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# BORIS MULLS NEW ROUTE TO ELECTION

ALEX DANIEL

@alexmdaniel

DOWNING Street is considering all possible options for securing a General Election, including a plan cooked up by Remain MPs, as the EU considers how long a Brexit extension they will grant the UK.

Parliament will vote on a motion later today which would see a 12 December ballot, but this appears poised to fail for a third time.

Labour, as well as former Tory MPs such as Philip Hammond, are refusing to back the move, leaving the government some way short of the two-thirds majority it needs.

Government sources suggested that it would look at a plan hatched by the Liberal Democrats and the Scottish National Party to amend the current law on election scheduling — the Fixed Term Parliaments Act — to allow a poll on 9 December, if the EU grants a Brexit extension to 31 January or later.

Significantly, this method would only need a simple majority in

parliament, meaning Labour would be unable to torpedo the bill without the support of other opposition parties.

Culture secretary Nicky Morgan swatted aside the scheme as a “stunt” yesterday, but a Downing Street source suggested Boris Johnson is taking it seriously.

“If Labour oppose being held to account by the people yet again, then we will look at all options to get Brexit done including ideas similar to those proposed by other opposition parties,” they said.

EU ambassadors will meet this morning in Brussels to consider a draft text of a decision to extend the Article 50 period until 31 January 2020. The so-called flexextension could allow Britain to leave before that date, if the Withdrawal Agreement Bill was able to pass through parliament before the deadline. Some in the EU, notably French President Emmanuel Macron, were believed to favour a shorter extension that would the bloc to move on from what he sees as the distraction of the UK’s exit.

Johnson used an article in the Sunday Telegraph to accuse MPs of holding the country “hostage” with their refusal to grant Britain a General Election.

Separately, Johnson’s top aide Dominic Cummings outlined another potential plan to ministerial advisers on Friday evening, should Monday’s vote fail: keep trying until Labour submits. He said: “We will have a vote on an election on Monday and Tuesday and Wednesday and Thursday.”

Opposition leader Jeremy Corbyn appeared to rule out backing the Lib Dems’ bill, saying he would be “very happy” to fight an election, but only once the possibility of a no-deal “is totally removed from the equation”.

This appeared to be an evolution of his previous position that he would be willing to back a ballot once no-deal was “off the table.”

“There will be no pacts with any other party,” he added.

Over the weekend a new Opinium poll put the Conservatives on 40 per cent among Britons, a 16-point lead over Corbyn’s Labour.

## NO ACCOUNTING FOR TASTE

KPMG ponders closure of Mayfair townhouse in cost-cutting drive



JAMES BOOTH

@Jamesdbooth1

BIG FOUR audit firm KPMG is said to be looking at shutting down its plush Mayfair clubhouse as part of a £100m cost-cutting drive.

KPMG opened the exclusive club on Grosvenor Street in 2015.

Number Twenty offers guests a private restaurant, a rooftop terrace and client meeting rooms.

A bar menu promises “food and drink of exceptional quality,” boasting a wide selection of single malt scotch

whisky and a 35-year-old armagnac.

The building is pitched as “an opportunity for relationships to be built and augmented in a relaxed environment”.

The move, reported by the Sunday Telegraph, is part of a wider drive to bring down expenses across the business — dubbed Project Zebra.

The firm said the cuts follow a £200m investment in its audit arm. KPMG was slammed by the audit watchdog in 2018 for the poor quality of its work, and is also being investigated for its audit of Carillion.

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## CITY A.M.

## THE CITY VIEW

# This will be much more than a Brexit election

LABOUR is on the back foot. In recent weeks it has played an entirely defensive game — denying Boris Johnson his preferred EU exit date and further denying him a General Election on his terms. With each of these blocking moves, Labour backs closer into the corner, seemingly devoid of a strategy beyond frustrating a Tory prime minister. The fact that Johnson's party climbs ever higher in the polls suggests that the public takes a dim view of an opposition that has become nothing more than an obstacle. Where is their hunger for power? Where is their enthusiasm for unleashing their campaign upon the voters? People are rightly sceptical of a party that doesn't appear to fancy its own chances. Labour's top team is bitterly divided over the merits of backing a General Election but it will come — and when it does, the risk for Labour is that it could start from the disadvantaged position of having tried to avoid it. However, while Tory strategists seek first-mover advantage, the truth is that once a campaign starts the way in which we got there will matter less than the defining policy positions around which parties and candidates coalesce. It seems unlikely that the UK will have left the EU before a General Election, and in such circumstances there are only two parties who really would like it to be a Brexit election: the Liberal Democrats and the Brexit Party. The former seeks to cancel Brexit while the latter needs a "Brexit betrayal" narrative to remain even vaguely relevant. While "get Brexit done" will be a central plank of any Tory campaign, domestic policy will come to the fore, with one Downing Street insider describing the recent Queen's Speech (with its focus on education, policing and the NHS) as the biggest focus group ever carried out. As for Labour, be in no doubt that when the election comes the party will unleash a plethora of populist promises that will, at the very least, force the Tories into responding. Free prescriptions, free dental care, free education, free social care, nationalisation, wholesale redistribution, higher pay and a shorter working week will all be on offer. Critics of Labour's platform would do well to read a new report released today by Policy Exchange, which offers a comprehensive analysis of the party's economic policies and underlying philosophy. Crucially, it also analyses shadow chancellor John McDonnell — identifying his "political skills and considerable tactical sense". McDonnell has huge and far-reaching plans for this country, and he won't waste an election campaign by talking about Brexit.



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Trump said al-Baghdadi "died like a dog", calling him and his followers "sick and depraved", "losers" and "frightened puppies"

# Isis leader al-Baghdadi killed in US raid in Syria

ALEX DANIEL

@alexmdaniel

DONALD Trump yesterday announced the leader of the so-called Islamic State (Isis) terrorist group had killed himself during a raid by US forces in Syria, marking a significant political victory for the US President.

In a televised address to the nation from the White House, Trump said Abu Bakr al-Baghdadi detonated an explosive vest while fleeing US forces down a dead-end tunnel during the attack on Saturday, killing himself and three of his children.

"Last night the United States brought the world's number one terrorist leader to justice," Trump said in a press conference yesterday.

"The thug who tried so hard to intimidate others spent his last moments in utter fear, panic and dread, terrified of the American forces coming down on him," Trump said.

"He reached the end of the tunnel as our dogs chased him down. He ignited his vest, killing himself and his

three children. His body was mutilated by the blasts. The tunnel had caved on him."

Trump has faced a wave of harsh criticism in recent weeks for his decision to pull US troops from Syria, a country the Islamic caliphate once controlled vast swathes of. Experts fear the move could lead to the group's resurgence.

The announcement is an important win for the President, as Baghdadi's death hampers Isis' collective ability to reorganise.

It also comes at a time when Trump battling a Democrat-led impeachment inquiry.

The President used the announcement to stake his intention to make a deal with Exxonmobil or another energy company to tap Syrian oil reserves.

"What I intend to do, perhaps, is make a deal with an Exxonmobil or

one of our great companies to go in there and do it properly... and spread out the wealth," he said.

"The oil is so valuable, for many reasons," Trump said yesterday.

"It fuelled Isis, number one. Number two, it helps the Kurds... and, number three, it can help us, because we should be able to take some also."

US senator Lindsey Graham supported Trump's

**Abu Bakr al-Baghdadi has been the focus of a manhunt since 2014**



focus on Syrian oil, when asked by what legal right in international law the US could seize Syrian oil.

Graham said: "This was the chief source of revenue for a long time for Isis... It is now in the hands of Syrian Democratic Forces, which are Arabic Kurds, mostly Kurds, with the partnership with the United States. So, no this doesn't violate any law."

## FINANCIAL TIMES

## GERMANY'S EU BUDGET BILL SET TO DOUBLE TO €33BN

Germany is facing a steep 100 per cent increase in its payments to the next EU budget to €33bn, leading Berlin and a group of four other rich governments to step up their resistance to Brussels' first draft spending plans after Brexit. German government estimates seen by the Financial Times show Germany would be hit with a sharp rise in its net EU budget contributions, from €15bn in 2020 to upwards of €33bn in 2027.

## CALIFORNIA DECLARES A WILDFIRES EMERGENCY

California's governor declared a statewide emergency yesterday as thousands were ordered to evacuate

## WHAT THE OTHER PAPERS SAY THIS MORNING

and more than 2m were without electricity after utilities shut off power in the face of raging wildfires. The largest of six fires, north of San Francisco, was only 10 per cent contained yesterday.

## THE TIMES

## TYCOON LEADER BUNGLES RESPONSE TO CHILE'S RIOTS

Chile's worst unrest since the dictatorship of General Augusto Pinochet has coincided with protests in Ecuador and Bolivia and the prospect of radical Peronists returning to power yesterday in Argentina's presidential election. The causes of this regional dissatisfaction stem from stagnant growth highlighting inequality.

## ENGLAND FANS SPLASH OUT TO MAKE FINAL IN JAPAN

Some diehard rugby fans have spent thousands of pounds on last-minute trips to Japan. Tickets for the World Cup clash against South Africa were being offered for up to £12,500 on resale sites.

## THE DAILY TELEGRAPH

## BRITISH BANKS URGE THE DISMISSAL OF US LIBOR CASE

British banks including Barclays, Lloyds and HSBC are battling fresh allegations that they manipulated the scandal-hit benchmark Libor, urging US courts to dismiss a multi-billion-dollar claim as out of bounds. Papers filed this year claim that 18 banks "corrupted" the process by sending lower rates to New York Stock Exchange owner ICE.

## KIDRON: GOVERNMENT USES ABUSE TO ACCESS MESSAGES

Leading child safety campaigner Baroness Kidron says the government is using "the shield and sympathy" of child sexual abuse as an excuse to access encrypted messages.

## THE WALL STREET JOURNAL

## MORE WITNESSES TO APPEAR IN IMPEACHMENT INQUIRY

US House committees are expected to hear from about a half dozen more witnesses in their impeachment inquiry this week, including a top White House official who has been mentioned in testimony linking a hold on aid to Ukraine to investigations US President Trump and his allies pressured the country to pursue.

## ARGENTINES SET TO FAVOUR PERONIST FOR PRESIDENT

Argentines began voting yesterday in an election that is expected to sweep into power the opposition Peronist movement as President Mauricio Macri grapples with voter anger.

# F1's Ecclestone nears £1bn deal with UK taxman

**JAMES BOOTH**

@JamesdBooth1

FORMER Formula 1 boss Bernie Ecclestone is said to be close to settling a £1bn tax dispute with HM Revenue & Customs (HMRC).

Ecclestone has been locked in a 20-year fight with HMRC. He has consistently denied owing up to £1bn and there is no suggestion he has broken the law.

A source told the Sun on Sunday: "This would be a ground-breaking victory for HMRC and would be the biggest individual tax recoup in UK recorded history."

"There's been a number of offers made, and failed suggestions on how to settle the bill. But finally an

arrangement seems to have been made."

The previous largest settlement between HMRC and a private company was £130m from Google in 2016.

These types of settlement are usually agreed without admissions of liability.

Ecclestone was interviewed by HMRC at a London police station in 2017 in relation to the investigation.

Ecclestone stepped down as Formula One chief executive in 2017.

Ecclestone could not be reached for comment.

HMRC said in a statement it did not comment on individual cases.

**Ecclestone and his daughter Tamara**



Ashley's Sports Direct spent about £150m on its stake before Debenhams collapsed

## Mike Ashley urges MPs to launch probe into Debenhams collapse

**HARRY ROBERTSON**

@henrygrobertson

MIKE ASHLEY has redoubled his efforts to have the collapse of Debenhams investigated and lambasted MPs for not being more interested in the failure of the high-street department store.

In a letter to business select

committee chair MP Rachel Reeves, seen by the Guardian, Ashley contrasted the situation to the investigation into the collapse of Thomas Cook.

Ashley wrote: "No one in parliament seems sufficiently interested about the Debenhams failure" in April, and called on MPs to launch an official probe.

## ONS admits up to £1.5bn error in finance data

**SEBASTIAN MCCARTHY**

@SebMcCarthy

THE UK's statistics body admitted to a rare error in its public finance data last Friday, making the UK budget deficit between £1bn and £1.5bn less than what had previously been stated.

The Office for National Statistics (ONS) said there was "an error in the measurement of local government social benefits".

Earlier in the week the ONS posted a budget deficit of £40.3bn for the first nine months of the year, excluding public-sector banks. Last month's shortfall was £9.4bn.

However, it stated on Friday that September's budget deficit was up to £250m wide of the mark.

The ONS said: "We have identified an error in the measurement of local government social benefits in the current financial year to date (April to September 2019) and will be correcting this at the earliest opportunity."

The body said it will post a fixed bulletin and dataset this week, which will feed into Britain's sectoral and financial accounts for the release scheduled in December.

# Backing women is better for business



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Virgin Galactic is set to be the world's first public commercial space aviation service

# Branson gets ready for lift-off as Virgin Galactic's US float beckons

ALEX DANIEL

@alexmdaniel

INVESTORS will get their first chance to buy into a space tourism firm today, when shares in Sir Richard Branson's Virgin Galactic start trading in New York.

The company tied the knot on a merger with an investment vehicle late last Friday, meaning it will go public when US markets open this

afternoon, in what its chief executive called "the start of a new era" for the human spaceflight industry.

Branson told *City A.M.* last week he would travel to New York to ring the bell himself.

The company has received \$570m (£444m) as part of the deal.

Including Branson's own \$880m investment, which gives him a 40 per cent stake, plus cash from Abu Dhabi's sovereign wealth fund

Mubadala, Virgin Galactic is valued at \$2.3bn.

However, getting to this stage has been no walk in the park. "It almost bankrupted the Virgin Group," Branson joked at an event in Israel last Thursday. "We've spent a lot of money on Virgin Galactic and [its sister venture] Virgin Orbit."

"It will be good to actually involve the public and so my chairman will still talk to me."

# UK's wealthiest cities persist in retail downturn

HARRY ROBERTSON

@henrygrobertson

A GROUP of wealthy cities such as London and Cambridge are faring relatively well during the UK retail sector's downturn while shops in poorer and more rural areas suffer, a report released today has said.

Shopping parks have also shown resilience as the bricks-and-mortar retail sector loses ground to online services, US real estate investment firm CBRE's latest look into the sector revealed.

High streets across Britain have suffered in recent years as online shopping has rapidly expanded. Brexit uncertainty and a slowing economy have further hurt retailers in 2019, for example by driving up import costs as the pound loses value.

The growth of retail sales slowed in the three months to September, official figures showed this month, amid signs that employment and consumer spending are starting to drop off.

Yet London, Cambridge, Oxford, Brighton, Glasgow and Edinburgh

have all performed better than the rest of the country during the recent retail downturn.

"Tourism, affluent catchment characteristics and prevalence of universities have driven performance in these cities, and we expect them to continue to outperform the wider market," CBRE said.

