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# GREEN SEEKS HIGH STREET RATES RELIEF

**EXCLUSIVE**  
**SEBASTIAN MCCARTHY**

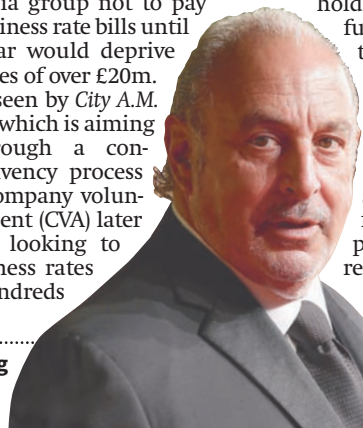
@SebMcCarthy

SIR PHILIP Green is launching an audacious bid to dramatically cut the amount his retail empire pays in business rates, *City A.M.* has learned, in a move likely to trigger fresh controversy around the embattled tycoon.

Multiple sources have warned that, if implemented, the demands made by Green's Arcadia group not to pay some of its business rate bills until April next year would deprive local authorities of over £20m.

Documents seen by *City A.M.* show Arcadia, which is aiming to push through a contentious insolvency process known as a company voluntary arrangement (CVA) later this week, is looking to secure a business rates holiday on hundreds of store leases.

**Green is fighting on all sides**



Creditors are set to vote on whether to approve the firm's CVA on Wednesday. If the group fails to win approval from 75 per cent of its creditors, which includes councils and landlords, then the risk of collapsing into administration increases, putting as many as 18,000 jobs at risk.

Andrew Gwynne, Labour's shadow communities and local government secretary, said: "Councils will be forced to stump up, while a billionaire shareholder based in a tax haven refuses to take responsibility for the mess he has created."

Liberal Democrat leader Vince Cable added: "The demand for business rate exemption is outrageous. The exemption is for genuinely small companies and not for tycoons who have made personal fortunes out of retail and have not paid their share of other tax, like income tax."

Rising business rates bills have hit many high street retail groups in re-

cent years, adding to financial troubles amid the rise of online competitors.

Last month, it emerged department store chain Debenhams also sought relief through business rates reductions as part of its insolvency process.

The dramatic cost-cutting attempt comes as Green faces mounting pressure from the pensions watchdog to inject a further £50m into the Arcadia pension fund in the run-up to the vote.

Yesterday, a source close to the Pension Protection Fund (PPF) told the *Sunday Times* that the regulator was prepared to vote against the CVA, warning "it's all going to the wire" with negotiations continuing between the two sides.

It emerged last week that Arcadia's directors have been planning a £135m investment in the group's troubled retail brands, renovating stores and improving its online offering.

The rescue efforts come as Green faces mounting allegations over his personal life, having strenuously denied four charges of misdemeanour assault brought against him in the US.

Arcadia declined to comment.

**TRUMP TOUCHDOWN** President lands amid Brexit and Tory tension



**ALEXANDRA ROGERS**

@city\_amrogers

US PRESIDENT Donald Trump has made waves in Westminster ahead of arriving today for a state visit, offering advice on Brexit and backing Boris Johnson for the Tory leadership.

The President will begin his state visit by meeting the Queen and attending a state banquet in the evening. He will then meet Theresa May for talks at Downing Street tomorrow – just days before her

departure date – before taking part in a ceremony to mark the 75th anniversary of the D-Day landings.

In an interview with the *Sunday Times*, Trump said the UK should not be afraid to "walk away" from the EU with no deal, and suggested Brexit Party leader Nigel Farage should have a role in the negotiations, saying "he is a terrific person".

He said Johnson "would do a very good job [as PM] – he would be excellent," adding "he has been very positive about me and our country".

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## CITY A.M.

## THE CITY VIEW

## This plan offers a bold investment vision

FORMER City banker Sajid Javid grabbed headlines over the weekend by revealing that he could scrap the top rate of income tax, and last night bulked up his platform further with plans for a £100bn “national infrastructure fund”. On the former policy, Javid is right to question the position of the Laffer curve and potential for a lower rate to bring in more revenue. We must also remember the rate’s origins – it was born not of economic pragmatism, but as a political trap set by a Labour party that knew an incoming Tory government would be pilloried for reversing it. Hardly the basis for a rational fiscal structure. Today’s policy from Team Javid is of a different bent. The home secretary wants to use government debt to fuel a large investment programme in broadband, transport, and other infrastructure projects. It is partly a pitch for support from outside the capital, with Javid arguing that “for too long much of our investment has been focused on London and the south east, leaving other parts of our country feeling left behind”. A fair point, albeit one that ignores the considerable level of redistribution from this part of the country to the rest.

Typically such grand ideas would set off alarm bells

“

Office for National Statistics figures last week reminded us that only London, the south east and the east of England subsidise other parts of the UK. And the extent to which London and the south east have done so has sharply increased since the turn of the century. That said, Javid is correct that transport links and connectivity remain unacceptably poor in many regions and improving them could boost productivity. Typically such a grand idea, tied inevitably to the public purse, set off a few alarm bells. But Javid’s has some thought behind it; he insists it will be run at arms-length from government, free from Westminster’s political tussles and favours, and that it will be tasked with providing a return above borrowing costs. As a fiscal hawk who once campaigned for the UK to adopt a US-style debt ceiling, there are notable differences between Javid’s plan and, for example, Labour’s idea for a half-a-trillion-pound investment bank. With their constant calls for investment in British infrastructure, one imagines that business groups – at least – will be giving Javid’s plan the thumbs-up this morning.



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## CRUISIN' FOR A BRUISIN' Luxury 2,100-passenger ship crash in Venetian canal prompts fresh backlash from Italian ministers



A CRUISE ship sailing down Venice's Giudecca canal collided with a dock and a small tourist boat after losing control yesterday, slightly injuring four people. The crash reignited calls for large vessels to be banned from sailing down the Giudecca, with Italian ministers saying a ruling was long overdue. The canal, which leads to St Mark's Square, is one of Venice's major waterways.

## Javid unveils his £100bn plan to reboot economy

ALEXANDRA ROGERS

@city\_amrogers

HOME secretary Sajid Javid has unveiled plans to borrow £100bn to reboot the economy as he became the latest Tory leadership hopeful to set out his stall in the contest to replace Theresa May.

Javid's national investment fund, announced last night, sits alongside proposals to slash the top 45p rate of income tax for top earners.

The national infrastructure fund would be drawn from low government borrowing rates and would be used to invest in critical infrastructure projects in the north, including improved rail links.

It would also help accelerate the roll-out of a national fibre optic network to improve Britain's broadband speed, which lags behind the likes of the US, Germany and France.

The fund would be run arms-length from government through a board of experts appointed by ministers. It could eventually become an extension of the National Infrastructure Commission, a government department that provides advice on Britain's infrastructure challenges.

John O'Connell, chief executive of the Taxpayers' Alliance, said there were “real risks” attached to Javid's proposal.

“It's all well and good to hope for a return on investment and utilising low interest rates, yet neither of these two can be guaranteed,” he said. “The arms-length nature of it also raises questions about accountability.”

“Instead, HS2 should be scrapped immediately, with some of that cash used to improve infrastructure outside of London.”

The weekend was dominated by Tory leadership candidates setting

out their visions for Brexit and beyond. Those angling to replace May as Prime Minister clashed over their stances on a no-deal Brexit. Javid said he would prepare for no deal, but also refused to rule out a future extension to Article 50 – the mechanism that allows the UK to leave the EU – under any circumstances.

Andrea Leadsom, the former leader of the House of Commons, said she was seeking a “managed exit” from the EU, in which she would pass legislation to prepare for leaving without a deal.

Meanwhile, health secretary Matt Hancock, a Remainer in the Cabinet, vowed to rule out leaving the EU without a deal, saying it was “not a policy option available to the next Prime Minister, whether they like it or not”.

Yesterday, former minister Sam Gyimah became the 13th Tory to enter the race to succeed May.

## FINANCIAL TIMES

### FIRMS CIRCLE BAYER'S ANIMAL MEDICINE UNIT

Private equity companies are gearing up to battle for Bayer's animal medicines business in what is likely to be one of Europe's largest buyouts since the financial crisis. Bayer is selling the division as part of a reorganisation and cost-cutting plan designed to win back investors' confidence after its troubled purchase of Monsanto. London-based BC Partners is exploring a joint bid for the division, according to people familiar with its plan.

### FACEBOOK IN TALKS WITH US REGULATOR ON CURRENCY

Facebook has begun talks with top US derivatives regulator the Commodity

## WHAT THE OTHER PAPERS SAY THIS MORNING

Futures Trading Commission over its plans for a digital currency, in a sign of how the world's largest social media platform is laying the groundwork for an ambitious push in to payments.

## THE TIMES

### KURDS TO RELEASE ISIS WOMEN AND CHILDREN

Kurdish forces in Syria are to release 800 women and children including the families of Isis fighters from a detention camp in the northeast of the country. The handover was agreed following a meeting between Kurdish leaders and local Arab tribes in the town of Ain Issa.

### FRENCH URGED TO TACKLE UK CHANNEL CROSSINGS

France has been urged to do more to stop migrants leaving the country amid fears of a summer of Channel crossings by those desperate to get to Britain. There has also been a call for air surveillance after scores of migrants on small boats were found near Kent.

## THE DAILY TELEGRAPH

### JOHNSON TO SPEND £5,000 ON OVER 11s IN SCHOOL

Boris Johnson plans to spend at least £5,000 on every secondary school pupil in a pledge to “level up” Britain's education system, in his first domestic policy proposal. He said he wants to reverse cuts to schools and correct the “yawning funding gap” between pupils in London and the rest of the country.

### SAVERS MISS OUT ON UP TO £3.5BN BY NOT SWITCHING

Savers are losing £3.5bn a year in interest due to switching inertia. Customers with Barclays, HSBC, Lloyds, RBS and Santander have £827bn of the total £1.3 trillion saved in the UK, according to the CEBR.

## THE WALL STREET JOURNAL

### SOFTBANK FACES PROBLEMS RAISING NEW \$100BN FUND

Softbank has made preliminary approaches to some of the world's largest investors as it seeks to raise \$100bn (£79bn) for another fund dedicated to tech startups. But several of these investors plan to make limited or no contributions, people familiar with the matter said.

### RUSSIA WITHDRAWS DEFENSE SUPPORT TO VENEZUELA

Russia has withdrawn key defense advisers from Venezuela, an embarrassment for President Nicolas Maduro as Moscow weighs the leader's political and economic resilience against growing US pressure.



# Regulator finds flaws in Boeing 737 plane parts

AUGUST GRAHAM

@AugustGraham

BOEING's grounded 737 Max plane may have flaws in its construction, US regulators said last night.

The Federal Aviation Administration (FAA) said the plane maker discovered potential problems with the leading edge slat tracks on the 737 Max and NG models.

The leading edge slats are flaps on the front of a wing which help the plane to gain altitude.

The faults affect 148 parts which are manufactured by a Boeing supplier, the FAA said. They are thought to be installed on 133 NG and 179 Max planes worldwide.

"The affected parts may be susceptible to premature failure or cracks resulting from the improper manufacturing process. Although a complete failure of a leading edge slat track would not result in the loss of the aircraft, a risk remains that a

failed part could lead to aircraft damage in flight," the FAA said.

This is a sign of mechanical fault in the 737 Max, which was grounded in March after two accidents in less than six months killed almost 350 people.

Until now the manufacturer has pinned its hopes of return on a software update and pilot training.

It is unclear whether the new discovery will set back plans to get the aircraft back in the air, however the FAA said it will issue a directive to find and remove the faulty parts. Airlines running the planes will be forced to do so within 10 days.

It comes as carriers yesterday called on regulators across the world to coordinate over the future of the plane.

They are worried that the industry could see a repeat of March's bans, which rolled in at different times in different jurisdictions.

Separately, Airbus urged airline bosses to back its calls for talks in a 15-year trade spat with US rival Boeing.

**WHISKY BUSINESS** Trump Arms makes comeback as pub welcomes US President



A LONDON pub will once again be renamed The Trump Arms in honour of US President Donald Trump's second UK visit. The Jameson pub in Hammersmith is being decorated with US flags as well as cardboard cut-outs of Trump for the week.

## Driving the City nuts: Police crack down on peanut traders

SEBASTIAN MCCARTHY

@SebMcCarthy

A BAND of entrepreneurial peanut sellers in the Square Mile face prosecution following a police crackdown aimed at tackling illegal trading around the City of London.

Authorities have been clamping down on the snack traders amid

security fears over carts used by vendors containing gas bottles, and causing both congestion on narrow pavements and a rise in vermin on bridges near the capital's financial centre.

Police have seized 11 so-called peanut receptacles since November last year, all of which are set to be followed by prosecutions.

## DCC closes in on deal to sell off pharma arm

AUGUST GRAHAM

@AugustGraham

LEADING private equity firm and former Wagamama-owner Duke Street is to sign a deal with DCC to buy its generic drugs arm, it was revealed last night.

The investor is looking to buy Kent Pharmaceuticals and Athlone Laboratories from the international sales, marketing and support services group, Sky News reported.

Sources told the broadcaster that a deal, for an undisclosed value, could be announced this week.

It will create a business which would stand alone as a producer of off-patent and generic medicines.

Kent was bought by DCC in 2013 and focuses on therapeutics in respiratory, analgesics, anti-infectives, cardiovascular and antihistamines.

It also makes antibiotics and provides beta-lactams in the UK and Ireland.

Duke Street will keep management in place when taking over the business, a source told Sky.

Both DCC and Duke Street declined to comment to the broadcaster.

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# Investors to lose millions as forex trading firm slides into liquidation

**JAMES BOOTH**

@Jamesbooth1

AN UNREGULATED foreign exchange trading firm is set to go into liquidation leaving retail investors millions of pounds out of pocket.

Hudspiths has appointed insolvency practitioners UHY Hacker Young to oversee a creditors' voluntary liquidation.

It follows attempts by creditors to

wind the company up after it stopped paying returns late last year, which the company blamed on banking problems.

The firm had promised investors interest of up to five per cent a month which it said it would generate through trading in risky forex derivatives.

According to a letter to creditors from the liquidator, seen by *City A.M.*, the firm has an estimated £7.3m in

its trading accounts, of which £6m is in third-party accounts.

The liquidator wrote that he was "uncertain as to the recoverability of these funds".

Chief executive Karl Lubieniecki said he expected investors to receive 82 per cent of their money back.

Lubieniecki became the registered owner of a six-bedroom house in June 2018. It is now on the market with a £2m pricetag.

## THE BIG CHEESE Cadbury owner weighs up sale of Philadelphia cream cheese arm



MONDELEZ, the US confectionery, food, and beverage giant based in Chicago, is considering a multi-billion-pound sale of its Philadelphia soft cheese arm, according to reports in the *Sunday Telegraph*, in order to focus on chocolate and biscuits.

# MAXIMUM RETURN ON YOUR INVESTMENT

# China 'rigs' 5G security test to protect Huawei

**JAMES WARRINGTON**

@j\_a\_warrington

CHINA has been accused of rigging 5G security tests in a bid to discredit western companies and protect Chinese telecoms giant Huawei.

Beijing is said to have leaked details of security vulnerabilities in equipment made by Huawei's rivals to a 5G testing team as it looks to bolster the reputation of the controversial Chinese firm, the *Sunday Telegraph* reported, citing Whitehall and industry sources.

The alleged campaign comes amid a large-scale security test, with more than 100 IT experts carrying out hacking on telecoms equipment to check for flaws, according to the report.

The tests form part of preparations for the global rollout of 5G, and are being carried out on equipment made by firms including Huawei, Nokia and Ericsson.

British officials have reportedly accused Chinese state hackers of passing information to the testers to ensure flaws are found in Nokia and Ericsson's technology.

It is the latest salvo in an escalating trade dispute between China and the west, with the role of Huawei in global 5G networks proving a pivotal battleground for the two sides.

