РЕЛИЗ ПОДГОТОВИЛА ГРУППА "What's News" VK.COM/WSNWS

Newspaper of the Year

FINANCIAL TIMES

FRIDAY 20 JULY 2018 | WORLD BUSINESS NEWSPAPER | EUROPE

Rise of the Guards
Trump's sanctions empower Iran's hardline security force — PAGE 3

Red techies
How China's Communist party allied with online companies — BIG READ, PAGE 7

Banking bad
Are European financials still hiding their weakness? — GILLIAN TETT, PAGE 9

Disney poised to seize Fox as Comcast quits $71bn pursuit

- Contest lifts price of assets by $20bn
- US cable group to focus on Sky deal

ARASH MASSOUDI AND MATTHEW GARRAHAN — LONDON
ERIC PLATT — NEW YORK

Comcast conceded defeat to rival Walt Disney yesterday in the $71bn battle to buy most of Rupert Murdoch's 21st Century Fox media empire.

The cable group that also owns NBC Universal said it would instead focus its efforts on clinching a £26bn deal to acquire Sky, the European pay-TV company. Comcast is attempting to fend off rival interest from Fox, which already owns a 39 per cent stake in Sky and whose bid is being supported by Disney.

"I'd like to congratulate [Disney chief executive] Bob Iger and the team at Disney and commend the Murdoch family and Fox for creating such a desirable and respected company," said Brian Roberts, Comcast chief executive.

Mr Iger said Disney was "extremely pleased" with the news. "Our focus now is on completing the regulatory process and ultimately moving towards integrating our businesses," he said.

Comcast's move draws to a close one of the biggest bidding wars in media history, a months-long contest that raised the price of Fox's assets by nearly $20bn. It shifts the global media power struggle to Europe, where Sky has operations in the UK, Germany and Italy.

Comcast and Disney sought Fox as a way to bulk up in the face of digital disrupters such as Netflix and Amazon, which have rapidly undercut traditional media businesses. Shares in Comcast climbed 3 per cent to $35.09 in afternoon trading in New York, as investors expressed relief the bidding would not go any higher. Fox, on the other hand, dropped 1.4 per cent to $46.05.

For most of this year, Disney and Comcast have been fighting to acquire two separate stakes in Sky: the 39 per cent held by Fox and the remaining shares owned by others. Sky closed down 1.5 per cent to £15.09 in London.

Last week, Comcast raised its offer to buy Sky to £14.75 per share, up from its initial bid in April of £12.50. The offer came only hours after Fox unveiled its own improved £14-a-share offer, with Disney's backing, to buy the 61 per cent of Sky it does not already own.

Disney will acquire Fox's 39 per cent of Sky as part of its acquisition of the Fox entertainment assets, including the Fox movie studio and cable channels. But it is unclear if Disney-Fox will now make an improved offer for the rest of Sky.

Michael Nathanson, a media analyst with MoffetNathanson, said investors wanted Disney to drop its pursuit. "Most of our clients who own Disney would be more than happy if Disney sold the 39 per cent to Comcast," he said.

Sky would give Disney scale in Europe, as well as a strong position in sports media rights and streaming video, he added. "But American investors think of it as a satellite business and they have a negative view of satellite."

While Comcast explored raising its offer and working in tandem with a private equity or technology company to defeat Disney, its higher debt load curbed its ability to beat its rival's offer.

Lex page 10

Russia riposte Putin hails 'successful' summit and hits out at Trump critics

Mikhail Klimentyev/AP

Vladimir Putin's first summit with Donald Trump had been "successful", the Russian president said at a meeting in Moscow yesterday with his country's ambassadors.

Mr Putin lashed out at US opponents of his American counterpart, saying they were trying to hamper any progress on the issues the two presidents had discussed when they met on Monday.

The US political establishment has widely criticised Mr Trump since his return from Helsinki, claiming he had sided with Mr Putin rather than US intelligence services over election meddling.

Mr Putin accused "powerful forces" in the US of trying to undo the pair's achievements.

Writing on Twitter yesterday about the meeting, Mr Trump said: "The Fake News Media . . . are pushing so recklessly hard and hate the fact that I'll probably have a good relationship with Putin. We are doing MUCH better than any other country!"

Report page 2

Briefing

▸ Ex-Toys R Us workers in hardship talks
Staff who lost their jobs when the heavily indebted retailer collapsed are talking to two buyout firms about a hardship fund — but a third, Steven Roth's Vornado, has refused to answer emails.— PAGE 11

▸ Brussels ready to raise Brexit pressure
The EU is poised to raise the pressure over the Irish border deadlock, handing new UK Brexit secretary Dominic Raab a potentially bruising negotiating debut.— PAGE 4; CHRIS GILES & PHILIP STEPHENS, PAGE 9

▸ Israel parliament backs nationality bill
The Knesset has backed a contentious law that declares Jews alone have the right to national self-determination in Israel, downgrades the status of Arabic and backs settlement-building.— PAGE 3

▸ World Cup fans spent $1.5bn in Russia
State-owned Sberbank, the top lender in the country, has estimated that fans spent $1.5bn during the month-long tournament, a welcome boost for the economy.— PAGE 4

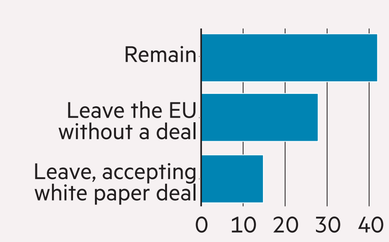
▸ China imports 95% of high-tech chips
A minister in Beijing's IT department has warned that China is still decades behind rivals in making semiconductors, revealing it imports most chips for computers and servers.— PAGE 3; BIG READ, PAGE 7

▸ Catalan leaders' extradition orders lifted
A Spanish judge has withdrawn extradition orders for Carles Puigdemont and five other independence leaders, leaving them free to travel throughout most of the EU but still subject to arrest in Spain.— PAGE 4

▸ Questions loom in Macron security probe
Prosecutors have launched a probe into allegations that a member of the president's security detail hit demonstrators, potentially raising the awkward question of why the staffer was not fired.— PAGE 2

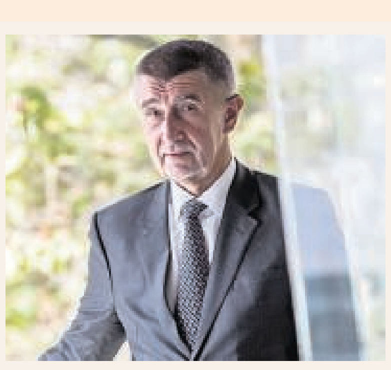
Datawatch

Referendum rewind
How would you vote? (%)



Source: WhatUKThinks, YouGov

If the UK were to hold a second EU referendum, more than 40 per cent of voters would opt to remain in the EU. Almost twice as many would choose to leave without a deal than would accept the latest proposals laid out by Theresa May



Czech prime minister says migrant plan will not work

Interview ▸ PAGE 2

Austria	€3.70	Macedonia	Den220
Bahrain	Din1.8	Malta	€3.60
Belgium	€3.70	Morocco	Dh45
Bulgaria	Lev7.50	Netherlands	€3.70
Croatia	Kn29	Norway	NKr35
Cyprus	€3.60	Oman	OR1.60
Czech Rep	Kc105	Pakistan	Rupee320
Denmark	DKr35	Poland	Zl 20
Egypt	E£35	Portugal	€3.60
Finland	€4.50	Qatar	QR15
France	€3.70	Romania	Ron17
Germany	€3.70	Russia	€5.00
Gibraltar	£2.70	Serbia	NewD420
Greece	€3.60	Slovak Rep	€3.60
Hungary	Ft1090	Slovenia	€3.50
India	Rup210	Spain	€3.60
Italy	€3.60	Sweden	SKr39
Latvia	€6.99	Switzerland	SFr6.00
Lebanon	LBP7500	Tunisia	Din7.50
Lithuania	€4.30	Turkey	TL12.50
Luxembourg	€3.70	UAE	Dh17.00

Subscribe In print and online

www.ft.com/subscribetoday
email: fte.subs@ft.com
Tel: +44 20 7775 6000
Fax: +44 20 7873 3428

No: 39,838 ★

Printed in London, Liverpool, Glasgow, Dublin, Frankfurt, Milan, Madrid, New York, Chicago, San Francisco, Orlando, Tokyo, Hong Kong, Singapore, Seoul, Dubai, Doha

29>
9 770174 736159

BoE probed risks to KPMG's viability after string of international scandals

MADISON MARRIAGE AND PATRICK JENKINS — LONDON

The Bank of England has probed the strength of KPMG's business after a string of high-profile corporate scandals damaged the reputation of the "big four" accounting firm.

The BoE's Prudential Regulation Authority, which supervises the UK's biggest banks and insurers, has raised questions with financial institutions and other regulatory officials to see whether there were risks to KPMG's viability.

Three people involved in the discussions said the PRA had sought assurance on whether KPMG's existing clients were planning to cut ties with the firm or if it was struggling to win new business following heavy criticism of its work in South Africa and for British outsourcer Carillion, which collapsed in January.

The regulator was also keen to understand whether KPMG's problems in South Africa — where it haemorrhaged clients and cut hundreds of staff due to its role in a sprawling government corruption scandal — could jeopardise the rest of its international network.

KPMG audits several financial groups that fall under PRA supervision, including Barclays, Standard Chartered, Legal & General and Prudential. It was also reappointed as the BoE's own auditor last year, a role it has held since 2008.

The PRA has tested the resilience of other audit firms in past years but not as a routine exercise. It monitors the audit market for disruption that could affect systemically important institutions.

These problems came to the fore in 2002 when Arthur Andersen — then one of the "big five" auditors — collapsed after the Enron accounting scandal.

Bill Michael, chairman of KPMG UK, said: "KPMG is in robust financial health. KPMG is seeing outstanding growth right across our audit, tax and advisory arms, we have a strong balance sheet and are well funded with a growing pipeline. The Bank of England has a legitimate duty to scrutinise the market. But they have not approached KPMG formally or informally. If they were to, we would be happy to reassure them of our robust financial health."

The PRA said: "The PRA is not in discussions about the viability of any audit firm." Despite KPMG's difficulties, there are signs clients have not been scared away. Its appointment as BT's new auditor, for example, passed almost unanimously at an annual meeting last week despite talk of a shareholder "rebellion".

Additional reporting by Caroline Binham and Martin Arnold in London

World Markets

STOCK MARKETS

	Jul 19	prev	%chg
S&P 500	2809.30	2815.62	-0.22
Nasdaq Composite	7844.77	7854.44	-0.12
Dow Jones Ind	25133.26	25199.29	-0.26
FTSEurofirst 300	1512.89	1515.95	-0.20
Euro Stoxx 50	3470.71	3485.08	-0.41
FTSE 100	7683.97	7676.28	0.10
FTSE All-Share	4226.13	4225.59	0.01
CAC 40	5417.07	5447.43	-0.56
Xetra Dax	12686.29	12765.94	-0.62
Nikkei	22764.68	22794.19	-0.13
Hang Seng	28010.86	28117.42	-0.38
MSCI World $	2142.24	2138.15	0.19
MSCI EM $	1068.75	1070.91	-0.20
MSCI ACWI $	516.47	515.72	0.15

CURRENCIES

	Jul 19	prev		Jul 19	prev
$ per €	1.161	1.164	€ per $	0.861	0.859
$ per £	1.300	1.305	£ per $	0.769	0.766
£ per €	0.893	0.892	€ per £	1.120	1.121
¥ per $	112.900	112.785	¥ per €	131.105	131.310
¥ per £	146.793	147.174	£ index	77.678	78.146
€ index			$ index		
SFr per €	1.163	1.164	SFr per £	1.302	1.305

COMMODITIES

	Jul 19	prev	%chg
Oil WTI $	67.91	67.75	0.24
Oil Brent $	72.63	72.90	-0.37
Gold $	1224.50	1232.80	-0.67

INTEREST RATES

	price	yield	chg
US Gov 10 yr	94.88	2.85	-0.01
UK Gov 10 yr	99.78	1.19	-0.04
Ger Gov 10 yr	102.50	0.27	-0.01
Jpn Gov 10 yr	100.78	0.04	-0.01
US Gov 30 yr	95.31	2.97	-0.01
Ger Gov 2 yr	101.97	-0.63	0.01

	price	prev	chg
Fed Funds Eff	1.91	1.92	0.01
US 3m Bills	2.00	2.02	-0.02
Euro Libor 3m	-0.36	-0.36	0.00
UK 3m	0.75	0.76	0.00

Prices are latest for edition | Data provided by Morningstar

A Nikkei Company

Helsinki summit

Putin attacks US critics over Trump meeting

'Powerful forces' are ready to sacrifice good relations, Russian president claims

KATHRIN HILLE — MOSCOW
KATRINA MANSON — WASHINGTON

Russian president Vladimir Putin lashed out at "powerful forces" in the US for seeking to undermine his agreements with Donald Trump at this week's Helsinki summit, in comments likely to alarm and divide lawmakers in Washington.

Speaking at his annual meeting with Russia's diplomatic corps, Mr Putin said his talks with the US president had "led to useful agreements" but suggested the American political establishment's criticism of Mr Trump put the US economy and national security in jeopardy. The two leaders did not formally agree on a joint statement, but it remains unclear what Mr Trump may have committed to in his two-hour talk with Mr Putin, where only interpreters were present.

"We need a different, positive agenda. Of course, we talked about this at our meeting with US president Trump in Helsinki," said Mr Putin.

Mr Trump has also faced criticism for appearing to side with Mr Putin rather than US intelligence services over Russia's election meddling. But Mr Putin said powerful forces were "ready to sacrifice US-Russia relations to their domestic political interests, ready to sacrifice the economy with what could hurt tens of thousands of jobs.

"They are also ready to sacrifice their allies in Europe, their own security."

Tweeting yesterday, Mr Trump said: "The Fake News Media wants so badly to see a major confrontation with Russia, even a confrontation that could lead to war. They are pushing so recklessly hard and hate the fact that I'll probably have a good relationship with Putin. We are doing MUCH better than any other country!"

> 'We need a different, positive agenda. Of course, we talked about this . . . '
>
> Vladimir Putin

Russia's Ministry of Defence had already unnerved US observers on Tuesday with a statement that it stood "ready to implement in practice the agreements in the area of international security" that the two leaders reached in Helsinki. The ministry said it was prepared to activate contacts between the two countries' general staffs and other communication channels for talks on the extension of the New Start treaty, which expires in 2021, co-operation on Syria and other military security issues.

But expectations in Moscow are so far very modest. Russian security experts said the most likely practical outcome of the talks was further US-Russian co-operation to de-escalate tension in southwestern Syria to prevent a direct collision between Iran and Israel. "Apparently there will be a buffer zone in the area of the Golan Heights, and Iranian forces will be replaced by forces from Damascus," said Andrei Kortunov, director of the government-backed Russian International Affairs Council.

On arms control, Moscow and Washington are far apart. Mr Putin yesterday urged immediate talks on extending the New Start nuclear treaty. But Russian arms experts said during this month's visit by US national security adviser John Bolton they sensed "very little appetite" on the US side for preserving the arms control regime.

On Wednesday, Mr Trump appeared to row back on his position in Helsinki, saying that he held Mr Putin responsible for Russian interference in the 2016 US presidential election.

One consequence of the summit that has caused most outrage in Washington is the White House move to "consider" a request by Moscow to have its investigators interrogate former US officials. The Russian Prosecutor General's Office has said it wants to question Americans including Michael McFaul, US ambassador to Moscow during the Obama administration, for "illegal activities".

Edward Luce page 4

Security probe

Macron aide investigated over violence during Paris protests

ANNE-SYLVAINE CHASSANY — PARIS

France's authorities have opened an investigation into allegations that a member of Emmanuel Macron's security service hit demonstrators during protests in Paris, raising questions of why the Elysée Palace chose not to report the incident and kept the staffer on its payroll.

The president's office confirmed that Alexandre Benalla, who has been in charge of ensuring the president's security during trips, was caught on a video widely circulated on social media beating youngsters in the fifth arrondissement during union protests on May 1.

Mr Benalla, who is in his 20s, had been "authorised" to "observe" police operations during his day off.

He is seen in the video — taken by a member of far-left political party Unbowed France and widely circulated on social media — in a helmet similar to those worn by riot police at the protests but dressed in casual clothes rather than a uniform.

> Alexandre Benalla had been 'authorised' to 'observe' police operations during his day off

Mr Benalla is then filmed dragging and hitting protesters amid cries urging him to stop before leaving quickly once his face is seen on the video.

Mr Benalla, who worked for Mr Macron during his presidential campaign, admitted wrongdoing and was subsequently suspended from his duties for two weeks, according to the president's office. He was also issued with an official warning — one step short of a dismissal — before being demoted and moved to another team in charge of security at the Elysée.

Bruno Roger-Petit, a spokesman for Mr Macron, said the sanction was "the most serious ever issued" against an Elysée employee.

Yesterday the Paris prosecutor said it would investigate allegations of violence and misuse of police signs. The ministry of the interior has also started an internal police probe.

The claims were first reported by Le Monde. Mr Benalla could not be reached for comment.

Opposition parties have seized on the case, alleging a cover-up and suggesting a double standard after some of the protesters had faced charges.

Jean-Luc Mélenchon, leader of Unbowed, demanded the president provide an official explanation, arguing that Mr Benalla was part of Mr Macron's inner circle.

Olivier Faure, leader of the Socialist party, labelled the claims "very serious".

The revelations risk adding fuel to growing discontent at Mr Macron, whose approval ratings have slipped to below 40 per cent a year into his five-year term.

A survey by Odoxa released on Tuesday showed that the victory of the French football team in the World Cup last week had boosted optimism in the country but had no impact on the president's popularity.

Interview. Andrej Babis

EU migrant plan unworkable, Czech PM warns

Billionaire leader says he is 'pro-European' but seeks more power for national capitals

JAMES SHOTTER — PRAGUE

Rescued from toy dinghies: migrants, intercepted in the Strait of Gibraltar, disembark in southern Spain earlier this week Jon Nazca/Reuters

The EU's latest ideas for resolving its migration crisis are unworkable, Czech prime minister Andrej Babis has warned, casting doubt on a fragile compromise reached just three weeks ago on one of the bloc's most polarising issues.

Despite a sharp fall in the numbers arriving across the Mediterranean, tensions over migration have flared up in recent weeks after a new government in Italy took office pledging a tough line on the issue and a dispute over border controls threatened to topple the ruling coalition in Germany.

Mr Babis poured doubt on the plan thrashed out by EU states last month to set up centres within the bloc to process asylum applications for migrants who reach EU territory.

The plan would also establish "disembarkation platforms" elsewhere to receive migrants rescued in the Mediterranean. However, no country has so far offered to host either type of centre.

"We cannot accept all the migrants from the planet. If you had the centres inside Europe, then who will decide where these people will go? Who will give them asylum?" Mr Babis told the Financial Times, arguing that the EU should instead focus on securing its borders and providing aid in the countries refugees were fleeing.

"We have to send a message: now, it's over. We have to make a deal, like [we did] with Turkey, with north African countries, like Libya and Tunisia, and then we have to help these people in their respective countries, like in Syria, Nigeria or others. This should be the way to solve this problem."

With Hungary and Poland, the Czech Republic has been an implacable opponent of EU efforts to ease the burden on Mediterranean states that initially receive most refugees, by resettling them elsewhere under a quota scheme. Last month's deal acknowledged this opposition, mentioning only voluntary location.

> 'If you had the centres inside Europe, then who will decide where these people will go?'
>
> Andrej Babis

Poland and Hungary have also clashed with Brussels over reforms in both countries that critics say erode the checks and balances on government, and which have provoked concerns about the health of democracy on the EU's eastern flank.

However, Mr Babis, who finally managed to form a coalition government last week, almost nine months after winning parliamentary elections in the Czech Republic, dismissed suggestions that democracy was under threat in either country.

"The people are free to vote, and if they are not satisfied with politicians in Hungary or Poland they will change them," he said, adding that Europe's top court was best-placed to resolve the stand-off between Warsaw and Brussels.

Mr Babis, a plain-speaking billionaire who built up a business empire stretching from food to timber before going into politics, has steered clear of making judicial changes of the sort that have sparked criticism in Poland.

But he has come under fire over his business activities and was charged last year in connection with a probe into an EU project subsidy.

The Czech prime minister has repeatedly denied any wrongdoing, and said that the affair was an effort by his enemies to discredit him. "I read in the newspapers that I am quite rich. No one can corrupt me," he said. "It's bullshit, just lies."

Mr Babis, who has also clashed with Brussels, insisted that he was "definitely pro-European" and emphasised that he had resisted a push by Czech opposition parties for a referendum to be held on the country's EU membership.

He argued that the union needed reforming, and that power should be returned to national capitals. "The key principle should be that the EU does less and more efficiently," he said. "No more nonsense rules. Legislation should be smart and better. Over-regulation kills innovation and business."

The debate on EU reform has been given renewed impetus by Emmanuel Macron, who has made deeper eurozone integration a priority since becoming French president in May last year.

Officials in Brussels have also mooted the idea of a "multi-speed" union as a way of overcoming differences of opinion among member states over how much further to integrate.

Such ideas provoke suspicion in central Europe, where most countries including the Czech Republic are not members of the single currency and fear that deeper eurozone integration could render them second-class citizens. "I think [a multi-speed union] will just divide Europe . . . this is really not a good idea," Mr Babis said.

"Tell me: how do you measure the speed? By what? If you measure it by the debt and the budget, and by the collection of taxes and growth, then we will have one of the best speeds in Europe."

Mr Babis said the EU should focus, instead on security, the digital economy and completing the single market, which many in central Europe feel is tilted in favour of big, western economies, particularly in the services sector.

"The full implementation of the [EU's] four freedoms [of goods, services, capital and labour] is unfinished. There are tendencies in the [opposite direction]," Mr Babis said.

FINANCIAL TIMES
1 Southwark Bridge,
London SE1 9HL

Subscriptions & Customer service
Tel: +44 207 775 6000, fte.subs@ft.com,
www.ft.com/subscribetoday
Advertising
Tel: +44 20 7873 4000 asiaads@ft.com,
emeaads@ft.com
Letters to the editor
Fax: +44 (0) 207 979 7790
letters.editor@ft.com
Executive appointments
Tel: +44 20 7873 4909
www.exec-appointments.com

Published by: The Financial Times Limited, 1 Southwark Bridge, London SE1 9HL, United Kingdom. Tel: +44 20 7873 3000; Fax: +44 20 7407 5700. Editor: Lionel Barber.
Germany: Dogan Media Group, Hurriyet AS Branch Germany, An der Brucke 20-22, 64546 Morfelden - Walldorf. Responsible Editor, Lionel Barber. Responsible for advertising content, Jon Slade.
Italy: Monza Stampa S.r.l., Via Michelangelo Buonarroti, 153, Monza, 20900, Milan. Tel. +39 039 28288201 Owner, The Financial Times Limited; Rappresentante e Direttore Responsabile in Italia: I.M.D.Srl-Marco Provasi - Via G. Puecher, 2 20037 Paderno Dugnano (MI), Italy. Milano n. 296 del 08/05/08 - Poste Italiane SpA-Sped. in Abb.Post.DL. 353/2003 (conv. L. 27/02/2004-n.46) art. 1 .comma 1, DCB Milano.
Spain: Bermont Impresion, Avenida de Alemania 12, CTC, 28821, Coslada, Madrid. Legal Deposit Number (Deposito Legal) M-32596-1995; Publishing Director, Lionel Barber; Publishing Company, The Financial Times Limited, registered office as above. Local Representative office; C/ Infanta Maria Teresa 4, bajo 2, 28016, Madrid. ISSN 1135-8262.
UAE: Al Nisr Publishing LLC, P.O.Box 6519. Dubai. Editor in Chief: Lionel Barber.
Qatar: Dar Al Sharq, PO Box 3488, Doha-Qatar. Tel: +97 44557825
France: Publishing Director, Jonathan Slade, 46 Rue La Boetie, 75008 Paris, Tel. +33 (0)1 5376 8256; Fax: +33 (01) 5376 8253; Commission Paritaire N° 0909 C 85347; ISSN 1148-2753.
Turkey: Dunya Super Veb Ofset A.S. 100. Yil Mahallesi 34204, Bagcilar- Istanbul, Tel. +90 212 440 24 24.

The Financial Times and its journalism are subject to a self-regulation regime under the FT Editorial Code of Practice: www.ft.com/editorialcode

Reprints are available of any FT article with your company logo or contact details inserted if required (minimum order 100 copies).
One-off copyright licences for reproduction of FT articles are also available.
For both services phone +44 20 7873 4816, or email syndication@ft.com

Contentious reform

Poland pushes bill to hasten judicial shift before EU can step in

JAMES SHOTTER AND EVON HUBER
WARSAW

Poland's ruling Law and Justice party has underscored its determination to complete a contentious judicial reform before the EU can intervene, by pushing ahead with a bill that will make it easier to replace the head of the Supreme Court more quickly.

Since coming to power almost three years ago, Law and Justice has forced through a number of laws giving politicians greater control over the judiciary that have sparked street protests in Poland and criticism from Brussels.

One new law earlier this month forced a number of Supreme Court judges to retire early.

Among them was Malgorzata Gersdorf, the court's president, who branded the changes a "purge" and insisted she would not step down since the Polish constitution specified she had been appointed for a six-year term, which is not due to end until 2020.

Government officials insist she is now retired, and yesterday Law and Justice began rushing a bill through parliament that will reduce the number of Supreme Court judges who must be in place before a successor to Ms Gersdorf can be appointed. A vote on the bill was expected last night or in the early hours of today.

Law and Justice claims that the judicial changes are necessary to overhaul an inefficient system that has not been adequately overhauled since the collapse of communism three decades ago.

Critics say the changes are a politically motivated assault on the independence of the judiciary.

In a measure of the concern in Brussels, the European Commission last year took the unprecedented step of launching a probe into whether Poland — long seen as one of the big success stories of the EU's 2004 eastern expansion — still complies with the bloc's core values.

Earlier this month, the commission launched infringement proceedings over the changes.

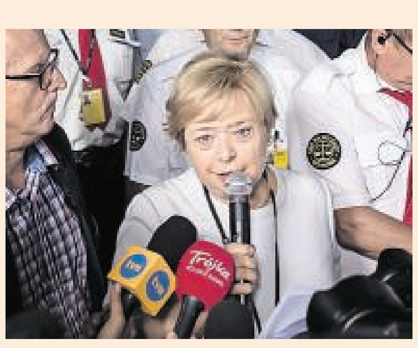
The dispute could ultimately reach the European Court of Justice, and analysts said the latest bill was designed to ensure Law and Justice's overhaul was completed before any ECJ verdict.

"The only purpose of this law is to speed up the procedure," said Marcin Matczak, a lawyer and law professor at Warsaw university.

Last week, the Polish Senate added an amendment to a bill on higher education which, if accepted, would give academics who hold posts at the Supreme Court, constitutional tribunal, or supreme administrative court the right to life-long university employment.

The Senate, controlled by Law and Justice, said the change would make the judges more independent.

But critics dismissed it as an attempt to persuade judges to apply for the newly free spaces in the Supreme Court.



Malgorzata Gersdorf: Supreme Court president calls the changes a 'purge'

"They are trying to manage the problem that they will have too few applications to the Supreme Court, and of course, having too few applications, they are unable to . . . [appoint] the [new] first president," said Mr Matczak, noting that the Polish judges' association had rejected the government's changes as null and void.

In recent days, government officials have seized on revelations that Jozef Iwulski, Ms Gersdorf's temporary replacement, was involved in ruling on cases during the period of martial law in the early 1980s, as proof of the need for the changes.

In an interview on Poland's TVN24, Mr Iwulski said he had not voluntarily taken part in the military court but was sent there after being drafted.

He added that in one case he had written a dissenting opinion, arguing in favour of acquittal or more lenient treatment of those accused.

"I did everything that should have been done and for 30 years I have certainly been doing everything that a Supreme Court judge should do," he said.

INTERNATIONAL

US sanctions boost role of Iran's Revolutionary Guard

Hardliners bolstered by Trump's rejection of nuclear deal at reformists' cost

NAJMEH BOZORGMEHR — TEHRAN

When violent protests over corruption and severe water shortages erupted in the southern Iranian cities of Khorramshahr and Abadan this month, the response of the authorities was unusual.

As well as calling in the police to quell the demonstrations, members of the Revolutionary Guard were dispatched to the scene. There, in the scorching heat, they worked day and night to complete a 90km pipeline to supply drinking water to people who had been reduced to waiting in line with buckets.

Their effort to tackle the water crisis is a prime example of the way the upheaval caused by Donald Trump's repudiation of the 2015 nuclear deal has served to bolster the role of the Revolutionary Guard, one of Iran's most powerful institutions. At the same time it has undermined the country's moderates led by President Hassan Rouhani, who has had to move close to the Guard to cement his own grip on power.

One business executive close to Iran's hardliners said: "Given the difficulty of running Iran under sanctions, Rouhani has no choice but to listen to the Guard."

The US decision in May to withdraw from the pact with world powers — Mr Rouhani's signature achievement — was in part aimed at stopping Tehran's meddling in regional affairs and curbing its ambitious ballistic missile programme.

But another consequence has strengthened the hand of hardline Iranian factions, in the clerical and judicial establishment as well as in the Revolutionary Guard, which always said it was a mistake to strike a deal with the US.

These groups, who believe their position has been vindicated, have been able to use the threats from Mr Trump and others to reassert their authority, adding to pressure on Mr Rouhani, whose credibility has been badly damaged by his failure to keep the deal and new economic curbs from Washington.

Previously, analysts say, the president had some success with reining in the Guard's extensive role in Iran's domestic politics and the economy. Those efforts have now been largely suspended.

"[Mr Rouhani] made enormous efforts to . . . reach an agreement with the west only to be ridiculed [by the US]," said Hossein Marashi, a reformist politician. In such circumstance "it is natural for Rouhani and the reformists to be weakened and hardline forces to be strengthened."

He added: "Western countries should be aware that if they put too much pressure on Iran, it could unleash radical Shia forces and trigger a new wave of Islamic radicalism."

Pro-reform forces, which last year helped re-elect Mr Rouhani for a second term, complain their voices are increasingly marginalised in the president's decision-making process. The change of tone was evident during a recent visit by Mr Rouhani to Switzerland when, in an uncharacteristically combative speech, he raised the possibility of Iran disrupting the transit of tankers in the Gulf if Tehran was hit with oil sanctions.

This prompted Brigadier General Qasem Soleimani, commander of the Guard's elite Quds Force, to praise Mr Rouhani for talking "like the man I knew before". "The Guards want Rouhani to distance himself from the reformists if he wants to stay in power," said the businessman with hardline ties.

Shipshape: members of the Iranian Revolutionary Guard navy march during a display in Tehran. Below, demonstrators protest about water shortages in the city of Khorramshahr
Reuters

The Guards' influence extends well beyond its original role to protect the clerical establishment from security threats. The 120,000-strong force was set up after the 1979 revolution in parallel with the conventional army.

Leading figures in the force went on to enter the commercial world, creating a business empire that now extends into many aspects of society.

When Mr Rouhani was elected in 2013, he promised to curb the Guard's commercial interests, and followed up by refusing to give Guard-affiliated companies contracts for major projects notably in the energy sector.

In the 2017 presidential vote Mr Rouhani defeated hardline rivals who reformists claim were backed by the Guard.

> 'The west should be aware that if they put too much pressure on Iran, it could . . . trigger a new wave of Islamic radicalism'

While Iran has been through many upheavals, political observers say the scale of today's domestic and foreign challenges raises questions over the Islamic republic's survival.

Many ordinary Iranians have concluded that the state cannot reform itself politically and economically, and that only those connected to the regime can prosper. Reformists accuse hardliners of playing a dangerous game by fuelling such public disillusionment.

"We've never faced such a lack of trust," admitted one pro-reform politician. "This is our biggest challenge, but politicians are fighting with each other and with the US."

Some Iranian politicians hope they can wait it out in the hope that Mr Trump's presidency comes to an end in 2020. Others say the destructive impact of sanctions on Iran's battered economy means they do not have that long.

For now, Iran's supreme leader, Ayatollah Ali Khamenei, is backing the president to stay in power, said one regime insider, in order to maintain stability.

At the same time, the businessman close to the hardliners said the supreme leader would not allow Mr Rouhani to pursue another international deal following the failure of the nuclear accord.

In this environment, he added, Mr Khamenei "will let the Guards grow".

Nation state bill

Arab Israelis condemn passing of 'apartheid' law

MEHUL SRIVASTAVA — JERUSALEM

The Israeli parliament has backed controversial legislation that declares Jews alone have the right to national self-determination in Israel, downgrades Arabic from its status as an official language and encourages the building of Jewish settlements.

The nation state bill, which was passed in the early hours of yesterday, is a triumph for Jewish hardliners who have struggled for eight years to introduce different versions of the law.

Prime Minister Benjamin Netanyahu, who championed the bill in the face of criticism from President Reuven Rivlin, called it a "defining moment in the annals of Zionism", and ignored attacks from Arab leaders, who represent 20 per cent of Israel's population — about 1.8m people — who said it contained "the seeds of apartheid".

Arab lawmakers waved black flags, tore up copies of the bill and barracked Mr Netanyahu as he left the Knesset, after the vote. Ahmad Tibi, an Arab lawmaker, said the legislation marked "the end of democracy".

Last week, Mr Netanyahu insisted the government would "keep ensuring civil rights" in Israel but he said: "The majority also has rights and the majority decides."

Most Arab Israeli citizens are descendants of Arabs who refused to flee the fighting that preceded the creation of the Israeli state in 1948. Arab Israelis already suffer from discrimination, lower employment and greater poverty.

"There's no other reason for this law, other than the proximity of elections," said Yohanan Plesner, head of the non-partisan Israel Democracy Institute, which opposed the bill. "They want to position themselves towards the campaign, especially on the questions of identity that fire up their base and enter the election campaign with a strong patriotic stance."

The law is largely symbolic but is especially controversial because it does not include a clause that guarantees equal protections for non-Jews in Israel. Since Israel does not have a constitution, legal opinions of equal rights are drawn from an interpretation of a basic law regarding human dignity and liberty.

Palestinian leaders, who maintain close ties with the Arab population within Israel's borders, said the law confirmed that Israeli law allowed discrimination between Jews and others.

"The Jewish nation state bill officially legalises apartheid," said Saeb Erekat, the chief negotiator for the Palestinian Liberation Organization, amid concerns that the bill could be interpreted as a mandate for increased Jewish settlements in the West Bank, where 450,000 Jews live in communities guarded by the Israeli Army.

The legislation also redefines the state of Israel's relationship with diaspora Jews — directing the Israeli government to limit that influence to outside the borders of the state. While vague, experts point out that clause was inserted at the demands of the ultra-Orthodox partners of Mr Netanyahu's coalition, who consider more modern forms of Judaism practised in the west as a threat.

"There is no reason that a basic law that defines Israel as the national homeland of the Jewish people should contain a clause that alienates a large portion of Jews worldwide," the Israel Democracy Institute said.

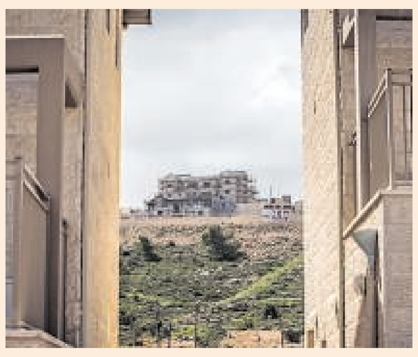
The bill, which passed with 62 votes out of 120, will become one of Israel's dozen basic laws, but is expected to face immediate legal challenges.

Professor Eugene Kontorovich, of the conservative Kohelet Policy Forum, which pushed for the bill and provided legal support for it, said: "This is a well overdue piece of legislation enshrining Israel's national character into law.

"The faux outrage against the bill is simply another attempt to single out the Jewish state and hold her to a double standard."

The law was necessary because Israel does not have a constitution, and it serves as a declaration of the Jewish nature of the nation, rather than declaring a national religion, he said.

Critics point out that Israel's declaration of independence already served that purpose, alongside the use of Jewish symbols in national symbols such as the flag, court rulings and other basic laws.



The new law promotes building of Jewish settlements in the West Bank

Manufacturing capability

China admits almost all its computer chips are imported

YUAN YANG AND LUCY HORNBY
BEIJING

A Chinese government minister has warned that the country still lags far behind foreign rivals in producing semiconductors, revealing it imports more than 95 per cent of high-end chips used in computers and servers despite spending billions to catch up.

"We are still decades behind developed countries and the road to becoming a great manufacturing power remains long," Xin Guobin, deputy director of China's ministry of industry and information technology, told a forum of academics and industry experts in Beijing.

China relies on imported semiconductors to build the hardware — including phones, telecoms gear and computers — that accounts for almost one-third of its exports: at $227bn in 2016, the country spent more on chips than oil, according to the World Bank and Chinese government data.

Mr Xin's remarks come soon after ZTE, one of the country's national champions and biggest telecoms equipment companies, was crippled by US sanctions for violating the terms of a settlement over exports to Iran and North Korea.

To lift Washington's ban on doing business with US companies, ZTE was forced to replace its board and pay a $1bn fine, with $400m held in an escrow account in the event it breaches the deal.

Last month it applied for an $11bn line of credit to recover from its enforced downtime and fines.

Experts say the incident has accelerated China's push for "semiconductor sovereignty".

"The ZTE case has meant policymakers are more focused on what they call 'indigenous innovation', or mitigating external reliance," said Jonas Short, head of the Beijing office of investment bank Everbright Sun Hung Kai.

Mr Xin warned that the country also relied on imports for more than 95 per cent of manufacturing and testing equipment for products such as aeroplanes, aircraft engines and cars.

"China needs to feel a better sense of security that its electronics industry won't suffer from foreign government-imposed supply shocks," said Dan Wang, technology analyst at consultancy Gavekal Dragonomics.

"Even though China has built up some capabilities in manufacturing chips, it has very little position in making the equipment to manufacture chips. It's mostly American companies that sell semiconductor equipment."

The ZTE case also illustrated how companies such as US chipmaker Qualcomm, whose planned acquisition of Dutch rival NXP has become ensnared in the trade row between Washington and Beijing, are dependent on China.

> 'The road to becoming a great manufacturing power remains long'
> Xin Guobin, Chinese minister

Within China, the ZTE case has opened a debate on the success of Beijing's plan to overtake US technology groups. Some have pointed to a famous mantra of Deng Xiaoping, arguing that it is time to "hide your light and bide your time" as they push back against the triumphalism of the state, which had hailed champions such as ZTE as evidence that China was ready to go it alone.

Even some nationalists have joined in the criticism, suggesting that Beijing has provoked an unnecessary backlash by showing its hand too soon.

"China should act cautiously in building up the confidence of the people at this moment," the Global Times, a state newspaper, wrote in an editorial in late June. "If the wrong method is used, negative effects will easily surface at home and abroad."

Additional reporting by Xinning Liu and Archie Zhang

FT Big Read page 7

Election campaign

Shehbaz Sharif pledges to improve ties with Pakistan army

KIRAN STACEY AND FARHAN BOKHARI
LAHORE

The leader of Pakistan's largest political party has promised to reset fractious relations between the civilian government and its powerful army should he become prime minister after next week's election.

Shehbaz Sharif, head of the Pakistan Muslim League-Nawaz, told the Financial Times his country needed to "move forward" after a year of feuding between Pakistani generals and his brother, Nawaz Sharif, who was ousted as prime minister on corruption charges last year.

The former premier was jailed last week on those charges for 10 years. An Islamabad court ruled this week his bail hearing would not be heard until after the election, leaving him unable to campaign before Wednesday's vote.

The PML-N is one of two parties most likely to win the next election, alongside Pakistan Tehreek-e-Insaf (PTI), which is led by the former international cricketer Imran Khan.

Speaking to the FT at his home in Lahore, Shehbaz Sharif said: "This country must go forward, and where the military leadership needs to be consulted, we will consult them."

He added that he would work with the army on key parts of foreign policy, such as relations with Afghanistan and India, in what amounts to a notable softening of tone from his party.

The army has controlled Pakistan for about half of the country's 71-year history. It has often set the country's foreign policy, pursuing a tough line against India and being blamed for fostering militancy in Afghanistan.

Nawaz Sharif originally came to power as a protégé of military ruler Zia ul-Haq, but clashed with the army during each of his three tenures as premier. During his latest stint in office, the army was particularly piqued by his faltering attempts to foster a rapprochement with India.

In the lead-up to next week's polls many in the PML-N have alleged dirty tricks by "the establishment" — a common euphemism for the army — in an attempt to get Mr Khan installed as prime minister. They say their candidates have been threatened with legal cases in an attempt to get them to switch sides to the PTI.

The army has denied the allegations, promising to act in a "non-political and impartial manner".

Shehbaz Sharif said there had been "blatant discrimination" against his party but when asked who he believed was behind the attempted manipulation, he replied: "Don't ask me an unfair question, I cannot comment", a reticence again suggesting he wants to dial down tension with the military.

He said the charges against his brother were "a joke" for which there was "no evidence", but refused to follow others in his party by blaming the army for mounting a conspiracy against his family. "If others say [the army is to blame], let them come forward and say it publicly. I will not comment on that," he said.