The report said London's retail sector has led the way, with substantial growth in the values of businesses over the last five years.

Shopping parks have also done relatively well in 2019, it added.

"Visitor numbers at shopping parks have been supported by the increasing popularity of click-and-collect services and the growth of outlet centres," said CBRE.

The report cited locations "such as Bicester Village and the newly developed Icon at the O2 [in London], which are being boosted by investment in amenities".

The CBRE report also said that health and beauty retailers have done well, taking advantage of health-conscious lifestyle trends.

# Three people released on bail in Essex truck death investigation

ELIZABETH PIPER

THREE people arrested in connection with the investigation into the death of 39 people in a truck container have been released on bail, police in Essex in southern England said yesterday.

A man and a woman from Warrington in northern England have both been released on bail until 11 November, while a man from Northern Ireland has been bailed until 13 November, the police said in a statement.

Police discovered the bodies of 31

men and eight women in a refrigerated trailer of a lorry on an industrial estate in Essex last Wednesday morning.

The driver of the lorry, 25-year-old Maurice Robinson, is due to appear in court today. He has been charged with 39 counts of manslaughter, conspiracy to traffic people, conspiracy to assist unlawful immigration and money laundering.

Essex Police are currently working on to identify the victims, many of whom are believed to be Vietnamese nationals.

Reuters

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iPhone 11 Pro 64GB	36 Months	£29.99	£30.44	£1,095.67	£1,125.66	0%	0%	£1,125.66	£40	£40 + RPI announced in Feb 2020 = Price A	Price A + RPI announced in Feb 2021

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# London's Aim is ahead of rivals after tough year

HARRY ROBERTSON

@henrygrobertson

LONDON'S Alternative Investment Market (Aim) remains by far the biggest growth stock market in Europe despite falling numbers of floats and questions over regulatory standards, new research has shown.

In the year ending in September, £3.9bn of capital was raised on Aim in company floats and secondary fundraisings compared to just £1.9bn raised on the next four biggest growth markets such as Sweden's FN Stockholm, accountancy firm UHY Hacker Young said today.

The figures demonstrate the difficulties Aim's European rivals have had in challenging the London Stock Exchange's (LSE) smaller market even as it suffers a series of setbacks.

Aim is on track for the lowest number of initial public offerings (IPOs) in its history this year. Only 20 companies have floated so far compared to

65 last year and a high of 519 in 2005, according to LSE data.

Brexit uncertainty and a slowing global economy are two factors driving the fall in floats. Smaller companies are also increasingly reliant on private investors to fund their early-stage growth.

Earlier this month, Scott McCubbin, professional services firm EY's UK IPO leader, said: "The possibility of a UK General Election could hugely derail plans and push potential issuers to postpone until 2020, to lower the risks of execution."

Aim has also attracted negative attention in recent months for what some critics say are its low regulatory standards. The issue came into the spotlight last month when a short-selling attack against Burford Capital, one of Aim's biggest stocks, by a firm that strongly criticised its accounting and governance.

Aim said its rules are less prescriptive, but still of a high standard.



Web-focused retail brands such as Boohoo have stormed ahead of high street rivals

## Online retail acquisitions on rise as high streets continue decline

HARRY ROBERTSON

@henrygrobertson

THE NUMBER of mergers and acquisitions (M&A) among online retailers rose markedly in 2019, new analysis has shown, as companies faced shareholder pressure to boost their web-based sales.

The number of M&A deals among

UK online retailers rose to 12 in the year to June, City-based law firm RPC said today, up from eight in the previous year and six the year before.

RPC said retail groups are under growing pressure from shareholders to focus on online activities with high streets in decline.

Retail footfall has fallen 10 per cent over the last seven years.

## Softbank banks on Greensill as it injects \$655m

JAMES WARRINGTON

@j\_a\_warrington

SOFTBANK has injected a further \$655m (£511m) into Greensill as the fintech firm announced a fresh acquisition that could kill off payday lenders.

Greensill has acquired Freeup, a London tech startup that offers employees early salary payment.

Softbank's tech-focused Vision Fund is pumping in additional funds to support the deal and potential further acquisitions.

It comes after an initial \$800m investment from the Vision Fund in May this year.

Greensill's current focus on supply chain financing allows a company's suppliers to secure early payments to cover invoices. The firm is now hoping to extend this to a company's employees.

Freeup's technology enables workers to receive early payment for earned but unpaid wages at no additional cost. Companies can therefore offer the system to employees as a perk.

Greensill has raised more than \$1.7bn in the last 14 months, and the latest funding will take its valuation to just under \$4bn.

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# MPs slam bank IT failures amid levies warning

HARRY ROBERTSON

@henryrobertson

MPs HAVE harshly criticised IT failures among some of the UK's biggest banks as "unacceptable" and recommended that regulators take action to make lenders improve their systems.

A detailed report from parliament's Treasury Select Committee (TSC) said bigger levies on the financial sector could be used to ensure watchdogs such as the Financial Conduct Authority have the resources to tackle the issue.

The committee's report comes in the wake of the computer meltdown at TSB, which last year shut tens of thousands of customers out of vital banking services and cost the bank £330m.

A study earlier this year showed that customers are hit daily by IT failures at UK banks, preventing them from making payments or checking their

balances. With bank branches and cash machines disappearing, IT failures can shut off customers from their lenders completely.

Steve Baker, the TSC's lead member for the inquiry, said: "The number of IT failures that have occurred in the financial services sector, including TSB, Visa and Barclays, and the harm caused to consumers is unacceptable."

"The regulators must take action to improve the operational resilience of financial services sector firms," he added.

"They should increase the financial sector levies if greater resources are required, ensure individuals and firms are held to account for their role in IT failures, and ensure that firms resolve customer complaints and award compensation quickly."

The report said regulators must make sure banks do not use the costs of upgrading to more advanced IT systems as an excuse for computer problems.



The billionaire Barclay brothers are preparing a sale of the media group

## City suitors start to circle as the Telegraph titles go up for sale

JAMES WARRINGTON

@j\_a\_warrington

BUYERS will be starting to line up bids for the Telegraph this week as the billionaire Barclay brothers prepare to sell the newspaper group.

A group of former senior managers at the Telegraph are among City figures circling, and are looking for backers to bid for the media group,

the Sunday Times reported.

Sir Frederick and Sir David Barclay, who bought the group for £665m in 2004, are said to be eyeing a sale as part of a break-up of their empire.

Their sons Aidan and Howard, who oversee the day-to-day running of the business, are seeking buyers for the Ritz hotel, and are eyeing the sale of a minority stake in online retailer Shop Direct, according to the Times.

## HMRC rakes in almost £10bn via tax probes

JAMES BOOTH

@Jamesdbooth1

HER MAJESTY'S Revenue and Customs (HMRC) collected £9.8bn in extra revenue through tax investigations into the UK's largest businesses last year, up 12 per cent from £8.7bn from the previous period.

Analysis published today by law firm Pinsent Masons showed that the biggest element of this was £6bn from tax investigations into valued added tax (VAT) and £2.6bn in underpaid corporation tax.

Pinsents said the increase is being driven by HMRC's focus on the underpayment of tax by major financial and technology services.

Stuart Walsh of Pinsents, said: "Bigger UK and foreign businesses are going to find themselves under continued scrutiny from HMRC over the next year."

"The new government's spending pledges mean HMRC and the treasury will be under pressure to raise more money."

A spokesperson for HMRC said: "Last year we generated more than £34bn for the UK's vital public services through enforcing the rules."

# French luxury group LVMH offers to buy jeweller Tiffany & Co for \$14.5bn

GREG ROUMELIOTIS

LOUIS Vuitton owner LVMH has approached Tiffany & Co with a \$14.5bn (£11.3bn) acquisition offer, people familiar with the matter said, at a time when the US luxury jeweller grapples with the impact of tariffs on its exports to China.

LVMH, which has for years been looking for ways to expand in the US market, submitted a preliminary, non-binding offer to Tiffany earlier

this month, one of the sources said.

LVMH's offer valued Tiffany at about \$120 per share, another of the sources added. Tiffany shares ended trading on Friday at \$98.60.

Tiffany has hired advisers to review LVMH's offer but has not yet responded to it, and there is no certainty that it will negotiate a deal, according to the sources.

The sources asked not to be identified because the matter is confidential. LVMH and Tiffany

declined to comment.

Bloomberg reported earlier over the weekend that LVMH was holding talks with Tiffany.

Paris-headquartered LVMH is controlled by the Arnault family and is led by Bernard Arnault, France's richest man.

Based in New York and best known for its diamond engagement rings, Tiffany operates more than 300 retail stores globally, including 47 in Europe.

Reuters



Tiffany is particularly renowned for its diamond and sterling silver jewellery

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# Water giants on collision course with regulator

ALEX DANIEL

@alexmdaniel

SOME of the water industry's most prominent investors are said to have complained to the Treasury that regulator Ofwat is becoming politicised.

Investors that control suppliers including Anglian, Yorkshire, Affinity, South East and South Staffs reportedly met with officials this month, in a bid to pre-empt Ofwat's final publication of its financial demands for the industry over the next five years.

The regulator stunned the industry in July, when it rejected all but three leading suppliers' business plans for 2020-2025, in a bid to clean up their act. Ofwat demanded water companies pay their debts faster, become more efficient and treat customers better. It is due to publish its final ruling in December.

Blue-chip investors such as Allianz, Singapore sovereign wealth fund GIC, Deutsche Bank and IFM Investors met

with Treasury officials on 14 October to complain Ofwat was reacting too strongly to political pressure, according to the Sunday Times.

They are also believed to have warned that the Competition and Markets Authority would be hit by a deluge of appeals from companies.

Ofwat said: "Our decision-making is independent from government and based on delivering the very best for customers. Investors have always made clear they value the independence of the regulatory regime."

Meanwhile, the Labour party is threatening to renationalise the sector, which has received billions of pounds worth of investment since state-owned firms were privatised throughout the 1980s and 1990s.

However, investors have overseen a litany of scandals such as sewage spills and water leaks, while taking big dividends, paying minimal corporation tax and piling debt onto the companies they took stakes in.



Cobham, founded in 1934, has about 10,000 staff, including 1,700 in Britain

## Cobham takeover ruling nears as family 'mulls judicial review'

ALEX DANIEL

@alexmdaniel

THE COMPETITION watchdog will rule tomorrow whether a controversial £4bn takeover deal of UK defence giant Cobham by a US private equity firm can go ahead.

The Competition and Markets Authority (CMA) is widely expected

to approve the deal, on the condition the buyer, Advent, does not cut jobs or move Cobham's refuelling technology out of the UK.

It comes amid reports by the Sunday Times that Cobham's founding family, who opposed the deal, are considering a judicial review in a last-ditch bid to block the acquisition.

## UBS urges new recruit Khan to drop complaint

JOHN REVILL

UBS WANTS Iqbal Khan, co-head of its wealth management business, to drop his criminal complaint over a spying scandal that emerged after he left cross-town rival Credit Suisse, the Sonntags Zeitung newspaper reported yesterday.

UBS's board would welcome it if Khan abandoned his complaint against the three private detectives who followed him during his last weeks as a Credit Suisse employee, the paper said, citing sources close to the UBS board.

The board at Switzerland's biggest lender suggested that a trial could pose dangers for Khan and the bank, especially if new details emerged that could incriminate Khan, the paper said.

It could also be embarrassing for Khan if prosecutors dropped the proceedings without a result, it added.

Khan, who left Switzerland's second-biggest bank in July and began working at UBS in October, was under surveillance by private detectives hired by Credit Suisse from 4 September to 17 September, when he spotted them during a shopping trip in Zurich. Reuters

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# Revolving door spins at London litigation funder

**JAMES BOOTH**

@Jamesdbooth1

LITIGATION funder Augusta Ventures has launched a new team to back consumer class actions, but has also shed more than 10 per cent of its London workforce in a recent round of cuts.

The funder said that despite cutting eight staff in London, it has grown overall, adding 11 new employees in recent months.

Its new consumer claims division, which is led by head of structured projects Ed Yell, is intended to cash in on an expected upswing in consumer group actions such as the one Volkswagen is facing from disgruntled car owners in connection with its emissions rigging scandal.

Augusta co-founder Louis Young said the growth of group actions would keep companies which transgress consumer rights on their toes.

"Companies need to be much more alert," he said. "You throw a handful

of sand at something and it doesn't hurt. Mix that handful of sand into a ball with some cement and hit them with it and it can hurt. That's what you are getting here."

Separately, the funder has made a round of cuts, slashing eight staff from a London office which according to its website now has 58 staff.

"We have streamlined operational processes in some areas while continuing to recruit additional expertise to the business in areas that we had not envisaged would be in such demand 12 months ago," Young said.

Augusta recently examined a stock market flotation.

However, the summer's shortseller attack on Aim-listed funder Burford Capital – which suffered a 40 per cent share price drop after questions were raised over its accounting policies – has lessened the prospect of further listings in the space.

Last month Augusta raised \$115m (£93m) from an unnamed US fund.



The taxi firm employs 1,000 people and has around 5,000 drivers on its books

## Addison Lee lenders circle taxi giant as sale process continues

**MICHAEL SEARLES**

@michaelsearles1

ADDISON Lee has insisted it expects "a successful conclusion" to the "ongoing" sale process despite reports that its lenders are preparing to take control of the London taxi company.

A syndicate of a dozen banks led by ING have drafted in advisers from

Alvarez & Marsal (A&M) to consider their options, according to Sky News, with the company months out from having to repay £200m worth of debt.

It could see the company, which is owned by US buyout firm Carlyle, fall into administration, Sky News reported. Valuations of the company were as high as £800m earlier in the year but it has recently suffered substantial losses.

## Lawyers asked to advise on dubious issues

**JAMES BOOTH**

@Jamesdbooth1

A SURVEY of in-house lawyers published today has found that 45 per cent have been asked to advise on something ethically debatable.

The study shines a light on the tightrope in-house lawyers have to walk between acting commercially and upholding professional ethics.

The survey of more than 400 lawyers found that 32 per cent were sometimes asked to advise on something that made them feel uncomfortable ethically.

Thirty nine per cent said they had been asked to advise on something where the legality of a proposed action by their organisation was debatable.

One example the report gave of an ethical dilemma was the issue of non-disclosure agreements (NDAs) which have been used by some companies to cover up illegality.

The study was commissioned by flexible lawyering business LOD and carried out by Steven Vaughan, professor of law and professional ethics at University College London, and Richard Moorhead, professor of law and head of Exeter Law School.

# Travel startup Duffel picks up \$30m to revitalise outdated airline technology

**EMILY NICOLLE**

@emiljnicolle

DUFFEL, a London-based startup seeking to provide airlines with a fresh software update, has today closed a \$30m (£27.1m) funding round led by Dropbox and Slack investor Index Ventures.

Existing investors Benchmark Capital, which has backed the likes of Snap and Uber, and Blossom Capital also participated.

Duffel helps travel agencies to connect to airline booking systems so they can access information such as seat availability in real time.

