

- KNOWLEDGE & WISDOM
- STOCKMARKETS
- FIXED INTEREST
- SUPPLEMENTING INCOME
- OVERSEAS MARKETS

	1/1/06	1/1/07	1/1/08	5/4/08	5/10/08	1/1/09	5/4/09	1/7/09	5/10/09
<b>FTSE 100</b>	5618	6220	6457	5947	4980	4434	4030	4249	5024
<b>FTSE All Share</b>	2847	3221	3287	3039	2522	2209	2051	2172	2580
<b>Dow Jones (US)</b>	10717	12463	13265	12609	10325	8776	8018	8447	9600
<b>S&amp;P 500 (US)</b>	1248	1418	1468	1370	1099	903	843	919	1040
<b>Nikkei 225 (Japan)</b>	16111	17225	15308	13293	10938	8860	8750	9958	9692

#### Leading Growth Equities

Balfour Beatty  
BHP Billiton  
BG Group  
Compass Group  
G4S  
Reckitt Benckiser  
Reed Elsevier  
Tesco  
W M Morrison

#### Higher Yielding Equities

BP  
Centrica  
GlaxoSmithKline  
HSBC  
National Grid  
Royal Dutch Shell  
Scottish & Southern  
Vodafone

#### Smaller Companies

De La Rue  
Hunting  
Inmarsat  
Morgan Sindall  
Petrofac  
Premier Oil  
Spirax Sarco  
VT Group

#### Overseas Companies

Nestlé  
Proctor & Gamble  
Roche  
GDF Suez  
Syngenta  
Woodside

#### Investment Trusts/ Unit Trusts & Overseas Funds

Bankers Inv Trust  
Edinburgh Inv Trust  
HSBC Infrastructure  
Monks Inv Trust  
Murray Income Trust  
Templeton Emerging  
TR Property Inv Trust

## WYMONDHAM IS BETTER THAN NORWICH

During an epic sermon at the celebration of the 900th anniversary of Wymondham Abbey, the Bishop of Norwich loudly pronounced that:

'Wymondham is better than Norwich'.

It was only later in the address that the newly appointed Bishop of Norwich, who had recently moved from Truro, admitted that having become accustomed to the Cornish dialect, he was having great difficulty understanding the Norfolk dialect, hence the confusion when one of his indigenous lay preachers explained to him that:

'Wisdom was better than knowledge'.

I am glad to say that Bishop Graham James has now been in Norwich for 10 years and is accepted as 'proper Naarfolk'.

We all have knowledge of the 'Banking crisis' that hit the world economies last year, but what wisdom have we gained from it?

### KNOWLEDGE

Within the last few days Sir Mervyn King, the Governor of the Bank of England, has announced that both Royal Bank of Scotland and HBOS had been minutes away from collapse, not even days away. On top of the collapse of Lehman Brothers and many other worldwide financial institutions, there is no doubt that the 2008 Banking Crisis was the most serious financial situation since 1929. Indeed, many respected financial commentators were (and a few still are) predicting 'Financial Armageddon'.

At the recent Lord Mayor's Banquet, Lord Adair Turner, Chairman of the FSA, explained how 'greedy bankers' using sophisticated financial vehicles, which others would call smoke and mirrors, caused the largest property credit binge the world had ever seen and yet with one puff, the smoke was blown away and the mirrors collapsed like a pack of cards.

World property prices crashed, world Stockmarkets crashed, world economies came to a halt and yet this was a 'financial crisis' of its own making which industry, manufacturing and commerce did not understand. However, in most cases the wheels of industry have kept turning, just as the world continues to go round.

Governments around the world turned to Quantitative Easing, which is a method of printing money, to build up the Banks' balance sheets, thereby giving time to industry to stave off other bankruptcies.

The Banks have been saved and yet this method of saving the banks will prolong the recession. But Stockmarkets always predict events and the recent rally indicates that funding will reach industry eventually and the economic cycle will turn around.

