



MARKET REPORT

Thursday 24th June 2021

Market Headlines

The Financial Times reported the White House appeared to have reached a bipartisan agreement regarding the US infrastructure package in excess of \$1tn, albeit short of the \$2.3tn proposed by President Biden.

The final edition of pro-democracy paper Apple Daily came off the press in Hong Kong amid a national security clampdown which saw Beijing freeze the company's assets.

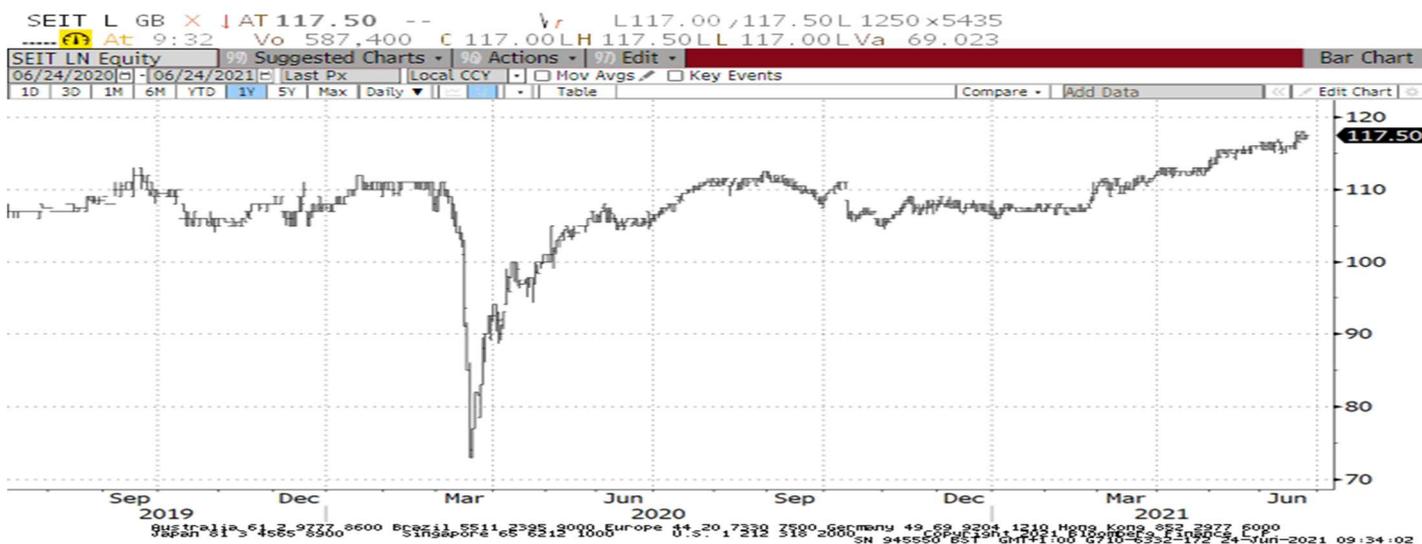
Germany's Ifo Business Climate reading rose to 101.8 for June, ahead of expectations, whilst French business confidence rose to the highest level since 2007.

The S&P 500 dipped 0.1%, the Nikkei 225 and Shanghai Composite were flat whilst the Hang Seng added 0.1%. European markets were higher.

