

- LOOKING BACK - 2011
- LOOKING FORWARD - 2012
- THE EUROZONE CRISIS
- INVESTMENT POLICY
- THE EMPIRE STATE

	<u>1/1/08</u>	<u>1/1/09</u>	<u>1/1/10</u>	<u>1/1/11</u>	<u>5/4/11</u>	<u>1/7/11</u>	<u>5/10/11</u>	<u>1/1/12</u>
FTSE 100	6457	4434	5403	5900	6007	5946	5102	5572
FTSE All Share	3287	2209	2751	3063	3117	3097	2613	2858
Dow Jones (US)	13265	8776	10428	11578	12394	12414	10940	12218
S&P 500 (US)	1468	903	1115	1258	1333	1321	1144	1250
Nikkei 225 (Japan)	15308	8860	10546	10229	9616	9816	8383	8455
APCIMS Balanced	3024	2416	2724	2978	2997	3006	2731	2895

Growth Equities

Aggreko
BG Group
BHP Billiton
InterContinental Hotels
Johnson Matthey
Petrofac
Reckitt Benckiser
Smith & Nephew
Smiths Group
Standard Chartered
Tesco
Unilever

Higher Yield Equities

AstraZeneca
Aviva
Centrica
GlaxoSmithKline
IMI
National Grid
Royal Dutch Shell
Sainsbury (J)
SSE
United Utilities
Vodafone Group

Mid-Cap Equities

Domino's Pizza
Enquest
Genus
Greene King
Halma
Kentz Corporation
Spirax-Sarco
Weir Group

Overseas Equities

BASF
Becton Dickinson
Coca-Cola
ConocoPhillips
Johnson & Johnson
Nestlé
Roche
Syngenta

Collective Investments

3i Infrastructure Fd
BR World Mining IT
JPM American IT
JPM Emerging IT
Personal Assets Trust
Scottish Mortgage IT
Templeton Emerging IT

Enough is Enough

As I write this chronicle on New Year's Day, one word comes to mind – **PARADOX**.

On the one hand, politicians and financial scribes are talking about 'doom and gloom', but on the other hand the majority of leading UK companies are doing well with the strongest balance sheets they have ever had, whilst the US is beginning to hum before the election. Yes, the euro and the European banks are in crisis but nobody is talking about the good news stories of Corporate Britain.

LOOKING BACK AT 2011

The natural disasters of the Japanese tsunami, the New Zealand earthquakes, the floods in Thailand and the fires in Australia have been catastrophic and in turn these have had a negative impact on equity values as markets hate uncertainty. Indeed, we have seen our own extremes in Norfolk with the coldest day (-17°C) to the hottest October day (29.5°C) and of course the official drought.

The London riots have been forgotten. The wider population has been the driving force behind the revolutions in Libya, Tunisia and Egypt. Thank God the world is rid of Colonel Gaddafi, though skirmishes are still taking place in Syria and Egypt. Our troops have withdrawn from Iraq and Libya (well done our boys from Marham), and hopefully will withdraw from Afghanistan within the next 5 years. Let's hope future Prime Ministers are not drawn into foreign conflicts at the drop of a hat; the loss of life is too much to bear and we simply can't afford it anymore. There is bound to be further conflict in Iran, the Middle East and up the Khyber Pass - there always has been.

However, the problems of the Eurozone crisis and the present European financial austerity can be traced straight back to the 2008 banking collapse caused by greedy bankers, irresponsible politicians and inadequate regulation.

We now have:

- a) Base rates of 0.5% gross
- b) Inflation (RPI) at 5.2%
- c) Banks not having the liquidity to lend money
- d) Top rate income tax at 50%

which make the prospects for new home buyers and 60 year olds preparing for retirement very worrying, whilst the incentive for high income earners is ever depleting. Those aged 70 on index linked pensions are in clover – but for the rest, those days are over.

I genuinely believe that the 1990-2010 days of decadence ended on 9th December 2011, the day that David Cameron stood up against the other European Union Countries:

'ENOUGH IS ENOUGH'.

The Germans can keep their automobile industry
The French can keep their agricultural policy of garlic, snails and plonk
The Greeks can keep their sunshine, olive oil and filthy yoghurt

but they are not going to destroy our City of London.