Knowledge:

- 1) We were much closer to 'Financial Armageddon' than anybody knew.
- 2) It was a 'financial crisis of its own making' not an 'industrial crisis'.
- 3) It appears that most Banks have been saved by Quantitative Easing.
- 4) And that one day the economic cycle will turn around, though world economies are in for a prolonged recession.
- 5) Stockmarkets are predicting a recovery (more about this later).

## WISDOM

Every day we live and learn and perhaps my 10 month old granddaughter, asleep in her cot beside me as I write this chronicle, will repeat these words to her grandchildren one day.

- 1) Never invest in sophisticated products you do not understand

If you do not understand them, the chances are the 'inventor' does not understand the consequences, as in the case of Frankenstein. It is particularly worrying when the 'Harvard Educated Genius' who wrote the software to enable the 'securitisation of mortgaged backed portfolios' described them, and I quote:

"It's basically like putting chicken into the grinder and out comes sirloin!".

I still do not understand 'Quantitative Easing' and I just hope the Government will not;

'be putting pound notes into the same grinder, for them to come out smelling like roses'.

- 2) There will be further financial crises in the future and therefore always spread your investments well

I can remember my Grandmother talking about the First World War 1914-1918 which was 'The War to end all Wars'. England was at war with Germany again in 1939.

I remember Macmillan saying in 1965 "You've never had it so good". Under most of New Labour it was even better.

I remember Gordon Brown saying "No more boom and bust" and even more recently words to the effect that "The Banking Crisis must never be repeated".

Yes, we've heard it all before and 'as sure as eggs is eggs', it will happen again.

3) Never get over geared by borrowing too much

My friends from Harvard have always taught their brightest graduates to 'borrow as much as they can and let the banks take the risk'.

Yes, this is fine until it starts raining and the banks ask for their umbrellas back. In September 2008 it poured, and it was the companies with the largest borrowings that were affected, eg Property, Building, Private Equity Firms etc.

4) Stick to your long term investment policies

a) Concentrate on securing the real things in life:

Your family, your home, your job, your friends, society, charity and the environment

and then:

b) Secure liquidity for your immediate needs (deposits/gilts).

c) Invest in quality, which in the long term, in a capitalist economy, will nearly always come right (quality equity, quality property, quality art and Quality Street!).

d) As I have said before:

"The easiest thing to do is to panic out, but the hardest thing to do is to get back in again".

5) Capital gains

If you have a very large holding with large capital gain, be prepared to reduce this holding and pay 18% capital gains tax if necessary.

Several large holders of Bank shares wished they had reduced their holdings earlier and paid 18% capital gains tax, rather than holding on for 'nil capital gains tax', but a large capital reduction.

6) Be Brave Enough To Go 'Bottom Fishing'

In previous crashes I have seen quality shares go to 'pennies':

1974	Diageo	12p
1988	Next	11p

and this time round:

Barclays	47p
Lloyds	25p

I have never been brave enough to advise 'bottom fishing'. In hindsight I wish I had and I am occasionally asked why did we not buy one of the Banks at pennies.

We try to invest responsibly and having seen Northern Rock and Bradford & Bingley go bust, where shareholders were left with nothing, it felt like a 'bet' and we do not like to gamble. That said, the next time there is a financial crash (long after I have gone), read these words and have a 'punt' on a small proportion of your total portfolio.

Wisdom: Though the last 15 months have been extremely rough for all concerned, the wisdom of Barratt & Cooke's advice to 'provide sufficient liquidity and spread top quality equity' has survived this storm, which we can come out of holding our heads up high, looking forward to the stiller waters now, but ready for the storms of the future.

## STOCKMARKETS

During the last 3 months 'the silly season', there has been a remarkable turnaround in Stockmarkets but it must be remembered that Stockmarkets had fallen to extremely low levels over the previous 15 months.

