had been forced to sell to settle outstanding debts. He was annoyed and alarmed, fearing consequences for his business and private life. "It is a disagreeable thing that I have to explain without it being necessary," he told a Spanish paper.

Mr Costeja González says his dogged persistence – he pursued his claim all the way to Spain's highest court, which asked the European Court of Justice for guidance – has nothing to do with money. He insists he wants "not one cent" from Google, and is not even looking to recoup his legal costs.

For him, the ruling is all about the principle of privacy. "There is data [on the internet] that is not relevant and that affects your dignity and your private life," he told the Financial Times after Tuesday's ruling. As for Google, he insists that the group will benefit from the change. Its search results, says Mr Costeja González, will now be more relevant than ever.

Tony Barber

INSIDE BUSINESS

on Europe

Chaperone fuss makes it harder for Alstom to choose a suitor

In business, as in love affairs, two is company but three, more often than not, is a crowd. So it is with the courtship of Alstom by General Electric of the US and Germany's Siemens. The grande dame of France's energy and engineering sector is in need of a partner, not a ménage à trois.

One reason why Alstom is yet to tie the knot with either GE or Siemens is to be found in the behaviour of the French and German governments. Instead of keeping a dignified distance, they persist in acting like fussy chaperones who cannot keep their opinions about Alstom's suitors to themselves.

This busybody approach was on display last week in the German port of Stralsund. François Hollande, the French president, and Angela Merkel, Germany's chancellor, compared notes on Alstom's plans like two 17th-century monarchs plotting a dynastic marriage. Their pious insistence that they would not dream of influencing Alstom's choice of husband could have come straight from a Molière comedy.

Here lies one clue as to why Joe Kaeser, chief executive of Siemens, appears oddly unexcited about a tie-up with Alstom that was – or so we are told – his own idea. He reacted two weeks ago to GE's $13.5bn bid for Alstom's energy business with a counterbid which, if it comes to fruition, would be Siemens' most important deal since he replaced the ill-starred Peter Loescher as CEO in August 2013.

The grande dame of France's energy and engineering sector is in need of a partner, not a ménage à trois

Under the terms of his offer, Siemens would, in essence, exchange its rail transport business for Alstom's energy assets. Such a swap would undoubtedly have a big impact on Europe's energy and transport landscape, never mind on Siemens itself. Surely no CEO would propose so ambitious a transaction unless he had given it careful thought in advance and sincerely believed that it was the right way forward for his company.

But Mr Kaeser could hardly sound more tepid about his offer to Alstom if he tried. I can think of four reasons why.

One is that he suspects it will flop. He first tested the waters for a Siemens-Alstom deal in February by meeting Patrick Kron, the French group's chief, in Paris. The waters were, shall we say, icy. Mr Kaeser cannot believe Mr Kron has had a change of heart in the meantime. In fact, it seems perfectly obvious that Mr Kron and the Alstom board prefer GE's bid. Historically, there is very little love lost between Alstom and Siemens.

A second reason is that boardroom and shareholder support at Siemens for Mr Kaeser's proposal is, one may surmise, less than enthusiastic. The Munich-based group is about to embark on yet another of its internal restructurings aimed at eliminating waste and raising profitability.

But Alstom's energy assets would increase the revenues of Siemens' energy division by more than 50 per cent and pose a whole new set of integration challenges. It is easy to sympathise with executives and investors who think that Siemens can do without the extra headache of trying to digest Alstom's business operations.

The third reason, connected with the second, is that Mr Kaeser himself gives the impression that his real priorities lie elsewhere. When he presented his reorganisation plan, it was striking how much emphasis he placed on expanding the presence of Siemens in the booming US energy market.

Such a swap would undoubtedly have a big impact on Europe's energy and transport landscape

Not only will Siemens move the headquarters of its energy units to the US, it will also put them under the control of Lisa Davis, an experienced US executive hired for this purpose from Royal Dutch Shell.

Two other initiatives are notable. Earlier this month, Mr Kaeser announced the €950m purchase of Rolls-Royce's aero-derivative gas turbine and compressor business, with the aim of strengthening Siemens' presence in the turbine market. At the same time, he said that Siemens would turn its successful healthcare business into an autonomous unit.

It is hard to avoid the conclusion that, for Mr Kaeser and his board, it is not Alstom but the US energy market, the Rolls-Royce deal and the future of Siemens' healthcare division that have been the focus of meticulous attention in recent months. Doubtless this explains why Mr Kaeser has come up with excellent solutions in these three areas.

The fourth and final reason why Mr Kaeser sounds unconvincing about a Siemens deal with Alstom is that, frankly, his proposal looks more like an attempt to spoil GE's plans – and to pay lip service to European political prejudices against US big business – than a coherent initiative for the sake of Siemens itself.

Mr Kaeser has plenty of hard work ahead to put Siemens' house in order, and he has made a good start. He should do the sensible thing and leave Alstom alone.

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Editor of New York Times is forced out

MEDIA

Questions raised on internal clashes

By Matthew Garrahan in New York

Arthur Sulzberger Jr, chairman and publisher of the New York Times, has removed Jill Abramson as editor after less than three years, citing "an issue with management" in a newsroom that is trying to accelerate its digital transformation.

Dean Baquet, a Pulitzer-winning reporter and former editor of the Los Angeles Times who became Ms Abramson's deputy, will succeed her in an abrupt transition that raises questions about internal clashes at the newspaper.

Ms Abramson was the paper's first female executive editor. Mr Baquet will be its first African-American executive editor.

The news was delivered to a stunned newsroom by Mr Sulzberger, whose family controls the New York Times Company. The shares fell 4 per cent.

Mr Sulzberger offered few details about the reasons behind the change but said that there had been no disagreement between the company's editorial and business functions.

One employee said: "She wanted to stay – this wasn't a mutual decision. It was an accumulation of small management disagreements between Arthur and Jill."

Ms Abramson had also reportedly clashed with Mr Baquet. Politico reported last year that Mr Baquet "slammed his hand against a wall and stormed out of the newsroom" after she complained that the paper's news coverage was not "buzzy enough".

She had reportedly bridled at some decisions taken by Mark Thompson, chief executive, but the former BBC director-general said she had been "a supportive partner" who was "handing over to Dean a newsroom in superb form".

Ms Abramson was not in the newsroom when her departure was announced; her last day was on Tuesday. "I've loved my run at the Times. I got to work with the best journalists in the world doing so much stand-up journalism," she said.

Mr Sulzberger said: "I believe that new leadership will improve some aspects."

Her departure comes a week after Mr Sulzberger's son, Arthur Gregg Sulzberger, completed an "innovation report". Its recommendations included creating a "newsroom audience analytics team" and collaborating "with reader-focused departments on the business side".

Leo Watkins of Enders Analysis said in a report: "The biggest challenge the Times faces is to re-engineer its journalism to appeal to a much broader digital audience, and to do so before others seize the opportunity its caution to date has opened up."

Diversifying: Panasonic, which also makes washing machines, has made efforts to pivot its businesses away from the vagaries of consumer demand Reuters

Sony resigned to another year without profit

ELECTRONIC EQUIPMENT

News analysis

Investor dismay as rivals show signs of a return to health, says **Jennifer Thompson**

Sony once again gave investors cause for dismay after the Japanese electronics and entertainment company said it expected to remain unprofitable next year as it counted the cost of exiting lossmaking businesses.

After several profit warnings, it reported a net loss of Y125bn ($1.3bn) for the year to March, a loss it predicts will shrink to Y50bn in the 2015 fiscal year.

"We are in a very severe situation," said Kenichiro Yoshida, chief financial officer, amid a sombre results presentation in Tokyo yesterday. "I deeply regret [having] to report we did not meet the expectations of our stakeholders."

The disappointment will be exacerbated by the knowledge that Japanese electronic groups Panasonic and Sharp, which like Sony have been mired in lengthy restructurings, are beginning to show signs of a return to health. This month both companies posted their first annual profits in three years with Sharp reporting net income of Y11.6bn on sales up 18.1 per cent to Y2.9tn and Panasonic net income of Y120.4bn on sales up 6.6 per cent to Y7.7tn.

In another sign of how far Panasonic has come, its credit rating was lifted to investment grade by Fitch. "Panasonic has improved margins and reduced debt, which bolsters its credit profile," the rating agency said. "We believe Panasonic will continue to report solid earnings."

The diverging fortunes of Japan's electronics companies may seem surprising given Sony's profitable financial services arm as well as its music and film businesses, which mean it was less exposed than its peers to the rise of cheaper rivals from South Korea and Taiwan. But analysts say both Panasonic and Sharp have made serious efforts to pivot their businesses away from the vagaries of consumer demand and instead sell their products and services to other businesses.

Panasonic, for example, has moved into battery production for electric carmaker Tesla and technology for energy-efficient housing. It still has a computing business but even this sells products to other industries, specialising in selling "rugged" laptops and tablets to those working in demanding outdoor environments to which conventional PCs are unsuited.

> 'We are in a severe situation. I deeply regret not meeting the expectations of our stakeholders'
> **Kenichiro Yoshida**

In a separate report, Fitch analysts wrote: "Panasonic is shifting away from consumer electronics, building its housing-related segments and automotive and industrial systems products which have strong market positions, solid margins and new contract wins."

The shift has been less marked for Sharp but it has been successful in winning contracts to sell liquid-crystal display screens to Chinese smartphone manufacturers, securing a profitable niche in the hugely competitive LCD market.

"They've already shifted from the consumer to the B2B side," said Yasuo Nakane, analyst at Deutsche Bank. The company is also looking south rather than west for untapped demand for white goods, predicting that sales in emerging economies such as Myanmar and inland Chinese cities will account for 31 per cent of annual sales by next year, up from a fifth in 2012.

Sony, meanwhile, will remain more reliant on mercurial consumer demand for its smartphones, films and gadgets. With plans to spin off its television business and sell its PC unit, the group aims to concentrate on its imaging, gaming and mobile units though these are challenging markets. In smartphones Sony's global market share was 3.8 per cent, placing it in seventh place behind rivals including Samsung and Apple.

Finally there is the question of the slow pace of restructurings, which Sony's management concedes has been a problem.

"Delay is the reason for our own structural loss," Mr Yoshida said.

HSBC cuts bonus after investor pressure

BANKS

Compromise on chairman's pay

By Martin Arnold, Banking Editor

HSBC has more than halved the bonus that its chairman can receive this year in response to pressure from shareholders ahead of its annual meeting next week.

The bank said in February that Douglas Flint would be eligible for a bonus of up to £2.25m of shares, which could double his total pay, to reflect the extra responsibility he has taken on for regulation, compliance and conduct.

But, after pressure from shareholders HSBC said it was cutting the maximum bonus he can receive to £1m, or two-thirds of his £1.5m basic salary. If he receives the full bonus, Mr Flint would earn £3.25m.

Some shareholders are still unhappy with other parts of HSBC's pay policy, which is for the first time subject to a binding vote at the AGM on May 23, as part of government reforms to crack down on excessive pay. A top 30 shareholder said "we are fairly comfortable" with the compromise on Mr Flint's bonus, but added that the bank was still likely to face opposition from investors next week. Last year, 11 per cent of investors voted against its remuneration report.

The climbdown by HSBC over its chairman's bonus follows large protest votes on pay policies at several UK companies this spring. More than 40 per cent of investors voted against Standard Chartered in a binding vote on future pay policy last week.

AstraZeneca, Pearson, the owner of the Financial Times, Barclays and Reckitt Benckiser have all suffered protests, though these have been against their 2013 remuneration reports rather than the binding vote on future pay policy. Some shareholders are annoyed that HSBC's bonus schemes are based on targets for this year alone, rather than longer-term performance measures.

The bank is also being criticised for being an outlier in the fixed pay allowances it is granting to senior employees to circumvent a new EU bonus cap. Unlike other banks, HSBC has not capped these new allowances, which double the fixed pay of top executives, and it has made them variable to reflect the size of bonus schemes.

ISS, the shareholder advisory service, has recommended voting in favour of the bank's pay report.

HSBC is expected to say that Mr Flint's bonus will be a one-off for this year and commit to not paying him another bonus without seeking investor approval.

The bank has told investors that Mr Flint has taken on an increase in work dealing with regulators since it agreed a deferred prosecution agreement with US regulators to settle allegations of money laundering and sanctions breaches in 2012.

HSBC reported a fall of 20 per cent in pre-tax profits in the first three months of the year. Its shares have dropped more than 17 per cent in the past year.

UK property recovery lifts profits at British Land

REAL ESTATE

By Kate Allen, Property Correspondent

The rapidly recovering UK real estate market has helped British Land's annual underlying profit increase 8.4 per cent.

Property values have been rising in London for more than a year and in recent months the recovery has spread out to the regions, fuelled by a scramble by international investors to snap up good quality assets. This has led to Britain's biggest listed property companies taking the opportunity to cash in by shedding older and less attractive assets.

8.4%

Rise in company's annual underlying profit

British Land's portfolio increased in value by 8.3 per cent in the year to March 31 and topped £12bn, with new developments under construction contributing a third of the uplift. Offices and residential values in particular rose sharply, up 14.5 per cent.

The FTSE 100 group's underlying profit rose from £274m to £297m, while pre-tax profits increased from £260m to £1.1bn, largely because of £377m in exceptional gains from investments in joint ventures and funds.

Total property returns of 14.2 per cent were lifted by an 8.9 per cent capital return. The full-year dividend was increased 2.3 per cent to 27p.

Chris Grigg, the group's chief executive, said: "As economic confidence has improved in the UK, and debt finance [is] more broadly available, the market environment has become significantly more favourable, particularly in the second half of our financial year."

"Domestic and international investors were more active, driving a higher volume of transactions," he said.

One of the main risks to the property market recovery was political, British Land said. Mr Grigg identified the forthcoming British general election next year as the main factor: "We are going to get a year of politicking."

Even the retail property market, which was badly hit last year by a string of major chains' insolvencies, has "materially improved", particularly from an investment perspective, Mr Grigg added.

"Retailers are now more confident about the state of the economy and their customer base, and clearer about what they want from their physical retail outlets," he said.

British Land spent £1bn on acquiring assets in the 2014 financial year and earned £710m through asset sales. It has sold 40 per cent of its retail assets in the past two years, particularly in locations where it could not add leisure and food outlets to boost footfall, and replaced them with outlets with the potential for growth. Retail properties make up just over half of British Land's portfolio.

British Land has also been building up office holdings in the West End and reducing its exposure to the City market, despite being about to complete City tower the "Cheesegrater". Shares in the group rose slightly to 719.50p.

Going with the flow: the oil producer has made the leap in the past few months from an exploration to production company Corbis

Gulf Keystone optimistic despite revenues warning

OIL & GAS

News analysis

Oil producer expects delays in receiving payments for exports, writes Michael Kavanagh

Shares in Gulf Keystone Petroleum took another knock yesterday after the Kurdistan oil producer warned delays in receiving payments for exports could hold back revenues this year.

Shares fell 7 per cent as investors digested a trading update that promised a ramp up of production but also came with uncertainties over the timing and scale of payments.

While confirming the receipt of $6m this month as its first payment for exports from its Shaikan field in the autonomous Kurdistan region of Iraq, the London-listed company said revenues for the year were expected to be between $150m and $180m, below analysts' estimates averaging $230m.

Even so Todd Kozel, chief executive, insists Gulf Keystone has reached an inflection point and that the persistent decline in its valuation is unwarranted.

A number of landmarks passed in the past year, while not halting its share price decline, gives the American oilman grounds for optimism.

Most crucially, last September Gulf Keystone won a legal victory in a claim brought by previous advisers seeking a third of the value of the company. A revamp of Gulf Keystone's board with the election of outside non-executive directors, combined with recasting of its generous policy of boardroom pay, also appeared to have headed off an embarrassing shareholder revolt.

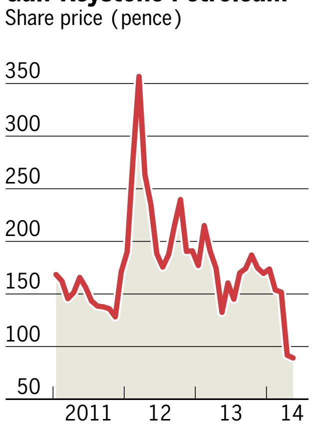
And in December, production finally allowed the trucking of oil – now running at above 16,000 barrels a day and expected to rise to 40,000 barrels of oil a day by the end the year – to Turkey for export.

"That's exciting growth for a company that at December 1 2013 had zero production and revenue," Mr Kozel said.

The company has also made good on its ambition to move from Aim to London's main list.

Gulf Keystone Petroleum

Share price (pence)



Source: Thomson Reuters Datastream

But the run-up to its promotion was punctuated by a significant downgrade in estimates of oil resources at its Shaikan field.

An independent assessment published in March reduced the estimated oil in place at Shaikan by a third to 9.2bn barrels and also identified a range of potential extraction problems.

That downgrade prompted shares to fall more than a third on the day, while its capital spending commitments forced it into a $250m bond issue with a coupon of 13 per cent.

Mr Kozel describes the bond issue as a clear success but one leading investor queried the terms, which he said "favours the banks and lenders at the expense of shareholders".

Todd Kozel points to trucking of 16,000 b/d for exporting

Meanwhile. there are mutterings on retail investor bulletin boards of forthcoming hostile proposals at its annual meeting, which Gulf Keystone confirmed will be in Paris on July 17.

However, Mr Kozel seems to have his arguments lined up. Production at Shaikan is planned to rise eventually to 100,000b/d and cost savings expected from a switch from trucking to piping its oil to Turkey should provide further rewards.

"We have made the leap in the last few months from an exploration to production company – it totally changes the face and the risk profile of the company – we are up and running," he says.

"We are a company producing 16,500 and on its way to producing 40,000 barrels of oil a day and has roughly 9.5bn barrels of oil in place, but it's a depressed share price – there's no doubt about it."

But while Mr Kozel counsels patience on the low valuations of it and E & P peers, he is braced for continued criticism. "You don't hear as much from investors when shares go from 5p to 400p, but you do hear from them when you go from 150p to 100p," he adds.

Ashley muscles in on gyms

TRAVEL & LEISURE

By Andrea Felsted and Roger Blitz

Mike Ashley, the billionaire controller of Sports Direct, is poised to move into the fitness business with plans to acquire scores of gyms from LA Fitness.

Mr Ashley, who controls 58 per cent of Sports Direct, is ready to acquire leases on about 30 LA Fitness gyms, put up for sale as part of the fitness operator's restructuring.

He has in the past talked about opportunities in the gym sector – given that Sports Direct owns a portfolio of brands including Lonsdale, Slazenger and LA Gear – but the possible move is his first foray into the sector.

If Mr Ashley lands the deal, first reported by Sky News, it would emulate the path taken by Wigan Athletic owner Dave Whelan, founder of JJB Sports, who acquired 50 of JJB's health clubs in 2009.

Mr Ashley is understood to have sounded out his old sports retail adversary about his DW Fitness Clubs. Although Mr Ashley bought the JJB name and parts of the business in 2012, he has been unable to prise the gyms from Mr Whelan's hands.

Sports Direct declined to comment.

LA Fitness' 33 gyms across the country attracted interest from several parties, some for the bulk of the sites, others for single units or a handful of gyms, according to people with knowledge of the discussions.

But Mr Ashley's offer is thought to be attractive to LA Fitness because it relieves the business of its lease liabilities. Some of the gyms were said to be offered for nominal sums on condition the purchaser was willing to take on the lease.

David Minton of fitness industry monitor Leisure Database Company said a deal could lead to Sports Direct becoming the largest fitness brand in the UK within two years.

Sports Direct controller eyes leases on LA Fitness gyms

"Sports Direct has over 600 stores in Europe including 400 in the UK, and many of these could have either extensions or mezzanines added for a fitness club very quickly," he said. "This would be a game changer for the fitness industry where no brand has ever had more than 160 sites open across the UK."

LA Fitness put the gyms up for sale in March alongside a company voluntary arrangement to cut its debt burden of £250m. The mid-market operator has been under pressure from low-cost operators and slimmed its portfolio to 47 gyms.

Other mid-market operators have had to switch strategy, including Fitness First which rebranded to appeal to a more upmarket audience.

For Mr Ashley, owner of Premiership football club Newcastle United, it continues his strategy of diversification. In January, Sports Direct paid £50m for a stake in Debenhams, but sold it days later for a £5m profit. The retailer then entered into a derivative contract that could see it take a 7 per cent stake in Debenhams if its shares fall.

Last month, the company also emerged as the holder of 11 per cent of House of Fraser, which he bought from Scottish entrepreneur Sir Tom Hunter.

TalkTalk in expansion move

MOBILE & TELECOMS

By Daniel Thomas, Telecoms Correspondent

TalkTalk wants to extend its fledgling fibre network to reach more than 10m homes as part of its ambitions to create a business based around owning network infrastructure in the UK.

The British telecoms and TV group has been criticised by some analysts because it has so far relied on the network infrastructure, as well as content, provided under wholesale deals by other companies such as BT and Sky.

However, TalkTalk will today signal a change in its long-term strategy, with the first step being plans to expand on an agreement made last month to provide a fibre network in York in a joint venture with Sky.

Although the York agreement only covers homes in the city, TalkTalk wants to enlarge the network substantially to challenge BT's dominant position as the owner of the country's largest fibre network.

Talking ahead of the company's results, Dido Harding, chief executive of TalkTalk, said that the fibre business model could be extended to reach more than 10m homes in the UK in the long term.

BT's fibre network, in comparison, encompasses more than 19m premises, or around two-thirds of the UK. TalkTalk has complained to Ofcom, the industry regulator, about the cost of access to BT's fibre services, which are not regulated in the same way as copper lines.

Ms Harding said her infrastructure ambitions would challenge how many analysts saw TalkTalk. She said the company's fibre network as well as its mobile business provides the basis for a long-term growth plan that would allow TalkTalk to create bundled offers around connectivity and content.

TalkTalk owns a small amount of 4G spectrum that was acquired speculatively seven years ago for about £100,000, which it will start to use to create local area mobile 4G networks that are supported by access to its superfast fibre network.

"We have a long-term vision to build infrastructure," Ms Harding said. "We can provide unlimited low-cost bandwidth to customers . . . the best value-for-money connectivity."

Analysts have questioned whether the move could be an attempt to exert pressure on BT to lower the wholesale access price of its fibre network, a notion that Ms Harding denies.

In results today, TalkTalk is expected to reveal continued strong growth in the numbers of customers taking its TV service. The company is likely to have signed up about 1m customers, according to analysts, or about a quarter of its total customer base. Ms Harding declined to comment on details ahead of the announcement.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS (p)		Div (p)		Pay day	Total	
3i Group	Fin	-	-	519	363	54.8	38.3	13.3	5.4	Jul 25	16	8.1
Borders & Southern Pet. $	Fin	-	-	2.956L	1.102L	0.006L	0.003L	-	-	-	-	-
British Land Co	Fin	384	329	1110	260	110.7	31.7	6.75	6.6	Aug 8	13.5	13.2
Compass Group	Int	8659	8804	595	575	24.8	23.1	8.8	8	Jun 26	24.8	22.1
ICAP	Fin	1397	1472	122	66	15.7	6.7	15.4	15.4	Jul 25	22	22
Magnolia Petroleum $	Fin	2.443	0.709	0.282L	1.075L	0	0.002L	-	-	-	-	-
New World Resources EUR	Q1	172.535	210.915	25.829L	94.403L	0.1L	0.31L	-	-	-	-	5.9
Serabi Gold $	Q1	-	-	1.258L	1.359L	0.002L	0.004L	-	-	-	-	-

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

Data provided by Morningstar

Partnership eyes push into US

LIFE ASSURANCE

By Alistair Gray, Insurance Correspondent

Partnership Assurance is considering expanding into the US and stepping up its buyouts of corporate pension schemes as part of a rethink of its business model following the chancellor's overhaul of retirement planning.

The specialist annuity provider has also said it is developing a range of new products in its domestic market, as it tries to cope with the fallout from rule changes that give pensioners other ways to access their savings.

The FTSE 250 group – which floated on the stock market last year, enabling private equity backer Cinven to sell £350m-worth of its stake – has lost 60 per cent of its market value since George Osborne's Budget in March.

Under the Budget measures, all UK pension investors will be able to take their savings as a cash lump sum, without punitive tax deductions – removing the need to buy income-generating annuities.

Partnership, which sells annuities to pensioners expected to die early, said it had frozen staff recruitment and had not ruled out redundancies among its 600-strong workforce.

However, unlike rival Just Retirement – which warned this week that it would reduce expenses at its life assurance business by almost a fifth – it would not quantify the scale of the cost savings.

"We will align our cost base to the market we find ourselves in," said Steve Groves, chief executive, yesterday. "I don't want to rush to conclusions."

"We do see some very interesting opportunities out there," he added. "The business is in a very strong position to face the challenges we are effectively heading into."

Partnership raised sufficient funds through its flotation last June to eliminate its £100m of debt.

The company has now formed a team, led by former finance director Mark Dearsley, to examine expanding into the US.

Although it has not yet committed to launching there, analysts said the Budget changes might accelerate such a move.

Legal & General, Britain's biggest pension fund manager, is also considering cost cuts and job losses as a result of the Budget reforms.

Pay revolt at ITV as chief nets £8.4m

MEDIA

Package for Crozier triples from 2012

Viewing figures lead to share price fall

By Henry Mance, Media Correspondent

ITV has suffered an investor revolt over pay, after the total pay package of its chief executive Adam Crozier nearly tripled to £8.4m last year.

The proportion of votes cast against the broadcaster's pay report rose more than 10 times compared to last year – reaching 22.5 per cent of votes cast. That follows similar revolts at Standard Chartered, Barclays and Pearson, the owner of the Financial Times.

Vince Cable. the business secretary, had asked FTSE 100 remuneration committees to show restraint, or risk political intervention.

The disquiet at ITV came on the same day that the broadcaster announced lower-than-expected viewing figures for early 2014, triggering a 6 per cent fall in its share price.

Mr Crozier's £8.4m pay last year included about £4m from the maturing of share awards that he received on joining in 2010. He also received a long-term incentive plan and a bonus. "You may think it feels like all his Christmases coming at once, and I rather hope he feels like that too," Archie Norman, ITV's chairman, told shareholders.

Under Mr Norman and Mr Crozier, ITV has reduced its debt and accelerated investment in television production – making its share one of the best-performers on the FTSE 100.

Yesterday, the company said that revenues rose 3 per cent year on year in the first quarter, to £585m.

However, its share of viewing fell 8 per cent between January and April, compared to the previous year.

Analysts expect the broadcaster to recover some ground later this year thanks to the World Cup. Next month, ITV is due to launch its first pay-TV channel, ITV Encore, which will be available exclusively to Sky subscribers.

"We view ITV as a well-run company that is now discounting high expectations on a full valuation," said Barclays analyst Julien Roch in a note to clients.

The board comfortably won a binding vote on changes to ITV's pay policy, which will mean that Mr Crozier's basic pay increases this year.

Before yesterday's meeting, Royal London Asset Management had said the maximum limits on ITV's executive pay were now "too high".

"The increases were also coupled with increases in the pension supplements and base salaries, which will have a ratcheting effect on overall pay levels in future years," said Ashley Hamilton, corporate governance manager at Royal London.

However, ITV emphasised that the changes had been made after consultation with shareholders, and the new pay policy was opposed by only 4 per cent of votes cast.

Adam Crozier's pay included about £4m in share awards

See Lombard

Viewing figures for ITV are expected to recover this summer with the World Cup Reuters

ICAP warns tough conditions to persist

GENERAL FINANCIAL

News analysis

New rules and low volatility take their toll on interdealer broker's profits, says **Philip Stafford**

ICAP yesterday underlined the stark environment for trading in global markets after the world's largest interdealer broker warned that the tough conditions were likely to endure.

The London-based group said revenues from trading in commodities, credit and foreign exchange at its global broking unit all fell more than 10 per cent owing to a combination of low volatility, steady interest rates and sweeping new markets regulation.

To cap off the tough year, it was also fined £55m by US and UK regulators after three of its former employees were accused of manipulating yen Libor. The three have been charged and are awaiting trial.

Michael Spencer, chief executive, noted that the market was going through a big structural and cyclical change after the financial crisis, and conditions were not likely to change soon.

"We operate in an industry which is undergoing an enormous amount of structural change, with the emergence of a new post-financial crisis regulatory landscape. We are in a new world. It is the way it is," Mr Spencer said.

ICAP's main broker-dealer customers, the mainstay of its business for 30 years, are deleveraging their balance sheets to meet tough new capital requirements, as laid out under Basel III.

Profitability has been badly hit by low volatility and steady global interest rates, which has damped investor appetite for risk-offsetting products such as swaps and other fixed-income assets classes.

At the same time sweeping, complex and incomplete US regulation reshaping over-the-counter derivatives trading, brought in post-financial crisis, has also deterred investors from using off-exchange markets.

That could spell trouble for ICAP and rivals such as Tullett Prebon, GFI Group, Tradition and BGC Partners, who act as middlemen in the market, moving often opaque and illiquid assets between brokers at investment banks.

Tullett Prebon last week reported that it would seek £20m of savings through cutting jobs and other fixed costs to counter the conditions.

Calling the bottom for ICAP has proved tough for the market so far.

"ICAP is a key part of the global financial services plumbing system and there will be a time to buy," said James Hamilton, an analyst at Numis Securities. "We do not believe that time is now."

To counter it, interdealer brokers have been pushing into new markets less affected by regulation, or where regulation is likely to help business.

Alongside the job cuts, Tullett announced the purchase of PVM Associates, an oil broker; BGC Partners has pushed into real estate broking and this week confirmed the acquisition of Remate Lince, a Mexican interdealer broker.

ICAP has moved into electronic foreign exchange trading and post-trade services that monitor investors' risk exposures, such as trade affirmation and portfolio reconciliation.

Nearly 70 per cent of its business comes from electronic and post-trade services, compared with just 12 per cent a decade ago.

Consequently, despite the slowdown, ICAP reported that revenue for the year to March 31 fell 5 per cent to just under £1.4bn. Trading pre-tax profit fell 4 per cent to £272m.

Statutory full-year pre-tax profit at ICAP rose 85 per cent to £122m, reflecting goodwill impairment charges incurred a year earlier. Basic earnings per share rose 134 per cent to 15.7p. ICAP held the final dividend at 15.4p a share, resulting in an unchanged full-year dividend of 22p.

By contrast, ICAP spent a collective £42m during the year on the businesses and increased the number of employees in them 10 per cent to more than 1,100. It also promised more job cuts and a further squeeze on the compensation paid to its brokers who conduct trades on the telephone.

Nevertheless, Mr Spencer expects the slowdown in banks' fixed income, currencies and commodities businesses to rebound.

"It's unhealthy for market participants for global growth to have bank deleveraging."

FCA to fine UK group in Libor case

A UK broking company is set to be fined this week by the financial watchdog because of its role in the manipulation of Libor, write **Sam Fleming** and **Daniel Schäfer**.

RP Martin, an interdealer broker, has agreed a settlement with the Financial Conduct Authority, which is expected to be announced as soon as today, according to people familiar with the situation.

The FCA is said to be preparing a fine of about £1m, a modest sum compared with some other penalties handed out to large financial institutions in the context of the Libor scandal.

However, the FCA can adapt the scale of fines to the size of the financial institution involved, as well as responding to levels of co-operation by the management.

Two RP Martin brokers – Terry Farr and Jim Gilmour – were arrested by the Serious Fraud Office last year in connection with the Libor inquiries and subsequently charged, along with Tom Hayes, a former trader at UBS and Citigroup. They have pleaded not guilty.

Interdealer brokers are alleged by regulators to have provided a conduit for misinformation and a way for traders at one bank to orchestrate moves in Libor submissions at other banks.

ICAP last September became the first interdealer broker to settle civil investigations over Libor, paying £55m to US and UK authorities. In total, four banks – Barclays, RBS, UBS, Rabobank – have paid $3.5bn in fines for Libor-related abuses.

In addition, the European Commission last December levied a record €1.7bn in cartel fines on banks including Deutsche Bank, Société Générale, JPMorgan and Citi for alleged conspiracies to rig the Japan-focused Yen-Libor and its European sister benchmark Euribor. RP Martin was among those financial institutions that settled the Yen Libor-related case, paying €247,000 for facilitating the cartel.

RP Martin and the FCA declined to comment.

Patisserie Valerie plays it cautious for Aim debut

TRAVEL & LEISURE

By Andy Sharman

The owner of Patisserie Valerie set a cautious price for its Aim flotation, with the café and casual dining group making its informal debut on London's junior market under the ticker "CAKE".

Patisserie Holdings, backed by serial entrepreneur and Financial Times columnist Luke Johnson, priced its initial public offering at the bottom of a 170p-200p range, raising proceeds of £33m. A person close to the company said the IPO had received "strong support from blue-chip institutions", had been oversubscribed and allocations of shares scaled back.

Patisserie Valerie was "keen to have a good market reception so decided not to be too aggressive on price", said a person close to the company.

"Management still own more than 50 per cent so are very focused on the future rather than the valuation on the first day."

But analysts said the float was a sign that some of the heat had come out of the IPO market, with recently listed shares in companies such as Just Eat and AO World trading well below their offer prices.

"At the time when Poundland and Appliances Online were done, there was this raging bull market," said Adam Young, head of equity advisory at Rothschild. But now markets are "flattish", he said. "In that environment where things are going sideways, clearly people become more cautious about things like IPOs." Even so Patisserie Holdings' shares rose 10 per cent in conditional dealing between City institutions yesterday, reaching 190p and giving the company a market capitalisation of £190m.

Mr Johnson, the executive chairman, remains its largest shareholder with 42.7 per cent of the company held through his Risk Capital private equity vehicle, having previously held a 70 per cent stake. His remaining holding is worth about £73m, based on the 170p pricing. The entrepreneur is aiming to repeat a successful formula that led to him floating Pizza Express in the 1990s. More recently, he sold his stake in the Giraffe restaurant chain to Tesco for £8m.

Patisserie Holdings, which is using the IPO proceeds to pay down debt, is the latest high street name to join the listing rush in London. Flotations this year include Pets at Home.

Patisserie Holdings, founded in 1920s Soho by a Belgian émigré, operates five brands, including Patisserie Valerie; Druckers Vienna Patisserie; Philpotts, a sandwich and salad retailer with 23 outlets that was acquired in February; and Baker & Spice, a deli chain with four outlets.

Mr Johnson said: "We have grown the business from eight stores to 138 today, and I'm delighted that our new investors have recognised the potential to roll out Patisserie Valerie further. We look forward to a strong future as a quoted company."

Formal trading in the shares is set to begin on Monday.

Yo! Sushi plans conveyor belt of 50 new US stores

TRAVEL & LEISURE

By Duncan Robinson

Yo! Sushi is taking its tiny conveyor belt full of raw fish stateside with plans to open 50 franchise stores in the US.

The British sushi chain will open up to 10 units a year on the eastern seaboard over the next six years, alongside franchise partner One.23 Entertainment Group.

Yo! Sushi was founded in 1997, becoming the first "kaiten" sushi bar – where food is delivered via a conveyor belt moving at just over three inches per second – in the UK. Founded by entrepreneur and former Dragons' Den panellist Simon Woodroffe, Yo! Sushi now has 77 restaurants globally, with 67 in the UK.

"There has been a surprising success of sushi beyond [London's] zones one and two," said Robin Rowland, executive chairman of Yo! Sushi.

Yo! Sushi has eyed a move to the US for much of the past decade, according to Mr Rowland, even opening a pilot restaurant in Washington two years ago.

But Yo! Sushi broke off its agreement with its then-franchise partner as the planned expansion was not quick enough. Yo! Sushi will open three restaurants in the US this year, with a lease already signed in New Jersey.

Vanessa Hall, who took over from Mr Rowland as chief executive earlier this year, said: "We have been in discussions with One.23 for some time."

The souped-up expansion comes as Yo! Sushi owner Quilvest considers the sale of its stake in the group, which has been valued at £120m.

A £120m deal would crystallise a chunky profit for Quilvest, which bought into the restaurant chain in a £51m deal in 2008. Although Canaccord Genuity has been appointed to advise on a sale, no decision is expected on whether one goes ahead until later this year. Mid-market restaurants have done well during the downturn, as consumers opted to continue spending on eating out. "People will hold on to the things they value and what people value the most is quality time," said Mr Rowland.

Yo! Sushi plans to open up to 10 stores a year in the US

The US expansion will add to the chain's 10 international restaurants, predominantly in Ireland and the Middle East. The US is the largest eating-out market. While Britons spend roughly a third of their food budget on eating out, Americans spend about half, according to Mr Rowland.

Sandwich maker Pret A Manger has opened outlets in New York and Chicago. Japanese restaurant Wagamama – whose bench-sharing restaurants in the UK have become popular – has also opened four restaurants in the US.

Last year, sales at Yo! Sushi rose 15 per cent to £71m for the year to 30 November, with like-for-like sales growth of 4.6 per cent.

More news at FT.com

● **Development Securities buys Cathedral Group**
Development Securities, the FTSE-listed property company, has acquired London-focused regeneration specialist Cathedral Group in a £27.4m deal. Cathedral owns assets worth a gross £47m. The purchase adds nine projects worth £40m and totalling 5m sq ft to Development Securities' pipeline of works. The companies were already joint venture partners on two of the schemes. Cathedral's founder Richard Upton will join Development Securities' board as an executive director, while its chairman Barry Bennett becomes a non-executive director. Mr Upton said the merger would "provide a stronger platform" to help complete Cathedral's projects.
www.ft.com/property

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ACPI Global UCITS Funds Plc (IRL)
www.acpi.com
Regulated

Fund	Bid	Offer	+/-	Yield
ACPI Emerging Mkts FI UCITS Fund EUR B	€ 102.93	-	0.36	0.00
ACPI Emerging Mkts FI UCITS Fund USD A	$ 118.80	-	0.41	0.00
ACPI Global Credit Fund USD C	$ 13.39	-	0.01	0.00
ACPI Global Fixed Income UCITS Fund GBP C	£ 148.26	-	0.12	0.00
ACPI Global Fixed Income UCITS Fund EUR B	€ 142.88	-	0.13	0.00
ACPI Global Fixed Income UCITS Fund USD A	$ 145.00	-	0.12	0.00
ACPI India Fixed Income UCITS Fund GBP C3	£ 79.89	-	0.21	0.00
ACPI India Fixed Income UCITS Fund EUR B3	€ 84.62	-	0.35	0.00
ACPI India Fixed Income UCITS Fund USD A3	$ 82.56	-	0.06	0.00
ACPI International Bond Fund USD	$ 18.19	-	0.03	0.00

ACPI Select Unit Trust (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
ACPI Balanced Fund USD	$ 13.91	-	0.03	0.00
ACPI Balanced Fund EUR	€ 10.53	-	0.02	-
ACPI Balanced Fund GBP	£ 10.60	-	0.02	-
ACPI Focused Equity Fund USD	$ 12.91	-	-0.06	0.00
ACPI Multi-Strategy Fund USD	$ 179.94	-	0.86	0.00

ACPI
Other International Funds

Fund	Bid	Offer	+/-	Yield
ACPI Global Credit UCITS Fund EUR C	€ 12.38	-	0.02	0.00
ACPI Global Credit UCITS Fund USD C	$ 11.85	-	0.02	0.00
ACP Partners Strategic Opps Fund USD A	$ 116.96	-	-0.15	0.00
Q-ACPI India Fixed Income Fund USD A	$ 9.58	-	0.01	0.00

Abbey Life Assurance Company Limited (UK)
100 Holdenhurst Road, Bournemouth BH8 8AL 0845 9600 900
additional fund prices can be found @ www.abbeylife.co.uk
Insurances
Life Funds

Fund	Bid	Offer	+/-	Yield
Prop. Acc. Ser 2	1331.40	1401.50	0.40	-
Selective Acc. Ser 2	1476.80	1554.60	2.90	-
American Ser. 4	1441.50	1517.30	4.50	-
Custodian Ser. 4	462.50	486.80	1.00	-
Equity Ser. 4	565.30	595.10	0.30	-
European Ser 4	571.40	601.40	-0.80	-
Fixed Int. Ser. 4	835.10	879.00	4.50	-
Intl Ser. 4	406.50	427.90	1.10	-
Japan Ser 4	316.40	333.10	2.70	-
Man. Ser. 4	1601.40	1685.70	2.10	-
Money Ser. 4	523.80	551.40	0.00	-
Prop. Ser. 4	970.60	1021.70	0.30	-
Custodian Ser 5	445.80	469.30	0.90	-
International Ser 5	391.90	412.50	1.10	-
Managed Ser 5	1543.70	1624.90	2.00	-
Money Ser 5	512.90	539.90	0.00	-
Property Ser 5	935.60	984.80	0.20	-
Pension Funds				
American	1611.60	1696.40	5.60	-
Equity	5000.80	5264.00	6.20	-
European	1151.30	1211.90	-1.60	-
Fixed Int.	1496.40	1575.20	9.00	-
International	853.00	897.90	2.70	-
Japan	321.40	338.30	3.70	-
Managed	4106.40	4322.50	8.30	-
Property	2438.10	2566.40	1.20	-
Security	1475.80	1553.40	0.00	-
Selective	1878.90	1977.80	4.20	-

Formerly Hill Samuel Life Assurance Ltd
100 Holdenhurst Road, Bournemouth, BH8 8AL 0845 6023 603

Fund	Bid	Offer	+/-	Yield
Managed Ser A (Life)	1508.80	1596.60	3.60	-
Managed Ser A (Pensions)	1007.00	1060.00	2.50	-

Formerly Target Life Assurance Ltd
100 Holdenhurst Road, Bournemouth, BH8 8AL 0845 6023 603

Fund	Bid	Offer	+/-	Yield
Managed (Life)	1532.90	1613.60	3.50	-
Managed Growth (Life)	485.90	511.40	1.50	-
Managed (Pensions)	6039.30	6357.20	13.60	-
Managed Growth (Pensions)	592.20	623.40	1.70	-

additional fund prices can be found on our website

Aquila Capital

Alceda Fund Management S.A.
www.alceda.lu
FCA Recognised

Fund	Bid	Offer	+/-	Yield
AC Risk Parity 7 Fund (EUR A)	€ 121.19	-	0.57	0.00
AC Risk Parity 12 Fund (EUR A)	€ 143.37	-	1.18	0.00
AC Risk Parity 17 Fund EUR A	€ 93.93	-	1.08	0.00
ACQ - Risk Parity Bond EUR A	€ 101.62	101.62	0.17	-

Allianz Global Investors Europe GmbH (UK Branch) (1200) F (UK)
199 Bishopsgate, London, EC2M 3TY,0800 073 2001
Authorised Inv Funds
OEIC

Fund	Bid	Offer	+/-	Yield
Allianz BRIC Stars A Acc	138.58	-	0.95	0.73
Allianz BRIC Stars C Acc	146.76	-	1.01	1.60
Allianz Brazil Fund A Acc	70.37	-	0.20	1.39
Allianz Brazil Fund C Acc	71.53	-	0.20	1.86
Allz Continental European A Acc	826.54	-	1.67	0.33
Allz Continental European C Acc	132.40	-	0.27	1.14
Allz European Eq Inc A Inc	143.01	-	0.33	4.22
Allz European Eq Inc A Acc	187.45	-	0.43	4.37
Allz European Eq Inc C Acc	104.59	-	0.24	-
Allz European Eq Inc C Inc	104.58	-	0.25	-
Allianz EcoTrends A Acc	88.38	-	0.21	0.00
Allianz EcoTrends C Acc	92.21	-	0.23	0.00
Allianz Gilt Yield Fund C Inc	156.18	-	0.92	2.16
Allianz Gilt Yield Fund I Inc	161.17	-	0.95	2.17
Allianz Japan A Acc	425.22	-	5.84	0.26
Allianz Japan C Acc	96.37	-	1.32	-
Allz RiskMaster Conservative A Acc	111.74	-	0.33	0.00
Allz RiskMaster Conservative C Acc	112.86	-	0.35	0.58
Allz RiskMaster Defensive A Acc	106.57	-	0.30	0.00
Allz RiskMaster Defensive C Acc	107.82	-	0.31	0.63
Allz RiskMaster Growth A Acc	114.46	-	0.29	0.00
Allz RiskMaster Growth C Acc	116.03	-	0.29	0.02
Allz RiskMaster Moderate A Acc	114.04	-	0.33	0.00
Allz RiskMaster Moderate C Acc	115.57	-	0.33	0.43
Allz Sterling Total Return Fund A Inc	145.29	-	0.64	3.19
Allz Sterling Total Return Fund C Inc	145.85	-	0.64	3.69
Allz Total Return Asian A Acc	585.46	-	5.02	1.77
Allz Total Return Asian C Inc	541.40	-	4.65	1.50
Allz UK Corporate Bond A Inc	101.87	-	0.58	3.91
Allz UK Corporate Bond C Inc	102.07	-	0.58	-
Allz UK Equity Income A Inc	287.69	-	0.71	4.58
Allz UK Equity Income C Inc	101.74	-	0.25	-
Allianz UK Growth A Acc	4339.48	-	11.48	2.36
Allianz UK Growth C Acc	100.30	-	0.26	-
Allianz UK Unconstrained C Acc	100.25	-	0.26	-
Allianz UK Unconstrained A Acc	208.46	-	0.52	1.10
Allianz UK Index C Acc	1800.58	-	3.79	2.91
Allianz UK Index C Inc	1308.10	-	2.74	2.54
Allianz UK Mid Cap A Acc	3560.44	-	-0.47	0.67
Allianz UK Mid Cap Fund C Acc	3594.52	-	-0.39	1.06
Allianz US Equity A Acc	341.61	-	1.78	0.23
Allianz US Equity C Acc	156.92	-	0.83	0.92

Yield expressed as CAR (Compound Annual Return)
All transactions to Ser A units the sell price will be used

Amundi Funds (LUX)
5 Allee Scheffer L-2520 Luxembourg + 44 (0)20 7074 9332
www.amundi-funds.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Absolute Var 2 EUR	£ 98.33	-	-0.01	0.00
Bd. Euro Corporate AE Class - R - EUR	€ 18.18	-	0.03	0.00
Bd. Global AU Class - R - USD	$ 27.62	-	0.00	0.00
Eq. Emerging Europe AE Class - R - EUR	€ 25.86	-	0.26	0.00
Eq. Emerging World AU Class - R - USD	$ 96.11	-	0.50	0.00
Eq. Greater China AU Class - R - USD	$ 556.76	-	3.12	0.00
Eq. Latin America AU Class - R - USD	$ 569.73	-	0.89	0.00

The Antares European Fund Limited
Other International

Fund	Bid	Offer	+/-	Yield
AEF Ltd Usd (Est)	$ 565.55	-	-9.16	-
AEF Ltd Eur (Est)	€ 566.41	-	-9.21	0.00

Arbiter Fund Managers Limited (LUX)
22 Conduit Street, Mayfair, London W1S 2XR +44(0)20 7491 1901
FCA Recognised

Fund	Bid	Offer	+/-	Yield
The Arbiter Global Emerging Markets Fund Class A USD	$ 110.96	-	0.45	-

Arisaig Partners
Other International Funds

Fund	Bid	Offer	+/-	Yield
Arisaig Africa Consumer Fund Limited	$ 21.01	-	0.01	0.00
Arisaig Asia Consumer Fund Limited	$ 52.72	-	-0.10	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 10.30	-	0.05	-
Arisaig Global Emerging Markets Consumer UCITS	€ 9.92	-	0.05	-
Arisaig Global Emerging Markets Consumer UCITS STG	£ 10.28	-	0.04	-
Arisaig Latin America Consumer Fund	$ 26.71	-	0.23	0.00

ARN INVESTMENT SICAV (LUX)
12, rue Eugène Ruppert, L-2453 Luxembourg
Regulated

Fund	Bid	Offer	+/-	Yield
ARN Newly Indus.Ec.Fd A -C	$ 79.51	-	0.75	0.00

ARTEMIS
The Profit Hunter

Artemis Fund Managers Ltd (1200)F (UK)
57 St. James's Street, London SW1A 1LD 0800 092 2051
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Artemis Capital R ACC	1194.30	1263.82	-1.55	1.52
Artemis European Growth R Acc	246.49	260.52	0.03	3.19
Artemis European Opps R Acc	70.60	74.55	0.29	0.67
Artemis Global Energy R Acc	41.20	43.73	0.31	0.00
Artemis Global Growth R Acc	149.60	157.98	0.81	0.93
Artemis Global Income R Acc	84.75	89.56	0.47	4.35
Artemis Global Income R Inc	72.73	76.86	0.41	4.51
Artemis Global select R Acc	60.22	63.59	0.29	0.04
Artemis High Income R Inc	81.66	86.86	0.12	5.63
Artemis Income R Inc	205.38	217.63	0.67	4.23
Artemis Income R Acc	331.09	350.85	1.07	4.10
Artemis Monthly Dist R Inc	61.15	64.77	0.15	3.66
Artemis Strategic Assets R Acc	77.08	81.57	0.32	0.00
Artemis Strategic Bond R M Acc	81.87	86.76	0.04	4.09
Artemis Strategic Bond R M Inc	55.43	58.74	0.03	3.79
Artemis Strategic Bond R Q Acc	81.95	86.84	0.04	4.09
Artemis Strategic Bond R Q Inc	55.53	58.85	0.02	4.18
Artemis UK Growth R Acc	417.81	442.74	-1.35	0.81
Artemis UK Smaller Cos R Acc	1049.35	1127.78	-2.02	0.67
Artemis UK Special Sits R Acc	509.20	541.42	-0.48	1.63

Artemis Investment Management LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Artemis Gbl Hedge Fd Ltd GBP	£ 52.11	-	0.00	-
Artemis Gbl Hedge Fd Ltd EUR	€ 48.81	-	0.00	-
Artemis Gbl Hedge Fd Ltd USD	$ 52.60	-	0.00	-
Artemis Pan-Euro Hdg EUR	€ 202.19	-	3.82	-
Artemis Pan-Euro Hdg GBP	£ 221.12	-	1.98	-
Artemis Pan-Euro Hdg USD	$ 208.69	-	1.79	-

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

Fund	Bid	Offer	+/-	Yield
Artisan Emerging Markets I USD Acc	$ 8.00	-	0.03	0.00
Artisan Global Equity Fund Class I USD Acc	$ 13.92	-	0.04	0.00
Artisan Global Opportunities I USD Acc	$ 11.00	-	-0.03	-
Artisan Global Value Fund Class I USD Acc	$ 15.94	-	-0.01	0.00
Artisan US Value Equity Fund Class I USD Acc	$ 11.53	-	0.02	-

Ashburton Fund Managers Limited (JER)
17 Hilary Street, St Helier, Jersey JE4 8SJ 01534 512000
FCA Recognised
Ashburton Emerging Markets Funds Limited

Fund	Bid	Offer	+/-	Yield
Ashburton Chindia Equity Fund - Sterling Share Class I	£ 80.6353	84.6671	0.7730	0.00
Ashburton Chindia Equity Fund - Sterling Share Class R	£ 0.6071	0.6375	0.0057	0.00
Chindia Eq - Class I	$ 135.6661	142.4494	1.0523	0.00
Chindia Eq Fund	$ 1.0211	1.0722	0.0080	0.00

Ashmore Management Company Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Ashmore Emerging Market Debt & Currency Fund Inc USD	$ 165.62	-	1.82	1.75
Emerging Mkts Liquid Inv P'folio	$ 9.55	-	0.12	6.63
Local Currency Debt Pflo	$ 27.97	-	0.07	0.96
Emerging Mkts Corporate High Yield	$ 116.47	-	1.42	0.00

Ashmore Sicav (LUX)
2 rue Albert Borschette L-1246 Luxembourg
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Ashmore SICAV Emerging Market Debt Fund	$ 108.03	-	0.12	5.88
Ashmore SICAV Emerging Market Frontier Equity Fund	$ 173.32	-	1.35	1.11
Ashmore SICAV Emerging Market Total Return Fund	$ 98.10	-	0.23	4.47
Ashmore SICAV Global Equity Fund	$ 120.31	-	0.76	0.08
Ashmore SICAV Global Small Cap Equity Fund	$ 135.44	-	0.04	0.07
Ashmore SICAV Local Currency Fund	$ 95.89	-	0.17	1.49
EM Mkts Corp.Debt USD F	$ 107.90	-	0.19	8.03
EM Mkts Loc.Ccy Bd USD F	$ 105.44	-	0.42	5.08

aspect capital

Aspect Capital Ltd (UK)
Other International Funds

Fund	Bid	Offer	+/-	Yield
Aspect Diversified USD	$ 290.90	-	-0.38	0.00
Aspect Diversified EUR	€ 173.93	-	-0.23	-
Aspect Diversified GBP	£ 88.44	-	-0.11	0.00
Aspect Diversified CHF	SFr 83.59	-	-0.11	0.00
Aspect Diversified Trends USD	$ 86.45	-	0.49	0.00
Aspect Diversified Trends EUR	€ 86.02	-	0.49	0.00
Aspect Diversified Trends GBP	£ 88.94	-	0.50	0.00

Atlantas Sicav (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
American Dynamic	$ 3119.21	-	43.19	0.00
American One	$ 2909.49	-	31.86	0.00
Bond Global	€ 1164.44	-	6.88	0.00
Eurocroissance	€ 747.60	-	11.96	0.00
Far East	$ 671.54	-	-2.16	0.00

BLME Asset Management (LUX)
BLME Sharia'a Umbrella Fund SICAV SIF
Regulated

Fund	Bid	Offer	+/-	Yield
$ Income Fund - Share Class A Acc	$ 1131.03	-	0.30	0.00
$ Income Fund - Share Class B Acc	$ 1149.24	-	0.31	0.00
$ Income Fund - Share Class C Acc	$ 1003.33	-	0.26	-
$ Income Fund - Share Class D Dis	$ 1001.99	-	0.27	-
$ Income Fund - Share Class G Acc	€ 1067.84	-	0.29	0.00
$ Income Fund - Share Class M Acc	€ 1011.84	-	0.26	0.00
$ Income Fund - Share Class V Dis	A$ 1015.42	-	0.42	-
Gl Sukuk Fund - Share Class A Acc	$ 1190.92	-	1.18	0.00
Gl Sukuk Fund - Share class B Acc *	£ 1053.68	1053.68	1.04	-

BNP PARIBAS INVESTMENT PARTNERS

BNP Paribas Investment Partners (LUX)
5 Aldermanbury Square, EC2V 7BP London
Telephone: +44 207 063 7783
FCA Recognised

Fund	Bid	Offer	+/-	Yield
BNP Paribas Insticash				
BNP Paribas InstiCash EUR P Cap*	€ 118.70	-	0.00	0.00
BNP Paribas InstiCash GBP P Cap*	£ 131.61	-	0.00	0.00
BNP Paribas L1				
BNPP L1 Bd World Plus P Dis*	€ 89.78	-	0.20	6.60
Parvest				
Bond Asia ex-Japan P Cap*	$ 99.94	-	-0.05	0.00
Bond Euro P Cap*	€ 1501.56	-	2.87	0.00
Bond Euro Medium Term P Cap*	€ 1321.52	-	1.72	0.00
Bond USA High Yield P Cap*	$ 1957.49	-	0.64	0.00
Bond USD Goverment P Cap*	$ 1639.94	-	2.42	0.00
Bond World Corporate C	$ 147.90	-	0.34	0.00
Bond World Emerging P Cap*	$ 2510.13	-	3.47	0.00
Bond World Emerging Advanced C	$ 103.11	-	0.47	0.00
Bond World Emerging Local P Cap*	$ 91.43	-	0.36	0.00
Bond World High Yield P Cap*	€ 107.52	-	0.08	-
Bond World Inflation-Ld P Cap*	€ 1117.07	-	2.32	0.00
Convertible Bond World P Cap*	€ 109.95	-	0.09	-
Equity Best Selection Euro P Cap*	€ 141.01	-	-0.12	0.00
Equity Best Selection Europe P Cap*	€ 138.15	-	0.31	0.00
Equity Best Selection Europe ex-UK P Cap*	€ 121.58	-	-0.05	0.00
Equity Brazil P Cap*	$ 1039.88	-	-0.57	0.00
Equity Europe Growth P Cap*	€ 139.49	-	0.25	0.00
Equity India P Cap*	$ 102.37	-	1.71	0.00
Equity Indonesia P Cap*	$ 108.15	-	-0.50	0.00
Equity Japan P Cap*	¥ 84436.00	-	1642.00	0.00
Equity Japan Small Cap P Cap*	¥ 153698.00	-	-85.00	0.00
Equity Latin America P Cap*	$ 3979.99	-	10.58	0.00
Equity Russia Opport. P Cap*	$ 616.26	-	8.51	0.00
Equity Turkey P Cap*	€ 102.90	-	0.94	0.00
Equity USA Growth P Cap*	$ 125.35	-	-0.02	0.00
Equity USA Mid-Cap P Cap*	$ 1771.69	-	-3.80	0.00
Equity USA Small-Cap P Cap*	$ 141.62	-	-1.33	0.00
Equity World Low Vol P Cap*	€ 124.91	-	0.31	0.00
V350 P Cap*	€ 101.86	-	-0.01	-

* RDR-compliant share class

BNP Paribas
Other International Funds

Fund	Bid	Offer	+/-	Yield
BNP PARIBAS GLF USD-DIST-USD	$ 1.00	-	0.00	0.03

Bank of America Cap Mgmt (Ireland) Ltd (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Global Liquidity USD	$ 1.00	-	0.00	0.19

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800
FCA Recognised
Bond Funds

