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

Newspaper of the Year

FINANCIAL TIMES

FRIDAY 19 OCTOBER 2018 | WORLD BUSINESS NEWSPAPER | EUROPE

Into the void
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West Bank despair drives fears of a fresh Palestinian uprising — PAGE 7

Internal combustion
Tencent's self-defeating culture of in-house competition — PAGE 14

Putin rallies behind Saudis on Khashoggi

Vladimir Putin told an annual gathering of Russia experts yesterday that he saw no reason to downgrade relations with Saudi Arabia without clear evidence the kingdom was responsible for the death of dissident journalist Jamal Khashoggi. "We do not know what happened," he said. "So why should we undertake any steps to worsen our relations?"

After visiting Riyadh Mike Pompeo, US secretary of state, said the US should give the Saudis "a few more days" to investigate. Steven Mnuchin, Treasury secretary, announced he was withdrawing from next week's "Davos in the desert" Saudi investment conference.

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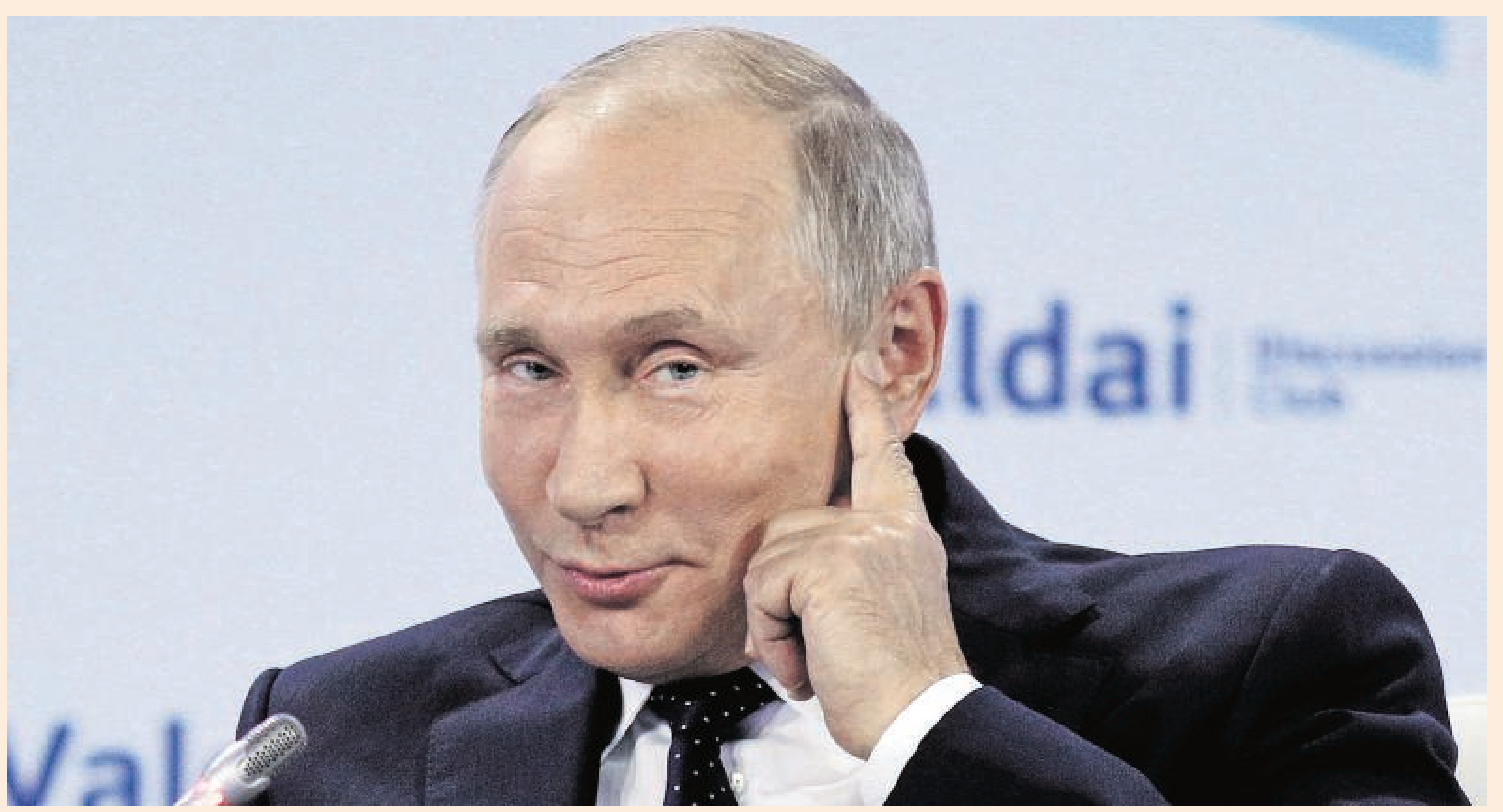

Vladimir Smirnov/TASS/Getty

Italy's populists come under fire from Brussels over maiden budget

- Plans break EU deficit rules
- Rebuke spooks investors
- Conte defiant on spending

MEHREEN KHAN AND JIM BRUNSDEN — BRUSSELS
MILES JOHNSON — ROME

Brussels has reprimanded Italy's populist government for breaking EU deficit rules in its first budget, putting the European Commission on course for an unprecedented rejection of a eurozone member's spending plan.

The EU rebuke helped spook investors already nervous about the new government's disregard for the rules adopted during the eurozone debt crisis, sending Italian borrowing costs to their highest levels in four years.

The formal notification to Rome came in a letter from the EU's top economic officials to Italy's finance minister, Giovanni Tria. Brussels has issued such rebukes before, but noted Italy's violation was far worse, calling its deviation from past promises "unprecedented in the history" of EU budget rules.

Giuseppe Conte, Italy's prime minister, remained defiant at a summit in Brussels. "All this cannot worry us," he said. "It would have worried us if we had presented a reckless budget. But our budget is well thought out."

If Mr Conte and the leaders of the two populist parties that make up the governing coalition — Luigi Di Maio of the anti-establishment Five Star party and Matteo Salvini of the far-right League — fail to change the budget by next week, Brussels is expected to demand a resubmitted plan by the end of the month.

Rome's draft budget for next year envisages a deficit three times higher than an EU-mandated target, which was agreed by the previous government in order to lower the government's growing debt pile, which is the second highest in the eurozone behind only Greece.

The European Commission has strong backing for the battle with Rome among other EU member states, particularly northern allies of Germany.

Mark Rutte, the Dutch prime minister who met Mr Conte on the sidelines of the summit, said he had clashed with his Italian counterpart over his plans to increase his deficit to 2.4 per cent of economic output. "I was very straight with him on the plans. It is not good for Italy or the eurozone," he added.

The sell-off in Italian debt forced yields on the benchmark 10-year bond as high as 3.70 per cent.

The spread between the Italian 10-year and Germany's equivalent Bund, a key gauge of investor nervousness, was the widest in more than five years yesterday, hitting 320 basis points, near the 400 basis point level which Mr Salvini warned would be a "limit" for Rome.

In a closed-door meeting with EU leaders over lunch in Brussels, Mr Rutte and Finland's premier Juha Sipila warned Mr Conte that Italy's public finances risked jeopardising broader talks reforming the EU's monetary union. Under eurozone rules, a failure by Rome to resubmit its budget after an EU demand would allow Brussels to launch an "excessive deficit" procedure that could result in a fine of up to 0.5 per cent of gross domestic product.

Giuseppe Conte: '[The EU reprimand] would have worried us if we had presented a reckless budget. But our budget is well thought out'

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Briefing

▸ Merkel warns against rigid Brexit stance
Angela Merkel has urged more flexibility to unblock Brexit talks, warning that a rigid approach could risk leaving a hard border Northern Ireland.— PAGE 2; EDITORIAL COMMENT, PAGE 8; PHILIP STEPHENS, PAGE 9

▸ Invesco adds scale via $6bn purchase
Invesco has agreed, via an all-stock $5.7bn deal, to buy rival asset manager OppenheimerFunds, accelerating sector consolidation and putting the group among the largest money managers.— PAGE 11

▸ Fine woes mar Ericsson return to black
The prospect of a US fine related to corruption overshadowed a strong quarter at Ericsson, as investment in 5G helped to return it to profit. Revenue rose 9 per cent.— PAGE 14; LEX PAGE 10

▸ EU urged to retain Myanmar trade deals
The EU is being urged not to suspend its trade preferences for Myanmar. Human rights groups say a suspension would imperil hundreds of thousands of jobs but leave military leaders unscathed.— PAGE 4

▸ Swedish heads face heat over Sudan war
The chief executive and chairman of Swedish oil group Lundin are to be charged with crimes against human rights over the company's alleged role in thousands of deaths in South Sudan.— PAGE 12

▸ HSBC on track to lead the way in China
HSBC is set to become the first foreign group to trade on a Chinese bourse, under a new London- Shanghai link and using a tradeable security that reflects shares listed elsewhere.— PAGE 12; LEX, PAGE 10

▸ Santander embroiled in German probe
Santander is the latest lender to become ensnared in a German fraud probe into a share-swapping scheme that allegedly allowed investors to reclaim billions of euros of tax they never paid.— PAGE 11

Datawatch

Positive view of EU
Population who think their country's EU membership is a good thing (%)

65 60 55 50 45
2007 10 15 18

Six out of 10 people in the EU think membership is a good thing, the highest figure since 1992 and a 15 percentage point rise on 2011. The majority of people in 21 of the EU28 possess a positive view of the bloc

Trump pledges to close gates on 'human caravan'
Report ▸ PAGE 4

Uber takes a wide detour with plan to launch an army of temporary staff

TIM BRADSHAW — LONDON
SHANNON BOND — SAN FRANCISCO

Uber is moving into the world of work with a new venture offering armies of staff rather than fleets of cars.

Uber Works is the latest attempt by the car-hailing company to diversify its business ahead of next year's potential $100bn initial public offering.

The company hopes to apply its "on-demand" model and large database of contractors to provide temporary staff, such as waiters and security guards, for events and corporate functions.

It is thought the venture will help persuade potential investors that Uber is more than a transportation provider, pitching it as a broader platform for flexible work and on-demand services.

The project has been in development in Chicago for several months after an initial trial in Los Angeles, according to people familiar with the matter.

While it is unclear how soon Uber Works could launch, the company has stepped up recruitment with job ads describing a "special projects" team with "ambitious goals and objectives".

Developing the idea away from Uber's San Francisco headquarters and the Silicon Valley spotlight will help it maintain a low profile while Uber irons out any kinks. The company has a large pool of drivers in Chicago who could potentially become Works contractors.

The new venture is operated as an "internal start-up" akin to its successful Uber Eats delivery business and Freight, which connects shippers with truckers.

Uber Works falls under the remit of Rachel Holt, head of the group's "new modalities" division, which includes bike and scooter sharing. The initiative is one of several the unit is exploring and might not become a full-scale business.

While on-demand workforce companies, such as TaskRabbit, offer an extra pair of hands to consumers to help with house cleaning or assembling flat-packed furniture, Uber Works is intended as a business-to-business service, like Uber Freight.

The unit could also help retain Uber's drivers by offering them alternative sources of income. Drivers on the Uber car-hailing network can already opt to deliver food for Eats customers.

On Wednesday, Uber announced another effort that is one step removed from transporting people and goods. Its Powerloop division will rent tractor-trailers to small- and medium-sized carriers that use Uber Freight.

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Bond foray secures $2bn page 14

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	Rupee350
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	TL19
Luxembourg	€3.70	UAE	Dh17.00

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World Markets

STOCK MARKETS

	Oct 18	prev	%chg
S&P 500	2771.25	2809.21	-1.35
Nasdaq Composite	7499.97	7642.70	-1.87
Dow Jones Ind	25370.90	25706.68	-1.31
FTSEurofirst 300	1419.67	1427.38	-0.54
Euro Stoxx 50	3211.81	3243.08	-0.96
FTSE 100	7026.99	7054.60	-0.39
FTSE All-Share	3864.62	3878.21	-0.35
CAC 40	5116.79	5144.94	-0.55
Xetra Dax	11589.21	11715.03	-1.07
Nikkei	22658.16	22841.12	-0.80
Hang Seng	25454.55	25462.26	-0.03
MSCI World $	2089.50	2091.21	-0.08
MSCI EM $	983.71	984.66	-0.10
MSCI ACWI $	500.52	500.94	-0.08

CURRENCIES

	Oct 18	prev		Oct 18	prev
$ per €	1.149	1.153	€ per $	0.870	0.867
$ per £	1.307	1.313	£ per $	0.765	0.761
£ per €	0.879	0.878	€ per £	1.138	1.139
¥ per $	112.500	112.085	¥ per €	129.263	129.228
¥ per £	147.082	147.213	£ index	79.125	79.377
€ index			$ index		
SFr per €	1.144	1.144	SFr per £	1.301	1.304

COMMODITIES

	Oct 18	prev	%chg
Oil WTI $	69.23	69.70	-0.67
Oil Brent $	79.62	80.05	-0.54
Gold $	1229.05	1230.70	-0.13

INTEREST RATES

	price	yield	chg
US Gov 10 yr	92.88	3.17	0.02
UK Gov 10 yr	124.01	1.40	-0.04
Ger Gov 10 yr	141.40	0.42	-0.05
Jpn Gov 10 yr	117.49	0.15	0.01
US Gov 30 yr	89.18	3.36	0.03
Ger Gov 2 yr	101.66	-0.63	-0.04

	price	prev	chg
Fed Funds Eff	2.18	1.93	0.25
US 3m Bills	2.31	2.30	0.01
Euro Libor 3m	-0.35	-0.35	0.00
UK 3m	0.80	0.81	-0.01

Prices are latest for edition — Data provided by Morningstar

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Deadlock

Merkel urges more flexibility on Brexit

German chancellor voices concern about stand-off with UK over Irish border

ALEX BARKER, GEORGE PARKER AND ROCHELLE TOPLENSKY — BRUSSELS

Angela Merkel has called for more flexibility from the EU and UK to unblock Brexit talks, warning that too rigid an approach over the biggest outstanding issue could risk leaving Northern Ireland without any safety net to prevent a hard border.

At an EU summit dinner and in later remarks the German chancellor expressed concerns about the bloc's stand-off with the UK over the Irish "backstop", a fallback measure intended to ensure no hard border divides the island of Ireland if other solutions fail. Three diplomats said that at the Wednesday dinner Ms Merkel indicated the EU and Republic of Ireland should rethink their approach on Northern Ireland to avoid a fundamental clash with London.

Ms Merkel also signalled her concerns, highlighting that if the UK crashes out of the EU without a deal a hard border for Northern Ireland could be inevitable. "If you don't have an agreement, you don't have a satisfactory answer [to the border issue] either," she said, noting that on Northern Ireland "we all need an answer".

Ms Merkel described the Brexit negotiations as deadlocked, with "all the different avenues to a deal sounded out quite thoroughly". She added it was "intellectually demanding" to reconcile the EU's legal order with the requirements of the Good Friday Agreement that ended decades of violence in Northern Ireland. She also suggested that any solution would have a bearing on future EU relations with the UK.

Diplomats said the chancellor was more forceful about the issue at the dinner, although some other leaders remained puzzled as to her intentions.

Emmanuel Macron, French president, was more uncompromising. "It's not for the EU to make some concessions to deal with a British political issue. I can't be more clear on this," he said. "Now the key element for a final deal is on the British side, because the key element is a British political compromise."

> 'If you don't have an agreement, you don't have a satisfactory answer [to the border issue] either'

To date, Berlin has backed Brussels' approach on the backstop, which says that, if other solutions fail, Northern Ireland should remain within the EU's customs union and single market for goods to prevent a hard border. It insists that any UK-wide customs union with the bloc — Britain's counter-proposal for the backstop — should be negotiated and agreed in a treaty after Brexit.

One EU official speculated Ms Merkel could be more willing to accept a flexible approach to the backstop than Brussels has set out. Theresa May, British premier, noted Ms Merkel had said "where there is a will there is normally a way".

After the summit, Mrs May insisted that Britain could secure a "good deal" on Brexit, but admitted there were "considerable outstanding issues", with the prospect of "difficult moments" ahead.

The UK leader confirmed that Britain was considering a longer transition deal, beyond December 2020, to give both sides more time to strike a deal to obviate the need for a hard border in Ireland.

"What has now emerged is an option to extend the implementation period," she said. "It could be a further solution to this question of the backstop in Northern Ireland."

British officials claimed that talks were "in a better place" than after the fractious Salzburg summit last month. The UK and German leaders were due to meet yesterday over the Brexit impasse.

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Russia

Putin hails the end of global domination by US 'empire'

HENRY FOY — KRASNAYA POLYANA

Russian president Vladimir Putin shrugged off worsening relations with the west and talked up Moscow's burgeoning diplomatic friendships in Asia and the Middle East, hailing the end of a US-dominated unipolar world.

Giving his annual foreign policy address yesterday, Mr Putin stressed Russia's military clout and offered handouts to allies. He said his country was always ready to talk despite a mounting list of accusations of impropriety against his regime from western countries.

"Building up tension and hysteria is not our way . . . We are not creating problems for anyone," Mr Putin said. "I hope we can build dialogue."

Russia's annexation of Crimea in 2014 was the start of western sanctions against Moscow that have been broadened since in response to its military actions in Syria, its alleged meddling in the US presidential election and its alleged use of a chemical weapon to attack a former spy in the UK.

In a wide-ranging exposition at the annual Valdai forum, Mr Putin continually returned to the idea that US hegemony was the cause of many global ills — but that its twilight offered opportunities for Russia and its friends.

> 'Building up tension and hysteria is not our way. We are not creating problems for anyone'

"Empires often think they can make some little mistakes . . . because they're so powerful," he said. "But when the number of these mistakes keeps growing, it reaches a level they cannot sustain. A country can get the sense from impunity that you can do anything," he told an audience at a ski resort close to the southern city of Sochi. "This is the result of the monopoly from a unipolar world . . . Luckily this monopoly is disappearing. It's almost done."

He said President Donald Trump had listened to his arguments and was not impervious to advice as suggested by some US media, adding that he still thought the US leader was working to restore a good US-Russian relationship.

"It's better to talk, to have a conversation, than to be like cats and dogs that keep fighting each other," he said.

More than four years of souring relations with the west has seen Moscow pivot east, strengthening diplomatic and trade ties with China and building influence with Middle Eastern countries such as Turkey and Saudi Arabia.

In his first comments on the disappearance and suspected murder of Saudi dissident Jamal Khashoggi in the country's Istanbul consulate this month, Mr Putin gave a show of support to the kingdom, saying he currently saw no reason to worsen his warm relations with Riyadh, and suggesting that the US bore some responsibility for its fate.

He said: "In truth, we do not know what happened. So why should we take any steps that could harm our relations with Saudi Arabia?"

He also announced Moscow would provide Egypt with a $45bn loan to pay for a Russian-built nuclear power project, and outlined plans to supply military technology to Beijing.

Middle East. Journalist mystery

Saudi media push alternative Khashoggi narrative

Kingdom clampdown on free speech on full view as all platforms defend regime

SIMEON KERR — DUBAI
ANDREW ENGLAND — LONDON

In Jamal Khashoggi's last column for the Washington Post, published this week, he recalled the hopes of liberty stirred during the Arab uprising of 2011. "These expectations were quickly shattered; these societies either fell back to the old status quo or faced even harsher conditions than before," he wrote.

It was repression in Saudi Arabia that persuaded Mr Khashoggi to flee into self-imposed exile and the kingdom's intolerance of dissent is on full display as its tightly-controlled media defends the regime against international condemnation.

In the early days after Mr Khashoggi's disappearance, Saudi media stuck to the official explanation provided by the government that he left the consulate shortly after entering.

But as Turkish officials started leaking details of the investigation, including their claim that he was killed inside the consulate, the coverage in the kingdom has become increasingly defensive and hostile. The government this week reminded Saudis that spreading fake news carries a five-year jail sentence.

One tactic used by Saudi media was to raise questions about the identity of Hatice Cengiz, the writer's fiancée, who was waiting for him outside the consulate.

Local newspapers quoted family members of Mr Khashoggi saying they had not heard of Ms Cengiz before. Pro-government Twitter accounts circulated a theory that a selfie she posted of the couple together was Photoshopped. They also said the 15 suspected hitmen whose names were leaked to Turkish media were Saudi tourists who were being wrongly accused.

Saudi pundits and local media influencers said there was a vicious campaign under way to use Mr Khashoggi's case to harm Saudi Arabia.

Faisal Abdulkarim, a pro-government social media personality who has more than 284,000 followers on Twitter, said on television last week: "There are people around the world, states or political gangs, who don't want the kingdom to assume a leading position."

A Turkish forensics officer works on the investigation at the Saudi consulate in Istanbul Ozan Kose/AFP/Getty

Turkey and Qatar are most frequently accused of orchestrating the anti-Saudi effort. Commentators directed particular scorn at the Doha-based Al Jazeera news channel, which has provided wall-to-wall coverage of the events.

In his Washington Post op-ed, Mr Khashoggi singled out Qatar as one of the few regional states to encourage international news coverage in contrast with its neighbours' defence of "the old Arab order". Saudi Arabia last year led an embargo against Qatar over its support for political Islam in the region.

Hani Aldahri, in a column in the Saudi Gazette yesterday, called the Khashoggi incident a "comedy act . . . orchestrated by haters and ill-wishers in Qatar who were working day and night to come up with this skit".

Mr Aldahri blamed western "leftists" trying to punish Saudi Arabia for ending the "Arab spring project" and Qatar for seeking to destroy the kingdom's image.

The columnist wrote that "we need to crush" unnamed Qatar backers who he said spread rumours and circulate fake news among Saudis to foster doubt about their government. His threat comes as freedom of expression is constricted in a country that was already one of the world's most censored. Journalists and activists have been thrown in jail under the increasingly authoritarian regime of King Salman and his son, Crown Prince Mohammed bin Salman.

> 'In the past there could be some criticism but now there's just one line, one voice, repeating MBS'

Journalist Saleh al-Shehi, a friend of Mr Khashoggi, was in February sentenced to five years in prison for "insulting the royal court" after he commented on allegations of corruption.

The Committee to Protect Journalists is investigating 10 other possible jailings of journalists since King Salman took power. Bloggers who wrote about sensitive issues not covered by the local press have also been arrested, such as Eman al-Nafjan and Nouf Abdulaziz.

Twitter, once lauded as Saudi Arabia's forum for public debate, contains fewer critical Saudi voices as fear of arrest has spread to even those who used to criticise the government anonymously online. Activists claim the royal court uses social media to threaten activists directly, as well as unleashing swarms of attacks via online "flies".

Prince Mohammed wants just "one voice", said Yahya Assiri, a UK-based activist. "In the past there could be some criticism with red lines for the media, but now there's just one line, one voice, repeating MBS and that's it," he said.

Saudi social media streams are now flooded with jingoistic messages and videos under a trending hashtag "God, then the king, then the nation".

The sense of a nation under attack has been underlined by a much-shared drawing of hands clasped in a circle around the kingdom and its green flag. In one school in the south-western city of Abha, students lined up on a football pitch to write the words "We Are All Saudi Arabia", according to a photo published by the al-Yaum newspaper.

Mr Khashoggi in his column noted that "uninformed or misinformed" populations were the result of the lack of freedom across most of the region. "A state-run narrative dominates the public psyche", with most of the Arab world falling victim to false narratives. "Sadly, this situation is unlikely to change."

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Transatlantic spat

EU fires back at US threats over proposed trading regulations

JIM BRUNSDEN — BRUSSELS
PHILIP STAFFORD — LONDON

Brussels has hit back at US threats to shut off European banks from parts of the financial system, asserting the EU's right to press ahead with regulatory plans fiercely opposed by Washington.

The European Commission yesterday said proposed powers for EU financial supervisors to oversee derivatives trading were aimed at maintaining open markets and were modelled on the US's own rules.

Brussels also insisted on its right to regulate, saying it was "the prerogative of the EU legislator to set the general supervisory framework" for clearing houses in the bloc. Clearing houses are important backstops in financial markets, managing risk if a party to a derivative transaction defaults. "We would expect third-country authorities to respect that, just as we respect the rules and legislative procedures in other countries," the commission said.

The remarks counter claims by Christopher Giancarlo, head of the US Commodity Futures Trading Commission, that the EU's proposals were an attempt by Europe to break international norms by dictating rules to US clearing firms.

In a speech on Wednesday, Mr Giancarlo said the plans were "wholly unacceptable" and threatened retaliation, including barring EU banks from using important US clearing infrastructure such as the Chicago Mercantile Exchange. Brussels said yesterday it had shown its willingness to trust the CFTC's standards of regulation and supervision. It said this was shown by existing market access arrangements — equivalence rights — that allow US clearing houses to market services to European clients without explicitly having to comply with all EU rules. Such assurances have so far failed to ease US concerns.

CFTC chief Christopher Giancarlo has sought to assert US primacy

Brussels also insisted that the EU was "the most open system in the world" when it comes to trusting the rigour of other countries' rules and supervision, and that it "offers greater deference to the CFTC than vice versa". The commission hinted that any attempt by the US to crack down on EU market access would not go unanswered.

"There is a clear link of reciprocity between the deference granted by the EU and the US to each other," the spokesman said. "We look forward to continuing the dialogue on this matter."

EU officials have insisted their planned regulatory overhaul was not targeted at the US but was about preparing for Brexit, which will leave London, a leading global clearing hub, outside the EU. The notional size of the EU derivatives market is €660tn, with the vast majority of its interest rates, commodities and credit contracts traded in the UK.

The dispute between the US and EU centres on proposals made last year by Brussels to hand new powers to the European Securities and Markets Authority, a Paris-based agency, to monitor financial stability risks from non-EU clearing houses that handle large volumes of euro-denominated business. Under the plans, clearing houses could have to apply European regulations or risk not getting approvals for doing business with EU banks. The proposals are still some way off becoming law, with national governments yet to agree a joint position that would be taken into negotiations with the European Parliament.

During his time at the CFTC Mr Giancarlo, a Republican lawyer, has sought to assert America's primacy in global derivatives markets. His policies have chimed with a growing desire in Washington under President Donald Trump to make the US more competitive by adjusting some of the legislation put in place after the financial crisis.

Some market participants argue that Mr Giancarlo is using the Brexit issue as a lever for a more aggressive US trade policy. "It's a trade war by other means. 'Fortress America' is going to dominate policy-setting," said an executive at an EU clearing house.

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

Quarterly forecast

Beijing unveils first growth data since US tariffs

Economic surveys signal lowest expansion since depths of financial crisis

TOM MITCHELL — BEIJING

China's National Bureau of Statistics will today announce its most awaited estimate for quarterly economic growth in more than three years.

According to economist polls by Reuters and Bloomberg, the world's second-largest economy is expected to have grown by an annualised rate of 6.6 per cent in the third quarter, which would mark China's slowest expansion since the depths of the financial crisis in 2009. It will also be the first quarterly gross domestic product estimate since Donald Trump, US president, began to impose tariffs on Chinese exports in July.

Why is Beijing not panicking?

Slower growth is not necessarily a problem for President Xi Jinping and his economic tsar and vice-premier, Liu He. They remain committed to a crackdown on financial risk, which has been the main reason for slowing investment and economic growth this year. China's economy has also doubled since 2009 (from $5.1tn to $12.2tn last year), so slower growth is to be expected. And even if China does report 6.6 per cent growth in the period today, it will remain on course to hit the government's full-year target of 6.5 per cent.

What about the Trump tariffs?

The US imposed tariffs on Chinese exports worth $34bn in July, $16bn in August and $200bn in September. The products targeted in the latest and largest tranche were also being taxed at a relatively low rate of 10 per cent.

Most of the tariffs' impact will be felt in the fourth quarter. Third-quarter economic growth may even have benefited from a surge in trading as companies rushed deliveries and orders ahead of the tariffs and Chinese counter-tariffs. Last month, China's exports rose a stronger than expected 14.5 per cent year on year, as the monthly surplus with the US reached a record $34.1bn.

If China is not panicking yet, should it be worried in the next quarter?

In recent meetings with US corporate executives, Wang Qishan, China's vice-president, and other top leaders have exuded confidence about their ability to weather a trade war with their largest trading partner. Last month, Fang Xinghai, a senior securities regulator and former aide to Mr Liu, predicted that "the economy would be fine" even if Mr Trump imposed, as threatened, tariffs on all Chinese exports to the US. In 2017, China's exports to the US were equivalent to only 4 per cent of GDP.

Hong Kong shoppers: China's leaders have exuded optimism about weathering a trade war with the US — Xaume Olleros/Bloomberg

What does worry Chinese officials?

Mr Liu did not expect to have to fight domestic financial risks and a US trade war simultaneously. The latter is clearly not welcomed in Beijing, where officials hope Mr Xi and Mr Trump can at least agree to a truce on the sidelines of next month's G20 meeting in Buenos Aires.

Chinese officials are thus moderating domestic economic policies, applying a little less brake and a little more gas to boost flagging levels of local government and private sector investment.

Fixed-asset investment rose only 5.3 per cent over the first eight months of this year, the lowest figure on record.

The cut earlier this month in the level of reserves that banks are required to keep with the central bank was one example of government caution in the face of Mr Trump's escalation. But rising US interest rates make it unlikely that the People's Bank of China will cut its benchmark lending rate, for fear of exacerbating depreciation pressure on the renminbi.

So will Beijing resort to a big stimulus, as it did in 2009?

No. Mr Xi and Mr Liu recognise that a large stimulus programme, especially one on a scale of that unleashed by Beijing in 2008-09, would be interpreted as a sign of panic and only embolden the Trump administration in its trade war.

The debt hangover from that splurge has also triggered Mr Liu's campaign against financial risk, which he believes remains a greater threat to economic and political stability than moderately slower growth.

Falling confidence

Wary Chinese business cuts investment as trade fears grow

LUCY HORNBY — BEIJING

China's private entrepreneurs are shifting away from investments in favour of paying down dollar debt and keeping cash at hand to prepare for an economic downturn exacerbated by the Trump administration's trade tariffs.

Official third-quarter gross domestic product data, due today, are expected to show economic growth holding close to the government's target. But other data — such as a slide in the Caixin China manufacturing purchasing managers' index, and in dollar bond issuance from non-state-owned groups — suggest the private sector is nervous.

Clients in China "are concerned about the ongoing slowdown in the economy", "pessimistic about the outlook for the yuan" and "pessimistic that an increase in US tariffs from 10 per cent to 25 per cent in January can be averted", Mansoor Mohi-uddin, NatWest Markets' head of forex strategy, wrote after a visit to Beijing last week.

Mr Mohi-uddin added that private exporters would focus their cash on repaying dollar debt, as China's loosening policy and the US Federal Reserve's tightening contributed to a weaker renminbi. Data from Refinitiv show that China's private groups are pulling back from issuing fresh dollar debt, with new issues trending lower despite a seasonal spike due to refinancing in September.

China's top private companies, including Alibaba and Tencent, have seen stock prices slide sharply this year. Smaller groups have been forced to sell out to state-owned rivals as their stock prices sink below the value of pledged shares, triggering margin calls and forced share disposals.

Private businesses have borne the brunt of a slowdown in real economic growth in China over the past few years, which has been accompanied by a tightening of state lending and the collapse of shadow financing. Private companies tend to be far more exposed to shadow finance, as both borrowers and lenders.

"This year, against the backdrop of the intensification of the US-China trade war, domestic macroeconomic policy is unclear and market participants' risk appetite has contracted sharply," said a China Merchants Bank report.

According to Bloomberg, Yi Gang, governor of the central bank, said last weekend: "I think the downside risks from trade tensions are significant."

After decades in which property investment drove the boom, real estate entrepreneurs are turning to asset management rather than placing big bets on land or buildings, said developer Feng Lun, founder of property group Vantone. Together with Russian partners, he is promoting a platform for retail investors similar to an overseas real estate investment trust (Reit).

An executive at one of China's largest private conglomerates said it was battening down the hatches in expectation that the full impact of tariffs would be felt in six to 12 months. "China's biggest problem is confidence. Everyone is pessimistic and that will make it worse and worse," he said.

Sustainability

China timber demand poses threat to Solomons rainforest

JAMIE SMYTH — SYDNEY

China's huge demand for timber is stripping one of the world's largest remaining areas of pristine tropical forests, an environmental group has warned.

Trees are being felled at 20 times the sustainable rate in the Solomon Islands, a South Pacific archipelago covering an area roughly the size of Belgium, according to a report by the US group Global Witness.

More than 3m cubic metres of logs were exported last year from the Solomons which, together with neighbouring Papua New Guinea, supplies about half of China's tropical log imports.

China requires no checks to ensure imported timber is legally and sustainably logged, the group said.

However, western countries, which source some wood from China, are at risk of being prosecuted under their own laws that require companies to ensure product in their supply chain is legally harvested.

For example, US authorities have stepped up investigations into alleged breaches of timber export controls.

In 2016, Lumber Liquidators, a US company, agreed to pay $13m in penalties for importing Chinese-made flooring linked to illegal logging in Russia.

Using satellite imagery and drone photography, Global Witness highlighted the huge scale of logging operations on the Solomon Islands and the rapid pace of development over the past two years.

The islands now have 12,613km of logging roads, the report said.

Beibei Yin, Global Witness campaign leader, said the Solomon Islands were marketed as a pristine tropic idyll but the reality was very different due to the unsustainable rate of logging. The timber industry does little to benefit local people, she added.

Ms Yin said China was jeopardising its own business interests, as well as efforts by trading partners to improve governance, prevent environmental degradation and tackle climate change, if it continued to buy wood without proper checks.

"While China is taking serious and positive steps to address environmental degradation and to reduce pollution and carbon emissions at home, it is overlooking an important aspect of its ecological footprint: the raw materials it sources abroad," she said.

The report called on China to put in place mandatory measures requiring all timber importers to carry out due diligence to ensure they do not import illegal timber, and to expand sustainable supply chain policies to include timber and other raw materials bought overseas. It recommends the Solomons place a moratorium on all logging operations.

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'Human caravan'

Trump hits out over Honduran exodus

US president poised to shut Mexico border to migrants and halt regional aid

JUDE WEBBER — MEXICO CITY
PAN KWAN YUK — NEW YORK

Donald Trump has threatened to close America's southern border if Mexico fails to halt a "human caravan" of migrants from Central America bound for the US.

Up to 2,000 people have been marching across Central America from Honduras, seeking refuge from the violence and poverty in their home country.

Mexico has sent police reinforcements with riot gear to its border with Guatemala. The migrants had advanced to Guatemala City on Wednesday.

Starting with 160 when the march set off five days ago, the Hondurans have swollen in number to include babies, children and parents, despite the threat of family separation and warnings from the US president to cut off all US aid unless they went home.

Mr Trump went further yesterday, tweeting: "In addition to stopping all payments to these countries, which seem to have almost no control over their population, I must, in the strongest of terms, ask Mexico to stop this onslaught — and if unable to do so I will call up the US Military and CLOSE OUR SOUTHERN BORDER!"

Honduran media reported on Wednesday that a second caravan had set off but that police were blocking their way.

The migrant flood is advancing as Mr Trump struggles to clamp down on illegal immigration ahead of crucial midterm elections next month. The number of Guatemalan and Honduran families apprehended on the US border rose 61 per cent during the 2018 fiscal year compared with a year earlier, US data showed.

The caravan has also become a political problem for Mexico, where president-elect Andrés Manuel López Obrador, who takes office on December 1, has promised jobs and work visas for Central American migrants.

As the migrants headed across Guatemala to the border, where they are expected to arrive in coming days, the US state department announced that Mike Pompeo, US secretary of state, would travel to Mexico yesterday and today for meetings with outgoing president Enrique Peña Nieto, as well as incoming foreign minister Marcelo Ebrard.

Seen as the first line in the US border defence, Mexico has signalled a tough stance, saying it would deny entry to migrants without travel documents and visas. Asylum seekers would be held in migrant stations pending a decision, which could take 90 days. Illegal entrants would be returned home.

> 'I must, in the strongest of terms, ask Mexico to stop this onslaught'
> Donald Trump

Two planeloads of federal police with riot gear arrived in Tapachula, near Mexico's border with Guatemala, on Wednesday to await the caravan.

Juan Orlando Hernández, Honduran president, appealed to the "irregular mobilisation" of migrants, saying they risked "pain and death" on the trek.

Mr Trump has threatened that "no more money or aid will be given to Honduras, effective immediately," if the caravan is not stopped. The US said it had provided $2.6bn in aid since late 2015 to the Northern Triangle countries — Guatemala, Honduras and El Salvador. Even so, the caravan has continued.