	1/1/2008	9/3/2009	1/7/2009	5/10/2009
FTSE 100	6457	3460	4249	5024
Dow Jones (US)	13265	6547	8447	9600

We do feel that:

- 1) Stockmarkets are playing 'catch up' and have now recovered to sustainable levels.
- 2) They have been justifiably stoked up by huge international takeover activity:

Food		Kraft for Cadbury
in US Pharmaceuticals	a)	Merck and Schering-Plough to merge
	b)	Pfizer acquiring Wyeth
and smaller bids such as:		Resolution for Friends Provident

- 3) They are predicting the end of the recession and the recovery that will inevitably follow.
- 4) Most companies continue to come out with good figures and increased dividends such as the recent announcements from:

Whitbread  
Compass  
Bunzl

and BP and BG have announced 'elephant' oil/gas finds.

- 5) A few sectors have been severely affected by the Banking crisis and have had to cut dividends. These are mostly in Banking, Insurance, Property, Building, Telecoms sectors, but it is these sectors which have led the recovery recently from very low levels.

However, we cannot get away from the fact that:

- 6) This Recession will be prolonged, though it is now levelling out at the bottom.
- 7) There is bound to be further volatility in Stockmarkets, both 'up and down' as uncertainty prevails.
- 8) Financial formulas are sustainable, but getting higher:

	5/10/09	Historical Average
PEs	16 x	15 x
Yield	3.5%	3.0%
Dividend Cover	1.8 x	2.0 x

## CURRENCY

'Quantitative Easing' will eventually cause further inflation, which is having a dire effect on Sterling against the Euro and the US Dollar.

Conversion rates:

	05/10/09
Euro/Sterling	1.09
US\$/Sterling	1.59

This will have the effect of:

- a) Increasing commodity prices, which will be beneficial to Mining and Oil shares.
- b) Increasing profits when overseas earnings are converted back into Sterling, which will be beneficial to large overseas earners. (It is worth noting that over 50% of FTSE 100 share earnings are derived from overseas).
- c) Beneficial to UK farmers receiving 'single farm payments' which are calculated at the Euro/Sterling rate on 30th September 2009.

## INTEREST RATES/FIXED INTEREST

Quantitative Easing means that the Government is pouring 'billions of pounds' into the Banks, at very low interest rates, bringing bank base rate down to 0.5%, which in turn reduces all deposit rates that are set from bank base rate.

Conventional Gilt prices are extremely high, giving redemption yields of approximately 2.7%, eg:

	Price	Gross Yield	Gross Redemption Yield
5% Treasury Stock 2014	111	4.5%	2.7%

and with the prospects of inflation likely to rise in due course, we far prefer Index-Linked for liquidity:

	Price	Gross Yield	Repayable at rise in RPI
2½% Treasury Index Linked Stock 2016	293	2.3%	2016

There has now been a rush by investors for Corporate Bonds, pushing these to higher levels, with many giving redemption yields of barely 4.5%. Historically this yield is extremely low and, indeed, in some cases, below equity yields.

There are still a few quality Corporate Eurobonds yielding over 5.0%, but generally these have to be purchased in minimum amounts of £50,000.

## HOW CAN I INCREASE MY INCOME TO SUPPLEMENT MY REDUCED INCOME FROM DEPOSITS?

This is a question we are constantly being asked by 'the retired' who cautiously have saved on deposits taking high rates of interest.

The Government's scheme of Quantitative Easing has crucified these savers, who are now looking to supplement income elsewhere. Few existing Barratt & Cooke clients have seen a serious reduction in income, as many equities have actually increased their dividends.

Most Barratt & Cooke portfolio clients have invested for the longer term, securing good rates of interest from Fixed Interest Stocks and in many cases rising income from Equities.