If it is going to take years of austerity, then we are all in it together and I believe any referendum would back David Cameron with a very large majority. It is just a pity that the Liberals, with a wimp leader who dares not stand up and be counted, and the radical Vince Cable who would like to see the banks crucified, are in partnership with the present government whose hands are tied.

LOOKING FORWARD TO 2012

The Eurozone Crisis will continue, and there is nothing that worries stockmarkets more than uncertainty, but there will be a solution one day.

The boom in China is slowing down from a GDP growth rate of approximately 9.5% to a predicted rate of 8% (*it is well worth looking back to my article on China in the 1st January 2007 chronicle*). However, the Chinese economy is continuing to grow (8% growth is considerable), as will the economies of other BRIC countries (Brazil, Russia and India). With the world population rising to 7bn for the first time, they have to.

The world will be mesmerised by the excitement of the French, Russian and US elections (we predict that Barack Obama will be re-elected for a second term by a small majority as the US economy surprisingly recovers – it always does before an election – see Will Mellor's article on the US below).

And at home we really can look forward to the

London Olympics

and The Royal Diamond Jubilee
(three cheers for the Duke of Edinburgh walking to church today)

giving us all that feel good factor.

But above all, with the exception of the retail, financial and property sectors, 'Corporate Britain' has never had stronger balance sheets. We particularly like 'Essential UK Companies', and 'Major Global Exporters' who are doing well (see 'investment strategy').

There is no hiding that we have been through a rotten 2011, but we have survived and though the economy and prospects for 2012 look bleak at this stage, the pendulum will swing, and there is considerable value out there.

THE EUROZONE CRISIS

Though, in theory, the euro was originally a sensible concept for trade, in practice the cultures of 17 diverse countries could never work together.

The Teutonic, rich, hard working Germans protecting their automobile industry;

The French, who hate anything British and believe in the saying 'EU rules are there to be broken', protecting their agricultural policy;

And the laid back Mediterranean states who were accused of a mañana culture as far back as the Spanish Armada, not protecting anything, least of all their own sovereign debts.

The economic concept of all these diverse countries working together was flawed from the start, which makes it surprising that the euro, as we know it, has survived 10 years already.

Back in 2008, greedy European banks, using mirrors to convert 'chests of money' into 'mountains of credit', did what they always do – lent it on property which 'never goes down'. The US had its own sub-prime property crisis (discussed in previous chronicles), but in Europe one only has to visit Spain, Portugal or Ireland to witness with one's own eyes the disaster and misery that this property binge has created. In early December I visited Northern Ireland, where this beautiful Emerald Isle is littered with minor 'Southforks' desecrating the countryside, where the value of property has 'fallen by a third, and then halved'.

Many of these empty Irish properties, some of which are owned by previous residents of Dale Farm, will never be lived in, and the banks are left holding these unsaleable properties.

The more conservative 'old school bankers' did what all 'old school bankers' used to do. They borrowed at one rate and lent at higher rates to countries (sovereign debt). What could be safer than sovereign debt within Europe supported by the euro and the European Central Bank? Until, of course, sovereign countries cannot pay the interest and therefore default. Even 'old school bankers' had used 'mirrors to create mountains', and this is exactly what the Eurozone debt crisis is all about.

The textbook method in response to the Eurozone banking crisis is:

- 1) To reduce interest rates to encourage borrowers to borrow.
- 2) To install quantitative easing, which is printing money, putting more liquidity into the economy.
- 3) With additional liquidity and great sums of cash, this gives the chance for 'growth' to return and banks and economies to recover.

But in point of fact:

- 1) The banks have had to repair damaged balance sheets by increasing their capital (Core Tier 1 Capital Ratios).
- 2) This is usually achieved by issuing equity (i.e. shares). But, investors do not want to purchase more equity in banks.

- 3) Therefore, the banks are having to build up their own balance sheets by:
- a) Retaining profits, achieved by borrowing so low (0.5%) and lending so high (5.0%). Profits can only be retained by putting restrictions on dividends and bonuses.
 - b) Retaining cash from quantitative easing issues rather than lending it.
 - c) And, to improve 'Core Tier 1 Capital Ratios', not lending so much cash anyway.