Australia. Parliament majority

Sydney by-election endangers prime minister

Morrison's policy U-turns are aimed at Liberal voters in rich seat the premier must hold

JAMIE SMYTH — SYDNEY

Scott Morrison has been Australian prime minister for barely two months, but if the Liberal party fails to win a by-election in Sydney tomorrow it could be the seventh time that the nation's leader has been bundled out of office in just over a decade.

The vote in Wentworth, the Sydney constituency previously held by former prime minister Malcolm Turnbull, is one of the wealthiest in Australia and has never been held by the opposition Labor party.

But the dumping of Mr Turnbull as Liberal leader and prime minister in August has angered many supporters of the government, which retains a one-seat majority in parliament.

"We are sick of changing prime minister every few months. It is making our politics the joke of the world," said voter Sami Badaoui, as he emerged from a pre-poll centre where constituents can cast ballots before polling day.

"The government needs to be punished because they are looking after themselves, not the people."

Mr Morrison has not been helped by Mr Turnbull's son Alex, who recorded a message to Wentworth voters urging them not to vote Liberal as his party had been taken over by the "hard right".

The anger towards the Liberal-National coalition, which has held power since 2013, has alarmed the campaign of Dave Sharma, a former Australian ambassador to Israel who is standing as the Liberal candidate. Leaked internal Liberal polling published by The Australian newspaper suggests independent candidate Kerryn Phelps leads Mr Sharma by 55 to 45 per cent.

"It's not a normal by-election," said Mr Sharma, on the fringes of a candidates debate at the Bondi Surf Bathers' Life Saving Club in Sydney.

"It will have big consequences nationally, whether we have continued Liberal-National government in Canberra or whether we have a hung parliament with the balance of power controlled by half a dozen independents and all the uncertainty that brings."

Ahead: independent Kerryn Phelps leads in the polls before this weekend's Sydney by-election, which could see Scott Morrison's Liberal party lose its one-seat majority
Peter Parks/AFP/Getty

The huge stakes at play have contributed to a frenetic campaign in Wentworth, where the Liberals are expected to spend A$1m ($715,000) — a huge amount in Australia for a by-election. It has prompted Mr Morrison to announce a series of policy U-turns designed to resonate with Liberal voters in Wentworth — a rich and socially progressive constituency where 13 per cent of the population is Jewish.

On Tuesday Mr Morrison announced he was considering moving Australia's embassy in Israel from Tel Aviv to Jerusalem and withdraw Canberra's support for the Iran nuclear deal.

He told reporters his position on the Israeli embassy was guided by a discussion with Mr Sharma but denied he was preparing to abandon Australia's long-standing bipartisan Middle East policy in pursuit of electoral gains. Labor has accused the government of panicking and threatening Australia's long-term interests in the Middle East in a desperate bid to win votes.

"I think the voters of Wentworth are too smart to support a government that thinks Donald Trump's foreign policy is a model," said Tanya Plibersek, deputy Labor leader.

Mr Morrison has signalled that the coalition may be willing to relocate to New Zealand hundreds of refugee families that it has detained in terrible conditions on the tiny South Pacific island of Nauru. It follows years of resistance to such a move over fears the refugees could in the future move to Australia when they eventually secure New Zealand citizenship.

But its failure to find countries in which to resettle the refugees has created a mental health emergency on Nauru, according to doctors, who warned this week that some severely traumatised children were at risk of death unless relocated.

Mr Morrison is also planning to legislate to remove religious schools' ability to expel gay pupils.

The danger for Mr Morrison is that disenchanted voters in Wentworth will view the coalition's erratic policy shifts as a bid to retain power. He also has no credible climate or energy policy in a constituency where environmental issues rate highly.

As the public filed out of the candidates debate at the Bondi surf club this week, one voter, Tracey Hamilton, said she would vote Labor to unseat the government. "For me climate change is the number one issue," she said. "It was disgusting what they [sic] did to Malcolm Turnbull. He was a good person. The Liberal party has been driven too far right."

Game of thrones
Ins and outs of turbulent political climate

2013 Tony Abbott leads the Liberal-National coalition to a landslide electoral victory over Kevin Rudd, who had taken office only a few months earlier that year.
2015 Malcolm Turnbull ousts Abbott in a party room ballot by 54 to 44 votes, accusing him of poor economic management and failing to connect with voters.
2016 The Liberal-National coalition achieves only a one-seat majority in parliament in an election they were expected to win easily, denting Mr Turnbull's authority.
2018 He narrowly defeats Peter Dutton by 48 votes to 35 in a snap leadership contest that had been sparked by political wrangling over energy policy and poor results from opinion polls.
2018 Scott Morrison takes over as prime minister in August after Mr Turnbull is dumped as Liberal party leader. Mr Morrison defeats Mr Dutton by 45 votes to 40 in a party room ballot.

GLOBAL INSIGHT
WASHINGTON
Edward Luce

US is sleepwalking into a world of radical geopolitical confusion

In the early 1950s US politics was convulsed by the question, "who lost China?" Today the question is who lost America? The days when US politics stopped at the water's edge have gone into reverse. America's two chief rivals, Russia and China, are gnawing at the soul of American politics.

Each country is reviled by one party — China by Donald Trump's Republicans; Russia by the Democrats. Both parties are driven by domestic one-upmanship. The Democrats believe Mr Trump colluded with Russia to win the presidency. Mr Trump claims China tried to hack the 2016 election in Hillary Clinton's favour. Washington is consumed by a zero sum blame game. The upshot is that the US is losing its grip on the national interest.

This poses a deep problem for America's allies — and a windfall for its rivals. For most of the cold war, the two parties stuck to a broad consensus on Soviet containment. Their differences were mostly confined to tactics.

This month, Mike Pence, the vice-president, proclaimed a new cold war with China. The speech was doubly shocking: it was meant to signal a big foreign policy shift yet was an instant domestic flop. Democrats paid it no attention.

With scant evidence, Mr Pence claimed that Russia's alleged US election interference "pales in comparison" to China's. Moreover China wanted to eject Mr Trump from the presidency. In contrast to the original cold war, Mr Pence offered no China containment strategy. His subtext was to distract from Democratic allegations about Russia.

Democrats suffer from an opposite myopia. Last week, Bernie Sanders, the 2016 candidate who is considering a 2020 run, gave a big foreign policy speech in which he mentioned China only once and even then in a favourable light. The US and China should work together to tackle global warming, he said. Russia, on the other hand, was the chief authoritarian threat to global progressive values. The Democratic party's silence on China is strikingly at odds with the country's history on human rights. The two senators leading the charge on China's alleged internment of up to 1m Uighur Muslims are Marco Rubio and Ted Cruz, both Republicans.

> The culture of Sinophobia and Russophobia now stretches deep into each party's base

Some of the left's blindness stems from habit. Bill Clinton and Barack Obama placed large bets on China gradually becoming more liberal. As its economy globally integrated, the pressure on China to democratise would grow. That was a historic miscalculation. The higher China climbs the value-added ladder, the stricter its political grip. Xi Jinping leads a country more tightly controlled, yet considerably richer, than when Hu Jintao was president before him. Indeed, China is less free than in the late 1990s when its economy was one-third the size it is today.

Yet Democrats have barely updated their discredited worldview. In spite of Russia's economy being a fraction of China's, and a technological minnow, Moscow is seen as America's chief menace. They flatter Vladimir Putin by imagining that US politics is putty in his hands.

The culture of Sinophobia and Russophobia now stretches deep into each party's base. Conservative media outlets, such as Fox News, run regular scare stories on China's surveillance techniques and social credit scores. The left, meanwhile, is obsessed with the Kremlin's hacking factories and its armies of bots.

Can a coherent US foreign policy emerge from this mess? Any measure of America's national interest would treat China and Russia as great power threats.

America is sleepwalking into a world of radical geopolitical uncertainty. It urgently needs a doctrine. Mr Trump has one thing right. China, more than Russia, poses a bigger strategic threat. But he is clueless about how to deal with it. By picking fights with allies, such as Canada and Japan, and withdrawing from the Trans-Pacific Partnership, he has spurned the one approach that could work — multilateral pressure on China to follow global rules.

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Rohingya rights

EU urged to keep Myanmar trade preferences

JOHN REED — BANGKOK

International companies and human rights groups are warning the EU not to suspend the bloc's trade preferences for Myanmar.

They say such a move would endanger hundreds of thousands of jobs, mostly held by young women, in one of Asia's poorest economies while leaving the military leaders unscathed.

The bloc has already begun a review of Cambodia's access to the EU's Everything But Arms (EBA) trade agreement, which gives poor countries tariff-free access to the bloc for all exports except weapons and ammunition.

In undertaking the review, Cecilia Malmstrom, EU trade commissioner, pointed to "harassment and intimidation" during the recent election.

In remarks on October 5, Ms Malmstrom also said Brussels was considering reviewing Myanmar's duty-free access to the EU because of what she called "a deeply worrying and worsening situation for the Rohingya [people]".

The bloc will send a fact-finding mission to Myanmar this month to decide whether to review its EBA. At stake are billions of dollars of textile and clothing exports from Cambodia and Myanmar. Garments and footwear accounted for more than 70 per cent of the more than $1bn of goods Myanmar exported to the EU last year, while Primark, Inditex, Lidl and Adidas are among the European brands that buy from its industry.

The interventions come as the Asia-Europe summit gets under way in Brussels this week at which south-east Asia's deteriorating human rights record, including alleged atrocities committed against Myanmar's Rohingya minority, will be under scrutiny.

Hundreds of thousands of women work in Myanmar garment factories

"Europe should still advocate its values but the garment industry, which has nothing to do with the conflict, would be the first one to suffer the consequences," said Filip Lauwerysen, director of the European Chamber of Commerce in Myanmar.

H&M, the Swedish clothing retailer, said that it understood the need for the EU to address what it called "the severe human rights situation in Myanmar".

However, it added: "It's a complex issue, and also potential negative effects on employment for people in the garment industry must be taken into consideration."

According to a report commissioned last year by the C&A Foundation, more than 90 per cent of Myanmar garment workers are women, most are aged 16 to 23, and 19 per cent are from Rakhine, where last year's crackdown on the Rohingya occurred.

According to the Myanmar Garment Manufacturers Association, the industry employs more than 500,000 and sends about 70 per cent of its exports to the EU. "If they [the EU] do this, more than 300,000 young women will lose their jobs," it said.

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Central Africa

Angolan banks told to raise capital or disappear

DAVID PILLING — AFRICA EDITOR

Angola's central bank governor has warned that some of the country's lenders will disappear if they fail to boost their capital as part of far-reaching economic reforms.

Banking consolidation in a sector riddled with bad loans, many of them politically connected, is part of the wider changes that have accompanied a dramatic political transition in sub-Saharan Africa's third-biggest economy and second-biggest oil exporter.

At the recent FT Africa summit in London, José de Lima Massano, central bank governor, said he had given the country's 29 banks a December deadline to raise their capital requirements.

"Some of the banks, I don't think they'll be able to do it," he said. Those that could not would be shut down, he added: "They will disappear."

A handful of Angola's banks — Banco Angolano de Investimentos, Banco Econômico, Banco de Fomento Angola, Banco BIC Angola and Banco de Poupança e Crédito — control up to 80 per cent of lending, leaving a long tail of much smaller banks.

The administration of President João Lourenço, who replaced José Eduardo dos Santos last year, has sought to restore economic stability, which deteriorated badly towards the end of Mr dos Santos's 38-year tenure.

This year, it has allowed the kwanza to devalue 45 per cent, replaced murky allocation of dollars with foreign exchange auctions, and unwound monopolies linked to the dos Santos family. Inflation has nearly halved from 42 per cent in 2016 to 23 per cent.

> 'We have to make sure that . . . people feel safer dealing with the Angolan banking sector'

The government has also cracked down on corruption, exposing what it alleges to be fraud in the management of the $5bn sovereign wealth fund, which was headed by Filomeno dos Santos, the former president's son, until his dismissal in January. Mr dos Santos has denied the allegations.

Mr Lourenço also removed Isabel dos Santos, the former president's daughter and the richest woman in Africa, as head of state-owned oil company Sonangol last November.

The bank clean-up is part of a push to restore credibility to a system damaged not only by cronyism, but also by the collapse from 2014 in the price of oil, on which Angola heavily depends.

Mr Massano said that non-performing loans had risen dramatically, from 12 per cent a few years ago to 26 per cent, partly because of weak oversight, with banks lending to the politically connected on central bank instructions. That had stopped, he said, along with the allocation of dollars to favoured clients, a process replaced by regular auctions.

"We want a sound financial sector in the country and we have to make sure that, especially when relating to external rules, people feel safer dealing with the Angolan banking sector," he said.

US banks have terminated banking relationships with their Angolan counterparts in recent years, depriving them of access to dollars, because of the suspicion those banks were controlled by political interests.

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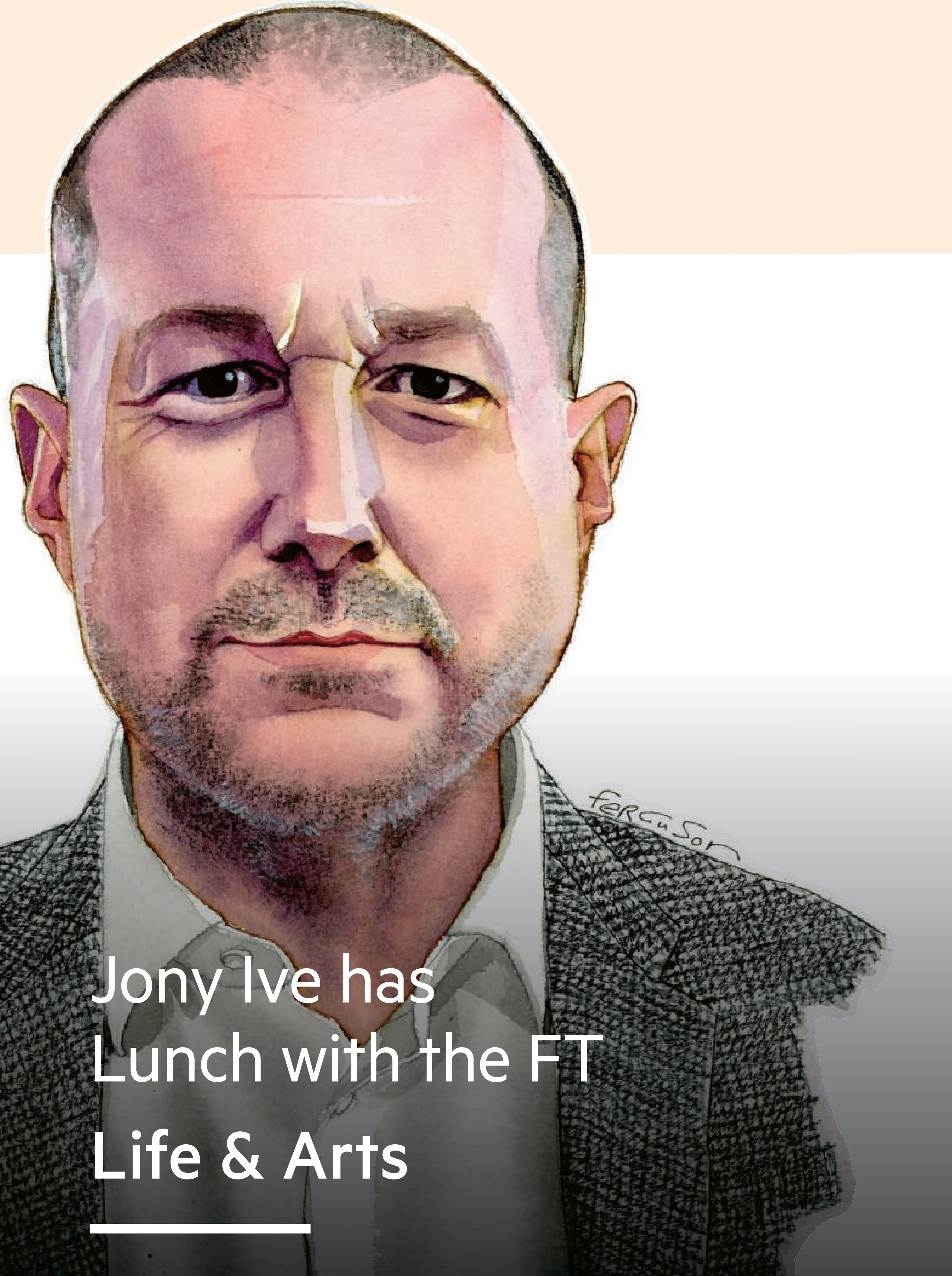

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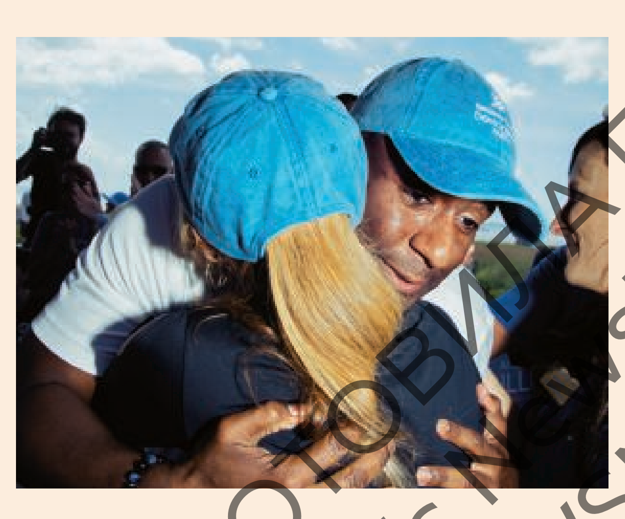

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A riot of bright ideas

Colour, kitsch and ornament are in abundance in a Paris show of Latin American art and architecture. By Edwin Heathcote

It's a bit of a shock to see architect Jean Nouvel's barely-there glass cube, at the Fondation Cartier in Paris, invaded by the raucous colours and kitschy forms of Freddy Mamani's installation. It represents a shot of pure polychromy into a world of architecture which has noticeably been turning beige.

The Bolivian architect's interior is the window display for the new exhibition entitled *Southern Geometries: From Mexico to Patagonia*, an engaging exploration of pattern in the history and culture of South America. If it sounds like a big subject, it is. And what could have been a superficial, overly wide-ranging exhibition becomes a generous attempt to embrace geometry not as a modernist European import but as a genuine expression of Latin America's vastly varied cultures and formal languages.

From the striking pop-art graphics on the staircase wall and Claude Lévi-Strauss's portraits of the Amazonian Kadiweu people (from the collection of former French president Jacques Chirac), it's clear that this is a show with geometry worn not as a complete skin but inscribed on its skin.

There is a risk in juxtaposing mid-century Concrete art and the abstract exuberance of Beatriz Milhazes with folk pottery and pop-painting and it doesn't always succeed. The space-frame sculptures of Gego (Hamburg-born Gertrud Louise Goldschmidt) are magical, but how much do they share with Nazca pots and Paraguayan body-painting? Yet even with such slightly spurious parallels, the show looks gorgeous: at its heart is Olga de Amaral's haunting installation made of thousands of hanging fibres dipped in paint and seductively lit like an ethereal geometric jungle of slender hanging vines.

The thread that holds it together is architecture. From decorative patterns inscribed in the walls of traditional Colombian roundhouses, Brazilian mud huts or the friezes in modern Colombian garages, from Machu Picchu to Luis Barragán, the ideas of structure as ornament and ornamented structure are everywhere.

Upstairs, the theme is allowed to take over in two imposing installations. One is a kind of diagrid frame designed by Paraguayan architects Solano Benitez and Gloria Cabral. They came to global attention with an impressive vaulted installation at the Venice Biennale of 2016 but their work is characterised by a devotion to low-cost, innovative architectures. In their sophisticated structures, broken bricks mixed with cheap concrete can be formed into complex and exquisite buildings. The section of wall on show here is as much sculpture as architecture and very beautiful.

On the other side, the work of Mamani is something very different. While Cabral and Benitez's restrained and elegant work slots effortlessly into the contemporary aesthetic of an austere tropical neo-Brutalism, Mamani's work tramples all over received notions of taste and propriety, style and ornament. From the indigenous Andean Aymara population, he has created a brilliantly singular style, a kind of High-Tech-Deco-PoMo-Amerindian-Futurism.

"I am taking back my culture using the iconography of the Andes," Mamani tells me, via an interpreter. "The colours and patterns are all taken from folkloric textiles." And was he, I ask, influenced by the exuberance of Art Deco or the pastel-coloured icing of Post-modernism? "No," he replies, deadpan. "This is all mine."

Except for this one, Mamani's buildings are all in El Alto, a city of 800,000 adjacent to La Paz. At 4,150 metres above sea level, this one-time site of rail yards and labourers' accommodation is one of the world's most elevated cities and the biggest in Latin America to have an almost entirely Amerindian population. The vivid, cartoonish buildings that punctuate the main streets of the mostly low-rise, brick-built city seem to break every rule of contemporary architecture, yet in other ways they could be its ultimate destiny. Their garishly-coloured fronts are a cocktail of late-modernist mirror glass, cheap and cheerful painted concrete and commercial floor tiles. There are bits of Los Angeles vernacular and bits of Las Vegas spectacular, fragments of Gaudí, of Japanese metabolism and neo-Art Deco.

These are not the superficial structures they first appear. Each is commissioned by a developer who has his family home on the roof above apartments for rent, while the ground floor provides accommodation for local retailers in basic lock-ups.

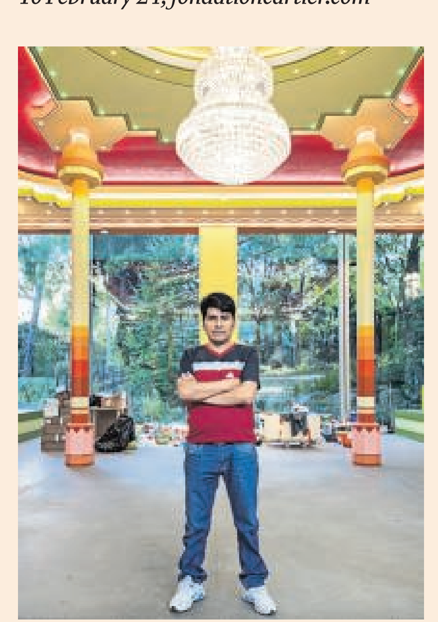
But it's the first floor that makes them so distinctive. These are occupied by what Mamani calls "halls" or "salons" — insanely brightly-coloured interiors which bring to mind the inside of a 1980s casino or a seaside pleasure arcade, complete with hideously sparkling Chinese-made chandeliers, columns and bulging balconies, circular and oval skylights and airbrushed murals: a kind of Wurlitzer architecture.

These exuberant communal spaces within a commercial model are designed to house receptions and meetings, weddings, parties, family and community celebrations. The decorations, Mamani tells me, reflect "the colours and patterns of my people. They're very happy with it. Now they all want houses like this."

Other architects have been sniffy. Mamani (who started as a bricklayer before studying engineering and then architecture) says, "I'm an outsider, I'm self-made and I come from the people — they don't like that. But the important architects, those that have studied and built abroad, have failed to respond to what our societies need."

The hall that is created specially for this exhibition is only a little taste of what Mamani has done. I've often argued that the most interesting developments in architecture are emanating from Latin American but Mamani is an outlier. The sheer joy in his architecture is radically different to everything else and it is irresistible: it may yet trigger a wider reaction, its waves rippling from the sparsely oxygenated air of El Alto's high plateau.

To February 24, fondationcartier.com



Clockwise, from left: one of Bolivian architect Freddy Mamani's vivid buildings in El Alto; interior 'salon' for weddings and parties; Mamani in his installation at the Fondation Cartier in Paris

Tatewaki Nio; Mattia Polisena; Lumento

THEATRE

Stories
National Theatre (Dorfman), London
★★★☆☆

Ian Shuttleworth

To die, as Peter Pan observed, would be an awfully big adventure — but while it's touched on in *Stories*, playwright Nina Raine has her eyes on the biggest adventure of all: birth. Or, if you like, existence itself. As late-thirties Anna searches among her exes and acquaintances for a baby-father, and then considers fertilisation by sperm donor, we hear virtually every character (of whom there are well over a dozen) engage in fashioning their own narrative of who they are, what they want, where they're going.

Raine is a skilled, intelligent and sensitive writer, and of late also an adroit director of her own work. It's something of a surprise, then, that her new play adds up to less than the sum of its parts. The quest-for-conception narrative is not as compelling or freighted with significance as it might be, and the we-tell-our-own-stories theme verges on truism. The fact that several of Raine's characters including Anna are either writers of some kind or involved in drama underlines the point.

Claudie Blakley shows admirable restraint as Anna is disappointed time and again by various candidates. The contrast between Anna and the assorted men, however, is too unsubtle. Sam Troughton, who plays half a dozen roles, shows his versatility to an extreme degree, turning on a sixpence from a painfully hipster club DJ to a precious actor offering Anna China tea which "I got . . . when I was filming with Woody", but they're pretty much all cartoons. This could in theory be due to a director taking too easy a tack with the writing, but since director and writer are one and the same in this case that's not an option.

In each incarnation, Raine is alert to injecting humour to stave off excessive earnestness, but she proves over-eager and ends up trivialising matters. Almost all the assorted men are there simply to make the same point about solipsism over and over again, and there is never enough of a gear change to contrast the broad comedy of these instances with the more serious drama of Anna narrating her own stories to family and friends, in particular telling true bedtime stories to the young daughter of the couple with whom she's staying.

Nor does Raine deal clearly with the latter phase in which this girl intrudes into Anna's scenes, asking questions of her own: is she a surrogate? An unsatisfied listener? A fresh perspective? How does her consumption of the stories threaten to transform into agency within them?

None of this is to suggest that the work of Raine and her company is poor. This is a flawed play and production, not a bad one. Nevertheless, it feels like more of a miss than we are accustomed to from this thoughtful and talented writer. In trying too hard both to live up to and to play down the heft of her subject, she falls between two stools.

To November 28, nationaltheatre.org.uk

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

Furious brilliance, fantastic economy

POP

Richard Thompson
Barbican, London
★★★★☆

David Cheal

Guitar, bass, drums, voice. Using these time-honoured elements, Richard Thompson has spent a lifetime forging dark, brooding and thrilling music — as a teenager with Fairport Convention, in his partnership with Linda Thompson, and, since 1972's *Henry the Human Fly*, as a solo artist. For many of his fans, it's his acoustic work that appeals, but he is also an electric guitarist of exceptional fluency and invention.

Tonight's show was billed as his "electric trio", so it was a surprise to find that there were four musicians on stage. Thompson, joking (he's one of rock's funniest between-song entertainers) that it was a "large trio", explained that his guitar technician had wormed his way into the line-up as an occasional extra player.Also jokingly, he told us that the show's structure would be a familiar one: "We'll play the stuff that we want to play, and then later on we'll play the timeless classics that you've all come to hear."

This was partly true, but it understated the power of new songs from this year's excellent *13 Rivers* album such as the jumpy "Bones of Gilead" and "The Storm Won't Come", all brooding anxiety, tension without release.

"Take Care of the Road You Choose", from 2007's *Sweet Warrior* album, featured his first proper solo of the night, a kind of warming-up for what was to come, with Thompson typically exploring the length of the fretboard (no Claptonian high-end twiddly-diddly), bending notes, shifting from harmony to discord.

The centrepiece, guitar-wise, was 1996's "Put it There, Pal". It's an angry song and his soloing was furiously brilliant, Celtic cadences morphing into sliding chords, his Fender thrumming resonantly. There is no one like him.

But there were acoustic treats, too, both from the 1990s: "1952 Vincent Black Lightning", his tragic tale of a young motorcyclist and redheaded Molly, with Thompson relishing the depth of the word "ride", stretching it out over the Surrey hills where the song is set; and a rare outing for "Beeswing", exquisite fingerpicking, the story of a rootless woman told with fantastic economy. He paused for a few moments at the end as if having to re-compose himself. Both songs bring to fruition Thompson's mission to create an English version of "Americana", home-grown folk tales that don't concern herbs or fair maidens. Both were riveting, moving.

Towards the end, he was joined by his grandson, Zak Hobbs, another member of the Thompson dynasty, the two trading solos on "Tear-Stained Letter" and Hobbs singing his grandmother Linda Thompson's harmonies on the glorious "Wall of Death".

As a whole, the show wasn't quite as . . . well, as electric as I've seen in the past; momentum slipped occasionally, peaks of intensity were rarer. But still: when Thompson was in full flight, fingers crawling like spiders, behind him drums seething and bass pinning things down, it was utterly compelling.

richardthompson-music.com

Thrumming: Richard Thompson at the Barbican

Robin Little/ Redferns

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

FT BIG READ. WEST BANK

'The fire has already started'

Disillusioned by corruption and stagnation, ignored by regional allies and facing a hostile US, some Palestinians fear a fresh outbreak of violence. However, Israel believes it is now better at defusing tension.

By Mehul Srivastava

A youth from a village near Nablus propels stones at Israeli troops during anti-settler protests last year. Below, distraught villagers see houses demolished in the West Bank village of Yatta — Mohamad Torokman/Reuters

Distrusted by the Palestinian leadership and feared by the Israeli military, Jamal Tirawi has a unique view of the conflict from his office in Nablus, deep in the West Bank.

To the left, along a busy road where uniformed men carry AK-47s, is Balata, the largest and most febrile of the West Bank refugee camps. To the right is the kasbah of Nablus, rebuilt from the rubble of the second intifada, when Israeli tanks rolled down this road in 2002.

Mr Tirawi, who ran a militia in the 1990s, was convicted of helping carry out a suicide bombing in Tel Aviv during the uprising and was described recently by one Israeli military official as the sort of man the Israel Defense Forces worries about. A member of the Palestinian Legislative Council, he is an outcast from the West Bank leadership who see him as an unreliable rival. He has a grim warning for both groups.

"Any second now we could see the beginning of a third intifada," he says solemnly, sitting between two portraits — one of Yasser Arafat in military garb, the other of his more moderate successor, Mahmoud Abbas, in a suit. "The reality is that the fire has already started, but any second now, the flames could get really high — we are talking about total chaos."

At any other time, Mr Tirawi's warning would be dismissed as the exaggerations of someone who exists on the often violent periphery of Palestinian politics. Since the end of the previous period of unrest to rock the occupied West Bank in the early 2000s, there have been persistent warnings about a new intifada.

But among the Palestinian leadership, Israeli officials and observers, there is an increasing concern that after a long period of relative calm, there is a real possibility of an outbreak of sustained violence in the West Bank.

Gaza, the blockaded coastal strip run by the Islamist group Hamas, corners much of the world's attention. With protesters massed at the Gaza border with Israel since March this year, Israeli snipers have shot and killed at least 150 people and wounded thousands more. However, it is the West Bank, run by the secular party Fatah, that remains the heart of Palestinian nationalism.

A quarter-century after the Oslo peace accords were first signed, Palestinians now feel as far as they have ever been from their eventual goal — a state of their own, a withdrawal of Israeli troops from the West Bank and the dismantling of some, if not all, of the settlements that encroach deep into land they intend to build a nation out of.

In interviews, West Bank residents describe a mounting despair that is the result of an emboldened rightwing Israeli government, a belligerent US administration, and an indifferent Arab world — especially Saudi Arabia, which has chosen to build covert ties with Israel as it duels with Iran. Their frustration with their own interim government, the Palestinian Authority led by Mr Abbas, has also grown. Derided as corrupt, inept and impotent against Israeli aggression, more than 60 per cent of Palestinians in the West Bank and Gaza want Mr Abbas to resign, and three-quarters think things have become worse since Oslo.

Loss of support

These conditions resemble those that preceded previous outbreaks of violence, which were triggered by isolated incidents. The first intifada started in 1987 after an Israeli military vehicle hit a civilian car in a refugee camp, and the second started in 2000 when rightwing Israeli leader Ariel Sharon entered Temple Mount in Jerusalem.

The potential catalyst this time, say observers, is the rapid change in US policy towards the Palestinians under President Donald Trump. To satisfy his evangelical base, Mr Trump has moved the US embassy to Jerusalem, without addressing the Palestinian claim to

The Palestinian leader Mahmoud Abbas

> 'Chaos will be the rule, and discipline will be the exception . . . no one can control millions of people, and no one can control the different factions'
>
> **Jibril Rajoub**

the east of the city as a possible shared capital in the event of a peace deal. He has cut hundreds of millions of dollars of aid to Palestinian refugees, and appointed as the US ambassador David Friedman, who has supported the expansion of Israeli settlements in the occupied West Bank.

Last month, the US shut down the Palestinian Liberation Organisation's mission in Washington, effectively cutting all high-level ties, "reducing us to the 1980s, like we are terrorists", according to one Palestinian politician.

"You may think I am being dramatic, but when there's nothing left to live for, should I not die in a way that matters?" says Adil, a 32-year-old waiting outside an East Jerusalem hospital that has lost US funding. Adil suffers from an easily cured illness, but cannot afford the treatment — not one person in his family has a job, and all eight relatives live off aid. "Life is depressing. Death is final, and for my family, it will bring honour."

According to Israel television channel Hadashot, the chief of staff of the military, Gadi Eisenkot, warned prime minister Benjamin Netanyahu in mid-September that there was an 80 per cent chance of a large outbreak of violence in the West Bank.

Mr Tirawi agrees. "The Israelis are delusional if they think things are under control," he says.

Fewer points of friction

How Israel controls the West Bank today is far different from when the second intifada was quelled in 2005. In the West Bank, drones, heat-sensing cameras and other forms of surveillance have replaced many checkpoints. The generally lower level of violence means that troops enter less often into refugee camps or the larger cities controlled by the PA. Instead, a robust arrangement with Mr Abbas's government sees Israeli and Palestinian security officials share intelligence.

For the Israelis, it is a way to maintain surveillance on a large urban population without directly policing them, and for the Palestinians, who still receive funding from the Americans for this, the security arrangement helps keep opposition to Mr Abbas in check.

The lower level of violence has allowed the Israeli military to reduce the "points of friction" with the Palestinian population, according to a senior military official who spoke to the FT on the condition of anonymity. The surveillance adds a sophistication to the occupation that was not possible during the first two intifadas.

Instead, the military official says, they keep their eyes on more emotive triggers: changes to the status quo at al-Aqsa Mosque — the third holiest site in Islam; the conditions of refugees and prisoners; and around this time every year, the olive harvest, when Israeli settlers often clash with Palestinian villagers trying to harvest their ancestral trees.

Aside from these issues, the Israeli official describes a situation where random acts of violence from "lone wolf" attackers remain a threat, but more organised violence is rare.

At least some of the calm is to do with Mr Abbas and the PA. While he is the subject of Israeli and US criticism for paying stipends to the families of Palestinians convicted of terrorism in Israeli courts, he has been wary of signalling a broad approval of violence. Those who know him well say this is partly because he has staked his political career on negotiations. Others, including Israeli officials, suggest Mr Abbas, an 82-year-old chain smoker, would be incapable of controlling, let alone ending, a fresh uprising.

But as Mr Abbas has aged and the PA's popularity has waned, senior leaders are beginning to jostle for his job and are increasingly critical of him in public. Lt Gen Eisenkot cited his death as a possible trigger for more violence, according to Israeli media.

Jibril Rajoub is one of the officials fearful about the future. Mr Rajoub spent his youth in street battles with Israeli soldiers, and rose up the ranks of the exiled PLO in Lebanon and Tunisia. He ran the PA's secretive security services under Arafat, and remains a controversial figure, running the Palestinian Football Association.

The Israeli government blamed him for threatening violence against the

Argentine football team for considering a match in Israel this year. (Argentina cancelled; Mr Rajoub denies the allegation; Fifa, international football's governing body, banned him for a year for "inciting hatred and violence".)

In a suit and tie in his well-guarded office in Ramallah, Mr Rajoub says violence is inevitable. "Chaos will be the rule, and discipline will be the exception," he says, after emphasising that he and his leadership will continue to urge peaceful resistance to their followers. "But we can't insure anything — no one can control millions of people, or tens of thousands of weapons and machine guns moving in the street, and no one can control the different factions."

'You choose to go and die'

In Balata's narrow streets some 27,000 people are crammed into less than 1 sq km of space. Most are descendants of people who either fled, or were driven, from their homes in what became the State of Israel in 1948. Some 58 per cent of Balata's adult residents have no jobs, the UN estimates. More than half are under 25, and after Friday afternoon prayers, many of the young men hang out outside the barber shops that line the main street of the camp.

At one, the usual posters of the latest hairstyles have been replaced with images of the young men killed by the Israeli military. Of the eight young men in the shop, only one has a job. Even the 36-year-old barber is an apprentice, paid in lunch and afternoon tea.

"These are supposed to be the best years of their lives," says Mr Tirawi, the Nablus leader. "You are thinking of life, of meeting a woman and getting married. But instead of all this, you choose to go and die."