A spokesperson for the Chinese embassy said the accusations against China about cybersecurity were "unfair, groundless and the opposite of the fact".

In its latest attempt to push back against the US, China is set to launch an investigation into Tennessee-based courier firm Fedex, according to local media reports.

The probe comes after Huawei claimed Fedex diverted two of its parcels destined for Asia to the US. Fedex has since apologised, saying the parcels were "misrouted in error".

## Troubled Metro Bank reins in commercial real estate lending

**JAMES BOOTH**

@Jamesbooth1

METRO Bank has dramatically reduced its lending to real estate clients as it tries to rebalance its loan portfolio.

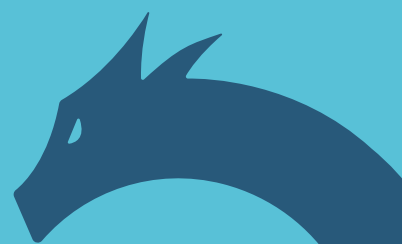
The challenger bank has undergone a torrid time recently after it miscategorised the risk of 10 per cent of its loan book, sending its share price crashing and forcing it to raise £375m of additional capital to strengthen its balance sheet.

The *Sunday Times* reported that

Metro Bank had stopped lending to new commercial real estate customers in recent weeks.

Metro Bank said the move was part of a rebalancing of its loan portfolio, announced in its February full-year results, to optimise capital efficiency while keeping a low risk appetite.

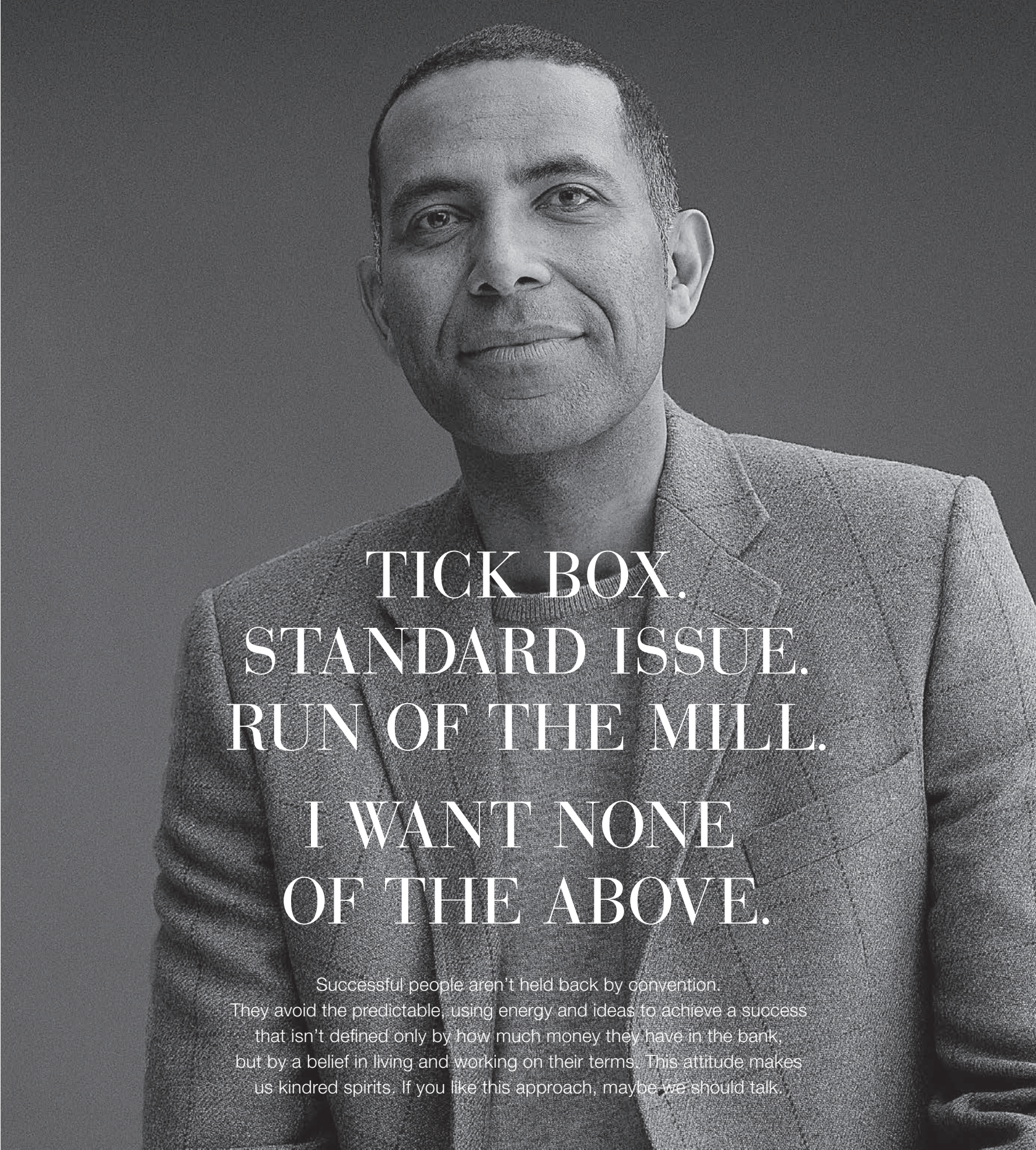
A Metro Bank spokesperson said: "We explained we're specifically reducing our proportion of commercial real estate lending. We continue to lend to both retail and commercial customers."



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# Kaupthing weighing up sale of high street fashion retailer Karen Millen

SEBASTIAN MCCARTHY

@SebMcCarthy

THE ICELANDIC owner of fashion group Karen Millen is considering a possible sale of the fashion chain.

Big Four accountancy firm Deloitte has been called in by Kaupthing, the private equity owner of the women's clothing



Karen Millen's firm has called in advisers

retailer, in a bid to explore a series of potential offers.

According to Sky News, which first reported the move over the weekend, sources said the review and any potential sale process were likely to take several months to conclude.

The broadcaster also said that the value attributed to the business in a solvent action was so far unclear. The London-based chain has an international portfolio with a footprint in approximately 65 countries.

In October, the group bought the website and UK department store concessions belonging to retail rival Coast, with a total of 600 jobs transferred to Karen Millen.

# Aberdeen slams NSF over hostile Provident offer

JAMES BOOTH

@Jamesbooth1

A MAJOR shareholder in Provident Financial has come out to publicly oppose a hostile takeover bid by rival doorstep lender Non-Standard Finance (NSF).

Aberdeen Standard Investments, which owns 3.1 per cent of the sub-prime lender, said it would not accept NSF's offer.

Andrew Millington, its head of UK equities, said: "Ultimately, we don't believe it's a good deal for the business nor Provident Financial shareholders."

His comments, which were first reported by the Sunday Times, come ahead of a Wednesday deadline for the offer to become unconditional.

NSF has the support of investors representing 53.5 per cent of shares, including fund manager Neil Woodford and asset manager Invesco.

There is significant opposition to NSF's bid with fund managers Schroders, Coltrane and M&G Investments all publicly against the deal.

Last week, the Competition and Markets Authority (CMA) said it had launched a merger inquiry into the deal.

"We're also unhappy that NSF has brought forward the deadline for shareholders to accept the bid to next week before the CMA releases the outcome of its review," said Millington.

NSF has already proposed to demerge its Loans at Home business to avoid competition concerns.

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# Councils pay out £74m for their empty buildings

AUGUST GRAHAM

@AugustGraham

COUNCILS across Britain are spending more than £74m on at least 6,000 empty buildings, a new report has found.

The City of London was the fourth-biggest spender on empty buildings, with more than £5m going on their upkeep, the Taxpayers' Alliance said today. However, unlike other big spenders, the City only has seven empty buildings.

Overall, 269 council buildings across London stood empty for one month or more between the start of 2016 and the end of 2017, at a cost of over £10m.

Researchers looked at non-residential properties in a council's portfolio, including farms, schools and libraries, but also commercial properties such as shops or warehouses.

It cost more than £1.3m to insure the buildings across the UK, although this number could be much larger as

council-wide insurance policies may cover some buildings.

Maintenance cost councils more than £8m, while security, including monitoring, barriers and check-ups, cost almost £7.8m.

But the biggest cost by far was the renovation of just 11 buildings, costing £51m. This included around £23m for transforming a hall into Aberdeen's new art gallery.

"Councils have a duty to maintain properties for future tenants and owners, so of course some costs will be involved. Many people will be startled by the total cost of maintaining empty properties and want an explanation as to why these haven't been used or sold by the council," said Taxpayers' Alliance boss John O'Connell.

"At a time when families are struggling with the cost of living, and sky high council tax bills, it's important that local authorities do all they can to ensure that they are making decisions with taxpayers in mind."



The combined group would create the world's third-biggest car maker

## Fiat discusses improved Renault merger to win French backing

LAURENCE FROST

FIAT Chrysler is discussing a Renault special dividend and stronger job guarantees in a bid to persuade the French government to back its proposed merger between the carmakers, sources close to the discussions said.

The improved offer, if formalised and accepted, would also see the

combined company's operations headquartered in France and the French state granted a seat on its board, two people with knowledge of the matter told Reuters yesterday.

Italian-American Fiat is engaged in intensive discussions with Renault and the French government over the \$35bn (£27.7bn) merger bid it pitched last week to create the world's third-biggest car maker.

Reuters

## US regulators divide scrutiny of tech giants

PHILIP GEORGE

US ANTI-TRUST regulators have divided oversight of Amazon and Google, putting Amazon under the watch of the Federal Trade Commission (FTC) and Google under the Department of Justice (DoJ), the Washington Post reported over the weekend.

Amazon could face heightened antitrust scrutiny under a new agreement between US regulators which puts the e-commerce giant under the watch of the trade commission, the newspaper reported, citing people familiar with the matter.

The development is the result of the FTC and DoJ quietly dividing up competition oversight on both of the American tech giants, Amazon and Google, the newspaper said, adding that the FTC's plans for Amazon and the DoJ's interest in Google were not immediately clear.

The news comes after Reuters and other media reported on Friday that the DoJ is preparing an investigation into Google in order to ascertain whether the company broke antitrust law in operating its online businesses.

Google declined to comment, while others did not respond.

Reuters

## Easyjet and Marks & Spencer in the running for relegation in FTSE reshuffle

AUGUST GRAHAM

@AugustGraham

EASYJET looks set to be the next company to fall out of the FTSE 100, with several others, including Marks & Spencer, nervously eyeing the drop ahead of the blue-chip list's reshuffle on Wednesday.

The budget carrier has faced a turbulent time, which has pushed shares down 22 per cent in the last six months to 871.2p on Friday.

The sector is being hit by stiff competition, strikes and unusual weather patterns.

However, the airline's stint in the lower leagues could be short-lived, said Helal Miah, an investment research analyst at the Share Centre.

"The issues here are sector wide rather than stock specific and so we remain fairly confident Easyjet will rise back into the top flight index fairly quickly as it is being managed well with rising passenger numbers."

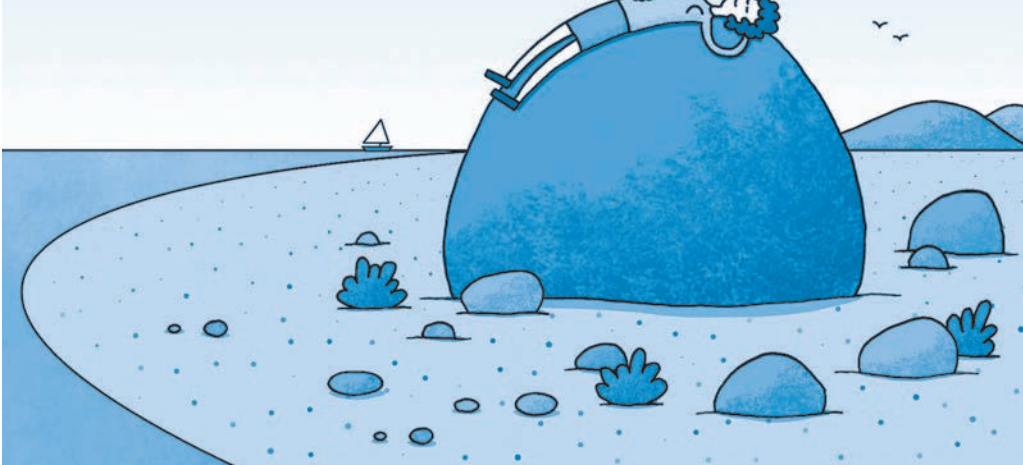
Meanwhile, Marks & Spencer looks set to keep its head above water. Despite online challenges, it has managed to avoid the drop in the past, and an ongoing rights issue will probably be enough for a repeat.

"The rights issue doesn't actually close until 12 June... However we expect FTSE Russell to wave Marks & Spencer through on the basis the rights issue is fully underwritten," said Laith Khalaf, an analyst at Hargreaves Lansdown.



Chief executive Johan Lundgren could face a fall from the FTSE's top tier

Susan, busy calibrating thousands of investment choices.



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# HMRC ramps up executive fines in crackdown

JAMES BOOTH

@Jamesdbooth1

HM REVENUE & Customs (HMRC) is putting individual C-suite executives within its crosshairs as it seeks to hold businesses to account.

The number of chief financial officers (CFOs) and other senior finance directors (FDs) fined has increased 22 per cent in the year to 31 March to hit 152.

In 2017-18, HMRC levied 125 fines against individuals while in 2012-13 – the first year fines were used – only 46 individuals were targeted.

The senior accounting officer regime, which was introduced in 2009, allows HMRC to fine FDs up to £5,000 if they fail to properly account for their company's income and expenditure.

Jason Collins, head of tax at law firm Pinsent Masons which compiled the figures, said: "HMRC is on a mission to hold the most executives that they

can to account and C-suites should take the high number of fines issued last year as a warning.

"Tax tribunals have already called HMRC's approach to issuing these fines heavy-handed but this does not seem to have made a difference.

"These fines are being used as a stick to ensure finance directors do not allow systemic tax accounting failures to arise. Considering the pace of actions by HMRC against CFOs and FDs, businesses may need to invest more money in controls in this area."

The largest number of fines were imposed on senior FDs in the retail sector (24), followed by transport (14) and oil and gas (11).

Collins said the high number of fines in these sectors may reflect HMRC's increased focus on employment tax compliance.

HMRC is scrutinising claims of self-employed status amid concerns that it is being used by employers as a way of reducing their tax bills.



Thiam said he did not think either UBS and Credit Suisse would become targets

## Credit Suisse chief dismisses EU bank mergers as a 'solution'

JOHN REVILL

MERGERS are not the best way to help Europe's banks deal with negative interest rates, Credit Suisse chief executive Tidjane Thiam said in an interview published yesterday.

"That is not the solution," Thiam told Swiss newspaper Blick am Sonntag. "Negative interest rates have

created an extremely difficult environment, where many banks have come under long-term pressure. A merger here would fix nothing."

UBS chief executive Sergio Ermotti said last month after Germany's Deutsche Bank and Commerzbank called off merger talks that consolidation in the EU banking industry remains inevitable. *Reuters*

## Only one in five firms has terror loss insurance

JAMES BOOTH

@Jamesdbooth1

ONLY one in five UK businesses has a terrorism insurance policy in place, according to a survey published today.

A survey commissioned by terrorism reinsurer Pool Re showed 81 per cent of businesses either do not have a policy or are not aware if they have one.

Small and medium enterprises have even lower coverage (15 per cent) than the UK as a whole.

The research also showed only 25 per cent of businesses have contingency plans in place for business interruption caused by terror attacks.

The survey showed the biggest barriers to purchasing terrorism insurance are the chances of making a claim are small (22 per cent), they did not know they could buy terrorism insurance (25 per cent) and they expected their existing insurance would cover terrorism losses.