He added that he would not seek a presidential pardon for his brother should he win next week. "Nawaz Sharif has done nothing that would require a presidential pardon. We believe in the rule of law, and we believe in the appeals process. Let the law take its course."

In an apparent reference to Pakistan's history of military dictatorship and weak civilian rule, Mr Sharif said: "This country was way ahead of other countries in the neighbourhood in the 1960s. Unfortunately we lost our direction along the way, but we cannot keep crying about that, it won't help at all."

Shehbaz Sharif: alleges 'blatant discrimination' against his party

Future of Europe

EU raises pressure over N Irish border

Barnier fears legislative amendments by UK will contradict past pledges

ALEX BARKER — BRUSSELS

The UK's new Brexit secretary arrived in Brussels yesterday for a potentially bruising negotiating debut, with the EU side raising pressure over deadlocked talks on Northern Ireland's border.

Dominic Raab met his EU counterpart, Michel Barnier, while having to manage the fallout from an unruly fortnight of politics in Westminster and an unusually difficult set of preparatory talks in Brussels this week.

EU diplomats are increasingly alarmed that Downing Street inflexibility, the resignation of several leading Brexiters, including Mr Raab's predecessor, David Davis, and an "out of control" House of Commons is making it even harder to agree a "backstop" to avoid a hard border on the island of Ireland. Speaking before a dinner with Mr Barnier, Mr Raab promised to inject "renewed energy, vim and vigour" to talks. Mr Barnier, meanwhile, called for the two sides to "urgently agree" the backstop plan, indicating he intended to make Ireland a higher priority than discussions about future relations.

European leaders have resisted public criticism of Prime Minister Theresa May's plan for a free-trade area for goods between the UK and EU, outlined in a white paper last week. But with concern rising over the prospects of any agreement being possible, both sides are stepping up their no-deal planning.

Mr Barnier has expressed concern to colleagues that UK legislative amendments, covering customs in Northern Ireland, contradict past negotiating commitments made by Britain.

The provisions, proposed by Brexiters and backed by the government on Monday, made it unlawful for Northern Ireland to be separated from the UK's customs territory — a key provision of the EU's backstop.

The EU side is also alarmed that British negotiators remain unwilling to discuss Northern Ireland-specific provisions for the backstop, even after the release of London's long-awaited vision for future UK-EU relations.

"If they can't discuss anything unless it covers the whole UK, that is a very serious problem," said one EU diplomat.

British officials, in turn, say the commission's aim to resolve the backstop before future UK-EU relations "simply won't work".

The negotiating impasse and uncertainty over Commons votes made for testy negotiations on Monday, which resulted in a session of planned talks on Northern Ireland being cut short.

> 'If they can't discuss anything unless it covers the whole UK, that is a very serious problem'

The frosty exchanges came despite both sides signalling willingness to show some flexibility on the backstop.

In the plan agreed by Mrs May's cabinet this month, Britain accepted that a sub-optimal backstop provision was necessary, which encouraged some people on the EU side. But the statements noted it could only be in the context of an ambitious UK-EU agreement that ensures it is not used.

London wants to include provisions covering the entire UK in the backstop, so the withdrawal agreement makes clear that there would be no customs checks on the Irish Sea. Such provisions are unacceptable to Brussels and Dublin because they would amount to a disguised trade deal for the UK.

The EU side, at the same time, is looking at ways to soften and rebrand the backstop, so that its provisions avoid being seen by unionists in Westminster as dividing the UK.

Philip Stephens & Chris Giles page 9

Exiting: Michel Barnier, right, EU chief Brexit negotiator, and Dominic Raab, UK Brexit secretary, leave a press briefing in Brussels yesterday
John Thys/AFP/Getty Images

Brexit. Break-up plans

Brussels steps up preparations for no deal

European Commission points to doomsday notes relating to worst-case scenario disruption

ALEX BARKER — BRUSSELS
CLAIRE JONES — FRANKFURT

Preparations for a no-deal Brexit are ramping up in Europe, as the public and private sectors braced for a hard break-up that would hit long-term EU economic output by up to 1.5 per cent.

But Brussels' drive to prepare for the worst also highlights one of the big impediments to planning: authorities are not revealing the steps they will take to mitigate the "serious disruption" expected in such a case.

A 15-page paper published by the European Commission yesterday sums up its efforts since November to highlight the legal consequences of Britain becoming a "third country", with airline licences, certain citizen rights and medicine certificates ending overnight. The commission has issued 68 such "preparedness notices", or doomsday notes.

Brexit negotiators and EU member states increasingly fear the UK crashing out without a deal is becoming a serious risk, either through a breakdown in talks, or from the failure to find a majority to endorse an agreement in the House of Commons. That could precipitate the most disruptive economic event in Europe since the financial crisis.

Senior EU officials acknowledge that in the event of no deal, the infrastructure and workforce are not yet available to apply EU law on March 30, 2019, the first day after Brexit. There are not enough customs officers, inspection posts or regulators for such a task.

They also accept that EU governments will not blindly enforce laws that threaten financial stability, ground all air traffic, or halt production at car or aircraft factories in Europe, as would in theory happen if no deals were made.

"Everybody knows that it is incredible to think nothing will be moving on Brexit day," said one EU government official overseeing contingency plans.

For these reasons further measures are being worked on to stagger the worst effects of divorce in the months after the UK's exit, using waivers and other emergency arrangements for customs, airlines, financial services and the pharmaceuticals sector.

The detail of what officials describe as "the parachute" are vital for industries' plans. But the commission's paper omitted even hints at what they may be.

EU diplomats know revealing too much may deter companies from taking action — and relax negotiating pressure on London. One EU diplomat referred to the combined measures as a form of "secret transition" that is still being worked on, and would only be unveiled at the last moment.

But as the risks of a sudden and disorderly UK exit have risen, so has the understanding of its different implications for the EU's 27 member states.

IMF research on the long-term impact of leaving the EU, published yesterday, highlighted these differences.

Assuming a transition to a relationship based on World Trade Organization rules, Ireland would lose almost 4 per cent of economic output due to trade disruption alone. That loss is around as much as the fund expects the UK economy to suffer.

By contrast the impact across the EU is forecast at just 0.5 per cent, rising to 1.5 per cent over five to 10 years when harm to financial and workforce links are included.

Some member states, such as Finland and Italy, would barely suffer at all. One ambassador of a central European country even speculated a no-deal outcome "might be good" for the home economy as companies relocated.

Leo Varadkar: Irish premier's speech to parliament underlined the complexities over the border issue

French officials see the economic costs as bearable, and worth it to protect the EU and its single market. But some French ministers privately are more wary of the political fallout if there is a hit to vocal fishing communities, which heavily rely on access to UK waters.

An attempt by Leo Varadkar, the Irish premier, to explain his own plans to parliament on Wednesday highlighted the political minefield posed by the issue and the practical complications faced in enforcing the law.

Mr Varadkar said the EU had reassured him that no hard border would be needed with Northern Ireland even in a no-deal scenario. If Britain refused to enforce checks on the Irish Sea, it implies the EU would allow an open land border with the UK for 499km, or enforce checks on the continent, disrupting the flow of Irish goods within the single market.

He also warned London that a no-deal Brexit would mean "planes would not fly and Britain would be an island in many ways". He added: "You can't take back your waters and then expect to use other people's sky."

British officials wryly noted this would mean Ireland would be unable to use UK airspace to fly to the continent, closing Ireland's busiest air traffic routes.

GLOBAL INSIGHT

US

Edward Luce

Trump's critics play dangerous game when they use the T word

In a twist of fate, John Stormer, author of *None Dare Call It Treason*, died last week. His 1964 jeremiad forecast America's takeover by homegrown communists.

The word "treason" has returned in force after Donald Trump's Helsinki summit on Monday with Vladimir Putin. Among others, a former CIA director, former cabinet secretaries, a leading Democratic legislator and several New York Times columnists have accused the US president of being a traitor.

Treason, as defined by the US constitution, includes giving "aid and comfort" to America's enemies. It is hard to imagine Mr Putin being discomforted by Mr Trump's words — and that is just what he said in public. Who knows what assurances he gave the Russian president in private?

But there lies a danger for Mr Trump's critics. To be sure, Mr Trump appears to be doing the Kremlin's work for it. On Monday, he endorsed Mr Putin's protestation of innocence over Russian interference in his 2016 election victory — over the word of his own intelligence director. On Tuesday, he lamely tried to reverse course by insisting he had meant to say "wouldn't" instead of "would". The next day, Mr Trump again backtracked when he implied Russia was no longer attacking America's electoral system — once again, contradicting US intelligence agencies.

He then reinforced doubts about his commitment to Nato's Article 5, which says that an attack on one member is an attack on all. The defence of Montenegro would not be worth risking a world war, Mr Trump said. Meanwhile, he has yet to decline Russia's request to interrogate Michael McFaul, who was Barack Obama's ambassador to Russia — and whom Mr Putin has long reviled.

> Treason, as defined by the constitution, includes giving 'aid and comfort' to America's enemies

All of which could be taken as evidence that Mr Trump is doing Mr Putin's bidding. But there is not yet proof of treason. The risk to Mr Trump's critics is that the charge could boomerang. The danger is twofold. First, it could play into Mr Trump's hands. According to Reuters, 49 per cent of Americans say the US should not come to the defence of Nato allies unless they raise defence spending. This suggests that Mr Trump is expanding his market. Most US servicemen killed in places such as Iraq and Afghanistan came from "red state" America, which supports Mr Trump. It is doubtful middle America shares Washington's outrage over the president's Montenegro remarks. They probably struck a chord.

Second, Mr Trump's critics risk devaluing a term they may need later. Robert Mueller, the special counsel, is issuing indictments on Russian military officers. He added 12 names last week. It is possible he will indict Mr Trump. America could then polarise to a lethal degree. It would be Mr Trump against the deep state. The US would descend into a constitutional crisis. At which point the word "treason" would be inescapable. Yet there may no longer be a middle ground to pitch it to. By then, people may be deadened to such charges. Some of Mr Trump's critics compare Russia's attempted sabotage of the US electoral system to Japan's 1941 raid on Pearl Harbor and the al-Qaeda attacks of 9/11. Both parallels are overblown. Mr Putin clearly relishes messing with US politics. But he has not declared war. Yet half of America is talking as though it is under way. Again, the word "war" should not be thrown lightly.

Where does it go from here? The key event is the November midterm elections. If Republicans lose control of Congress, it may prompt the party's leaders to locate their spines. The only thing louder than this week's cries of treason was the silence of most Republicans. A midterm defeat would change the climate. Most elected Republicans are privately appalled by Mr Trump's complicity with Mr Putin. If enough Republicans are evicted, the party may turn on Mr Trump. In fact, if they keep control of Congress, Mr Trump would feel vindicated. He could intensify his course. The US might pull out of Nato and the World Trade Organization. It is hard to overstate what is at stake.

Which brings us back to treason. Much of America shares Mr Trump's distrust of the deep state. That includes the spy agencies, which have a patchy record. This week, John Brennan, a former CIA director, was the first to accuse Mr Trump of treason. That is ultimately the US electorate's judgment to make. The best course for Mr Trump's critics might be to paraphrase Oliver Cromwell: "Trust in Mueller and keep your powder dry."

edward.luce@ft.com

Visitor spending

World Cup fans add $1.5bn to Russia economy

HENRY FOY — MOSCOW

Russia is already enjoying a World Cup windfall of positive international PR and a surge in national pride after staging a widely praised tournament and seeing its team defy rock-bottom expectations. The event also gave its economy a welcome shot in the arm, the country's top bank said yesterday.

Visiting football fans spent $1.5bn during the one-month tournament, according to state-owned lender Sberbank.

Moscow had hoped to use the event to defy western nations that have sought to isolate Russia diplomatically following its 2014 annexation of Crimea and alleged meddling in the 2016 US election.

Russia welcomed foreign fans with visa-free travel and spruced-up host cities, and a relaxation of heavy-handed policing fuelled celebrations that saw bars run out of beer and cafés open all night.

Sberbank said in a research report that its network alone had serviced 899,000 foreign bank cards from 194 countries during the tournament.

Fast-food outlets and restaurants saw spending of Rbs6.2bn ($98m), Sberbank said, with hotels accounting for Rbs5bn — though the real figure was likely to be far higher given that accommodation was also bought in advance or through foreign travel agents.

Argentina and Brazil supporters sing songs near the Kremlin: about 3m football fans visited the country

Russia's government has said that about 3m people visited the country for the tournament, suggesting an average spend of $500 per person. Most fans visited only one location — Sberbank said that 75 per cent of foreign cards were used in a single city.

Spending often related to teams' performances, the bank said, with fans shelling out the most — 36.5 per cent of the total — in the second week of the group stage, when all teams were still involved. Spending often peaked after crucial victories or when countries were sent out, as fans prepared to head home.

"Judging by their expenses, people from Middle Eastern and African countries left Russia rather early," the bank said. No African or Middle Eastern nation made it through to the knockout stage.

"The map of expenses also shows the change of fan activity during days when teams had big wins and after they were knocked out. Croatians, for example, spent actively on 18 June [when their team scored its first win] and 9 July [as it prepared for the semi-final]," it added.

Spain

Judge withdraws Catalan extradition orders

IAN MOUNT — MADRID

A judge in Spain's high court has withdrawn European extradition orders for former Catalan leader Carles Puigdemont and five other independence leaders, leaving them free to travel throughout most of the EU but still subject to arrest if they return to Spain.

Judge Pablo Llarena had wanted Mr Puigdemont to be returned from Germany to Spain to face charges of rebellion, which carries a jail term of up to 30 years. Mr Puigdemont led Catalonia's attempt to declare independence after an illegally staged referendum last year.

But a court in the German state of Schleswig-Holstein this month rejected the Spanish judge's arguments, finding Mr Puigdemont was "no 'intellectual leader' of acts of violence" and could only be extradited on a lesser charge of misuse of public funds. Following the German decision Mr Llarena has withdrawn the extradition request, in effect acknowledging it would be untenable because Mr Puigdemont would have faced lesser charges than other Catalan politicians awaiting trial in Spain. Mr Llarena criticised the German decision, saying it "short-circuits" European extradition law and did not adhere to facts that "could have broken Spain's constitutional order".

Catalan leaders welcomed the decision. Mr Puigdemont wrote on Twitter that the withdrawal was "a demonstration of the immense weakness of the legal case". Joaquim Torra, Mr Puigdemont's successor as head of the Catalan regional government, wrote: "One more victory. Our voice is free and soon the country will be too."

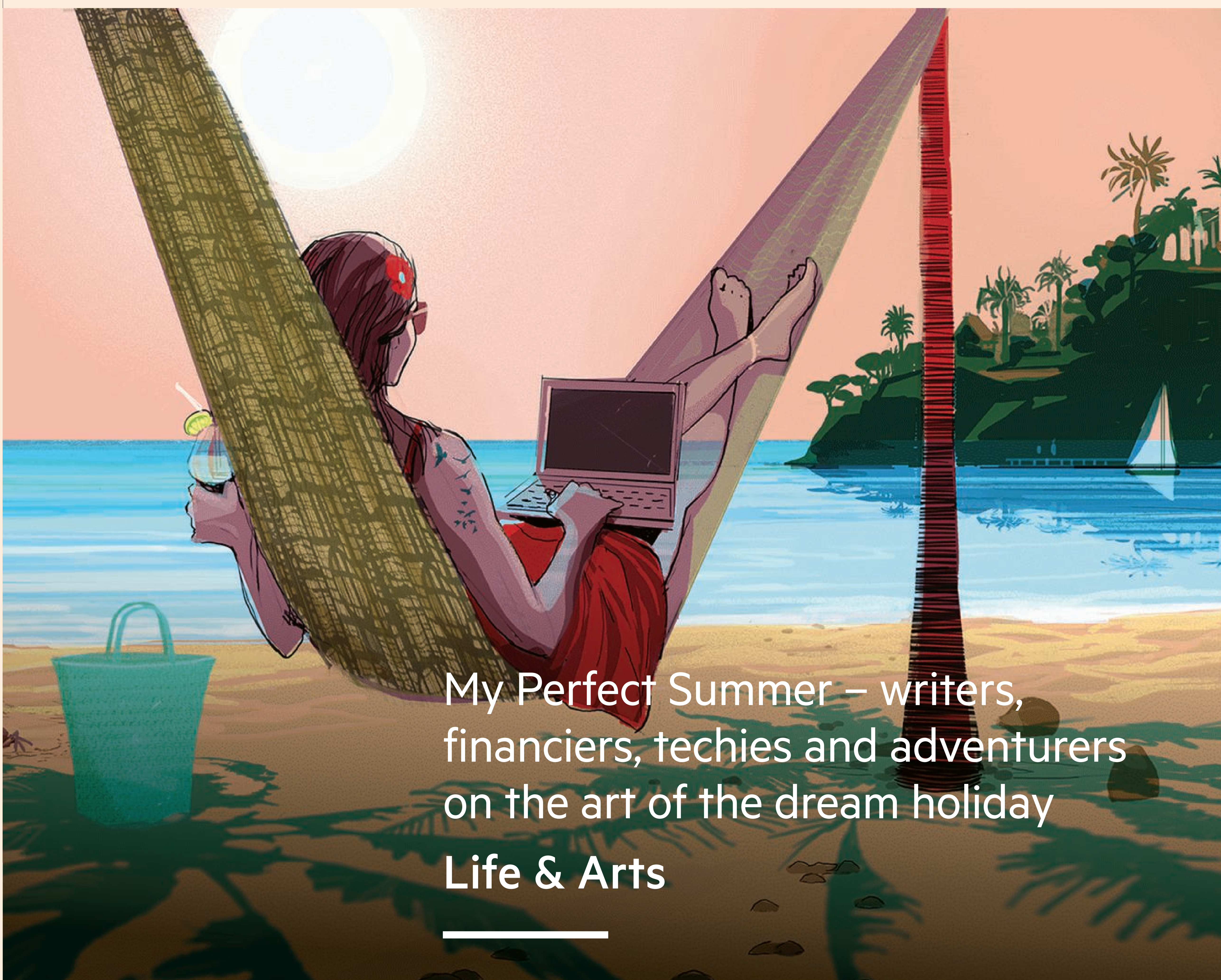
Mr Llarena "does not want . . . to have two parallel judicial processes", said Pablo Simón, a professor of political science at the Carlos III University in Madrid. "From a judicial perspective, the situation is stuck where it was, with one group in jail and one group abroad that has not been processed."

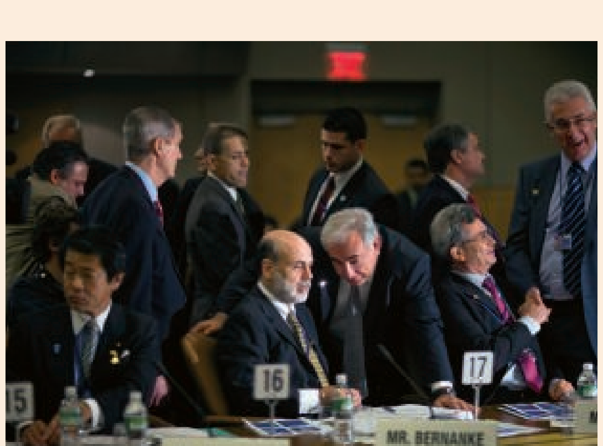
Accepting Mr Puigdemont's extradition on charges of misuse of public funds would also have created a problem for the Spanish government, said Juan Rodríguez Teruel, a professor of political science at the University of Valencia, as it could have freed Mr Puigdemont to present himself as a candidate to run Catalonia's regional government again. It would be more difficult to hold him in pre-trial custody on the lesser charges.

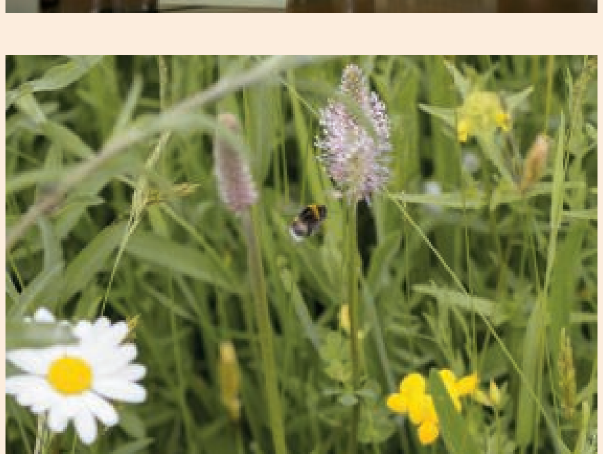
Mr Puigdemont and the others affected by the decision left Spain after last year's secession push failed. The others are based in Belgium, Scotland and Switzerland.

Additional reporting by Tobias Buck in Berlin

FT Weekend







Plus

'The people have sharp eyes': inside China's surveillance state
Life & Arts

Crash landing: Martin Wolf on the financial crisis
Life & Arts

Brexit: could it save Britain's wildlife?
House & Home

Pick up your copy this weekend or subscribe online at ft.com/subscribe

Henry Kissinger has Lunch with the FT
Life & Arts

'I was only a side dish to Kandinsky'

Ariella Budick surveys a show of Gabriele Münter, an artist of fitful brilliance who deserved to be recognised in her own right

The story of Gabriele Münter delivers a warning to creative women: get too close to a talented man and his craving for glory will blot you out. Münter was Wassily Kandinsky's partner on the front lines of the avant-garde, and at times their paintings can hardly be told apart. But she was pegged early on as his student and lover, rather than his peer. After their relationship ended he went on to worldwide renown, and she stopped painting for almost a decade. "In the eyes of many, I was only an unnecessary side dish to Kandinsky," she recalled. "It is all too easily forgotten that a woman can be a creative artist with a real, original talent of her own."

The Louisiana Museum of Modern Art, just outside Copenhagen, has found a way to honour Münter without making a saint of her. The show recognises both her fitful brilliance and her slips into mediocrity. She was a risk-taker, game to try new things and willing to fail. The glitches set her successes into relief. Her eagerness to experiment and grow didn't help her reputation, though, since versatility in a man is a mark of heroic imagination; in a woman it's wishy-washiness. Picasso's perpetually evolving style is considered his great strength, while Münter's openness remained a liability.

Louisiana fuses natural and architectural beauty in an enchanting setting that can make even so-so artists look good. Set above the sparkling Øresund strait, the museum offers dappled vistas of the sea, ancient trees, and a scattering of sculptural masterpieces set off brilliantly against the green. But Münter's work is shielded from all that outdoor allure. Installed in quiet, spacious, windowless galleries, she generates her own idyllic topography.

The painter was born in 1877 in Berlin, but she had deep roots in the US. Her father's political activities in the period before the 1848 revolution made him unwelcome in Germany, so he emigrated to Savannah, Tennessee. There, he married Münter's mother (also a German immigrant) and became a dental surgeon. As an anti-slavery liberal, he fell dangerously out of step, politically, in the pre-civil war South. The young couple returned to Germany, where their four children were born and grew up.

Münter and her sister returned to the US years later, in September 1898, to visit relatives in Missouri, Texas and Arkansas. She was a 21-year-old orphan with a substantial inheritance, plenty of time, and a Kodak box camera. Though she had no artistic ambitions, she kept a detailed account of prairie life recorded in two years' worth of photographs that sparked her career.

The images look more like the work of a real-life pioneer — a darkroom Willa Cather, perhaps — than a doctor's daughter who had popped over from Berlin. One shot depicts a harvest scene, with horses hauling a groaning cargo of hay. It's a riot of texture: the shining flanks of sweating animals, the scrub of vegetation and crumbling soil, the carts' smooth wheels, all set off by a woman who appears amid the field hands in a white dress and cloud-like hat. Louisiana has brought together many of these rarely seen prints, which hang alongside much better-known paintings.

After her American sojourn, Münter returned to Germany, met Kandinsky, and committed herself to art. She enrolled in the Phalanx School, the progressive art academy in Munich that he directed. Their relationship nourished them both with invigorating draughts of creative and emotional intimacy. They summered in Murnau, near Munich, where they bridged observation and invention to transform a pretty Bavarian town into radiant sheaves of colour. In her versions, purple mountains shelter dollhouse-like dwellings, rendered in a dazzling range of hues. A peppermint-green house perches next to a hill, the only fixed point in a baffling and indeterminate flow of fences, trees and lawns.

Though they lived and painted together (in the house she bought), shared the project of grasping nature while simultaneously transcending it, and jointly helped found Der Blaue Reiter, Kandinsky was adept at claiming sole credit. He "had to express his ideas in words, so he constantly formulated new theories of art", Münter said. He leapt into the maelstrom of abstraction; she held back, scrutinising the world ever more rigorously and schooling herself to see it anew.

Münter has been narrowly known as a landscape painter. But the show embraces her experiments with realism, abstraction, folk art and portraiture. Kandinsky pops up in many portraits, looking dapper at tea, his bearded seriousness belied by a green parrot-handled teapot. His gravitas is even more severely undermined by another teatime scene, in which he sports a pair of green legwarmers, ballet slippers, a peacock blue sweater . . . and no trousers.

The first world war drove Kandinsky back to Moscow — alone — and after the couple split definitively in 1917, Münter wandered back and forth across Europe, alighting in Switzerland, Scandinavia, Cologne, Berlin, Paris and the south of France. She kept the old Murnau house, though, and in 1931 moved back in with her life-partner, art historian Johannes Eichner.

Clockwise from above: 'From the Griesbräu Window' (1908); 'Sinnende II' (1928); 'Three Women in their Sunday Best, Texas' (1899-1900), all by Gabriele Münter

Münter's artistic antennae received signals wherever she was, and she soaked up the vibes of various movements. Neue Sachlichkeit caused some brief interference with her work, steering her toward harsh portraits and still-lifes in dead pigments. A period of illustrating children's books yielded infantile paintings of houses and animals. Her work can veer between banality and charm, but she often rises above influences and inspirations.

One of the exhibition's high points is a 1909 portrait of the wealthy artist Marianne von Werefkin (patron and lover of Kandinsky's sidekick, Alexei Jawlensky), which subjects the grande dame to a series of bold fauve slaps. Her face, done in shades of bile and cotton candy, is crowned by an imposing hat swathed in orange ribbon. Some of Matisse's vividness and humour wafts across the canvas, but Münter cuts more sharply into the sitter's character than he ever did. "I painted the Werefkin in 1909 in front of the yellow basement of my house, and what a pompous figure she was — arrogant, imperious, and extravagantly dressed with a hat like a cartwheel with all manner of things piled up on it." Münter got even with her frenemy in this portrait, but there's empathy mixed in with the cruelty. In the ruthless slashes of colour you can detect a thriving humanity and profound delight in paint.

To August 19, louisiana.dk

A diverse Mass of contradictions

CLASSICAL MUSIC

Bernstein's Mass
Lincoln Center, New York
★★★★☆

John Rockwell

Like all of Leonard Bernstein's more ambitious late compositions, *Mass* (1971) is flawed. There are wonderful things in it, musical things especially. But dramatically, despite the Christian setting, there is too much Talmudic disputation about the nature of God — surely more Bernstein's input than that of his co-writer for the non-Biblical text, Stephen Schwartz — which impedes a satisfying build-up to the climactic crisis and its resolution.

Whatever its flaws, though, *Mass* has been frequently revived and recorded, and has grown steadily in critical estimation, particularly during the current Bernstein centenary celebrations. Lincoln Center's Mostly Mozart Festival (which has long since transcended Mozart, even mostly) took on a Los Angeles Philharmonic production originally conducted by Gustavo Dudamel in early February, with a different cast and choruses for two performances.

The work, which lasted nearly two hours without intermission, was presented in David Geffen Hall. As now seems standard practice in the summer, the Mostly Mozart Festival Orchestra sat on an audience-level platform, knocking out some 15 rows of parterre seats. That freed up the regular stage for Seth Reiser's platforms and the Celebrant's altar, which provided spaces where the multitudinous choristers (young and adult), dancers and solo singers could cavort (the choristers also filled the front half of the first-tier balconies).

The producer was Elkhanah Pulitzer, based in San Francisco, who did a good job shepherding her forces and worked well with Laurel Jenkins, the choreographer, whose varied dance styles matched the eclecticism of the music and offered some nice static tableaux. Christine Crook's costumes similarly straddled eras from then to now.

If the text remains problematic, the music is by now less so. Conductors who champion *Mass* (such as Marin Alsop) hail it as a masterpiece. Certainly its stylistic diversity, faulted in 1971, now seems prescient. The high baritone Nmon Ford was the eloquent Celebrant, and Tenzin Gund-Morrow sang the boy soprano solos at the end beautifully. How conductor Louis Langrée compared with Dudamel, I cannot say. On his own terms he held everything together admirably and handled the raucous parts and the Mahlerian choral passages with equal authority.

lincolncenter.org

Eloquent: Nmon Ford as the celebrant
Richard Termine

THEATRE

Fire in Dreamland
Public Theater, New York
★★★☆☆

Max McGuinness

Kate, the heroine of Rinne Groff's new play, is not much of a dreamer. Drifting between tedious jobs and dead-end graduate programmes, she lacks ambition yet can't quite resign herself to a life of mindless drudgery. Then she meets Jaap, a Dutch student, who is trying to make a film about the 1911 fire that destroyed the Dreamland amusement park in Coney Island.

He's got a dream; she's a got a credit card and a place to stay, not to mention US citizenship. What could possibly go wrong?

For starters, the conceit of writing a play about someone making a film is under-developed here. The story of the fire itself, which led to the deaths of dozens of circus animals, sounds fascinating. But, as recounted through a series of monologues, it feels tacked on to the action. And we never see any of Jaap's supposedly magnificent footage. We are asked to imagine the awesome spectacle of a black lion rampaging about the flaming boardwalk. But Marissa Wolf's stripped-down staging doesn't really give us enough to work with, and Groff's script has frustratingly little to say about the fire's historical significance.

Enver Gjokaj as Jaap and Rebecca Naomi Jones as Kate

Kate and Jaap's unlikely relationship has stronger dramatic legs. As the impetuous would-be auteur, Enver Gjokaj exudes offbeat, abrasive charm, like a cut-price Marcello Mastroianni. And while Jaap's manipulative designs are transparent, his bungling fantasies make him seem more pathetic than villainously caddish. Rebecca Naomi Jones's Kate similarly departs from ingenuous caricature as she attempts to add a bit of discipline to Jaap's faltering cinematic ambitions.

The play takes a melodramatic turn with the late arrival of Jaap's painfully awkward assistant producer Lance (Kyle Beltran), setting up a bittersweet and neatly resolved denouement. Compared to the epic chaos of the Dreamland fire, *Fire in Dreamland* fizzles out in run-of-the-mill romantic intrigue. That might be a more plausible conclusion than Jaap's dream of bringing a real lion back to Coney Island. But it also seems a bit tame.

To August 5, publictheater.org

FT BIG READ. AI ARMS RACE

FT series By making new technology one of its key priorities, the Chinese Communist party is placing a big bet on a small group of private sector companies. But it has plenty of tools to keep them under control.
By Louise Lucas

The party of the future

Speed read

Awkward couple Private technology groups are now the biggest companies in the People's Republic of China

State control In recent years, the authorities have tried to protect the interests of public companies

New levers The government is working closely with the tech companies on research and projects

In China, a national identity card is required for almost everything, from buying a train ticket, to opening a bank account to using an internet café.

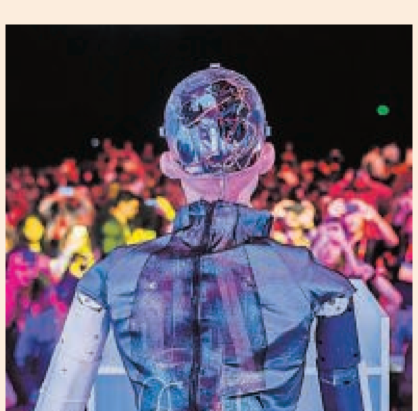
They are also now part of a pioneering experiment in the use of facial recognition technology. In a scheme that started last year in the southern city of Guangzhou, the Chinese government is allowing users of WeChat to link their ID cards to the ubiquitous social media app created by tech titan Tencent.

By scanning their faces with the WeChat app, users can obtain a digital ID that they use to register for a variety of services. For Tencent, there is a further upside to the scheme: the owner of WeChat is becoming the repository for another vast store of data about Chinese citizens.

The pilot project, due to be rolled out around the country, highlights one of the most intriguing aspects of China's headlong push into the world of artificial intelligence and other frontier technologies: the relationship between the Chinese Communist party and the country's ambitious and enormous tech companies.

Even after four decades of market-based economic reforms, the party places a high priority on maintaining state control over the strategic uplands of the economy — from finance to energy and media.

While large private companies have emerged, the party has often looked with suspicion at high-profile entrepreneurs who might present a challenge to its hold on society. As part of a recent crackdown on a group of private companies, the chairman of insurance group Anbang, Wu Xiaohui, was sentenced to



18 years in jail for fraud.

Yet the high priority that has been given to becoming a leader in new technologies means that the party is — for now — placing a large bet on a small group of private sector companies such as Tencent, Baidu and Alibaba, whose founder Jack Ma is probably the only Chinese public figure whose global fame gets close to that of President Xi Jinping.

Given the party's chequered history with the private sector, the global prominence of some of the big tech groups could become a source of considerable tension in the future, say observers.

However, as the WeChat-ID card programme shows, the stakes on both sides are higher than ever before: the nominally private-sector tech companies are inextricably linked with the Chinese state and its security apparatus and where the authorities retain the upper hand in the relationship.

The tech groups, says Duncan Clark, chairman of consultancy BDA and author of *Alibaba: The House That Jack Ma Built*, "are increasingly co-opted into national policy". They have even been assigned roles in government strategy documents, including a directive on AI that was published last year. "The party is still in charge and the party is going to use them," he adds.

Close ties with Beijing mean that Chinese tech companies often appear to their international rivals as effective arms of the state — something that has on occasion attracted the attention of the Committee on Foreign Investment in the United States. And as one Beijing based lawyer puts it, US and European companies believe they are competing "not with a company, but with a country."

A modern economy

Fast growing internet businesses like Tencent and Alibaba, as well as the likes of Xiaomi, the smartphone maker that listed this month, and ride-hailing app Didi Chuxing, have changed the way people in China work, pay and play. With their gleaming headquarters and asset-light models they bear no comparison to the sprawling monolithic state-owned enterprises.

If the more than 50,000 state-owned enterprises controlled by central government and employing more than 20m people, according to OECD data, are symbolised by plants churning out steel for the price of a cabbage, the 2018 tech company is about turning data — a nominally free commodity — into cash. Its main asset are the employees, who are

Above: Alibaba founder Jack Ma greets President Xi Jinping. Left: 'Sophia the Robot' at a tech conference in Hong Kong and, right, a monitor showing facial recognition software
FT montage/Getty; Eyevine

sweated assiduously: working "996" or 9am to 9pm, six days a week.

Today, China's top nine tech companies, both listed and privately held, have a combined market value of around $1.5tn. Alibaba and Tencent, the biggest — and in many cases the financial taproots of China's tech universe — generate billions of dollars of free cash flow.

But for all the surface differences, the new face of corporate China shares socialist characteristics with its state-owned forebears. Fraser Howie, a long-time follower of China's markets and author of *Red Capitalism*, dubs them "state overseen enterprises".

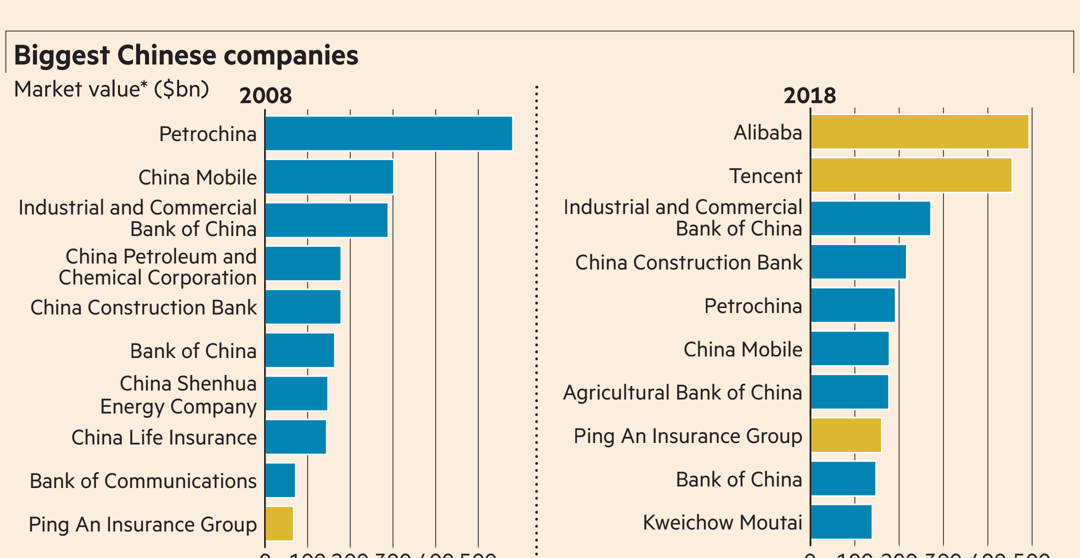
"Being non-state does not mean you are private," he says. "It was always a blurred line and it's become ever more so." It is not a huge change, he adds, because the state-owned companies have operated in much the same way.

According to one former banker who now runs a tech start-up: "The government realises you cannot just create monopolies through policies; you have to encourage them to be stronger themselves."

He adds: "This is the only chance China has to truly excel and become [home of] world-class companies."

Homegrown tech groups have become an integral part of the modern, urban economy in China. Just as gig economies have sprung up in the west, seeded by the likes of Uber and Deliveroo, so Alibaba and Tencent have spawned a generation of self-employed, small-scale entrepreneurs: couriers and app developers. They have also given life to small-time merchants selling their goods on Alibaba's shopping platform Taobao or wannabe stars singing or offering make-up tips via live streaming on platforms like Douyin.

A study last year by Renmin University's School of Labour and Human Resources calculated that by this measure Taobao had created a total of almost 37m jobs in China.



"If you look at [units like] Alipay or WeChat Pay they are now systemically important to the China economy," says Mr Howie. "The private sector guys know the way they are going to survive and keep their duopolies is to play along with the state," he adds. "You've got a pretty acquiescent set of billionaires there."

> 'The private sector guys know the way to survive and keep their duopolies is to play along. You've got a pretty acquiescent set of billionaires'

Troubled history

Relations between the party and the private sector have always been sensitive, says Bruce Dickson, professor of political science and international affairs at George Washington University. From the 1990s, local officials tasked with promoting growth found ways to encourage small entrepreneurs in their areas — often one of the main sources of new jobs. Over time rhetoric and policy have gradually become more supportive.

However, the attitude towards the private sector began to shift with the financial crisis of 2008, when fear of bankruptcy among state-owned companies — and attendant loss of jobs — prompted the new mantra of "advance of the state, retreat of the private".

"Now under [Mr] Xi, the party seems to [be] moving back to more Leninist origins where it is not just keeping an eye but [is] deeply involved and guiding where the party wants to go," says Prof Dickson.

Beijing has several pressure points to exert control over the private tech groups. For one, all private companies — domestic and foreign — are obliged to have their own party committee. "This way a dialogue can be maintained — 'unified leadership of the party' in traditional jargon," says Feng Xiang, professor of law at Tsinghua University. "This arrangement helps the party, which also means the state, to monitor what happens in private companies.

"In return [they] can claim some kind of help from the government. It becomes a tradition that private companies and entrepreneurs are all dealing with government officials in their business. In a sense they grow up like that."

As Beijing pushes ahead on AI and other technologies, it is working together with its appointed champions. For instance Baidu, Alibaba and Tencent — the BAT tech trinity — all have joint labs for research and development with government entities. Alibaba, as well as telecoms group Huawei, is working with local governments on smart city initiatives to keep traffic flowing and the streets crime-free courtesy of surveillance cameras.

Ties are further cemented by two-way financing flows. At Xiaomi's initial public offering, six of the seven anchor investors were state-owned entities. Early last year, plans were circulated for the government to take a "golden share" in the three big tech companies. Although China Investment Corp, the sovereign wealth fund, already has a small stake in Alibaba, the broader idea of Beijing holding a controlling share appears to have run aground.

"Why would they need to?" shrugs one insider.

Digital city

State funds are still washing up in the tech sphere. However, one tech lawyer says this is partly the result of surplus cash from state companies that is chasing better returns. Various models are deployed: special investment vehicles; co-invested funds alongside professional private equity groups; and funds of funds. Many are targeting tech.

For its part, Beijing turned to its cash-rich tech groups when it wanted an $11.7bn infusion for ailing telecoms carrier China Unicom last year.

The state can also pull in private sector resources. The most graphic example is the special economic zones and corridors dotted around the country as evidence of tech prowess. The newest and biggest, Xiongan New Area, is designed to showcase Mr Xi's vision of a state-led "digital city". Alibaba and Tencent were the first among the anchor tenants to hang up their banners.

A third strand relates to rules and regulations. Across the globe regulators are grappling with a tech sector that is taking rapid strides into previously unimaginable areas: driverless cars, troves of personal data and an outpouring of unverified content.