Mr Tirawi's concern is mirrored elsewhere. Mohammed Shtayyeh, a senior Palestinian leader whose work includes oversight of the economy, says the West Bank is gripped by hopelessness. There is a political impasse between Israel and the Palestinians, but also within Palestinian factions themselves. Hamas in Gaza and Fatah in the West Bank refuse to reconcile and present a unified national government.

"The mood today is the same as it was in the months before the first intifada," he says. "There is no political horizon for improvement, and this is creating an extreme anger within the public."

Speaking privately, many Palestinian leaders talk of worst-case scenarios. They include the return of suicide bombs, the increasing allure of Islamist propaganda from their rival Hamas, and a collective fear that their unpopularity with Palestinians could result in a succession battle after Mr Abbas's death, both within Fatah, and with Hamas, which would seek to capitalise on the power vacuum.

Mr Shtayyeh is not as pessimistic. He lists several reasons why both Israel and the PA, which understands the challenges to its own survival an upsurge of violence could bring, would work to defuse any violence. Some 200,000 Palestinians work in Israel on a daily basis — both illegally and legally, including some 18,000 who work in factories on settlements — bringing close to $3bn in salaries back to their families, he estimates. A further 100,000 work for the PA, bringing some economic stability to the West Bank.

It is those who remain stuck in refugee camps or outside the Palestinian mainstream that he worries about. "These are the ones who will trigger a new wave of protests — they are the ones who are angry, frustrated, politically mature." With the current state of anger, he adds: "They are the ones, they are the trigger."

> 'The mood is the same as it was in the months before the first intifada. There is no political horizon [for improving the situation] and this is creating anger'
>
> **Jamal Tirawi**

49
Shooting incidents against Israeli soldiers and civilians in the West Bank in 2017, compared with 3,308 in 2001

93
Combined attacks on Israelis in the West Bank and Israel in 2017, down from 212 in 2015

5
Attacks in the West Bank involving explosive devices in H1 2018, compared with 7 last year

Settlers
Contact and conflict in the fractured West Bank

Two Sundays ago, Ashraf Na'alwa, a Palestinian electrician in his early twenties, walked into an Israeli-owned and operated factory. Within minutes, according to the Israeli military and CCTV footage, he had shot two of his bosses and injured a third before escaping. A few weeks earlier, a Palestinian youth walked up to an American-Israeli settler, Ari Fuld, at a shopping centre and stabbed him in the back.

Both attacks took place in the fractious geography of the West Bank, where some 450,000 Israeli settlers rub up against 2.5m Palestinians. The settlers' homes, factories and shopping complexes are illegal under international law, but since Oslo was signed in 1993, the number of Israelis living in the West Bank has nearly quadrupled, further inflaming tensions. That presents a challenge for the Israeli military, which must protect its citizens, who often live within a few hundred feet of Palestinian villages, drive on the same roads and work in the same factories. (Another 200,000 Israelis live in East Jerusalem, which Israel annexed after the six-day war in 1967.)

Unlike Gaza, which saw an Israeli withdrawal in 2005 before it was placed under an punishing land, sea and air blockade, this proximity gives the conflict an immediacy — stabbings, stones thrown at passing cars, car rammings, Molotov cocktails. The 19 refugee camps that dot the West Bank are fertile recruiting grounds for groups such as Hamas or Islamic Jihad, according to a senior military official who declined to be identified.

Already this year, some 2,300 Palestinians have been apprehended, six warehouses used to manufacture or store weapons raided, and $50,000 in cash and 25 vehicles seized. Were there to be an outbreak of violence, refugee camps such as Balata in Nablus or Qalandiya near Jerusalem would probably be at the centre of activity.

Speed read

Volatile mood Many West Bank residents deride the Palestinian Authority as corrupt and impotent

US shift The Trump administration has cut aid for Palestinian refugees and moved the US embassy to Jerusalem

New tactics The Israeli military says it has become better at anticipating the signals of potential unrest

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FINANCIAL TIMES
'Without fear and without favour'
FRIDAY 19 OCTOBER 2018

Saudi Arabia must be held accountable

If confirmed, the Khashoggi murder must not go unpunished

There have been moments in history when great leaders have found it necessary to overlook heinous crimes in order to preserve strategic alliances and further greater interests. The alleged killing of Jamal Khashoggi is not one of those moments.

The prominent Saudi commentator has not been seen since he entered the Saudi consulate in Istanbul more than two weeks ago. Details leaked by Turkish officials suggest that he was killed shortly afterwards in the most bloodcurdling manner. If Turkish accounts prove accurate — and officials have claimed to have audio, video and other evidence to back them up — there can be no holding of noses. For all Saudi Arabia's geo-strategic clout, the consequences must be serious.

Western countries have stood united in castigating President Vladimir Putin for Russia's attempted murder of the former spy Sergei Skripal and his daughter on UK soil. They acted in unison to sanction Moscow even before evidence established the Kremlin's guilt beyond reasonable doubt. The west must be equally resolute in responding to Riyadh if their agents are found responsible for Mr Khashoggi's murder, if Saudi guilt is confirmed. To do otherwise would be to invite autocrats across the world to bump off their critics and avert any blow-back with improbable alibis.

In this quandary, President Donald Trump has much to lose. He has pinned his Middle East policy — countering Iran and combating religious extremism — on his alliance with Saudi Arabia in general, and on the crown prince and de facto ruler Mohammed bin Salman in particular. So far, in the case of Mr Khashoggi, he has appeared willing to buy Saudi denials of guilt and hints of a rogue operation.

Mr Trump has been explicit about his willingness to safeguard a putative $110bn arms deal with Saudi Arabia, whatever the truth. The scarcely plausible narrative he has hinted at shows how much he has staked on his relations with Riyadh. Moreover, his suggestion that the very people accused of a crime can conduct a credible investigation into it is absurd.

As with Russia, this is a case where Congress must depart from the White House line if Saudi Arabia is found guilty. The wave of revulsion over Mr Khashoggi's alleged murder has been bipartisan. Republican Senator Marco Rubio put it well when he said there would never be enough money to buy back US credibility on human rights should Washington let such a crime go.

Until now, Prince Mohammed has been embraced by the US and much of the world as a reformer in large part because he has reined in the religious establishment and promised a more tolerant brand of Islam. Western governments have turned a blind eye to his rasher actions. He launched a war in Yemen that has inflicted a devastating toll on civilians and led to justified calls on the US and Britain to cease arms supplies to the kingdom.

At home, too, the prince has become increasingly despotic, locking up activists, businessmen and fellow royals in a widespread crackdown on perceived rivals or opponents.

To date, the Saudis have presented no credible explanation for Mr Khashoggi's disappearance. Unless evidence emerges to change the Turkish narrative leaked to the media, western governments will have to consider action. Calibrating any punitive measures will not be easy. Saudi Arabia's position as the world's largest oil exporter gives it a rare capacity to hit back with countervailing moves. Any western response would therefore aim to limit self-harm but be strong enough to force a change of behaviour.

Longer Brexit transition can ease trading troubles

UK-EU talks are struggling to make headway, so more time can help

The Brexit negotiations have reached another impasse. This week's meeting of EU leaders in Brussels confirms that the outlines of a withdrawal agreement are emerging — but the politics of delivering it remain fraught.

Theresa May was invited to present fresh proposals to unlock the talks. Yet the British prime minister failed to deliver a breakthrough. Hopes are receding for a special November summit to finalise the terms on which the UK will exit the bloc.

Mrs May did, however, offer one new idea: extending the transition period. A standstill phase — running from Brexit day on March 29 next year until December 2020 — was previously agreed to allow sufficient time for businesses to prepare for a new trading relationship with the EU and for negotiators to agree it. Businesses welcomed that certainty, even if it meant Britain would temporarily become a rule taker without a voice in shaping the EU's laws.

A transition that is longer than two years brings three advantages. First, it allows for more time to broker Mrs May's preferred solution for maintaining a soft border on the island of Ireland — the so-called Irish backstop. That solution would involve a countrywide customs union with the EU, which would also protect the territorial integrity of the United Kingdom.

Second, it was always overly optimistic to expect a long-term trading relationship would be agreed within the 20 months of transition. With the UK due to break with the bloc in March 2019, talks on the future will not realistically commence until the autumn. The EU will be preoccupied with the European Parliament elections in May, followed by the selection of a commission president to replace Jean-Claude Juncker.

Even then all member states will have to be consulted on their priorities in a free trade deal with Britain ahead of negotiations. Even if both sides are starting from a point of harmonisation of rules and regulations, finalising a comprehensive deal in three years will be challenging.

A third advantage is that an extension would buy Mrs May more room to manoeuvre at home. On the one hand, many Conservative MPs are loath for the UK to be reduced to a rule taker while it continues to pay significant sums into the EU budget. A transition of three years also runs close to the next general election, due in May 2022.

More negotiating time, however, could ease MPs' concerns over the Irish backstop. Brussels has been clear that there will be no withdrawal agreement without legally binding commitments to avoid a hard border. MPs may be more willing to accept the backstop in an exit deal if the prospects of agreeing a UK-wide settlement and a trade deal are improved.

For businesses, a longer period of uncertainty is never welcome. As the CBI lobby group said yesterday, "patience was already threadbare and is nearing an end". But more uncertainty in the short term is preferable to the risk of a chaotic exit out next year.

While UK-EU talks remain in stalemate, the prospect of the UK leaving without a formal agreement remains high.

Most importantly, the government — and businesses — should be focused on the ultimate destination, not the length of the journey. Britain has been a member of the EU for more than four decades. Unravelling those ties while also maintaining the closest possible relationship and limiting economic damage requires a gradual decoupling.

The priority for both sides is to avoid a quick and messy divorce and focus instead on a smooth departure.

Letters

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What if Merkel had closed the border?

The Financial Times continues to cleave to the formulation that German chancellor Angela Merkel was responsible for "opening Germany's borders to refugees" in September 2015 ("Germany's voters turn right — and left", editorial, October 16).

Frequent mention is made by your columnists of Merkel's "decision to open the border" ("Germany's political centre cannot hold," Wolfgang Münchau, October 1). The legality of Ms Merkel's decision to keep the borders open in 2015 remains much in dispute, but almost all sophisticated liberal commentators agree that the German border with Austria, in accordance with Schengen rules, was already open. By spreading the formulation that Ms Merkel "opened" what was already an open border is to play into rightwing rhetoric; ie, it makes a sealed border the default position.

In a recent account, the Alternative for Germany defector Franziska Schreiber describes how the narrative line of "Merkel opening the border" was concocted by the youth wing of the party and propagated as a deliberate falsehood. Whether or not this is true, it would seem that the FT could be more careful about how it refers to this significant event in European politics.

Your columnists are often quick to regret Ms Merkel's decision and its political consequences, but seem remarkably less willing to imagine what would have happened had she decided to close the border, an act that may well have drawn even more legal scrutiny, and courted humanitarian disaster.

Thomas Meaney
Transatlantic Media Fellow, Heinrich-Böll Stiftung NA, Berlin, Germany

Turkey is set for direct conflict with the US over Iran's advance in Syria

The optimism of your editorial "A chance for Turkey and America to rebuild ties" (October 15) is based on a false assumption: a mutuality of ties between the US and Turkey. But this is far from being the case.

The driving force behind US pressure on Turkey to secure the release of pastor Andrew Brunson was the looming midterm elections and President Donald Trump's dependence on the evangelical vote, which helped him secure the presidency. As far as Turkey is concerned, it is the current economic crisis and tumbling lira that threaten to overwhelm Turkey.

One thing you got right: the Erdogan administration needs goodwill in Washington if Turkey's economy is not going to collapse. But in calling for a more understanding attitude on the part of Turkey towards US aid for Syria's Kurds, there is one thing you have misunderstood. After the success of Operation Euphrates Shield in 2016 and Operation Olive Branch (the occupation of the Kurdish canton in northwestern Syria) in January, President Recep Tayyip Erdogan now threatens to launch a new operation against Kurdish forces east of the Euphrates and root out their "terror nests". Faced with local elections next March and an economic crisis, Turkey's president needs to drum up the kind of electoral support (90 per cent) that he achieved with Operation Olive Branch.

This will bring Turkey into direct conflict with the US strategy of containing Iran's advance in Syria, which is dependent on support from the mainly Kurdish Syrian Democratic Forces. This is a conundrum that even Mr Trump will find difficult to solve.

Robert Ellis
Birkerod, Denmark

IMF should think of the future, not the past . . .

I read with interest that Roberto Azevêdo, head of the World Trade Organization, has called on defenders of the multilateral trading system to "raise their voices" ("WTO head urges action to counter attacks on globalisation", October 11).

Economics is becoming increasingly politicised and the position taken by Christine Lagarde, managing director of the International Monetary Fund, is quite clear: this is not a good thing. As if by way of corroboration, world markets are retreating as fears about rate rises and the impact of trade wars on growth, stability and even security begin to gather ground.

The risks may be perceived rather than real: a case in point is the fact that President Trump has hailed deals with South Korea, and now Mexico and Canada with the USMCA, as his success in making trade "fairer" to the US. They are heralded as major breakthroughs without actually changing very much. This shows that his moves are about the midterms and not the bigger global picture.

The IMF's task is not an easy one when set against the backdrop of bilateralism. It needs to acknowledge that existing structures have to be reformed to address the real challenges of trade digitisation, the increasing importance of services in the trade landscape, and the ease with which intellectual property can now transfer across borders.

This is not about trade surpluses or deficits; those are last century's battles. This is about understanding the transition trade is going through and accepting that multilateral structures need to be fit for purpose in the digital age. If the IMF can start to think about the future rather than the past, it stands a better chance of defending itself against economic nationalism and the uncertainty that it is currently creating.

Dr Rebecca Harding
Independent Economist and CEO of Coriolis Technologies, Eastbourne, E Sussex, UK

. . . and be more flexible about capital controls

Nor Shamsiah Mohd Yunus, central bank governor of Malaysia, rightly warns against the deeply-rooted stigma attached to capital controls that can be helpful in pre-empting financial crises ("Malaysia backs option of capital controls", October 17).

As many emerging market economies in Asia and elsewhere are currently grappling with the challenges posed by volatile capital flows (large capital inflows followed by abrupt reversals), it is high time for the IMF to revisit its 2012 Institutional View that endorses capital controls as a last resort, imposed selectively on capital inflows, and on a temporary basis.

The Institutional View is a welcome departure from the IMF's earlier rigid stance but remains problematic on a practical level. First, why has the IMF ruled out circumstances where the capital controls may be the first choice to deal with destabilising capital flows?

Second, why disapprove controls on outflows? The restrictions on outflows can be prudent to prevent rapid currency depreciation and capital flight, as witnessed in Malaysia (1998) and Iceland (2008). Further, controls on outflows are more relevant for poor countries that do not have large foreign exchange reserves or access to regional financing arrangements to manage abrupt capital reversals.

Third, what's the rationale for recommending the use of capital controls on a temporary basis? Some situations may require the deployment of controls for sufficiently long periods. In Iceland, for instance, controls were initially introduced on a temporary basis, but they lasted almost nine years. China and India — two recent "success stories" — deploy controls on both a temporary and permanent basis to maintain financial stability. Both these economies have achieved impressive rates of economic growth without full capital mobility.

In the light of current financial stability risks, the IMF should adopt a more flexible approach towards capital controls and support member countries with all the policy options needed to safeguard financial stability.

Kavaljit Singh
Director, Madhyam, Delhi, India

No more than a happy coincidence, surely?

I trust that Norway's decision in the 1970s not to join the European Community has no bearing on the fact that today Oslo's citizens are happier than Helsinki's? (City Stats, House & Home, October 16.)

Elizabeth Balsom
London SW15, UK

Internet regulation is evolving, but there are still challenges ahead

Martha Lane Fox's op-ed "Tame tech with a set of firm rules and innovation will follow" (October 16) is both timely and insightful. The internet has changed our world and created great benefits along the way, but its openness and complexity have increasingly been exploited, to the detriment of both individuals and society. The focus of policymakers and experts on this difficult subject is welcome.

As we consider these challenges, we should acknowledge the new and evolving regulation already in play. Personal data is the fuel that powers the internet, critical to the business models of almost every technology company. The European General Data Protection Regulation has transformed how organisations handle people's information in the UK, providing new rights such as the right to be forgotten, data portability and explainable artificial intelligence.

My office has extensive experience of regulating the internet economy, and continues to evolve under the GDPR, with greater sanctioning powers (including fines of up to 4 per cent of revenue), extraterritorial reach, more resources and a proactive and assertive approach to protecting people in the UK. Our recent actions regarding Cambridge Analytica and Facebook, and our work on digital political campaigning, outlined in our recent report "Democracy Disrupted?", are evidence of our intent.

However, the evolution of my office should not mask the fact that further change is required. For instance, we need more effective action to remove illegal content from online platforms, and we need to develop a common view on how to handle content that people find objectionable and offensive but which doesn't reach the threshold of current criminal or civil offences.

And we must protect freedom of speech and ensure there is no chill on innovation. We must especially protect children and vulnerable adults online. There are hard questions here, and we have to engage respectfully and thoughtfully with each one in turn.

Elizabeth Denham
UK Information Commissioner

Restaurateurs don't care if you find the music loud

Alexander Gilmour is far too kind to faddish restaurateurs who create hellish dins to go with their dinners ("Restaurants — for starters, please turn down the music", FT.com, October 11). The faux-modern bare-wall look is simply a cheapskate refusal to spend money on the walls. Smart panels that absorb sound aren't that costly. Save the money by buying inexpensive carpet and throwing it away every six months — still cheaper than Italian floor tiles.

I guess that a third of the 60-plus market, we who actually provide the profits for these restaurants, not only dislike loud noise with our meals but have slight to serious hearing problems. I have started to lambast proprietors in my home town over this issue. I tell them I love their food but won't come to eat it again until I can do so in acoustic comfort. Most of them don't listen. I vote with my wallet.

Chris Gilchrist
Bristol, UK

Japan's superb and simple signs face death by committee

by Leo Lewis

Aisaku Murakoshi spreads several thick folders across his desk and idles lovingly through their yellowing pages as a sommelier might through a cherished cellar: "Ah, yes, the '72, the '81 . . . And, yes, the '70. Very good."

He is, however, referring to signs for public lavatories, first aid stations and left luggage desks. These are the unexpected prototypes, he says, for Japanese globalisation and the start of a process that weaned the world's signs off words and on to pictures — and then, years later, hooked us all on emoji. The great danger, as Japan swaggers towards the 2020 Olympics, would be to forget the magic formula that produced all this.

In the early 1960s, when Tokyo was sweating over preparations for the 1964 Olympic Games that would define Japan's postwar rebirth and announce its technological progress to the world, the young graphic designer was recruited to a small, autonomous task force with a top-priority mission.

The problem with inviting the world to Japan's coming-out party, and the first Olympics in Asia, the organisers realised, was that visitors would immediately discover everything written in indecipherable Japanese. The order came to produce, at top speed, a definitive array of pictograms that could be understood by everyone, from any background and of any age.

Over preceding decades, railway operators around the world had been experimenting with symbols that might do this, and had provided some useful starting points. But most of the pictograms Mr Murakoshi and his colleagues came up with (for banks, drinking fountains, cafeterias, emergency exits and gift shops) were entirely fresh and reeked of brilliance under pressure. Mr Murakoshi's mission was to produce the 24 pictograms that would seamlessly guide tens of thousands of visitors, speaking 90 languages, through the baggage reclaim, bureaux de change and bus terminal of the new international airport at Haneda. "My finest work," he asserts.

By the time the 1964 games ended, and the pictograms had embedded themselves into the everyday life of the nation, Japan realised it was on to something. Mr Murakoshi and others began producing more pictograms, their sketchbooks erupting with the vocabulary of a new global language that would change public spaces everywhere. The US was a keen, but oddly nervous, adopter. Visitors to the Transpo '72 trade fair in Washington DC were polled on whether or not they had understood that a pictogram of a knife and fork meant "restaurant".

In the late 1990s, Japan did it again. Shigetaka Kurita, a 25-year-old then working for the mobile phone operator NTT DoCoMo, was given the task of producing a range of symbols that would convey entire words or even short sentences worth of meaning and could be sent via text message. Five weeks later, he had produced the first 176 emoji — a global language that has now expanded to nearly 3,000 official symbols, including, as many wryly note, a disproportionately high number of fairly obscure Japanese foods.

As the 2020 games approach, the achievements of Messrs Kurita and Murakoshi have been revived in Japanese media. What the creation myths tend to underplay, however, is the unusual level of autonomy and responsibility both designers were given at a relatively young age, and how necessary it was to their success.

Mr Murakoshi, who well into his 80s but still runs a design studio, may be right to fret that committees are kryptonite to pictography. Japan is introducing new pictograms for the 2020 games, but this time the auspices are not as good. The Ministry of Economy Trade and Industry is leading the scheme. Ominously, the committee for formulating draft proposals consists of representatives from 40 ministries, regulators, agencies and trade bodies.

So far it has agreed on the need for a new symbol for *onsen* — hot springs that were represented by a circle with three wavy lines rising from it. The committee, Mr Murakoshi says, felt there was a risk that foreigners arriving for the Olympics could read this as directions to an outlet selling soup. Instead, they have switched to a design showing three people in the bath — marginally less confusing, perhaps, but surely missing the spareness with which Japanese pictography colonised the world.

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Opinion

The Khashoggi case puts US businesses in a moral bind

FINANCE
Gillian Tett

Ten months ago Larry Fink, head of BlackRock, wrote an open letter exhorting business executives to pursue a wider "social purpose". He did that partly because the 2008 crisis had sparked a backlash against a narrow focus on shareholders.

But he also had another motive. Mr Fink feared that governments were failing to provide policy leadership in countries such as the US, so that business had to fill the vacuum instead.

"Society increasingly is turning to the private sector," he wrote, "and asking that companies respond to broader societal challenges."

It is worth pondering Mr Fink's remarks in the light of this week's events involving Saudi Arabia. When he wrote his letter, foreign policy issues were not uppermost in his mind. He was thinking primarily about domestic issues that have become flashpoints during Donald Trump's presidency, such as climate change, immigration and gun control.

As shocking allegations emerge about the apparent death of the journalist Jamal Khashoggi, that "vacuum" issue has resurfaced. The White House has failed to censure the Saudi leadership for Mr Khashoggi's disappearance. Though Steven Mnuchin, the US Treasury secretary, announced yesterday that he would not travel to Riyadh for next week's Future Investment Initiative conference, his move was belated.

He follows a host of American business leaders who have bowed out of the FII, including Jamie Dimon, chief executive of JPMorgan, Steve Schwarzman, of Blackstone, Dara Khosrowshahi, Uber's chief executive, and Mr Fink. Belatedly, Europeans are following suit.

A cynic might argue that this protest still seems more symbolic than substantive. Some companies, including Blackstone, have withdrawn from the FII completely. Others, such as Citigroup and Goldman Sachs, are considering sending staff. No company has publicly declared that it will pull its business out of the kingdom as a whole. No wonder. The Saudis have poured funds into Silicon Valley start-ups in recent years, and Saudi institutions have generated more than $1bn in fees for investment banks since 2010. But even if the corporate protest ends up being mostly cosmetic,

> Another conundrum is what they should do when repression is less visible, as in China

it is still humiliating for Riyadh. So much so that it may spark repercussions. Moreover, American business leaders appear to have done this without any "air cover from the White House", as one executive notes.

By default, rather than design, the US is sliding into a peculiar situation where business, not government, is becoming the main guardian of American ideals on the world stage. This is not something that the Founding Fathers might have expected to see. Nor is it what the business leaders ever wanted.

This has at least two implications. First, American corporate boards now urgently need to discuss how to handle these new pressures. That is far from simple: the higher those "societal expectations" rise, as Mr Fink put it, the greater the danger of future public disappointment, hypocrisy and muddle.

One of the factors that prompted the recent protest was that executives felt pressure from their own staff to act — partly because the allegations about Mr Khashoggi's disappearance appearing in the US media were so graphic. This week, for example, Mr Fink held a town-hall meeting at which his employees forcefully raised the issue.

But the conundrum now for executives is what they should do when repression is less visible, and not linked to an American-based journalist such as Mr Khashoggi. The case of China is provoking particular soul-searching, since western businesses are scrambling to maintain their investments there at a time of rising Sino-American tensions. "What will we do the next time that the Chinese toss dissidents in jail or clamp down on local journalists?" asks one chief executive. The answer is not clear.

The second important lesson is that the Saudi government miscalculated in assuming that the White House is synonymous with US business. Maybe that is understandable — in the past American chief executives have been highly transactional in their dealings with the kingdom. They may yet return to that stance after the FII. But the embarrassment around that event shows that it is not quite "business as usual" for US corporations any longer. And while Mr Fink's letter did not cause that change, it certainly symbolises a trend the wider world ignores at its peril.

So perhaps BlackRock should act too. When it circulated the "Larry letter" in January, it translated it into Japanese and Mandarin but, ironically, not Arabic. That was a mistake. They should rectify that — and then take a leaf from Mr Trump's book and tweet it.

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Bank earnings show the wealthy are gorging on credit

Peter Atwater

The rich really are different after all. That was the message this week as US banks and brokerages released their latest quarterly earnings. Where lending to consumers and companies is now moderating, credit to the financial elite remains strong. JPMorgan reported 12 per cent year-on-year loan growth for its wealth and asset management division, while the comparable division at Morgan Stanley reported a 7 per cent gain.

Thanks to the rapid growth in private client lending, JPMorgan has now lent out almost as much to a small number of its elite customers as it has to its millions of cardholders. To put that into perspective, just nine years ago the bank had $5 out to cardholders for every $1 lent to its private clients.

Where the availability of credit to Main Street has been limited — if not reduced — since the housing crisis a decade ago, for those on Easy Street it has never been better. The strong growth in private credit reflects the relative confidence of the wealthy and their lenders.

With widespread certainty that all this debt can be repaid, the risk of a big surprise is high. In the financial markets, universally believed truths have a funny way of being proved false. Ten years ago, banks learnt that the hard way when homeowners showed they don't always pay their mortgages first.

While the volume of high-net-worth credit is not a systemic risk, as housing credit was, losses are likely to be far greater than either the lenders or their

> Loan portfolios are growing on the back of a strong economy and soaring markets

regulators imagine. Loan portfolios are growing rapidly, on the back of a strong economy and soaring markets. But when those conditions reverse, so too will loan quality.

The banks, though, will not be the only ones to suffer. Consider how much the wealthy have driven the post-crisis recovery. In New York, for example, there is now a cluster of pencil-thin, super-tall skyscrapers at the southern end of Central Park, known as Billionaires' Row, that did not exist before the crisis. In Los Angeles, there is a 157-acre residential property for sale for $1bn.

While those are extreme examples, the luxury market in this economic cycle has been especially strong. Fuelled by abundant low-cost debt, the wealthy have driven markets in real estate, watercraft, art and other collectibles to record prices.

Then there is the stock market. "Investments" represent the ultimate "luxury goods". Our demand for investments increase more than proportionally as our income rises — and for the very wealthy, it does so dramatically. Net worth, like yacht length, is a measuring tool of status.

The danger is that no one will want stocks at the bottom of the next crisis, just as no one will want big homes and big boats. Just as consumers no longer saw their homes as investments after the banking crisis, the wealthy will not see stocks as a viable investment either.

For the wealthy investors and lenders now caught up in the swirling virtuous cycle of ever higher asset values, the notion of a simultaneous collapse of all luxury goods markets must seem laughable. The dramatic growth in outstanding loans during the past decade, however, suggests that such an outcome is not just likely, but highly probable. Credit weaves both inter-connectedness and interdependence. When the drop comes, all will descend at once.

A decade ago, Main Street had its bubble burst. But the rich did not. The Federal Reserve and other central banks stepped in to save the financial system and, by extension, the wealthy as well.

Ironically, because of that, credit has since flowed not only disproportionately to the wealthy, but now to excess. While the rich may be different, one thing is certain: when economies slow, no one is immune from the adverse consequences of over-indebtedness.

The writer is president of Financial Insyghts and an adjunct professor at the College of William & Mary

Brexit's one sure outcome is uncertainty

GLOBAL POLITICS
Philip Stephens

Business craves certainty. Britain's politicians and voters would like to change the subject. They are all about to be sorely disappointed. The outcome of the present set of Brexit negotiations between Britain and the EU27 remains uncertain. There is one immutable certainty. This is just the beginning. The sequel to these talks promises another protracted spell of, well, acute uncertainty. Oh, and the threat of another cliff-edge.

It was not supposed to be like this. Remember the glib assurances of cabinet Brexiters that waving goodbye to Europe would be a walk in the park? A trade deal with the EU27 would be the easiest in history. As Michael Gove pronounced with his customary self-confidence: "The day after we vote to leave we hold all the cards and we can choose the path we want."

More than two years have passed since the referendum. Mr Gove now holds high office in a government that has given way to Brussels at each and every turn. All the while, the real Brexit finishing line has receded.

After this week's bump in the road about arrangements for Northern Ireland, British officials point to several possible outcomes of the talks with Michel Barnier's EU team. There is still some optimism that a deal can be struck by the end of the year. This would see Britain formally leave the EU on March 29 2019, clutching an exit treaty and a political declaration about the future relationship. Transition arrangements would run at least until December 2020.

Strangely enough, prospects for a successful conclusion may actually have been improved by the impasse over a so-called backstop arrangement to guarantee an open border between Northern Ireland and the Irish Republic. Had a formula been agreed now, anti-European irreconcilables in the Conservative party would have had time to shoot it down. The best chance Theresa May, the prime minister, has of getting an accord through parliament is to present it at the last moment as a single, take-it-or leave-it package including both exit treaty and political declaration.

A second possibility, though one viewed as the least likely, would see the country crash out of the union without any agreement — perhaps because the Brussels talks had failed to resolve the seemingly intractable Northern Ireland question, or perhaps because a settlement signed up to by Mrs May had been repudiated by enough Tory MPs to deny its passage through parliament. Hardline Brexiters say the economic disruption would be shortlived. I wonder if Mr Gove is now quite so sure.

A third option circulating in Whitehall is an extension of the two-year Article 50 negotiating window. The prime minister has ruled this out. And the idea is anathema to hardline Tories. But one can see the circumstances in which Britain would be forced to swallow its pride. The threat of a no-agreement, cliff-edge Brexit might well see parliament force the prime minister's hand. An extension would also be needed were paralysis to result in Mrs May's departure and/or a general election. That, in turn, would open the possibility of a second referendum. Such a standstill would require the consent of the 27. It is difficult to see why they would withhold it.

Peer through all this fog and the future beyond March 29 holds as many uncertainties as now. The present negotiations will be extended or Britain will step out of the EU into an economic no-man's-land. An exit treaty would settle only immediate issues about money, citizenship and Ireland. The big economic questions would be unresolved.

> Does parliament want a Norway model of close alignment with the EU or a Canada-style agreement?

The joint political declaration promises fine words devoid of hard substance. It does not free the government from the question it has ducked and dodged since the referendum vote: where precisely does Britain want to strike a balance between a desire to repatriate notional "sovereignty" and the economic imperative to retain ready access to its most valuable markets?

Should it break entirely with the EU customs union or seek an arrangement as close as possible to the status quo? How much access does business need to the single market? How important to Britain's economic wellbeing are the present, friction-free supply chains that criss-cross the channel? Does anyone really imagine that Britain has anything to gain from diverging from most EU standard-setting? And why would it want to? Does parliament want a Norway model of close alignment with the EU27 or a Canada-style free trade agreement? Whatever happens during the next few months, business, politicians and voters will be no more certain by March 29 as to the scope and depth of future ties.

The referendum asked none of the questions; and ministers, who do not agree among themselves, have failed since to provide answers. A 20-month transition period, Mrs May has now acknowledged, will not be enough to hammer out an accord on permanent economic arrangements — holding out the threat of another cliff-edge in December 2020. Officials in Brussels say it will take three, probably four, years to strike a bargain. The transition phase will have to be extended — and with it the uncertainties.

There is, of course, one other certainty about Brexit. It will leave Britain a poorer, inward-looking place — a nation prone to bouts of populism on the streets and blood-letting at Westminster. On one narrow point Mr Gove is right. This is not what Britain voted for.

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Some 'known unknowns' about the UK economy

BRITAIN
Martin Wolf

Is it possible to know the state of the UK public finances under present conditions? No. The unknowns are too great. But the Green Budget — a superb analysis of the UK's fiscal position by the Institute for Fiscal Studies — shows we do know some things, even if many are "known unknowns".

First, we know that overall prospects for the economy are subject to grave uncertainties. One is whether a deal over the withdrawal from the EU, and then on the future relationship, will be reached and, if so, what it will look like. Another is the context in which a post-Brexit UK will determine its place in the world and, above all, how far de-globalisation might go, especially on trade. Perhaps most important is the uncertainty about prospective productivity performance: will it remain as dismal as it has been over much of the past decade? Or are we at the beginning of an improvement? Yet another uncertainty is the collapse of the UK's policy consensus: the right proposes the UK as a capitalist paradise; the left suggests it should become a socialist one. So we are blind on fundamental issues such as future policies on immigration, the treatment of foreign capital, the role of finance and the future tax regime.

Second, we know that the Brexit referendum has already been economically damaging. As Citi's Christian Schulz notes, before the referendum cumulative growth was forecast, on average, at 6.5 per cent from 2015 to 2018. After the vote, cumulative growth was forecast at 4.4 per cent. The outcome now looks to be about 4.9 per cent. Note that the UK's MSCI index has fallen 24 per cent relative to the US's and 13 per cent relative to the eurozone's since the referendum. In brief, Brexit hurts.

Third, we know to a high degree of certainty that the impact of Brexit on the UK economy will be negative over at least a decade. The overwhelming weight of professional opinion is on this side of the argument. The question is only how negative it will be. That depends on the deal that is struck (if any), the global context (which looks bad right now) and the UK's policy choices (which are wildly uncertain). A particular concern, well laid out in the Green Budget, comes from the fact that the UK specialises in services, where

> It is very likely that taxes will need to rise. The question is how and by how much

global liberalisation has been most difficult. That suggests a potential upside, but realising it may not be achieved.

Fourth, the fiscal position is more difficult than it looks, though this judgment is subject to the uncertainties detailed above. Borrowing has finally returned to pre-crisis levels and the public finances have proved more robust than expected given economic performance. But, adds the IFS report, "without much higher growth than forecast or substantial tax rises, 'ending austerity', as the prime minister has promised, is not compatible with eliminating the deficit, as the chancellor has promised, by the mid-2020s".

In all probability, the latter promise will be abandoned. But the UK's net public debt is now some 50 per cent of gross domestic product higher than before the crisis. The ratio of net debt to GDP will also fall very slowly from this high level, if the deficit were not to shrink. This is partly because of the low growth and partly because some items will raise the debt without affecting borrowing: notably, student loans.

Fifth, "ending austerity" is an ambiguous notion. Does it mean reducing the cyclically adjusted deficit? If so, it is incompatible with the government's other objectives, under current growth assumptions. But it might mean (and most people probably take it to mean) an end to cuts in departmental spending. But, states the report, if "'ending austerity' means no further real cuts to unprotected departments beyond 2019-20, then this would require an additional £15bn of spending by 2022-23". To meet this level of spending while keeping deficit reduction on course would require tax rises of much the same size. In sum, "ending austerity" means either higher than planned borrowing or higher taxes. Finally, it is very likely that taxes will need to rise: the question is how and by how much. This is partly because the pressures for higher spending have built up so far.

One significant area is defence. Even in health, spending will almost certainly rise more than is planned. According to the IMF, the ratio of fiscal revenue to GDP this year, at 37 per cent, is well below that of prosperous European countries, such as Germany (on 45 per cent) or the Netherlands (on 44 per cent). The British have long believed they can finance a European welfare state with US taxation. Short of a miracle, that choice will have to be made. The chancellor, Philip Hammond, will not make it. It looms ahead, all the same.

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US financial regulation: ImPrudent

"Oversight" can mean surveillance. It can also mean a lapse. The decision this week by the US's Financial Stability Oversight Council (FSOC) to free the last of the big non-banks from heightened regulatory supervision could turn out to be a blunder.

The council was put together by the US Treasury department in the wake of the financial crisis to keep an eye on vulnerabilities in financial markets that had suddenly been thrust into the spotlight. If regulators were going to tighten capital, liquidity and reporting standards on the likes of Citigroup and Goldman Sachs, the argument went, they should also do so on the biggest non-banks that were woven into the fabric of the financial ecosystem.

Starting the list of "systemically important financial institutions" with AIG was straightforward enough. For a while, notes Capital Alpha, it was a fun parlour game around Washington, guessing which giant asset managers, hedge funds or private equity firms might join it and GE Capital on the list.

