Cornhill Management

View from the Dome

Newsletter, March 2020

Diversification – too much of a good thing?

1cornhill.com: re-inventing the beating heart of Cornhill's business

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DIVERSIFICATION – TOO MUCH OF A GOOD THING?

New research suggests that some investors may be making a big mistake in diversifying their portfolios. But does this mean concentrating investments into a handful of stocks is suddenly a good idea? We take a look.

Research published by global fund ratings and analysis group Morningstar in January showed that overdiversification could be damaging portfolio performance.

At first glance the conclusion seems to upend the widely accepted age-old investment adage about the fundamental importance of having a diversified portfolio of holdings to lower risk and deliver steadier gains in the long-term.

After all, it stands to reason that in a portfolio of just five holdings, the chance of overall performance being affected by one holding doing poorly is much greater than if a portfolio has 50, or even more, holdings.

As part of their research Morningstar looked at funds that have between 150 and 350 holdings and found that many were among the weakest performers in their respective Morningstar categories.

Traditionally, it is widely thought that

having 100 or more holdings means a portfolio is well balanced.

Of 48 UK-domiciled funds with between 150 and 350 holdings which the group looked at, only one had annualised returns over five years that were above its Morningstar category average.

For example, the Axa Rosenberg Global fund, which has 339 holdings, delivered annualised returns of 10.84% over five years. This was more than 5% below the average annualised return achieved by funds in the Global Large-Cap Blend Equity Morningstar category.

The Dimensional UK Value fund, which has 209 holdings in its portfolio, had annualised returns over five years which were more than 12% below its category average, while the JPM UK Equity Core fund's annualised return over five years was more than 9% worse than its category.

Moreover, Morningstar has also found that concentrated funds – those with up to just 30 holdings – can often deliver stellar returns.

In a study published in the same month, the group looked at funds with 30 or fewer holdings in their portfolio. Of 10 actively managed equity funds with 30 holdings or less, seven of these consistently outperformed their Morningstar category.

The most concentrated open-ended equity fund in the study was the AB Concentrated US Equity Portfolio, with just 21 holdings. The fund delivered annualised returns of 18.8% over five years, which was more than 2% ahead of its Morningstar category, US Large-Cap Growth.

Most other funds in the research registered similar or even greater performance above their category, with one almost 7% higher than its category average.

Chris Traulsen, director of fund research at Morningstar, says: "If you invest in a concentrated fund and its manager does a great job, picking all the right stocks, the returns will be greater than those produced by diversified funds."

The results of the studies seem to suggest that there is a strong case for having a portfolio with just a small number of holdings.

But some investment experts say that abandoning sound diversification practices would be folly, and that the problem is not of diversification, but of too much diversification.

Writing in Investopedia in January, award-winning financial journalist Brian Beers, said: "There are many studies demonstrating why diversification works — to put it simply by spreading your investments across various sectors or industries with low correlation to each other, you reduce price volatility."

He added, though, that studies had shown that an investor could get close to achieving optimal diversity after adding about the twentieth stock to their portfolio, and that beyond that, the addition of any further stocks reduced portfolio risk by less than 1%.

"Many investors have the misguided view that risk is proportionately reduced with each additional stock in a portfolio, when in fact this couldn't be farther from the truth. There is evidence that you can only reduce your risk to a

certain point beyond which there is no further benefit from diversification," Beers said.

However, selecting just any 20 holdings does not, Beers and other experts say, constitute proper diversification. They say investors looking for diversification should not hold stocks that are similar, instead looking at holdings across different sectors, industries, company sizes and even parts of the world to ensure that they are uncorrelated.

A careful look at fund portfolios can sometimes reveal that those which appear to be highly diversified with many holdings are actually relatively strongly concentrated with a few holdings carrying outsized weightings in the portfolio, potentially negating the risk reduction benefits of holding so many stocks.

"You can have a big chunk of assets in the top 10 holdings and then a long tail of small positions," explains Morningstar's Traulsen.

He gives the example of the Dimensional UK Value fund which, although it has 200 holdings, has 44% of its assets in its top 10 holdings.

Another problem with some funds, notably mutual funds, is that because they often have much larger amounts to invest, they have to hold hundreds of stocks.