This means that rather than increasing liquidity within Europe, liquidity has tightened still further, hence the lack of liquidity to industry and the mortgage market etc.

Should it be the strong European countries such as Germany and France bailing out the weak of Greece, Portugal, Spain, the Republic of Ireland, and now Italy?

Or should Greece be allowed to default, and revert to the Drachma, with Europe suffering the consequences thereof, whatever they may be? The Barratt & Cooke view is that Greece will leave the euro during 2012/2013, but that is only our view (no European politician knows the answer).

Governments and banks are doing everything they can to sort this muddle out, and solve 'the problem'.

No doubt this will be solved one day, and Europe will return to normality. However, until then there will be austerity and uncertainty, and there is nothing stockmarkets hate more than uncertainty.

We are wary of cash seeking 'safe havens' (which are no longer safe!), such as:

UK 10 year gilts, where gross redemption yields are now down to 1.97% (very dangerous) whereas Italian rates are up to 7% (still dangerous!).

And gold which was considered a safe haven can be very volatile, as seen recently.

I hope you have found this article on the euro and the present economic scenario interesting and comprehensive. I promise never to go into such detail again in future chronicles.

BARRATT & COOKE INVESTMENT STRATEGY

The majority of our clients:

- a) Own their own properties.
- b) Have sufficient liquidity for usual expenses and emergencies.
- c) Have made provisions for school fees/pensions etc.

They therefore need a 'suitable' investment strategy to meet their needs, which in most cases means:

- a) Further liquidity for safety and for investment opportunities.
- b) The potential for long term capital growth and rising income.

All individual clients are different and are advised in a bespoke way by their advisors, but we have firm views running through the investment strategy.

- 1) Base Rates are only 0.5% gross, with deposit rates extremely low.

Deposits are fine for liquidity and safety, but not much else.

- 2) 10 Year UK Gilts only yield 1.97% gross to redemption. They stand at this level as foreign money finds a so called 'safe haven'.

One day interest rates are bound to rise, and 10 year UK gilts are anything but a 'safe haven' for the future at current levels.

- 3) Quality 5 Year Corporate Bonds give redemption yields of approximately 2.5% gross.

Again, these are vulnerable to rises in interest rates and purchasing now at substantial premiums means a significant capital fall to maturity.

All these rates of deposits, conventional gilts and corporate bonds are extremely low due to the issues raised in my article on the Eurozone.

However, for a degree of safety, liquidity and protection against inflation we prefer:

- 4) Index linked gilts

or in 'gross funds':

Index linked Corporate Bonds.

RPI stands at 5.2%, though all of our internal calculations are worked out on an RPI of 3.0% (to be cautious) due to changes in VAT, commodities falling in value, the likelihood of unemployment rising to 3,000,000, and 'years of austerity'.

And for potential growth and rising dividends:

- 5) Equities – Compared to other asset classes, we consider a number of leading equities good value, particularly taking into account:
 - a) Dividend yield, dividend cover, potential for increasing dividends compared to present deposit and gilt yields.
 - b) P/E ratios which are historically low.
 - c) Strong balance sheets (where most leading FTSE 100 stocks have never had stronger balance sheets), having prepared for this scenario over the last few years.

We continue to be wary of:

Retailers – (with the exception of supermarkets), as a number of high street operators have run into financial difficulties such as La Senza Lingerie (whatever that is);

House builders and property - due to the increasing unemployment numbers and lack of liquidity in bank lending;

Banks - with the exception of banks with global exposure such as Standard Chartered and HSBC.

However, we particularly like:

UK Necessities

Utilities: Centrica, United Utilities, SSE, National Grid
 Supermarkets: Tesco, Sainsbury, W M Morrison

UK Listed Global Stocks

Food: Unilever
 Household Products: Reckitt Benckiser
 Hotels: InterContinental
 Drinks: Diageo
 Pharmaceuticals/Health Care: GlaxoSmithKline, AstraZeneca, Smith & Nephew
 Telecoms: Vodafone
 Engineering/Power/Industrials: Weir, IMI, Aggreko, Spirax-Sarco, Smiths Group, Rolls Royce

Global Resources

Oil/Oil Services: Royal Dutch Shell, BG Group, Petrofac
 Mining: BHP Billiton, Rio Tinto, Xstrata
 Chemicals: Johnson Matthey

Selected Foreign Stocks (See Equity Suggestions List)

It is very important to have a well spread list of investments, as a narrow spread of companies and a lack of diversification increases the overall risk of a portfolio.