Investments on our buy list

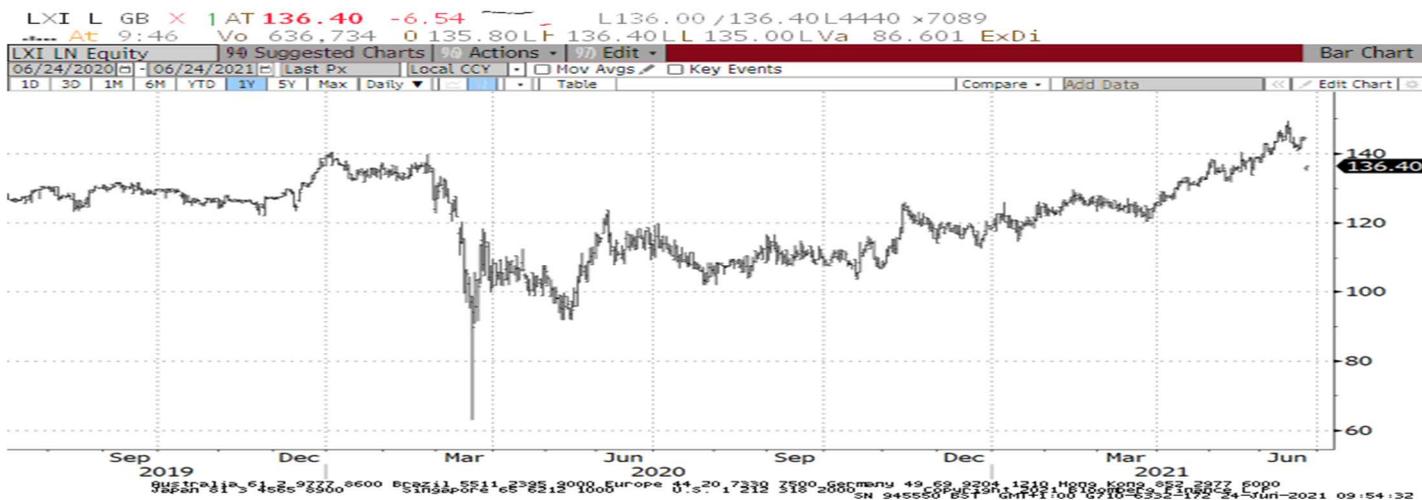
SDCL Energy Efficiency Trust (SEIT) – announced results for the 12 months to 31st March 2021. NAV per share at 31st March was 102.5p, up from 101.0p at 31st March 2020. The total NAV return for the period was 8%. Aggregate dividends of 5.5p were declared, in line with the target. Target dividend of 5.62p for the year to 31st March 2022. Profit before tax of £32.4 million for the year, up from £11.6 million the year before. The underlying portfolio remained resilient throughout a very difficult year, and capital raised in the year was successfully committed through a number of substantial investments, further diversifying the portfolio. Jonathan Maxwell, CEO, stated "The sectors in which SEIT are investing are receiving increasing levels of interest. Governments and companies are continually increasing their carbon reduction commitments and therefore the demand for cost effective and low carbon energy solutions will continue to increase."

The positive fundamentals and outlook for the trust are reflected in the share price which is at a 12% premium to NAV. We remain positive but look to buy on any dips.



LXI REIT PLC (LXI) – today announced the intention to raise approximately £75 million by way of a placing at 133p per new ordinary share. This is at a 7.9% discount to last night's closing price of 144.4p and a 2.3% premium to a new estimated NAV of 130p per share as at 1st June 2021.

The investment adviser has identified a significant pipeline of attractive investment opportunities, valued at approximately £125 million. The pipeline has an average net initial yield of 5.5%, a long WAULT to first break of over 25 years and benefits from rents which are either all inflation linked or contain fixed uplifts. Given the shares consistent premium to NAV, the placing may be a good opportunity to add to what has been a successful investment.