Taking all the comments mentioned previously in this Newsletter, investors will see:

Deposit rates	barely $\frac{1}{2}\%$
Conventional Gilts	barely $2\frac{1}{2}\%$
Index Linked Gilts	barely $2\frac{1}{2}\%$
Corporate Bonds	barely 5%

There is therefore a case for purchasing a spread of top quality/higher yielding Equities, eg:

		Price	Net Yield
Electricity	National Grid PLC Ordinary Shares	599p	5.9%
	Scottish & Southern Energy PLC Ordinary Shares	1141p	5.8%
Gas	Centrica PLC Ordinary Shares	250p	5.0%
Infrastructure Fund	HSBC Infrastructure Fund	115p	5.0%
Media	Reed Elsevier PLC Ordinary Shares	465p	4.4%
Oil	BP PLC Ordinary Shares	535p	6.6%
	Royal Dutch Shell 'B' Shares	1692p	6.3%
Pharmaceuticals	GlaxoSmithKline PLC Ordinary Shares	1219p	4.8%
Supermarket	J Sainsbury PLC Ordinary Shares	323p	4.1%
Telecommunications	Vodafone Group PLC Ordinary Shares	140p	5.5%
Water	Pennon Group PLC Ordinary Shares	471p	4.5%
	<b>Average net yield</b>		<b>5.3%</b>

Of course Equities go 'up and down' and dividends can be reduced, but we do feel that there could be great demand for quality higher yielding Equities to supplement income while interest rates remain so low.

It is important that 'savers' who wish to purchase Equities, to supplement income, invest a minimum of £50,000 to have a spread of Equities and they should still maintain a degree of liquidity.

## CORPORATE ACTIONS

Corporate Actions have taken off for a variety of reasons.

### Takeover Bids

- 1) Foreign companies using this opportunity to bid for UK companies while Sterling is depressed and share prices undervalued, for example:

Kraft's bid for Cadbury

Kraft has bid approximately 745p, but we feel there is further to go and clients should sit and await developments.

- 2) Mergers of weaker companies in a similar sector such as:

Resolution's bid for Friends Provident

On the price differential we have advised clients to sell in the Stockmarket rather than accepting a lesser cash bid.

### Rights Issues

- 1) Rights Issues and Placings for companies in order to strengthen balance sheets and to give scope for expansion:

<i>Banks</i>	Lloyds Banking Group
<i>Breweries</i>	Greene King
<i>Construction</i>	Balfour Beatty
<i>Industrial</i>	Rexam
<i>Mining</i>	Rio Tinto
<i>Property</i>	Land Securities

It is always sensible to retain a proportion of cash in one's Barratt & Cooke portfolio to be able to take up Rights Issues as and when necessary.

We shall keep all clients advised on action to take as Corporate Actions are announced.

## OVERSEAS MARKETS (JOHN EVERALL)

World Stockmarkets have enjoyed a strong rally over the past quarter, aided by global stimulus packages from the leading industrial nations.

### US

The S&P 500 has risen 12.9% since 1st July 2009. The same pattern as in the UK can be seen: risky, cyclical stocks and financials have rallied strongly, whereas solid defensive stocks, such as utilities have underperformed. Cash balances amongst fund managers have fallen to a low of 3.5%. Whilst rising unemployment and debt repayments are a concern, we believe that the US remains a good long term investment.

### Europe

European equities have enjoyed a strong rebound and whilst there have been encouraging economic signs from the leading economies of Germany and France, structural problems remain. The overall budget deficit is expected to hit 7.4% of GDP (target 3%) and with Government debt rising, we would only stick to 'specialist' equities in niche markets, such as Roche and broadly based leading Trusts, such as JPM European Growth Trust.

## Japan

Japan has recently seen a change of Government. The public debt remains high (200% of GDP) and even though modest growth should be seen in 2010, we remain cautious on Japan's prospects.

## China, India, Brazil

China has enjoyed a buoyant market this year. However, we feel the Chinese market is now looking fairly valued for the time being. India looks better placed with its young population, lower rating and strong connections to the Western world.

Brazil has performed strongly over the past year and the prospects are good for Brazil, with its abundance of natural resources. We like Templeton Emerging Markets where clients can benefit from both diversification and the specialist expertise of an excellent manager.