"In some cases, this makes it nearly impossible for the fund to outperform benchmarks and indexes — the whole reason you invested in the fund and are paying the fund manager a management fee," says Beers.

Managers of diversified funds argue, though, that there are strong benefits for investors in funds with large numbers of holdings.

Callum Abbot, manager of the JPM UK Equity Core fund, which has 155 holdings, explained that to manage risk, the fund can only deviate slightly from its benchmark – that is holding up to 0.3% more or less in a stock than the index.

"[With this style of investing] you have smoother, more consistent performance, with no big swings month by month. If one stock doesn't perform well it is not going to blow up the performance of your portfolio," Abbot says.

Morningstar's Traulsen also highlights the major liquidity advantage diversified funds have as having a larger number of small holdings means managers can trade in and out of stocks more easily.

What does appear to be key in any fund, whether it is diversified or concentrated, is the quality of those running it.

"What does matter is the manager's skill in picking securities," says Peter Brunt, associate director at Morningstar.

He adds that the degree of diversification which should be chosen for any portfolio depends on the investment approach being taken, with key variables including the fund's investment objective, the process, and possible restrictions on portfolio construction. ■

To find out more please speak to your Regional Sales Manager or get in touch with us at ***newsletter@1cornhill.com***

1cornhill.com: re-inventing the beating heart of Cornhill's business

Cornhill's new website is now up and running. The result of months of planning and preparation, the website is a fundamental part of Cornhill's business model and future strategy. In this wide-ranging interview, Cornhill's International Marketing Director, Scott Thompson, explains how the new website came about, its importance for the company and the benefits for clients, IFAs and distributors.

Why did the company decide to create a new website?

Our old site was exactly that – old. And we knew from the feedback we were getting from clients and partners the site had four specific problem areas:

– Firstly – it was visually dated

– Second – it was not easy to navigate or find information

– And thirdly, certain functionalities were no longer working.

But possibly the most important piece of feedback was that the old website was not responsive. And by this, I mean it was difficult to view on a range of devices. In these busy times Brokers/ IFAs/distributors and their clients run from meeting to meeting, appointment to appointment, clutching laptops, smart phones and tablets – essentially conducting business or living life on the run. Websites, like everything else in today's world, have to be able to fit in with our modern lifestyles and the devices that we carry around with us.

So just to step back and explain a little... A 'responsive' website is one that can recognise the type of device used to access the website – whether it be a PC, laptop, smart phone or tablet as mentioned. Of course, these devices are all different sizes, they have different sized screens, the orientation of the screens can change depending on how you hold them; and with different screen sizes and orientations, the proportions used to display information will differ as well. So, a 'responsive' website takes all of these factors into account and re-organises the content of the website so that it is presented to the user in the most optimal format for their device.

But to return to your question, based on the feedback received, it was clear that the old site was no longer creating a best first impression for Cornhill. In a competitive market place, you simply have to make the most of every chance you get to make an impression, and for us that meant starting over with a new website.

Once the decision was made to create a new website how long did it take from that point to finishing the site and getting it operational?

The entire process – sourcing a web development partner, agreeing a brief, testing the new site and now launching the new site – has taken approximately 20 weeks.

How many stages did the entire process have and how many people were involved?

Once we selected our web development partner, which was in itself a thorough and meticulous process, I would say there were five main steps or stages in bringing the new site to life.

But before I get to the five stages I would like to comment if I may on the search for the right partner because I think in any project, teamwork and team spirit are crucial ingredients. On this point, we invited firms from the UK, Europe, the Middle East and even as far afield as New Zealand to come and talk to us about this project. In the end we engaged a European firm, not only because theirs was the best proposal that we saw, but because it was clear to us that teamwork was one of their core principles and this showed in the efforts they made to understand our business, how we worked and what it was that we were looking to achieve.