The project began to unravel when insurer MetLife sued the government in 2015, saying its Sifi designation was unfair. GE Capital then shrank enough to lose its label. AIG followed it last year, arguing that credit markets were doing a good enough job of keeping executives in check through the discipline of bond spreads. Having just one Sifi still on the list — Prudential Financial, a Newark-based insurer — was looking a little strange, even if the company's assets had grown almost a fifth while under FSOC review.

Reviewing Obama-era protections is sensible; much of the 2010 Dodd-Frank Act, drawn up in haste and confusion, may have overshot. But undermining FSOC is hazardous. A key factor behind the crisis, after all, was regulatory blind spots. The Department of Financial Services, New York's uber-regulator, was created from a recognition that the previous bodies covering banking and insurance barely talked to each other.

Treasury secretary and FSOC chair Steven Mnuchin, a former Goldman banker, says he wants to focus on risky activities rather than risky companies. But it is unclear that he has the appetite to do so. Meetings of the council are running shorter and shorter; the last was adjourned after 26 minutes. That suggests mounting complacency, deep into a bull market.

An image of an FSOC spinning its wheels, without a single institution to fasten on to, is not a comforting one.

SAP: partly cloudy

On an otherwise beautiful horizon, clouds can obscure the view. Just ask SAP, one of Europe's top technology companies. The German group that provides software for some of the world's biggest companies has its sights firmly set on the nebulous but potentially lucrative cloud computing business. The problem is what that means for its traditional, highly profitable "on-premise" products.

First the good news. Cloud subscriptions and support revenue rose 40 per cent to €1.3bn in the third quarter. However, this jump came at the same time as a 9 per cent drop in the much more profitable software licences unit, to €937m. The group operating margin was squeezed by 3 percentage points to just under 21 per cent. Cue a 5 per cent decline in the share price.

On the plus side, at least SAP *is* detailing its cloud business. At its last set of figures, competitor Oracle declined to split out its cloud revenues, having been previously punished by the market for slower than expected growth in that area. And SAP's big jump in sales — if maintained — should deliver a strong cloud business to compete in a market that Gartner projects will grow by a fifth in 2018 to nearly $200bn.

The fall-off in licence revenues signals the tricky balancing act that lies ahead. The company said that faster adoption by its customers in the US and elsewhere of SAP's cloud services cannibalised licence revenue. However, growth in the cloud business sets out a visible stream of future subscription revenues, with potential for the sale of money-spinning add-on services.

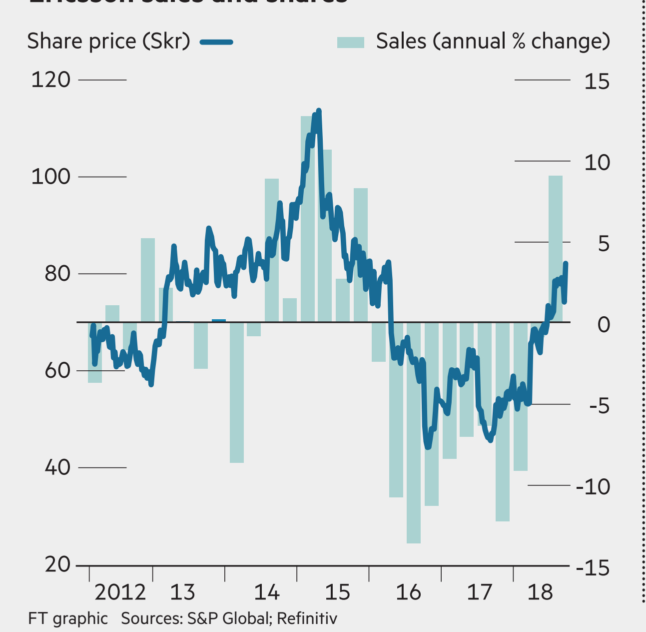
SAP has upgraded its revenue and profit forecasts for this year. The shares are trading at 21 times next year's earnings, ahead of a five-year average of 19 times. Put this against Salesforce, a pure cloud company, trading at 62 times forward earnings.

SAP is in the midst of transition. The real money comes later. But for investors, the wait is painful.

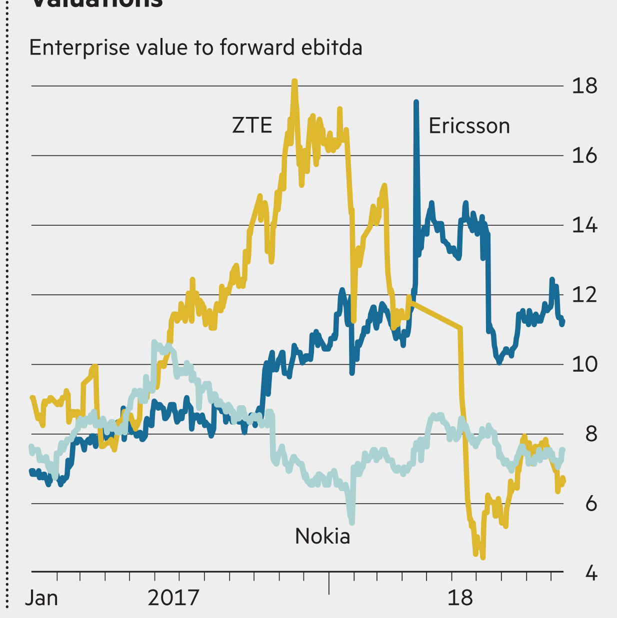
Ericsson: mast do better

The Swedish telecoms group finally managed to increase sales in its latest quarterly results. Investors reacted positively and sent its shares higher, but growth from a low base is easy. Maintaining a high valuation relative to peers will be less so, if revenue momentum fades

Ericsson sales and shares



Valuations



FT graphic Sources: S&P Global; Refinitiv

Price anything cheaply enough and consumers will buy. Sometimes, however, price gives the wrong signal. Consider mobile data. Big mobile operators talk glibly about how their data demand is exploding. Paying for equipment to deliver that data is another story. Operators have struggled to get subscribers to pay up for it. Ericsson of Sweden, a maker of mobile network equipment, had struggled badly for this reason. This year, though, its shares have picked up.

Its third-quarter results yesterday reaffirmed the rebound. Ericsson handily beat most analysts' expectations on both sales and profits. Better, for the nine months to September its gross margin was the highest since the same period in 2015. Chief executive Börje Ekholm says the boom in data demand will require another capital spending cycle. North American orders, a quarter of the group, are reportedly robust.

Message received. Its shares jumped 6 per cent, lifting the enterprise value to a heady 13 times estimated ebitda (a cash earnings measure), about double its decade average.

Yet, Ericsson's customers continue to struggle with intense competition for subscribers. Phone operators need to find ways to slash costs. As much as 30 per cent of capital investment spending by European mobile operators, according to Berenberg, could shift towards a combination of much cheaper, off-the-shelf products, and specialised software. Nearly a fifth of Ericsson's sales are from Europe. The risk is that the savings do not go to more equipment.

As such, the apparent recovery for Ericsson should end early next year. Its share price has closely tracked the progress of quarterly sales in recent years. What happens when the favourable comparisons stop? Mr Ekholm sees more equipment sales to come as data demand from 5G explodes, globally.

Talk is cheap, though. Ericsson's shares are not. Worse, a new entrant — Samsung — has appeared in the US to fill the gap left by China's Huawei, blocked from bids there. Ericsson will get no easy wins. First-quarter results will be the next big test for Ericsson. Hold off buying any more.

Kuehne + Nagel: truck or treat

Companies like Kuehne + Nagel are sometimes described as travel agents for freight. That alone should sound alarm bells. Few industries proved more vulnerable to technological change than the package-tour retailers. Switzerland-based K+N, one of the world's biggest logistics companies, thinks it can stave off attacks with its own digital plans.

But its shares fell 6 per cent after third-quarter results yesterday. Investors are impatient for progress.

Myriad digital competitors, such as iContainers of Spain, Haven of San Francisco and Xeneta of Norway have designs on the $140bn freight forwarding industry, often seen as technologically backward and paper-intensive. All aspects, from getting quotes to clearing customs could be made cheaper, more transparent and easier.

K+N says newcomers offer limited competition and it can do better. It is investing in automation to cut costs for straightforward shipments, while offering higher value services to address customers' more complex needs. But the impact will be gradual. K+N is in the tenth month of a 60-month transformation programme.

Not everyone is convinced by the strategy. One gripe is that some supposedly value-added services will not command much of a premium. However, investors have been enthusiastic. When the strategy was explained a year ago, the shares' forward price/earnings multiple rose from 22 to 27. But since then the shares have slumped by a fifth on fears over global trade and falling sea-freight margins.

Investors are unlikely to get fired up again while higher tariffs threaten trade flows. But there are reasons to stay on board. K+N's sea freight business is growing twice as fast as the market. The company has net cash and an appetite to do acquisitions in a fragmented industry.

Management has a lot to prove but this is not the time to jump ship.

HSBC/LSE-Shanghai: dual economy

Chinese securities regulators want to give domestic investors access to non-domestic investments, while allowing some of the biggest companies to tap fresh capital overseas. As a way of promoting diversification for blue-chips and for institutional investors, Beijing's move makes sense. But for now, the benefits of the programme are skewed towards China.

Draft rules for the London-Shanghai "stock connect" programme stipulate that Chinese companies may raise equity capital through global depositary receipts on the London Stock Exchange. To create Chinese depositary receipts, however, international groups must use their existing shares. That is the case for HSBC, the UK-based bank, which is on course to become the first foreign issuer of securities on the mainland.

If traders in London are getting excited about exposure to the likes of Tencent, whose Hong Kong-listed stock more than doubled last year, they shouldn't. Candidates for a London listing must already have securities listed on the main board in Shanghai, according to a study by law firm K&L Gates. But companies cannot list shares in Shanghai without a record of making a profit, and valuations at initial public offering are subject to a cap. That rules out many tearaway tech stocks, which head for the lower bar of Hong Kong or New York.

Moreover, Chinese stocks allowed to raise capital via the trading link in London will not be boosted by the kind of fast mainland money that tends to drive up volatility, and prices, in the Hong Kong market. The Shanghai exchange highlighted in August that "products" rather than investors would be allowed to cross borders.

If the programme takes off, investors in London and Shanghai will have access to a wider variety of stocks. But until foreigners can raise equity in China, the real winners are Chinese groups that can raise cash in London — and the lawyers and banks that help them do so.

Lex on the web
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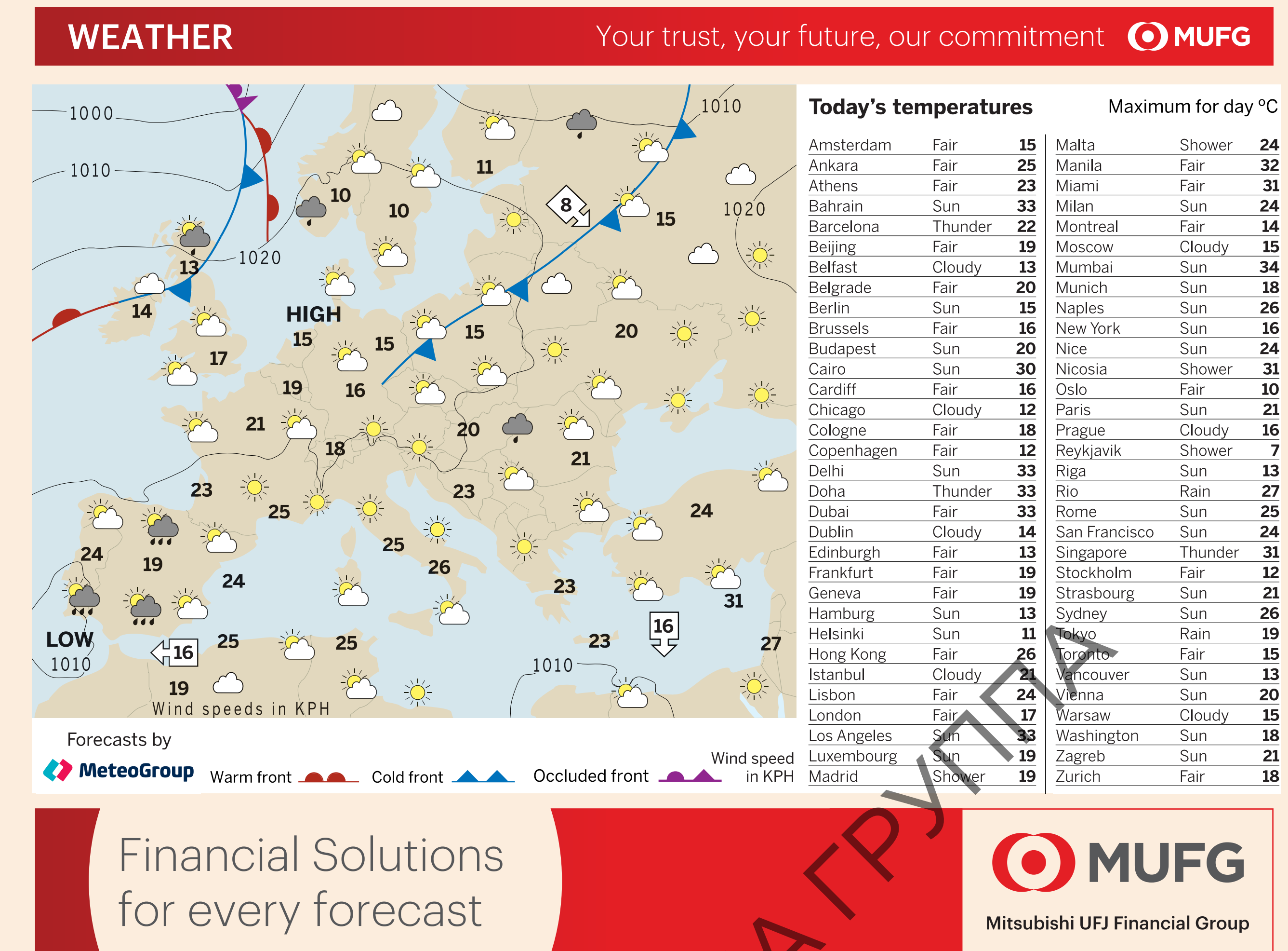

Today's temperatures Maximum for day °C

City	Weather	°C	City	Weather	°C
Amsterdam	Fair	15	Malta	Shower	24
Ankara	Fair	25	Manila	Fair	32
Athens	Fair	23	Miami	Fair	31
Bahrain	Sun	33	Milan	Sun	24
Barcelona	Thunder	22	Montreal	Fair	14
Beijing	Fair	19	Moscow	Cloudy	15
Belfast	Cloudy	13	Mumbai	Sun	34
Belgrade	Fair	20	Munich	Sun	18
Berlin	Sun	15	Naples	Sun	26
Brussels	Fair	16	New York	Sun	16
Budapest	Sun	20	Nice	Sun	24
Cairo	Sun	30	Nicosia	Shower	31
Cardiff	Fair	16	Oslo	Fair	10
Chicago	Cloudy	12	Paris	Sun	21
Cologne	Fair	18	Prague	Cloudy	16
Copenhagen	Fair	12	Reykjavik	Shower	7
Delhi	Sun	33	Riga	Sun	13
Doha	Thunder	33	Rio	Rain	27
Dubai	Fair	33	Rome	Sun	25
Dublin	Cloudy	14	San Francisco	Sun	24
Edinburgh	Fair	13	Singapore	Thunder	31
Frankfurt	Fair	19	Stockholm	Fair	12
Geneva	Fair	19	Strasbourg	Sun	21
Hamburg	Sun	13	Sydney	Sun	26
Helsinki	Sun	11	Tokyo	Rain	19
Hong Kong	Fair	26	Toronto	Fair	15
Istanbul	Cloudy	21	Vancouver	Sun	13
Lisbon	Fair	24	Vienna	Sun	20
London	Fair	17	Warsaw	Cloudy	15
Los Angeles	Sun	33	Washington	Sun	18
Luxembourg	Sun	19	Zagreb	Sun	21
Madrid	Shower	19	Zurich	Fair	18

CROSSWORD

No. 15,993 Set by BRADMAN

ACROSS

9 In grammatical terms, well might that be (9)
10 Possibly an amount to be paid for crossing island (5)
11 I, a cruel drunk should show a bit of heart (7)
12 Where speaker maybe given traditional Sunday fare but not a drink (7)
13, 18, 23 Dad who'd lament dreadfully having lost wife (3,3,3)
14 Current time organised for bringing people on board (11)
17 Exist in a state of readiness for plague (5)
18 See 13
19 Little fellow's showing signs of careless shaving? (5)
21 Bill inadequate when this happens in business? (11)
23 See 13
25 Address bill with added expenses (7)
27 Town gets modest victories to begin with (7)
28 See our paper with yen to be illustrious (5)
29 More than one diplomat's building seems to be troubled with bias (9)

DOWN

1 Rock has one sailor landing upside down on another (6)
2 Supervises as a bishop guilty of pluralism? (8)
3 Financial agent supporting manager of museum (10)
4 Man with energy going down gets food (4)
5 Every person protecting the Queen must be a multi-talented individual (3-7)
6 Beastly sounds from areas close to shore? (4)
7 Stream for programme of study (6)
8 Climate's bad for one sort of plant (8)
15 Online help for one wanting to dry out? (7,3)
16 Offer head affection (10)
17 Dry friend showing lack of humanity (8)
20 Mammal having trouble climbing shrub (8)
22 End of year needs a very strong drink (6)
24 Not at all prudent, following a word of rejection (6)
26 Part of Scotland in risky endeavour (4)
27 Water's beginning to flow back for swimmer (4)

Solution 15,992

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Companies & Markets

FINANCIAL TIMES

Mismatch The skills gap threatening France's nascent recovery — ANALYSIS, PAGE 15

Ricochet Brazilian gunmaker leads way as business toasts Bolsonaro — JOE LEAHY, PAGE 20

Invesco adds scale with $6bn deal

● Asset manager buys OppenheimerFunds ● Consolidation picks up amid assault on fees

ERIC PLATT AND ROBIN WIGGLESWORTH
NEW YORK

Invesco has agreed to buy rival asset manager OppenheimerFunds from MassMutual for roughly $5.7bn in a deal that accelerates industry consolidation and puts the group among the largest money managers.

The all-stock deal will add OppenheimerFunds' leading emerging market and international equity franchises to Invesco's PowerShares exchange traded fund business.

Mounting competitive pressures have spurred consolidation among asset managers as they seek to bulk up to cut costs and expand distribution. The pace of acquisitions in the sector has quickened for three consecutive years and is now running at its fastest since 2014, according to data provider Refinitiv.

The deal is the largest in the US asset sector since TIAA-CREF bought private equity-owned fund manager Nuveen Investments for $6.3bn in 2014, data from Refinitiv and Dealogic showed.

The purchase of OppenheimerFunds will lift Invesco's assets under management to $1.2tn and be "significantly accretive to Invesco's earnings per share", the company said. It forecast that the deal would add about 18 per cent to its earnings for the three quarters in 2019 after it is completed and roughly 27 per cent to earnings in 2020.

MassMutual will become Invesco's largest shareholder once the deal is finalised. It will receive 81.9m shares in Invesco, valued at about $1.7bn based on Wednesday's closing prices. The US insurer, which acquired OppenheimerFunds for $150m in 1990, will also receive $4bn of preferred shares carrying a 5.9 per cent interest rate for 21 years. There was no debt associated with the transaction.

Invesco shares climbed 4 per cent to $21.77 yesterday after it announced the deal, valuing the asset manager at $9bn.

"The combination with OppenheimerFunds and the strategic partnership with MassMutual will meaningfully enhance our ability to meet client needs, accelerate growth and strengthen our business," Marty Flanagan, Invesco chief executive, said.

> The purchase will lift Invesco's AUM to $1.2tn

Analysts said the deal would bolster Invesco against its competitors and provide the asset manager with a franchise that was likely to better withstand the assault on fees across the industry.

"The transaction adds significant international, emerging market and global equity capabilities . . . strategies where active management tends to [perform] better versus benchmarks," said Michael Cyprys, of Morgan Stanley.

Market Forces

Michael Mackenzie

Whenever there's a big market shock, investors expect the central bank put — the idea policymakers will do "whatever it takes" to support asset prices and housing — to ride to the rescue.

Buying government bonds and suppressing long-term interest rates has, over the past decade, been an important component of the put. Now, the US Federal Reserve is setting the pace in reversing the process, with consequences for the Treasury bond market.

Data on foreign holdings of US Treasury debt show that in the 12 months to August there was a modest drop in ownership by China and Japan, by far the biggest non-US owners. Overall, foreign holdings were up slightly with the fall in China and Japan's holdings coming amid increased sales of short-term bills. For the month China bought $9.4bn of coupon debt — Treasuries of a maturity beyond two years — and Japan $4.5bn, thereby increasing their duration rather than shunning the market.

At $6.3tn, foreign holdings represent about 40 per cent of the $15.3tn market, so this kind of support plays a role in helping to keep US bond yields under control.

> China is not about to dump Treasuries, but its support as a US creditor may have peaked

As we saw last week, a rise in US bond yields created some turbulence for equities. A further rise in yields could reflect a stronger economy but might also result from a changing supply and demand dynamic. China is not about to start dumping its Treasuries and cause massive self-inflicted losses, but we might have seen the peak in its support as a US creditor.

This comes at a time when, courtesy of Donald Trump's tax reform and the Fed's balance sheet reduction efforts, the US Treasury is going to have to sell a lot more debt. The US budget deficit rose to $779bn in the year to the end of September, the highest in six years and 3.9 per cent of gross domestic product. The idea that tax cuts pay for themselves via growth looks very optimistic.

Mizuho Securities' Steven Ricchiuto says: "Identifying the macroeconomic impact of the Trump tax cut is fairly elusive, while the effect on the deficit is clear as day."

This is where the Trump administration's focus on trade and its "America first" foreign policy has big repercussions, particularly in making funding the US deficit a lot harder. Alan Ruskin at Deutsche warns that, just as US deficits are rising, a significant buyer of Treasuries is leaving the stage. "China may not sell their Treasury reserves, but this is probably a best-case scenario for US bonds. China is unlikely to want to add to its US exposure, without a marked improvement in the bilateral political climate."

Such a shift suggests higher bond yields, a slower economy and weaker equities. Enjoy the Trump boom for now; the bill looks daunting.

michael.mackenzie@ft.com

Fewer winners Private equity deals have lost some of their lustre since crisis

The proportion of winning private equity deals — those that deliver more than three times the original investment — has seen a sharp decline in the years since the financial crisis as buyout groups struggle with record-high valuations and fierce competition, an analysis has shown.

On average, 35 per cent of deals produced healthy returns between 2002 and 2005 compared with about 20 per cent between 2010 and 2013, according to an analysis by Cambridge Associates and Bain & Company.

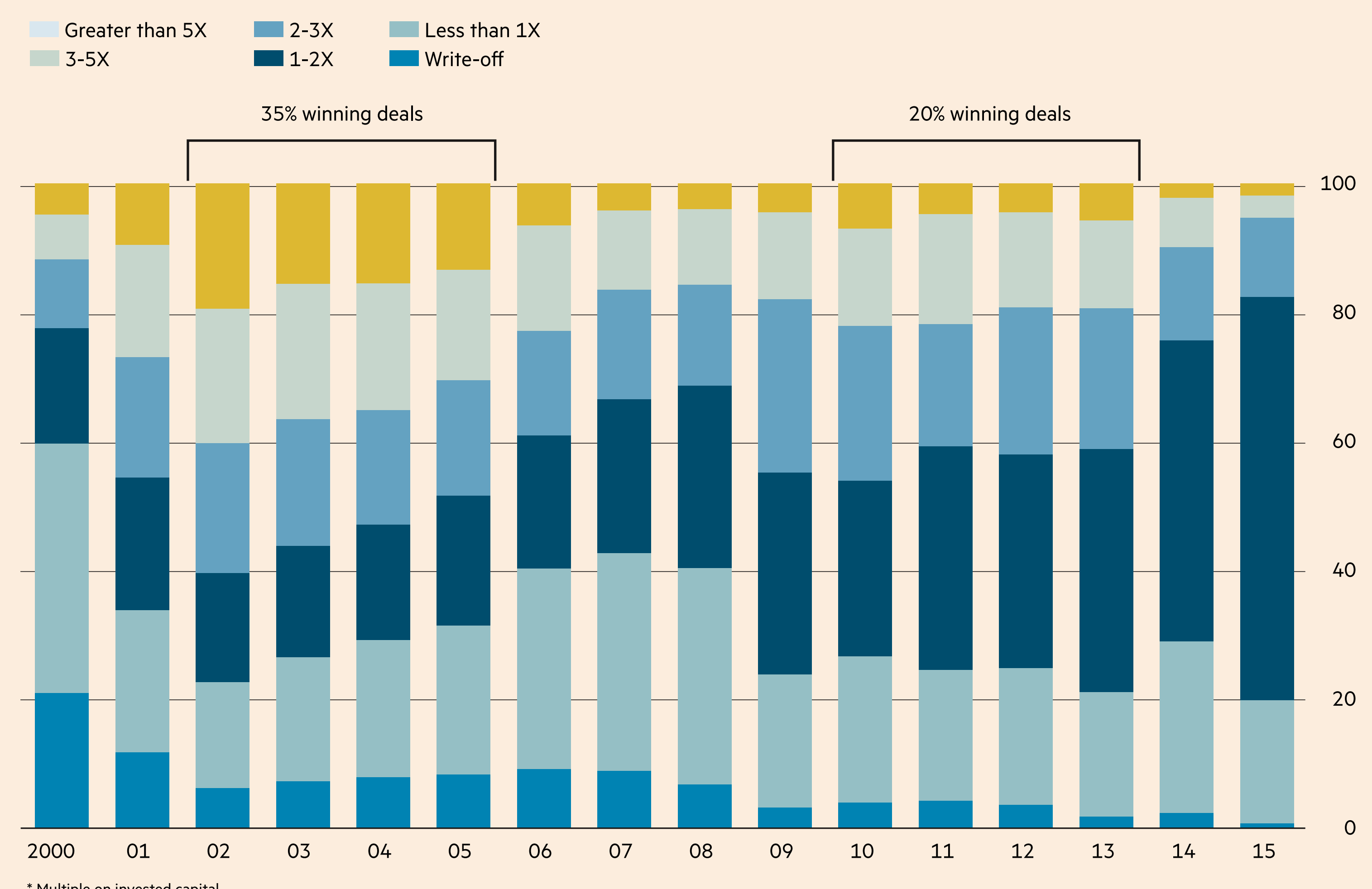
"Private equity has matured as an industry after the crisis, with more competition for a limited number of deals," said Brenda Rainey, a senior practice director at Bain & Company.

Though she warned that a proportion of companies had not been sold and returns were not realised, Ms Rainey still expected the proportion of winning deals to be down on the years before the crisis.

She said: "The downturn of a decade ago was a turning point for private equity. Prices are so high that whatever you buy today you need to have a plan to create value."

At the peak of the sector's performance, in 2002, more than 40 per cent of deals produced more than three times the original investment. That compares with just 19.2 per cent producing the same returns a decade later. In 2002, close to 20 per cent per cent of deals managed to produce more than five times return on investment, versus less than 5 per cent a decade later. *Javier Espinoza*

Distribution of deal MOIC* for US and developed Europe buyouts
By deal count (%)



* Multiple on invested capital
Sources: Bain & Company; Cambridge Associates private investments operating metrics database

German share-swapping fraud probe spreads to Spain's Banco Santander

DAVID CROW AND CAROLINE BINHAM — LONDON
OLAF STORBECK — FRANKFURT

Spain's Banco Santander is the latest big bank to become embroiled in a sprawling German fraud investigation into a share-swapping scheme that allegedly allowed investors to reclaim billions of euros of tax they never paid.

Prosecutors in Cologne, Frankfurt and Munich have spent several years probing so-called cum-ex transactions, which involved investors to exploit a legal loophole that enabled multiple parties to claim a refund of taxes paid on share dividends.

Santander said it was "fully co-operating with German authorities" and that the Madrid-based bank was conducting its own internal investigation into the matter.

A cum-ex deal involved a trader borrowing a block of shares to bet against them by short selling in the run-up to dividend day and then selling them on to another investor.

A loophole in the German tax code meant parties on both sides of the trade could successfully claim a refund of withholding taxes paid on the dividend — even though authorities contend that only a single rebate was due.

An investigation published by Correctiv, a German non-profit investigative journalism group, and 19 news organisations, cited leaked spreadsheets that show "an organised theft from the tax coffers of at least 10 European states, besides Germany" that it claimed had cost taxpayers about €55.2bn.

The German cum-ex investigation is part of a pan-European probe into the practice by a number of national regulators that includes a well-advanced investigation in Denmark, according to regulators briefed on the matter.

"It is large-scale greed, and we will pursue the culprits until the last krone is paid back," said Lars Lokke Rasmussen, Denmark's prime minister.

As part of the probe, five former employees of HypoVereinsbank, the German subsidiary of Italy's UniCredit, and a lawyer were charged with tax fraud worth €100m in Frankfurt earlier this year.

China tech start-ups still prefer New York over HK

Chinese technology start-ups still favour listing in New York despite Hong Kong's efforts to woo entrepreneurs. Of 29 Chinese tech IPOs this year, 16 were in the US and 13 were on the Hong Kong exchange, according to data from Dealogic.
Analysis ▸ PAGE 19

FT FINANCIAL TIMES
FT FUTURE OF THE CAR SUMMIT USA
November 08 2018 | Detroit
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Maarten Sierhuis, Director, Nissan Research Center
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Banks

HSBC blazes trail with Shanghai listing

Course set for first offer of China depositary receipts after decade of planning

DON WEINLAND AND EMMA DUNKLEY
HONG KONG

HSBC is on track to become the first foreign company to trade on a Chinese bourse under a new stock exchange link between London and Shanghai.

In a move that has been in the making for more than a decade, the London-Shanghai stock connect plans to make the bank the first offering of Chinese Depositary Receipts — a tradeable security that reflects underlying shares listed elsewhere.

The London-Shanghai stock connect is one of several plans to link China's public equity market with those of other countries. It aims to link the London Stock Exchange and the Shanghai Stock Exchange, allowing global investors to access shares in Chinese companies and Chinese investors a chance to buy LSE-listed stock.

The plan to offer HSBC stock in Shanghai is viewed as a symbolic listing following years of planning, two people with knowledge of the matter said.

"It's significant as this is the first time Chinese domestic investors can trade a foreign company in their own market through [CDRs]," Jason Lui, head of Asia Pacific equity derivative strategy at BNP Paribas, said of the stock connect plan.

The trading link, which is expected to go live at the end of this year, comes as China attempts to open its stock market to international investors in a controlled manner. Earlier this year, the index provider MSCI included mainland-listed A-shares in its flagship emerging markets index, tracked by $1.9tn of assets. The plans also come amid a torrid 2018 for Chinese shares, which have fallen about 30 per cent this year.

HSBC declined to comment on details of the plans, but said: "We are studying the proposed framework for the listing of [CDRs] under the Shanghai-London Stock Connect."

Talks to list HSBC shares in Shanghai began in 2007. At the time the Shanghai bourse planned to open an international board allowing foreign companies to list shares denominated in renminbi. That idea dragged on for years and the original framework eventually faded. The international board was never established in China.

In September, Huatai Securities said it planned to sell $500m in global depositary receipts on the LSE, the first proposed offering of shares from a Chinese company in London through the link.

Huatai is already listed in Hong Kong and Shanghai. Under the rules of the stock connect, it can raise new capital through the listing. London-listed companies will not be allowed to raise fresh capital initially but can offer only shares already traded in the UK.

The arrangement has led to some questions over the incentives for London-listed groups to participate without the potential for raising capital.

See Lex

30%
Decline for mainland shares so far this year

$500m
Value of GDRs Huatai is looking to sell in London

INSIDE BUSINESS
TECHNOLOGY
Richard Waters

Road to IPO is fraught with doubts over value of Uber's network

Groundbreaking tech IPOs often come with huge risks.

Amazon, which came to the stock market in 1997, was widely thought to be on the verge of bankruptcy after the dotcom bust. Fifteen years later, Facebook arrived on Wall Street as a shift to smartphones threatened to leave it behind — slicing 50 per cent from its share price before the company proved it could make money from mobile.

Yet the challenges facing Uber are something else entirely. The company's advisers are warming up for an IPO valuing the ride-hailing company at more than $100bn. If this confidence is justified, it will underline Uber's recovery from recent troubles and cement its position as the defining tech start-up of its generation. But that is a big "if".

It is not just the questions that still hang over Uber's basic business model. Uber, like rivals, has built a new market through the liberal use of subsidies, racking up huge losses in the process. What demand will look like when pricing adjusts to an economic level is not clear.

Nor is it simply the uncertainty of operating a disruptive company in a highly regulated sector. Transportation is not like social networking, where start-ups have largely been free to screw up society — at least, until politicians can no longer ignore the consequences. The cities where ride-hailing services trade tend to be more interventionist.

In some cases, the interests of transportation start-ups run directly counter to the interests of host cities. Uber, for instance, benefits from having many empty cars patrolling the streets, meaning riders never wait long. But San Francisco's county transport authority judged this week that half of the recent build up in local traffic congestion was down to services such as Uber and Lyft.

And questions remain about the future of Uber's business. Will it be a transportation supermarket — offering everything from electric scooters and bikes to food delivery and logistics — as well as a vertically integrated tech company, with its own self-driving technology? Or will it spin out certain businesses into separate entities, something which is already under consideration? Taking on everything might be too much for any company.

> In a city-by-city market, rivals may not need to match Uber's scale to be viable

All of these issues, though, pale in comparison to the single, over-arching question: what is the value of Uber's network?

In the early days, it was easy to imagine that Uber operated in a "winner-takes-all" market. The company with the most drivers on its network would attract the most users. That would lead drivers to accept lower fares, since they would spend more time working and less time sitting idle. The result would be a virtuous cycle that attracted more riders and drivers.

But that does not seem to have happened. Riders and drivers both like choice, and are capable of juggling multiple apps. US rival Lyft shows no sign of going away, and is planning an IPO of its own. In what is essentially a city-by-city market, rivals may not need to match Uber's scale to be viable.

Yet whatever network effects Uber is able to generate could bring enormous benefits further down the road — particularly when the era of driverless cars finally arrives.

Autonomous vehicles have trouble in unpredictable environments, and at first, they are likely to operate only on limited, simplified routes, and under perfect weather conditions. That period could last for years.

A network like Uber, with an army of human drivers, should be best placed to bring a new technology like this to market. It could release driverless cars on to the road as and when conditions were right, and only on the least complicated routes. As their capabilities increased, the cars could take on a progressively larger share of rides. If it played out this way, ride-hailing companies could be at the front of the driverless car revolution — whether or not they developed the technology themselves.

But will true robot taxis hit the roads in the next five years, or decades from now? Will deep-pocketed companies such as Alphabet — the parent company of Waymo, widely considered the most technically advanced — unleash their own fleets of vehicles, leaving Uber behind? Will Tesla, or another carmaker, succeed in turning its customers into owner-operators for a proprietary fleet of autonomous electric cars?

The answers to these questions have a huge bearing on Uber's ultimate value. Until now, they have only been of concern to a privileged group of private investors. But if things go to plan, soon anyone will be able to take a punt.

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Oil & gas

Swedish executives face charges over Sudan civil war

RICHARD MILNE
NORDIC CORRESPONDENT

The chief executive and chairman of Lundin Petroleum are set to be charged with aggravated crimes against human rights over the Swedish oil company's alleged role in causing thousands of deaths in South Sudan.

Sweden's justice minister warned that they face potential lifetime prison sentences if found guilty after the centre-left government approved prosecutors' request to indict.

Human rights organisations claim that the start of oil exploration in South Sudan at the end of the 1990s by a consortium led by Lundin provoked a war that led to the deaths of thousands of people, the forced displacement of almost 200,000 and numerous cases of rape, torture and abduction.

Alex Schneiter, Lundin's chief executive, who was head of exploration at the time, and Ian Lundin, the company's chairman and son of its founder, have been suspects since 2016 when they were interviewed by prosecutors.