Julian Enoizi, Pool Re chief executive, said: "These figures demonstrate the knowledge gap on terrorism insurance that UK businesses must address."

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# Italy won't seek fight with EU amid crisis talks

GISELDA VAGNONI

THE ITALIAN government is confident it can reach a compromise with Brussels and avoid sanctions over its deteriorating public finances, the economy minister said as talk of a looming government crisis grew.

The European Commission wrote to Italy last week asking it to explain why its public debt rose in 2018 instead of falling as required, a move that set the stage for a possible legal clash with the ruling eurosceptic coalition in Rome.

In his response to Brussels, economy minister Giovanni Tria blamed an economic downturn for the rising debt and vowed to respect the EU's fiscal rules in the next budget.

But a report in La Repubblica yesterday said the EU Commission had found Tria's letter too vague and non-committal, and was likely to take the first steps towards a disciplinary procedure this week.

Speaking to Reuters on the sidelines of a ceremony at the presidential palace in Rome on Saturday night, Tria said he believed the government could still avert such punitive measures.

"Italy does not want to clash with the European Commission, and I hope the opposite is also true, that is to say that no one in Brussels intends to engage in a fight with us," he said.

"Our position is reasonable and I think we will eventually reach a compromise with the commission," he added.

He also reiterated a pledge that the 2019 budget deficit would come in below a government forecast of 2.4 per cent of gross domestic product – a level the commission deems too high.

Tria is a former academic with no affiliation to either of the two ruling parties governing Italy, the right-wing League and the anti-establishment 5-Star Movement, which are both backing tax cuts that would likely inflate the deficit. *Reuters*

**WELL-HEELED** Hunter Boot spies record sales as it looks to Peppera Pig collaboration



HUNTER Boot reported record sales last year, helped by strong growth in the US as the wellington brand looks to diversify its products. This year it starts collaborations with Stella McCartney and Peppera Pig. Online sales were a third of its total revenue.

## Mexico starts Washington talks early over Trump's tariff threat

SHARAY ANGULO

MEXICO's economy minister Graciela Marquez said yesterday she would meet with US commerce secretary Wilbur Ross in Washington today, two days before the neighbouring countries are due to discuss possible tariffs on Mexican goods.

US President Donald Trump has

threatened to impose punitive tariffs of five per cent on Mexican goods, that would gradually increase to 25 per cent, if Mexico did not stem northwards migration.

Mexico's deputy minister of foreign trade Luz Maria de la Mora said in a tweet that both countries would analyse their commercial relationship. *Reuters*

## Trade fears took \$2 trillion from stocks in May

NOEL RANDEWICH

GLOBAL stock markets shed over \$2 trillion (£1.58 trillion) in value in May as the US-China trade conflict escalated.

Fears of a trade-related economic slowdown intensified further on Friday after US President Donald Trump threatened Mexico with tariffs.

Trump tweeted the decision late on Thursday, catching markets by surprise.

The S&P 500 dropped 1.3 per cent, bringing its loss for May to 6.6 per cent, equivalent to about \$1.6 trillion of its market capitalization, according to Refinitiv's Datastream.

MSCI's gauge of stocks across the globe shed 0.8 per cent, bringing its monthly loss to 6.2 per cent, equivalent to over \$2 trillion, according to Datastream.

"The more that we worry about additional tariffs being laid on when we haven't even resolved the initial tariff issues we're having with China, it's just negative overall for global markets," warned Saira Malik, head of global equities at Nuveen, a global investment manager with almost \$1 trillion under management. *Reuters*

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# City gears up for iconic motor show

SEBASTIAN MCCARTHY

@SebMcCarthy

THOUSANDS of City motorheads are gearing up for a luxury car show in the Square Mile later this week.

FTSE bosses and top investors are on the guest list for this year's London Concours event, where over a hundred iconic cars worth in excess of £70m will be on display.

Rare Ferraris and McLarens will be

among the prestigious car fleet on the green lawns at the Honourable Artillery Company's Finsbury Barracks.

The corporate fixture, which also includes a showcase of several luxury yachts and watches, comprises two days of breakfast, lunch and dinner events, as the City's summer hospitality season gets into full swing.

"London is steeped in history; an epicentre of luxury and a global powerhouse of the finance industry. But, we

felt it had always been missing the world-class car show it deserves, which is exactly why we established the London Concours," said Graham Clempson, chairman of the London Concours and a private equity veteran.

Clempson, founder of investment management firm Quartic Capital, added: "Now in its third year, the London Concours is a gathering of privately-owned exotic classic and performance cars of all eras."



The cars will be on show on the lawns of the Honourable Artillery Company's HQ

## SA Airways boss quits, slamming bureaucracy

NQOBILE DLUDLA

SOUTH African Airways' chief executive officer Vuyani Jarana has resigned after less than two years in the job, saying his turnaround strategy for the loss-making airline was being undermined by a lack of state funding and too much bureaucracy.

Jarana's departure, announced in a letter to the chairperson of the airline's board dated 29 May, highlights the challenges facing South African President Cyril Ramaphosa as he seeks to speed up reforms at South African Airways (SAA) and other state-owned entities. SAA's board said yesterday its board had accepted the resignation and would begin an immediate search for a replacement.

Jarana, a former executive at telecoms company Vodacom, was appointed in late 2017 to implement a strategy to return the airline to profit and wean it off government bailouts. SAA, which has not made a profit since 2011, has drawn up a five-year turnaround plan that includes slashing costs and cancelling unprofitable routes as it grapples with cost increases that far outstrip revenue growth.

In his four-page resignation letter, seen by Reuters, Jarana said he resigned due to uncertainty about funding and the current level of bureaucracy that his team has to go through to implement the group's strategy, often resulting in slow decision making.

"The strategy is being systematically undermined, and as the group chief executive officer, I can no longer be able to assure the board and the public that the [long term turnaround strategy] is achievable," he said.

Ramaphosa has been at pains to stabilise ailing firms like SAA, which weigh on confidence in Africa's most industrialised economy.

Reuters



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## Global airlines hit by earnings outlook slash

AUGUST GRAHAM

@AugustGraham

THE HEAD of a body which represents nearly 300 global airlines has heralded the end of boom and bust while slashing his outlook for the industry by more than a fifth.

The International Air Transport Association (IATA) said it expects airlines' combined profit to fall to \$28bn (£22bn), over 21 per cent below a December estimate, as fuel prices rise and global trade weakens.

It also falls under 2018's estimated post-tax profits of \$30bn, the organisation said.

"Margins are being squeezed by rising costs right across the board - including labour, fuel, and infrastructure. Stiff competition among airlines keeps yields from rising," said IATA chief executive Alexandre de Juniac.

Oil prices have risen since the beginning of the year, after months of decline towards the end of 2018.

The group said it expects oil to be slightly below last year's price of \$71.60 per barrel for Brent crude in 2019. Yesterday afternoon, the price lay at \$64.47 after a week of decline.

The industry has also been hit by weaker global trade, which is set to continue amid a trade war between the US and China.

"The good news is that airlines have broken the boom-and-bust cycle. A downturn in the trading environment no longer plunges the industry into a deep crisis," de Juniac said. "But under current circumstances, the great achievement of the industry - creating value for investors with normal levels of profitability is at risk."

It comes as a series of airlines have struggled in recent years. In 2017 Monarch collapsed, and it has been joined by Primera and Air Berlin.

The group yesterday also appointed Lufthansa chief executive Carsten Spohr as its new chair.



Eurostar said increased fees for HS1 access would push up ticket prices

## Eurostar warns of price hike as HS1 fees rise

JAMES WARRINGTON

@j\_a\_warrington

EUROSTAR has warned that passengers could be hit with rising ticket prices after High Speed 1 (HS1) unveiled plans to hike its charges by more than 40 per cent.

HS1, which connects London with the Channel Tunnel, has put forward plans to increase access fees to fund

maintenance and upgrades to the high-speed line.

The proposals, which have been submitted to the rail watchdog, would result in a 43 per cent increase in charges for Eurostar. Southeastern, which also uses the 67-mile line, would be forced to pay 25 per cent more, while charges for freight operators would soar by 74 per cent.

Eurostar has hit back at the plans,

saying the hefty costs would inevitably be passed on to passengers.

"There is a link between our costs and the price that customers pay as well as the funds available to us for future investment in the service," the firm said in a statement.

HS1 said the price hikes are necessary to fund repairs and upgrades, which it said will cost more than £1.5bn over the next 40 years.



# Chinese central bank moves to calm investors

ANDREW GALBRAITH

CHINA'S central bank sought to calm investors yesterday after last month's takeover of Inner Mongolia-based Baoshang Bank, saying regulators are not planning any more such moves for the moment.

Chinese regulators took control of Baoshang on 24 May, rattling Chinese markets and prompting the People's Bank of China (PBOC) to inject cash into the banking system.

In response to concerns that regulators planned more takeovers of financial institutions, the PBOC said yesterday that Baoshang was a stand-alone case.

"Everyone, please don't worry. At present we don't yet have this plan," it said in a statement on its website.

The PBOC also said it would use various monetary policy tools to stabilise money markets and boost banking system liquidity.

"The PBOC has fully estimated and

prepared for the various factors that will affect liquidity in June, and will flexibly use reverse repurchase agreements and the medium-term lending facility in accordance with the cash supply-and-demand situation of the market," it added.

The central bank has previously pledged more policy support for a slowing economy, but PBOC governor Yi Gang has said there is less room for further monetary easing.

The PBOC said deposit insurance funds and its own funds provided sufficient guarantees for all types of creditors in Baoshang Bank following the takeover, which it said had been triggered by the improper and illegal use of significant bank funds by Tomorrow Holdings, which holds 89 per cent of Baoshang's shares, leading to a serious credit crisis at the bank.

Chinese regulators issued instructions to banks last week that could see larger creditors facing cuts of as much as 30 per cent, sources said. *Reuters*



China has tightened censorship rules ahead of the 30th anniversary of the protest

## Twitter apologises for censorship ahead of Tiananmen anniversary

ANDREW GALBRAITH

TWITTER has apologised for suspending accounts critical of Chinese government policy days ahead of the 30th anniversary of a bloody crackdown on protesters at Beijing's Tiananmen Square in 1989, after an outcry among users.

In a statement over the weekend,

Twitter said "a number of accounts" had been suspended as part of efforts to target accounts engaging in "platform manipulation".

"Some of these were involved in commentary about China. These accounts were not mass reported by the Chinese authorities - this was a routine action on our part," the social media giant said. *Reuters*

## Student wins £60,000 over 'poor' degree

AUGUST GRAHAM

@AugustGraham

A FORMER university student who blasted her qualification as a "Mickey Mouse" degree has been given more than £60,000 in an out-of-court settlement.

Pok Wong, who graduated in business studies in 2013, claimed victory in a Facebook post, the BBC reported, as she settled with the Anglia Ruskin University's insurer.

However, the university hit back at its insurer's solicitor, saying "we do not support their decision," adding it acted "negligently and against the university's interests".

Wong had complained that the university offered a course which did not live up to the standard claimed in its advertising.

"They misrepresented the prospect of career," she told the BBC last year.

The university said her litigation "has been rejected numerous times and has never been upheld".

Wong was ordered to pay £4,000 to cover the university's legal costs in 2017, and a year later another £13,700 was added to this bill.

The insurer has offered to settle for £15,000 and cover her costs.

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# Lack of tech skills leads to failure of digital revamps

JAMES WARRINGTON

@j\_a\_warrington

ONE IN five businesses has launched an unsuccessful digital transformation project, new research has revealed, as companies fail to get to grips with new technology.

Figures published by digital services firm Econocom showed a sharp increase in the number of businesses undergoing digital transformation, but said 20 per cent are doomed to fail.

Almost two thirds of companies are in the process of implementing new technology, with better customer service, cost savings and improved productivity cited as the key drivers, the research found.

But the high failure rate suggests digital transformation plans are not yet guaranteed to deliver successful results.

More than half of businesses surveyed cited a lack of understanding of technology as the main reason for failure, while almost forty per cent said the project was not fit for purpose.

Lack of skills and budget restraints were also blamed for a lack of success.

Econocom UK and Ireland managing director Chris Labrey said: "Digital transformation is an organisation-wide commitment that is costly and time intensive; businesses need to make sure they're choosing and implementing the right technology that will help them achieve their goals."

# Bank customers branch out from the high street amid fintech boom

JAMES WARRINGTON

@j\_a\_warrington

AN INCREASING number of Britons now have products from a range of different financial providers, as the rise of fintech has shifted the focus away from high street banks.

Research by peer-to-peer lending firm Zopa revealed one in three Brits holds two or more current accounts, an increase of 36 per

cent since 2015.

It comes amid a growing trend of customers shopping around for the best offers, with the average person now holding products from seven different financial providers.

The research found two-thirds of people in the UK are using products from firms other than their main current account provider, with insurance and investments the most popular

products to hold elsewhere.

The figures reflect a decline in loyalty towards traditional high street banks, as a wave of new challenger firms have cropped up with competitive deals on credit cards, loans and mortgages.

"The last decade of fintech revolution has fundamentally changed the way people bank in the UK," said Jaidev Janardana, Zopa chief executive.



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# Amazon hits back at Hammond's digital tax with high street pop-ups

EMILY NICOLLE

@emilynicolle

AMAZON is launching a programme to help digital businesses find success on the high street, following comments from chancellor Philip Hammond that the tech giant and other online behemoths hold a "near-monopoly" over physical stores.

The e-commerce giant will open 10 shops in the UK as part of a year-long

pilot, which will be monitored by an independent research firm. A report will be compiled and submitted to the government, after which Amazon hopes MPs will support its initiative. If successful, the scheme could be expanded globally.

Hammond pledged in the October budget last year to apply a tax to digital services giants such as Amazon and Google, in order to "level the playing field" between

physical and online retailers.

The stores will house products from over 100 small online businesses. A spokesperson told City A.M. Amazon would not profit from the scheme, and that it was designed to fill stores on British high streets left empty by the retail crisis.

Organised in partnership with Enterprise Nation, Amazon will also make available a £1m fund to train more than 150 full-time apprentices.



The first store opens in Manchester today, with a central London store to follow



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# Russia nears low as dirty oil crisis stoppers supply

VLADIMIR SOLDATKIN

Russian oil output fell to 11.11m barrels per day (bpd) in May, its lowest level since June 2018, from 11.23m bpd in April, Energy Ministry data showed yesterday.

The production fall resulted mainly from the closure due to oil contamination of Russia's Druzhba pipeline, which usually ships 1m bpd, or one per cent of global oil demand.

As a result, Russian oil production during May fell by more than stipulated in a global deal with Opec.

The Energy Ministry data showed Russian oil pipeline exports in May fell to 4.209m bpd, from 4.494m bpd in April, as supplies via the Druzhba pipeline almost dried up, while seaborne exports jumped by 11.5 per cent.

Russia expects to clean up the pipeline, which was built in the 1960s and carries Russian oil to Europe, including Germany, Hungary, Poland and Slovakia, within six to eight months. June 2018 production was 11.06m bpd.

In tonnes, oil output reached

47.004m in May versus 45.975m in April, which is one day shorter than May. Reuters uses a tonnes/barrel ratio of 7.33.

Russia's largest oil producer Rosneft accounted for most of the cuts, with a month-on-month reduction of 2.9 per cent in May, while domestic output at Russia's number two oil producer Lukoil edged up 0.7 per cent last and Gazprom Neft boosted its output by 4.7 per cent.

Both Lukoil and Gazprom Neft have their own exporting terminals in the Arctic.

OPEC and other large oil-producing countries led by Russia agreed to curb output by a combined 1.2m bpd for six months from 1 January, in order to balance the global oil market.

Of this, Russia pledged to cut its production by 228,000 bpd from the deal baseline of the October 2018 level, to 11.18m bpd.

OPEC and Russia are expected to gather in Vienna later this month or in early July to discuss what to do in the second half of the year.