But I digress – very briefly the process of actually building the new site involved five stages although I think it's important to note that the process was not necessarily linear, there was definite overlap between all five. So here they are:

- BRIEF – the first thing we did was to create a list of the requirements from each business stream; we clarified these requirements and boiled them down into a succinct and clear brief which included our objectives and vision for the new site

- USER EXPERIENCE – with the BRIEF in hand we then worked through the various user groups and the experiences they might have which helped us to identify the specific functionalities we would need to develop for our website

- VISUAL CREATION – the next step was to explore various ideas and references to develop the look and feel of our site. During this stage we gave considerable thought to how the look and feel of the site would fit with or accommodate our branding, the logo and how we present ourselves to the world

- SITE DEFINITION – this involved the development of the site map, thinking through the organisation of information and the structure of the site… keeping in mind the feedback that we had received around navigation – we wanted information on the new site to be easy to locate with the least number of clicks

- USER DESIGN – this was the really exciting bit – actually designing the site. From the first digital wire frames you can see, with a bit of imagination admittedly, what the final product might look like. Then you see the actual pages being developed and built and coming to life. And then once you have a working prototype it's time to test and look at those pages and any functionality from the user's perspective and understand the journey that a user might take when they visit the site.

Broadly speaking then, those were the five main stages we went through. Obviously, once the site is completed you launch it, and this brings us nicely into the second part of your question – how many people were involved. After a project such as this I think it is important to get the entire team together and take the time to recognise the hard work that has gone into realising the goal, and it was not until this point that I realised that more than 20 people – 22 to be exact – had worked on or had some form of relevant and valuable input into the building of the new site.

Was there an overall philosophy behind the plans right from the start, a main concept you wanted to ensure the website got across, or a main goal you wanted to achieve with the website?

I'm not sure about an overall philosophy, but we certainly wanted to improve the user experience while at the same time creating a shop window that delivered a best first impression of Cornhill.

It seems an obvious statement to make but in today's world a website is fundamental to running a business. When a Salesperson visits Brokers/IFAs/ Distributors, or whenever a Broker/ IFA/Distributor mentions Cornhill to a potential client, the first thing that the broker or client does is google Cornhill to learn a little more about who Cornhill is, our history, our products.

And we all do it – as soon as we become aware of a brand or a product, the first thing we do is ask Siri or Alexa to tell us more or type the name of the brand or product into a search engine.

In this sense I think websites today are the literal equivalent of window shopping in the early 1700s. Back then, as plate glass became more available, retailers began to build windows that spanned the

full length of their shopfronts in order to display their merchandise to passers-by. Today of course we still window shop, but we do it from the comfort of home or on the train as we travel into work. In this sense, websites are an absolutely crucial element in the success of any business – they are the new store front and present the perfect opportunity to create that all-important first impression. None of this is news of course, but it's worth reminding ourselves every now and then.

So from my perspective, creating this best first impression meant we needed to focus on three main areas, and these were:

1. **Presentation**
   We needed a modern design. To me the site had to look and feel clean, fresh and professional. The site also needed to be simple and easy to understand – when users visit, we want them to grasp very quickly what we are about and how they can find what they are looking for. Finally, the 'presentation' needs to inspire confidence in the user, assuring them that Cornhill is modern, credible, relevant and savvy, and therefore a good choice on their part.

2. **Usability**
   This is all about the user – we wanted our site to be easy to use, intuitive to navigate. We wanted the content to be organised and structured in such a way that users would be able to get to the information they needed in a straightforward and common-sense manner involving the least amount of clicks or scrolling. And of course, one of the most important components when it comes to 'usability' is the responsive aspect that I mentioned earlier. This is the site's ability to respond to the user's device and display the page in the most optimal way. Finally, we wanted to ensure that our new site would operate in the most efficient manner. From a user perspective this means that when clicking on a fact sheet, for example, it would open with the least fuss or download in the most efficient manner possible.

3. **Technical**
   Here we are talking about the mechanics of the website – reliability, maintainability, scalability, performance. Security is also a big issue: we must be sure to guard against possible intruders and, if users leave their information with us, we have to be in a position to protect that information and deal with it according to regulatory requirements. The other technical focus for us was SEO or Search Engine Optimisation. In a nutshell this is the process of aligning the content and structure of each page with the way that search engines work. The outcome is that we appear at the top or close to the top of any search results.

As I said, I'm not sure about an overall philosophy but these are the three areas that underpinned our thinking in terms of improving the user experience and delivering a best first impression.