## Australia

Australia is the only major industrial economy to have avoided recession with GDP rising by 1% over the first half of the year. This is mainly due to government spending, which has been high, but given Australia's strong trading links to China, we believe Australia remains attractive.

## **ISAs**

As from 6th October 2009 the maximum ISA subscription will be raised from £7,200 to £10,200 for over 50 year olds on 5th April 2010. (For those who can't work it out, born before 5th April 1960!)

We shall be looking at all ISAs before 5th April 2010 and keep all clients informed.

With tax rates rising, ISAs are becoming extremely important to most Barratt & Cooke clients.

## **WEBSITE**

We have received several positive comments regarding our website and would encourage clients to look at this on [www.barrattandcooke.co.uk](http://www.barrattandcooke.co.uk).

## **POSTAL STRIKE**

Luckily in Norfolk we have not been too badly affected by the postal strike. However, we are aware that there are problems, particularly in London. If you are concerned about a letter please contact your Advisor.

This proves the importance of Discretion and Nominees. If you need further details, please ask your Advisor.

## CONCLUSION

And so we look back on the 2008 Banking Crisis with hindsight. We contemplate the present prolonged recession with knowledge, but we look forward to the future with wisdom.

After a much needed correction capitalism has survived. We can put the 2008 Banking Crisis behind us and now look forward with optimism as we near 2010, knowing that the recession will eventually end and the economic world will return to equilibrium and long term growth.

It is a time to reflect on 'Sea the Stars' great victory in the Prix de L'Arc de Triomphe on Sunday and look forward to the General Election, which is now only 8 months away!

By the time you read this chronicle I will have received my 'bus pass', but I confirm I am not suffering from Kraft Disease yet:

'Kan't Remember A Flipping Thing'

**C W L Barratt**  
**5th October 2009**

Competition for a treasured Barratt & Cooke pen.

Continuing in the ecclesiastical vein, in 2 words:

Why would Solomon have enjoyed this chronicle?

Clue: Kings 1, Chapter 3, Verses 12-13 (though the whole chapter is worth reading).