Fund	Bid	Offer	+/-	Yield
Sterling Bond F	£ 0.44	-	0.00	3.61

Baring Fund Managers Ltd (1200)F (UK)
155 Bishopsgate London EC2M 3XY
Dealing and Enquiries 020 7214 1004
Fund Information: www.barings.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Eastern Acc GBP	551.30	-	6.30	0.00
Eastern Inc GBP	541.00	568.00	6.20	0.00
Emerging Markets A Acc	216.20	-	1.90	0.58
Europe Select Inc GBP	2419.00	2539.00	-5.00	1.62
European Growth Inc	1024.00	1077.00	2.00	1.71
German Growth Acc GBP	588.50	617.80	0.20	0.57
German Growth Inc GBP	545.80	-	0.30	0.00
Glb Agriculture A Acc GBP	162.50	-	1.40	0.02
Gbl Agriculture A Acc EUR	€ 1.99	-	0.01	2.26
Gbl Agriculture A Acc USD	$ 2.74	-	0.02	0.04
Global Bond Inc	115.30	121.20	0.70	0.58
Global Growth Inc	330.30	347.80	0.70	0.30
Japan Growth Acc	118.10	124.40	1.10	0.00
Korea Acc	261.10	276.60	3.30	0.00
Multi Asset A Acc ... C	149.90	-	0.30	0.46
Multi Asset A Inc ... C	145.50	-	0.40	0.46
Portfolio Acc	634.80	671.10	1.80	1.39
Portfolio Inc	259.60	274.40	0.70	1.41
UK Growth Inc	248.40	262.40	0.60	1.57
Charity Fund				
0800 032 6347 (charity enquiries)				
Targeted Return Fund Acc	137.30	138.10	0.40	2.99
Targeted Return Fund Inc	111.20	111.80	0.40	3.05

Baring International Fd Mgrs (Ireland) (IRL)
Northern Trust, George Court 54-62 Townsend Street, Dublin 2 Rep of Ireland 020 7214 1004
FCA Recognised

Fund	Bid	Offer	+/-	Yield
ASEAN Frontiers A GBP Inc	£ 111.69	-	2.40	0.69
Asia Growth A GBP Inc H	£ 37.97	-	0.47	0.00
Australia A GBP Inc	£ 76.70	-	1.05	2.31
Baring China Bond Fund	$ 10.07	-	0.03	0.00
Baring Emerging Markets Corporate Debt Fund	$ 10.29	-	0.04	0.00
Baring European Opportunities Fund Class A EUR Acc	€ 10.81	-	-0.05	-
Baring Global Mining Fund - Class A GBP Inc	£ 5.94	-	0.02	0.00
Dynamic Emerging Markets A GBP Acc F	£ 9.47	-	0.06	0.00
Eastern Europe A GBP Inc	£ 53.36	-	0.06	2.54
Emerging Mkt Debt LC A GBP Hedged Inc	£ 10.38	-	0.04	4.68
Emerging Opportunities A GBP Inc H	£ 18.97	-	0.21	0.00
Glb Emerging Markets A GBP Inc H	£ 18.80	-	0.17	0.00
Glb Resources A GBP Inc H	£ 13.57	-	0.04	0.29
High Yield Bond A GBP Hedged Inc H	£ 7.35	-	0.00	5.50
Hong Kong China A GBP Inc	£ 482.42	-	7.28	0.64
India Fund - Class A GBP Inc	£ 11.47	-	0.21	0.00
Latin America A USD Inc H	$ 43.09	-	0.00	1.14
MENA A GBP Inc F *	£ 13.99	-	0.10	1.53

Baring International Fd Mgrs (Ireland) (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
China A-Share A GBP Inc	£ 5.70	-	0.14	0.00

Barings (Luxembourg) (LUX)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Russia A GBP Inc F	£ 30.16	-	0.36	1.09

Barmac Asset Management Ltd (UK)
2 The Boulevard, City West One Office Park Leeds LS12 6NT
Authorised Corporate Director - Capita Financial Managers
Dealing: 0845 922 0044
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Retail Accumulation 2	113.82	-	0.11	0.00
Retail Income 2	112.46	-	0.11	0.00
The Castleton Growth Fund Ret Acc ✡ F	110.48	-	0.09	0.00
The Castleton Growth Fund Ret Inc ✡ F	111.01	-	0.09	0.00

BlackRock (JER)
Regulated

Fund	Bid	Offer	+/-	Yield
BlackRock UK Property	£ 35.98	-	0.18	4.23
Blackrock UK Long Lease	£ 1012.79	-	4.18	-
BLK Intl Gold & General	$ 5.85	6.17	-0.07	0.00

Blairmore Funds PLC
FCA Recognised
Smith & Williamson Investment Management
Administrators - BNP Paribas

Fund	Bid	Offer	+/-	Yield
Blairmore Global Equity fund	$ 12.75	-	0.05	0.00

BlueBay Asset Management

BlueBay Asset Management LLP (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
BlueBay Em Mkt Abs Ret Bd IN	€ 104.10	-	0.40	0.00
BlueBay Em Mkt Bd B - USD	$ 292.57	-	0.47	0.00
BlueBay Em Mkt Corp Bd B	$ 164.06	-	1.57	0.00
BlueBay Em Mkt Sel Bd B - USD	$ 164.20	-	0.34	0.00
BlueBay Emg Mkt Loc Ccy Bd B - USD	$ 166.73	-	0.48	0.00
BlueBay Gbl Convert Bd I - USD	$ 194.35	-	-0.06	0.00
BlueBay Gbl High Yield Bd B	$ 131.07	-	0.36	0.00
BlueBay High Yield B - EUR	€ 335.00	-	1.12	0.00
BlueBay High Yield Corp Bd B	€ 141.25	-	0.39	0.00
BlueBay Inv Grd B - EUR	€ 169.46	-	0.28	0.00
BlueBay Inv Grd B Euro Gov Bd Fund	€ 138.77	-	0.11	0.00
BlueBay Inv Grd I Euro Agg Bd Fund	€ 140.59	-	0.12	0.00
BlueBay Inv Grd Libor Fd B	€ 127.07	-	-0.04	0.00
BlueBay Struct.Fds: High Inc Loan Fd	€ 189.47	-	0.33	0.00

BlueBay Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Bluebay Macro Fd A	$ 136.05	-	3.79	0.00

BONHOTE
Other International Funds

Fund	Bid	Offer	+/-	Yield
Bonhôte Alternative - Multi-Arbitrage (USD) Classe (EUR)	€ 7074.00	-	-38.00	2.59
Bonhôte Alternative - Multi-Performance (USD) Classe (EUR)	€ 9681.00	-	-14.00	0.00

Braemar Group PCC Limited (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
UK Agricultural Class A	£ 1.24	-	-0.01	0.00
UK Agricultural Class B	£ 1.35	-	0.00	0.00
Student Accom Class B	£ 1.00	-	-0.05	0.00

CAF Financial Solutions (UK)
Kings Hill, West Malling, Kent 03000 123 222
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
CAF UK Equitrack Inc Fd	73.56	73.56	0.16	3.40
CAF UK Equitrack Acc Fd	99.22	99.22	0.21	3.32
FP CAF Alternative Strategies A Class Acc	107.54	-	0.04	0.00
FP CAF Alternative Strategies A Class Inc	107.47	-	0.03	0.00
FP CAF Fixed Interest A class Acc	110.46	-	0.10	3.03
FP CAF Fixed Interest A class Inc	101.13	-	0.09	3.10
FP CAF Fixed Interest B class Acc	110.84	-	0.09	3.03
FP CAF Fixed Interest B class Inc	101.35	-	0.09	3.09
FP CAF International Equity A Class Acc	122.55	-	0.95	0.76
FP CAF International Equity A Class Inc	124.92	-	0.97	0.77
FP CAF UK Equity A Class Acc	144.53	-	0.45	2.11
FP CAF UK Equity A Class Inc	135.75	-	0.43	2.15
FP CAF UK Equity B Class Acc	144.53	-	0.45	2.12
FP CAF UK Equity B Class Inc	135.73	-	0.42	2.15

CCLA

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Authorised Inv Funds
The Public Sector Deposit Fund

Fund	Bid	Offer	+/-	Yield
The Public Sector Deposit Fund-share class 1 ✦F	100.00	-	0.00	0.43
The Public Sector Deposit Fund-share class 2 ✦F	100.00	-	0.00	0.23
The Public Sector Deposit Fund-share class 3 ✦F	100.00	-	0.00	0.28
The Public Sector Deposit Fund-share class 4 ✦F	100.00	-	0.00	0.33
The Public Sector Deposit Fund-share class 5 ✦F	100.00	-	0.00	0.23

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
CBF Church of England Funds				
Investment Inc	1269.09	1283.13	4.06	3.87
Investment Acc	2432.78	2459.68	7.79	-
Global Equity Inc	155.88	157.60	1.02	4.22
Global Equity Acc	212.48	214.84	1.38	-
UK Equity Inc	147.25	148.73	0.76	3.86
UK Equity Acc	204.47	206.53	1.04	-
Fixed Interest Inc	157.01	157.63	-0.38	4.19
Fixed Interest Acc	448.35	450.15	-1.12	-
Property Fund Inc	112.47	116.24	0.07	7.11
Property Fund Acc	186.63	192.89	0.12	-
COIF Charity Funds (UK)				
Investment Inc	1153.75	1166.51	2.82	3.91
Investment Acc	10458.42	10574.10	25.50	-
Ethical Invest Inc	179.95	181.95	0.15	3.96
Ethical Invest Acc	217.63	220.03	0.19	-
Global Equity Inc	145.68	147.30	0.44	4.37
Global Equity Acc	201.26	203.48	0.62	-
Fixed Interest Inc	128.63	129.15	0.23	4.27
Fixed Interest Acc	693.41	696.19	1.24	-
Property Inc	96.76	100.00	0.06	7.11
Property Acc	198.22	204.86	0.10	-
Local Authorities Property Fd (LAMIT) (UK)				
Property	242.92	260.93	-0.14	5.99

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

Fund	Bid	Offer	+/-	Yield
Capital Gearing Portfolio Fund Plc	£ 25503.07	25503.07	6.78	0.65
CG Portfolio Fund Plc				
Real Return Cls A	£ 166.35	166.35	0.12	2.75
Dollar Fund Cls D	£ 120.81	120.81	0.32	1.98
Capital Value Fund Cls V	£ 123.30	123.30	0.01	0.28

CACEIS (Switzerland) SA
Tel: +41 22 360 94 00 www.caceis.ch
Other International Funds

Fund	Bid	Offer	+/-	Yield
Dynamic Ratchet Bond Fund-Japan	¥ 6247.00	-	35.00	0.00

Canada Life Investments

Canada Life Investments (UK)
1-6 Lombard St, London, EC3V 9JU, Dealing: 0845 606 6180
Authorised Inv Funds
CF Canada Life Investments Fund

Fund	Bid	Offer	+/-	Yield
Asia Pacific B Acc	807.21	-	9.46	1.05
Corporate Bond B Inc	203.41	-	1.13	4.16
Global Bond B Inc	93.16	-	0.53	2.09
Global Equity B Acc	535.19	-	2.87	0.79
Global Equity Income B Inc	122.57	-	0.59	3.96
Global High Yield Bond B Inc	104.72	-	0.00	-
Global Infrastructure B Acc	109.92	-	0.50	1.94
Global Resource B Acc	113.36	-	0.52	0.03
Portfolio III B Acc	101.26	-	0.34	-
Portfolio IV B Acc	101.03	-	0.30	-
Portfolio V B Acc	100.98	-	0.37	-
Portfolio VI B Acc	100.95	-	0.34	-
Portfolio VII B Acc	100.63	-	0.39	-
North American B Acc	728.93	-	2.30	0.10
Total Return B Acc	106.17	-	0.29	1.24
UK Equity B Inc	102.49	-	-0.40	-
UK Equity & Bond Income B Inc	233.00	-	0.01	4.71
UK Equity Income B Inc	413.18	-	-0.30	4.58
CF Canlife Unit Trusts				
Balanced Unit Trust Acc	138.20	145.11	0.30	1.83
European Unit Trust Acc	243.71	255.91	-0.29	1.29
Gilt & Fixed Interest Unit Trust Inc	44.70	46.82	0.27	2.50
Japanese Growth Unit Trust Acc	44.45	46.67	0.29	0.09

Capita Financial Managers (UK)
Ibex House, 42-47 Minories, London, EC3N 1DX
Order Desk 08459 220044 Switchboard 0870 607 2555
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
CF Heartwood Cautious B Acc ✡	125.07	-	0.19	0.74
CF Heartwood Cautious Income B Inc ✡	111.18	-	0.18	2.37
CF Heartwood Growth B Acc ✡	141.64	-	0.05	0.84
CF Heartwood Balanced Income B Inc ✡	113.28	-	0.12	2.65
CF Heartwood Balanced B Acc ✡	123.63	-	0.12	0.65
CF Heartwood Defensive Multi Asset Fund B Accumulation	107.89	-	0.12	0.30
CF JM Finn Gbl Opps A Acc ✦	261.00	-	1.02	1.87
CF Richmond Core ✡	171.20	-	-0.38	0.00
Investment Adviser - Cheviot Asset Management				
CF Cheviot Balanced A Acc ✡	129.00	-	0.60	0.10
CF Cheviot Balanced A Inc ✡	126.60	-	0.50	0.08
Investment Adviser - DSM Capital Partners				
The Greenwich Fd ✡	$ 21.46	-	-0.45	0.00
CF Greenwich Class 1 GBP Acc	£ 13.84	-	-0.21	-
The Westchester ✡	$ 23.16	-	-0.02	0.00
The Westchester Class 1 GBP Acc	£ 14.92	-	0.02	-
The Westchester Class 2 GBP Acc	£ 14.93	-	0.03	-
Investment Adviser Lacomp Plc				
CF Lacomp World ✡	110.67	116.31	0.94	0.00
Investment Adviser - Morant Wright Management Limited				
CF Morant Wright Japan A ✡	215.15	-	2.55	0.00
CF Morant Wright Japan A Inc ✡	211.98	-	2.51	0.00
CF Morant Wright Japan B ✡	227.16	-	2.69	0.47
CF Morant Wright Japan B Inc ✡	215.40	-	2.55	0.49
CF Morant Wright Nippon Yield ACC A ✡	224.09	-	2.49	2.34
CF Morant Wright Nippon Yield ACC B ✡	230.59	-	2.58	2.33
CF Morant Wright Nippon Yield Fund A Inc ✡	201.26	-	2.25	2.38
CF Morant Wright Nippon Yield Fund B Inc ✡	207.14	-	2.31	2.38

Weekly Valuing Funds

CAPITAL GROUP™

Capital International funds services (LUX)
6, route de Trèves, L-2633 Senningerberg,Luxembourg
Capital International funds are part of
The Capital Group Companies
www.thecapitalgroup.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Growth Funds				
Cap Int All Ctry Eq B	SFr 19.93	-	0.07	0.00
Cap Int All Ctry Eq B	€ 16.34	-	0.05	0.00
Cap Int All Ctry Eq B	$ 22.40	-	0.05	0.00
Cap Int All Ctry Eq BD	£ 13.30	-	0.08	0.00
Cap Int Emerg Asia Eq B	SFr 8.27	-	0.07	0.00
Cap Int Emerg Asia Eq B	€ 6.78	-	0.07	0.00
Cap Int Emerg Asia Eq B	$ 9.30	-	0.06	0.00
Cap Int Emerg Asia Eq Bd	£ 5.52	-	0.05	0.00
Cap Int Global Equity B	$ 21.81	-	0.03	0.00
Cap Int Global Equity BD	£ 12.53	-	0.07	0.35
Cap Int Global Equity B	SFr 19.41	-	0.06	0.00
Cap Int Global Equity B	€ 15.91	-	0.04	0.00
Cap Int European Eq BD	£ 10.42	-	0.06	1.07
Cap Int European Eq B	€ 13.85	-	0.05	0.00
Cap Int European Eq B	SFr 16.88	-	0.05	0.00
Cap Int European Eq B	$ 19.13	-	0.12	0.00
Cap Int Japan Equity B	€ 8.25	-	0.04	0.00
Cap Int Japan Equity B	$ 11.31	-	0.04	0.00
Cap Int Japan Equity B	SFr 10.07	-	0.06	0.00
Cap Int Japan Equity BD	£ 6.71	-	0.05	0.00
Cap Int AsiaP ex Jp Eq B	SFr 16.15	-	0.16	0.00
Cap Int AsiaP ex Jp Eq B	€ 13.24	-	0.13	0.00
Cap Int AsiaP ex Jp Eq B	$ 18.15	-	0.16	0.00
Cap Int Asia Pex Jp Eq BD	£ 10.26	-	0.12	0.45
Cap Int Em Mkts Fund BD	£ 50.02	-	0.36	0.42
Cap Int Em Mkts Fund B	SFr 78.45	-	0.58	0.00
Cap Int Em Mkts Fund B	€ 64.33	-	0.56	0.00
Cap Int Em Mkts Fund B	$ 88.17	-	0.46	0.00
Growth and Income Funds				
Cap Int Glb Growth Inc BD	£ 10.90	-	0.02	0.72
Cap Int Glb Growth Inc B	€ 14.16	-	0.00	0.00
Cap Int Glb Growth Inc B	SFr 17.27	-	0.00	0.00
Cap Int Glb Growth Inc B	$ 19.41	-	-0.03	0.00
Cap Int Eur Growth Inc B	€ 22.76	-	-0.05	0.00
Cap Int Eur Growth Inc B	SFr 27.77	-	-0.04	0.00
Cap Int Eur Growth Inc B	$ 31.21	-	-0.10	0.00
Cap Int Eur Growth Inc BD	£ 16.73	-	0.02	1.41
Cap Int US Growth Inc B	€ 17.17	-	0.00	0.00
Cap Int US Growth Inc B	SFr 20.95	-	0.01	0.00
Cap Int US Growth Inc B	$ 23.55	-	-0.02	0.00
Cap Int US Growth Inc BD	£ 13.89	-	0.04	0.04
Objective Based Funds				
Cap Int Em Mk Tot Opp B	SFr 10.80	-	0.07	0.00
Cap Int Em Mk Tot Opp B	€ 8.85	-	0.06	0.00
Cap Int Em Mk Tot Opp B	$ 12.14	-	0.05	0.00
Cap Int Em Mk Tot Opp Bd	£ 6.79	-	0.04	1.51
Cap Int Gbl Abs Inc Grow B	$ 13.31	-	0.02	0.00
Income Funds				
Cap Int Em Mkts Debt B	SFr 12.79	-	0.04	0.00
Cap Int Em Mkts Debt B	€ 10.49	-	0.05	0.00
Cap Int Em Mkts Debt B	$ 14.38	-	0.02	0.00
Cap Int Em Mkts Debt Bd	£ 7.45	-	0.02	4.45
Cap Int Em Mk LocCur Dbt B	$ 11.17	-	0.02	0.00
Cap Int Euro Bond B	SFr 18.40	-	0.05	0.00
Cap Int Euro Bond B	£ 9.64	-	0.04	1.80
Cap Int Euro Bond B	$ 20.67	-	0.01	0.00
Cap Int Euro Bond BD	€ 15.08	-	0.03	0.00
Cap Int Glb H Inc Opp B	SFr 31.83	-	0.09	0.00
Cap Int Glb H Inc Opp B	€ 26.09	-	0.06	0.00
Cap Int Glb H Inc Opp B	$ 35.77	-	0.04	0.00
Cap Int Glb H Inc Opp BD	£ 12.42	-	0.06	5.49
Cap Int Global Bond B	SFr 17.74	-	0.06	0.00
Cap Int Global Bond B	€ 14.54	-	0.04	0.00
Cap Int Global Bond B	$ 19.94	-	0.04	0.00
Cap Int Global Bond BD	£ 9.68	-	0.06	1.55

CATCo. Investment Management

CATCo Reinsurance Opportunities Fund Ltd. (UK)
9 Par-La-Ville Road, S E Pearman Building, 2nd Floor, Hamilton, Bermuda
Authorised Funds

Fund	Bid	Offer	+/-	Yield
CATCo Re Opps Fund Ords	$ 1.0758	-	0.0078	5.15

CATCo Reinsurance Fund Ltd. (BMU)
Regulated

Fund	Bid	Offer	+/-	Yield
CATCo Re Fund Ltd Series A	$ 1483.1044	-	10.5628	-
CATCo Re Fund Ltd Series B	$ 1515.3717	-	11.4058	-
CATCo Re Fund Ltd Series D	$ 1267.6481	-	9.3542	0.00
CATCo Re Fund Ltd Series E	$ 1283.6309	-	10.0051	0.00

Cavendish Asset Management Limited (1200)F (UK)
Chelsea House, Westgate, London W5 1DR
IFA Enquiries 020 8810 8041 Admin/Dealing 0870 870 7502
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Cavendish Opportunities Fund B Class	1052.00	-	0.00	1.27
Cavendish Opportunities Fund A Class	1044.00	-	0.00	0.58
Cavendish Opportunities Fund C Acc	1066.00	-	1.00	1.10
Cavendish Worldwide Fund B Class	286.40	-	0.70	1.09
Cavendish Worldwide Fund A Class	285.40	-	0.70	0.28
Cavendish Worldwide Fund C Acc	289.40	-	0.70	1.00
Cavendish AIM Fund B Class	161.40	-	0.20	0.44
Cavendish AIM Fund A Class	157.60	-	0.20	0.00
Cavendish Asia Pacific Fund B Class	151.40	-	1.60	1.43
Cavendish Asia Pacific Fund A Class	150.90	-	1.60	0.58
Cavendish Asia Pacific Fund C Acc	153.60	-	1.50	-
Cavendish European Fund B Class	149.60	-	0.00	1.59
Cavendish European Fund A Class	147.80	-	0.00	0.85
Cavendish Japan Fund B Class	135.20	-	1.70	0.86
Cavendish Japan Fund A Class	134.20	-	1.70	0.00
Cavendish North American Fund B Class	163.30	-	0.70	0.62
Cavendish North American Fund A Class	159.00	-	0.70	0.00
Cavendish Technology Fund B Class	233.20	-	-0.20	0.09
Cavendish Technology Fund A Class	223.90	-	-0.20	0.00
Cavendish UK Balanced Income Fund B Class	141.10	-	0.30	4.27
Cavendish UK Balanced Income A Class	136.40	-	0.30	4.41
Cavendish UK Select Fund B Class	161.70	-	-0.20	2.40
Cavendish UK Select Fund A Class	161.10	-	-0.10	1.67

Cazenove Inv Fd Mgmt Ltd (CIFM) (UK)
12 Moorgate, London, EC2R 6DA 020 3479 0000
Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
Equity Inc Tst For Charities	96.70	97.07	-0.04	4.56
Growth Tst For Charities	154.97	155.48	-0.10	3.67
Income Tst For Charities	61.76	62.00	0.40	5.77

Cedar Rock Capital Limited (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Cedar Rock Capital Fd Plc	$ 339.20	-	6.79	0.00
Cedar Rock Capital Fd Plc	£ 315.36	-	3.52	0.00
Cedar Rock Capital Fd Plc	€ 254.65	-	4.19	0.00

CF Wolos Investment Funds
Authorised Funds

Fund	Bid	Offer	+/-	Yield
CF Wolos Total Return A USD ACC	$ 0.99	-	0.00	-
CF Wolos Total Return A GBP ACC HEDGED	£ -	-	-	-
CF Wolos Total Return B USD ACC	$ 0.99	-	0.00	-
CF Wolos Total Return B GBP ACC HEDGED	£ -	-	-	-

Charitrak Common Investment Fund (UK)
Murray Hse, 1 Royal Mint Ct, London, EC3N 4HH 020 7668 8662
Property & Other UK Unit Trusts

Fund	Bid	Offer	+/-	Yield
Charitrak Common Investment Inc	1266.00	1268.00	3.00	4.01
Charitrak Common Investment Acc	1956.00	1959.00	4.00	3.18

Charlemagne Capital

Charlemagne Capital (IOM) Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
OCCO Eastern European	$ 394.97	-	4.19	0.00
Magna Umbrella Fund PLC				
Magna Africa R	€ 9.80	-	0.10	0.00
Magna Biopharma Income Fund N Acc EUR	€ 10.70	-	0.07	-
Magna Eastern European R	€ 7.91	-	0.10	0.00
Magna Emerging Mkts Div Fd R Acc	€ 12.14	-	0.10	0.00
Magna Emerging Mkts Div Fd R Dist	€ 10.58	-	0.08	4.89
Magna Global Emerging Markets R	€ 8.13	-	0.07	0.00
Magna Latin American R	€ 9.49	-	0.06	0.00
Magna Mena R *	€ 19.59	-	0.31	0.00
Magna New Frontiers R	€ 11.55	-	0.06	0.00
Magna Turkey R	€ 9.81	-	0.07	0.00
Magna Undervalued Ass Fd R	€ 10.48	-	0.08	0.00
OAKS Em.and Front.Opp. Fd A	€ 10.58	-	-0.02	-
OAKS Em.and Front.Opp. Fd C	€ 10.56	-	-0.02	-
OAKS Em.and Front.Opp. Fd G	€ 10.75	-	-0.02	-
OAKS Em.and Front.Opp. Fd H	£ 10.77	-	-0.03	-

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	0.01

Chartered Asset Management Pte Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
CAM-GTF Limited	$ 342825.40	342825.40	-2069.16	0.00
CAM GTi Limited	$ 839.35	-	-30.36	0.00
Raffles-Asia Investment Company	$ 2.13	2.13	0.07	3.01

Cheyne Capital

Cheyne Capital Management (UK) LLP (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Cheyne Convertibles Absolute Return Fund	€ 1350.46	-	1.42	0.00
Cheyne European Real Estate Bond Fund	€ 111.65	-	-0.04	0.00
Cheyne Global Credit Fund	€ 118.17	-	0.09	0.00

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Bid	Offer	+/-	Yield
Cheyne European Event Driven Fund	€ 146.86	-	-2.52	0.00
Cheyne European High Yield Fund	€ 137.29	-	5.97	0.00
Cheyne High Income Regulatory Capital Fund Class A Series 1	€ 120.83	-	-1.03	0.00
Cheyne Long/Short Credit Fund	$ 214.20	-	2.96	-
Cheyne Malacca Asia Equity Fund Class A	$ 1487.92	-	-34.92	0.00
Cheyne Multi Strategy Liquid Fund	$ 125.14	-	2.04	-
Cheyne Real Estate Credit Holdings Fund	£ 130.61	-	1.03	0.00
Cheyne Real Estate Debt Fund Class A1	£ 123.34	-	1.05	0.00
Cheyne Total Return Credit Fund - December 2017 Class	$ 178.64	-	5.95	0.00

CityFinancial Agility + Acumen

City Financial Investment Company Limited (UK)
www.cityfinancial.co.uk
Enquiries: 0845 300 2107
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Credit Opportunities R Acc	102.71	-	0.34	2.52
Diversified Fixed Interest R Acc	159.38	-	0.12	0.00
Diversified Fixed Interest R Inc	94.25	-	0.07	0.00
Defensive Global Bond R Acc	159.84	-	0.15	0.47
Defensive Global Bond R Inc	76.02	-	0.07	0.47
Defensive Global Bond I Acc	160.49	-	0.16	0.88
Defensive Global Bond I Inc	76.06	-	0.08	0.88
Japanese Opportunities R Acc	91.99	-	0.59	0.00
Multi Asset Balanced R Acc	108.07	-	0.35	0.00
Multi Asset Balanced R Inc	108.05	-	0.35	0.00
Multi Asset Diversified R Acc	104.45	-	0.24	0.00
Multi Asset Diversified R Inc	104.46	-	0.23	0.00
Multi Asset Growth R Acc	104.68	-	0.44	0.00
Multi Asset Growth R Inc	104.68	-	0.44	0.00
Multi Asset Dynamic R Acc	100.80	-	0.45	0.00
Multi Asset Dynamic R Inc	100.80	-	0.45	0.00
UK Equity A Acc	272.37	-	0.08	0.00
UK Equity A Inc	259.13	-	0.08	0.00
UK Equity B Acc	286.94	-	0.10	0.00
UK Equity B Inc	267.10	-	0.09	0.00
UK Equity Income B Acc	167.86	-	0.63	3.77
UK Equity Income B Inc	145.01	-	0.54	3.86
UK Income Opportunities R Acc	99.57	-	-0.02	0.00
UK Income Opportunities R Inc	135.77	-	-0.03	0.00
UK Opportunities R Acc	97.81	-	-0.29	0.00
UK Opportunities R Inc	97.70	-	-0.29	0.00

CMI Asset Mgmt (Luxembourg) SA (LUX)
23 route d'Arlon, L-8010 Strassen Lux 00 352 3178311
FCA Recognised
CMI Global Network Fund (u)

Fund	Bid	Offer	+/-	Yield
Regional Equity Sub Funds				
CMI Continental Euro Equity	€ 27.05	-	0.03	1.14
CMI Pacific Basin Enhanced Equity	$ 45.79	-	0.47	2.11
Single Country Equity Sub Funds				
CMI German Equity F	€ 58.72	-	-0.07	1.07
CMI Japan Enhanced Equity F	¥ 3409.47	-	13.46	1.06
CMI UK Equity	£ 12.55	-	0.03	2.12
CMI US Enhanced Equity F	$ 72.02	-	0.07	0.67
Index Tracking Sub Funds				
Euro Equity Index Tracking	€ 18.72	-	-0.03	2.07
Japan Index Tracking	¥ 642.78	-	2.53	1.14
UK Eqty Index Tracking	£ 16.05	-	0.03	3.09
US Eqty Index Tracking	$ 53.37	-	0.03	0.85
Managed Sub Funds				
Global Bond	£ 1.44	-	0.01	1.20
Global Network Mgd Global Mxd	£ 2.28	-	0.01	0.42
Global Equity	£ 2.52	-	0.01	0.22
Bond Sub Funds				
CMI Euro Bond F	€ 44.55	-	0.10	2.46
CMI Japanese Bond	¥ 1710.65	-	1.08	0.41
CMI UK Bond	£ 7.64	-	0.05	2.22
CMI US Bond	$ 13.14	-	0.06	1.63
Currency Reserve Sub Funds				
CMI Euro Currency Reserve	€ 25.17	-	0.01	0.75
CMI Stlg Currency Reserve	£ 4.97	-	0.00	0.97
CMI US Dllr Currency Reserve	$ 9.87	-	0.00	0.62
CMI Access 80% Gu F	€ 5.78	-	-0.01	0.00

Cohen & Steers SICAV (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
European Real Estate Securities	€ 17.7897	-	0.1160	3.66
Europ.RealEstate Sec. IX	€ 23.0735	-	0.1504	0.00
Gbl RealEstate Sec. I	$ 10.3934	-	0.0017	1.15
Gbl RealEstate Sec. IX	$ 12.0223	-	0.0020	0.00

COMGEST

Comgest SA (LUX)
17 square Edouard VII - 75009 Paris, www.comgest.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Comgest Asia F	$ 3644.86	-	42.65	0.00
Comgest Europe F	SFr 5524.75	-	-0.85	0.00

Comgest Far East Limited (KYG)
Other International Funds

Fund	Bid	Offer	+/-	Yield
C.F.E. ONYX FUND	$ 53.77	-	0.49	0.00

Comgest SA (FRA)
17 square Edouard VII - 75009 Paris
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Comgest Magellan	€ 17.11	-	0.17	0.00

Comgest AM International Ltd (IRL)
46 St Stephen's Green, Dublin 2, Ireland
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Comgest Gth Asia ex Jap DIS F	$ 6.62	-	0.05	0.38
Comgest Gth Emerging Mkt DIS F	$ 32.50	-	0.21	0.31
Comgest Gth Europe DIS F	€ 16.93	-	0.01	0.00
Comgest Gth GEM PC DIS F	€ 11.18	-	0.10	0.00

Consistent Unit Tst Mgt Co Ltd (1200)F (UK)
PO BOX 10117, Chelmsford, Essex, CM1 9JB
Dealing & Client Services 0845 0264281
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Consistent UT Inc	57.76	58.46	0.18	3.58
Consistent UT Acc	125.60	127.13	0.38	4.34
Practical Investment Inc	210.23	214.78	0.58	3.66
Practical Investment Acc	967.81	988.76	2.64	3.57

Coupland Cardiff Funds Plc (IRL)
31/32 St James's Street, London, SW1A 1HD
FCA Recognised

Fund	Bid	Offer	+/-	Yield
CC Asia Alpha Fd - Cls A Euro	€ 13.11	13.11	0.06	0.00
CC Asia Alpha Fd - Cls B USD	$ 12.87	12.87	0.06	0.00
CC Asia Alpha Fd - Cls C GBP	£ 12.69	12.69	0.06	0.00
CC Asia Alpha Fd - Cls I USD	$ 10.13	10.13	0.05	0.00
CC Asian Evolution Fd. Cls A USD	$ 15.03	15.03	0.00	0.00
CC Asian Evolution Fd. Cls B GBP	£ 14.13	14.13	-0.01	0.00
CC Asian Evolution Fund - Cls C USD Acc	$ 16.88	16.88	-0.01	0.00
CC Japan Alpha Fd - Cls A Euro	€ 8.21	8.21	0.10	0.00
CC Japan Alpha Fd - Cls B GBP	£ 8.95	8.95	0.11	0.00
CC Japan Alpha Fd - Cls C JPY	¥ 873.55	873.55	10.23	0.00
CC Japan Inc & Grwth Fd - Cls Acc USD	$ 12.84	12.84	0.12	0.00
CC Japan Inc & Grwth Fd - GBP Founder Acc	£ 13.09	13.09	0.10	0.00
CC Japan Inc & Grwth Fd - GBP Founder Inc	£ 12.57	12.57	0.09	1.22
CC Japan Inc & Grwth Fd - JPY Founder Acc	¥ 1321.73	1321.73	10.16	0.00
CC Japan Inc & Grwth Fd - JPY Founder Inc	¥ 1260.47	1260.47	9.69	1.20
CC Japan Inc & Grwth Fd - USD Founder Acc	$ 13.09	13.09	0.10	0.00
CC Japan Inc & Grwth Fd - USD Founder Inc	$ 12.55	12.55	0.09	1.22

Crèdit Andorrà Asset Management

Crèdit Andorrà Asset Management (LUX)
www.creditandorra.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Crediinvest SICAV Money Market Eur I	€ 11.24	-	0.00	0.00
Crediinvest SICAV Money Market Usd A	$ 10.03	-	0.00	0.00
Crediinvest SICAV Fixed Income Eur	€ 10.81	-	0.00	0.00
Crediinvest SICAV Fixed Income Usd	$ 10.73	-	0.01	0.00
Crediinvest SICAV Spanish Value	€ 288.54	-	0.12	0.00
Crediinvest SICAV International Value	€ 227.21	-	0.14	0.00
Crediinvest SICAV Big Cap Value	€ 19.01	-	0.03	0.00
Crediinvest SICAV US American Value	$ 16.96	-	0.01	0.00
Crediinvest SICAV Sustainability	€ 13.84	-	0.13	0.00

Dantrust Management (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Dantrust II Limited	kr 456.80	457.70	3.50	0.00

DAVIS Funds SICAV (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
Davis Value A	$ 38.48	-	-0.01	0.00
Davis Global A	$ 30.14	-	-0.08	0.00

Discretionary Unit Fund Mngrs (1000)F (UK)
1 Poultry, London EC2R 8JR 020 7 415 4130
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Disc Inc	1462.90	1508.20	1.30	1.02
Do Accum	5410.40	5577.80	4.80	1.48

Dodge & Cox Worldwide Funds

Dodge & Cox Worldwide Funds (IRL)
111 Buckingham Palace Road Victoria, London SW1W 0SR
www.dodgeandcox.worldwide.com 020 7340 8695
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 16.83	-	-0.01	0.00
GBP Accumulating Share Class	£ 16.45	-	0.03	0.00
GBP Distributing Share class	£ 12.14	-	0.03	0.96
EUR Accumulating Share Class	€ 18.44	-	0.06	0.00
Dodge & Cox Worldwide Funds plc-International Stock Fund				
USD Accumulating Share Class	$ 15.78	-	-0.01	0.00
EUR Accumulating Share Class	€ 13.56	-	0.05	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 17.15	-	0.00	0.00
GBP Accumulating Share Class	£ 15.86	-	0.04	0.00
EUR Accumulating Share Class	€ 16.25	-	0.07	0.00

DOMINION FUNDS

Dominion Fund Management Limited
PO Box 660 Ground Floor, Tudor House Le Bordage St Peter Port Guernsey - Channel Islands United Kingdom GY1 3PU
+44(0)1481 734343 investorservices@dominion-funds.com www.dominion-funds.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
DGT - Consumer £ I Class	£ 126.11	-	0.39	0.00
DGT - Consumer £ R Class	£ 122.56	-	0.37	0.00
DGT - Strategic £ I Class	£ 1.06	-	0.01	0.00
DGT - Strategic £ R Class	£ 1.07	-	0.00	0.00

Dominion Fund Management Limited
Other International Funds

Fund	Bid	Offer	+/-	Yield
DX EVOLUTION PCC LIMITED - DXE (€) FUND	€ 95.28	95.28	-0.65	0.00
DX EVOLUTION PCC LIMITED - DXE (US$) FUND	$ 109.60	109.60	-1.05	0.00

Dragon Capital Management
1901 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

Fund	Bid	Offer	+/-	Yield
Vietnam Enterprise Investments (VEIL)	$ 3.53	-	-0.12	0.00
Vietnam Growth Fund (VGF)	$ 24.16	-	0.30	0.00
Vietnam Property Fund (VPF)	$ 0.76	-	0.00	0.00

DSM Capital Partners Funds (LUX)
www.dsmsicav.com
Regulated

Fund	Bid	Offer	+/-	Yield
Global Growth I2 Acc	€ 96.12	-	0.55	-

Ecclesiastical Inv Mgt Ltd (1200)F (UK)
PO Box 3733, Swindon, SN4 4BG, 0845 604 4056
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Amity UK Cls A Inc	201.70	-	0.00	1.56
Amity UK Cls B Inc	201.30	-	0.10	2.37
Higher Income Cls A Inc	130.40	-	0.50	4.67
Higher Income Cls B Inc	133.30	-	0.50	4.65
UK Equity Growth Cls A Inc	217.80	-	-0.70	0.68
UK Equity Growth Cls B Inc	222.40	-	-0.70	1.47
Amity Balanced For Charities A Inc	108.90	-	0.40	5.62
Amity European Fund Cls A Inc	203.70	-	0.20	1.60
Amity European Fund Cls B Inc	205.90	-	0.20	2.37
Amity Global Equity Inc for Charities A Inc	99.36	-	0.59	4.18
Amity International Cls A Inc	209.50	-	1.20	1.52
Amity International Cls B Inc	211.40	-	1.30	2.34
Amity Sterling Bond Fund A Inc	109.40	-	0.40	5.49
Amity Sterling Bond Fund B Inc	117.00	-	0.30	5.47

Eclectica Asset Management (UK)
Ibex House, 42-47 Minories, London, EC3N 1DX
Order desk: 0845 6080941 Switchboard 0870 6072555
Authorised Corporate Director - Capita Financial Managers
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
CF Eclectica Agriculture A EUR Acc ✦	€ 1.27	-	0.00	0.00
CF Eclectica Agriculture A GBP Acc ✦	103.95	-	0.98	0.00
CF Eclectica Agriculture A USD Acc ✦	$ 1.74	-	0.01	0.00
CF Eclectica Agriculture C EUR Acc ✦	€ 1.31	-	0.01	0.26
CF Eclectica Agriculture C GBP Acc ✦	107.06	-	1.01	0.24
CF Eclectica Agriculture C USD Acc ✦	$ 1.78	-	0.01	0.26

Edinburgh Partners Limited (IRL)
27-31 Melville Street, Edinburgh, Edinburgh, EH2 4DJ +353 1 434 5143
Dealing - Fax only - +353 1 434 5230
FCA Recognised
Edinburgh Partners Opportunities Fund PLC

Fund	Bid	Offer	+/-	Yield
European Opportunities I EUR	€ 2.50	-	0.00	1.36
European Opportunities I GBP	£ 2.03	-	0.00	1.54
European Opportunities I USD	$ 3.43	-	-0.01	1.20
European Opportunities A EUR	€ 2.44	-	0.00	0.97
Global Opportunities I USD	$ 1.75	-	0.01	1.13
Global Opportunities I GBP	£ 1.04	-	0.01	1.10
Global Opportunities I EUR	€ 1.28	-	0.02	1.19
Global Opportunities A GBP	£ 0.98	-	0.01	0.64
Pan European Opportunities I EUR	€ 1.52	-	0.00	-

المجموعة المالية هيرميس EFG HERMES since 1984

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

Fund	Bid	Offer	+/-	Yield
The EFG-Hermes Egypt Fund	$ 29.93	-	-	0.00
Middle East & Developing Africa Fund (Final)	$ 19.81	-	-	0.00
Saudi Arabia Equity Fund	SR 13.54	-	0.00	0.00

Electric & General (1000)F (UK)
Stuart House St.John's Street Peterborough PE1 5DD
Orders & Enquiries: 0845 850 0255
Authorised Inv Funds
Authorised Corporate Director - Carvetian Capital Management

Fund	Bid	Offer	+/-	Yield
Electric&General Net Income A	140.40	-	-0.10	2.23

Ennismore Smaller Cos Plc (IRL)
5 Kensington Church St, London W8 4LD 020 7368 4220
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Ennismore European Smlr Cos NAV	£ 92.78	-	0.36	0.00
Ennismore European Smlr Cos NAV	€ 113.98	-	0.62	0.00

Ennismore European Smlr Cos Hedge Fd
Other International Funds

Fund	Bid	Offer	+/-	Yield
NAV	€ 416.40	-	-0.18	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Equinox Russian Opportunities Fund Limited	$ 107.34	-	5.47	0.00

Euronova Asset Management UK LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Smaller Cos Cls One Shares (Est)	€ 30.24	-	-0.06	0.00
Smaller Cos Cls Two Shares (Est)	€ 21.60	-	-0.04	0.00
Smaller Cos Cls Three Shares (Est)	€ 10.76	-	-0.02	-
Smaller Cos Cls Four Shares (Est)	€ 13.99	-	-0.04	0.00

Eurobank FMC-LUX

Eurobank Fund Management Company (Luxembourg) S.A. (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
(LF) Absolute Return €	€ 1.31	-	0.00	0.00
(LF) Balanced - Active Fund (RON)	RON 15.64	-	-0.03	0.00
(LF) Cash Fund €	€ 1.44	-	0.00	-
(LF) Cash Fund (RON)	RON 15.91	-	0.00	0.00
(LF) Eq Dyn Romanian Fd €	€ 1.61	-	0.00	0.00
(LF) Eq Emerging Europe €	€ 0.86	-	0.00	0.00
(LF) Eq Flexi Style Greece €	€ 1.73	-	-0.01	0.00
(LF) Global Bond Fd €	€ 11.07	-	0.03	-
(LF) Global Equities €	€ 0.98	-	0.01	0.00
(LF) Greek Equities €	€ 0.35	-	-0.01	0.00
(LF) Eq Mena Fund €	€ 14.34	-	0.14	0.00
(LF) Greek Government Bond €	€ 18.62	-	-0.13	0.00
(LF) Income Plus $	$ 1.21	-	0.00	0.00
(LF) Greek Corporate Bond €	€ 12.37	-	-0.02	-
(LF) FOF Balanced Blend €	€ 1.27	-	0.01	0.00
(LF) FOF BRIC €	€ 0.79	-	0.01	0.00
(LF) FOF Equity Blend €	€ 1.07	-	0.01	0.00
(LF) FOF New Frontiers €	€ 13.80	-	0.13	0.00
(LF) FOF Dynamic Fixed Inc €	€ 10.56	-	0.03	0.00

Fidelity WORLDWIDE INVESTMENT

FIL Investment Services (UK) Limited (1200)F (UK)
130, Tonbridge Rd, Tonbridge TN11 9DZ
Callfree: Private Clients 0800 414161
Broker Dealings: 0800 414 181
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Unit Trust				
Cash Accum Units	186.09	186.09	0.00	0.00
Cash Fund	£ 1.00	1.00	0.00	0.09
Gross Accum Cash	£ 1.28	1.28	0.00	0.00
MoneyBuilder Cash ISA	£ 1.00	1.00	0.00	0.09
MoneyBuilder Global	£ 2.38	2.38	0.01	0.07
OEIC Funds				
American	£ 23.53	-	0.06	0.00
American Special Sits	£ 9.00	-	0.03	0.00
Fidelity Asian Dividend Fund A-Accumulation	£ 1.03	-	0.01	-
Fidelity Asian Dividend Fund A-Income	£ 1.02	-	0.01	-
China Consumer	£ 1.25	-	0.01	0.26
Emerging Asia	£ 1.00	-	0.01	0.31
Emerg Eur, Mid East & Africa H	£ 1.42	-	0.01	0.94
Enhanced Income - Acc	£ 1.82	-	0.00	6.67
Enhanced Income - Inc	£ 1.28	-	0.01	6.98
European - Inc	£ 1.40	-	0.00	1.70
European	£ 15.65	-	0.08	1.65
European Opportunities	£ 3.59	-	0.01	0.37
Extra Income	£ 0.26	-	0.00	4.06
Extra Income - Gross	£ 0.26	-	0.00	4.06
Global Dividend - Acc	£ 1.38	-	0.00	3.41
Global Dividend - Inc	£ 1.29	-	0.01	3.52
Global Focus	£ 11.60	-	0.06	0.00
Global High Yield Fund - A Gross Acc	£ 12.21	-	0.01	4.57
Global High Yield Fund - A Gross Inc	£ 10.95	-	0.01	4.67
Global High Yield Fund - A Net Acc	£ 11.94	-	0.01	4.61
Global High Yield Fund - A Net Inc	£ 10.95	-	0.01	4.66
Global Property - Acc	£ 1.26	-	0.01	1.39
Global Property W Inc	£ 1.06	-	0.01	-
Global Real Asset Securities	£ 1.23	-	0.01	0.38
Global Special Sits	£ 21.35	-	0.05	0.05
Index Emerging Markets P-Acc	£ 1.07	-	0.02	-
Index Europe ex UK P-Acc	£ 1.03	-	0.00	-
Index Japan P-Acc	£ 0.92	-	0.00	-
Index Pacific ex Japan P-Acc	£ 1.10	-	0.01	-
Index UK A-Acc	£ 0.85	-	0.00	3.42
Index UK P-Acc	£ 1.03	-	0.00	3.21
Index US A-Acc	£ 1.34	-	0.01	1.59
Index US P-Acc	£ 1.03	-	0.00	2.09
Index World A-Acc	£ 1.27	-	0.01	1.92
Index World P-Acc	£ 1.03	-	0.00	2.38
International	£ 1.41	-	0.00	0.09
Japan	£ 2.28	-	0.01	0.30
Japan Smaller Companies	£ 1.53	-	0.01	0.00
MoneyBuilder Asset Allocator	£ 1.12	-	0.00	0.94
MoneyBuilder Balanced	£ 0.49	-	0.00	4.21
Money Builder Dividend	£ 2.58	-	0.01	4.54
MoneyBuilder Growth	£ 0.70	-	0.00	2.20
MoneyBuilder Growth ISA	£ 0.71	-	0.00	2.35
MoneyBuilder Income	£ 0.34	-	0.00	3.69
MoneyBuilder Income -Gross	£ 0.34	-	0.00	3.68
Multi Asset Adventurous A-Acc	£ 1.24	-	0.01	0.68
Multi Asset Alloc Adventurous A-Acc	£ 3.57	-	0.00	2.35
Multi Asset Alloc Strategic A-Acc	£ 1.12	-	0.00	0.69
Multi Asset Alloc Def - Gross A	£ 1.05	-	0.00	0.55
Multi Asset Alloc Def - Net A	£ 1.05	-	0.00	0.55
Multi Asset Alloc Growth A	£ 1.18	-	0.01	0.65
Multi Asset Defensive	£ 1.14	-	0.01	0.30
Multi Asset Defensive - Gross	£ 1.14	-	0.01	0.30
Multi Asset Growth	£ 1.28	-	0.00	0.10
MultiManager Balanced	£ 1.09	-	0.00	0.56
Multi Asset Open Growth A-Acc	£ 0.46	-	0.00	0.54
Multi Asset Open Strategic A-Acc	£ 1.19	-	0.00	0.47
Multi Asset Open Strategic A-Inc	£ 0.30	-	0.01	2.03
Multi Asset Strategic	£ 1.42	-	0.00	0.48
Open World A-Acc	£ 1.11	-	0.01	0.00
Multi Asset Income A Gross Acc	£ 1.48	-	0.01	3.35
Multi Asset Income A Gross Inc	£ 1.11	-	0.00	4.47
Multi Asset Income A Net Acc	£ 1.41	-	0.00	3.45
Multi Asset Income A Net Inc	£ 1.11	-	0.00	4.52
South East Asia	£ 7.19	-	0.11	0.55
Special Situations	£ 28.51	-	0.06	1.77
Strategic Bond	£ 0.31	-	0.00	2.98
Strategic Bond Gross	£ 0.31	-	0.00	2.98
Target 2015	£ 0.49	-	0.00	0.24
Target 2015 - Gross	£ 0.49	-	0.00	0.01
Target 2020	£ 0.54	-	0.00	0.43
Target 2025	£ 1.25	-	0.01	0.47
Target 2030	£ 1.30	-	0.00	0.50
UK Select	£ 2.18	-	0.00	1.23
UK Growth	£ 3.40	-	0.00	0.05
UK Smaller Companies	£ 1.93	-	0.00	0.25
WealthBuilder A Acc	£ 0.93	-	0.01	0.46
Fidelity PathFinder				
Fidelity PathFinder Foundation 1 Gross Acc (clean)	£ 1.01	-	0.00	-
Fidelity PathFinder Foundation 1 Acc (clean)	£ 1.01	-	0.00	-
Fidelity PathFinder Foundation 2 Acc (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Foundation 3 Acc (clean)	£ 1.04	-	0.00	-
Fidelity PathFinder Foundation 4 Acc (clean)	£ 1.05	-	0.00	-
Fidelity PathFinder Foundation 5 Acc (clean)	£ 1.04	-	0.00	-
Fidelity PathFinder Focussed 1 Gross Acc (clean)	£ 1.02	-	0.01	-
Fidelity PathFinder Focussed 1 Acc (clean)	£ 1.02	-	0.01	-
Fidelity PathFinder Focused 2 Acc (Clean)	£ 1.03	-	0.00	-
Fidelity PathFinder Focussed 3 Acc (clean)	£ 1.04	-	0.01	-
Fidelity PathFinder Focussed 4 Acc (clean)	£ 1.05	-	0.01	-
Fidelity PathFinder Focussed 5 Acc (clean)	£ 1.04	-	0.01	-
Fidelity PathFinder Freedom 1 Gross Acc (clean)	£ 1.02	-	0.00	-
Fidelity PathFinder Freedom 2 Acc (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Freedom 1 Acc (clean)	£ 1.02	-	0.00	-
Fidelity PathFinder Freedom 3 Acc (clean)	£ 1.04	-	0.01	-
Fidelity PathFinder Freedom 4 Acc (clean)	£ 1.03	-	0.00	-
Fidelity PathFinder Freedom 5 Acc (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Income 1 Income (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Income 1 Gross Income (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Income 2 Income (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Income 2 gross	£ 1.04	-	0.00	-
Fidelity PathFinder Income 2 Gross Income (clean)	£ 1.03	-	0.01	-
Fidelity PathFinder Income 3 Income (clean)	£ 1.03	-	0.00	-
Institutional OEIC Funds				
America	£ 3.16	-	0.01	0.71
Emerging Markets	£ 2.99	-	0.03	0.90
Europe	£ 3.89	-	0.02	2.38
Fidelity Pre-Retirement Bond Fund	£ 104.50	-	0.80	-
Global Focus	£ 2.45	-	0.02	0.63
Index Linked Bond	£ 2.29	-	0.01	0.57
Index Linked Bond Gross	£ 2.73	-	0.01	0.57
Index-Linked Bond Fund Gross Inc	£ 10.79	-	0.06	0.58
Japan	£ 1.72	-	0.02	1.05
Long Bond	£ 0.43	-	0.00	3.26
Long Bond Gross	£ 0.68	-	0.01	3.19
Long Bond Fund Gross Inc	£ 9.71	-	0.11	3.25
Pacific (Ex Japan)	£ 3.62	-	0.04	2.13
Pan European	£ 2.58	-	0.00	1.72
Reduced Duration UK Corporate Bond	£ 10.53	-	0.01	3.24
Reduced Duration UK Corporate Bond Gross	£ 10.59	-	0.00	3.24
Reduced Duration UK Corporate Bond Inc	£ 10.29	-	0.01	3.24
Reduced Duration UK Corp Bond Gross Inc	£ 10.30	-	0.01	3.24
Select Emerging Markets Equities	£ 1.18	-	0.01	1.32
Select European Eqts	£ 1.73	-	0.01	1.88
Select Global Equities	£ 2.63	-	0.01	-
South East Asia	£ 3.36	-	0.04	1.53
Sterling Core Plus Bond Gr Accum	£ 1.76	-	0.02	4.10
Sterling Core Plus Bond Inc	£ 1.21	-	0.01	4.46
UK	£ 3.28	-	0.01	2.05
UK Aggreg Bond Gr Accum	£ 1.65	-	0.02	3.17
UK Aggregate Bond Inc	£ 1.16	-	0.01	3.24
UK Corporate Bond	£ 1.19	-	0.00	4.13
UK Corporate Bond - Gross	£ 2.08	-	0.01	3.98
UK Corporate Bond Fund Gross Inc	£ 10.84	-	0.06	4.11
UK Gilt Bond	£ 1.19	-	0.01	2.18
UK Gilt Gross	£ 1.83	-	0.01	2.14
UK Long Corp Bond	£ 1.31	-	0.01	4.70
UK Long Corp Bond - Gross	£ 2.21	-	0.02	4.49
UK Long Corporate Bond Fund - Gross Income	£ 10.50	-	0.08	5.83
UK Specialist	£ 1.69	-	0.00	1.35
Retail Share Classes				
Emerging Markets - retail	£ 1.20	-	0.01	0.26
Europe Long Term Growth	£ 1.54	-	0.00	1.84

{*}CAR - Net income reinvested

FIL Fund Management (LUX)
2a, rur Albert Borschette, BP 2175, L-1021, Luxembourg
Phone: 800 22 089, 800 22 088
Regulated

Fund	Bid	Offer	+/-	Yield
China Consumer A-GBP	£ 12.33	-	0.02	0.00
China Focus A-GBP	£ 3.16	-	0.01	0.13
Global Financial Services A-GBP	£ 0.38	-	0.00	0.11
Global Health Care A-GBP	£ 0.42	-	0.00	0.00
Global Industrials A-GBP	£ 0.71	-	0.00	0.00
Global Inflation-Linked Bd A-GBP-Hdg	£ 1.21	-	0.00	0.88
Global Real Asset Securities	£ 1.46	-	0.01	0.00
Global Technology A-GBP	£ 0.19	-	0.00	0.00
Global Telecomms A-GBP	£ 0.26	-	0.00	1.70
India Focus A-GBP	£ 3.47	-	0.01	0.00
Latin America A-GBP	£ 1.93	-	0.02	0.71

Findlay Park Funds Plc (IRL)
Styne House, Upper Hatch Street, Dublin 2 Tel: 00 353 1603 6460
FCA Recognised

Fund	Bid	Offer	+/-	Yield
American Fund USD Class	$ 73.53	-	-0.09	0.00
American Fund GBP Hedged	£ 40.29	-	0.19	0.00
Latin American Fund USD Class	$ 20.73	-	0.01	0.00

Foord Asset Mgt (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Foord International Trust	$ 34.56	-	0.08	0.00

FourWinds Capital Management (UK) Limited (LUX)
Contact +442075187970,info@fourwindscm.com,www.fourwindscm.com
Regulated
Bache Global Series - Alternative Benchmark Commodity Index

Fund	Bid	Offer	+/-	Yield
USD Inst. Accumulation Shares	$ 67.78	71.17	0.09	-
USD Inst. Annual Distribution Shares	$ 86.89	91.23	0.00	-
EUR Inst. Accumulation Shares	€ 85.77	85.77	0.38	-
GBP Inst. Accumulation Shares	£ 86.58	86.58	0.37	-

FRANKLIN TEMPLETON INVESTMENTS

Franklin Templeton Fund Mgt Limited (UK)
PO Box 23676, Edinburgh EH7 5WS 0207 073 8690
Freefone 0800 305 306 enquiries@franklintempleton.co.uk
Authorised Inv Funds
Franklin Templeton Funds (OEIC)

Fund	Bid	Offer	+/-	Yield
Class A				
Frk Europ. Opp A Acc	£ 2.19	-	0.00	1.38
Frk Europ. Opp A Inc	£ 1.87	-	0.00	1.39
Frk Mutual Shares A Acc ✡	£ 1.75	-	0.00	0.32
Frk Mutual Shares A Inc ✡	£ 1.69	-	0.01	0.33
Frk UK Blue Chip A Inc	£ 4.35	-	0.02	2.11
Frk UK Equ Inc A Acc	£ 1.46	-	0.01	3.99
Frk UK Equ Inc A Inc	£ 2.19	-	0.01	4.10
Frk UK Mgrs' Focus A Acc	£ 1.85	-	0.00	0.34
Frk UK Mid Cap A Inc	£ 4.64	-	-0.02	0.40
Frk UK Opport A Inc	£ 3.30	-	0.01	2.10
Frk UK Smll Comp A Inc	£ 7.81	-	0.01	0.13
Frk US Opport A Acc	£ 2.17	-	0.00	0.00
Tem Gbl Emg Mkts A Acc	£ 1.95	-	0.01	1.51
Tem Glb TotRet Bond A Acc	£ 1.69	-	0.00	3.07
Tem Glb TotRet Bond A H3 Acc	£ 1.27	-	0.00	2.86
Tem Glb TotRet Bond A H3 Inc	£ 1.22	-	0.00	2.86
Tem Glb TotRet Bond A Inc	£ 1.36	-	0.00	3.10
Tem Growth A Acc ♯	£ 8.18	-	0.04	0.77
Tem Growth A Inc ♯	£ 5.59	-	0.03	0.77
Tem Strat Bond A Acc	£ 1.42	-	0.01	5.66
Tem Strat Bond A Inc	£ 1.06	-	0.01	5.80