But Beijing carries a heavier stick. It keeps the landscape broadly free of foreign competition: Facebook, Twitter and Google are all blocked. The great firewall also hands Beijing far greater control of the internet than western leaders could ever dream of: offending material, and sometimes whole apps, are swiftly removed and apologies are suitably abject.

Toutiao, the high-flying news feed and video platform, offered a stark example earlier this year when it was obliged to close a humorous account on the grounds of vulgarity. Apologising for "walking the wrong path", founder Zhang Yiming offered a far humbler apology than that tendered by Facebook's Mark Zuckerberg in the wake of the Cambridge Analytica scandal.

"We didn't realise that technology has to be guided by the core values of socialism, so that it can be used to spread positive energy, meet the requirements of the times and respect public order and good customs," Mr Zhang wrote on an official Toutiao social media account.

For Mr Clark, Toutiao "is a sign that if you stray you are going to be made an example of but if you play ball you are going to get richer".

It is not just about protecting morality. At various times private companies have been tapped to help on foreign exchange policy and to promote Beijing's setpieces — such as the Belt and Road Initiative, now widely touted by tech heads such as Alibaba's Mr Ma.

"This is very different from the west," says Tsinghua's Prof Feng. "Because the government can say to the private companies that a certain level of co-operation is legally required — it's the law actually."

Soft power
Alibaba's Jack Ma has ruffled feathers with his high profile

No one has to tread the fine line between being a successful executive and presenting a challenge to the status quo in Beijing more than Jack Ma, founder and head of Alibaba.

Mr Ma has long adopted the mantle of a soft power ambassador for China. Championing "social inclusion" and free trade, Mr Ma has put several girdles around the earth doling out advice and funds to the likes of young entrepreneurs in Africa, protecting elephants and gorillas in Kenya and Congo and opening Malaysia's digital free-trade zone.

In the UK, Prime Minister Theresa May has taken informal advice from Mr Ma about Britain's post-Brexit future. The two discussed trade issues when they met in Davos and then Shanghai earlier this year.

Beijing "is happy to co-opt leaders like Jack Ma", says one analyst. Others note that Mr Ma, a one-time English teacher, is the perfect figure to present a softer face of China.

But it does not always work. Mr Ma ruffled feathers in Beijing in early 2017 when he sat down with then president-elect Donald Trump. That meeting took place before Chinese President Xi Jinping had had a chance to meet the new American leader.

AI arms race
More on the competition in deep tech between the US and China
ft.com/artificial-intelligence

FINANCIAL TIMES

'Without fear and without favour'

FRIDAY 20 JULY 2018

An old movie is playing in emerging markets

But vulnerability to foreign funding need not mean unhappy ending

If it walks and quacks like an emerging markets balance of payments crisis, is it really an emerging markets balance of payments crisis? We are not yet there, and hopefully it will not come to one. But the patterns recently displayed by global financial markets are sufficiently redolent of capital flight from poorer countries in the past that caution is in order.

Start with foreign exchange. In the second quarter emerging markets currencies had their worst fall in seven years. July started better, but the downward pressure is back on a steady course of interest rate tightening in the US. This attracts capital to the dollar.

Equity investors have been pulling money out of emerging markets for 10 weeks straight. So have bond investors, though that outflow appears to have been staunched — for now.

Seasoned market watchers have seen this movie many times before. In times of low global interest rates, emerging markets are flooded with cheap lending from the rich economies, reflected in large current account deficits.

The debt that accumulates as a result, especially when denominated in hard currency, lands them in a zone of instability where a reversal of capital flows can violently disrupt creditworthiness and economic activity. Fears of exactly this phenomenon can be enough to trigger the reversal.

With so much painful history to recall — the Latin American debt crisis in the 1980s, the "Tequila" and Asian financial crises in the 1990s — emerging countries should have learnt not to fall into the same trap again. And some have indeed done just that.

On many measures, macroeconomic performance is better — for emerging markets as a whole, inflation rates are at historic lows. Governments are nowhere near as indebted as in advanced economies. And markets have become more discriminate, differentiating between countries and rewarding those that seem to be managing their economies well.

Where there is danger, it resides in the private sector: emerging market companies now carry more debt as a share of their countries' economic output than their counterparts in rich countries. At a 94 per cent debt-to-GDP ratio, up from 63 per cent in just a decade, capital flight could stop an exposed country's growth in its tracks.

A debt crisis, moreover, is no less political for originating in the private sector: as Argentina and Turkey have both shown in recent months, financial brittleness can quickly threaten political credibility.

What can emerging country policymakers do? Ideally they would not start from here. It is crucial to manage well the capital inflows in the boom: using tax and regulatory tools to favour direct investment or equity over debt; put in place moderate capital controls up front (so investors are not caught unawares) to stem outflows in a crisis; and make the domestic economy resilient to a changed environment. That can mean limits on leverage and policies to channel foreign funds into productive investments.

This advice is admittedly of limited use to those already exposed to capital flight. But they are also not bereft of protective policy tools. They can minimise the pain of a refinancing crisis — which would also make one less likely — by incentivising a switch into longer-term funding. They can streamline the domestic framework for private-sector debt restructuring. If capital heads for the door, they should not waste too many resources defending exchange rates, especially at the cost of stifling growth with high interest rates. Growth is, after all, the best solution to debt, for debtors and their creditors alike.

A rush to judgment over privacy will cause harm

The BBC should appeal against Cliff Richard's legal precedent

When the BBC excitedly dispatched a helicopter to film a police raid on the home of Cliff Richard, the veteran British pop singer, in 2014, it did far more damage than wasting the money of licence-fee payers. This week, a High Court judge awarded Sir Cliff £210,000 in damages for the broadcaster's invasion of his privacy rights in its reporting of a police investigation into an allegation of child sexual abuse.

Sir Cliff was not charged with an offence and the style of the BBC's report was an ill-judged error, for which it has now apologised. But the judgment, by establishing broad privacy rights for anyone facing a criminal investigation who has not been charged, restricts media freedom, with damaging consequences for both journalism and the public.

Anyone would sympathise with Sir Cliff, who found his name tarnished without basis amid a hunt for celebrities who had abused their influence over under-age fans. The BBC was eager to report on wrongdoing after being accused of having covered up sexual abuse by Jimmy Savile, a BBC presenter; other celebrities were later charged with crimes and jailed.

The need to report responsibly and not to spread accusations recklessly is paramount in such cases. Victims of rape already have the right to anonymity in UK law, as do teachers accused of misconduct by pupils before any charges are brought. Reputations are easily damaged, and the police took nearly two years to decide not to charge Sir Cliff after having publicly searched his home in 2014.

But the ruling by Mr Justice Mann went much further than criticising the BBC for its reporting style. "As a matter of general principle, a suspect has a reasonable expectation of privacy in relation to a police investigation," he concluded. The right to privacy is not "invariable" and can be outweighed by the media's right to report in the public interest under Article 10 of the European Convention on Human Rights, but is "the starting point".

There have already been calls from MPs to enshrine this principle in a "Cliff's Law". They are in danger of acting as impetuously as the BBC did in sending a helicopter to Sir Cliff's home. As the BBC's barrister said, in an argument that was wrongly minimised by the judge, the case of one celebrity raises "issues of great, arguably constitutional, importance for the freedom of the press in this country".

This and other recent restrictive rulings made in the English High Court are unlikely to affect only common criminal inquiries. Claimants may seek to apply them to cases of professional or business misbehaviour such as fraud and false accounting. They may be invoked not only over police inquiries and searches but those by investigatory bodies such as the Financial Conduct Authority or the Serious Fraud Office.

The Financial Times and other media organisations often face pressure from lawyers acting on behalf of wealthy and powerful individuals to stop them being identified in stories about alleged wrongdoing. Privacy law will increasingly be added to libel in the arsenal of legal weapons to cloak misconduct in which the public has a legitimate interest. This ruling is likely to increase the barrage.

The first step to limit the danger this presents is for the BBC to appeal against the ruling. Rather than UK law being defined by a judge with a disdainful view of public interest arguments, it should be considered carefully, preferably by the Supreme Court or by parliament. If politicians become involved, they should avoid rushing through a crude law that shields the powerful at the expense of society.

Letters

Email: letters.editor@ft.com
Include daytime telephone number and full address
Corrections: corrections@ft.com
If you are not satisfied with the FT's response to your complaint, you can appeal to the FT Editorial Complaints Commissioner: complaints.commissioner@ft.com

The hour of the 'rough beast' has come round

Martin Wolf observes that under the Trump administration the US has lurched from being the bastion of democracy to being hostile to core American values, open markets and international institutions ("How we lost America to greed and envy", July 18). He argues that this follows from a political failure that the US might not be able to overcome as the rise of China and the unanticipated impact of globalisation have profoundly affected the US view of itself and its global role.

He also cites that the striking feature of the US economy, despite its virtues, is that it has recently served the majority of its people so ill. He opines that the state of so many Americans is in part a product of plutocratic politics, that President Donald Trump is the logical outcome of a politics that serves the interests of the plutocracy, and the American elite, especially the Republican elite, have lost "our" America, before concluding that this will not change until a more politically successful way of meeting the needs of ordinary people emerges.

In his prophetic book *The Cycles of American History*, Arthur Schlesinger Jr reviewed the American experience and also looked forward into the future from the perspective of the Reagan administration era in 1986.

Schlesinger wrote then that "National swings back toward uncontrolled private interest are generally holding actions; swings in the democratic direction tend to produce enduring change. The spiral effect registers the continuing accretion of democratic reform. We may conclude that public purpose will have at least one more chance. Yet in the American republic, conservatism and reform, capitalism and democracy, private interest and public purpose, join to define the political tradition. The two jostling strains in American thought agree more than they disagree. Still, let us not be complacent. Should private interest fail today and public purpose fail thereafter, what rough beast, its hour come round at last, may be slouching toward Washington to be born?"

We now know that the cycles of private interest and public purpose in American history since the 1980s have not been politically successful in meeting the needs of ordinary people relative to benefits gleaned by American elites, and that the hour of the "rough beast" has indeed come round. We should not lose hope that this national swing is but another holding action until the cycle turns once again. American elites, especially the Republican elite, must address Mr Wolf's argument to bring about a more successful era of public interest to bring "our" America and its core values back.

Edward J Giera
London SW1, UK

Account of three Lehman generations took me back to 55 Water Street

Simon Russell Beale, Ben Miles and Adam Godley stage a tremendous performance of Stefano Massini's Lehman Trilogy at the National Theatre. As a Lehman foot soldier in the early 1980s I am immediately transported back to the blacked-out trading floor of 55 Water Street, Manhattan.

The three-hour production is a fascinating account of three Lehman generations, arriving first in 1844, to pursue the American dream. The story ends in tragedy caused by excessive greed and certainly no glory. Lehman is not open but closed. The two villains of the plot, Glucksman and Fuld, escape lightly.

The takeaways are that dreams frequently come to an abrupt end, that Herbert Lehman was entirely accurate that "grabbing and greed can go on just so long"; that few lessons were learned from the Great Crash; and finally that, courtesy of Chapter 11, however abrupt the fall is, America has a proven system of immediate repair.

As the European financial system struggles to repair itself 10 years on from the financial crisis, we would be advised to take note.

Steve Butcher
Hambleton, Rutland, UK
Lehman Brothers, Kuhn Loeb etc 1982-84, 1989-94

Cheating leads to disqualification

Paul Ashton (Letters, July 19) states that Sir Nicholas Soames's call for the Brexit referendum to be deemed invalid and rerun displays "appalling arrogance".

This is utterly misplaced. Sir Nicholas was simply reinforcing what the learned judge stated in the Lutfur Rahman case (Erlam and Others v Rahman and Another, 2015): "If a candidate is elected in breach of the rules for elections laid down in the legislation, then he cannot be said to have been 'democratically elected'. In elections, as in sport, those who win by cheating have not properly won and are disqualified. Nor is it of any avail for the candidate to say 'I would have won anyway' because cheating leads to disqualification whether it was necessary for the victory or not."

Mr Ashton might wish to reflect on those words.

Bruce Bell
London SE21, UK

A tradition of producing world-class midfielders

Your editorial "Champions League stars bring their talent home" (July 14) observes how players from the smaller footballing nations have honed their skills in the major leagues in Europe, and that this has benefited the smaller nations in this year's World Cup, with Croatia perhaps being the most notable example of this. It is perhaps fitting that Luka Modric, the Croatian midfield player, was voted player of the tournament.

Simon Kuper in his match report of the final referred to former Yugoslav football history and the fact that Serbs were cheering the Croatian team in the final. It is perhaps worth recalling past Yugoslav footballers and the country's tradition of producing world class creative midfield players, a number of whom played for prestigious home clubs such as Red Star Belgrade (European Cup winners in 1991) and Hajduk Split.

One is reminded of such influential midfield players in the 1970s and 1980s as Branko Oblak (who is Slovenian), Jovan Acimovic and Ilija Petkovic. Although Oblak did play in the German league, Acimovic and Petkovic did not play in any major European league (both enjoyed short spells in the lower leagues of Germany and France respectively, towards the end of their careers, reflecting national restrictions at that time). These two players arguably demonstrated that it is possible to play with distinction for one's country without playing in the major leagues of Europe.

A quick headcount suggests that no more than two or three players from each of the Serbian and Croatian World Cup squads currently play in their home countries, with most of the two squads playing in the major European leagues. One player who is mindful of the importance of this trend, and who periodically returns to his roots to support local football in Serbia, is Nemanja Matic of Manchester United (another midfield player), who played for Serbia in this year's World Cup.

Keith Corkan
Richmond Upon Thames, UK

Netflix is the ideal issuer of convertible bonds

Lex contended sensibly that Netflix should float equity instead of high-yield debt to finance its expensive original content ("Netflix: flixer upper", July 18). While equity is not effectively costless, as Lex argues, it can be astonishingly cheap relative to debt as it is with Netflix and its valuation.

But there's a third and better way. Netflix should issue convertible bonds. It could do so with virtually no coupon and at a large premium to the share price, minimising dilution while capitalising on the company's volatility and financial heft. Netflix is the ideal convertible issuer.

Bill Feingold
Founder,
Hillside Advisors,
Tarrytown, NY, US

Empty plates

Gaucho's restaurants enter administration? Someone's lost his equity steak.

Dr Clark McGinn
Harrow-on-the Hill, Middx, UK

ACPR's purpose is stability and consumer protection

Martin Arnold, in "French central bank presses UK fintechs" (July 16), reports on a short email questionnaire sent to British firms by Bank of France's Prudential Supervisory and Resolution Authority (ACPR).

A message was indeed sent to firms providing services in France on July 12 and 13. But any suggestion that this is the latest move to bring more City of London business to Paris in the wake of Brexit is facile and simply wrong.

The Bank of France has repeatedly said that it regrets the UK's democratic decision to leave the EU and has called for an organised withdrawal for the good of all involved. The clock is, however, ticking. With just months to go before Britain is to leave and an agreement of terms of trade far from being settled, it is the ACPR's most basic responsibility to see to it that financial firms be prepared should the worst outcome — a UK exit without any accompanying commercial accord — arise.

As it is the normal supervisory practice, the ACPR contacted the UK's Financial Conduct Authority as part of its approach and has kept it abreast of developments. The ACPR is thus just doing its job in full collaboration with other stakeholders. Our sole purpose is to ensure financial stability and consumer protection. Suggestions of other motives are unfounded.

Edouard Fernandez-Bollo
Secretary General,
ACPR, Banque de France

Stockbroker's job to assess a company's prospects

I think Eric Chalker (Letters, July 13) is confusing the role of an auditor with the role of his stockbroker.

Until the Institute of Chartered Accountants changed the wording of the auditors report from a standard five- or six-line statement which everyone understood to the current full page of obfuscation, it was perfectly clear that the auditor's opinion referred to the accounts of the past 12 months. And if a tulip bulb is worth 1,000 times a tonne of butter in the accounting period covered by the audit, so be it.

It is Mr Chalker's stockbroker's job to make an assessment of the future prospects of a company. Only one of the tools he or she uses are the audited accounts. The stockbroker will use many others, above all common sense and experience, to assess the value of the shares he or she buys for a client!

Peter Willis
Fieldings Investment Management,
London EC2, UK

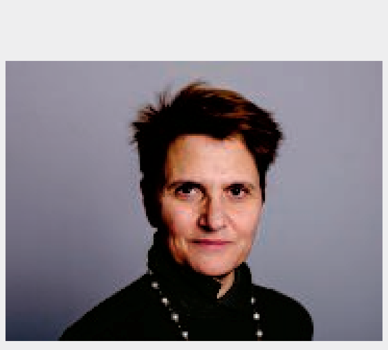
Corrections

- Amazon's market capitalisation rose above $900bn, not $900m as incorrectly stated in an article on July 19.
- A quote by John Gerspach, Citigroup's chief financial officer, about higher interest rates and consumer deposits was misattributed to Michael Corbat, Citi's chief executive, in an article on July 14.
- Kevin Burns was chief operating officer of Chobani, not chief executive as incorrectly stated in an article on July 11.

Bring on the robot carers: my mother would have approved

Notebook

by Leyla Boulton



"Say your prayers," shouted Lois, a fellow dementia sufferer, after threatening my wheelchair-bound mother Irene with a salt shaker. With that introduction to a London nursing home, I gratefully accepted a suggestion from my brother in Singapore that we install a camera in Irene's room. Once the tennis ball-sized camera was up and running, a big sign on her door announced that CCTV was in operation. Accessed via an app on my phone, the camera enabled us to check up on our 86-year-old mother at any time of day. I also kept on two of the private carers who had looked after Irene in her own flat until her worsening dementia and paralysis made this unsafe.

As my mother's beloved carer Beverly put it, what with the care home fees and the private carers' wages, I was "paying twice: just to be able to sleep at night". My mother was lucky to afford this level of support — paid for by the sale of her home — with close family nearby to oversee her care. The main risk to residents like Irene, we quickly discovered, was not the aggressive neighbour, but the care home staff. With a couple of superb exceptions, they often seemed to lack the energy, time or skill to engage their charges — and that was at a home rated outstanding by the sector's watchdog. When, in a separate escapade, Lois removed shoes from the staffroom, a carer threatened her with the police.

Sometimes the failings were of a more basic nature. One morning, Beverly found Irene eating porridge with her fingers because she had been left alone in her room instead of being wheeled out to the dining room.

So when our local council launched its mandatory check on whether Irene as a person "lacking mental capacity" was being fairly kept in a nursing home, I was surprised by the social workers' focus on the camera. As I sat in a windowless local government office for a third conversation on the subject, I grew impatient with the line of questioning. "Why don't you worry about the human rights of the other residents?" I countered, observing that, unlike my mother, most other residents had nobody to provide individual care nor take them out of the home every day. The camera was simply there to help us safeguard Irene. Faced with a similar interrogation, the care home manager told the council that she and her superiors had approved our request to install the device: far preferable, she added, to our installing it in secret.

As an anguished debate continues in the UK about how to look after an ageing population that is living longer, my mother's experience speaks of a system that has lost sight of its key objective: the wellbeing of patients.

This was further illustrated when three months later, the ambulance service nearly took my mother back to hospital in defiance of the hospital's care plan specifying that Irene was to be treated at the home. The ambulance workers did not trust the weekend care home staff who in turn seemed unsure as to whether they could administer the morphine prescribed by the care plan.

Not a day goes by without news of another reason to worry about robots taking humans' jobs. Yet I cheered when Southend local council announced in May it was buying a Japanese robot called Pepper to help look after dementia sufferers. Such care is wearing even for a loving family — and it requires great skill. So why should low-paid carers working in shifts with multiple patients, some of whom they have never met before, find it easy?

This autumn, a care home in Bedfordshire will host an EU-funded study to figure out what Pepper — whose career has included a visit to the FT newsroom — can usefully do. Robots' big advantage is that, by accumulating detailed knowledge of individual patients' needs, they offer continuity of care, argues Sanjeev Kanoria, who runs the healthcare chain involved in the study.

Dr Kanoria stresses that robots cannot replace carers but they could prove a very useful adjunct to them: "Dementia patients can become very violent if you cannot cater to their needs and they don't even realise why they are angry."

If he and his colleagues get this right, the sight of Lois pacing the hallways of the home trying to escape or looking for company could become a thing of the past.

leyla.boulton@ft.com

Opinion

European banks still have post-crisis repairs to do

FINANCE

Gillian Tett

It is not easy to make a financial crisis sound boring. This week Ben Bernanke, Henry Paulson and Timothy Geithner almost did that.

With the 10-year anniversary of the Lehman Brothers collapse approaching, the three luminaries — who were respectively US Federal Reserve chairman, Treasury secretary and New York Federal Reserve president in 2008 — have been talking to the media about the crisis. And their verdict is sanguine — if not a little smug.

More notably, a decade on, the trio believe that US finance has rebounded so well that it is in rude health. And they think that this happy outcome largely vindicates their policy response after the crisis, including their decisions to recapitalise aggressively the banks with government funds, reveal bad loans, impose tougher oversight — and implement quantitative easing quickly.

To be sure, the three men admit that policy has not been perfect. They fret that Congress has undercut the statutory powers used to quell the 2008 shock. "The defences are better but you have a weaker set of tools for dealing with an extreme crisis," observed Mr Geithner. They also worry about the rising American government debt, and what might happen if there is a rollback of post-crisis reforms.

American banks now seem healthy. The US has enjoyed nine years of growth — and its government recouped the money used to support banks, with a profit, they say. The post-crisis policy performance probably does not merit an A+, but an A or thereabouts.

Not all Americans would agree. Leftwing observers are understandably angry that so few financiers were ever punished. Critics on the right complain that markets have been hopelessly distorted by government meddling. Meanwhile bodies such as the Bank for International Settlements fear that higher rates will create problems in the corporate leverage sector, and note that derivatives sector remains too opaque. All these points need more debate.

But the most interesting (and urgent) debate that needs to take place in response to what Mr Bernanke and the others have to say does not concern the US at all. The trio also revealed this week that they are surprised and dismayed by the degree to which Europe's financial system remains troubled a decade on.

> Policymakers never took the swift and aggressive collective action needed to stop the rot

That is not because they predict an imminent crisis — they refused to comment on current flashpoints, such as small Italian lenders or the giant Deutsche Bank. But they worry that the system remains rather weak and think they know why: unlike their American counterparts, continental European leaders did not proactively use government funds to recapitalise their banks, insist on proper transparency about bad loans or close down insolvent lenders.

Accounting systems were partly to blame. "In the early days of the crisis the European banks were in worse shape than the US banks and they hid it because . . . the US bank accounting is much more rigorous," Mr Paulson observed. The trio also argue that European politicians and voters were so keen to punish banks that it was hard to use government money.

But the biggest problem was political structure. In 2008 Messrs Bernanke, Paulson and Geithner had enough power as a unified team to explore policy trade-offs and implement unpopular decisions. But because the eurozone political system is so fragmented, policymakers never took the swift and aggressive collective action that was needed to stop the rot.

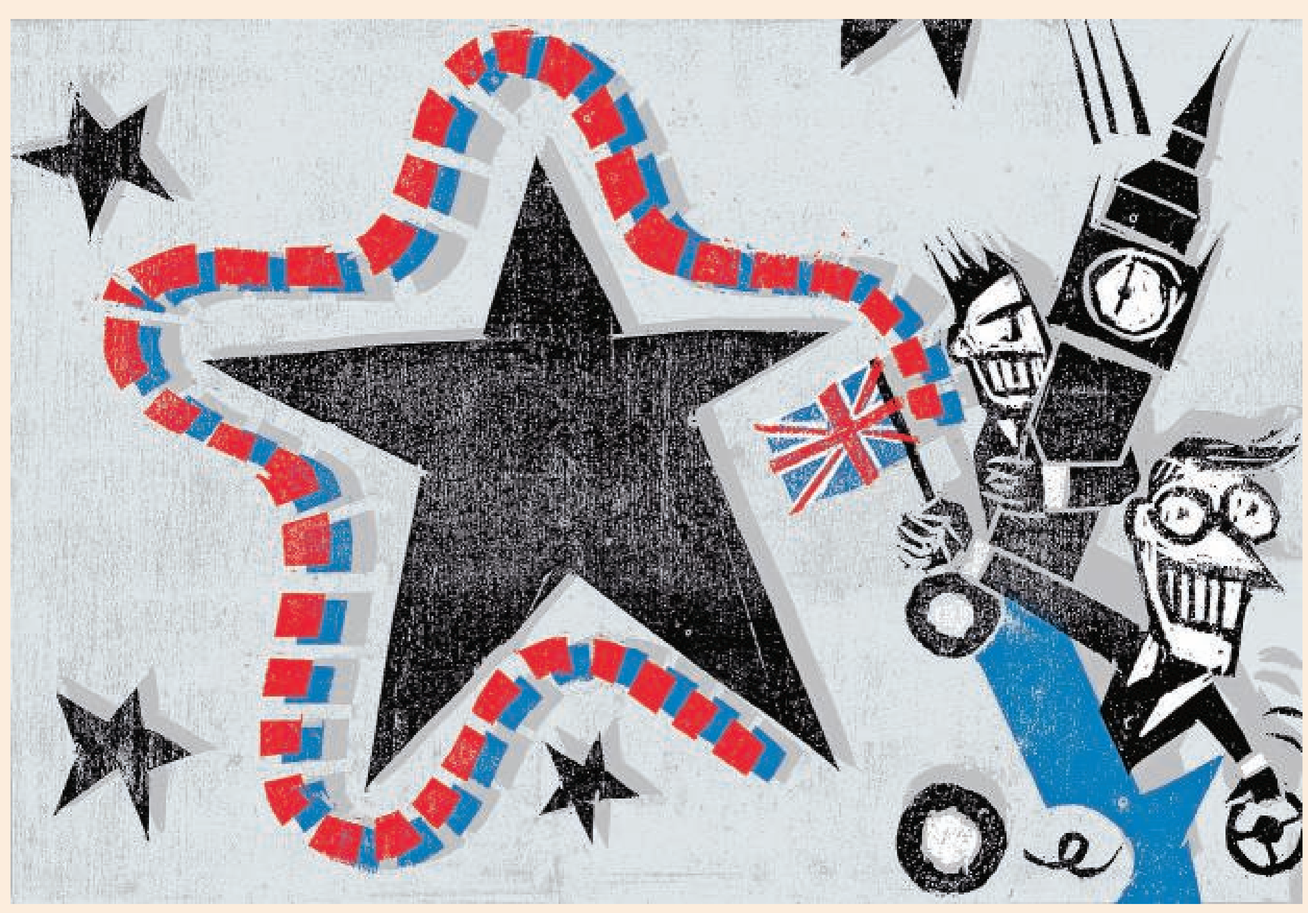
"We were very lucky," Mr Geithner observed. "Some of those options [we used] were not available to Europeans because running a strategy among [so many] national sovereigns is hard." Mr Paulson added: "[The Europeans] kidded themselves about how well capitalised their banks were for a long time. I do believe that they have been slower to do the things they need to do."

This stinging, slightly smug, verdict might irritate many Europeans, given the American origins of the 2008 disaster. But that should not distract attention from the key point: the criticism is entirely correct. Just look at European bank share prices. Or consider how the BIS describes in its latest annual report the way that European banks are using the dollar repurchase market to engage in "window dressing" to flatter their accounts.

Ask yourself a simple question: if Europe was fielding a 10-year anniversary policy debate, what trio or team would it put up? European Central Bank president Mario Draghi, for sure. But then who? Therein lies the tragedy of Europe's political economy, and why investors need to keep worrying about European banks a decade later.

gillian.tett@ft.com

Brexiters have lost control of Brexit



GLOBAL POLITICS

Philip Stephens

The irony is delicious. For Brexiters, leaving the EU next spring would restore parliament's control over Britain's destiny. Inconveniently, parliament has jumped the gun.

Theresa May's government has lost control. So too have her party's anti-European fundamentalists. In its infinite wisdom, the House of Commons seems minded to withhold backing from the versions of Brexit now on offer. You could call this sovereignty in action; or, perhaps, in merciful inaction.

There are twists and turns aplenty yet to come in this dismal story of national self-harm. For all that, events have cleared away much of the clutter. Collisions and contradictions put to one side since the referendum are now centre stage. Mrs May's efforts to reconcile her party's irreconcilables have reached the end of the road. By appeasing Leavers she hardens the resolve of the stalwart band of Conservative pro-Europeans.

The Brexiters' assumption has always been that they will impose on the rest of us their Elizabethan fantasies of a buccaneering England restored to global pre-eminence. As the cheerleaders for departure, they assumed they could set its terms. Now they find that parliament wants its say. They can wreck Mrs May's plans, but lack the votes to carry their own. Their rage is palpable. Stalemate could yet see Britain staying in.

Ministers will tell you soothingly that the compromises in the government's white paper strike the balance between economic pragmatism and national political independence that was always going to be at the heart of a deal with the EU27. Tempers, they add, will cool over the summer. Mrs May will be back in business come September. This is how it may look in Whitehall. To my mind, the politics have a very different feel.

The noisy departure from the cabinet of leading Brexiters Boris Johnson and David Davis was followed by a trickle of resignations from the junior ministerial ranks. Most of those departing were among the never-has-beens and never-will-be's of national life. The rebellion was enough, however, to unnerve 10 Downing Street. Elsewhere, the white paper has been disowned by Labour pro-Europeans. The sympathies of Labour leader Jeremy Corbyn lie with Brexit, but Mrs May has thrown a bridge over the opposition divide.

This week's passage through parliament of the government's Brexit legislation testified to the prime minister's weakness. Faced with a rebellion by the Brexiters, she surrendered the ground. But her acceptance of amendments to the government's customs legislation served only to provoke a revolt among pro-European Tories. Mrs May was left to rely on a handful of Labour rebels to rescue the government from a humiliating defeat.

The purpose of the hardcore Brexiters in the backbench European Research Group is clear enough. They want to send a message to Michel Barnier, the EU's chief Brexit negotiator, that whatever might be said in the white paper, the prime minister does not have the political authority to strike a bargain. They may be right. Where they are wrong is in saying that the alternative to a negotiated settlement is a "no deal" Brexit in which Britain crashes out from the EU. There is no such binary choice.

Most of the fundamentalists are English nationalists by another name. This explains perhaps why they know so little about the process of bargaining with the EU27. They want the government somehow to "prepare" for a cliff-edge Brexit. But, just as the terms of the present negotiations have been set by Mr Barnier's team, so too would be the conditions of a no-deal rupture.

> The fundamentalists are English nationalists and know little about bargaining with the EU27

It would be for the EU27 to decide whether they should halt all imports from Britain until its products had secured the appropriate EU certifications. Likewise, the government would have no say over how long European aviation authorities would take to give clearance for aircraft flying from the UK; or over under what conditions British freight companies would be permitted to operate beyond Calais. The same would apply across almost every area of national economic activity, from data transfer to the licensing of medicines and nuclear safety. Do Mr Johnson and his chums want Mrs May to "prepare" for a national shutdown?

The intelligent alternative to a settlement this autumn is a delayed rather than a cliff-edge Brexit. If Mrs May succeeds in securing a deal with the EU27 but fails to secure a majority at home, it will fall to parliament, not the Tory fundamentalists, to chart a course. In the best of circumstances this would mean a national government that recognised parliament's pro-European majority. In any event, there are enough sane MPs across all parties to be confident that parliament would seek a suspension of the Article 50 process in preference to a kamikaze Brexit.

Mrs May showed her hand this week when putative Tory rebels were threatened with a general election should the government lose an important vote. Her strategy is to push ahead through the autumn in the hope of securing an agreement with Mr Barnier along the lines of her universally unloved white paper. If — and it remains a big if — she succeeds she will present her party with a choice — accept the deal or risk putting Mr Corbyn in Downing Street.

Perhaps she will pull it off. It does not feel like this at Westminster. This sorry saga started with a referendum. Parliament may yet decide it will take another plebiscite to break the stalemate.

philip.stephens@ft.com

Congress is wrong to question Huawei's academic partnerships

Eric Xu

Recently my company Huawei was strongly criticised by several members of the US Congress. They asked the US secretary of education to investigate whether our co-operation with US universities on basic scientific research might threaten US national security. I believe this criticism displays an ignorance of how contemporary science and innovation work and I recently described it as "ill-informed" in a media interview.

I did not mean this as a personal attack. Rather I was seeking to highlight the importance of academic freedom as an essential feature of modern universities, one that underpins all technological development and helps cultivate the next generation of scientific talent.

Academic freedom is the cornerstone of higher learning. This freedom from political and other interference allows the US consistently to attract the world's brightest minds to study and conduct research within its borders. It also supports the US's continued status as a global technology leader.

I hold a doctorate in engineering and have experience in basic research, which the National Science Foundation defines as "study directed toward greater knowledge or understanding . . . without specific applications toward processes or products".

While corporate research and development tends to focus on commercial outcomes, universities devote time to mathematics, algorithms, material science and other applications that might never make money. Even if the research pays off eventually, closing the gap between a theory and a commercial product can take decades.

Collaboration between universities and businesses can accelerate this process. The exchange of knowledge and resources among the private sector, academia, and research institutes, known as knowledge transfer, has become a vital driver of scientific and technological progress. But US federal funding for higher education research has fallen steadily over the past decade. Today it represents less than 50 per cent of total American university research funding.

Corporate sponsorship from companies such as Huawei provides much of the rest. The amount of money we allocate for research at US universities is relatively modest — approximately $10m last year. But it provides needed support in the form of funding, facilities, and laboratory equipment. Our collaboration with universities gives college and postgraduate students the chance to receive training and hands-on experience. We provide this support with no expectation of direct commercial return.

> The exchange of knowledge between the private sector and universities is a vital driver of scientific progress

Contrary to what our critics allege, the fruits of this research constitute a public good rather than a threat to America.

The findings made possible through our university partnerships are published and disseminated worldwide through dissertations and papers by professors, PhDs, and postgraduate students.

Like other corporate supporters of university research — including US businesses that support Chinese universities — Huawei does not gain exclusive ownership of, or access to, the findings of the research we support and we do not dictate what is published.

Science is borderless, and we hope that the results of our partnerships will reach as many people as possible.

Like any technology company, Huawei benefits from the general advancement of science and technology worldwide. Ultimately, however, our ability to provide competitive products is a result of our own long-term investment in R&D.

Last year, Huawei invested $13.8 billion in research and development globally, bringing our total investment over the past decade to more than $60 billion. Huawei has been granted nearly 80,000 patents worldwide, including 10,000 patents in the US. Many of these are essential patents vital to the telecommunications industry. As such, they represent our modest contribution to the development of the digital economy.

Before any basic research can deliver tangible benefits to society, universities and businesses must set off together on a long and sometimes arduous journey. This requires unstinting work by countless scientists and engineers. Such people deserve respect, not groundless accusations from sceptical politicians, for their efforts.

Open-minded political leaders should work to ensure that US universities continue to enjoy the academic freedom that drives American progress in science and technology. Ideally, they will bring to that task the same depth of understanding, curiosity, and spirit of fact-finding inquiry displayed by the world's leading scientists.

The writer currently holds the rotating chairmanship of Huawei Technologies

Nothing matters more than the Irish backstop

BRITAIN

Chris Giles

The publication of Britain's Brexit white paper has already prompted two cabinet resignations. In parliament, Boris Johnson warned that the long-term consequences of Theresa May's vision would leave Britain in a state of "miserable permanent limbo". Brussels has, so far, maintained a disciplined silence, but there is also no doubt that it will reject the UK plan.

The EU hates its economic relationship with Switzerland and, simply put, the prime minister's white paper on leaving the EU seeks to emulate the Swiss model, but with many fewer obligations and a bucketload of additional cherries. Fortunately, none of this really matters. Fully 97 of the 98 pages of Mrs May's plan can be parked with vague commitments on both sides to work towards a mutually beneficial long-term partnership after Brexit. The only substantive matter for the current negotiations is what's known as the "Irish backstop". This is an insurance mechanism, guaranteeing that neither side will require infrastructure on the land border in Ireland regardless of the final trade arrangements on both sides.

Agree the backstop and a smooth Brexit occurs on March 29, with the UK entering a standstill transition period until the end of 2020. Fail to agree and all hell breaks loose in a little more than eight months' time. Britain crashes out of the EU, the 27 members pursue it in international courts for unpaid debts and the UK economy grinds to a halt.

> What is needed to find a compromise is some traditional European flexible thinking

Both sides say they want a deal on the backstop and it was encouraging that, on one page of the white paper, the UK recognised its obligations on the matter. But securing an agreement will not be easy. Britain has three objectives with regard to Brexit and Ireland. First, it insists it must leave the single market, customs union and VAT area; second, it seeks no border infrastructure on the Irish land border; and third, it rejects a customs border within the UK in the Irish Sea between Great Britain and Northern Ireland. But because leaving the EU's economic institutions creates the need for borders, strictly speaking, only two of the UK's three objectives can be achieved.

Making this more complicated, the EU27 will not let Britain sneak its favoured long-term trading arrangement through the back door of the Irish backstop. The talks on this matter in Brussels are going badly, significantly raising the risks of no deal.

What's needed here is some traditional European flexible thinking and can-kicking so a backstop can be agreed which just meets the UK's red lines, but is so unpleasant for London it could never be seen as a desirable end state. That is just possible.

It would involve a compromise from Brussels to allow the whole of the UK to stay in the EU's customs union for the backstop, not just Northern Ireland. But only the province would remain in the EU's VAT administrative system and single market laws. This combination would meet the UK's requirement for no customs checks in the Irish Sea and, if the regulatory controls were, in EU negotiator Michel Barnier's words, "dedramatised" in Belfast's ports, this should prove acceptable.

But with Britain outside the EU's VAT administration and single market, customs declarations and regulatory friction would arise between Dover and Calais, ensuring that no one in the UK would desire the backstop as the permanent relationship.

The EU27 would find themselves in an even stronger position than now. By April, the UK would have left and paid its exit bill. It would still be under great pressure to come to its senses on a final trade deal, the clock would still be ticking and the Irish border would be resolved. To avoid a Brexit crisis this autumn, this set of compromises on the Irish backstop is the narrow path everyone must follow. But we should recognise, we are close to falling off.

chris.giles@ft.com

Lex.

Twitter: @FTLex **Email:** lex@ft.com

Royal Bank of Canada: blowing up

John Banerjee was not exactly a model employee. According to evidence presented to a UK judge investigating his unfair dismissal claim, he sometimes turned up late for work as a currency trader because he liked to ride around a park on his motorbike, for "fun," before heading in. Several female colleagues complained that he was aggressive; one called him "extremely condescending".

Nonetheless, the judge found that his employer, Royal Bank of Canada, acted unfairly when it fired him in August 2016, notionally over his timekeeping. Mr Banerjee claimed the real reason was that he had tried to raise an alarm about a "box-ticking" approach to compliance. The bank has appealed against the tribunal's judgment.

The affair raises a number of questions. One is over big banks' compliance with the reams of new rules put in place since the financial crisis. In London there are 653 job openings in compliance, according to eFinancialCareers. This is almost as many as in fixed income and M&A combined. But are these armies of people making the system any safer?

RBC operates an annual computerised attestation in which staff must state that they have read and will abide by applicable policies.

Mr Banerjee claimed colleagues applied about as much care to that process as they would to a software upgrade prompt on their iPhones. Click, click, done.

Another, more vital question is over the adequacy of protections surrounding whistleblowers — an issue highlighted by the scandals at Wells Fargo. Mr Banerjee's first emailed complaint to his boss came a few days after that boss implored his staff to speak out when something seemed wrong. But shortly after Mr Banerjee hit send, his email was bounced around upper tiers of management, including the head of employee relations. None made records of discussions the email prompted, according to the judgment. Not long after that the bank started documenting his lateness.

After his dismissal, Mr Banerjee complained to a member of RBC's European board, designated as the bank's "champion" of whistleblowing. That appeal went nowhere. He has largely fought his own corner, with the support of a barrister and a non-profit group, while RBC has deployed three different City law firms.

Abrasive or not, he deserved better.

Publicis Groupe: ad-itional work

The advertising industry is struggling to come up with a suitably creative campaign for its own work. Today's ad business is a grind of digital data. Multinational clients tend to prefer programmable marketing offered by online platforms. That shift has dented the price to earnings valuations of the big three media conglomerates: Publicis, WPP and Omnicom. Of the three, Publicis should hold up best.

This is because the Paris-based company began fighting for marginal gains earlier than its peers. Chief executive Arthur Sadoun took over one year ago with a promise to stop declining profitability in key regions — North America, Europe and Asia. He talked about bringing back growth in organic revenue (ex-acquisitions) too. That last assurance came back to bite him yesterday. First-half results revealed a poor second quarter. Sales dropped 8 per cent year-on-year. Even adjusting for a weaker dollar against the euro, the fall is significant. The share price slipped 7 per cent.