While stockmarkets are so volatile it is important to be prepared to reduce equities on a rise, to add to equities on a fall. However, in principle all our suggested stocks are purchased with a view to holding in the medium term, and only altering when stocks or markets get ahead of themselves, both up or down.

The statistics below make very interesting reading, and help to explain the Barratt & Cooke investment strategy.

See equity statistics:	<u>1/1/2010</u>	<u>1/1/2011</u>	<u>1/1/2012</u>
FTSE 100 Dividend Yield (net)	3.3%	3.0%	3.6%
FTSE 100 Dividend Cover	1.7x	2.8x	2.8x

compared with:

Base Rate (gross)	0.5%	0.5%	0.5%
10 Year Gilt Redemption Yield (gross)	4.0%	3.4%	1.97%
RPI	0.3%	4.7%	5.2%

while P/E ratios have been steadily falling: 18.0x 12.1x 10.1x

The performance of global markets over the past 12 months is as follows:

		<u>1/1/2011</u>	<u>1/1/2012</u>	<u>% Change</u>	<u>1 Year High/Low</u>
Dow Jones (US)	Rose	11578	12218	+5.5	12811/10655
S&P (US)	No Change	1258	1258	-	1364/1099
FTSE 100	Fell	5900	5572	-5.6	6091/4944
FTSE 250	Fell	11559	10103	-12.6	12168/9426
CAC 40 (France)	Fell	3805	3160	-17.0	4157/2782
DAX 30 (Germany)	Fell	4054	3346	-17.5	4360/2877
Nikkei 225 (Japan)	Fell	10229	8455	-17.3	10857/8160
Hang Seng (China)	Fell	23035	18434	-20.0	24419/16250
Sensex (India)	Fell	20509	15455	-24.6	20561/15175
5 year index linked gilt	Rose	313	341	+9.0	343/312

THE EMPIRE STATE – BY WILL MELLOR

As already mentioned in this newsletter, with incumbents keen to boost the economy as a means of appealing to voters, the US economy often recovers ahead of a presidential election. Indeed, despite the doom and gloom headlines, recent economic data certainly supports this view where:

- 1) December 2011 weekly jobless claims data saw the number of Americans who filed requests for benefits fall sharply to the lowest level since May 2008, suggesting fewer people are losing their jobs and more are finding work;
- 2) The US Consumer Confidence Index, which measures how optimistic Americans are about their job and financial prospects, rose to an eight month high (where I note consumer spending makes up approximately 70% of US gross domestic product growth);
- 3) There have been signs of expansion within the manufacturing sector, with a jump in the Empire Manufacturing Index for December.

Meanwhile, with exports representing approximately 13% of the US economy, the US has limited exposure to the deteriorating European economy.

Though the US has its own debt concerns in the public sector, most recently losing its coveted AAA credit rating, as I mentioned in our October newsletter, US corporates continue to build up significant cash reserves and are in robust financial positions. Therefore, despite the inherent exchange rate risks for sterling based investors acquiring US listed shares, we believe the following stocks offer investors attractive opportunities with which to obtain US exposure.

ConocoPhillips (US listed)

ConocoPhillips is an integrated oil & gas company with a strong focus on exploration and production which is set to be enhanced by the April 2012 demerger of its refining and marketing division. Though it has assets worldwide, Conoco has significant shale gas acreage in North America with the US accounting for over 60% of their sales. With a strong financial position and active management of their asset base, Conoco is well positioned to continue to return funds to shareholders via a progressive dividend.