What is the biggest change from Cornhill's previous website?

I think the biggest change is that we have moved from a site where we tried to be all things to all people and provide them with as much information as possible to a site where we now have an overall philosophy – if you like – of 'less is

more'. We have cut down on the content and tried to simplify the information we present. This has led us to concentrating on our core products and nothing else.

Information about Cornhill and its various products and services was previously on more than one site. Has it now all been brought together in one place on the new website or will users still need to visit an extra site if they want to find out about, for instance, certain products offered in different regions of the world?

Another issue feedback identified was the fact that we had a different website for virtually every product and that this made it hard to find relevant information. So, I am pleased to report that we have now brought all of our products onto the one site under the one umbrella at 1cornhill.com.

What are the most innovative features of the website?

For me I think it is the Fund Centre. To start with it is now super easy – some might say intuitive – to find the fund that you are looking for. In only two clicks you can access a Fund Card where you will find all the normal information relating to the fund, for example investment objective, fees, minimum investment levels, composition of the fund as well as all the documents relating to that fund. But here is the innovative part – on each Fund Card page there is a fully interactive performance chart which you can manipulate to your heart's content. And all this is set out in a very simple, easy to understand format.

Who is the website designed for – potential investors, Cornhill partners, IFAs, or just anyone interested in financial products generally?

Cornhill operates using an intermediary based model, meaning our products are only available through a Broker, an IFA or licenced distributor. Having said that our website is designed to be used by the exact groups that you mention – IFAs, investors, potential investors, our partners and anyone interested in financial products generally.

Thinking about IFAs, in particular, we believe they will use it as an aid to help explain to potential clients who Cornhill are – this is the first impression opportunity that we spoke of earlier. IFAs of course will also use the Online Access area of the site to monitor their clients' portfolios. They will also be able to keep abreast of any Cornhill product news as well as the latest financial news in general which can all be accessed via the home page.

What makes Cornhill's website stand out compared to those of other financial product companies?

I think it's the fact that at the core of everything we have done with the new website – be it design, content, the interactive features – we have focussed on the user experience. We have tried to make it as simple as possible to navigate, to find the information users are looking for. And I think this will stand us in good stead in any type of comparison. ■

To find out more about new website or Cornhill products in general please speak to your Regional Sales Manager or get in touch with us at ***newsletter@1cornhill.com***

WORLD MARKETS UPDATE

Global

Equity markets ended February deep in negative territory as rising fears of a Coronavirus pandemic late in the month drove a massive global sell-off.

The month began with investors seemingly confident the spread of the disease could be checked and the economic effects, although not insignificant, would be short-term and relatively contained. But as infection numbers rose outside China, health and economic warnings became more serious.

The first signs of a breakdown in global supply chains appeared as Chinese factories remained closed and forecasts of the effects of the disease on the global economy grew gloomier by the day. With a global pandemic becoming almost certain, markets plunged and in the last week of the month trillions of dollars were wiped off their value with stocks in all regions seeing heavy falls.

Even attempts by US President Donald Trump to reassure investors fell on deaf ears and many indexes, including some in major developed markets, posted double digit losses and their worst weekly performance since the financial crisis more than a decade ago.

Perhaps ironically, however, major Chinese markets were among the better performers, at least relatively, as Beijing announced a string of stimulus measures and appeared to be getting on top of its coronavirus outbreak.

US

S&P 500	-8.2%	Dow Jones	-9.8%
MSCI USA	-8.2%	NASDAQ	-6.3%

US stocks actually moved to record highs during February as investors initially seemed content that the coronavirus's global spread could be largely contained and that its effects would be relatively short-term, while corporate earnings were better than expected and business surveys showed an improvement. However, that changed in the last week of the month when the main US indexes plunged amid continuous selling as news poured in of a sharp rise in new infections outside China. Stocks registered their worst weekly fall since the financial crisis, with equities in all sectors taking a battering, and volatility was at its highest for more than a decade.