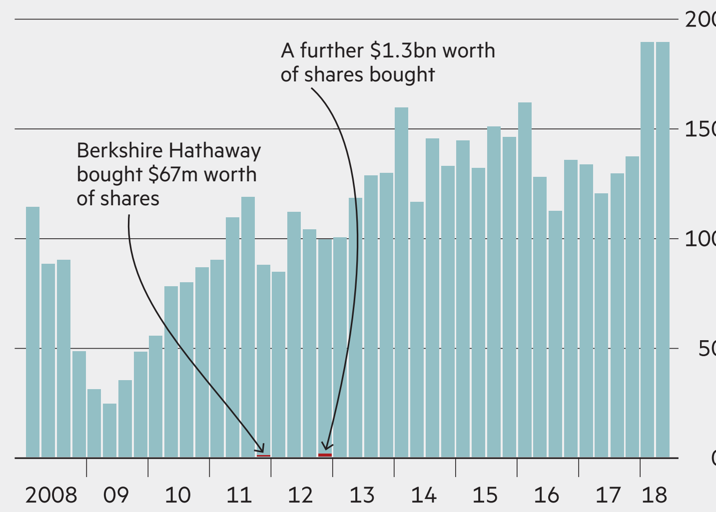
On closer examination, however, the situation is not so bleak. Publicis had already warned about a tough comparison with big account wins made in last year's second quarter. And Mr Sadoun's effort to move away from low-margin business meant dropping a healthcare contract, which hit revenues. Uncertainty about the effect of new European data protection meant some clients opted to delay campaigns. These factors, and the currency effects, could reverse in the next half of the year. Mr Sadoun certainly seems confident about meeting 2020 targets. These include operating margins rising half a percentage point annually. He has delivered so far. Operating profitability increased by 40 basis points in the first half of the year.

The Publicis share price has gone nowhere in the past 18 months. But those of WPP and Omnicom have performed far worse. Publicis can regain its bloom. Mr Sadoun deserves another six months to prove it.

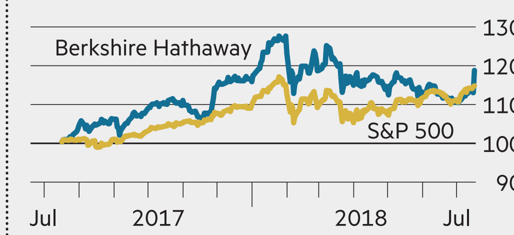
Berkshire Hathaway: repo man

S&P 500 companies have spent more than $1tn on share repurchase programmes over the past two years. Warren Buffett has supported the trend at companies such as Bank of America. Berkshire Hathaway has not engaged in multiple buybacks but a decision to adjust share repurchase criteria could change that.

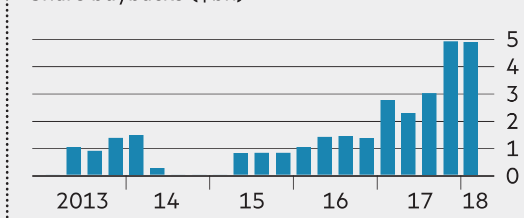
S&P 500 quarterly share buybacks
($bn)



Berkshire Hathaway
Share price against the S&P 500 index, rebased



Bank of America
Share buybacks ($bn)



FT graphic Sources: S&P; Thomson Reuters Datastream

Warren Buffett might finally have found the bargain he was looking for in this era of inflated asset prices — and in his Omaha backyard too.

Berkshire Hathaway has decided to adjust its share repurchase criteria, giving Mr Buffett and sidekick Charlie Munger the flexibility to repurchase equity when they believe Berkshire shares are below their view of intrinsic value, "conservatively determined".

Mr Buffett set a noted mechanical bar for buybacks in the past. Berkshire was only interested in buying its shares if they traded below 120 per cent of book value. The revision could be an intriguing signal that Mr Buffett believes acquisition targets are simply too expensive for his tastes. The more precise conclusion is, however, that Berkshire is just so large that it has the firepower for both blockbuster deals and capital return. Shares rose 5 per cent after the plan was announced.

Berkshire's price-to-book ratio is about 1.4 times. There is no precise threshold where a stock must be above intrinsic value. However, Mr Buffett has historically set that level between 10 per cent and 20 per cent. Berkshire's repurchase activity has been mild. It last bought back shares in 2012 and then only about $1bn worth. Berkshire's market capitalisation is now nearly $500bn.

However, Mr Buffett has been an enthusiastic supporter of buybacks generally, pushing back against social critiques. He regards them as a way for companies to create value for long-term shareholders and has supported heavy share repurchases at Bank of America, where he is a large shareholder.

Berkshire has accumulated more than $100bn of cash. That kind of war chest is more than enough for any mega-acquisition or partnership deal — such as that with 3G Capital. Eventually, valuations will recede and the company can put some of that to work. Some portion, in the meantime, can go towards a buyback programme. Mr Buffett seems to think Berkshire's fundamental value has diverged from its book value. A greater strategic move may be cooking.

Novartis: skin in the game

Allergy misery is multiplying. An itchy skin condition known as atopic dermatitis affects one in seven children. Breakthroughs in its treatment will be well rewarded. That justifies a decision by Novartis to pay as much as $1bn for the rights to a potentially innovative treatment.

The drug, made from living cells, is still going through clinical trials. Yesterday's licensing news pushed up the share prices of developers Galápagos of Belgium and MorphoSys of Germany more than 3 per cent. They will receive an upfront payment of $111m, with later payments depending on various milestones. Royalties depend on sales that might peak at as much as $1.5bn, about 3 per cent of total revenues.

By itself, that amount would not have a big impact on the Novartis juggernaut. Evaluate, a market intelligence group, estimates Novartis will have prescription drug sales of $53bn in 2024, more than any rival. But it is building an impressive franchise in treating skin disorders. Sales of its Cosentyx treatment for psoriasis were up 40 per cent to $701m in the second quarter.

Advances of this sort offset the negative impacts of pricing and competition. Those pressures will continue. Even before Pfizer clashed with Donald Trump, Novartis had shelved price increases this year.

Thus Vas Narasimhan, Novartis's new chief executive, needs progress in developing new treatments. He wants to transform Novartis into a focused medicines company. So far, his strategy has included selling to GSK the Novartis stake in a consumer health joint venture and a planned spin-off of the Alcon eyecare unit.

The shift towards innovative medicines is a gamble. Moody's this month downgraded Novartis's credit rating, citing its higher risk profile. But the bet has a good chance of paying off. Investors, as well as patients, will benefit from successful innovation. Better treatments are sorely needed.

Comcast/Disney: Skyfall

The pursuit of Fox is over for Brian Roberts. His torment is not. Yesterday, the head honcho at Comcast decided to throw in the towel for the Fox assets he had been chasing. Rupert Murdoch never really favoured Comcast's entreaties anyway. Still, the bidding war that Mr Roberts created forced Disney to raise its purchase price by 36 per cent. Disney's bid values the Fox entertainment assets at $71bn. This equates to about $3bn in additional gross value to the Murdochs.

Comcast has decided to turn its attention to Sky. It is also fighting with Disney over the satellite and entertainment group but, for now, seems to have the edge with a bid of £14.75 per share. That is above Disney's last bid and about twice the price that the bids started at. But Disney is about to acquire Fox assets — including a 39 per cent stake in Sky. Mr Roberts is not done tangling with Disney just yet.

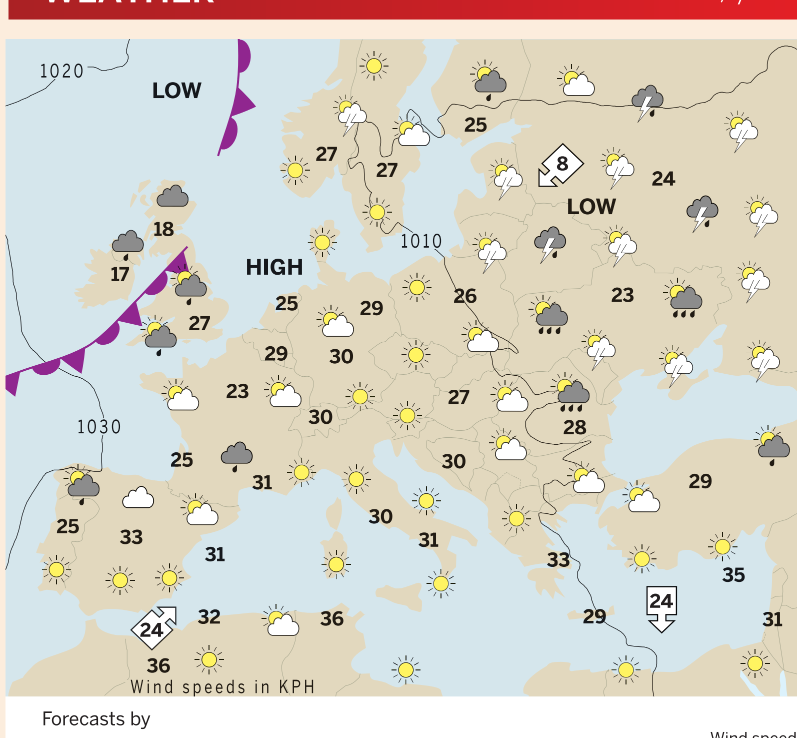
One approach suggested is that Disney simply stand down and concede Sky to Comcast (technically, Fox has been bidding for Sky). The Fox television and film parts are more crucial to Disney's ambition to create a streaming rival to Netflix. The cost to win Sky, while also buying Fox, is excessive. The last £14.75 bid is already 37 per cent higher than the price was in December.

However, that still leaves the question of whether Disney should sell or swap that 39 per cent stake in Sky so that Comcast can own Sky outright. The stub position had always been awkward for Fox and will be so now for Disney. Research firm MoffettNathanson notes that the Sky stake is tax inefficient since it cannot be consolidated for financial reporting purposes.

Comcast would undoubtedly like to own Sky outright. It could negotiate with Disney to swap assets such as its own stake in US streaming service Hulu for the 39 per cent stub, if Disney were willing. Mr Roberts might finally have some leverage over Disney. He should use it.

FT Lex on the web
For notes on today's breaking stories go to **www.ft.com/lex**

WEATHER



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

Today's temperatures Maximum for day °C

Amsterdam	Sun	25	Malta	Sun	33
Ankara	Sun	29	Manila	Thunder	30
Athens	Sun	33	Miami	Thunder	31
Bahrain	Sun	39	Milan	Sun	32
Barcelona	Sun	30	Montreal	Sun	31
Beijing	Cloudy	32	Moscow	Thunder	24
Belfast	Rain	17	Mumbai	Thunder	29
Belgrade	Sun	28	Munich	Sun	29
Berlin	Sun	29	Naples	Sun	31
Brussels	Fair	26	New York	Sun	28
Budapest	Fair	27	Nice	Sun	28
Cairo	Sun	35	Nicosia	Sun	35
Cardiff	Rain	22	Oslo	Sun	27
Chicago	Thunder	24	Paris	Shower	23
Cologne	Sun	30	Prague	Sun	28
Copenhagen	Sun	23	Reykjavik	Rain	12
Delhi	Thunder	35	Riga	Fair	26
Doha	Sun	43	Rio	Sun	30
Dubai	Sun	40	Rome	Sun	30
Dublin	Rain	19	San Francisco	Fair	25
Edinburgh	Rain	18	Singapore	Fair	31
Frankfurt	Sun	32	Stockholm	Fair	29
Geneva	Thunder	29	Strasbourg	Sun	31
Hamburg	Sun	25	Sydney	Sun	19
Helsinki	Thunder	25	Tokyo	Sun	34
Hong Kong	Fair	31	Toronto	Fair	29
Istanbul	Fair	29	Vancouver	Sun	21
Lisbon	Sun	25	Vienna	Sun	29
London	Shower	27	Warsaw	Fair	26
Los Angeles	Sun	27	Washington	Fair	31
Luxembourg	Shower	29	Zagreb	Sun	31
Madrid	Sun	33	Zurich	Sun	30

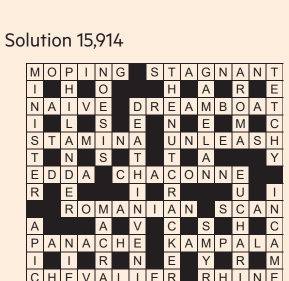
CROSSWORD
No. 15,915 Set by MUDD

JOTTER PAD

ACROSS
1 Aloof Piscean? (6)
4 Cooker turned on, first of bowls to mix (6)
8 Washing wet, it's inferred, after liquid added for starters (7)
9 Square is next, triangle's last to form (7)
11 Relative caught in embrace of teenager, I gathered (5-5)
12 Painful absorbing criticism, holding your heads (4)
13 Drawback in contract (5)
14 Appropriate number, jazz number (4,4)
16 Requiring correction, female taking shower (8)
18 Link that is preserved? (3-2)
20 Reversible kit for game (4)
21 Metal chains hold awfully clumsy boot (10)
23 Playwright embodying a creative type (7)
24 Leech, perhaps, queen stuck on cap (7)
25 Book in earnest he rewrote (6)
26 Odd bits of card game palatable, though dry (6)

DOWN
1 Broadcasting in Hungarian, obviously uplifting (2,3)
2 Beautiful pictures alongside appropriate frames (4,3)
3 Such nice new locks in back of car, lock security device (9)
5 1/6 woolly (5)
6 Less than an equal share? Absolutely! (3,4)
7 Composer has been touring close to Midhurst, Sussex town (9)
10 Time when women are expecting to age isn't fantastic (9)
13 Fragile thing hit, fully conscious (9)
15 Military leader putting chamber before sovereign (9)
17 Case carrying cake component (7)
19 Squeeze once, squeeze not stopping (7)
21 Island certain to banish con (5)
22 Dinner originally provided within the confines of every school (5)

Solution 15,914



Companies & Markets

FINANCIAL TIMES

Into the fire The chip tie-up doubts that threaten to leave hedgies burnt — ANALYSIS, PAGE 19

Un-pact Why Tokyo's global trade deals have left markets unmoved — LEO LEWIS, PAGE 20

Toys R Us staff press firms for help

• Bain and KKR consider hardship fund • Roth buyout vehicle spurns pleas after bankruptcy

MARK VANDEVELDE — NEW YORK

Toys R Us workers who lost their jobs when the heavily indebted retailer collapsed are talking to two buyout firms about a possible hardship fund — but a third, billionaire investor Steven Roth's Vornado Realty Trust, is refusing to answer their emails.

KKR and Bain, which took the company private with Vornado in 2005, are considering providing some financial help for workers hit by the toy chain's bankruptcy and ultimate liquidation. Criticism over the treatment of workers has led some US pension funds to reconsider investments with the two firms.

Vornado, which was an equal partner with KKR and Bain in the leveraged buyout that loaded the retailer with more than $5bn of debt, has shunned discussions with representatives of former employees, according to people familiar with the talks.

Vornado is structured as a permanent capital vehicle and does not raise outside money regularly, so has not suffered the same investor pressure.

Creditors seized control of Toys R Us in April, closing all its stores and telling 30,000 fired workers they would not receive severance benefits they expected. Ex-employees are trying to enforce their claims against the retailer in bankruptcy court but are unlikely to have any legal recourse against the trio of former owners, who they contend are also to blame. Instead, they have started a campaign of public criticism.

Workers' representatives have scheduled meetings with Bain Capital investors in California, Ohio, Maryland and Pennsylvania, who have collectively provided the firm with about $2bn since 2012. Two state pension funds, Minnesota and Washington, are reconsidering future investments in KKR.

Laid-off workers plan to take the argument to Vornado today, with a rally at a San Francisco building co-owned by the fund. Jim Baker, a campaigner at the Private Equity Stakeholder Project, said he had contacted Mr Roth five times since April but received no reply.

> Former employees are trying to enforce their claims against the retailer in bankruptcy court

Mr Roth could not be reached for comment. Vornado did not reply to a request for comment.

KKR wrote to 10 congressional Democrats stating its "desire to help" those who lost their jobs in the Toys R Us bankruptcy. "We believe we have found a path outside of the bankruptcy process to help those who need it the most," the firm said.

Bain declined to comment but people familiar with the discussions said that its representatives had joined talks with workers.

Decade high Treasury yields surge as Fed stays on course for rate rises

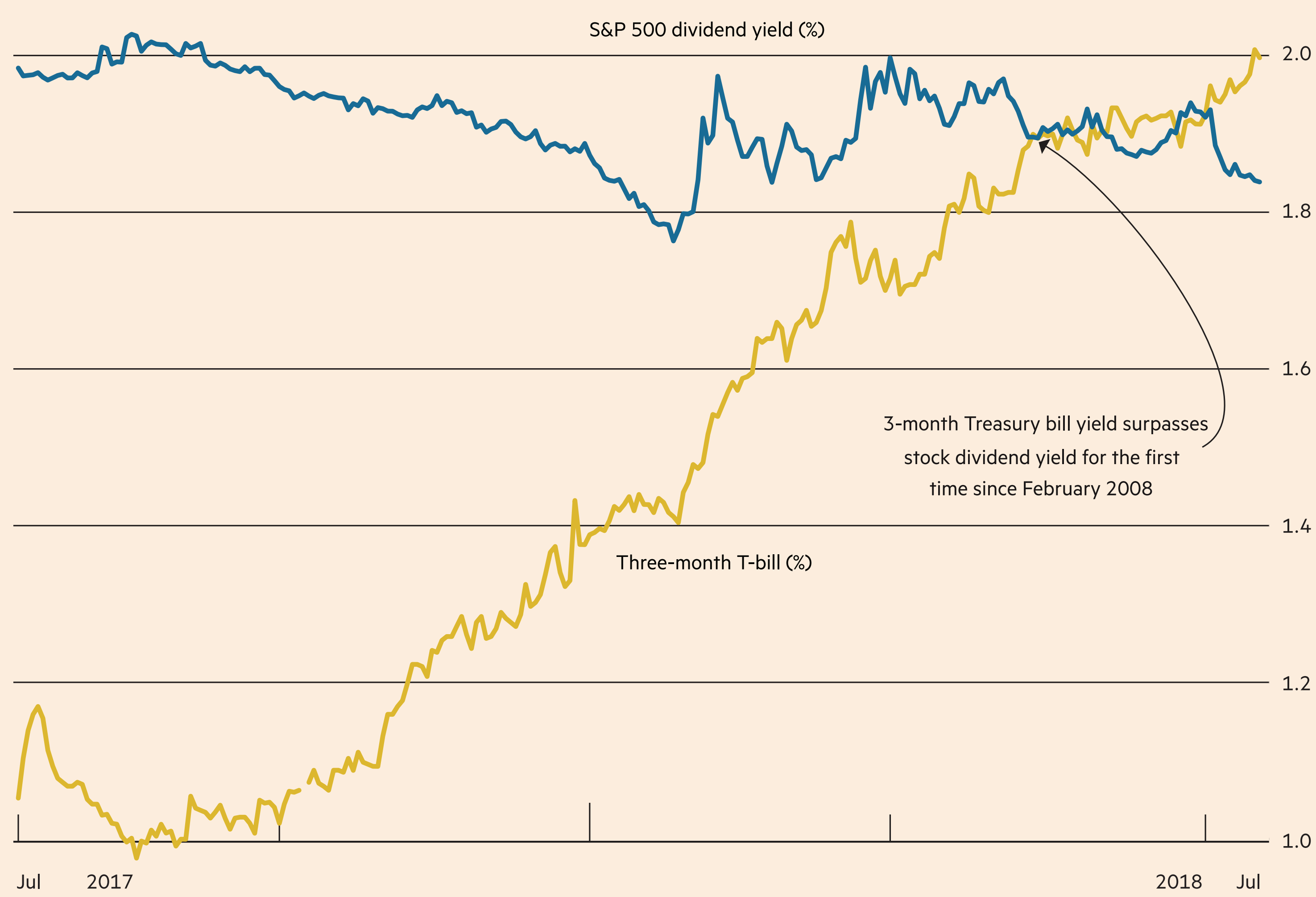
The 2 per cent club has a new member. The yield on the three-month US Treasury bill passed that milestone for the first time in more than a decade as the Federal Reserve remained on course to keep raising interest rates.

The yield on the bills is above 2 per cent for the first time since 2008. The short-term market rate, viewed by investors as essentially a cash-like instrument and a very liquid haven in times of market turmoil, has doubled since the start of last September. The relentless rise in bill yields reflects a steady tightening of interest rate policy by the Fed, while the US Treasury has substantially boosted sales of short-term debt to help finance a worsening budget deficit.

The yield on the three-month T-bill has moved further above the trailing 12-month dividend yield of the S&P 500, in what probably signifies the dying moments of the Fed's exceptional assistance to the stock market.

Since the 1960s, periods when three-month bill yields have been greater than the dividend yield of the S&P 500 have been relatively rare and have certainly not lasted for as long as the past decade. The most recent period stems from the Fed's decision during the financial crisis to cut interest rates towards zero and conduct several rounds of bond purchases, known as quantitative easing.

A further climb in bill yields beckons as the central bank expects to deliver two more 25 basis point interest rate rises in 2018. *Peter Wells*



Source: Bloomberg

Smart Money

John Authers

You cannot escape the Faangs. This is not the intro to a horror movie but merely the beginning of yet another piece on the market prominence of the handful of large US companies that dominate the internet. It is not a subject that can be avoided, especially when Amazon's value at one point this week exceeded $900bn for the first time.

Crucially, a notional six-member FAANMG group — Facebook, Amazon, Apple, Netflix, Microsoft and Google — would at this point be comfortably bigger than any of the 11 economic sectors into which the S&P 500 is divided. To quote Bianco Research: "If the FAANMGs were their own sector, they would be larger than any of the 11 official sectors, making up 17 per cent of the S&P 500's weight. More importantly, they are still growing at a healthy clip."

This is astonishing, and alarming. Previous episodes when one sector grew to have a bigger share of the total S&P 500 (tech during the dotcom bubble, banks during the credit boom and energy companies during the 2008 oil price spike are all good examples) have all ended badly. But, for now, one sector of six companies is worth 17 per cent of the whole S&P 500.

> The six-member FAANMG group is comfortably bigger than any of the S&P 500's 11 sectors

Let us put that differently, but equally spectacularly. The market cap of the five biggest stocks in the S&P 500 (the six mentioned earlier, minus Netflix) is now almost exactly equal to the market cap of the smallest 282 S&P 500 companies. Both come to just under $5.1tn, according to Michael Batnick, also known as The Irrelevant Investor.

This looks extraordinary but inequality on this scale is not historically unusual. Apple's market share has never been as big as IBM's during its greatest years of dominance.

In terms of investor positioning, owning the Faangs and other big tech names has never been so popular. Combining with another acronym, the Chinese BATs (Baidu, Alibaba and Tencent) is particularly popular. This month's Bank of America Merrill Lynch survey of global fund managers, showed that being "long Faang+Bat" is now the most crowded trade since the market was fixated on the "long US dollar" bet during 2015. The bank notes investors have aggressively rotated into the "growth" theme and the Faang+Bat trade constitutes the "largest US equity 'long' since Feb '17". Even if the internet groups' current dominance looks unsustainable, and has been brought into question this year by the Facebook data protection scandal and Google's travails with the EU, investors show minimal signs of nerves, as yet.

History shows that the identity of the biggest few companies does change over time. A strict policy of always buying the largest company by market cap would be a bad one. It would involve taking stakes in fallen idols including IBM, GE, Cisco and Coca-Cola. But for the time being, the Faangs have it.

john.authers@ft.com

Critics question Boeing chief's blue-sky thinking

Dennis Muilenburg believes the sun is shining on aerospace. The Boeing chief has declared the end of cyclical performance thanks to 'fundamental shifts' in the industry. Others are less sanguine, warning of trade wars and strategic challenges for the company.

Interview ▸ PAGE 15

Bank whistleblower gains rare victory as court rules RBC actions 'egregious'

KATIE MARTIN — LONDON

Royal Bank of Canada unfairly dismissed a former currencies trader who had called on the bank to tighten up what he called "box-ticking" compliance procedures, a London employment tribunal has ruled in a rare victory for a City whistleblower.

John Banerjee, the bank's former head of emerging markets currency trading in London, was fired in 2016, with the bank citing a long-running problem with his timekeeping, according to the judgment documents released on Wednesday.

But the judge in the case, which ran to early May, described the bank's actions as "egregious" and said employers should take better care of whistleblowers "even if they find them somewhat enervating".

The bank's stated policy that employees should feel free to raise concerns represented "fine, but empty words", the tribunal judgment stated. "Using his late arrival at work as a pretext, the bank sacked the claimant," it added. "The main reason for his dismissal was his public interest disclosure."

The bank said it "strongly" disagreed with the tribunal's decision and would appeal. "RBC takes its duties as an employer very seriously and encourages a robust compliance culture, which includes promoting the freedom for employees to speak up and blow the whistle," it said.

Mr Banerjee is seeking millions of pounds in compensation for the loss of his career, in which he was paid in excess of £1m a year. He successfully argued that he was fired not for timekeeping or other issues but as a result of having raised problems with the bank's culture around compliance.

The former trader spent months complaining about the bank's guidelines for traders, telling management they needed "root and branch" change. In one exchange, a senior manager discussing his complaint described Mr Banerjee as "a blowhard".

Mr Banerjee said: "The bank has subjected me to a war of attrition. It is wonderful to be vindicated by the court."

Lex page 10

Companies / Sectors / People

Companies

Sectors

People

Financials

Jail terms for ex-traders in Euribor case

Two men sentenced over their roles in conspiring to rig interbank lending rate

BARNEY THOMPSON — LONDON

Two former derivatives traders, including one described by a judge as "perhaps the best in the world", have been given prison sentences for their roles in a conspiracy to rig the Euribor interbank lending rate.

Three other individuals face a retrial next year after the jury was unable to reach a verdict in their cases, while one person has been acquitted.

Christian Bittar, 46, who pleaded guilty to conspiracy to defraud shortly before the Euribor trial began, was sentenced to five years and four months at Southwark Crown Court in London on Thursday. He will serve half the term before being released on licence.

A French citizen who worked at Deutsche Bank at the time of the 2005-09 conspiracy, Bittar had a reputation as one of the most talented traders. At one point he earned £47m in a year in commission on top of his £130,000 basic salary, prompting his bank to renegotiate the terms of his employment.

Euribor is a benchmark interest rate determined by daily submissions from several "panel banks". It is tied to trillions of euros of products such as loans and mortgages and was described by an expert witness in the trial as "one of the most globally significant numbers in finance".

The defendants were accused of conspiring to artificially nudge Euribor up or down by manipulating their banks' submissions to suit the traders' positions. Even small differences could mean big profits because of the vast sums in play.

Bittar was described by the prosecution as "one of the leading participants" in the conspiracy, whose "dishonest activity undermined confidence in this globally used benchmark rate".

In passing sentence, Judge Michael Gledhill QC said: "It is beyond irony that you were legitimately earning huge sums and there was no obvious need to resort to dishonest manipulation. That said, when you succeeded in manipulating the Euribor rates to your trading advantage, you personally made a great deal of money."

He added that "greed alone does not provide a full answer" to Bittar's actions. He had been motivated at least in part "by the satisfaction of being able to beat the system undetected for so many years".

> Bittar had in part been motivated by 'the satisfaction of being able to beat the system undetected'
>
> Judge Michael Gledhill QC

The judge took into account the former trader's guilty plea, the long delay between the offence and the trial, and several good character references, which earned him the maximum reduction in sentence.

Bittar was ordered to pay £2.5m in penalties and almost £800,000 in costs.

Philippe Moryoussef, 50, a former Barclays trader and also a French citizen, was tried in absentia after he absconded shortly before the proceedings began. He was given a prison term of eight years.

Moryoussef has remained in France for the duration of the trial and was not in court yesterday. The SFO would not confirm or deny whether it would issue a warrant for his arrest.

Industrial goods

Activist hits at ThyssenKrupp chairman's comments

PATRICK MCGEE — FRANKFURT

Elliott Management demanded that ThyssenKrupp elect an external chief executive and distance itself from "defamatory" comments made by Ulrich Lehner, the conglomerate's chairman, whose resignation this week highlighted a leadership crisis regarding the future direction of the group.

Mr Lehner, 72, who unexpectedly resigned on Monday, said in an interview with Die Zeit that the "activist investors" targeting ThyssenKrupp had engaged in "psycho-terror" by "placing lies in public" and "harassing families and neighbours" to force the resignation of senior executives.

The alleged actions had caused executives to seek "psychiatric counselling" and were hurting the company.

Elliott, the fund run by Paul Singer, yesterday published a letter it sent to the German industrial goods company denouncing the comments as "categorically untrue."

It said Mr Lehner had made the comments "maliciously", and any reasonable reader would take them to be an attack on Elliott, which disclosed a small stake in the company in May, and Cevian Capital, the activist fund that has become ThyssenKrupp's second-largest shareholder.

"To the extent the company is in a position to do so, it should take steps to ensure that Prof Lehner publicly withdraws these falsehoods and does not repeat them," Elliott said in a letter dated July 18.

Mr Lehner's departure on Monday came just 10 days after Heinrich Hiesinger, ThyssenKrupp's chief executive, abruptly resigned, stunning people close to the company and sparking a leadership crisis just days after the group had formally made a historic decision to spin off its steelmaking division and merge it with Tata Steel Europe, its Indian rival.

Elliott said in the letter that it accepted the appointment of Guido Kerkhoff, finance chief, as interim CEO to bring stability, but demanded this period "be kept short" and "a new external CEO" be appointed.

Both Mr Hiesinger and Mr Lehner favoured keeping Thyssenkrupp's disparate activities in submarines, elevators and industrial solutions under one roof, whereas many have been calling for a new structure, citing lack of synergies and underperformance.

Tobacco

PMI has cut earnings guidance after a sufficient number of Japanese smokers failed to be lured by its heated tobacco devices — Toru Hanai/Reuters

No fire without smoke for Philip Morris

PAN KWAN YUK AND PETER WELLS
NEW YORK

Philip Morris International's bet on a smoke-free future has hit a snag. The world's biggest listed tobacco company sharply lowered full-year earnings guidance yesterday as efforts to win customers for its smokeless devices struggled to gain traction.

The Marlboro maker said it expected diluted earnings for 2018 to come in at $5.02 to $5.12 a share, down from the $5.25-$5.40 range it forecast three months ago. The shares fell 6 per cent in morning trading.

Investors had been looking for improvements in sales of IQOS, PMI's heated tobacco device, in the key Japanese market after the company's report of slowing sales in the first quarter prompted shares to crash by their most in a decade in April.

But the tobacco giant said yesterday that marketing to promote a new line of cheaper devices in the Asian country would not begin to pay off until 2019. It now expects to sell 44bn-45bn devices this year against analysts' expectations of 51.5bn. "We are implementing the right marketing and product measures to reinvigorate growth in Japan, which is undoubtedly well below our initial expectations this year," said chief executive André Calantzopoulos.

"These initiatives . . . will position PMI well for a strong overall performance in 2019. Our revised 2018 EPS guidance reflects this decision."

As health-conscious consumers reject traditional cigarettes, big tobacco has turned to ecigarettes, vaping and substitute devices in search of growth.

PMI has touted its IQOS (pronounced eye-koss) products, arguing that they are less harmful than traditional cigarettes.

The cigarette-like device, which heats disposable tobacco-packed sticks, was launched in Japan two years ago and enjoyed initial success thanks to a quick take-up among younger smokers. But the excitement has flagged as the company struggled to convince older and more conservative smokers to make the switch.

IQOS is also facing increased competition for market share in the heated tobacco category. Japan Tobacco in June cut the price of its Ploom TECH device by 25 per cent, making it roughly half as expensive as IQOS units, even after PMI reduced their price by about 30 per cent.

> Excitement has flagged as the company struggled to convince older smokers to make the switch

In a recent note, analysts at UBS noted the key factors for respondents who were not attracted by IQOS "was the inconveniences of charging it and the higher price compared to main competitors".

The slowdown was underscored by PMI's second-quarter figures. While the number of heated tobacco units sold was up by more than 73 per cent for the June quarter compared with a year ago, it was down from the blistering pace recorded in the previous quarters. This comes as cigarette shipments continue to fall, dropping 1.5 per cent year-on-year.

The company's net revenue still rose 11.7 per cent to $7.7bn — topping expectations of $7.56bn thanks to price increases. Net income came in at $2.19bn, up from $1.78bn from the year ago period and ahead of forecast for $1.92bn.

INSIDE BUSINESS
MEDIA

Matthew Garrahan

Comcast's Fox retreat gives Disney the edge in battle for Sky

Around of blockbuster bids that pitted the biggest media companies against each other in a protracted fight for supremacy is nearing a conclusion — and Walt Disney appears to be heading for victory.

Comcast's withdrawal yesterday from pursuit of entertainment businesses being sold by Rupert Murdoch's 21st Century Fox means Disney can finalise a $71bn deal agreed with Mr Murdoch. The purchase will add the Fox film studio and cable channels, as well as Star of India, to a portfolio of assets that includes Marvel, Lucasfilm and Pixar.

Comcast, the US cable group that also owns NBC Universal, had bid unsuccessfully for Fox but conceded defeat in order to focus on Sky, the pay-TV group Mr Murdoch founded almost three decades ago. Its recent bid of £14.75 a share for Sky values the European media group at £26bn and was recommended by an independent Sky committee that is assessing offers for the company.

But neither this recommendation nor Comcast's withdrawal from the pursuit of Fox guarantees that Brian Roberts, its chief executive, will get his hands on all of Sky. This is because Disney will ultimately own 39 per cent of Sky, with the stake among the assets it is acquiring from Fox.

Comcast maintained when it launched its first bid for Sky in April that its offer was contingent on acquiring 50 per cent and one share of Sky. It would like to own all of the company, but Fox and Disney have a binding agreement: the Murdochs cannot unpick their sale to the Mouse House and cut a side deal on the Sky stake with Comcast.

> Iger has referred to Sky as a jewel of the Murdoch portfolio

Disney could sell Comcast the Sky stake once it completes the Fox acquisition. But will it? Bob Iger, its chief executive, has referred to Sky as a jewel of the Murdoch portfolio. Owning it outright would give Disney a hefty distribution presence in Europe — the company has 23m subscribers — and a new content engine. Given that Disney has ambitions to launch a global streaming service to compete with Netflix there is a strategic rationale to owning Sky, which has already developed a healthy streaming business with its "over the top" Now TV service.

There are other benefits for Disney in owning Sky. It has sophisticated advertising technology and a strong brand. But it is fundamentally a distribution company, which is not Disney's area of expertise.

Assuming there are no further bids for Sky from Fox-Disney, Comcast would end up owning 61 per cent of Sky, with Disney holding the remaining 39 per cent. The two rivals would be uneasy bedfellows but they have experience of owning a company together: both are shareholders in Hulu, the US streaming service.

> Liberty Global would arguably be a more sensible acquisition for Roberts

This would not be ideal for either company. Owning 100 per cent of Sky would mean the company's cash flow could be consolidated. It could also be used strategically to cross-sell and promote other services operated either by Comcast or Disney — such as a Disney streaming service, for example.

If Disney decides against backing a new bid by Fox for Sky, it will have a valuable stake in an asset Comcast wants to own outright. It could use the 39 per cent stake as negotiating leverage with Comcast — perhaps with a view to persuading Comcast to sell it its 30 per cent stake in Hulu. Disney is in line to get Fox's 30 per cent stake in Hulu when it completes the Fox acquisition and owning Hulu outright would certainly appeal to Mr Iger.

But if Disney wants full control of Sky, and all the indications are it still does, it will have to back a new offer for the group. Analysts say it has plenty of wriggle room for a new bid, while some of the hedge funds that have taken positions in Sky are convinced the bidding war will continue.

Whatever happens, Disney is back in the driving seat. Mr Roberts is clearly hoping that Mr Iger is ready to do a deal over Sky. If he is not, Comcast will have to look elsewhere for growth outside its core US market. John Malone's Liberty Global, which has an extensive presence in Europe — it owns Virgin Media of the UK — would arguably be a more sensible acquisition for Mr Roberts. But Sky is his first target. He will have to wait to see how much Mr Iger wants it before plotting his next move.

matthew.garrahan@ft.com

Financials

Steinhoff magnate linked to Tullow tax scheme

JOSEPH COTTERILL — JOHANNESBURG

Christo Wiese, the magnate embroiled in the collapse of Steinhoff, has been targeted by South African authorities over the fallout from an alleged tax avoidance scheme linked to Tullow Oil.

Sars, South Africa's revenue service, said in court papers filed in Cape Town that it was seeking R217m ($16m) from Mr Wiese and other individuals as part of R3.7bn in back tax related to the scheme, tied to a decade-old deal by the London-listed explorer to transfer assets out of the country.

The court dispute comes amid other setbacks for Mr Wiese, who lost his status as South Africa's richest person after Steinhoff, the owner of Poundland in the UK among other international discount retail assets, revealed a multibillion-euro black hole in its accounts last year.

Ireland-based Tullow, which explores in African oilfields from Ghana to Kenya, was party to "an elaborate scheme intentionally designed to facilitate the evasion" of capital gains tax in a corporate restructuring in 2007, Sars said.

The revenue service said that ENS Africa, a South African law firm, created a "sham" structure on Tullow's behalf to transfer assets from Energy Africa, a locally held company, that was subsequently sold to Mr Wiese.

The subsequent sale was a "bartering" transaction enabling Mr Wiese to use losses accrued by the company to offset tax bills, Sars alleged . It is not pursuing Tullow over the claims.

"Tullow acquired Energy Africa in 2004 and then in 2007 carried out a group-wide restructuring of which the ENS transaction was a part," Tullow said.

Mr Wiese denied that he received any tax benefit from buying Energy Africa or that he traded tax benefits with Tullow. His companies had always settled tax affairs amicably before, Mr Wiese said. "We've never been to court with Sars before, the R217m is the first time," he said.

South Africa's amaBhungane Centre for Investigative Journalism first reported the Sars claims.

Steinhoff's shares have since fallen 97 per cent while the company battles to survive a debt restructuring and further restatements of its accounts.

Media

Publicis sales fall amid fears of digital ad shift

HARRIET AGNEW — PARIS

Publicis, the world's third-largest advertising group by revenues, said yesterday its health subsidiary was "under strategic review" as the group reported an unexpected drop in sales in the second quarter, driving shares down almost 9 per cent.

Shares in rival WPP also fell more than 4 per cent yesterday as investors worried about the shift in the advertising market to digital media, with the traditional agency-based model struggling to adjust to competition from US tech groups such as Google as clients cut marketing budgets.

On Tuesday, shares in US rival Omnicom tumbled the most in nine years, after it reported weaker-than-expected revenue growth of 2 per cent in the second quarter of the year.

Revenues from existing operations at Publicis dropped 2.1 per cent in the second quarter to €2.2bn, following gains of 1.6 per cent in the first three months of the year. Overall, these revenues were down 0.4 per cent in the first half of the year. Adverse currency moves resulted in a hit of about €145m, since the US makes up half of the group's business.

Publicis said that the slowdown was due to uncertainty relating to the implementation of the EU's sweeping new data regime, and "an operational bump" in its health sales representatives business in the US, which dented revenues by €30m. Chairman and chief executive Arthur Sadoun said Publicis Health Solutions was "under strategic review", adding that it was a low-margin and highly volatile business.

Despite the slowdown in revenue growth, Publicis said its operating margin had improved by 60 basis points to 14.3 per cent during the first six months of 2018. "We're clearly on track to deliver organic growth and margin expansion in 2018," said Mr Sadoun.

He added the group's performance in North America was beginning to improve and it had had a number of client wins, a trend it expected would ramp up in the second half of the year. Last week technology group Lenovo selected Publicis to handle its media strategy, while Publicis also recently won business from P&G Shopper in the UK and Nestlé in the US.

See Lex

Concerns raised about 'too big to fail' KPMG

Regulators, competitors and clients have posed hard questions about the strength of one of the biggest audit firms

MADISON MARRIAGE, CAROLINE BINHAM AND MARTIN ARNOLD

When Arthur Andersen collapsed after becoming entangled in the Enron scandal in 2002, the US accounting firm was written off by many in the audit profession as an outlier.

The possibility that another large accounting firm could fail so catastrophically seemed remote to the regulators and rival auditors who worked to minimise the impact of Arthur Andersen's demise.

But a steady stream of damaging news involving KPMG, the accounting group, over the past 12 months has caused regulators, competitors and clients once again to pose hard questions about the strength of one of the biggest audit firms.

A senior director at one of KPMG's biggest clients, speaking on condition of anonymity, said that "the system needs the accountancy firm since without it there would not be capacity in the market for others to take up the slack".

The director added that it was in the interests of regulators and even its largest competitors, which include EY, Deloitte and PwC, for KPMG to overcome its recent difficulties. "They are too important to fail," he said. "Everybody will bust a gut to make sure that they turn it round."

A regulatory official, speaking privately, said that the problems facing KPMG look like a "perfect storm", adding: "The big question is whether the government would work to prop up a Big Four [firm] or not."

Despite KPMG's involvement in scandals spanning three continents, there are no signs at this stage that its biggest international clients are distancing themselves from the firm.

These scandals include its work for the Gupta family in South Africa; its audit of Carillion, the collapsed UK outsourcer, and an investigation by the Securities and Exchange Commission into three former KPMG partners who were accused of leaking confidential information in an attempt to improve inspection results for the firm.

It recently won the coveted contract to audit Rio Tinto, the miner, and its appointment as the new auditor at BT, the telecoms group, was waved through by shareholders last month almost unanimously.

Bill Michael, its UK chairman, said: "KPMG is in robust financial health. KPMG is seeing outstanding growth right across our audit, tax and advisory arms, we have a strong balance sheet and are well funded with a growing pipeline."

