

JUSTIN'S COMMENTARY

SEVEN 
Investment Management

Justin Urquhart Stewart is one of the most recognisable and trusted market commentators on television, radio and in the press. Originally trained as a lawyer he has observed the retail market industry for 30 years whilst in corporate banking and stockbroking, and has developed a unique understanding of the market's roles and benefits for the private investor.



Is there a British Google or Facebook Out There?

There is a new club in town, it's called "Scale Up Club". Well it's not really a club, more a list of potential winners in the technology field. This is a list of 58 technology companies drawn from various fields and sectors, but all identified as having the potential of reaching an astonishing £100 million in revenue over the next three to five years. So far they have been selected according to their past three year growth rates. Are these just a bunch of badly dressed geeks with dirty glasses? Well it seems far from it. The sectors they are drawn from vary between flower delivery, drones, coding schools and artificial intelligence. So geeks with flowers - I have to meet.

What is exciting about this group is that their average growth rate currently stands at a dynamic 110%, and currently they have a combined turnover of £300m as well as employing 3,100 people across the UK. This selected group were identified and picked out by a strange organisation with an even stranger name of 'Silicon Valley Comes To The UK', giving you the unpronounceable acronym of SVC2UK.

Along with the record level of start-ups in the UK at the moment, this is another area where the UK seems to be leading our European neighbours. Looking at the figures from the venture capital investment world, we can see that they have invested over \$2.2 billion just this year in the UK's technology sector. This is a record high. Apparently the UK has attracted more venture capital investment from Silicon Valley than any other of the major European nations over the past five years. That seemingly accounts for 290 deals amounting to \$4.2 billion in new money invested. I think that's pretty impressive.

It was interesting as well to see some of the product developments that were coming through. The drones for example are not for the somewhat overhyped story of parcel delivery, but for a far more practical use - inspecting the North Sea platforms. This, as you can imagine, is normally a hair raising task carried out by humans suspended in harnesses dangling off the platforms to try and inspect for any dangerous corrosion and the like. Having a drone will be safer, cheaper and ultimately probably far more efficient. The flower business was also interesting as they have focused on the females (usually) receiving the flowers, who if impressed, will order themselves and thus grow it virally. All this is via a smart phone and hopefully they aim to try and have a two hour delivery window within the London area. Good luck to them all.

Dawn over Nicosia at last?

It seems that after the financial fiasco, the Cypriot economy is finally showing signs of recovery. It expects growth in 2016 to be 1.8% and rising to 2% the year after. Even this year they expect to beat the creditor banks projections. Add to that they expect public debt to drop below 100% of annual output, and are not anticipating any further support from creditors. Further still, tax increases on hard pressed citizens have been ruled out as well as any further spending cuts. Well done Cyprus after such pain.

Someone dropped a nuke in Spain.

It's an often forgotten piece of history that just under fifty years ago, in January 1966, the US Air Force accidentally dropped four nuclear bombs on the Spanish coast. In fact two of them partially exploded and radiated the countryside around them. It occurred when a US bomber collided with its refuelling tanker. This

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was part of the Cold War scheme called "Operation Chrome Dome" which was designed to keep nuclear weapons in the air virtually around the clock.

Sadly seven US airmen were killed. In the months after the crash thousands of 55 gallon barrels were filled with contaminated soil and sent back to a nuclear waste facility in South Carolina. However it was never completed and only now have John Kerry, the US Secretary of State and the Spanish Foreign Minister, Jose Manuel Garcia-Margallo signed a memorandum of understanding to have a new effort to finally finish the job.

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And finally... so what would you do if you had a mass of dodgy money you needed to get rid of? Well how about this - Italian investigators have seized 221 toy trains, 11 toy trucks and 126 boxes of collectible stamps from a person suspected of buying them with money amassed through bribes, a finance police document showed.

The suspect admitted to taking 65,000 euros (£45,742) in bribes during an investigation into a system of rigged contracts and favour-trading involving Italy's state-owned motorway operators.

He was one of 31 people put under investigation last month for corruption connected to the country's highway management.

Have a good week.

Justin Urquhart Stewart
Co-Founder
Seven Investment Management
www.7im.co.uk