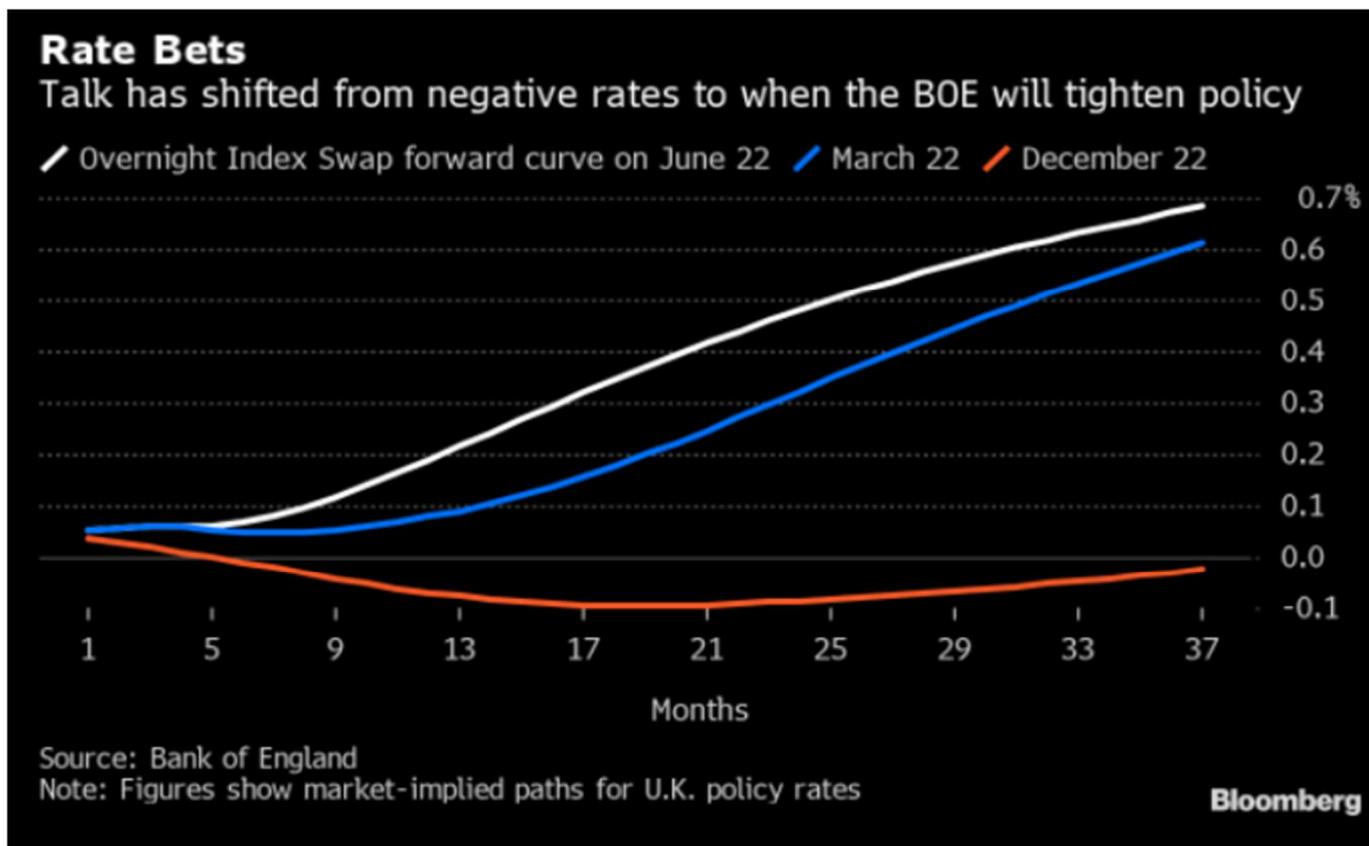


Source: Bloomberg

Chart of the Day

The Bank of England Monetary Policy Committee (MPC) meets today and it faces a big task – balancing the need to keep the economy recovering while limiting inflation and speculation about rising interest rates.

The build up to the MPC announcement due at 12.00pm has been dominated by a jump in consumer-price growth above the BOE's target of 2% for the first time in almost 2 years. For some this has brought forward expectations of when the BOE will tighten monetary policy, but while millions of workers remain unemployed or on furlough, the bank are likely to want to maintain stimulus until the recovery is more entrenched.



Source: Bloomberg

Recap of yesterday

Anglo American rose 1.1% as rough diamond sales at its De Beers unit increased during the fifth cycle of 2021 to \$470m from \$56m seen in the same fourth and fifth cycle a year earlier. Diamond jewellery demand continued to be positive in the key US and China markets.

Berkeley dipped 0.5% as it announced final results in line with expectations as pre-tax profit rose 3% to £518.1m on revenues 15% higher with its exposure to London housing seeing travel restrictions hit transaction levels.

Old Mutual added 0.2% as it reported for the 5 months to 31 May life annual premium equivalent sales rose 6% on higher single premium annuity sales and high risk sales in China by the wealth management business.

Persimmon fell 1.7% as it said it will allow leasehold homeowners to buy the freehold capped at £2,000, with refunds for those customers who paid more, following the Competition and Market Authority's investigation to unfair leasehold contracts. Aviva dropped 0.3% as it also committed to remove clauses and repay customers.

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