Yet regulators have been concerned — prompting the Bank of England's Prudential Regulation Authority to raise questions about whether there were risks to KPMG's viability.

The regulator stepped up its scrutiny of the UK's largest accounting firms after the Parliamentary Commission on Banking Standards criticised auditors for failing to spot the signs of financial instability that led to the financial crisis.

The commission said in a damning report in 2013 that auditors failed to "expose risks being added to [banks'] balance sheets" during the crisis, and that "audited accounts conspicuously failed accurately to inform their users about the financial condition of banks".

Andrew Tyrie, the commission's chairman and former Conservative backbencher, who chairs the Competition and Markets Authority, has made targeting the Big Four one of his key goals amid continued criticism of the quality of the audits provided by the firms.

These concerns have come hand in hand with broader fears about the shape of the audit market, which remains dominated by the four largest participants despite numerous attempts by international authorities to loosen their grip on the market. These include the introduction of mandatory auditor rotation across Europe and caps on the amount of consulting work auditors can offer their publicly listed clients.

Stephen Haddrill, chief executive of the Financial Reporting Council, the UK accounting watchdog, said in March the Competition and Markets Authority should investigate the case for "audit only" firms in an effort to bolster competition and stamp out conflicts of interest in the sector.

Prem Sikka, professor of accounting at the University of Essex, said: "It is not just KPMG but the whole of the auditing industry is in crisis. I am sure that some company boards will be thinking about whether to retain KPMG." Without the firm, there would only be a "big three", and that possibility was "likely to influence the [competition watchdog to consider a] break-up of the Big Four".

Regulatory officials, investors and academics are also considering whether the Big Four firms have, like many of the largest banks, become too big to fail.

For some, the only solution is drastic intervention in the market to prevent widespread disruption should one firm collapse.

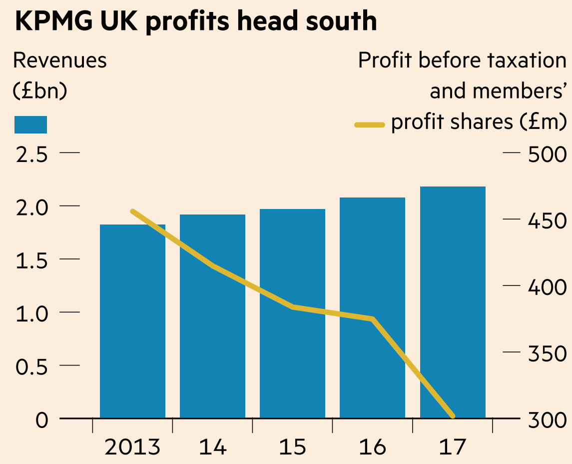
"They are too big to fail. But also the system is too fragile to survive," said Cliff Weight, director of ShareSoc, which represents individual investors in the UK. "There is a non-trivial risk of one failing and the Big Four becoming the 'big three'.

"KPMG is too important to fail. My solution is for KPMG to spin off the non-audit work into a separate firm. KPMG Audit can then focus on audit. It will be forced to invest more to ensure it does the audit job well."

Industry 'in crisis'

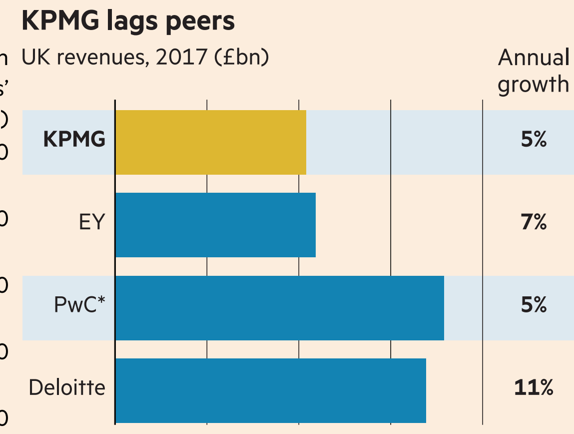
FT Montage

KPMG UK profits head south



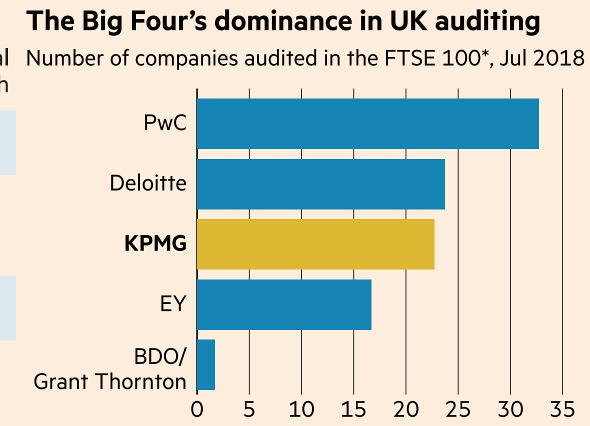
Sources: Thomson Reuters; companies; Bloomberg

KPMG lags peers



* Includes Switzerland

The Big Four's dominance in UK auditing



Only online betting group GVC and gold producer Randgold Resources, the African-focused gold miner, use auditors outside the Big Four

* Excludes Scottish Mortgage Investment Trust

Timeline

How the problems have piled up for Big Four group

Late Mar 2016 KPMG ends relationship with the Gupta family, which runs a sprawling empire in South Africa with ties to Jacob Zuma. It had audited Gupta-linked companies for 15 years

Sep 12 2017 South African businesses come under pressure from civil groups to cut ties with KPMG over its work for Gupta family companies. Activists promote the hashtag #KPMGmustfall

Sep 15 KPMG executives in South Africa dismissed after an internal investigation found the firm had missed red flags in its auditing of companies owned by the Guptas

Sep 19 KPMG loses two contracts in South Africa as clients seek to distance themselves from the firm

Oct 5 KPMG apologises to South African MPs over its work for the Guptas

Dec 14 KPMG revenues increase to a record $26bn in its latest financial year, but it remains the smallest of the Big Four accounting firms

Jan 17 2018 KPMG accused in a criminal complaint in South Africa of "knowingly failing to appropriately apply its own risk management and quality controls" in its preparation of a report for the revenue service

Jan 22 Former KPMG partners charged with fraud after the audit firm improperly received advance notice of inspections by US regulators

Jan 29 UK authorities launch probe into KPMG audit of Carillion, the collapsed government outsourcer

Feb 13 KPMG's share of UK public sector contracts drops sharply

Feb 22 MPs turn fire on KPMG and Deloitte partners over Carillion

Apr 17 South Africa bans KPMG from auditing public institutions

May 3 Barclays Africa fires KPMG as its auditor

Jun 4 KPMG to parachute in senior executives and cut hundreds of local jobs in effort to save South African business

Jun 11 KPMG fined £3.2m by UK watchdog for misconduct in auditing Quindell, scandal-hit finance company

Jul 3 UK watchdog launches inquiry into KPMG's work for Conviviality, the collapsed drinks supplier

Jul 12 Old Mutual appoints a second firm to review its accounts in a blow to its longstanding auditor KPMG

Travel & Leisure

Packer gives up last Australian directorships

JAMIE SMYTH — BRISBANE

James Packer, the billionaire, has resigned from the boards of 22 Australian companies over the past few weeks and is no longer a director of any business registered in the country.

The move follows the 50-year-old businessman's resignation from the board of Crown Resorts in March, which his private investment vehicle Consolidated Press Holdings said was due to Mr Packer suffering "mental health issues". In late June Mr Packer quit the board of CPH and has since resigned all his directorships of Australian registered companies, according to company records.

"This is a very significant move by Mr Packer, who for years has been one of the biggest investors in Australia and appears now not to be active," said Stephen Mayne, a director of the Australian Shareholders' Association.

"The Packer family have been at the forefront of Australian business for decades."

Mr Packer inherited a media and publishing empire from his father Kerry Packer, which he later sold using the proceeds to build Crown Resorts into Australia's largest casino operator. The business initially flourished and expanded to the US, Macau and elsewhere. But when 19 Crown employees were arrested in China in 2016 and later convicted of "gambling-related crimes", Mr Packer retrenched the group back in Australia and sold off most of its overseas assets.

The arrests in China, which related to the illegal marketing of casino activities, and the breakdown of Mr Packer's relationship with Mariah Carey, the US pop star, apparently took a heavy toll on the billionaire.

In March Mr Packer sought medical treatment for mental illness and began stepping back from his Australian businesses. Company records show he has resigned as a director of 24 Australian businesses this year, most recently on July 11 when he when he stepped down from the board of Mistytime. Mr Packer's address is listed in Colorado on the filings, as first reported by The Australian newspaper.

> 'Mr Packer has for years been one of the biggest investors in Australia and appears not to be active'

Despite stepping back from the Australian businesses, Mr Packer still controls the CPH group and remains a director of CPH International, the group's holding company based in the Bahamas. He also remains a shareholder in almost a dozen Australian companies.

Mr Packer, who is worth $4.1bn, according to Forbes, last year became embroiled in a continuing corruption investigation into Benjamin Netanyahu, the Israeli prime minister, and his wife Sara by Israeli prosecutors.

Australian police interviewed Mr Packer about gifts allegedly provided to Mr Netanyahu. Last month Mrs Netanyahu was charged with fraud and breach of trust in relation to the ordering of expensive meals for the Israeli prime minister's residence. There is no suggestion of wrongdoing by Mr Packer.

Technology

SoftBank and Didi to launch taxi app in Japan

Joint venture will try to crack $15bn market and defy sector resistance

KANA INAGAKI — TOKYO

Didi Chuxing has teamed up with investor SoftBank to launch a ride-hailing platform in Japan as they seek to capture a surge in Chinese tourists ahead of the 2020 Tokyo Olympics.

The Chinese ride-hailing app will attempt to crack a ¥1.7tn ($15bn) market that has confounded US rival Uber and one that SoftBank founder Masayoshi Son has condemned as "stupid" for banning such apps.

"Today ride-hailing is prohibited by law in Japan," Mr Son said at an annual company event yesterday.

"I can't believe there is still such a stupid country. To protect the past, they are denying the future. It's a crisis situation."

Local regulations bar services from using drivers without professional taxi licences from picking up and delivering passengers, outside of remote areas where public transport might not be readily available. In effect, for ride-hailing companies such as Uber and Didi to operate in the Japanese market, they can only offer ride-hailing services through partnerships with local taxi companies who use their app to connect with passengers.

SoftBank and its Saudi-backed $100bn technology fund have made a huge bet on the future of ride-hailing with investments in Uber, Didi, Brazil's 99, India's Ola and Singapore's Grab.

Using SoftBank's network and local market expertise, Didi, which has more than 550m active users, plans to pilot its Didi Mobility Japan joint venture in Osaka from this autumn. That will be followed by rollouts in Tokyo and other cities in Japan.

Its platform, using artificial intelligence and data analysis to forecast passenger demand, will be available for free to all Japanese taxi companies. The service will also offer Chinese-Japanese translation and payments by Chinese users can also be made through Alipay or WeChat Pay.

"We think technology should not only be disruptive but also inclusive and collaborative," Jean Liu, Didi's president, said in Tokyo.

Other companies, such as Sony, also plan to launch a ride-hailing service in Japan as the traditional taxi industry is under pressure to meet a surge in demand, with annual foreign tourists set to hit 40m by 2020.

The number of taxi users in Japan has nearly halved during the past two decades, while industry revenue has fallen 38 per cent from its peak in the early 1990s, according to government figures.

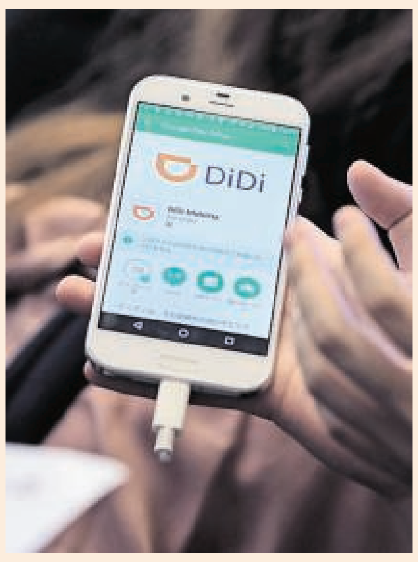
But Japan's 200,000-taxi federation has lobbied hard against the emergence of ride-hailing.

Uber operates a service in its original model, using non-professional drivers, only in the depopulated part of Kyotango, a city in western Japan, and in another small town in the northern island of Hokkaido.

Earlier this year, it announced that it would join forces with local taxi operators to launch a car-hailing pilot programme in the remote island of Awaji.

In Tokyo, it matches taxi company drivers with users via its app.

Stephen Zhu, Didi's vice-president, who will head the joint venture with SoftBank, conceded that Japan was a challenge. But he added: "We have a commitment to keep on trying. We will not give up easily."



'Today ride-hailing is prohibited by law in Japan . . . to protect the past, they are denying the future'

Technology

Students examine a bicycle in Zhengzhou, in Henan province. Ofo's ambition had been to place 20m bikes in 20 countries by the end of last year — China Daily/Reuters

Bike-share sector backpedals from overseas plans

EMILY FENG — BEIJING

Asia's shared bicycle sector is undergoing a contraction that has edged out smaller participants and slowed down overseas expansion by some of its biggest platforms.

This month, Alibaba-backed start-up ofo announced that it would close its six-month-old operations in India, as well as in its two Australian sites, Sydney and Adelaide, within two months.

The news comes as the company plans to scale back its operations in four regions — Japan, South Korea, Singapore and Hong Kong — because of a cash crunch, according to Chinese business magazine Caixin.

The retreat is a reversal from its plans to place 20m bikes in 20 countries by the end of 2017.

"Our focus now is on our priority markets and moving towards profitability," ofo said. "We are communicating with our local markets about our plans."

Over the past two years, the Asia-Pacific shared bike sector has had an influx of investment, allowing as many as 60 platforms to build bike fleets and subsidise rides in an effort to outbid competitors, according to research firm IDC.

Mobike and ofo, China's largest platforms, raised nearly $2bn in 2017.

The explosion in shared bikes has been most apparent in China, where, at their zenith, rows of cycles jostled for limited footpath space. However, their ranks have been trimmed by a number of closures as smaller start-ups find their resources quickly drained by heated competition and bike thefts.

"Their purpose was to chase after growth and give their investors the growth story they wanted, but we quickly saw problems in their overseas expansion," said Chen Lin, assistant professor at the China-Europe International Business School in Shanghai.

Ofo is reportedly laying off employees in North America, according to a Quartz report. Employees were told ofo was "going into sleep mode" in the US and Canada, the report said.

This month, Hong Kong-based start-up GoBee went bust, citing losses. A European expansion flopped after 60 per cent of its bike fleet was damaged or stolen within four months of the service's launch.

Ofo is closing up in India and Australia and plans retrenchment elsewhere amid a cash crunch

China start-up Bluegogo, which once had 20m riders, was one of the first major platforms to go belly-up last November.

Surviving platforms have persisted by seeking backing from China's biggest tech groups. In April, ofo's main competitor, Mobike, was fully acquired by food services group Meituan Dianping in a $3.7bn deal including debt. Using some of the funds raised, Mobike waived $150m in user deposits on its bikes in an effort to gain an edge.

Mobike says it aims to make zero deposits a standard in the bike-sharing industry — a move that would effectively raise the cost of competitors' operations, edging other players out.

The boom and bust cycle shares parallels with the spending war between Chinese ride-hailing group Didi and Uber, which battled for market share by offering subsidised rides to users.

"Of course [sharing bike companies] rely too much on external investment and user subsidies," said Ms Chen. "They never had a sustainable business model, and blindly expanded."

Additional reporting by Yuan Yang in Beijing

Financials

KKR joins banks to strike second Greek bad-loan deal

MARTIN ARNOLD — LONDON

US private equity group KKR has agreed its second Greek non-performing loan deal, teaming up with the country's four main banks to invest in one of their big troubled borrowers.

The move indicates how Greek lenders are responding to pressure from regulators to shed their vast piles of bad loans, while an improving eurozone economic climate is making it easier to clean up their balance sheets.

KKR's Pillarstone unit, which was created four years ago to invest in companies held in the bad-loan portfolios of Italian banks, has been hunting for similar Greek investments since investing in pharmaceutical group Famar last year. Pillarstone already manages more than €2bn of bad loans in total.

It has agreed to service more than €150m of NPLs made by Greece's four largest banks — Piraeus, Alpha Bank, Eurobank and National Bank of Greece — to Notos Com Holdings, which operates department stores and a wholesale fashion business. Pillarstone and the four banks are also injecting about €25m of fresh equity into the company.

Greek banks, which have been recapitalised three times since a 2010 debt crisis, are still weighed down by about €100bn of bad loans, which on average account for about half their balance sheets — higher than any other EU country. The European Central Bank is pressing them to reduce this to about €65bn by the end of next year.

The deal is a further sign that pressure by regulators on eurozone banks to sell bad debts and an improving economic outlook are starting to produce results. The total stock of bad loans in European banks has fallen more than a third in three years, from €1.12tn to €813bn, according to the European Banking Authority.

Greek banks have recently joined the sell-off. Eurobank sold €1.5bn of unsecured consumer loans last year, while National Bank of Greece, Piraeus and Alpha Bank aim to sell a total of more than €11bn of NPLs this year.

Separately, Spain's Banco Sabadell said yesterday it had agreed a €3.9bn deal to sell most of its real estate portfolio to US private equity investor Cerberus. The move highlights how Spain's property market has rebounded since the bursting of the country's housing market bubble in 2008.

It comes after a similar €7bn deal was agreed by rival CaixaBank to sell the majority of its troubled real estate portfolio to US private equity group Lone Star in June.

The deal is a sign that pressure by regulators on eurozone banks to sell bad debts is producing results

Spain's residential real estate prices fell up to 40 per cent in the crash, leading to widespread mortgage defaults and more than 500,000 unsold new homes. But they have since rebounded to about 80 per cent of their pre-crisis highs, according to central bank data, allowing lenders more breathing room to bow to pressure from regulators by exiting their property portfolios.

Sabadell said it would keep its real estate servicing arm and hold a 20 per cent stake in the property assets, which had a gross book value of about €9.1bn, with the rest owned by Cerberus. It added the sale would result in a €92m net loss from additional provisions but would still increase its profitability.

The deal would boost its common equity tier one ratio — a key benchmark of banking strength — by 0.13 percentage points. At the end of March, the bank's core capital ratio was 12 per cent.

Interview. Dennis Muilenburg

Boeing chief shrugs off trade war concern

US aircraft maker shows aggressive confidence since arrival of ebullient boss

PATTI WALDMEIR — CHICAGO
PEGGY HOLLINGER — LONDON

Vantage point: spectators at this week's Farnborough air show look on as a Boeing 737 Max prepares to land — Ben Stansall/AFP/Getty Images

Dennis Muilenburg believes this is one of the best possible times to be an aerospace and defence company. Markets may fret about how a Trump-triggered trade war could hurt Boeing, the US aircraft manufacturer that he took over as chief executive in July 2015. But as he surveys the world from the vantage point of the UK's biennial Farnborough air show, Mr Muilenburg is pleased with almost everything he sees.

Industry experts, stock market analysts and company insiders all agree on one thing: Mr Muilenburg has brought a new aggressive confidence to Boeing. But there are differing opinions on whether that is a good thing.

"Dennis is too gung-ho. Nothing is ever bad," said one veteran aerospace analyst, referring to Mr Muilenburg's repeated claim that the boom and bust cycle that has dogged the aerospace business for decades is over. "A bit of humility and conservatism would go a long way".

Dennis Muilenburg insists profits will be more stable in future thanks to 'fundamental shifts over past decade'

Nevertheless, Cai von Rumohr, aerospace analyst from Cowen investment bank, believes concerns about the potential impact of a downturn in the commercial aircraft sector are overblown.

"What is not appreciated is the resilience of the demand upswing and Boeing's favourable productivity," he said, along with better cash generation from the rise of higher margin services and defence sales in the company's mix.

In an interview with the Financial Times on the eve of the show, and then during it, the 54-year old Mr Muilenburg stuck firmly to an upbeat message. He declared the end of cyclical performance, insisting that profits would be more stable thanks to "fundamental shifts over the last decade". These include a more global spread of orders, huge backlogs representing eight years of production, and the growing importance of new high-margin services made possible by the digital revolution.

Boeing has come a long way since Mr Muilenburg took over three years ago. Back then, delays to the 787 Dreamliner were causing a financial hangover, while the company faced an investigation into accounting practices on the programme. Airbus, its European arch rival, seemed to have the upper hand, while Boeing was on the defensive.

Slowly, the tables were turned: Airbus faced several European anti-bribery investigations, and tensions flared at the top. As Airbus's Franco-German management slugged it out, Mr Muilenburg brought in fresh blood — including former General Electric executive Kevin McAllister, now head of Boeing Commercial Airplanes. Customers say Mr McAllister is reinvigorating the business.

In a move that one company insider says did much to build trust with middle management, Mr Muilenburg vowed to make personal contact with 17,000 Boeing managers within his first year. He went on to do so, listening carefully to what they had to say.

He also surprised the industry by halting his predecessor's long-running battle with unions at its Seattle plant — though he later fought unionisation of the company's South Carolina plant.

And tough union negotiations may lie ahead if Boeing decides to proceed with a new "middle of the market" aircraft given that Mr Muilenburg has stressed that affordability will be key.

Mr Muilenburg expressed confidence that Boeing is on its way to finalising a deal with Embraer, the Brazilian aircraft maker, at the smaller end of the commercial aircraft market.

But he rejected suggestions that he may have erred in challenging Embraer's Canadian rival, Bombardier, with a US trade complaint over government subsidies. That not only irritated Boeing's Canadian and UK defence customers, but may have handed Airbus an early advantage in smaller passenger jets. Bombardier's C Series, the industry's newest clean sheet aircraft, was virtually given away to Airbus as a result.

"We would not change our approach there," Mr Muilenburg told the FT. "We have to take the long-term view here and it's important for us always to stand on the principle of free and open trade and fair trade . . . That was the principle behind the Bombardier matter."

Even if Boeing avoids becoming collateral damage in a trade war, industry watchers say the company faces a period of significant upheaval — and some say that Mr Muilenburg's confidence may have unintended consequences.

"At Boeing, everything is fine — right up until the moment when it's not," said Scott Hamilton of Leeham, an aerospace consultancy and news website.

"They are moving on a lot of different strategic fronts at once — Bombardier, Embraer, the supply chain, verticalising production, building a $50bn services business, "said one industry insider of the challenges facing the aircraft manufacturer.

"That's a lot for a company that operates slower than anybody else, in a very, very slow industry."

Profile

Long haul: from summer intern to man at the top

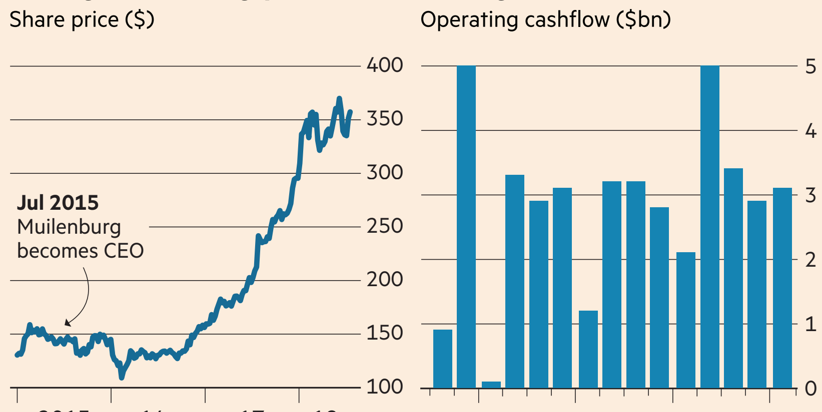
Dennis Muilenburg has spent his entire working life at Boeing. He began work as a summer intern in the company's commercial aircraft division in 1985, having graduated with a bachelor's degree in aerospace engineering from Iowa State University and a master's degree in aeronautics and astronautics from the University of Washington.

In his more than 30 years with the group he has risen quickly through the ranks, moving from key engineering and management roles on transport, fighter jets and other aircraft programmes.

In 2013 he was promoted to chief operating officer, a clear indication that he had been identified as a potential chief executive.

Two years later he was confirmed as successor to Jim McNerney.

Boeing rises strongly under Muilenburg



Sources: Thomson Reuters Datastream; company

Banks

BofA loses analysts in London as Mifid bites

HANNAH MURPHY — LONDON

Bank of America Merrill Lynch has lost dozens of analysts from its London office this year with many departing to join asset managers, as Europe's Mifid markets rules begin to squeeze investment bank research departments.

There have been at least 24 departures from the US bank's 130-strong UK research arm in 2018, among them seven senior analysts.

While the bank would typically report an average turnover of about 15 per cent by this point in the calendar year, that figure is now closer to 20 per cent, according to a person with knowledge of the situation.

The wave of redemptions comes as European banks grapple with new legislation, known as Mifid II, which means that only fund managers paying banks specifically for research can access it.

Previously, banks and brokers would "bundle" research with the fee they charge asset managers for executing trades.

The shake-up, which came into force in January, has prompted fund managers to cut back their research consumption, and some predict that UK "sell-side" analyst numbers could halve by the end of the year as a result.

The trading commissions paid to brokers and banks have also already dropped sharply since the rules came in.

BofA's leavers include Stephanie Bothwell, its head of European chemicals research, who is joining BlackRock's European equities team at the end of the month, and Mark Manduca, its head of transport, travel and leisure research, who has been hired as a managing director by Citigroup.

BofA plans to hire staff to replace all the leavers by the end of the year.

The majority of BofA's junior analysts who are leaving are switching jobs to become in-house analysts at asset managers, one person said, adding that those jobs "would appear to be less volatile career-wise, more secure".

While the roles are broadly similar, analysts at banks are under increasing pressure to bring in revenue-generating business.

Much of this is expected to come through their interactions with investment fund clients, such as calls and meetings, which also have to be paid for under Mifid II.

The appetite for these analyst interactions has been far lower than banks had originally predicted, according to Neil Scarth, a principal at Frost Consulting, a research adviser to asset managers.

"The revenue models of the cash equity [departments] of the banks post-Mifid II look more challenging," he said. "The asset management alternative may look a little more predictable."

Additional reporting by Peter Smith

MARKET DATA

WORLD MARKETS AT A GLANCE

FT.COM/MARKETSDATA

Change during previous day's trading (%)

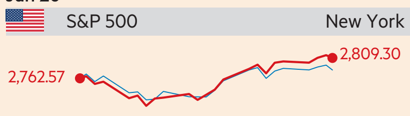
S&P 500	Nasdaq Composite	Dow Jones Ind	FTSE 100	FTSE Eurofirst 300	Nikkei	Hang Seng	FTSE All World $	$ per €	$ per £	¥ per $	£ per €	Oil Brent $ Sep	Gold $
-0.22%	-0.12%	-0.26%	0.10%	-0.20%	-0.13%	-0.38%	-0.40%	-0.258%	-0.383%	0.102%	0.112%	-1.00%	-0.67%

Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison

AMERICAS

Jun 20 - - Index All World

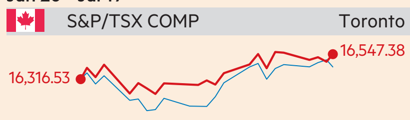
S&P 500 New York



Day -0.22% Month 1.28% Year 14.17%

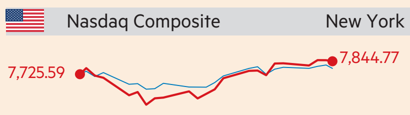
Jun 20 - Jul 19 Index All World

S&P/TSX COMP Toronto



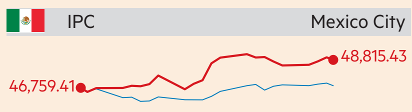
Day 0.42% Month 1.41% Year 8.54%

Nasdaq Composite New York



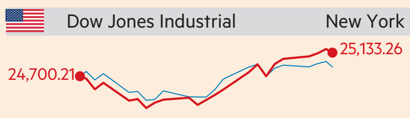
Day -0.12% Month 1.27% Year 23.66%

IPC Mexico City



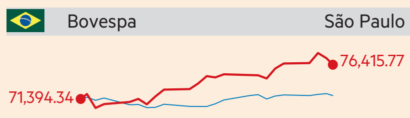
Day -0.38% Month 5.03% Year -4.43%

Dow Jones Industrial New York



Day -0.26% Month 0.59% Year 16.50%

Bovespa São Paulo

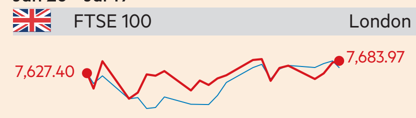


Day -1.22% Month 7.01% Year 17.22%

EUROPE

Jun 20 - Jul 19 Index All World

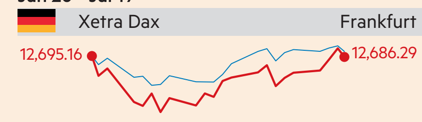
FTSE 100 London



Day 0.10% Month 1.11% Year 3.46%

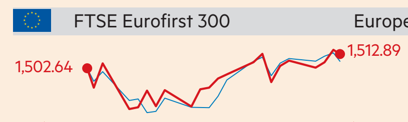
Jun 20 - Jul 19 Index All World

Xetra Dax Frankfurt



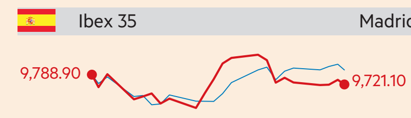
Day -0.62% Month 1.55% Year NaN%

FTSE Eurofirst 300 Europe



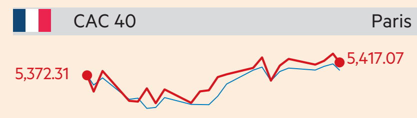
Day -0.20% Month 0.96% Year -0.08%

Ibex 35 Madrid



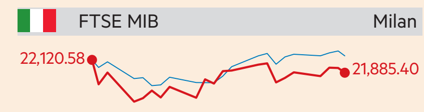
Day -0.33% Month -0.49% Year -7.63%

CAC 40 Paris



Day -0.56% Month -0.61% Year 4.71%

FTSE MIB Milan

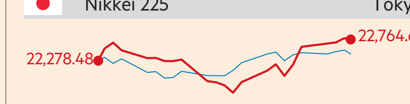


Day -0.40% Month -0.90% Year 1.89%

ASIA

Jun 20 - Jul 19 Index All World

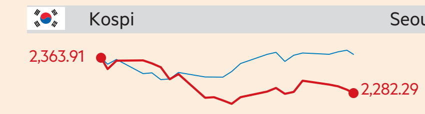
Nikkei 225 Tokyo



Day -0.13% Month 0.37% Year 13.82%

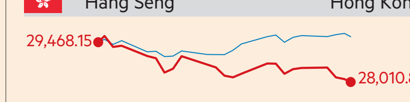
Jun 20 - Jul 19 Index All World

Kospi Seoul



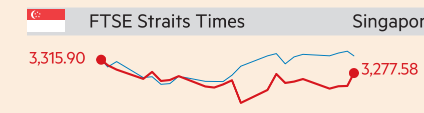
Day -0.34% Month -3.95% Year -5.93%

Hang Seng Hong Kong



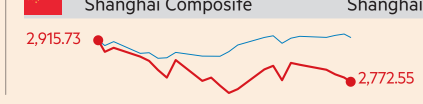
Day -0.38% Month -7.58% Year 5.60%

FTSE Straits Times Singapore



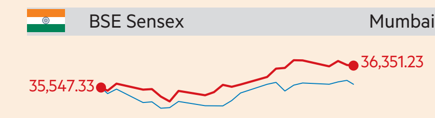
Day 1.14% Month -1.40% Year -0.86%

Shanghai Composite Shanghai



Day -0.53% Month -8.25% Year -13.02%

BSE Sensex Mumbai



Day -0.06% Month 2.26% Year 14.63%

(c) Closed. (u) Unavailable. † Correction. ▼ Subject to official recalculation. For more index coverage please see www.ft.com/worldindices. A fuller version of this table is available on the ft.com research data archive.

STOCK MARKET: BIGGEST MOVERS

Based on the constituents of the S&P500 · Based on the constituents of the FTSE 350 index · Based on the constituents of the FTSEurofirst 300 Eurozone index · Based on the constituents of the Nikkei 225 index

UK MARKET WINNERS AND LOSERS

Based on last week's performance. †Price at suspension.

CURRENCIES

Jul 19	Currency	Dollar Closing Mid	Day's Change	Euro Closing Mid	Day's Change	Pound Closing Mid	Day's Change
China	Chinese Yuan	6.7719	0.0574	7.8639	0.0465	8.8049	0.0431
Colombia	Colombian Peso	2880.8750	-5.1350	3345.4203	-14.6254	3745.7266	-20.2397
Costa Rica	Costa Rican Colon	567.5800	0.2150	659.1031	-1.4532	737.9699	-2.3869
Czech Republic	Czech Koruna	22.2915	0.0897	25.8860	0.0375	28.9835	0.0122
Denmark	Danish Krone	6.4175	0.0148	7.4523	-0.0021	8.3441	-0.0109
Egypt	Egyptian Pound	17.8990	0.0305	20.7852	-0.0182	23.2724	-0.0443
Hong Kong	Hong Kong Dollar	7.8498	0.0002	9.1155	-0.0233	10.2063	-0.0366
Hungary	Hungarian Forint	280.7751	2.2224	326.0504	1.7446	365.0649	1.5804
India	Indian Rupee	69.0000	0.3662	80.1263	0.2193	89.7141	0.1536
[illegible]		112.8998	0.1146	131.1053	-0.2049	146.7929	-0.3807
[illegible]		112.8993	0.1136	131.1053	-0.2048	146.7927	-0.3812
[illegible]		112.8968	0.1085	131.1054	-0.2046	146.7929	-0.3823
Kenya	Kenyan Shilling	100.7500	0.1000	116.9961	-0.1860	130.9956	-0.3430
Kuwait	Kuwaiti Dinar	0.3031	0.0001	0.3519	-0.0009	0.3940	-0.0014
Malaysia	Malaysian Ringgit	4.0635	0.0045	4.7187	-0.0070	5.2834	-0.0132
Mexico	Mexican Peson	19.0515	0.0586	22.1236	0.0110	24.7708	-0.0131
New Zealand	New Zealand Dollar	1.4866	0.0122	1.7263	0.0097	1.9328	0.0089
Nigeria	Nigerian Naira	361.7500	1.2500	420.0827	0.3696	470.3489	-0.0690
Norway	Norwegian Krone	8.2474	0.0707	9.5773	0.0575	10.7233	0.0534
Pakistan	Pakistani Rupee	128.0500	-	148.6982	-0.3843	166.4911	-0.6018
Peru	Peruvian Nuevo Sol	3.2745	-0.0003	3.8025	-0.0102	4.2575	-0.0158
Philippines	Philippine Peso	53.5550	0.0495	62.1908	-0.1031	69.6324	-0.1871
Saudi Arabia	Saudi Riyal	3.7504	-	4.3551	-0.0113	4.8762	-0.0176
Singapore	Singapore Dollar	1.3720	0.0062	1.5932	0.0030	1.7839	0.0016
South Africa	South African Rand	13.4863	0.2200	15.6609	0.2157	17.5349	0.2237
South Korea	South Korean Won	1133.2500	0.9500	1315.9883	-2.2952	1473.4565	-4.0862
Sweden	Swedish Krona	8.9226	0.0605	10.3614	0.0437	11.6013	0.0370
Switzerland	Swiss Franc	1.0014	0.0016	1.1628	-0.0011	1.3020	-0.0026
Taiwan	New Taiwan Dollar	30.6305	0.0575	35.5697	-0.0250	39.8259	-0.0689
Thailand	Thai Baht	33.4600	0.1000	38.8555	0.0160	43.5048	-0.0268
Tunisia	Tunisian Dinar	2.6531	0.0122	3.0809	0.0062	3.4496	0.0034
Turkey	Turkish Lira	4.8228	0.0148	5.6004	0.0028	6.2706	-0.0033
United Arab Emirates	UAE Dirham	3.6732	-	4.2655	-0.0110	4.7758	-0.0173
United Kingdom	Pound Sterling	0.7691	0.0028	0.8931	0.0009	-	-
..One Month		0.7693	0.0028	0.8930	0.0009	-	-
Vietnam	Vietnamese Dong	23052.0000	2.5000	26769.1748	-66.3050	29972.3355	-105.1139
European Union	Euro	0.8611	0.0022	-	-	1.1197	-0.0012
..One Month		0.8609	0.0022	-	-	1.1196	-0.0012
..Three Month		0.8603	0.0022	-	-	1.1194	-0.0011
..One Year		0.8576	0.0023	-	-	1.1185	-0.0012

Rates are derived from WM Reuters Spot Rates and MorningStar (latest rates at time of production). Some values are rounded. Currency redenominated by 1000. The exchange rates printed in this table are also available at www.FT.com/marketsdata

FTSE ACTUARIES SHARE INDICES

UK SERIES www.ft.com/equities

Produced in conjunction with the Institute and Faculty of Actuaries

	£ Strlg Jul 19	Day's chge%	Euro Index	£ Strlg Jul 18	£ Strlg Jul 17	Year ago	Div yield%	Cover	P/E ratio	X/D adj	Total Return
FTSE 100 (100)	7683.97	0.10	6705.15	7676.28	7626.33	7487.87	3.82	1.96	13.37	172.61	6670.67
FTSE 250 (250)	20907.16	-0.37	18243.91	20984.20	20871.27	19763.94	2.71	2.41	15.31	302.55	15604.20
FTSE 250 ex Inv Co (198)	22396.48	-0.43	19543.51	22492.41	22379.55	21158.68	2.80	2.03	17.58	332.83	17063.72
FTSE 350 (350)	4281.83	0.02	3736.39	4280.87	4253.82	4150.74	3.63	2.02	13.65	90.31	7450.70
FTSE 350 ex Investment Trusts (297)	4239.98	0.02	3699.87	4239.03	4212.47	4115.70	3.68	1.95	13.89	90.70	3802.47
FTSE 350 Higher Yield (105)	3880.09	0.10	3385.83	3876.30	3850.53	3858.25	5.11	1.68	11.65	105.77	7161.85
FTSE 350 Lower Yield (245)	4290.72	-0.06	3744.15	4293.33	4267.76	4045.91	1.99	2.98	16.86	62.37	4817.12
FTSE SmallCap (285)	5900.72	-0.24	5149.06	5915.11	5908.59	5659.06	3.17	2.45	12.86	104.10	8717.48
FTSE SmallCap ex Inv Co (155)	5059.77	-0.41	4415.24	5080.48	5082.29	4994.62	3.27	1.50	20.44	92.24	7861.68
FTSE All-Share (635)	4226.13	0.01	3687.78	4225.59	4199.69	4095.07	3.62	2.03	13.62	88.61	7433.14
FTSE All-Share ex Inv Co (452)	4159.21	0.01	3629.39	4158.64	4133.17	4038.89	3.67	1.95	13.98	88.72	3790.19
FTSE All-Share ex Multinationals (568)	1255.97	-0.39	908.36	1260.92	1256.72	1236.31	3.43	1.91	15.26	25.50	2328.54
FTSE Fledgling (104)	11167.98	-0.38	9745.35	11210.85	11201.26	10070.87	3.00	1.66	20.10	163.31	21526.26
FTSE Fledgling ex Inv Co (52)	16268.86	-0.81	14196.46	16401.56	16399.51	14229.73	3.56	-0.95	-29.42	252.11	30682.80
FTSE All-Small (389)	4116.94	-0.25	3592.50	4127.28	4122.79	3936.40	3.16	2.41	13.11	72.00	7806.45
FTSE All-Small ex Inv Co (207)	3811.35	-0.42	3325.84	3827.56	3828.85	3745.38	3.28	1.39	21.90	69.09	7502.44
FTSE AIM All-Share (808)	1094.27	-0.25	954.88	1097.03	1093.93	967.59	1.24	1.24	65.14	7.91	1221.19
FTSE Sector Indices											
Oil & Gas (15)	**10184.78**	**1.26**	**8887.40**	**10058.22**	**9994.11**	**8002.75**	**4.80**	**0.85**	**24.51**	**239.80**	**9958.86**
Oil & Gas Producers (10)	9824.77	1.28	8573.25	9700.98	9640.09	7693.73	4.83	0.86	24.18	231.51	9950.29
Oil Equipment Services & Distribution (5)	13762.59	0.37	12009.45	13711.98	13557.73	12629.80	3.56	0.36	78.70	312.40	11103.16
Basic Materials (29)	**6172.90**	**-1.43**	**5386.57**	**6262.30**	**6158.73**	**5430.75**	**3.92**	**2.19**	**11.65**	**153.57**	**6575.44**
Chemicals (8)	17390.44	-0.81	15175.17	17532.86	17200.38	13836.05	1.79	2.15	25.95	221.53	15935.95
Forestry & Paper (1)	25452.44	-1.10	22210.20	25734.98	25538.43	24047.72	2.67	3.12	12.00	463.33	28553.04
Industrial Metals & Mining (2)	5057.06	-1.65	4412.87	5141.86	5006.04	2878.24	5.49	2.56	7.13	262.97	4953.80
Mining (18)	16962.37	-1.52	14801.63	17224.52	16941.16	15171.16	4.24	2.15	10.96	446.71	9473.30
Industrials (105)	**5905.94**	**-0.55**	**5153.61**	**5938.72**	**5919.64**	**5448.42**	**2.25**	**2.27**	**19.52**	**73.02**	**6242.90**
Construction & Materials (15)	6871.36	-1.37	5996.05	6967.14	6861.67	7000.18	2.35	0.70	60.78	109.56	7490.61
Aerospace & Defense (9)	5954.34	0.27	5195.85	5938.16	5911.76	5440.68	2.09	5.63	8.52	66.37	6528.35
General Industrials (8)	5470.49	-0.68	4773.63	5507.84	5667.34	5124.53	2.64	1.30	29.23	62.49	6399.66
Electronic & Electrical Equipment (10)	8619.67	-0.14	7521.66	8631.35	8557.79	7511.20	1.60	2.25	27.72	82.22	8015.73
Industrial Engineering (11)	14843.49	-0.62	12952.66	14936.09	14754.33	13158.42	1.97	1.79	28.37	189.56	18524.11
Industrial Transportation (6)	5261.12	0.18	4590.94	5251.46	5351.51	4811.43	4.01	1.36	18.31	64.21	4877.08
Support Services (46)	8462.03	-0.67	7384.10	8519.50	8476.58	7672.34	2.18	1.99	23.02	104.49	9005.19
Consumer Goods (42)	**20631.58**	**0.93**	**18003.44**	**20442.11**	**20344.68**	**22725.19**	**3.52**	**4.56**	**6.23**	**423.01**	**15850.90**
Automobiles & Parts (1)	10080.52	-0.80	8796.42	10161.81	10243.11	7804.50	0.46	0.00	0.00	181.68	9992.46
Beverages (5)	22920.13	0.67	20000.46	22768.29	22586.35	18606.51	2.22	1.92	23.48	217.84	16580.88
Food Producers (12)	7381.26	0.08	6441.01	7375.25	7429.10	8407.05	2.35	2.45	17.35	88.60	6515.06
Household Goods & Home Construction (15)	13974.33	0.27	12194.22	13936.39	13932.02	16062.15	4.62	1.99	10.90	405.78	10361.04
Leisure Goods (2)	9846.09	-0.25	8591.85	9870.40	9874.62	6104.25	4.71	1.26	16.85	229.96	9454.73
Personal Goods (5)	33419.20	2.40	29162.11	32634.64	32426.21	32836.45	2.81	3.32	10.70	500.53	23278.78
Tobacco (2)	43621.35	0.92	38064.67	43225.21	42940.45	59261.56	4.21	7.99	2.98	1154.85	29633.38
Health Care (22)	**10606.19**	**0.05**	**9255.12**	**10600.58**	**10543.94**	**10302.62**	**3.23**	**1.01**	**30.82**	**200.92**	**8495.79**
Health Care Equipment & Services (10)	7867.90	-0.09	6865.65	7874.81	7888.45	8338.98	1.58	2.82	22.48	84.02	6941.43
Pharmaceuticals & Biotechnology (12)	14382.57	0.07	12550.45	14372.57	14283.68	13819.96	3.42	0.91	32.24	286.36	10300.97
Consumer Services (90)	**5559.34**	**-0.39**	**4851.17**	**5581.28**	**5567.95**	**4970.58**	**2.50**	**2.18**	**18.33**	**92.88**	**5384.03**
Food & Drug Retailers (6)	4431.92	0.43	3867.36	4412.86	4436.38	3059.64	1.47	1.95	34.88	44.80	5286.19