Airlines such as British Airways, Lufthansa, American Airlines, Vueling and Iberia are scheduled to join the platform at launch.

The startup came out of stealth mode in June, and has now raised approximately \$56m to date.

It said it will use the funding to hire more highly skilled engineering

talent and expand in North America and Europe.

Index partner Jan Hammer said: "There is an opportunity here to transform the booking experience for travellers and ease many of the pain points in the industry."

"From the launch of budget airlines to sharing economy businesses like Airbnb, travel has changed and Duffel will provide the tools, built from the ground up, that make the next wave of innovation possible."



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# Just Eat suitor vows cash boost in bidding war

JAMES WARRINGTON

@j\_a\_warrington

THE SOUTH African firm hoping to derail Just Eat's merger with Takeaway.com is planning to invest hundreds of millions of pounds in the delivery firm in a bid to take on rival Deliveroo.

Prosus, the Dutch division of South African tech conglomerate Naspers, last week tabled an audacious £4.9bn takeover offer for Just Eat, sparking a furious bidding war.

Just Eat's board rejected the unsolicited cash bid in favour of an all-share merger agreed in July with Takeaway.com, which offered 731p per share. However, a decline in Takeaway.com's share price means the deal is now worth just 594p per share.

Prosus has described its own bid as a "full and fair price" and pledged hefty investment in the takeaway firm in a bid to win over investors.

Boss Bob van Dijk said the

Takeaway.com deal would fail to provide Just Eat with the investment it needed to pose a challenge to rivals Deliveroo and Uber Eats, and said his firm's offer "reflects the investment that is needed".

"We believe a cash offer at a 20 per cent premium is better than an all-share offer," he said. "It provides certainty to shareholders and shields them from operational execution risk."

Prosus said it would focus its investment on additional drivers so that it can offer more choice to consumers.

While Just Eat has its own drivers, the platform functions primarily as a marketplace, often requiring restaurants to carry out the delivery themselves. By ramping up its roster of drivers, Prosus said, the firm could expand its offering to more eateries.

However, the gatecrasher's bid has so far failed to charm institutional investors such as Aberdeen Standard and Cat Rock.



Alton Towers' Scarefest this year will include events based on the plague

## Merlin Entertainment set to rake in profit over Halloween period

POPPY WOOD

@poppyeh

ALTON Towers and Thorpe Park owner Merlin Entertainment is poised to profit from its busiest period in the calendar during Halloween festivities this week.

Spending by visitors at specially-themed Halloween events, including

Alton Towers' Scarefest and Thorpe Park's Fright Nights, brought in 17 per cent of the firm's annual revenue last year, overtaking summer as the busiest period of the entire year.

A spokesperson said the company had been "responding to demand for Halloween-themed experiences" and has seen Halloween emerge as a "significant trading period".

## City fund to buy £65m stake in oil closure firm

HARRY ROBERTSON

@henryrobertson

A PRIVATE investment firm backed by City investors and energy industry figures is reportedly set to inject more than £65m in a firm that specialises in decommissioning oil-wells of the sort that litter the North Sea.

MW&L Capital Partners, launched last year by HSBC's former investment chief and a Goldman Sachs alum, is poised to become a major shareholder in Well-Safe Solutions (WSS), Sky News reported yesterday.

WSS uses a so-called plug and abandon approach to dismantling and fully switching off oil wells. Its website says WSS "provides a ground-breaking approach to the safe and cost-efficient decommissioning of on and offshore wells".

The decommissioning of oil wells is a multi-billion-pound business that looks set to grow as countries attempt to transition to low-carbon alternatives. The UK North Sea has around 5,000 wells which need decommissioning. The deal is set to be one of the biggest moves to date from MW&L.

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# Three issues 5G warning in £2bn mega-merger

JAMES WARRINGTON

@j\_a\_warrington

MOBILE operator Three has issued a stark warning over a £2bn mobile masts mega-merger, warning that the deal could pose a threat to the UK's 5G rollout.

Earlier this month Spanish infrastructure giant Cellnex struck an agreement to buy the telecoms division of British firm Arqiva, making it the largest mast operator in the UK.

Three has called on regulators to intervene in the deal, stating it could inflate costs and slow down efforts to bring the high-speed network to all parts of the country.

"The proposed acquisition of Arqiva's telecoms business by Cellnex threatens to hinder the UK's position in the global 5G race, giving Cellnex control of over 80 per cent of independent mobile sites in the UK," a Three spokesperson said.

The planned merger will add

roughly 7,400 sites to Cellnex's portfolio, as well as the rights to market 900 additional sites across the UK.

Cellnex, which rents access to all four mobile networks, hailed the deal as a "key milestone".

However, the move has sparked concern among telecoms providers, and Three warned against the creation of a fresh monopoly, the Sunday Telegraph reported.

"At a time when operators are focused on deploying 5G as quickly as possible, the creation of a new monopoly may increase the costs of rollout, reducing investment in the UK's digital infrastructure, negatively impacting consumers," the firm said.

"The Competition and Markets Authority needs to ensure the transaction does not compromise the UK's objective to be a world leader in 5G."

All four UK mobile operators have now launched 5G in London and other major cities, with wider rollouts planned in the coming months.



Cimabue was a pioneering Italian painter, of whom only 10 works have survived

## Long-lost Italian Renaissance painting is auctioned for €24m

CLOTAIRE ACHI

A LONG-LOST painting by 13th-century Italian master Cimabue that was found in the kitchen of an elderly French woman was sold for €24m (£20.8m), more than four times the pre-auction estimate, auction house Acteon said yesterday.

The Christ Mocked painting by

early Renaissance artist Cimabue discovered earlier this year had been valued at €4m to €6m.

"When a unique work of a painter as rare as Cimabue comes to market, you have to be ready for surprises. This is the only Cimabue that has ever come on the market," said Dominique Le Coent, head of auction house Acteon in Senlis.

## Airport security startup Zamna nabs \$5m fund

JAMES WARRINGTON

@j\_a\_warrington

UK STARTUP Zamna, which develops software to automate airport security checks, has bagged \$5m (£3.9m) in fresh funding.

The seed funding round was led by venture capital firms Localglobe and Oxford Capital, alongside Seedcamp, the London Co-Investment Fund and O2 parent company Telefonica.

Zamna also secured re-investment from British Airways owner IAG, which has since become the firm's first commercial client.

Zamna, formerly known as Vchain, uses blockchain technology to verify passenger information, reducing the need for manual document checks at airports.

The London-based company has partnered with Emirates Airline and immigration authorities in the United Arab Emirates to verify passenger data at airports in the region.

Zamna said the funding will be used to support the rollout of its proprietary technology for biographic and biometric data to eliminate multiple identity checks.



## The C1 Moonglow

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Worn & Wound

# UK 'must slash' stamp duty for housing boost

JAMES WARRINGTON

@j\_a\_warrington

THE GOVERNMENT should slash stamp duty to help boost housebuilding and encourage people to buy their own homes, a new report has stated.

Stamp duty is the second most unpopular UK levy behind inheritance tax, and a gradual rise in rates has meant the average buyer in England pays £2,300 when they buy a property.

Think tank the Centre for Policy Studies (CPS) branded stamp duty a "tax on mobility and aspiration" and urged the government to raise the threshold from £125,000 to £500,000.

The report, drawn up by former Number 10 housing adviser Alex Morton, proposed that a four per cent levy be charged on properties between £500,000 and £1m, and five per cent on anything higher.

Prime Minister Boris Johnson has supported the idea of stamp duty reform. However, uncertainty over the

cost of the move, coupled with chancellor Sajid Javid's decision to cancel his planned Budget on 6 November, has cast doubts on the tax cuts.

Stamp duty currently raises £5.1bn for the government. However, the CPS argued a reform to the tax would cost only £1.6bn due to the positive impact of increased transactions.

The report estimated that a one per cent cut in stamp duty rates would increase housing purchases by roughly 20 per cent, which in turn would lead to more homes being built.

Moreover, it stated that the cost of reforming the tax could be further offset by a new three per cent levy charged to foreign buyers snapping up property in the UK.

"While the Treasury are right to be fiscally focused, they need to take into account the fact that stamp duty on homes has an impact on transactions, which means cutting this tax is cheaper than expected," said Alex Morton, head of policy at CPS.



Joaquin Phoenix plays the eponymous villain in Warner Brothers' new film

## Joker replaces number one spot on worldwide box office charts

REBECCA RUBIN

IN ITS fourth weekend in theatres, Warner Brothers' Joker returned to the top of box office charts over the weekend, narrowly defeating Disney's Maleficent: Mistress of Evil.

The two villains had been in a close race for first place, but yesterday's estimates showed that Joker will walk

away victorious with \$18.9m (£14.7m) in ticket sales. Those rankings could change today after final tallies are reported, since the Maleficent sequel is close behind with \$18.5m.

The non-consecutive win highlights the endurance of Joker, which is only the third movie this year to secure in first place during three weekends.

## Brazil tries to lure airlines to fly domestic

MARCELO ROCHABRUN

BRAZIL is determined to lure airlines to operate domestic flights in Latin America's largest aviation market, and is taking meetings with at least three carriers, a senior government official told Reuters yesterday.

"We are going to talk with Jet Blue, we are going to talk with Volaris — a Mexican group... We are going to talk with Sky Airline, which is Chilean," Ronei Glanzmann, Brazil's civil aviation secretary, told Reuters on the sidelines of the Alta Airline Leaders Forum, an industry conference.

"These are conversations to introduce Brazil to them, they do not mean that the airlines are saying that they will come here," he added.

Glanzmann said the meetings with Volaris and Jet Blue will take place today.

Brazil's government has recently begun a push to open its aviation market — the largest in Latin America.

Right-wing President Jair Bolsonaro has allowed foreign carriers to set up domestic carriers in the country.



 Christopher Ward

christopherward.co.uk

# Far-right AfD party hurts Merkel's CDU in Germany's regional election

PAUL CARREL

THE FAR-RIGHT Alternative for Germany (AfD) beat Chancellor Angela Merkel's conservatives into third place in yesterday's regional election in the eastern state of Thuringia, in which the incumbent far-left Linke came first, an exit poll showed.

The result follows the AfD's successes in the eastern states of

Saxony and Brandenburg, where it surged into second place in 1 September elections, and marks a setback for Merkel's Christian Democrats (CDU).

The Linke won 29.7 per cent of the vote, the results forecast by broadcaster ARD showed. The AfD won 23.8 per cent, the CDU 22.5 per cent, the Social Democrats (SPD) 8.5 per cent, the Greens 5.4 per cent and the Free Democrats five per cent.

The result will make coalition building more difficult.

Both the CDU and SPD, which rule together in a so-called grand coalition at national level, lost votes from the last regional election in Thuringia in 2014.

The AfD more than doubled its share of the vote and the Linke edged up, meaning the two parties on the furthest end of the political spectrum performed strongest.

Reuters

# Asda dismisses workers' plea to axe sack threat

MICHAEL SEARLES

@michaelsearles\_

ASDA has rejected a last-minute request from trade unions to remove the threat of dismissal for thousands of staff if they fail to sign a compulsory contract by the end of next week.

The GMB Union has predicted that up to 12,000 of more than 100,000 employees affected could lose their jobs because they can't agree to the terms of the new deal.

The new compulsory contracts, known as Contract 6, require greater flexibility from staff.

A spokesperson for Asda said the estimate from GMB was "unsubstantiated speculation" and that the "overwhelming majority" of workers had signed.

They said the deal was in the best interests of employees and customers, but would not confirm how many are yet to sign.

The UK supermarket said the contracts are a necessary response to competition in the supermarket sector and will see 95 per cent of those

affected take home an increased salary.

Unions argue the dispute is part of an increasingly difficult workplace environments, where employers squeeze their staff's terms and conditions ever harder.

Asda's Contract 6 was introduced in 2017 as a voluntary option but has now been made compulsory.

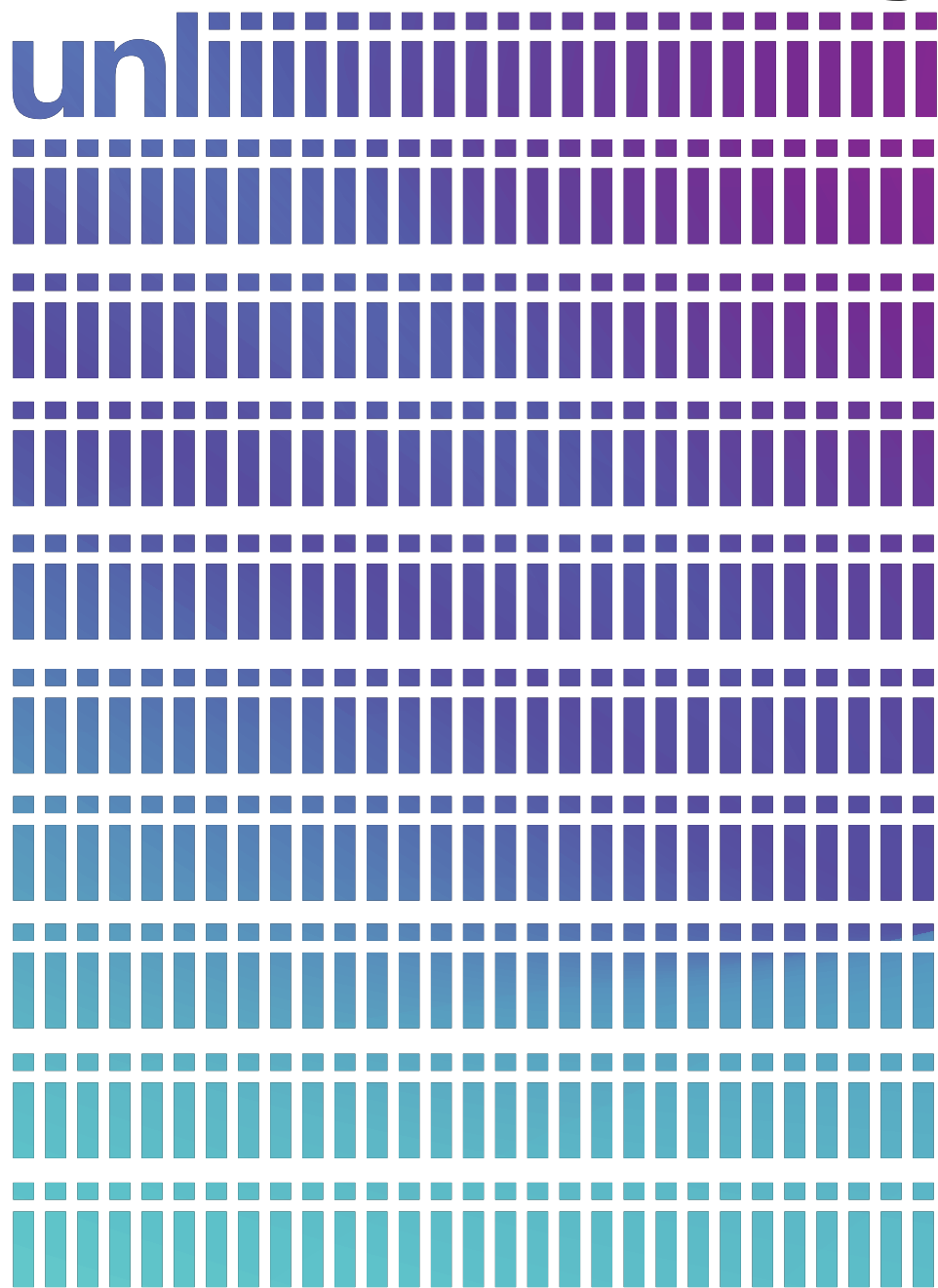
Staff that have refused to sign the contract were put on a 12-week notice period, due to expire next weekend, with employees aware that if they do not sign they will be let go.