InterContinental Hotels Group (UK listed)

InterContinental Hotels is the world's largest hotels group by number of rooms, owning brands including InterContinental Hotels, Crowne Plaza and Holiday Inn. The company operates a predominately franchise based business model and is highly cash generative which has allowed net debt to be reduced significantly whilst also supporting a progressive dividend policy. Though the company has ambitious growth plans in China, India and the Middle East to drive growth over the medium term, InterContinental currently generates approximately half of its annual sales in the Americas and is therefore well positioned to benefit from any economic recovery in this region.

Healthcare – Becton, Dickinson & Co and Johnson & Johnson (both US listed)

Becton, which supplies products such as needles, syringes, systems for specimen and blood collection and innovative diagnostic and research tools, has increased revenues in each division annually over the last 10 years whilst the dividend has been increased for 38 consecutive years. Becton also has a strong focus on social responsibility being listed amongst the world's most ethical companies in 2010. Though most people associate baby care products with Johnson & Johnson, their consumer brands division is relatively small and the majority of group sales are generated by their medical device & diagnostics and pharmaceutical divisions. Johnson & Johnson has an AAA-rated balance sheet (higher than that of the US government), an excellent record of sales and earnings growth whilst the dividend has been increased for 48 consecutive years.

COMPLIANCE/REGULATION/EXAMINATION

All commerce now has compliance, and I never thought I would mention a Grand National winner in this section. However, how appropriate that the 2008 Grand National Winner was named 'Comply or Die'.

Compliance has been installed globally for the protection of the client, though it is expensive to administer, and has no profound effect on performance.

During 2011 we have updated clients' records on:

- 'KYC' – know your client
- 'suitability' – defining risk

These have proved very worthwhile exercises and as we all know, compliance is a necessity, without which financial advisors cannot advise clients – 'Comply or Die'.

Even I have recently had to sit a professional examination:

- CISI Level 6 Certificate in Private Client Investment Advice and Management.

This was a bit tough, having passed my Stock Exchange Exam 41 years ago! However, it does show that 40 years' experience counts for something.

It was interesting that my first question was on suitability, which proves how important it is to keep up with compliance and regulation.

Passing this exam demonstrates my commitment to Barratt & Cooke and its clients in the long term. Unlike the litany of stockbroker mergers and deals recently recorded, Barratt & Cooke has no intention of losing its independence, or changing its personal service to clients.

Over the past few months there has been a mass of stockbroking mergers, takeovers and closures:

- Altium Capital - closed its securities operation
- Ambrian - offloaded its brokerage division to RFC Group (Australian)
- Arbuthnot - agreed a defensive sale to Westhouse (UK)
- Collins Stewart Hawkpoint - taken over by Canaccord (Canadian)
- Evolution - taken over by Investec (South African)
- J M Finn - sold 70% of its equity to Delen (Belgian)
- Merchant Securities - taken over by Sanlam (South African)
- Religare (Indian) - who took over Hichens Harrison in 2009, 'threw in the towel'
- Unicredit (Italian) shut its equities business in London

Most of these transactions have been a sign of weakness due to a decline in stockbroking business over the past year. Clients will be pleased to know that Barratt & Cooke's balance sheet remains robust, and we have no intention of losing our independence. In fact, just before Christmas I told a predator to:

"like the Christmas turkey, get stuffed!"

MISCELLANEOUS – BY SAM BARRATT

Online Valuations

We are in the process of installing 'online valuations'. Should you wish for us to contact you when this is up and running, please notify your advisor.

Nominees/Probate

At times of probate it is so much easier, and quicker, to sell and deal with deceased estates that are in Nominee Names, rather than having to wait for probate and then register with each individual company.

It is sensible for all clients to review Wills at least every 3 years, and to review investment strategy at the same time.

ISAs

ISA subscriptions will be increased on 6/4/2012 from £10,680 to £11,280 and Junior ISAs are now up and running at £3,600.

Capital Gains Tax

In many cases it is sensible to establish the Capital Gains Tax exemption limit of £10,600 (Trusts £5,300) before 5th April 2012. This exemption limit of £10,600 has been frozen until 5/4/2013.

CONCLUSION

There is a paradox with politicians and politics in a complete muddle, while the majority of Corporate Britain is in relatively good health.