FT 30 INDEX

	Jul 19	Jul 18	Jul 17	Jul 16	Jul 13	Yr Ago	High	Low
FT 30	3278.40	3287.00	3284.50	3278.40	3301.00	0.00	3384.10	2974.50
FT 30 Div Yield	1.89	1.89	1.89	1.89	1.88	0.00	3.93	2.74
P/E Ratio net	23.60	23.60	23.61	23.63	23.76	0.00	19.44	14.26

FT 30 since compilation: 4198.4 high: 19/07/1999; low49.4 26/06/1940Base Date: 1/7/35

FT 30 hourly changes

8	9	10	11	12	13	14	15	16	High	Low
3287	3280.3	3285.5	3285.2	3283.5	3283	3282.2	3278.2	3275.7	3289.7	3274.6

FT30 constituents and recent additions/deletions can be found at www.ft.com/ft30

FX: EFFECTIVE INDICES

	Jul 18	Jul 17	Mnth Ago		Jul 19	Jul 18	Mnth Ago
Australia	-	-	91.53	Sweden	-	-	74.23
Canada	-	-	88.58	Switzerland	-	-	152.54
Denmark	-	-	110.00	UK	77.68	78.15	78.72
Japan	-	-	137.60	USA	-	-	101.02
New Zealand	-	-	114.51	Euro	-	-	93.71
Norway	-	-	88.49				

Source: Bank of England. New Sterling ERI base Jan 2005 = 100. Other indices base average 1990 = 100. Index rebased 1/2/95. for further information about ERIs see www.bankofengland.co.uk

FTSE SECTORS: LEADERS & LAGGARDS

Year to date percentage changes

Automobiles & Parts	36.87	Electronic & Elec Eq	5.07	Real Est Invest & Tr	-1.63
Tech Hardware & Eq	36.80	Oil Equipment & Serv	4.76	Nonlife Insurance	-2.07
Food & Drug Retailer	29.15	Beverages	3.24	Basic Materials	-2.73
Industrial Metals &	20.36	Personal Goods	2.66	Financial Services	-2.85
Aerospace & Defense	16.64	Equity Invest Instr	2.36	Financials	-4.78
Chemicals	13.56	Health Care Eq & Srv	2.13	Real Est Invest & Se	-5.38
Media	12.58	NON FINANCIALS Index	1.47	Mining	-5.43
Pharmace & Biotech	11.62	General Retailers	1.17	Life Insurance	-7.16
Health Care	10.52	Industrial Transport	1.01	Banks	-8.06
Forestry & Paper	9.82	Utilities	0.59	Consumer Goods	-8.31
Oil & Gas Producers	8.23	FTSE 250 Index	0.42	Food Producers	-10.86
Oil & Gas	8.16	Travel & Leisure	0.41	Household Goods & Ho	-10.94
Consumer Services	7.56	FTSE All{HY-}Share Index	-0.20	Fixed Line Telecomms	-17.62
Industrials	7.46	FTSE SmallCap Index	-0.25	Tobacco	-19.19
Support Services	7.46	Construct & Material	-0.30	Technology	-19.58
Industrial Eng	7.21	FTSE 100 Index	-0.34	Telecommunications	-20.58
Electricity	6.55	Gas Water & Multi	-1.12	Mobile Telecomms	-21.71
		Leisure Goods	-1.32	Software & Comp Serv	-22.25

FTSE GLOBAL EQUITY INDEX SERIES

Jul 18 Regions & countries	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
FTSE Global All Cap	7861	586.16	0.2	0.1	0.7	854.77	2.2	2.3
FTSE Global Large Cap	1448	514.37	0.2	0.5	0.6	770.56	2.1	2.4
FTSE Global Mid Cap	1738	786.05	0.1	-0.8	0.1	1084.11	1.4	2.1
FTSE Global Small Cap	4675	849.09	0.1	-0.9	2.7	1131.41	3.8	1.8
FTSE All-World	3186	340.95	0.2	0.3	0.5	525.55	2.0	2.4
FTSE World	2607	604.77	0.2	0.6	0.9	1251.21	2.4	2.4
FTSE Global All Cap ex UNITED KINGDOM In	7541	609.84	0.2	0.2	1.0	875.00	2.4	2.2
FTSE Global All Cap ex USA	5997	502.55	0.1	-1.2	-4.7	789.67	-2.8	2.9
FTSE EDHEC-Risk Efficient Developed Europe	561	335.16	-0.1	0.3	-1.0	526.83	1.2	2.8
Oil & Gas	147	405.55	-0.2	0.8	3.6	677.75	5.6	3.4

Jul 18 Sectors	No of stocks	US $ indices	Day %	Mth %	YTD %	Total retn	YTD %	Gr Div Yield
Oil & Gas Producers	110	395.00	-0.2	-0.2	5.0	674.85	6.9	3.4
Oil Equipment & Services	28	303.72	-0.1	-0.1	-3.5	454.42	-1.8	3.6
Basic Materials	258	519.22	0.4	0.4	-4.8	816.57	-3.0	2.8
Chemicals	121	775.07	0.3	0.3	-3.8	1222.71	-2.1	2.5
Forestry & Paper	16	324.12	-0.5	-0.5	5.2	567.75	7.4	2.8
Industrial Metals & Mining	67	438.80	0.4	0.4	-10.0	686.07	-8.6	3.0
Mining	54	623.45	0.7	0.7	-5.1	983.03	-2.9	3.5
Industrials	575	407.13	0.4	0.4	-1.9	598.64	-0.7	2.0
Software & Computer Services	99	531.21	-0.1	-0.1	14.7	625.38	15.3	0.8
Technology Hardware & Equipment	100	216.49	0.3	0.3	7.3	282.31	8.6	2.0
Alternative Energy	9	93.33	-0.1	-0.1	-3.1	128.75	-1.5	2.0
Real Estate Investment & Services	111	344.41	0.2	0.2	-6.5	590.34	-4.8	2.8

The FTSE Global Equity Series, launched in 2003, contains the FTSE Global Small Cap Indices and broader FTSE Global All Cap Indices (large/mid/small cap) as well as the enhanced FTSE All-World index Series (large/mid cap) - please see www.ftse.com/geis. The trade names Fundamental Index® and RAFI® are registered trademarks and the patented and patent-pending proprietary intellectual property of Research Affiliates, LLC (US Patent Nos. 7,620,577; 7,747,502; 7,778,905; 7,792,719; Patent Pending Publ. Nos. US-2006-0149645-A1, US-2007-0055598-A1, US-2008-0288416-A1, US-2010- 0063942-A1, WO 2005/076812, WO 2007/078399 A2, WO 2008/118372, EPN 1733352, and HK1099110). "EDHEC™" is a trade mark of EDHEC Business School As of January 2nd 2006, FTSE is basing its sector indices on the Industrial Classification Benchmark - please see www.ftse.com/icb. For constituent changes and other information about FTSE, please see www.ftse.com. © FTSE International Limited. 2013. All Rights reserved. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence.

FTSE 100 SUMMARY

FTSE 100	Closing Price	Day's Change	FTSE 100	Closing Price	Day's Change
3I Group PLC	929.40	-7.80	London Stock Exchange Group PLC	4568	20.00
Admiral Group PLC	1985.5	-1.50	Marks And Spencer Group PLC	313.00	1.90
Anglo American PLC	1622	-69.00	Melrose Industries PLC	218.40	-7.10
Antofagasta PLC	942.40	-22.60	Micro Focus International PLC	1269.5	-4.00
Ashtead Group PLC	2340	-72.00	Mondi PLC	2072	-23.00
Associated British Foods PLC	2411	-	Morrison (Wm) Supermarkets PLC	253.90	-1.00
Astrazeneca PLC	5609	3.00	National Grid PLC	841.00	1.00
Aviva PLC	494.80	-1.10	Next PLC	6130	2.00
Bae Systems PLC	676.40	2.00	Nmc Health PLC	3770	42.00
Barclays PLC	185.52	-3.38	Ocado Group PLC	1057.5	9.00
Barratt Developments PLC	530.20	5.60	Paddy Power Betfair PLC	8300	25.00
Berkeley Group Holdings (The) PLC	3696	19.00	Pearson PLC	914.60	-4.40
Bhp Billiton PLC	1637.8	-30.80	Persimmon PLC	2509	18.00
BP PLC	569.90	7.70	Prudential PLC	1794	18.00
British American Tobacco PLC	3862	24.00	Randgold Resources LD	5536	-18.00
British Land Company PLC	637.40	-10.60	Reckitt Benckiser Group PLC	6444	-5.00
Bt Group PLC	217.65	-1.05	Relx PLC	1715	0.50
Bunzl PLC	2307	-13.00	Rentokil Initial PLC	345.90	-3.20
Burberry Group PLC	2148	-19.00	Rightmove PLC	5208	20.00
Carnival PLC	4451	-22.00	Rio Tinto PLC	4071	-49.00
Centrica PLC	152.10	-1.70	Rolls-Royce Holdings PLC	995.00	7.20
Coca-Cola Hbc AG	2801	51.00	Royal Bank Of Scotland Group PLC	243.50	-1.40
Compass Group PLC	1645.5	-7.00	Royal Dutch Shell PLC	2744	33.50
Crh PLC	2715	-25.00	Royal Dutch Shell PLC	2661.5	34.50
Croda International PLC	5000	-48.00	Royal Mail PLC	468.60	1.10
Dcc PLC	7020	-45.00	Rsa Insurance Group PLC	636.20	0.80
Diageo PLC	2856	17.50	Sage Group PLC	633.40	-0.40
Direct Line Insurance Group PLC	339.60	-3.50	Sainsbury (J) PLC	326.60	2.20
Easyjet PLC	1642	-46.50	Schroders PLC	3234	-3.00
Evraz PLC	523.00	-15.20	Scottish Mortgage Investment Trust PLC	561.50	4.50
Experian PLC	1932.5	8.50	Segro PLC	675.00	-2.00
Ferguson PLC	6275	25.00	Severn Trent PLC	1884	-3.00
Fresnillo PLC	1108.5	-13.50	Shire PLC	4444.5	40.50
Glaxosmithkline PLC	1558	-5.80	Sky PLC	1508.5	-22.50
Glencore PLC	316.75	-1.75	Smith & Nephew PLC	1329.5	-0.50
Gvc Holdings PLC	1080	-10.00	Smith (Ds) PLC	491.10	-3.80
Halma PLC	1388	-	Smiths Group PLC	1621	-6.00
Hargreaves Lansdown PLC	2120	10.00	Smurfit Kappa Group PLC	3078	-48.00
HSBC Holdings PLC	718.10	0.70	Sse PLC	1352	-32.50
Imperial Brands PLC	2905.5	53.00	St. James's Place PLC	1209.5	1.50
Informa PLC	847.00	-6.20	Standard Chartered PLC	674.10	-3.70
Intercontinental Hotels Group PLC	4913	-19.00	Standard Life Aberdeen PLC	312.60	-0.80
International Consolidated Airlines Group S.A.	691.00	-2.80	Taylor Wimpey PLC	177.70	1.05
Intertek Group PLC	5918	46.00	Tesco PLC	257.80	1.40
Itv PLC	172.90	-1.40	Tui AG	1646.5	-21.50
Johnson Matthey PLC	3748	-8.00	Unilever PLC	4330.5	127.50
Just Eat PLC	878.00	-	United Utilities Group PLC	720.00	1.00
Kingfisher PLC	318.10	3.50	Vodafone Group PLC	178.24	-1.66
Land Securities Group PLC	923.10	-9.30	Whitbread PLC	4014	11.00
Legal & General Group PLC	268.20	-1.30	Wpp PLC	1141	-34.50
Lloyds Banking Group PLC	62.46	-0.06			

UK STOCK MARKET TRADING DATA

	Jul 19	Jul 18	Jul 17	Jul 16	Jul 13	Yr Ago
	-	-	-	-	-	-
Order Book Turnover (m)	137.13	77.30	89.84	176.45	176.45	176.45
Order Book Bargains	957889.00	1296218.00	859591.00	938932.00	938932.00	938932.00
Order Book Shares Traded (m)	1678.00	1566.00	1492.00	1550.00	1550.00	1550.00
Total Equity Turnover (£m)	5770.86	5386.94	4456.40	4542.24	4542.24	4542.24
Total Mkt Bargains	1077402.00	1437456.00	966948.00	1048195.00	1048195.00	1048195.00
Total Shares Traded (m)	4923.00	4614.00	3949.00	4108.00	4108.00	4108.00

† Excluding intra-market and overseas turnover. *UK only total at 6pm. ‡ UK plus intra-market turnover. (u) Unavaliable. (c) Market closed.

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar or the FT. The FT does not warrant nor guarantee that the information is reliable or complete. The FT does not accept responsibility and will not be liable for any loss arising from the reliance on or use of the listed information.
For all queries e-mail ft.reader.enquiries@morningstar.com

Data provided by Morningstar | www.morningstar.co.uk

POWERED BY MORNINGSTAR

UK RIGHTS OFFERS

Issue price	Amount paid up	Latest renun. date	High	Low	Stock	closing Price p	+or-

There are currently no rights offers by any companies listed on the LSE.

UK COMPANY RESULTS

Company		Turnover		Pre-tax		EPS(p)		Div(p)		Pay day	Total	
Bankers Investment Trust	Int			**0.000**	63.839	**0.630L**	51.410	**4.86000**	4.70000	Aug 31	**9.660**	9.300
Foresight 4 VCT	Pre			**0.115**	1.831	**0.100**	3.100	**0.00000**	0.00000	-	**0.000**	0.000
Jarvis Securities	Int	**4.791**	4.803	**2.078**	2.351	**15.370**	17.280	**6.00000**	6.00000	Jun 7	**12.750**	11.000
Moneysupermarket.com Group	Int	**173.700**	165.300	**51.700**	49.500	**7.900**	7.400	**2.95000**	2.84000	Sep 14	**10.550**	9.940
Nichols	Int	**64.989**	63.504	**13.073**	12.731	**28.810**	27.670	**0.00000**	10.10000	-	**23.400**	30.400
Octopus AIM VCT 2	Int			**5.981**	10.523	**6.000**	13.100	**2.10000**	2.10000	Oct 18	**2.100**	2.100
Scholium Group	Pre	**6.715**	6.120	**0.038**	0.224L	**0.270**	1.660L	**0.00000**	0.00000	-	**0.000**	0.000
Sports Direct International	Pre	**3359.500**	3245.300	**77.500**	281.600	**4.600**	39.400	**0.00000**	0.00000	-	**0.000**	0.000
Unilever	Int	**26352.000**	27725.000	**4339.000**	4632.000	**1.110**	1.100	**0.00000**	36.20100	-	**3.300**	
Versarien	Pre	**9.024**	5.928	**1.561L**	2.202L	**1.000L**	1.850L	**0.00000**	0.00000	-	**0.000**	0.000
W H Ireland Group	Pre	**36.416**	25.421	**3.714L**	3.204L	**10.080L**	10.720L	**0.00000**	0.00000	-	**0.000**	0.000

Figures in £m. Earnings shown basic. Figures in light text are for corresponding period year earlier.
For more information on dividend payments visit www.ft.com/marketsdata

UK RECENT EQUITY ISSUES

Issue date	Issue price(p)	Sector	Stock code	Stock	Close price(p)	+/-	High	Low	Mkt Cap (£m)
07/19	1.00		WRKS	TheWorks Co uk PLC	178.00	-	179.50	173.00	0.0
07/12	10.00	AIM	IMMO	Immotion Group PLC	14.38	1.50	15.20	11.75	2808.2
07/05	200.00	AIM	YCA	Yellow Cake PLC	199.80	1.61	207.00	193.00	15220.1
06/29	145.00	AIM	KGH	Knights Group Holdings PLC	172.00	0.48	177.98	166.00	12277.2
06/29	56.00	AIM	RAI	RA International Group PLC	74.50	0.69	78.00	56.00	12931.4
06/28	146.00	AIM	MIND	Mind Gym PLC	182.50	-2.50	190.00	170.00	18133.6
06/25	7.00		QLT	Quilter PLC	152.62	0.80	160.00	141.16	290321.6
06/21	79.00	AIM	INX	i-nexus Global PLC	82.50	-4.00	94.00	83.00	2439.7
06/20	100.00	AIM	ANX	Anexo Group PLC	113.00	-1.50	120.00	101.50	12430.0
06/20	130.00	AIM	TGP	Tekmar Group PLC	157.50	-2.50	165.00	1.45	7875.0
06/14	269.00	AIM	AQX	Aquis Exchange PLC	435.00	-5.00	475.00	295.00	11810.1

§Placing price. *Intoduction. ‡When issued. Annual report/prospectus available at www.ft.com/ir
For a full explanation of all the other symbols please refer to London Share Service notes.

MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Stock	Price	Day Chg	52 Week High	52 Week Low	Yld	P/E	MCap m
Altria	56.65	-0.78	74.38	53.91	4.30	10.93	107218.53
Amazon	1831.75	-11.17	1858.88	931.75	-	248.90	888814.38
AmerAir	37.77	-0.60	59.08	35.64	0.98	11.26	17684.37
AmerExpr♦	100.64	-2.34	103.24	83.33	1.26	31.20	86584.62
AmerIntGrp	54.19	-0.94	67.30	49.57	2.19	-8.70	48645.46
AmerTower	141.68	0.30	155.28	130.37	1.71	58.12	62574.38
Amgen	191.60	-1.20	201.23	163.31	2.31	65.62	126782.87
Anadarko	70.87	-0.63	76.70	39.96	0.52	-1529.37	36504.3
Anthem	248.53	-0.10	267.95	179.40	1.04	17.18	63424.67
Aon Cp	146.57	-0.77	152.78	130.87	0.91	53.79	35838.2
Apple	192.48	2.08	194.20	147.30	1.21	20.01	946065.76
ArcherDan	47.39	0.08	48.26	38.59	2.53	17.63	26499.74
Intel	51.43	-0.30	57.60	[illegible]	[illegible]	[illegible]	[illegible]
Intuit	217.12	-1.19	218.61	[illegible]	[illegible]	[illegible]	[illegible]
John&John	126.75	-1.05	148.32	[illegible]	[illegible]	[illegible]	[illegible]
JohnsonCn	35.70	0.28	44.37	[illegible]	[illegible]	[illegible]	[illegible]
JPMrgnCh♦	110.49	-1.04	119.33	[illegible]	[illegible]	[illegible]	[illegible]
Kimb-Clark	103.70	-0.20	125.39	[illegible]	[illegible]	[illegible]	[illegible]
KinderM	18.00	0.22	21.25	[illegible]	[illegible]	[illegible]	[illegible]
Kraft Heinz	61.50	-0.09	90.38	[illegible]	[illegible]	[illegible]	[illegible]
Kroger	28.35	0.21	31.45	[illegible]	[illegible]	[illegible]	[illegible]
L Brands	32.78	0.44	63.10	[illegible]	[illegible]	[illegible]	[illegible]
LasVegasSd	74.24	-0.43	81.45	[illegible]	[illegible]	[illegible]	[illegible]
LibertyGbl	28.38	-0.33	39.73	[illegible]	[illegible]	[illegible]	[illegible]
Lilly (E)	89.28	-0.75	90.13	[illegible]	[illegible]	[illegible]	[illegible]

Closing prices and highs & lows are in traded currency (with variations for that country indicated by stock), market capitalisation is in USD. Highs & lows are based on intraday trading over a rolling 52 week period.
♦ ex-dividend
■ ex-capital redistribution
price at time of suspension

FT 500: TOP 20

Based on the FT Global 500 companies in local currency

FT 500: BOTTOM 20

	Close price	Prev price	Day change	Day change %	Week change	Week change %	Month change %
Abbvie	90.18	94.40	-4.22	-4.47	-5.43	-5.7	-8.08
Viacom	28.44	28.56	-0.12	-0.42	-1.58	-5.3	-3.00
ExpScripts	77.41	77.89	-0.49	-0.62	-4.21	-5.2	-3.86
CNOOC	12.30	12.40	-0.10	-0.81	-0.66	-5.1	-4.95
Gzprm neft	137.44	138.29	-0.85	-0.61	-7.33	-5.1	1.47
Ch OSLnd&Inv	23.65	24.25	-0.60	-2.47	-1.20	-4.8	-17.45
NXP	103.26	106.49	-3.23	-3.03	-5.13	-4.7	-5.21
Bhartiartl	345.00	336.80	8.20	2.43	-17.00	-4.7	-6.98

Based on the FT Global 500 companies in local currency

BONDS: HIGH YIELD & EMERGING MARKET

Jul 19	Red date	Coupon	Ratings S*	Ratings M*	Ratings F*	Bid price	Bid yield	Day's chge yield	Mth's chge yield	Spread vs US
High Yield US$										
Qwest Capital Funding, Inc.	08/21	7.63	B+	WR	BB	101.99	6.89	-0.06	0.54	-
High Yield Euro										
Astaldi S.p.A	12/20	7.13	CCC	-	B	80.99	17.24	-0.78	1.04	14.70
Emerging US$										
Peru	03/19	7.13	BBB+	A3	BBB+	104.40	2.60	-	-	0.34
Mexico	09/22	8.00	BBB+	A3	BBB+	119.25	3.06	0.00	0.18	0.30
Turkey	09/22	6.25	-	Ba2	BB	99.15	6.48	-0.03	0.31	3.72
Brazil	01/23	2.63	BB-	Ba2	BB-	92.15	4.59	0.05	-0.28	1.83
Colombia	03/23	2.63	BBB-	Baa2	BBB	95.50	3.69	0.00	-0.13	0.93
Poland	03/23	3.00	BBB+	A2	A-	98.06	3.45	-0.01	-0.10	0.69
Turkey	03/27	6.00	-	Ba2	BB+	101.26	5.82	0.00	0.17	3.07
Peru	08/27	4.13	BBB+	A3	BBB+	103.75	3.64	0.00	-0.19	0.76
Russia	06/28	12.75	BBB-	Ba1	BBB-	163.60	4.67	0.06	-0.07	1.79
Brazil	02/47	5.63	BB-	Ba2	BB-	89.65	6.42	-0.01	-0.42	-
Emerging Euro										
Mexico	02/20	5.50	BBB+	A3	BBB+	108.61	0.05	0.00	-0.05	-2.49
Brazil	04/21	2.88	BB-	Ba2	BB-	103.81	1.42	0.01	-0.14	-
Mexico	04/23	2.75	BBB+	A3	BBB+	108.05	1.01	0.00	-0.09	-1.75
Bulgaria	03/28	3.00	BBB-	Baa2	BBB	113.00	1.54	0.00	-0.09	-1.34

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

BONDS: GLOBAL INVESTMENT GRADE

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company. US $ denominated bonds NY close; all other London close. *S - Standard & Poor's, M - Moody's, F - Fitch.

INTEREST RATES: OFFICIAL

INTEREST RATES: MARKET

Jul 19 (Libor: Jul 18)	Over night	Day change	Week change	Month change	One month	Three month	Six month	One year
US$ Libor	1.91325	-0.005	-0.006	0.005	2.08625	2.34750	2.52663	2.80088
Euro Libor	-0.44514	0.003	-0.004	0.001	-0.39600	-0.35771	-0.31857	-0.23500
£ Libor	0.45563	-0.001	-0.010	0.002	0.58613	0.75306	0.85163	1.01125
Swiss Fr Libor				0.000	-0.77620	-0.72680	-0.64640	-0.51480
Yen Libor				-0.008	-0.06950	-0.03950	0.01650	0.12333
Euro Euribor				0.000	-0.36900	-0.32100	-0.26900	-0.17900
Sterling CDs				0.000	0.55000	0.74000	0.86500	
US$ CDs				0.000	2.03000	2.21000	2.40000	
Euro CDs				0.000	-0.44500	-0.40500	-0.34500	

Jul 19	Short term		7 Days notice		One month		Three month		Six month		One year	
Euro	-0.62	-0.32	-0.63	-0.33	-0.55	-0.25	-0.48	-0.18	-0.47	-0.17	-0.40	-0.10
Sterling			0.45	0.55	0.50	0.60	0.69	0.79	0.79	0.94	0.96	1.11
Swiss Franc	-	-	-	-	-	-	-	-	-	-	-	-
Canadian Dollar	-	-	-	-	-	-	-	-	-	-	-	-
US Dollar	1.84	2.14	1.86	2.16	1.96	2.26	2.18	2.48	2.36	2.66	2.61	2.91
Japanese Yen	-0.30	0.00	-0.35	-0.05	-0.10	0.20	-0.05	0.25	-0.05	0.25	0.00	0.30

Libor rates come from ICE (see www.theice.com) and are fixed at 11am UK time. Other data sources: US $, Euro & CDs: Tullett Prebon; SDR, US Discount: IMF; EONIA: ECB; Swiss Libor: SNB; EURONIA, RONIA & SONIA: WMBA.

BOND INDICES

	Index	Day's change	Month's change	Year change	Return 1 month	Return 1 year
Markit IBoxx						
ABF Pan-Asia unhedged	186.09	-0.48	-0.21	-2.28	-1.67	1.27
Corporates(£)	342.59	0.16	0.67	-1.18	0.15	0.60
Corporates($)	272.69	-0.04	0.66	-2.49	0.66	-2.49
Corporates(€)	226.00	0.03	0.44	-0.24	0.28	1.05
Eurozone Sov(€)	234.93	-0.06	0.34	0.88	0.63	2.10
Gilts(£)	325.93	0.26	0.44	0.80	0.89	2.15
Global Inflation-Lkd	264.78	-0.31	0.05	-1.50	0.33	4.09
Markit iBoxx £ Non-Gilts	337.91	0.18	0.56	-0.76	0.30	0.77
Overall ($)	236.19	-0.03	0.30	-1.54	0.30	-1.54
Overall(£)	326.44	0.24	0.47	0.34	0.72	1.75
Overall(€)	230.59	-0.03	0.31	0.54	0.50	1.74
Treasuries ($)	222.29	-0.01	0.04	-1.06	0.04	-1.06
FTSE						
Sterling Corporate (£)	113.02	0.05	-	-	-0.10	-3.73
Euro Corporate (€)	105.80	-0.01	-	-	0.06	-1.04
Euro Emerging Mkts (€)	419.76	-0.16	-	-	-10.78	-49.45
Eurozone Govt Bond	111.00	-0.03	-	-	0.31	-0.33

CREDIT INDICES	Index	Day's change	Week's change	Month's change	Series high	Series low
Markit iTraxx						
Crossover 5Y	296.37	4.45	-1.78	-4.97	329.08	267.17
Europe 5Y	65.59	1.52	-1.16	-2.98	76.53	52.58
Japan 5Y	53.48	0.00	-1.12	1.31	57.34	49.41
Senior Financials 5Y	80.60	4.40	1.25	1.16	94.14	55.32
Markit CDX						
Emerging Markets 5Y	174.07	-1.02	-5.85	-15.32	193.42	132.91
Nth Amer High Yld 5Y	335.89	-0.17	-10.47	-3.88	370.10	330.66
Nth Amer Inv Grade 5Y	60.66	0.30	-2.75	-2.36	69.04	59.27

Websites: markit.com, ftse.com. All indices shown are unhedged. Currencies are shown in brackets after the index names.

VOLATILITY INDICES

	Jul 19	Day Chng	Prev	52 wk high	52 wk low
VIX	12.57	0.47	12.10	50.30	8.56
VXD	13.34	0.22	13.12	40.09	3.93
VXN	17.10	0.57	16.53	38.11	11.67
VDAX	-	-	-	-	-

† CBOE. VIX: S&P 500 index Options Volatility, VXD: DJIA Index Options Volatility, VXN: NASDAQ Index Options Volatility.
‡ Deutsche Borse. VDAX: DAX Index Options Volatility.

BONDS: BENCHMARK GOVERNMENT

	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
	04/28	4.00	139.64	-0.07	-0.02	-0.01	0.00	-0.12
United Kingdom	01/21	1.50	101.84	0.76	-0.02	-0.04	0.02	0.36
	07/23	0.75	98.84	0.99	-0.04	-0.07	-0.05	-
	07/27	1.25	99.78	1.28	-0.04	-0.08	-0.06	0.01
	07/47	1.50	95.45	1.70	-0.02	-0.04	-0.04	-0.15
United States	11/19	1.75	98.95	2.54	-0.01	0.00	0.06	-
	10/22	2.00	96.96	2.76	0.01	0.03	0.05	-
	11/27	2.25	94.88	2.88	0.01	0.03	0.03	-
	11/47	2.75	95.31	2.99	0.02	0.04	0.00	-

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company.

GILTS: UK CASH MARKET

Jul 19	Price £	Yield	Day	Week	Month	Year	52 Week High	52 Week Low	Amnt £m
Tr 4.5pc '19	102.47	0.58	-1.69	9.43	18.37	132.00	106.89	102.47	36.35
Tr 4.75pc '20	106.62	0.66	-2.94	-2.94	8.20	164.00	111.85	106.59	33.31
Tr 1.5pc '21	101.89	0.74	-1.33	-2.63	2.78	89.74	104.33	101.42	32.46
Tr 4pc '22	111.57	0.76	-3.80	-6.17	-3.80	61.70	116.70	111.14	37.95
Tr 5pc '25	125.45	1.02	-3.77	-8.11	-6.42	14.61	131.77	123.75	35.08
Tr 1.25pc '27	100.13	1.23	-3.15	-7.52	-7.52	-3.15	102.18	96.41	23.45
Tr 4.25pc '32	134.79	1.47	-2.65	-5.16	-6.96	-7.55	138.95	129.40	35.44
Tr 4.25pc '36	141.10	1.57	-2.48	-4.27	-7.10	-10.29	144.09	134.34	29.76
Tr 4.5pc '42	156.90	1.65	-2.94	-4.07	-6.25	-11.29	159.30	147.31	26.64
Tr 3.75pc '52	156.17	1.60	-2.44	-3.03	-4.76	-10.11	159.09	144.61	23.59
Tr 4pc '60	175.28	1.54	-2.53	-2.53	-3.75	-9.94	179.15	162.07	23.61

Gilts benchmarks & non-rump undated stocks. Closing mid-price in pounds per £100 nominal of stock.

GILTS: UK FTSE ACTUARIES INDICES

Price Indices Fixed Coupon	Jul 19	Day's chg %	Total Return	Return 1 month	Return 1 year	Yield
1 Up to 5 Years	92.83	0.04	2418.76	0.06	-0.36	0.75
2 5 - 10 Years	180.97	0.24	3495.24	0.60	0.19	1.08
3 10 - 15 Years	212.14	0.42	4299.90	1.18	1.95	1.40
4 5 - 15 Years	188.12	0.30	3695.09	0.80	0.83	1.22
5 Over 15 Years	342.01	0.84	5332.55	1.78	4.90	1.60
7 All stocks	179.95	0.45	3635.28	1.00	2.20	1.49

Index Linked	Jul 19	Day's chg %	Month chg %	Year's chg %	Total Return	Return 1 month	Return 1 year
1 Up to 5 Years	309.32	0.08	0.32	-1.49	2467.34	0.32	0.06
2 Over 5 years	719.40	0.86	1.36	4.97	5387.83	1.46	5.50
3 5-15 years	477.70	0.33	0.39	0.67	3737.83	0.68	1.68
4 Over 15 years	927.33	1.04	1.69	6.43	6782.03	1.73	6.79
5 All stocks	649.27	0.79	1.27	4.41	4938.80	1.36	5.03

Yield Indices	Jul 19	Jul 18	Yr ago		Jul 19	Jul 18	Yr ago
5 Yrs	0.87	0.90	0.49	20 Yrs	1.67	1.71	1.84
10 Yrs	1.30	1.34	1.21	45 Yrs	1.53	1.57	1.67
15 Yrs	1.57	1.61	1.67				

Real yield	inflation 0% Jul 19	Dur yrs	Previous	Yr ago	inflation 5% Jul 19	Dur yrs	Previous	Yr ago
Up to 5 yrs	-1.81	2.71	-1.78	-2.14	-2.34	2.73	-2.31	-3.02
Over 5 yrs	-1.62	24.34	-1.59	-1.48	-1.66	24.44	-1.62	-1.51
5-15 yrs	-1.69	8.98	-1.65	-1.73	-1.82	9.00	-1.78	-1.88
Over 15 yrs	-1.62	29.41	-1.58	-1.46	-1.64	29.45	-1.61	-1.48
All stocks	-1.63	22.47	-1.59	-1.48	-1.66	22.59	-1.63	-1.52

See FTSE website for more details www.ftse.com/products/indices/gilts

All data provided by Morningstar unless otherwise noted. All elements listed are indicative and believed accurate at the time of publication. No offer is made by Morningstar, its suppliers, or the FT. Neither the FT, nor Morningstar's suppliers, warrant or guarantee that the information is reliable or complete. Neither the FT nor Morningstar's suppliers accept responsibility and will not be liable for any loss arising from the reliance on the use of the listed information. For all queries e-mail ft.reader.enquiries@morningstar.com

Data provided by Morningstar | www.morningstar.co.uk

COMMODITIES

www.ft.com/commodities

Energy		Price*	Change	Agricultural & Cattle Futures		Price*	Change
Crude Oil†	Aug	67.15	-0.68	Corn♦	Sep	346.25	-0.50
Brent Crude Oil‡		72.63	-0.32	Wheat♦	Sep	493.75	-0.50
RBOB Gasoline†	Jul	2.03	-0.01	Soybeans♦	Aug	838.50	-3.50
Heating Oil†	Jul	1.62	0.00	Soybeans Meal♦	Aug	328.30	0.20
Natural Gas†	Jul	2.73	-0.01	Cocoa (ICE Liffe)✠	Sep	1693.00	-15.00
Ethanol♦		-	-	Cocoa (ICE US)♥	Sep	2336.00	0.00
Uranium†	Jul	22.10	0.00	Coffee(Robusta)✠	Sep	1671.00	23.00
Carbon Emissions‡		-	-	Coffee (Arabica)♥	Sep	107.75	-0.30
Diesel†		-	-	White Sugar✠		319.20	-2.80
Unleaded (95R)		-	-	Sugar 11♥		11.01	-0.07
Base Metals (♠ LME 3 Months)				Cotton♥	Oct	88.81	0.00
Aluminium		2013.00	-22.50	Orange Juice♥	Sep	169.05	-0.60
Aluminium Alloy		1770.00	30.00	Palm Oil♣		-	-
Copper		6024.50	-155.50	Live Cattle♣	Aug	109.10	0.00
Lead		2135.50	-34.50	Feeder Cattle♣	Aug	154.55	2.78
Nickel		13380.00	-285.00	Lean Hogs♣	Aug	67.50	-0.55
Tin		19330.00	-200.00				
Zinc		2547.50	-72.00		Jul 18	% Chg Month	% Chg Year
Precious Metals (PM London Fix)							
Gold		1224.50	-8.30	S&P GSCI Spt	454.02	-2.92	21.46
Silver (US cents)		1544.00	-33.00	DJ UBS Spot	82.84	-5.43	-0.34
Platinum		810.00	-15.00	TR/CC CRB TR	195.97	-2.46	-
Palladium		910.00	-5.00	M Lynch MLCX Ex. Rtn	231.14	-9.84	-33.05
Bulk Commodities				UBS Bberg CMCI TR	14.70	-6.05	7.50
Iron Ore (Platts)		64.70	0.95	LEBA EUA Carbon	14.04	27.29	178.57
Iron Ore (The Steel Index)		76.55	-1.30	LEBA CER Carbon	0.34	54.55	70.00
GlobalCOAL RB Index		106.75	-0.75	LEBA UK Power	2125.00	-2.75	18.06
Baltic Dry Index		1657.00	-31.00				

Sources: † NYMEX, ‡ ECX/ICE, ♦ CBOT, ♥ ICE Liffe, ♥ ICE Futures, ♣ CME, ♠ LME/London Metal Exchange.* Latest prices, $ unless otherwise stated.

BONDS: INDEX-LINKED

Representative stocks from each major market Source: Merrill Lynch Global Bond Indices † Local currencies. ‡ Total market value. In line with market convention, for UK Gilts inflation factor is applied to price, for other markets it is applied to par amount.

BONDS: TEN YEAR GOVT SPREADS

Interactive Data Pricing and Reference Data LLC, an ICE Data Services company.