Top oil exporter Saudi Arabia has raised production in May. Reuters

# German SPD leader quits in blow to Merkel's loveless coalition

HOLGER HANSEN

ANDREA Nahles said yesterday she would resign as the leader of Germany's Social Democrats (SPD), raising new doubts about the durability of Chancellor Angela Merkel's ruling coalition with the centre-left party.

Merkel's Christian Democrats and the SPD both bled support in last week's European elections as voters turned away from mainstream political parties, further eroding a ruling coalition that already came

close to falling apart last year.

Nahles, whose SPD is a junior coalition partner in Merkel's ruling alliance, said she would resign as party leader today and step down as head of the SPD's parliamentary group tomorrow.

The "grand coalition" is due to rule until 2021 but Nahles' resignation could trigger the SPD's early exit, forcing Merkel to call snap elections, to lead a minority government, or to seek an alliance with the Greens and liberal Free Democrats. Reuters

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## Alexandra Rogers unpicks the scandal that could dent Andrew Bailey's path to the BoE

**T**HIS summer, the Bank of England is expected to announce a successor to Mark Carney as governor. Among the runners in the contested race is Andrew Bailey, the financial watchdog chief who stands a solid chance of taking Carney's crown.

While the boss of the Financial Conduct Authority (FCA) certainly has the credentials for the top job – he has been the bank's deputy governor and chief cashier, as well as the chief executive of the Prudential Regulation Authority – there are other events in Bailey's career that do not shine so brightly.

The continuing fallout of the Royal Bank of Scotland (RBS) Global Restructuring Group (GRG) scandal, which revealed “widespread inappropriate treatment of customers”, has ruined thousands of small business and livelihoods and the bank's reputation. The GRG, which was supposed to help struggling businesses, instead stands accused of stripping their assets in an attempt to shore up the bank's own balance sheet.

The scandal has dragged the FCA down with it. What threatens to damage the watchdog further – and its head – is the ongoing delay to its report as to why it has been unable to take action against senior individuals at the GRG – a story with as much baggage as the crisis that erupted 10 years ago.

### THE FCA'S RESPONSE

The story of the FCA's role in the scandal starts with a probe it commissioned by independent investigators Promontory, which found that the actions of the unit resulted in “material financial distress” for the very businesses it was supposed to help.

Although the report was widely welcomed by victims and MPs for shining a light on the true scale of the destruction, the FCA did not plan on making the findings public.

Ultimately, MPs on the Treasury Select Committee took matters into their own hands and published it themselves.

The FCA set down in the original scope of its work that if there was evidence of wrongdoing, there would be a second stage to the investigation.

After publishing its findings, Promontory recommended that there should be this second stage, to delve into the “root causes” of the GRG misconduct. It wanted to examine, among other things, the influence of external stakeholders, the conflicts of interest of various parties involved and the reward and incentive structures for staff involved in the GRG.

It was at this point that the FCA intervened. It said that because there had been evidence of wrongdoing, it would proceed straight to enforcement itself, and so there was no need for stage two. Cue outrage when last year the FCA said it was unable to sanction the bank. It said it would, in due course, explain why. But GRG victims are still waiting for answers.

### WHEN WAS THE REPORT DUE TO BE PUBLISHED?

Appearing before the Treasury Select Committee in January, Bailey was asked about the progress it had made regarding the “fuller account of its findings from its investigation” into



Bailey has been head of the FCA since 2016

# BAILEY'S BANK OF ENGLAND BAGGAGE

RBS' GRG unit.

Bailey's response was that the report had gone out for Maxwellisation – the process by which those criticised in an investigation are given the chance to respond.

Pressed on when the report would be published, Bailey said the Maxwellisation process followed recommendations from the committee's adviser, Andrew Green QC. Green was commissioned by the TSC to review the process in light of concerns that it had become unnecessarily long, particularly following the controversy it attracted during the much-delayed Iraq inquiry.

Bailey said a time deadline had been set, and alluded to the process being finished in the first half of February. The FCA has itself insisted that there is no delay. It has said the responses from those named in the report were due in by mid February, and that is it now considering those responses.

### COINCIDENCE?

Just weeks into the new year, explosive allegations came to light that an arm of the Treasury, the Asset Protection Agency (APA) may have directed the behaviour of the GRG.

In 2009, the Treasury set up the

Asset Protection Scheme, which insured RBS' toxic loans at the height of the financial crisis. Charles Randell, the current FCA chairman, advised the government on its set-up at the time, while he was a partner at magic circle law firm Slaughter and May – leading MPs to question whether the regulator is removed enough from the Treasury to really hold its behaviour to account.

The claims of Treasury involvement in the GRG were revealed by Manchester-based businessman Oliver Morley, who has accused RBS of placing his business under “economic duress”

when its property arm, the West Register, acquired some of its assets in 2010. RBS says the allegations are without merit.

Court papers in the Morley case allege that the government had “day-to-day” and “strategic” control of the unit. It later emerged that top bankers at the GRG had 70 per cent of their bonuses pegged to Treasury targets. Former business secretary Vince Cable condemned the link as shocking. “It's very clear where RBS got its instructions from,” he said at the time.

### WHY IT MATTERS

The issue for Bailey, and the FCA, is whether these questions can be allowed to linger before, and if, he makes the transition to one of the most important roles in public life.

Nikki Turner, the director of the SME Alliance who has taken on Lloyds over its mishandling of the HBOS Reading fraud, is sceptical.

She told *City A.M.* that Bailey has “baggage” he needs to clear up before he thinks about any move to the central bank. She said issues such as the Griggs review into the HBOS Reading scandal and the Dispute Resolution Scheme, a voluntary scheme

funded by the finance industry to compensate SMEs, were all happening because of poor regulation.

“Our sole concern is that our members get the proper outcome and I don't think these delays have been at all helpful,” she said. “Andrew Bailey is engaged in a juggling act of keeping the banks and SMEs happy, and actually it is not possible.”

She added: “I hope that before he leaves, the situation between banks and SMEs is better because only regulation can ensure this happens.”

Tory MP and former minister Guto Bebb said: “It is imperative that we are able to see the FCA's full report into phase two of RBS' GRG unit as a matter of urgency. This saga has dented confidence in the regulator.”

“Many feel the frontrunner to be the next governor of the Bank of England must show complete transparency and clarity over the FCA's lack of enforcement action and it must be made clear whether the FCA now has the tools in its locker to prevent any future wrongdoing on the scale seen in the GRG scandal.”

With the mess around RBS' GRG unit far from resolved, Bailey's hopes of taking over at the Bank look untimely at best.



The frontrunner to be the next BoE governor must show complete transparency and clarity over the FCA's lack of action



# CITY DASHBOARD

YOUR ONE-STOP SHOP FOR BROKER VIEWS AND MARKET REPORTS

## LONDON REPORT

# FTSE felled by tariff fears and Chinese data

**T**HE FTSE 100 fell almost one per cent on Friday after US President Donald Trump's threat of tariffs on Mexico and disappointing manufacturing data from China stoked global downturn fears.

The main index hit a more than two-and-a-half month low, while the mid-cap FTSE 250 fell 0.7 per cent, with both recording their first monthly falls this year.

Data on Friday showed China's factory activity shrank more than expected in May, another sign of the economic ramifications of the US-China trade dispute.

"The worry is who's next on Trump's list – the EU may be next," Markets.com analyst Neil Wilson said. "Coming at a time of a breakdown in talks with China, it's another blow to bulls and we should consider further downside risks from escalation."

Financial stocks fell more than one per cent and miners were off almost two per cent, while exporters such as **British American Tobacco**, **Diageo** and **Unilever** suffered as the dollar weakened.

But the macroeconomic uncertainty

aided precious metals miner **Fresnillo**, which gained 2.8 per cent. Utilities also advanced as investors sought out assets like gold and some defensive stocks.

Housebuilders fell after mortgage lender **Nationwide** said British house price growth had eased to its slowest in three months, pointing to the continuing impact of Brexit on consumer sentiment.

AIM-listed **Stride Gaming** surged 25 per cent on its best day ever after it agreed to a takeover by

**Housebuilders fell after mortgage data showed a lull in house price growth**

**Rank Group**, which said the deal would create the number two player in UK online bingo, lifting its shares by 4.7 per cent.

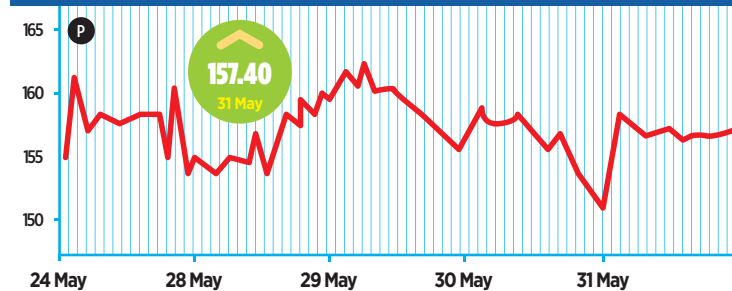
Electronics giant **AO World** will report its full-year results tomorrow, following a profit warning that caused its shares to hit an all-time low in April. Chief executive John Roberts said Brits had stopped buying large items due to Brexit uncertainty.

The firm predicts European revenue growth of 32.3 per cent, below the consensus estimate of 35 per cent.

## BEST OF THE BROKERS

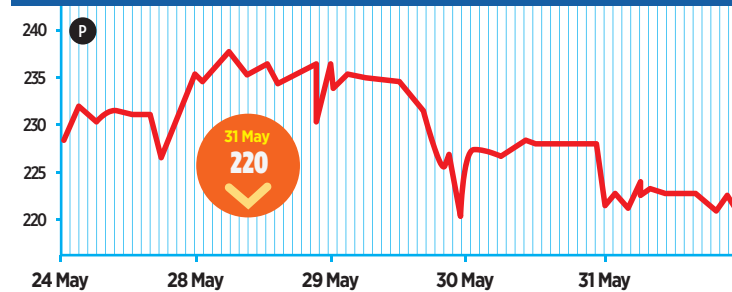
To appear in Best of the Brokers, email your research to [notes@cityam.com](mailto:notes@cityam.com)

### ACACIA MINING



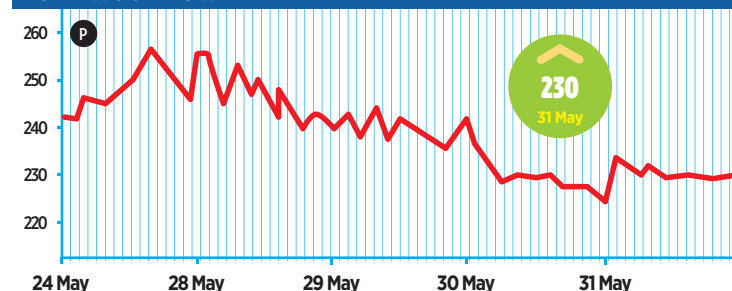
Barrick may have thought they could strike gold for what analysts say is a low-ball offer for Acacia Mining. But Peel Hunt has reassured minority shareholders that they have stronger protections after new rules were introduced by the Financial Conduct Authority in 2014. The analysts maintained a "buy" rating on the stock, with a target price of 215p. The company is locked in a dispute with the government of Tanzania over a backdated \$190bn (£150bn) tax bill. "We lack the basic facts on the actual talks," Peel Hunt said, calling for more transparency.

### EQUINITI



Brexit, Brexit, Brexit, the uncertainty continues, and hit Equiniti shares on Friday. But analysts at Liberum said they would maintain their "buy" rating with a 290p target price. The drop in the company's shares over the last few days should be seen as an opportunity to investors, the analyst said. Link Asset Services, which Equiniti bought from Capita in 2017, was particularly hit by Brexit worries. It won a number of mandates to help with initial public offerings that were postponed because of uncertainty around when and how the UK would leave the European Union.

### HOLLYWOOD BOWL



A mini-golf rollout could be a hole in one for Hollywood Bowl and is not factored into the company's share price, analysts Berenberg have said. Elsewhere, the company is en route for a strike, with an "ambitious management team, a rigorous approach to capital allocation, a highly cash-generative model, and a series of structural tailwinds," the analysts said. They maintained a "buy" rating on the stock, with a target price of 280p. Shares in the chain of ten-pin bowling alleys closed up on Friday at 230p after releasing its half-year results the week before.

## NEW YORK REPORT

# Wall St skids on Trump's Mexico threat

**U**S STOCKS dropped on Friday, as the S&P 500 closed out the month with its biggest May slump since 2010, after US President Donald Trump's surprise threat of tariffs on Mexico fuelled fears that a trade war on multiple fronts could lead to a recession.

Washington will impose a five per cent tariff from 10 June, which would rise steadily to 25 per cent until illegal immigration across the southern border was stopped, Trump tweeted late on Thursday.

Mexican President Andres Manuel Lopez Obrador responded by urging his US counterpart to back down.

The Dow Jones Industrial Average fell 354.84 points, or 1.41 per cent, to 24,815.04, the S&P 500 lost 36.8 points, or 1.32 per cent, to 2,752.06 and the Nasdaq Composite dropped 114.57 points, or 1.51 per cent, to 7,453.15.

Investors have grown more worried about deteriorating trade talks between the United States and China and have sought safety in government bonds. Technology and energy have been among the hardest hit sectors since 3 May as Trump ramped up tariff threats with Beijing.

Of the 11 major S&P sectors, only defensive plays utilities and real estate were on the plus side while eight were showing drops of more than one per cent.

US car makers and manufacturers were also pulled lower. **General Motors** dropped 4.25 per cent and **Ford** 2.26 per cent, pushing the consumer discretionary sector down 1.44 per cent.

Beijing warned on Friday that it would unveil an unprecedented hit-list of "unreliable" foreign firms, as a slate of retaliatory tariffs on imported US goods was set to kick in at midnight. Tariff-sensitive industrials declined 1.46 per cent.

Among other stocks, **Gap** tumbled 9.32 per cent as the worst performer on the S&P 500 after the apparel retailer cut its 2019 profit forecast.

**Constellation Brands**, which has substantial brewery operations in Mexico, slid 5.79 per cent.

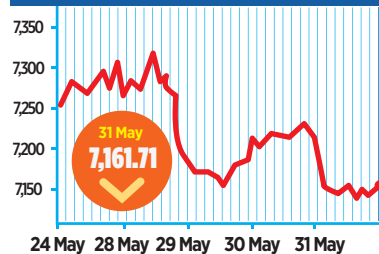
### TOP RISERS

1. **Fresnillo** Up 3.06 per cent
2. **SSE** Up 2.81 per cent
3. **National Grid** Up 1.90 per cent

### TOP FALLERS

1. **NMC Health** Down 6.24 per cent
2. **Hikma** Down 3.33 per cent
3. **Ashted Group** Down 2.51 per cent

### FTSE



## CITY MOVES WHO'S SWITCHING JOBS

### CUSHMAN & WAKEFIELD

Cushman & Wakefield has appointed James Sheppard to head the firm's new Life Sciences team, based in London. A graduate in pharmacology and molecular genetics, James has developed an expertise in incubator and accelerator projects, guiding a diverse range of investors, entrepreneurs and occupiers across the sector. In recent years he has worked on the successful delivery of two globally recognised centres of excellence, The



Francis Crick Institute and Imperial College's new Translation & Innovation Hub at White City. He therefore brings to the firm a wealth of experience in the identification, design and operation of bespoke Life Science facilities from the start-up phase through to maturity. He will lead and develop Cushman & Wakefield's existing relationships in the sector in London and across the UK knowledge clusters with a focus on major development projects.