Fiduciary International Ireland Limited (IRL)
JPMorgan House - International Financial Services Centre,Dublin 1, Ireland
Other International Funds
Franklin Templeton Emerging Market Debt Opportunities Fund Plc

Fund	Bid	Offer	+/-	Yield
Frk Templeton Emg Mkts Debt Opp CHF	SFr 19.15	-	-0.34	5.82
Frk Templeton Emg Mkts Debt Opp EUR	€ 12.80	-	-0.24	5.81
Frk Templeton Emg Mkts Debt Opp GBP	£ 10.98	-	-0.22	5.82
Frk Templeton Emg Mkts Debt Opp SGD	S$ 24.10	-	-0.43	5.76
Frk Templeton Emg Mkts Debt Opp USD	$ 19.05	-	-0.32	5.80

Franklin Templeton Investment Funds (LUX)
8A rue Albert Borschette / L-1246 Luxembourg
www.franklintempleton.co.uk UK freephone 0 800 305 306
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Class A Dis				
Frk Gbl R.Estate (USD) A Dis	$ 9.57	-	0.01	2.33
Frk High Yield	$ 7.33	-	0.00	5.39
Frk Euro Gov. Bond	€ 10.67	-	0.01	1.80
Frk Euro High Yield	€ 6.83	-	0.01	5.02
Frk Euro Short Dur Bond Fd	€ 10.05	-	0.00	-
Frk Europ Corp Bond Fd	€ 11.21	-	0.03	1.97
Frk Global Aggr.Inv.Grd Bond Fd	$ 10.82	-	0.01	0.00
Frk Global Aggregate Bond Fd	$ 10.27	-	0.01	1.79
Frk Global Income Fd	$ 11.59	-	0.01	5.06
Frk Income	$ 13.24	-	0.03	2.95
Frk US Government	$ 9.44	-	0.01	2.13
Frk US Liquid Reserve Inc	$ 9.69	-	0.00	0.00
Frk US Low Duration Fd	$ 9.90	-	0.00	0.50
Frk US Total Return	$ 11.28	-	0.02	1.75
Tem Asian Bond	$ 14.08	-	0.05	2.65
Tem Asian Growth	$ 31.69	-	0.26	0.32
Tem Emerging Markets	$ 34.87	-	0.07	0.33
Tem Emg Mkts Balanced AQdis	$ 8.40	-	0.00	3.18
Tem Emg Mkts Bd	$ 19.25	-	0.03	6.13
Tem Euro Liquid Reserve	€ 4.38	-	0.00	0.00
Tem European Total Return	€ 9.66	-	0.02	2.05
Tem Global	$ 36.37	-	0.02	0.45
Tem Global (Euro)	€ 16.39	-	0.07	0.56
Tem Global Balanced	$ 24.21	-	0.02	0.76
Tem Global Bond	$ 21.32	-	0.07	2.24
Tem Global Bond (Euro)	€ 10.61	-	0.01	2.52
Tem Global Equity Income	$ 11.16	-	0.01	3.74
Tem Global High Yield Fd F	$ 10.27	-	0.01	4.93
Tem Global Income	$ 14.79	-	0.01	1.37
Tem Global Smaller Cos	$ 36.25	-	0.08	0.38
Tem Global Total Return	$ 18.35	-	0.04	3.49
Tem Latin America	$ 66.58	-	-0.22	0.46
Class A Acc				
Frk Asia Flex Cap Fd	$ 13.91	-	0.14	0.00
Frk Biotech Discovery	$ 23.02	-	-0.20	0.00
Frk Brazil Opportunities Fd	$ 10.32	-	-0.02	0.00
Frk Euroland Core Fund	€ 17.70	-	-0.03	0.00
Frk European Growth	€ 15.14	-	0.00	0.00
Frk European Sml Mid Cap Gth	€ 31.43	-	0.18	0.00
Frk Gbl Equity Strategies Fd	$ 12.06	-	0.02	0.00
Frk Gbl Fundamental Strat Fd	$ 13.62	-	0.01	0.00
Frk Global Conver.Securities	$ 11.87	-	-0.01	0.00
Frk Global Growth	$ 13.59	-	-0.03	0.00
Frk Global Gth & Val	$ 24.85	-	-0.01	0.00
Frk Global Sml Mid Cap Gth	$ 32.25	-	0.04	0.00
Frk Gold and Precious Mtls Fd F	$ 4.98	-	-0.01	0.00
Frk India	$ 26.25	-	0.50	0.00
Frk Japan Fd	¥ 661.70	-	10.57	0.00
Frk MENA Fund	$ 7.31	-	0.06	0.00
Frk Mutual Beacon	$ 69.00	-	0.07	0.00
Frk Mutual Euroland Fd	€ 17.13	-	-0.03	0.00
Frk Mutual European EUR	€ 23.25	-	0.02	0.00
Frk Mutual Gbl Disc	$ 18.34	-	0.00	0.00
Frk Natural Resources Fd F	$ 10.57	-	0.06	0.00
Frk Real Return Fd F	$ 10.97	-	0.01	0.00
Frk Strategic Income Fd	$ 14.92	-	0.02	0.00
Frk Technology	$ 9.32	-	-0.06	0.00
Frk U.S. Focus Fund	$ 14.93	-	0.00	0.00
Frk US Equity	$ 22.04	-	0.02	0.00
Frk US Opportunities	$ 10.53	-	-0.03	0.00
Frk US Sml Mid Cap Gth F	$ 17.89	-	-0.10	0.00
Frk Wrld Perspective Fd	$ 18.76	-	0.00	0.00
Tem Africa	$ 12.43	-	0.07	0.00
Tem Asian Sml Comp Fd	$ 35.04	-	0.37	0.00
Tem BRIC	$ 14.26	-	0.09	0.00
Tem China	$ 21.43	-	0.11	0.00
Tem Eastern Europe	€ 19.79	-	0.21	0.00
Tem Emerging Mkts Sml Comp Fd	$ 9.18	-	0.07	0.00
Tem Euro S-Term Money Mkt Fd	€ 1012.39	-	0.00	0.00
Tem Euroland	€ 18.69	-	-0.01	0.00
Tem European EUR	€ 20.61	-	0.02	0.00
Tem Frontier Mkts Fund	$ 19.74	-	0.00	0.00
Tem Growth (Euro)	€ 14.26	-	0.07	0.00
Tem Korea	$ 6.07	-	0.09	0.00
Tem Thailand	$ 18.43	-	0.00	0.00

Frontier Investment Management LLP (0700)F (UK)
Authorised Corporate Director: IFDS Managers Ltd, IFDS Hse, Basildon, SS15 5FS
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
IFDS Frontier MAP Balanced Fund	135.92	-	0.35	0.00
IFDS Frontier MAP Cautious Fund	100.57	-	0.35	1.04

Frontier Capital (Bermuda) Limited
Other International

Fund	Bid	Offer	+/-	Yield
Commercial Property-GBP Class	£ 71.42	-	-0.53	-
Global Real Estate-GBP C Class	£ 45.26	-	-0.50	-

Fundsmith

Fundsmith LLP (1200)F (UK)
PO Box 10846, Chelmsford, Essex, CM99 2BW 0330 123 1815
www.fundsmith.co.uk, enquiries@fundsmith.co.uk
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Fundsmith Equity T Acc	168.66	-	0.72	1.22
Fundsmith Equity T Inc	162.43	-	0.69	1.24

Full fund performance data at
www.ft.com/funds

MANAGED FUNDS SERVICE

Fund	Bid	Offer	+/-	Yield
GAM Limited (2300)F (UK)				
GAM Sterling Management Limited				
12 St James's Place London SW1A 1NX. 0800 919 927				
Internet: gam.com				
Authorised Inv Funds				
GAM Funds OEIC				
GAM Global Diversified Acc	3834.42	-	10.93	0.19
GAM North American Gwth Acc	2914.54	-	1.41	0.00
GAM UK Diversified Acc	1835.76	-	5.55	1.29
GAM Limited (IRL)				
FCA Recognised				
GAM Fund Management Ltd				
Georges Court, 54-62 Townsend Street, Dublin 2 +353 1 6093927				
GAM Star Fund Plc				
GAM Star Asia-Pacific Eqty USD Acc F	$ 11.89	-	0.14	1.02
GAM Star Asian Eqty USD Ord Acc F	$ 14.19	-	0.18	0.11
GAM Star Cap App US Eqty USD Inc F	$ 16.88	-	-0.02	0.00
GAM Star Cat Bond USD Acc	$ 12.08	-	0.01	0.00
GAM Star China Equity USD Acc F	$ 20.48	-	0.19	0.78
GAM Star Cont European Eqty GBP Acc F	£ 3.20	-	-0.01	0.05
GAM Star Cred Opportunities GBP Acc	£ 12.34	-	0.02	6.16
GAM Star Discretionary FX USD Acc F	$ 9.74	-	-0.15	0.00
GAM Star Dynamic Gbl Bd USD Acc H	$ 11.31	-	0.02	4.85
GAM Star Emerging Asia USD Class Acc	$ 12.96	-	0.05	0.08
GAM Star Emerg. Market Rates USD Acc F	$ 11.58	-	0.02	0.00
GAM Star European Eqty USD Acc F	$ 23.87	-	-0.12	0.32
GAM Star Flexible Gbl Port EUR Acc	€ 12.38	-	0.02	0.00
GAM Star GAMCO US Equity Acc F	$ 13.20	-	-0.04	0.07
GAM Star Global Conv Bond USD Acc F	$ 11.15	-	0.01	0.00
GAM Star Global Rates USD Acc F	$ 11.70	-	-0.08	0.00
GAM Star Global Selector USD Acc F	$ 15.08	-	0.04	0.00
GAM Star Japan Eqty USD Acc F	$ 11.97	-	0.18	0.30
GAM Star Keynes Quant Strat USD Acc F	$ 10.20	-	0.04	0.00
GAM Star Local EM Rates and FX USD Acc	$ 12.81	-	0.07	0.00
GAM Star North of South EM Equity Acc F	$ 12.88	-	0.08	0.00
GAM Star Technology USD Acc F	$ 14.57	-	-0.06	0.00
GAM Star US All Cap Eqty USD Acc F	$ 13.65	-	-0.01	0.00
GAM Star Worldwide Eqty USD Acc F	$ 572.83	-	-1.21	0.99
GAM Limited				
Other International Funds				
GAM Absolute Return Bond USD	$ 116.27	-	0.08	0.00
GAM Composite Abs Rtn GBP Listed	£ 169.10	-	0.29	0.00
GAM Composite Abs Rtn GBP Open	£ 251.34	-	0.39	0.00
GAM Diversity Inc USD Open	$ 739.40	-	2.32	0.00
GAM Multi-Emg Mkts USD Open	$ 689.98	-	5.75	0.00
GAM Sterling Special Bond Inc	£ 319.36	-	1.90	6.19
GAM Trading II GBP 1.25 XL	£ 102.94	-	0.06	0.00
GAM Trading II Inc USD Op	$ 321.95	-	0.23	0.00
GAMut Investments Inc. T Class	$ 121.94	-	-0.83	0.00
GYS Investment Management Ltd (GSY)				
Regulated				
Taurus Emerging Fund Ltd	$ 209.65	213.93	7.11	0.00
Generali International Limited				
International Insurances				
Global Multi-Strategy Managed	$ 4.77	5.14	0.01	0.00
UK Multi-Strategy Managed	£ 4.80	5.18	0.01	0.00
EU Multi-Strategy Managed	€ 2.72	2.93	0.00	0.00
Global Bond USD	$ 3.69	3.98	0.01	0.00
Genesis Asset Managers LLP				
Other International Funds				
Emerging Mkts NAV	£ 5.56	-	0.00	0.00
Guardian (UK)				
Ballam Road, Lytham St Annes, Lancashire, FY8 4JZ 01253 733 151				
Insurances				
Guardian Assurance				
Property Bond	£ 22.19	23.11	0.01	-
Choices Wth-Pfts Lg-tm	313.50	329.90	0.00	-
Choices Wth-Pfts St-tm	266.50	280.50	0.00	-
Choices Managed	590.70	621.79	2.96	-
Choices Equity	691.74	728.14	2.47	-
Freedom With Pfts Long-Tm	215.90	227.20	0.00	-
Freedom With Pfts Short-Tm	194.70	204.90	0.00	-
Freedom Managed	346.29	364.51	1.40	-
Freedom Equity	400.06	421.12	1.03	-
Corp Pens Managed	208.53	208.53	1.05	-
Corp Pens Equity	225.81	225.81	0.80	-
Corp Pens Fixed Interest	272.29	272.29	0.21	-
Corp Pens Index Linked	311.40	311.40	-0.09	-
Corp Pens Deposit	189.72	189.72	0.00	-
Corp Pens Protector	298.16	298.16	0.33	-
Corp Pens UK Index Tracker	£ 1.95	1.95	0.00	-
Guardian Linked Life Assurance Ltd				
Managed Acc	£ 17.27	18.18	0.07	-
Equity Acc	£ 32.55	34.26	0.09	-
Fixed Interest Acc	£ 15.93	16.77	0.01	-
International Acc	£ 12.32	12.97	0.11	-
Nth American Acc	£ 5.96	6.28	0.07	-
Pacific Acc	£ 3.23	3.40	0.04	-
European Acc	£ 3.34	3.52	0.01	-
Property Acc	£ 6.15	6.47	0.00	-
Index-Linked Acc	£ 5.99	6.31	0.00	-
Deposit Accum	£ 4.47	4.71	0.00	-
Guardian Pensions Management Ltd				
Pens. Managed Acc	£ 22.31	23.49	0.11	-
Pens. Equity Acc	£ 34.84	36.67	0.12	-
HPB Assurance Ltd				
International Insurances				
Holiday Property Bond Ser 1	£ 0.55	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.63	-	0.00	0.00
Hamilton Lane Private Equity Fund PLC (IRL)				
Regulated				
NAV	$ 84.47	-	-0.33	-
Hamon Investment Group				
Other International Funds				
Asian Market Leaders - USD	$ 24.93	-	0.18	0.00
Asian Market Leaders - GBP	£ 11.55	-	0.09	0.00
Greater China - USD	$ 10.63	-	0.07	0.00
Greater China - GBP	£ 3.98	-	0.03	0.00
Oriental Long Short	$ 103.20	-	0.13	0.00
Selected Asian A'Folio	$ 45.63	45.64	0.15	0.00
Hargreaves Lansdown Fd Mgrs (1100)F (UK)				
PO Box 55736, 50 Bank Street, Canary Wharf London E14 1BT				
Enquiries 0117 90090000				
Authorised Inv Funds				
Hargreaves Lansdown Funds				
Unit Trust				
Multi-Manager Spec Sits Tst ♦	241.56	254.11	1.67	0.15
Haussmann Hldgs NV Curacao				
Other International Funds				
Haussmann Holdings NV Cls A	$ 2559.51	-	28.57	0.00
Haussmann Holdings NV Cls C	€ 2234.78	-	25.02	0.00
Haussmann Holdings NV Cls D	SFr 1202.44	-	13.12	0.00
Heartwood Wealth Management Limited (IRL)				
Regulated				
Heartwood Caut Multi Asset B Acc	136.86	-	0.24	0.00
Henderson Global Investors (UK)				
PO Box 9023, Chelmsford, CM99 2WB Enquiries: 0800 832 832				
www.henderson.com				
Authorised Inv Funds				

MANAGED FUNDS SERVICE

Full fund performance data at **www.ft.com/funds**

Fund	Bid	Offer	+/-	Yield
US Inc Fd A Inc	131.70	-	0.30	3.10
US Inc Fd B Acc	144.50	-	0.20	3.01
US Inc Fd B Inc	132.30	-	0.20	3.11
US Opportunities A Acc	286.60	-	0.80	0.00
US Opportunities B Acc	301.50	-	0.90	0.00

Nevsky Capital LLP
Other International Funds

Fund	Bid	Offer	+/-	Yield
Nevsky Fund Plc EUR Acc	€ 1303.06	-	5.42	0.00
Nevsky Fund Plc GBP Acc	£ 1320.42	-	5.59	0.00
Nevsky Fund Plc USD Acc	$ 1331.09	-	5.52	0.00

New Capital Funds

New Capital Fund Management Ltd (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
FCA Recognised
New Capital UCITS Funds

Fund	Bid	Offer	+/-	Yield
Asia Pac Bd USD Inst Inc	$ 98.10	-	0.13	2.25
Asia Pac Bd USD Ord Inc	$ 100.02	-	0.13	1.57
Asia Pac Eq EUR Ord Inc	€ 105.15	-	0.20	2.50
Asia Pac Eq GBP Ord Inc	£ 107.70	-	0.20	2.84
Asia Pac Eq USD Ord Inc	$ 108.52	-	0.21	2.51
Asia Pac Eq USD Inst Acc	$ 109.17	-	0.21	2.11
Asia Pac Eq USD Ord Acc	$ 121.29	-	0.23	3.11
Dyn Europ Eq EUR Ord Inc	€ 146.98	-	0.15	1.32
Dyn Europ Eq GBP Ord Inc	£ 157.44	-	0.15	1.38
Dyn Europ Eq USD Ord Inc	$ 147.71	-	0.15	1.22
China Equity EUR Ord Acc	€ 108.14	-	0.78	0.00
China Equity GBP Ord Acc	£ 110.05	-	0.78	0.00
China Equity USD Ord Acc	$ 109.72	-	0.78	0.00
China Equity USD Inst Acc	$ 111.32	-	0.80	0.00
Swiss Select Equity Inst Acc	SFr 104.33	-	0.12	-
Swiss Select Equity Ord Acc	SFr 104.22	-	0.12	-
Total Ret Bd USD Ord Acc	$ 167.73	-	0.15	0.00
Total Ret Bd EUR Ord Acc	€ 157.50	-	0.15	0.00
Total Ret Bd GBP Ord Acc	£ 177.70	-	0.17	0.00
Total Ret Bd USD Inst Acc	$ 123.20	-	0.12	0.00
Total Ret Bd GBP Ord Inc	£ 117.71	-	0.11	3.62
US Growth USD Ord Acc	$ 174.31	-	-0.31	0.00
US Growth EUR Ord Acc	€ 167.70	-	-0.28	0.00
US Growth GBP Ord Acc	£ 173.78	-	-0.29	0.00
US Growth USD Inst Acc	$ 159.11	-	-0.28	0.00
Wealthy Nat Bd EUR Inst Inc	€ 111.24	-	0.30	5.03
Wealthy Nat Bd GBP Inst Inc	£ 114.33	-	0.31	5.39
Wealthy Nat Bd EUR Ord Inc	€ 110.55	-	0.30	4.08
Wealthy Nat Bd GBP Ord Inc	£ 114.96	-	0.31	5.04
Wealthy Nat Bd USD Ord Inc	$ 112.33	-	0.30	4.34

New Capital Alternative Strategies

Fund	Bid	Offer	+/-	Yield
All Weather Fd USD Cls	$ 121.59	-	-0.99	0.00
All Weather Fd EUR Cls	€ 110.01	-	-0.92	0.00
All Weather Fd GBP Cls	£ 118.15	-	-0.96	0.00
Tactical Opps USD Cls	$ 159.08	-	-1.98	0.00
Tactical Opps EUR Cls	€ 132.69	-	-1.89	0.00
Tactical Opps GBP Cls	£ 149.59	-	-2.13	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	+/-	Yield
Northwest $ class	$ 2065.08	-	-40.44	0.00
Northwest Warrant $ class	$ 1787.93	-	-73.19	0.00

OASIS GLOBAL FUND MANAGERS

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Oasis Crescent Equity Fund	R 9.91	-	0.03	0.00

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Global Investment (Ireland) Plc

Fund	Bid	Offer	+/-	Yield
Oasis Global Equity	$ 27.36	-	0.04	0.30

Oasis Crescent Global Investment Fund (Ireland) plc

Fund	Bid	Offer	+/-	Yield
Oasis Crescent Global Equity Fund	$ 27.87	-	0.06	0.14
Oasis Crescent Global Income Fund	$ 11.22	-	0.01	2.42
OasisCresGl LowBal D ($) Dist	$ 12.03	-	0.02	0.00
OasisCresGl Med Eq Bal A ($) Dist	$ 12.17	-	0.03	0.54
Oasis Crescent Gbl Property Eqty	$ 9.45	-	0.00	1.89

ODEY ASSET MANAGEMENT

Odey Asset Management LLP (UK)
12 Upper Grosvenor Street, London, W1K 2ND
Order Desk: 0845 300 2106, Enquiries: 0870 607 2555
Authorised Corporate Director - Capita Financial Managers
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
CF Odey Continental European Acc ♦	751.23	-	-0.61	0.30
CF Odey Continental European I Acc ♦	127.85	-	-0.10	0.79
CF Odey Continental European I Inc ♦	123.80	-	-0.10	0.79
CF Odey Opus R Inc ♦	3512.61	-	8.95	0.28
CF Odey Opus Fund A Accumulation	125.55	-	0.32	0.08
CF Odey Opus Fund I Acc	160.32	-	0.41	0.86
CF Odey Opus Fund I Inc	157.34	-	0.40	0.86
CF Odey Absolute Return Fund Euro Hedged	€ 1.67	-	0.00	0.00
CF Odey Absolute Return Fund US Dollar Hedged	$ 1.55	-	0.00	0.00
CF Odey Absolute Return R	282.08	-	0.01	0.00
CF Odey Absolute Return I	288.88	-	0.01	0.00
CF Odey Portfolio Fund I Acc	141.84	-	0.44	0.00
CF Odey Portfolio Fund I Inc	139.67	-	0.43	0.00
CF Odey Portfolio Fund R Acc	138.78	-	0.43	0.00
CF Odey Portfolio Fund R Inc	138.58	-	0.43	0.00

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
OEI MAC Inc A	£ 361.35	-	0.43	0.00
OEI MAC Inc B	£ 188.20	-	-1.44	0.00
OEI MAC Inc USD	$ 1974.16	-	2.64	0.00
Odey European Inc EUR	€ 799.48	-	-2.54	0.00
Odey European Inc A GBP	£ 305.83	-	-0.96	0.00
Odey European Inc B GBP	£ 173.59	-	-0.55	0.00
Odey European Inc USD	$ 337.73	-	-1.16	0.00
Giano Capital EUR Inc	€ 4270.06	-	-261.80	0.00

Odey Asset Management LLP (IRL)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Odey Pan European EUR R	€ 305.35	-	0.60	0.00
Odey Pan European GBP R	£ 199.57	-	0.07	0.00
Odey Allegra European EUR O	€ 245.40	-	0.49	0.00
Odey Allegra European EUR A	€ 147.60	-	0.30	0.00
Odey Allegra European GBP O	£ 286.41	-	0.11	0.00
Odey Allegra European USD O	$ 258.63	-	-0.41	0.00
Odey Allegra European EUR I	€ 234.60	-	0.46	0.00
Odey Allegra European EUR A I	€ 150.40	-	0.30	0.00
Odey Allegra European GBP O	£ 172.48	-	0.07	0.00
Odey Allegra International Euro Class	€ 146.47	-	0.59	0.00
Odey Allegra International GBP Class	£ 186.29	-	0.45	0.00
Odey Allegra International USD	$ 157.95	-	0.08	0.00
Odey Allegra International GBP Inc	£ 134.31	-	0.54	0.00
Odey Allegra International GBP D Inc	£ 168.77	-	0.41	0.00
Odey Allegra International GBP A D	£ 124.75	-	0.31	0.00
Odey Allegra Developed Markets Fund USD I	$ 121.81	-	0.21	-
Odey Allegra Developed Markets Fund GBP I	£ 112.29	-	0.41	-
Odey Giano European Fund EUR R	€ 110.83	-	-0.43	0.00
Odey Giano European Fund GBP R	£ 111.04	-	-0.43	0.00
Odey Giano European Fund USD R	$ 111.82	-	-0.43	0.00
Odey Naver Fund Euro I Class	€ 112.79	-	-0.09	0.00
Odey Naver Fund GBP I Class	£ 113.23	-	-0.08	0.00
Odey Odyssey USD I	$ 138.70	-	-0.28	0.00
Odey Odyssey Fund GBP I	£ 138.22	-	-0.28	0.00
Odey Odyssey Fund GBP R	£ 136.65	-	-0.28	0.00
Odey Odyssey EUR I	€ 123.98	-	-0.27	0.00
Odey Odyssey Fund EUR R	€ 104.03	-	-0.22	-
Odey Odyssey Fund USD R	$ 108.37	-	-0.22	0.00
Odey Orion Fund Euro I Class	€ 118.71	-	-0.02	0.00
Odey Orion Fund USD I Class	$ 118.95	-	-0.01	0.00
Odey Swan Fund Euro I Class	€ 92.26	-	-0.32	0.00
Odey Swan Fund Euro R Class	€ 91.15	-	-0.31	0.00
Odey Swan Fund GBP I Class	£ 92.61	-	-0.32	0.00
Odey Swan Fund GBP R Class	£ 96.13	-	-0.32	0.00
Odey Swan Fund USD I Class	$ 92.07	-	-0.30	0.00
Odey Swan Fund USD IR Class	$ 92.02	-	-0.31	0.00
Odey Swan Fund USD R Class	$ 91.39	-	-0.31	0.00

Odey Wealth Management (CI) Ltd (IRL)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Odey Opportunity CHF R	SFr 113.56	-	0.60	0.00
Odey Opportunity CHF I	SFr 114.76	-	0.60	0.00
Odey Opportunity EUR R	€ 133.49	-	0.70	0.00
Odey Opportunity EUR I	€ 201.35	-	1.06	0.00
Odey Opportunity GBP I	£ 223.01	-	1.16	0.00
Odey Opportunity GBP R	£ 142.34	-	0.75	0.00
Odey Opportunity NOK R	NKr 123.04	-	0.59	0.00
Odey Opportunity NOK I	NKr 126.94	-	0.67	0.00
Odey Opportunity USD R	$ 141.25	-	0.74	0.00
Odey Opportunity USD I	$ 221.83	-	1.11	0.00

Odey Wealth Management UK
Authorised Funds

Fund	Bid	Offer	+/-	Yield
VT Odey Total Return Fund Class A €	€ 93.54	-	0.76	-
VT Odey Total Return Fund Class A £	£ 100.00	-	0.77	-
VT Odey Total Return Fund Class I £	£ 94.97	-	0.77	-
VT Odey Total Return Fund Class I €	€ 100.00	-	0.78	-
VT Odey Total Return Fund Class R €	€ 95.61	-	0.78	-
VT Odey Total Return Fund Class R $	$ 96.97	-	0.12	-
VT Odey Total Return Fund Class I $	$ 99.13	-	0.14	-

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Estimated NAV	$ 763.86	-	-0.34	0.00

OPTIMA Fund Management

Optima Fund Management
Other International Funds

Fund	Bid	Offer	+/-	Yield
JENOP Global Healthcare Fund Ltd	$ 12.72	-	-0.79	0.00
Optima Fd NAV	$ 88.00	-	0.06	0.00
Optima Discretionary Macro Fund Limited	$ 93.48	-	-0.17	0.00
The Dorset Energy Fd Ltd NAV	$ 61.35	-	-1.32	0.00
Platinum Fd Ltd	$ 89.95	-	-0.05	0.00
Platinum Fd Ltd EUR	€ 17.69	-	-0.02	0.00
Platinum Japan Fd Ltd	$ 46.98	-	-0.19	0.00
Optima Partners Global Fd (Est)	$ 14.08	-	0.03	0.00
Optima Partners Focus Fund A	$ 15.84	-	-0.15	0.00

Orbis Investment Management Ltd (BMU)
Regulated

Fund	Bid	Offer	+/-	Yield
Orbis Global Equity	$ 184.28	-	1.82	0.00
Orbis Optimal (US$)	$ 92.38	-	0.80	0.00
Orbis Optimal (Euro)	€ 27.35	-	0.27	0.00
Orbis Optimal (Yen)	¥ 1165.00	-	9.00	0.00
Orbis Leveraged (US$)	$ 147.23	-	2.58	0.00
Orbis Leveraged (Euro)	€ 47.89	-	0.83	0.00
Orbis Leveraged (Yen)	¥ 1153.00	-	20.00	0.00
Orbis Japan Equity (US$)	$ 36.47	-	-0.47	0.00

*Orbis Prices as of May 8th

Orbis Sicav (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
Orbis Japan Equity (Yen)	¥ 3557.00	-	-45.00	0.00
Orbis Japan Equity (Euro)	€ 23.60	-	-0.29	0.00
Orbis Asia ex-Japan - Investor Shares	$ 22.46	-	0.18	0.00
Orbis Global Equity - Investor Shares	$ 131.19	-	1.55	0.00

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
NAV (Fully Diluted)	£ 5.41	-	0.10	0.00

PERMAL

Permal Investment Mgmt Svcs Ltd
www.permal.com
Other International Funds
Offshore Fund Class A US $ Shares

Fund	Bid	Offer	+/-	Yield
Investment Holdings N.V.	$ 5340.50	-	-89.62	-
Macro Holdings Ltd	$ 4074.92	-	-46.06	-
Fixed Income Holdings N.V.	$ 428.58	-	0.27	-
LUX Advantage Multi-Strategy Fund	$ 1578.06	-	-9.51	-
Strategic Allocation A	$ 1365.86	-	-14.77	-

PICTET 1805

Pictet Funds (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Pictet-Absl Rtn Fix Inc-HI EUR	€ 105.62	-	0.06	-
Pictet-Absl Rtn Glo Div-I EUR F	€ 121.35	-	0.46	0.00
Pictet-Agriculture-I EUR F	€ 163.68	-	0.77	0.00
Pictet-Asian Equities Ex Japan-I USD F	$ 200.55	-	1.79	0.00
Pictet-Asian Local Currency Debt-I USD F	$ 155.74	-	0.27	0.00
Pictet-Biotech-I USD F	$ 599.58	-	-3.94	0.00
Pictet-Brazil Index-I USD	$ 76.81	-	0.07	0.00
Pictet-CHF Bonds-I CHF	SFr 487.38	-	0.58	0.00
Pictet-China Index-I USD	$ 97.91	-	0.54	0.00
Pictet-Clean Energy-I USD F	$ 92.45	-	-0.26	0.00
Pictet-Digital Communication-I USD F	$ 217.04	-	-0.88	0.00
Pictet-Eastern Europe-I EUR F	€ 332.33	-	4.00	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 195.03	-	0.51	0.00
Pictet-Emerging Markets-I USD F	$ 558.72	-	3.62	0.00
Pictet-Emerging Corporate Bonds I USD	$ 103.72	-	0.22	0.00
Pictet-Emerging Markets High Dividend I USD	$ 116.50	-	0.80	0.00
Pictet-Emerging Markets Index-I USD F	$ 257.33	-	1.68	0.00
Pictet-Emerging Markets Sust Eq-I USD	$ 100.43	-	0.20	0.00
Pictet-Environmental Megatrend Sel-I EUR	€ 127.71	-	0.26	0.00
Pictet-EUR Bonds-I F	€ 512.26	-	1.28	0.00
Pictet-EUR Corporate Bonds Ex Fin I EUR	€ 138.75	-	0.30	0.00
Pictet-EUR Corporate Bonds-I F	€ 193.00	-	0.38	0.00
Pictet-EUR Government Bonds I EUR	€ 145.60	-	0.31	0.00
Pictet-EUR High Yield-I F	€ 242.11	-	0.25	0.00
Pictet-EUR Inflation Linked Bonds I EUR	€ 121.07	-	0.25	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 135.40	-	0.05	0.00
Pictet-EUR Short Term HY I EUR	€ 108.11	-	0.05	0.00
Pictet-EUR Sov.Sht.Mon.Mkt.EUR I	€ 103.27	-	0.01	0.00
Pictet-Euroland Index IS EUR	€ 120.41	-	0.05	0.00
Pictet-Europe Index-I EUR F	€ 155.07	-	0.49	0.00
Pictet-European Equity Selection-I EUR F	€ 574.24	-	2.07	0.00
Pictet-European Sust Eq-I EUR F	€ 204.96	-	0.45	0.00
Pictet-Generics-I USD F	$ 227.52	-	1.49	0.00
Pictet-Global Emerging Currencies-I USD F	$ 108.14	-	-0.01	0.00
Pictet-Global Emerging Debt-I USD F	$ 345.92	-	1.98	0.00
Pictet-Global Megatrend Selection-I USD F	$ 215.47	-	-0.06	0.00
Pictet-Global Bds Fundamental I USD	$ 132.88	-	0.00	0.00
Pictet-Greater China-I USD F	$ 422.18	-	3.96	0.00
Pictet-High Dividend Sel I EUR F	€ 139.62	-	0.23	0.00
Pictet-India Index-I USD	$ 95.00	-	1.69	0.00
Pictet-Indian Equities-I USD F	$ 377.93	-	4.44	0.00
Pictet-Japan Index-I JPY F	¥ 12421.88	-	44.57	0.00
Pictet-Japanese Equities Opp-I JPY F	¥ 7203.10	-	44.06	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 10969.55	-	49.17	0.00
Pictet-LATAM Index I USD	$ 84.74	-	0.20	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 152.54	-	1.19	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 390.60	-	5.09	0.00
Pictet-Premium Brands-I EUR F	€ 137.63	-	-0.16	0.00
Pictet-Quality Global Equities I USD	$ 130.13	-	0.09	0.00
Pictet-Russia Index-I USD	$ 71.76	-	1.03	0.00
Pictet-Russian Equities-I USD F	$ 59.99	-	1.04	0.00
Pictet-Security-I USD F	$ 175.40	-	0.74	0.00
Pictet-Select-Callisto-J EUR	€ 103.45	-	-0.17	0.00
Pictet-Small Cap Europe-I EUR F	€ 938.23	-	-0.71	0.00
Pictet-ST.MoneyMkt-I	€ 140.42	-	0.00	0.00
Pictet-ST.MoneyMkt JPY I USD	¥ 10160.76	-	-0.60	0.00
Pictet-ST.MoneyMkt-ICHF	SFr 125.24	-	0.00	0.00
Pictet-ST.MoneyMkt-IUSD	$ 134.62	-	0.00	0.00
Pictet-Timber-I USD F	$ 155.75	-	-0.16	0.00
Pictet Total Ret-Corto Europe I EUR	€ 124.77	-	-0.13	0.00
Pictet Total Ret-Kosmos I EUR	€ 109.19	-	0.03	0.00
Pictet Total Ret-Mandarin I USD	$ 102.18	-	0.15	0.00
Pictet-US Equity Selection-I USD	$ 177.01	-	-0.37	0.00
Pictet-US High Yield-I USD F	$ 151.39	-	0.11	0.00
Pictet-USA Index-I USD F	$ 164.60	-	0.10	0.00
Pictet-USD Government Bonds-I F	$ 609.12	-	1.33	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 128.48	-	0.06	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 102.46	-	0.00	0.00
Pictet-Water-I EUR F	€ 225.89	-	0.75	0.00
Pictet-World Government Bonds-I EUR F	€ 139.34	-	0.56	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	+/-	Yield
Asia Local Bond Fund - Inst Acc	$ 9.97	-	-0.02	-
Capital Securities Inst Acc	$ 14.33	-	0.02	-
CommoditiesPLUS™ Strategy - Inst Acc	$ 10.00	-	-0.01	0.00
Credit Absolute Return Fund Inst Acc	$ 11.43	-	0.01	0.00
Diversified Income - Inst Acc	$ 19.34	-	0.04	0.00
Diversified Income Dural Hedged Fund Inst Acc	$ 11.94	-	0.01	0.00
EM Fundam.Intl StocksPLUS Fund Inst Acc	$ 11.11	-	0.05	-
Emerging Asia Bond Fund Inst Acc	$ 10.28	-	0.01	0.00
Emerging Local Bond - Inst Acc	$ 14.04	-	0.06	0.00
Emerging Markets Bond - Inst Acc	$ 39.56	-	0.05	0.00
Emerging Markets Corp Bd Fund Inst Acc F	$ 13.56	-	0.04	0.00
EuroPLUS - Inv. Acc	€ 11.78	-	0.01	0.00
Euro Bond - Inst Acc	€ 21.14	-	0.06	0.00
Euro Credit - Inst Acc	€ 13.44	-	0.02	0.00
Euro Income Bond - Inst Acc F	€ 12.79	-	0.03	0.00
Euro Long Average Duration - Inst Acc	€ 18.08	-	0.11	0.00
Euro Low Duration Fund Inst Acc	€ 11.99	-	0.01	0.00
Euro Real Return - Inst Acc	€ 12.81	-	0.03	0.00
Euro Short-Term Inst Acc	€ 12.11	-	0.00	0.00
Euro Ultra Long Duration - Inst Acc	€ 21.93	-	0.24	0.00
Global Advantage - Inst Acc	$ 13.41	-	0.03	0.00
Global Advantage Real Return Fund Inst Acc	$ 12.26	-	0.03	0.00
Global Bond - Inst Acc	$ 26.17	-	0.03	0.00
Global Bond Ex-US - Inst Acc	$ 18.07	-	0.01	0.00
Global Fundamental Index StocksPLUS Inst Acc	$ 17.03	-	0.04	0.00
Global High Yield Bond - Inst Acc	$ 19.66	-	0.03	0.00
Global Investment Grade Credit - Inst Income	$ 12.26	-	0.02	3.12
Global Investment Grade Credit Fund Inst Acc £	$ 15.90	-	0.04	0.00
Global Multi-Asset - Inst Acc	$ 13.92	-	0.03	0.00
Global Real Return - Inst Acc	$ 17.41	-	0.04	0.00
High Yield Bond - Inst Acc	$ 27.55	-	0.02	0.00
Income Fund Inst Acc	$ 11.69	-	0.01	0.00
Inflation Strategy Fund Inst Acc	$ 9.90	-	0.00	0.00
Low Average Duration - Inst Acc	$ 14.65	-	0.01	0.00
PIMCO EqS Emerging Markets Fund Inst Acc	$ 8.74	-	0.02	0.00
PIMCO EqS Pathfinder Eur Fd Inst Acc F	€ 13.35	-	0.05	0.00
PIMCO EqS Pathfinder Fd Inst Acc F	$ 14.24	-	0.02	0.00

Fund	Bid	Offer	+/-	Yield
Socially Resp Emerg Mkts Bd Fd Inst Acc F	$ 12.97	-	0.02	0.00
StocksPLUS(TM) - Inst Acc	$ 21.00	-	0.02	0.00
Total Return Bond - Inst Acc	$ 26.49	-	0.04	0.00
UK Corporate Bond - Inst Acc	£ 15.75	-	0.05	0.00
UK Long Term Corp Bnd Inst-Inst Acc	£ 16.91	-	0.08	0.00
UK Real Return - Inst Acc	£ 19.85	-	0.07	0.00
UK Sterling Long Average Duration - Inst Acc	£ 18.17	-	0.12	0.00
US Sterling Low Average Duration - Inst Acc	£ 13.87	-	0.02	0.00
Unconstrained Bond - Inst Acc	$ 12.09	-	0.00	0.00
US Fundam.Index StocksPLUS Inst Acc	$ 11.85	-	0.00	-
US Government Money Market - Inst Inc	$ 1.00	-	0.00	0.01

PLATINUM CAPITAL MANAGEMENT

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Platinum Global Dividend Fund - A	$ 65.88	-	-	-
Platinum All Star Fund - A	$ 112.46	-	-	-
Platinum Arbitrage Opportunities Fund Ltd Class A	$ 96.54	-	-	-
Platinum Dynasty	$ 87.33	-	-	-
Platinum Essential Resources	$ 9.00	-	0.16	0.00
Platinum Low Volatility Fund SICAV	$ 9.02	-	-	-
Platinum Navigator Fund Ltd Class A	$ 108.45	-	-	-
Platinum Precious Metals	€ 6.31	-	-0.29	-
Platinum Maverick Enhanced	$ 87.01	-	-	-
Platinum Gold Advantage	$ 7.66	-	-	-
Platinum Global Dividend UCITS Fund	$ 81.97	81.97	0.41	5.61

POLAR CAPITAL

Polar Capital Funds Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Asian Financials I USD	$ 270.20	270.20	1.87	1.15
Biotechnology I USD	$ 11.90	11.90	-0.06	-
European Market Neutral I EUR	€ 9.70	9.70	0.00	0.00
Financials Income B2 GBP Acc	£ 1.56	1.56	0.00	0.00
Financial Opps I USD	$ 12.25	-	-0.04	0.97
GEM Growth I USD	$ 10.11	-	0.07	0.00
GEM Income I USD	$ 11.55	-	0.06	0.00
Global Alpha I USD	$ 13.03	13.03	0.01	0.00
Global Convertible I USD	$ 11.64	11.64	-0.03	-
Global Insurance I GBP	£ 3.21	-	0.01	0.00
Global Technology I USD	$ 19.25	-	-0.08	0.00
Healthcare Opps I USD	$ 30.67	-	-0.20	0.00
Japan Alpha I JPY	¥ 165.97	165.97	1.03	0.00
Japan I JPY	¥ 1628.32	-	16.42	0.00
North American I USD	$ 15.85	15.85	-0.02	0.00

Polar Capital LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
ALVA Convertible A USD	$ 128.27	-	0.06	0.00
European Market Neutral A EUR	€ 99.71	-	-2.73	0.00
European Conviction A EUR	€ 158.84	-	-1.37	0.00
European Forager A EUR	€ 180.05	-	1.80	0.00

Policy Selection Limited
Other International Funds

Fund	Bid	Offer	+/-	Yield
Assured USD A	$ 118.13	-	0.44	0.00
Assured USD B	$ 102.95	-	0.35	0.00
Assured USD C	$ 111.41	-	0.37	0.00
Assured USD D	$ 104.67	-	0.33	0.00
Assured F USD	$ 66.35	-	-0.01	0.00
Assured GBP B	£ 89.27	-	-0.77	0.00
Assured GBP C	£ 85.10	-	-0.71	0.00
Assured EUR D	€ 73.05	-	-0.64	0.00
Assured EUR E	€ 66.62	-	-0.57	0.00
Assured CHF E	SFr 51.43	-	-0.69	0.00

Polunin Capital Partners Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Developing Countries 'A'	$ 38.29	-	0.63	0.00
Emerging Markets Active	$ 38.86	-	-0.08	-
Luxcellence Em Mkts Tech	$ 979.54	-	-16.89	0.00
Polunin Developing Countries	$ 829.08	836.13	3.83	0.00
Polunin Discovery - Frontier Markets	$ 1429.23	-	-33.29	-
Polunin Small Cap	$ 1380.07	1397.32	-12.39	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Monument Growth 06/05/2014	£ 441.00	446.18	3.81	0.97

Prosperity Capital Management Ltd (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
RPF A Shares	$ 220.49	-	-	0.00
RPF D	$ 11.95	-	-0.05	0.00
PDF B Shares	$ 432.47	-	-0.42	0.00
PDF	$ 369.79	375.22	-4.69	0.00
CAPF	$ 8.37	-	0.46	0.00

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	+/-	Yield
Prusik Asian Equity Income B Dist	$ 146.79	-	0.60	3.31
Prusik Asia A	$ 190.53	-	1.51	0.00
Prusik Asian Smaller Cos A	$ 159.12	-	0.96	0.00

Purisima Investment Fds (UK) (1200)F (UK)
Ibex House, 42-47 Minories, London, EC3N 1DX
Order Desk 08459 22044, Enquiries: 0870 607 2555
Authorised Inv Funds
Authorised Corporate Director - Capita Financial Managers

Fund	Bid	Offer	+/-	Yield
Global Total Fd PCG A	144.27	-	0.64	0.63
Global Total Fd PCG B	143.20	-	0.64	0.39
Global Total Fd PCG INT	141.69	-	0.63	0.15

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	+/-	Yield
PCG B ✠	154.67	-	1.21	0.00
PCG C ✠	152.84	-	1.19	0.00

Putnam Investments (Ireland) Ltd (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Putnam New Flag Euro High Yield Plc - E	€ 1091.53	-	1.38	5.66

R & H Fund Services (Jersey) Ltd (JER)
Regulated

Fund	Bid	Offer	+/-	Yield
Camber International Equity Growth Limited	£ 14.05	-	0.09	0.40

RATHBONES Established 1742

Rathbone Unit Trust Mgmt (1200)F (UK)
PO Box 9948, Chelmsford, CM99 2AG
Order Desk: 0845 300 2101, Enquiries: 0207 399 0399
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Blue Chip Income Inc	150.69	155.75	0.41	4.18
Blue Chip Income Acc	210.62	217.59	0.56	4.06
Ethical Bond Inc	89.66	91.72	0.30	5.28
Ethical Bond Acc	162.00	165.48	0.54	5.15
Global Opportunities Acc	112.35	115.76	0.13	0.00
Income Inc	829.24	858.47	1.70	4.06
Income Acc	1214.07	1255.87	2.49	3.95
Multi Asset Enhanced Growth Acc	113.19	-	0.62	0.00
Multi Asset Strategic Growth Inc	141.72	-	0.40	1.11
Multi Asset Strategic Growth acc	147.62	-	0.42	0.96
Multi Asset Total Return Inc	122.46	-	0.27	1.58
Multi Asset Total Return acc	131.49	-	0.30	1.71
Recovery Inc	423.73	438.95	0.08	2.14
Recovery Acc	492.02	509.37	0.10	2.15
Strategic Bond Inc	£ 1.16	1.18	0.00	3.63
Strategic Bond Inc	£ 1.07	1.09	0.00	3.72

RECM Global Management Limited (GSY)
www.recmglobal.com Enquiries: info@recmglobal.com
Regulated

Fund	Bid	Offer	+/-	Yield
RECM Global Fund Limited - Class A	$ 20.15	-	0.03	0.00
RECM Global Equity Fund Limited - Class A	$ 10.66	-	0.03	-

Renasset Select Funds Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
European Opportunities Fund A	€ 141.82	-	-0.04	0.00
European Opportunities Fund B	€ 104.90	-	-0.02	0.00
Renaissance Eastern European Allocation Fund	€ 411.10	-	-0.02	0.00
Renaissance Eastern European Fund A	€ 453.01	-	0.56	0.00
Renaissance Eastern European Fund B	€ 97.29	-	0.12	0.00
Renaissance Ottoman Fund	€ 129.36	-	0.01	0.00

ROBECO The Investment Engineers

Robeco Asset Management (LUX)
Coolsingel 120, 3011 AG Rotterdam, The Netherlands.
www.robeco.com/contact
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Asia-Pacific Equities (EUR)	€ 106.98	-	0.85	0.00
Chinese Equities (EUR)	€ 54.33	-	0.27	0.00
Em Stars Equities (EUR)	€ 156.07	-	1.40	0.00
Emerging Markets Equities (EUR)	€ 132.08	-	1.19	0.00
Flex-o-Rente (EUR)	€ 106.07	-	-0.09	0.00
Glob Consumer Trends Equities (EUR)	€ 114.65	-	0.23	0.00
High Yield Bonds (EUR)	€ 123.67	-	0.07	0.00
Lux -O- Rente (EUR)	€ 128.23	-	0.12	0.00
New World Financials (EUR)	€ 44.05	-	0.18	0.00
US Premium Equities (EUR)	€ 168.21	-	-0.13	0.00
US Premium Equities (USD)	$ 188.32	-	-0.17	0.00

Rothschild Private Fund Mgmt Ltd (1200)F (UK)
New Court, St Swithins Lane, London EC4N 8AL
Authorised Funds

Fund	Bid	Offer	+/-	Yield
New Court Fund Class A 2011 (Net Income Units)	£ 11.98	-	0.04	0.26
New Court Fund Class A 2014 Net Acc	£ 11.99	-	0.04	-
RPRM Managed Fund A 2000 Net Income Units	£ 9.79	-	-0.04	-
RPIC Preferred Income	£ 10.28	-	0.01	2.72
RPRM Market fund	£ 11.95	-	0.04	0.20

Royal Bank of Scotland (2230)F (UK)
PO Box 23873, Edinburgh EH7 5WJ 0800 917 7072
Authorised Inv Funds
Series 5 (Minimum Initial Investment £75,000)

Fund	Bid	Offer	+/-	Yield
United Kingdom Equity Index Fund	£ 16.46	-	0.05	2.51
UK Specialist Equity Inc	£ 19.29	-	0.04	0.45
Contl Europe Specialist Fund	£ 23.39	-	0.10	0.00
Japan Specialist Fund ✠	£ 12.01	-	0.16	0.00
US Spec Equity Fund	£ 15.97	-	0.05	0.00
Pacific Basin Specialist Equity Fund	£ 39.44	-	0.56	0.57
UK Sovereign Bd Index Fund	£ 9.95	-	0.04	2.88
Inflation Ukd Sov Bd Fund	£ 11.51	-	0.04	0.63
UK Specialist Equity Income Fund	£ 9.81	-	0.03	3.41
Global Emerg Mkts Equity Fund ✠	£ 11.09	-	0.10	0.95
Global Spec Inv Grade Bd Fund GBP	£ 10.64	-	0.01	3.13

Series 6 (Investment Management Customers Only)

Fund	Bid	Offer	+/-	Yield
United Kingdom Equity Index Fund	£ 16.23	-	0.06	2.85
UK Specialist Equity	£ 19.41	-	0.05	1.48
Contl Europe Specialist Fund	£ 24.10	-	0.10	0.66
Japan Specialist Fund ✠	£ 12.52	-	0.16	0.54
US Spec Equity Fund	£ 16.36	-	0.05	0.35
Pacific Basin Specialist Equity Fund	£ 39.16	-	0.55	1.29
UK Sovereign Bd Index Fund	£ 10.01	-	0.03	2.88
Inflation Ukd Sov Bd Fund	£ 11.38	-	0.04	0.83
UK Specialist Equity Income Fund	£ 10.40	-	0.02	3.36
Global Spec Inv Grade Bd Fund GBP	£ 10.85	-	0.01	3.13
Global Emerg Mkts Equity Fund ✠	£ 11.04	-	0.10	1.54

Address and telephone number for Series 5 only

Royal London Unit Managers (CIS) (1200) F (UK)
PO Box 105, Manchester M4 8BB 08457 464646
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
CIS Sustainable Diversified Trust A	£ 1.46	-	0.01	1.79
CIS Sustainable World Trust A	149.90	-	0.60	0.98
Corporate Bd Inc Tst	87.62	92.23	0.40	4.08
European Growth ✠	97.98	103.10	-0.05	3.22
Sustainable Leaders ✠ A	423.50	-	1.10	1.35
UK Growth ✠	474.80	499.80	0.90	1.29
UK Income With Growth ✠	228.50	240.60	0.90	4.61
US Growth	124.50	130.90	0.50	0.00

Additional Funds Available
Please see www.cis.co.uk for details

RBS Collective Investment Fds Ltd (UK)
PO Box 9908, Chelmsford, CM99 2AF 0845 300 2585
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Balanced Acc ✠	331.10	-	1.50	1.45
Balanced Inc ✠	272.40	-	1.20	1.46
Equity Income ✠	329.90	-	0.90	3.66
Extra Income ✠	103.20	-	0.60	3.31
FTSE 100 Tracker Special 1 ✠	298.50	-	0.80	2.87
FTSE 100 Tracker Special 3 ✠	207.40	-	0.60	2.65
FTSE 100 Tracker Standard ✠	283.50	-	0.70	2.43
Growth ✠	306.00	-	0.50	2.12
High Yield ✠	120.90	-	0.50	3.91
International Growth ✠	375.70	-	2.30	0.66
Stakeholder Investment ✠	161.50	-	0.60	2.31
Adventurous Growth ✠	138.30	-	0.40	0.50
Balanced Growth ✠	136.30	-	0.30	0.60
Cautious Growth ✠	126.90	-	0.30	1.00
Income ✠	118.30	-	0.30	2.30
Capital Protected Accelerator Fund 2 ✠	125.30	-	3.00	0.00
Capital Protected Accelerator Fund 3 ✠	114.20	-	0.10	0.00
Capital Protected Fund ✠	129.80	-	0.80	0.00
Capital Protected Fund 6 ✠	166.10	-	0.90	0.00
Your Portfolio Fund II Class 1	106.70	-	0.30	0.00
Your Portfolio Fund II Class 2	106.40	-	0.30	0.00
Your Portfolio Fund III Class 1	111.20	-	0.30	0.80
Your Portfolio Fund III Class 2	111.00	-	0.30	1.20
Your Portfolio Fund IV Class 1	116.00	-	0.40	0.90
Your Portfolio Fund IV Class 2	115.40	-	0.40	1.30
Your Portfolio Fund V Class 1	119.60	-	0.50	0.60
Your Portfolio Fund V Class 2	118.90	-	0.40	1.00
Your Portfolio Fund VI Class 1	118.60	-	0.40	0.00
Your Portfolio Fund VI Class 2	118.50	-	0.40	0.90

Ruffer LLP (1000)F (UK)
Ibex House, 42-47 Minories, London, EC3N 1DX
Order Desk and Enquiries: 0845 601 9610
Authorised Inv Funds
Authorised Corporate Director - Capita Financial Managers
CF Ruffer Investment Funds

Fund	Bid	Offer	+/-	Yield
Baker Steel Gold C Acc	93.58	-	-0.99	0.00
Baker Steel Gold C Inc	93.09	-	-0.98	0.00
Equity & General C Acc	373.50	-	2.91	0.34
Equity & General C Inc	344.87	-	2.66	0.05
Equity & General O Acc	371.56	-	2.87	0.05
European C Acc	492.22	-	5.70	0.45
European O Acc	489.71	-	5.64	0.15
Japanese Fund C Acc	154.94	-	3.41	0.03
Japanese Fund O Acc ✠	154.01	-	3.38	0.00
Pacific C Acc	249.95	-	3.15	0.74
Pacific O Acc	248.51	-	3.12	0.18
Total Return C Acc	364.93	-	5.30	1.77
Total Return C Inc	258.91	-	3.63	1.78
Total Return O Inc	257.47	-	3.59	1.77
Total Return O Acc	363.01	-	5.25	1.76

S. W. MITCHELL CAPITAL

S W Mitchell Capital LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
S W Mitchell European Fund Class A EUR	€ 323.99	-	-12.24	-
S W Mitchell Small Cap European Fund Class A EUR	€ 222.89	-	-0.79	-
The Charlemagne Fund EUR	€ 342.10	-	-2.39	-

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
SWMC European Fund B EUR	€ 15598.08	-	21.12	0.00
SWMC UK Fund B	£ 9586.93	-	66.21	-
SWMC Small Cap European Fund B EUR	€ 13108.66	-	26.82	0.00
SWMC Emerging European Fund B EUR	€ 9517.10	-	89.14	-

ROBECOSAM Sustainability Investing

RobecoSAM (LUX)
Tel. +41 44 653 10 10 http://www.robecosam.com/
Regulated

Fund	Bid	Offer	+/-	Yield
RobecoSAM Sm.Energy/A	€ 11.58	-	0.01	19.09
RobecoSAM Sm.Materials/A	€ 123.78	-	0.20	1.63
RobecoSAM S.Climate/A	€ 77.49	-	0.19	2.64
RobecoSAM S.Global Eq/B	€ 152.58	-	0.72	0.00
RobecoSAM S.HealthyLiv/B	€ 141.90	-	1.33	0.00
RobecoSAM S.Water/A	€ 158.68	-	0.61	1.40

Santander ASSET MANAGEMENT

Santander Asset Management UK Limited (1200)F (UK)
287 St Vincent Street, Glasgow G2 5NB, 0845 6000 181
Authorised Funds
Santander Atlas Range

Fund	Bid	Offer	+/-	Yield
Santander Atlas Port 3 Acc Ret	161.60	-	0.20	-
Santander Atlas Port 3 Inc Ret	100.80	-	0.00	-
Santander Atlas Port 4 Acc Ret	164.20	-	0.20	-
Santander Atlas Port 4 Inc Ret	171.40	-	0.30	-
Santander Atlas Port 5 Acc Ret	159.80	-	0.30	-
Santander Atlas Port 5 Inc Ret	154.30	-	0.30	-
Santander Atlas Port 5 Acc Ret	183.10	-	0.50	-
Santander Atlas Port 6 Inc Ret	164.50	-	0.50	-
Santander Atlas Port 6 Acc Ret	252.00	-	0.80	-
Santander Atlas Port 6 Acc X	179.90	-	0.50	0.37
Santander Atlas Port 6 Inc Ret	163.80	-	0.50	-
Santander Atlas Port 7 Acc Ret	194.50	-	0.80	-
Santander Atlas Port 7 Inc Ret	153.30	-	0.70	-

Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Max 70% Shs Acc Ret	158.60	-	0.70	-
Max 70% Shs Inc Ret	137.80	-	0.60	-
Investments Inc Acc Ret	145.40	-	0.90	-
Investments Inc Inc Ret	99.55	-	0.61	-
Equity Inc Inc Inst	232.00	-	0.40	-
N&P UK Gwth Inc Ret	172.70	-	0.20	-
Stokmkt 100 Track Gwth Acc Inst	96.55	-	0.25	-
Stokmkt 100 Track Gwth Acc Ret	176.10	-	0.50	-
UK Growth Acc Inst	284.00	-	0.40	-
UK Growth Acc Ret	332.20	-	0.50	-
UK Growth Inc Ret	226.30	-	0.30	-

