

STRATEGY FOR Week Commencing 17/10 August

The devastating Lebanese explosion of last week that ripped the country apart shows just how much one needs to be prepared for the unexpected. Knock on effects from black swan events can be catastrophic. Black swan events have unpredictability as their core feature. This week's video of the financial impact of COVID19 [CLICK HERE](#) explains that the features of a black Swan event show it has to be a rare event, has an extreme impact, and has retrospective predictability. All the hallmarks of COVID 19 which is not going away as the impact continues to spread far and wide. I have previously emphasised that sector investing may be the way forward to provide a financial defensive mechanism to find a way out from the maze of uncertainty. The effects of the pandemic on the once thought untouchable sectors such as the airline industry is a stark reminder that one needs to employ defensive and diversification strategies in order to offset unintended consequences from black swan events. The pandemic effects, has highlighted how demand and supply of commodities has also been affected.

The recent resurgence of gold now over \$2000 an ounce, has provided comfort as a safe haven asset whether warranted or not. In India, for example, exporters are having a tough time filling orders for export. The biggest problem is unavailability of workers to actually put the rice in the proper containers and load the containers for export, due in large part to the coronavirus. Keeping people locked in their homes, added to a shortage of containers to actually fill with rice in the first place have obvious effect on supply chains, that's acting as a crimp on supply in the region, which is bad news for people who eat rice but good news for people who sell it. As another example, the impact of COVID-19 is not fully understood but the negative impact (on sugar consumption) seen in India and China is very unlikely not to have been replicated across the globe. Deteriorating global demand for sugar for example can feed into trading decisions on the likely projection of future prices of sugar due to changing demand and supply of sugar. [CLICK HERE -sugar-prices/ annual loss as surplus looms.](#)

Last week the portfolio saw a +3.47% increase. I decided to liquidate my holdings of Iofina with a large loss as the performance of this share has continually disappointed and had become a drag/dog on the portfolio. Debt rescheduling and unwillingness of lenders to support requested financing together with the lack of real progress in share price performance meant me taking losses on the chin and moving on. Sometimes shares just do not perform and this headscratcher share was one for the dustbin. Removing a poor performer often requires such necessary action to allow the portfolio to be starting to live again. Disposal proceeds from Iofina was added to additional acquisition to my Brexit trade 'Segro' holdings. SEGRO goes ex divi this Thursday [13 Aug]. I also sold out from US share Catalyst pharmaceutical Inc another disappointing and non-performer. SDI Group has of late seen robust performance and recovering from a bad situation with a +15% increase [Perhaps holdings off for disposal]. Last week's update from Spirent Communications on excellent earnings initially had a muted response from the market but ended last week crossing the £3 threshold finishing on £3.04 a 8.5% increase on the week. This Thursday [13 Aug] sees the company go Ex divi so expect a retracement post Ex-divi. Spirent's performance continues to excite and retention of this share is my strategy. Omega Diagnostics has gone off the boil and I may well set a price target for achievement. UK Houses prices were in the ascendancy last week as both Bellway +2% and Redrow +3% saw rises. Recent Acquisition Learning Tech Group has helped provide respectable stable comfort with a +4% increase. I see the growth of online learning a positive factor looking forward. BATM Advanced communications has seemed to have stabilized following recent falls but again a price target may be on the horizon in order to offset the loss taken on poor performing Iofina. I will be reviewing whether SAGA is worth keeping if price falls continually to disappoint given the continued uncertainty in the travel business. Disposal proceeds from Catalyst will be used at the appropriate time for a new adventure or redistribution. Black swans may be flying again one never knows until it happens. Too big too fail bank perhaps – Deutsche watch out. Until Next time.

[STRATEGY Week Commencing 3 Aug](#) [Week27 July](#) [WC20 July](#) [WC 13 July](#) [WC 6 July](#)