Economic data released during the early part of the month was largely positive with housing and labour market readings, among others, suggesting the economy remains healthy. However, as the month went on the first signs of the effect on the virus on the global economy emerged while the virus flared up outside China, and there are growing concerns over how hard the US economy, and local companies, will be hit. Indeed, after stocks fell when tech giant Apple revealed that it would miss sales forecasts due to the coronavirus, some analysts suggested the company was only the "tip of the iceberg" and that many more firms will soon be issuing earnings downgrades. And preliminary Purchasing Managers' Index (PMI) data made for gloomy reading, suggesting a broad-based downturn in business sentiment as the effects of the crisis begin to be felt.

Europe

MSCI EMU	-7.9%	DAX	-8.4%
FTSE 100	-9.0%	CAC 40	-8.5%

European markets suffered the same fate as others around the world, eventually going into freefall at the end of the month as coronavirus fears escalated amid rising numbers of infection on the continent, especially in Italy which has seen a severe outbreak. The main regional indices all ended much lower for the month.

Meanwhile, despite what could appear to be some encouraging data releases in the month, there are growing concerns over the effect of the virus and its continued spread on the region's economy. Purchasing Managers' Index (PMI) readings were up in February in some major economies, including Germany. However, many experts say that although this suggests some recovery before the coronavirus outbreak hit, the overseas spread is threatening disruptions to supply-chains while Eurozone domestic demand may be drastically hurt if factories are forced to close and countries implement large-scale containment measures. It is thought that if the situation continues to deteriorate, governments will soon move to implement fiscal measures.

Just as everywhere else, shares in the UK registered heavy losses for the month with the FTSE 100 coming close to posting double-digit falls for the period. However, while escalating coronavirus fears drove overall negative performance, there was some positive news in the month. Economic growth readings were better than expected and there was evidence that the country's construction and services sectors had

seen a so-called "Boris bounce" amid confidence in the economy following the recent election win for Prime Minister Boris Johnson's Conservative party. Labour market data was also largely positive as well, although wage growth dipped in the last quarter of 2019.

Asia

MSCI Asia ex-Japan	-2.9%	Shanghai Composite	-3.2%
MSCI ASEAN	-9.0%	Nikkei 225	-8.8%
KOSPI	-6.2%	SENSEX	-5.9%

Chinese stocks were among the relatively better performers in February, although they still finished notably lower for the month. While in January there were fears the coronavirus epidemic in the country could spiral out of control, February saw new cases and deaths from the virus begin to fall and by the end of the month they were less than in other parts of the world. This was perhaps part of the reason behind local markets' performance. Authorities also moved to reassure investors with a range of measures, including, among others, rate cuts from the central bank, local government waivers on VAT and rent for businesses and development banks ramping up lending to support the economy.

However, it is expected that the Chinese economy will take a big hit from the effects of the virus. Factories are only just coming back on line after weeks of inactivity and those that are working are at far from full capacity with workers still unable to return because of travel restrictions. Latest data has shown the drastic economic toll the disease has taken with China's official manufacturing Purchasing Managers' Index (PMI) reading for February coming in at 35.7, a massive fall from 50.0 in January and worse than the 38.8 figure reported in November 2008 when the financial crisis hit. Meanwhile, the non-manufacturing PMI reading dropped even more sharply, falling to 29.6 from 54.1 in January.

As global markets tumbled at month's end, Japanese stocks followed suit and ended deep in negative territory for February. As the country has had to contend with one of the largest outbreaks of the coronavirus outside China, its economy is expected to be significantly affected in the coming months.

A Bloomberg poll of economists had most respondents saying they expect Japan's economy to contract again in the first quarter of 2020 because of the economic effects of the virus. Official data released in February showed that the Japanese economy contracted a much higher than expected 6.3% in the last quarter of 2019 on the back of a rise in consumption tax and a devastating typhoon. Although a government report in the month suggested that the economy was continuing to recover, business sentiment remains poor. The monthly Reuters Tankan survey's sentiment index reading was negative for the seventh month in a row, coming in at -5.

In India, there were negative returns across the board with the major indices ending the month significantly lower. The growing global coronavirus fears prompted a flight to safety and there were falls in almost all cap ranges and sectors. Industrials and realty stocks led the way down. There was some positive performance from newly-listed companies, however.