### GRANT THORNTON

Grant Thornton has expanded its healthcare offering with the appointment of a new clinical governance team. Sue Cordon joins the firm as a director. She brings a wealth of experience having previously held

several senior clinical and managerial roles within the NHS and the Audit Commission. For the last eight years she has worked at a Big Four firm, specialising in conducting internal audit and advisory reviews within the healthcare sector. Sue has extensive experience working with trusts who have had difficulties with regulatory requirements. She also has vast experience in undertaking clinical due diligence work for trusts planning to merge, focusing heavily on clinical and quality governance arrangements. Pippa Jackson joins the firm as a senior manager. Since 2015 she has been leading on delivering clinical reviews to clients in the healthcare sector following a 30-year career within the NHS, most recently in community health services. She has extensive experience in undertaking multiple

mock reviews across all health sectors including acute hospitals, mental health services, community trusts and ambulance trusts. Pippa also specialises in working with trusts to review their progress against action plans and preparing for review inspections.

### THE HOWARD DE WALDEN ESTATE

The Howard de Walden Estate – the majority landowner in London's Marylebone – has appointed Richard North as head of leasing for its office, medical and educational portfolios. He is succeeding Claire Kennedy following her retirement. Formerly with the Gerald Eve's Office Agency team and latterly in the Corporate Real Estate team, Richard has wide experience of the London market.



Market summary table with columns for FTSE 100, FTSE 250, FTSE ALL SHARE, DOW JONES, NASDAQ, S&P 500, and currency exchange rates.

Table of FTSE 100 constituents including GILTS, AEROSPACE & DEFENCE, and BANKS.

Table of FTSE 250 constituents including Kier Group, Marshall, Polypipe Group, and ELECTRICITY.

Table of FTSE ALL SHARE constituents including FINANCIAL SERVICES, GAS, WATER & UTILITIES, and GENERAL INDUSTRIALS.

Table of DOW JONES constituents including Centrica, National Grid, Pennon Group, and Severn Trent.

Table of NASDAQ constituents including Redditt Bendisler, Redrow, Taylor Wimpey, and INDUSTRIAL ENGINEERING.

Table of S&P 500 constituents including Euromoney Institu, Gocompare.com Gro, Haynes Publishing, and Huntsworth.

Table of REAL ESTATE INVEST. TRUSTS including Big Yell Group, British Land Comp, Civitas Social Ho, and Denwent London.

Table of InterContinental, International Con, Merlin Entertainm, and Millennium & Copl.

Table of AEROSPACE & DEFENCE and BANKS constituents including BAE Systems, Cobham, Meggit, and Bank of Georgia.

Table of ELECTRONIC & ELECTRICAL ED. and GENERAL INVESTMENT INSTRUM. constituents including Kier Group, Marshall, Polypipe Group, and Aberdeen Smaller.

Table of FINANCIAL SERVICES, GAS, WATER & UTILITIES, and GENERAL INDUSTRIALS constituents including Centrica, National Grid, Pennon Group, and Severn Trent.

Table of DOW JONES, NASDAQ, and S&P 500 constituents including Redditt Bendisler, Redrow, Taylor Wimpey, and Euromoney Institu.

Table of REAL ESTATE INVEST. TRUSTS, INTERCONTINENTAL, and MERLIN ENTERTAINMENT constituents including Big Yell Group, British Land Comp, Civitas Social Ho, and Denwent London.

Table of MAIN CHANGES UK 350 including Risers and Fallers.

Table of PERSONAL GOODS, PHARMACEUTICALS & BIOTECH, and REAL ESTATE INVEST. & SERV. constituents including Burberry Group, PZ Cussons, AstraZeneca, and Capital & Countie.

Table of TRAVEL & LEISURE, NON LIFE INSURANCE, and LIFE INSURANCE constituents including 888 Holdings, Carnival, Cneworld Group, and Phoenix City Hol.

Table of EU SHARES including AB INBEV, ADIDAS N, AIR LIQUIDE, AIRBUS BR, ALLIANZ, and AMADEUS IT GRP BR-A.

Advertisement for Dabbl investment app, featuring the app interface and text: 'Spend less, to invest For as little as £2'.

Table of COMMODITIES including Gold, Silver, Brent Crude, Nickel Cash Official, and Aluminium Alloy Cash Official.

Table of US SHARES including 3M, ABBOTT LABORATOR, ADOBE, ALPHAB NON VIG-C, ALPHABET-A, and AMAZON.COM.



## FORUM

EDITED BY RACHEL CUNLIFFE



# Blame polarising primaries for Democrats' shift to the far left

AS AN American working in Westminster, I often get asked about the differences between US and British politics. Obviously, the entire American political spectrum is shifted to the right, we're still fighting hard battles on social issues, and there is the added interplay of state level policies.

But there's an obvious similarity. The divide between parties is seeping deeper and deeper into public consciousness. Trump and anti-Trump, Brexit or no Brexit, open or closed – as we can't help but notice, this intensifying polarisation can make politics a nasty place where not much gets done.

There's been a lot of talk about how to heal these divisions. But this misses the point: the structure of our political systems makes this almost unavoidable. And there's no clearer example of self-imposed divisions than a leadership contest.

American presidential primaries look a bit like party leadership contests in the UK: a large group of politicians fighting it out for the favour of their party members.

And they fall into the same trap. By overburdening the field with too many voices, candidates are forced to pander to their voting populations in order to curry favour.

The people who vote in primaries, by their nature, are more invested in politics than the rest of the electorate. The effect is clear: politicians must abandon nuance and take more hardline stances in order to appeal to this narrower electorate.

Take the Republican primaries in 2016. With 17 major candidates, it

was a vicious, hard-fought battle for notoriety. Presumptive nominees had to keep getting more and more extreme just to be noticed.

Do we really think that there would have been so much focus on building a wall on the southern border if Donald Trump hadn't dragged the conversation that way?

It was all anyone else could do to keep up with hardline stances on immigration – runner-up Ted Cruz had to altogether abandon his support for increasing the number of high-skilled visas in order to remain in favour, and it still wasn't enough.

In the end, the most radical candidate of all succeeded, by making far-flung promises – on walls, Muslims, and China – that don't resonate with the majority of the nation.

That might feel like ancient history, but the same phenomenon is occurring now with the Democratic primaries. There are already 25 major candidates – and the story is beginning to look similar to 2016.

As candidates vie to appeal to a Democratic base – which has been pushed further to the left by Trump's presidency – they are having to conform to the primary electorate's idea of an ideal Democrat.

Increasingly, staple policies from the Democratic playbook like healthcare reform and gun control aren't the ones making headlines.

Instead, we get policies like the Green New Deal. Proposed by darling of the left Alexandria Ocasio-Cortez, it has been raised up as a benchmark policy that presidential candidates must endorse, or risk being shunned.

While appealing to some with its

Morgan Schondelmeier



## Politicians must abandon nuance and take more hardline stances to appeal

“

radical ideas for saving the environment, the Green New Deal's stringent opposition to any market or capitalist forces make it essentially economically unviable.

On a pragmatic basis, getting it through Congress would be almost impossible, and even if it were enacted, it would prove far less feasible and popular than its advocates are implying. Yet hundreds of hours are being devoted to championing it.

See also free university education. First brought onto the scene by Bernie Sanders (who is so far to the left of the Democrats that he isn't even in their party), it is now a litmus test for candidates.

Those who are wary of this extreme policy, which sounds progressive but would require a radical dismantling of the entire American university system, are being forced to justify their position.

A reasoned critique isn't enough;

Amy Klobuchar received widespread backlash, even though she had alternative – and arguably more practical – proposals for lessening the burden of tuition and debt.

Finally, look at reparations – payments to African Americans as recompense for slavery. Suddenly this is supported by several major candidates, including Elizabeth Warren and Kamala Harris.

Why? Because one candidate – self-help guru Marianne Williamson – is running her campaign almost entirely on the platform of giving up to \$500bn to reparations programmes.

Candidates who denounce this idea for what it is – blue-sky thinking with no practical implementation prospects – risk being painted as uncaring towards minorities.

Time will tell where this primary will end up, but even moderates will have to pander to a staunchly left-wing audience in order to win.

This is not to say that politicians are nebulous creatures without principles. Just like in the race to be Tory leader here in the UK, many of the Democratic candidates have more nuanced opinions than the black and white options they're being forced to choose between.

But in a competitive landscape with a very small and specific voting population, the conversation will naturally discard nuance.

We talk a lot about the damage that polarisation does to democratic institutions. Primaries indicate that such polarisation may not be a bug, but a feature.

• Morgan Schondelmeier is head of development at the Adam Smith Institute.

# As a global trading hub, the City is ready to face the challenges of a new digital era

WITH changes afoot both domestically and when it comes to our relationship with Europe, it is a challenging and frustrating time for many parts of the City.

What we must not lose sight of is that London – and specifically the City – has been at the centre of global trade for centuries, and has fundamental strengths that will stand the test of time.

After all, it is the City which laid the foundations of modern banking and insurance, which devised the first modern international capital markets, and which remains at the leading edge of innovation – from fintech and blockchain to green finance.

That is something that has been made abundantly clear to me this week during my visit to Tallinn and Helsinki. These two cities share London's ambitious innovation agenda that not only mani-

fest itself in brilliant business ideas, but also in approaches to digital skills and education.

We met businesses like Bolt and TransferWise, as well as fast-rising tech startups that are disrupting their sectors, like 3DBear and Lyfta Oy. There was much to observe and take back to London, particularly in the way that Tallinn and Helsinki nurture and encourage innovation, from the classroom to the boardroom.

With innovation ingrained in the DNA of Tallinn and Helsinki, it came as no surprise that both cities are home to some of the most exciting technologies and businesses that I have come across in my mayoral term so far.

As well as learning and sharing best practice, I have also been promoting London's enduring benefits to prospective partners.

And encouragingly, everyone that we met recognised these strengths; the unique combination of time

Peter Estlin



zone, language, legal system, global talent, and financial services ecosystem truly make us a gateway to global capital and advice.

There are real opportunities for firms looking to scale up in London, attracting venture capital and other forms of funding that is so readily available in the City for big ideas.

TransferWise is an exemplar of this – and will no doubt be the blueprint for countless other ambitious businesses around the dynamic region in the future.

This trip has demonstrated the opportunities that the UK offers tech firms to grow to scale.

This in turn offers the opportunity to drive economic growth, domestic investment, and international trade by embracing emerging tech platforms, investing in fintech, and accelerating leadership in green finance.

We are now well into the fourth industrial revolution, and technology has an increasingly important role in society and business. My Mayoral agenda, "Shaping Tomorrow's City Today", recognises that the digital era brings new global challenges.

We must overcome these by investing in our future, while cultivating and connecting digital communities across Europe, ensuring that no one is left behind.

That means bolstering digital skills across society for young and old, as well as forging business links across Europe with like-minded cities.

• Peter Estlin is the lord mayor of London.

## LETTERS

TO THE EDITOR

### Mifid-conceptions

[Re: The Mifid II reality has been the exact opposite of its noble aims]

The directive's aims were to remove unnecessary and opaque costs from the system, improve competition, and make financial institutions more accountable to investors, all of which have undoubtedly been achieved.

From an equity research perspective, Mifid II has notably improved competition – brokers that add value with strong analysts and distribution capabilities are thriving. There is more accountability, with research moving from an unpriced to a priced environment, leading to research innovation and a reallocation of resources to where asset managers need it, such as small and mid-cap equities, ESG, alternative data and thematic. As a result, Aim analyst coverage numbers are now near FTSE 250 levels. It is also widely recognised that savings across the industry are being passed onto investors – the FCA estimates this to be £1bn over five years.

Of course, there has been a cost in implementing Mifid II. But who could argue that better regulatory oversight is a bad thing post-2008? With Mifid II regulations likely to be adopted in some form in other international capital markets, London's early implementation means that the City is now a leader in best practice.

Mifid II has forced the City to innovate and embrace change, which has been an unalloyed good. Now costs and processes are more transparent, asset managers can identify where to focus spend in order to add value for their clients. For the first time the interests of investors have been put firmly at the heart of the industry.

Fraser Thorne, chief executive, Edison Group



### BEST OF TWITTER

In an interview at the Trump Hotel, Fed candidate Judy Shelton says she doesn't think the Fed should set interest rates and she wants to organize a Mar-a-Lago conference on returning to the gold standard @nycsouthpaw

Judy Shelton does what I would not have thought possible. She falls well below Cain or Moore as a potential @federalreserve governor. Hers would be a dangerous appointment. @LHSummers

Really? It is now "dangerous" to question whether the intellectual framework and/or mechanisms utilized by central banks are performing optimally to deliver productive economic growth and financial stability? @judyshel

Tories laugh at @RoryStewartUK as the Tory-leadership-candidate-for-people-who-don't-like-Tories, but if the message he gives here is one that Tories truly think isn't for them, then they have a problem. @holland\_tom

Dear leadership candidates in both parties: please for the love of God have thought of an amusing and revelatory answer to the "your naughtiest moment?" question (and jokes about fields of wheat are now banned as well). Thanks @ShippersUnbound



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# From Oscar Wilde to Boris: A history of private prosecutions

**F**ORMER foreign secretary Boris Johnson has been told that he will face court as part of private prosecution brought against him for his conduct in the Brexit campaign.

Suddenly, this obscure legal mechanism is in the public spotlight. Indeed, many people may not even have been aware that private prosecutions still existed in modern Britain.

Private prosecutions date from the earliest mists of English legal history. Until the 19th century, there were no public bodies to investigate crimes or bring charges, and all cases were brought by individuals, except for offences against the Crown, like treason.

This changed with the creation of the police in 1829, but even then charges were brought in the personal capacity of the officers, and it remained open to individuals to pursue criminal cases.

The risks of private prosecutions led to them taking a diminishing role as the police powers grew, though they continued to be employed in circumstances where the state lacked the will or resources to act.

Others brought them for personal reasons – it was Oscar Wilde's pursuit of the Marquis of Queensberry for criminal libel that ultimately led to his unmasking as a homosexual, bankruptcy, and jail.

In the 1970s, morality campaigner Mary Whitehouse used private prosecutions against what she deemed scurrilous publications.

She secured a conviction of blasphemy (a law that hadn't been used by the state for 50 years) against Gay News over its publication of a poem depicting a centurion's sodemising of

**John Oxley**



the crucified Christ. Whitehouse subsequently suffered an adverse costs order in a failed action against the director of the National Theatre, and her enthusiasm for them waned.

Private prosecutions further diminished with the formation of the Crown Prosecution Service (CPS). A Royal Commission recommended in 1981 that prosecutions should be taken away from the police and instituted in a new body.

The legal fiction of the police launching private prosecutions was ended, and cases were entrusted to the CPS to both make charging decisions and to push them forward. Criminal justice is perhaps the only industry nationalised by the Thatcher government.

Since then, private prosecutions have become rarer. Those who bring them remain exposed to significant legal cost risks and would prefer the CPS and police to do the work – or else

**Criminal justice is perhaps the only industry nationalised by Thatcher**

“

pursue matters in the civil courts where the balance of proof is lower and damages can be sought.

A few high-profile cases have been brought where victims, or their families, feel failed by the authorities.

The family of Stephen Lawrence brought one against three suspects – the men were acquitted due to a lack of evidence, though two were subsequently convicted in a CPS prosecution. A similar attempt by families of victims of the Omagh bombing floundered when it ran out of money. Others have been pursued in relation to frauds, but numbers remain low.

Those that are instituted tend to continue to be by well-funded groups. The RSPCA is a prolific user of charges for animal cruelty, filling a gap that the other investigating authorities struggle to cover. The charity has, however, been criticised for an overzealous approach after a number of high-profile acquittals.

Crowdfunding (like the Boris case) has also been used by quasi-charitable bodies to try to secure convictions. It remains unclear what financial repercussions the backers of a failed prosecution might face.

Private prosecutions are likely to remain an unusual throwback to a time before a properly functioning state. Criminal cases are difficult to mount and prove, and very few people have the resources to push that forward themselves. It is an expensive way to litigate, and while eye-catching, most victims will prefer to trust the authorities. Unless there's a strong political motivation, of course.