> 'We remain convinced that there are no grounds for any allegations of wrongdoing'

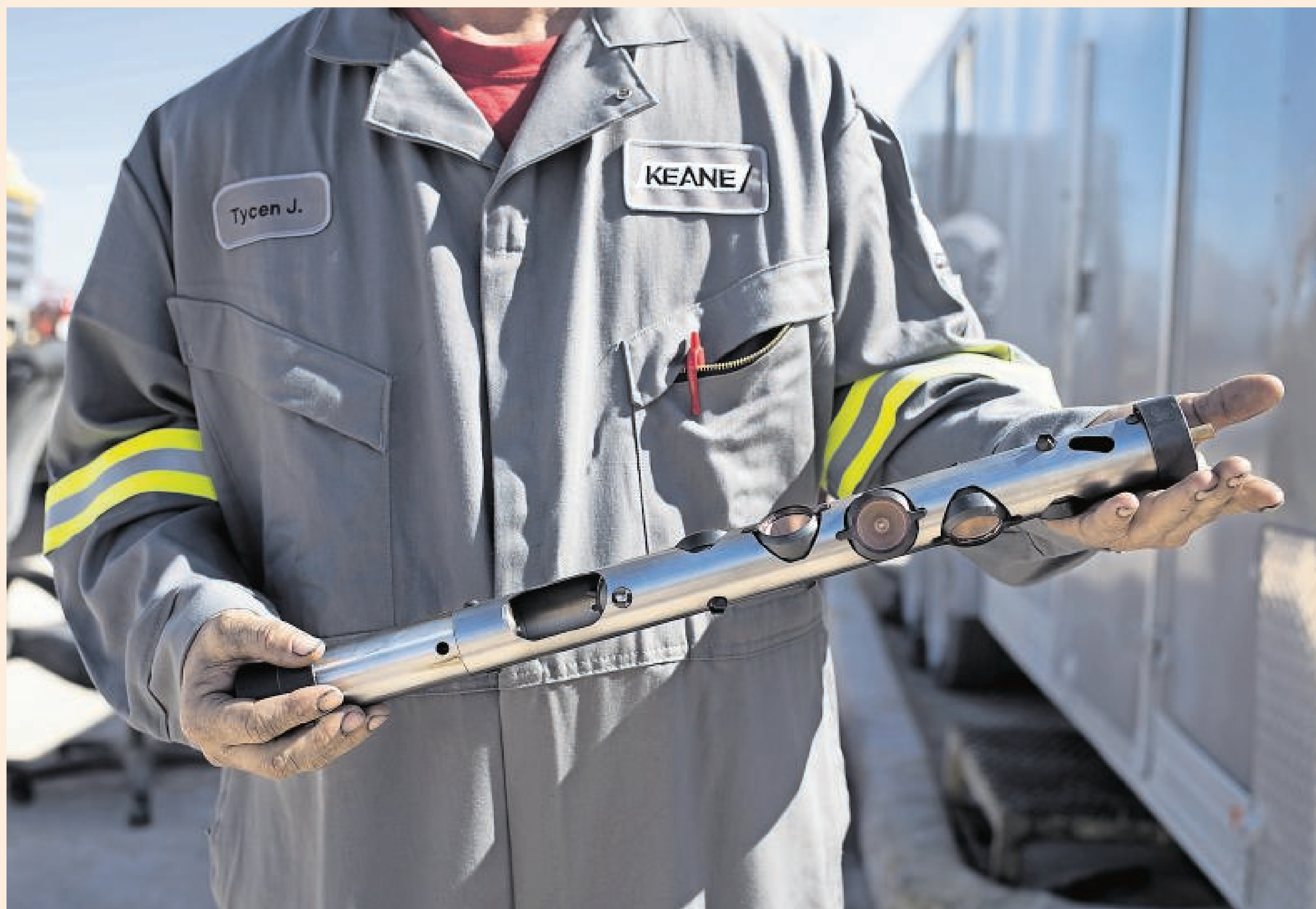
Both deny the allegations. Mr Lundin described the ministry of justice's decision as "totally unacceptable" yesterday. He lives in Switzerland and his family's trust owns 27.7 per cent of the company, which has a SKr95.6bn ($10.6bn) market capitalisation.

"Strong submissions were made to the ministry, supported by independent expert legal opinion, highlighting the jurisdictional and legal flaws why it should not be allowed to proceed . . . We remain convinced that there are no grounds for any allegations of wrongdoing against any representative of Lundin," the company said.

Shares in Lundin, one of Europe's largest independent oil companies, fell 2.5 per cent yesterday. Its main activity now is oil production and exploration in Norway. It sold out of what was then Sudan in 2003. It insists that its presence had improved living conditions for people in the region.

But a coalition of human rights groups published a report in 2010 claiming that Lundin may have been complicit in the alleged crimes committed by the Sudanese government and its main opponent in a civil war.

Oil & gas. Exploration



A Royal Dutch Shell worker holds a hydraulic fracturing perforating gun, used to penetrate shale rock — Matthew Busch/Bloomberg

Shell bets on shale for flexibility

Fracking provides 'balance' for deepwater during transition to greener fuels, says US chief

ANJLI RAVAL — NEW ORLEANS

Growing oil and gas production from shale fields will act as a "balance" for deepwater projects, the new head of Royal Dutch Shell's US business said, as the energy major strives for flexibility in the transition to cleaner fuels.

Gretchen Watkins said drilling far beneath oceans in the US Gulf of Mexico, Brazil and Nigeria secured revenues for the longer-term, but tapping shale reserves in the US, Canada and Argentina enabled nimble decision-making.

"The role that [the shale business] plays in Shell's portfolio is one of being a good balance for deepwater," Ms Watkins said in her first interview since she joined the Anglo-Dutch major in May.

Capital-intensive deepwater projects take time to develop, but are seen as lucrative long-term investments. Shale projects require modest cash to start but they ebb and flow faster.

"You can be much more agile in your investment decisions," said Ms Watkins, adding that spending and operations in the shale business could be ramped up or down, depending on market moves.

"[It] is a natural hedge in the portfolio," she added. Ms Watkins, the former chief executive of Denmark's Maersk Oil, has become head of the shale business and will take on an additional role overseeing all US operations.

Investments into shale have risen as energy companies have been under pressure to rein in costs, pay down debt and boost returns to investors through dividends and share buybacks.

So-called short-cycle projects have also become more attractive amid uncertainty about future demand for fossil fuels and the expected global shift towards cleaner forms of energy.

Shell, Ms Watkins said, was making bets in order to be in a "thriving mode" through a turbulent energy transition.

Shell is allocating between $2bn and $3bn every year to the shale business, which is about 10 per cent of the company's annual capital expenditure until 2020 and half of its expected spending on deepwater projects.

As costs for deepwater projects come down and can generate a profit with oil prices well below $40 a barrel, they are increasingly competing with shale for capital. "We can stand right alongside deepwater," said Ms Watkins.

For much of the past decade, smaller oil companies drove the boom in US shale by making breakthroughs in drilling technology that made the US the world's fastest-growing producer. Now, big energy groups that were once slow to invest and had difficulties making the shale business work have become more efficient and achieved scale.

> 'You can be much more agile in your investment decisions [with shale]'
> Gretchen Watkins

Shell, which took a $2.1bn writedown on the value of unconventional oilfields in 2013, says its performance has improved and it aims to make shale a bigger part of its business in the 2020s.

It is focusing investment in the Permian Basin of Texas and New Mexico and the Duvernay shale in Alberta. Unconventional oil and gas production is due to double from 250,000 barrels of oil equivalent a day last year by 2020.

But Shell's US production outlook to 2030 still lags behind ExxonMobil, Chevron and BP, analysts at consultancy WoodMackenzie said. While ExxonMobil has most acreage, Chevron has the most valuable portfolio, dominated by its unrivalled Permian position. BP's recent acquisition of miner BHP's US shale assets has given it a sizeable boost.

Ms Watkins said Shell sought to become even more efficient while keeping rising costs in check. This would boost productivity as it banks on shale as an important engine for growth in the next decade. "We are coming into a place in the next year or so where we will be a high-growth business," said Ms Watkins, referring to both higher levels of production and financial returns.

Automobiles

Tesla leases land for 2021 China factory launch

TOM HANCOCK — PINGYAO

Tesla has paid Rmb973m ($140m) to lease an 860,000 square metre plot near Shanghai's port for its first big vehicle factory outside the US as the electric car company tries to expand sales in the world's largest automotive market.

The US group said the factory would begin production in 2021 with initial capacity of about 250,000 vehicles a year. The cost of the lease was disclosed on a Shanghai government website. Such leases usually last 50 years.

Tesla's sales in China have been affected by trade frictions between Beijing and Washington. The company said this month it was operating at a 55-60 per cent cost disadvantage compared with Chinese producers due to tariffs and shipping costs.

Funding for the Shanghai plant will come mostly from Chinese banks, and Tesla's own investment "will not start in any significant way until 2019", Elon Musk, the company founder, said in an August conference call with investors.

Beijing said in April it would abolish rules requiring foreign companies to set up 50-50 joint ventures with a Chinese partner for the electric car sector by the end of the year, though the restriction will apply to other vehicles until 2022.

Tesla has said it would have complete ownership of the Shanghai plant.

The factory will be based in the Lingang area of Shanghai, which is already home to the production facilities of brands including MG Rover.

Mr Musk has said the Shanghai factory will eventually have a production capacity of 500,000 vehicles a year. The factory will also make the vehicles' battery packs.

China is the largest market for passenger and electric vehicles, with sales of new-energy models running at more than 80,000 a month, according to data from an industry group.

Additional reporting by Sherry Ju

Financials

Blackstone achieves record inflows of $125bn

MARK VANDEVELDE — NEW YORK

Blackstone has reported record capital inflows of $125bn over the past 12 months and beat analysts' forecasts for quarterly profits, as chief executive Stephen Schwarzman hailed "powerful momentum throughout our existing business lines" and a new push into life sciences.

The New York-based investment firm has been taking advantage of a favourable fundraising environment as investors, starved of returns by a decade of loose monetary policy, are increasingly willing to embrace illiquid and complex investments as a way of driving extra returns. Earlier this year Blackstone closed the first $5bn of commitments to its Saudi-backed infrastructure fund, which the firm hopes will eventually raise $40bn to be spent largely on projects in the US.

Half of the total is set to come from the desert kingdom, where Mr Schwarzman had been due to attend the Future Investment Initiative conference later this month.

He was one of several financiers to withdraw from the gathering over the weekend, in the wake of the suspected killing of prominent Saudi journalist Jamal Khashoggi.

Saudi Arabia has agreed to match other investors' commitments to the infrastructure fund, up to a maximum of $20bn.

If the full amount is raised, the Saudi contribution would amount to more than 4 per cent of Blackstone's current portfolio of assets.

Blackstone recorded net income of $949m in the three months to September 30, ahead of consensus estimates of $912m, according to analyst forecasts compiled by S&P Global Market Intelligence.

The group was helped by $4bn in proceeds from sales of office blocks in America and the UK, and by strong realisations in its credit funds.

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

Chief's exit casts shadow over Grant Thornton

Romanovitch's resignation after strategy shift threatens to hamper the auditor and its peers' industry ambitions

MADISON MARRIAGE

The seeds of discontent at Grant Thornton, which this week stunned the audit market by announcing its high-profile chief executive Sacha Romanovitch would step down, were first sown four years ago.

The 50-year-old was far from the favourite to become the leader of Britain's fifth-largest accounting firm when she put herself forward for the role in 2014.

But the chemistry graduate, who had spent two decades working her way up through the firm's ranks, surprised onlookers when she beat the popular but brusque Robert Hannah to become the first female chief of a major British accounting firm.

Both had worked at Grant Thornton for decades, and were considered smart and competent. But they were poles apart in terms of their leadership style.

Ms Romanovitch, who grew up in south-west London, was gregarious, approachable and articulate — a flash of colour in an otherwise grey industry. Mr Hannah, a Scot, was well-liked but serious and matter-of-fact.

> Ms Romanovitch was gregarious, approachable and articulate — a flash of colour in a grey industry

Grant Thornton's partner oversight board ultimately selected Ms Romanovitch, knowing that both candidates had promised to support each other no matter who got the top job.

However, it was a schism in their relationship that eventually provided the catalyst for her premature departure, according to six accounting executives at Grant Thornton and rival firms who know both individuals.

As well as shocking many peers, Ms Romanovitch's dramatic exit is also a blow to an industry already under the spotlight from politicians and regulators and is likely to hamper the challenge of smaller audit firms against the dominance of the "Big Four".

At first, Ms Romanovitch and Mr Hannah kept their promise to support each other. One of the new CEO's earliest decisions was to make Mr Hannah the firm's chief operating officer — essentially her second-in-command.

She also set out her strategic vision for the firm, pushing it to pursue "profits with purpose" by dropping morally questionable clients, capping her own pay, and restructuring it to become a shared enterprise. The restructure involved two radical changes: profits would be shared with all staff, not only partners; and for the first time employees would sit on the partner oversight board.

At first, the firm's 185 partners were overwhelmingly supportive of the new strategy, with 99 per cent voting in favour of it becoming a shared enterprise in 2015.

But as profits and revenues — and crucially earnings per partner — stalled in the following three years, concerns began to mount within the partnership about when it would pay off. By the end of 2017, profits per partner were below 2014 levels. Partners at BDO, the firm's closest rival, had seen their pay nearly double over the same period.

"The frustration is that being 'purpose led' is a smokescreen to raise the profile of the firm, and that there's not much behind it," said one partner at Grant Thornton, speaking privately. "The brand is likeable enough, but the market does not appear to be getting behind it and buying it. Revenues are going backwards when every other firm's revenues are rising. Is this the emperor's new clothes, with nothing behind it?"

Partners expressed their frustration with the firm's performance at a meeting held at Grant Thornton's UK headquarters in London in April. Among them was Mr Hannah, who openly challenged aspects of its strategy, according to several partners who were there. Mr Hannah declined to comment.

The meeting was so oversubscribed there was no room to sit, and several partners raised concerns about the firm's spending and investment decisions, cost controls and Ms Romanovitch's leadership. Representatives from the partner oversight board were said to have listened carefully and responded positively.

But the only discernible change to have come out of the meeting was the removal of Mr Hannah from Grant Thornton's strategic leadership team one month later, according to several partners at the firm. Grant Thornton has insisted that Mr Hannah was not demoted but moved to an international role that was a "huge strategic priority".

Ms Romanovitch has also spoken highly of the former chief operating officer, telling the FT last month: "Robert is really talented and has done some brilliant work on the international side and I felt that was where he was best focused. Over time people have come on and off the leadership team — that came as a surprise to some partners. It is not an end destination where you are for the rest of your life."

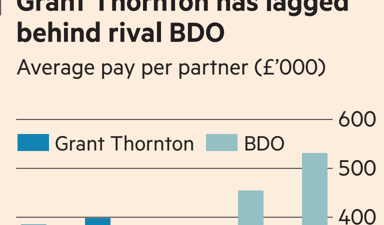
Other partners at the firm and competitors outside of it have scoffed at such claims. One partner said: "[Mr Hannah] is part of the furniture — he is well liked and trustworthy. [His demotion] didn't sit well with the partners and that's not a secret."

An auditor at a rival firm added: "I've heard from many people that the way [Mr Hannah's move] was handled did not treat him with the dignity he deserved. He was clearly disappointed. To say he was promoted is crap."

Insiders at the firm and competitors have suggested that it was Mr Hannah's effective demotion that prompted one partner to send a now infamous memo to the press last month. The memo, which included a confidential copy of Ms Romanovitch's performance review, contained a litany of criticisms of the CEO, her "socialist agenda" and the firm's recent financial performance.

Grant Thornton has lagged behind rival BDO

Average pay per partner (£'000)



Source: FT research

Less than four weeks after the memo landed in the postrooms of the Financial Times and other media, Ms Romanovitch announced her decision to leave. Every Grant Thornton partner interviewed for this piece said Mr Hannah was trustworthy, loyal, and likely to be devastated by the sending of the anonymous memo.

For Grant Thornton staff, as well as the broader business community, this has been an ugly episode in the firm's history. The timing of the controversy is also considered spectacularly bad.

Under Ms Romanovitch's leadership, Grant Thornton had been an outspoken critic of the structure of the audit market and encouraged politicians to view it as a trustworthy challenger to the dominant Big Four. The sense is that Grant Thornton's credibility has been damaged, potentially undermining its efforts to gain influence and responsibility.

Laura Empson, director at London's Cass Business School, said: "It just looks incompetent — and any whiff of incompetence looks deeply damaging in this sector. This would have been a good time to be really squeaky clean. The timing could not have been worse."

Competitors also worry that the affair has hurt the wider profession. "It puts everyone in a bad light. It hurts everyone," said a senior figure at a rival firm.

Ms Romanovitch declined to comment publicly after announcing her departure, other than to say she was "proud" of the work the firm had done. But in a candid blog sent to the firm's staff on Wednesday, she said there were things she would have done differently. "I've made mistakes on the way. Sometimes heading up blind alleys, not making things as clear and simple for people, not always following through on accountability," she wrote.

> 'This would have been a good time to be squeaky clean. The timing could not have been worse'

She also rebutted the notion that she had been "hounded out by a nasty group of partners". Recriminations are expected to continue to fly, however, and the election contest to replace her will be tense while the firm hunts for the culprits behind the leaked memo.

Mr Hannah is one obvious contender to replace her, but his candidacy is also likely to be treated with suspicion within the firm. "It will be a difficult election process," the senior figure at a rival said. "People will look at whose hands were on the knife."

Out for the count

Auditor angst: Grant Thornton's offices in London's Finsbury Square and, below Sacha Romanovitch, who has resigned as chief executive — Anna Gordon

Industrials

'Steel saviour' Gupta asks rivals for loans

HENRY SANDERSON, ROBERT SMITH AND MICHAEL POOLER

Sanjeev Gupta, the so-called "saviour of steel", has approached rival commodity traders for loans after one of his main financial backers, Swiss asset manager GAM, ran into trouble.

Over the past three years Mr Gupta has emerged from relative obscurity to build an industrial empire spanning four continents, with $17bn in turnover and a workforce of more than 20,000.

A string of rapid acquisitions, ranging from aluminium smelters in the Highlands of Scotland to steel mills in Australia, have seen him hailed as a rescuer of the industry in those countries.

One main source of financing, according to public documents, has been GAM, which owned a significant amount of at least $2.8bn of bonds issued on behalf of Mr Gupta's family companies. GAM has been retrenching after it identified breaches of company policy by one of its star fund managers.

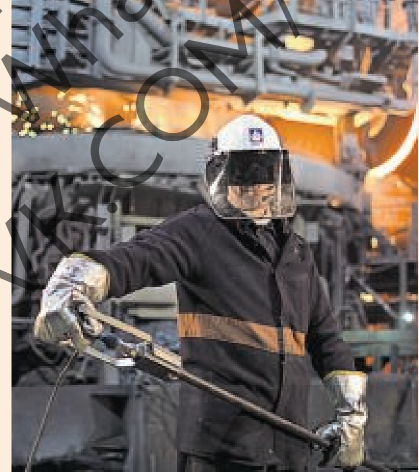
For his latest deal, Mr Gupta has turned to his own rivals for financing.

In January Mr Gupta agreed to buy the Dunkerque aluminium smelter, Europe's largest, from Rio Tinto for $500m, as part of a multibillion-dollar plan to build a manufacturing business in northern France producing components for the automotive industry.

In the past few weeks, Mr Gupta's Liberty House vehicle has asked several trading houses for at least $160m in loans linked to the smelter, according to four people familiar with the matter.

"He is going around to more alternative financiers," said one trader. "It shows you the traditional channels are blocked."

Banks normally provide the type of credit Mr Gupta is seeking, according to industry participants. Commodity traders do sometimes provide financing when they sell raw materials but in this case the raw alumina to the plant is being supplied by Rio Tinto and Mr Gupta has approached rival third-party traders.



Sanjeev Gupta's Liberty House is seeking financing for a smelting deal

Liberty said some of the funds it was seeking was "normal inventory financing" and there was nothing unusual about it. In addition, he said Liberty had secured credit from banks and a trader to fund the Dunkerque purchase — the first time the company has secured a long-term loan of this size. He declined to name the banks involved.

It comes soon after GAM started liquidating $7.3bn of funds when it discovered potential breaches of due diligence practices, which people familiar with the matter said was partly related to investments in bonds linked to Liberty House.

Greensill, the London-based company that created those bonds has arranged at least $2.8bn in financing for Mr Gupta's companies, according to publicly available data.

On many of his transactions, Mr Gupta has worked closely with Greensill, a start-up founded in 2011 by Lex Greensill, an Australian who claims to have been an adviser to both David Cameron and Barack Obama.

Mr Gupta's rapid dealmaking exploits — which this month included the acquisition of four European steel plants from ArcelorMittal employing more than 12,500 people — have surprised some industry figures and raised questions about how his business empire is financed.

Additional reporting by Neil Hume and David Sheppard

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Technology

Uber secures $2bn with first bonds foray

Ride-hailing group finds strong demand for debt aimed at lifting growth

SHANNON BOND — SAN FRANCISCO

Uber raised $2bn in its debut bond sale after boosting the size of the offering to meet high demand from investors to fund its cash-intensive growth.

The ride-hailing company sold $1.5bn in eight-year notes with a yield of 8 per cent, an increase from the $1bn Uber had originally pitched. It raised another $500m from five-year notes with a yield of 7.5 per cent in a private placement led by Morgan Stanley.

Uber received more than $3bn in orders in total, according to a person familiar with the matter. The company confirmed that the sale had completed.

The bond deal comes as Uber is preparing for an expected initial public offering in the early part of 2019 with a targeted valuation of more than $100bn, according to people familiar with the matter.

Dara Khosrowshahi, chief executive, has previously said the company was looking to go public in the second half of next year. Morgan Stanley and Goldman Sachs are set to be hired as lead underwriters for the IPO, which could be the biggest the US technology sector has seen in years.

Investors have shown strong appetite for high-yield bonds from fast-growing companies that burn a lot of cash. WeWork, the shared office space provider, increased its own issuance earlier this year to $702m from $500m. Last year, electric carmaker Tesla sold $1.8bn in bonds after initially planning to raise $1.5bn.

> The company is on track to generate up to $11bn in revenues this year, but still records steep losses

Uber has raised tens of billions of dollars in equity and debt over the years. Its foray into the junk bond market comes just months after it sold $1.5bn in leveraged loans marketed directly to investors. It previously raised $1.15bn in its first leveraged loan deal in 2016.

While Uber is on track to generate $10bn to $11bn in revenues this year, up from about $7.8bn in 2017, it still records steep losses as it spends heavily to subsidise rides and invest in new ventures, including autonomous technology, food delivery and electric bicycles.

As it looks to pitch its business to public investors, it is also considering selling minority stakes in its costly self-driving car unit, which goes through at least $500m in cash a year, according to people familiar with the matter.

See Inside Business

Banks

Lenders aim to plug $1.5tn gap in global trade finance

DON WEINLAND — HONG KONG

Several of the world's largest banks plan to build a digital platform that aims to grab an unaddressed $1.5tn gap in the coverage of global trade finance.

ANZ, Banco Santander, BNP Paribas, Citi, Deutsche Bank, HSBC and Standard Chartered will co-operate on the project, the Trade Information Network, by the end of the year.

The project would give access to all banks and corporations to directly exchange and verify trade information in the hopes of lowering the risks — and the cost — of financing smaller companies currently ignored by large banks.

"What this platform will do is allow our clients to connect and provide information on to that network, and make it much cheaper and effective to deal with our own clients," said Michael Vrontamitis, head of trade in Europe and the Americas at Standard Chartered. He added that it would also enable the banks to take on new customers.

The project, originally known as Wilson, comes as a number of banks and governments around the world roll out digital or blockchain-based trade finance platforms in an attempt to upgrade the $9tn global trade finance industry.

Hong Kong's de facto central bank, the Hong Kong Monetary Authority, has launched a blockchain-backed trade finance platform linked to 21 banks, including HSBC and Standard Chartered. HSBC said in May that it had begun the world's first live blockchain trade, which processed a letter of credit for the US food and agricultural group Cargill.

> 'The possibility to unlock additional financing opportunities will further support growth in trade'

Following a number of fines for violating sanctions and other regulations, banks have sought to de-risk their client portfolios by dropping the coverage of small companies in many high-risk countries in Asia and the Middle East.

The Trade Information Network is intended to be one means of reducing the level of risk associated with trade finance for banks.

The system plans to allow trading companies to submit purchase orders and invoices to request trade financing from banks. The information can be verified within the system and will help banks better assess the risks of double financing and fraudulent trade.

This can lower the cost of taking on clients and help banks to accept smaller companies.

The addition of companies left out of the formal banking sector is projected to be lucrative. The Asian Development Bank has said there is a $1.5tn shortfall in trade financing, mainly for small companies, because banks have been unwilling to take on higher risks.

"The possibility to unlock additional financing opportunities along the entire supply chain will further support the overall growth in global trade," Daniel Schmand, global head of trade finance at Deutsche Bank, said.

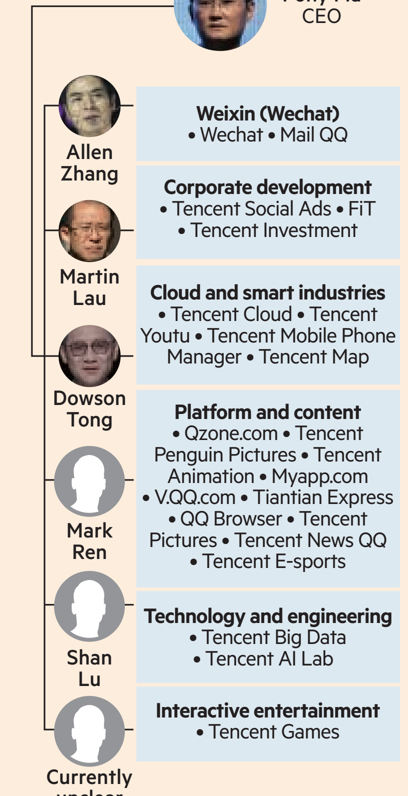
Technology. Strategy

Tencent takes on voracious rivals with shake-up

China group aims to regain edge over competitors by breaking down internal silos

LOUISE LUCAS — HONG KONG

Tencent's shares have tumbled since a government gaming clampdown started eating into profits



Source: ChinaChannel

Tencent has hailed its recent restructuring as a "new beginning for the next 20 years".

But with its share price in freefall, robbing the internet company of its title as China's most valuable business, the changes stem from a more urgent priority: to counter the sluggish bureaucracy and silo culture that have sapped Sony in Japan over the past 20 years.

According to former employees and analysts, the company's fiercely competitive culture and focus on product lines have spawned tight silos that hamper the sharing of data, ideas and even — at times — lines of code.

The reshuffle comes as the company is facing multiple challenges. Its shares are down over 40 per cent from their January peak, when the company was worth $570bn, partly because of a move by the Chinese government to restrict gaming that hit last quarter's profits.

> 'They've been too comfortable. WeChat has been a strong product and they just harvest that'

It is also facing competition from Douyin, known as TikTok outside China, a two-year-old video sharing app owned by Bytedance, and lags behind rival Alibaba in cloud computing.

Now Tencent, whose ubiquitous WeChat app boasts over 1bn accounts, has rejigged its management for first time in six years, slimming down from seven to six divisions.

"Pony Ma was previously a product manager and an engineer," said one former employee of the company's founder, chief executive and chairman.

"He will look into the details about the user interface in the app, and this happens with other high-level vice-presidents as well — they will look at the product." This focus, said the former staffer, has been at the cost of sharing data and cross-selling opportunities.

An industry executive agreed: "When you have product managers run a business they don't focus very much on organisation and people development."

Analysts said silos had built up in Tencent partly because of a culture of internal competition. Notably, when creating its Weixin (WeChat) social platform, several teams were given the same brief.

"Internal competition can be as fierce as the external," said Matthew Brennan, founder of tech consultancy China Channel. "It's called *saima*, like a horse race, the concept of putting several teams to attack the same opportunity."

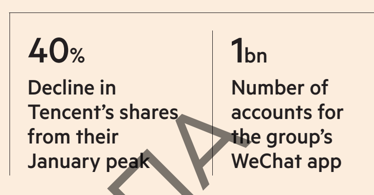
When Chinese users started turning to short videos, and particularly to Douyin, Tencent responded by launching a video app, Yoo, in competition not just with Douyin but its own Weishi app. Such is Tencent's fretting about Douyin's rise that Mr Brennan joked that its new "platform and content group" could be more accurately described as the "kill Bytedance business group".

The silos within Tencent may foster competition, but they also inhibit data sharing and co-operation, said analysts. The former employee described having to "negotiate" with a different business unit to obtain data.

She and her colleagues also had to contend with dealing with different teams depending on the device running the apps they were working on: Beijing for the iPad and Shenzhen for iPhones and Android.

The restructuring aims to end many of these splits, but leaves Weixin in its own division. This is a problem because other parts of the business need access to Weixin users, said Richard Windsor at Radio Free Mobile, a research company. "Some of the most engaged relationships Tencent has [are] with its Weixin users and it needs to integrate these relationships to try and cross-sell its other services as well as improve its understanding of its users," he noted.

Tencent's technology is usually proprietary rather than open-source, and while teams share some "basic infrastructure", they are focused on developing products that cater to their own specific requirements, according to staffers.



Part of Tencent's problem is a common one: its success. "They've been too comfortable," said the industry executive. "WeChat has been such a strong product and they just harvest that track and don't think about the fundamental tech."

A new tech committee, designed "to enhance open-source collaboration, innovation, and more efficient use of technologies across the company" will address this problem, Tencent said.

The company declined to comment more broadly on its management. Critics suggested that a strong chief technology officer, with a mandate to integrate all platforms, might be preferable to a committee.

The rejig has also created a cloud and smart industries group, drawing attention to one of the thorniest transformations that Tencent is undergoing as it chases business clients for the fast-growing cloud computing market.

Serving businesses, analysts said, does not come naturally to Tencent, which has built its business on consumers — people who order meals, watch videos or message each other.

But it also reflects what some see as a rare tardiness for Tencent, which was quick to jump on China's move from PC to mobile. That trend triggered Tencent's last restructuring six years ago.

Both Tencent's Mr Ma and Robin Li, his opposite number at Baidu, were slower to spot the potential of cloud than Alibaba. But while Alibaba is dominant in the cloud market, analysts said there remains time to compete. Alibaba's payments affiliate Ant Financial stole a march on third party mobile payments, but Tencent has since narrowed its lead in part by introducing virtual *hongbao* — allowing people to send money online to friends and relatives over the lunar new year festival.

And for some, the rejig is a step towards righting the ship. The reorganisation, said Mr Windsor, "offers a golden opportunity to fix a number of the issues that have been hampering its long-term potential".

Food & beverage

Nestlé to lose executive who turned round Asia division

RALPH ATKINS — ZURICH

Nestlé has announced the departure of its head of Asia, the Swiss group's fastest-growing region, who had been tipped as a chief executive before the appointment of Mark Schneider two years ago.

Wan Ling Martello, who was credited with reviving Nestlé's flagging Asian businesses, has decided to "explore new horizons", the world's largest food and drinks company said yesterday, without giving further details.

The announcement of her departure came as the company behind products including KitKat bars, Nescafé coffee and Perrier bottled water reported a 2.8 per cent rise in "organic", or like-for-like, sales in the first nine months of the year — in line with expectations. Growth had accelerated to 2.9 per cent in the third quarter, Nestlé added.

The Asia region headed by Ms Martello reported the fastest regional pace of expansion, with organic sales growth of 4.4 per cent in the nine months to the end of September.

Ms Martello had been tipped by Swiss media as a successor to Paul Bulcke as chief executive, but in June 2016 Nestlé instead announced that the top job would go to Mr Schneider, who joined from Germany's Fresenius healthcare group. He was the first outsider appointed to the helm of the Swiss group since 1922.

Under Mr Schneider, Nestlé has revealed a series of acquisitions and disposals, especially in the increasingly competitive global coffee market. But he has faced pressure for more radical upheaval from US investor Daniel Loeb, whose Third Point activist hedge fund last year revealed a 1.25 per cent stake in Nestlé.

Ms Martello joined Nestlé in 2011 from Walmart, initially as chief financial officer. She became Asia, Oceania and Sub-Saharan Africa regional head in 2015, with responsibility for operations in 95 countries, including China. At the time, Nestlé's activities in the zone had faced "serious headwinds", the company said yesterday. Under her leadership, the region had become "the most profitable and fastest-growing business within the Nestlé group".

Telecoms

Ericsson returns to profit but warns of 'material' US penalty

NIC FILDES

The prospect of a substantial fine related to historic corruption issues overshadowed a strong third-quarter performance at Ericsson, as investment in new 5G networks helped to return the Swedish telecoms equipment company to profit.

Revenue rose 9 per cent year on year, excluding the impact of currency movements, to SKr54bn ($6bn) while pre-tax profit was SKr2.6bn, compared with a SKr4bn loss in the previous period. Organic revenue growth was 1 per cent.

Börje Ekholm, chief executive, said that it was the company's first profit since 2016, which was significant for its recovery.

However, Ericsson said that it expected a probable "material" fine from US authorities related to a corruption investigation by the Securities and Exchange Commission and Department of Justice.

The investigation started in 2013, but Ericsson has also since conducted its own internal probe. That threw up more details, which the company has provided to the authorities, and Mr Ekholm said that 50 staff had left the group as a result.

Previous reports in Sweden have suggested that the issues related to bribery accusations in Asia and eastern Europe. Mr Ekholm said he could not provide more details because of the live investigation, but admitted the probe was "wide ranging" and the company had since tightened its compliance controls.

Several Scandinavian telecoms companies have struggled with compliance issues in recent years — notably Telia, which was fined almost $1bn over a bribery scandal in Uzbekistan last year.

Ericsson in July agreed to a $146,000 settlement after it was found to have breached sanctions in South Sudan.

Citi said that the results were well ahead of expectations because of a 5 per cent rise in sales of network equipment in North America, compared with 2 per cent in the previous quarter. UBS noted that, even with a slightly damp outlook for the fourth quarter, it expected a strong rise in profit for the year and that the market was likely to overlook the impact of the corruption probe.

Legal Notices

IN THE HIGH COURT OF JUSTICE CR-2017-009253
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)
IN THE MATTER OF
RIVERSTONE INSURANCE LIMITED
AND
RIVERSTONE INSURANCE (UK) LIMITED
AND
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000
NOTICE

NOTICE IS HEREBY GIVEN in accordance with section 114 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") that, on 7 September 2018, an order was made by the High Court of Justice of England and Wales under section 111 and 112 of FSMA sanctioning a scheme (the "**Scheme**") providing for the transfer by RiverStone Insurance Limited (the "**Transferor**") of the entirety of the insurance and reinsurance business of the Transferor (the "**Transferring Business**") to RiverStone Insurance (UK) Limited (the "**Transferee**"); and making ancillary provision in connection with the Scheme pursuant to section 112 of FSMA.

The Scheme became effective at 23.59 BST on 28 September 2018 and resulted in the Transferring Business being carried on by the Transferee.

Where, in relation to any policy which evidences a contract of direct insurance comprised in the Transferring Business, the State in which the risk is situated is an EEA State other than the United Kingdom and the policyholder has the right to cancel the policy under the law of the EEA State concerned, then that right may be exercised during the period of 21 days following the date of publication of this notice (or, where applicable, during such longer period as may be allowed under the law of the EEA State concerned).

If any policyholder intends to cancel their policy as outlined above they should contact the Transferee at the postal or email address or telephone number below as soon as possible.

Dated: 19 October 2018

Postal address: F.A.O. Fraser Henry, RiverStone Insurance (UK) Limited, Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU, United Kingdom

Email: riltoriuk@rsml.co.uk

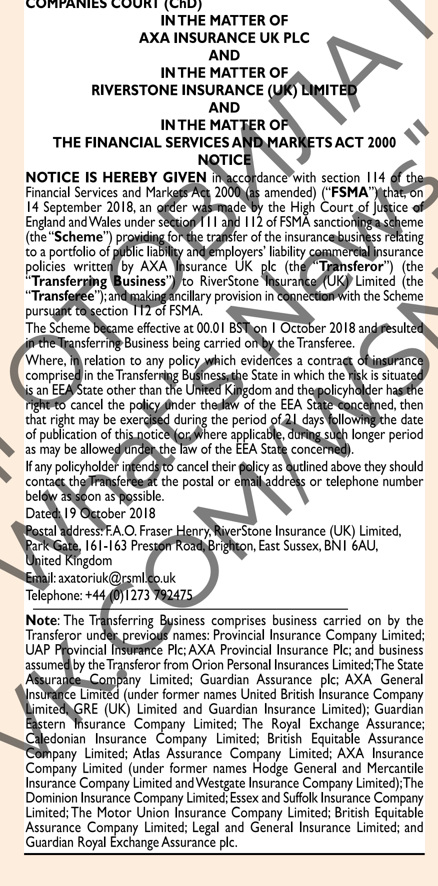
Telephone: +44 (0)1273 792007

In the matter of D.M.C. Diversified Media Company Limited – C91298
and
In the matter of the Cyprus Companies Law Cap 113

Notice is hereby given that the creditors of the above-named company which is voluntarily wound up are required on or before the 19th day of November 2018 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned, Mr. Christoforos Socratous, of Ernst & Young Cyprus Limited, 6 Stasinou Avenue, Jean Nouvel Tower, CY-1060, Nicosia, Cyprus, the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of October 2018

Christoforos Socratous
Ernst & Young Cyprus Limited
Liquidator of D.M.C. Diversified Media Company Limited



IN THE HIGH COURT OF JUSTICE CR-2017-009254
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)
IN THE MATTER OF
AXA INSURANCE UK PLC
AND
IN THE MATTER OF
RIVERSTONE INSURANCE (UK) LIMITED
AND
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000
NOTICE

NOTICE IS HEREBY GIVEN in accordance with section 114 of the Financial Services and Markets Act 2000 (as amended) ("**FSMA**") that, on 14 September 2018, an order was made by the High Court of Justice of England and Wales under section 111 and 112 of FSMA sanctioning a scheme (the "**Scheme**") providing for the transfer of the insurance business relating to a portfolio of public liability and employers' liability commercial insurance policies written by AXA Insurance UK plc (the "**Transferor**") (the "**Transferring Business**") to RiverStone Insurance (UK) Limited (the "**Transferee**"); and making ancillary provision in connection with the Scheme pursuant to section 112 of FSMA.