The new contract will require staff to work any shifts demanded by managers and five of eight bank holidays.

The new contract will require staff to work any shifts demanded by managers and five of eight bank holidays.

A spokesman for Asda said: "Throughout the consultation process on these changes we have taken colleagues concerns and feedback from representatives on board and have been clear that we understand our colleagues have responsibilities outside of work."

# Our Unlimited data is actually



Yorkshire painter David Hockney has helped drive up the value of the UK art market

# British art exports hit £6.8bn as weak sterling drives US demand

JAMES WARRINGTON

@j\_a\_warrington

THE VALUE of art exports from the UK surged by almost a quarter in the last year thanks to increased appetite from US collectors.

Sales of art and antiques hit £6.8bn in the year to the end of August, up 24 per cent on the previous 12 months, according to figures compiled by private wealth law firm Boodle Hatfield.

The increased value was boosted by growing demand across the pond,

with exports to the US increasing by £1.2bn in the last year, HM Revenue & Customs figures showed. This means US buyers now account for 54 per cent of all art exported from the UK.

The increase in UK exports has been fuelled largely by a weaker sterling against the dollar, which has enabled US collectors to purchase art more cheaply than in previous years.

The UK's leading position in the global contemporary art market has also allowed it to cash in on favourable conditions for foreign buyers.



Rory Stewart resigned from the Conservative party earlier this month

# RORY PLOTS CITY HALL BID

His Twitter campaigning has won him plenty of digital fans — but can Rory Stewart thrive in the real world, too? He tells **Cat Neilan** why he's running to be London's next mayor

|||||  
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## No speed limits, no data caps and 5G ready at no extra cost. Like, for reals.

IT MIGHT feel like a lifetime ago, but turn the clock back to the summer and for a brief moment it felt as if the Conservative party could be about to anoint Rory Stewart as Prime Minister. The dark horse candidate, who stood on a ticket of soft Brexit, drew support from heavyweights including Ken Clarke and David Gauke before a disastrous TV debate brought Stewart's ambitions to an end. Having repeatedly ruled out serving in a Boris Johnson cabinet, it was no surprise to find him persona non grata under the new regime and he joined the backbenches. Obscurity beckoned.

But despite numerous tweets insisting #RorysStillATory, Stewart resigned as an MP and announced he would run as an independent candidate for London mayor. The bookies have him as second favourite.

Born in Hong Kong, he spent much of his life in Malaysia and Scotland, was educated at Eton and Oxford, and then spent much of his working life abroad. As an MP he has represented Penrith and The Border for nearly a decade. His London connections, some suggest, are not the strongest.

Stewart bristles, stressing that his experience of the city is like that of many Londoners. But, he insists that one of the key challenges to the role is understanding that London isn't "just one city — in some ways, it's 700 villages".

"My connections to London are all in South Kensington — I have to make sure I develop an understanding of Bromley and Bexley and Neasden," he says. He talks about a recent trip to Brixton, where tensions exist between new arrivals and longer-standing residents.

"It's still a very mixed area," Stewart says. "If my campaign is about anything, it's about avoiding pitting people against each other. I don't want a London where you pitch poor against rich, old Londoners against those who have just moved there — the key thing is to create a sense of London as it really is, of difference, not division."

But how would he operate City Hall? He insists his "skill set is very operational — it's not about making grand speeches in parliament, it's about working logically through what it really means to make streets safe," he says.

Stewart is also hoping to turn his apparent weakness — that of being an

independent candidate — into a strength, at a time when faith in politicians at large might not be that much of an ask. "I am not tied to any political parties, I don't have to apologise for Corbyn or Johnson," Stewart says. He calls on Khan to "be like me and stand as an independent", given the Labour candidate's disagreement with the current leadership.

"The question is what does he really think about the Labour party right now, what does he really think about their desire to abolish private schools? If his view is like mine, that these policies are bonkers, I don't think it makes sense to say I'm part of a party that has moved to an extreme," Stewart says.

Stewart's leadership bid explicitly repudiated a no-deal Brexit — so what happens if a deal is struck?

"I need to be very cold and clinical in thinking through what the consequences of different versions of Brexit

“

London isn't just one city — it's 700 villages

are on London," he says. "This is about how London prepares for all the different things that are imposed on it by the European Union, by Number 10, by parliament."

If, for example, a deal goes through without any provision for services on which the capital is so reliant, "the mayor would have to lean very quickly and aggressively into signing a new service trade agreement with the EU, and then other countries," Stewart says. "It is very important, this ambassadorial role, which is why someone with diplomatic experience is crucial as mayor."

But can Stewart really do it — or will his campaign fizzle out just as his leadership pitch did?

He won't be drawn on predictions. But some former colleagues suggest his plan is simply to bide his time before making another bid for Number 10. As one MP puts it: "He wouldn't be the first man to move from City Hall to Downing Street."

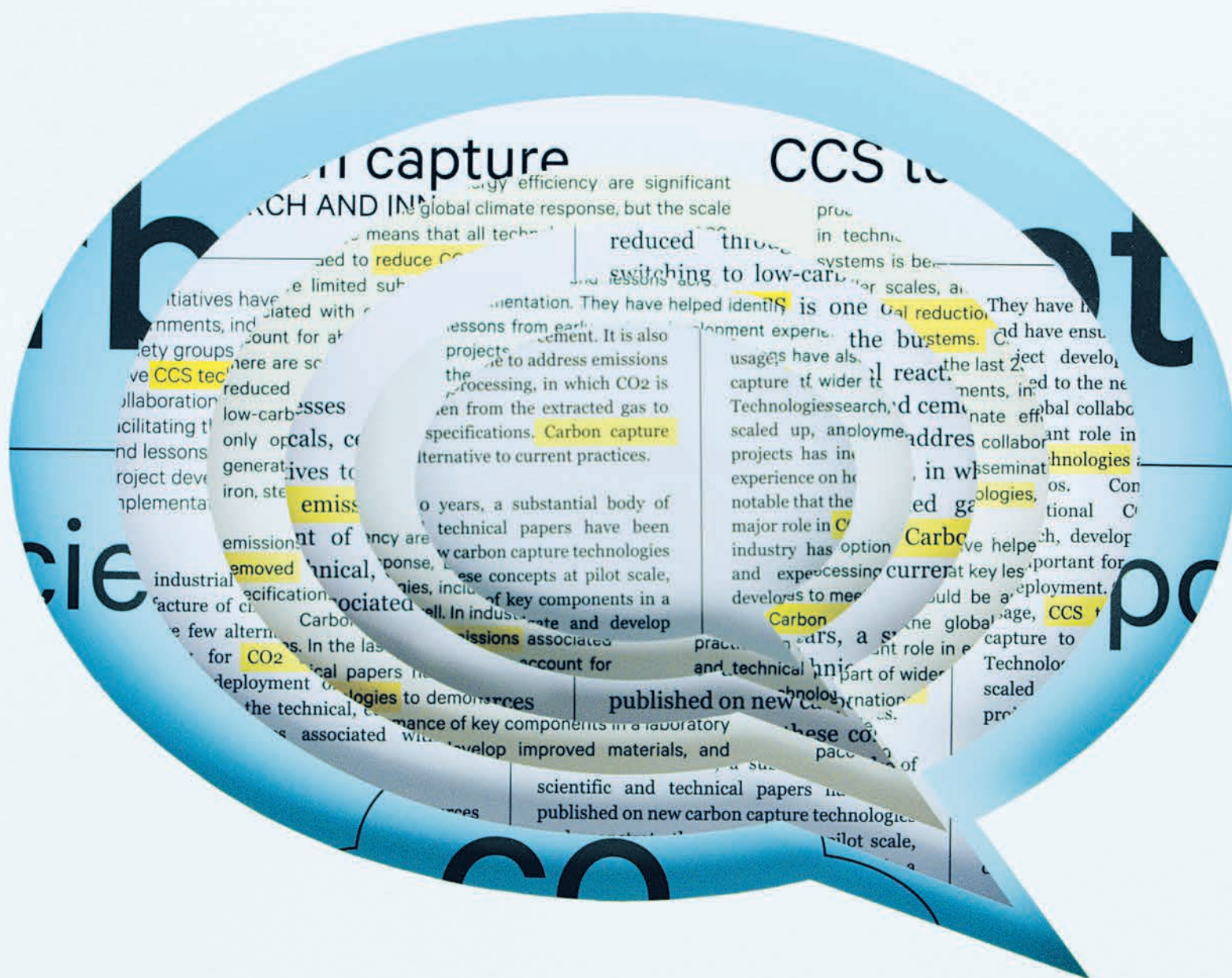
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# Microsoft wins \$10bn Pentagon cloud contract

MICHAEL SEARLES

@michaelsearles\_

MICROSOFT has won a cloud-computing contract from the Pentagon worth \$10bn (£8bn), it emerged over the weekend.

The contract is for the Joint Enterprise Defence Infrastructure, dubbed Jedi, is for a 10-year period.

The project is aimed at making the US Defense Department more technologically agile.

Amazon had been the favourite to win the contract, amid a heavily scrutinised bidding process. However its bid was criticised by rivals and US President Donald Trump.

Amazon said it was "surprised" by the decision, adding a "detailed assessment purely on the comparative offerings" would "clearly lead to a different conclusion".

The US President has repeatedly criticised Amazon and its founder Jeff Bezos – who also owns the Washington Post – in the past.

Amazon has 10 days to decide whether to challenge the Pentagon's

decision and said it will be evaluating its options.

In a statement the Pentagon said all offers "were treated fairly".

The purpose of Jedi is to replace the US Defense Department's ageing computer networks with a single cloud system.

Microsoft will provide artificial intelligence-based analysis and host classified military secrets among other services.

It is hoped the platform will provide the military better access to data from battlefields.

The contract is part of a more widespread digital modernisation project at the Pentagon to make it more technologically up to date.

The funding comes after Pentagon officials complained of outdated computer systems and being unable to access files and share vital information.

"If I am a warfighter, I want as much data as you could possibly give me," lieutenant general Jack Shanahan, the director of the Joint Artificial Intelligence Center, told reporters.



Demonstrators blocked roads by forming human chains across parts of the country

## Protestors form human chain in Lebanon amid political deadlock

ELLEN FRANCIS

PROTESTORS formed a human chain across Lebanon yesterday, pressing a historic wave of demonstrations against political leaders blamed for corruption and steering the country towards economic collapse.

With the crisis in its second week, there was no sign of moves by the government towards a compromise with protesters whose demands include its resignation.

Reflecting financial strains unseen since the 1975-90 civil war, the

millers association said wheat stocks were enough for just 20 days due to problems making foreign currency payments over the past two months.

Lebanon's banks will remain closed today. They have been shut for eight working days out of safety concerns.

Bankers and analysts also cited wide fears depositors will try to take out their savings when banks reopen.

The protests, ignited in part by a government plan to tax Whatsapp calls, have swept Lebanon over the past 11 days at a time of deep economic crisis.

Reuters

# Thai exporters face £47m in losses as US halts goods' duty-free status

CHAYUT SETBOONSARNG

THAI exporters facing the loss of duty-free status for certain goods sold to the United States could incur losses of up to 1.8bn baht (£47m) per year, commerce minister Jurin Laksanavisit told reporters yesterday.

The United States last Friday suspended duty-free treatment for \$1.3bn (£1bn) worth of Thai imports, including seafood products, under its

Generalised System of Preferences (GSP) programme, saying Thailand did not "afford workers in Thailand internationally recognised worker rights."

The tariffs that would take effect in six months would be four to five per cent instead of zero, Jurin said.

"Thai products that are sold in the US will have a burden which comes to around 1.5 to 1.8bn baht," he said.

Separately, labour minister

Chatumongol Sonakul said Thailand is working on measures to ensure migrant worker rights, but that those would be based on Thai standards and laws. "We refer to international standards, but do not translate them into law," Chatumongol said.

"One of the issues is large unions... We don't want that – we have company unions," he said, adding there would be more negotiations.

Reuters

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# TRADING AMBITION

 in association with IG

**Sam Dickens**

Portfolio Manager,  
IG Smart Portfolios



As the synchronised slowdown in the global economy continues, central banks have yet again stepped in to attempt to extend what has already been the longest economic and stock market expansion in history. With interest rates across the world already low and in some cases negative, the stark reality is that the future impact of monetary policy on the economy is likely to be limited at best.

But central bankers have already shown signs that they are willing to get creative to force interest rates lower which, if successful, will exacerbate the dilemma that long-term investors face: accept lower returns or seek out higher yields in riskier assets?

Both Switzerland and Denmark's central bank policy rate is currently at -0.75%, while comparable interest rates in the Eurozone, Sweden, and Japan are also zero or below. In response, a growing number of European banks are plucking up the courage and passing on negative charges to larger depositors. Smaller savers should expect the same treatment sooner rather than later, as banks get fed up of subsidising the interest rate that savers currently receive.

To avoid getting charged on cash deposits, it would be reasonable for savers to invest in government or investment-grade corporate debt. Both have historically been relatively low risk but have provided higher returns than cash over the longer-term. However, the low interest rate environment combined with the murky global economic outlook has led to a compression of yields on these high quality fixed income securities.

Taking Europe's largest economy as an example, German government bond yields across the yield curve were all negative this month, apart from those with a 25 or 30-year maturity which only recently turned positive again after falling into negative territory for the first time ever in August.

# WHAT DO NEGATIVE BOND YIELDS MEAN FOR INVESTORS?

If this isn't enough to make you think low risk bonds are expensive from a historical standpoint, then the following observation should help to highlight that sections of the European bond market are not only overpriced, but absurdly so.

Towards the end of 2011, the spread between Greece and Germany's 10-year bond yields rocketed to 33% on fears that Greece would default on its debt due to its massive fiscal deficit and ultimately crash out the euro – which a last-minute bailout helped to prevent.

Ironically, Greece's government debt as a percentage of its GDP has actually increased since the European sovereign debt crisis; up from 160% in 2012 to over 180% in 2018. During this time the Greece/Germany 10-year spread has almost disappeared, falling below 2% for

the first time since the crisis.