In other news during the month, a visit by US President Donald Trump drew large crowds, but provided little for markets in terms of concrete progress on a trade deal. Meanwhile, latest data showed a surprise drop in industrial output and rise in inflation. The former showed a 0.3% contraction in December, while the latter was 7.6% higher in January. This comes as the central bank cut India's growth forecast for the first half of the next fiscal year, lowering it to 5.5%-6.0% from an earlier 5.9%-6.3%.

Korean stocks were also down in February as the country grappled with the economic fall-out from the virus outbreak in China and, later in the month, an explosion of infections in Korea itself. By the end of the month, thousands of Koreans had been diagnosed with the coronavirus and in the last week of the month stocks posted their worst performance for almost a decade.

Government officials have warned that the economic impact on the country may end up being worse than the SARS outbreak in 2003 while the finance ministry has announced there will be a special budget to help support the economy. However, economists have voiced concerns over potential widespread factory closures after Hyundai Motor Co stopped operations at one of its factories after a worker tested positive for the virus. Meanwhile, business sentiment has plunged, according to a central bank survey.

Shares in South-East Asia were battered too in February and the MSCI ASEAN index closed with a loss of 9% for February. China is the key trade partner for most nations in the region and the factory lockdowns and the damage caused to the Chinese economy is already having a knock-on effect on many other countries.

Growth forecasts across the region were cut in the month as authorities expected to take an economic hit from curtailed trade with China. Although volatility was elevated, the first half of the month saw markets relatively resilient as investors clung to hopes that the spread of the disease could be contained. But any optimism there had been fell away as the month ended and growing numbers of cases were registered outside China and fears of a global pandemic took hold. Revenue warnings from the likes of global tech giant Apple which underlined the economic threat the virus poses added to the increasingly gloomy sentiment.

Some governments in the region have announced measures to try and combat what they expect to be the significant negative economic impact of the crisis. In Singapore, the government announced USD 4.5 billion of measures to help contain the coronavirus outbreak in the city-state and buttress its economy. It also put back a planned rise in goods and services tax to 2021, citing economic uncertainty.
In Malaysia, fiscal stimulus equal to around 1.3% of GDP was announced as the government looks to mitigate the impact of the coronavirus on the local economy and households. The country's equity market also came under pressure at the end of the month by the surprise resignation of Prime Minister Mahathir Mohammad.

Latin America

MSCI Latin America	-12.0%	MSCI Chile	-12.3%
MSCI Brazil 25-50	-13.0%	MSCI Mexico	-10.0%
MSCI Colombia	-8.1%	MSCI Peru	-12.2%

Latin American markets were not immune to the growing market panic and stocks were down across the region. Having been free of the coronavirus since its outbreak, the announcements towards the end of the month of confirmed cases in Brazil and Mexico provided a grim reminder of its global spread.

In Mexico, news of the country's first cases came just days after the central bank lowered its 2020 economic growth projections and raised its inflation forecasts, citing uncertainty caused by the potential effects of the virus. In other news, state oil company Petroleos Mexicanos announced a doubling of its net loss in 2019.

Meanwhile, in Brazil, where the first coronavirus infection on the continent was detected late in February, equities closed the month with double digit losses as local shares posted one of their worst weeks for years. Media reports have suggested the government will soon revise its economic growth forecasts for this year downwards as commodity demand and prices fall with the global economy slowing in the wake of the virus. Earlier in the month, the central bank cut its official interest rate to a record low. The move had been expected, but the bank indicated there would be no further cuts anytime soon, leaving investors disappointed.

Markets elsewhere across the region were well down for the month. Both Chile and Peru are heavily reliant on commodity exports, leaving them vulnerable to weaker demand from China, which is a major trading partner for both states. In Argentina, official data showed economic activity fell 0.3% y-o-y in December – the fifth straight month of decline. The central bank also cut its benchmark interest rate to 40% from 44% as it looks to boost economic growth.

Africa

MSCI FM Africa	-6.9%	FTSE/JSE	-13.3%
MSCI South Africa	-12.9%	MSCI Egypt	-2.9%
MSCI Kenya	-9.6%	MSCI Nigeria	-14.0%

All Africa's major equity markets posted massive losses in February as the first cases of the coronavirus on the continent were registered and global markets, including commodities markets which some African economies rely on heavily, collapsed.