• John Oxley is a Conservative commentator.

## DEBATE

### Should there be a cap on inheritance tax breaks available to wealthy families?

Inheritance tax is one of the most disliked taxes in the UK, in part because the super-rich can largely avoid paying it. This is deeply unfair.

At Tax Justice UK, we've just published research showing how some of the wealthiest families in Britain are benefiting from up to £666m a year in inheritance tax bungs.

The current law means that families with agricultural and business property can avoid paying any tax on these assets. The idea is to protect small farms and family businesses that might be asset-rich but cash-poor. But our research shows that the vast bulk of these tax breaks are going to those at the top. For example, in 2015/16, 51 families with business property assets

## YES



**ROBERT PALMER**

shared roughly £6.4m each in tax relief.

Wealth inequality is hardwired into the UK by rules like these. Politicians face a choice: spend money on nurses, teachers, and the public services that people want, or splurge millions in tax breaks to the well-off.

It's high time they ended these tax giveaways to the already wealthy.

• Robert Palmer is executive director of Tax Justice UK.

YouGov polling in 2015 showed that no other tax was as unpopular: 59 per cent thought that inheritance tax was unfair. Though only a small minority of estates are subject to it, people's aspirations to pass on their wealth to their children are attacked by its very existence.

Numerous breaks and exemptions exist in the inheritance tax system precisely because it is so punitive. There should not be a limitation to these. For instance, you're currently able to gift £5,000 towards a child's wedding and make payments to help with another person's living costs, such as an elderly relative. Likewise, the tax on gifts made less than seven years before death is tapered to reduce your liability.

Such exemptions are important, but

## NO



**DUNCAN SIMPSON**

it's true that they create complications in the system. The government's ambition, therefore, should be to abolish this tax, or at least increase the nil-band threshold to £500,000 and halve of the rate to 20 per cent.

All families, wealthy or otherwise, should be given a break from this tax on grief.

• Duncan Simpson is a policy analyst at the TaxPayers' Alliance.

**CITYAM.**

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# ENTREPRENEURS

**Katherine Denham** finds out how Polo in the Park is reining in the sport's fuddy-duddy reputation

**I**N 2009, when City workers emerged bleary-eyed and hungover from the financial crisis, partying definitely wasn't on the priority list. But London's sombre mood didn't dissuade Daniel Fox-Davies, who had grand ideas about creating a massive summer social event.

The entrepreneur approached his friend Rory Heron to ask if he would work with him on the project. "When Daniel said he was setting up a new event in central London, I told him he was nuts given what had just happened in the world," Heron chuckles.

The concept was to create a sporting event akin to tournaments like Wimbledon, the Epsom Derby, or the Henley Regatta – a fresh take on these centuries-old British gatherings.

And despite his reservations, Heron – who was heading up the Uefa Euro sales team with IMG at the time – liked the idea, and started working with Fox-Davies to fine-tune a plan.

"In the first year, IMG and myself consulted to Daniel on Polo in the Park. I wasn't quite brave enough to jump in completely at that point," he admits. "It took someone with the effervescent chutzpah that Daniel has to get something like this up and running in the first place."

Interestingly, the pair chose one of the oldest known team sports: polo. They tweaked the rules slightly by making the game faster and simpler, while shrinking the field by a third to ensure that the match is visible to the 30,000 spectators. "Everything is based around the enjoyment of the spectators – you don't even have to know the sport brilliantly well, but we want people to have fun."

In its short 10-year history, Chestertons Polo in the Park has become one of the largest polo tournaments in the world, and for many City workers, the three-day affair – which starts this Friday – marks the start of the summer social calendar.

So how has Polo in the Park succeeded when other events have failed?

Heron, who fully took the reins after Fox-Davies stepped down five years ago, has some idea.

"We took the ethos used in American events, by building it based totally on what the spectators like, rather than what the sporting players like. It's about making people happy."

Polo in the Park isn't a one-trick pony either. It's a sort of well-to-do British festival, with a line-up of live music, DJs, bars (champagne garden, anyone?) and street food vendors. Tickets start at just £30, and each of the three days aims to appeal to a different demographic. Businesses make up the majority of the Friday crowd, Ladies' Day is on the Saturday, while families flock to the park for the finals on Sunday.

The "summer chic" dress code makes it a far more relaxed affair than Royal Ascot or even Wimbledon. In turn, the event seems to be shaking off the fuddy-duddy associations



## UNBRIDLED ENTHUSIASM



In a gentlemanly nod to the history of the sport, Rory Heron based the event in the home of polo at Hurlingham Park



that often come with polo.

"It's about being irreverent and fun, rather than pompous," says Heron. "The older events are wonderful, but sometimes they can make you a bit nervous about what's ahead. We didn't want people to think we were snooty."

That's not to say that Heron and Fox-Davies wanted to completely disassociate from history, and in a gentlemanly nod to the sport, they fought to host the event at Hurlingham Park in Fulham, where the rules of polo were written in 1874.

I'm told that the park was dug up

during the Second World War and turned into a vegetable patch to help feed the starving city, never to be returned to the Hurlingham Club.

Heron had to approach Hamersmith and Fulham Council to ask if they could hold the event there for three days a year. "In return, we agreed to fund the field and improve the sporting facilities. It's a way of using an event to finance a local area."

"We've taken the history of polo, set a tournament up in the home of polo, and then applied our slightly crazy, young format of entertaining people."

With the event drawing in a large crowd, selling out on VIP hospitality tickets, and attracting a handful of



celebrities (including the odd royal appearance), it's a formula that certainly seems to be working.

But it wasn't always an easy ride, and Heron argues that it still isn't, with corporate hospitality unsurprisingly never returning to levels of luxury seen prior to the financial crash.

During his nine-year stint working for IMG, Heron had helped finance the construction of Wembley Stadium by selling corporate boxes in the years before the crisis. "Corporate hospitality is the bellwether for what is happening in the City, because it's usually the first thing to go," he explains.

And getting Polo in the Park up and running during those skinny years taught him a thing or two about managing a successful business.

"We didn't make any money in the first three years, which was terrifying. But we also saw sponsors go into administration in that time, and that was really scary for them as much as for us. From a general admission point of view, it took until 2015 to hit the numbers, but you can still never take it for granted."

"Those brutal times taught me to never have too much fat in the business, even when times get better."

With a turnover of £2m, Heron's team have now started spinning off, hosting other events further afield like Polo in the Port which is launching in Portsmouth in the summer, and Coutts Polo at the Palace in Abu Dhabi.

But Heron says that he doesn't want to stray too far from the event's roots – after all, there is something quintessentially English about polo. And given the popularity of Polo in the Park, we could be right at the start of a brand new summer tradition.



Corporate hospitality is the bellwether for what is happening in the City, because it's the first thing to go



# MARKETING

# THE POWER OF WORDS

**Luke Graham** speaks to Verbalisation founder Sven Hughes about psychology and advertising

I'VE NEVER been psychoanalysed before. But upon entering the conference room with Sven Hughes, founder of strategic communications consultancy Verbalisation, he presents me with a handful of my recent articles, points out how all the introductions share similar traits, and explains what this supposedly says about me.

For instance, early in each intro, I use a "transitory hypothesis" – phrases like "isn't normally", "really only", and "quite possibly" – which apparently means I'm trying to posit an idea to the reader without overcommitting or beating them over the head with rhetoric.

Hughes asks if I've been taught to write in this manner, or if it's my natural style. The fact that I'm not sure – or even aware that I was doing it – is telling.

"These lexical traits are how you process or want the world served to you," he explains. "So I know that I should put, every three-to-five words, a transitory hypothesis to be most effective to pattern-match how you code the world. Once you see it, it's there in every article – it's not up for negotiation. Immediately, these things are working together to give us a much clearer picture about you."

This isn't just an idle exercise – it's the Verbalisation approach to advertising. By understanding how an audience thinks and talks, the firm can develop a brand's marketing material, communications, and tone of voice to reflect what its consumers are like, and therefore create empathy and engage them.

Hughes developed this knowledge through his work in the armed forces.

Alongside a career in marketing, he was a reservist in the SAS and in the British Military Psychological Operations Group, and was deployed in Afghanistan.

"What became very clear was those two worlds were actually quite similar: essentially, it's about creating behaviour change in an audience, whether or not you're doing that for peace or to sell a product," he recalls.

"What's also clear is that neither world was working as effectively as it could or should be."

In Hughes' view, marketers have become too focused on creating visuals, to the point that television, the internet and even train billboards are oversaturated with images and video ads. As a result, the industry is neglecting the verbal side of advertising, even though so much of social media is text-based.

"We give away so much leakage when we talk or write or speak. If you can listen and know what you're listening for, it leaps out, and that asks questions which will lead to a more effective way of creating empathy or communicating with that person or brand."

With this in mind, he launched Verbalisation eight years ago, having created a system to analyse language and turn that into usable insights. Hughes dubbed this process the Rapid Audience Insights Diagnostic system.

Using this, Verbalisation's team of psychologists and researchers can construct psychological profiles of a target audience, including their traits and the words they use, to be used as

the basis for a new marketing strategy.

One case study is the #NotAnotherBrother campaign for the counter-terrorism organisation Quilliam. Verbalisation created a short film aimed at Muslim youth in the UK in the hope of discouraging them from being radicalised and joining the Islamic State group. The film achieved 500m media impressions in its first week of launch.

As well as working with political organisations like the above, Nato, the Foreign and Commonwealth Office, and

“

**We have come into the market and revealed that what brands have been buying isn't robust**

the US Department of Homeland Security, Verbalisation has several big-name commercial clients, such as NewsUK, Samsung, and Diageo. It has also won a slew of industry awards, including Best Workshop at the 2018 Market Research Society Excellence Awards, and is increasingly receiving attention from businesses abroad.

"We've now got a lot of international clients phoning us up and saying we've

been recommended. It's no longer so much about us pitching out for work, as picking up the phone from people calling in. That's lovely," says Hughes.

He claims that critics used to think that he and his company were "bonkers" for taking language and psychology so seriously, but that those people are now realising these are important elements of communication.

Verbalisation's analytical approach to marketing is vividly different to the rest of the industry, which seems to rely more on gut instinct. Hughes says that's deliberate.

"Here, you can't start a sentence with 'I think' or 'I believe', you start with 'assess based on the evidence'. You have to demonstrate evidence to make a substantial statement about a person or audience group."

In fact, Hughes is highly critical of the wider marketing world, accusing it of "selling bulls\*\*t" and charging vast amounts of money for strategies that do not work.

"We are coming into the marketplace and revealing that what brands have been buying isn't robust," he says.

"Our case studies speak for themselves. Once you do these methods, you have a huge effect on the business and its bottom line. It's more cost-effective, more efficient, more demonstrable, and more suited to the modern, text-based online world."

Of course, the approach might not work for everybody – some products and services may simply be more suited to focusing on their key visuals and

brand image, rather than the verbal tics of a target audience. And some businesses may have qualms about trying to psychoanalyse their customers to this extent. But Hughes defends the ethics of the practice.

"You've got to be moral, responsible, ethical, and approach it with that hat on, otherwise you can misuse data and become the next Cambridge Analytica."

"Working with us would never be a detriment to the client. What Cambridge Analytica has taught us is anyone associated with them gets besmirched."

And Hughes would know about that stigma. Before starting Verbalisation, he worked for SCL Group, the parent company of – yes – Cambridge Analytica. The latter's controversial practices often come up in articles about him. Perhaps as a result of that scandal, he's very careful about who he works with now.

"We want to work with brands that want to demonstrate a better, more effective and ethical way to build empathy with target audiences. If they want to go to the dark side and use big data without people knowing, then they're not going to be our client."

By the end of the interview, I've found Hughes to be passionate and engaging, but in the back of my mind I do wonder if he has used any other psychological tricks to win me over.

Still, while being psychoanalysed at the start of our meeting was a bit startling, speaking to Hughes is refreshing. It's rare for someone in marketing to speak so candidly about the industry, its faults, and its future.



# TRAVEL

4   
HOURS IN...

## ANDALUCIA, SPAIN



### WHERE TO STAY

Set amidst lush, tropical gardens, **Puente Romano** fuses newly renovated, luxurious accommodation with 11 world-class restaurants, some multi-Michelin-starred like Nobu with a great bar, all within a few steps to the beach.

Visit [puenteromano.com](http://puenteromano.com)



### WHERE TO GO

Visit the historic city of **Jerez** and experience some of the city's best sherry at the family-run Tio Pepe. Sample the varieties and types of sherry then wander around to admire the picturesque gardens and winding pathways.

Visit [bodegastiopepe.com](http://bodegastiopepe.com)



### WHERE TO DRINK

The coco and chilli mojitos are simply delightful at **El Chiringuito Marbella**, located right on the golden beachfront. Take a pew, as this spot is fantastic for people watching and a bit of glamorous drama. Who needs Netflix when you have this?



### WHERE TO EAT

Take a drive to **Zahara de los Atunes**, a village on the Costa de la Luz of Spain in the province of Cádiz, and take a seat at **Restaurant Antonio**, offering off the hook tuna steaks like you've never tasted before, including the morrillo variety. Visit [restaurantantoniozahara.com](http://restaurantantoniozahara.com)

By working with local artisans, the UXUA Casa Hotel in Trancoso has built a reputation for authenticity while promoting native craftsmanship. It's a hotel with real soul, discovers **Angelina Villa-Clarke**

**W**hile most hotel lobbies are full of people checking in guests or collecting baggage, at UXUA Casa, the first member of staff I see is a man sitting at an antique wooden loom carefully weaving a blanket.

UXUA Casa, in the remote Bahian town of Trancoso, is no ordinary hotel. It's made up of a collection of 12 rustic fisherman's houses dotted around the town's grassy square, the Quadrado. Each one is brightly painted – parrot green, cobalt blue or fuchsia pink – and individually designed with recycled-wood furniture, folk art and hand-crafted textiles.

Opened in 2006 by Dutch designer Wilbert Das, it was originally intended as an homage to the artistic heritage of the rural town, which boasts a sweeping UNESCO-protected coastline as its backdrop. Das began collaborating with many local craftspeople, some of whom, like the weaver Evandro, now work directly from the hotel. As well as stamping their personality on the interiors of the property, the artisans also work with Das to create the UXUA CASA collection. Think hand-woven rugs, lampshades made of basketry and furniture crafted from antique ox-carts, for guests to replicate the rustic-luxe look at home. As a consequence, over the years, the hotel has been instrumental in encouraging a resurgence of artisan work in the area.

"UXUA is certainly an organic place," says Das. "We are intrinsic to the local community and work hand in hand with them, as well as being greatly influenced by the rich culture that is found here."

The idea of UXUA came to Das back in 2004, when he first arrived in the sleepy town. He was looking for a retreat away from his demanding role as creative director at fashion label Diesel Jeans in Milan. With his business partner Bob Devlin in tow, they wanted to find somewhere to holiday which would place them nicely off-the-radar.

"Straight away we fell in love with the authenticity of the place," remembers Bob. "What started out as a search for a holiday home became something that we wanted to share with the rest of the world, and, two years later, UXUA Casa Hotel was born."

Since then, UXUA, with its charming cottages and curated décor, has been credited with putting Trancoso on the map with a hip, glitzy set: Brazilian models such as Alessandra Ambrosio and Gisele Bündchen have holidayed here, Beyoncé shot some of her Blue video in the town, while her sister, Solange, spent her honeymoon here. But it's not always been quite so fashionable.

"When we first arrived, Trancoso was a very simple town," recalls Das. "Its main influence had been a commune of hippies and artists who made it their own in the 1970s and it was as if time had stood still since then."

Affectionately labelled 'biribandos' by locals, the hippies were an enterprising bunch with a flair for arts and crafts. Back then, the town still had a barter economy and was filled with close-knit families of fishermen, farmers, and skilled craftsmen. The village's isolation spawned a spirit of ingenuity and creativity, especially in working with wood and other organic materials, as well as in the simple art of recycling.