While this case suggests that investors in Greek debt are seemingly happy to accept just a small risk premium on what is a significantly riskier asset, the swelling amount of negative yielding debt poses a headache to the wider investing community when it comes to finding defensive, income-generating assets. At the start of October, there was \$14 trillion negative yielding debt globally, or around 25% of the total market, up from \$8.3 trillion at the start of 2019.

A danger here is that investors attempt to maintain their portfolio's yield by taking on a greater amount risk. High-yield bonds, less glamorously known as junk bonds, have proved popular with investors this year, with the total amount invested in US-listed high yield bond exchange-traded funds

(ETFs) up 37%, year-to-date.

This is at odds with what investors should generally do amid a deteriorating global economy, where instead it would be reasonable to shift some investments into lower risk assets such as government or investment-grade bonds.

However, a different indicator suggests that some risk assets may currently offer relatively better income opportunities for longer-term investors who may be less concerned with short-term market fluctuations. For the first time since the depths of the Great Financial Crisis, the dividend yield on the S&P 500 index is higher than the yield on the 30-year US treasury bond. It is important to remember, though, that stocks are more volatile than bonds and a further weakening of economic data could lead stocks to give up some of

their impressive year-to-date gains.

In all, it is vital that investors have a good understanding of their ability to take on risk; by considering their existing assets and liabilities as well as the length of their investment horizon. Especially in today's environment where low interest rates can tempt investors to reach for yield.

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# YOUNG PRETENDERS

**James Booth**  
on whether  
Freshfields can  
retain its private  
equity crown

**F**RESHFIELDS Bruckhaus Deringer's youthful private equity team is on the frontline of the struggle between UK and US law firms to control the City legal market.

The firm has led the European private equity deal rankings for the last three years, seeing off both Magic Circle and US rivals.

However, the shock exits of star partners David Higgins and Adrian Maguire over the last two years to big-spending US firm Kirkland & Ellis leaves the practice in the hands of an unusually young team.

Charles Hayes made partner in 2016, Victoria Sigeti in 2015, James Scott in 2017 and Tim Wilmot in 2010.

Can Freshfields' young pretenders keep the firm on top of the European private equity pile?

Freshfields is a City institution. It has acted for the Bank of England since 1743, counts Barclays, HSBC and JP Morgan as clients, and its corporate practice remains a dominant force in European mergers and acquisitions (M&A).

Hayes argues that these long-standing relationships, allied with the firm's geographical spread and expertise in areas such as financial regulation and healthcare, gives the firm's private equity team an edge in a cut-throat market.

"We do think that we've got something a bit different," he says.

However, the threat from US interlopers to Freshfields and its Magic Circle peers is very real.

The likes of Weil Gotshal & Manges, Latham & Watkins and Kirkland have targeted the lucrative City private equity market, ripping lawyers and work away from the incumbents.

Kirkland in particular, has hired a group of hungry young private equity lawyers from the Magic Circle in recent years. The addition of the prized scalp of Higgins, on a reported \$10m (£7.8m) a year deal, and the subsequent poaching of Maguire, has given Kirkland the older heads needed to consolidate its position.

Data from Mergermarket shows Kirkland is leading the way this year on European buyouts by value, acting on 52 deals valued at €45.1bn (£39bn).

Freshfields is in third, acting on 49 deals valued at €37.5bn.

If Kirkland can hold onto its lead, it would mark the first year since 2015 that Freshfields has not led the European buyout rankings.

Reminiscent of Sir Alex Ferguson's mantra that no player is bigger than the club, Freshfields' partners stress the wide, institutional nature of their client relationships, which they suggest will not be damaged by one or two high-profile exits.

"It's a blow... but there are people to fill that gap," Wilmot says.

"We very much see ourselves as custodians of these relationships... but none of us are under any illusions that they are our personal relationships," Sigeti says.

"It's not like we're a barristers chambers where you have got one QC and it's all about the experience and the advocacy of that QC," Scott says.



Freshfields private equity partners (L-R) Tim Wilmot, Charles Hayes, Victoria Sigeti and James Scott

This philosophy is at the heart of the clash between the Magic Circle and the US firms.

Magic Circle firms operate lockstep partnerships, with pay based on seniority, while most US firms use a merit-based pay system.

The theory behind lockstep is that partners will act in the best interests of the client, rather than jealously guarding relationships, giving clients better service, and making it harder for exiting partners to take clients with them.

However, the rich rewards dangled by the US firms have seen a steady stream of partners leave to take the US dollar and led to a move away from pure lockstep at the Magic Circle as they work out how to keep their leading lawyers.

Last year Freshfields revamped its pay system to give top partners the opportunity to earn up to £3m per year, and there are reports that the firm is mulling further changes.

However, discussion of lockstep is above the (admittedly high) pay grade of the private equity team.

"We're not allowed to talk about that," Hayes says.

While the US firms have made headway in London, the UK elite have found it tougher to break the lucrative US market.

Last Friday, Freshfields announced the hire of a four-partner team in New York from US firm Cleary Gottlieb as part of an attempt to crack the US

M&A sector.

The team, led by rainmaker Ethan Klingsberg who counts Google-parent Alphabet among his clients, was almost certainly brought in on an above lockstep deal, essential for hiring top talent in the competitive New York legal world.

Speaking before the hires were announced, Hayes says that while a strong US base is essential for the firm, it is not necessary for Freshfields to have top-tier private equity teams on both sides of the Atlantic.

"For the business we do on our platform, do you necessarily need to have a massive private equity business in New York?"

"Well I think where you need to start is by making sure you've got the other things that support your business," he says.

Hayes cites the firm's US regulatory, antitrust and litigation practices and the recent hire of former Cfius [Committee on Foreign Investment in the US] head Aimen Mir as evidence the private equity team has the necessary US support base to continue to thrive.

Freshfields' success or otherwise in retaining a dominant position in European private equity rests on the shoulders of its young team.

Hayes says the firm has recognised the continued growth of private capital and is willing to do what it takes to support the practice.

However, broader strategic questions — lockstep, US strategy — faced by all of the Magic Circle firms remain unanswered. Whether the firm can evolve to meet these challenges will play a major part in the team's drive to stay at the top table of European private equity.

Whatever happens, Hayes says, "it's still Freshfields".

## EU BUYOUT RANKINGS YTD

FIRM	VALUE(€M)	DEAL COUNT
Kirkland & Ellis	45,144	52
Linklaters	42,215	53
Freshfields	37,491	49
Latham & Watkins	36,845	48
Allen & Overy	36,308	66

Source: Mergermarket

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## Stefan Boscia chats social responsibility with ride-hailing app Kapten's new boss

**F**RENCH ride-hailing company Kapten launched in London six months ago, with a bold plan to loosen Uber's iron grip on the sector.

The company barged onto the scene in April and immediately paid for a flurry of advertising, playfully mocking its competitor.

"Others avoid paying VAT in the UK – that's not Uber cool," one billboard read.

It also announced its arrival by offering lower prices than its competitor in an attempt to undercut the Silicon Valley giant.

The launch provided strong results. Kapten is already the second-largest ride-hailing app in London, with 700,000 customers serviced and 17,000 drivers.

However, new chief executive Sebastien Oebel believes these traditional strategies are not enough to catapult Kapten to the top of ride-hailing ladder.

After six weeks in the top job, the former European boss of Amazon's musical tech division is looking to build on early success with a simple core message.

"We want to be a valuable partner to society and we believe our customers want to get the opportunity to support a company that believes in this," Oebel says.

"The generation that is in their late teens, and early twenties, are in particular much more concerned about this factor than generations before."

By putting corporate social responsibility at the heart of its message, Kapten is trying to tap into concerns of a generation moulded by the aftermath of the 2008 financial crash.

Young, urban consumers increasingly value companies with a social conscience.

Oebel is banking on the hope that younger users can be wooed by a

# DRIVING SOCIAL CHANGE



genuine commitment to social justice, particularly while Uber faces immense PR problems in the same area.

While its competitor suffers with ongoing claims of driver mistreatment, Kapten wants to focus itself as a kinder, gentler kind of company.

Repeat users get rewards through a loyalty programme, including free rides.

The company is also currently running its "ride for good" campaign, where customers can choose to round up their fare by 50p and donate the extra money to charity.

"Right now we're working with the



**Young, urban  
consumers  
increasingly value  
companies with a  
social conscience**

Epic Foundation on that, who work with disadvantaged children," he explains.

"In the future we will look to open it up to other UK charities."

However, a much larger change will soon be coming when Kapten

introduces its "green fleet".

In what has been branded as a UK-first for ride-hailing companies, customers will be able to choose to ride with electric, zero-emission vehicles.

Importantly, Oebel says the fleet will cover the entire city and that fares will not cost more than Kapten's current offering.

He said the company will eventually move to a 100 per cent electric fleet.

"Our ambition is to go in that direction, it's a step-by-step process, but we really want to go deep on that front," he says.

"It comes with technological requirements on our side and we still want to make sure we can offer a great service.

"If we only had a green line right now we would have a lower number

of vehicles, but we are moving in that direction."

Kapten's new boss hopes that the company can double its customer numbers over the next 12 months.

He is confident of meeting the ambitious target in a market that is twice the size of Paris – the site of Kapten's headquarters.

Oebel says his experience from Amazon, however, reinstated the importance of looking beyond the short term and focusing on the company's future.

"The thing I took away the most from Amazon was their ability to look at the long-term picture, put in place a bold vision and also accept the pain in the short term to enact that vision," he says.

"I think it's really important to have at all times that insight."

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# CITY DASHBOARD

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## LONDON REPORT

# FTSE 100 snaps four-day streak in Brexit drama

UK STOCKS ended Friday on a sour note as Brexit jitters weighed on sentiment, although the exporter-heavy FTSE 100 marked its strongest weekly performance in nine months as the continuing political divide hurt sterling.

The FTSE 100, which had hovered at a near one-month high in the last two sessions, closed with a 0.1 per cent dip.

The FTSE 250 lost 0.2 per cent, led lower by a 9.4 per cent fall in **Synthomer** after the polymer maker issued a profit warning.

Brexit updates have been the driving force behind a roller-coaster ride for the domestic market over the last few weeks.

While sentiment had improved for battered sectors such as housebuilders after Prime Minister Boris Johnson sealed a new Brexit deal, caution returned when politicians rejected his timeline for the deal's passage.

Parliament forced Johnson to ask for another extension to the departure date, but the European Union has yet to give a go-ahead to

the request. Comments from a source close to French President Emmanuel Macron that the delay is not justified at this stage exacerbated worries.

Housebuilders dipped 0.2 per cent on the sector's fifth straight session in the negative territory.

UK mid-caps suffered a bigger hit versus the FTSE 100 on the back of a continued weakness in the pound due to the political tug of war over the course of Brexit.

Helping limit losses

**Barclays' 2.4 per cent share price rise curbed losses on the main index**

on the main index, **Barclays** advanced 2.4 per cent after reporting a third-quarter profit that topped analysts' expectations.

**WPP**, the world's biggest advertising firm, jumped 6.1 per cent after it reported a return to quarterly organic sales growth for the first time in over a year, with a new strategy from boss Mark Read helping the company.

Another gainer was luxury goods company **Burberry**, which added 2.1 per cent to its share price.

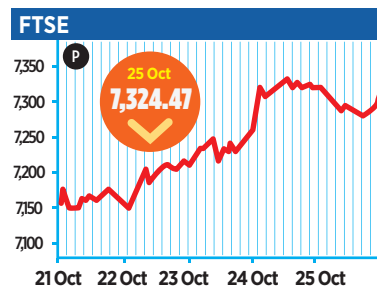


### TOP RISERS

1. **WPP** Up 6.10 per cent
2. **Fresnillo** Up 3.90 per cent
3. **Barclays** Up 2.38 per cent

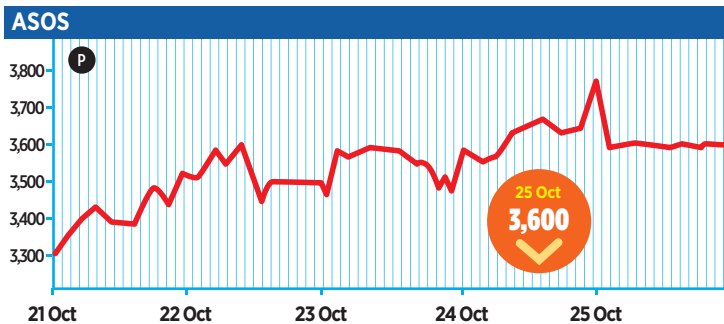
### TOP FALLERS

1. **Coca-Cola HBG** Down 3.24 per cent
2. **Hargreaves Lans.** Down 2.90 per cent
3. **LSE** Down 2.46 per cent

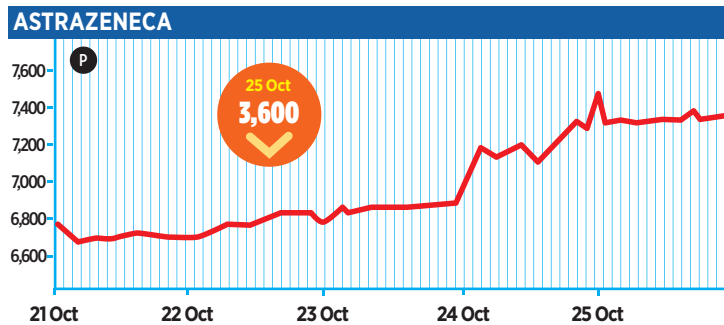


## BEST OF THE BROKERS

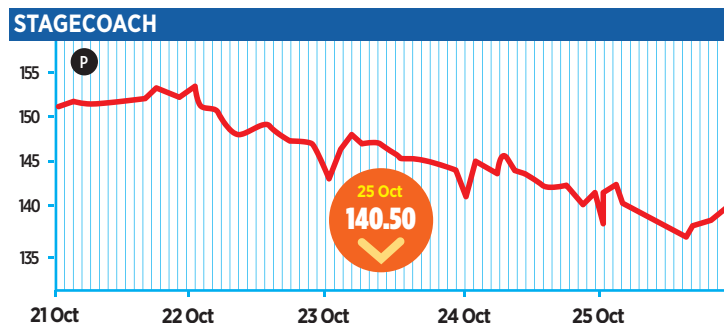
To appear in Best of the Brokers, email your research to [notes@cityam.com](mailto:notes@cityam.com)



Profit at UK fashion giant Asos wasn't looking so good in 2019. It fell by 68 per cent in the year to August as the firm took a hit from a major overhaul of its business model and costly international expansion. Nonetheless, investors popped Asos shares in their baskets as they liked the look of its turnaround plan. Analysts at broker Peel Hunt are also positive about the retailer. They say: "Longer term, the market opportunity remains vast" and add that this could be a good time to buy. They upgrade their rating to "add" and increase the target price to 4,000p.