With Nigeria registering the first confirmed case of coronavirus in sub-Saharan Africa – and the third on the continent – at the end of the month, fears over how African nations will cope with the disease are rising. The World Health Organization has already warned of the high risk of an outbreak across Africa and voiced its concerns over how the continent's fragile health systems will deal with it.

In Nigeria, where stocks saw double-digit falls, Finance Minister Zainab Shamsuna Ahmed looked to reassure investors that the government was working hard on fiscal incentives which should help raise activity on the country's stock market. In other news, research has suggested that cost

increases and uncertainty in Nigeria's crucial energy sector could lead to a massive fall in its oil output over the next decade. Delays to investment in the sector could see a 35% decline in oil output, according to consultancy Wood Mackenzie.

Kenyan shares also closed deep in negative territory for the month. Among key local events, Moody's Credit Agency left the country's rating at B2 with a stable outlook but warned that Kenya's debt burden coupled with poor revenue collection may negatively affect the country's credit rating. Meanwhile, the January Purchasing Managers' Index (PMI) reading from Stanbic Bank showed private sector business activity falling with the reading at 49.7, down from the 53.3 seen in December 2019. The African Economic Outlook 2020 from the African Development Bank (AfDB) showed Kenya's economy grew 5.9% in 2019, which was slightly less than the previous year, on the back of poor weather and lower government investment. It forecasts growth of 6.0% this year and 6.2% in 2021.

In South Africa, there were heavy falls for shares with big losses in all sectors. While virus worries weighed on sentiment, stock specific news was behind some falls. South African petrochemicals group Sasol announced a 74% drop in interim profit on the back of problems related to its Lake Charles Chemicals project in the US. The 2020 budget was unveiled with the government admitting it needs to reduce wasteful expenditure and cut salary costs. It is planning to reduce some public sector wage bills over the next three years and lower the consolidated deficit from 6.8 % of GDP in 2020/21 to 5.7% in 2022/23. It expects debt to grow to 71.6% of GDP over the same period.

Egyptian shares were also down for the month. Government officials have said plans to offer stakes in state-run firms should be implemented by the end of the month. Initial public offerings (IPOs) for three companies are expected. The news comes after the government started a programme three years ago to either re-list or sell additional stakes in state companies, but then cut the programme short after only one offering as the market stalled. ■

To find out more please speak to your Regional Sales Manager or get in touch with us at ***newsletter@1cornhill.com***

Cornhill Sales Diary

Welcome to the Cornhill Sales Diary... here we outline the upcoming movements of our Sales team. If you would like to meet with any of them while they are in your region, please drop them a line.

Please be aware: All travel plans are subject to change depending on prevailing Covid-19 guidance.

IN ASIA this month...

Richard James

Regional Manager Asia
Covering Malaysia, Indonesia, Japan, Singapore, Hong Kong, China

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March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

Jakarta

Karl Flood

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No travel plans

March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

IN THE MIDDLE EAST, AFRICA AND ASIA this month ...

Simon Smith

Regional Director

Middle East, Africa and India

simon.smith@1cornhill.com

March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

UAE (30–31 March)

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

UAE (1–3 April)

India (6–10 April)

UAE / Other (13–17 April)

David Oliver

Regional Manager Africa

Covering South Africa, Botswana, Zimbabwe and Mauritius

david.oliver@1cornhill.com

March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

UK (23–27 March)

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

Zimbabwe Bulawayo (6–7 April)

Zimbabwe Harare (8–10 April)

Botswana, Gaborone (15–17 April)

Durban and Port Elizabeth (20–22 April)

Mauritius (27–30 April)

Spain

IN CONTINENTAL EUROPE this month...

Colin MacLean

Regional Director Europe

colin.maclean@1cornhill.com

March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2

Germany
Holland
Belgium
Belgium
Germany

IN THE MEDITERRANEAN this month...

Kenneth Hughes

Director – Global Sales

kenneth.hughes@1cornhill.com

March

Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4

Thailand

April

Su	Mo	Tu	We	Th	Fr	Sa
29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	1	2