## Equity Suggestions – 5<sup>th</sup> October 2009

		<u>Price</u> <u>5/10/09</u>	<u>Net*</u> <u>Yield</u>	<u>52 Week</u> <u>High</u>	<u>Low</u>
AEROSPACE	Cobham PLC Ordinary Shares	216p	2.4%	222p	152p
BANKS	Barclays PLC Ordinary Shares	362p	1.7%	390p	47p
	HSBC PLC Ordinary Shares	690p	4.2%	803p	270p
	Lloyds Banking Group PLC Ordinary Shares	95p	-	211p	25p
	Standard Chartered PLC Ordinary Shares	1492p	3.0%	1555p	554p
BEVERAGES	Diageo PLC Ordinary Shares	947p	3.8%	1003p	727p
CHEMICALS	Johnson Matthey PLC Ordinary Shares	1335p	2.7%	1505p	641p
CONSTRUCTION & BUILDING	Balfour Beatty PLC Ordinary Shares	316p	4.2%	398p	218p
	National Grid PLC Ordinary Shares	599p	5.9%	749p	511p
ELECTRICITY	Scottish & Southern Energy PLC Ord Shares	1141p	5.8%	1422p	1024p
	Tesco PLC Ordinary Shares	391p	3.1%	415p	284p
	J Sainsbury PLC Ordinary Shares	323p	4.1%	350p	237p
FOOD RETAILERS	William Morrison PLC Ordinary Shares	278p	2.2%	290p	211p
	Centrica PLC Ordinary Shares	250p	5.0%	298p	203p
GAS DISTRIBUTION	Reckitt Benckiser PLC Ordinary Shares	3042p	3.0%	3088p	2097p
HOUSEHOLD	Smiths Group PLC Ordinary Shares	886p	3.8%	987p	647p
INDUSTRIAL	Caledonia Investments PLC Ordinary Shares	1670p	2.0%	1810p	1080p
INVESTMENT COMPANY	Whitbread PLC Ordinary Shares	1200p	3.0%	1305p	656p
LEISURE	Reed Elsevier PLC Ordinary Shares	465p	4.4%	571p	404p
MEDIA	BHP Billiton PLC Ordinary Shares	1659p	3.4%	1797p	732p
MINING	Rio Tinto PLC Ordinary Shares	2564p	1.5%	2771p	822p
	Xstrata PLC Ordinary Shares	875p	-	1004p	289p
	BP PLC Ordinary Shares	535p	6.6%	569p	370p
OIL & GAS	BG Group PLC Ordinary Shares	1060p	1.1%	1180p	638p
	Royal Dutch Shell 'B' Shares	1692p	6.3%	1854p	1223p
	AstraZeneca PLC Ordinary Shares	2780p	5.2%	2966p	2015p
PHARMACEUTICAL	GlaxoSmithKline PLC Ordinary Shares	1219p	4.8%	1319p	982p
	Land Securities PLC Ordinary Shares	611p	6.0%	1176p	322p
PROPERTY (REIT)	Bunzl PLC Ordinary Shares	622p	3.3%	675p	473p
SUPPORT SERVICES	Compass Group PLC Ordinary Shares	382p	3.2%	386p	236p
	G4S PLC Ordinary Shares	221p	3.0%	229p	141p
TELECOMMUNICATIONS	Vodafone Group PLC Ordinary Shares	140p	5.5%	148p	96p
UTILITIES	Pennon Group PLC Ordinary Shares	471p	4.5%	585p	372p
<b><u>SMALLER COMPANIES</u></b>					
BREWERY	Greene King PLC Ordinary Shares	421p	5.0%	547p	225p
CONSTRUCTION & BUILDING	Morgan Sindall PLC Ordinary Shares	618p	6.8%	749p	380p
	Persimmon PLC Ordinary Shares	441p	-	535p	180p
DEFENCE	VT Group PLC Ordinary Shares	555p	2.6%	606p	413p
ENGINEERING	Halma PLC Ordinary Shares	220p	3.6%	231p	141p
INDUSTRIAL	Spirax Sarco PLC Ordinary Shares	1058p	3.2%	1071p	741p
OIL	Premier Oil PLC Ordinary Shares	1209p	-	1431p	458p
OIL SERVICES	Hunting PLC Ordinary Shares	501p	2.1%	589p	322p
	Petrofac PLC Ordinary Shares	954p	2.1%	1021p	282p
STORES	Halfords PLC Ordinary Shares	356p	3.1%	370p	202p
SUPPORT SERVICES	De La Rue PLC Ordinary Shares	891p	4.6%	1080p	769p
TELECOMMUNICATIONS	Inmarsat PLC Ordinary Shares	540p	4.0%	614p	300p
UTILITIES	Northumbrian Water PLC Ordinary Shares	240p	5.3%	338p	203p
AIM (pending full listing)	London & Stamford PLC Ordinary Shares	128p	3.0%	134p	81p
<b><u>OVERSEAS STOCKS</u></b> (only for clients in Nominees)					
CHEMICALS	Syngenta AG Shares	13975p	2.7%	16962p	9605p
FOOD PRODUCERS	Nestlé SA Registered Shares	2628p	3.2%	2958p	2130p
HOUSEHOLD PRODUCTS	Proctor & Gamble Common Stock	3550p	3.0%	4515p	2757p
OIL	Woodside Petroleum Shares	2817p	3.0%	3118p	1476p
PHARMACEUTICAL	Roche Holdings AG Genusscheine NPV	9978p	3.0%	11144p	7466p
UTILITIES	GDF Suez	2746p	4.8%	3313p	1965p

\* These yields are estimated and not guaranteed.