Managed OEIC

Fund	Bid	Offer	+/-	Yield
Glob Em Shs Port Acc Ret	162.10	-	1.60	-
Max 70% Shs Port Acc Ret	241.70	-	0.90	-
Max 70% Shs Port Acc X	173.50	-	0.60	1.27
Investment Port Acc Ret	219.00	-	0.80	-
Investment Port Acc X	155.20	-	0.50	2.97
Max 50% Shs Port Acc Ret	230.20	-	0.90	-
Max 50% Shs Port Inc Ret	210.60	-	0.90	-
Max 50% Shs Port Acc X	166.70	-	0.80	1.93
Max 100% Shs Port Acc Ret	253.20	-	1.50	-
Max 100% Shs Port Acc X	181.80	-	1.10	0.19
Enhanced Inc Inc Ins	216.50	-	0.40	-
Enhanced Inc Inc Ret	207.30	-	0.30	-
Enhanced Inc Inc X	174.50	-	0.30	6.40

Managed Investments OEIC

Fund	Bid	Offer	+/-	Yield
Max 60% Shs Port Acc Ret	257.00	-	0.80	0.00
Max 60% Shs Port Inc Ret	214.20	-	0.70	-
Max 60% Shs Port Inc X	165.80	-	0.50	3.46
Eq Inc Port Acc Ret	285.20	-	0.80	0.00
Eq Inc Port Inc Ret	233.80	-	0.60	-

Managed Investments OEIC 2

Fund	Bid	Offer	+/-	Yield
Investments Inc Port Inc Ret	162.40	-	0.90	-
Investments Inc Port Inc X	147.20	-	0.90	4.43
£ Gov Bond Inc Inst	165.40	-	1.10	-
Strat Bond Inc Inst	181.80	-	0.50	-

Managed Investments OEIC 3

Fund	Bid	Offer	+/-	Yield
Div Inc Port Inc Ret	166.20	-	0.20	-
Corp Bond Acc Inst	196.40	-	1.10	3.70

Multi-Manager OEIC

Fund	Bid	Offer	+/-	Yield
Bal Intl Track Acc Ret	252.60	-	1.50	-
Bond Mthly Inc Acc Ret	135.40	-	0.40	-
Bond Mthly Inc Inc Ret	90.37	-	0.26	-

Santander Asset Management UK Limited (1200)F (UK)
287 St Vincent Street, Glasgow G2 5NB 0845 605 4400
Authorised Inv Funds
Santander Premium Fund (OEIC)
A Shares

Fund	Bid	Offer	+/-	Yield
Europe (ex-UK)	274.80	-	0.60	-
Japan Equities	127.70	-	1.40	-
Pacific Bas (ex-Japan)	481.20	-	6.40	-
Sterling Bonds	249.00	-	1.40	-
UK Equities	261.10	-	0.40	-
US Equities	219.30	-	0.80	-

B Shares

Fund	Bid	Offer	+/-	Yield
Pacific Bas (ex-Japan)	480.50	-	6.40	-

Saracen Fund Managers Ltd (1000)F (UK)
19 Rutland Square, Edinburgh EH1 2BB
Dealing: 00 353 1 603 9921
Saracen Investment Funds ICVC (OEIC) Enq. 0131 202 9100
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Saracen Growth Fd Alpha Acc	£ 3.51	-	0.02	0.97
Saracen Growth Fd Beta Acc	£ 5.56	-	0.03	1.10
Saracen Global Income & Growth Fund A - Acc	£ 1.17	-	0.00	0.73
Saracen Global Income & Growth Fund A - Dist	£ 1.14	-	0.00	0.59
Saracen Global Income and Growth Fund - Acc	£ 1.44	-	0.01	2.68
Saracen Global Income and Growth Fund - Dist	£ 1.33	-	0.00	2.76

For Save & Prosper please see Countrywide Assured

Schroder Property Managers (Jersey) Ltd
Other International Funds

Fund	Bid	Offer	+/-	Yield
Indirect Real Estate SIRE	£ 112.93	116.94	1.40	3.38

Scottish Friendly Asset Managers Ltd (UK)
Scottish Friendly Hse, 16 Blythswood Sq, Glasgow G2 4HJ 0141 275 5000
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Managed Growth ✠	216.50	-	-0.50	0.00
UK Growth ✠	236.80	-	-0.90	0.00

SEB Asset Management S.A. (LUX)
www.seb.se +352 26 68 2595
Regulated

Fund	Bid	Offer	+/-	Yield
SEB Asset Selection Fund EUR	€ 14.48	15.35	0.12	0.00
SEB Dynamic Bond EUR	€ 100.30	100.30	0.02	-
SEB Dynamic Bond Fd C EUR	€ 100.33	100.33	0.02	-
SEB Dynamic Bond Fd C SEK	SKr 100.35	100.35	0.02	-
SEB Dynamic Bond Fd ID SEK	SKr 100.45	100.45	0.03	-
SEB Dynamic Bond Fd IC SEK	SKr 100.32	100.32	0.03	-

SIA (SIA Funds AG) (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
LTIF Alpha	€ 156.29	-	0.79	0.00
LTIF Classic	€ 307.45	-	1.56	0.00
LTIF Em.Mkt Value	€ 79.89	-	0.09	0.00
LTIF Natural Resources	€ 94.16	-	0.47	0.00

SIA (SIA Funds AG) (CH) (CH)
Other International Funds

Fund	Bid	Offer	+/-	Yield
LTIF Stability Growth	SFr 217.80	-	5.20	0.75
LTIF Stability Inc Plus	SFr 202.20	-	5.10	0.79

SKAGEN Funds (NOR)
PO Box 160, 4001 Stavanger, Norway
Tel (47) 51 21 38 58 www.skagenfunds.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
SKAGEN Global	€ 137.13	-	0.13	0.00
SKAGEN Kon-Tiki	€ 75.84	-	0.41	0.00
SKAGEN m2	€ 14.00	-	0.16	0.00
SKAGEN Vekst	€ 209.68	-	1.00	0.00
SKAGEN Tellus	€ 13.91	-	0.03	11.62

Smith & Williamson

Smith & Williamson Investment Management (1200)F (UK)
25 Moorgate, London, EC2R 6AY 020 7131 8100
www.sandwfunds.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
European Growth Trust A Class	520.10	-	0.00	1.29
Far East Growth Trust A Class	389.60	-	2.60	3.01
Fixed Interest Trust A Class	121.10	-	0.50	4.12
Global Gold and Resources Trust A Class	180.30	-	-0.10	0.00
MM Endurance Balanced Fund A Class	201.90	-	1.00	1.02
MM Global Investment Fund A Class	2134.00	-	4.00	1.42
North American Trust A Class	1516.00	-	6.00	0.00
Oriental Growth Fund A Class	129.70	-	0.80	1.45
UK Equity Growth Trust A Class	378.80	-	-0.30	1.29
UK Equity Income Trust A Class	226.20	-	-0.20	4.66

Smith & Williamson Fd Admin Ltd (1200)F (UK)
25 Moorgate, London, EC2R 6AY 0141 222 1150
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
S&W Deucalion Fd (OEIC)	1959.00	-	29.00	0.63
S & W Magnum	361.00	381.70	0.80	2.16
S & W Marathon Trust	175.60	185.80	0.50	1.16
Charity Value and Income Fund Acc	133.80	134.50	0.20	4.45
Charity Value and Income Fund Inc	96.21	96.76	0.08	4.57

SMT Fund Services (Ireland) Limited
Regulated

Fund	Bid	Offer	+/-	Yield
Monthly Dividend High Yield	$ 7.27	-	0.01	0.00

Daiwa Gaika MMF

Fund	Bid	Offer	+/-	Yield
AU$ Portfolio	A$ 0.01	-	0.00	-
US$ Portfolio	$ 0.01	-	0.00	-
Canadian Dllr Pfolio	C$ 0.01	-	0.00	-
New Zealand Dllr Pfolio	NZ$ 0.01	-	0.00	-

Daiwa Bond Series

Fund	Bid	Offer	+/-	Yield
Monthly Dividend AUD Bd	A$ 10.22	-	0.01	0.00
Monthly Dividend EUR Bd	€ 10.43	-	0.02	0.00
Monthly Dividend CAD Bd	C$ 10.08	-	0.02	0.00
Mthly Div US Preferred Secs	$ 7.87	-	0.00	0.00

Daiwa Equity Fund Series

Fund	Bid	Offer	+/-	Yield
New Major Economies	$ 9.58	-	0.19	0.00

Standard Life Wealth
Standard Life Wealth, 30 Lothian Road, Edinburgh, EH1 2DH
0845 279 8880 www.standardlifewealth.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
SLW Acer Fund-GBP Income	872.80	-	0.00	1.44

Unit Trusts

Fund	Bid	Offer	+/-	Yield
SLW Balanced Bridge Fund-Income Units	139.90	-	0.70	2.84
SLW Bridge Fund -Income Units	225.10	-	1.10	1.91
SLW Falcon Fund -Accumulation Units	293.20	-	1.70	0.66
SLW Falcon Fund -Income Units	258.00	-	1.40	0.67
SLW Merlin Fund -Income Units	809.50	-	0.10	1.61
SLW Phoenix Fund -Accumulation B Units	166.80	-	0.60	1.98
SLW Phoenix Fund -Income B Units	133.80	-	0.50	2.02

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	+/-	Yield
Bridge Fund	£ 1.5338	-	0.0076	1.83
Diversified Assets Fund	£ 1.1545	-	0.0041	2.94
Global Equity Fund	£ 1.6637	-	0.0105	1.76
Global Balanced Fund - Income	£ 1.2755	-	0.0066	1.91
Global Balanced Fund - Accumulation Units	£ 1.4383	-	0.0074	1.87
Global Fixed Interest Fund	£ 1.0771	-	0.0021	3.52
Sterling Fixed Interest Fund	£ 0.8460	-	0.0046	3.57
UK Equity Fund	£ 1.9069	-	0.0033	2.98

STENHAM ASSET MANAGEMENT

Stenham Asset Management Inc
www.stenhamassetmanagement.com
Other International Funds

Fund	Bid	Offer	+/-	Yield
Stenham Asia USD	$ 123.67	-	-1.28	-
Stenham Credit Opportunities A Class USD	$ 109.37	-	-0.16	0.00
Stenham Emerging Markets USD B1	$ 107.06	-	-0.44	0.00
Stenham Gold USD	$ 187.24	-	1.30	0.00
Stenham Growth USD	$ 198.48	-	-3.54	-
Stenham Healthcare USD	$ 147.73	-	-5.62	0.00
Stenham Helix USD	$ 101.30	-	-1.25	0.00
Stenham Managed Fund USD	$ 106.84	-	-1.94	-
Stenham Multi Strategy USD	$ 115.27	-	-1.92	-
Stenham Quadrant USD A	$ 375.47	-	-4.83	-
Stenham Trading Inc USD	$ 108.91	-	-1.48	-
Stenham Universal USD	$ 427.96	-	-6.82	-
Stenham Universal II USD	$ 159.80	-	-2.62	0.00

Stratton Street Capital (CI) Limited (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Wonda Bond & Currency Fund (USD)	$ 80.19	-	-2.30	0.00
Fine Wine PCC Limited - Bordeaux Fund	£ 0.42	-	0.00	0.00
Japanese Synthetic Warrant	¥ 731.92	-	26.75	0.00
Japan Synthetic Warrant GBP Hedged Participating Shares	£ 107.69	-	-7.14	-
Japan Synthetic Warrant Fund USD Class	$ 9.30	-	0.33	0.00
Japan Synthetic Warrant US Dollar Hedged Participating Shares	$ 107.46	-	-6.98	-
Renminbi Bond Fund AUD Cls A	A$ 112.96	-	0.82	4.04
Renminbi Bond Fund AUD Cls B	A$ 114.74	-	0.84	3.79
Renminbi Bond Fund CHF Cls A	SFr 114.88	-	0.82	3.58
Renminbi Bond Fund CHF Cls B	SFr 114.76	-	0.82	3.32
Renminbi Bond Fund CNH Cls A	CNH 117.71	-	0.80	3.62
Renminbi Bond Fund CNH Cls B	CNH 117.59	-	0.80	3.37
Renminbi Bond Fund Euro Cls B	€ 115.42	-	0.83	3.31
Renminbi Bond Fund GBP Cls B	£ 116.22	-	0.84	3.21
Renminbi Bond Fund SGD Cls B	S$ 115.39	-	0.83	3.57
Renminbi Bond Fund USD Cls B	$ 115.79	-	0.83	3.51
Renminbi Bond Fund YEN Cls B	¥ 12869.57	-	89.16	0.00
Renminbi Bond Fund USD Class	$ 159.50	-	1.13	3.77
Renminbi Bond Fund GBP Class	£ 154.76	-	1.12	3.47
Renminbi Bond Fund SGD Class	S$ 152.72	-	1.10	3.83
Renminbi Bond Fund YEN Class	¥ 18249.00	-	132.00	0.00
Renminbi Bond Fund Euro Class	€ 152.68	-	1.10	3.84
Renminbi Bond Fund EUR Class	€ 106.07	-	0.77	3.57
Poland Geared Growth	€ 0.59	-	-0.01	0.00

E.I. STURDZA

E. I. Sturdza Strategic Management Limited (GSY)
Regulated

Fund	Bid	Offer	+/-	Yield
Nippon Growth Fund Limited	¥ 63943.21	-	-1430.78	0.00
Strat Evarich Japan Fd Ltd JPY	¥ 87724.00	-	2628.00	0.00
Strat Evarich Japan Fd Ltd USD	$ 880.62	-	26.22	0.00
Strat Global Innovation Fd Ltd EUR	€ 1222.98	-	18.03	0.00
Strat Global Innovation Fd Ltd USD	$ 1260.72	-	18.53	0.00

E.I. Sturdza Funds PLC (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Nippon Growth (UCITS) Fund Euro Hedged Class (EUR)	€ 916.32	-	-1.29	-
Nippon Growth (UCITS) Fund Yen Retail Class (JPY)	¥ 1069.35	-	-1.44	0.00
Nippon Growth (UCITS) Fund JPY Class A shares	¥ 83312.00	-	-115.00	0.00
Nippon Growth (UCITS) Fund JPY Class B Acc shares	¥ 69884.00	-	-97.00	0.00
Nippon Growth (UCITS) Fund JPY Class C Dis shares	¥ 67682.00	-	-95.00	0.00
Nippon Growth (UCITS) Fund Class D Institutional JPY	¥ 44854.00	-	-60.00	-
Strategic China Panda Fund USD	$ 2286.10	-	-17.39	0.00
Strategic China Panda Fund Hedged EURO	€ 2228.61	-	17.16	0.00
Strategic China Panda Fund Hedged Sterling	£ 2257.66	-	17.27	0.00
Strategic Euro Bond Accumulating Class CHF	SFr 1006.10	-	1.14	0.00
Strategic Euro Bond Institutional Class EUR	€ 1011.50	-	1.24	0.00
Strategic Euro Bond Accumulating Class EUR	€ 1139.52	-	1.36	0.00
Strategic Euro Bond Fund Distributing Class Shares	€ 1058.08	-	1.26	0.32
Strategic Global Bond Fund USD Class	$ 1049.60	-	2.06	0.00
Strategic Global Bond Fund EUR Class	€ 1044.60	-	1.11	0.00
Strategic US Momentum and Value Fund	$ 746.31	-	-4.93	0.00
Strategic US Momentum and Value EUR Hedged Class EUR	€ 522.52	-	-3.43	-
Strategic US Momentum and Value EUR Hedged Class CHF	SFr 521.19	-	-3.41	-

Taube Hodson Stonex Ptnrs UT (1200)F (UK)
50 Bank Street, Canary Wharf, London E14 5NT
Admin: 50 Bank Street, Canary Wharf, London E14 5NT
Dealing & Enquiries: 0870 870 8433
Authorised Inv Funds
THS Growth & Value Funds
International

Fund	Bid	Offer	+/-	Yield
IGV - Inc A	340.80	-	0.70	1.82
IGV - Inc B	341.30	-	0.70	1.08
IGV - Acc X	410.60	-	0.90	1.32
IGV - Acc Y	437.30	-	0.90	1.78
IGV - Acc Z	409.40	-	0.90	1.06

European

Fund	Bid	Offer	+/-	Yield
EGV - Acc Z	276.10	-	-0.20	0.12

The Hartford International Funds (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
Gbl Govt Bond (Ex Japan) Index (GBP)	£ 1529.08	-	3.45	0.00
UK Corporate Bond	£ 1461.36	-	8.83	0.00
Gilt	£ 1428.25	-	9.04	0.00
Global Eq (ex Japan) Index Fund	¥ 1.28	-	0.00	0.00
Global Eq (ex Japan) Class HJ4	¥ 1.33	-	0.00	0.00
Global Eq (ex Japan) Class JP5	¥ 1.30	-	0.00	0.00
Global Eq ex Japan Index Fund (Hedge)	¥ 1.19	-	0.00	0.00
Gbl Govt Bond (Ex Japan) Index	¥ 1.19	-	0.00	0.00
Gbl Govt Bond (ex Japan) Class JP4	¥ 1.17	-	0.00	0.00
Japan Equity Index Fund	¥ 0.80	-	0.01	0.00
Japan Equity Class JP3	¥ 0.97	-	0.01	0.00

The National Investor (TNI)
www.tni.ae
Other International Funds

Fund	Bid	Offer	+/-	Yield
UAE Blue Chip Fund *	AED 12.32	-	0.21	0.00

TNI Funds Ltd (BMU)

Fund	Bid	Offer	+/-	Yield
MENA Special Sits Fund	$ 1110.93	-	12.39	0.00

TNI Funds Plc (Ireland)

Fund	Bid	Offer	+/-	Yield
MENA UCITS Fund	$ 1473.50	-	11.50	0.00

UBS

The Resolution Fund (1200) (UK)
Tel 0870 870 8434
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Global Fixed Income D Acc F	100.40	-	0.20	0.62
Global Fixed Income D Inc F	£ 1.00	-	0.00	0.63
Global Yield A Acc F	114.00	-	0.30	1.74
Global Yield B Inc F	108.40	-	0.30	1.75
Global Balanced B Acc F	123.90	-	0.50	0.25
Global Balanced B Inc F	120.00	-	0.50	0.23
Global Growth B Acc F	131.20	-	0.60	0.14
Global Equity A Acc F	123.40	-	0.60	0.16
Global Equity Fund B Acc F	124.10	-	0.70	0.05
Global Equity Fund B Inc F	£ 1.24	-	0.01	0.01
UK Income Focus B Inc F	64.27	-	0.16	3.39
UK Income Focus B Acc F	83.04	-	0.21	3.31
UK Balanced B Inc F	67.80	-	0.24	1.32
UK Balanced B Acc F	73.21	-	0.25	1.30
UK Growth B Acc F	74.55	-	0.31	1.13
UK Growth B Inc F	82.98	-	0.35	1.14
UK Equity B Acc F	86.74	-	0.25	2.14
UK Equity B Inc F	80.98	-	0.25	2.15

Tilney Asset Management Intl Ltd (GSY)
Other International Funds
The Glenmore Property Fund

Fund	Bid	Offer	+/-	Yield
NAV (Susp)	£ 2.03	-	0.16	0.00

TOSCAFUND

Toscafund (UK)
Regulated

Fund	Bid	Offer	+/-	Yield
Tosca	$ 265.80	-	-2.31	0.00
Tosca Mid Cap GBP	£ 213.57	-	-3.56	0.00
Tosca Opportunity B USD	$ 313.41	-	-20.23	0.00

treetop ASSET MANAGEMENT

TreeTop Asset Management S.A. (LUX)
Regulated
TreeTop Convertible Sicav

Fund	Bid	Offer	+/-	Yield
International A	€ 282.21	-	0.49	0.00
International B	$ 365.13	-	0.59	0.00
International C	£ 125.92	-	0.21	0.00
Pacific A	€ 283.90	-	1.16	0.00
Pacific B	$ 359.07	-	1.48	0.00

TreeTop Global Sicav

Fund	Bid	Offer	+/-	Yield
Global Opp.A	€ 142.17	-	0.07	0.00
Global Opp.B	$ 151.12	-	0.09	0.00
Global Opp.C	£ 176.71	-	0.19	0.00
Sequoia Equity A	€ 130.13	-	-0.15	0.00
Sequoia Equity B	$ 144.46	-	-0.20	0.00
Sequoia Equity C	£ 154.75	-	0.09	0.00

TROY ASSET MANAGEMENT

Troy Asset Mgt Ltd (UK)
Ibex House, 42-47 Minories, London, EC3N 1DX
Order desk: 0845 608 0950, Enquiries 0845 608 0950
Authorised Inv Funds
ACD Capita Financial Mgrs
Trojan Investment Funds

Fund	Bid	Offer	+/-	Yield
Spectrum Fund 'O' Acc ♦	145.33	-	0.88	0.50
Spectrum Fund 'O' Inc ♦	142.08	-	0.85	0.50
Trojan Fund O Acc ♦	242.48	-	1.19	0.65
Trojan Fund O Inc ♦	202.98	-	1.00	0.66
Trojan Capital O Acc ♦	180.67	-	1.08	1.32
Trojan Capital O Inc ♦	156.59	-	0.94	1.33
Trojan Income O Acc ♦	243.41	-	0.91	3.69
Trojan Income O Inc ♦	162.91	-	0.61	3.82

UBS Global Asset Mgmt Fds Ltd (UK)
21 Lombard Street, London, EC3V 9AH
Client Services 0800 587 2113, Client Dealing 0800 587 2112
www.ubs.com/retailfunds
Authorised Inv Funds
OEIC

Fund	Bid	Offer	+/-	Yield
Global Emerg Mkts Eqty A Acc ♦	284.53	-	3.60	1.30
Global Optimal A Acc ♦	86.45	-	0.50	0.57
UBS UK Opportunities Fund	86.04	-	0.26	1.31
US Equity A Acc ♦	111.89	-	0.48	0.00
UBS Asian Consumption Fund - A ♦	52.83	-	0.76	0.02
UBS Targeted Return A Acc Net ♦	115.99	-	0.05	0.94
UBS Multi Asset Income A Acc (net) ♦	62.60	-	0.00	3.82
UBS Multi Asset Income A Inc (net) ♦	53.42	-	0.00	3.87
UBS Sterling Corporate Bond Indexed Fund	49.18	-	0.30	-
UBS UK Equity Income A Acc Net ♦	61.25	-	0.16	3.90
UBS UK Equity Income A Inc Net ♦	42.21	-	0.11	4.08
Corporate Bond UK Plus B Acc Gross ♦	70.35	-	0.42	4.07
UBS Global Allocation (UK) A Acc ♦	95.75	-	0.46	1.44
UBS US Growth Fund A Acc ♦	114.46	-	0.08	0.00
UBS Emerging Markets Equity Income A Acc ♦	57.56	-	0.50	5.35
UBS Emerging Markets Equity Income A Inc ♦	43.33	-	0.41	5.52
UBS Global Diversified Fund A Acc	£ 0.57	-	0.00	0.85

Unicapital Investments (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
Investments III	€ 87.94	-	-0.63	0.00
Investments IV - European Private Eq	€ 352.62	370.25	-21.34	0.00
Investments IV - Global Private Eq	€ 466.65	489.98	-23.55	0.00

Unicorn Asset Management Ltd (UK)
PO Box 10602, Chelmsford, Essex, CM1 9PD 0845 026 4287
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Free Spirit A Inc ✠ F	410.41	-	0.16	0.00
Mastertrust A Inc ✠ F	344.23	-	0.79	0.00
Free Spirit B Inc ✠ F	410.02	-	0.17	0.01
Mastertrust B Inc ✠ F	308.43	-	0.68	0.00
Outstanding British Cos A Acc ✠ F	225.74	-	-0.17	0.51
Outstanding British Cos B Acc ✠ F	233.09	-	-0.17	0.97
UK Smaller Cos A Inc ✠ F	422.00	-	1.04	0.51
UK Smaller Cos B Inc ✠ F	413.84	-	1.02	0.70
UK Income A Acc ✠ F	251.35	-	-0.25	-
UK Income A Inc ✠ F	241.41	-	-0.24	4.24
UK Income B Acc ✠ F	263.82	-	-0.26	-
UK Income B Inc ✠ F	253.48	-	-0.25	4.21

Value Partners Hong Kong Limited (IRL)
www.valuepartners.com.hk / vpl@vp.com.hk
Regulated

Fund	Bid	Offer	+/-	Yield
Value Partners Classic Equity USD Hedged	$ 11.67	-	0.07	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	+/-	Yield
Veritas Asian Fund A USD H ✠	$ 298.49	-	1.95	0.94
Veritas Asian Fund A GBP H	£ 330.61	-	3.41	0.99
Veritas Asian Fund A EUR H	€ 252.98	-	2.09	0.95
Veritas China Fund A USD	$ 125.87	-	0.19	0.00
Veritas China Fund A GBP	£ 127.42	-	0.19	0.00
Veritas China Fund A EUR	€ 124.09	-	0.20	0.00
Veritas Global Equity Income Fund D USD	$ 148.57	-	0.32	4.00
Veritas Global Equity Income Fund D EUR	€ 209.77	-	0.56	4.18
Veritas Global Equity Income Fund D GBP	£ 172.11	-	0.99	4.28
Veritas Global Focus Fund D USD	$ 26.06	-	0.03	1.72
Veritas Global Focus Fund D EUR	€ 19.17	-	0.03	1.76
Veritas Global Focus Fund D GBP	£ 26.31	-	0.12	1.15
Veritas Global Focus Fund A GBP	£ 25.38	-	0.12	0.93
Veritas Global Focus Fund A EUR	€ 11.12	-	0.01	0.93
Veritas Global Focus Fund A USD	$ 25.07	-	0.03	0.89
Veritas Global Focus Fund C GBP	£ 26.70	-	0.12	0.00
Veritas Global Focus Fund C EUR	€ 19.48	-	0.03	0.00
Veritas Global Focus Fund C USD	$ 26.45	-	0.03	0.00
Veritas Global Equity Income Fund A GBP	£ 165.61	-	0.95	4.29
Veritas Global Equity Income Fund A EUR	€ 204.63	-	0.54	4.19
Veritas Global Equity Income Fund A USD	$ 143.55	-	0.31	4.01
Veritas Global Equity Income Fund C GBP	£ 164.65	-	1.06	-
Veritas Global Equity Income Fund C EUR	€ 228.36	-	0.61	-
Veritas Global Equity Income Fund C USD	$ 159.08	-	0.34	-
Veritas Global Real Return Fund A USD	$ 19.60	-	0.07	0.21
Veritas Global Real Return Fund A GBP	£ 16.86	-	0.04	0.00
Veritas Global Real Return Fund A EUR	€ 11.29	-	0.04	0.80

Retail

Fund	Bid	Offer	+/-	Yield
Veritas Asian Fund B USD	$ 209.75	-	1.34	0.49
Veritas Asian Fund B GBP	£ 243.47	-	2.52	0.45
Veritas Asian Fund B EUR	€ 186.01	-	1.57	0.09
Veritas China Fund B GBP	£ 123.92	-	0.18	0.00
Veritas China Fund B EUR	€ 130.67	-	0.20	0.00
Veritas Global Focus Fund B USD	$ 18.10	-	0.02	0.01
Veritas Global Focus Fund B EUR	€ 19.38	-	0.09	0.51
Veritas Global Focus Fund B EUR	€ 13.24	-	0.02	0.50
Veritas Global Equity Income Fund B GBP	£ 153.59	-	0.88	4.32
Veritas Global Equity Income Fund B EUR	€ 189.29	-	0.49	4.21
Veritas Global Equity Income Fund B USD	$ 143.47	-	0.31	4.03
Veritas Global Real Return Fund B USD	$ 19.00	-	0.07	0.00
Veritas Global Real Return Fund B GBP	£ 10.66	-	0.04	0.00
Veritas Global Real Return Fund B EUR	€ 12.34	-	0.04	0.00

Veritas Asset Management LLP (UK)
www.veritas-asset.com
Other International Funds

Fund	Bid	Offer	+/-	Yield
Real Return Asian Fund USD	$ 273.43	-	0.37	0.00
Real Return Asian Fund GBP	£ 278.31	-	0.38	0.00
Real Return Asian Fund EUR	€ 273.43	-	-0.17	0.00

Virgin Money Unit Trust Managers Limited (1700)F (UK)
Jubilee House, Gosforth, Newcastle upon Tyne NE3 4PL
www.virginmoney.com
Authorised Inv Funds

Fund	Bid	Offer	+/-	Yield
Virgin UK Index Tracking Trust	246.80	-	0.50	2.79
Virgin Income Trust	116.80	-	0.80	2.17
Virgin Pension Growth Fund	275.90	-	0.60	2.56
Virgin Pension Income Protector Fund	246.10	-	1.70	2.65
Virgin Climate Change Fund	101.92	-	0.24	0.00

Waverton Investment Funds Plc (1600)F (IRL)
waverton.investments@citi.com
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Asia Pacific A USD	$ 19.95	-	0.08	0.36
European Fund A Eur	€ 16.08	-	0.10	0.42
Global Bond Fund Cls A	$ 9.58	-	0.01	4.36
Global Equity Fund A GBP	£ 13.66	-	0.06	0.16
UK Fund A GBP	£ 13.07	-	0.01	1.82
Waverton Equity Fund A GBP	£ 13.56	-	0.09	0.00
Waverton Sterling Bond Fund A GBP	£ 10.11	-	0.01	4.80

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	+/-	Yield
European Multi-Sector	€ 112.46	-	0.39	0.00

Winton Capital Management
Other International Funds

Fund	Bid	Offer	+/-	Yield
Winton Futures USD Cls B	$ 899.26	-	2.48	0.00
Winton Futures EUR Cls C	€ 251.93	-	0.75	0.00
Winton Futures GBP Cls D	£ 274.40	-	0.81	0.00
Winton Futures GBP Cls F	£ 105.84	-	0.31	0.00
Winton Evolution USD Cls F	$ 1495.23	-	-4.81	0.00
Winton Evolution EUR Cls H	€ 1172.95	-	-3.89	0.00
Winton Evolution GBP Cls G	£ 1187.92	-	-3.54	0.00
Winton Futures JPY Cls E	¥ 17653.62	-	45.37	0.00

World Trust Fund (LUX)
Regulated

Fund	Bid	Offer	+/-	Yield
Shares NAV	£ 2.45	-	-0.01	0.00

yuki

Yuki International Limited (UK)
Tel +44-207-269-0203 www.yukifunds.com
Regulated
Yuki Mizuho Umbrella Fund

Fund	Bid	Offer	+/-	Yield
Yuki Mizuho Japan Dynamic Growth	¥ 5450.00	-	37.00	0.00
Yuki Mizuho Japan Large Cap	¥ 5622.00	-	26.00	0.00
Yuki Mizuho Japan Low Price	¥ 10078.00	-	157.00	0.00
Yuki Mizuho Japan Value Select	¥ 8952.00	-	32.00	0.00

YMR Umbrella Fund

Fund	Bid	Offer	+/-	Yield
YMR N Growth	¥ 12805.00	-	86.00	0.00

Yuki Asia Umbrella Fund

Fund	Bid	Offer	+/-	Yield
Yuki Japan Rebounding Growth Fund	¥ 16204.00	-	89.00	0.00

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	+/-	Yield
Memnon European Fund I GBP	£ 108.41	-	0.17	-

Zebedee Capital Partners LLP (CYM)
Regulated

Fund	Bid	Offer	+/-	Yield
Zebedee Focus Fund Limited Class A (EUR) Shares	€ 169.78	-	-0.96	0.00
Zebedee Focus Fund Limited Class B USD Shares	$ 187.30	-	-1.19	0.00
Zebedee Focus Fund Limited Class A USD	$ 170.38	-	-0.82	0.00

Money Market Trusts and Bank Accounts

CAF Bank Ltd
25 Kings Hill Avenue, Kings Hill, West Malling Kent ME19 4JQ 03000 123 456

	Gross	Net	AER	Int Cr
CAF Gold £0 – £49,999	0.15	-	0.15	Qtr
CAF Gold £50,000 – £249,999	0.20	-	0.20	Qtr
CAF Gold £250,000 – £999,999	0.30	-	0.30	Qtr
CAF Gold £1 Million and above	0.35	-	0.35	Qtr
CAF Bank Platinum 30 Day Notice	0.40	-	0.40	Qtr
CAF Cash	0.00	-	0.00	Qtr

CCLA Investment Management Ltd
Senator House 85 Queen Victoria Street, London EC4V 4ET

	Gross	Net	AER	Int Cr
CBF Church of England Deposit Fund	0.50	-	0.50	Qtr
COIF Charities Deposit Fund	0.40	-	0.40	Qtr

Data Provided by Morningstar

MORNINGSTAR®
www.morningstar.co.uk

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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.

MARKET DATA

FT500 - World's Largest Companies

Stock	Price	Day Chng	52 Week High	52 Week Low	Yld	P/e	MCap m$
[illegible]							

STOCK MARKET - WORLD MARKETS AT A GLANCE

Country	Index	May 14	May 13
Argentina	Merval	6900.49	6866.93
Australia	ALL ORDINARIES	5475.90	5475.37
	S&P/ASX 200 Res	4234.52	4216.39
	S&P/ASX 200	5496.50	5498.19
Austria	ATX	2468.51	2478.39
Belgium	BEL 20	3157.51	3156.38
	BEL Mid	4842.38	4850.81
Brazil	Bovespa	54412.54	53907.46
Canada	S&P/TSX Met & Min	878.33	872.34
	S&P/TSX 60	839.11	839.49
	S&P/TSX Comp	14673.73	14679.81
Chile	IGPA Gen	19364.66	19341.37
China	Shanghai A	2144.09	2147.08
	Shanghai B	226.21	225.74
	Shanghai Comp	2047.91	2050.73
	Shenzhen A	1086.68	1085.23
	Shenzhen B	818.37	814.48
	FTSE A200	5833.30	5841.58
	FTSE B35	8135.64	8090.04
Colombia	CSE Index	13718.26	13690.69
Croatia	CROBEX	1680.20	1676.10
Cyprus	CSE M&P Gen	107.47	106.00
Czech Republic	PX	987.48	993.98
Denmark	OMXC Copenhagen 20	710.21	710.47
Egypt	EGX 30	8466.85	8307.19
Estonia	OMX Tallinn	779.32	777.17
Finland	OMX Helsinki General	7521.26	7553.09
France	CAC 40	4501.04	4505.02
	SBF 120	3516.92	3522.37
Germany	M-DAX	16530.58	16596.41
	XETRA Dax	9754.39	9754.43
	TecDAX	1239.08	1241.80
Greece	Athens Gen	1178.12	1160.81
	FTSE/ASE 20	379.31	374.28
Hong Kong	Hang Seng	22582.77	22352.38
	HS China Enterprise	9991.61	9855.80
	HSCC Red Chip	4227.07	4164.03
Hungary	Bux	18277.55	18135.09
India	BSE Sens	23815.12	23871.23
	S&P CNX 500	5583.60	5562.55
Indonesia	Jakarta Comp	4991.64	4921.39
Ireland	ISEQ Overall	4815.10	4862.99
Israel	Tel Aviv 100	1252.56	1253.14
Italy	FTSE MIB	21184.60	21255.99
	FTSE Italia Mid Cap	28835.76	29174.53
	FTSE Italia All-Sh	22543.48	22641.50
Japan	Nikkei 225	14405.76	14425.44
	Topix	1183.15	1178.35
	S&P Topix 150	998.74	994.63
	2nd Section	3424.26	3398.09
Jordan	Amman SE	4576.30	4581.70
Kenya	NSE 20	4940.99	4975.39
Latvia	OMX Riga	424.82	427.49
Lithuania	OMX Vilnius	461.92	462.21
Luxembourg	Luxembourg General	912.94	905.41
Malaysia	FTSE Bursa KLCI	1879.20	(c)
Mexico	IPC	42144.51	42236.83
Morocco	MASI	9471.86	9486.53
Netherlands	AEX	403.33	404.65
	AEX All Share	623.85	625.88
New Zealand	NZX 50	5213.36	5199.34
Nigeria	SE All Share	39138.98	38955.02
Norway	Oslo All Share	664.57	662.15
Pakistan	KSE 100	28528.19	28411.49
Philippines	Manila Comp	6880.44	6852.81
Poland	Wig	51264.01	51047.96
Portugal	PSI General	2977.15	3057.03
	PSI 20	7076.88	7322.28
Romania	BET Index	6463.65	6588.84
Russia	RTS	1254.29	1234.31
	Micex Index	1389.11	1385.29
Singapore	FTSE Straits Times	3259.09	(c)
Slovakia	SAX	209.53	212.34
Slovenia	SBI TOP	750.56	756.10
South Africa	FTSE/JSE All Share	49632.23	49199.70
	FTSE/JSE Top 40	44526.20	44086.05
	FTSE/JSE Res 20	57749.94	57527.79
South Korea	Kospi	2010.83	1982.93
	Kospi 200	262.43	258.40
Spain	Madrid SE	1085.80	1083.30
	IBEX 35	10613.90	10587.20
Sri Lanka	CSE All Share	(c)	6284.96
Sweden	OMX Stockholm 30	1375.93	1373.62
	OMX Stockholm AS	448.69	448.28
Switzerland	SMI Index	8611.70	8543.58
Taiwan	Weighted Pr	8875.16	8817.94
Thailand	Bangkok SET	1396.03	(c)
Turkey	BIST 100	76047.80	75776.49
UK	FT 30	2749.00	2748.70
	FTSE 100	6878.49	6873.08
	FTSE All Share	3669.17	3668.81
	FTSE techMARK 100	3138.75	3159.31
	FTSE4Good UK	(u)	6018.06
USA	S&P 500	1888.53	1897.45
	FTSE NASDAQ 5000	10899.22	10964.07
	Nasdaq Cmp	4100.63	4130.17
	Nasdaq 100	3593.25	3611.13
	Russell 2000	1103.14	1121.16
	NYSE Comp.	10656.14	10702.86
	Wilshire 5000	19966.91	20079.53
	DJ Industrial	16613.97	16715.44
	DJ composite	5823.80	5855.31
	DJ Transport	7834.39	7903.51
	DJ Utilities	537.99	535.85
Venezuela	IBC	2178.42	2176.03
Vietnam	VNI	529.53	513.91
Cross-Border	Stoxx 50 €	3021.34	3015.78
	Euro Stoxx 50 €	3210.42	3211.78
	DJ Global Titans $	238.69	238.77
	Euronext 100 ID	847.13	849.07
	FTSE Multinatls $	(u)	1538.79
	FTSE Global 100 $	1325.69	1327.29
	FTSE4Good Glob $	(u)	5598.60
	FTSE E300	1368.38	1368.75
	FTSEurofirst 80 €	4223.27	4223.89
	FTSEurofirst 100 €	4037.07	4041.67
	FTSE Latibex Top €	3965.10	3923.60
	FTSE Eurotop 100	2771.91	2770.14
	FTSE Gold Min $	1491.73	1479.01
	FTSE All World $	274.73	274.89
	FTSE World $	485.98	486.47
	MSCI All World $	1697.99	1694.88
	MSCI ACWI Fr $	417.53	416.56
	MSCI Europe €	1402.04	1400.82
	MSCI Pacific $	(u)	2361.00
	S&P Global 1200 $	1887.21	1889.57
	S&P Europe 350 €	1398.37	1398.79
	S&P Euro €	1387.24	1388.55

(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.

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STOCK MARKET - RATIOS

[illegible]

Country yields and P/E's relate to a sample of stocks that cover at least 75% of each markets capitalisation. † Losses are excluded from the P/E calculation on country indices. Source: ThomsonReuters

MARKET VOLUME

[illegible]

VOLATILITY INDICES

	May 14	Day Chng	Prev.	52 wk high	52 wk low
VIX †	12.17	0.04	12.13	21.91	11.69
VXD †	11.54	0.14	11.40	20.67	8.12
VXN †	15.16	-0.21	15.37	23.54	12.17
VDAX ‡	14.52	-0.01	14.53	19.55	13.25

† 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.

COMMODITIES

www.ft.com/commodities

[illegible]

Sources: † NYMEX, ‡ ECX/ICE, ◆ CBOT, ♣ NYSE Liffe, ♥ NYBOT, ♠ CME, ♦ LME/London Metal Exchange. * Latest prices, $ unless otherwise stated. ‡ Platts. # The Steel Index.

STOCK MARKET - BIGGEST MOVERS

[illegible]

HFR INDICES

[illegible]

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INTEREST RATES - SWAPS

[illegible]

Bid and Ask rates as of close of London business. $ and Yen quoted on a semi-annual actual/365 basis against 6 month Libor with the exception of the 1 Year GBP rate which is quoted annual actual against 3M Libor. Euro/Swiss Franc quoted on an annual bond 30/360 basis against 6 month Euribor/Libor. Source: ICAP plc.

INTEREST RATES

www.ft.com/bonds&rates

INTEREST RATES - MARKET

[illegible]

*Libor rates come from BBA (see www.bba.org.uk) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: dealers; SDR int rate: IMF; EONIA: ECB; EURONIA, RONIA & SONIA: WMBA. LA 7 days notice: Tradition (UK).

[illegible]

Source: Reuters. Short term rates are for the US Dollar and Yen, others: two day's notice.

INTEREST RATES - OFFICIAL

[illegible]

Source: ThomsonReuters

CURRENCIES

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FX - EFFECTIVE INDICES

[illegible]

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

[illegible]

Rates are derived from WM/Reuters at 4pm (London time). * The closing mid-point rates for the Euro and £ against the $ are shown in brackets.The other figures in the dollar column of both the Euro and Sterling rows are in the reciprocal form in line with market convention. Currency redenominated by 1000. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the internet at http://www.FT.com/marketsdata

Euro Locking Rates: Austrian Schilling 13.7603, Belgium/Luxembourg Franc 40.3399, Cyprus 0.585274, Finnish Markka 5.94572, French Franc 6.55957, German Mark 1.95583, Greek Drachma 340.75, Irish Punt 0.787564, Italian Lira1936.27, Malta 0.4293, Netherlands Guilder 2.20371, Portuguese Escudo 200.482, Slovenia Tolar 239.64, Spanish Peseta 166.386

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Tobacco

Travel & Leisure

Utilities

Investment Companies

Conventional (Ex Private Equity)

Conventional - Private Equity

Conventional - Property ICs

Direct Property

Property Securities

VCTs

Ordinary Income Shares

Income Shares

Capital Shares

Zero Dividend Preference Shares

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	£ Stlg May 14	Day's chge%	Euro Index	£ Stlg May 13	£ Stlg May 12	Year ago	Div. yield%	Cover	P/E ratio	Xd adj	Total Return
FTSE 100 (100)	6878.49	0.08	6561.99	6873.08	6851.75	6693.55	3.49	2.08	13.76	109.94	5097.11
FTSE 250 (250)	15974.61	-0.40	15239.57	16038.89	15981.35	14476.01	2.51	2.08	19.14	146.60	10649.32
FTSE 250 ex Inv Co (208)	17378.58	-0.49	16578.94	17463.73	17414.39	15541.96	2.52	2.23	17.80	163.14	11807.56
FTSE 350 (350)	3735.11	0.01	3563.25	3734.89	3723.03	3598.15	3.34	2.08	14.37	55.88	5590.32
FTSE 350 ex Inv Co (308)	3721.22		3549.99	3721.12	3709.71	3583.43	3.36	2.09	14.19	56.22	2866.86
FTSE 350 Higher Yield (90)	3779.41	0.26	3605.51	3769.44	3762.08	3667.45	4.57	2.01	10.91	74.98	5684.83
FTSE 350 Lower Yield (260)	3327.15	-0.26	3174.06	3335.88	3321.06	3175.97	2.07	2.25	21.45	32.51	3409.55
FTSE SmallCap (268)	4503.20	0.13	4296.00	4497.21	4483.58	3936.83	2.26	1.76	25.14	37.40	5912.00
FTSE SmallCap ex Inv Co (137)	4092.57	0.04	3904.26	4091.11	4083.84	3280.56	2.22	2.43	18.49	31.13	5646.05
FTSE All-Share (618)	3669.17	0.01	3500.34	3668.81	3657.18	3526.54	3.31	2.07	14.56	54.19	5557.22
FTSE All-Share ex Inv Co (445)	3644.52		3476.83	3644.41	3633.31	3501.29	3.34	2.10	14.25	54.62	2854.86
FTSE All-Share ex Multinatl (553)	1145.70	-0.19	905.88	1147.88	1146.58	1054.48	3.04	2.43	13.55	12.31	1864.76
FTSE Fledgling (104)	6954.82	-0.05	6634.81	6958.31	6924.27	5465.14	2.28	0.08	†	49.13	12028.49
FTSE Fledgling ex Inv Co (63)	8711.88	-0.13	8311.02	8723.37	8673.42	5907.64	1.70	-0.51	‡	49.18	14737.63
FTSE All-Small (372)	3110.00	0.12	2966.90	3106.20	3096.44	2700.17	2.26	1.65	26.69	25.60	5242.94
FTSE All-Small ex Inv Co (200)	3027.32	0.02	2888.02	3026.58	3020.40	2398.92	2.19	2.28	20.03	22.65	5293.31
FTSE AIM All-Share (830)	807.97	-0.10	770.79	808.81	808.40	724.94	0.88	2.39	47.54	2.50	851.08
FTSE Sector Indices											
Oil & Gas (26)	**9220.93**	**-0.48**	**8796.65**	**9265.80**	**9253.38**	**8738.47**	**3.73**	**1.70**	**15.78**	**169.12**	**7186.65**
Oil & Gas Producers (18)	8721.39	-0.50	8320.10	8765.32	8751.93	8252.00	3.78	1.68	15.77	162.36	7026.17
Oil Equipment Servicestion (7)	24243.48	-0.04	23127.98	24253.67	24339.16	23892.68	2.67	2.36	15.87	274.96	16779.84
Basic Materials (34)	**5642.24**	**0.59**	**5382.63**	**5609.15**	**5603.70**	**5376.59**	**3.12**	**3.50**	**9.17**	**98.62**	**5203.63**
Chemicals (7)	11786.23	-0.39	11243.91	11832.45	11799.04	10339.50	2.07	2.38	20.36	76.22	9787.86
Forestry & Paper (1)	12270.69	1.26	11706.08	12117.89	12223.67	10772.11	2.86	3.42	10.22	254.95	12340.81
Industrial Metals & Mining (4)	1354.89	0.52	1292.54	1347.93	1353.96	1961.60	0.67	10.16	14.79	4.32	1168.01
Mining (22)	16733.87	0.67	15963.90	16622.90	16605.16	16074.34	3.24	3.56	8.68	311.42	8037.45
Industrials (111)	**4540.07**	**-0.03**	**4331.17**	**4541.54**	**4511.27**	**4255.37**	**2.28**	**1.90**	**23.04**	**48.93**	**4337.81**
Construction & Materials (12)	4624.40	-0.29	4411.62	4637.66	4629.57	3902.26	3.37	0.19	†	94.31	4542.13
Aerospace & Defense (9)	4984.70	0.29	4755.34	4970.12	4905.44	5295.10	2.14	3.14	14.91	65.94	4992.51
General Industrials (6)	3520.79	0.06	3358.79	3518.82	3493.29	3227.83	3.02	1.87	17.65	48.60	3635.61
Electronic & Electrical Equip (13)	5321.16	-1.10	5076.32	5380.25	5398.65	4933.46	1.98	2.00	25.26	27.33	4526.90
Industrial Engineering (12)	11294.59	-0.14	10774.90	11310.67	11242.65	9936.29	2.02	2.39	20.74	150.09	12766.00
Industrial Transportation (8)	4827.45	0.78	4605.32	4790.25	4736.11	3747.98	1.29	1.93	40.34	26.56	3792.58
Support Services (51)	6515.08	-0.06	6215.31	6519.03	6482.74	5984.39	2.19	1.75	26.10	50.82	6285.56
Consumer Goods (39)	**15733.37**	**0.25**	**15009.44**	**15694.35**	**15625.16**	**16004.61**	**2.99**	**1.94**	**17.20**	**237.67**	**10580.74**
Automobiles & Parts (1)	9042.98	0.05	8626.89	9038.28	8862.03	6881.28	2.05	3.01	16.19	124.55	8041.06
Beverages (6)	14214.82	0.60	13560.76	14129.76	14107.39	15764.34	2.29	2.15	20.36	85.99	9250.23
Food Producers (11)	7880.31		7517.72	7880.01	7877.79	7789.78	2.90	2.78	12.43	91.53	6353.67
Household Goods & Home Cons (13)	9514.31	-0.22	9076.53	9534.81	9341.29	8880.21	2.40	2.25	18.55	106.43	6232.84
Leisure Goods (2)	5083.67	-0.51	4849.76	5109.55	5108.30	4010.76	5.06	1.13	17.52	44.13	3987.01
Personal Goods (4)	20898.24	-0.59	19936.66	21021.79	20993.52	19501.78	1.90	2.29	23.01	33.73	12822.63
Tobacco (2)	39627.95	0.42	37804.57	39462.64	39482.30	40466.58	4.18	1.38	17.27	1140.77	22749.87
Health Care (14)	**9363.57**	**-0.34**	**8932.72**	**9395.60**	**9313.25**	**8181.58**	**3.63**	**1.54**	**17.90**	**200.01**	**6482.77**
Health Care Equip & Serv (6)	5282.24	-0.43	5039.19	5305.29	5295.71	4442.58	1.72	2.19	26.64	50.75	4379.92
Pharmaceutical & Biotech (8)	12971.29	-0.34	12374.45	13014.90	12895.20	11359.30	3.75	1.52	17.54	286.63	7956.39
Consumer Service (88)	**4508.42**	**-0.54**	**4300.97**	**4532.97**	**4522.99**	**4176.65**	**2.76**	**2.14**	**16.98**	**61.67**	**3917.55**
Food & Drug Retailers (7)	3950.95	-0.16	3769.16	3957.42	3933.25	4764.49	4.73	2.07	10.22	125.59	4392.78
General Retailers (23)	2829.51	-0.53	2699.32	2844.51	2827.67	2262.10	2.20	2.45	18.59	13.36	2970.17
Media (24)	6097.58	-1.27	5817.02	6175.94	6162.18	5648.69	2.92	1.79	19.20	82.81	3442.09
Travel & Leisure (34)	7310.38	-0.13	6974.01	7320.09	7334.00	6293.07	1.98	2.44	20.70	73.47	6446.13
Telecommunications (8)	**3640.92**	**0.45**	**3473.39**	**3624.71**	**3668.68**	**3254.51**	**6.39**	**3.98**	**3.93**	**2.75**	**3510.79**
Fixed Line Telecommunications (6)	4390.93	-0.41	4188.89	4408.82	4401.46	3657.82	2.75	2.18	16.73	-	3587.88
Mobile Telecommunications (2)	4978.50	0.92	4749.43	4932.96	5030.78	4544.52	8.40	4.31	2.77	5.84	4223.33
Utilities (8)	**8676.60**	**1.08**	**8277.37**	**8584.02**	**8561.91**	**8938.58**	**4.80**	**1.74**	**11.94**	**102.24**	**8488.85**
Electricity (3)	9699.49	1.54	9253.19	9552.53	9585.30	9873.81	5.07	1.45	13.57	159.86	11773.61
Gas Water & Multiutilities (5)	7958.03	0.95	7591.86	7883.20	7849.58	8225.82	4.72	1.83	11.55	83.58	7831.08
Financials (268)	**4624.11**	**0.20**	**4411.34**	**4614.85**	**4594.62**	**4653.42**	**3.16**	**1.54**	**20.58**	**70.40**	**3839.44**
Banks (6)	4500.82	0.37	4293.72	4484.25	4465.16	5088.16	3.40	1.16	25.35	70.26	2927.11
Nonlife Insurance (11)	2160.66	-0.30	2061.24	2167.21	2169.86	2026.58	3.36	1.97	15.06	42.04	3481.86
Life Insurance/Assurance (12)	7450.14	0.07	7107.34	7444.70	7398.16	6335.97	3.29	1.50	20.23	168.79	6529.29
Real Estate Investment & Serv (23)	2737.41	-0.74	2611.46	2757.87	2738.48	2394.21	1.79	4.54	12.28	22.85	6823.45
Real Estate Investment Trusts (17)	2571.54	0.30	2453.22	2563.75	2545.12	2307.53	3.17	3.43	9.20	34.88	2897.50
General Financial (26)	6828.53	0.01	6514.33	6827.69	6848.16	6174.34	3.03	2.15	15.35	65.61	7052.77
Equity Investment Instr (173)	7241.46	0.20	6908.26	7227.02	7177.05	7051.17	2.39	1.05	39.78	60.38	3652.72
Non Financials (350)	**4318.18**	**-0.05**	**4119.49**	**4320.41**	**4308.39**	**4090.54**	**3.36**	**2.24**	**13.30**	**63.07**	**5727.56**
Technology (22)	**1134.66**	**-1.40**	**1082.46**	**1150.73**	**1146.93**	**1186.31**	**1.36**	**2.04**	**36.13**	**8.88**	**1390.20**
Software & Computer Services (13)	1289.48	-1.51	1230.14	1309.28	1303.07	1181.73	2.06	2.25	21.60	17.47	1641.90
Technology Hardware & Equip (9)	1373.28	-1.32	1310.09	1391.59	1388.38	1592.36	0.87	1.70	67.21	5.46	1554.38

Hourly movements	8.03	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/day	Low/day
FTSE 100	6867.05	6856.37	6866.05	6867.85	6864.44	6862.44	6861.46	6864.94	6874.81	6879.76	6854.27
FTSE 250	16063.87	16022.65	16008.32	16016.68	16008.33	16004.24	15995.30	15982.72	15966.50	16064.29	15964.27
FTSE SmallCap	4507.87	4502.43	4499.86	4497.28	4499.61	4500.19	4497.93	4499.09	4498.59	4508.65	4496.14
FTSE All-Share	3667.26	3661.05	3664.76	3665.77	3664.05	3663.04	3662.25	3663.39	3667.17	3669.35	3660.12

Time of FTSE 100 Day's high: 15:29:15 Day's low: 08:01:15 FTSE 100 2010/11 High: 6873.08 (13/05/2014) Low: 6449.27(04/02/2014)
Time of FTSE All-ShareDay's high: 15:29:00 Day's low: 08:01:00 FTSE 100 2010/11 High3685.07 (24/02/2014) Low: 3464.12(04/02/2014)

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INVESTMENT COMPANIES:

MORNINGSTAR/AIC INDICES

Sector	Total/Capital Return	May 14	1 day % chg	1 mth % chg	1 yr % chg	3 yrs % chg	5 yrs % chg	No of stks
Equity Inv Cos (Ex Alt)	TR	377.69	0.68	1.97	5.94	23.83	94.56	230
Equity Inv Cos (Ex Alt)	TR(NAV)	369.82	0.39	1.68	4.65	21.12	86.76	230
Private Equity (ex 3i)	TR	485.71	0.17	2.33	6.06	33.20	139.83	19
Direct Property	TR	316.75	0.84	0.60	19.32	20.51	93.71	21
Hedge Funds	TR	198.33	0.13	-0.39	-3.59	7.13	37.76	28
VCTs	TR	80.93	0.03	0.39	10.35	21.85	45.27	139
Zero Dividend	CR	276.63	0.23	0.32	6.06	22.55	56.06	24

Sources: **www.morningstar.co.uk, www.theaic.co.uk.** All figures are in GBP. Indices are calculated daily by Morningstar. Total return indices assume income is reinvested on the ex-dividend date. Equity Investment Companies (Ex Alternatives) Index includes all conventional investment companies, excluding Private Equity, Direct Property, Hedge Funds and VCTs. © Morningstar. 2013.

UK STOCK MARKET TRADING DATA

	May 14	May 13	May 12	May 9	May 8	Yr ago
SEAQ Bargains	720,300	559,500	845,900	697,300	681,300	782,400
Order Book Turnover (m)†		4345.3	3866.6	3680.7	4792.4	4280.7
Order Book Bargains †		638,171	590,689	565,306	755,148	629,946
Order Book Shares Traded (m)†		1465.0	1463.0	1417.0	1492.0	1431.0
Total Mkt Bargains ‡		723,278	689,584	650,514	853,920	699,710
Total Equity Turnover (£m)‡		15787.4	16300.5	18496.0	18348.9	16757.9
Total Shares Traded (m)‡	1121.0	1133.0	1135.0	1103.0	1144.0	1132.0

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

RISES AND FALLS

	Rises	Falls	Same
Gilts	0	0	0
Basic Materials	26	18	4
Consumer Goods	15	30	1
Consumer Services	30	40	10
Financials	51	53	23
Health Care	7	5	2
Industrials	52	61	18
Oil & Gas	14	21	4
Technology	4	12	8
Telecommunications	1	5	0
Utilities	6	0	1
Others	166	127	279
Totals	372	372	350

Data based on those companies on the Financial Times Share Service.