The Scheme became effective at 00.01 BST on 1 October 2018 and resulted in the Transferring Business being carried on by the Transferee.

Where, in relation to any policy which evidences a contract of insurance comprised in the Transferring Business, the State in which the risk is situated is an EEA State other than the United Kingdom and the policyholder has the right to cancel the policy under the law of the EEA State concerned, then that right may be exercised during the period of 21 days following the date of publication of this notice (or, where applicable, during such longer period as may be allowed under the law of the EEA State concerned).

If any policyholder intends to cancel their policy as outlined above they should contact the Transferee at the postal or email address or telephone number below as soon as possible.

Dated: 19 October 2018

Postal address: F.A.O. Fraser Henry, RiverStone Insurance (UK) Limited, Park Gate, 161-163 Preston Road, Brighton, East Sussex, BN1 6AU, United Kingdom

Email: axatoriuk@rsml.co.uk

Telephone: +44 (0)1273 792475

Note: The Transferring Business comprises business carried on by the Transferor under previous names: Provincial Insurance Company Limited; UAP Provincial Insurance Plc; AXA Provincial Insurance Plc; and business assumed by the Transferor from Orion Personal Insurances Limited; The State Assurance Company Limited; Guardian Assurance plc; AXA General Insurance Limited (under former names United British Insurance Company Limited, GRE (UK) Limited and Guardian Insurance Limited); Guardian Eastern Insurance Company Limited; The Royal Exchange Assurance; Caledonian Insurance Company Limited; British Equitable Assurance Company Limited; Atlas Assurance Company Limited; AXA Insurance Company Limited (under former names Hodge General and Mercantile Insurance Company Limited and Westgate Insurance Company Limited); The Dominion Insurance Company Limited; Essex and Suffolk Insurance Company Limited; The Motor Union Insurance Company Limited; British Equitable Assurance Company Limited; Legal and General Insurance Limited; and Guardian Royal Exchange Assurance plc.

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

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

Recruitment. Macron reform

France struggles to close skills gap

Despite high unemployment, a shortage of qualified labour is holding back growth

HARRIET AGNEW — PARIS

In a factory near the town of Cholet, 50km from Nantes in the west of France, large blocks of clay are being shaped, dried out and fired in a kiln at 1,000C. These terracotta building blocks are then shipped off to construction companies.

The factory's owner, Bouyer Leroux, is the leading French manufacturer of terracotta building materials and stands to benefit from the country's tentative economic revival. But there is one dynamic that could put a brake on growth, despite a recovering economy and France's reform-minded government: difficulties in recruiting.

"The current situation for hiring both skilled and unskilled workers is difficult because there's an imbalance between supply and demand," said Bouyer Leroux's chief executive Roland Besnard, wearing a hard hat and a high visibility vest over his navy blue suit.

> Concerns centre on 'the university and school systems, and a welfare system that's too generous'

Even in France, where unemployment is stuck at more than 9 per cent, among the highest in Europe, an increasing number of companies are complaining about the lack of skilled workers, according to Insée, the country's national statistical institute. This mismatch between companies' needs and the skills available — a phenomenon in large parts of the eurozone — could crimp the region's nascent economic recovery.

This summer Bouyer Leroux, which employs 1,400 people in France and is increasing revenues at a rate of 10 per cent a year, had to increase its delivery time because of a dearth of maintenance workers for its production sites.

Mr Besnard said: "Maintenance activities are not skewed to one industry, so there is a competition for maintenance workers between industries because of the slight recovery."

Mr Besnard echoes the sentiments expressed by many chief executives struggling to hire workers in France when he said "the main concern is the university system, the school system, and a welfare system that's too generous".

It is a concern shared by policymakers. Bruno Le Maire, France's finance minister, said last month that the questions of skills was "the most important economic issue in France" today.

"We have a system of learning that does not provide the skills that are needed," he added. "And suddenly, you have falling unemployment."

According to a report in July by the Bpifrance public investment bank, nine out of 10 mid-sized companies were facing recruitment difficulties, mainly, they said, because of an inadequate level of qualifications.

"There is a paradoxical situation in the French labour market, where on the one hand there is high unemployment but on the other, a large number of mid-sized groups say their main difficulty is hiring," said Nicolas Bouzou, head of Asterès, an economic research centre.

He said this was largely for three reasons: a lack of trained people for the jobs open; a generous welfare system for unemployed people in France that did not always motivate them to look for a job; and a lack of adequate housing where many of the jobs were located.

Cholet, which owes the rise of its prosperity to the settlement of weavers in the 17th century, is situated in the thriving Pays de la Loire region. Its unemployment rate of 5.7 per cent in the second quarter is far below the national level of 9.1 per cent and among the lowest in the country, thanks to its strong position in industries ranging from services to construction to agro-food.

The skills shortage is acute in digital, according to employers such as Matthieu Thibault, who heads DSMI, an IT infrastructure company based near Nantes that employs about 70 people.

€3bn	9.1%
Annual budget for training jobless and school dropouts over five years	Unemployment rate — among the highest in Europe

"The challenge for my business is to keep growing," he said. "The main difficulty is the recruitment and retention of qualified people in our IT field."

Mr Besnard said that, while companies had tried to reduce labour costs through automation, "we need competencies which are more specialised in automation management".

It is a similar story at SDEI Ouest, a mechanical engineering company in Cholet. It has grown from 50 people in 2015 to more than 80 today, and plans to reach 100 by 2021. The company was struggling to keep up with production because of hiring difficulties, according to Bruno Fradet, a director.

"There is a real shortage of skills in the engineering field, in particular automation and industrial robotics," he said. "We don't find these types of people in our region, and we need to be able to have the infrastructure such as housing to welcome families who move here for these jobs."

Some companies are addressing the recruitment difficulties by looking for growth externally through mergers and acquisitions. Bouyer Leroux is in the middle of acquiring Soprofen, a French rolling shutter and garage door manufacturing business, which will take its revenues from €200m to €320m.

At a national level, policymakers are trying to play a part and encourage a Nordic model of life-long learning.

Mr Macron has put overhauling France's system of professional training at the centre of ambitious reforms to bring down France's unemployment rate and stimulate growth in the eurozone's second-largest economy.

Between 200,000 and 330,000 vacancies were unfilled last year and the government hopes that by revamping the €32bn annual professional training scheme, it will be able to close the skills gap and cut unemployment.

The government said in March that from January 2020, each worker, including those that are part-time, will be able to spend €5,000 over their careers on training courses of their choice. The amount will rise to up to €8,000 for those with no qualifications.

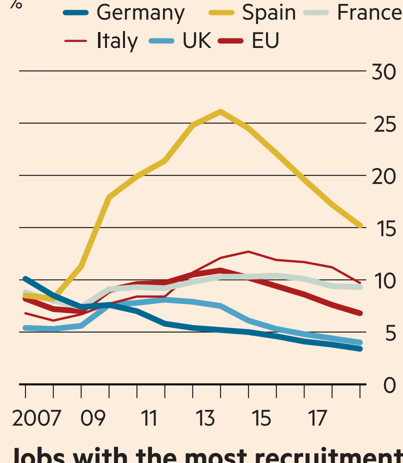
The measures will come on top of a €3bn annual spending programme to train 1m jobless and 1m school dropouts over five years. The government has also outlined plans to create more apprenticeships.

While employers and economists have welcomed these measures, they are aware it may be some years before the results are felt. "There have been a number of initiatives put in place by the French government, but of course you can't whisk up skills overnight," said Michala Marcussen, group chief economist at Société Générale. "It takes time and requires a strong dialogue between the corporate sector, professional training and higher education."

Mr Fradet said: "We've neglected certain competencies for years. Today we see a strong return to apprenticeships, but it will take several years for these people to be operational."

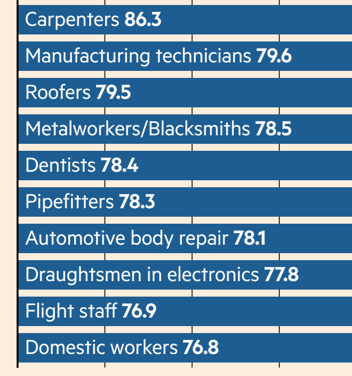
Roland Besnard heads Bouyer Leroux, which had to increase delivery times because of a dearth of staff — Mathieu Thomasset

France's unemployment stays stubbornly high



Jobs with the most recruitment difficulties in France

% that were hard to fill



Sources: Eurostat; Pôle emploi

Financials

Spanish banks told to refund customers for mortgage fees

MICHAEL STOTHARD — MADRID

Shares in Spanish banks tumbled yesterday after the supreme court ruled that they, rather than their clients, should pay certain fees on mortgages, potentially costing the lenders billions of euros in compensation.

Bankia, Banco de Sabadell and CaixaBank were each down at least 5 per cent in afternoon trading in Madrid. The falls were more severe than the roughly 1 per cent decline faced by the broad Stoxx 600 banks index.

While it was not clear from the ruling how much the sector would have to pay out retroactively, Citi analysts said it could range between €1.3bn and €4.5bn in refunds to customers. Citi said that €4.5bn was its "worse case scenario".

Analysts at Jefferies said that depending on the terms the banks can work out, the cost could be limited to "hundreds of millions" of euros, which "could be potentially manageable from a capital perspective".

The smaller local banks were likely to face a greater impact than the likes of Santander and BBVA, analysts said.

The ruling, released yesterday, said that banks rather than customers should be liable to pay taxes relating to registration of mortgage deeds — the so-called documented legal acts tax. This was the reversal of a previous ruling.

"The supreme court states that the person who must pay the stamp duty in the public deeds of loans with mortgage guarantees is the lender, not the one who receives the loan," the court said.

The country's banking sector was devastated by the financial crisis in 2008 and most of the local savings banks collapsed in the following years. Many had to receive a costly bailout, which led to years of austerity in Spain.

The impact of that crisis was still being felt last year, when Banco Popular came close to collapse and was sold to Santander for a euro after European authorities imposed heavy losses on its shareholders and junior bondholders.

However, most Spanish banks are in more robust health, and there is an expectation that state-owned lender Bankia is going to be privatised.

The sector was dealt a blow in 2016 when the European Court of Justice ruled banks had to compensate customers sold mortgages with interest rate floors that were not clearly explained.

It also needs to contend with a slowing Spanish economy, although there are hopes that higher interest rates in the coming years will help to compensate.

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- Packing facilities: Spread over 3 buildings. Variable dimensions: 500m² (5500ft²) – 1. 000m² (10.750 ft²).
- Offices: Spread over 3 buildings. Variable dimensions from: 500m² (5500ft²) – 1. 000m² (10.750 ft²).
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CALL FOR BINDING BIDS FOR THE PURCHASE OF SHARES IN P&S EAST GROWTH LUXEMBOURG SICAR SCA – IN LIQUIDATION

P&S EAST GROWTH LUXEMBOURG SICAR SCA – in liquidation (the "SICAR") is incorporated in Luxembourg under the laws of the Grad Duchy of Luxembourg as a Corporate Partnership Limited by Shares (Société En Commandite Par Actions) qualifying as a closed-ended investment company with variable capital (Société D'investissement En Capital À Risque) the objective of which was to invest in risk capital. The foreseen duration of the SICAR expired on 31.7.2015 and from that point forward the SICAR has been in liquidation.

The Bank Asset Management Company ("Seller") is looking to dispose of its 11.5% stake in the share capital of the SICAR. The Seller has now published a call for binding bids for the purchase of the minority stake in the SICAR. The deadline for the submission of binding bids expires **at 3:00 PM CET** on **7th of November 2018**.

Interested investors are invited to visit the Seller's web page **(www.dutb.eu)** for more details regarding the sale procedure.

INCA INSTITUTO NACIONAL DE CÂNCER
MINISTÉRIO DA SAÚDE
GOVERNO FEDERAL

INSTITUTO NACIONAL DE CÂNCER JOSÉ ALENCAR GOMES DA SILVA

INTERNATIONAL COMPETITIVE BIDDING Nº 005/2018

Bidding Type: Lowest Price per item
Object: Acquisition of mitomycin C 5mg and another.
Opening: 11/27/2018 at 09:00 a.m.
Process no. 25410.403.452/2017
Adress: Rua Marquês de Pombal, 125, 2º andar, Centro, Rio de Janeiro - Brazil - CEP: 20230-240

The announcement may be withdrawn at the websites:
www.comprasnet.gov.br or *www.inca.gov.br/editais*

PAULO AUGUSTO DIAS DE OLIVEIRA
CHAIRMAN OF THE STANDING COMMITTEE OF BIDDING

Legal Notices

THE HIGH COURT OF IRELAND
COMMERCIAL
2018 No. 341 COS

IN THE MATTER OF INVESCO MARKETS III PUBLIC LIMITED COMPANY

AND IN THE MATTER OF THE COMPANIES ACT 2014

AND IN THE MATTER OF A PROPOSAL FOR A SCHEME OF ARRANGEMENT PURSUANT TO PART 9, CHAPTER 1 OF THE COMPANIES ACT 2014

NOTICE is hereby given that, by Order dated 8 October 2018 in the above matter, the High Court of Ireland (the "**Court**") has directed that a meeting (the "**Scheme Meeting**") of the Scheme Shareholders, as defined in a proposed scheme of arrangement between Invesco Markets III Public Limited Company (the "**Company**") and such shareholders (the "**Scheme**") pursuant to Chapter 1 of Part 9 of the Companies Act 2014 (the "**Act**"), be summoned on 16 November 2018 at 10:15 a.m. (Irish time) at 32 Molesworth Street, Dublin 2, Ireland, to consider and, if thought appropriate, to approve (with or without modification) the Scheme.

All holders of the said shares as at 9:00 p.m. (Irish time) on 14 November 2018 (the "**Voting Record Time**") are invited to attend the Scheme Meeting at the place and time set out above.

In addition to the approvals to be sought at the Scheme Meeting, the Scheme will require the passing of certain resolutions at a separate extraordinary general meeting of the Company to be convened at the same location on 16 November 2018 at 10:30 a.m. (Irish time), or, if later, as soon thereafter as the Scheme Meeting shall have been concluded or adjourned, at which place and time all shareholders of record as of the Voting Record Time are invited to attend.

Copies of the Scheme and the scheme circular prepared pursuant to Section 452 of the Act can be obtained from the registered office of the Company at Central Quay, Riverside IV, Sir John Rogerson's Quay, Dublin 2, Ireland.

19 October 2018

ARTHUR COX
Solicitors for the Company
10 Earlsfort Terrace
Dublin 2
D02 T280
Ireland

THE HIGH COURT OF IRELAND
COMMERCIAL
2018 No. 340 COS

IN THE MATTER OF INVESCO MARKETS PUBLIC LIMITED COMPANY

AND IN THE MATTER OF THE COMPANIES ACT 2014

AND IN THE MATTER OF A PROPOSAL FOR A SCHEME OF ARRANGEMENT PURSUANT TO PART 9, CHAPTER 1 OF THE COMPANIES ACT 2014

NOTICE is hereby given that, by Order dated 8 October 2018 in the above matter, the High Court of Ireland (the "**Court**") has directed that a meeting (the "**Scheme Meeting**") of the Scheme Shareholders, as defined in a proposed scheme of arrangement between Invesco Markets Public Limited Company (the "**Company**") and such shareholders (the "**Scheme**") pursuant to Chapter 1 of Part 9 of the Companies Act 2014 (the "**Act**"), be summoned on 16 November 2018 at 9:15 a.m. (Irish time) at the Company's registered office at 32 Molesworth Street, Dublin 2, Ireland, to consider and, if thought appropriate, to approve (with or without modification) the Scheme.

All holders of the said shares as at 9:00 p.m. (Irish time) on 14 November 2018 (the "**Voting Record Time**") are invited to attend the Scheme Meeting at the place and time set out above.

In addition to the approvals to be sought at the Scheme Meeting, the Scheme will require the passing of certain resolutions at a separate extraordinary general meeting of the Company to be convened at the same location on 16 November 2018 at 9:30 a.m. (Irish time), or, if later, as soon thereafter as the Scheme Meeting shall have been concluded or adjourned, at which place and time all shareholders of record as of the Voting Record Time are invited to attend.

Copies of the Scheme and the scheme circular prepared pursuant to Section 452 of the Act can be obtained from the registered office of the Company at 32 Molesworth Street, Dublin 2, Ireland.

19 October 2018

ARTHUR COX
Solicitors for the Company
10 Earlsfort Terrace
Dublin 2
D02 T280
Ireland

THE HIGH COURT OF IRELAND
COMMERCIAL
2018 No. 342 COS

IN THE MATTER OF INVESCO MARKETS II PUBLIC LIMITED COMPANY

AND IN THE MATTER OF THE COMPANIES ACT 2014

AND IN THE MATTER OF A PROPOSAL FOR A SCHEME OF ARRANGEMENT PURSUANT TO PART 9, CHAPTER 1 OF THE COMPANIES ACT 2014

NOTICE is hereby given that, by Order dated 8 October 2018 in the above matter, the High Court of Ireland (the "**Court**") has directed that a meeting (the "**Scheme Meeting**") of the Scheme Shareholders, as defined in a proposed scheme of arrangement between Invesco Markets II Public Limited Company (the "**Company**") and such shareholders (the "**Scheme**") pursuant to Chapter 1 of Part 9 of the Companies Act 2014 (the "**Act**"), be summoned on 16 November 2018 at 9:45 a.m. (Irish time) at the Company's registered office at 32 Molesworth Street, Dublin 2, Ireland, to consider and, if thought appropriate, to approve (with or without modification) the Scheme.

All holders of the said shares as at 9:00 p.m. (Irish time) on 14 November 2018 (the "**Voting Record Time**") are invited to attend the Scheme Meeting at the place and time set out above.

In addition to the approvals to be sought at the Scheme Meeting, the Scheme will require the passing of certain resolutions at a separate extraordinary general meeting of the Company to be convened at the same location on 16 November 2018 at 10:00 a.m. (Irish time), or, if later, as soon thereafter as the Scheme Meeting shall have been concluded or adjourned, at which place and time all shareholders of record as of the Voting Record Time are invited to attend.

Copies of the Scheme and the scheme circular prepared pursuant to Section 452 of the Act can be obtained from the registered office of the Company at 32 Molesworth Street, Dublin 2, Ireland.

19 October 2018

ARTHUR COX
Solicitors for the Company
10 Earlsfort Terrace
Dublin 2
D02 T280
Ireland

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

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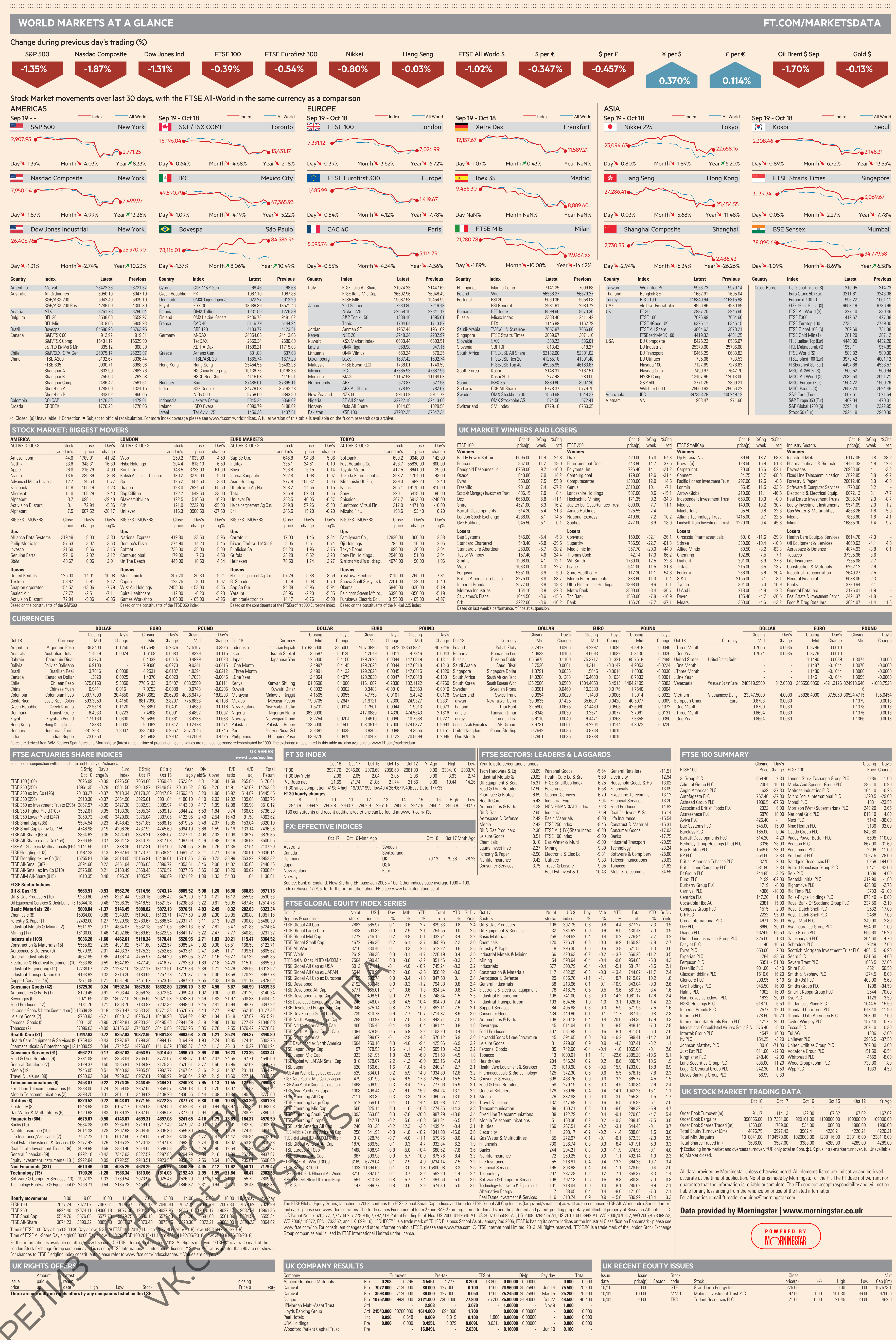
MARKET DATA



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 $
-1.35%	-1.87%	-1.31%	-0.39%	-0.54%	-0.80%	-0.03%	-1.02%	-0.347%	-0.457%	0.370%	0.114%	-1.70%	-0.13%

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

AMERICAS

Index	Location	Sep 19	Oct 18	Day	Month	Year
S&P 500	New York	2,907.95	2,771.25	-1.35%	-4.03%	8.33%
Nasdaq Composite	New York	7,950.04	7,499.97	-1.87%	-4.99%	13.26%
Dow Jones Industrial	New York	26,405.76	25,370.90	-1.31%	-2.74%	10.23%
S&P/TSX COMP	Toronto	16,196.04	15,431.17	-0.64%	-4.68%	-2.18%
IPC	Mexico City	49,590.79	47,365.93	-1.09%	-4.11%	-5.22%
Bovespa	São Paulo	78,116.01	84,586.96	-1.37%	8.06%	10.49%

EUROPE

Index	Location	Sep 19	Oct 18	Day	Month	Year
FTSE 100	London	7,331.12	7,026.99	-0.39%	-3.62%	-6.72%
FTSE Eurofirst 300	Europe	1,485.99	1,419.67	-0.54%	-4.12%	-7.78%
CAC 40	Paris	5,393.74	5,116.79	-0.55%	-4.34%	-4.56%
Xetra Dax	Frankfurt	12,157.67	11,589.21	-1.07%	0.43%	NaN%
Ibex 35	Madrid	9,486.30	8,889.60	NaN%	NaN%	NaN%
FTSE MIB	Milan	21,280.78	19,087.53	-1.89%	-10.08%	-14.62%

ASIA

Index	Location	Sep 19	Oct 18	Day	Month	Year
Nikkei 225	Tokyo	23,094.67	22,658.16	-0.80%	-1.89%	6.20%
Hang Seng	Hong Kong	27,286.41	25,454.55	-0.03%	-5.68%	-11.48%
Shanghai Composite	Shanghai	2,730.85	2,486.42	-2.94%	-6.24%	-26.26%
Kospi	Seoul	2,308.46	2,148.31	-0.89%	-6.72%	-13.53%
FTSE Straits Times	Singapore	3,139.34	3,069.67	-0.05%	-2.27%	-7.78%
BSE Sensex	Mumbai	38,090.64	34,779.58	-1.09%	-8.69%	6.58%

(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

UK MARKET WINNERS AND LOSERS

CURRENCIES

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

FT 30 INDEX

FTSE SECTORS: LEADERS & LAGGARDS

FTSE 100 SUMMARY

FX: EFFECTIVE INDICES

FTSE GLOBAL EQUITY INDEX SERIES

UK STOCK MARKET TRADING DATA

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

UK RIGHTS OFFERS

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

UK COMPANY RESULTS

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

§Placing price. *Introduction. ‡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.

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

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

MARKET DATA

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Trading Directory

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

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

MANAGED FUNDS SERVICE

Algebris Investments (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Algebris Financial Credit Fund - Class I EUR	€ 150.14	-	0.14	0.00
Algebris Financial Income Fund - Class I EUR	€ 134.52	-	0.19	0.00
Algebris Financial Equity Fund - Class B EUR	€ 115.73	-	-0.35	0.00
Algebris Asset Allocation Fund - Class B EUR	€ 98.18	-	-0.05	0.00
Algebris Macro Credit B EUR Acc	€ 102.80	-	0.37	0.00
Algebris Core Italy Fund - Class R EUR	€ 92.30	-	0.32	-

The Antares European Fund Limited
Other International

Fund	Bid	Offer	D+/-	Yield
AEF Ltd Usd (Est)	$637.84	-	-23.69	-
AEF Ltd Eur (Est)	€617.92	-	-23.50	0.00

Arisaig Partners
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Arisaig Africa Consumer Fund Limited	$ 11.73	-	0.01	0.00
Arisaig Asia Consumer Fund Limited	$ 82.60	-	-0.42	0.00
Arisaig Global Emerging Markets Consumer Fund	$ 10.47	-	-0.02	0.00
Arisaig Global Emerging Markets Consumer UCITS	€ 11.70	-	0.04	0.00
Arisaig Global Emerging Markets Consumer UCITS STG	£ 13.04	-	0.06	0.00
Arisaig Latin America Consumer Fund	$ 24.92	-	0.03	0.00

Ashmore Investment Management Limited (LUX)
2 rue Albert Borschette L-1246 Luxembourg
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Ashmore SICAV Emerging Market Debt Fund	$ 93.78	-	0.09	4.95
Ashmore SICAV Emerging Market Frontier Equity Fund	$ 159.56	-	-0.31	0.76
Ashmore SICAV Emerging Market Total Return Fund	$ 83.22	-	0.09	4.83
Ashmore SICAV Global Small Cap Equity Fund	$ 136.17	-	-1.33	0.66
EM Active Equity Fund Acc USD	$ 120.65	-	-0.78	0.00
EM Equity Fund Acc USD	$ 89.40	-	-1.30	-
EM Mkts Corp.Debt USD F	$ 93.53	-	-0.03	5.44
EM Mkts Loc.Ccy Bd USD F	$ 77.64	-	0.24	5.77
EM Short Duration Fund Acc USD	$ 137.76	-	0.11	0.00

Aspect Capital Ltd (UK)
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Aspect Diversified USD	$ 387.50	-	-21.02	0.00
Aspect Diversified EUR	€ 219.84	-	-12.05	0.00
Aspect Diversified GBP	£ 115.94	-	-6.26	0.00
Aspect Diversified CHF	SFr 103.35	-	-5.67	0.00
Aspect Diversified Trends USD	$ 107.70	-	-0.16	0.00
Aspect Diversified Trends EUR	€ 102.15	-	-0.16	0.00
Aspect Diversified Trends GBP	£ 108.98	-	-0.17	0.00

Atlantas Sicav (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
American Dynamic	$ 4551.04	4551.04	-195.72	0.00
American One	$ 4328.31	4328.31	-197.75	0.00
Bond Global	€ 1426.12	1426.12	-9.03	0.00
Eurocroissance	€ 963.81	963.81	-21.20	0.00
Far East	$ 819.36	-	-23.53	0.00

Barclays Investment Funds (CI) Ltd (JER)
39/41 Broad Street, St Helier, Jersey, JE2 3RR Channel Islands 01534 812800
FCA Recognised
Bond Funds

Fund	Bid	Offer	D+/-	Yield
Sterling Bond F	£ 0.46	-	0.00	2.65

CCLA Investment Management Ltd (UK)
Senator House 85 Queen Victoria Street London EC4V 4ET
Authorised Inv Funds

Fund	Bid	Offer	D+/-	Yield
Diversified Income 1 Units GBP Inc	£ 1.54	1.54	0.01	3.08
Diversified Income 2 Units GBP Inc	£ 1.48	1.48	0.00	3.09
Diversified Income 3 Units GBP Inc	£ 1.49	1.49	0.00	-

CG Asset Management Limited
25 Moorgate, London, EC2R 6AY
Dealing: Tel. +353 1434 5098 Fax. +353 1542 2859
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Capital Gearing Portfolio Inc	£ 31965.03	31965.03	-324.52	0.71
CG Portfolio Fund Plc				
Absolute Return Cls M Inc	£ 118.39	118.39	0.51	1.23
Capital Value Cls V Inc	£ 155.54	155.54	-1.57	0.43
Dollar Fund Cls D Inc	£ 149.49	149.49	0.64	1.83
Dollar Hedged GBP Inc	£ 94.93	94.93	-0.14	1.75
Real Return Cls A Inc	£ 191.94	191.94	0.67	2.16

Charles Schwab Worldwide Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Schwab USD Liquid Assets Fd	$ 1.00	-	0.00	0.79

Chartered Asset Management Pte Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
CAM-GTF Limited	$ 271697.63	271697.63	-8911.27	0.00
CAM GTi Limited	$ 600.11	-	-3.89	0.00
Raffles-Asia Investment Company	$ 1.50	1.50	-0.02	1.32

Cheyne Capital Management (UK) LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cheyne European Event Driven Fund (M)	€ 144.16	-	-0.70	-

price updated (D) daily, (W) weekly, (M) monthly

DAVIS Funds SICAV (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Davis Value A	$ 52.27	-	-0.15	0.00
Davis Global A	$ 36.91	-	-0.33	0.00

Dodge & Cox Worldwide Funds (IRL)
6 Duke Street,St.James,London SW1Y 6BN
www.dodgeandcox.worldwide.com 020 3713 7664
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Dodge & Cox Worldwide Funds plc - Global Bond Fund				
EUR Accumulating Class	€ 12.78	-	0.06	0.00
EUR Accumulating Class (H)	€ 9.95	-	0.02	0.00
EUR Distributing Class	€ 10.90	-	0.06	3.83
EUR Distributing Class (H)	€ 8.48	-	0.01	3.96
GBP Distributing Class	£ 11.62	-	0.04	3.86
GBP Distributing Class (H)	£ 8.80	-	0.01	3.58
USD Accumulating Class	$ 10.60	-	0.02	0.00
Dodge & Cox Worldwide Funds plc-Global Stock Fund				
USD Accumulating Share Class	$ 21.30	-	-0.12	0.00
GBP Accumulating Share Class	£ 26.70	-	-0.02	0.00
GBP Distributing Share class	£ 18.97	-	-0.02	0.92
EUR Accumulating Share Class	€ 27.81	-	0.03	0.00
GBP Distributing Class (H)	£ 11.28	-	-0.06	0.82
Dodge & Cox Worldwide Funds plc-International Stock Fund				
USD Accumulating Share Class	$ 16.06	-	-0.14	0.00
EUR Accumulating Share Class	€ 16.44	-	-0.02	0.00
Dodge & Cox Worldwide Funds plc-U.S. Stock Fund				
USD Accumulating Share Class	$ 26.66	-	0.01	0.00
GBP Accumulating Share Class	£ 31.60	-	0.17	0.00
GBP Distributing Share Class	£ 19.69	-	0.11	0.64
EUR Accumulating Share Class	€ 30.05	-	0.17	0.00
GBP Distributing Class (H)	£ 11.88	-	0.01	0.48

Dragon Capital Group
1501 Me Linh Point, 2 Ngo Duc Ke, District 1, Ho Chi Minh City, Vietnam
Fund information, dealing and administration: funds@dragoncapital.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Vietnam Property Fund (VPF) NAV	$ 0.80	-	0.03	0.00

DSM Capital Partners Funds (LUX)
www.dsmsicav.com
Regulated

Fund	Bid	Offer	D+/-	Yield
DSM Global Growth I2	€ 178.39	-	0.11	0.00
DSM Global Growth I2	A$ 105.12	-	-0.20	-
DSM Global Growth I1	€ 108.66	-	0.07	-
DSM US Large Cap Growth A	$ 149.29	-	-0.34	0.00
DSM US Large Cap Growth I2	€ 129.69	-	0.27	0.00

E.I. Sturdza Strategic Management Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Strait Evarich Japan Fd Ltd JPY	¥ 92117.00	-	-2905.00	0.00
Strait Evarich Japan Fd Ltd USD	$ 828.09	-	-28.76	0.00

E.I. Sturdza Funds PLC (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Nippon Growth (UCITS) Fd - B	¥ 94307.00	-	-1158.00	0.00
Strategic China Panda Fd - USD	$ 2691.67	-	-12.57	0.00
Strategic Euro Bond Fd - Acc	$ 1108.61	-	0.81	0.00
Strategic Europe Value Fd - EUR	€ 217.26	-	-1.21	0.00
Strategic European Smaller Companies Fd - EUR	€ 1160.31	-	-3.32	0.00
Strategic Global Bond Fd - USD	$ 1042.28	-	-1.42	0.00
Strategic Global Quality Fd - USD Inst	$ 139.20	-	-0.66	0.00
Strategic Quality Emerging Bond Fd - USD	$ 1038.77	-	-0.89	0.00
Strategic US Momentum and Value Fd - USD Class	$ 888.05	-	-2.83	0.00
Strategic Japan Opportunities Fund	¥ 80560.00	-	-1270.00	0.00
Strategic Beta Flex Fund	€ 1010.38	-	3.73	0.00

Edinburgh Partners Limited (IRL)
27-31 Melville Street, Edinburgh EH3 7JF
Tel: +353 1 434 5143 Dealing - Fax +353 1 434 5230
FCA Recognised
Edinburgh Partners Opportunities Fund PLC

Fund	Bid	Offer	D+/-	Yield
Emerging Opportunities I USD $	$ 1.26	-	0.00	1.47
European Opportunities I EUR	€ 2.52	-	-0.01	1.92
European Opportunities I GBP	£ 2.20	-	-0.01	1.67
European Opportunities A EUR	€ 2.47	-	-0.01	0.95
Global Opportunities I USD	$ 1.89	-	0.00	1.38
Global Opportunities I GBP	£ 1.45	-	0.01	1.11
Pan European Opportunities I EUR	€ 1.80	-	-0.01	-

Ennismore Smaller Cos Plc (IRL)
5 Kensington Church St, London W8 4LD 020 7368 4220
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Ennismore European Smlr Cos NAV	£ 128.83	-	0.03	0.00
Ennismore European Smlr Cos NAV	€ 146.76	-	-0.17	0.00

Ennismore European Smlr Cos Hedge Fd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	€ 542.15	-	1.39	0.00

Equinox Fund Mgmt (Guernsey) Limited (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Equinox Russian Opportunities Fund Limited	$ 165.52	-	3.64	0.00