Drug maker AstraZeneca raised its full-year product sales forecast again last week, as it was boosted by strong demand for new cancer treatments and 40 per cent growth in China. Analysts from broker Liberum say: "Astra is emerging from a major sales and earnings decline with a refreshed portfolio of products. In the next five years we forecast the portfolio adding \$13.8bn in product sales but just \$4.6bn in operating costs." They say investors should take the AstraZeneca pill, upgrading their rating to "buy" with a target price of 8,250p.



Analysts at broker Canaccord Genuity are unsure about the road UK travel firm Stagecoach is on. They say recent earnings improvements are likely to be offset by weaker results from its UK bus section thanks to a rise in fuel prices and limited revenue growth. "Over the medium term, congestion, car dependency, regional economic growth and e-commerce should continue to weigh on volume growth," they say. Yet they add that the "bidding environment" in London has improved, causing them to keep the "hold" rating with a target price of 150p.

## NEW YORK REPORT

# S&P 500 nears record high on trade progress

US STOCKS rose on Friday after Washington said it was close to finalising parts of a trade pact with Beijing and strong quarterly results from **Intel** boosted investor sentiment, sending the S&P 500 briefly over the record high close it set three months ago.

During the session, the benchmark index peaked at 3,027.39, which surpassed its closing record of 3,025.86 on 26 July. It ended at 3,022.55, and the S&P 500 total return index notched an all-time high.

Wall Street enjoyed a strong week, boosted by a clutch of better-than-expected third-quarter earnings reports. The S&P 500 posted its biggest weekly percentage gain in seven weeks, the Nasdaq its biggest in eight weeks.

Intel's quarterly report added to Friday's upbeat sentiment. The chip maker's shares jumped 8.1 per cent, their largest daily percentage gain since January 2018, after the company beat Wall Street revenue and profit estimates and raised its full-year revenue forecast.

**Amazon** fell after the e-commerce giant forecast revenue and profit for the crucial holiday quarter below estimates. Amazon shares ended 1.1 per cent lower, well off their session low.

The Dow Jones Industrial Average rose 152.53 points, or 0.57 per cent, to 26,958.06, the S&P 500 gained 12.26 points, or 0.41 per cent, to 3,022.55 and the Nasdaq Composite added 57.32 points, or 0.7 per cent, to 8,243.12.

For the week, the S&P 500 rose 1.2 per cent, the Dow gained 0.7 per cent and the Nasdaq climbed 1.9 per cent.

**Boeing** shares dropped 1.4 per cent after Indonesian authorities looking into October 2018's Lion Air crash said the world's largest aeroplane maker failed to grasp risks in the design of cockpit software on its 737 Max jet.

Shares of **VF** fell 7.3 per cent after the apparel maker reported lower-than-expected quarterly revenue as competition intensified for its Vans and Timberland brands.

## CITY MOVES WHO'S SWITCHING JOBS

### HUNTSWOOD

Regulatory advisory and specialist resourcing firm Huntswood has announced the appointment of Paul Dyer as its new head of regulatory risk. As an expert on the UK's complex regulatory landscape, Paul has a wealth of experience developing regulatory, risk and compliance practices for organisations within the financial services sector. Throughout his career, Paul has developed transformative solutions to complex problems for



regulators, insurers, banks, pensions and investment firms. During his most recent role as deputy chief risk officer at the Financial Conduct Authority (FCA), Paul led the operational risk, compliance and risk assurance teams. Commenting on his new role, Paul said: "My time at the FCA has been both fascinating and compelling, but I'm thrilled to be taking on a new challenge at Huntswood. Although often difficult to navigate, regulatory compliance ensures that consumers are treated fairly and is absolutely critical in demonstrating good business practice. I look forward to bringing everything I learnt at the FCA to Huntswood to help firms develop innovative and practical ways to overcome risk and ensure a competitive edge."

### KNIGHT FRANK

Global property consultancy Knight Frank has appointed Stuart Baillie as head of planning at the firm's newly-launched town planning consultancy team, based at its London headquarters. Stuart will also be joining the firm as a partner. He was formerly head of planning at GL Hearn and is a specialist in mixed-use urban regeneration schemes. He has led on a wide variety of complex planning projects for both public and private sector clients. Commenting on his move, Stuart said: "We've hit the ground running with an exceptional planning team, which we have ambitious plans to grow with the aim of attracting the very best talent in the industry. I'm delighted to be spearheading this outstanding team of planners."

### DENTONS

Dentons, the world's largest law firm, has expanded its UK people, reward and mobility (PRM) team with the hire of partner and employment law specialist Purvis Ghani in London. Purvis joins from Stephenson Harwood where he has been a partner since 2015. He advises on all areas of employment law with particular expertise in international and cross border matters, discrimination and other tribunal litigation. Virginia Allen, head of Dentons' UK PRM practice, said: "We're delighted to have a partner of Purvis' calibre joining our UK PRM team. With his broad range of experience across multiple areas of employment and discrimination law, his expertise will enhance our offering."

## FORUM

EDITED BY RACHEL CUNLIFFE



# Syria is the climax in the battle for the soul of US foreign policy

IN DEFYING the American foreign policy establishment, I once wrote a book that cost me my job. In 2006, in response to the looming debacle in Iraq, the British thinker Anatol Lieven and I wrote *Ethical Realism*.

It was a broadside castigating the brain-dead, pro-interventionist intellectual sameness of the US foreign policy establishment, and the disastrous real-world consequences that were likely to follow: the waste of a trillion dollars, Iran dominating the Persian Gulf, the destruction of Iraq, and the fundamental failure of American efforts at nation-building.

We summed this up by saying: "What has failed in Iraq has been not just the strategy of the administration of George W. Bush, but a whole way of looking at the world."

But, as the British people will know all too well, failed establishments die hard.

And, indeed, the toughest thing for me emotionally post-Iraq was to watch so many of the very same dolts who had blithely urged the US into the abyss somehow being promoted at their think tanks, magazines, newspapers, and in the government, rather than ridden out of town on a rail – all the while Anatol and I began new lives on the other side of the ocean.

Incredibly, it is many of these very same non-useful idiots, having learned absolutely nothing, who are still doing their best to commit the US to an endless stay in Syria, a country of absolutely no strategic significance for the US.

For beneath all its hellish com-

plexity, Syria is really not about Syria at all.

Instead, it is the climax of the long twilight struggle between the voices of the interventionist foreign policy establishment in both US parties, who never saw a country they did not want to invade, and those of us who believe that an American-interest-first strategy should lead instead to some sort of consideration as to where and when the US gets involved in military conflicts, as American resources are precious and limited.

Ironically, it is Donald Trump, for all his myriad faults, who actually understands this seminal failure of the elite (god knows they themselves have no self-reflective abilities at all) and has used it to his political advantage.

In the 2016 election, Trump called out Republicans over the disaster that was Iraq, sensibly saying the war had been a mistake – a comment which horrified the hawkish party establishment, not used to anyone speaking up about how the emperor was wearing no clothes.

Trump went further, castigating Hillary Clinton (that ultimate card-carrying member of the interventionist establishment) for egging on the American interventionist failures in Iraq, Afghanistan, Libya, and Somalia.

For Trump's Jacksonian base, this was one of many clear signals that the candidate was speaking needed truths to an elite which had lost its way, and that America should stop being the ungrateful world's policeman. The rest is history.

But Syria has been where the rub-

John Hulsman



## It underlines the fight to the death between an interventionist elite and a far more non-interventionist general public

“

ber has hit the road, underlining the fight to the death between an interventionist elite (who have hysterically castigated the President for wanting to cut his losses in Syria) and a far more non-interventionist general public, whose children do the actual fighting and dying in these wars of choice.

The foreign policy blob never lets the facts of endless failures get in the way of their interventionist theories. No area of US public discourse is less representative of what the base of the American people actually desires than the overly-rarefied debate about US foreign policy, where the establishment callously

treats the soldiers deployed with little more thought than pieces on a Risk board.

Typically, the blob sees a global crisis and dangerously decries that "something needs to be done" – meaning of course that the US must spend its own blood and treasure, regardless of how the crisis actually impacts overall American interests. This is a recipe for nothing more than endless failure and eventual decline.

Trump is the ultimate flawed messenger, but on this particular point he is both right and in tune with the American people.

In his Jacksonian manner, he has tweeted a very different interventionist baseline: "We will fight where it is to our benefit, and only fight to win."

Specifically over Syria, he said: "Let someone else fight over this bloodstained sand." And on the topic of the greater foreign policy argument, he has rightly stated: "I held off this fight for about three years, but it is time for us to get out of these insidious endless wars."

Past time, Mr President, but the foreign policy blob – despite its record of perennial failure over the past two decades – will be devilishly hard to dislodge. Time for you to follow through and do your country the greatest of services.

.....  
 ● Dr John C. Hulsman is senior columnist at City A.M., a life member of the Council on Foreign Relations, and president of John C. Hulsman Enterprises. He can be reached for corporate speaking and private briefings at [www.chartwellspeakers.com](http://www.chartwellspeakers.com).

# The UK has a vital role to play in leading the global fourth industrial revolution

FOR NEARLY a year, my mayoral programme – *Shaping Tomorrow's City Today* – has promoted UK innovation and technology, addressed social and digital exclusion, and championed digital skills.

And during my recent business delegation visit to Kenya, I saw the great potential that technological innovation offers to individuals and communities seeking financial empowerment.

Over the last 12 months, I have had many such glimpses of a bright digital future.

In Estonia, it was the power of augmented reality to make teaching more interactive. In Indonesia, it was a motorcycle ride-hailing app to improve urban transport. Around the world, the fourth industrial revolution is well under way.

On my recent visit to Nairobi, alongside the Department for International Development, I was able to announce £10m of UK aid to support

a local fintech companies to connect with UK and international investors.

I met many local startups: one is making it safer and more affordable to cook with clean gas, while another combines agricultural data and behavioural analytics to help farmers know how to better plan their financial year.

With the Prime Minister hosting the UK-Africa Investment Summit early next year, the UK has the opportunity to offer its expertise and backing to exciting new enterprises like these.

In doing so, we can forge partnerships across Africa that turbocharge national economies, create thousands of jobs, and enrich lives all over the continent, while building a relationship of mutual prosperity.

*Shaping Tomorrow's City Today* has also focused on digital and social inclusion in the UK, through widening social mobility and devel-

Peter Estlin



oping digital skills. The skills gap is already costing the UK economy billions of pounds each year, while more than 11m UK adults lack the vital skills needed to make the most of new technology.

That's why the "future.now" initiative, launched earlier this month, is so important. This coalition of leading companies, digital skills providers, and charities is working with the government to empower everyone to thrive in a digital UK.

Backed by more than 40 members and our six founding partners – Accenture, BT, City of London Corporation, Good Things Foundation,

Lloyds Banking Group and Nominet – future.now will reach millions of people across the country with the best in digital skills training.

I've seen for myself the relentless pace of digitisation across the global economy. It's becoming ever more difficult to distinguish between today and tomorrow. I've also seen how businesses and societies across the world are already mastering innovation and technology to shape a better and fairer global economy.

The startling growth of the UK's tech, media, and creative sectors – as well as our reputation for innovation in financial services – mean that we have a vital role to play in the fourth industrial revolution across the globe.

As my mayoralty comes to its conclusion, it is my hope – and expectation – that the UK will continue to play a leading role.

.....  
 ● Peter Estlin is lord mayor of London.

## LETTERS

TO THE EDITOR

## The times they are a-changin'

[Re: Ending the tyranny of clock-changing would make us a richer, happier nation]

Opponents of British Summer Time often use its other name, Daylight Saving Time, and then scoff at the impossibility of "saving" daylight. But it is possible to make the best use of what little we have in winter. Since we use noon as an arbitrary pole around which most working days revolve, it is obvious that most of the useful day takes place after it. Thus if you are choosing where to have your extra hour of daylight, it makes far more sense to have it in the afternoon. The wider question is why we feel the need to be so arbitrary in the first place. The Romans divided the day into 12 day hours and 12 night hours, and varied the length of those hours according to the seasons. Surely we should just accept that at our latitude there is less daylight to play with in winter, and apportion it accordingly?

Name withheld

I am totally opposed to British Summer Time. I want Greenwich Mean Time (winter time) throughout the year, as that is natural: the sun is at its zenith at noon. I use this for navigation (foot, car, everything), and just to know my situation throughout the day. Otherwise, I have to calculate the hour of divergence from reality – very time-consuming and annoying, using millions of brain cells which have more important things to be doing, and causing more stress in my life – just to suit metrosexuals who are oblivious to what the Earth is. Get up earlier if you want more daylight.

Joe Crennan



## BEST OF TWITTER

The PM appears to be having a giant hissy fit. Parliament won't do exactly what he wants – so he is refusing to come out to play and will stay inside No.10 playing video games  
 @jillongovt

The govt now looks ridiculous. Someone advising Johnson doesn't understand parliament, which is problematic considering that parliament is a fairly major component of British politics.  
 @iainmartin1

Asked if they'll vote for an election on Monday, one Labour MP says: "Only if someone gives me strongly hallucinogenic drugs immediately prior to the vote. Bring on the WAB and let's see how long that coalition of ERG ultras, wet Tories and Labour leavers holds together."  
 @PolhomeEditor

What is the most controversial opinion you strongly hold, and could bet your life on, and don't mind people knowing? Mine is: astrology isn't real.  
 @matthai1

Mine is: I believe we should increase the foreign aid budget. I don't think this should be controversial but apparently it is  
 @CatherineLawler

"Tangled" is a better film than "Frozen"  
 @mars\_stu

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# Beware the chilling impact of facial recognition technology

**S**INCE the 1950s, researchers have been working towards the holy grail of artificial intelligence (AI). Now, as last week's *City A.M.* feature outlined, recent advances are moving out of the lab and into our daily lives – with disturbing implications.

Facial recognition systems, powered by these developments in AI, are spreading into society. This is hailed as progress – we can now use facial recognition to unlock our phones, automatically tag friends in Facebook photos, and use unmanned biometric passport gates at airports.

However, in the rush to adopt these technologies, we must be conscious of their effect on surveillance and their potential to upset the delicate balance between security and privacy.

Facial recognition can have dramatic effects on police efficiency – an investigating officer can simply upload an image and run it through databases in a matter of minutes, significantly reducing the time needed to identify a suspect.

Similarly, security services at airports can automatically flag up those on no-fly lists. To do that, they need to scan the majority of passengers – they may even have scanned you. The US Department of Homeland Security has said that up to 97 per cent of outbound airline passengers will have their faces scanned and scrutinised by 2023.

Even if you don't fly, your face may have been scanned. Earlier this year, the Metropolitan Police ran a series of trials in public spaces across London. Passers-by had their images streamed directly to the Live Facial Recognition system, which creates a digital version of a detected face and searches it

**Emma Salisbury**



against the list of those wanted by police. Where it makes a match, it sends an alert to an officer in the area, who compares the images and decides whether to stop the person.

Despite high hopes, only eight out of the 42 matches made by the system turned out to be correct – worrying, if it is to be the basis for police strategy.