MANAGED FUNDS SERVICE

Algebris Investments (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Algebris Financial Credit Fund - Class I EUR	€152.25	-	0.44	0.00
Algebris Financial Income Fund - Class I EUR	€139.98	-	0.09	0.00
Algebris Financial Equity Fund - Class B EUR	€121.59	-	0.29	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 98.18	-	-0.05	0.00
Algebris Macro Credit B EUR Acc	€104.78	-	-0.03	0.00
Algebris Core Italy Fund - Class R EUR	€ 98.33	-	0.02	-

The Antares European Fund Limited

Fund	Bid	Offer	D+/-	Yield
Other International				
AEF Ltd Usd (Est)	$726.72	-	-0.89	-
AEF Ltd Eur (Est)	€708.90	-	-1.23	0.00

Arisaig Partners

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Arisaig Africa Consumer Fund Limited	$ 13.44	-	0.00	0.00
Arisaig Asia Consumer Fund Limited	$ 93.53	-	-0.52	0.00
Arisaig Global Emerging Markets Fund	$ 11.73	-	-0.05	0.00
Arisaig Global Emerging Markets Consumer UCITS	£ 12.95	-	-0.01	0.00
Arisaig Global Emerging Markets Consumer UCITS STE	£ 14.87	-	0.06	0.00
Arisaig Latin America Consumer Fund	$ 25.09	-	-0.08	0.00

Ashmore Investment Management Limited (LUX)
2 rue Albert Borschette L-1246 Luxembourg

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Ashmore SICAV Emerging Market Debt Fund	$ 95.99	-	0.14	5.50
Ashmore SICAV Emerging Market Frontier Equity Fund	$172.63	-	0.15	0.73
Ashmore SICAV Emerging Market Total Return Fund	$ 84.76	-	-0.03	5.51
Ashmore SICAV Global Small Cap Equity Fund	$160.79	-	-0.62	0.62
EM Mkts Corp.Debt USD F	$ 92.89	-	0.13	6.27
EM Mkts Loc.Ccy Bd USD F	$ 80.18	-	-0.26	5.98
EM Short Duration Fund Acc USD	$135.10	-	0.43	0.00

Aspect Capital Ltd (UK)

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Aspect Diversified USD	$ 399.28	-	6.01	0.00
Aspect Diversified EUR	€ 228.02	-	3.28	0.00
Aspect Diversified GBP	£ 119.85	-	1.75	0.00
Aspect Diversified CHF	SFr 107.36	-	1.55	0.00
Aspect Diversified Trends USD	$ 118.79	-	0.62	0.00
Aspect Diversified Trends EUR	€ 113.37	-	0.58	0.00
Aspect Diversified Trends GBP	£ 120.70	-	0.64	0.00

Atlantas Sicav (LUX)

Fund	Bid	Offer	D+/-	Yield
Regulated				
American Dynamic	$ 4860.69	-	-21.42	0.00
American One	$ 4419.50	4419.50	-26.28	0.00
Bond Global	€ 1410.47	-	2.85	0.00
Eurocroissance	€ 1070.58	-	16.97	0.00
Far East	$ 927.41	-	-12.08	0.00

Bank of America Cap Mgmt (Ireland) Ltd (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Global Liquidity USD	$ 1.00	-	0.00	0.61

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Bond Funds				
Sterling Bond F	£ 0.47	-	0.00	2.65

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Diversified Income 1 Units GBP Inc	£ 1.56	1.56	0.00	3.11
Diversified Income 2 Units GBP Inc	£ 1.51	1.51	0.00	3.12
Diversified Income 3 Units GBP Inc	£ 1.52	1.52	0.01	-

CG Asset Management Limited (IRL)
25 Moorgate, London, EC2R 6AY
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Capital Gearing Portfolio Inc	£ 37318.17	37318.17	60.24	0.73
CG Portfolio Fund Plc				
Absolute Return Cls M Inc	£ 119.50	119.50	0.62	1.25
Capital Value Cls V Inc	£ 156.33	156.33	0.34	0.44
Dollar Fund Cls D Inc	£ 153.10	153.10	1.12	1.64
Dollar Hedged GBP Inc	£ 96.87	96.87	-0.12	1.73
Real Return Cls A Inc	£ 198.02	198.02	1.29	2.17

Charles Schwab Worldwide Funds Plc (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	0.57

Chartered Asset Management Pte Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
CAM-GTF Limited	$ 297659.54	297659.54	258.28	0.00
CAM GTi Limited	$ 639.75	-	-13.89	0.00
Raffles-Asia Investment Company	$ 1.56	1.56	-0.09	1.27

Cheyne Capital Management (UK) LLP

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Cheyne European Event Driven Fund (M)	€ 144.86	-	4.49	-

price updated (D) daily, (W) weekly, (M) monthly

DAVIS Funds SICAV (LUX)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Davis Value A	$ 55.94	-	0.29	0.00
Davis Global A	$ 42.39	-	0.04	0.00

Dodge & Cox Worldwide Funds (IRL)
6 Duke Street,St.James,London SW1Y 6BN
www.dodgeandcox.worldwide.com 020 3713 7664

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Dodge & Cox Worldwide Funds plc - Global Bond Fund				
EUR Accumulating Class	£ 12.70	-	0.02	0.00
EUR Accumulating Class (H)	€ 10.08	-	0.00	0.00
EUR Distributing Class	£ 10.94	-	0.02	3.74
EUR Distributing Class (H)	€ 8.67	-	0.00	3.87
GBP Distributing Class	£ 11.85	-	0.03	3.76
GBP Distributing Class (H)	£ 8.97	-	0.00	3.45
USD Accumulating Class	$ 10.66	-	0.00	0.00
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 21.82	-	0.03	0.00
GBP Accumulating Share Class	£ 27.44	-	0.11	0.00
GBP Distributing Share class	£ 19.55	-	0.07	0.79
EUR Accumulating Share Class	€ 28.14	-	0.09	0.00
GBP Distributing Class (H)	£ 11.62	-	0.01	0.62
Dodge & Cox Worldwide Funds plc-International Stock Fund				
USD Accumulating Share Class	$ 16.88	-	0.03	0.00
EUR Accumulating Share Class	€ 17.06	-	0.05	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 28.60	-	0.10	0.00
GBP Accumulating Share Class	£ 31.63	-	0.20	0.00
GBP Distributing Share Class	£ 19.74	-	0.13	0.77
EUR Accumulating Share Class	€ 29.62	-	0.16	0.00
GBP Distributing Class (H)	£ 11.91	-	0.05	0.57

Dragon Capital Group
1501 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam
Fund information, dealing and administration: funds@dragoncapital.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Vietnam Property Fund (VPF) NAV	$ 0.80	-	0.03	0.00

DSM Capital Partners Funds (LUX)
www.dsmsicav.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
DSM Global Growth I2	€ 201.55	-	0.98	0.00
DSM Global Growth I2	A$ 115.68	-	0.33	-
DSM Global Growth I1	€ 122.20	-	0.19	0.00
DSM US Large Cap Growth A	$ 160.43	-	0.89	0.00
DSM US Large Cap Growth I2	€ 138.02	-	1.25	0.00

E.I. Sturdza Strategic Management Limited (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Strat Evarich Japan Fd Ltd JPY	¥ 77097.00	-	-2619.00	0.00
Strat Evarich Japan Fd Ltd USD	$ 767.39	-	-25.47	0.00

E.I. Sturdza Funds PLC (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Nippon Growth (UCITS) Fd - B	¥ 90613.00	-	472.00	0.00
Strategic China Panda Fd - USD	$ 3319.92	-	-4.48	0.00
Strategic Euro Bond Fd - Acc	€ 1113.31	-	0.12	0.00
Strategic Europe Value Fd - EUR	€ 223.16	-	0.84	0.00
Strategic European Smaller Companies Fd - EUR	€ 1284.32	-	4.23	0.00
Strategic Global Bond Fd - USD	$ 1051.86	-	-1.10	0.00
Strategic Global Quality Fd - USD Inst	$ 143.09	-	-0.50	0.00
Strategic Quality Emerging Bond Fd - USD	$ 1042.83	-	-0.15	0.00
Strategic US Momentum and Value Fd - USD Class	$ 893.77	-	3.02	0.00
Strategic Japan Opportunities Fund	¥ 63070.00	-	461.00	0.00
Strategic Beta Flex Fund	€ 1009.80	-	2.38	0.00

Edinburgh Partners Limited (IRL)
27-31 Melville Street, Edinburgh EH3 7JF
Tel: +353 1 434 5143 Dealing - Fax +353 1 434 5230

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Edinburgh Partners Opportunities Fund PLC				
Emerging Opportunities I USD $	$ 1.32	-	0.00	1.47
European Opportunities I EUR	€ 2.77	-	0.01	1.90
European Opportunities I GBP	£ 2.46	-	0.02	1.67
European Opportunities A EUR	€ 2.72	-	0.01	0.94
Global Opportunities I USD	$ 1.95	-	0.00	1.38
Global Opportunities I GBP	£ 1.50	-	0.01	1.13
Pan European Opportunities I EUR	€ 1.90	-	0.00	-

Ennismore Smaller Cos Plc (IRL)
5 Kensington Church St, London W8 4LD 020 7368 4220

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Ennismore European Smlr Cos NAV	£ 129.14	-	0.44	0.00
Ennismore European Smlr Cos NAV	€ 144.74	-	-0.23	0.00

Ennismore European Smlr Cos Hedge Fd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
NAV	€ 534.71	-	-1.36	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Equinox Russian Opportunities Fund Limited	$ 179.75	-	-3.30	0.00

Euronova Asset Management UK LLP (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Smaller Cos Cls One Shares	€ 46.05	-	0.20	0.00
Smaller Cos Cls Two Shares	€ 30.97	-	0.13	0.00
Smaller Cos Cls Three Shares	€ 15.59	-	0.06	0.00
Smaller Cos Cls Four Shares	€ 20.02	-	0.08	0.00

Eurobank Fund Management Company (Luxembourg) S.A.

Fund	Bid	Offer	D+/-	Yield
Regulated				
(LF) Absolute Return	€ 1.37	-	0.00	0.00
(LF) Eq Emerging Europe	€ 0.86	-	0.00	0.00
(LF) Eq Mena Fund	€ 12.78	-	0.15	0.00
(LF) Greek Government Bond	€ 29.57	-	-0.02	0.00
(LF) Greek Corporate Bond	€ 14.97	-	0.00	0.00
(LF) FOF Dynamic Fixed Inc	€ 12.18	-	0.07	0.00
(LF) FOF Real Estate	€ 16.42	-	0.02	0.00

FIL Investment Services (UK) Limited (1200)F (UK)
130, Tonbridge Rd, Tonbridge TN11 9DZ
Callfree: Private Clients 0800 414161
Broker Dealings: 0800 414 181

Fund	Bid	Offer	D+/-	Yield
OEIC Funds				
Cash Fund Y-Acc-GBP	£ 1.00	-	0.00	0.20
Cash Fund Y-Inc-GBP	£ 1.00	-	0.00	0.26
Fidelity Select 50 Balanced Fund PI-ACC-GBP	£ 1.04	-	0.01	-
Fidelity Short Dated Corporate Bond Fund Y - Gross Inc	£ 9.72	-	0.00	3.99
Fidelity Short Dated Corporate Bond Fund Y - Gross Acc	£ 10.33	-	-0.01	3.97
Target 2020 A-ACC-GBP	£ 0.67	-	0.00	0.45
Target 2025 A-ACC-GBP	£ 1.66	-	0.00	0.51
Target 2030 A-ACC-GBP	£ 1.89	-	0.01	0.57
Institutional OEIC Funds				
Europe (ex-UK) Fund ACC-GBP	£ 5.54	-	0.00	1.09
UK Gilt Fund Inc	£ 1.37	-	0.00	1.61
UK Long Corporate Bond - Gross Inc	£ 12.23	-	0.04	2.99

Findlay Park Funds Plc (IRL)
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
American Fund USD Class	$ 114.26	-	0.30	0.00
American Fund GBP Hedged	£ 60.46	-	0.16	0.00
American Fund GBP Unhedged	£ 87.55	-	0.97	0.00

Foord Asset Management
Website: www.foord.com - Email: info@foord.com

Fund	Bid	Offer	D+/-	Yield
FCA Recognised - Luxembourg UCITS				
Foord International Fund | R	$ 39.84	-	-0.09	-
Foord Global Equity Fund (Lux) | R	$ 13.23	-	-0.01	-
Regulated				
Foord Global Equity Fund (Sing) | B	$ 16.00	-	0.00	0.00
Foord International Trust (Gsy)	$ 39.54	-	-0.09	0.00

Franklin Templeton International Services Sarl (IRL)
JPMorgan House - International Financial Services Centre,Dublin 1, Ireland

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Franklin Emerging Market Debt Opportunities Fund Plc				
Franklin Emg Mkts Debt Opp CHFSFr	16.68	-	-0.27	9.38
Franklin Emg Mkts Debt Opp GBP	£ 10.46	-	0.00	6.89
Franklin Emg Mkts Debt Opp SGD S$	22.42	-	-0.26	5.42
Franklin Emg Mkts Debt Opp USD	$ 17.40	-	-0.28	7.06

GAM
funds@gam.com, www.funds.gam.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
LAPIS TOP 25 DIV.YLD-D	£ 107.09	-	0.88	1.93

GYS Investment Management Ltd (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Taurus Emerging Fund Ltd	$ 152.49	155.61	-19.80	0.00

Genesis Asset Managers LLP

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Emerging Mkts NAV	£ 8.00	-	0.03	0.00

www.globalinv.net

Global Investment House

Fund	Bid	Offer	D+/-	Yield
Global GCC Islamic Fund	$ 109.03	-	2.61	0.00
Global GCC Large Cap Fund	$ 167.35	-	4.25	0.00
Global Saudi Equity Fund	SR 265.35	-	5.98	0.00

HPB Assurance Ltd
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490

Fund	Bid	Offer	D+/-	Yield
International Insurances				
Holiday Property Bond Ser 1	£ 0.53	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.65	-	0.00	0.00

Haussmann

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Haussmann Cls A	$ 2929.60	-	-48.44	0.00
Haussmann Cls C	£ 2431.62	-	-43.28	0.00
Haussmann Cls D	SFr 1289.85	-	-22.77	0.00

Hermes Investment Funds Plc (IRL)
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0) 207 680 2121

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Hermes Absolute Return Credit Fund Class F Acc	£ 1.23	1.23	0.01	0.00
Hermes Abs Return Credit Fund Class F Acc USD	€ 1.92	1.92	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class F Acc GBP	£ 2.65	2.65	-0.01	0.00
Hermes Asia Ex-Japan Equity Fund Class C Acc USD	€ 4.63	4.63	-0.02	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc GBP	£ 2.21	2.21	-0.01	0.00
Hermes European Alpha Equity Fund Class F Acc EUR	€ 4.17	4.17	-0.02	0.00
Hermes European Alpha Equity Fund Class F Acc	£ 1.82	1.82	0.00	0.00
Hermes European Alpha Equity Fund Class R Acc	€ 1.70	1.70	0.00	1.14
Hermes Global Emerging Markets Fund Class F Acc EUR	€ 3.54	3.54	-0.01	0.00
Hermes Global Emerging Markets Fund Class F Acc	£ 1.93	1.93	-0.01	0.00
Hermes Global Emerging Markets Fund Class F Acc USD	$ 3.94	3.94	-0.02	0.00
Hermes Global Equity Fund Class F Acc	£ 2.38	2.38	0.01	0.00
Hermes Global Equity ESG Fund Class F Acc USD	€ 5.04	5.04	0.02	0.00
Hermes Global High Yield Credit Fund Class F Acc	€ 1.79	1.79	0.01	0.00
Hermes Global High Yield Credit Fund Class F Acc	£ 1.47	1.47	0.01	0.00
Hermes Global High Yield Credit Fund Class F Acc EUR	€ 3.09	3.09	0.00	0.00
Hermes Global Small Cap Fund Class F Acc USD	$ 1.64	1.64	0.01	0.00
Hermes Global Small Cap Equity Fund Class F Acc GBP	£ 2.17	2.17	-0.01	0.00
Hermes Impact Opportunities Equity Fund F	£ 1.99	-	-0.01	-
Hermes Impact Opportunities Equity Fund F Acc	£ 1.04	-	0.01	-
Hermes Multi Asset Inflation Fund Class F GBP Acc	£ 1.04	1.04	0.00	0.00
Hermes Multi Strategy Credit Fund Class F Acc Hed	£ 1.13	1.13	0.00	0.00
Hermes SDG Engagement Equity Fund F	£ 2.14	-	0.00	-
Hermes SDG Engagement Equity Fund F	£ 1.10	-	0.00	-
Hermes US All Cap Equity Class F Stg £ Acc	£ 1.60	1.60	0.01	0.00
Hermes US All Cap Equity Fund Class F Acc USD	$ 2.18	2.18	0.00	0.00
Hermes US SMID Equity Fund Class F Acc	£ 2.61	2.61	0.02	0.00
Hermes US SMID Equity Fund Class F Acc USD	$ 4.48	4.48	0.03	0.00

INDIA VALUE INVESTMENTS LIMITED (INVIL)
www.invil.mu

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
NAV	£ 8.51	-	0.08	0.00

Intrinsic Value Investors (IVI) LLP (IRL)
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
IVI European Fund EUR	€ 23.22	-	0.09	0.00
IVI European Fund GBP	£ 27.74	-	0.26	0.00

Kames Capital VCIC (IRL)
1 North Wall Quay, Dublin 1, Ireland +35 3162 24493

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Absolute Return Bond B GBP Acc	1109.80	-	0.05	1.24
Eq Market Neutral B Acc	938.75	-	-0.06	0.00
High Yield Global Bond A GBP Inc	512.51	-	0.19	3.43
High Yield Global Bond B GBP Inc	1079.14	-	0.38	4.08
Investment Grade Global Bd A GBP Inc	558.93	-	-0.54	2.16
Kames Emerging Market Bond Fund - B Acc USD	$ 11.26	-	-0.03	0.00
Kames Global Equity Income B GBP Acc	1887.45	-	6.28	0.00
Kames Global Equity Income B GBP Inc	1495.44	-	-8.32	3.19
Kames Global Diversified Growth Fund - B Acc EUR	€ 11.48	-	-0.01	0.00
Kames Global Diversified Income Fund - B Acc EUR	€ 10.17	-	-0.01	0.00
Global Sustainable Equity B Acc GBP	£ 15.52	-	0.06	0.00
Global Sustainable Equity C Acc GBP	£ 15.61	-	0.06	0.00
Kames Global Absolute Return Bond Global Fund - B GBP Acc	£ 10.28	-	0.00	0.00
Short Dated High Yld Bd B Acc GBP	£ 10.08	-	0.01	0.00
Short Dated High Yld Bd C Acc GBP (Hdg)	£ 10.11	-	0.01	0.00
Strategic Global Bond A GBP Inc	1109.75	-	-0.07	1.47
Strategic Global Bond B GBP Inc	630.28	-	-0.02	2.12

Link Asset Services (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
LF Heartwood Balanced MA B Acc	147.95	-	0.43	0.53
LF Heartwood Cautious MA B Acc	141.98	-	0.17	0.69
LF Heartwood Defensive MA B Acc	115.43	-	0.14	0.75
LF Heartwood Growth MA B Acc	180.72	-	0.79	0.33
LF Heartwood Income Plus MA B Inc	119.49	-	0.39	4.15
LF Seneca Diversified Growth A Acc	222.77	-	0.27	2.17
LF Seneca Diversified Growth B Acc	163.86	-	0.14	2.79
LF Seneca Diversified Growth N Acc	161.20	-	0.14	2.55
LF Seneca Diversified Income A Inc	92.71	-	0.06	4.97
LF Seneca Diversified Income B Inc	111.52	-	0.07	4.95
LF Seneca Diversified Income N Inc	109.86	-	0.06	4.96
Investment Adviser - Morant Wright Management Limited				
LF Morant Wright Japan A Acc	400.03	-	1.53	0.08
LF Morant Wright Japan A Inc	390.37	-	1.48	1.35
LF Morant Wright Japan B Acc	431.30	-	1.65	0.85
LF Morant Wright Japan B Inc	396.25	-	1.51	0.88
LF Morant Wright Nippon Yield A Acc	423.15	-	2.29	2.40
LF Morant Wright Nippon Yield A Inc	344.72	-	1.87	2.44
LF Morant Wright Nippon Yield B Acc	444.58	-	2.42	2.39
LF Morant Wright Nippon Yield B Inc	362.27	-	1.97	2.43

Lloyds Investment Fund Managers Limited (1000)F (JER)
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8ZU 01534 845555

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Lloydstrust Gilt	£ 12.5690	-	-0.0100	1.86
Lloyds Investment Funds Limited				
Euro High Income	€ 1.5570xd	-	0.0000	2.93
High Income	£ 0.8531xd	-	0.0002	4.19
Sterling Bond	£ 1.5080xd	-	0.0000	2.56
Lloyds Gilt Fund Limited				
Quarterly Share	£ 1.3210xd	-	-0.0010	1.41
Monthly Share	£ 1.2790xd	-	0.0000	1.41
Lloyds Money Fund Limited				
Sterling Class	£ 52.5140	-	0.0000	-0.20
Lloyds Multi Strategy Fund Limited				
Conservative Strategy	£ 1.2450xd	-	0.0070	0.43
Growth Strategy	£ 2.0520	-	0.0150	0.23
Aggressive Strategy	£ 2.3370	-	0.0200	0.00
Global USD Growth Strategy	$ 1.6440	-	0.0200	0.00

Dealing Daily

MMIP Investment Management Limited (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Multi-Manager Investment Programmes PCC Limited				
UK Equity Fd Cl A Series 01	£ 3009.37	3035.22	5.03	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$ 1669.13	-	6.79	0.00
Diversified Absolute Return Stlg Cell AF2	£ 1648.12	-	5.17	0.00
Global Equity Fund A Lead Series	£ 1474.71	1480.67	-1.51	0.00

Marwyn Asset Management Limited (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Marwyn Value Investors	£ 436.63	-	14.62	0.00

Emerging Markets Managed Accounts PLC (IRL)
emma@milltrust.com, +44(0)20 8123 8369, www.milltrust.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Milltrust ASEAN A	$ 105.34	-	-0.26	0.00
Milltrust India A	$ 164.88	-	2.27	0.00
Milltrust Latin America A	$ 101.02	-	1.25	0.00
Milltrust Keywise China Fund	$ 151.32	-	-1.18	0.00
Milltrust SEDCO MENA Fund (Class A)*	$ 109.86	-	-0.49	0.00

Milltrust International Managed Investments ICAV (IRL)
mimi@milltrust.com, +44(0)20 8123 8369 www.milltrust.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
MAI - Buy & Lease (Australia)	A$ 99.42	-	-0.58	-
MAI - Buy & Lease (New Zealand)	NZ$ 98.95	-	-0.49	0.00
British Innovation Fund	£ 98.71	-	-1.03	-
EICM South Asia Hospitality 1	$ 101.98	-	4.50	-
Milltrust Global Emerging Markets Fund - Class A	$ 89.28	-	-0.12	0.00

Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Conviction based investment vehicles details available here www.mirabaud-am.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Mir. - Glb Strat. Bd I USD	$ 109.10	-	0.00	0.00
Mir. - EqPanEuropeSm&Mid	€ 167.37	-	1.07	0.00
Mirabaud - UK Equity High Alpha	£ 126.03	-	0.43	0.00

Morgan Stanley Investment Funds (LUX)
www.morganstanleyinvestmentfunds.com

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
US Advantage A F	$ 91.00	-	0.64	0.00
Asian Equity A F	$ 50.90	-	0.01	0.00
Asian Property A F	$ 20.66	-	-0.01	0.00
Emerg Europ, Mid-East & Africa Eq A F	€ 74.39	-	-0.13	0.00
Emerging Markets Debt A F	$ 84.72	-	0.01	0.00
Emerging Markets Domestic Debt A F	£ 11.47	11.47	0.07	6.11
Emerging Markets Equity A F	$ 41.78	41.78	0.04	0.00
Euro Bond A F	€ 16.27	16.27	0.00	0.00
Euro Corporate Bond A F	€ 27.57	27.57	0.14	1.28
Euro Strategic Bond A F	€ 46.32	46.32	0.00	0.00
European Currencies High Yield Bd A F	€ 24.51	24.51	0.01	0.00
European Equity Alpha A F	€ 45.63	-	0.50	0.00
European Property A F	€ 36.48	36.48	0.17	0.00
Eurozone Equity Alpha A F	€ 13.36	13.36	0.15	0.00
Global Bond A F	$ 41.49	41.49	-0.08	0.00
Global Brands A F	$ 134.09	-	0.53	0.00
Global Convertible Bond A F	$ 45.42	-	0.11	0.00
Global Property A F	$ 30.63	-	-0.10	0.00
Indian Equity A F	$ 41.78	-	-0.40	0.00
Latin American Equity A F	$ 50.23	-	0.46	0.00
Short Maturity Euro Bond A F	€ 20.19	20.19	0.00	0.00
US Dollar Liquidity A F	$ 13.22	-	0.00	0.00
US Growth A F	$ 119.58	-	1.18	0.00
US Growth AH F	€ 79.13	79.13	0.78	0.00
US Growth AH F	$ 91.70	91.70	1.72	0.00
US Property A F	$ 71.72	-	-0.77	0.00

Morgens Waterfall Vintiadis.co Inc

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Phaeton Intl (BVI) Ltd (Est)	$ 544.11	-	4.81	0.00

Natixis International Funds (LUX) I SICAV (LUX)

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
ASG Managed Futures Fund I/A (USD)	$ 98.65	98.65	0.42	0.00
Harris Global Equity Fund R/A (USD)	$ 327.12	327.12	0.52	0.00
Loomis Sayles Global Equity Fund I/A (USD)	$ 141.67	141.67	0.24	0.00
Loomis Sayles U.S. Growth Equity Fund I/A (USD)	$ 145.08	145.08	0.03	0.00

Natixis Investment Funds (UK)

Fund	Bid	Offer	D+/-	Yield
Authorised Funds				
DNCA European Select Equity Fund	£ 1.01	-	0.00	0.85
Harris Global Concentrated Equity Fund	£ 1.69	-	0.00	1.33
H2O MultiReturns Fund N/A (GBP)	£ 1.03	-	0.01	0.69
Loomis Sayles U.S. Equity Leaders N/A (GBP)	£ 2.61	-	0.00	0.12

funds by EFG Asset Management

New Capital UCITS Fund PLC (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
www.newcapitalfunds.com

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Euro Value Credit Fund - EUR Inst Acc	€ 100.10	-	-0.02	-
Asia Pacific Equity Income Fund - USD Ord Inc	$ 101.82	-	0.07	3.26
Dynamic European Equity Fund - EUR Ord Acc	€ 190.63	-	0.28	2.61
China Equity Fund - USD Ord Acc	$ 167.73	-	0.41	0.00
Global Value Credit Fund - USD Ord Acc	$ 182.82	-	-0.07	0.00
Global Equity Conviction Fund - USD Ord Acc	$ 145.29	-	0.49	0.00
Strategic Portfolio UCITS Fund - USD Inst Acc	$ 123.38	-	0.32	0.00
Wealthy Nations Bond Fund - USD Inst Inc	$ 113.26	-	-0.10	5.58
Swiss Select Equity Fund - CHF Ord Acc	SFr 167.32	-	1.19	0.00
US Growth Fund - USD Ord Acc	$ 297.59	-	0.59	0.00
All Weather Fund - EUR Inst Acc	€ 99.70	-	0.22	0.00
Dynamic UK Equity Fund - GBP Inst Acc	£ 115.47	-	0.23	0.00
US Small Cap Growth Fund - USD Inst Acc	$ 153.37	-	0.66	0.00
Global Alpha Fund - USD Ord Inc	$ 105.70	-	0.40	0.75

Northwest Investment Management (HK) Ltd
11th Floor, Kinwick Centre, 32, Hollywood Road, Central, Hong Kong +852 9331 9220

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Northwest China Opps Class T $	$ 3326.59	-	-17.86	0.00
Northwest Feilong Class T $	$ 1736.02	-	-33.00	0.00
Northwest Fund Class T $	$ 2418.48	-	-32.03	0.00
Northwest Warrant Class A $	$ 1969.35	-	-444.40	0.00

Oasis Crescent Management Company Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Oasis Crescent Equity Fund	R 10.52	-	-0.01	0.00

Oasis Global Mgmt Co (Ireland) Ltd (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Oasis Crescent Global Investment Fund (Ireland) plc				
Oasis Crescent Global Equity Fund USD A (Dist)	$ 30.82	-	-0.07	0.71
Oasis Crescent Global Income Fund	$ 10.44	-	0.01	0.00
Oasis Crescent Variable Balanced Fund	£ 10.46	-	0.00	2.89
OasisCresGl LowBal D ($) Dist	$ 12.19	-	-0.02	0.00
OasisCresGl Med Eq Bal A ($) Dist	$ 12.84	-	-0.02	0.61
Oasis Crescent Gbl Property Eqty	$ 9.55	-	-0.02	1.87

Odey Asset Management LLP (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
OEI Mac Inc GBP A	£ 177.59	-	1.60	0.00
OEI Mac Inc GBP B	£ 106.72	-	1.03	0.00
OEI MAC Inc USD	$ 948.65	-	9.20	0.00
Odey European Inc EUR	€ 411.34	-	3.33	0.00
Odey European Inc GBP A	£ 165.26	-	1.38	0.00
Odey European Inc GBP B	£ 93.68	-	0.78	0.00
Odey European Inc USD	$ 198.38	-	1.79	0.00
Giano Capital EUR Inc	€ 5385.74	-	64.30	0.00

Odey Asset Management LLP (IRL)

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Odey Pan European EUR R	€ 336.34	-	-0.10	0.00
Odey Allegra International EUR O	€ 191.20	-	0.60	0.00
Odey Allegra Developed Markets USD I	$ 127.32	-	-0.54	0.00
Odey European Focus Fund	€ 19.94	-	0.06	0.00
Odey Odyssey USD I	$ 89.58	-	-0.06	0.00
Odey Swan Fund EUR I	€ 47.83	-	0.15	0.00
Odey Absolute Return Focus Fund	$ 98.35	-	0.51	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Odey Opportunity EUR I	€ 245.76	-	0.44	0.00

Omnia Fund Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Estimated NAV	$ 914.90	-	-24.10	0.00

Optima Fund Management

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Cutthyhunk Fund II Limited	$ 1653.62	-	0.00	0.00
JENOP Global Healthcare Fund Ltd	$ 17.89	-	0.00	0.00
OPTIKA Fund Limited - Cl A	$ 159.14	-	0.00	0.00
Optima Fd NAV	$ 99.52	-	0.00	0.00
Optima Discretionary Macro Fund Limited	$ 85.89	-	0.00	0.00
The Dorset Energy Fd Ltd NAV	$ 26.80	-	0.00	0.00
Platinum Fd Ltd	$ 106.33	-	0.00	0.00
Platinum Fd Ltd EUR	€ 19.40	-	0.00	0.00
Platinum Japan Fd Ltd	$ 65.07	-	0.00	0.00
Optima Partners Global Fd	$ 17.02	-	0.00	0.00
Optima Partners Focus Fund A	$ 17.71	-	0.00	0.00
Optima STAR Fund (hedged)	$ 109.29	-	0.44	0.00
Optima STAR Long Fund	$ 149.27	-	-2.22	0.00

Oryx International Growth Fund Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
NAV (Fully Diluted)	£ 9.60	-	0.06	0.00

Pictet Asset Management (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Pictet-Abs Rtn Fix Inc-HI EUR	€ 106.17	-	0.03	0.00
Pictet-Asian Equities Ex Japan I USD F	$ 296.99	-	-1.85	0.00
Pictet-Asian Local Currency Debt-I USD F	$ 161.58	-	-0.74	0.00
Pictet-Biotech-I USD F	$ 1027.24	-	-1.22	0.00
Pictet-CHF Bonds I CHF	SFr 503.54	-	0.12	0.00
Pictet-China Index I USD	$ 156.06	-	-0.11	0.00
Pictet-Clean Energy-I USD F	$ 101.95	-	0.76	0.00
Pictet-Digital-I USD F	$ 432.68	-	-1.19	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 171.93	-	-0.25	0.00
Pictet-Emerging Europe-I EUR F	€ 484.36	-	-0.50	0.00
Pictet-Emerging Markets-I USD F	$ 616.41	-	-2.35	0.00
Pictet-Emerging Markets Index-I USD F	$ 292.70	-	-0.51	0.00
Pictet-Emerging Corporate Bonds I USD	$ 122.18	-	0.09	0.00
Pictet-Emerging Markets High Dividend I USD	$ 118.39	-	-0.64	0.00
Pictet-Emerging Markets Sust Eq I USD	$ 104.70	-	0.14	0.00
Pictet-EUR Bonds-I F	€ 584.11	-	0.19	0.00
Pictet-EUR Corporate Bonds-I F	€ 210.96	-	0.04	0.00
Pictet-EUR Government Bonds I EUR	€ 163.78	-	-0.12	0.00
Pictet-EUR High Yield-I F	€ 257.80	-	-0.03	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 136.80	-	-0.02	0.00
Pictet-EUR Short Term HY I EUR	€ 126.94	-	0.03	0.00
Pictet-EUR Sov.Sht.Mon.Mkt EUR I	€ 101.37	-	0.00	0.00
Pictet-Euroland Index IS EUR	€ 159.71	-	1.06	0.00
Pictet-Europe Index-I EUR F	€ 194.81	-	1.12	0.00
Pictet-European Equity Selection I EUR F	€ 799.54	-	6.25	0.00
Pictet-European Sust Eq-I EUR F	€ 270.68	-	1.85	0.00
Pictet-Global Bds Fundamental I USD	$ 125.46	-	-0.68	0.00
Pictet-Global Bonds-I EUR	€ 166.65	-	0.27	0.00
Pictet-Global Defensive Equities I USD	$ 176.48	-	0.41	0.00
Pictet-Global Emerging Debt-I USD F	$ 396.72	-	-0.18	0.00
Pictet-Global Env Opport-I EUR	€ 206.71	-	1.10	0.00
Pictet-Global Megatrend Selection I USD F	$ 304.08	-	-0.10	0.00
Pictet-Global Sust Credit HI EUR	€ 148.47	-	0.00	0.00
Pictet-Greater China-I USD F	$ 856.84	-	-1.57	0.00
Pictet-Health-I USD	$ 304.30	-	0.99	0.00
Pictet-High Dividend Sel I EUR F	€ 173.84	-	0.69	0.00
Pictet-India Index I USD	$ 123.46	-	-0.84	0.00
Pictet-Indian Equities-I USD F	$ 587.55	-	-6.22	0.00
Pictet-Japan Index-I JPY F	¥ 18878.10	-	16.97	0.00
Pictet-Japanese Equity Opp-I JPY F	¥ 11943.37	-	34.70	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 16891.02	-	96.27	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 131.87	-	0.01	0.00
Pictet-Multi Asset Global Opportunities I EUR	€ 123.54	-	0.09	0.00
Pictet-Nutrition-I EUR	€ 226.51	-	0.03	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 438.99	-	0.95	0.00
Pictet-Premium Brands-I EUR F	€ 187.36	-	1.25	0.00
Pictet-Russia Index I USD	$ 76.14	-	-0.61	0.00
Pictet-Russian Equities-I USD F	$ 75.42	-	-0.76	0.00
Pictet-Security-I USD F	$ 271.65	-	0.12	0.00
Pictet-Select Callisto I EUR	€ 103.88	-	0.24	0.00
Pictet-Small Cap Europe-I EUR F	€ 1391.21	-	5.24	0.00
Pictet-ST Emerg Local Currency Debt-I USD F	$ 102.69	-	-0.39	0.00
Pictet-ST.MoneyMkt-I €	€ 139.48	-	0.00	0.00
Pictet-ST.MoneyMkt JPY I JPY	¥ 100256.26	-	2.99	0.00
Pictet-ST.MoneyMkt-I CHF	SFr 121.58	-	0.00	0.00
Pictet-ST.MoneyMkt-I USD	$ 139.96	-	0.01	0.00
Pictet-Timber-I USD F	$ 210.15	-	0.28	0.00
Pictet-TR-Agora I EUR	€ 127.30	-	0.38	0.00
Pictet-TR-Corto Europe I EUR	€ 117.98	-	0.17	0.00
Pictet-TR-Divers Alpha I EUR	€ 109.24	-	0.17	0.00
Pictet-TR-Kosmos I EUR	€ 109.20	-	-0.04	0.00
Pictet-TR-Mandarin I USD	$ 162.27	-	0.19	0.00
Pictet-US Equity Selection-I USD	$ 255.90	-	0.19	0.00
Pictet-US High Yield-I USD F	$ 165.51	-	0.04	0.00
Pictet-USA Index-I USD F	$ 256.53	-	0.55	0.00
Pictet-USD Government Bonds-I F	$ 682.25	-	0.09	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 131.64	-	0.01	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 105.51	-	0.01	0.00
Pictet-Water-I EUR F	€ 335.59	-	0.70	0.00

Platinum Capital Management Ltd

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Platinum All Star Fund - A (Est)	$ 131.37	-	-	-
Platinum Global Dividend Fund - A	$ 45.51	-	-	-
Platinum Global Growth UCITS Fund	$ 10.00	-	-	-

Polar Capital Funds Plc (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Automation & Artificial Intelligence Cl I USD Acc	$ 10.79	10.79	0.03	-
Asian Financials I USD	$ 369.64	369.64	-0.28	0.00
Biotechnology I USD	$ 25.81	25.81	-0.02	0.00
European Income Acc EUR	€ 12.40	12.40	0.06	0.00
European Ex UK Inc EUR Acc	€ 11.43	11.43	0.05	0.00
Financial Opps I USD	$ 14.16	-	0.06	1.94
GEM Income I USD	$ 11.62	-	-0.03	0.00
Global Convertible I USD	$ 13.42	13.42	0.01	0.00
Global Insurance I GBP	£ 6.21	-	0.12	0.00
Global Technology I USD	$ 45.94	-	0.08	0.00
Healthcare Blue Chip Fund I USD Acc	$ 12.60	12.60	0.06	0.00
Healthcare Opps I USD	$ 48.09	-	0.07	0.00
Income Opportunities B2 I GBP Acc	£ 2.27	2.27	0.02	0.00
Japan Alpha I JPY	¥ 254.55	254.55	0.51	0.00
Japan I JPY	¥ 2563.69	-	1.93	0.00
North American I USD	$ 25.64	25.64	0.10	0.00
UK Absolute Equity I GBP	£ 22.52	22.52	-0.07	0.00
UK Val Opp I GBP Acc	£ 12.13	12.13	-0.07	0.00

Polar Capital LLP (CYM)

Fund	Bid	Offer	D+/-	Yield
Regulated				
European Forager A EUR	€ 190.66	-	0.24	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Monument Growth 03/07/2018	£ 531.44	537.30	1.67	3.08

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331

Fund	Bid	Offer	D+/-	Yield
Regulated				
Prusik Asian Equity Income B Dist	$ 190.62	-	-0.79	3.56
Prusik Asia A	$ 259.06	-	-1.81	0.00
Prusik Asian Smaller Cos A	$ 150.08	-	-0.27	0.00

Purisima Investment Fds (CI) Ltd (JER)

Fund	Bid	Offer	D+/-	Yield
Regulated				
PCG B ✣	220.70	-	4.19	0.00
PCG C ✣	216.63	-	4.10	0.00

Ram Active Investments SA
www.ram-ai.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
RAM Systematic Emerg Markets Core Eq	$ 102.04	-	0.05	-
RAM Systematic Emerg Markets Eq	$ 180.02	-	-0.33	-
RAM Systematic European Eq	€ 468.84	-	1.22	-
RAM Systematic Global Shareholder Yield Eq	$ 132.69	-	0.50	0.00
RAM Systematic Long/Short Emerg Markets Eq	$ 121.48	-	-0.08	-
RAM Systematic Long/Short European Eq	€ 155.42	-	-0.26	-
RAM Systematic North American Eq	$ 314.20	-	1.31	-
RAM Tactical Convertibles Europe	€ 146.95	-	0.33	-
RAM Tactical Global Bond Total Return	€ 142.40	-	-0.04	-
RAM Tactical II Asia Bond Total Return	$ 137.75	-	0.07	-

Robeco Asset Management (LUX)
Weena 850, 3014 DA Rotterdam, The Netherlands
www.robeco.com/contact

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Asia-Pacific Equities (EUR)	€ 161.36	-	0.57	0.00
BP US Premium Equities (EUR)	€ 232.24	-	1.32	0.00
BP US Premium Equities (USD)	$ 272.25	-	1.56	0.00
Chinese Equities (EUR)	€ 100.17	-	-0.76	0.00
Em Stars Equities (EUR)	€ 209.16	-	-0.31	0.00
Emerging Markets Equities (EUR)	€ 184.14	-	-0.23	0.00
Glob.Consumer Trends Equities (EUR)	€ 219.52	-	0.50	0.00
High Yield Bonds (EUR)	€ 143.28	-	0.03	0.00
New World Financials (EUR)	€ 69.84	-	0.58	0.00

Ruffer LLP (1000)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 601 9610

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Authorised Corporate Director - Link Fund Solutions				
LF Ruffer European C Acc	598.50	-	6.60	0.29
LF Ruffer European C Inc	110.40	-	1.21	0.60
LF Ruffer European O Acc	587.90	-	6.44	0.00
LF Ruffer Equity & General C Acc	456.78	-	0.44	0.04
LF Ruffer Equity & General C Inc	421.12	-	0.40	0.04
LF Ruffer Equity & General O Acc	448.72	-	0.40	0.00
LF Ruffer Equity & General O Inc	416.34	-	0.38	0.00
LF Ruffer Gold C Acc	148.58	-	-3.64	0.08
LF Ruffer Gold C Inc	89.93	-	-2.20	0.13
LF Ruffer Gold O Acc	145.90	-	-3.59	0.00
LF Ruffer Japanese C Inc	120.70	-	2.73	0.25
LF Ruffer Japanese C Acc	256.95	-	5.82	0.23
LF Ruffer Pacific C Acc	362.56	-	3.53	0.96
LF Ruffer Pacific C Inc	101.94	-	1.55	1.15
LF Ruffer Pacific O Acc	355.84	-	5.41	0.65
LF Ruffer Total Return C Acc	445.83	-	2.94	1.44
LF Ruffer Total Return C Inc	298.27	-	1.97	1.44
LF Ruffer Total Return O Acc	437.93	-	2.86	1.43
LF Ruffer Total Return O Inc	292.82	-	1.92	1.45

S W Mitchell Capital LLP (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
SWMC European Fund B EUR	€ 18565.90	-	121.59	0.00
SWMC Small Cap European Fund B EUR	€ 15451.98	-	53.38	0.00