Though interest rates are negligible, these have been politically manipulated, but one day will return to reality, and always remember:

'Things are never as good as you think they are,
but then again they are never as bad.'

We can now look forward to:

The Diamond Jubilee
(I shall be at the street party in Heydon)

The London Olympics
(I shall be there to watch Tom Daley in the high dive final)

The Cheltenham Gold Cup
(where Long Run will beat the nation's hero Kauto Star)

The long life of Norwich in the Premiership
(I am delighted Joey Barton was sent off)

and may I wish you all a very Happy New Year.

C W L Barratt
January 2012

PLEASE NOTE: This newsletter is provided solely to enable clients to make their own investment decisions. The information within this newsletter does not constitute advice or a personal recommendation, or take into account the particular investment objectives, financial situations, or needs of individual clients. It may therefore not be suitable for all recipients. If you have any doubts as to the suitability of this service, you should seek advice from your investment adviser. The past is not necessarily a guide to future performance. The value of shares and the income from them can fall as well as rise and investors may get back less than they originally invested. Certain Investment Trusts will permit using gearing as an investment strategy. Gearing is a strategy which involves borrowing money to increase holdings of investments or investing in warrants or derivatives. Such a strategy is likely to result in movements in the price of the relevant security being amplified significantly and may be subject to sudden and large falls in value and investors may get back nothing at all. Any tax reliefs referred to are those currently applying. All estimates and prospective figures quoted in this newsletter are forecasts and are not guaranteed. Barratt and Cooke is the trading name of Barratt & Cooke Limited. Registered in England No. 5378036. Barratt & Cooke Limited is authorised and regulated by the Financial Services Authority, who are based at 25 The North Colonnade, Canary Wharf, E14 5HS.

Equity Suggestions – 1st January 2012

		<u>Price</u>	<u>Net*</u>	<u>52 Week</u>	
		<u>01/01/12</u>	<u>Yield</u>	<u>High</u>	<u>Low</u>
CHEMICALS	Johnson Matthey PLC Ordinary Shares	1836p	2.6%	2130p	1484p
HEALTHCARE	Smith & Nephew PLC Ordinary Shares	626p	1.6%	749p	501p
ENGINEERING	IMI PLC Ordinary Shares	760p	3.7%	1201p	625p
	Weir Group Ordinary Shares	2032p	1.4%	2254p	946p
BANKS	HSBC Holdings PLC Ordinary Shares	491p	5.7%	740p	456p
	Standard Chartered PLC Ordinary Shares	1409p	3.7%	1795p	1142p
BEVERAGES	Diageo PLC Ordinary Shares	1407p	2.9%	1414p	1082p
ELECTRICITY	National Grid PLC Ordinary Shares	625p	6.0%	654p	522p
	SSE PLC Ordinary Shares	1291p	5.9%	1430p	1151p
FOOD PRODUCERS	Tate & Lyle PLC Ordinary Shares	705p	3.4%	708p	450p
	Unilever PLC Ordinary Shares	2163p	3.4%	2175p	1782p
FOOD RETAILERS	Tesco PLC Ordinary Shares	403p	3.6%	491p	280p
	J Sainsbury PLC Ordinary Shares	303p	5.1%	396p	258p
	William Morrison PLC Ordinary Shares	326p	3.5%	326p	179p
HOUSEHOLD PRODUCTS	Reckitt Benckiser PLC Ordinary Shares	3180p	3.8%	3617p	2628p
INDUSTRIALS	Smiths Group PLC Ordinary Shares	915p	4.0%	1450p	852p
LIFE ASSURANCE	Aviva PLC Ordinary Shares	301p	8.6%	481p	267p
MINING	BHP Billiton PLC Ordinary Shares	1878p	3.9%	2654p	1625p
	Rio Tinto PLC Ordinary Shares	3125p	2.3%	4718p	2637p
	Xstrata PLC Ordinary Shares	978p	2.1%	1565p	648p
OIL & GAS	BG Group PLC Ordinary Shares	1377p	1.0%	1595p	1105p
	Royal Dutch Shell PLC 'B' Shares	2454p	4.3%	2476p	1768p
OIL SERVICES	Petrofac Ltd Ordinary Shares	1441p	2.1%	1697p	1045p
PHARMACEUTICAL	AstraZeneca PLC Ordinary Shares	2975p	5.6%	3218p	2454p
	GlaxoSmithKline PLC Ordinary Shares	1472p	4.6%	1477p	1123p
SUPPORT SERVICES	Aggreko PLC Ordinary Shares	2017p	1.0%	2051p	1377p
TELECOMMUNICATIONS	Vodafone Group PLC Ordinary Shares	179p	5.1%	185p	154p
TRAVEL & LEISURE	InterContinental Hotels PLC Ord Shares	1157p	2.7%	1440p	939p
UTILITIES	United Utilities PLC Ordinary Shares	606p	5.1%	645p	529p
GAS SUPPLIERS	Centrica PLC Ordinary Shares	289p	5.1%	352p	248p