The technology will doubtless improve, and polling shows that most Londoners already accept that surveillance is a necessary trade-off for assisting police and security services to catch serious criminals. But we are lucky to live in a liberal democracy with high levels of oversight of the state's actions. Millions are not so fortunate.

Under an authoritarian government like China's, this kind of digital monitoring serves to increase the reach of a repugnant police state. No one can have missed the coverage of pro-democracy demonstrations in Hong Kong, where fear of the cameras that follow their every move forced protesters to get creative – wearing face masks, dazzling cameras with lasers, and even throwing cardboard boxes over the top of camera poles.

Less well publicised has been the plight of those living in the western region of Xinjiang, where facial recognition technology has helped the police to exert near-totalitarian control

over the population to terrorise the Muslim Uighur minority.

Each person identified as Uighur has an ID card with reams of associated data, including family connections, biometric information, and the chillingly-named "reliability status". Every Uighur with a mobile phone must run spyware on their device, provided to them by the government. And to join the data dots with chilling efficiency, urban areas have CCTV cameras every few metres, recording passing drivers' faces and number plates.

All of this data is fed directly into an AI-powered system that generates lists of Uighur suspects to be detained in "re-education camps". Over a million people are estimated to have been held in one of these sites, without access to legal representation, and some escapees have spoken out about torture and starvation.

It would be a mistake to think that this is a problem for China, and China alone. Elements of this approach to surveillance will doubtless inspire other autocratic governments, and China will be happy to sell them the necessary technology.

We in the UK need to have a much more robust conversation about our own privacy. But we also have an important obligation to hold accountable governments whose people do not have that freedom. That starts with understanding what this technology can do – and, if we don't work out how to mitigate the risks it poses, the damage it could do to our society.

.....  
 ◉ *Emma Salisbury is a PhD researcher at Birkbeck College, with a focus on emergent military technology. Follow her on Twitter @salisbury.*

## DEBATE

Does LinkedIn actually serve any kind of professional purpose?

It is probably obvious from my job title why I would say this, but there is a point to LinkedIn.

Since Microsoft purchased the platform in 2016, LinkedIn has successfully changed its reputation as the barely "professional" Facebook, full of recruiters, boosters and wannabe stars of *The Apprentice*, to a content-driven network for exchanging business ideas.

With two professionals joining every second, the network is continuing to attract a global business community. Heads of departments and key decision-makers are regularly using the platform to find out what is happening in businesses related to their industries.

However, to see the platform's true value, we should change the way we

## YES

**ASAD MOGHAL**



view LinkedIn. It isn't just a social media network, but a social media network and a customer relationship management system hybrid.

The value of LinkedIn is the ability it offers users to interact with those decision-makers directly and influence their thinking through strategic communications.

.....  
 ◉ *Asad Moghal is digital and content manager at legal PR specialist Byfield Consultancy.*

Somewhere, in the deep, dark recesses of the internet, lies my LinkedIn profile. No one knows what it's for, nor how it got there. It just lurks, out of sight and out of mind, waiting for the day when the trumpets of high heaven sound, and it is called into service.

Except, it won't be, will it?

I genuinely don't know what function LinkedIn serves, beyond being an upbeat charade for those in business. It's not even a tool, per se – it's just a medium through which to roundly congratulate each other on unidentifiable achievements. A besuited online circle jerk.

I have never known anyone find a job through the site. It presents you in a fashion that can easily be dispelled with a cursory Google search – you may as

## NO

**BENEDICT SPENCE**



well just apply the old-fashioned way. Nor is it a particularly useful networking option (just ask Alexander Carter-Silk, whose message complimenting a fellow lawyer's appearance saw him branded as sexist across the internet).

Twitter, they say, isn't real life, but people on LinkedIn aren't really alive. At least the former has a sense of humour.

.....  
 ◉ *Benedict Spence is a freelance journalist. Follow him on Twitter @BenedictSpence.*

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Price	Chg	High	Low	Price	Chg	High	Low		
<b>GLDS</b>				<b>FINANCIAL SERVICES</b>					
Tsy 2.000 20	100.97	0.04	102.2	10.1	3i Group	1097.0	-9.5	1184.5	756.2
Tsy 3.750 20	102.68	0.03	105.6	10.4	3i Infrastructure	289.5	0.5	306.5	243.3
Tsy 4.750 20	101.44	0.00	105.5	10.4	AI Bell	370.0	-5.0	477.0	220.0
Tsy 5.250 20	354.53	0.01	360.9	354.4	Allied Minds	49.6	1.0	84.2	37.3
Tsy 8.000 21	119.97	0.06	118.7	116.6	Amigo Holdings	76.7	-0.6	297.5	67.8
Tsy 10.000 21	108.34	0.09	110.7	108.3	Arrow Global Gr	227.8	-9.2	273.0	167.2
Tsy 18.75 22	114.37	0.09	118.3	114.0	ASA International	282.0	-1.0	481.0	274.0
Tsy 25.00 22	100.18	0.15	100.8	98.2	Ashmore Group	466.6	-2.6	542.5	342.2
Tsy 2.50 23	106.93	0.08	108.0	105.3	Brewin Dolphin	334.6	0.0	358.0	287.6
Tsy 2.50 24	367.79	0.25	377.9	360.3	City of London	420.5	-0.0	440.0	298.2
Tsy 0.125 24	112.27	0.14	115.8	110.9	CMC Markets	125.2	-4.2	132.0	77.4
Tsy 5.000 25	124.02	0.22	126.1	122.9	Coats Group	71.5	-0.1	93.1	69.1
Tsy 1.250 27	134.76	0.36	141.1	129.2	Georgia Capital	966.0	-4.0	1260.0	941.0
Tsy 4.250 27	129.91	0.37	128.8	124.0	Hargreaves Lansco	179.5	-2.0	243.0	163.0
Tsy 6.000 28	148.34	0.40	152.2	142.1	IG Group Holdings	630.0	-4.0	644.5	474.8
Tsy 0.125 29	138.30	0.40	134.7	139.1	Integrafin Hold	63.0	-1.0	40.1	26.0
Tsy 4.125 30	394.32	0.45	404.2	378.8	Intermediale Capit	1483.0	-2.0	1496.0	899.0
Tsy 4.750 30	143.63	0.33	147.9	133.9	International Per	135.8	1.0	222.2	87.0
Tsy 1.250 32	156.73	0.33	167.7	155.9	Investec	462.0	5.4	518.6	393.3
Tsy 4.250 32	141.63	0.59	146.4	130.3	IP Group	56.9	-4.2	122.0	53.7
Tsy 0.125 36	148.78	0.73	162.5	145.3	John Laing Group	376.4	-1.2	400.0	268.0
Tsy 4.250 36	149.71	0.81	157.7	135.0	JTC	352.0	-8.0	440.0	287.0
Tsy 4.750 38	164.60	0.95	171.8	147.0	Jupiter Fund Mana	339.8	-5.2	432.0	287.6
Tsy 0.625 40	169.28	0.79	185.7	153.4	Leontrust Asset M	804.0	2.0	816.0	532.0
Tsy 4.500 42	168.90	1.13	176.7	147.2	LMS Capital	59.5	0.0	59.5	44.0
Tsy 3.500 45	151.48	1.28	159.0	128.9	London Finance &	36.5	0.0	41.5	36.5
Tsy 4.250 46	172.23	1.29	181.0	146.4	London Stock Exch	6818.0	-17.0	754.0	3870.0
Tsy 0.625 49	179.09	1.42	188.9	150.5	Man Group	149.1	-3.6	175.2	126.8
Tsy 4.005 50	198.14	1.04	222.9	167.3	OneSavings Bank	376.4	-5.6	447.4	316.6
Tsy 0.250 52	194.98	1.17	221.1	168.8	Paragon Banking G	502.5	1.5	506.0	379.2
<b>AEROSPACE &amp; DEFENCE</b>				<b>FOOD &amp; DRUG RETAILERS</b>					
BAE Systems	558.8	4.4	588.2	443.9	Barratt Developme	646.0	-0.2	683.0	434.0
Cobham	159.0	0.0	163.3	96.8	Belvoir	327.0	-6.0	353.0	249.0
Meggitt	68.4	2.6	64.0	43.0	Berkeley Group	4406.0	-24.0	4541.0	3226.0
OmegaDrift	312.0	1.6	313.0	267.0	Boris Homes Group	1194.0	4.0	1226.0	828.0
Rolls-Royce Hold	712.8	-5.0	988.4	701.2	Countrywide Prope	352.4	-4.0	388.0	271.2
Senior	185.2	0.9	278.6	174.0	Crest Nicholson H	417.0	-1.0	435.2	309.4
Ultra Electronics	1938.0	5.0	2252.0	1232.0	McCarthy & Stone	148.3	-4.1	158.8	123.5
<b>BANKS</b>				<b>HEALTH CARE EQUIPMENT &amp; S.</b>					
Bank of Georgia G	1288.0	-3.0	1755.0	1252.0	Assura	73.9	0.0	75.4	52.4
Barclays	170.4	4.0	178.9	136.2	ConvaTec Group	180.8	-1.1	186.5	118.6
Citigroup	147.0	-5.0	1605.0	1227.0	Medinix Intern	373.1	1.0	403.2	283.4
CYBG	143.1	-0.7	275.8	104.4	NHK Health	2469.0	-44.0	3678.0	1915.5
HSCB Holdings	617.4	0.0	680.6	580.9	Smith & Nephew	1691.5	-6.5	1990.0	1258.0
Lloyds Banking Gr	60.0	0.2	66.6	48.6	<b>HOLID GDS &amp; HOME CONSTR.</b>				
Royal Bank of Sco	225.8	-0.1	270.4	172.7	Barratt Developme	646.0	-0.2	683.0	434.0
Standard Charter	692.0	-10.0	736.8	577.5	Belvoir	327.0	-6.0	353.0	249.0
TBC Bank Group	1320.0	-6.0	1710.0	1150.0	Berkeley Group	4406.0	-24.0	4541.0	3226.0
<b>BEVERAGES</b>				<b>NON LIFE INSURANCE</b>					
Barr (A.G.)	556.0	2.0	975.0	540.0	Admiral Group	2014.0	-21.0	2300.0	1935.0
British	1007.0	-8.0	1068.0	777.0	Beazley	591.0	-1.0	628.0	492.6
Coca-Cola HBC AG	2327.0	-78.0	3074.0	2244.0	Direct Line Insur	282.3	-2.9	365.0	273.2
Diageo	3121.0	-21.0	3625.5	2634.0	Hastings Group Ho	186.4	-1.9	231.6	174.0
<b>CHEMICALS</b>				<b>PHARMACEUTICALS &amp; BIOTECH.</b>					
Croda International	4820.0	-1.0	5375.0	4564.0	AstraZeneca	7383.0	80.0	7533.0	5325.0
Elements	1445.5	-6.3	244.2	129.8	Decura Pharmaceut	2560.0	20.0	3036.0	2044.0
Johnson Matthey	3109.0	3.0	3454.0	2620.0	Genus	2876.0	-36.0	3062.0	2244.0
Sinus Minerals	3.0	-1.1	24.2	2.9	GlaosSmithKline	1700.0	-18.4	1452.0	1418.0
Synchem	280.5	-29.0	428.1	264.4	Hikma Pharmaceut	1978.0	-15.0	2200.0	1505.5
Victrex	2160.0	-6.0	2720.0	1845.0	PureTech Health	25.0	0.0	292.0	160.5
<b>CONSTRUCTION &amp; MATERIALS</b>				<b>REAL ESTATE INVEST. &amp; TRUSTS</b>					
Balfour Beatty	226.0	-0.4	295.0	194.2	BMO Commercial Pr	120.0	-0.8	141.8	106.0
CRH	2848.0	35.0	2848.0	1975.5	Capital & Courtie	261.2	-4.4	279.5	184.9
Galliford Try	738.0	-4.0	900.5	512.0	CLS Holdings	258.0	-3.0	266.5	195.4
Istock	247.0	-1.0	262.0	193.1	Dajiang Holdings	4950.0	-35.0	6160.0	4715.0
<b>EU SHARES</b>				<b>REAL ESTATE INVEST. TRUSTS</b>					
AB INBEV	73.68	-9.7	92.71	56.32	Big Yellow Group	116.0	0.0	115.0	65.5
ADIDAS N	275.15	1.65	297.95	178.30	<b>WORLD INDICES</b>				
AIR LIQUIDE	116.80	0.30	119.70	92.59	FTSE 100	7324.47	-3.78	-0.05	
AIRBUS BR	123.52	1.26	133.86	71.50	FTSE 250	20103.51	-48.64	-0.24	
ALLIANCE	221.95	-0.20	223.60	170.50	FTSE All-Share	4030.10	-3.41	-0.08	
AMADEUS IT GRP BR-A	67.06	0.74	74.94	58.06	FTSE AIM All-Share	890.92	-1.88	-0.21	
ASML HDG	237.85	0.55	243.85	130.12	S&P 500	3022.55	12.26	0.41	
AXA	24.31	-0.07	24.38	18.40	Dow Jones LA	26958.06	152.53	0.57	
BANCO SANTANDER	3.98	0.05	4.68	3.39	Nasdaq Composite	8243.12	57.32	0.70	
BASF N	70.22	0.53	74.62	55.72	Xetra DAX	12894.51	22.41	0.17	
BAYER N	66.78	-0.11	73.06	52.00	<b>COMMODITIES</b>				
BVHA	4.89	-0.00	5.68	4.19	Gold	1496.55	2.10		
BMW	69.53	0.50	79.00	58.10	Silver	77.53	0.20		
BNP PARIBAS A	47.69	-0.14	49.32	38.14	Brent Crude	61.77	1.47		
CRH PLC	32.99	0.48	34.87	26.53	Nickel Cash Official	16020.00	935.00		
DAIMLER N	52.67	0.80	59.90	40.35	Aluminum Alloy Cash Official	1240.00	14.00		
DANONE	73.96	-0.06	82.38	59.72	Palladium	1744.00	-9.00		
DEUTSCHE BOERSE N	141.65	0.05	145.55	102.50	Platinum	919.00	24.00		
DEUTSCHE POST N	32.01	-0.02	32.32	23.43	Tin Cash Official	16700.00	-25.00		
DEUTSCHE TELEKOM N	16.00	0.01	16.26	13.98	Lead Cash Official	2188.00	18.00		
ENEL N	6.88	0.03	6.91	4.31	Zinc Cash Official	2503.00	15.00		
ENGIE	14.93	-0.19	15.24	11.31	<b>CREDIT &amp; RATES</b>				
ENI N	14.04	-0.10	16.06	12.92	BoE IR Overnight	0.750	0.00		
ESSILORLUXOTT	134.55	-1.10	137.30	95.50	BoE IR 7 days	0.750	0.00		
FRESENUA	43.30	-0.20	59.00	38.50	BoE IR 1 month	0.750	0.00		
BERDROLA	9.22	0.01	9.58	5.95	BoE IR 3 months	0.750	0.00		
INDITEX	28.28	0.13	29.00	21.85	BoE IR 6 months	0.750	0.00		
ING GROUP	10.38	0.04	12.14	8.20	Euro Euribor	-0.503	-0.03		
INTESA SANPAOLO N	2.27	0.00	2.36	1.80	LIBOR Euro - overnight	-0.574	-0.06		
KERING	594.00	41.30	539.80	365.50	LIBOR Euro - 12 months	-0.303	0.01		
KON AH DEL BR	22.82	-0.04	24.01	19.36	LIBOR USD - overnight	1.806	-0.01		
L'OREAL	243.30	1.40	258.90	184.05	LIBOR USD - 12 months	1.956	0.01		
LINDE	175.90	1.45	0.00	0.00	Halifax mortgage rate	3.990	0.00		
LMVH	383.95	6.90	392.65	242.30	<b>US SHARES</b>				
MUENCHENER RUECKV N	249.70	-0.40	252.00	181.20	3M	166.09	4.20	219.75	150.98
NOKIA	3.42	-0.22	5.76	3.42	ABBOTT LABORATOR	81.65	0.29	88.76	65.44
ORANGE	14.68	-0.05	15.25	13.08	ADORE	128.58	1.28	131.11	204.95
ROYPHILIPS	39.67	0.21	44.60	29.05	ALPHAB RG-C-NV	1265.13	4.14	1289.27	970.11
SAPFRAN	139.30	0.10	145.40	99.98	ALPHABET-A	1264.30	5.19	1296.98	971.66
SANOFI	85.40	-0.12	85.90	71.74	AMAZON COM	1761.33	-19.45	2035.80	1307.00
SAP I	119.04	0.52	125.00	84.02	AMERICAN EXPRESS	186.26	1.85	129.34	89.05
SCHNEIDER EL	83.86	0.06	85.00	57.54	APPLE	246.58	3.00	246.73	142.00
SIEMENS N	104.16	0.68	108.62	84.72	AT&T	36.91	0.09	38.75	26.80
SOCIETE GENERALE	26.21	0.02	31.47	20.81	BANK OF AMERICA	31.72	0.36	31.85	22.66