There are also deeper cultural influences in Trancoso, which play their part in lend-

# The hidden art of Brazil's beach paradise



ing a distinct flavour to the remote spot. The native Pataxó Indians, who have lived in the area for centuries, the Portuguese, derived from the first explorers who first discovered Brazil by landing in Bahia in 1500, and an African influence, dating from the slave trade, which saw many ships arriving in the region – all blend together to create particular chemistry.

"It really is an exceptional town," says Das, looking out over the Quadrado, which is dominated by a stark white 16th century church. "When I arrived I discovered a local atmosphere, history and culture unlike any other, and I made a commitment to work with the local community and share their talents with a wider audience. I don't see myself as a hotelier, but simply as part of the community."

Evandro, who specialises in weaving bags, blankets and pillows, agrees: "I was originally taught to weave by my mother, who comes from a long line of craftspeople from the nearby state of Minas Gerais," he says. "But the demand for the skill was dying out. Ironically, I first came to Trancoso to work as a waiter, and then I met Wilbert. By



### FUN FACT

Depending on whose lawyers you're speaking to, the 'kiini', a kind of crocheted bikini, was invented in Trancoso.

working with him on UXUA CASA, it means that I can continue with my longstanding family trade. It means a lot."

Dialogue between Trancoso's craftsmen, says Das, is flowing and ongoing, allowing creative input on both sides. "Many UXUA CASA artisans now run their own craft companies locally," he says. "And as a happy consequence, this creative micro-industry has become a pillar of the local economy. It is good news for the community; and for visitors to Trancoso which, as a result, steer clear of the typical t-shirt and snow globe merchandise found in other beach resorts."

Since opening, the hotel has continued to evolve, with the latest project being a series of luxury houses, known as the UXUA Alma Collection. These have been commissioned by private owners, such as CNN newsreader Anderson Cooper and Chelsea-based art collector Ivor Brakor and are seriously high-end. Dotted around the square or found further afield, such as in the nearby seaside town of Praia do Espelho, Das works personally with owners to create a polished, albeit rustic, finish. While each property has its own personality, they are all unified by a





### NEED TO KNOW

Room rates at **UXUA Casa Hotel & Spa** are from US\$410 (approx. £315) per night, based on double occupancy and includes breakfast, taxes and fees. [uxua.com](http://uxua.com)

**TAP Portugal** flies daily from London City, Heathrow, Gatwick & Manchester to Salvador via Lisbon, prices start at £665 return including all taxes. Visit [flytap.com](http://flytap.com) or call 0345 601 0932



strong Bahian sense of style, which includes inside-out living, lush, tropical gardens and reclaimed furniture. The result are a range of luxurious boltholes, which can also be rented as vacation homes.

UXUA Casa's guests, meanwhile, will also find themselves immediately integrated in the local community. You can try your hand at the Brazilian martial arts capoeira with a local master, or go horse-riding with a Bahian cowboy along the beach. There's also surfing, sunrise yoga, or simply plenty of opportunities to sample the sweetest ever passion-fruit caipirinhas. Then there's the simple act of returning to your casa each night. It means crossing the Quadrado, past an assortment of pretty boutiques, pousadas and hacienda-style restaurants. From the local children playing freely to a cool Carioca crowd, this is a place where everyone mixes together. Come night-time, a certain magic fills the air, with lanterns swinging in the trees, and a bossa nova soundtrack carried on the breeze.

The beating heart of the hotel is made up of an al fresco restaurant (the traditional fish moqueca stew is a must), a glimmering

travertine-lined swimming pool, holistic spa and homewares store, filled, naturally, with hand-crafted pieces.

Here, you might meet Caio, a Pataxó Indian, with tribal tattoos adorning his face, who is responsible for a range of monochrome, geometric textiles. You might also come across an assortment of art by Isaka and Neshani, who are part of the Huni Kuin indigenous tribe, from the Amazon. They are among artists who are part of the hotel's Artists in Residence programme – another recent project – which sees Das seek out a line-up of international (and lesser-known) names to work in one of the casas (the deal is they have to leave their art behind to be showcased in the house).

Meanwhile, a short stroll takes you to the beach and what is perhaps the hippest hotel beach bar you'll ever come across. Carved out of an old fishing boat, it was made by Dati, a local fisherman who learned his woodworking skills from his grandfather.

It turns out that 'UXUA' – pronounced as 'Ooshwa' – means 'wonderful' in Pataxó. "It's a daily reminder of all that we need to live up to," says Das.



## THE LONG WEEKEND

### HOTEL DE ROME BERLIN (NOT ROME), GERMANY

**Hannah Wilkinson** check into a restored bank and goes for a joyride

**THE WEEKEND:** Not only does it combine 18th century palaces with the world's best nightlife, Berlin is the only place on the planet you can enjoy the twin passions of European contemporary art and German sports car design first-hand. What's more, staying in a repurposed bank just minutes away from Museum Island is the best way to see every side of this thriving capital.

**THE STAY:** Nestled between the State Opera and St Ludwig's Cathedral, the Hotel de Rome was originally built as the headquarters of Dresdner Bank in the 1880s. The two-storey extension added before Rocco Forte reopened the building in 2006 means a choice of light-filled modern rooms on the higher floors or ones with an architectural legacy in the original section of the building. I loved the Historic Banker Suite, a former director's office complete with hidden cubby holes in its wood-panelled walls. The basement spa is home to just as much intrigue; not only is the pool housed in the room that used to be used for retrieving safety deposit boxes, but there's a vault between two treatment rooms which can never be opened because one of the keys is lost.

**THE FOOD:** Hotel restaurant La Banca's menu is flush with thoughtful twists on hearty Italian classics (think plenty of veal and venison), and a confidently understated signature dish of sea bass in salt that didn't disappoint when washed down with a bottle from the brilliant selection of Riesling on the wine list. Skip the flabby puddings in favour of after-dinner cocktails: the combination of rosemary, vanilla and lime in a Rye 'n' Goslings works much better than the name does. And after years in which the restaurant landscape lagged behind the coffee quality, Berlin is finally upping its foodie game, so it's worth venturing further



**TOP TIP**  
**Research shows alcohol improves foreign language skills, and only German speakers get into Berghain, so have a beer before trying it**

afield. Try Oliv Eat on Potsdamer Strasse on for avocado and courgette toast and ask the concierge to help you nab a table across the river at Dae Mon to feast on Korean-Japanese fusion.

**ASK ABOUT:** The hotel's long-standing relationship with art historian and curator Miriam Bers of consultancy GoArt! The former gallery director is brimming with knowledge about Berlin's established and emerging neighbourhoods and studios, and can arrange private access to fashion, art and architectural must-sees for enthusiasts or meetings with the city's key gallerists for collectors. Send her pictures of your existing collection before your visit for personalised recommendations of under-the-radar galleries and sales.

**AND AFTER THAT?** No visit to Berlin is complete without a trip to Sanssouci Park, a UNESCO World Heritage Site full of Baroque treasures commissioned by Frederick the Great. Capitalise on Berlin's position as one of three Porsche Drive locations in Germany where you can sample the country's famed automotive engineering for the day and complete the 45-minute journey in a 911 Carrera 4 GTS Cabriolet; it will be ample opportunity to sample the car's 3.7 second 0-60mph acceleration on the autobahn before winding the roof down to enjoy views of the park's architectural gems at a more leisurely pace.

**NEED TO KNOW:** The **Historic Banker Suite** at the Hotel de Rome starts at around £2,000 per night, including breakfast; visit [roccofortehotels.com](http://roccofortehotels.com) to book. A day's 911 Carrera 4 GTS Cabriolet hire from **Porsche Zentrum Berlin** costs approximately £346 at [drive.porsche.com](http://drive.porsche.com). **British Airways** flies daily from London City to Berlin Tegel.



# OFFICE POLITICS

## Enough about the millennials, already

Stop fetishising this particular generation, work needs to become better for everyone

**W**HY ARE businesses treating millennials differently from every other generation? We've seen an avalanche of contradictory studies about what young people supposedly want in recent years – as well as countless “helpful” articles on how to “deal with” millennial staff.



**Micha Nicheva**

Employers are worried about how to attract and retain this generation, but they shouldn't be.

The main danger of fetishising millennials, or in fact any generation, lies in focusing on the needs of a sub-group that isn't representative of the whole.

The most stereotypical characteristics of this generation become exaggerated and over-analysed. In the case of the proverbial “millennial”, the focus of many studies has been on their sense of entitlement, need for fun at work, and expectation to climb the career ladder quickly. These are less the traits of an entire generation, but more likely those of a university educated, white, middle-class individual.

The reality is that the majority of millennials do not match this stereotype. They likely have a range of different experiences and levels of education, and live very different lives. After all, technically a millennial is

anyone aged between 20 and 38.

There is, in fact, so much variety within a generation that we end up further dividing them. An article by Adweek suggests that there are 12 different kinds of millennials. Perhaps splicing a workforce by their date-of-birth is somewhat arbitrary?

In fact, over 20 studies have found that, across all ages, when it comes to what matters in work, we all have more in common than in contrast.

Employees of any age want to learn and grow, to make a difference, to have security, autonomy, recognition, and – of course – to be paid fairly.

Big changes in an employee's life obviously impact what they want at work. However, they often don't follow a neat chronological progression. For example, an added caring responsibility – for a child, a parent, or a partner – can dramatically shift how



**Once we lift the bonnet of the trends and buzzwords, age quickly becomes irrelevant**

someone sees work, and this can happen at any age.

Clearly, once we lift the bonnet of the trends and buzzwords, age quickly becomes irrelevant. People's backgrounds, experiences, and current context come into focus to help us understand their behaviour.

So what can businesses do to get this right? Avoid building a culture that fetishes millennials or any other group.

Even a well-meaning strategy will foster discontent, as the narrative of generational differences leads to a toxic culture of tribalism. Instead, focus on



**ASK YOUR STAFF**

**SurveyMonkey Free**

It's easy for senior figures to assume and dictate what their staff need, but have they tried asking? This app allows you to easily make surveys, send them out, and analyse the results. Find out what policies your employees really want, whether they are baby boomers, millennials, or generations X, Y, or Z.

simply making a good place to work, with fair and accountable practices.

An example of a well-executed culture shift comes from Barclays. It established alternative mentoring schemes geared towards diverse learning and support from others regardless of age. This allowed people from different departments and age groups to exchange knowledge in ways that were previously unlikely.

BMW provides another interesting case study. It implemented a series of improvements originally intended to accommodate older workers.

The change, however, resulted in a safer and more comfortable workplace for employees of all ages. This led to encouraging cross-generational input, introducing flexible and mobile working options, and practical learning processes that benefit both younger and older employees alike.

While these examples are paving the way for an office that considers all of its people, they only scratch the surface of the issue.

The main effort in the HR department of any workplace should be on understanding people, not millennials. Focusing only on the new kids on the block not only parses a company's workforce arbitrarily, but also assumes that it has already got it right for everyone else – which is likely not the case.

Micha Nicheva is a product designer at Made by Many.

## COFFEE BREAK

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### SUDOKU

Place the numbers from 1 to 9 in each empty cell so that each row, each column and each 3x3 block contains all the numbers from 1 to 9 to solve this tricky Sudoku puzzle.

	3		5	4				
	7							6
		9	2					7
			4			2		
						3	4	6
			1		3			
2		6				1		
1						8		
9	8			2		5		

### KAKURO

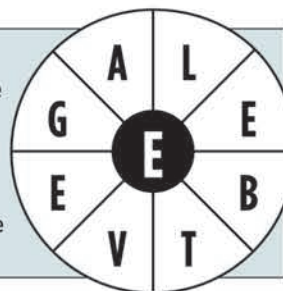
Fill the grid so that each block adds up to the total in the box above or to the left of it.

You can only use the digits 1-9 and you must not use the same digit twice in a block. The same digit may occur more than once in a row or column, but it must be in a separate block.

		35	16	13	11		6	23	28	19
11							15			
17							12			
32							30			
9						3			12	
8						10			6	
						13				
20	33					17				
39									9	34
17						5			21	
6						7			19	
						18				
17						16				
23									24	
									29	

### WORDWHEEL

Using only the letters in the Wordwheel, you have ten minutes to find as many words as possible, none of which may be plurals, foreign words or proper nouns. Each word must be of three letters or more, all must contain the central letter and letters can only be used once in every word. There is at least one nine-letter word in the wheel.



### QUICK CROSSWORD

1		2		3		4		5		6
				7						
8								10		
				11						
12		13				14				
								16	17	18
15										
						19				
20								21	22	
						23				
24										
								25		

#### ACROSS

- 1 Headscarf worn by Muslim women (5)
- 4 Portable light (5)
- 7 Biblical first woman (3)
- 8 False (5)
- 10 Seedcase (3)
- 11 Pace (4)
- 12 Savoury Spanish snacks (5)
- 14 Leave or strike out, as of vowels (5)
- 15 Little (5)
- 16 Semi-precious stone with streaked colouring (5)
- 19 Musical instrument (8)
- 20 Sussex town and harbour (3)
- 21 Extreme (5)
- 23 And not (3)
- 24 Incorrect (5)
- 25 North African country (5)

#### DOWN

- 1 Distinctive attire worn by a nun (5)
- 2 Trot (3)
- 3 Very popular, bought by many people (4-7)
- 4 Measure of heat (11)
- 5 Reproduction (7)
- 6 Privet boundary (5)
- 9 Large nation (inits) (3)
- 13 Innocuous or inert medication (7)
- 15 Spirally-threaded cylindrical rod (5)
- 17 Mousse applied to the hair (3)
- 18 Precise (5)
- 22 Plaything (3)

### LAST ISSUE'S SOLUTIONS

#### QUICK CROSSWORD

E	A	T	S	T	O	M	A	T	O
C	A	A	A	I					
H	E	R	R	I	N	G	G	U	L
O	A			M					
E	X	A	G	G	E	R	A	T	E
D	R			N		A	S		
A	C	C	I	D	E	N	T	A	L
N									
A	N	A	E	S	T	H	E	T	I
U	A	E							
O	L	D	M	A	N				
P	E	A	R						

#### KAKURO

3	8	2	1			1	9	7	8
1	9	4	2			2	1	3	6
	9	7	8				7	5	9
9	5		3	9	7		4	7	
1	2	6		7	2	8	9		
7	4	8	3	5	1	2	6	9	
	8	9	1	3		1	2	5	
7	1			2	6	8		1	8
8	9	1		4	7	9			
9	6	4	8			9	8	6	7
5	3	2	1			4	3	1	2

#### SUDOKU

1	9	5	6	3	4	7	8	2
8	7	4	2	1	5	3	6	9
2	3	6	8	9	7	4	1	5
5	4	8	7	2	6	1	9	3
7	6	3	1	8	9	5	2	4
9	2	1	5	4	3	6	7	8
4	5	7	9	6	2	8	3	1
6	1	9	3	5	8	2	4	7
3	8	2	4	7	1	9	5	6

#### WORDWHEEL

The nine-letter word was **CONSTABLE**



# THE PUNTER

CRICKET TRADER

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## In-form England batsmen to cash in at Trent Bridge against Pakistan

AM not sure either captain Eoin Morgan or coach Trevor Bayliss could have hoped for a much better start to England's World Cup campaign.

In what looked like a potentially tricky opener on paper, the pre-tournament favourites brushed aside South Africa with consummate ease, confirming that they are the side to beat in the tournament.

Despite losing Jonny Bairstow to just the second delivery of the match, England amassed 311-8, with Morgan, Jason Roy, Joe Root and Ben Stokes all passing 50.

It was a score that looked about par, given the flatness of The Oval pitch, but in truth, the Proteas were never really in the hunt and were eventually

bowled out for 207.

Bar Chris Woakes, all of England's bowlers shared the wickets, with new boy Jofra Archer's pace and hostility causing the South African batsmen plenty of problems.