SMALLER COMPANIES/SPECIAL SITUATIONS

BIOTECHNOLOGY	Genus PLC Ordinary Shares	1043p	1.2%	1117p	815p
BREWERY	Greene King PLC Ordinary Shares	411p	4.8%	519p	402p
OIL & GAS	EnQuest PLC Ordinary Shares	92p	-	160p	84p
ENGINEERING	Spirax-Sarco PLC Ordinary Shares	1873p	2.4%	2090p	1593p
	Halma PLC Ordinary Shares	330p	2.8%	432p	306p
OIL SERVICES	Kentz Corporation PLC Ordinary Shares	422p	1.8%	512p	335p
FOOD PRODUCER	Domino's Pizza PLC Ordinary Shares	403p	2.8%	591p	372p

OVERSEAS STOCKS**

		<u>Price</u>	<u>Gross* #</u>	<u>52 Week</u>	
		<u>01/01/11</u>	<u>Yield</u>	<u>High</u>	<u>Low</u>
CHEMICALS	BASF SE	4501p	4.1%	5865p	3524p
	Syngenta AG Shares	18924p	2.5%	22316p	14527p
FOOD PRODUCERS	Nestlé SA Registered Shares	3716p	3.4%	3799p	2993p
HEALTHCARE PRODUCTS	Johnson & Johnson Common Stock	4220p	3.4%	4379p	3700p
OIL	ConocoPhillips Common Stock	4689p	3.6%	5263p	3774p
MEDICAL EQUIPMENT	Becton Dickinson & Company Shares	4808p	2.2%	5775p	4478p
PHARMACEUTICAL	Roche Holdings AG Genusscheine NPV	10955p	4.1%	11058p	7920p
TECHNOLOGY	Microsoft Common Stock	1670p	2.6%	1896p	1522p
BEVERAGES	Coca-Cola PLC Ordinary Shares	4502p	2.7%	4618p	3944p

* These yields are estimated and not guaranteed. ** Nominee clients only.

Dividend income may be subject to local Government withholding tax (currently 35% in Switzerland, 15% in the USA and 26.375% in Germany).

Source: Bloomberg

These are core stocks for a portfolio, but we will be using selective limits where appropriate.