FINANCIAL TIMES SHARE SERVICE

FTSS continued - AIM

Aerospace & Defence

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Cohort	†	209	-1	221	128.55	1.8	13.6	57

Banks

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
BCB Hldgs.		13.25	-	19.50	13	-	-	1
STB		£26.76	-	£29.75	£17.50	2.3	35.2	0

Basic Resource (Ex Mining)

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
CropperJ		385	-	420	243	2.1	38.9	-

Chemicals

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Scapa		112.75	-0.75	130	76	0.4	55	2,656

Construction & Materials

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Abbey	†♦	887.50	-	892.50	655	0.8	-	-
AccsysTch	€	18.18	+0.48	20.28	9.90	-	-	607
Aukett		7.88	-	9.75	2.25	1.3	23.2	-

Electronic & Electrical Equip

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
CeresPow		6.40xr	+0.34	10.50	5.99	-	-	78
Densitrn	q	5.13	-	7.63	5	2.0	-	54
ElektronT		5.13	-	15	4.25	-	-	28
FlowerGp	q	34.63xr	+0.88	38.75	9.98	-	-	50
LPA		125	-7.50	146	52	1.1	-	13
SecResGrp		51	-	90.50	34	-	-	7
ThorpeFW	†	131	-	150	100	2.3	15.6	2
Zytronic		241.50	+4	268.50	140	3.8	14.1	111

Financial General

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Arbuthnot		£12.02xd	-0.26	£158	56.02	2.2	-	1
Ashcourt Rwn		192.50	-	206	151.50	-	-	226
Aurora		23.38	-	38.75	19.25	-	-	106
BP Marsh		140.50	-	149.50	118	2.0	8.4	6
Brightsid	q	24	-	28.50	16.25	2.1	14.2	60
BrooksMac	†	£16.95	-	£18.17	£11.40	1.4	23.6	1
CaptlMgt		225.50	-	270	87	-	1.2	-
Charlemgn		19	-	19.25	10.75	8.0	34.5	563
EastWestRs	q	12.75	+0.25	13.31	10.63	-	5.8	36
Fairpoint		155.50	-	164	100	3.9	13.6	42
ImpaxGp		55.50	-0.25	57.50	32.50	1.6	22.8	-
Imp.Innov		427.50	+12.50	490	245	-	15.5	-
Leeds		30.50	-	33	18.50	-	8.3	-
MattioliWds	†	445	-	450	280.50	1.7	22.6	70
Miton		43xd	-0.75	51.38	29.25	1.3	-	1,730
Numis		287	-5.75	347.50	149	3.1	13	58
Park Grp		48.50	-0.25	59.50	42	4.3	10.5	42
Plus500		645	+27	707	117.22	3.3	22.7	1,452
PolarCap	†	490.25	-0.75	571.50	345	3.1	24.2	11
Share		45	-	51	20	1.2	48.3	33
ShoreCap		420	-	420	19	0.2	29.9	2
STM Group		16.25	-	31.77	16.25	-	-	-
WH Ireland		109.50	-0.50	140	53.50	1.4	20.3	56

Food & Beverages

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
FinsbryFd		58.13	-	77.75	47.50	1.3	7.1	85
MPEvans		461xd	+2.50	544.50	430	1.8	21.5	3
Nichols		£10.75	-0.05	£12.40	950	1.8	28	12
PureCircle		600	+5	640	285	-	-	53
RealGdFd		36.50	-0.50	71.75	35	-	6	53
Ukrproduct		9.50	+1	14.75	7	-	-	-
Wynnstay		607.50	-	681	465	1.5	17	13

Health Care Equip & Services

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Advnc Med		122.75xd	+0.25	132.25	72	0.5	22.2	319
CareTech		233.50	+1	247.50	159	3.0	4.9	531
DeltexMed		14.25	-	17.75	11.38	-	-	375
ImmunDiag		517.50	-	593	381	0.6	19.2	1
SphereMed		28.50xa	-0.50	59.09	22.50	-	-	55
Tristel	†	72	+3.50	72	19.75	0.9	30.5	322

House, Leisure & Pers Goods

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Airea		11	-	15.50	9.50	5.0	20.7	-
Churchll		500xd	+2.50	**500**	337.50	2.9	19.7	3
gamingrealms		20.25	-0.25	26.25	12.50	-	-	243
HavelckE	q	23.50	-	23.75	16.38	-	52.5	25
Intl Grt		74	-	82.50	29	-	18.1	16
Mulberry		721	-8.50	£12	620.50	0.7	25.7	7
Portmern		730xd	-5	795	602	3.3	13.7	14
SinclairW		111.50	-	153.50	84.50	2.7	-	6
TelfordHms	†	321.63	+1.13	390	242.50	2.0	21.6	143
WalkerGb	q	189	+4.50	215.50	109.50	1.0	21.9	33

Industrial Engineering

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
600 Grp		22.50	-	22.75	10.75	-	3.5	195
CoracGrp		9xr	+0.25	13.64	7.75	-	-	260
MS Intl		209	-	225	170	3.8	9.5	-
MytrahEngy		83.63	-2.13	115.50	65	-	14.5	65
Pres Tech		697.50	-	732.50	155	1.1	35.9	111
TEG Gp	q	5.63	-	6.68	3.75	-	-	57

Industrial General

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
API Group	†	71	-	80.50	63	1.0	11.3	5
Powerflte		39xd	+1.50	41	23	2.8	5.4	1,033
RM2		65	-	101	60.50	-	-	32
Symphny		10.50	+1	10.50	3.75	-	-	904

Industrial Transportation

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
ACM Gp		240	-	268.50	151	4.2	20.5	-

Insurance

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Gable		75.75	-	81.63	41.38	-	16.2	88
Helios		152.50	-	157.50	100	-	12.3	-

Media

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Avesco		102.50	-	125	**102.50**	4.9	-	19
Cello Gp		91.50	-	93.50	49.25	2.5	20.9	87
M&Csaatc		274.75	-2.38	350	232	2.0	-	9
MissionMk		44.50	-	47.50	23	2.2	12	4
Motivcom		135xd	-	171	106	4.0	19.6	-
Next15Cm	†	111.50xd	-	111.50	71.50	2.4	21.5	37
YouGov		124.50	-	126.75	65	0.5	77.9	105

Mining

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
ACR		1.23	-	3.35	1.08	-	-	-
AfricanMin		123.25	-1.25	268	120	-	-	552
AMC		3.49	-0.03	11.50	3.21	-	69.8	1,072
BeowMin	q	5	+0.10	9.30	4	-	-	272
BotswanaD		2.50	+0.13	4.13	2.13	-	-	97
C'royG&NR		1.65	-	2.93	1.33	-	-	61
CentAsiaM	q	167	-1.50	190	105.53	4.6	4	746
Connema		3.75	-	5.75	3.75	-	-	-
GrekaDrill		11.75	-	28	9.50	-	-	340
Herencia		0.45	+0.01	0.90	0.42	-	-	6,220
HighldGld		63xd	-3	90	50	4.8	2.6	476
KarelianDd		2.28	-	4.48	0.46	-	-	2,955
KEFI Min	q	1.95	+0.08	3.30	1.68	-	-	6,026
LondMining		57.75	-1.25	149.75	55.75	-	-	436
Mwana		1.90	-	4	1.08	-	2.9	2,700
OracleC		1.70	-	2.63	1.50	-	-	20
PatagonG		8.88	-	16	7.50	-	-	420
RamblMtls		25.50	+0.25	32.50	22.25	-	0.1	93
RichlandR		2	-	5.63	1.25	-	-	1
ShantaGold		15.63	-0.13	15.88	8.88	-	-	221
SierraRut		57	-	71.50	46.88	-	47.9	16
Sirius Min		11.25	-0.25	30	6.06	-	-	1,462
SolGold		8.13	+0.38	15.13	1.40	-	-	1,485
Stratex		3.08	-	5.50	3.05	-	-	81
Xtract Res		0.20	-	0.39	0.11	-	-	10,876
ZincOx		10.13xr	-	24.36	10	-	-	842

Oil & Gas

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
AlkneEng		41xd	-0.50	51	27	0.5	15.8	336
AmeriRes		59	-0.25	65.75	35.50	-	22	1,312
AndesEnrg		48	+1.50	70	17	-	-	21
BahamasP		3.69	+0.14	6.85	1.49	-	-	2,770
BorSthnPet	q	11.25	-1.50	18.75	9.01	-	-	2,984
Circle Oil		23.63	-	25.13	16	-	7.6	1,097
ClontarfEn		0.53	-	2.58	0.53	-	-	40
Cluff NR		3.75	-	5.63	3.02	-	-	36
Egdon Res		25.50xr	+1.79	35.94	7.74	-	65.1	1,334
Enegi Oil		5.13	-0.25	10	5.13	-	-	623
EnteqUpst		33.75	-	65.50	31.25	-	-	-
EuropaOil		7.88xc	-0.13	12.16	5.88	-	38.4	343
FalkldO&G		26.75	+0.25	32	23.25	-	-	1,392
FaroePet	q	137	-	154.75	103	-	18.2	478
GeoPark	$	539.99	-3.39	575.12	412.97	-	41.2	1
GETECH	†	57.50xd	-2	108	52.25	3.5	22.6	38
GlobalPet		4.88	-	7.40	4.75	-	-	110
GrnDnGas		538	+2.75	675	187.50	-	-	-
Gulfsands	q	51.75	-0.38	102.25	27.75	-	-	5
GulfKeyst		91	-7.25	240	82	-	-	7,988
Indus Gas		505	-	990	464.75	-	12.9	-
Infrastrata		9.25	-	15.25	7.25	-	-	29
Iofina		42.50	+3.50	251.75	20.75	-	-	959
Ithaca Engy		139.25	-0.25	165	105	-	-	534
KBC Adv	q	119	-	129.50	73.30	0.8	12.6	7
Max		1.37	-0.06	4.40	1.15	-	-	1,969
NewWldO&G		0.78	+0.01	1.33	0.45	-	-	5,338
PetrelRes		9.63	-	19.50	9.50	-	-	-
Petroceltic		156xa	-4	187.75	129	-	-	53
PetroNeft		5.98	+0.03	6.95	2.55	-	-	11,753
Plexus	†	287.50	+3.50	300	170	0.4	71.7	6
PresidentEn	q	32.38xr	+0.88	50	14.50	-	-	222
Providence		201	-1.50	562	175	-	-	75
RegalPtlm	♦	8.88	+0.13	24	8	-	1.5	6
Rockhop		97	+0.50	159.75	91.50	-	-	17,532
Roxi Pet		4.75	-	5.38	3.30	-	-	55
Serica		10.20xr	-0.30	26.96	8.85	-	-	150
Sound Oil		9.50xr	+0.13	12.40	4.63	-	-	5,971
TowerRes		3.38xr	-0.08	6.63	1.13	-	-	19,210
TrinityE	q	110.50xa	-1.50	160	92	-	-	20
UnJackOil		0.25	-	0.45	0.20	-	-	647
VictorOil		0.99	-0.03	1.60	0.89	-	-	7,379
VolgaGas		103	+2.25	116	80	-	14	12
Westmount		20.50	-	22.50	14	-	-	3

Pharmaceuticals & Biotech

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Abcam	†	391	+0.25	533.50	346	1.8	22.8	178
AllcePharm		33	-0.38	40.50	31	2.8	8.6	150
e-Thera	q	35	-0.50	37	20	-	-	11
Epistem		337.50	-	582.50	322.50	-	-	1
GW Phrms		342.25	+3.25	422	45.25	-	-	269
HtchChMd		770	-20	985	457.50	-	-	3
ImmuPhar		50.50	-	75.63	34.15	-	-	68
ReNeuron		3.11	-0.07	4.30	2.02	-	-	1,086
Sareum		0.45	+0.03	1.29	0.43	-	-	4,775
SinclairIS		29.25	-0.50	34	23.50	-	-	644
Vernalis		32	+1.25	38	18.75	-	-	4,139

Real Estate

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Conygar		178	-	180	111	0.8	25.9	120
Eredene		5.75	-	13.63	5.25	-	-	-
FltchKng		39.50	-	40	24	6.3	15.7	-
InlandHms		47.25	-0.13	50.50	28	0.6	23.7	187
Lok'nStor	†	211xd	-1	228.50	124	3.0	2.8	11
LXB Retail		122	+0.25	133.75	110	-	26.3	-
Max Prop		157.50	-0.50	160	117	-	41.4	500
MirLand		221.75	-5.25	255	125	-	-	6
PSPI		24.25	+0.25	30.63	23.25	-	-	10
SiriusRE	€	26.56	+0.10	27.67	17.02	-	-	10
Songbird		247.50	-2.50	263.75	139.50	-	2.9	15
SumGermny	€	55.57	-0.19	57.42	52.93	0.7	-	127

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
TaliesinPr		£18.45	-	£18.68	£13.25	-	-	0
TerraceH		27.25	+0.75	35.75	18.60	-	11.1	255
UnitchCP		41	+0.13	46	31.25	-	6.7	-
Winkworth		176	-2.50	225.50	91.50	3.1	17.5	4

Retailers

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
ASOS		£40.03	-1.63	£71.95	£36.57	-	-	729
Koovs		163	-	235	163	-	-	4
Majestic	†	450	-1.50	590	381	3.6	16.2	153
StanlGib		331.50xd	+1.50	383.50	265	2.1	17.6	30

Support Services

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
AndSyks	q	345	-	370	231.50	2.6	13.3	2
Augean		43.75	-	48	30	0.8	6.2	-
Begbies		43.50	-1	46.25	29	5.1	12.4	120
Christie	q	134.50	-	**134.50**	62	1.1	-	5
Empres		45.50	-	54	25	0.8	8.5	5
FalkInd		342.50	+1	385	312	4.5	23.5	1
GreenCmp		1.80	-	2.10	1.03	-	-	3
Hydrogen		101.50xd	-0.50	118.50	91.50	4.5	13.7	36
Impellam		467.50	+2.50	480	320	2.6	36	4
ISG	†	315	+8.50	317.50	140	2.9	51.1	136
JhnsnSrv		57xd	+1.50	61.50	43.25	2.1	8.2	2,693
JourneyGp		151	-0.50	163.50	4.25	1.8	18.2	20
LonSec	q	£20	-	£20	£16.50	3.8	17.9	-
Matchtech	†	615	-	635	331	3.0	16.7	6
NewmkSec		1.68	-	1.85	1.38	2.0	3	50
NormanBr		37.50	-	49	36.50	-	3.4	-
NWF		157	+0.50	160	112.16	3.1	10.8	61
Optimal Pay		357	-0.50	519.50	149.25	-	27.4	362
PennaCns	†	125	-	133	62.50	2.0	15.6	-
Petards		10.75xr	-0.25	19.50	9.25	-	-	215
RedhallGp		38.75	-1.25	60.75	38.50	-	-	178
Renew		247.50	-	248	92.25	1.5	32.8	108
Restore		181.75	+0.75	190	116.50	1.0	30.9	45
Servoca		14.50	-0.25	**14.75**	2.60	-	31.9	36
SmartMtr	q	415xd	-9.75	435	267	0.6	52.8	31
Synectics		425	-	615	375	2.0	13.8	4
Utilityws	†	347.75xd	-1.75	370	102	0.9	39.6	92
WYG		111.50	-0.50	119.50	78.10	-	-	2

Tech - Hardware

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
AminoTech		91	-	106.50	77	4.9	11.5	1
IQE		23	-	32	18	-	16.1	1,454

Tech - Software & Services

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Blinkx	q	74.25	+12.25	234.75	**58.25**	-	38.9	17,116
BondInt	q	130	-	134.50	65	1.7	36.9	1
Brady		79xd	-	83.50	58.50	2.2	57.2	98
Datatec		290	+5	397.90	256.50	3.4	12	2
DDD	q	4.13	-	18.65	3.88	-	-	202
Eckoh		39	-	40.75	14.25	0.6	-	207
EgSoltns		59.50	+2.50	90.50	42.50	-	-	7
Iomart		250	-1	322	219.75	0.6	34.4	544
K3BusTc		223	-	230	97.50	0.4	36	7
Monitise		63	+1	82.75	32.75	-	-	13,395
OMG		27.25xr	-	36.84	26.25	1.5	-	6
Progility		5.75	-	11.38	5.75	-	12.2	11
Pub Tech		330	-	622.50	235	-	31.5	4
CastletonT		0.85	-	1.30	0.48	-	-	204
SciSys		93.50	-	94	66	1.6	20.2	2
ViaLogy		0.19#xr	-	1.39	0.12	-	-	-
WANdisco		579	-21	£15.24	**575**	-	-	47

Telecommunications

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
AltNetwks		445	-5	600	290	3.3	21	17
AvantiCom		290	-2	329.25	135.25	-	-	391
Daisy Grp.	†	176.50	-	207	120	3.1	-	23

Travel & Leisure

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
Celtic		74.25	-	79.50	55	-	26.9	-
6%CvPf		62.50	-	62.50	49.55	5.2	-	-
Cv Pf		135	-	142.50	95.50	-	-	-
Cupid		44.25	-	94	41	6.8	1.9	20
Dart	†	277.25	-9.25	304.50	170	0.7	8.3	1,269
GoalsSocc		220.50xd	-	234.50	133	0.8	13.7	342
MinoanGp		16.25	-0.13	18	4.38	-	-	299
PeelHtls		74.50	+2	91.50	37	-	-	3
Prezzo	q	141.25	-1.25	165	101	0.2	19.1	526

Utilities

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	P/E	Vol '000s
ModernWtr		34	+1.50	52.50	28.50	-	-	143
RenEnGen	†	69	-	80.25	61.58	2.6	-	6
Rurelec		6.38	-0.13	14.38	6.38	-	-	2,538
SeaEnergy		35.50	-0.25	41.75	19.88	-	-	29

Investment Companies

Stock	Notes	Price	Chng	52 week High	52 week Low	Yld	NAV	Dis or Pm(-)
AdFrntMkt		58	+0.13	58.75	50.25	-	64.6	10.3
CrysAmber		154.75	-	157.75	121	0.3	160.6	3.6
GLI Finance		60xd	+0.25	60	49.38	7.5	-	-
IndiaCap		42	-	42.50	29	-	53.9	22
Infra India		10.25	-	34	9.50	-	63.9	83.9
Marwyn Val		202.50	-1	239	148.75	-	-	-
Marwyn B		31.50	-	45	30	-	41.4	23.8
SparkVent		5	-	6.11	4.23	-	6.1	17.9
Tau Cap	$	10.58	+0.04	22.97	6.49	-	27.4	61.4
TerraCat		63.50	-	64	44.75	-	-	-
Tiger Res		1.63	-	2	1.25	-	2	19.2

ISDX

Stock	Notes	Price	Chng	52 Week High	52 Week Low	Yld	P/E	Vol '000s
ArsenalFC		£151	-	£17,500	£14,000	-	0.2	-
ShephdNm	†	985	-	**£10.12**	750	2.9	23.3	9
Thwaites		100	-	103	83.30	5.0	-	-

Market data provided by THOMSON REUTERS

Guide to FT Share Service

Data from **ThomsonReuters**, except UK Companies' earnings data which is supplied by **Morningstar** (Contact 020 3194 1200 for further information). For all queries about the London Share Service pages, e-mail reader.enquiries@ft.com 020 7873 4211. For new enquiries please email stella.sorrentino@ft.com or call 020 7873 4012. Company classifications are based on the ICB system used by FTSE, see www.icbenchmark.com. FTSE100 constituent stock names are shown in bold type.

Closing mid-prices are shown in pence unless otherwise indicated. Highs & lows are based on intra-day trading over a rolling 52 week period. A new 52 week high or low are marked in bold type. Yields are based on mid-prices and allow for the value of declared distribution and rights. Yields are shown when a full years figures are available and shown in net terms. Dividends on UK companies are net of 10% tax, overseas companies are shown gross.

Price/earnings ratios are based on latest annual reports and accounts and are updated on interim figures. Earnings used in calculations are based on the CFA 'Headline Earnings' formula (formerly UKSIP), details can be found on the publications section of www.cfauk.org.

Trading volumes are end of day aggregated totals, rounded to the nearest 1,000 shares. Volumes shown for foreign securities based on trading on the principle market. A currency symbol denotes stock priced in currencies other than sterling. Prices shown for foreign securities are converted into sterling from latest local stock exchange prices.

* Highs and lows marked thus have been adjusted to allow for capital changes.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
\# Price at time of suspension.
Merger, bid or reorganisation in progress.
FT Global 500 company
c Cents
d Fair value NAV is more than 3% different to par value NAV.
q Earnings based on preliminary figures.
u Undated
P Dividend adjusted for consolidation or share split.

Abbreviations: xd ex dividend; xc ex scrip dividend; xr ex rights; xa ex all; xR ex capital distribution.

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UK RECENT EQUITY ISSUES

issue date	issue price p	Sector	Stock code	Stock	Close price p	+/-	High	Low	Mkt cap (£m)
14/5	§170	AIM	CAKE	Patisserie	195	-	195	177.25	286.0
12/5	225	AIM	GLS	Galasys	24	-0.50	24.50	24	16.0
12/5	5	AIM	LME	Limitless Earth	6	-	6	5.05	3.9
7/5	§1000	AIM	EWGL	European Wealth	10	-	£1,000	£10	0.1
2/5	§50	AIM	SSTY	Safestay	59.25	0.25	61	57.50	7.8
29/4	§550	AIM	BVXP	Bioventix	595	-	602.50	595	30.0
29/4	§33	AIM	RDT	Rosslyn Data	32.50	-1	37	32.50	24.5
17/4	350	AIM	RGS	Regenersis RFD	365	-	365	352.50	106.7
17/4	25		VEND	Ventus VCT D	100	-	100	100	1.6
16/4	§164	AIM	EYE	Eagle Eye	175	-	185	175	35.2
15/4	§56	AIM		Bagir Group	63.50	-	63.50	62.50	31.9
14/4	§210	AIM	HAYD	Haydale Graphene	116.50	-7	229	116.50	13.1
4/4	17.5		COPL	Canadian Oversea	13.50	0.50	18	13	51.8
4/4	18	AIM	RAME	Rame Energy	17.50	-	19	17.50	1.3
4/4	§25	AIM	TEKT	Tekcapital	24.75	-	26	24.50	5.6
3/4	§100		CCCG	CVC Credit GBP	101	-	102	98	67.0
3/4	260		JE.	Just Eat	229.75	12.75	297.96	208.50	1,294.9
2/4	100		TRGC	Renewables C	104.50	-	104.50	100	69.1
2/4	§162	AIM	SCH	SafeCharge Int	164.50	-	172	162.25	246.4
31/3	§100		JLEN	John Laing Env	100.50	-	101	98.50	160.8
28/3	240		BRIT	Brit	227.25	1.25	244.75	195	227.3

§Placing price. * Introduction. ‡ When issued. Annual report/prospectus available, see London Shares Page. For a full explanation of all other symbols please refer to London Share Service notes.

NEW UK 52 WEEK HIGHS AND LOWS

Data based on intra-day share trading in those companies listed on the London Share Service.

NEW HIGHS (32).

Banks (1) Financial General (1) Food & Beverages (1) Industrial Engineering (2) Industrial Transportation (1) Real Estate (4) Support Services (1) Tobacco (1) Travel & Leisure (1) Utilities (2) Conventional - Private Equity (1) Conventional - Property ICs (1) Conventional (Ex Private Equity) (5) Zero Dividend Preference Shares (5) VCTs (1) AIM (4) House, Leisure & Pers Goods (1) Support Services (2) ISDX (1)

NEW LOWS (7).

GILTS (1) Chemicals (1) Oil & Gas (2) AIM (3) Media (1) Tech - Software & Services (2)

UK RIGHTS OFFERS

Issue price p	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.

FTSE 100 SUMMARY

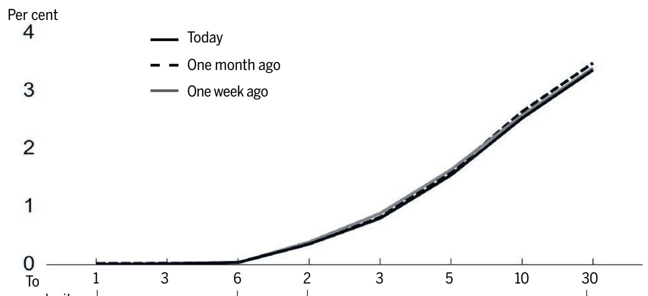
FTSE 100	Closing price	Day's change	FTSE 100	Closing price	Day's change
Aberdeen AM	429.60	-5.90	Lloyds Banking G	77.10	+0.21
Admiral Group	£14.28	-0.20	LSE	£18.01	-0.07
Aggreko	£17.02	+0.21	Marks & Spencer	464.90	-3.30
Anglo American	£16.42	+0.04	Meggitt	482.40	+0.50
Antofagasta	795	+16	Melrose	288.30	-5.20
ARM Holdings	890.50	-16	Mondi	£10.44	+0.13
AshteadGp	835	-24	Morrison Supermk	196.30	+0.50
ABF	£29.65	-0.01	National Grid	861	+9.50
AstraZeneca	£46.54	+0.12	Next	£65.65	+0.30
Aviva	531.50	+3.50	Old Mutual	209.40	+1.20
Babcock International	£12.51	+0.11	Pearson	£11.59	+0.13
BAE Systems	411.80	+2.40	Persimmon	£13.85	-0.19
Barclays	251.30	-4.05	Petrofac	£12.08	-0.09
BarrattDev	377	-9.30	Prudential	£14.10	-0.02
BG Group	£12.52	-0.17	Randgold Resourc	£46.08	+0.17
BHP Billiton	£19.95	+0.30	Reckitt Benckise	£49.35	+0.47
BP	503.50	+3.30	Reed Elsevier	889	+1
Brit Am Tobacco	£34.65	+0.14	Rexam	511.50	+2
British Land	719.50	+4.50	Rio Tinto	£33.74	+0.44
B Sky B	844	-13	Rolls-Royce Hldgs	£10.30	+0.02
BT Group	373.60	-1.30	Royal Bank Scot	331.80	+2.80
Bunzl	£16.82	+0.10	Royal Dutch Shel A	£23.47	-0.23
Burberry Group	£15.20	-0.05	Royal Dutch Shel B	£25.63	-0.24
Capita	£11.23	+0.04	Royal Mail Grp	573	+7
Carnival	£23.90	-0.29	RSA Insurance	488.50	+5.40
Centrica	327.10	+3.50	SABMiller	£32.27	+0.37
Coca-Cola HBC	£14.36	+0.03	Sage Group	400.10	-5.90
Compass Group	996	+15.50	Sainsbury	327.70	-11.30
CRH	£16.82	-0.11	Schroders	£26.17	-0.10
Diageo	£18.78	+0.07	Shire	£33.41	-0.04
Easyjet	£16.62	+0.04	Smith & Nephew	924	-4.50
Experian	£10.83	+0.18	Smiths Group	£13.42	-0.04
Fresnillo	836.50	+11.50	Sports Direct Int	762.50	-10.50
Resolution	302.50	+2.50	SSE	£15.36	+0.27
GKN	384.80	+0.20	St.JamesP	787	-10
GlaxoSmithKline	£16.24	-0.14	Standrd Chartrd	£13.14	+0.06
Glencore	327.40	-3.25	Standard Life	390.80	+0.10
G4S	256.50	+6	Tesco	296.30	+0.55
Hammerson	589	+5.50	TravisPrk	£17.40	-0.16
Hargreaves Lansdown	£12.33	-0.04	TUI Travel	432.60	-1.20
HSBC	617.50	+6.50	Tullow Oil	883.50	-7
IAG	388.90	-6.20	Unilever	£26.57	+0.04
IMI	£15.77	+0.13	United Utilities	836	+1.50
Imperial Tobacco	£26.64	+0.12	Vodafone Group	222.10	+2.25
Intercont Hotels	£22.10	-0.09	Weir Group	£26.95	-0.01
Intertek Group	£31	+0.32	Whitbread	£41.60	-0.31
ITV	179.10	-11.90	WilliamHi	348	-1.10
Johnson Matthey	£32.91	-0.04	Wolseley	£34.34	-0.14
Kingfisher	408.30	-9.20	WPP	£12.43	-0.17
Land Secs Group	£11.05	+0.04			
Legal & General	227.40	-0.60			

Source: ThomsonReuters

BONDS

www.ft.com/bonds&rates

US yield curve



BONDS - BENCHMARK GOVERNMENT

May 14	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	06/16	4.75	104.17	2.67	-0.07	-0.04	-0.13	0.13
	04/24	2.75	91.85	3.74	-0.14	-0.12	-0.26	0.51
Austria	07/15	3.50	103.87	0.15	-0.02	-0.06	-0.04	0.02
	10/23	1.75	101.29	1.60	-0.10	-0.09	-0.15	-0.16
Belgium	03/16	2.75	104.71	0.21	-0.03	-0.05	-0.07	0.06
	06/24	2.60	105.93	1.95	-0.11	-0.11	-0.20	-0.12
Canada	05/16	1.00	99.92	1.04	-0.03	-0.03	0.00	0.03
	06/24	2.50	101.95	2.28	-0.12	-0.10	-0.11	0.37
Denmark	11/16	2.50	105.91	0.12	-0.05	-0.07	-0.06	-0.03
	11/23	1.50	100.50	1.44	-0.10	-0.10	-0.09	-0.03
Finland	04/16	1.75	103.07	0.14	-0.03	-0.06	-0.05	0.04
	04/24	2.00	103.00	1.67	-0.09	-0.08	-0.15	0.07
France	02/16	2.25	103.65	0.19	-0.04	-0.03	-0.05	0.08
	05/19	1.00	101.31	0.73	-0.10	-0.13	-0.19	-0.05
	05/24	2.25	103.98	1.81	-0.11	-0.12	-0.20	-0.01
	05/45	3.25	108.14	2.85	-0.10	-0.08	-0.20	-0.11
Germany	03/16	0.25	100.28	0.10	-0.04	-0.05	-0.06	0.07
	04/19	0.50	100.08	0.48	-0.09	-0.06	-0.09	0.07
	02/24	1.75	103.44	1.37	-0.10	-0.09	-0.14	0.01
	07/44	2.50	104.60	2.29	-0.09	-0.05	-0.10	0.00
Greece	02/24	2.00	78.42	6.30	0.05	0.09	-0.02	-3.40
	02/34	2.00	65.97	6.81	0.00	0.14	0.29	-2.52
Ireland	06/19	4.40	115.37	1.26	-0.02	-0.01	-0.17	-0.95
	03/24	3.40	106.51	2.64	-0.02	-0.10	-0.29	-0.87
Italy	04/16	3.75	105.60	0.79	-0.03	0.02	-0.02	-0.63
	05/19	2.50	104.05	1.65	-0.06	-0.05	-0.21	-1.31
	03/24	4.50	113.62	2.91	-0.06	-0.09	-0.31	-1.10
	09/44	4.75	112.97	4.05	-0.02	-0.02	-0.25	-0.69
Japan	05/16	0.10	100.03	0.08	0.00	-0.01	0.00	-0.04
	03/19	0.20	100.05	0.19	0.00	0.00	0.00	-0.15
	03/24	0.60	99.96	0.60	-0.01	-0.01	-0.01	-0.18
	03/34	1.50	100.29	1.48	-0.01	0.00	-0.01	-0.16
Netherlands	04/16	-	99.72	0.15	-0.05	-0.06	-0.09	0.08
	07/24	2.00	102.96	1.68	-0.11	-0.11	-0.18	0.00
New Zealand	03/19	5.00	104.23	4.03	0.01	-0.08	-0.27	-
	04/23	5.50	108.61	4.33	0.01	-0.06	-0.29	0.88
Norway	05/19	4.50	111.58	2.05	-0.05	-0.06	-0.08	0.65
	03/24	3.00	102.26	2.73	-0.06	-0.05	-0.13	0.66
Portugal	02/16	6.40	108.94	1.19	-0.01	0.14	-0.04	-1.34
	02/24	5.65	117.26	3.52	-0.05	-0.05	-0.43	-1.97
Spain	04/16	3.25	104.87	0.72	-0.03	0.01	-0.02	-1.02
	04/24	3.80	108.11	2.85	-0.08	-0.10	-0.35	-1.47
Sweden	07/16	3.00	105.10	0.60	-0.04	-0.05	-0.05	-0.22
	11/23	1.50	96.96	1.85	-0.08	-0.09	-0.18	0.07
Switzerland	03/16	2.50	104.59	-0.03	0.00	-0.01	0.08	0.01
	06/24	1.25	105.09	0.72	-0.08	-0.14	-0.16	0.11
UK	01/15	2.75	101.63	0.38	-0.06	-0.06	-0.03	0.04
	07/19	1.75	99.38	1.88	-0.17	-0.12	0.04	1.06
	09/23	2.25	97.25	2.58	-0.15	-0.08	-0.03	0.69
	01/44	3.25	97.59	3.38	-0.09	-0.06	-0.05	0.19
US	04/16	0.38	100.02	0.37	-0.03	-0.06	0.01	0.13
	04/19	1.63	100.32	1.56	-0.10	-0.12	-0.01	0.74
	05/24	2.50	99.66	2.54	-0.12	-0.05	-0.08	0.62
	05/44	3.38	100.08	3.37	-0.13	-0.01	-0.11	0.24

London close. Source: ThomsonReuters
Yields: Local market standard Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by non residents.

BONDS - GLOBAL INVESTMENT GRADE

May 14	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs Govts
US$										
Misc Capital	07/14	6.13	BBB	Baa2	0	100.53	1.51	-0.03	0.33	1.46
BNP Paribas	06/15	4.80	A-	Baa2	A	104.00	1.12	-0.01	-0.13	1.02
GE Capital	01/16	5.00	AA+	A1	0	107.09	0.64	-0.04	0.01	0.28
Erste Euro Lux	02/16	5.00	A+	0	0	103.55	2.88	-0.15	-1.06	2.48
Credit Suisse USA	03/16	5.38	A	A1	A	108.14	0.78	-0.04	-0.14	0.22
SPI E&G Aust	09/16	5.75	A-	A3	A-	108.22	2.10	-0.03	0.20	1.73
Abu Dhabi Nt En	10/17	6.17	A-	A3	0	114.63	1.76	-0.03	-0.10	0.74
Swire Pacific	04/18	6.25	A-	A3	A	114.08	2.45	-0.03	0.12	1.65
ASNA	11/18	6.95	A-	Baa2	A	119.74	2.26	0.03	-0.14	0.70
Codelco	01/19	7.50	AA-	A1	A+	121.00	2.67	-0.10	-0.08	1.12
Bell South	10/31	6.88	A-	WR	A	121.64	5.00	-0.12	-0.13	2.46
GE Capital	01/39	6.88	AA+	A1	0	135.68	4.47	-0.10	-0.13	1.10
Goldman Sachs	02/33	6.13	A-	Baa1	A	118.05	4.67	-0.13	-0.08	2.12
Euro										
JPMorgan Chase	01/15	5.25	A	A3	A+	103.09	0.53	-0.02	-0.04	0.42
Hutchison Fin 06	09/16	4.63	A-	A3	A-	108.27	1.03	-0.05	-0.06	0.93
Hypo Alpe Bk	10/16	4.25	0	Baa2	0	102.08	3.34	-0.10	-0.83	3.25
GE Cap Euro Fdg	01/18	5.38	AA+	A1	0	116.23	0.85	-0.11	-0.20	0.66
Unicredit	01/20	4.38	BBB	Baa2	BBB+	114.15	1.74	-0.09	-0.22	1.18
ENEL	05/24	5.25	BBB	Baa2	BBB+	123.92	2.52	0.01	-0.31	1.25
Yen										
Deutsche Bahn Fin	12/14	1.65	AA	Aa1	AA	100.55	0.62	0.01	0.05	0.57
Nomura Sec S 3	03/18	2.28	0	0	0	104.28	1.12	0.00	-0.03	1.01
£ Sterling										
Slough Estates	09/15	6.25	NR	0	A-	106.02	1.73	-0.06	-0.35	1.06
ASIF III	12/18	5.00	A+	A2	A+	110.98	2.42	-0.14	0.05	0.81

US $ denominated bonds NY close; all other London close. S* - Standard & Poor's, M* - Moody's, F* - Fitch. Source: ThomsonReuters

BONDS - TEN YEAR GOV'T SPREADS

May 14	Bid Yield	Spread vs Bund	Spread vs T-Bonds		Bid Yield	Spread vs Bund	Spread vs T-Bonds
Australia	3.74	+2.37	+1.20	Netherlands	1.68	+0.31	-0.86
Austria	1.60	+0.23	-0.94	New Zealand	4.33	+2.96	+1.79
Belgium	1.95	+0.58	-0.59	Norway	2.73	+1.36	+0.19
Canada	2.28	+0.91	-0.26	Portugal	3.52	+2.15	+0.98
Denmark	1.44	+0.07	-1.10	Spain	2.85	+1.48	+0.31
Finland	1.67	+0.30	-0.87	Sweden	1.85	+0.48	-0.69
France	1.81	+0.44	-0.73	Switzerland	0.72	-0.65	-1.82
Germany	1.37	-	-1.17	UK	2.58	+1.21	+0.04
Greece	6.30	+4.93	+3.76	US	2.54	+1.17	-
Ireland	2.64	+1.27	+0.10				
Italy	2.91	+1.54	+0.37				
Japan	0.60	-0.77	-1.94				

Yields: annualised basis. Source: ThomsonReuters Selection made by ThomsonReuters.

BONDS - INDEX-LINKED

	Price May 13	Yield May 13	Yield May 12	Month return	Break even inflation*	Value Stock	Value Market	No of stks
Can 4.25% '21	131.39	0.08	0.12	0.26	2.09	5.2	64.2	7
Fr 2.25% '20	115.48	-0.23	-0.21	0.40	1.06	20.0	206.2	14
Swe 0.25% '22	99.81	0.33	0.34	0.69	1.38	25.9	230.2	6
UK 2.5% '16	338.09	-1.94	-1.90	-0.02	2.84	7.9	403.2	23
UK 2.5% '24	332.04	-0.32	-0.30	0.03	3.11	6.8	403.2	23
UK 2% '35	207.25	-0.08	-0.06	0.66	3.42	9.1	403.2	23
US 0.625% '21	103.78	0.10	0.12	0.30	2.05	35.8	1001.3	35
US 3.625% '31	138.36	0.72	0.75	0.68	2.23	16.8	1001.3	35

Representative stocks from each major market. Source: Merill Lynch Global Bond Indices
* Diff between conventional and IL bond. † 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 - HIGH YIELD & EMERGING MARKET

May 14	Red date	Coupon	S*	M*	F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Bertin	10/16	10.25	BB	Ba3	0	113.53	4.21	0.00	-0.66	3.65
High Yield Euro										
Kazkommerts Int	02/17	6.88	B	Caa1	B	99.75	6.96	-	-0.41	6.85
Emerging US$										
Bulgaria	01/15	8.25	BBB	Baa2	BBB-	104.81	0.87	-0.12	0.02	0.82
Peru	02/15	9.88	BBB+	Baa2	BBB+	106.48	0.75	0.10	-0.14	0.66
Brazil	03/15	7.88	BBB-	Baa2	BBB	105.32	1.18	-0.10	-0.23	1.09
Mexico	09/16	11.38	BBB+	A3	BBB+	123.85	0.96	-0.04	-0.02	0.60
Philippines	01/19	9.88	BBB	Baa3	BBB-	132.90	2.37	-0.03	-0.12	0.80
Brazil	01/20	12.75	BBB-	Baa2	BBB	148.46	3.29	0.07	-0.05	1.71
Colombia	02/20	11.75	BBB	Baa3	BBB	145.20	3.12	-0.12	-0.19	1.56
Russia	03/30	7.50	BBB-	Baa1	BBB	114.38	4.52	-0.10	-0.08	2.96
Mexico	08/31	8.30	BBB+	A3	BBB+	144.03	4.58	-0.07	-0.16	2.04
Indonesia	02/37	6.63	BB+	Baa3	BBB-	113.00	5.61	-0.18	-0.37	2.19
Emerging Euro										
Brazil	02/15	7.38	BBB-	Baa2	BBB	104.51	0.98	-0.09	-0.45	0.89
Poland	02/16	3.63	A-	A2	A-	105.30	0.50	-0.01	-0.16	0.40
Turkey	03/16	5.00	NR	Baa3	BBB-	105.95	1.59	-0.17	-0.22	1.49
Mexico	02/20	5.50	BBB+	A3	BBB+	120.57	1.71	-0.01	-0.31	1.05

US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch. Source: ThomsonReuters

BOND INDICES

		Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit iBoxx May 14							
Overall (£)	1093	260.68	0.59	0.82	4.05	0.77	0.31
Overall ($) †	3262	217.99	0.24	0.46	3.23	0.46	3.23
Overall (€)	2276	206.25	0.23	0.74	4.86	1.21	4.81
Global Inflation-Lkd †	97	253.04	0.10	0.13	4.90	0.72	2.03
Gilts (£)	33	258.60	0.62	0.74	3.81	0.59	-0.48
Corporates (£)	703	274.02	0.51	1.08	4.80	1.30	2.51
Corporates ($) †	2111	244.86	0.29	0.64	4.53	0.64	4.53
Corporates (€)	1196	204.53	0.10	0.77	4.08	1.29	4.25
Treasuries ($) †	156	208.15	0.23	0.34	2.70	0.34	2.70
Eurozone Sov (€)	261	207.10	0.27	0.77	5.61	1.32	5.55
ABF Pan-Asia unhedged	541	177.18	0.41	1.37	3.60	1.17	-2.84
FTSE May 14							
Sterling Corporate (£)	66	109.55	0.66	0.71	-3.35	1.14	1.93
Euro Corporate (€)	309	108.74	0.13	0.99	0.38	1.27	3.90
Euro Emerging Mkts (€)	9	95.11	-0.06	0.74	-1.55	1.13	3.57
Eurozone Gov't Bond	252	108.91	0.31	1.07	2.18	1.36	5.78

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx May 14						
Europe 5Y	66.42	0.39	-2.10	-5.75	80.21	65.45
Crossover 5Y	258.79	2.97	-12.21	-24.37	309.05	254.43
HiVol 5Y	80.48	0	-3.92	-13.36	160.72	80.48
Japan 5Y	82.71	-1.17	-4	-4.04	89.72	82.53
Markit CDX May 13						
Emerging Markets 5Y	267.40	1.49	-14.20	-18.09	322.29	263.89
Nth Amer Inv Grade 5Y	62.48	-0.06	-3.24	-6.47	71.90	62.48
Nth Amer High Yld 5Y	337.28	-0.63	-10.45	-12.64	354.13	328.85
Nth Amer HiVol 5Y	135.51	-0.79	-4.38	-14.19	149.70	135.51

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names. † May 13

GILTS - UK CASH MARKET

www.ft.com/gilts

May 14	Price £	Red Yield	Change in Yield Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
Tr 2.25pc '14	100.00	-	-	0.00	-	-0.29	101.60	100.00	35,104
Tr 2.75pc '15	101.64	0.36	-0.02	-0.04	-0.05	+0.04	104.12	101.58	28,813
Tr 2pc '16	102.24	0.66	-0.07	-0.08	+0.02	+0.24	104.30	101.99	32,037
Tr 1.75pc '17	101.86	1.05	-0.09	-0.10	+0.04	+0.45	104.38	101.40	31,269
Tr 5pc '18	113.22	1.43	-0.10	-0.11	+0.04	+0.60	119.87	112.51	34,398
Tr 4.5pc '19	112.74	1.73	-0.11	-0.12	+0.02	+0.67	119.68	111.68	35,485
Tr 4.75pc '20	115.31	1.95	-0.11	-0.12	+0.01	+0.65	122.89	113.71	32,517
Tr 3.75pc '21	110.15	2.24	-0.10	-0.10	-0.01	+0.59	116.75	107.30	27,709
Tr 4pc '22	111.96	2.32	-0.10	-0.09	-0.01	+0.58	118.85	108.93	37,045
Tr. 5pc '25	121.45	2.70	-0.09	-0.09	-0.05	+0.55	130.16	116.51	32,992
Tr 4.25pc '27	114.62	2.94	-0.08	-0.09	-0.06	+0.45	122.08	108.85	29,279
Tr 4.25pc '32	114.67	3.18	-0.06	-0.07	-0.05	+0.37	121.62	109.05	34,598
Tr 4.25pc '36	114.93	3.29	-0.06	-0.07	-0.06	+0.28	121.03	108.92	25,952
Tr 4.5pc '42	121.29	3.34	-0.05	-0.06	-0.06	+0.15	125.77	114.24	26,001
Tr 3.75pc '52	108.63	3.35	-0.05	-0.06	-0.06	+0.02	110.04	100.30	19,761
Tr 4pc '60	116.34	3.30	-0.05	-0.06	-0.06	+0.01	117.71	106.48	18,764
3.5 War Loan	85.33	4.10‡	-0.04	-0.06	-0.06	+0.06	86.99	77.76	1,938

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. A longer list appears on Mondays & the full list on Saturdays, and can be found daily on ft.com/bond&rates. Source: ThomsonReuters

GILTS - UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	May 14	Day's chge %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 years (12)	100.16	+0.21	2292.67	+0.01	-0.17	1.25
2 5-10 years (9)	174.66	+0.61	2990.76	+0.22	-1.70	2.21
3 10-15 years (4)	194.76	+0.83	3364.66	+0.74	-2.14	2.85
4 5-15 years (13)	178.89	+0.67	3077.96	+0.37	-1.69	2.46
5 Over 15 years (15)	260.62	+0.86	3569.52	+1.27	+0.43	3.30
6 Irredeemables (1)	366.85	+1.03	4167.05	+1.85	+2.80	4.10
7 All stocks (41)	163.25	+0.59	2896.29	+0.57	-0.49	2.93

Index-Linked	May 14	Day's chge %	Month chge %	Year's chge %	Total Return	Return 1 month	Return 1 year
1 Up to 5 years (2)	321.05	+0.14	-0.05	-2.32	2391.20	+0.17	-0.37
2 Over 5 years (21)	496.41	+0.53	+1.19	-2.06	3621.21	+1.37	-1.11
3 5-15 years (7)	418.35	+0.50	+0.42	-4.68	3124.28	+0.66	-3.34
4 Over 15 years (14)	579.15	+0.54	+1.60	-0.76	4156.53	+1.76	-0.01
5 All stocks (23)	467.78	+0.48	+1.05	-1.81	3450.42	+1.24	-0.70

Yield indices	May 14	May 13	Yr ago		May 14	May 13	Yr ago
5 yrs	1.78	1.88		20 yrs	3.27	3.33	
10 yrs	2.68	2.76		45 yrs	3.33	3.37	
15 yrs	3.09	3.16		Irred	4.10		

Real yield	Inflation 0 % May 14	Dur yrs	May 13	Yr ago	Inflation 5 % May 14	Dur yrs	May 13	Yr ago
Up to 5 yrs	-1.42	2.65	-1.36	-1.91	-2.03	2.66	-1.98	-2.51
Over 5 yrs	-0.15	21.45	-0.12	-0.31	-0.18	21.57	-0.16	-0.35
5-15 yrs	-0.35	9.51	-0.29	-0.94	-0.46	9.54	-0.40	-1.07
Over 15 yrs	-0.11	27.60	-0.09	-0.21	-0.13	27.67	-0.11	-0.23
All stocks	-0.17	19.51	-0.14	-0.35	-0.21	19.65	-0.18	-0.40

FTSE is making a number of enhancements to the FTSE Actuaries UK Gilts Index Series which are effective from 28 April 2014. Please see the FTSE website for more details: http://www.ftse.com/Indices/FTSE_Actuaries_UK_Gilts_Indices/index.jsp

Trevor Greetham
INSIGHT

The case for Japan will be compelling once again

There are reasons to be positive on Japan: the Abe government is the most pro-growth administration the country, and perhaps the world, has seen in decades. Japan's powerful export sector stands to benefit from the recovery in the US economy and a likely trend of dollar strength over the next few years as Fed policy gradually normalises.

Things are not as straightforward as they were, however, with the rise in the sales tax from 5 per cent to 8 per cent in April threatening domestic demand and emerging market troubles clouding the export picture.

The sales tax rise pushed Tokyo headline inflation to a 22-year high of 2.9 per cent in April, cutting real purchasing power and worsening living standards for the many older consumers on fixed incomes. There are some partially offsetting measures in place but the fiscal impulse is decisively negative when compared with last year's large stimulus package.

Monetary policy is very loose but here also the effect appears to be wearing off. The yen/dollar exchange rate has been flat for the last 12 months, making the most obvious channel for quantitative easing to boost activity or stock prices ineffective.

In as much as Abenomics was intended to generate strong nominal growth, I have been a big believer

Against this backdrop there is a significant risk the impact of the sales tax rise on the economy will be larger and longer-lasting than policy makers seem to believe. The stock market may need to go lower over the next few months before the government and Bank of Japan are shocked out of their complacency.

The experience this year will determine whether plans to raise the tax from 8 per cent to 10 per cent in November 2015 stay in place. A deferral of that increase until the recovery is more firmly established would be no bad thing.

Japan has been in debt-deflation for more than 20 years. A falling price level has seen borrowers struggle to deleverage in real terms and economic weakness has caused government debt to spiral ever higher. Abenomics was a bold and correct prescription for a disease Keynes would have recognised.

With private sector confidence fragile and both consumers and corporates looking to pay down debt, it makes sense to use government resources to boost growth and for the central bank to help the economy inflate its way out of trouble. Structural reform aimed at boosting trend growth also makes a lot of sense.

In as much as Abenomics was intended to generate strong nominal growth, I have been a big believer.

Raising the sales tax may be necessary in the long term but it runs against that pro-growth spirit and it could be self-defeating if an economic relapse puts national finances under renewed strain.

Despite what looks like a policy mistake in the near term, there is no need to be too negative on Japan

Premature fiscal tightening often backfires and sales tax increases can be painful. In 1997, it was Prime Minister Ryutaro Hashimoto's tax hike that triggered recession in Japan and helped to precipitate the Asia crisis. Japan's government-debt burden lurched higher.

Similar dynamics were at work in the UK when its coalition government allowed a temporary cut in the rate of Value Added Tax to reverse in 2010, raising the rate a further notch in 2011. The result was a double-dip recession and UK government revenues went down, not up.

Despite what looks like a policy mistake in the near term, there is no need to be too negative on Japan. The reaction function of the authorities is likely to be favourable for investors if things do turn out for the worse.

Prime Minister Abe is acutely aware of the disastrous sales tax rise of 1997. His government would apply emergency stimulus if necessary, and with the blessing of a Ministry of Finance keen to ensure the 2015 tax hike goes ahead.

The Bank of Japan stands ready to expand and extend quantitative easing beyond the original two-year horizon if sustained economic weakness causes underlying inflation to drop.

Pre-emptive action to weaken the yen would be preferable. If other aspects of policy are loose enough, a sales tax rise can go ahead with little impact. The initial 1989 imposition of a 3 per cent sales tax barely registered as a blip in the bubble economy.

Arguably, BoJ policy today is similar to that of the expansionary late 1980s, after the Plaza Accord made currency weakness a primary aim.

It is also possible overseas demand helps Japan get through this period. The US economy is bouncing back from a bad winter. With US fiscal headwinds easing, strong growth and a stronger dollar could result. Japan's stock market would almost certainly react positively.

With the slowdown in China threatening commodity sensitive emerging markets, Japan remains the best play on the US-led upturn in global growth.

When domestic policy eases further, as it inevitably will, the case for owning the Japanese market will be compelling once again.

Trevor Greetham is asset allocation director, Fidelity Worldwide Investment

BlackRock signals bonds shake-up

GENERAL FINANCIAL

Tradeweb alliance eyes trading boost

Users set to access range of markets

By Michael Mackenzie in New York

BlackRock, the world's largest asset manager, is joining electronic trading hub Tradeweb in a shake-up for US bond and derivatives markets, supported by Wall Street banks.

Their strategic alliance, announced yesterday, will focus on boosting trading, liquidity and risk management for institutional investors across these markets in the US.

As an asset manager with responsibility for $4.3tn, BlackRock has expressed concern about the difficult environment for trading fixed-income securities in the wake of new regulatory and capital rules for banks since the financial crisis.

Banks are less willing to provide live prices across markets, given the higher cost of capital, while financial reform has resulted in proprietary trading desks at Wall Street dealers being closed, removing an important source of liquidity.

The alliance with Tradeweb's trading network of dealers means users of BlackRock's Aladdin risk-management system will be able to access a broad number of interest rate markets, including US Treasury bonds, European, Japanese and Australian government bonds, US mortgage and agency debt, along with dollar-denominated interest rate swaps.

US financial reform has pushed the trading of derivatives on to new platforms, known as Swap Execution Facilities. As a registered Sef, Tradeweb is expected to benefit from the swaps market gravitating increasingly towards electronic trading from its current voice-dominated model.

Rather than set up an alternative trading system that would compete directly with banks, BlackRock is seen to be trying to aggregate fixed-income liquidity from existing dealer-supported platforms for its existing clients. The latest move comes after BlackRock launched a partnership last year between its Aladdin system and MarketAxess, the dominant electronic platform for trading US corporate bonds.

> '[It] is a great step forward in providing investors with a fully automated workflow'
> **Lee Olesky, Tradeweb**

Aladdin is an investment management technology platform that tracks trillions of dollars of investments for clients including pension funds, central banks and sovereign wealth funds around the globe.

Tradeweb has the leading share of online government bond trading in both the US and Europe, according to Greenwich Associates.

With many of Tradeweb's clients currently using Aladdin, the closer integration between the companies is designed to improve the efficiency of trading and risk management.

Lee Olesky, chief executive officer at Tradeweb, said: "Our partnership with Aladdin is a great step forward in providing investors with a fully automated workflow."

BlackRock said the move will garner additional pricing, liquidity, and execution tools to the Aladdin community with the goal of aggregating fragmented external liquidity, increasing efficiencies and streamlining trading workflows.

Fall in US small-caps raises bull run doubts

News analysis

Does investor shift away from recent high fliers signal trouble ahead for wider market, ask Nicole Bullock and Michael Mackenzie

It has paid to be small in Wall Street's five-year stock market bull run. Now, though, with the S&P 500 in record territory and trading at the 1,900 level for the first time, it is bigger companies that are rewarding investors.

After notably outperforming large companies in 2013, US small-caps have given up pole position. And that shift to bigger capitalised groups raises a question: does it signal trouble ahead for the wider market?

Smaller companies, as represented by the Russell 2000 index, are seen as a barometer of the domestic US economy.

They are largely homegrown businesses dependent on domestic sales, a different investment proposition to the multinational operations which dominate the S&P. And, in a year in which many analysts expect the US economy will finally gain sustainable momentum, the lagging performance of the Russell 2000 is regarded as evidence that the outsized gains of 2013 pushed valuations to ambitious levels.

"A decline in small-caps is not a canary in the coal mine, but it is a sign of a rotation," says Oliver Pursche, president of Gary Goldberg Financial Services. "The sectors that grew the fastest in the last year or so and have the most stretched valuations are the hardest hit."

Indeed, a number of small biotech and technology stocks boosted the Russell 2000's performance. Their lofty valuations placed the index in the vanguard of relentless selling in March. Since then, the Russell has dropped as much as 9 per cent, erasing its outperformance over the S&P 500 during 2013.

As it stands, the S&P 500 is up 3 per cent so far this year, while the Russell sits 3 per cent lower. Investors are shifting from the recent high fliers to large-cap "value" stocks, analysts say.

"You continue to work off a lot of very expensive valuations, most in biotech and tech", says Eric Slover, a US equity strategist at Barclays. "I don't see this rotation as a precursor of a broad sell-off of risk assets."

According to Citigroup, healthcare and tech contributed nearly two-thirds of the decline in small-caps from the March highs.

Among the more dramatic examples is Intercept Pharmaceuticals, a biotech company that focuses on the treatment of chronic liver disease. Its shares soared nearly 600 per cent from the start of the year through to mid-March and slumped as much as 50 per cent since.

Another, Isis Pharmaceuticals, dropped as much as 61 per cent from its high in February after rising more than 300 per cent in the prior 12 months.

By contrast, energy company Dynegy was up 9 per cent from the start of the year to the index high in March. Instead of falling, the rally has accelerated since.

"You need to be careful how you interpret the sell-off," says Scott Chronert, an analyst at Citigroup. "It was triggered by severe carnage in certain areas of small-cap. I am not saying we are through this pressure point, but from this point the differentiating factor will be macro growth with implications for earnings growth rather than a momentum sell-off."

A sustainable recovery in the US economy will be critical to whether small-caps can regain their footing, particularly as multinationals in the S&P 500 may face headwinds from slower growth in Europe and the emerging markets. The recovery, though, could work both ways.

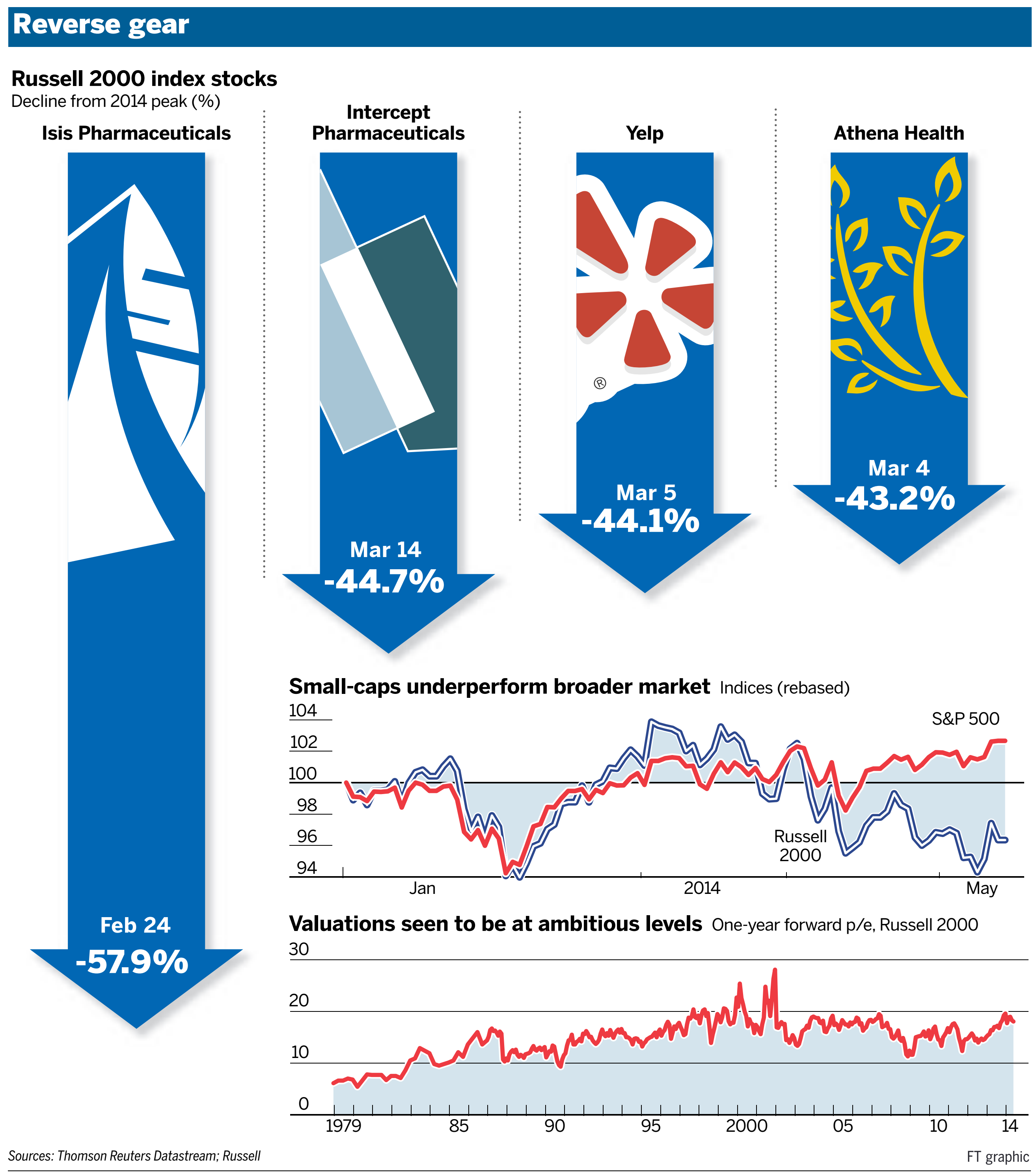
"There is also the potential that if the US recovery gets better, it triggers a better recovery in emerging markets and money starts to find other opportunities in large-cap, which has more international exposure, or where the valuations are better in emerging market companies themselves," says Murali Balaraman, a portfolio manager in BlackRock's global small-cap team.