It was a fine team performance, but the champagne moment was undoubtedly Stokes' Superman-like catch to dismiss Andile Phehlukwayo.

Having seemingly misjudged the flight of the ball on the mid-wicket boundary, the all-rounder somehow managed to manipulate his body to pluck the ball one-handed out of the sky.

There have been some fantastic catches in cricketing history, but I'm not sure there have been any better than that one.



Ben Stokes (right) celebrates his sensational catch against South Africa

In stark contrast, their opponents at Trent Bridge today, Pakistan, couldn't have started the tournament in a worse way.

An abject batting performance against the West Indies saw them skittled out for just 105, a score that the Windies batsman took just 13.4 overs to knock off.

Having won the Champions Trophy in England back in 2017, many saw

## Charlie Robertson previews England's Cricket World Cup match versus Pakistan

currently the third best all-rounder. Their Achilles Heel appears to be their bowling, with no bowler in the top-25 in the rankings, though that Champions Trophy victory showed their liking to English conditions and Mohammed Amir did look closer to his old self last Friday.

That defeat was their 11th straight loss in ODI cricket and that sort of run is damaging for both a team's confidence and morale, so taking on this talented England side, having lost 4-0 to them recently, looks an uphill battle.

Sporting Index unsurprisingly make the Three Lions the very strong favourites.

In their 100-50-0 Index, the sell price is set at 78, while the buy price is 84, meaning an England victory will win you 16 times your stake.

Based on both their opening matches, it's not hard to see why England are so short and it would take a brave man to bet against them here.

There isn't much value in backing them though and instead I'm going to chance buying England at 83 on Sporting's 50-ups market in the hope that they bat first.

This is a prediction on the aggregate total of runs over 50 for England and at a ground where they have scored over 400 twice in recent years, I fancy their top-order to cash in again.

### POINTERS

Buy England team 50-ups  
83 (Sporting Index)

## Pacey Archer can arrow in on Pakistan's frail top-order

IT HAS been a long time since England have had a bowler who has the pace to genuinely unsettle opposition batsmen.

However, in Jofra Archer's short international career, he has already shown that he has that ability.

The Barbadian-born seamer showed in both the IPL and Big Bash what he could bring to this England line-up and combined with what he's done

on the international stage already, it's no surprise that the England selectors picked him at the first possible opportunity.

While those stints in the IPL and Big Bash will have given him plenty of big stage experience, you can never be sure how someone will react when exposed to rigours of international cricket, but Archer has taken to it like a duck to water.

He's taken wickets in every match he has played so far, though it was his performance against South Africa which I was particularly impressed with.

Having forced Hashim Amla to retire hurt after hitting him on the helmet with a vicious bouncer, he ripped through the Proteas' middle-order, dismissing Aidan Markram, Faf du Plessis and Rassie van der Dussen.

Those wickets will have given him plenty of confidence and I fancy him to follow up against Pakistan today.

Pakistan were undone by short and hostile West Indian bowling in their opening match, so Archer will be licking his lips at the prospect of bowling at them here.

Buying the 24-year-old's performance at 41 looks the way to go.

Sporting Index's market rewards one point per run, 10 for a catch and 20 for a wicket and I expect him to have plenty of success against a low in confidence Pakistan side.

### POINTERS

Buy Jofra Archer performance  
41 (Sporting Index)

**BEN STOKES' PERFORMANCE TODAY: 53-58**

Making up 149 v SA, our Ben Stokes Performance market v Pakistan awards 1pt per run, 20pts per wicket, 10pts per catch and 25pts per stumping. No fence-sitting, are you buying or selling?

Spread betting involves risk. Losses can exceed deposit.

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# SPORT

Klopp turns down the heavy metal football to break his final curse, says **Felix Keith**

**S**IX WAS the magic number for Liverpool and Jurgen Klopp on Saturday night when a deserved yet spectacular display in the stifling heat of Madrid yielded a 2-0 win over Tottenham.

But while a sixth European Cup victory was the guiding motivation for all involved with Liverpool, the number also held personal significance to Klopp. Six times in as many years the German coach had tasted defeat and the disappointment of the runner-up spot in major finals, losing three each with Borussia Dortmund and Liverpool.

Mohamed Salah's early penalty and Divock Origi's late low finish brought that run to a halt on the biggest stage of all at the weekend, lifting a weight off the shoulders of Klopp and his loved ones.

"I'm so happy for my family," he told BT Sport on the pitch. "They suffer every year, when we go to a final on the last game of the season and we lose it, so they deserve it more than anybody because they are so supportive. It's maybe the best night of my life professionally."

## PASSION

Klopp's career, with both Dortmund and Liverpool, has been synonymous with passion. His outgoing personality rubs off on his teams, who play a high-tempo pressing style that he has called "heavy metal football".

This heart-on-sleeve, blood-and-thunder modus operandi has won Klopp and his teams neutral admirers – but, crucially, not as many trophies as he would have liked.

While there were understandable displays of emotion and tears on the pitch in the Wanda Metropolitano – from Klopp himself, captain Jordan Henderson and others – there was an interesting contrast later when Liverpool's manager faced the press.



"Tonight it's really emotional," he said. "That's my main feeling. It feels really good but I'm much calmer than I thought I would be when it finally happened."



**Liverpool pulled up the drawbridge and adopted a more guarded approach**

That sentiment – of being calm in the face of a monumental achievement – rang true on the pitch too. The timing, and nature, of Salah's opening penalty, after just two minutes, was certainly fortuitous, but it allowed Liverpool to take a step back from their usual fast-paced, throw-the-kitchen-sink style and instead pull up the drawbridge and adopt a more guarded approach.

Unusually Liverpool were content simply to hold onto their lead, forcing Hugo Lloris into just one save – a tip over in the first half from Andy Robertson's drive. Meanwhile Tottenham were allowed to have 65 per cent of the ball and complete 238

more passes and although Alisson had to make eight saves, none of them was particularly taxing. Spurs were kept largely at arm's length as the Reds counted down the minutes.

## CHANGING PERCEPTIONS

The result was a first trophy since the 2012 League Cup for Liverpool and a side note of a statistic Klopp's side would not normally be associated with: the first team to win the Champions League final while having less possession than their opponent since Jose Mourinho's archetypal counter-punchers Inter Milan in 2010.

"I've played many more finals than

I've won, obviously, and [in the others] we have always played better football," Klopp explained. "Usually I sit here a bit earlier and explain how I lost this game. This time I don't want to explain why we won it – only enjoy that we won it. All the rest isn't important."

In a match as important as the Champions League final, the ends justify the means. Despite his achievements, Klopp has not been viewed as among the elite managers, nor his side among the elite teams.

The success and method in Madrid could mean that perceptions are about to shift.

# England preparing to bombard Pakistan with pace

Wood and Archer to bowl in tandem at Trent Bridge, writes **Felix Keith**

**T**RENT Bridge has in recent years become a cricket ground associated with one thing and one thing only: runs, and lots of them.

Over the last four years it has been the highest-scoring venue in England and Wales, with an average one-day international run-rate of 6.98 per over, its true, even-paced pitch and short boundaries encouraging batsmen in the middle to trust their eye and spectators in the stands to stay vigilant.

Those characteristics have meant it has proved a happy hunting ground

over that period for England 2.0 – the new, improved version defined by its aggressive, confident and stacked batting line-up.

The two highest ODI scores of all time have both come in Nottingham and have both been made by England: 481-6 against Australia in July 2018 and 444-3 against Pakistan in August 2016.

All of the information above, plus the pre-tournament talk of when and where the first total of 500 will arrive, mean you would expect England's World Cup game against Pakistan at Trent Bridge today to be defined by the bat.

However, both sides' opening games have prompted the focus to shift.

Ben Stokes' all-round display and the pace and hostility of Jofra Archer's spell of 3-27 were the main talking points from England's comprehensive 104-run victory over South Africa, but Pakistan's woeful seven-

wicket thrashing by West Indies is more instructive towards today's contest.

## CATASTROPHIC COLLAPSE

Put in to bat on Friday in Nottingham, Pakistan were systematically demolished by West Indies' short-pitch barrage, succumbing for a paltry 105 in just 21.4 overs.

The catastrophic and uniform nature of their collapse in their lowest ever World Cup score was so eye-catching that it has altered England's thinking and the perception of Trent Bridge as a batsman's paradise. "West Indies bowled very well," said England's batting coach Graham Thorpe on Saturday. "They looked like they roughed Pakistan up as well.

It was interesting viewing."

The performances of Andre Russell and Oshane Thomas have provided England the impetus to rotate their bowlers, with Mark Wood set to partner Archer in an all-out pace attack for just the second time.

For a team who have lost their last 11 ODIs in a row – four of them against England – and begun their World Cup campaign in about the most disheartening way possible that is a fearsome prospect.

Archer, in particular, is in good shape to target Pakistan with the short ball, having taken all three of his wickets against South Africa with bouncers and forced

**Mark Wood was rested for the first World Cup match**



Hashim Amla to miss yesterday's defeat by Bangladesh with concussion following a nasty blow to the grille.

Wood was rested in the tournament opener and should be raring to go, with memories of his hostile spell of 2-72 against Pakistan at Trent Bridge last month still fresh. Wood topped Archer on the speed gun in that game – a three-wicket win – while he also forced Pakistan's Imam-ul-Haq to retire after hitting the opener on his elbow with a rising delivery.

England have won 16 of their last 17 home ODIs and such is their confidence and depth that both Liam Plunkett and Chris Woakes might spend today on the sidelines, with Tom Curran offering variation in the middle overs.

However, if Archer and Wood follow the West Indies' lead and Pakistan's miserable run of form continues there may not be too many middle overs available for Curran to bowl in.



## GOOSEBUMPS Konta cruises into French Open last eight in style



Johanna Konta will face seventh seed Sloane Stephens in the French Open quarter-finals after impressively defeating Croatia's Donna Vekic yesterday. The British No1 won 6-2, 6-4 against the 23rd seed at Roland Garros to continue her form on clay and reach the last eight in a grand slam for the first time since Wimbledon 2017. "To win like that in front of a crowd like that gives you goosebumps," the 28-year-old said.

### ENGLAND DO THE DOUBLE OVER THE BARBARIANS

Harlequins' fly-half Marcus Smith starred as England completed a double over the Barbarians at Twickenham yesterday. Smith scored 26 points for the men's side, who triumphed 51-43 in an entertaining game, after the women's team won 40-14 in their first match against the invitational side. Smith scored one of six converted tries as well as three penalties in a stand-out display in front of head coach Eddie Jones. Earlier Lark Davies ran in a hat-trick as the women eased to victory after leading 28-0 at the break.

### TOTTENHAM TALKS WILL COME, SAYS POCHETTINO

Tottenham manager Mauricio Pochettino says he will undergo talks on his future at the club after losing Saturday's Champions League final to Liverpool. Goals from Mohamed Salah and Divock Origi saw Spurs beaten 2-0 in Madrid and Pochettino would not be drawn on his plans in the aftermath. "It is not a moment to talk too much," he said. "Now is the time to stay calm, change the mood, for sure we are going to have time to talk."

### BANGLADESH BEGIN WORLD CUP WITH PROTEAS WIN

Bangladesh out-played South Africa to begin their World Cup campaign with a deserved 21-run victory at The

## SPORT DIGEST

Oval yesterday. Shakib Al Hasan (75) and Mushfiqur Rahim (78) put on 142 together as the Tigers posted their highest ever one-day international total of 330-6 batting first. South Africa lost regular wickets in reply as Mustafizur Rahman (3-67) ran through the middle order to close the innings on 309-8 and hand the Proteas a second consecutive defeat.

### LOZOWSKI: SARACENS ARE HUNGRY FOR MORE

Alex Lozowski says Saracens are already looking forward to trying to emulate their Champions Cup and Premiership double next season. Sarries completed a memorable season with a 37-34 win over Exeter Chiefs at Twickenham on Saturday to complete the double and Lozowski says they are eager to win more. "The boys are all so hungry, and I think they want to enjoy the off-season, come back and then do it all again," he said.

### ECUADOR'S CARAPAZ WINS FIRST GIRO D'ITALIA TITLE

Movistar rider Richard Carapaz wrapped up the Giro d'Italia yesterday after coming through the final time-trial. Carapaz, 26, became the first Ecuadorian to win the event when he completed the final stage in Verona. Italy's Vincenzo Nibali came second ahead of Slovenia's Primoz Roglic.

# Joshua's seismic defeat may be shake-up boxing needs

Stale heavyweight division is suddenly more interesting after Briton's shock US flop, writes Frank Dalleres

**T**HIS wasn't supposed to happen. Anthony Joshua's first fight in the US was meant to be a glossy commercial for the Briton; more than merely a defence of his IBF, WBO and WBA world heavyweight titles, Saturday night's clash with Andy Ruiz Jr was designed to break a new market, to wow an audience and ramp up further still

the clamour for a unification fight with Deontay Wilder.

Instead it was a hugely damaging occasion for Joshua. Repeatedly brought to his knees by a gutsy fighter in every sense of the word who only signed up for the bout at a month's notice after a failed drug test ruled out original opponent Jarrell Miller, he lasted less than seven rounds at Madison Square Garden before losing his belts, his unbeaten record and no little credibility.

Joshua attempted to play it down afterwards, calling his humbling "a minor setback", but he was fooling nobody. This was a monumental upset, earning comparisons with Mike Tyson's 1990 defeat by James "Buster" Douglas and Lennox Lewis's 2001 loss to Hasim Rahman. Even Ruiz Jr himself couldn't quite believe it, leaping around the ring like an excited child when the fight was stopped.

Perhaps most chasteningly for Joshua, the outcome was anything but a fluke. Ruiz Jr took the fight to him, absorbed some juddering shots and, when he was put down in the third round by an uppercut-left hook combination, responded by flooring his bigger foe twice in quick succession. From scenting a 22nd knockout and 23rd win, suddenly the Englishman was buckling and he never recovered.

### DOUBTERS

The epic victory over Wladimir Klitchko two years ago appeared to have silenced Joshua's doubters, but underwhelming defences that followed against Carlo

Takam, Joseph Parker and Alexander Povetkin left him open to question again. Promoter Eddie Hearn was frank about the stakes now: "AJ must win that rematch in the UK [against Ruiz] because there is nothing after that."

But while Saturday's upset was a disaster for Joshua, the result might

### Joshua was floored four times by Ruiz at Madison Square Garden



increase interest in a heavyweight division that was in danger of losing appeal as its biggest names dodged each other. Ruiz Jr's shock triumph is a welcome dose of unpredictability and there will now be intrigue about whether the American

can remain at the top table with Wilder, Tyson Fury and Joshua.

The folly of Wilder and Joshua failing to agree a unification fight - both men have continuously blamed the other's camp - has been exposed. Perhaps it was assumed that they could let the potential financial rewards grow without being in great danger of losing their titles. If so, the seismic shock suffered by Joshua might focus a few minds at negotiating tables.

For Joshua, meanwhile, it is a monumental reality check. While his ascent has been impeccably stage-managed, it has presented only one side of him: the invincible, physically flawless athlete so beloved of brands such as Jaguar, Under Armour and Beats by Dre. Now he must show he has the resolve, focus and hunger to get his career back on track and return to the pinnacle of the sport.

SMARTS SAY  
THEY BEAT THEM 4-0  
IN THE ODI SERIES  
THIS YEAR

GUT SAYS  
ENGLAND ARE  
TOO STRONG  
FOR PAKISTAN

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89 RUNS,  
2 WKTS &  
THAT CATCH,  
ONE OF TWO  
”

# 53-58

Sell Ben Stokes' Performance v Pakistan today at 53 or buy at 58

Making up 149 v South Africa, our Ben Stokes Performance market awards 1pt per run, 20pts per wicket, 10pts per catch and 25pts per stumping. No fence-sitting, are you buying or selling?

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