RobecoSAM (LUX)
Tel. +41 44 653 10 10 http://www.robecosam.com/

Fund	Bid	Offer	D+/-	Yield
Regulated				
RobecoSAM Sm.Energy/A	£ 18.25	-	0.22	1.19
RobecoSAM Sm.Energy/N	€ 16.23	-	0.11	0.00
RobecoSAM Sm.Materials/A	£ 209.29	-	2.99	1.30
RobecoSAM Sm.Materials/N	€ 211.51	-	1.98	0.00
RobecoSAM Sm.Materials/Na	£ 142.19	-	1.33	1.30
RobecoSAM Gl.Small Cap Eq/A	£ 118.74	-	1.19	1.08
RobecoSAM Gl.Small Cap Eq/N	€ 206.80	-	1.05	0.00
RobecoSAM Sustainable Gl.Eq/A	£ 224.45	-	1.22	0.00
RobecoSAM Sustainable Gl.Eq/N	€ 197.24	-	1.08	0.00
RobecoSAM S.HealthyLiv/B	€ 199.25	-	-0.64	0.00
RobecoSAM S.HealthyLiv/N	€ 189.31	-	-0.60	0.00
RobecoSAM S.HealthyLiv/Na	£ 143.77	-	0.27	1.31
RobecoSAM S.Water/A	£ 241.97	-	2.11	1.44
RobecoSAM S.Water/N	€ 204.88	-	0.77	0.00

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Rubrics Emerging Markets Fixed Income UCITS Fund	$ 134.60	-	-0.11	0.00
Rubrics Global Credit UCITS Fund	$ 15.92	-	0.01	0.00
Rubrics Global Fixed Income UCITS Fund	$ 162.68	-	-0.02	0.00
Q Rubrics India Fixed Income UCITS Fund	$ 10.63	-	-0.03	0.00
Rubrics India Fixed Income UCITS Fund	$ 91.74	-	-0.24	0.00

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Slater Growth	539.33	572.23	3.10	0.00
Slater Income A Inc	162.97	162.97	0.17	0.00
Slater Recovery	250.37	265.64	1.01	0.00
Slater Artorius	210.40	210.40	0.99	0.23

Standard Life Wealth (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Standard Life Offshore Strategy Fund Limited				
Bridge Fund	£ 1.9476	-	0.0036	1.95
Global Equity Fund	£ 2.5383	-	0.0101	1.05
Global Fixed Interest Fund	£ 0.9643	-	-0.0005	4.81
Income Fund	£ 0.5860	-	0.0008	3.15
Sterling Fixed Interest Fund	£ 0.8562	-	-0.0001	3.52
UK Equity Fund	£ 2.2758	-	0.0005	3.14

Stenham Asset Management Inc
www.stenhamassetmanagement.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Stenham Credit Opportunities A Class USD	$ 116.55	-	-0.27	0.00
Stenham Equity UCITS USD	$ 181.77	-	-2.09	0.00
Stenham Growth USD	$ 227.39	-	-1.15	-
Stenham Healthcare USD	$ 221.20	-	1.54	0.00
Stenham Managed Fund USD	$ 123.27	-	-0.68	0.00
Stenham Quadrant USD A	$ 436.98	-	-6.13	-
Stenham Trading Inc USD	$ 125.56	-	-1.56	-
Stenham Universal USD	$ 463.82	-	-2.35	-
Stenham Universal II USD	$ 169.62	-	-0.93	0.00

Superfund Asset Management GmbH
www.superfund.com, +43 (1) 247 00

Fund	Bid	Offer	D+/-	Yield
Regulated				
Superfund Green EUR SICAV	€ 906.89	-	4.90	0.00
Superfund Red EUR SICAV	€ 760.10	-	2.09	0.00
Superfund Blue EUR	€ 727.56	-	-2.42	0.00
Other International Funds				
Superfund Green Gold SICAV	$ 921.68	-	3.55	0.00
Superfund Red Silver SICAV	$ 372.79	-	-0.77	0.00

Toscafund Asset Management LLP (UK)
www.toscafund.com

Fund	Bid	Offer	D+/-	Yield
Authorised Funds				
Aptus Global Financials B Acc	£ 4.39	-	-0.01	4.46
Aptus Global Financials B Inc	£ 3.34	-	0.00	4.63

Toscafund Asset Management LLP
www.toscafund.com

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Tosca A USD	$ 370.64	-	-5.06	-
Tosca Mid Cap GBP	$ 308.02	-	-1.93	-
Tosca Opportunity B USD	$ 457.03	-	-1.77	-
Pegasus Fund Ltd A-1 GBP	£ 73.65	-	-1.11	0.00

TreeTop Asset Management S.A. (LUX)

Fund	Bid	Offer	D+/-	Yield
Regulated				
TreeTop Convertible Sicav				
International AH	€ 305.80	-	1.71	0.00
International BH	$ 413.09	-	2.30	0.00
International CH	€ 125.21	-	0.72	3.24
International DH	€ 260.24	-	1.44	3.11
TreeTop Global Sicav				
Global Opp.AH	€ 162.93	-	0.47	0.00
Global Opp.B	$ 169.34	-	0.18	0.00
Global Opp.C	$ 237.22	-	2.15	0.00
Sequoia Equity AH	€ 155.77	-	0.34	0.00
Sequoia Equity B	$ 169.81	-	-0.09	0.00
Sequoia Equity C	$ 201.90	-	1.61	3.28

Troy Asset Mgt (1200) (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 608 0950

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
Authorised Corporate Director - Link Fund Solutions				
Trojan Investment Funds				
Trojan Global Income O Acc	110.56	-	-0.13	2.99
Trojan Global Income O Inc	105.75	-	-0.13	3.05

UBS Asset Management (UK)
5 Broadgate, London, EC2M 2QS
Client Services 0800 358 3012, Client Dealing 0800 358 3012
www.ubs.com/retailfunds

Fund	Bid	Offer	D+/-	Yield
Authorised Inv Funds				
OEIC				
UBS Global Emerging Markets Equity C Acc	£ 0.81	-	0.00	1.18
UBS Global Optimal C Acc	£ 1.07	-	0.00	0.67
UBS UK Opportunities C Acc	£ 0.92	-	0.00	2.80
UBS US Equity C Acc	£ 1.33	-	0.02	0.25
UBS S&P 500 Index C Acc	£ 0.89	-	0.01	1.41
UBS Targeted Return C Acc	£ 14.05	-	0.01	1.32
UBS Sterling Corporate Bond Indexed C Acc	£ 0.60	-	0.00	2.86
UBS Multi Asset Income C Inc Net	£ 0.49	-	0.00	3.94
UBS UK Equity Income C Inc Net	£ 0.71	-	-0.01	3.83
UBS Corporate Bond UK Plus C Inc Net	£ 0.53	-	0.00	4.16
UBS Global Allocation (UK) C Acc	£ 0.83	-	0.00	1.73
UBS Global Enhanced Equity Income C Inc	£ 0.44	-	0.00	7.54
UBS US Growth C Acc	£ 1.46	-	0.00	0.00
UBS Emerging Markets Equity Income C Inc	£ 0.50	-	0.00	4.21
UBS FTSE RAFI Dev 1000 Index J Acc	£ 151.19	-	1.60	2.41
UBS MSCI World Min Vol Index J Acc	£ 158.26	-	1.19	2.18

Unicapital Investments (LUX)

Fund	Bid	Offer	D+/-	Yield
Regulated				
Investments IV - European Private Eq.	€ 126.72	-	-1.24	0.00
Investments IV - Global Private Eq.	$ 170.83	-	-3.11	0.00

Value Partners Hong Kong Limited (IRL)
www.valuepartners-group.com, fis@vp.com.hk

Fund	Bid	Offer	D+/-	Yield
Regulated				
Value Partners Classic Equity Fund USD Z Unhedged	$ 15.14	-	0.02	0.00
Value Partners Classic Equity Fund CHF Hedged	SFr 14.62	-	0.04	0.00
Value Partners Classic Equity Fund EUR Hedged	€ 14.90	-	0.03	0.00
Value Partners Classic Equity Fund GBP Hedged	£ 15.54	-	0.04	0.00
Value Partners Classic Equity Fund GBP Unhedged	£ 18.91	-	0.18	0.00
Value Partners Classic Equity USD Unhedged	$ 18.57	-	0.05	0.00
Value Partners Global Emerging Market Bond Fund USD A Acc Unhedged	$ 10.02	-	-0.01	0.00
Value Partners Global Emerging Market Bond Fund USD Z Unhedged	$ 10.15	-	-0.07	-
Value Partners Greater China Equity Fund USD A (Acc) Unhedged	$ 11.21	-	-0.12	0.00
Value Partners Health Care Fund HKD Class A Unhedged	HK$ 12.82	-	-0.01	0.00
Value Partners Health Care Fund USD Class A Unhedged	$ 12.89	-	-0.02	0.00

WA Fixed Income Fund Plc (IRL)

Fund	Bid	Offer	D+/-	Yield
Regulated				
European Multi-Sector	€ 116.02	-	-0.01	3.55

Yapi Kredi Asset Management (TUR)
www.yapikrediportfoy.com.tr Tel: + 90 (212) 385 48 48

Fund	Bid	Offer	D+/-	Yield
Other International Funds				
Eurobond Fund	TRY 0.118479	-	-0.000327	-
Koc Affiliate and Equity Fund	TRY 0.794765	-	0.675959	-
DPM Bonds and Bills Fund (FX)	$ 0.971058	-	0.852252	0.00

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com

Fund	Bid	Offer	D+/-	Yield
Regulated				
Yuki Mizuho Umbrella Fund				
Yuki Mizuho Japan Dynamic Growth	¥ 10286.00	-	36.00	0.00
Yuki Japan Low Price	¥ 48338.00	-	76.00	0.00
Yuki Japan Value Select	¥ 21515.00	-	129.00	0.00
Yuki Asia Umbrella Fund				
Yuki Japan Rebounding Growth Fund JPY Class	¥ 41062.00	-	115.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$ 1619.75	-	4.98	0.00

Zadig Gestion (Memnon Fund) (LUX)

Fund	Bid	Offer	D+/-	Yield
FCA Recognised				
Memnon European Fund I GBP	£ 175.27	-	1.50	0.00

Data Provided by

MORNINGSTAR

www.morningstar.co.uk

Data as shown is for information purposes only. No offer is made by Morningstar or this publication.

Guide to Data

The fund prices quoted on these pages are supplied by the operator of the relevant fund. Details of funds published on these pages, including prices, are for the purpose of information only and should only be used as a guide. The Financial Times Limited makes no representation as to their accuracy or completeness and they should not be relied upon when making an investment decision.

The sale of interests in the funds listed on these pages may, in certain jurisdictions, be restricted by law and the funds will not necessarily be available to persons in all jurisdictions in which the publication circulates. Persons in any doubt should take appropriate professional advice. Data collated by **Morningstar**. For other queries contact **reader.enquiries@ft.com +44 (0)207 873 4211**.

The fund prices published in this edition along with additional information are also available on the Financial Times website, **www.ft.com/funds**. The funds published on these pages are grouped together by fund management company.

Prices are in pence unless otherwise indicated. The change, if shown, is the change on the previously quoted figure (not all funds update prices daily). Those designated $ with no prefix refer to US dollars. Yield percentage figures (in Tuesday to Saturday papers) allow for buying expenses. Prices of certain older insurance linked plans might be subject to capital gains tax on sales.

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.

Analysis. Equities

‘Slam dunk’ move caught up in trade war

Hedge funds that saw an easy profit in NXP-Qualcomm bid are now at the mercy of Beijing

ARASH MASSOUDI — LONDON
ERIC PLATT AND
LINDSAY FORTADO — NEW YORK

Some of the world’s biggest hedge funds are learning the hard way that there is no such thing as a slam-dunk trade.

Paul Singer’s Elliott Management and Matthew Halbower’s Pentwater Capital are among those caught up in US chipmaker Qualcomm’s $44bn pursuit of NXP Semiconductors, a takeover first agreed when Barack Obama was still in the White House and one that has until next Wednesday to be completed.

The only remaining approval required is from Chinese regulators, and many investors believe that rising Sino-US tensions over trade and technology are why the deal has yet to win clearance from Beijing. A lack of approval would make Qualcomm the highest-profile US corporate casualty of the trade war.

If the takeover collapses, analysts warn that aggressive selling of NXP shares by hedge funds may reverberate across the financial system as investors race to close trades and settle leveraged bets with their banks.

> ‘I have never quite seen anything like this before. If NXP goes wrong the entire market will be down’

Of the company’s publicly known stockholding base, roughly 41 per cent is held by hedge funds, according to Bloomberg data.

“I have never quite seen anything like this before,” said one veteran observer of the hedge fund industry. “If NXP goes wrong next week, the entire market will be down.”

Shares in NXP, whose chips for driverless cars will give Qualcomm a way of cutting its dependence on chips used in smartphones, have fallen more than 11 per cent from a recent high in June and are trading well below the $127.50 offer price. The stock was trading at about $103 yesterday.

NXP’s largest hedge fund shareholders include Elliott, which first disclosed a stake in August last year, Texas-based HBK, Soroban Capital and Pentwater, all of whom own at least 3 per cent of its stock, according to the most recent publicly available data.

This would not be the first time that hedge funds have been ensnared by the collapse of a deal. In 2014, investors, including Paulson & Co, suffered paper losses after US pharmaceuticals group AbbVie walked away from its £32bn deal to buy Shire.

Multiple hedge fund managers told the FT that traders had been blindsided by a chain of events that began nearly two years ago. Funds moved quickly to buy shares in NXP, which Qualcomm first agreed to buy for $110 a share just weeks before Donald Trump won the presidential election in 2016.

Betting that the transaction would be completed, arbitrageurs sought to profit from the gap between NXP’s stock price and Qualcomm’s offer — about $10 on the day the companies announced the deal.

Depending on a hedge fund’s risk tolerance, such bets in a takeover situation are typically built with the use of leverage allowing the opportunity to amplify gains or losses.

By the middle of last year, the likelihood of making money by owning NXP shares looked to be practically guaranteed. The stock closed above Qualcomm’s $110-a-share offer price on July 27, reflecting both the company’s improved performance and increased optimism about semiconductor makers. A wider re-rating of the sector had pushed the Philadelphia Semiconductor Index up by a third since the Qualcomm takeover deal was announced.

“It was seen as a no-brainer because you had an offer of $110 in cash and if the deal didn’t happen you got even more than $110,” because the whole sector was rising, explained one hedge fund portfolio manager who has followed the NXP-Qualcomm saga closely. “This was a rare case where people believed there was zero downside.”

He added: “Normally, in merger arbitrage, you either make a little bit of money or lose a lot if you are wrong. Almost never, do you have a case where you make money both ways. There’s a law that says there is no reward without risk and people forgot that. It was seen as riskless.”

The first flicker of alarm that NXP shares may not be a one-way bet to trading gold emerged last November when it became clear that Singapore-based chipmaker Broadcom was planning to make a bid for Qualcomm. The move introduced a new risk, but after a period of volatile trading, NXP shares continued their ascent. By December, Elliott launched a public campaign seeking a $135 per share offer for NXP.

Indeed, as Broadcom persisted with its hostile approach for Qualcomm, it dawned on investors that an improved offer for NXP could prove a shrewd defence mechanism to fend off the then Singapore-based company.

In February this year, Qualcomm won the support of nine NXP shareholders, including Elliot and Soroban, and agreed to a new deal that valued NXP at $127.50 a share.

But less than a month later, the Trump administration cited national security concerns and blocked a deal between Broadcom and Qualcomm before it had even been agreed. Nor was that unprecedented move the end of the high-stakes drama for the Qualcomm-NXP deal. In April, China demanded further divestitures from Qualcomm before it would approve the purchase of NXP.

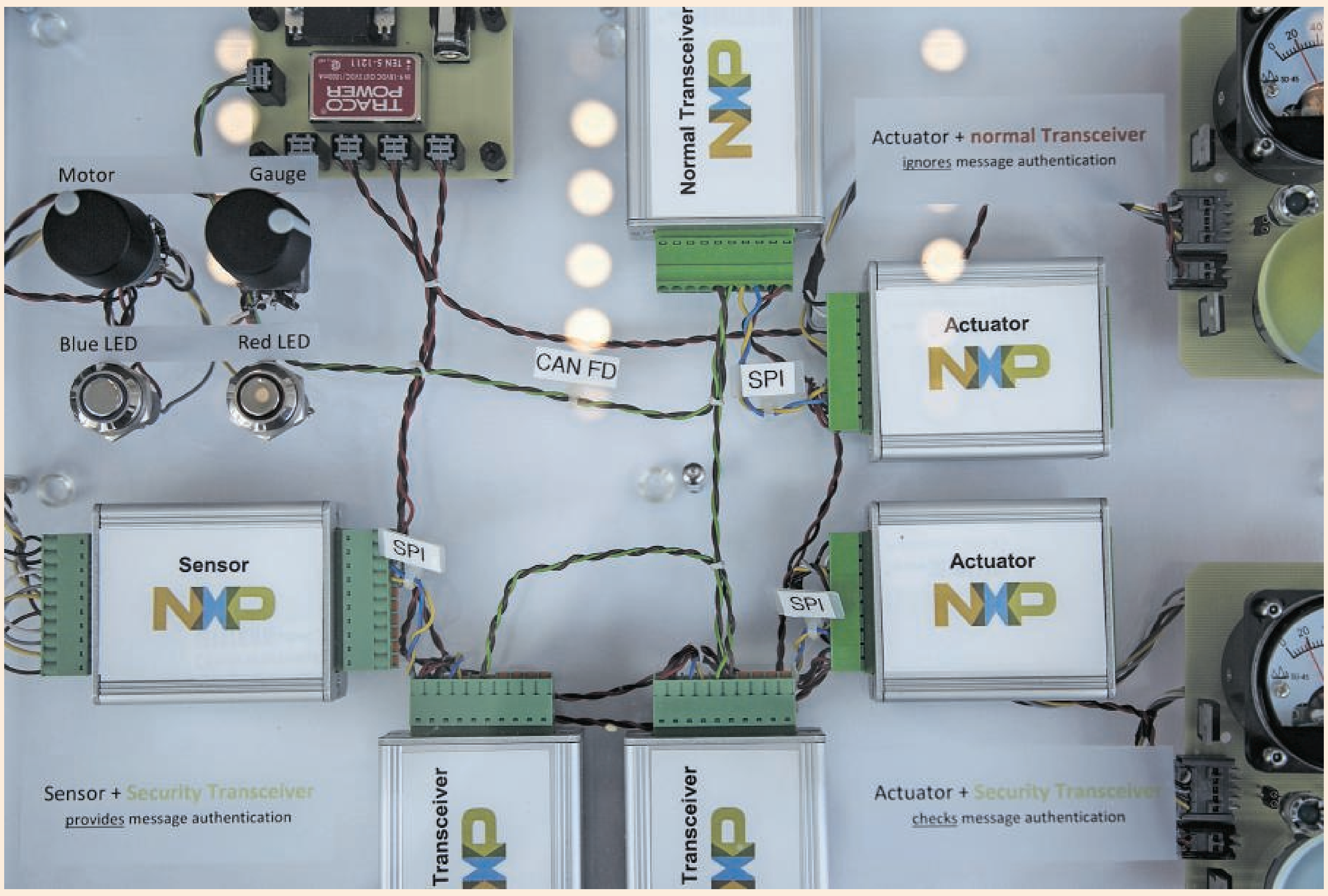
As the clock ticks towards July 25 without Chinese sign-off, Qualcomm and NXP have signalled that they will not extend the merger deadline. Both declined to comment on whether they would resume negotiations for an extension in the coming days. Several people involved in the deal said they viewed next week’s deadline as a drop-dead one, barring a last minute indication from Chinese regulators that the deal was nearing approval. Qualcomm executives have outlined a plan for large share buybacks should the deal with NXP collapse.

Analysts and investors have questioned the rationale for China’s hesitation. Some have likened Qualcomm to a chess piece that has allowed Beijing to pressure the US over its sanctions on ZTE, the telecoms maker that was essentially forced to halt its operations after it could not secure key parts. Others simply see it as a bargaining chip for the Chinese in the trade war.

“We watch the stock now pretty closely just as a tell on overall sentiment on the trade war,” said Stephen Granoff, the head of research at Sender Company & Partners.

The hedge fund invested in NXP earlier this year but ultimately sold its stake. Mr Granoff added that the drop in the stock had caused “pain” for some funds already.

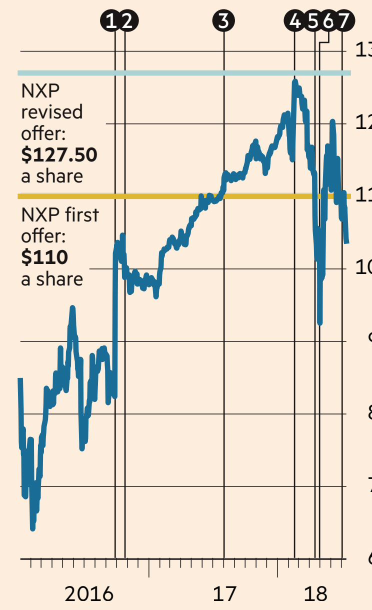
There may be more to come.



NXP’s chips would give Qualcomm a broader product range but there is no certainty the tie-up will go through
Sean Proctor/Bloomberg

Hedge funds piled into NXP stock as the buyout loomed...

... but shares have slid as deal with Qualcomm remains out of reach ($)



1. **Sep 29 2016** NXP shares rally on reports Qualcomm is in preliminary talks with NXP
2. **Oct 27 2016** Qualcomm agrees to buy NXP for $110 a share, or roughly $47bn
3. **Aug 4 2017** Elliott discloses stake in NXP, eyeing fight with Qualcomm
4. **Feb 20 2018** Qualcomm increases NXP offer to $127.50 per share
5. **Apr 19 2018** China demands further concessions before approving deal
6. **May 2 2018** NXP misses quarterly earnings forecasts
7. **Jul 6 2018** US tariffs on Chinese products take effect as trade war intensifies

Sources: Bloomberg; FT Research

Investor exposure
When mergers turn sour

When a merger runs into trouble, the fallout often extends beyond shareholders and can leave debt investors also looking decidedly glum.

Banks arrange financing packages for multibillion-dollar mergers and acquisitions before deals close. Companies such as Qualcomm, after all, need the funding to write their acquisition cheque to the company they have agreed to purchase.

The issue for bondholders is that they bear the risk should a deal fail to materialise. While companies usually promise investors to buy back their bonds with a 1 per cent premium if they fail to complete a deal by a predetermined date, investors can still get burnt. Buried within bond contracts are clauses that have enabled some large companies to buy back debt issued to finance deals at par and thus not pay a premium.

Earlier this year Qualcomm redeemed some debt tied to the financing of its takeover of Dutch chipmaker NXP, including $1.5bn of notes that matured in 2020. Those bonds had previously traded as high as 101 cents on the dollar, but were ultimately called at par.

Qualcomm also sought to buy some of its debt back at par.

The cases are often more extreme. When US health insurers Aetna and Humana were forced to walk away from their merger in February 2017 after a federal judge blocked the merger, the companies had to unwind a $13bn financing package. Aetna had sold $2.4bn of 30-year paper, which found ample investor demand. The bonds traded as high as 107.5 cents on the dollar in the weeks after the debt was sold, but were ultimately redeemed at 101 cents on the dollar.

It was a painful experience for some bondholders, who had thought that the decision to raise the debt in the first place signalled the companies were on the right path with regulators.

However, the biggest risk may be the deals themselves. When an unexpected debt-funded merger is announced, bond investors find themselves lending to a company that is significantly more indebted than before, and sometimes they say it will be years before they reduce their leverage to levels that are more traditional for their credit ratings.

Eric Platt and Alexandra Scaggs

Commodities

Brazilian soyabeans at a premium as Chinese sidestep tariff on US crop

EMIKO TERAZONO

Brazilian soyabean premiums have surged to a near four-year high against those of the US as the Washington-Beijing tariff war leads to a scramble by Chinese traders for alternative sources.

Soyabeans exported at the Brazilian port of Paranaguá have been selling for $396.60 a tonne, $66.10 more than the commodity sold on the US southern Gulf of Mexico coast.

The premium is the highest since September 2014 and comes as Chinese buyers have been cancelling their US orders as the 25 percentage point tariff increase by Beijing on US soyabean imports took effect this month.

“Premiums have jumped as soon as the Chinese started purchases of Brazilian beans,” said Stefan Vogel at Rabobank.

He added that at current levels, US soyabean prices plus the tariffs and freight to China were approaching parity with Brazilian soyabeans and shipping costs, limiting a further move upwards on the premium unless there was a dramatic shift in Chinese demand.

According to US Department of Agriculture data, more than 830,000 tonnes of soyabean exports to China have been cancelled since April, the equivalent of about 14 vessels. This contrasts with 170,000 tonnes last year.

The USDA numbers also show a sharp rise in cancellations of shipments to “unknown” destinations, a bulk of which are normally destined for China, according to Agricensus, a price information agency.

Looking at the USDA data and talking to traders, “more than 2m tonnes that were [eventually] China-bound have been cancelled — that’s the equivalent of around 30 vessels”, said Andy Allan, analyst at Agricensus.

Latest Brazil export figures of the oilseed to China show that in March and April the Latin American country sold 32.5m tonnes, up 1.7m tonnes, or 6 per cent, from 30.8m last year.

The price of Brazilian soyabeans has been helped by a truckers’ strike

China is the top soyabean importer for the world. Its retaliatory tariff move has sent US prices tumbling. Soyabean futures in Chicago fell to a nine-year low of $8.10½ per bushel this week, although they have since rebounded.

The USDA, in its monthly supply and demand estimates published last week, cut its forecast for China’s soyabean imports from 103m to 95m tonnes in the coming marketing year, reduced its outlook for US soyabean exports by nearly 11 per cent to 55.5m tonnes and raised its estimate of Brazilian exports by 2m tonnes to 75m, a record high.

The Brazilian price has also been supported by a truckers’ strike, which has limited the flow of soyabeans to ports. As Chinese buyers’ cancellations depress the price of US soyabeans, buyers in other parts of the world are taking advantage. Since March, US soyabean exports to countries other than China have been running 50 per cent ahead of last year, according to a USDA report.

Soyabean crushers in Europe were switching from Brazil to the US, explained Mr Vogel. “They are not taking Brazilian beans. The US is 20 per cent cheaper.”

Commodities

Concerns over slowing global growth prolong sell-off in industrial metals

NEIL HUME AND HENRY SANDERSON

A sell-off that has hammered the price of industrial metals continued yesterday as fears over slowing global growth and the trade spat between the US and China rattled commodity markets.

Lead, nickel and zinc tumbled as much as 5 per cent while copper crashed through $6,000 a tonne for the first time in a year as macro funds increased bearish bets and the Chinese currency weakened further.

“The trade war is really causing more concern,” said Richard Fu, head of Asia for brokerage AMT in London.

“There’s a debt problem in China, and if the trade war causes more harm to industries and manufacturing businesses it could make the problem even worse.”

The selling spilled over into mining stocks, with London-listed Anglo American falling 3.7 per cent to 1,629p; Chile-focused copper producer Antofagasta losing 2.2 per cent to 943p; and Vedanta Resources, the natural resources company controlled by Indian metals tycoon Anil Agarwal, shed 4 per cent to 775p.

Metals such as copper and zinc are often the first to witness shifts in the economy because of their wide range of uses across manufacturing and heavy industry. As such, they are considered a good gauge of global growth.

Over the past month, as trade tensions between the US and China have ratcheted up, this signal has been flashing red. Copper has plunged more than 17 per cent, or $1,250 a tonne, while the LME Index, which tracks the performance of six key industrial metals, has dropped more than 15 per cent.

In its latest World Economic Outlook, published this week, the International Monetary Fund said growth was becoming “less synchronised” as emerging markets struggled with rising oil prices, weakening currencies and trade tensions. Because of these factors the IMF lowered its growth projections for Argentina, Brazil and India.

“I’m not that worried about growth in China, but I am worried about emerging markets,” said Colin Hamilton, analyst at BMO Capital Markets. “Oil prices are up significantly in local currency terms and investor flows in those markets are becoming outflows pretty quickly, which hurts investment.”

Copper for delivery in three months on the London Metal Exchange dropped as much as 3.2 per cent to $5,988 a tonne yesterday, while zinc fell 5 per cent to $2,495. Both metals later recovered to trade at $6,054 and $2,568 respectively. Elsewhere, nickel fell 2 per cent to $13,395 a tonne and lead 1.7 per cent to $2,132.

Since peaking in early June metal markets have been hit by waves of selling. Analysts said the latest downturn was driven by macro funds and speculators placing bearish bets.

Oliver Nugent, analyst at ING in Amsterdam, pointed to the 16 per cent increase in copper open interest — the number of futures contracts outstanding — on the exchange Comex in New York.

“It shot up in the past month and that’s telling because Comex tends to be a more of a speculative bourse compared to the London Metal Exchange,” he said. “If you have rising open interest in a falling price environment, it very indicative of a big pick-up in short positions.”

Mr Nugent said it was difficult to say if the selling of copper and other metals on exchanges such as Comex and the LME had gone too far because there was little support from the physical market, where big industrial consumers bought metal. “How low can it go? The honest answer is that it can go where it wants . . . because there’s no strong physical underpinning,” he said.

Markets & Investing
FINANCIAL TIMES

The day in the markets

What you need to know

- Resumption of US-China trade concerns weighs on global stocks
- Renminbi hits one-year low
- Demand worries hit base metal prices
- Sterling falls below $1.30

Chinese renminbi hits one-year low as trade tension escalates
Onshore renminbi versus dollar

Source: Thomson Reuters

Global equity indices drifted lower yesterday against a backdrop of renewed concerns about the US-China trade spat, disappointing corporate earnings reports and falling industrial metals prices.

Chinese stocks lost ground and the renminbi fell to its lowest level against the dollar in a year.

"In our view, the escalating trade conflict with the US is a key factor behind the recent renminbi weakness," said Arjen van Dijkhuizen at ABN Amro.

"On top of this, we have seen more signs that the Chinese economy has resumed a gradual slowdown, and more measures to soften macroeconomic policies."

Larry Kudlow, US National Economic Council director, said that negotiations between the US and China aimed at defusing trade tensions had stalled — and that in his view, it was China's president who was holding up a deal between the two nations.

The renminbi's latest decline came as the dollar touched a one-year high against a basket of peers, buoyed by expectations for further gradual interest rate rises in the US.

Meanwhile, the resumption of trade worries helped push the S&P 500 lower for the first time in three sessions, with some poorly-received earnings adding to the negative tone.

Financials were among the biggest drags on the benchmark US index, while the basic materials sector sank as metal prices suffered from worries about the outlook for Chinese demand.

Copper slid below $6,000 a tonne for the first time in a year.

Continental European stocks followed the trend, with France's Publicis hit by news of a steep drop in second-quarter sales. But the FTSE 100 bucked the trend as it eked out a modest gain, helped by a drop for sterling below $1.30, marking a fresh 10-month low following the release of much weaker than forecast UK retail sales data.

"Although retail sales figures can be volatile, there is a growing sense that the UK economy is slowing down sharply, and with the political backdrop deteriorating, the Bank of England needs to have a pretty solid reason for hiking rates when it meets next month," said Kathleen Brooks at Capital Index. **Dave Shellock**

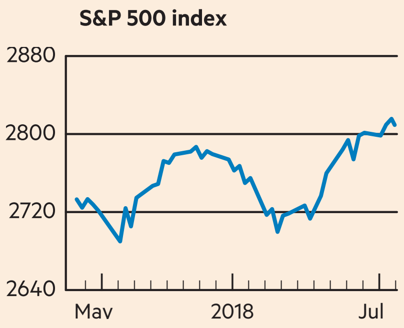
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2809.30	1512.89	22764.68	7683.97	2772.55	76415.77
% change on day	-0.22	-0.20	-0.13	0.10	-0.53	-1.22
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	95.583	1.161	112.900	1.300	6.772	3.876
% change on day	0.529	-0.258	0.102	-0.383	0.855	0.762
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	2.854	0.268	0.035	1.185	3.438	11.168
Basis point change on day	-0.830	-1.200	-0.500	-3.900	-4.600	-6.100
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	339.58	72.63	67.91	1224.50	15.44	2977.10
% change on day	-0.40	-0.44	0.07	-0.67	-2.09	0.40

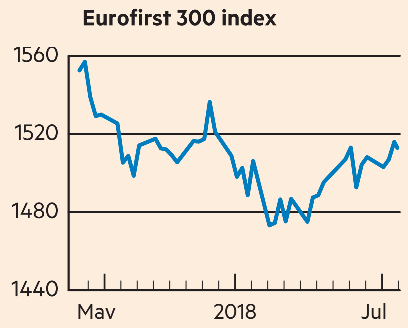
Yesterday's close apart from: Currencies = 16:00 GMT; S&P, Bovespa, All World, Oil = 17:00 GMT; Gold, Silver = London pm fix. Bond data supplied by Tullett Prebon.

Main equity markets

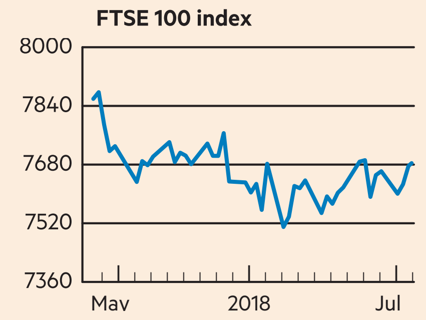
S&P 500 index



Eurofirst 300 index



FTSE 100 index



Biggest movers

%	US		Eurozone		UK	
Ups	Danaher	5.27	Iliad	7.44	Unilever	3.03
	Dover	5.08	A.p. Moller - Maersk B	3.27	Imperial Brands	1.86
	Snap-on orporated	4.71	Danske Bank	2.68	Coca-cola Hbc Ag	1.85
	Comcast	3.38	Unilever	2.43	Bp	1.37
	Autozone	3.31	Acs Const.	1.48	Royal Dutch Shell	1.31
Downs	Ebay	-7.67	Publicise	-8.78	Anglo American	-4.08
	Freeport-mcmoran	-7.00	Wartsila	-5.78	Melrose Industries	-3.15
	Bank Of New York Mellon (the)	-5.72	Sap	-3.53	Ashtead	-2.99
	Bb&t	-4.96	Arcelormittal	-3.00	Wpp	-2.93
	Abbvie	-4.47	Ses	-2.55	Evraz	-2.82

Prices taken at 17:00 GMT. Based on the constituents of the FTSE Eurofirst 300 Eurozone. All data provided by Morningstar unless otherwise noted.

Wall Street

Investors pushed up shares in **Tilray**, the Canadian medical cannabis producer, as they began trading on Nasdaq in the latest effort by the marijuana industry to move into the financial mainstream.

Shares in the first cannabis producer and distributor to conduct an initial public offering on a US exchange opened at $23.05, up from a listing price of $17, that itself was higher than an indicated range of $14 to $16 a share. The IPO raised $153m.

By late morning, the stock was at $21.30, giving the company an opening market value of $2.1bn.

"It is a big deal for the cannabis industry's expansion plans," said Matthew Kennedy, an IPO market strategist at Renaissance Capital, which runs exchange traded funds that buy newly listed shares.

Shares in **Comcast** climbed 3 per cent to $35.07 in late-morning trading after the cable group said it would no longer pursue a takeover of the bulk of Rupert Murdoch's **21st Century Fox**.

Shares in Fox dropped 1.6 per cent to $45.95 as Comcast conceded defeat to media rival Walt Disney after a months-long bidding war.
Nicole Bullock

Eurozone

SAP led European markets lower even after the software maker nudged full-year guidance slightly higher to reflect demand for cloud services. Investors were more concerned that a deterioration in SAP's underlying margins for the second quarter meant a promised turnround in profitability would remain elusive.

ABB gained after the Zurich-based engineering group said base orders, or projects worth less than $15m, improved for a sixth consecutive quarter.

Roche retreated after interim data from a late-stage trial of the drugmaker's Tecentriq treatment for lung cancer proved inconclusive. Baader Helvea analysts said the setback "might have far-reaching consequences" for Roche as it allowed direct comparison with Merck's rival Keytruda drug. "We see Roche's highly profitable immuno-oncology franchise losing traction, translating in downwards revised group core operating margin," Baader said.

Iliad was the Stoxx 600's biggest gainer after saying that just 50 days after launching in Italy with a promotional tariff, it had hit a target of 1m subscribers. The mobile group said it was extending its offer to a further 200,0000 customers, which analysts read as a signal that pricing would normalise soon. *Bryce Elder*

London

Oil stocks kept the FTSE 100 in positive territory after Saudi Arabia dismissed fears that it would raise production, and as a weakening pound lifted dollar earners. **Royal Dutch Shell** was the main support for the index, with Raymond James analysts turning positive based on higher oil prices underpinning its 5.5 per cent dividend yield.

Unilever was in demand after a reassuring post-results conference call. Management said that emerging markets demand had picked up and that organic growth would accelerate in the second half. The comments, and the looming prospect of a share buyback, helped deflect from Unilever's weaker than expected first-half sales.

Moneysupermarket rallied after interim results from the price comparison site matched market expectations, in part thanks to a recovery for its core energy-switching business.

Disappointing quarterly results from **Publicis**, the French advertising agency, meant sector peer **WPP** hit a three-month low. Publicis said organic sales were down 2.1 per cent, against market expectations for 1.1 per cent growth.

Ashtead retreated in response to **United Rentals**, its main rival in the US, reporting margin pressure. *Bryce Elder*

Indifference to Japanese free-trade shares is part of a broader wobble of faith

Leo Lewis

Markets Insight

This week, Tokyo and Brussels signed a deal that creates a trade zone covering about 30 per cent of global gross domestic product. Next week, negotiators are primed to announce progress on the Asia-centric economic partnership involving countries that represent another 30 per cent of world GDP. Japan, straddling both mega-pacts as a new free-trade zealot, seems destined for a golden era.

The market isn't buying any of it.

Investor reticence over Japan's free trade bonanza story is clear at the individual stock level. A year ago, when Japan and the EU reached a broad agreement on the deal, the brokers began their usual rush to create thematic baskets around the free trade narrative. The ideas — though carefully billed as long-term plays rather than trades — made good sense.

Lifting the EU's 10 per cent tariff rate on cars exported from Japan would favour the likes of Mazda and Mitsubishi Motors that have high European sales and low local production. Japanese food processors such as NH Foods and Prima Meat Packers would benefit from the reduced tariffs on imported meat. Japanese restaurant chains specialising in French and Italian cuisine — Saizeriya and Hiramatsu foremost among them — would romp to higher margins as tariffs on imported pasta, chocolate and cheese evaporated.

By December 2017, when the negotiations formally concluded, some brokers had to admit that their scheme had not worked. Nomura's picks, for example, had underperformed the benchmark Topix by an average 7 per cent since the choices were made.

Since then, most of the Japan-EU stock ideas have fared even worse: in 2018, shares in the restaurant chains and meat processors that were favoured by the brokers are down between 12 and 40 per cent year to date. The biggest winners are Lacto Japan, which imports a lot of European cheese, and Ito En, a drinks maker that stands to benefit from the scrapping of EU tariffs on green tea.

But the investment shrug towards the majority of those free-trade stocks is part of a broader wobble of faith. The Topix is about 3.7 per cent under water for 2018 — a steady drip lower that has defied months of a relatively soft yen. When the market has threatened to rise for a sustained period, traders have reprised the time-honoured warning that the index (despite having done so in January and February) will not re-challenge the "iron coffin lid" of 1,800 points.

> The steady drip lower of the Topix benchmark has defied months of a relatively soft yen

Foreign investors were net sellers of almost ¥1.8tn of cash stocks and futures between the last week of June and the first two of July, and global funds' allocations towards Japan are their lowest for more than a year.

Shinzo Abe's push to strike the EU deal (and others like it) may put a number of theoretical "buy" signals across various stocks or even sectors, but it does not yet do enough to offset fears that Japan will be injured by Donald Trump's trade wars. The monthly QUICK investor survey for July found that more than half of Japanese institutions expected the trade war to stretch on until November. Around a quarter think it will last until 2020.

The most recent Bank of America Merrill Lynch fund manager survey found that trade war concerns were by far the most worrying tail risk for investors. The market's heightened concern has resulted in the lowest equity allocation since November 2016. In a report accompanying the survey, BofA Japan strategist Shusuke Yamada said that while Japanese equity was not seen by global fund managers as a specific instrument to short on trade-war risk, Japanese stocks were "unlikely to be relative winners".

There are different versions of this argument.

Even if investors concede that Japan's pain from a US-China trade war could be relatively slight, say analysts at Mizuho Securities, the rising drumbeat of trade war rhetoric has "focused investor attention on the new G2 [US and China] and reduced interest in Japan, which appears diminished next to the two combatants".

Even the Topix rally of the past few weeks, which appeared tied to the yen's sharper decline towards the ¥113/$ level, has been halfhearted because nobody is persuaded that it will last.

The BofA survey found that a net (percentage overweight minus percentage underweight) 18 per cent of investors now see the yen as undervalued — the highest ratio since 2008.

Japan is due to start a bilateral economic dialogue with the US this month and, say foreign exchange traders, there are any number of ill-tempered directions those talks could take that would translate into a yen spike.

leo.lewis@ft.com