Perhaps the biggest hurdle for small-caps is valuation.

The forward price-to-earnings multiple on the Russell 2000 is 18 times. That compares with the long-term average of 15.5 times dating back to 1978.

"We are sceptical for performance in 2014. Even with the pullback, the Russell 2000 is at 18 times forward earnings, which is pretty expensive," says Steven DeSanctis, small-cap strategist at Bank of America Merrill Lynch.

"Good things are percolating under the surface for small-caps – US economic news is getting better and the weather is better – but it depends on how much you want to pay for that."



Stocks of US crude oil soar on refinery bottleneck

COMMODITIES

By Gregory Meyer in New York

Stocks of crude oil on the hydrocarbon-rich US Gulf of Mexico coast have jumped to a record high after drillers increased output and refiners slowed down operations.

A US government report estimated commercial crude inventory on the gulf coast region totalled 215.7m barrels last week, up 23.8m barrels from a year ago.

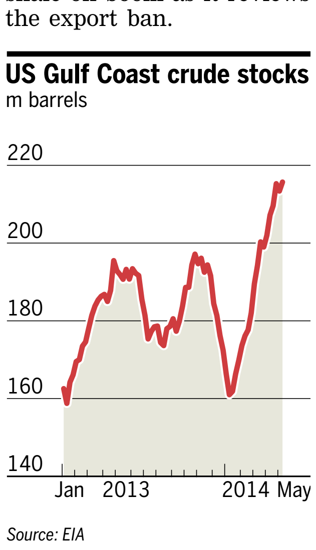
The number excludes the government-owned Strategic Petroleum Reserve in the same region, which contains 691.5m barrels.

The gulf coast is the main refining corridor in the US, supplying fuels both domestically and to consumers as far away as Africa and Asia. Refinery capacity on the gulf exceeds 9m barrels a day.

That is more than US crude oil production, which the Energy Information Administration yesterday estimated reached a 28-year high of 8.4m b/d last week due to drilling advances in previously uneconomic shale rock formations.

The level of stocks on the gulf, and the ability of refineries to process it, has become a focal point for policy makers debating whether the US should relax its nearly four-decade-old restrictions on exporting crude oil.

John Podesta, senior adviser to President Barack Obama, last week said the White House was "taking an active look" at the strains caused by the US shale oil boom as it reviews the export ban.



As oil production grew, the amount of crude oil fed to US refineries declined last week. Gulf coast refineries ran at 90.6 per cent of operable capacity, down 2.3 percentage points from the previous week.

Michael Cohen, North America oil analyst at Barclays, said one reason for the growth in crude stocks on the gulf coast was refinery outages that the market did not anticipate.

As a result, the customary springtime refinery maintenance season has extended longer than usual.

Nymex June West Texas Intermediate crude rose 67 cents to $102.37 a barrel. ICE June Brent crude, set to expire today, gained 68 cents to $109.92. The US-based contract has traded at a discount to Brent since the shale boom took hold, reversing its historic premium.

One factor boosting WTI prices was data showing crude stocks at Cushing, Oklahoma – the WTI futures delivery point – fell another 600,000 barrels to 23.4m barrels, the lowest since 2008.

Chinese property developer delays US dollar bond launch

CAPITAL MARKETS

By Josh Noble in Hong Kong

Chinese property developer Country Garden has postponed the launch of a US dollar bond, the latest sign of growing concern about the health of one of China's most important sectors.

The Hong Kong-listed company met investors during the past two weeks to gauge appetite for a deal, after announcing its plans to raise fresh debt in a filing to the stock exchange last month. But management has chosen not to press ahead with a deal at this time, say people familiar with the matter.

The Chinese property sector has come under more and more scrutiny from investors and economists in recent days as data point to a sharp deterioration in the housing market.

During the first four months of this year construction starts fell almost a third when compared with a year earlier, figures released on Tuesday showed. Developers have been slashing prices in some cities to attract buyers.

The turnround follows years of rapid construction, which some fear have left China with a large overhang of surplus apartments in many areas. Zhang Zhiwei, an economist at Nomura, has highlighted this as the top risk to the world's second-largest economy this year.

> Some fear years of rapid construction have left China with surplus apartments

As the single biggest contributor to Chinese growth, housing is also a key source of demand for commodities worldwide.

Country Garden's decision not to test the market follows a sell-off in Chinese property bonds, particularly those of longer duration. Yuexiu's bond due in 2023 trades at 89 cents to the dollar, while Evergrande's debt maturing in 2018 has dropped to 88 cents.

Bonds sold recently by Times Property and Cinda – a distressed debt manager with heavy exposure to property – have traded lower in the secondary market.

The performance of Chinese property bonds stands in contrast to the rest of the Asian credit market. April was a record month for debt sales, putting the region well on track for its best year ever.

Chinese developers have been highly active in the bond markets during the past two years, helping to drive soaring levels of issuance in Asia. Since 2010, mainland property companies have borrowed almost $50bn from international bond investors.

Many developers have also suffered in the equity market this year. Country Garden and Fantasia are both down a third, Agile is down 28 per cent and Hopson is off over 20 per cent.

But stocks have rallied this week on reports that China's central bank has asked commercial banks to speed up mortgage approvals.

Bond prices jump on prospect of central bank accommodation

GLOBAL OVERVIEW

Expectations grow for ECB rate cut

US stocks retreat from record highs

By Dave Shellock

US, UK and German government bond prices rose sharply as the markets focused on the prospect of central bank policy staying accommodative for an extended period, while global equities paused after their recent run higher.

The Bank of England was in focus as it unveiled a quarterly inflation report that many argued was less hawkish than the markets had expected.

Its forecasts for growth and inflation continued to predict a rapid – and non-inflationary – recovery, but the monetary policy committee still thinks there is plenty of slack in the labour market.

Stephanie Flanders, strategist at JPMorgan Asset Management, noted that the BoE's forecasts now suggested inflation would be slightly above target in two to three years, on the basis of unchanged policy.

"What investors should be paying more attention to is the inflation forecasts that assume the bank raises rates on the markets' current timetable – that it is to say, between November and February," she said. "This shows inflation slightly below target in two to three years' time.

"The message to us seemed moderately clear – the bank expects to raise rates in the next year or so, but it sees no reason to commit to the market's timetable for rate rises. The markets have got a little ahead of themselves in pricing in a rate rise at the turn of the year."

UK **government bond** yields fell across the curve, with the 10-year down 10 basis points to 2.59 per cent, its lowest level this year. The two-year shed 8bp to 0.67 per cent.

Sterling – which recently hit a five-year high against the dollar within a whisker of $1.70 – was down 0.3 per cent at $1.6767.

"The [inflation] report makes a move to $1.70 less achievable in the near term, and we think there could be room for further downside, especially if we see some negative economic surprises in the coming weeks," said Kathleen Brooks of Forex.com. "For now, $1.6654 is a key support, and a break below this level would be a bearish development as it is the end of the technical uptrend."

In Europe, both core and peripheral yields fell back as the markets continued to price in a policy easing at next month's European Central Bank meeting in a bid to boost growth and ward off the risk of deflation. Indeed, some reports claimed that a rate cut was "more or less a done deal".

The 10-year German Bund yield fell 5bp to 1.38 per cent, the lowest for nearly a year, while equivalent yields in Spain and Italy fell 4bp and 3bp respectively.

The euro, however, inched higher against the dollar to $1.3710, though it remained below a two-year high $1.40 hit last week. The US **currency** was down 0.4 per cent versus the yen at Y101.81.

Elsa Lignos, currency strategist at RBC Capital Markets, noted that French consumer price inflation data had come in a shade below expected, but that Germany's numbers were in line with forecasts.

"We look for the euro area 0.7 per cent [CPI] flash estimate for April to be confirmed on Thursday," she said.

"If inflation is too low, clearly further [ECB] easing is needed, but if the tools used fall short of inflated market expectations – no negative deposit rate, or a symbolic negative rate that is not forced on banks' excess reserves held in their current accounts – the euro can still defy bears and bounce back."

US Treasury bond prices also rose, even as data showed US producer price inflation hitting a two-year high in April – suggesting price pressures were starting to build. "We expect this trend will result in core consumer price inflation rising above 2 per cent next year," said Paul Dales at Capital Economics.

Nevertheless, the 10-year Treasury yield was down 7bp at 2.54 per cent, the lowest since October last year, while the two-year was 2bp weaker at 0.37 per cent.

US **equities** slipped back after their recent advance to record highs. The S&P 500 fell 0.5 per cent to 1,888, having briefly traded above the 1,900 level for the first time on Tuesday.

In Europe, the FTSE Eurofirst 300 ended fractionally down from the previous day's six-year high, but the UK's FTSE 100 edged up 0.1 per cent. The Nikkei 225 in Tokyo slipped 0.1 per cent.

Broad weakness for the dollar helped **gold** rise $12 to $1,305 an ounce and provided support to industrial **commodities**.

Copper rose 1.1 per cent to $6,920 a tonne, although nickel ran into profit-taking after its stellar recent performance and fell 4.5 per cent. Brent oil rose 95 cents to a two-week high of $110.19 a barrel.

Mitigating the pension crisis FT.com/video

Ronald Ryan, founder of Ryan ALM, examines in an Authers' Note video the looming pension crisis and why pension funds need to take liability growth more into account Alamy

Trading post Jamie Chisholm

As colleagues highlight on these pages, savers remain wedded to the idea of "theme" investing, chasing, say, small cap stocks or focusing on a particular industry sector.

But many analysts see very high inter- and intra-asset correlations as a function of a stressed market, where wholesale risk-on/risk-off betting in the face of macroeconomic and financial system uncertainty suffocates nuance.

It is, therefore, a healthy sign that correlations across and within asset classes have fallen sharply in recent years.

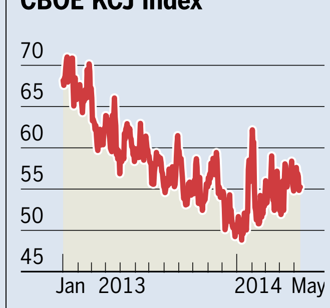
For example, the CBOE's KCJ index, which uses options to measure implied correlations in the S&P 500, was above 90 in late 2011 and is 55 now.

And yet, the equivalent KCJ index in the first six months of 2007, in other words just before the US credit crisis began, averaged only 40.

An obvious explanation for why equity correlations thus appear still elevated by historic standards is the proliferation of flavoured exchange traded funds, which some argue encourages herding.

Still, as Strategas Research says: "With correlations continuing to fall, our best guess is that stock-picking remains key", especially as we enter the often awkward summer months.

CBOE KCJ index

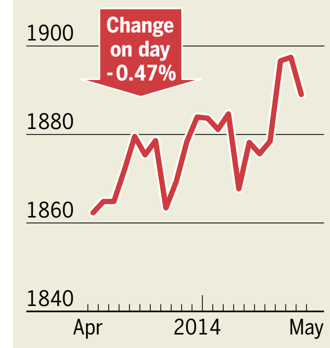


Source: Bloomberg

jamie.chisholm@ft.com
Rolling global overview at: www.ft.com/markets

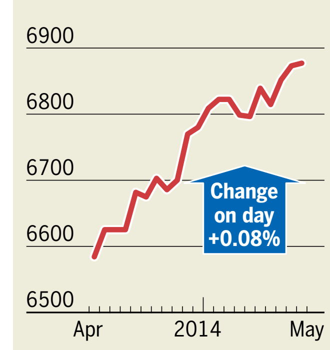
Markets update

S&P 500 index



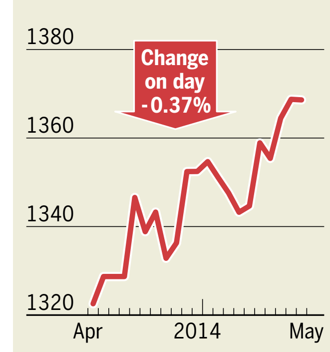
● **US equities**
The S&P 500 fell back from Tuesday's record closing high, but the mood remained broadly positive as investors took heart from a generally positive US earnings season and signs that the economy was getting back on track

FTSE 100 index



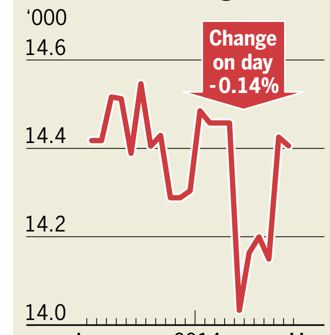
● **UK equities**
The FTSE 100 touched its highest point for 14 years yesterday amid growing hopes it could soon test its record peak of 6,950. But broadcaster ITV fell 6.2 per cent after saying it had attracted fewer viewers than expected so far this year

Eurofirst 300 index



● **European equities**
Portuguese stocks lagged behind the rest of the region as Millennium BCP tumbled 10.8 per cent after reports it was considering a capital increase. Rival Banco Espirito Santo fell 8.2 per cent, and the PSI 20 index ended 3.4 per cent lower

Nikkei 225 Average



● **Japanese equities**
Signs of fatigue emerged in Tokyo after the Nikkei's 2 per cent rise on Tuesday, as nervous investors kept a wary eye on domestic earnings news. JGC tumbled 13 per cent after the engineering group forecast a sharp drop in profits

Source: Thomson Reuters Datastream

Bright prospects for next iPhone launch see Imagination leap

Bryce Elder
On London

Some iPhone optimism helped squeeze the bears in **Imagination Technologies**, the London market's most-shorted stock.

The chip designer has so far lagged behind other key Apple suppliers ahead of the iPhone 6 launch expected this year, according to Morgan Stanley.

Its checks with suppliers suggested order growth of 20 per cent over the previous model, with no production bottlenecks.

Imagination, as sole supplier of the iPhone graphics chip, would also benefit from a larger screen requiring beefier hardware, Morgan Stanley said. Investors appeared to have priced a successful launch into shares of Dialog Semiconductor, the supplier of iPhone's power management chip, but were yet to recognise that Imagination's full-year results could beat forecasts, it said.

Jefferies was also recommending Imagination after meeting management at a trade show. The company remained comfortable with licensing expectations ahead of June results and was seeing interest from prospective customers for its MIPS acquisition, particularly among makers of wearables, the broker told clients.

Imagination rose 8.7 per cent to 215.5p, taking its rally from a five-year low in March to 35 per cent. Nearly 13 per cent of the stock is on loan to short sellers, up from 2.5 per cent a year ago, Markit data show.

A quiet wider market left the FTSE 100 stalled at a 14-year high, up just 5.41 points to 6,878.49.

Profit-taking put **ITV** at the top of the fallers, down 6.2 per cent to 179.1p, after quarterly results failed to trigger forecast upgrades.

"The story is morphing from strong EPS momentum to steady delivery," said Barclays. "We expect this to lead to some change in the investor base and a more lumpy performance."

Retailer **AO World** bounced 3.2 per cent to 231p after a stock overhang cleared with 11.6m shares traded at 225p apiece.

The 2.8 per cent block matched the last holding reported by Nomad, a hedge fund that also backed internet flotations including Ocado.

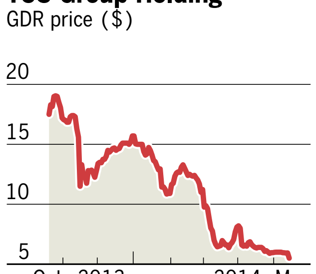
Just Eat was up 5.9 per cent to 229.8p on buy advice from both Goldman Sachs and JPMorgan Cazenove, which ran its flotation in April at 260p per share. Setting a 335p price target, Goldman argued that Just Eat could deliver 60 per cent compound annual profit growth as it exploited local monopolies to squeeze operating margin from 14 per cent last year to 33 per cent in 2017. Spare cash could be recycled into acquisitions in Germany and Holland, it said.

BSkyB lost 1.5 per cent to 844p while **Vodafone** edged 1 per cent higher at 222.1p. Gossip doing the rounds that Vodafone has been working on a bid for Sky was dismissed as wrong by people familiar with the companies.

TCS Group, the Russian credit card issuer, fell 4.1 per cent to a record low of $5.70. Credit-card market growth slowed to just 5.1 per cent in the first quarter, down from 39 per cent a year ago, with mainstream banks such as Sberbank taking market share from the specialists, according to TCS figures cited by Deutsche Bank.

It forecast TCS to deliver just 8 per cent loan growth in 2014, undershooting the company's target of 15-20 per cent growth. Since floating global depositary receipts on the London market in October, TCS has slumped 68 per cent.

TCS Group Holding
GDR price ($)



Source: Thomson Reuters Datastream

Key indicators

Indices	Close	Day's change
FTSE 100	6878.5	+5.4
FTSE 250	15974.6	-64.3
FTSE 350	3735.1	+0.2
FTSE All-Share	3669.17	+0.36
FTSE All-Share yield	3.31	3.31
FTSE 100 Fut Jun	6862.5	+22
10 yr Gilt Yield	2.68	-0.09
20yr Gilt All-Share Ratio	0.99	-0.02

Coty rises over deal to use Avon's Brazil network

WALL STREET

Coty, the maker of perfumes for Calvin Klein and Marc Jacobs, was boosted after it joined up with **Avon** to expand in the Brazilian market and reported surprise growth in southern Europe, **writes Eric Platt in New York**.

The company, which floated in the US last year, said that it had struck an agreement with Avon to use its 1.5m sales representatives in the country to sell fragrances.

"The agreement is favourable to Coty in that it provides access to Avon's large representative base in Brazil . . . improving the company's distribution in a large, growing fragrances market with minimal cost and risk," Mark Astrachan, Stifel analyst, said.

The company also reported a 1 per cent rise in revenues from a year earlier to $1bn, helped by an 8 per cent advance in Europe, the Middle East and Africa.

However, the US market was weak with revenues down to $382m from $431m as its nail polish business struggled, a trend highlighted by Elizabeth Arden this week.

Coty shares closed 2 per cent higher at $15.77. Avon climbed 2.58 per cent to close at $13.89.

Shares in US department store **Sears** fell 5.85 per cent to $40.70 after it signalled a potential retreat from Canada, saying it was looking at options for its 51 per cent stake in Sears Canada. Rival **Macy's** rose 2 per cent after the company increased its dividend and share buyback programme despite a bruising first quarter but closed almost unchanged at $57.83. The chain's same-store sales in the quarter to May 3 fell 1.6 per cent from a year earlier, missing Wall Street forecasts for a 1.3 per cent increase.

Deere slipped after it trimmed forecasts as orders for agriculture-related products weakened. It said sales within its agriculture and turf business fell 12 per cent. The division's operating profits fell from $1.6bn to $1.2bn.

With those pressures set to remain, Deere forecast that equipment sales would drop 4 per cent, slightly weaker than the 3 per cent fall predicted in February. Its shares dipped 2 per cent to end at $91.70.

The S&P 500 fell 0.47 per cent to 1,888.53 while the Dow Jones Industrial Average fell 0.61 per cent to close at 16,613.97. The technology-heavy Nasdaq Composite slipped 0.72 per cent to 4,100.63.

MARKETS & INVESTING

Stop the scramble: Africa will reward the patient

John Authers
SMART MONEY

The scramble for Africa is on once more. Stock markets in sub-Saharan Africa have lead the world over the past five years, while surveys show that private equity managers are more bullish about the region than they are about China, India or Brazil.

According to the International Monetary Fund, between 2010 and 2020 nine of the 10 fastest growing economies in the world will be from Africa.

So Africa has become the flavour of the month. Interest in the continent is surging among investment institutions, while fund managers and private equity providers are attempting to meet the demand.

At one level, this is of course deeply heartening. If sub-Saharan Africa finally takes off, much human misery might be alleviated.

But the basic mathematics suggesting that it should grow more in the long term than other regions has been in place for a while. At present, Africa in round numbers has 15 per cent of the world's population, 20 per cent of natural resources, and only 3 per cent of global gross domestic product. But that does not mean that investors should extrapolate growth in a straight line.

Africa was also in favour in 2005 and 2006, in the run-up to the credit crisis. Sceptics complain that excitement about Africa comes around periodically, and signals the top of the cycle in the developed world.

And as the grisly headlines from Nigeria attest, basic issues surrounding stability remain. Global warming threatens to be a greater problem than in the rest of the world. And the legacy of "divide and rule" has made the region a tough one for anyone hoping to allocate capital. There are 45 countries in sub-Saharan Africa, and 29 stock markets. It is an expensive place to do business.

'Lion markets'

So what are the elements of attraction? First, in terms of economic growth, Africa starts from a low base. Clifford Mpare of Ghana's Frontline Advisors, who cheerfully talks of a "lion market" rather than a "bull market", points out that several critical factors are in place. Africa is urbanising rapidly, its levels of education are rising and fast-growing mobile telephony is being used to overcome a historic lack of infrastructure in telecommunications and banking.

Some 65 per cent of sub-Saharan Africans own mobile phones. Thanks mainly to M-Pesa, a revolutionary non-bank payments system, Africa leads the world in non-bank payments using mobile telephony. In Kenya and Uganda, 68 and 60 per cent of cellphone owners regularly make or receive payments using their phone. The median for countries outside sub-Saharan Africa, according to the Pew Center, is 8 per cent. Non-bank financial services are a popular target for private equity managers.

The middle class is growing, and economies are making the transition to manufacturing from agriculture. With wages still very low, they can undercut suppliers such as China. These are widely recognised as preconditions for growth.

Also, Africa is not correlated with the rest of the world – a boon for risk managers looking to diversify. Over the past 10 years, the S&P Frontier Africa index has had a correlation of only 0.1 with the S&P 500. As for returns, MSCI shows Africa leading all emerging and frontier regions over the past five years with a gain of 63.7 per cent.

Backing private equity

But there are risks. As has been seen elsewhere, when western capital finds its way into new regions, attracted by low correlations, those correlations tend to rise. Stock markets in Africa are small and fragmented, so liquidity is a particular issue. Passive index investing involves putting money into a small group of large companies that have already reached a substantial market cap. These tend to be banks and utilities – not necessarily the most exciting places to look for growth.

Further, equity markets remain volatile. In the very-long term, the prospects for African growth do look rosy. But growth will not be in a straight line, and there is no direct link between equity markets and the economy. Investing in Africa cannot be on the basis of playing a "hot hand"; it has to be patient.

This could point to private equity. It is places like sub-Saharan Africa that private equity can come into its own. But issues remain. Initial public offerings are easier than they were, but are still difficult. Exiting from private equity investments tends to mean selling to another private equity group or a bigger multinational. And leverage, usually key to private equity returns, is not available on anything like the scale seen in the west.

There are well-founded reasons for optimism about Africa. But investment there needs to be patient. The mistakes made when opening to investment other emerging regions, such as Latin America, must not be repeated.

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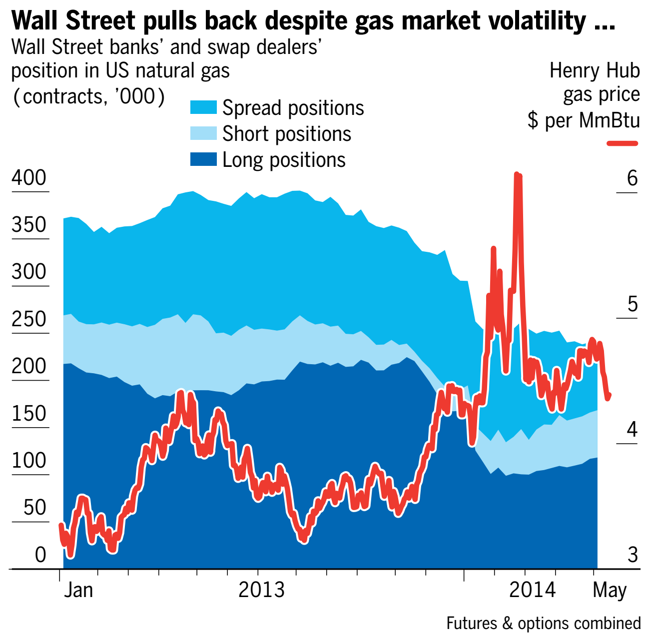
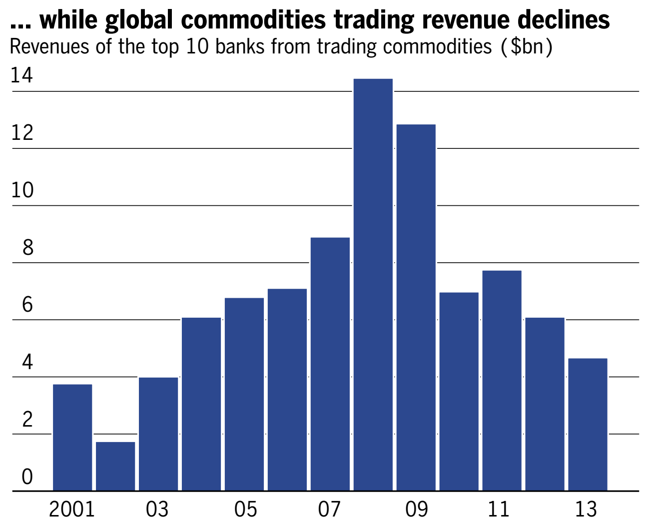
Wall Street banks count commodity trade profits

News analysis

Gregory Meyer and **Neil Hume** ask whether a rebound fuelled by a cold winter can be sustained

North America's frigid winter drove up energy prices, and provided plenty of moneymaking opportunities Reuters





Sources: Bloomberg; Thomson Reuters Datastream; Bernstein Research

While the world has been writing epitaphs for Wall Street banks' commodity trading desks, Wall Street has been counting its profits.

Banks that held firm amid an industry pullback from energy, metals and agricultural markets – and even some that beat a partial retreat – mined a rich seam as North America's coldest winter in three decades drove up energy prices, results show.

Citigroup, Goldman Sachs, Morgan Stanley and Macquarie flagged commodities trading as a bright spot in first-quarter earnings. Coalition, a consultancy which tracks banks' performance, estimates revenues for the top 10 banks in commodities rose 20 per cent year on year in the three months to March.

The robust earnings are notable because they come just as many banks are scaling back or exiting commodities trading altogether because of high costs and new regulations.

Now, the question is whether the rebound can be sustained.

Many are sceptical. "It was a good quarter but overall it doesn't change the narrative," says George Kuznetsov, head of research at Coalition.

"Once you exclude US power and gas, the fundamentals are still weak. Client activity in oil is still very low and metals had a poor quarter."

In the past year JPMorgan Chase, Barclays, Deutsche Bank and Morgan Stanley have announced a partial or wholesale withdrawal from commodities markets. But the strong performance highlights the potential reward from riding out the tough times. Revenues of the top 10 banks from trading natural resources fell to $4.5bn last year, down from a record $14.1bn in 2008.

The exodus could make it harder for producers, consumers and merchants to find the liquidity they need to execute hedging deals – especially for commodities delivered in the distant future, some believe.

A common feature of the bank results was last winter, which triggered steep price rises in North American natural gas and electricity and generated plenty of moneymaking opportunities. Benchmark natural gas hit five-year highs above $6 per million British thermal units and some spot prices breached $100.

Banks able to send gas to utilities or electricity on to power lines "profited handsomely", says Brad Hintz, banking analyst at Bernstein Research. Both Morgan Stanley and Goldman "controlled power plants that apparently had free capacity", he adds.

Harvey Schwartz, Goldman's chief financial officer, reported "significantly" improved commodities revenues due to "unusually strong volatility".

The bank has defended its franchise as the Federal Reserve reviews limiting banks' ownership of physical commodities such as gas in pipelines. In a letter to the Fed last month, Goldman said banks assured steady supplies of gas, the primary heating fuel for half of US households. "Transactions of this type facilitated the ability of utilities in the Midwest to meet unprecedented customer demand," it said.

Goldman broke into the top 10 North American gas marketers after increasing annual volumes by 25 per cent in the preceding two years, according to Natural Gas Intelligence. Mr Schwartz said: "The feedback we are getting from clients is that . . . there may be some benefit to those market participants that stay strong in commodities like us."

> 'It was a good quarter but, overall, it doesn't change the narrative'
>
> **George Kuznetsov**
> **Coalition**

Citigroup's revenues from commodities trading almost doubled in the three months to March, rising to $224m from $119m in the same period a year earlier.

"We had a strong first quarter driven by higher volatility in energy markets," says Stuart Staley, its head of commodities.

Morgan Stanley, while in the process of selling its global oil merchant trading business to Rosneft of Russia, said "broad-based strength across the energy complex" had boosted the performance of its fixed income, commodities and currencies business.

Not everyone benefited from winter energy price swings. Earnings at Cargill were pinched by a loss in US power in January, the commodities trading house has said. Citadel, the hedge fund, also lost money in gas earlier in the year, a person familiar with the matter says.

"People who were trading natural gas either made a lot of money or lost a lot of money," Jeff Sprecher, chief executive of IntercontinentalExchange, said last week.

Banks, then, were simply among those correctly positioned. "Some people are leaving the market, but some people are stepping up," Nicholas Moore, chief executive of Australia-based Macquarie, said after it reported results earlier this month. "There's never any shortage of competition."

That competition is increasingly coming from the big independent trading houses such as Glencore, Mercuria, Trafigura and Vitol. They, and the trading arms of oil companies such as BP, are filling the void left by the banks' retreat.

Chinese traders join in the rush to Singapore's iron ore hub

COMMODITIES

By Jeremy Grant in Singapore

Yang Lei, a Chinese delegate at an iron ore conference in Singapore, hands out a business card showing that he works at Shandong Wanbao Trading, a company base in Shandong province. But a few moments later he whips out a second card with his name under a different company: "Ever Fortune Singapore".

Mr Yang's business card double act is evidence of a recent rush by Chinese steel mills and trading firms to set up shop in Singapore as they seek to tap into the Asian city state's emergence as the world's biggest entrepôt for iron ore trading and financing.

"From our side we think that the banks in Singapore are better – cheaper – than in Hong Kong," he says, explaining that he shuttles between Shandong and Singapore, where his company opened an office last year with two staff.

Iron ore market experts estimate there to be about 30 Chinese companies based in Singapore, including Prosperity Steel and Lianfeng International, the trading arm of steel mill Yang Gang Group. They make up almost a third of the roughly 100 metals and mining trading firms based on the island nation, a number which has grown from "only a handful" of such traders five years ago, the government says.

Their growing status as a force in iron ore in Singapore is the latest sign that the tiny nation has come from nowhere five years ago to become the main global centre for trading in the commodity, which is the main ingredient in steel.

Singapore was a big beneficiary of a groundbreaking shift in the way steel prices were set in 2010, when miners and steelmakers agreed to abandon a 40-year old mechanism based on long-term contracts and instead set prices based on a daily spot market.

Chinese trading firms have followed big western trading houses such as Cargill and Trafigura, which are in Singapore to be close to the biggest producers including BHP Billiton, the Australian miner which bases its global marketing and procurement there.

That has had a knock-on effect on commodity financing, bankers say. "Volume has been increasing because more Chinese corporates are setting up procurement vehicles and doing third-party trading in Singapore," says Jacqueline Chang, regional head of commodities, Asia, at ABN Amro.

Use of iron ore derivatives as a hedging instrument has also taken off on the back of volatility in the iron ore price.

ICAP, the world's largest interdealer broker, last week launched an electronic trading platform for iron ore swaps in Singapore as it attempts to break into a market dominated by rival GFI Group and brokers Simpson Spence & Young, and Freight Investor Services.

For its part, SGX, the Singapore exchange, has captured 90 per cent of the market for iron ore swaps clearing since launching the service in 2009.

Yet, for all the activity, market participants are nervous. China's slowing economy and rising supply from low-cost producers have raised fears over the country's ability to absorb much more iron ore. Iron ore prices have slipped to their lowest in two years.

Loneliness can make moving tough

When relocating to work in the fast-growing developing countries, resist bribes and prostitutes and always wear a seatbelt, writes **Maxine Boersma**

The international school place is booked and "local" company contacts already turned into Facebook friends. With globalisation, moving to work abroad should be simple. But is it?

Moving overseas can bring unforeseen professional and personal challenges as well as rewards.

Potential shocks can centre around boardroom "etiquette" as much as bar room behaviour. A consultant recalls being presented with a prostitute after dinner. He paid the woman's taxi fare home once his clients had left and returned to his hotel room – alone.

Each country has its own rules of engagement and the so-called Mint countries – fast-growing Mexico, Indonesia, Nigeria and Turkey – are no exception.

For Emmett Moriarty, a former World Bank executive, difference is everything: "The Mints don't have much in common from a business and cultural point of view. Success in Turkey won't necessarily go far in Nigeria.

"If operating in a foreign language, invest in a reliable interpreter and brief them on the key things you want to communicate," he says, stressing that cultural differences within countries can be almost as wide as between them.

Making erroneous assumptions could prove to be a fatal business mistake, he warns: "Never assume in places where infrastructure may be less developed than in the UK, that local people are somehow less educated or sophisticated."

For those who fear kidnapping or worse in the new Mint frontiers, he warns the dangers are more mundane: "Statistically, you are much more likely to be injured in a road accident than robbed, drugged or attacked by terrorists. Wear a seatbelt and don't be afraid to tell the driver to slow down."

Bribery remains a real concern for newcomers, especially in the pharmaceutical, natural resources and infrastructure sectors.

In Transparency International's Corruption Index for 2013, Turkey was seen as the least corrupt country of the four, ranking 53rd out of 177 countries, while Mexico came in 106th, Indonesia 114th and Nigeria 144th.

To protect yourself – and your business – you need to read your organisation's risk assessment and anti-bribery procedures relating to the territory and request specific training, consultants advise. Request knowledge about suppliers, customers and public officials you will encounter and insist on a peer review of long-term relationships. Your company must show adequate procedures are in place to prevent bribery.

Be strict about reporting what you offer and what you are offered as gifts and hospitality and think twice about the language you use because agreeing to a practice you know is wrong could land you with a hefty fine – or in a prison cell.

But despite all these challenges, the degree of difference between countries is narrowing, says Thomas Olsen, who works in Jakarta for Bain, the consulting firm.

"Business is becoming increasingly similar, regardless of geography, especially at the senior level. Most executives have been educated overseas and have worked overseas or with multinational companies locally," he says.

Mr Moriarty believes the biggest problem for people moving abroad is far more ordinary than inappropriate post-dinner propositions and bribery – often the toughest challenge, he says, is loneliness, especially for the trailing spouse.

Mint conditions For a successful move, understand cultural nuances and learn how to adapt to local norms

Flags of convenience? All four countries present challenges to new expatriates so it is important to obtain early advice

Mexico

Be prepared for long business lunches when moving to Latin America's second-biggest economy, says Manuel Rajunov, co-managing partner at law firm DLA Piper's Mexico City office. "Lunch is the key meal of the day and can last more than two hours," he says.

"You need to adapt to the fact you are in a foreign country, despite being only two hours from the US, and you must not forget that Mexico City contains a very sophisticated business community."

Justine Rodrigues, engineering and manufacturing manager at Hays, moved to Mexico from the UK more than a year ago. She suggests getting early advice not only about the "logistics of the move, but the climatic, emotional and cultural change ahead.

"People should ask about relocation support at interview, not just whether they will receive a relocation bonus, but whether their company will give advice about where to live, where to educate their children and help with processing work permits."

She says Mexico City is far more modern than she had expected.

"Gastronomically, culturally and socially it has so much to offer. If I had known that before moving, I would have alleviated a lot of the concerns of family and friends, some of whom still believe the outdated stereotypes and think I go to work on a donkey wearing a sombrero!"

Indonesia

Brian Corbin, global head of strategy and business development for civil infrastructure at Bechtel, believes in the benefits of learning the language, at least a little bit.

"Most business meetings are carried out in English, but an ability to communicate even simple words in Indonesian will be appreciated," he says, adding that socialising with clients and suppliers is common, but not overdone. Know the nuances of Indonesian culture, he advises:

"Indonesians do not like to say 'no' [and] there is a hierarchy in society that is respected."

After Thomas Olsen of consultant Bain relocated to Indonesia he joined the board of trustees of the Jakarta International School.

He also serves as mentor and adviser to Endeavour Indonesia Entrepreneurs and recommends others follow his lead and get involved in their new community.

Nigeria

Claudette Russel, head of human resources for Food Concepts in Nigeria, relocated to Lagos from the UK and recalls: "I was struck by the heat, the organised chaos. People say if you can make it past the airport you can make it work."

Nigeria is a country of 168m people. There are millions of cars on the road and challenging infrastructure but all these can be alleviated, says Mrs Russel, advising that it is a good idea always to have a back-up plan.

"Nigerians are friendly and accommodating. Sometimes, they can be loud and seen as abrupt, though that is not their intent."

Three years on, Mrs Russel says she values the "vibe, the pulse and the good weather".

She advises that women could be addressed as "Ma'am", "Ma", "Madam" or "Aunty" and older, senior business acquaintances should not be addressed by first names. Knowing "ekaaro" or "odabo" as "hello" and "goodbye" in Yoruba is appreciated, she adds.

Logistics can be tough in Lagos. which is divided into the "mainland" and the "island", where most business takes place and a wise place to settle if you want an easier transition.

Nancy Scott of recruiter Rockpools says Nigerians put emphasis on contacts from their school and university days and notes: "You need to know people to navigate your way round and personal referrals make a difference."

Turkey

Families matter a lot in Turkey. One finance professional says: "The country is run via networks of powerful families. Unless you have a massive brand name, then go in humble, listening [and] with as much emotional intelligence as you can."

Andrew Patterson, Bechtel's infrastructure business development manager, agrees.

"You should not underestimate the value of personal relationships, family and respect in Turkey", he says. "It's incredibly important to build relationships, to know about someone's family and ask after spouse and children

"Seniority and the hierarchal work structure is very well respected", and going over someone's head is viewed unfavourably, he warns, adding that most formal agreements are said to carry little weight without solid relationships behind them.

Inside »

Next week »

Lord Gold, anti-bribery adviser; Group interviews favour the bold

Executive Appointments

Q&A by Gill Plimmer Both parties in a pay negotiation need to prepare by doing research

Send your queries to: workplace.questions@ft.com

From the manager's chair

I am the manager of a medium-sized business responsible for handling staff pay. We are beginning to make a profit again after several years of stagnant growth during the recession and as a result I am faced with a constant stream of people coming to my door asking for more money. I haven't been authorised by the board to increase the salaries budget. What is the best means of dealing with this dilemma?

Simon North, founder of Position Ignition, a specialist in career change and development, says:
As a manager faced with pay demands, you should bear the following in mind.

The first is to listen and take the request seriously. Make time and give someone your full attention so that you can understand what their needs are as well as the figure they are asking for. This will stand you in good stead later.

You need to be honest and as clear as you can be with them about the business and its situation. Do not pretend that you can answer their demands now and do not set any expectations that you might not be able to meet later.

When you have listened and understood these requests, you need to plan for your discussions with the board.

Your board will expect you to have a plan if you want to increase the cost base. You need to show them the importance of getting pay in line with expectations and to assure the growth and sustainability of the business.

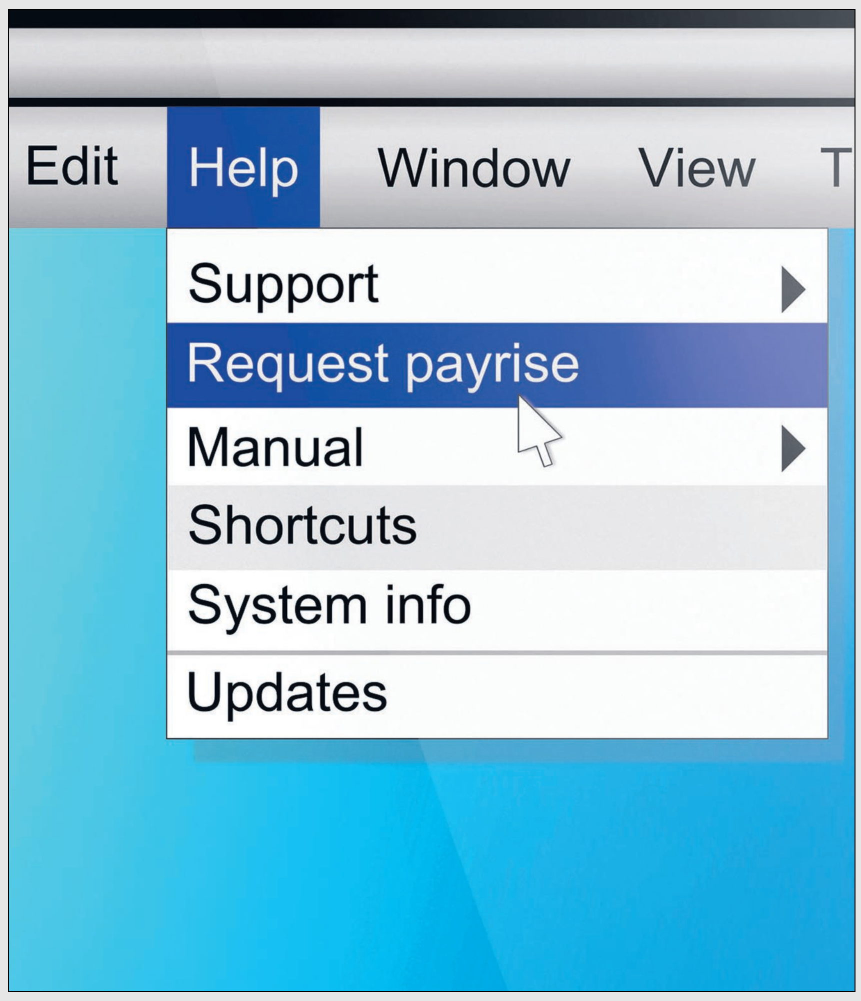
Research your pay levels relative to your market to help you to make your case.

There are risks in not adjusting your pay rates as economic conditions get better. Your best people are the ones at most risk of being enticed away. You will want your board to be confident that you will use additional monies appropriately – that you will be rewarding the people most critical to the business.

They will want to see evidence of where this additional investment is going and what the likely return for the business will be. If you are well prepared, you should gain a mandate from the board to deal with these demands successfully.

You have the responsibility to be clear and honest with those you manage. Now you can be clear about how you value them and your expectations of them.

You may not be able to pay everybody more, but you now have a business rationale for what you will do.



Drop-down, pay up: if only it were that simple Alamy

From the employee's chair

What is the best way to negotiate a pay rise? I love my job but I've had below inflation pay increases for years. I'm desperate for more money, even just a token amount that would prove they value me. What is the best strategy?

Simon Broomer, coach at CareerBalance, a job searching and advice service in the City of London, says:
Your employer may be more willing to consider increasing your salary in the improving economic climate.

Do your research first by finding out what salaries are being offered for similar roles within your sector. You may be able to find this on recruitment websites, job sections of newspapers and in vacancies posted on the websites of similar employers.

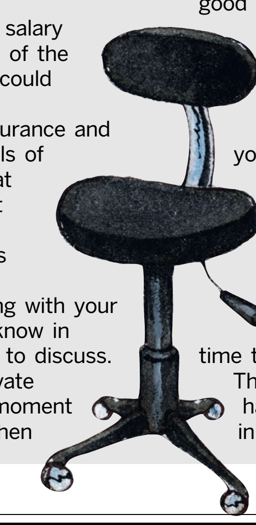
Consider not just the salary but also the other parts of the reward package. These could include pension scheme contributions, health insurance and bonuses. Print out details of jobs you have found that indicate a salary so that you can show these to your manager. Keep this information with you.

Book a proper meeting with your manager and let them know in advance what you want to discuss. Clearly this needs a private space, not a snatched moment by the lift or in the kitchen or canteen. Go to the meeting well prepared and make sure you are clear in your mind exactly what salary increase you want. I would aim for an increase that you believe values you fully, rather than asking your manager for a "token amount".

It takes courage to ask for a bump in salary, and you may not get another opportunity to negotiate an increase for some time. You will have achieved little and will feel more resentful if you still find yourself short-changed at the end of this process.

You may be able to negotiate additional benefits alongside an increase in salary, so think about what you would like that your employer can offer.

Prepare yourself mentally and think about how you want to come across in the meeting. A good approach is to be confident, positive and upbeat, with good eye contact, while also demonstrating your enthusiasm for staying with your current employer and in progressing your career.



Point to the evidence that shows you have been performing well by referring to your most recent appraisal, feedback from colleagues and clients, and by talking about what you are working on now that adds value to your employer.

Your employer may need time to think about your request.

Therefore agree what needs to happen next, including a timeframe in which a decision is to be made.

EXECUTIVE OPPORTUNITIES WITH PLYMOUTH UNIVERSITY

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Plymouth University is ranked in the top 300 universities in the world.* With a mission to "advance knowledge and transform lives through education and research", we are among the emerging global elite of modern higher education institutions. Distinguished by our 'off-the-curve' approach, we combine world-class research and teaching with a commitment to widening participation and social inclusion.

We are now seeking to appoint a Chief Financial Officer (CFO). Reporting to the Vice-Chancellor, and a key member of the University's Executive Leadership team, the CFO will provide exceptional and robust financial leadership in support of the development and implementation of the University's ambitious vision and strategic objectives. Alongside oversight and governance of the University's finances, the post-holder will develop and maintain a robust financial strategy and contribute to the identification and assessment of growth opportunities. They will also bring significant commercial drive and a customer-focussed approach to service delivery.

The successful candidate will be an experienced financial executive with a track record of developing high performing finance teams to provide a best-in-class service across large scale and complex environments. Previous experience in higher education is not a pre-requisite, however the successful candidate will show a demonstrable interest in, and passion for, the sector and the ability to translate effectively into our context.

We have instructed our executive search partners, Perrett Laver to advise and assist with this selection and appointment. The deadline for applications is midday (BST) 3rd June 2014. Applications should consist of a CV accompanied by a covering letter addressing the criteria in the person specification. These can be uploaded at: www.perrettlaver.com/candidates quoting reference 1532.

*Times Higher Education World University Rankings September 2013.

Plymouth University is committed to an inclusive culture and respecting diversity, and welcomes applications from all sections of the community.

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Formed in 2005, employing over 50 full-time staff and with an annual turnover of £10m, LBCG has forged an enviable position as the leading provider of oil and gas events throughout North America, and has a significant market presence in a number of other key sectors globally, including automotive, rail, and new technology innovations.

As the next stage of our growth, LBCG is looking to roll out and capitalise on its brand position in exciting new industry and geographical areas. As a result the Directors are looking to appoint an experienced Managing Director to run our London Office.

Based in Moorgate, key responsibilities will include managing the financial performance of the business, directing the senior management team, setting the standards for people management across the business, acting as the chief figurehead and decision maker as well as contributing to and driving forward business development opportunities whenever appropriate.

The quality of our events is paramount to our success, therefore the successful candidate is likely to have direct experience of understanding similar products, potentially in the publishing or media space. However, we are interested in receiving applications from individuals with a solid track record in driving and delivering commercial results from a range of business management backgrounds.

Applications to jane.thomas@lbcg.com

NATIONAL TREASURY MANAGEMENT AGENCY

CHIEF RISK OFFICER

Dublin, Ireland

The **National Treasury Management Agency ("NTMA")** provides a range of asset and liability management services to the Irish Government. These services include management of the National Debt, the National Pensions Reserve Fund, NewERA, the National Development Finance Agency and the State Claims Agency. The NTMA also assigns staff to the National Asset Management Agency.

The Government plans to establish a single, overarching NTMA Board to oversee all of the NTMA's functions, other than NAMA. As part of this transition the NTMA now wishes to enhance its risk function by recruiting a **Chief Risk Officer.**

This is a Senior Executive position within the NTMA requiring a high calibre individual with experience managing risk within a comparable business.

The successful candidate will:

- **Support the NTMA Board by proposing the risk appetite and setting and enforcing risk limits**
- **As a member of the NTMA Senior Management Group, set and drive the risk strategy and risk agenda at all levels across the NTMA**
- **Promote and embed a risk management culture across the NTMA**
- **Provide challenge to business units across all risk types**
- **Identify risks, trends and early warning signs within the business units**
- **Lead all relevant risk committees**
- **Provide subject matter expertise on risk management activities**

The ideal candidate will have a minimum of 10 years relevant financial services experience, operating at a senior level with experience of leading a risk function. The ideal candidate will also have a comprehensive understanding of the regulatory environment with strong business acumen and financial and regulatory experience.

Please apply online at **www.ntma.ie;** the closing date for applications is **Friday 23rd May 2014.**

If you wish to have an initial confidential conversation, please contact **Sinéad Brennan, Head of HR, NTMA. Phone +353 1 664 0800.**

Major Tim has peaks to climb to inspire tomorrow's scientists

Profile
Major Timothy Peake

Much rides on the first UK-funded astronaut, writes *Carola Hoyos*

Major Timothy Peake, Britain's first official astronaut, is in London standing in front of the Science Museum's replica of the Eagle lunar module, the real version of which has remained perched on the moon since being left there by the Apollo 11 mission in 1969, three years before Maj Peake was born.

Children swarm around the astronaut as he waits for a BBC cameraman to adjust his lens and I wait for my interview. None of them recognises Maj Peake.

That appears to suit just fine the ginger-haired helicopter pilot sporting a blue polo shirt with a European Space Agency insignia too small to give him away. But it will not do for the long term – one of Maj Peake's main tasks since being selected to fly to the International Space Station in 2015 is to become a household name, especially to under-18s.

The UK government has invested £16m to see him go to space and inspire young people to study science, technology, engineering and maths.

It is the first time the UK has backed an astronaut in this way. The other six British citizens to have left the earth either held dual US citizenship and went with Nasa, or were privately funded.

If the government's hope of inspiring a generation to rebalance the British economy is weighing on his shoulders, Maj Peake does not show it.

"That stuff I've learned along the way. It's slowly becoming much apparent that there's an awful lot more good that can from this mission . . . than just simply flying in space," he says as we settle into a quiet corner of the Science Museum, a place he not only loved as a child but has returned to often in the past five years to announce the various milestones of his journey to space.

As a boy growing up in Chichester Maj Peake was not particularly interested in space; rugby, playing outdoors and flying were all far more important to him. Space ranked around dinosaurs as something he, like most boys, found exciting, but not exceptionally so.

But it fitted into his love of exploration, both physical and mental. "I had space projects and I really enjoyed them, but equally I remember doing underwater projects on Jacques Cousteau and being fascinated about that."

Flying was his real passion, first in the cadet force at Chichester High School for Boys and then for the British army between 1992 and 2009.

"I had the first flight in a Chipmunk aircraft, I didn't look back. That's when I knew I wanted a career in aviation," he says, recalling his experience as an army cadet going along with the school's air force section to fly small propeller trainer aeroplanes and gliders at weekends.

He has since logged 3,000-plus hours on more than 30 types of aircraft as an army flying instructor in the UK and US, a reconnaissance pilot and flight commander in Northern Ireland, Germany, Bosnia, Kenya and Canada, and as an Apache helicopter and special forces test pilot.

He also served in Afghanistan in a mission so secret that it is left out of his official biography and he declines to talk about it.

Unlike the American generation of astronauts before him, Maj Peake was born too late and in the wrong place to have had Neil Armstrong and Buzz Aldrin as his boyhood heroes.

His was the Shuttle era, marred by the 1986 disaster in which Challenger broke apart 73 seconds into its flight and seven crew members lost their lives as millions watched their television screens in horror.

Even as Nasa recovered and Maj Peake trained to become a helicopter test pilot and graduated from the Royal Military Academy at Sandhurst, space seemed far away.

"As a European, as a Brit, there weren't that many opportunities to be an astronaut, so it was a case of the opportunity presenting itself at the right time and that's when I thought: 'Well, you know, this is my chance to do something incredible.'"

The gruelling year-long selection process to whittle 8,000 hopefuls down to a class of six astronauts in training included tests to measure everything from spatial awareness to concentration, as well as a constant assessment of candidates' psychological profiles.

At that time, the UK had not yet contributed the money to the ISS that would allow Maj Peake – and most other onlookers – to believe he stood a chance.

Maj Peake dismisses the idea that he underwent the process as a learning experience, in the way Canadian Colonel Chris Hadfield approached his rise to astronaut stardom. "I definitely didn't do it for the process itself; I'm not that kind of person," Maj Peake says. Instead, he says he had already beaten some pretty long odds to be qualified at the right time for a selection that only comes around once a decade.

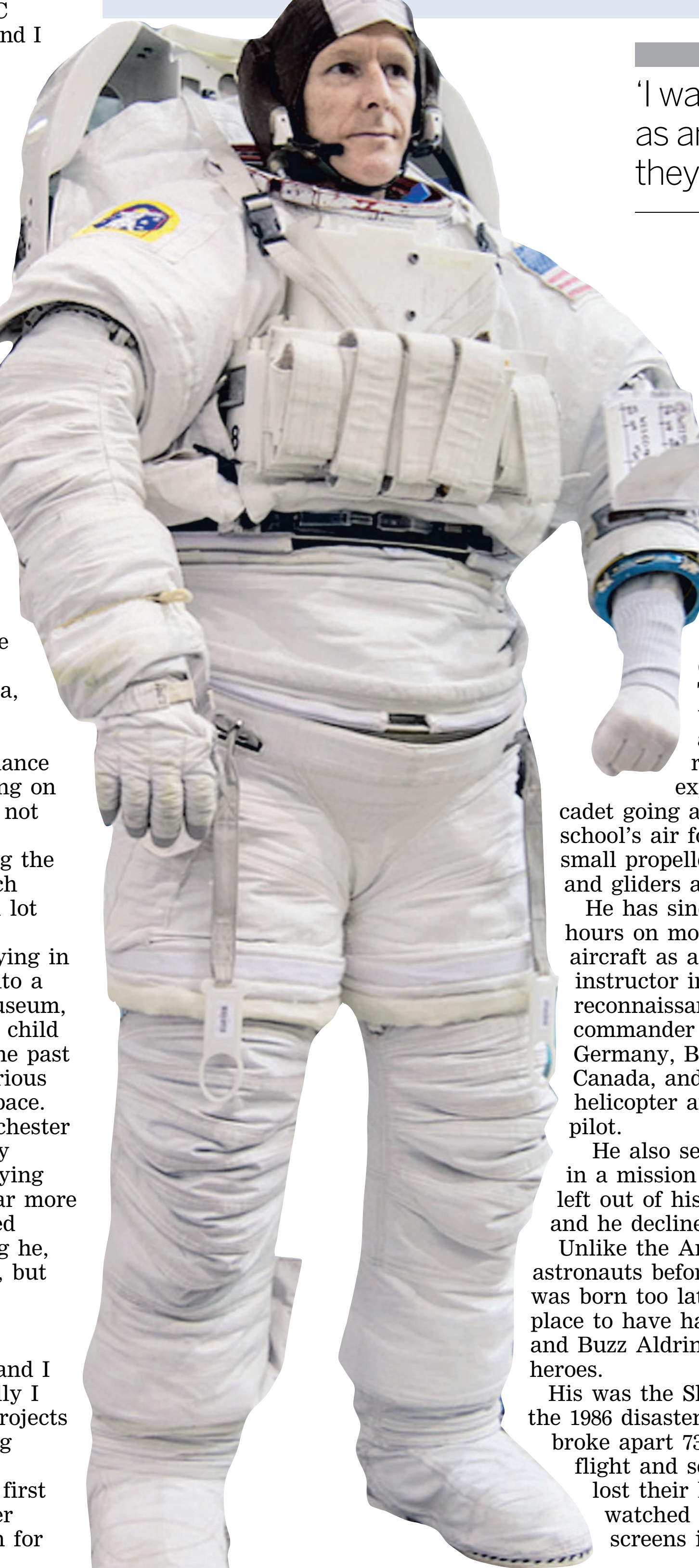
"You could say it was a long shot, but then again you could also say, how many times in your life do you get an opportunity like this?"

Even as late as the final round of the selection process, when he and only nine other candidates remained, Maj Peake thought to himself: "I very much doubt I would be selected just on the grounds of being British," noting that it was only later that the UK funded the ISS.

Our time is up. Maj Peake is being tapped on the shoulder to proselytise the virtues of manned space flight elsewhere.

Only now do I realise how well rehearsed he was. Like space exploration, astronauts have grown up and are no longer the superheroes they were.

I wonder whether Maj Peake and his compatriots can really be quite as inspiring to the next generation looking up at the moon, with the Eagle still there waiting.



'I was as surprised as anybody when they selected a Brit'

Career Clips

What is the best career advice you have ever got?
Never give up. And my chemistry teacher always said to me – I'll never forget it: "You get out of life what you put in."