Source: FT closing prices 5<sup>th</sup> October 2009 and [www.proquote.com](http://www.proquote.com)

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>5/10/09</u>	<u>Net*</u> <u>Yield</u>	<u>52 Week</u> <u>High Low</u>		<u>Disc**</u> <u>to NAV</u>
REASONABLE YIELD	Merchants Trust	327p	6.9%	344p	218p	4.5%
	Murray Income Trust	504p	5.5%	568p	367p	6.1%
	Edinburgh Inv Trust	342p	6.0%	368p	280p	2.5%
WORLDWIDE GROWTH	Bankers Inv Trust	354p	3.2%	369p	264p	10.3%
	Electric & General Inv Trust	358p	2.3%	376p	257p	12.5%
	Scottish Mortgage Inv Trust	490p	2.5%	509p	258p	11.5%
	Monks Investment Trust	274p	2.2%	287p	186p	12.6%
SMALL COMPANIES	JP Morgan Smaller Companies Inv Trust	379p	1.8%	390p	210p	16.2%
	Schroder UK Mid & Small Cap Inv Trust	190p	2.2%	198p	110p	16.1%
EUROPEAN	JP Morgan European Trust Growth	173p	3.3%	177p	93p	9.4%
EMERGING MARKETS	Templeton Emerging Markets Inv Trust	462p	0.8%	473p	200p	6.3%
	Henderson TR Pacific Inv Trust	152p	1.6%	158p	72p	8.2%
INFRASTRUCTURE FUND	HSBC Infrastructure Fund	115p	5.0%	125p	93p	(7.2%)
CORPORATE BOND FUND	Schroders Corporate Bond Fund (income)	44.5p	6.0%	44.5p	37.0p	-
PROPERTY FUND	TR Property Investment Trust	155p	3.7%	173p	92p	10.0%

\* These yields are estimated and not guaranteed.

\*\* Taken from the FT 5<sup>th</sup> October 2009

Source: FT closing prices 5<sup>th</sup> October 2009 and www.ft.com

## FIXED INTEREST STOCKS

<u>Base Rates</u>	<u>UK</u>	<u>US</u>	<u>Europe</u>
	0.5%	0.25%	1.0%

### Government Stocks

#### Conventional

No suitable stocks

<u>Index Linked</u>	<u>Price</u>	<u>Gross Interest Yield</u>	<u>Equivalent Gross</u>		<u>Dividend Dates</u>	<u>Redemption Date</u>
			<u>Redemption Yield*</u>	<u>Tax Rate</u>		
2.5% Treasury Index Linked Stock 2013	258	2.3%	2.6%	40%	Aug/Feb	16 Aug 2013
2.5% Treasury Index Linked Stock 2016	293	2.3%	2.9%	3.4%	Jul/Jan	26 Jul 2016

\* assuming that future RPI inflation averages 2.5% to redemption

### Euro Sterling Bonds

(only for clients in Nominees and ISAs)

	<u>Price</u>	<u>Gross Interest Yield</u>	<u>Gross Redemption Yield</u>	<u>Dividend Date</u>
Land Securities 5.292% 2013/2015 (min £1,000)	101.7	5.2%	5.0%	May/Nov
Reed Elsevier 5.625% 2016 (min £50,000)	105.1	5.4%	4.8%	October
London Stock Exchange 6.125% 2016 (min £50,000)	104.2	5.9%	5.4%	July

### High Yield Preference Shares

	<u>Net Price</u>	<u>Net Yield</u>	<u>Equivalent Gross Yield @ 20% Tax</u>	<u>Dividend Dates</u>
General Accident 8 $\frac{7}{8}$ % Cumulative Preference Shares	120p	7.4%	9.2%	Jan/Jul
Standard Chartered 8 $\frac{1}{4}$ % Non-Cumulative Pref Shares	123p	6.7%	8.4%	Apr/Oct

Note: Depending upon availability, similar Fixed Interest Stocks can be selected.

Source: Closing prices from Bloomberg 5<sup>th</sup> October 2009

**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.