Euronova Asset Management UK LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Smaller Cos Cls One Shares	€ 43.20	-	-1.36	0.00
Smaller Cos Cls Two Shares	€ 29.07	-	-0.92	0.00
Smaller Cos Cls Three Shares	€ 14.75	-	-0.39	0.00
Smaller Cos Cls Four Shares	€ 18.96	-	-0.48	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	£ 1.01	-	0.00	0.20
Cash Fund Y-Inc-GBP	£ 1.00	-	0.00	0.35
Fidelity Select 50 Balanced Fund PI-ACC-GBP	£ 1.00	-	0.01	-
Fidelity Short Dated Corporate Bond Fund Y - Gross Inc	£ 9.63	-	0.00	3.90
Fidelity Strategic Bond Fund Y - Gross Inc	£ 10.34	-	0.00	3.96
Target 2020 A-ACC-GBP	£ 0.66	-	0.00	0.45
Target 2025 A-ACC-GBP	£ 1.64	-	0.01	0.50
Target 2030 A-ACC-GBP	£ 1.85	-	0.00	0.56
Institutional OEIC Funds				
Europe (ex-UK) Fund ACC-GBP	£ 5.12	-	-0.01	1.17
UK Gilt Fund Inc	£ 1.34	-	0.00	1.52
UK Long Corporate Bond - Gross Inc	£ 1.23	-	0.04	2.99

Findlay Park Funds Plc (IRL)
30 Herbert Street, Dublin 2, Ireland Tel: 020 7968 4900
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
American Fund USD Class	$ 113.90	-	-0.14	0.00
American Fund GBP Hedged	£ 60.01	-	-0.08	0.00
American Fund GBP Unhedged	£ 86.71	-	0.39	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	$ 38.35	-	-0.17	-
Foord Global Equity Fund (Lux) | R	$ 12.32	-	-0.08	-
Regulated				
Foord Global Equity Fund (Sing) | B	$ 14.91	-	-0.10	0.00
Foord International Trust (Gsy)	$ 38.06	-	-0.17	0.00

GAM
funds@gam.com, www.funds.gam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
LAPIS TOP 25 DIV.YLD-D	£ 106.27	-	0.32	1.83

GYS Investment Management Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Taurus Emerging Fund Ltd	$ 109.72	111.96	1.00	0.00

Genesis Asset Managers LLP
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Emerging Mkts NAV	£ 7.28	-	0.02	0.00

Global Investment House

Fund	Bid	Offer	D+/-	Yield
Global GCC Islamic Fund	$ 107.01	-	-0.60	0.00
Global GCC Large Cap Fund	$ 166.39	-	-1.05	0.00
Global Saudi Equity Fund	SR 253.20	-	-3.36	0.00

HPB Assurance Ltd
Anglo Intl House, Bank Hill, Douglas, Isle of Man, IM1 4LN 01638 563490
International Insurances

Fund	Bid	Offer	D+/-	Yield
Holiday Property Bond Ser 1	£ 0.54	-	0.00	0.00
Holiday Property Bond Ser 2	£ 0.66	-	0.01	0.00

Haussmann
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Haussmann Cls A	$ 2914.87	-	13.57	0.00
Haussmann Cls C	€ 2403.01	-	8.66	0.00
Haussmann Cls D	SFr 1253.49	-	4.46	0.00

Hermes Investment Funds Plc (IRL)
Hermes Investment Management Limited, 1 Portsoken Street, London E1 8HZ +44 (0) 207 680 2121
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Hermes Abs Return Credit Fund Class F Acc	£ 1.23	1.23	0.00	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 C Acc GBP	£ 2.47	2.47	-0.03	0.00
Hermes Asia Ex-Japan Equity Fund Class C Acc USD	€ 4.38	4.38	-0.03	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc	£ 2.03	2.03	-0.01	0.00
Hermes Europe Ex-UK Equity Fund Class F Acc EUR	€ 3.88	3.88	-0.02	0.00
Hermes European Alpha Equity Fund Class F Acc	£ 1.69	1.69	-0.01	0.00
Hermes European Alpha Equity Fund Class F Dis	£ 1.58	1.58	0.00	1.21
Hermes European Alpha Equity Fund Class F Acc EUR	€ 3.34	3.34	0.00	0.00
Hermes GEMs SMID Equity Fund Class F GBP Acc	£ 0.99	-	0.03	-
Hermes Global Emerging Markets Fund Class F Acc	£ 1.77	1.77	-0.01	0.00
Hermes Global Emerging Markets Fund Class F Acc USD	€ 3.68	3.68	-0.02	0.00
Hermes Global Equity Fund Class F Acc	£ 2.30	2.30	-0.01	0.00
Hermes Global Equity Fund Class R Acc USD	€ 4.94	4.94	-0.01	0.00
Hermes Global ESG Equity Fund Class F Acc	£ 1.72	1.72	0.00	0.00
Hermes Global High Yield Credit Fund Class F Acc	£ 1.45	1.45	0.00	0.00
Hermes Global High Yield Credit Fund Class F Acc EUR	€ 3.10	3.10	0.00	0.00
Hermes Global Small Cap Fund Class F Acc	£ 1.53	1.53	-0.01	0.00
Hermes Global Small Cap Fund Class F Acc USD	€ 2.17	2.17	-0.01	0.00
Hermes Impact Opportunities Equity Fund F	$ 1.93	-	0.03	-
Hermes Impact Opportunities Equity Fund F	£ 0.99	-	0.02	-
Hermes Multi Strategy Credit Fund Class F Acc Hed	£ 1.13	1.13	0.00	0.00
Hermes SDG Engagement Equity Fund F	$ 2.06	-	0.03	-
Hermes SDG Engagement Equity Fund F	£ 1.05	-	0.02	-
Hermes Unconstrained Credit Fund Class F USD Acc	$ 2.02	-	0.00	-
Hermes US SMID Equity Fund Class F Acc	£ 2.49	2.49	-0.01	0.00
Hermes US SMID Equity Fund Class F Acc USD	€ 4.33	4.33	-0.02	0.00

INDIA VALUE INVESTMENTS LIMITED (INVIL)
www.invil.mu
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV	£ 7.76	-	0.02	0.00

Intrinsic Value Investors (IVI) LLP (IRL)
1 Hat & Mitre Court, 88 St John Street, London EC1M 4EL +44 (0)20 7566 1210
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
IVI European Fund EUR	€ 21.60	-	-0.07	0.00
IVI European Fund GBP	£ 25.38	-	-0.05	0.00

Kames Capital VCIC (IRL)
1 North Wall Quay, Dublin 1, Ireland +35 3162 24493
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Absolute Return Bond B GBP Acc	1110.98	-	2.35	1.29
Eq Market Neutral B Acc	938.75	-	-0.06	0.00
High Yield Global Bond A GBP Inc	510.57	-	-0.28	3.36
High Yield Global Bond B GBP Inc	1076.98	-	-0.57	4.01
Investment Grade Global Bd A GBP Inc	550.27	-	-1.07	2.09
Kames Emerging Market Bond Fund - B Acc USD	$ 11.26	-	-0.03	0.00
Kames Global Equity Income B GBP Acc	1632.16	-	-3.88	0.00
Kames Global Equity Income B GBP Inc	1455.44	-	-8.32	3.19
Kames Global Diversified Growth Fund - B Acc EUR	€ 11.02	-	-0.02	0.00
Kames Global Equity Market Neutral Fund - B Acc GBP	£ 9.84	-	-0.04	0.00
Global Sustainable Equity B Acc GBP	£ 14.00	-	-0.09	0.00
Global Sustainable Equity C Acc GBP	£ 14.09	-	-0.09	0.00
Kames Absolute Return Bond Global Fund - B Acc GBP	£ 10.30	-	0.00	0.00
Short Dated High Yld Bd B Acc GBP	£ 10.14	-	-0.01	0.00
Short Dated High Yld Bd C Acc GBP (Hdg)	£ 10.18	-	-0.01	0.00
Strategic Global Bond A GBP Inc	1100.12	-	-1.20	1.65
Strategic Global Bond B GBP Inc	624.75	-	-0.66	2.30

Link Asset Services (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 922 0044
Authorised Inv Funds

Fund	Bid	Offer	D+/-	Yield
LF Heartwood Balanced MA B Acc ♦	144.00	-	-0.34	0.62
LF Heartwood Cautious MA B Acc ♦	139.13	-	0.04	0.74
LF Heartwood Defensive MA B Acc ♦	113.96	-	0.12	0.24
LF Heartwood Growth MA B Acc ♦	173.68	-	0.61	0.34
LF Heartwood Income MA B Acc ♦	108.82	-	0.19	3.74
LF Heartwood Income Plus MA B Inc ♦	114.51	-	0.27	4.58
LF Seneca Diversified Growth A Acc ♦	267.04	-	0.04	2.62
LF Seneca Diversified Growth B Acc ♦	160.97	-	0.02	3.27
LF Seneca Diversified Growth I Acc ♦	97.48	-	0.01	0.00
LF Seneca Diversified Growth N Acc ♦	158.25	-	0.03	3.01
LF Seneca Diversified Income A Inc ♦	90.09	-	0.03	5.11
LF Seneca Diversified Income B Inc ♦	108.51	-	0.04	5.13
LF Seneca Diversified Income I Inc ♦	97.88	-	0.03	0.00
LF Seneca Diversified Income N Inc ♦	106.84	-	0.04	5.10
Investment Adviser - Morant Wright Management Limited				
LF Morant Wright Japan A Acc ♦	393.25	-	-1.92	0.08
LF Morant Wright Japan A Inc ♦	383.75	-	-1.88	0.03
LF Morant Wright Japan B Acc ♦	424.52	-	-2.06	0.87
LF Morant Wright Japan B Inc ♦	390.03	-	-1.90	0.89
LF Morant Wright Nippon Yield A Acc ♦	415.92	-	-2.06	2.44
LF Morant Wright Nippon Yield A Inc ♦	338.62	-	-1.68	2.48
LF Morant Wright Nippon Yield B Acc ♦	437.52	-	-2.16	2.43
LF Morant Wright Nippon Yield B Inc ♦	356.52	-	-1.76	2.47

Lloyds Investment Fund Managers Limited (1000)F (JER)
PO Box 311, 11-12 Esplanade, St Helier, Jersey, JE4 8ZU 01534 845555
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Lloydstrust Gilt	£ 12.1060	-	0.0000	1.97
Lloyds Investment Funds Limited				
Euro High Income	€ 1.5220	-	0.0000	2.82
High Income	£ 0.8374	-	0.0002	4.28
Sterling Bond	£ 1.4780	-	0.0000	2.57
Lloyds Gilt Fund Limited				
Lloyds Gilt Fund Quarterly Share	£ 1.2800	-	0.0010	1.47
Monthly Share	£ 1.2200	-	0.0000	1.49
Lloyds Money Fund Limited				
Sterling Class	£ 52.5260	-	0.0000	-0.20
Lloyds Multi Strategy Fund Limited				
Conservative Strategy	£ 1.2080	-	0.0040	2.43
Growth Strategy	£ 1.7580	-	0.0070	0.23
Aggressive Strategy	£ 2.3830	-	0.0080	0.00
Global USD Growth Strategy	$ 1.5970	-	0.0030	0.00

Dealing Daily

MMIP Investment Management Limited (GSY)
Regulated
Multi-Manager Investment Programmes PCC Limited

Fund	Bid	Offer	D+/-	Yield
UK Equity Fd Cl A Series 01	£ 2978.60	3000.06	23.35	0.00
Diversified Absolute Rtn Fd USD Cl AF2	$ 1630.95	-	2.43	0.00
Diversified Absolute Return Stlg Cell AF2	£ 1601.64	-	-26.61	0.00
Global Equity Fund A Lead Series	£ 1529.91	1536.09	-7.63	0.00

Marwyn Asset Management Limited (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
Marwyn Value Investors	£ 421.74	-	-18.49	0.00

Emerging Markets Managed Accounts PLC (IRL)
emma@milltrust.com, +44(0)20 8123 8369, www.milltrust.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Milltrust ASEAN A	$ 101.99	-	0.44	0.00
Milltrust India A	$ 150.87	-	2.27	0.00
Milltrust Latin America A	$ 106.82	-	0.59	0.00
Milltrust Keywise China Fund	$ 124.10	-	0.86	0.00
Milltrust SEDCO MENA Fund (Class A)	$ 97.36	-	0.09	0.00

Milltrust International Managed Investments ICAV (IRL)
mimi@milltrust.com, +44(0)20 8123 8369 www.milltrust.com
Regulated

Fund	Bid	Offer	D+/-	Yield
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	$ 79.62	-	-0.50	-

Mirabaud Asset Management (LUX)
www.mirabaud.com, marketing@mirabaud-am.com
Conviction based investment vehicles details available here www.mirabaud-am.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Mir. - Glb Strat. Bd I USD	$ 109.32	-	-0.03	0.00
Mir. - EqPanEuropeSm&Mid	£ 145.75	-	0.56	0.00
Mirabaud - UK Equity High Alpha	£ 118.58	-	-0.79	0.00

Morgan Stanley Investment Funds (LUX)
6b Route de Trèves L-2633 Senningerberg Luxembourg (352) 34 64 61
www.morganstanleyinvestmentfunds.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
US Advantage A F	$ 86.38	-	-0.75	0.00
Asian Equity A F	$ 44.72	-	-0.41	0.00
Asian Property A F	$ 19.49	-	0.11	0.00
Emerg Europ, Mid-East & Africa Eq A F	€ 69.05	-	-0.61	0.00
Emerging Markets Debt A F	$ 83.59	-	-0.26	0.00
Emerging Markets Domestic Debt AX F	£ 10.96	10.96	-0.01	6.44
Emerging Markets Equity A F	$ 38.08	38.08	-0.34	0.00
Euro Bond A F	€ 16.09	16.09	-0.01	0.00
Euro Corporate Bond AX F	£ 26.84	26.84	-0.05	1.26
Euro Strategic Bond A F	€ 45.59	45.59	-0.06	0.00
European Currencies High Yield Bd A F	€ 24.42	24.42	-0.04	0.00
European Equity Alpha A F	€ 42.58	-	-0.14	0.00
European Property A F	€ 34.49	34.49	0.32	0.00
Eurozone Equity Alpha A F	€ 12.20	12.20	-0.04	0.00
Global Bond A F	$ 40.71	40.71	-0.17	0.00
Global Brands A F	$ 131.43	-	-0.25	0.00
Global Convertible Bond A F	$ 44.57	-	-0.02	0.00
Global Property A F	$ 29.09	-	0.14	0.00
Indian Equity A F	$ 35.60	-	-0.02	0.00
Latin American Equity A F	$ 52.50	-	-0.29	0.00
Short Maturity Euro Bond A F	€ 20.06	20.06	-0.01	0.00
US Dollar Liquidity A F	$ 13.28	-	0.00	0.00
US Growth A F	$ 112.13	-	-1.03	0.00
US Growth AH F	€ 73.69	73.69	-0.70	0.00
US Growth AX F	£ 85.63	85.63	-0.55	0.00
US Property A F	$ 69.65	-	0.24	0.00

Morgens Waterfall Vintiadis.co Inc
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Phaeton Intl (BVI) Ltd (Est)	$ 522.23	-	-25.51	0.00

Natixis International Funds (LUX) I SICAV (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
ASG Managed Futures Fund I/A (USD)	$ 92.50	92.50	0.91	0.00
Harris Global Equity Fund R/A (USD)	$ 300.00	300.00	-1.78	0.00
Loomis Sayles Global Growth Equity Fund I/A (USD)	$ 131.99	131.99	-0.41	0.00
Loomis Sayles U.S. Growth Equity Fund I/A (USD)	$ 140.39	140.39	0.00	0.00

Natixis Investment Funds (UK)
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
DNCA European Select Equity Fund	£ 0.94	-	0.00	0.86
Harris Global Concentrated Equity Fund	£ 1.61	-	-0.01	1.29
H2O MultiReturns Fund N/A (GBP)	£ 1.57	-	-0.01	1.25
Loomis Sayles U.S. Equity Leaders N/A (GBP)	£ 2.51	-	0.00	0.12

New Capital UCITS Fund PLC (IRL)
Leconfield House, Curzon Street, London, W1J 5JB
www.newcapitalfunds.com
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Euro Value Credit Fund - EUR Inst Acc	€ 99.34	-	0.11	0.00
China Equity Fund - USD Inst Acc	$ 94.70	-	0.30	2.78
Dynamic European Equity Fund - EUR Ord Inc	€ 177.63	-	-1.57	2.75
Global Alpha Fund - USD Inst Acc	$ 141.74	-	-0.35	0.00
Global Value Credit Fund - USD Ord Acc	$ 119.82	-	0.12	0.24
Global Equity Conviction Fund - USD Ord Acc	$ 124.32	-	-0.14	0.00
Strategic Portfolio UCITS Fund - USD Inst Acc	$ 118.57	-	-0.21	0.00
Wealthy Nations Bond Fund - USD Inst Acc	$ 111.22	-	-0.04	4.43
Swiss Select Equity Fund - CHF Ord Acc	SFr 152.75	-	-0.13	0.00
US Growth Fund - USD Ord Acc	$ 289.34	-	-1.13	0.00
All Weather Fund - EUR Inst Acc	€ 97.81	-	-1.00	0.00
Dynamic UK Equity Fund - GBP Inst Acc	£ 107.06	-	-0.12	0.00
US Small Cap Growth Fund - USD Inst Acc	$ 132.94	-	-0.62	0.00
Global Alpha Fund - USD Ord Inc	$ 104.13	-	0.19	0.90

Northwest Investment Management (HK) Ltd
11th Floor, Kinwick Centre, 32 Hollywood Road, Central Hong Kong +852 9331 8200
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Northwest China Opps Class T $	$ 2766.20	-	-9.89	0.00
Northwest Feilong Class T $	$ 1699.64	-	0.12	0.00
Northwest Fund Class T $	$ 2502.13	-	-8.83	0.00
Northwest Warrant Class A $	$ 1969.35	-	-44.40	0.00

Oasis Crescent Management Company Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Equity Fund	R 10.51	-	-0.13	0.00

Oasis Global Mgmt Co (Ireland) Ltd (IRL)
Regulated
Oasis Crescent Global Investment Fund (Ireland) plc

Fund	Bid	Offer	D+/-	Yield
Oasis Crescent Global Equity Fund USD A (Dist)	$ 0.98	-	0.00	-
Oasis Crescent Global Income Fund USD A (Dist)	$ 10.69	-	0.00	2.64
Oasis Crescent Global Low Equity Fund USD D (Dist)	$ 11.36	-	0.00	0.00
Oasis Crescent Global Medium Equity Fund USD A (Dist)	$ 11.27	-	-0.01	0.00
Oasis Crescent Variable Balanced Fund £ B (Dist)	£ 9.64	-	-0.09	0.15
OasisCresGl Income Class A	$ 10.35	-	-0.01	2.86
OasisCresGl LowBal D ($) Dist	$ 11.97	-	-0.02	0.00
OasisCresGl Med Bal A ($) Dist	$ 12.70	-	-0.02	0.45
Oasis Crescent Global Property Eqty	$ 8.97	-	0.04	1.93

Odey Asset Management LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
OEI Mac Inc GBP A	£ 210.30	-	12.46	0.00
OEI Mac Inc GBP B	£ 127.58	-	6.97	0.00
OEI MAC Inc USD	$ 111.35	-	2.30	0.00
Odey European Inc EUR	€ 486.63	-	28.74	0.00
Odey European Inc GBP A	£ 195.90	-	11.50	0.00
Odey European Inc GBP B	£ 111.05	-	6.53	0.00
Odey European Inc USD	$ 235.90	-	14.01	0.00

Odey Asset Management LLP (IRL)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Pan European EUR R	€ 343.18	-	-0.11	0.00
Odey Allegra International EUR O	€ 188.93	-	0.18	0.00
Odey Allegra Developed Markets USD I	$ 163.40	-	0.19	0.00
Odey European Focus Fund	€ 20.07	-	0.03	0.00
Odey Odyssey USD I	$ 96.41	-	-0.41	0.00
Odey Swan Fund EUR I	€ 53.96	-	0.29	0.00
Odey Absolute Return Focus Fund	$ 99.38	-	3.57	0.00

Odey Wealth Management (CI) Ltd (IRL)
www.odey.com/prices
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Odey Opportunity EUR I	€ 241.34	-	0.45	0.00

Omnia Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Estimated NAV	$ 964.15	-	18.05	0.00

Optima Fund Management
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Cuttyhunk Fund II Limited	$ 1841.63	-	53.86	0.00
JENOP Global Healthcare Fund Ltd	$ 18.82	-	-0.01	0.00
OPTIKA Fund Limited - Cl A	$ 161.85	-	-0.09	0.00
Optima Fd NAV	$ 98.76	-	0.00	0.00
Optima Discretionary Macro Fund Limited	$ 97.98	-	1.09	0.00
The Dorset Energy Fd Ltd NAV	$ 25.54	-	0.00	0.00
Platinum Fd Ltd	$ 102.27	-	0.01	0.00
Platinum Fd Ltd EUR	€ 18.49	-	0.00	0.00
Platinum Japan Fd Ltd	$ 65.06	-	0.00	0.00
Optima Partners Global Fd	$ 16.70	-	0.00	0.00
Optima Partners Focus Fund A	$ 17.53	-	-0.02	0.00
OPTIMA STAR Fund (hedged)	$ 100.50	-	-0.44	0.00
OPTIMA STAR Long Fund	$ 139.28	-	-0.75	0.00

Oryx International Growth Fund Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
NAV (Fully Diluted)	£ 9.84	-	0.23	0.00

Orbis Investments (U.K.) Limited (GBR)
28 Dorset Square, London, NW1 6QG
www.orbis.com 0800 358 2030
Regulated

Fund	Bid	Offer	D+/-	Yield
Orbis OEIC Global Balanced Standard	£ 15.43	-	0.04	0.00
Orbis OEIC Global Equity Standard	£ 16.77	-	0.03	0.00
Orbis OEIC UK Equity Standard	£ 8.88	-	0.00	2.33

Pictet Asset Management (Europe) SA (LUX)
15, Avenue J.F. Kennedy L-1855 Luxembourg
Tel: 0041 58 323 3000
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Pictet-Absl Rtn Fix Inc-HI EUR	€ 105.94	-	0.01	0.00
Pictet-Asian Equities Ex Japan-I USD F	$ 255.66	-	-2.60	0.00
Pictet-Asian Local Currency Debt-I USD F	$ 157.98	-	-0.35	0.00
Pictet-Biotech-I USD F	$ 814.32	-	-1.53	0.00
Pictet-CHF Bonds-I CHF	SFr 502.34	-	-0.95	0.00
Pictet-China Index I USD	$ 132.57	-	1.17	0.00
Pictet-Clean Energy-I USD F	$ 88.43	-	-0.96	0.00
Pictet-Digital-I USD F	$ 393.29	-	-2.83	0.00
Pictet-Em Lcl Ccy Dbt-I USD F	$ 168.94	-	0.88	0.00
Pictet-Emerging Europe-I EUR F	€ 346.14	-	-1.90	0.00
Pictet-Emerging Markets-I USD F	$ 580.06	-	-7.31	0.00
Pictet-Emerging Markets Index-I USD F	$ 271.05	-	-3.56	0.00
Pictet-Emerging Corporate Bonds I USD	$ 112.87	-	0.07	0.00
Pictet-Emerging Markets High Dividend-I USD F	$ 112.78	-	-0.82	0.00
Pictet-Emerging Markets Sust Eq-I USD	$ 100.53	-	-0.79	0.00
Pictet-EUR Bonds-I F	€ 575.21	-	0.36	0.00
Pictet-EUR Corporate Bonds-I F	€ 209.51	-	0.27	0.00
Pictet-EUR Government Bonds I EUR	€ 160.47	-	0.13	0.00
Pictet-EUR High Yield-I F	€ 270.82	-	-0.76	0.00
Pictet-EUR Short Mid-Term Bonds-I F	€ 136.27	-	-0.02	0.00
Pictet-EUR Short Term HY I EUR	€ 126.74	-	-0.06	0.00
Pictet-EUR Sov.Sht.Mon.Mkt EUR I	€ 101.21	-	0.00	0.00
Pictet-Euroland Index IS EUR	€ 148.25	-	-0.34	0.00
Pictet-Europe Index-I EUR F	€ 184.06	-	-0.72	0.00
Pictet-European Equity Selection-I EUR F	€ 745.72	-	-1.98	0.00
Pictet-European Sust Eq-I EUR F	€ 255.68	-	-0.29	0.00
Pictet-Global Bds Fundamental I USD	$ 124.41	-	0.05	0.00
Pictet-Global Bonds-I EUR	€ 164.84	-	0.19	0.00
Pictet-Global Defensive Equities I USD	$ 173.97	-	-0.26	0.00
Pictet-Global Emerging Debt-I USD F	$ 393.89	-	0.22	0.00
Pictet-Global Env Opport-I EUR	€ 190.82	-	-0.75	0.00
Pictet-Global Megatrend Selection-I USD F	$ 285.44	-	-1.61	0.00
Pictet-Global Sust Credit HI EUR	€ 147.38	-	0.02	0.00
Pictet-Greater China-I USD F	$ 551.94	-	-7.87	0.00
Pictet-Health-I USD	$ 282.16	-	-0.74	0.00
Pictet-SmartCity-I EUR	€ 168.11	-	-0.34	0.00
Pictet-India Index I USD	$ 110.18	-	-1.79	0.00
Pictet-Indian Equities-I USD F	$ 516.98	-	-7.09	0.00
Pictet-Japan Index-I JPY F	¥ 19567.66	-	-99.97	0.00
Pictet-Japanese Equities Opp-I JPY F	¥ 11523.28	-	-92.47	0.00
Pictet-Japanese Equity Selection-I JPY F	¥ 16816.99	-	-120.17	0.00
Pictet-LATAM Lc Ccy Dbt-I USD F	$ 127.76	-	0.46	0.00
Pictet-Multi Asset Global Opportunities I EUR	€ 107.33	-	0.36	0.00
Pictet-Nutrition-I EUR	€ 222.48	-	-0.11	0.00
Pictet-Pacific Ex Japan Index-I USD F	$ 402.16	-	0.33	0.00
Pictet-Premium Brands-I EUR F	€ 172.16	-	-0.23	0.00
Pictet-Russia Index I USD	$ 77.50	-	-0.22	0.00
Pictet-Russian Equities-I USD F	$ 69.21	-	0.53	0.00
Pictet-Security-I USD F	$ 260.05	-	-1.05	0.00
Pictet-Select-Callisto I EUR	€ 101.00	-	-1.36	0.00
Pictet-Small Cap Europe-I EUR F	€ 1256.65	-	-4.98	0.00
Pictet-ST Emerg Local Currency Debt-I USD F	$ 101.18	-	0.06	0.00
Pictet-ST MoneyMkt-I	€ 139.02	-	0.00	0.00
Pictet-ST MoneyMkt JPY I JPY	¥ 101051.94	-	-1.80	0.00
Pictet-ST MoneyMkt-ICHF	SFr 121.34	-	0.00	0.00
Pictet-ST MoneyMkt-IUSD	$ 140.73	-	0.00	0.00
Pictet-Timber-I USD F	$ 181.75	-	-1.50	0.00
Pictet TR-Agora I EUR	€ 128.98	-	-0.34	0.00
Pictet TR-Corto Europe I EUR	€ 145.77	-	-0.35	0.00
Pictet TR-Divers Alpha I EUR	€ 109.27	-	0.07	0.00
Pictet TR-Kosmos I EUR	€ 108.96	-	0.00	0.00
Pictet TR-Mandarin I USD	$ 162.06	-	-0.06	0.00
Pictet-US Equity Selection-I USD	$ 248.97	-	-1.13	0.00
Pictet-US High Yield-I USD F	$ 167.34	-	-0.11	0.00
Pictet-USA Index-I USD F	$ 256.66	-	-0.06	0.00
Pictet-USD Government Bonds-I F	$ 631.96	-	0.00	0.00
Pictet-USD Short Mid-Term Bonds-I F	$ 132.07	-	-0.03	0.00
Pictet-USD Sov.ST.Mon.Mkt-I	$ 106.03	-	0.00	0.00
Pictet-Water-I EUR F	€ 331.60	-	-0.69	0.00

Platinum Capital Management Ltd
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Platinum All Star Fund - A (Est)	$ 132.71	-	-	0.00
Platinum Global Dividend Fund - A (Est)	$ 46.20	-	-	0.00
Platinum Global Growth UCITS Fund	$ 10.87	-	-0.03	0.00

Polar Capital Funds Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
Automation & Artificial Intelligence Cl I USD Acc	$ 10.34	10.34	0.01	-
Asian Financials I USD	$ 331.29	331.29	-2.08	0.00
Biotechnology I USD	$ 23.94	23.94	0.05	0.00
European Income Acc EUR	€ 12.20	12.20	0.00	0.00
European Ex UK Inc EUR Acc	€ 11.17	11.17	-0.02	0.00
Financial Opps I USD	$ 13.23	-	-0.02	1.96
GEM Income I USD	$ 11.41	-	-0.03	0.00
Global Convertible I USD	$ 13.06	13.06	-0.01	0.00
Global Insurance I GBP	£ 6.23	-	0.05	0.00
Global Technology I USD	$ 44.35	-	-0.02	0.00
Healthcare Blue Chip Fund I USD Acc	$ 13.07	13.07	0.04	0.00
Healthcare Opps I USD	$ 50.13	-	0.06	0.00
Income Opportunities B2 I GBP Acc	£ 2.20	2.20	0.01	0.00
Japan Alpha I JPY	¥ 252.76	252.76	-0.91	0.00
Japan I JPY	¥ 2450.66	-	-14.55	0.00
North American I USD	$ 24.31	24.31	-0.03	0.00
UK Absolute Equity I GBP	£ 21.41	21.41	-0.03	0.00
UK Val Opp I GBP Acc	£ 11.05	11.05	-0.07	0.00

Polar Capital LLP (CYM)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Forager A EUR	€ 190.61	-	-1.15	0.00

Private Fund Mgrs (Guernsey) Ltd (GSY)
Regulated

Fund	Bid	Offer	D+/-	Yield
Monument Growth 09/10/2018	£ 515.97	521.67	-12.80	3.06

Prusik Investment Management LLP (IRL)
Enquiries - 0207 493 1331
Regulated

Fund	Bid	Offer	D+/-	Yield
Prusik Asian Equity Income B Dist	$ 183.36	-	-0.22	4.00
Prusik Asia A	$ 242.01	-	-2.17	0.00
Prusik Asian Smaller Cos A	$ 136.27	-	-0.11	0.00

Purisima Investment Fds (CI) Ltd (JER)
Regulated

Fund	Bid	Offer	D+/-	Yield
PCG B ✠	213.72	-	5.62	0.00
PCG C ✠	209.69	-	5.52	0.00

Ram Active Investments SA
www.ram-ai.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
RAM Systematic Emerg Markets Core Eq	$ 96.49	-	0.13	-
RAM Systematic Emerg Markets Eq	$ 168.00	-	0.25	-
RAM Systematic European Eq	€ 432.78	-	-2.45	-
RAM Systematic Funds Global Sustainable Income Eq	$ 127.15	-	-0.15	0.00
RAM Systematic Long/Short Emerg Markets Eq	$ 121.09	-	0.22	-
RAM Systematic Long/Short European Eq	€ 151.23	-	-0.91	-
RAM Systematic North American Eq	$ 303.29	-	-1.64	-
RAM Tactical Convertibles Europe	€ 143.41	-	-0.35	-
RAM Tactical Global Bond Total Return	€ 141.54	-	-0.05	-
RAM Tactical II Asia Bond Total Return	$ 136.02	-	-0.04	-

Robeco Asset Management (LUX)
Weena 850, 3014 DA Rotterdam, The Netherlands
www.robeco.com/contact
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Asia-Pacific Equities (EUR)	€ 156.01	-	-0.11	0.00
BP US Premium Equities (EUR)	€ 225.00	-	-0.27	0.00
BP US Premium Equities (USD)	$ 265.83	-	-0.32	0.00
Chinese Equities (EUR)	€ 80.51	-	0.31	0.00
Em Stars Equities (EUR)	€ 199.87	-	0.20	0.00
Emerging Markets Equities (EUR)	€ 171.72	-	-0.94	0.00
Glob.Consumer Trends Equities (EUR)	€ 209.92	-	0.26	0.00
High Yield Bonds (EUR)	€ 143.36	-	-0.01	0.00
New World Financials (EUR)	€ 66.92	-	0.10	0.00

Ruffer LLP (1000)F (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 601 9610
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions

Fund	Bid	Offer	D+/-	Yield
LF Ruffer European C Acc	579.13	-	-1.87	0.21
LF Ruffer European C Inc	106.54	-	-0.34	0.27
LF Ruffer European O Acc	568.45	-	-1.87	0.00
LF Ruffer Equity & General C Acc	445.84	-	-1.83	0.10
LF Ruffer Equity & General C Inc	410.63	-	-1.69	0.10
LF Ruffer Equity & General O Acc	437.65	-	-1.83	0.00
LF Ruffer Equity & General O Inc	406.06	-	-1.70	0.00
LF Ruffer Gold C Acc	132.79	-	7.91	0.00
LF Ruffer Gold C Inc	80.37	-	4.79	0.00
LF Ruffer Gold O Acc	130.30	-	7.76	0.00
LF Ruffer Japanese C Inc	120.42	-	-2.60	0.32
LF Ruffer Japanese C Acc	257.10	-	-5.54	0.33
LF Ruffer Pacific & Emerging Markets C Acc	332.29	-	-6.36	0.99
LF Ruffer Pacific & Emerging Markets C Inc	92.52	-	-1.77	0.96
LF Ruffer Pacific & Emerging Markets O Acc	325.86	-	-6.26	0.63
LF Ruffer Total Return C Acc	434.40	-	-2.27	1.42
LF Ruffer Total Return C Inc	288.24	-	-1.51	1.43
LF Ruffer Total Return O Acc	426.38	-	-2.25	1.42
LF Ruffer Total Return O Inc	282.76	-	-1.50	1.44

S. W. MITCHELL CAPITAL

S W Mitchell Capital LLP (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
SWMC European Fund B EUR	€ 16839.56	-	-67.74	0.00
SWMC Small Cap European Fund B EUR	€ 14625.19	-	-21.30	0.00

ROBECOSAM — We are Sustainability Investing.