Who are your mentors?
It is a very informal atmosphere in the astronaut world; there are a number of mentors but not in any sort of official capacity. I remember there was me and my European colleagues and we sat with Colonel Chris Hadfield in Moscow shortly before he was launching. We were all playing the guitar together and singing songs, and at the same time [we] were realising that he was imparting fantastic snippets of advice.

Where is your allegiance – to Britain or to Europe?
I have always been proud to be British, but space is international and I think that is the wonderful thing – to wear the Union flag in an environment where I am sat next to a Russian, a Japanese, a Canadian and an American, along with all the members of Europe and all the other flags, and to have actually brought the Union flag to the table.

On the Desk

Food matters a lot to astronauts, especially those who spend months on the International Space Station. So much so that, even though there is little room to spare in the science lab that orbits the earth every 90 minutes, astronauts are allowed to bring along something comforting to augment their daily rations of dehydrated grub.

"You know, you wouldn't necessarily have thought it, but I guess when you're living in a sterile environment – artificial light, the constant churn noise from technical equipment – suddenly a meal becomes something different," says Major Tim Peake, who has been chosen to travel to the ISS in 2015. He adds: "If it is a bland packet of raw mush, it is not going to cut it."

Food was also used to test his resolve during training.

"I'm not food motivated at all, but put people in an environment where food becomes scarce and suddenly it becomes a real driving factor," he says.

It is lunchtime and on a napkin between his hands is a cupcake – a present from Penguin, the publisher.

I can tell he wants to eat it as we wind up our interview. Not long after our chat, the UK space agency launches a competition to choose Maj Peake's meal. I wonder if he will still be able to bring something of his own choosing.

Carola Hoyos

Mrs Moneypenny Big changes at Barclays need deft handling

The headlines about Barclays screamed '14,000 jobs to go this year'. In essence, it is a larger figure than an already large one, as the bank had said it expected to cut 10,000-12,000 jobs in 2014.

And, of course, most importantly, it isn't just a figure. It is 14,000 people – 14,000 individual stories.

The reaction from those leaving will be everything from 'thank goodness I get to retire a few years earlier and have more time for the things I enjoy' to the sick feeling in the pit of the stomach on realising there won't be a salary. And everything in between.

As with any change programme, inevitably there will be a lot of personal uncertainty for those involved.

Barclays is a big bank, and even after the changes it will be huge. It is also a valuable brand that aspires to be the place people want to work and with which ordinary folk, the rich, companies and governments want to do business.

How do you keep all that going while handling 14,000 people, one at a time, sensitively and correctly?

Make no mistake, Antony Jenkins, Barclays' chief executive, will want that and will insist on it. He is no stranger to handling change at big companies – many people forget he spent 17 years at Citigroup, which even today employs more than 250,000 people.

The market clearly approves of his job cuts: the bank's shares rose 8 per cent on the day they were announced.

In his official video he has promised a company that will be stronger and able to deliver "lower volatility, higher returns and growth".

As Mr Jenkins and all senior managers know, for Barclays to emerge stronger, the people staying will need as much attention as those who are departing.

I have an account at the bank and a mortgage, and I hope my bank manager will be focusing on me and not worrying about his job, or his friends leaving.

Herein lies the biggest challenge every boss faces.

Change is never just words and facts and figures – in this case a commitment to keep the return on capital above the cost of capital – it is always people.

When the 14,000 have left, Mr Jenkins will still be there and so will more than 100,000 others. They will have to work hard to deliver the promised go-to bank, even while the landscape shifts around them.

How the people leaving – a lot of them in fixed-income, currencies and commodities – feel about it is obviously something the headlines will dwell on for a while. And that is understandable.

But spare a thought for the people left behind in retail and even those on the slimmer investment banking side. In many ways, strange as it sounds, it will be harder on them. They will be the ones expected to carry on through the changes, looking after demanding customers like me.

So for the foreseeable future, Mr Jenkins will be leading a big change initiative, and a big bank.

That is a huge job and needs as much attention on one aspect as on the other.

He and his senior team will focus on both, because they know that when they come through this, those who remain will be more critical to the company than they have ever been. Which is why, perversely perhaps, they deserve as much attention as the ones going.

'Spare a thought for those people left behind. In many ways it will be harder on them'

When (fiduciary) duty calls

Stern Words
STEFAN STERN

Strategy meetings are rarely much fun, sadly. There is an inevitability about much of the discussion. Not least that moment when someone asks, with due emphasis: "What would success look like?"

It is not a bad question. And in the middle of a takeover battle it can become a crucial one because it is the duty of directors "to promote the success of the company". Whatever that means.

Not everyone learns Latin at school these days, so the word "fiduciary" can sound exotic. But look it up. *Fiducia* means "trust". So at its heart the legal concept of fiduciary duty has to do with the position of trust which directors hold.

This might be news to some people. A kind of blurring of meaning has taken place with this term "fiduciary duty". It is invoked frequently; often when a board has decided to accept a bid to sell out to another company. To many, fiduciary duty has come to mean, in practice, "getting the best price for shareholders".

But this is wrong. An attempt was made in the UK a few years ago to offer a more substantial definition of what directors' duties might entail. Section 172 of the Companies Act (2006) states that, in promoting the success of the company "for the benefit of its members as a whole", directors should consider at least six factors:

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company.

Which gets us a bit further. But – what does "success" mean? In most cases, the UK government said, it would mean a long-term increase in the value of the company.

In takeover battles, it is often said, shareholders decide the outcome. Well, not necessarily. It is for directors to recommend a course of action to shareholders, in good faith. Shareholders then decide whether to accept the board's view or not.

It is also said, equally erroneously, that "shareholders own the company". Well, no. They have rights as investors. But who "owns", for example, BT?

"The answer is that no one does," economist and FT columnist John Kay has written, "any more than anyone owns the river Thames, the National Gallery, the streets of London, or the air we breathe."

Fiduciary duty, then, does not mean "get rich quick". It does not mean "the highest bid wins". Instead, it requires directors to take a broad and longterm view of the interests of the company and its many stakeholders. If in those circumstances, selling up looks like the best choice, so be it.

But if a company has a strong and attractive long-term future as an independent company, directors have a fiduciary duty to reject almost any offer, no matter how high it might be.

Not doing so would be to undermine the trust bestowed on a board and thus be a dereliction of its duty. Of course, this may not be the advice you'll get from the bankers, lawyers and PRs baying for your business.

Fiduciary duty does not mean 'get rich quick'. It does not mean 'the highest bid wins'

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Modern Brazil

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Kick-start to new era as nation takes centre stage

A decade of economic expansion has created a new middle class. But tough choices lie ahead if momentum is to continue, writes *Joe Leahy*

In a month, Brazil, Latin America's largest country, will host the event that will define it as a nation fit for the future.

But the person who will make that first kick at the 2014 World Cup at the gleaming new Itaquerão stadium in São Paulo will not be a football player.

In a tribute to Brazilian innovation and compassion, that privilege will go to a paraplegic patient wearing a mind-controlled robotic suit – cutting-edge technology developed by Miguel Nicolelis, a Brazilian neuroscientist.

The patient, yet to be chosen, will use an experimental robotic exoskeleton that reacts to signals from the brain to step out of their wheelchair, then kick the ball before play starts between Brazil and Croatia in the tournament's opening match.

"We are navigating territory that has been completely unexplored," says Professor Nicolelis of the technology used in his "Walk Again" project.

The same could be said for Brazil. The world will come to the tournament expecting the same old country of football, carnival and samba. But the more observant will sense that beneath the party atmosphere, profound changes are taking place.

After more than a decade of economic stability accompanied by the rapid growth of a new lower-middle class, Brazil is no longer easily summarised by a handful of clichés.

"If it is well administered without demonstrations and such, [the World Cup] will be a marvellous thing for the country," Pelé, the veteran Brazilian footballer, tells the FT in an interview. "There is no way you can understand Brazil, without speaking of football's role in promoting the country."

Once many might have agreed unreservedly with Pelé's analysis, but today few would argue that Brazil's place in the world is defined only by its fortunes in international football.

The country controls its own destiny, in terms of economics, politics, international relations, culture or science.

Brazil's transformation dates from 1994 and the beginnings of the Real Plan, when it began tackling runaway inflation.

Starting in 2003, Luiz Inácio Lula da Silva, the then-president, stabilised market sentiment through responsible fiscal and monetary policy. He tackled inequality by expanding conditional transfer programmes such as Bolsa Família, which offers a monthly stipend to low-income families in exchange for sending their children to school.

This, combined with greater access to credit and falling unemployment, started a consumer boom. Meanwhile, windfall prices for Brazil's commodity exports to China allowed the country to accumulate one of the world's largest stockpiles of foreign exchange reserves.

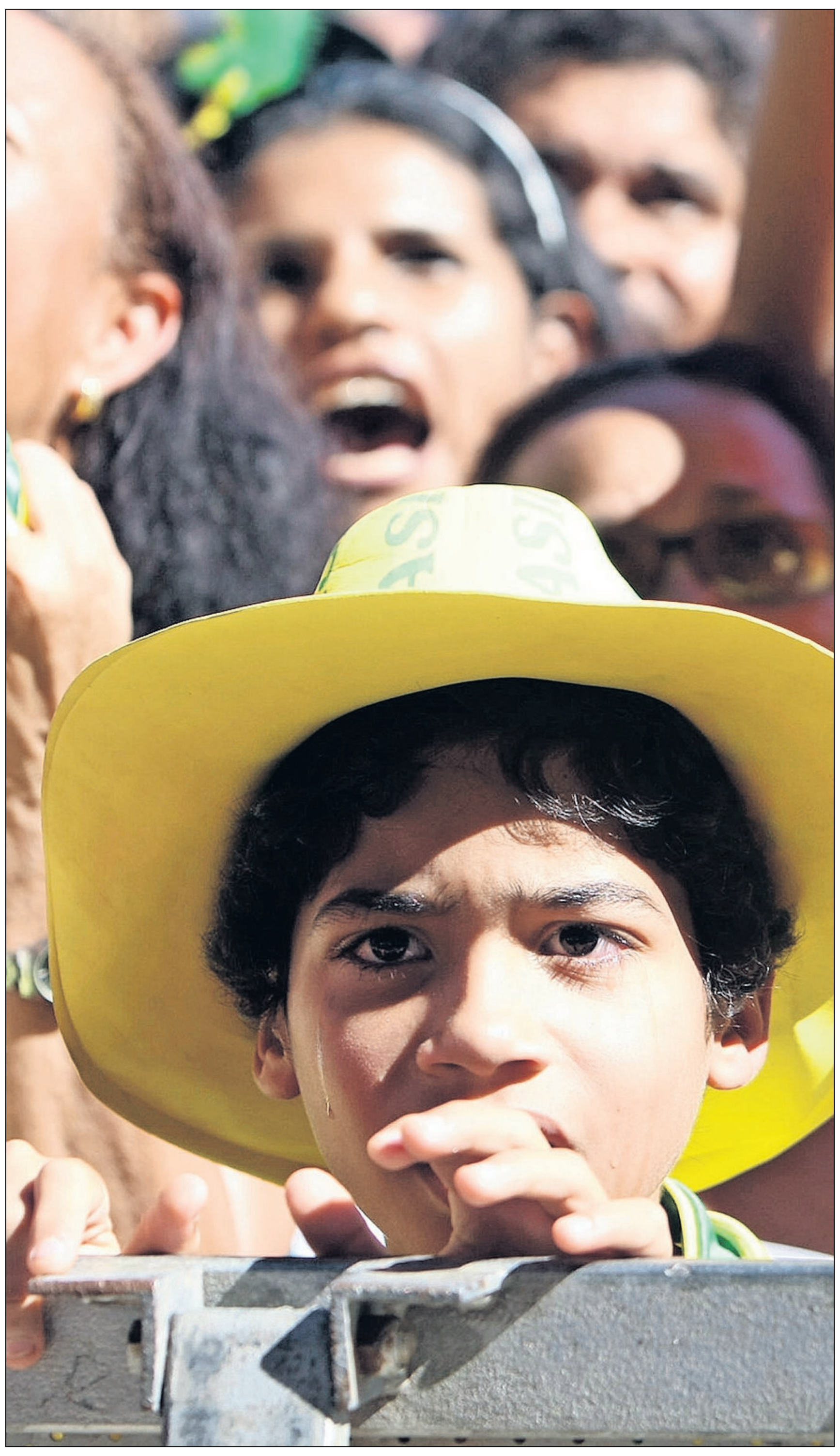
The long economic expansion has created a Brazil almost unrecognisable from that which Mr Lula da Silva, the former unionist firebrand, inherited from Fernando Henrique Cardoso, his centre-right predecessor.

Brazil is the world's fourth biggest market for cars, having overtaken Germany, according to Anfavea, the national automakers' group. The big four – Fiat, Volkswagen, General Motors and Ford – dominate the market, but newcomers such as China's Chery are flooding in.

Brazil's lower middle class, not long ago an almost invisible mass preoccupied with daily survival, is emerging as a social, political and cultural force. Stars such as Gaby Amarantos, a singer from a tough neighbourhood in Belém, the capital of the remote Amazonian state of Pará, are testimony to its growing clout.

Unlike in Pelé's day, Brazil's sports

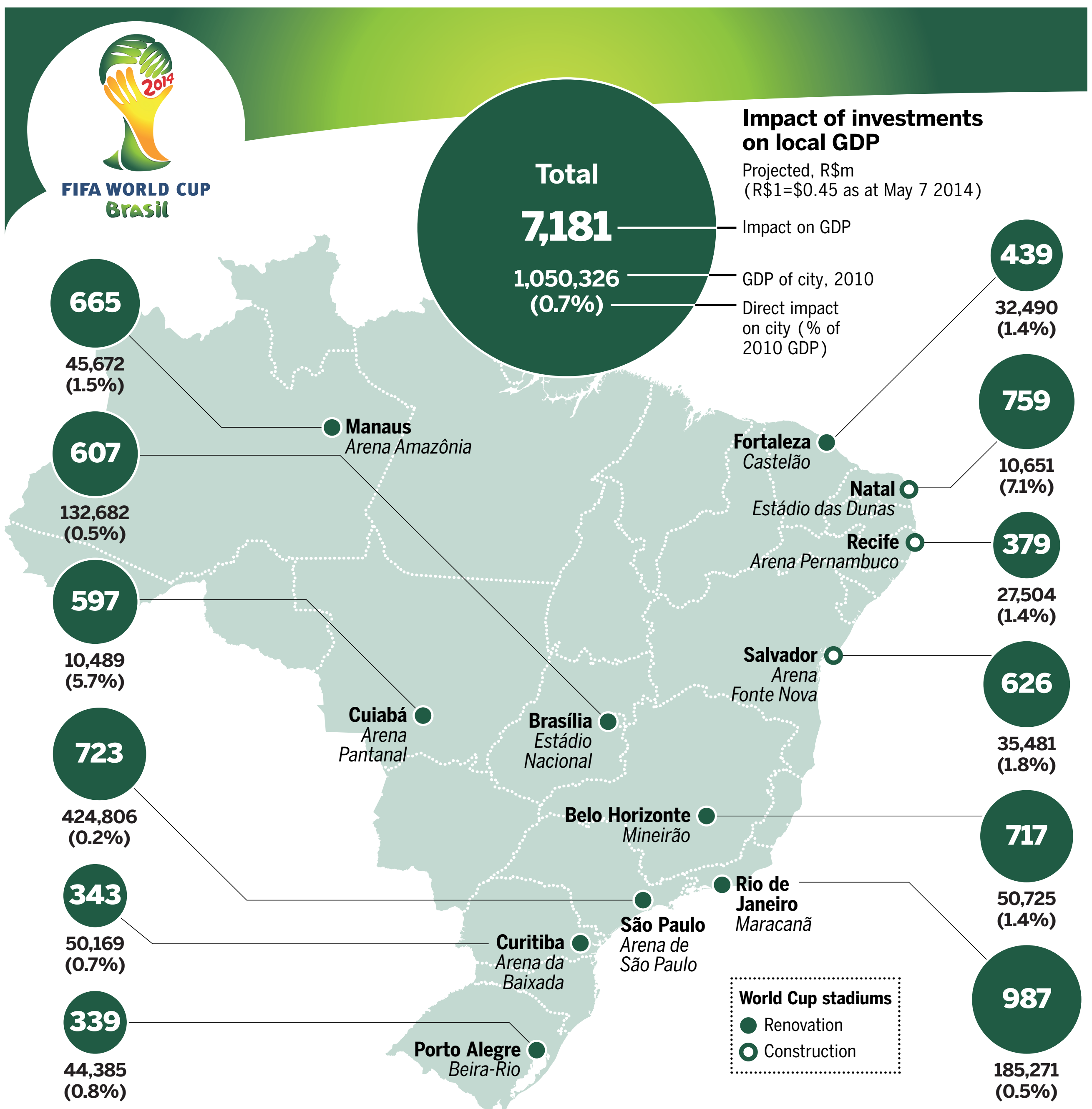
Continued on Page 4



All eyes on the future: young football fans show their allegiance Getty

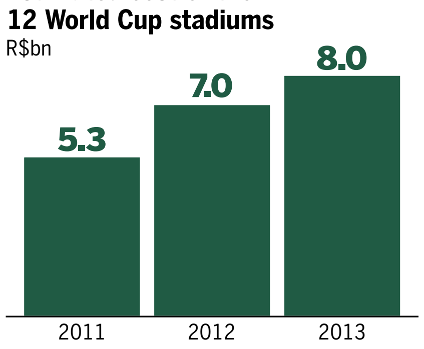
Inside »

Sporting infrastructure for the world stage



Estimated cost of the 12 World Cup stadiums

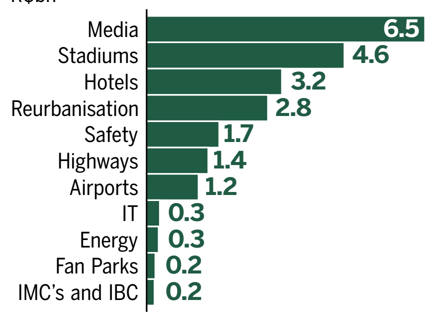
R$bn



Source: FT research; Ernst & Young; FIFA; Rio 2016

World Cup expenditure*

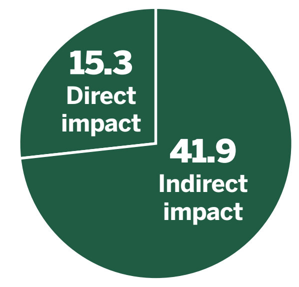
R$bn



* Based on original cost estimates

World Cup impact on GDP**

2010-14, R$bn



** 'Direct impact' estimates the GDP gain from investment and incomes from World Cup projects, mainly from the construction and business services sectors. 'Indirect impact' measures the gains to all other areas of the economy resulting from this increase in investment and incomes

Rio 2016 transport projects

Estimated costs

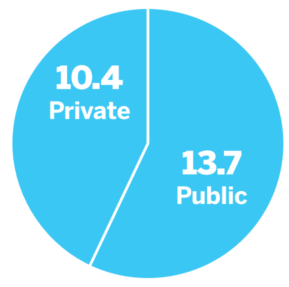
Metro Line 4
Subway
R$8.8bn
Six new stations and 16 km of new tracks will remove 2,000 vehicles per hour from rush hour traffic and transport up to 300,000 passengers a day

VTL Porto
Light rail
R$1.2bn
Will connect the Port regions to the centre. The upgrade will allow the light rail system to carry 300,000 passengers across Rio

BRT Transolympia
Bus
R$2.3bn
The upgrade will add 16 km of roads and eight new stations, connecting the main Olympic Park to the Barra and Deodoro regions. Able to carry 70,000 people per day

Rio 2016 investment split for budgeted projects

R$bn



Protesters complain 'no one represents us'

Politics World Cup to be focus of dissent, writes *Samantha Pearson*

More than 1m Brazilians took to the streets last June in the country's biggest protests in over two decades. The demonstrations, which were largely organised via Facebook, were sparked by rises in public transport fares, but quickly spread to include grievances over corruption and poor state health services.

Sporadic protests have continued since, drawing fewer people but often turning violent. Now, many groups are promising a wave of protests in June and July, when Brazil hosts the World Cup.

One of the protest leaders behind the "Não vai ter Copa" ("There will be no World Cup") movement, a 21-year-old law student who lives on the outskirts of São Paulo, talks to the FT. He has asked to remain anonymous for fear of arrest.

When did you get involved in the protests?
I started taking part in June last year and since then I have helped organise various protests, including against the World Cup. The movement began spontaneously and we created a page for it on Facebook in January. We've organised five protests against the cup so far and we're about to hold another one.

Why are you against the World Cup being held in Brazil?
Society in general and people who live on the "periphery" (the poor outskirts of Brazil's cities) are disillusioned with the World Cup. We need better education and better health services – when you go to a clinic, sometimes there are no doctors to help you – and the quality of public transport is terrible. There are many things that people who live out here are angry about.

But Brazilians love football.
Brazilians like football, yes; we are not against sport. We are against the use of public money for a private and global event that will not bring any benefits to the population.

How have the police reacted to the protests?
I've been sworn at and threatened by the police – this happens all the time. Once, in the middle of a protest, we went to the police station to help some friends who had been arrested. Some policemen stopped us and told us they would beat us up. They beat up some people nearby and then the police took our mobile phones and forced us to give them our passwords so they could erase any videos or anything showing them doing this.

Protesters are keen that international media 'show what is happening here'

The military police are the worst. They don't really know how to deal with the situation – they are very aggressive.

[Asked to respond, the military police force said in a statement that it acts in demonstrations to protect people, especially protesters. However, it had a duty to restore public order whenever it was compromised, by using legitimate means and necessary force. It noted that all the allegations related to the actions of the authorities during the June 2013 demonstrations were subject to a police-military investigation, which was reported to and submitted to the judiciary.]

What will the protests be like during the World Cup?
There will be fewer people (than there were during the protests last year), but the protests will be more violent. We are also planning to boycott the companies that are sponsoring the World Cup.

Will you target foreign tourists?
No, but we will do such things as invade the airport. We want to show tourists – we want to somehow use the international media – to show the world what is happening here. We will use the visibility of the World Cup to expose the problems we suffer.

What is more likely to happen to tourists is that they will be robbed. The drug trade will probably also increase, because tourists here are always looking for a good time.

Why do the protests often involve acts of vandalism?
If there wasn't any violence, no one would know anything about the protests. We had two protests that weren't violent and the media hardly reported on them at all. Violence is a way of people saying they have had enough, a way to show their dissatisfaction with what is happening and with the government.

If the population pays more attention when protesters break banks' windows, then so be it; or when buses are set on fire, so be it.

The media here often manipulate the situation in favour of the government, though. Protesters are against Globo TV (Brazil's largest television network) in particular. We are tired of seeing something different on the television from what we see on the streets. They make us out to be vandals with no political sensibilities. This helps to criminalise what we are doing and legitimise police violence against us.

[In response, Globo TV defended its coverage, saying: "Both organisers and authorities were heard. We presented acts of protest that passed without violence; we recorded actions of vandals and cases of police brutality. People tend to see their point of view. We understand this, but we must maintain our commitment to portray reality, showing everything, leaving nothing out. That is what we did and will continue doing."]

Brazil will hold presidential elections in October. Do protesters favour any party?
We are against the president, the governors, the mayors, the opposition – everyone. We call it a "crisis of representation" – no one represents us.

Glittering prize: Pelé – Brazil's 'O Rei do Futebol' (King of Football) with the Fifa World Cup trophy at an event to promote the tournament

Getty

Leaders look to keep a lid on World Cup protests

Social unrest Football icon Pelé leads calls for calm during tournament, although issues likely to resurface during the election, writes *Joe Leahy*

Pelé, the man known as Brazil's greatest footballer and usually referred to with the honorific *O Rei do Futebol* (King of Football), enters the room with an air of royalty.

He is appearing at a conference arranged by Iese, the Spanish business school, on the commercial aspects of football.

Pelé is instantly crowded by students eager to have their picture taken with him. Once they are shunted out by a security guard, he sits down for an interview.

Unsurprisingly for a man who owes his rise from humble beginnings to world acclaim wholly to sport, and who has long supported Fifa, football's global organising body, he is unreservedly upbeat about Brazil's hosting of the World Cup from mid-June to mid-July and the Olympic Games in Rio de Janeiro in 2016.

"For the country, this will be something marvellous, because it will bring many tourists, a lot of foreign exchange, and it will promote our Brazil," says Pelé.

Despite his enthusiasm and that of Brazil's centre-left government, first under the administration of Luiz Inácio Lula da Silva, the former president who led Brazil's campaigns to host the World Cup and the Olympics, and latterly under President Dilma Rousseff, the mood in the country before the tournament is strangely sombre.

On the minds of politicians, analysts and sponsors is whether there will be a repeat of the mass street protests that shook the Confederations Cup last June, when 1m Brazilians took to the streets. Promised immeasurable economic benefits from hosting the World Cup and a legacy of better urban transport links, Brazilians are disillusioned by perceived overspending on stadiums and under-delivery by the government on other public services, such as schools, hospitals, metros and buses.

The Confederations Cup experience was telling, particularly for Ms Rousseff, whose former record approval ratings plunged after the event. She has since recovered some ground – she still leads her nearest rival in the polls by 15 percentage points – but her position is not as secure as it was before last year's protests.

"Her approval rating tumbled after last year's anti-government protests and has never really recovered," says London-based research house Capital Economics in a report. "Those protests were driven mainly by complaints of cronyism and corruption, particularly surrounding preparations for next month's World Cup."

Others believe, however, that Ms Rousseff's dip in the polls is cyclical and that public opinion will shift once the World Cup is out of the way – provided nothing goes wrong.

"The president's numbers will probably stabilise during the World Cup and recover as the election campaign begins in earnest after the games," says Eurasia Group, a political research company.

While a hard core of protesters remain angry over public expenditure on the tournament and are ready to fight on the streets, others are sceptical that the mainstream public will follow them during the World Cup. Brazilian society's natural shock absorbers – its sense of humour, conservatism and distaste for violent confrontation, and its ability to adopt new trends – are taking some of the fury out of the general protest movement.

Alexandre Gama, the chief creative officer for Brazil at Bartle Bogle Hegarty, the UK-based advertising agency, says he was not sure how Brazilians would react when they saw the World Cup and demonstrations side by side. "That is very new for us."

But he says Brazilian society is excellent at "devouring cultural stuff" and turning it into something not necessarily better but "absolutely not the same". Take the protests. Mr Gama says Brazil is turning them "into something else with less weight . . . that's how we deal with differences".

One example was this year's São Paulo fashion week. Normally focused exclusively on haute couture, this year one designer's models carried crosses protesting against issues such as prejudice. The exercise softened the movement, using beautiful people and imagery to make its points, in contrast to the violence of protesters clashing with police on the streets.

Still, there remain plenty of signs of potential trouble. Over the past week or two, for example, a crowd of impoverished and homeless people has invaded an empty parcel of privately owned land near São Paulo's Itaquerão stadium. They claim the World Cup has raised rents and land prices in the area, making life unaffordable for them and necessitating the creation of this new favela.

One of the invaders is Valdirene Cardoso, who works as a chef's assistant earns Brazil's minimum salary of R$724 ($327) a month. "The rent of a two-bedroom house is now about R$600, so we have to choose if we want to eat or just pay rent," she says.

However Brazilians feel about injustices associated with the World Cup, Pelé for one is keen to try to persuade his compatriots to sort out their differences once the event is over. Get behind the national team, he says. The players have nothing to do with the country's political problems.

Engagement brings country benefits

International role

Actions lag behind the aspiration of being a big player, writes *Joe Leahy*

When Marcelo Gurgel, a Brazilian army colonel, went on a peacekeeping mission to Ivory Coast in 2010, the mission turned out to be anything but peaceful.

After Laurent Gbagbo, the country's former president, refused to give up power despite losing an election that international observers had judged fair, his supporters turned hostile to the UN forces based in the country.

Many UN troops were confined to base, but Col Gurgel, who was then a major, still managed to slip out on occasion to retrieve clothes or other belongings in a house in the capital that he and a few other Brazilians had rented.

They travelled in unmarked cars and their Brazilian passports also helped. Supporters of the former president, who shortly afterwards fell from power and was tried for war crimes, were looking more for French and Americans because of those countries' open opposition to Mr Gbagbo.

"We went to the house and passed through checkpoints," says Col Gurgel. "When they discovered we were Brazilian, they chatted about football, Ronaldo and Romário. They let us through because of Brazil's neutral position in the crisis."

Col Gurgel was at the spearhead of what has become one of the chief preoccupations of modern Brazil: how the country should project itself as a growing global economic force while maintaining its traditional neutrality and commitment to peaceful resolution of conflicts.

> Brazil faces a paradox: it is a regional power with global ambitions

Part of the answer has been to participate in UN peacekeeping missions. These allow the military to play a role in resolving conflicts based on the multilateral politics of the UN, without being forced to take sides in the play between great powers.

"Peacekeeping under UN aegis has enabled Brazil to showcase its perceived added value in terms of its expertise on stabilisation, its record on development and conflict mediation, and advocacy for the global south'," said a report in March by Noref, the Norwegian Peacebuilding Resource Centre, referring to the group of leading non-aligned developing countries. This includes India, China and South Africa.

Since Brazil began peacekeeping in 1956, it has participated in 46 of 65 UN missions and has deployed 11,669 personnel in total.

Until the government of former president Luiz Inácio Lula da Silva, however, these missions were mainly symbolic. Brazil generally participated in operations under the UN's so-called Chapter VI: peacekeeping with limited use of force and requiring the consent of all concerned.

The year after Mr Lula da Silva took power in 2003, Brazil took its first military leadership role in a UN mission in Haiti, known by the acronym Minustah.

This was a Chapter VII operation – peace enforcement, or forcible intervention – making it more controversial for a nation constitutionally committed to non-interference in others' affairs.

"Brazil's engagement in Minustah was contentious from the onset," the Noref report found. "Not only because it contravened the principle of non-intervention inscribed in the Brazilian constitution, but also – and especially – because the mission was perceived by some as complicit with US and French plans to oust President Aristide of Haiti."

The report noted that Brazil justified its participation by emphasising that the mission was "endorsed by the UN" and "consistent with the interests and directives of Haiti's authorities".

The Haiti mission provided a platform for Brazil to exert regional leadership. The mission was the first to have the majority of its personnel hail from Latin American nations.

Brazil further increased its dedication to peace when the army opened its peacekeeping operations centre in 2005 in Rio de Janeiro, otherwise known as the Sergio Vieira de Mello Centre.

Brazil has a dilemma when it comes to peacekeeping because of the paradox it faces in its international relations. It is a regional power with global ambitions; for example, it wants a permanent seat on the UN Security Council.

Despite being a western democracy, its doctrine of non-interference, say critics, regularly puts it at odds with Europe and the US and, de facto, on the side of authoritarian powers such as China and Russia.

The Ditchley Foundation, a UK-based think-tank, staged a recent conference on Brazil's place in the world and said it needed "to take more account of the perceptions of others if she wanted to be seen as a country with real weight and influence".

Col Gurgel is one who can testify to the benefits of international engagement. His eight-month deployment to the UN headquarters in Ivory Coast was dangerous but brought many advantages.

Not only did he become more familiar with French and English, but he worked with servicemen from all over the world, acquiring broader knowledge of peacekeeping and soldiering in general.

"We got to know other cultures, including African culture, which I think must be the source of our traditional Brazilian cheerfulness," he adds.

"I saw the people there in the middle of every type of difficulty always making the best of it – always smiling."

Tackling a crisis of confidence tops Rousseff challenger's list

Interview Centrist election hopeful Eduardo Campos explains his vision to *Joe Leahy*

Brazil's presidential elections in October are shaping up to be a three-horse race.

In the lead with approval ratings of about 37 per cent is President Dilma Rousseff. As a strong incumbent, the election is hers to lose.

But a scandal at Petrobras, the state-oil company that she led before her election in 2010, a slowing economy and persistent inflation are eroding support for her and her Workers' party, the PT. The party will have been in power for 12 years by the end of this year.

In second place, with approval ratings of 22 per cent, is Aécio Neves, the head of the Brazilian Social Democracy Party (PSDB). This led Brazil in the eight years until 2002 and is seen as more economically liberal than the left-leaning PT.

Finally, with approval ratings of 12 per cent and rising fast, there is Eduardo Campos of the Brazilian Socialist party. Hailing from an established political family in Recife in Brazil's northeast, Mr Campos and his vice-presidential candidate, Marina Silva, represent a new force in politics, because they have the potential to break the PT-PSDB's 20-year stranglehold on power.

At 48, Mr Campos is the youngest of the candidates. Here, the former governor of the northeastern state of Pernambuco outlines his electoral pitch.

What is wrong with the Brazilian economy?
Brazil has fundamental macro-economic problems, but they are not greater than challenges faced in the past, nor are they worse than the difficulties that many countries are experiencing now.

We now have a crisis of confidence. Society had the perception that things were getting better day by day. We built a democracy, we overthrew the authoritarian regime [Brazil's former dictatorship of 1964-1984], we overcame hyperinflation, and we built sound macro-economic fundamentals.

We began to reduce inequality. We had great expectations that the president [Ms Rousseff] would preserve these achievements and build on them, that she would improve governance [and] inspire confidence in investors, so that they would help us with infrastructure, with concessions and public-private partnerships.

[But] then society started to perceive that some things had stopped improving and others had started to worsen again.

In the short term, we need to recover the confidence of investors here and abroad through macro-economic governance that is backed by performance guarantees, with targets that are met, such as for inflation [and] for the primary fiscal surplus [the budget surplus before interest payments].

In the longer term, we need to focus very strongly on two pillars: productivity and quality.

The time has come for Brazil not only to make speeches about education, but to provide quality education, starting [with] crèches.

On infrastructure, we don't have the money in the budget to do it alone, so we need to . . . animate investors to help us build the roads, railways, seaports, airports, gas lines [and] power plants that we need.

Finally, in this search for productivity, we need to simplify the country by reducing bureaucracy and our taxation system.

A large state does not want that, it wants everything to be complicated . . . But we need to invert the logic in which today in Brazil it looks like society works for the state rather than the other way around.

People say that Brazil needs a "confidence shock" to win back investors. What would you do?
In our government, the central bank would have administrative autonomy . . .

I think it is very important that you guarantee that the [inflation] targets are indeed the targets and that you don't have a situation, as we are seeing now, in which the macro- economic and monetary policies work contrary to each other.

It creates a very negative impression for investors – [our present state of] high inflation, low economic growth and rising interest rates.

Radical strategy: Campos wants to see a focus on 'productivity and quality' Reuters

> 'We don't have the money to build infrastructure – we need investors to help us build'

What would be your new formula for Petrobras?
[In an unofficial policy to control inflation, the government has been forcing Petrobras to import petrol then sell it at below international prices.] Being an international commodity you have to have a rule that takes a reading of the international oil price.

What about the rule that requires Petrobras to participate in all the pre-salt concessions?
[After Brazil's discovery of huge offshore fields, known as "pre-salt" because they lie under a layer of the material beneath the ocean, the PT introduced nationalist legislation requiring Petrobras to hold a 30 per cent stake in every field alongside private sector bidders.

The measure was considered onerous because of the size of the required investment. It has led to a situation where Petrobras, already lacking in cash because of the fuel subsidies, is seen as wanting private sector bidders to pay the government less in auctions for the fields because it cannot afford to pay its part to develop them.]

We are the country of pre-salt and we are importing billions of dollars in fuel and we have Petrobras hoping that the concessions will be sold more cheaply so that it can pay less. The poorer it is, the less it supports Brazil.

We would like a Petrobras and a Brazil that both pull in the same direction.

One problem the next president will face is the difficulty of assembling a coalition in Congress, because of the sheer number of parties. This often leads to charges of corruption, as the president awards ministries to coalition allies. What will you do about this?
In our government, no party will have a ministry that it can call its own. We will end this practice, in the way Brazil put an end to the dictatorship and to hyperinflation.

I think Brazilian society has today knocked down part of the wall separating the real Brazil and Brasília and I think in October, we will demolish the rest.

Kick-start to new era for nation

Continued from Page 1

stars are no longer footballers alone. Brazilian fighters are champions in mixed martial arts, and the country is even fielding squads in the winter Olympics.

On the international stage, Brazil is becoming increasingly assertive. It is a regular participant in international peacekeeping missions.

A more reticent diplomat than her predecessor, President Rousseff still went on the attack last year over revelations from Edward Snowden, the former National Security Agency consultant, that Washington had spied on her communications, by cancelling a state visit to the US.

And Brazilian voters, until recently regarded as meek, even submissive, have found a voice.

Last year, during the Confederations Cup – the dress rehearsal for this year's World Cup – they took to the streets in unprecedented numbers to express concern over political corruption and ineptitude. A hard core plans to protest during the World Cup.

No one is certain if these protests – or the outcome of the World Cup – will affect presidential elections in October.

President Rousseff is facing an increasing challenge in her bid for a second term against the opposition candidates, Aécio Neves of Mr Cardoso's centre-right PSDB, and Eduardo Campos, of the PSB, a former governor of the northeastern state of Pernambuco who is courting investors.

If Brazil is to continue its rapid evolution, the next president will have to make tough economic decisions.

Rising household debt, the need for infrastructure investment and changes in the global environment have exhausted the Lula consumption-led model.

> No one is certain if these protests will affect presidential elections

Jean-Marc Etlin, chief executive of Itaú BBA Investment Bank, says: "We find ourselves in a situation after 15 or 20 years where we need to go to the next level. And going to the next level just doesn't mean repeating the same things."

Brazil needs to prioritise productivity in the short to medium term through investment in infrastructure and in the longer term by improving education, he says. "Otherwise, we won't enjoy the same pace of growth."

The four years of Ms Rousseff's first term have been a testament to the difficulties of making such changes.

A technocrat, she came to office with hopes of increasing investment. Instead, she pursued unorthodox policies focused on manipulating economic indicators, such as controlling interest rates, prices and the currency.

Jan Dehn, head of research at Ashmore Investment Management, says that unless the next president can put in place a credible economic team, restore fiscal responsibility, free monetary policy and the currency and liberalise price controls, Brazil will muddle along with low growth and high inflation.

"The medium-term outlook is OK, but by no means stellar," he says. "We are just going to see Brazil trundle along without a crisis but without great love from investors."

Things do not have to be that way.

From the moment Prof Nicolelis' patient kicks the ball at Itaquerão, not only will the World Cup be in play but the future of Brazil itself with the election campaigning that will start straight after the tournament.

It is a future that has rarely looked brighter, providing that whoever wins the election has the courage to make the necessary changes.

A period of growth is in sight, but reform must come first

Opinion
HENRIQUE MEIRELLES

Brazil can and should enter a new period of growth over the next few years, driven by an expansion of investment, particularly in infrastructure, and an increase in productivity.

Following the economic crises and periods of volatility that defined the 1980s and 1990s, Brazil underwent a deep macro-economic transformation that laid the groundwork for the country's most recent growth cycle.

When the 2008 financial crisis hit, the country's expansionary monetary and fiscal policies restored employment and consumption levels.

With the recovery in 2010, monetary stimulus measures were withdrawn, but the fiscal ones were maintained.

From 2011 onwards, the growth rate of productivity and gross domestic product fell, even after monetary stimulus measures were reinstated and fiscal stimulus measures were amplified – a clear sign of the exhaustion of the economic cycle.

With the jobless rate almost consistent with full employment and the borrowing capacity of the public and private sectors in decline, we are faced now with the end of what I would call the "bonus period" – brought by economic stabilisation – and we are making the transition to a new phase: that of productivity growth.

Fortunately, this new cycle offers enormous opportunities. The growth of the past decade has increased the country's production capacity and transport demands for both products and people.

At the same time, the consumer market has expanded greatly, with the middle class doubling in size from 60m people in 2003 to 120m in 2014.

This growth, however, has not been accompanied by an equivalent increase in the provision of logistics, energy and other forms of infrastructure.

The fiscal expansion of the past few years has restricted the capacity of the public sector to invest.

As such, it has created demand for infrastructure projects with good returns, making private sector investment viable and creating a positive environment for investments in productivity.

> 'Changes are feasible and now is the time to implement them'

However, for the country to reap the maximum benefits, it will be necessary to simplify the tax system and reduce the size of the informal economy.

In spite of the difficulties encountered on these fronts in the past, there is room under the current conditions to contain public spending and improve its quality, with a focus on productivity growth.

There is also a general consensus on the need to improve the business environment and foster greater worker productivity.

The significant progress made in improving access to education should now be followed by an improvement in the quality of education, creating a more qualified workforce.

It is possible to foresee the beginning of a new phase in the development of Brazil, based on the achievements of the past decade.

The significant growth of average wages and the consumer market has created the foundations for a new cycle of investment in infrastructure and productivity, and for reforms that will open up the country and make it more competitive.

The necessary changes are feasible, the conditions have been established and Brazil is more aware than ever that now is the time to implement them.

The writer is a former president of Brazil's central bank and former FleetBoston Corporate and Global Bank president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Ranchers shun chainsaws in renewed effort to boost yields

Amazon The farming industry has shouldered blame for deforestation, but new techniques are bringing hope to a delicate region. By *Joe Leahy*

Pastures new: cattle graze in the Amazon region, where beef farming methods are changing Reuters

Rancher Francisco Militão Matheus Brito shows off a herd of cattle, their brilliantine coats a sign of their health as they feast on an Amazonian pasture.

Alta Floresta, a municipality in the north of Brazil's Mato Grosso state, whose ranches border the remainder of the untouched Amazon forest, is a perfect place for raising cattle.

"This is a fantastic region. We have well-defined rains, we have a well-defined dry season," he says on a trip to his property, which covers about 700 hectares.

What many of Alta Floresta's farmers have lacked until recently, however, was the technical expertise to realise the potential of their land.

Now, ranchers such as Mr Militão are exploring new techniques to improve productivity in the municipality. In so doing, they are giving hope to an industry blamed for much of the deforestation in the Amazon.

Their success will help determine not only the future of the meat industry, one of the pillars of Brazil's rise as a global food producer, but also the country's stature as an environmental champion.

"Farmers have not had the technology," says Vando Telles de Oliveira, co-ordinator at the Integrated Cattle Initiative (ICV), a pilot project to provide technical assistance to ranchers from the Life Centre Institute, a conservation organisation.

"This exists, but it has not reached the field and as a consequence we have had a degradation of the soil, hydrological resources and pasture."

Mr Militão and ICV have achieved yield increases through a system of rotating cattle through a set of enclosures.

Once the grass in one is exhausted, the cattle move to the next, giving the first time to recover.

The cattle drink water pumped into troughs in the enclosures. Natural water sources are fenced off, protecting rivers and springs from erosion caused by the trampling of cattle.

Alta Floresta – its name meaning high forest – was founded by the private-sector "coloniser" Ariosto da Riva. The businessman acquired the land from the military government in the mid-1970s.

> In terms of kilos of meat per hectare per year, his farm is five times more productive than the state average

This was done under the generals' policy of settling the Amazon to ward off imaginary foreign invaders, described as *integrar para não entregrar* – literally "integrate so as not to deliver it"; or, put more simply, "use it or lose it".

Mr da Riva's vision of an ecologically balanced effort to exploit his vast patch of jungle was not to be. Gold was discovered and the region became a 20th century version of the California gold rush.

"The airport in Alta Floresta was the second busiest in Brazil in terms of landings and take-offs," says Mr Militão of that time.

Mr Militão bought his property in Alta Floresta 29 years ago. He runs a small business in the town to supplement his income from the farm.

"My family have always been farmers, small and humble. They were pioneers back in the day, clearing the bush with axes," he says.

Ranching practices in the region have traditionally been simple. Farmers cleared the forest, grazed cattle until the land was degraded and then cleared some more.

Over time, the farmers deforested the region's hydrological basins, areas today known as Permanent Preservation Areas under Brazil's new forest code, which requires that they be protected. The depleted basins led to an abrupt water shortage in the municipality recently, as rainwater no longer followed the traditional courses and streams, and caused erosion instead.

In 2008 a fresh crisis occurred, when Alta Floresta was put on a federal government blacklist of municipalities for rampant deforestation. In 2012, the city exited the blacklist, which restricts the provision of credit to farmers in the municipality.

It was forced to comply with laws such as a requirement to place more than 80 per cent of its properties in a state rural environmental registry, which allows officials to monitor whether property owners have stopped deforestation.

Mr Militão and a handful of other ranchers participating in the pilot programme with ICV represent the next phase of Alta Floresta's recuperation process.

Productivity among ranchers in Mato Grosso state is low, at an average of less than one head of cattle per hectare. With soya farming becoming ever more efficient and demanding more territory, it is only by raising productivity that ranchers will be able to increase their earnings without further deforestation.

By implementing the new but basic rotation techniques, Mr Militão has already raised the average productivity in the section of his property participating in the pilot project to 3.5 head of cattle per hectare.

By the more important measure of kilos of meat per hectare per year, his farm is already more than five times more productive than the state average.

Mr Militão's focus now is on improving the system, not only by raising healthier cattle but taking them to the slaughterhouse at a younger age, preferably before they are two years old.

Gesturing towards the brilliantine herd, he says the faster the throughput, the more meat a farmer will produce from the same area and the less the need to deforest new land.

"If an animal is stuck here for four years, we will lose in all senses: environmentally, economically – everything," he says.

Class Rich seal advantage in one of world's most stratified societies

Some believe modern Brazil is not one country but many, writes **Thalita Carrico**.

The biggest divide is along economic lines in a society ranked among the world's most unequal by the World Bank. According to the alphabet soup that demographers use to classify people, classes D and E are poor and extremely poor; class C is the new lower middle class; class B is the more comfortable – but far from rich – traditional middle class, and class A is the very upper middle class and the wealthy.

A family with monthly income above R$9,745 ($4,342) is typically considered part of class A; between R$7,475 and R$9,745 part of class B and from R$1,734 to R$7,475 part of class C.

The gap has narrowed in the past decade, helped by economic growth, social benefit programmes, pay rises and access to credit.

Millions have been lifted out of poverty into the new lower middle class, which now constitutes the largest income group in the country.

These advances, however, have not been matched by gains in income among class B, the traditional middle class of shopkeepers and professionals whose parents benefited during previous economic booms.

Discontent is on the rise, as people see roads, airports, universities and job markets that were once almost exclusively theirs becoming crowded with newcomers from the former lower income groups.

The upper echelons, meanwhile, continue to do well from the stronger economy. They can take advantage of the privileges of wealth and the advantages of a well-financed state that offers considerable benefits not only to the poor but also to the rich, such as free higher education.

Here we speak to three Brazilians occupying different positions on the socio-economic spectrum.

Paula Araújo
Housemaid

Living in the central soya bean state of Goiás, Brazil's equivalent of the US Midwest, Paula Araújo dreams every day of somehow being able to earn enough money to renovate the roof of her home.

She lives in a newly built house of three rooms with her husband, but is dissatisfied with the quality of the roof. "This type of shingle makes the house extremely hot inside, I want to change it for something more comfortable," she says.

But Ms Araújo's dream quickly runs up against financial constraints. She earns about R$400 ($180) a month as a housemaid and her husband does not have a permanent job.

To help with expenses, Ms Araújo registered in 2003 to receive the government's Bolsa Família programme, which pays a small monthly stipend to 36m low-income earners.

But even this source of earnings is not certain. The 44-year-old used to receive R$140 a month, but recently the eldest of her three sons finished school – the benefits are conditional on the family guaranteeing to fulfil certain duties, such as sending children to school – and her benefit was reduced accordingly to R$108.

She uses the money to buy medicine and school supplies. "I think Bolsa Família is good; it always comes to the rescue when we need it."

But despite her enthusiasm for the programme of benefits, she is concerned about the wider effects, complaining that some Brazilians have become dependent on the benefit.

"I know some families who receive R$400 a month and then don't want to work any more," she says. **TC**

Horácio Magalhães
Lawyer and community volunteer

With his Carioca accent – as people from Rio de Janeiro are known – the middle-aged Mr Magalhães was born and raised in the city's Copacabana beach neighbourhood.

He runs a community group, the Association of Friends of Copa, and divides his days between working as a lawyer and patrolling the beach in his free time looking for problems and nuisances that he can bring to the association for resolution.

These might include loud music, crumbling footpaths, the need for a pharmacy or a lack of public services.

He says that in the past decade, the traditional middle class lost its economic power, while the new middle class has gained. "My old building is where the [traditional] middle class used to live. Now it is the man who sells hot dogs in a food truck on the beach who shares the rent of a studio with four other people."

Rising incomes mean that people of all social backgrounds can afford to live in the neighbourhood's apartment blocks. Mr Magalhães laments that more and more of the old residents of Copacabana who can afford to do so are migrating to other neighbourhoods.

"Copacabana has become a tower of Babel," he says, recalling how one residential tower has been forced to hire security staff for residents' meetings, so heated are the discussions between the inhabitants.

One residential block has installed biometric fingerprint recognition because the mix of people entering and leaving the building make it difficult for guards to distinguish resident from visitor. **TC**

Mariana Kauchakje
Student

Mariana Kauchakje studied in private schools. To give her a further leg-up, her mother, a college professor, paid for three years' worth of extra English classes.

The effort was rewarded: Ms Kauchakje was selected to study visual arts in the federal university of Paraná.

In Brazil, state-run colleges are free, but difficult to enter because of challenging entrance exams. This favours the upper middle class and wealthy, because they can afford the expensive, higher quality private education necessary to get the grades.

The 25-year-old also studied in Massachusetts in the US for one year through the government's so-called Science Without Borders programme, aimed at getting more Brazilian students studying abroad.

The government paid for her flights to the US as well as $1,500 for relocation and a monthly allowance of $300. The school in Massachusetts offered meals and lodging.

Ms Kauchakje says she needed extra financial support from her mother. "I spent a lot on winter clothes and school supplies were very expensive," she says.

The student says the requirements of the programme excluded people from the lower middle class.

"Who in Brazil is proficient in English? Who has $400 to pay for the Toefl test?" she says, referring to the standard international English test.

For her, though, the government-funded programme was a boon, strengthening her already considerable head start in life.

Today she lives in an upper middle class neighbourhood in Curitiba, southern Brazil. **TC**

Service standards lag behind in consumer boom

Retail

Recalcitrant vendors and naive shoppers create culture of mistrust and complaint, writes *Thalita Carrico*

When Janaína Cheim bought a stove in December, she had a nasty surprise – the appliance leaked gas. But worse than the defect was the months-long crusade she had to undertake to return the appliance and get her money back.

A technician visited her house three times without resolving the problem and her calls for reimbursement went unanswered until she complained on social media.

When the company that had sold the stove finally replied, it asked her to sign a contract agreeing not to sue in return for a refund. "The companies don't care about consumers – they only want to sell," says Ms Cheim.

Her problems are typical in a country in which rapid economic growth and increased access to credit over the past decade have helped create a consumption boom.

At the forefront of this shopping spree is Brazil's so-called new middle class, made up of more than 40m people who have risen from poverty over the past decade to a position in which they can afford basic consumer goods and services.

The growth of this group has radically increased demand for infrastructure, shopping centres, call centres and salespeople. But standards of customer service have not kept pace.

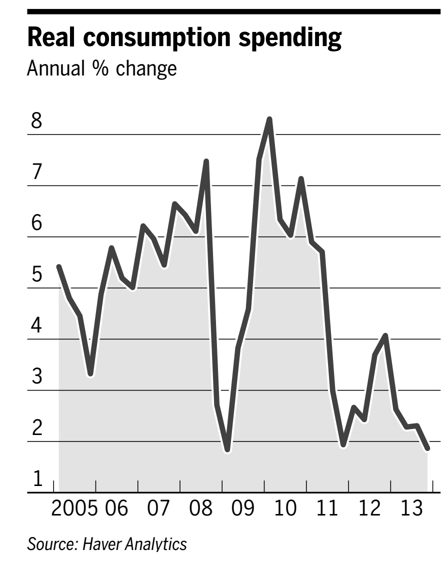
"The new consumers who have recently gained access to the market are vulnerable because they have not been taught their rights," says Paulo Arthur Góes, executive director of the São Paulo division of Procon, a consumer rights agency.

Although the frenetic pace of consumer spending in Brazil has eased recently, thanks to high inflation and a slower economy – with growth reaching only 2.3 per cent last year – people are continuing to spend, partly because unemployment is low.

The World Cup, which starts next month, is spurring consumption. Sales of televisions rose 38 per cent in January compared with a year earlier, according to Eletros, the appliance retailers' association.

With rising sales has come a sharp increase in complaints. Procon publishes a list of the 50 most complained-about companies. The top 10 almost always include banks, telephone companies and pay television and ecommerce groups. Complaints concern faulty billing, poor quality, difficulties terminating contracts, and trouble with customer service.

Burden of proof: many Brazilian shoppers are unaware of their rights



While the new consumers may be naive, the companies seem equally ill prepared. When buyers have complaints, the strategy of many vendors seems to be to stonewall them until complainants give up from exhaustion, says Mr Góes. "The companies aren't able to meet the demand for more quality, so if consumers have a complaint, the logic is to defeat them by tiring them out," he says.

Marco Rodrigues, president of the Syndicate of Electrical Equipment and Appliances Retailers in São Paulo, counters that consumers sometimes try to take advantage of companies.

"Consumers are quick to insist on their rights, but they don't want to know anything about their obligations," he says. Many try to return items simply because they do not like them or did not choose correctly, he says.

But some people are finding opportunities in the challenges faced by Brazil's new consumers.

After missing a flight and losing a business opportunity because of overbooking by an airline, Maurício Vargas, a designer, turned the setback into a business. In 2001, he created the website Reclame Aqui (Complain Here), an online platform where customers post complaints and companies reply.

Reclame Aqui now offers online tools to help companies organise and respond to customer complaints. Profits have risen from zero in 2011 to R$8m ($3.6m) in 2013.

The website fielded 5m consumer complaints in 2013. With the launch of a mobile version this year, Mr Vargas expects this to rise to 14m in 2014. "Brazilian consumers are not sophisticated – they go for price first," he says.

In a country in which great customer service is rare, businesses that try hard to please customers gain an advantage. Clothing brand Farm Rio, for example, started as a booth in a clothes fair in 1997, but is now one of Rio de Janeiro's most famous retail chains with 54 stores.

Its success is the result not only of the colourful and original patterns of its clothes but also the way it treats customers, particularly its "flexible" return policy. This allows customers to return clothes without a receipt.

The owners Marcello Bastos and Kátia Barros applied to the retail chain the lessons they had learned in their small-scale business at the fair: the need for personal relationships with customers and to be responsive to their needs.

Ms Cheim had been hoping to hear similar reassurances from the company that sold her the stove. She eventually received her money back, but the company has yet to retrieve the offending item from her home.

Chery's chief shares nation's car obsession

Auto industry

Curi sees room for China manufacturer to grow, says *Samantha Pearson*

Luckily, Luis Curi shares his compatriots' enthusiasm. After a long day at the office, the chief executive and vice-president in Brazil for Chery, the Chinese automaker, says everyone wants to talk to him about cars.

Even when he visits the doctor, "we spend the first 10 minutes talking about my health and the next 50 minutes talking about cars," says the 52-year-old Brazilian.

"Brazilians have a huge passion for them, which is only surpassed by their love of football. In fact, cars are probably on a par with Carnival," he says.

Over the past decade, Brazil's fleet of vehicles has more than doubled to 83m, according to the national traffic department, as rising incomes among the new middle classes and greater access to consumer credit have allowed many Brazilians to buy their first car.

The Latin American country has overtaken Germany, according to data from Anfavea, the automakers' association, to become the world's fourth-biggest car market and the industry accounts for almost a quarter of Brazil's industrial gross domestic product.

Luis Curi: 'It can take a long time to gain brand recognition in Brazil'

Chery entered the Brazilian market in 2009. While sales have shown signs of slowing over the past year, Mr Curi says there is still room for growth.

"Some cities are already saturated, but there is the whole region outside the cities to explore," he says.

"If Brazil doesn't manage to surpass Japan within the next 10 years to become the world's third-biggest market, it will get very close."

However, Brazil is far from an easy market, he says. Brazilians' love of cars and the high price they have to pay for them (as a result of the country's heavy tax burden) have made them particularly picky customers.

"Brazilians are more open to new products than other nationalities, so it's easy to gain access to the market. But because they're so demanding, it can take a long time to gain brand recognition," says Mr Curi.

For this reason, Chery entered the market with one of its most expensive models in order to "break the stigma" attached to Chinese products as cheap, low-quality imports, he says.

In a further move to gain Brazilians' trust as well as cut logistics costs, Chery has spent $400m building a factory just outside São Paulo, which is expected to open in the second half of this year.

Two months after Chery began construction in July 2011, the Brazilian government announced measures to clamp down on imports, making local production even more necessary.

It was 2007 when Mr Curi began working with Chery, as it turned its attention to the Brazilian market. Aside from the country's labyrinthine taxes, the volatility of Brazil's currency at the outset of the global financial crisis made it difficult to formulate a business plan, he says.

"After all, currency volatility is not something they normally have to deal with in China."

By 2007, Mr Curi knew the Brazilian market inside out. After graduating in economics and a brief stint in banking, he began working in the industry in the early 1990s, when Fernando Collor de Mello, Brazil's then-president, opened up the country to imports.

He started at Japanese companies – acting as executive director in Brazil for Suzuki and then Mazda – before moving to Ssangyong, the South Korean automaker, to help it break into the country. He has also worked for India's Tata, Maruti and Mahindra.

Mr Curis says: "It was all about Japan in the 1970s and 10 to 15 years ago it was the South Koreans, but then it was clear the next automotive 'wave' would come from China."

When he joined Chery, he spent weeks travelling in China, getting to know what he describes as a "magnificent" country and learning just enough Chinese to impress his bosses.