INVESTMENT TRUST & UNIT TRUST/OEIC SUGGESTIONS

		<u>Price</u> <u>01/01/12</u>	<u>Net*</u> <u>Yield</u>	<u>52 Week</u>		<u>Disc**</u> <u>to NAV</u>
				<u>High</u>	<u>Low</u>	
REASONABLE YIELD	Perpetual Inc & Growth Inv Trust	253p	3.9%	279p	227p	1.2%
	Edinburgh Investment Trust	474p	4.4%	495p	405p	(2.2%)
	City of London Investment Trust	285p	4.7%	308p	245p	(3.1%)
WORLDWIDE GROWTH	Bankers Investment Trust	386p	3.3%	430p	347p	11.3%
	Scottish Mortgage Investment Trust	590p	2.1%	783p	524p	9.5%
	Monks Investment Trust	313p	1.0%	380p	298p	11.8%
	Personal Assets Trust	33455p	4.4%	34330p	30116p	(1.2%)
	JP Morgan American Inv Trust	859p	1.3%	920p	715p	(1.9%)
SMALL COMPANIES	Schroder UK Mid Cap Fund	225p	2.8%	283p	211p	19.1%
	Invesco Perp UK Smaller Co's Tst	181p	2.4%	216p	169p	18.6%
EMERGING MARKETS	Templeton Emerging Mkts Inv Trust	550p	0.8%	690p	491p	6.0%
	JP Morgan Emerging Mkts Inv Trust	518p	0.7%	639p	472p	7.9%
	Henderson TR Pacific Inv Trust	152p	1.9%	211p	136p	9.8%
	Blackrock Latin America Inv Trust	539p	3.2%	868p	485p	7.0%
	Advance Frontier Markets Fund	39.5p	-	52p	39p	13.2%
MINING FUND	JP Morgan Indian Investment Trust	320p	-	492p	247p	9.5%
	BlackRock World Mining Inv Trust	632p	1.0%	830p	459p	14.8%
TECHNOLOGY	Polar Capital Technology Trust	326p	-	395p	246p	6.2%
INFRASTRUCTURE FUND	HICL Infrastructure Fund#	117p	5.2%	122p	108p	(4.9%)
	3i Infrastructure Fund#	120p	4.4%	124p	113p	(3.8%)
ENVIRONMENTAL	Impax Environmt'l PLC Ord Shares	95.7p	0.8%	131p	88.0p	18.6%
PRIVATE EQUITY FUND	Pantheon International	626p	-	789p	519p	49.9%
PHARMACEUTICAL	Polar Capital Global Healthcare Trust	110p	2.8%	114p	97p	1.4%

* These yields are estimated and not guaranteed

** Taken from the FT 1st January 2012/() = premium

Yields paid gross

FIXED INTEREST STOCKS

<u>Base Rates</u>	<u>UK</u>	<u>US</u>	<u>Europe</u>
	0.5%	0.25%	1.5%

Index Linked Government Stocks

	<u>Price</u>	<u>Gross Interest Yield</u>	<u>Equivalent Gross Redemption</u>		<u>Dividend Dates</u>	<u>Redemption Date</u>
			<u>Yield*</u>	<u>Tax Rate</u>		
1.25% Treasury Index Linked 2017**	141.7	1.1%	1.6%	1.9%	May/Nov	22 Nov 2017
2.5% Treasury Index Linked 2020	364.1	2.0%	2.1%	1.2%	Apr/Oct	16 Apr 2020
1.875% Treasury Index Linked 2022**	147.7	1.5%	2.4%	1.7%	May/Nov	22 Nov 2022

Index Linked Bond

National Grid 1.25% Index Linked 2021	103.1	1.2%	4.0%	2.4%	Apr/Oct	06 Oct 2021
---------------------------------------	-------	------	------	------	---------	-------------

* Assuming that future RPI inflation averages 3% to redemption

** Price adjusted for inflation (please note the published price may be significantly different as it does not include accrued inflation)

Other Fixed Interest

We do not suggest purchasing:

- Conventional Gilts
- Conventional Euro Sterling Bonds

at current prices.

Source: Bloomberg

PLEASE NOTE: This suggestion list is provided solely to enable clients to make their own investment decisions. The information within this suggestion list does not constitute advice or a personal recommendation, or take into account the particular investment objectives, financial situations, or needs of individual clients. It may therefore not be suitable for all recipients. If you have any doubts as to the suitability of this service, you should seek advice from your investment adviser. The past is not necessarily a guide to future performance. The value of shares and the income from them can fall as well as rise and investors may get back less than they originally invested. Certain Investment Trusts will permit using gearing as an investment strategy. Gearing is a strategy which involves borrowing money to increase holdings of investments or investing in warrants or derivatives. Such a strategy is likely to result in movements in the price of the relevant security being amplified significantly and may be subject to sudden and large falls in value and investors may get back nothing at all. Any tax reliefs referred to are those currently applying. All estimates and prospective figures quoted in this newsletter are forecasts and are not guaranteed. Barratt and Cooke is the trading name of Barratt & Cooke Limited. Registered in England No. 5378036. Barratt & Cooke Limited is authorised and regulated by the Financial Services Authority, who are based at 25 The North Colonnade, Canary Wharf, E14 5HS.