RobecoSAM (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
RobecoSAM Sm.Energy/A	€ 15.91	-	0.13	1.24
RobecoSAM Sm.Energy/N	€ 14.42	-	0.10	0.00
RobecoSAM Sm.Materials/A	€ 193.81	-	1.14	1.26
RobecoSAM Sm.Materials/N	€ 199.45	-	0.91	0.00
RobecoSAM Sm.Materials/A	$ 134.06	-	0.60	1.26
RobecoSAM GI Small Cap Eq/A	€ 109.19	-	0.49	1.06
RobecoSAM GI Small Cap Eq/N	€ 193.62	-	0.61	0.00
RobecoSAM Sustainable GI.Eq/A	€ 219.57	-	-0.34	0.00
RobecoSAM Sustainable GI.Eq/N	€ 195.60	-	-0.29	0.00
RobecoSAM S.HealthyLiv/A	€ 186.19	-	-1.11	0.00
RobecoSAM S.HealthyLiv/N	€ 139.11	-	-1.05	0.00
RobecoSAM S.HealthyLiv/B	[illegible]	-	-0.59	1.24
RobecoSAM S.Water/A	€ 231.81	-	0.98	1.38
RobecoSAM S.Water/N	€ 199.85	-	0.57	0.00

Rubrics Global UCITS Funds Plc (IRL)
www.rubricsam.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Rubrics Emerging Markets Fixed Income UCITS Fund	$ 134.40	-	-0.01	0.00
Rubrics Global Credit UCITS Fund	$ 15.98	-	0.00	0.00
Rubrics Global Fixed Income UCITS Fund	$ 162.76	-	-0.05	0.00
Rubrics Global Dividend Income UCITS Fund	$ 9.99	-	0.04	0.00
Rubrics India Fixed Income UCITS Fund	$ 86.11	-	0.35	0.00

Slater Investments Ltd (UK)
www.slaterinvestments.com; Tel: 0207 220 9460
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Slater Growth	494.96	525.16	0.09	0.00
Slater Income A Inc	148.20	148.20	0.35	0.00
Slater Recovery	232.35	246.53	0.51	0.00
Slater Artorius	194.51	194.51	-2.63	0.23

Standard Life Wealth (JER)
PO Box 189, St Helier, Jersey, JE4 9RU 01534 709130
FCA Recognised
Standard Life Offshore Strategy Fund Limited

Fund	Bid	Offer	D+/-	Yield
Bridge Fund	£ 1.8234	-	-0.0011	2.07
Global Equity Fund	£ 2.3732	-	-0.0024	1.20
Global Fixed Interest Fund	£ 0.9419	-	-0.0008	4.69
Income Fund	£ 0.5560	-	-0.0012	3.45
Sterling Fixed Interest Fund	£ 0.8374	-	0.0002	3.39
UK Equity Fund	£ 2.1180	-	-0.0029	3.33

Stenham Asset Management Inc
www.stenhamassetmanagement.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Stenham Credit Opportunities A Class USD	$ 117.15	-	-0.82	0.00
Stenham Equity UCITS USD	$ 181.74	-	-0.96	0.00
Stenham Growth USD	$ 228.89	-	1.43	-
Stenham Healthcare USD	$ 227.03	-	4.26	0.00
Stenham Managed Fund USD	$ 124.15	-	-0.25	0.00
Stenham Quadrant USD A	$ 437.98	-	-0.22	-
Stenham Trading Inc USD	$ 125.86	-	-0.03	-
Stenham Universal USD	$ 465.37	-	-1.54	-
Stenham Universal II USD	$ 170.05	-	-0.63	0.00

Superfund Asset Management GmbH
www.superfund.com, +43 (1) 247 00
Regulated

Fund	Bid	Offer	D+/-	Yield
Superfund Green EUR SICAV	€ 770.52	-	1.91	0.00
Superfund Red EUR SICAV	€ 742.28	-	-0.69	0.00
Superfund Blue EUR	€ 695.99	-	9.50	0.00

Toscafund Asset Management LLP (UK)
www.toscafund.com
Authorised Funds

Fund	Bid	Offer	D+/-	Yield
Aptus Global Financials B Acc	£ 3.96	-	-0.02	4.72
Aptus Global Financials B Inc	£ 3.01	-	-0.02	4.91

Toscafund Asset Management LLP
www.toscafund.com
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Tosca A USD	$ 348.22	-	-19.05	-
Tosca Mid Cap GBP	£ 310.16	-	3.45	-
Tosca Opportunity B USD	$ 459.95	-	7.23	-
Pegasus Fund Ltd A-1 GBP	£ 70.91	-	-3.34	0.00

TreeTop Asset Management S.A. (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
TreeTop Convertible Sicav				
International AH	€ 263.53	-	-1.62	0.00
International BH	$ 358.34	-	-2.16	0.00
International CH	£ 108.18	-	-0.65	3.41
International DH	€ 224.17	-	-1.37	3.29
TreeTop Global Sicav				
Global Opp.AH	€ 140.66	-	-0.81	0.00
Global Opp.B	$ 145.90	-	-1.06	0.00
Global Opp.C	£ 203.06	-	-0.31	0.00
Sequoia Equity AH	€ 129.60	-	-0.63	0.00
Sequoia Equity B	$ 140.20	-	-0.99	0.00
Sequoia Equity C	£ 165.61	-	-0.19	3.53

Troy Asset Mgt (1200) (UK)
65 Gresham Street, London, EC2V 7NQ
Order Desk and Enquiries: 0345 608 0950
Authorised Inv Funds
Authorised Corporate Director - Link Fund Solutions
Trojan Investment Funds

Fund	Bid	Offer	D+/-	Yield
Trojan Global Income O Acc	109.61	-	0.83	2.89
Trojan Global Income O Inc	103.96	-	0.79	2.94

UBS Asset Management (UK)
5 Broadgate, London, EC2M 2QS
Client Services 0800 358 3012, Client Dealing 0800 358 3012
www.ubs.com/retailfunds
Authorised Inv Funds
OEIC

Fund	Bid	Offer	D+/-	Yield
UBS Global Emerging Markets Equity C Acc	£ 0.73	-	-0.01	1.18
UBS Global Optimal C Acc	£ 1.02	-	0.00	0.83
UBS UK Opportunities C Acc	£ 0.86	-	0.00	3.04
UBS US Equity C Acc	£ 1.24	-	0.00	0.21
UBS S&P 500 Index C Acc	£ 0.89	-	0.01	1.34
UBS Targeted Return C Acc	£ 13.74	-	-0.03	1.29
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	£ 0.66	-	0.00	4.05
UBS Corporate Bond UK Plus C Inc Net	£ 0.53	-	0.00	4.16
UBS Global Allocation (UK) C Acc	£ 0.79	-	-0.01	1.71
UBS Global Enhanced Equity Income C Inc	£ 0.43	-	0.00	7.23
UBS US Growth C Acc	£ 1.44	-	0.00	0.00
UBS Emerging Markets Equity Income C Inc	£ 0.47	-	0.00	3.99
UBS FTSE RAFI Dev 1000 Index J Acc	£ 147.44	-	0.52	2.29
UBS MSCI World Min Vol Index J Acc	£ 155.86	-	0.76	2.06

Unicapital Investments (LUX)
Regulated

Fund	Bid	Offer	D+/-	Yield
Investments IV - European Private Eq.	€ 104.05	-	-22.67	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
Regulated

Fund	Bid	Offer	D+/-	Yield
Value Partners Asia ex-Japan Equity Fund USD V Acc Unhedged	$ 9.13	-	-0.05	-
Value Partners Classic Equity Fund USD Z Unhedged	$ 13.24	-	0.06	0.00
Value Partners Classic Equity Fund CHF Hedged	SFr 12.63	-	0.06	0.00
Value Partners Classic Equity Fund EUR Hedged	€ 12.88	-	0.05	0.00
Value Partners Classic Equity Fund GBP Hedged	£ 13.48	-	0.07	0.00
Value Partners Classic Equity Fund GBP Unhedged	£ 16.31	-	-0.02	0.00
Value Partners Classic Equity USD Unhedged	$ 16.17	-	0.07	0.00
Value Partners Global Emerging Market Bond Fund USD A Acc Unhedged	$ 10.14	-	0.01	0.00
Value Partners Global Emerging Market Equity Fund USD V Unhedged	$ 9.42	-	-0.05	0.00
Value Partners Greater China Equity Fund USD A (Acc) Unhedged	$ 10.04	-	0.04	0.00
Value Partners Health Care Fund HKD Class A Unhedged	HK$ 11.21	-	-0.05	0.00
Value Partners Health Care Fund USD Class A Unhedged	$ 11.42	-	-0.04	0.00

WA Fixed Income Fund Plc (IRL)
Regulated

Fund	Bid	Offer	D+/-	Yield
European Multi-Sector	€ 114.25	-	0.13	3.57

Yapi Kredi Asset Management (TUR)
www.yapikrediportfoy.com.tr Tel: + 90 (212) 385 48 48
Other International Funds

Fund	Bid	Offer	D+/-	Yield
Eurobond Fund	TRY 0.135197	-	-0.23061	-
Koc Affiliate and Equity Fund	TRY 0.868938	-	0.08490	-
DPM Bonds and Bills Fund (FX)	$ 0.152907	-	0.00136	0.00

Yuki International Limited (IRL)
Tel +44-20-7269-0207 www.yukifunds.com
Regulated

Fund	Bid	Offer	D+/-	Yield
Yuki Mizuho Umbrella Fund				
Yuki Mizuho Japan Dynamic Growth	¥ 9488.00	-	-152.00	0.00
Yuki Japan Low Price	¥ 45583.00	-	-414.00	0.00
Yuki Japan Value Select	¥ 16030.00	-	-231.00	0.00
Yuki Asia Umbrella Fund				
Yuki Japan Rebounding Growth Fund JPY Class	¥ 34360.00	-	-484.00	0.00
Yuki Japan Rebounding Growth Fund USD Hedged Class	$ 1361.62	-	-19.23	0.00

Zadig Gestion (Memnon Fund) (LUX)
FCA Recognised

Fund	Bid	Offer	D+/-	Yield
Memnon European Fund - Class U2 GBP	£ 153.27	-	-0.18	0.00

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Guide to Data

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Guide to pricing of Authorised Investment Funds: (compiled with the assistance of the IMA. The Investment Management Association, 65 Kingsway, London WC2B 6TD. Tel: +44 (0)20 7831 0898.)

OEIC: Open-Ended Investment Company. Similar to a unit trust but using a company rather than a trust structure.

Different share classes are issued to reflect a different currency, charging structure or type of holder.

Selling price: Also called bid price. The price at which units in a unit trust are sold by investors.

Buying price: Also called offer price. The price at which units in a unit trust are bought by investors. Includes manager's initial charge.

Single price: Based on a mid-market valuation of the underlying investments. The buying and selling price for shares of an OEIC and units of a single priced unit trust are the same.

Treatment of manager's periodic capital charge: The letter C denotes that the trust deducts all or part of the manager's/operator's periodic charge from capital, contact the manager/operator for full details of the effect of this course of action.

Exit Charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager/operator for full details.

Time: Some funds give information about the timing of price quotes. The time shown alongside the fund manager's/operator's name is the valuation point for their unit trusts/OEICs, unless another time is indicated by the symbol alongside the individual unit trust/OEIC name.

The symbols are as follows: ✠ 0001 to 1100 hours; ♦ 1101 to 1400 hours; ▲ 1401 to 1700 hours; # 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available. Historic pricing: The letter H denotes that the managers/operators will normally deal on the price set at the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers/operators must deal at a forward price on request, and may move to forward pricing at any time. Forward pricing: The letter F denotes that that managers/operators deal at the price to be set at the next valuation.

Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers/operators. Scheme particulars, prospectus, key features and reports: The most recent particulars and documents may be obtained free of charge from fund managers/operators. * Indicates funds which do not price on Fridays.

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

Analysis. Equities

China start-ups resist lure of Hong Kong IPO sweeteners

Tech companies put off by HKEX's lengthy vetting approach and stricter scrutiny

LOUISE LUCAS AND EMMA DUNKLEY
HONG KONG

Chinese technology start-ups still favour listing in New York in spite of Hong Kong's efforts to woo entrepreneurs.

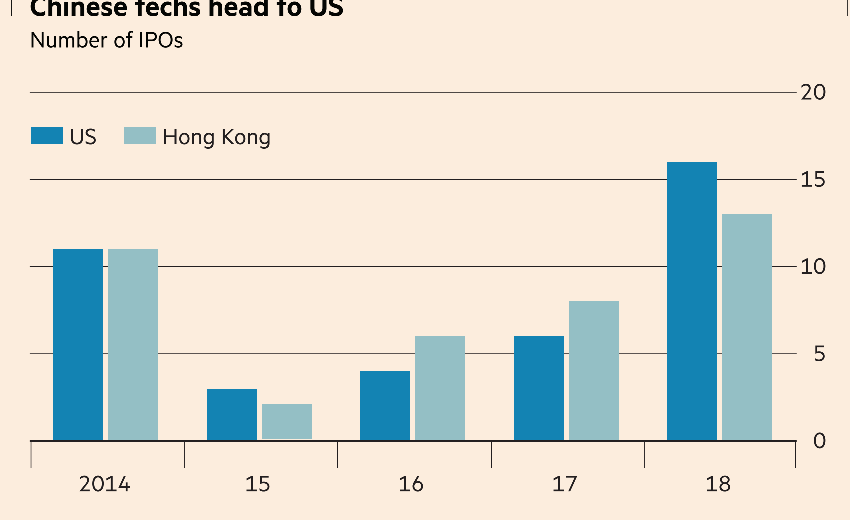
Irked at losing out on Alibaba's record-breaking $25bn initial public offering in 2014, Hong Kong moved this year to allow the listing of dual-class shares, giving company founders greater voting rights over ordinary shareholders.

But of 29 Chinese tech IPOs this year, 16 were in the US and 13 were on the Hong Kong exchange, according to data from Dealogic.

The past month has brought a particular increase in the number of US offerings, which included Nio, the electrical vehicle maker, and Qutoutiao, the content aggregator.

One investment bank said the ratio of Hong Kong IPOs in his pipeline had dropped from 80-90 per cent earlier in the year to 50-60 per cent.

While Hong Kong has attracted big-name listings including Xiaomi, the smartphone maker, and Meituan Dianping, the food-delivery group, Tencent Music Entertainment and many smaller listings are heading to New York.



Lawyers and bankers said Hong Kong's tougher vetting and stricter approach to listings, with greater focus on investor protection, is deflecting some deals and causing delays.

"The backlog is huge in Hong Kong," said one capital markets lawyer. "They are vetting over 200 applications at this moment."

One person close to the exchange said that it was "still in the process of trying to catch up with new roles". He added that "a fair amount of those are applications that require follow-up questions or have not been as well prepared as they could have been".

The stock exchange said it has strengthened its "listing team" to meet demand following its reforms. Another market participant said the exchange was taking a more stringent view on everything from competing businesses backed by a common shareholder to longstanding structures such as variable interest entities, a widely used structure designed to get round Chinese rules that prohibit foreign ownership of certain internet assets.

"They really scrutinise VIEs," he said. "That's not something they asked about two or three years before."

New York is not always an easy option with Chinese companies enjoying less brand recognition among US consumers. "The US has no investors who use Tencent Music," one lawyer noted, referring to the streaming group's impending IPO, which was recently delayed, and is expected to raise $2bn.

Hong Kong has attracted some big listings, including Xiaomi
Giulia Marchi/Bloomberg

'Regulators in Hong Kong are good as they know where the bodies are buried'

Still, the US is the home of global tech. "Unlike HKEX, Nasdaq and increasingly the NYSE have long been natural listing venues for tech issuers," said Philippe Espinasse, a consultant and former head of equity capital markets at Nomura.

"There are several reasons for this: a large pool of comparable companies for listing candidates and a greater familiarity on the part of US investors with their business models, on top of more flexible listing rules than those currently prevailing in Asia."

Adding to the difficulties for Asia, many of this year's listings are now below their offer price. Meitu, which became Hong Kong's first big tech IPO when the Chinese selfie app sold shares at HK$8.50 apiece in April last year, now trades closer to half that level.

One attraction of New York for founders eager to keep tight control is the ability to sell a small slice of their companies. This tends to result in thin liquidity and some highly volatile trading.

Shares in Nio swung 70 per cent in the days after it listed last month; Qutoutiao more than doubled a day after its debut to $16 but has since dropped to $7.40.

Lawyers said there were advantages to Hong Kong's regime. "The regulators in Hong Kong are good because they know where the bodies are buried. The SEC don't. They need to watch *The China Hustle*," said the capital markets lawyer.

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Tail Risk

Saudi quandary for ethical investors after EM inclusion

JONATHAN WHEATLEY

Does alleged extrajudicial death by dismemberment have any bearing on investment decisions? It is not a question you hear every day but it is one investors will have to address in the approach to Saudi Arabia's inclusion in emerging market equity indices next year.

The inclusions seem certain to go ahead. FTSE Russell, which will add Saudi equities to its Emerging All Cap Index from March — to a weight of 2.88 per cent — said that, in the light of the Khashoggi affair, it had nothing to add to its decision taken in March.

MSCI, which will add Saudi Arabia to its Emerging Markets index from May, with a weight of 2.6 per cent, declined to comment.

Those are chunky weightings. MSCI said $1.9tn in assets use its EM indices as benchmarks. Saudi equities stand to receive a flood of money.

Saudi officials described reports of the torture and killing of Jamal Khashoggi by people close to Mohammed bin Salman, Saudi Arabia's crown prince, at the Saudi consulate in Istanbul two weeks ago, as "lies".

Looking at Saudi asset prices, it is easy to conclude that, whether they believed the denials or not, investors were rattled. Saudi stock prices fell sharply as bond yields soared.

But it is just as likely that Saudi asset prices, as they generally do, were following those of oil, which also fell sharply (rather than rising, which is what you would expect if they had been influenced by the affair).

Charles Robertson at Renaissance Capital said there was no chance of the index providers changing their plans. But he does believe the Saudi administration presents a risk.

By RenCap's own measure, Saudi Arabia's ESG score (for environmental, social and governance issues) is just 66 out of 100, 12 points below the expected score for a country with its per capita income.

Steven Holden of Copley Fund Research noted that Saudi Arabia "is very under-owned, considering its potential size in the upcoming index rebalance".

But Gary Greenberg, head of emerging markets at Hermes Investment Management said: "It is becoming increasingly difficult to reconcile investing responsibly with investing in illiberal regimes. The Saudi equity story faces an uphill battle."

Additional reporting by Aime Williams

The fate of Jamal Khashoggi is unlikely to affect index decisions

Equities

Bumper listings reinvigorate Thailand's lacklustre scene in spite of EM gloom

JOHN REED — BANGKOK
DON WEINLAND — HONG KONG

Thailand's stock market is defying the global pessimism gripping emerging markets as it takes on its two largest initial public offerings of the year — one of which could tie for its biggest public equity float on record.

Osotspa, a 127-year-old energy drinks maker controlled by the Chinese-Thai Osathanugrah family, raised the equivalent of $460m at Bt25 a share — the top of its price range, making it the largest IPO of the year in the country. It began trading this week.

Emerging markets from Turkey and Argentina to India and Indonesia have had a turbulent year as interest rates have risen and cash drains from weaker developing economies.

In Asia, India's rupee has hit record lows and the once-strong stock market has tumbled in recent weeks.

But in Thailand, analysts said Osotspa's successful listing was a mark of confidence in the economy, which grew 4.6 per cent in the second quarter, ahead of economists' expectations.

The military government has been championing a plan to boost investment on the eastern coast and is promising to hold an election in early 2019 following a coup d'état in 2014.

"When institutional investors, both foreign and domestic, look at Thailand, they look at the strength of the currency, and Thailand has been one of the strongest emerging market currencies," said Prinn Panitchpakdi, Thailand country head with CLSA, and a member of the stock exchange's board of directors. "We have strength on the macroeconomic stability side and on the fiscal side a strong balance sheet and reserves."

In another sign of a listing resurgence in Thailand, the state-backed Thailand Future Fund is marketing its IPO, due to float in Bangkok before the end of the year.

Osotspa, the energy drinks maker, raised the equivalent of $460m

If it were to price at the high end of its range, it could tie as the country's biggest on record at about $1.4bn. It is a closed-end fund that invests in infrastructure assets such as toll roads.

AIA, the Hong Kong-listed insurer, plans to invest about $50m as the IPO's largest cornerstone investor, according to a term sheet seen by the FT. The company plans to list on October 31.

Thailand's biggest IPO to date was that of BTS Rail Mass Transit Growth Infrastructure Fund, which raised about $1.42bn in April 2013.

The volume of IPOs in Thailand has declined, with about $3.3bn in issuance this year among 20 equity deals, compared with $4.2bn and 52 deals for all of 2017, according to data from Dealogic.

Osotspa's listing attracted a number of international cornerstone investors, including Templeton Asset Management and Aberdeen Standard Investments.

"Osotspa's strong debut should not be a big surprise," Toh Zhen Zhou, a Smartkarma analyst, wrote in a report.

"Thailand's IPO scene has been lacklustre for the past one year, which means that when a well-known brand like Osotspa gets floated, there is a good chance that local investors will be fighting to win a piece of this company."

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

Fixed income

Prospect of budget showdown with EU nudges Italy's spread to five-year high

KATE ALLEN

Italian government debt has hit the skids again, sending a key measure of the perceived risk of holding it to a five-and-a-half-year high, as investors eye the growing likelihood of a budget stand-off between Brussels and Rome.

The yield on 10-year Italian debt hit 3.73 per cent in yesterday's trading, taking it to a spread of 3.33 percentage points over the equivalent German Bund — the highest since April 2013.

The move came after the European Commission presented Italy with a letter raising concerns about the country's draft budget, which it said did not comply with EU rules. The Commission has asked Rome to respond by Monday.

Italian markets have experienced repeated waves of selling in the past five months, since a populist Eurosceptic government took power.

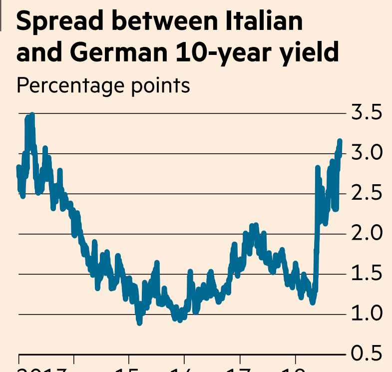
The coalition's draft budget, which was sent to Brussels on Monday night, proposed a significant jump in public spending. EU rules limit members' fiscal deficits.

The spread is a widely watched indicator of eurozone market stress but in recent weeks it has also become a particularly politicised one. Matteo Salvini, leader of the hard-right League party that shares governing power with Five Star, has regularly invoked the idea of "the lords of the spread" to suggest that investors are attempting to influence politicians' financial decision-making.

Nadia Gharbi, an economist at Pictet Wealth Management, said the combination of national and European politics "makes the current situation highly complex and uncertain".

"The European Commission lacks the means to force the Italian government to back down on its 2019 budget," she said. "At the end of the day the market rather than Brussels may make the difference."

Italian bonds face "recurrent volatility spikes", she added, and an escalation of the tensions could result in Italy being locked out of the financial markets and potential contagion to other eurozone economies.



Although there have so far been few signs of contagion in other eurozone bond markets, yields did move yesterday. The 10-year Portuguese yield rose 6 basis points with the Spanish equivalent gaining 7bp and the thinly traded Greek 10-year debt seeing a 14bp bump.

Earlier yesterday, the head of Italy's big business association, Carlo Bonomi, gave a sharply critical speech in which he hit back at weeks of sustained attacks against big business by politicians from the ruling Five Star and League coalition.

"We have already paid a high price for the way in which the government has put out the draft budget, and then modified it — without convincing either markets or Europe," Mr Bonomi said.

Italy bought back €3.8bn of short-dated debt yesterday, in an operation it had announced earlier in the week. The two-year debt was exchanged for bonds with longer maturities.

It was the latest in a series of transactions in shorter-dated debt, in which the Italian Treasury has pumped spare cash back in and provided liquidity for investors. Some of the repurchases came during difficult trading periods for Italian debt when yields had risen sharply.

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

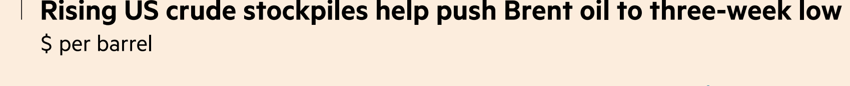
Markets & Investing

FINANCIAL TIMES

The day in the markets

What you need to know

- US stocks retreat as Treasury yields rise
- Fed minutes viewed as hawkish
- Chinese stocks slide; renminbi softens
- Italian-German bond spreads widen
- Brent oil back below $80 a barrel



Source: Refinitiv (formerly Thomson Reuters)

US and European stocks lost ground as concerns about US-China trade tension picked up pace and the prospect of further interest rate rises by the Federal Reserve pushed Treasury yields and the dollar higher.

The minutes of the Fed's meeting last month — released late on Wednesday — heightened worries that the US central bank would at some point raise rates above its measure of neutral.

"The probability of [the fed funds] rate being above 3 per cent by the end of next year has risen back to 30 per cent," said Kit Juckes, strategist at Société Générale.

The yield on the 10-year Treasury touched a one-week high of 3.217 per cent before drifting back while the dollar index inched back towards last week's seven-week peak.

Against that backdrop, the Chinese renminbi slipped to its lowest level against the US currency since January 2017 — within a whisker of the Rmb7 per dollar mark — as the Shanghai Composite equity index slid to a four-year low.

The latest bout of weakness for the renminbi came as the US Treasury failed to label China a currency manipulator.

"There is increasing speculation that the People's Bank of China will not be able to defend the Rmb7 hurdle in the coming months," said Hao Zhou, analyst at Commerzbank.

"It is worth noting that the official renminbi index has continued to reach new lows in recent months, indicating that the weakness is broad-based."

Meanwhile, mounting expectations of a clash between Rome and Brussels over Italy's budget proposals prompted renewed turbulence in European bonds — adding to the unsettled mood across risk markets. The spread between Italian and German 10-year government bond yields widened to the most in more than five years, highlighting the growing cost of holding Rome's debt.

The market action came as reports suggested Pierre Moscovici, the EU economic commissioner, was preparing to give Italy a letter raising concerns about its draft budget.

Mario Draghi, European Central Bank president, said it was clear that undermining EU budget limits were costly for all in the single currency area.

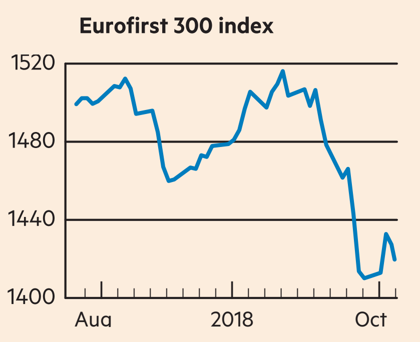
There was renewed weakness for oil, with Brent back below $80 a barrel, in the wake of data on Wednesday that showed US crude inventories had risen far more last week than the markets had expected. **Dave Shellock**

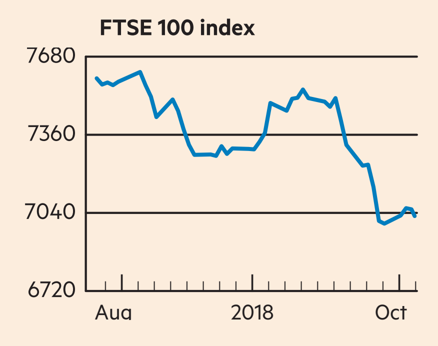
Markets update

	US	Eurozone	Japan	UK	China	Brazil
Stocks	**S&P 500**	**Eurofirst 300**	**Nikkei 225**	**FTSE100**	**Shanghai Comp**	**Bovespa**
Level	2771.25	1419.67	22658.16	7026.99	2486.42	84586.96
% change on day	-1.35	-0.54	-0.80	-0.39	-2.94	-1.37
Currency	**$ index (DXY)**	**$ per €**	**Yen per $**	**$ per £**	**Rmb per $**	**Real per $**
Level	95.622	1.149	112.500	1.307	6.941	3.702
% change on day	0.049	-0.347	0.370	-0.457	0.232	0.022
Govt. bonds	**10-year Treasury**	**10-year Bund**	**10-year JGB**	**10-year Gilt**	**10-year bond**	**10-year bond**
Yield	3.173	0.416	0.150	1.401	3.564	10.248
Basis point change on day	1.610	-4.500	0.530	-3.900	-2.700	25.900
World index, Commods	**FTSE All-World**	**Oil - Brent**	**Oil - WTI**	**Gold**	**Silver**	**Metals (LMEX)**
Level	327.10	79.62	69.23	1229.05	14.65	2979.20
% change on day	-1.02	-0.97	-1.20	-0.13	-0.71	0.04

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





Biggest movers

%	US		Eurozone		UK	
Ups	Alliance Data Systems	3.80	Carrefour	9.34	Pearson	3.78
	Philip Morris Int	3.63	Publicise	3.75	Randgold Resources Ld	3.20
	Invesco	3.15	Grifols	2.28	Diageo	2.16
	Genuine Parts	2.12	Heineken Holding	2.21	United Utilities	1.96
	Bb&t	2.01	Talanx	2.18	Gvc Holdings	1.72
Downs	United Rentals	-10.08	Heidelbergcement	-8.59	Crh	-4.10
	Textron	-9.12	B. Sabadell	-6.70	Antofagasta	-3.50
	Snap-on orporated	-7.79	Sap	-5.94	Ashtead	-3.37
	Sealed Air	-7.11	Yara Int	-5.35	Standard Life Aberdeen	-2.81
	Activision Blizzard	-6.85	Stmicroelectronics	-5.09	Ferguson	-2.74

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

Drugmaker **Bristol-Myers Squibb** was a faller in response to promising trial results for an immunotherapy treatment for kidney cancer from rival Merck.

Guggenheim said the trial "immediately puts Merck in a dominant position in metastatic kidney cancer, which is likely bad news for BMS as its Opdivo and Yervoy [drug] combinations were seen as a major growth driver for the company".

United Rentals dived after forecast-beating results from the equipment hire specialist were eclipsed by signs of slowing demand, including weaker pricing and utilisation.

Activision slipped after the games-maker said sales of its *Call of Duty: Black Ops 4* title had passed $500m in the first three days of release, which suggested unit sales about a fifth below the top end of market expectations.

Gap retreated on a downgrade to "underweight" from JPMorgan. Range and operational problems, warm weather in Europe and a higher than usual level of promotions make a return to same-store sales growth for the retailer far from certain, JPMorgan said.

Better than expected results lifted cigarette maker **Philip Morris** to a six-month high with sector peer **Altria** following. *Bryce Elder*

Eurozone

HeidelbergCement of Germany led European markets lower after a profit warning, with the aggregates maker blaming rising fuel costs and unhelpful weather in the US.

Spanish banks dropped in response to a court ruling. It stated that lenders had to pay a one-off tax to cover mortgage loan levies that had traditionally been passed to clients. **BBVA**, **Sabadell**, **Bankia** and **Bankinter** were all marked sharply lower.

Chipmakers including **AMS** and **STMicroelectronics** reversed a recent rally in response to weaker than expected results overnight from **TSMC**, the Taiwanese foundry operator, which blamed an inventory glut and reduced demand from cryptocurrency miners.

French retailer **Carrefour** gained after better than expected quarterly sales led HSBC to turn positive.

Air France-KLM jumped on a report that the airline would present a wage proposal this week that was likely to be approved by unions.

Dutch drugmaker **Argenx** was the Stoxx 600's biggest gainer after key rival UCB released mixed trial results for an experimental autoimmune disease treatment, which bolstered investors' confidence that the Belgian group would not be first to market. *Bryce Elder*

London

Mediclinic hit a record low as analysts downgraded the hospital operator in response to its warning on Wednesday that patient numbers and margins had continued to disappoint in Switzerland, its biggest market.

Merrill Lynch, switching its rating on Mediclinic from "buy" to "underperform", said the company needed to find a new strategy to tackle the oversupplied Swiss market but none of the available options looked palatable.

CRH, the US-focused aggregates maker, fell in reaction to the warning from peer HeidelbergCement that weather and fuel costs were holding back earnings.

With results in mid-November, CRH is likely to be among the last in its sector to report third-quarter trading.

Ashtead retreated after results from United Rentals, its key US rival, suggested slowing demand.

Domino's Pizza rallied after its quarterly like-for-like sales growth slowed less than expected.

A new share buyback and a reiterated target for store openings also helped ease concerns that Domino's was struggling to keep franchisees happy.

OneSavings Bank advanced following an upgrade to "outperform" from Macquarie. *Bryce Elder*

Brazil investors weigh timing on profit-taking from Bolsonaro

Joe Leahy

Markets Insight

In Brazil this month, the only people having a better time than supporters of presidential election front-runner Jair Bolsonaro are shareholders of local gunmaker Taurus. The stock has more than tripled in price over the past month as the far-right former army captain, who favours liberating gun ownership to combat high rates of violent crime, rose to win the first round of the election on October 7.

With polls indicating a strong victory in the second round on October 28 for Mr Bolsonaro, investors are flocking to Taurus shares, ignoring the candidate's pledges to break the company's hold on supplying weapons to Brazil's security forces amid criticism over the quality of its weapons.

The bullishness over Taurus is reflected in the wider market as investors are betting that Mr Bolsonaro will honour his pledges to combine social conservatism with liberal economic policies.

Over the past month, the benchmark Ibovespa index has gained about 12 per cent while the currency, the real, has strengthened about 10 per cent against the dollar.

Underwriting Mr Bolsonaro's market-friendly stance is his economic adviser, University of Chicago-trained investor Paulo Guedes.

The financier's promises include a massive privatisation programme of Brazil's state-owned enterprises to reduce public debt.

He has also pledged fiscal reforms, such as an overhaul of the country's pension programme, to cut the budget deficit.

The strength of Mr Bolsonaro's victory in the first round, in which he fell just short of a majority, has heartened investors who were earlier worried that his rival, Fernando Haddad of the leftist Workers' Party, or PT, might stand a chance. Known for its interventionism in the economy, markets would view a return of the PT as catastrophic.

But with the PT apparently tamed and markets already significantly higher, investors face a question: should they sell on the fact of a Bolsonaro final victory in the second round or wait for further upside.

Most analysts believe there remains some room for further modest gains. Ronaldo Patah, chief investment officer for Brazil at UBS Global Wealth Management, said he had a target for the real of

> Underwriting Bolsonaro's market-friendly stance is his University of Chicago-trained economic adviser

R$3.60 to the dollar over the next three months with the possibility it could "overshoot" to R$3.50 before gradually weakening to R$3.80 as monetary policy tightens offshore.

Equities are still trading at slightly below their historical average in terms of the price/earnings ratio.

There could be 10 per cent upside if the market begins to factor in faster economic growth for next year of about 2.5 per cent, Mr Patah said.

In terms of sovereign risk, five-year credit default swaps, which have already tightened from 281.4 basis points to 210.9bp over the past month, could fall a further 30bp to 50bp.

Tellingly, however, the most risky asset class is domestic bonds with the short end of the curve already factoring in most of the potential gains.

This is because they are the most exposed to what is expected to be the first real test of Mr Bolsonaro's resolve on economic issues — whether or not he will push through a strong pension reform and strengthen Brazil's precarious fiscal position.

Markets expect him to expend his fresh political capital in the first year on the issue.

Yet, the former congressman, who confesses little knowledge of the economy, is prevaricating, saying he wanted to pass a reform different from that of current President Michel Temer, who lacked the support to have his proposals passed in congress this year.

"We can't penalise those who have already acquired rights," he said this week.

He has also backed away from the privatisation of electricity generation assets, sending shares of state-run market leader Eletrobras gyrating.

Investors for now are giving him the benefit of the doubt. With campaigning still under way, talking about unpopular pension reforms could cost him votes.

Yet Mr Bolsonaro is also untested in government. In nearly 28 years in congress, he passed few pieces of legislation and has never held an executive position, such as state governor or even city mayor.

As a manager, he remains an unknown quantity. That is why some investors may opt to take profit on his likely victory on October 28.

They could take their cue from gunmaker Taurus. The company is using the astronomical rise in its share price for a bonus share offer aimed at reducing its debt.

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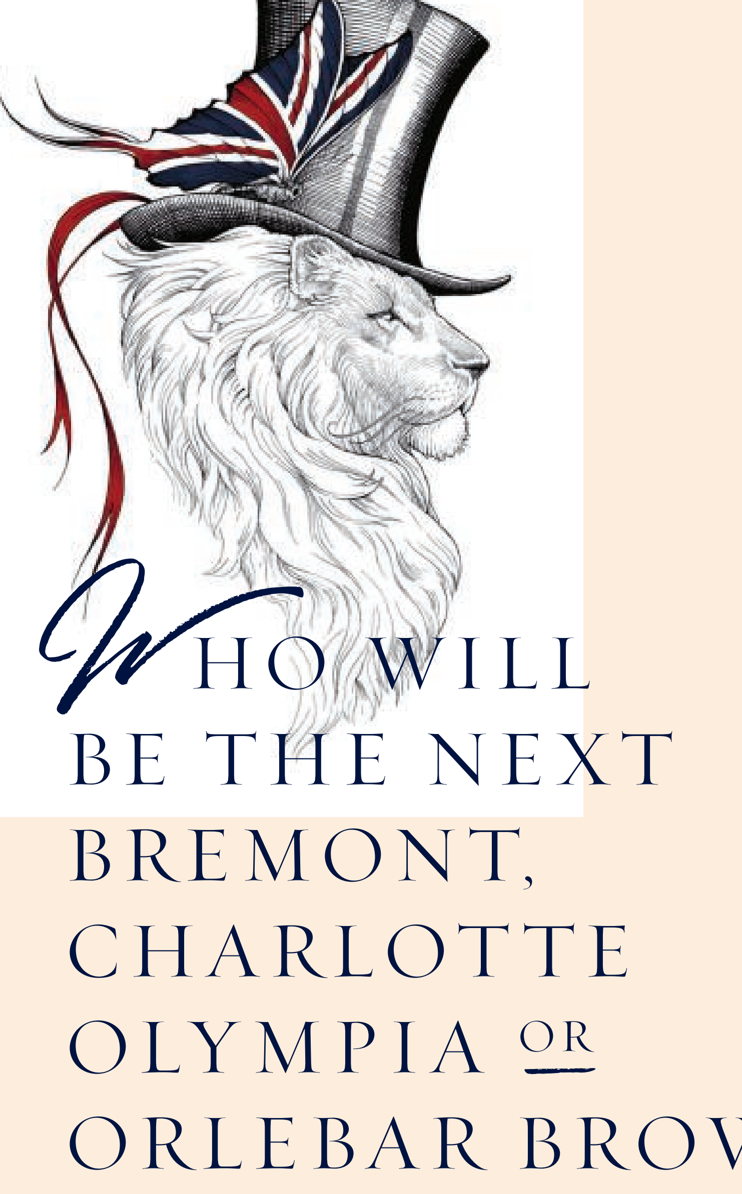

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