However, as the carmaker began to open dealerships across Brazil, his time was taken up by endless trips across his own country – where it can take more than nine hours to fly from one end to the other.

"I would spend months in a sequence of trips," he recalls.

Nevertheless, opening dealerships is still the best part of his job, he says. The worst part is reading the economic pages of the newspaper every day.

"You see that the dollar has strengthened and you have to absorb this and try to find a solution that inevitably changes the plans you made."

But, after more than 20 years in the industry, a career change is not an option. "It's a fascinating world . . . It gets you like a virus; once you're in, it's very difficult to leave."

Olympian effort brings winter sports to favela's children

Uphill all the way: children take part in a 'ski the streets' class using roller skis adapted for use on concrete — Thalita Carrico

Street skiing São Paulo's young learn unlikely lessons from Sochi athletes. By *Thalita Carrico*

São Paulo is experiencing its coldest day so far this year. The temperature has fallen to a touch below 20C. For Leandro Ribela, the Brazilian winter Olympian, the weather is perfect for a touch of skiing – on concrete, that is.

Fresh from the Sochi Winter Olympics, the cross-country skier pulls up in his car near the city's tough São Remo favela, known for its armed robbers and drug gangs.

Pulling out a set of huge suitcases containing "roller skis" – skis adapted for use on concrete with small wheels underneath – he greets a group of children from the favela that have arrived for training under his charity programme, known as *ski nas ruas*, or ski the streets.

"Did you eat a snack before class?" the 34-year-old asks, as he sets the children up to begin skiing.

Teaching boys and girls from a favela to ski on concrete and tarmac may seem like a tough challenge, but as a winter Olympian from a mostly tropical country, Mr Ribela is used to going against the odds. In a country acclaimed for its prowess at soccer and – a very distant second – beach volley ball, the evolution of the nation's winter Olympic squad is an illustration of modern Brazil's ability to surprise and defy the clichés.

The Winter Olympics began in 1924, but Brazil only started sending squads in 1992 when the games were held in Albertville, France. Snow is a rarity in Brazil, to say the least. Last year, for example, in the southern city of Curitiba where the winters are cold by Brazilian standards, it snowed for the first time in 38 years.

The first time Mr Ribela saw snow was as a 12-year-old during a family ski trip to San Carlos de Bariloche, the Argentine mountain resort.

It turned out that while his family, like many Brazilians, did not take to the cold and the snow, he liked both very much.

"I have always been motivated by sports and the Olympic Games were my goal, but I never imagined I would do it through snow sports," says Mr Ribela. He was one of 13 athletes Brazil sent to Sochi to compete in seven categories, a record-sized squad for a country that dispatched only five athletes to the last Winter Olympics in Vancouver.

In Sochi, his second Winter Olympics, Mr Ribela was ranked 80th out of 86 competitors. A modest result, he admits, but he still led the South American rankings.

Brazil's government has invested R$5m ($2.2m) over the past three years in its Winter Olympics committees through a law known as Lei Agnelo/Piva.

Passed by former president Fernando Henrique Cardoso, the law requires that 2 per cent of gross revenues from federally supervised lotteries must be transferred to the Brazilian Olympic and Paralympic committees.

> 'We try to instil a sense of commitment to a goal'
> **Leandro Ribela**

Brazil's winter athletes arouse curiosity among their competitors at the games. The crowds attracted by winter sports in Europe can rival those of the Maracanâ, Rio de Janeiro's soccer stadium.

Mr Ribela recalls a cross-country skiing race in Norway with 70,000 spectators. "It looked like a soccer stadium; when we passed, they cheered and screamed for us. It was a great feeling," he said.

Today, the Brazilian athletes are recognised and respected at these events but it was not always like that. "In the beginning, when our skill levels were really bad, I could sense some misgivings, people wondering: 'What are those guys doing here?'."

Brazil's tropical conditions and short history in winter sports mean athletes must cope with a scarcity of training facilities and experienced coaches to help them improve. For most of his career, Mr Ribela got around the problem by training extensively in Europe and the US.

"Until 2010, I racked my brains to learn where and how to train." But then after spending a summer in Europe, he saw that athletes there stayed fit by training on asphalt with roller skis.

He began doing the same in São Paulo and it was then that he noticed the plight of the children of São Remo, many of whom worked minding cars or selling water to people jogging and riding bikes on the University of São Paulo campus nearby.

He hatched a plan to engage the children in constructive activities through sport, with additional Spanish, English and sexual education classes.

"The schools there are terrible. You see 14-year-old kids attending classes who still don't know how to read," he says.

"We try to instil in them Olympic values, not necessarily athleticism as such – we don't expect high performance. But we try to teach them a sense of commitment to a goal," he says.

Nevertheless, the dream of some of the students is to become exactly that: an Olympic athlete just like Mr Ribela, whom they gently call "professor".

He and three more volunteers train 25 children. Helped by donations, three of the children have travelled with Mr Ribela to competitions abroad, where they saw snow for the first time.

"It was so different, but it was easy to adapt; after 10 minutes I started a 17-km race," says Victor Melo, one of the students, of his first attempt at snow skiing. "My mum said she was really proud of me. She never imagined I would visit another country."

Another of the children, 15-year-old Gustavo de Souza, was born with only one leg and is on a waiting list for a prosthetic limb.

But his disability has not stopped him from roller skiing. He shows off his mastery on the roller skis by speeding down hills, even passing over speed bumps on the road.

His dream is to compete at a Paralympic Games. "Skiing on actual snow? It must be heaven," he says.

Ultimate Fighting craze proves lucrative for television networks

Martial arts

Brazilians lead the field in the tough world of UFC, writes *Samantha Pearson*

Lyoto Machida says his father never pushed him to become a professional fighter. But with a father like Yoshizo Machida, it was perhaps inevitable that the young cage fighting champion would aspire to such a career.

Lyoto's official nickname as a former light heavyweight champion in the Ultimate Fighting Championship (UFC) is The Dragon, but many fans in Brazil know him as the real-life Karate Kid.

Under the guidance of his father – a strict Shotokan karate master who migrated from Japan in the 1960s – he began learning karate when he was three. By the age of 13, he was already a black belt.

"He has trained all my brothers," explains Lyoto in a surprisingly soft tone for someone who makes a living from cage fighting – a form of mixed martial arts that takes place in an enclosed space.

"For him, the most important thing he could pass on was the philosophy behind the martial art – principles of respect and self-confidence."

Like Lyoto, many of Brazil's fighters have benefited from their diverse cultural heritage – largely Japanese, African and European traditions – making the country one of the strongest in the UFC world circuit.

Lyoto Machida, left, in the ring with Dutch fighter Gegard Mousasi — Getty

UFC has its roots in Brazil and the recent success of so many Brazilian fighters has increased the sport's popularity across the country, turning it into a lucrative business for television networks and advertisers.

Brazil held one UFC event in 2011, three the following year and seven in 2013, turning the Latin American country into the most important host country after the US.

> Brazil held one UFC event in 2011, three the following year and seven in 2013

It is set to hold another seven UFC events in 2014, even as the country takes on the task of hosting the World Cup. Since the beginning of 2011, 11 of the 13 UFC events have sold out, according to the UFC's Brazil office.

Aside from Lyoto and Anderson Silva, the popular former middleweight champion, another seven Brazilians have won UFC championship titles.

Lyoto was 15 when he set his sights on a career in UFC. "I saw a fight for the first time and I got it into my head that I wanted to be a champion," he says.

His father taught the young Lyoto his own, hybrid version of karate, called Machida Karate. In 2009 all the sweat and blood finally paid off. On May 23 that year Lyoto knocked out the US fighter Rashad Evans, clinching the UFC title in the process.

But at the age of 36, Lyoto has now been in the UFC for 12 years and there is pressure on him to retire – not least from his own father.

Yoshizo, who has acquired cult status in Brazil for his martial arts teaching, has given several interviews over the past couple of years, saying that he believes his son is now past it. However, Lyoto has other ideas. "I want to keep going for another three or four years," he says, rather timidly.

But when the time does come to walk away from the cage, he intends to follow in his father's footsteps by teaching others how to fight – perhaps even his own children.

"I won't force them though," says Lyoto. "I'll just sit back and see which path they follow."

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Behaviour-targeting aims to release blog power

Interview Boo-box's Marco Gomes finds his pioneering technology is in demand, writes *Samantha Pearson*

Evangelical conviction: Marco Gomes quit university in 2006 to found boo-box, convinced of the untapped advertising potential of social media

Gama, a small town in Brazil's central scrubland, was not the most obvious place for a budding computer scientist to grow up but Marco Gomes did not let that put him off.

At the age of 11, he built a computer using discarded parts from old desktops and taught himself how to write code. By 12, he was selling his services as one of Gama's few website developers, creating designs for everyone from the owner of the local hardware shop to a language school.

The son of an evangelical pastor and a wedding photographer, Mr Gomes has made it to the forefront of Brazil's social media scene. His company, boo-box, displays 1bn advertisements for clients every month across 500,000 blogs and other social media sites, and claims to reach about six in 10 internet users in Brazil.

Mr Gomes no longer works from his bedroom but from a trendy office in one of São Paulo's upmarket business districts, complete with Google-esque relaxation areas.

"Even though we're still small – there are about 40 people here – we are able to compete on an equal footing with the likes of Facebook and Google," says Mr Gomes, who has just turned 28.

He received an initial investment of $300,000 from Monashees Capital, the Brazilian venture capital fund, in 2007. Intel Capital bought an undisclosed stake in the company in 2010. In 2012, boo-box was ranked by Fast Company, the business and technology magazine, as the second-most innovative company in Brazil.

Over the past few years, the country has become a fertile ground for social media businesses.

A surge in smartphone ownership among the new middle classes has helped create one of the top markets in the world for Facebook and Twitter, according to those companies.

Mass protests last year – largely organised via Facebook – highlighted the importance of social media.

For Mr Gomes, however, it was one statistic in particular that caught his attention at the age of 20 and led him to create boo-box.

"It was 2006 and the internet was taking up an ever bigger part of people's leisure time – about 60 per cent," he says, reeling off statistics at a rapid pace.

"However, investment in online advertising was only 3.8 per cent [of total advertising] . . . and it was all in web portals, which weren't as popular with our generation.

"Now, our generation had no money. We weren't economically active, but it was only a matter of time. So you had 60 per cent of leisure time consumed by the internet, with only 3.8 per cent of total advertising, and this 3.8 per cent was in the wrong place."

With an almost evangelical conviction in these numbers, Mr Gomes quit university in 2006 to set up the country's first technology company to specialise in social media advertising.

Boo-box has more than 1,500 clients – ranging from the country's biggest banks to pet shops – which rely on the company to help them reach potential customers across hundreds of the country's most popular blogs.

The key to its success has been the technology it uses to target these customers: behavioural targeting. This tracks which of the company's participating blogs and social media sites a user has visited. "We focus on the individual rather than the website," says Mr Gomes.

For example, if a carmaker wants to advertise its seven-seater SUV, boo-box would not simply publish the advert on a blog for cars, but publish it for users whose browsing history indicates they might be looking for a larger car.

For Marcelo Nakagawa, professor of entrepreneurship at Insper, a São Paulo-based business school, this has been the key to boo-box's success. "No one else in Brazil has anything similar to the technology it uses, nor the database of consumer behaviour it has gathered, so it really is a pioneer in this respect."

While boo-box faces tough competition from large players such as Google and Facebook, it has carved out a niche in Brazil by focusing on smaller blogs, giving it access to richer data on consumer preferences, he says.

However, the next challenge for the company will be finding a way to compete in the fast-growing market for mobile phone and tablet apps, says Mr Nakagawa.

The company does not disclose its profits, but according to the most recent market estimates, it generated R$11m ($5m) in revenues in 2012.

Getting rich was never Mr Gomes's intention, he insists. Instead, he sees his business as a way of providing Brazil's bloggers with a sustainable funding model.

"From the very beginning, boo-box was created to develop and finance independent media in Brazil," he says. As well as providing bloggers with a way of making money from their sites, boo-box offers training courses to help them write better.

Last year's protests in Brazil proved the need for more independent journalism, he says, pointing out that it was often bloggers, rather than mainstream media, who captured what was really going on in the streets.

The CV
Marco Gomes

1986 Born May 14

1998 Begins working as a freelance website developer using a computer he built himself

2006 Quits computer science degree at the University of Brasília to found boo-box

2010 Intel Capital buys a stake in boo-box

● He is married, likes cycling, is a self-proclaimed fan of zombies, science fiction, robots and is fascinated by second world war history

Red tape and high costs make designer market a tough sell

Luxury brands

Challenge is to lure consumers away from spending abroad, says *Vincent Bevins*

As Brazil's economy powered forward in 2010, its luxury industry was regarded as one of the world's most promising. Domestic consumption was on the rise and the country was home to an increasing number of very wealthy people.

Household consumption accounted for 62 per cent of Brazil's economy in 2012, according to the World Bank, a proportion that had increased slightly since the start of the boom.

The country was home to 227,000 US dollar millionaires that same year, according to Credit Suisse.

The luxury market was expected to deliver easy profits: established luxury brands could sell to a country of 200m consumers, while local brands could expand abroad.

But the reality has been less lucrative. International brands have arrived to mixed success, and the prospect of Brazilian brands finding success abroad is looking slim.

"Everyone thought Brazil was a pot of gold that one had only to claim," says Jorge Grimberg, a São Paulo-based trend analyst at Stylesight, a fashion market intelligence provider.

"But brands coming here found breaking into Brazil was tougher than expected, not only because of high taxes and costs but because Brazilians consume luxury differently. I don't see many brands becoming big abroad soon," he adds.

Brazil has proved a more successful consumer than producer of high-end luxury goods. But even as international brands established successful branches in Brazil's high-end malls, others found the market small and difficult.

One problem was that wealthy Brazilians had long been accustomed to buying high-end clothing, bags and jewellery when they travelled abroad. Because of high import duties and local bureaucracy, luxury goods are often cheaper in the US or Europe.

"The Brazilian luxury customer can be on a plane to Miami tomorrow and buy for considerably less," says Antonio Haslauer da Costa, an independent business development consultant specialising in the luxury market.

"The reason they will buy at home is because they feel they belong to a club. Companies need to understand that mechanism and create an exclusive environment, with prestigious events."

Some brands have done just that, putting on events or recruiting local ambassadors. Others have tailored their advertising to Brazilian consumers, or, like carmaker Audi, launched local magazines. Burberry, Gucci and Prada have been successful with these approaches in recent years, says Mr Haslauer da Costa.

Location matters too. Rather than setting up shop on a São Paulo or Rio street, success often means tucking into a space in one of the country's large and loud shopping malls, considered more glamorous and safer destinations.

Cartier, for example, closed its high-street location and retreated into a mall. "Brands have moved mainly because of security," says Maxime Tarneaud, country manager for Cartier in Brazil. "[Malls] give shoppers a place with a wide selection of products, and air-conditioned spaces.

> 'Companies need to create an exclusive environment with prestigious events'

"In 2009, there were only 12 foreign luxury brands in Brazil [including Cartier]. Since then, 30 have arrived. That has a lot to do with spaces opening up in malls, but we still estimate Brazil only makes up about 1 per cent of the world's total luxury market."

"Shopping malls are simply a part of the culture for Brazilians with money," explains Mr Grimberg. "You can wear an extremely expensive watch in São Paulo, but some people prefer to do it in their bulletproof cars."

Mr Tarneaud says the biggest challenge is the high prices for imports – usually between 30 and 100 per cent higher than those in the US or Europe, and the subsequent need to persuade shoppers to buy in Brazil. The upside, he says, is the general eagerness of the upper class to spend.

"Our strategy is to adopt an aggressive pricing approach, and aim for just a 20 per cent mark-up on the US or Europe," says Mr Tarneaud. He says Brazil's most exciting growth prospects lie in secondary cities, such as Belo Horizonte, Curitiba, Recife and Riberão Preto, where malls will provide the basis for expansion.

"But Brazil will never be a market like China."

Brazilian brands that hoped for international success have had it tough – with a few exceptions, such as Osklen, a Rio fashion house, and Pedro Lourenço, a fashion designer with a shop in São Paulo.

Their success, analysts say, is largely due to their niches – high fashion – and both brands are rarely present in more than a few shops worldwide.

Over the past few years, many international fashion journalists and editors at fashion weeks in São Paulo and Rio have been disappointed to see brands take inspiration from Europe rather than local influences and materials.

Without a clearly differentiated Brazilian brand to sell and with the economy slowing since 2010, most homegrown luxury brands have been limited to trying to hold their ground.

"Brazilian brands' globalisation efforts have lacked a bit, and they have often erred on the side of trying to be everything for everyone," says Mr Haslauer da Costa.

"They can't simply expect to duplicate what international brands have with centuries of luxury legacy."

Off the street: Gucci in the Village Mall, Rio Bloomberg

The Beyoncé of Pará gives voice to the new north

Music Defying the snobbish southern critics, Gaby Amarantos has brought her unashamedly upbeat tecno brega to the masses, writes *Joe Leahy*

Celebrating new riches: Gaby Amarantos, her musical peers and their fans spring from a confident lower middle class

Gaby Amarantos, the queen of tecno brega, or "cheesy techno", is having a few hours of uncharacteristic quiet time in her new apartment in central São Paulo.

It is Sunday night and the woman who has been called the Beyoncé of Pará, the Amazonian state in Brazil's north where her genre of electronic pop music originated, has already performed three shows today.

"Would you like something to drink," she asks, a faultlessly hospitable host even though she must be tired. She is still wearing make-up from the shows.

The growing popularity of Ms Amarantos in São Paulo is a measure of how far she and tecno brega have come.

The name of the genre has been attributed to snobbish critics in Brazil's richer south, who originally derided this form of music from the lower-income areas of Pará's capital, Belém. But rather than react to their taunts, Ms Amarantos embraced the label and the music as her own, celebrating rather than apologising for her success.

She and her family are among the 40m or so people who have moved into Brazil's lower middle class over the past decade, thanks to a stable economy, rising incomes, social welfare and greater access to credit. Together, they are reshaping Brazil's social, political and cultural life.

"I drink champagne; who doesn't like luxury? A life of glamour is all good," say the lyrics of one of her latest songs, "Gaby Ostentation". But after its celebration of new riches, the song continues: "I don't need much to make me complete . . . family barbecue, drinking beer . . . that's what it is to be rich . . . happiness you don't buy with a card."

One has to visit Belém and its tecno brega parties to get a feel for where Ms Amarantos comes from. During a visit by the FT last year to the tough neighbourhood where she was brought up and still lives, Ms Amarantos showed off some local tecno brega parties.

At one, a large alien spaceship appeared to be preparing to take off, smoke pouring from its sides. This was one of tecno brega's trademark *aparelhagems*, or apparatuses. These are sound systems built into an outlandish stage. At the top of the structure is a kind of cockpit for the DJ.

Each *aparelhagem* and its DJs typically run their own unique mixes of sampled pop songs and electronic music that forms the basis of tecno brega. Unlike other forms of urban music from the peripheries of Brazil's big cities, such as funk – whose themes can be dark and about gangster life – tecno brega is unashamedly upbeat and its rhythms lighter.

While few Brazilians outside Belém had heard of Ms Amarantos until a few years ago, the 35-year-old says her career spans about two decades.

> 'Brazil is living in a moment of confusion. I have no idea what will happen'

She used to sing in the local church before she began making her own music and giving it away on home-made CDs. She toured the Amazon's cities by boat, bringing to the region's remote towns her tecno brega parties and her extravagant costumes.

Since her career took off in 2010, she has become a national television celebrity, appearing on shows such as *Medida Certa* (Right Measure) on Brazil's dominant Globo TV network. Participants try to shed weight. "I lost 18kg," she says with pride.

One of her songs is the theme tune for a new soap opera, *Geração Brasil*, or Generation Brazil. This is the second time one of her songs has been used for one of Brazil's immensely popular soap operas.

With the World Cup starting next month, she also recorded tournament sponsor Coca-Cola's theme song for the event alongside Rio de Janeiro group Monobloco.

She says she is expecting numerous singing engagements during the World Cup. But the schedule remains unclear because of uncertainties such as whether the protests seen last year during the Confederations Cup, the dress rehearsal for the World Cup, will be repeated.

Brazil is facing a difficult year, Ms Amarantos says. Like many Brazilians, she originally supported hosting the World Cup, but she did not expect the amount of controversy over lavish government expenditure on the event.

Brazil is preparing for elections in October, adding to the uncertainty. "Brazil is living [in] a moment of confusion. I don't have the slightest idea where Brazil will go and what will happen," she says.

Like the country, her music is evolving. While she maintains the brega rhythms, she is incorporating other styles, such as samba, sertanejo (music that originates from the country's rural interior) and another popular genre, reggaeton.

Indeed, she has been expanding her horizons so much over the past 12 months – including tours of other Latin American countries and the US – that she admits she has lost touch with Belém's music scene.

Ms Amarantos is about to put that right, however, with plans to visit her home city to find out the latest on the *aparelhagems* and their crews.

If they are in town, that is. These days, it seems the rest of Brazil cannot get enough of Belém's music scene.

"The *aparelhagems* once only did shows in Pará; now they are going to the [surrounding states of] Maranhão and Amapá. There have been weekends when not one is in town," she says.

The Inclusive Workplace

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Raising the standard makes a difference

Smart organisations are recognising that a diversity strategy can improve recruitment and performance **Page 2**

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Early research failed to prove causation but the latest data are hard to ignore, writes *Tim Smedley*

The evidence is growing – there really is a business case for diversity

The business case for diversity seems intuitive. Teams of mixed gender, ethnicity, physical ability, age and sexual orientation are more representative of customers. They offer a variety of viewpoints and a wider range of experience, which improves decision-making and problem-solving. Most business leaders seem to agree with this assertion.

Research by recruiter Korn/Ferry in November 2013 found that almost all the global executives it polled believe diversity and inclusion can boost results.

But what evidence is there that they are right?

First, a little debunking is needed. The research most often cited as evidence is

The way we were: board meeting at the former Fisons pharmaceuticals and fertiliser company, 1960 Hulton Getty

provided by separate studies by consultants Catalyst and McKinsey published in 2007. Both compared the financial performance of large organisations according to the gender diversity at senior levels, and both found that high returns on equity correlated with greater diversity.

Rather than irrefutable proof, however, neither study was able to show a causation.

Research last year by the New York-based Center for Talent Innovation (CTI), however, began to take us a step closer.

Involving more than 40 case studies and 1,800 employee surveys, it looked at what it termed "two-dimensional diversity", namely "inherent diversity"– such as gender and race – combined with "acquired diversity" – such as global experience and language skills.

It found that publicly traded companies with two-dimensional diversity were 45 per cent more likely than those without to have expanded market share in the past year and 70 per cent more likely to have captured a new market. When teams had one or more members who represented a target end-user, the entire team was as much as 158 per cent more likely to understand that target end-user and innovate accordingly.

A 2012 research report from Deloitte, "Waiter, is that inclusion in my soup?", edges us further towards causation. It is based on the experiences of 1,550 employees in three large Australian businesses. It identified an 80 per cent improvement in business performance when levels of diversity and inclusion were high.

An American Sociological Association study supports this, finding that for every 1 per cent rise in the rate of gender diversity and ethnic diversity in a workforce there is a 3 and 9 per cent rise in sales revenue, respectively.

> 'Groupthink makes a cohesive team, but one that will happily agree on the same mistake'

If this seems far-fetched, consider it from a company's perspective. Jyoti Chopra, global head of diversity and inclusion for BNY Mellon, the bank, says: "We have offices in more than 35 countries, across 100 markets, and a workforce of more than 100,000 people. Our employees have to be able to work effectively in cross-border teams, they've got to be able to deliver goods and services . . . for clients ranging from individual investors to corporate institutional clients. Diversity is an imperative."

Capital markets and investors now link this to corporate performance. Ms Chopra talks of clients "proactively looking for diverse engagement teams" and "increasing demands for diversity data and information in Retirement Saving Plans".

Evidence of internal organisational benefits is also hard to ignore. Researchers Horwitz and Horwitz reviewed 20 years of research on team diversity in 2007 and identified a positive relationship between diversity and team performance.

An experiment by Massachusetts-based Tufts University demonstrated that diverse groups perform better than homogeneous teams by when it deployed 200 people in mock juries – the mixed juries all performed better than those comprising only white or only black jurors. Groupthink may lead to a cohesive team, but one that will happily agree on the same costly mistake.

The CTI study found that, "ideas from women, people of colour, LGBTs, and Generation Ys are less likely to win the endorsement they need to go forward, because 56 per cent of leaders don't value ideas they don't personally see a need for . . . the data strongly suggest that homogeneity stifles innovation."

Stephen Frost, head of diversity and inclusion for the London Olympics and now for KMPG, writes in his book *The Inclusion Imperative* that discrimination against women, homosexuals and disabled people is estimated to cost $64bn a year in the US alone. In addition, writes Mr Frost: "When gay people remain in the closet, they are 10 per cent less productive than when they feel able to be themselves." One recent seminar advocated a 30 per cent productivity increase. Yet 41 per cent of American LGBT workers remain closeted at work.

At BNY Mellon, Ms Chopra believes a diversity strategy is also integral to keeping staff. Female retention rates at the bank are now higher than male. More than 20 per cent of BNY Mellon's global workforce are members of an internal minority employee network, up from 16 per cent a year ago.

Finally, if an organisation stubbornly refuses to change its predominantly straight-white-male ways, then it will increasingly find it hard to recruit.

According to McKinsey, if the employment rate for women remains constant, Europe can expect a shortfall of 24m people in the active workforce by 2040. If the rate can be raised to the same level as for men, then the projected shortfall drops to 3m.

Guelabatin Sun, Deutsche Bank's global head of diversity, notes that the global talent pool is changing. "If we want to continue to attract the best talent, we need to be reflective of the talent in the specific market and offer a work environment that employees want to be a part of," she says.

There is a twist in this evidential tale, however. Almost all the research on workplace diversity is unanimous on one thing: it can go wrong. Organisations without proper managerial or cultural understanding of diversity can end up with heightened conflict and reduced productivity.

As Deloitte's "Only skin deep?" 2011 report says, "it is not enough to create a corporate version of Noah's Ark bringing in 'two of each kind' . . . There is a clear argument for actively managing diversity rather than assuming we will naturally derive the benefits".

A McKinsey 2012 report found that, "though CEOs made gender diversity a priority in more than 80 per cent of our 60 participating companies, only about half of employees surveyed from the same companies agreed that the CEO is committed to it". The business case for diversity may now be proven, but it seems that action is lagging behind words.

Minority markets Women and LGBT consumers reward company diversity

Businesses without a varied mix of employees can miss out on the spending power of minority markets.

"Women Matter", a 2007 report by McKinsey, the consultancy, found that women were the driving force behind 70 per cent of household purchases in Europe and influence 60 per cent of car purchases in Japan.

Thus an all-male organisation selling household consumer goods risks being less in touch with its market than one boasting gender parity.

Some minority consumer groups also wield their influence proactively. The so-called "pink pound" refers to the influence of lesbian, gay, bisexual and transgender (LGBT) consumers.

In 2009, Witeck, the US communications company and Harris Interactive, the market researcher, found the estimated spending power of the LGBT community to be £81bn in the UK and $712bn in the US.

It also suggested that 78 per cent of the LGBT community, their friends and relatives would switch brands to companies known to be LGBT-friendly.

With annual listings of top gay-friendly employers becoming more prevalent, it takes only a quick internet search to see which companies are well positioned to capitalise on diversity and which remain firmly in the closet.

Tim Smedley

Key figures

80%
Improvement in business performance among those with high diversity levels

24m
2040 shortfall in European workforce if women's employment rate stays as it is

50%
Employees who believe their CEO is committed to gender diversity

$712bn
Estimated spending power of the LGBT community in the US

Sources: Deloitte, McKinsey, Witeck/Harris Interactive

Legal laggards begin to master diversity briefs

Off target: Clifford Chance has yet to achieve its diversity ambitions Malcolm Watson

Law firms Elite cadre doubles promotion of women but still has a long way to go, reports *Caroline Binham*

There was a rare bright spot of news for diversity-watchers this month: the magic circle, the elite cadre of London-headquartered law firms, more than doubled the number of women promoted to their partnerships, compared with last year.

Twenty-four, or 30 per cent, of the 80 promotions went to female candidates in 2014, compared with 14 per cent in 2013, according to the Law Society Gazette. Indeed, Clifford Chance and Linklaters, two of the firms, promoted more women in their London offices than they did men, with new female partners taking four of the seven slots at each firm.

While the news was encouraging, it belied a more basic truth about the UK's £25bn legal market: law firms are laggards when it comes to diversity and are belatedly making efforts to improve matters. Take Clifford Chance, the UK's biggest law firm by revenue: despite setting a 30 per cent target for female partnership worldwide in 2008, this still languished at 15.3 per cent in 2012 (in its UK base, the rate is higher at 21 per cent).

The firm is by no means alone. Just 18.6 per cent of partners across the UK's top 20 law firms are women, according to 2013 research by The Lawyer magazine, even though their intake of trainees is fairly evenly balanced between men and women.

This compares unfavourably with other City institutions. Lloyds Banking Group has 28 per cent of its senior positions occupied by women, and has set a target of 40 per cent by 2020; Barclays' figures are 21 per cent, with a target of 26 per cent by 2018.

It is not just in gender where law firms score disappointingly: diversity dwindles across the spectrum as seniority increases. Research on career progression in law firms by the InterLaw Diversity Forum found that "the more an individual diverges from the elite-educated, white, male norm the less well-paid and the less satisfied they will be with their career progress".

Its findings made for all-too-familiar reading. White male lawyers outearn any other group (although gay men reported higher salaries than their straight counterparts, which InterLaw attributed in part to the fact that respondents who feel comfortable enough to identify themselves as openly gay tend to be at a more senior level). Women and ethnic minorities are given more routine and less prestigious work, particularly if they work part-time. And firms place a disproportionate amount of faith in an Oxbridge education when selecting their senior ranks.

> 'Inclusion is really about future-proofing your organisation by creating strong meritocracies'

Moreover, as in other sectors, good lawyers, are promoted into the partnership and therefore management positions without adequate leadership training, the report found.

One of its starkest conclusions was that despite recent efforts by firms to become more inclusive, white male lawyers seem to be getting the most from mentoring or sponsoring programmes.

The report concluded that firms needed to set diversity targets and that management had to be properly trained, incentivised and assessed on how inclusive it is.

Daniel Winterfeldt, the forum's founder and a capital-markets partner at CMS Cameron McKenna, says that while there has been some improvement in law-firm culture over the past five years, there is still much to do.

"Partners – who have incredible control over work allocation and the career advancement of their associates – do what they're paid to do. If they bill £2m a year, then the firm doesn't really care if they scream at people all day," says Mr Winterfeldt.

Law firms are conservative – and profitable – sorts of places where any sort of change does not come easily. Add to that a partnership structure that makes consensus difficult, and where a key feature involves senior associates being groomed for partnership at just the time when many women take time off to raise families, and it is easy to see why firms find it particularly hard to make much headway.

In an effort to reboot firms' diversity initiatives, InterLaw has teamed up with the Lord Mayor of London, Fiona Woolf – who was, incidentally, the first female partner at CMS Cameron McKenna – to gather examples of best practice from companies across different sectors as inspiration for senior partners who know there is a problem but are at a loss to know what to do about it.

Positive examples include National Grid's review process, half of which scrutinises what a particular manager did in a year. The other half concentrates on how he or she did it and how they managed a team, including how inclusive the team was.

"This is really about inclusion and talent management. It applies to all your staff, even to straight white males because Generation Y has different priorities," Mr Winterfeldt says.

Separate research backs this up. Eversheds, the UK-headquartered law firm, found in January after surveying 1,800 lawyers aged 23-40 around the world that the younger the lawyer – whether male or female – the less palatable partnership is.

Younger lawyers are also more likely to demand flexible working, and value work-life balance above all else, the study found.

"Inclusion is really about future-proofing your organisation," says Mr Winterfeldt. "It's about creating strong meritocracies and implementing proper flexible-working policies, and proper management training."

Interview Companies these days are clamouring to be seen as gay-friendly, says KPMG's Stephen Frost

Stephen Frost has been involved in fundamental changes to attitudes towards inclusion at global corporations for much of his career, which has most recently landed him at KPMG.

Initially, he worked in the advertising industry for Leo Burnett, where his clients included Procter & Gamble and Mars. But since 2004 he has led strategies as director of workplace programmes at Stonewall, the lobby group for lesbian, gay, bisexual and transgender people, and then as head of diversity and inclusion for the London 2012 Olympics (*see page 10*)

Since he started at Stonewall in 2004, attitudes towards LGBT employees have transformed, he says, noting Stonewall's experience in publishing an annual list of Britain's Top 100 most gay-friendly workplaces.

When Mr Frost joined the group, companies were happy to be on the list but "there were several that preferred not to be named", he says. Three years later, this had completely changed. "People were fighting to get on it and be named and get the PR."

Mr Frost's consultancy has gone beyond business. He worked extensively with the Royal Navy, which has seen a turnround in its approach towards LGBT workers.

"It used to fire people for being gay, but they then became the first military service to march in uniform at Gay Pride," he says.

But how do you effect permanent change? Mr Frost believes many efforts fail because they are merely projects. "You have to look at the system itself if you're going to affect a shift – from attraction, job description and selection criteria to selection and promotion," he says, adding that sharing results – rather than setting quotas or targets, can galvanise people and companies.

Mr Frost found that when he did this as head of diversity and inclusion for London 2012, suppliers were "competing to be top for hiring disabled people, say, or women".

Even though considerable progress has been made, there is still a long way to go for LGBT diversity in business, says Mr Frost, noting that 43 per cent of gay men have experienced homophobia at work. Young people with more liberal attitudes are coming into the workplace, helping accelerate progress. But business leaders "also have a responsibility to set the agenda", he says.

Stephen Frost: attitudes have changed

There are some prominent voices at a senior level. Lord Browne, former chief executive of BP, hid his sexuality for many years, but now encourages gay business leaders to be open about their sexuality.

Apple's chief executive Tim Cook, who has faced discrimination as a gay man, has urged US senators to update employment laws to protect LGBT employees from discrimination.

Now at KPMG, Mr Frost says the professional services firm "has a very open culture", but it is "a bit behind". But the board wants to create a legacy and believes that "if people can be themselves, we can be a better firm for our clients".

There is a business case for allowing people to be themselves at work: they perform better, which leads to higher productivity and more creativity, Mr Frost says.

"If you don't get diversity going in, you won't get it coming out."

Janina Conboye

Gender quotas feel coercive but appear to work

Mandatory targets The UK's voluntary approach is seen as too soft on the continent, writes *Claer Barrett*

Draft legislation expected to be published imminently and to become law by January 2015 means that Germany will join France, Italy and many Nordic countries in opting for mandatory targets for women on corporate boards.

One German government minister has compared the forthcoming shake-up of German corporate culture to "swallowing a toad".

Even Jutta von Falkenhausen, vice-president of FidAR, the powerful German group campaigning to get more women on to corporate boards, finds targets unpalatable. "We don't like quotas, we don't like coercion. But if we don't have mandatory rules, nothing will change," she says.

Early analysis appears to show that quotas work and have been highly successful across Europe. This could result in a quota system being considered at EU level.

This is a worry for the UK government, which had hoped that hitting its own voluntary target of 25 per cent female directors of FTSE 100 boards by the end of next year – which it is on course to achieve – would end the case for EU intervention or mandatory targets. However, there is criticism that Britain's has been a soft target with women having largely been recruited to non-executive directorships while still failing to occupy top positions.

The proposed package of German laws aims to go further, and will have three elements. First, it will become mandatory for the supervisory boards of the largest German public companies to have 30 per cent female representation by 2020. This will cover just over 100 of Germany's biggest companies, "which is not much, but it's a symbolic step," says Ms Falkenhausen.

Second, all public and private companies above a certain size will be obliged by law to set themselves targets for numbers of women on supervisory boards, publish them, and then report on their progress in meeting them. Of course, companies could opt for a low target, but Ms Falkenhausen believes "media and public pressure combined with the changing labour markets will force companies to think about their employment policies and flexibility policies and encourage women to make a career with them, and stay".

Third, existing laws regarding female participation in public sector jobs will be strengthened. "When we tell business leaders that they need to do more, we are often told, 'Look at the government and public companies – they don't do anything,'" she adds.

Female FTSE 100 Index
Top 15 companies

Company	Number of women on board (Percentage in brackets)
1 Capita	Four of nine (44.4)
= Diageo	Four of nine (44.4)
3 Royal Mail	Four of 11 (36.4)
4 Unilever	Five of 14 (35.7)
5 GlaxoSmithKline	Five of 15 (33.3)
= Old Mutual	Four of 12 (33.3)
= SSE	Three of nine (33.3)
8 WPP	Six of 19 (31.6)
9 Admiral Group	Four of 13 (30.8)
= InterContinental Hotels	Four of 13 (30.8)
11 BT Group	Three of 10 (30)
= Burberrry Group	Three of 10 (30)
= Imperial Tobacco Gp	Three of 10 (30)
= J Sainsbury	Three of 10 (30)
= Tate & Lyle	Three of 10 (30)

Source: The Female FTSE Board Report 2014

The 30 per cent quota will apply from January 2016 to newly advertised supervisory board posts, but there are already concerns that more conservative German companies will try to wriggle out of complying.

"We could imagine a situation where companies will renew their boards at the end of 2015 so they have more time to comply [German boards typically serve for a period of five years before re-election] but this would be very bad PR, and reveal that their commitment to more women in leadership is no more than lip service," says Ms Falkenhausen.

Germany is hoping that the incoming legislation will mirror the effect similar laws have had in France, where quotas set to come into force this year have drastically increased the number of women on boards (*see box*).

But across Europe, while more women are joining boards, the numbers leading them have remained stubbornly low.

Ms Falkenhausen says supervisory boards are "an easy place to start" because they appoint management boards and will push back and demand women when headhunters present them with shortlists of "three men".

Deborah Hargreaves, founding director of the High Pay Centre, has been watching the emerging situation in Europe, and now believes the UK should follow suit.

"I started off thinking that quotas weren't the answer, but the pace of change [in the UK] is glacial," she says. "Every board thinks that when it's got one woman, that's it."

Welcome aboard: supervisory boards of the largest German companies must be 30 per cent female by 2020, under proposed new laws Jim Winslet

'There are plenty of women out there – if you look for them'
Deborah Hargreaves, High Pay Centre

She says quotas concentrate people's minds, and could force boards to be more creative in a world where board positions are not often advertised publicly and the headhunters who compile lists of candidates remain a closed circle difficult to break into. "There are plenty of women out there – if you look for them," she says.

Ms Falkenhausen also recognises that this is a challenge, noting that some headhunters are open, but others see themselves as gatekeepers.

"Typically, many will say that in order to be part of a supervisory board, you have to be a chief executive first – and as there are few female chief executives, they cannot present credible female candidates," she explains, noting, however, that a recent article revealed the large number of men on German supervisory boards who have never been chief executives.

In her view this showed a "complete double standard" inherent in such concerns.

In fact, data have long been a weapon against misinformation. FidAR was formed in 2006 in response to a comment from Berlin politicians that the low number of women on boards was down to a lack of suitable candidates. A group of professional women started a database of qualified women seeking board appointments. It has grown into an active public interest group with 450 women members who attend popular networking events.

In France, a study of female board directors who were appointed in the year following the French National Assembly announcing its quota law in 2011 showed that the "overwhelming majority" of women were new to public board service in France, including women from the public and private sectors as well as academics and executives of non-profit organisations.

A study last year by GMI Ratings also found that most women only served on one board – in contrast to the criticism levelled at the so-called "Golden Skirts" in Norway, where the same female directors typically sit on multiple boards.

The researchers concluded: "The French experience seems to be validating the theory of many diversity advocates: there are many women who are well qualified to serve as public company directors, but who are not routinely recruited."

This throws down the gauntlet for the recruitment industry. Even so, many business leaders – including women – still fear that mandatory quotas will lead to selecting directors on the basis of gender alone.

"Regardless of intent, quotas by their nature are discriminatory," says Sue Liburd, managing director of Sage Blue, a consultancy specialising in talent management.

"They introduce the suspicion of tokenism or that the individual recruited into a post is there not on merit or ability but because of the quota. As a short term strategy, it has some merit; as a long-term strategy, it causes more harm than good."

On their own, quotas will not address the wider cultural and corporate change that needs to occur for organisations to harness the true benefits of a more diverse workforce, says Dianah Worman, the Chartered Institute for Personnel Development's lead on diversity.

"If you impose a quota and think that will fix it – it won't," she says. She believes that, rather than simply trying to fix things from a gender perspective, organisations need to ask themselves what they really need on the top team, and how they go about getting it.

Europe Mandatory targets backed by threats raise the number of women on boards

European countries are leading the world on gender-diverse boards, according to a recent ranking of female board directors, showing the powerful effect of mandatory quotas as companies rush to comply.

An analysis of nearly 6,000 companies across 45 countries carried out by GMI Ratings last year showed that percentages of female directors were highest in Nordic countries, where legislation has enabled women to occupy nearly a third of seats on corporate boards.

It also recorded significant rises in female appointments in France, where this year it will become mandatory for 20 per cent of board directors to be female, rising to 40 per cent by 2017.

Actions in advance of these laws have propelled France to fourth place globally, with just over 18 per cent of female directors in 2013.

Similarly, in Italy, the study found the proportion of women on boards rose by nearly 4 percentage points between 2011 and 2013, after Italy adopted a law requiring 20 per cent female representation in new board nominees. However, with more than a quarter of companies surveyed reporting no female directors at all, Italy has some way to go.

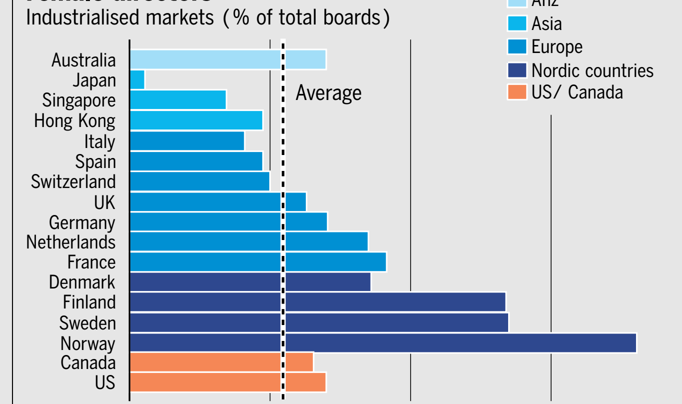
In Spain, the number of women on boards is going backwards despite a diversity law that was passed in 2007, requiring 40 per cent of female directors on boards by 2016.

Researchers blamed weak enforcement mechanisms, noting: "There is no penalty for non-compliance; gender diversity is merely taken into account when state subsidies and public contracts are awarded."

By contrast, other European governments use the threat of fines for non-compliance (Italy), dissolution of companies (Norway), and withholding fees from the directors of non-compliant boards (France).

Percentages of female directors are highest in the Nordic countries

Female directors
Industrialised markets (% of total boards)



Source: GMI Ratings

Overall, GMI's research found that women occupied 11 per cent of board seats globally in 2013, an increase of 0.5 per cent in a year. However, the representation of women is uneven. Of all companies surveyed, 13 per cent had at least three female directors.

GMI notes that between 2012 and 2013, Italy, France, Germany and the Netherlands all saw "sharp increases" of 8-18 percentage points in the proportion of companies with at least three female board members.

In France, the impact of legal quotas has led to more than 50 per cent of companies reporting three or more female directors, and in Germany, where compulsory quotas will come in from 2016, a third of companies surveyed had three of more female directors.

Claer Barrett

Racist comments are rife and recruitment problems persist

Profile
Sandra Kerr

Minorities still find some sectors closed to them, reports *Janina Conboye*

A recent survey asked people from ethnic minorities whether they had experienced racial discrimination at work.

"The comments I received I couldn't print," says Sandra Kerr, director of Race for Opportunity, a campaign that works with companies to improve diversity and had distributed the survey.

Whether Chinese, black, Indian, it seems no one was exempt from racist comments from both managers and clients, she says.

"I was optimistic about the outcome of the research, but it was a reality shakedown," adds Ms Kerr. "I then randomly asked people I knew whether they'd experienced similar things and . . . they confirmed this was the truth."

Sandra Kerr: 'mixed picture'

The research also revealed that there are sectors that ethnic minorities perceive as closed to them. These include banking, politics, law and journalism. And there is a lack of black or ethnic minority representation in construction, says Ms Kerr.

The problems, she says, lie in recruitment and selection and also in connections, or rather the lack of them.

Professions such as law tend to recruit from set universities, usually in the Russell Group. "No one tells young ethnic minorities about this, so they won't necessarily choose one of those universities, which then creates a double barrier," Ms Kerr says.

Another problem is that people often gain entry into companies through people they know. Meanwhile, many gain experience and connections through internships, which usually means working for nothing, which is not an option for many poorer people, including those from ethnic backgrounds.

Attitudes are changing, but it is still "a very mixed picture". "We have companies that want to make change . . . but it is an area that needs focus," says Ms Kerr.

Race for Opportunity advocates that businesses need a board member in charge of ensuring diversity policies are in place. Companies also need to understand why a diverse workforce is important and consistently monitor relevant recruitment data.

"Look at the recruitment process, make sure it's attracting people from diverse backgrounds and that they're getting through to interview," adds Ms Kerr.

Disabled staff face varying attitudes from managers

Profile
Jennifer Smith

Difficult situations are not always dealt with properly, writes *Janina Conboye*

Jennifer Smith had always wanted to work for the third sector. After graduating from university, she found a job with one of the UK's largest charities.

Her name is a pseudonym, but her story is real and shows that the attitudes of managers towards disabled employees are sometimes questionable and that situations are not always dealt with properly.

Ms Smith suffers from Morquio syndrome, an inherited metabolic disorder, and needs a wheelchair and aids at her desk, such as an amplifier for her phone.

None of this was a problem when she was recruited.

"My first manager was wonderful. She did the interview, and when she offered me the job, she asked me exactly what I would need," she says.

Things changed when that manager left. "When my new manager was introduced to me, he didn't exactly recoil, but did seem a bit taken aback."

The problems started when the UK was hit by bad weather at the beginning of 2013 and ice and heavy snow made it impossible for Ms Smith to leave her home.

"He just couldn't cope with it and made comments such as 'why did I need to live so far away from work?' It was only a bus ride away."

This and other things made her feel uncomfortable, so she filed a disability discrimination complaint. It was handled correctly, but despite this no real action was taken.

The charity did not renew the manager's contract; he left and the situation settled. But after the charity was restructured, Ms Smith felt deskilled and frustrated.

Meanwhile, she had been offered a place on a medical trial. Her workplace was legally required to allow her time off for this, but her senior manager did so only grudgingly. Ms Smith also developed repetitive strain injury, and the charity's response, she says, was inadequate.

She decided to qualify with the Chartered Institute of Marketing and eventually got a job at another company.

"They treat me like everyone else. They don't need to discuss my disability, as it just isn't a problem," she says.

Her new employer also allows her to work flexibly, providing her with a laptop, meaning that "in the bad flooding this year, it was no problem to work from home".

Bias still plays unconscious role in recruiting decisions

Discrimination Today's battle is against subtle prejudice, writes *Sharmila Devi*

Decades ago, in the early days of HR, managers deciding job specifications would say they did not want a woman who was likely to start a family, recalls Fleur Bothwick, a director of diversity and inclusive leadership at professional services firm EY.

"Now, legally, that can't be said and I hope it's thought of less often too."

Indeed, blatant discrimination on the grounds of gender, race, sexual orientation, age or disability is much rarer than it was a generation ago. But more subtle forms persist, with socio-economic background often playing an unconscious role in hiring decisions.

Well-meaning organisations still discriminate in ways that are hard to control, say HR and recruitment specialists.

Estelle James, director of recruiters Robert Half, says: "People may not realise they are hiring individuals who possess traits similar to their own – it is human nature. In so doing, however, they may be creating a homogenous working environment of employees with similar profiles and personalities.

"Hiring decisions are made on an individual basis, with most companies looking for the best person for each role. While not intentional, after several hires, this may result in a uniform profile."

The annual Robert Half FTSE 100 CEO tracker found that the average leader of Britain's biggest companies is male, aged 54 and has a background in finance. More encouragingly, 42 per cent of the chief executives are non-British nationals, showing some progress on national diversity.

Gathering data on how subtle discrimination manifests itself can be difficult. For example, in some countries it is illegal to ask candidates about their family and socio-economic background. But companies are "missing a trick" if they do not hire and promote outside the traditional, male, middle-class model, says Iraj Ispahani, a talent management expert at Ispahani Advisory.

"If multinationals and financial services firms expanding into emerging markets don't include representatives of those countries with personal experience and networks, they will miss out," he says.

Susan Vinnicombe, professor of women and leadership at Cranfield School of Management, says that if companies are to attract and retain the best talent, they need processes and systems to ensure diversity. And senior leaders need to be held accountable for doing their part.

"When it comes to Generation Y and millennials, they've had about seven jobs by the time they're 30 and they don't have the old concept of loyalty to one company, so how do you manage talent when they won't necessarily bother to hang around if they're not happy?"

As a possible answer, she points to a recent Cranfield report that was about gender diversity, but whose recommendations could be applied to other forms of diversity too. The recommendations include seeking employees with high potential and ensuring their progression as well as instilling awareness of unconscious bias throughout all levels of a company.

"Bias cannot be systemically tackled only by delivering unconscious bias training to individual managers," according to *The Female FTSE Board Report 2014.*

Recruiters too, must play their part. They may be in the business of discrimination, but recruiters try to do it according to positive factors such as experience and ability, says John Wood, part of headhunters Heidrick & Struggles' chief executive officer and board of directors practice based in New York.

He believes Americans have an easier time looking past the inessential details of a candidate. "Americans are especially sensitive to discrimination on an overt basis ahead of most cultures, because of our diverse population," he says. "We have a heritage of negative discrimination against people and we are starting to get better and to rely less on stereotypes."

Jon Dymond, a director at management consultancy Hay Group, says many companies now realise they have to be agile and innovative, but are stuck with old structures and thinking that lessen their chances of success.

In the 1960s and 1970s, management typically told people down the hierarchical ladder what to do. Within such an approach, diversity can be surplus to requirements, he says.

"If someone has been successful in that system, it can be hard for them to find flaws in it," he notes.

This has left some companies clueless about their employees and with a workforce that lacks diversity. "Too many companies . . . couldn't tell you exactly how many employees they have and who among them has the best potential."

But there is little excuse for such ignorance, especially with so much research to draw on. For example, the role of unconscious bias in all sorts of decision-making has become more clear, thanks to the work of people such as Nobel Prize-winning Daniel Kahneman, who has demonstrated how strong intuition can be.

"Unconscious bias is made up of all our past experience and quite often intuition is stronger than reasoning," comments Ms Bothwick of EY.

"My middle child has red hair and we joke all the time about how redheads are fast to blow and lose their temper. But what if I then interview a redhead? It's too easy not to think things through."

Discrimination business: recruiting is all about selection, but needs to be based on positive factors such as experience and ability Alamy

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Companies need to address diversity deficit

Profile
Raj Tulsiani

Sharmila Devi finds out about succeeding on your own terms

In the 18th century, the East India Company, whose senior leaders came from a privileged section of British society, effectively ruled India. However, the days when a monocultural organisation can be dominant are long gone, says Raj Tulsiani, co-founder and chief executive of Green Park Interim and Executive Search.

"Too often, companies still look at what you've done and not what you can do," he says.

Mr Tulsiani, who is 40 and half-French and half-Indian, is a passionate advocate of the power of diversity as a source of competitive advantage and has helped create a number of tools to help companies achieve this.

"I never had it particularly bad. I would see outward visceral prejudice and hear snide comments," he says. But he says he experienced discrimination firsthand in companies "where there wasn't the same opportunity to succeed".

He did manage to succeed on his own terms, however, having established three £10m-plus executive interim management firms.

Green Park is his latest. Research it released this year found that in the FTSE 100 companies, just 10 people from ethnic and cultural minorities hold the posts of chairman, chief executive or finance director – equivalent to 3.5 per cent of the 289 jobs at those levels.

Green Park helps companies assess their "diversity deficit". Mr Tulsiani says that, too often, companies' diversity agendas are focused on the short-term and based on hitting percentage targets, mainly for gender.

"Lots of companies have thrown money at projects and training that leave an audit trail, but there's still no case made for or commitment to change," he says.

"One has to be gentle. People still become uncomfortable around issues such as race. People are very well-meaning but they get nervous."

He wants diversity to be a strategic issue.

"We now see people running a diversity agenda who are paid less than the third or fourth person in finance, even if it is a board issue," he says.

"Companies need to be honest about where diversity is in their business priorities."

Raj Tulsiani: diversity should be strategic issue

Olympic gold came thanks to a diverse workforce

Lessons in success Tools matter more than lectures, writes *Maxine Boersma*

The 2012 Olympic and Paralympic Games will be remembered for Britain's sporting brilliance and the power of diversity on the track, in the swimming pool and also behind the scenes.

The games brought change and illustrated how inclusivity within a workforce – also of the non-athletic kind – can be achieved and why it matters in business.

Stephen Frost should know – he was head of diversity and inclusion for the organising committee at the time.

In his book, *"The Inclusion Imperative"*, Mr Frost recalls that during the Olympics "'alpha males' were challenged, in some cases for the first time in their professional lives".

He may simply be talking his own book – literally – but the statistics he gives at least in part back up his assertion that the event was an example of "getting it right". He notes that 9 per cent of the workforce was disabled; 40 per cent came from minority groups, including black and Asian; 46 per cent were women; and 5 per cent came from the lesbian, gay, bisexual or transgender community.

"That result was achieved by interviewing in groups, in community centres, not Canary Wharf," he says. "This ensured managers did not just choose people like themselves following one-to-one interviews."

Like Mr Frost, Charles Elvin, chief executive at the Institute of Leadership and Management, believes diversity leads to better business: "There aren't set solutions to some of the business problems we face, so we can't resort to old ways of working – we need different perspectives. You don't need 12 clones around a table who all see the same things.

"Tackling discrimination is not just an ethical issue, there is an operational and business argument, too, as there is proof that diverse teams get better results than high performing teams alone."

Mr Frost believes people want to do "the right thing" and are in need of practical tools, not lectures.

"Inclusion strategies permit conversations . . . such as how disabled colleagues can go to the toilet or survive a business trip, or how Muslim colleagues can attend team drinks in a bar."

Publisher Elsevier knows staff perform better when they feel supported and can be themselves. In March this year it launched an LGBT network that organises events around the company.

For Surrey-based social enterprise Hao2, recognising workforce needs has been integral to commercial success. The company designs virtual office software that enables more flexible working – avatars attend virtual office meetings. Many of its employees have autism and by harnessing their workforce needs, the company has improved its products.

Some organisations use "unconscious bias" training to tackle discriminatory mindsets, but for Elena Doldor, lecturer in organisational behaviour at Queen Mary University of London and visiting fellow at Cranfield School of Management, the difficulty lies in translating this into practice and making sure that bias is challenged at key decision-making points".

One technique is to "plant" HR specialists into career-related discussions held by managers.

Ms Doldor also believes in metrics, noting that professional services firm PwC is known for collecting fine-grained diversity data and then encouraging managers to probe the material, for example by asking: "If you have 40 per cent women at one level, why aren't women 40 per cent of the staff you promote at the next level?"

Ms Doldor, who is co-author of Cranfield's Female FTSE Board Report 2014, explains that one issue is getting women and minorities on to the radar in the first place – the problem is often not a lack of talent but a lack of visibility.

It is vital to ensure these groups have sponsors who will champion their career. Forward-thinking organisations embed sponsorship within their leadership requirements, she says.

Piloted in 2011, EDF Energy's mentoring scheme to develop leadership potential helped provide employees of ethnic minorities with better exposure to senior management and enabled mentors to learn how a culturally diverse workforce can improve decision making.

Engineers and scientists from minority communities were matched with mentors, including the director who provides technical support for EDF's power stations and other senior managers. Progress was tracked at monthly leadership team meetings.

All mentees completed the scheme, engagement levels improved, and the number of minorities moving into the company's scheme for emerging talent rose. In fact, eight of every 10 mentees who applied for the scheme were successful.

Since then, all mentees have maintained their relationship with mentors and have also produced an "unwritten rules for development" leaflet for employees, new starters and students.

Nailed it: British Paralympics swimmer Heather Frederiksen's gold and silver medals from London 2012 Getty Images

Lloyds Banking Group Scheme helps normalise disability in the workplace

Lloyds Banking Group has had disability on its agenda since 2000. Now, other organisations, including banks and government departments, are learning from its experience.

Graeme Whippy, senior manager of its disability programme, says the bank aims to reflect the communities it serves as part of its wider "Help Britain Prosper" mission and as a longstanding partner of the Business Disability Forum.

"Since 2010, we have been creating a flexible, inclusive work environment where people feel valued and supported, wherever they lie on the disability spectrum," he says.

Lloyds has dealt with more than 19,000 cases as part of its workplace adjustment process. They have covered everything from undiagnosed muscular skeletal issues to sensory and cognitive impairment and mental health conditions.

Employees come forward for consideration themselves and there is no compulsory diagnosis. The results are notable. A December 2013 survey of 2,000 colleagues revealed 85 per cent of participants reported an improvement in performance and 77 per cent said the improvement was dramatic.

Additionally, 62 per cent reported reduced sickness absence and line managers reported an 80 per cent improvement in performance.

For Mr Whippy, the scheme is a vital component in creating a "disability-confident" organisation.

It has, for example, enabled Lloyds to work with Remploy, the specialist temporary recruitment business, to offer work placements to about 100 disabled people during 2014, helping "normalise" disability in the workplace.

He says that associated costs should be funded centrally. "Don't 'hammer' line managers. Treat this as a business process."

Maxine Boersma