# SPECIAL FEATURE

The regulator's intervention on car finance hides an underlying reality, warns

**Jaidev Janardana**

**T**HE UK's car finance boom has been a cause for concern for some time now, and the regulator is finally cracking down on questionable practices.

One common complaint of this sector has been the practice whereby a car dealer or broker will make commission on the interest rate of the loan. By setting a higher interest rate, they earn more commission, which incentivises some to act against the best interests of the customer.

The good news is that, earlier this month, the Financial Conduct Authority (FCA) announced that it would ban this type of commission – a move which it is estimated could save motorists £165m each year.

But while this is a huge issue, it only really touches the surface. Indeed, the FCA's investigation – and subsequent intervention – into the sector has shone a spotlight on an area of finance that typically doesn't get a lot of attention. And this is particularly worrying given the sheer size of the market.

In 2018, UK adults bought over 10m new or used cars, while the value of finance advanced to consumers was £37bn – 90 per cent of new cars in 2018 were bought with finance, while 57 per cent of all driving licence holders have used car finance or a loan to buy a car at some stage in the past.

The industry's move away from those commission structures which cause the most harm to consumers will hopefully lower the cost of finance for many customers, while providing much more transparency over exactly what they're paying for when they buy a car. The watchdog is consulting on the new rules until 15 January 2020 and plans to publish final rules later next year.

However, the regulator's positive intervention also hides an underlying reality, because there are other problems in the car finance market.

First, the process of buying a car is incredibly complicated. Consumers have myriad choices to make before they choose the car for them – whether it's new or used, petrol, diesel, or electric, a coupe or a 4x4. With a make or model in mind, consumers can buy at a dealership, online, or direct. And that's before you have considered factors like mileage or service history, MOT deadlines, or even hidden rust.

Yet one of the most perplexing and stressful aspects of shopping for a car comes when looking to purchase through finance. In fact, it can be so confusing that our own research found that nine in 10 UK adults couldn't identify the cheapest finance option from a list of common choices, while four in 10 couldn't name the type of finance that they had taken out.

The most common secured car finance options are hire purchase (HP) and personal contract purchase (PCP), while 38 per cent are bought with an unsecured personal loan from a bank or lender.

In contrast, personal loans are barely an option in the US car market,

reflecting what you might otherwise expect – that the finance secured on the vehicle is cheaper than an unsecured loan, and therefore more popular with consumers.

In the UK, however, consumers can often get an unsecured personal loan at a lower rate than a loan secured against the car, largely driven by the fact that the dealer can earn some form of commission through selling an HP or PCP loan, therefore making them more expensive for buyers.

Second, in some instances, financing a vehicle through a dealership can lead to a poor experience for customers. The debt charity StepChange recently found that 15 per cent of people using dealer finance to buy a used car felt that it hadn't been adequately explained to them, while 23 per cent felt pressured into signing a deal.

When searching for a finance deal, it's also not uncommon for some dealers to submit a buyer's details to multiple lenders in an effort to find a lower rate and more favourable loan terms. In theory, this is good for the customer, except that a lot of the time

# THE END OF THE WHEELER-DEALERS?



**Our research found that nine in 10 UK adults couldn't identify the cheapest finance option from a list of common choices**

these "hard inquiries" end up leaving a mark on a car buyer's file, impacting their credit score.

This is because dealerships or brokers only work with lenders which leave a hard mark on a buyer's credit file (rather than a soft search which won't affect their credit rating), and then request multiple quotes for a customer, meaning a person's ability to get credit may be seriously impaired.

At some dealerships, the car finance application process still looks like it did several decades ago. Paper-based applications, manual underwriting, and a process that can take days and sometimes weeks are still the norm.

In an age where consumers expect a seamless, instantaneous, digital experience, this is simply not good enough. According to research by Mintel, the proportion of prospective car buyers who would use online price comparison sites to find car finance is 60 per cent. This suggests that there is a strong appetite among consumers for embracing an alternative model of financing a vehicle.

Some lenders have launched prod-

ucts which enable consumers to arrange their finance prior to going to a dealership, putting much more control into the hands of the customer. In this instance, customers can be conditionally approved for finance online, choose a car while the lender completes its background checks, and sort out the paperwork and money with the dealership.

Tech-enabled lenders have also started working closely with brokers and dealerships to help modernise their technology, replacing some of the manual processes, and working for the benefit of customers.

It all adds up to an industry that is ripe for change. In the same way that challenger banks are transforming how we manage our money, the way we get car finance is becoming increasingly digital.

Providers which adapt will redefine the car finance industry. For the good of consumers and the sector at large, long may this progress continue.

Jaidev Janardana is chief executive of Zopa.

# MARKETING

**Luke Graham** explores the ethical dilemmas posed by CGI-generated avatars

**L**AST month, I reported on the rise of virtual influencers – fake online personalities created using computer-generated imagery and controlled by brands or media agencies.

The most famous example is Lil Miquela, a fictional character invented by LA-based studio Brud.

“She” has 1.7m followers on Instagram, has appeared in a Calvin Klein commercial alongside the (real) supermodel Bella Hadid, and has even released a music single.

These virtual characters are profiting from the influencer marketing industry, and are increasingly popular with companies, mainly because of the reduced risk to brand safety – it’s much less likely for a virtual influencer to go off-message and offend an audience, unlike their human counterparts.

Brands including KFC, Yoox, and luxury fashion house Balmain have now created their own virtual influencers to promote their products.

But underneath the digital smile of Lil Miquela lie some troubling questions about how brands are using these characters.

First and foremost, characters like Miquela, Shudu (who claims to be the world’s first “digital supermodel” with 191,000 Instagram followers) and Yoox’s Daisy, with their stick-thin figures and flawless features, may reinforce impossible beauty standards.

“There’s the risk of virtual influencers perpetuating an unrealistic notion of female beauty,” warns marketing expert Scott Guthrie.

Second, virtual influences may exacerbate the problems caused by social media to mental health.

Studies show that young people especially have reported feelings of depression, anxiety, and loneliness from interacting with social media, partly as the result of influencers and celebrities presenting an idealised life to their online followers. Think how much worse this effect is with literally perfect digital models.

“These digital creations are tricked out to wear designer brands, as is the case with Lil Miquela, meet and interact with celebrities, and participate in events that the average consumer is not attending, but dreams of going

## THE VIRTUAL DARK SIDE



to,” says Carlos Gil, author of *The End of Marketing*. “Overall, a virtual influencer portrays the ‘perfect life’ that not even a human influencer can show 24/7, because they’re a digital creation that only exists online.”

From the brand side, there’s also the fundamental question over whether these virtual avatars are even useful for marketing. Ben Jeffries, co-founder of marketing platform Influencer, points out that the power of human content creators and influencers is that consumers look to them for trustworthy product recommendations.

“Influencer marketing is built on trust,” he says.

“Virtual influencers that are created by a brand

**Above: Yoox’s Daisy. Right: Lil Miquela**



have a clear bias towards that brand’s services or products, and therefore are likely to be seen as less trustworthy by consumers.

“There’s the risk of virtual influencers perpetuating an unrealistic notion of female beauty

“The value of virtual influencers like KFC’s Colonel Sanders lies more in brand exposure, rather than in producing trusted recommendations and subsequent sales.”

Perhaps the biggest issue, however, is one of transparency. It’s not immediately obvious who owns or controls virtual influencers, which makes it harder to hold them accountable or understand

their motivations.

“If a company owns a virtual influencer we need our children to know – immediately – that this is a brand-owned device, and therefore what their motivations are,” says Dudley Nevill-Spencer, director of the Virtual Influencer Agency, which creates and manages online characters for brands.

“If the virtual character is simply an avatar of a real person, then you need to know exactly who that person is, so that they are responsible for what they say and can be held to account.”

He also warns that, because of artificial intelligence and natural language processing, virtual influencers could hold thousands of one-to-one conversations with followers simultaneously, potentially enabling them to form strong personal bonds with people.

“These deep, emotional, ‘human-machine’ relationships represent a clear responsibility for those creating virtual influencers, and is not to be taken lightly.”

These concerns have not gone unnoticed. In fact, Nevill-Spencer has made a “Virtual Human Practitioners Code of Ethics” for designers and creators

to sign up to.

A focus of the code is about adding a watermark to virtual influencers to make it clear whether they’re brand-owned or simply for entertainment.

“They are then traceable via a blockchain ledger to the end owner, so that motivations and accountability are clear,” he adds.

“In this way, we can avoid many of the issues that we have faced in social and influencer marketing.”

The popularity of characters like Lil Miquela shows that people do enjoy interacting and following these artificial personalities, and that there is value in their ability to boost consumer engagement.

But there’s also clearly the risk of abuse and causing harm, however unintentional, to followers. Actions like Nevill-Spencer’s code of ethics show that some parts of the industry are aware of these issues and are being proactive in providing solutions.

Just like any other tool, virtual influencers need to be used responsibly, and brands need to be made aware of their duty of care – before the regulators catch up to Lil Miquela.

## The Lovies show Europe’s creativity is a force for good

**M**Y ENTIRE career has been fuelled by a love for the European creative industry. And now, at a time when our digital lives feel chaotic, when business often feels overly challenging, when political issues invade our every waking moment, that fuel is more essential than ever.

This is precisely why Nicolas Roope and I founded the Lovie Awards nine years ago. Named in honour of Ada Lovelace – the first computer programmer – the awards celebrate the best of Europe’s

internet content, with categories for best website, app, podcast, video, online advertising, and more.

I am captivated by this year’s winners. They are simply outstanding, a testament to Europe’s contributions to the internet – which, in the words of Stephen Fry (Lovie Person of the Year a few years ago), “are enormous”.

They range from celebrated cultural institutions that tell the crucial stories of our past, like the Anne Frank House digital platform, to a startup fighting food waste to help save our planet (Lovie Emerging

Entrepreneurs winner, the Swedish co-founders of Karma), to Lovie Artist of the Year George Mpanga (better known as George the Poet), who has redefined what a podcast can be.

I find so much inspiration from the creators across Europe using the backdrop of our social and political landscape to instil purpose. Thought-provoking campaigns like Mind the Gap for Berlin’s Transportation Authority shed light on the country’s gender pay gap, while Virtue Northern Europe’s “Q” – the world’s first genderless voice for artificial intelligence assistants, developed for

Copenhagen Pride – focuses awareness on the gender bias stereotypes facing technology today.

Creativity also has the power to offer solutions. For instance, Volvo’s E.V.A. Initiative points out how the majority of car manufacturers develop vehicles based solely on data from male crash test dummies – the company delved into 40 years of research to better design safer cars for women and children.

As the internet turns 50 this month, these projects – and all others recognised at the Lovies – prove that, despite the chaos and

negativity that can overwhelm the internet today, there is great hope.

In a social and political climate that lacks inclusion and casts conflict and doubt, now more than ever we must combine creativity with diversity, and look beyond our borders – not just to advertise to audiences or to sell products or services, but to drive real change.

● Nick Farnhill is chief executive of Publicis.Poke and co-chair of the Lovie Awards. The ceremony for the ninth annual Lovie Awards will take place in London on 14 November 2019.



# TRAVEL

40  
HOURS IN...

## RICHMOND, SURREY



### WHERE TO STAY

Enjoy the delightful river views from the **Petersham Hotel**, where the rooms are styled with Victorian classic interiors. It also offers award-winning dining too, serving the most amazing soufflés. Visit [petershamhotel.co.uk](http://petershamhotel.co.uk)



### WHERE TO GO

Explore **Banstead Woods** nature trail, a 4.7km walkway near the town of Banstead featuring 250 acres of beautiful trees and wildlife. The woods' recorded history stretches back for nearly a thousand years, appearing in the Domesday Book in 1086.



### WHERE TO DRINK

**The White Cross** is one of the nicest spots for riverside drinking, even when it's flooded. The outside courtyard often goes a foot or so underwater when the tide is high, but it stays open for guests to drink in (just remember your wellies). Visit [thewhitecrossrichmond.com](http://thewhitecrossrichmond.com)



### WHERE TO EAT

Just on the north-western edge of Richmond Park, and with views of the resplendent greenery, is **The Dysart**. The restaurant has a real countryside feel to it and the cuisine is excellent. Go for the Yorkshire Grouse, it's a delight. Visit [thedysartpetersham.co.uk](http://thedysartpetersham.co.uk)

Croatia's Lika region is almost alpine in ambience. Tiny village homes with steeply-pitched roofs cling to grassy hillsides, connected to one another by a single winding road. The food on offer – including slow-roasted veal, polenta, and tortellini – takes me back to Venice, while the thick, unfiltered coffee points east instead of west.

The unchanging mountain landscapes might have seemed like an odd place to seek out adventure, but this Balkan region is home to a succession of natural sights and outdoor activities, reiterating what I'd already discovered: Croatians adore being outside. It didn't seem to matter whether that was beneath the dappled shade of a beer garden, or splashing about in the cooling waters of a local river.

Nudging the border with Bosnia and Herzegovina, and roughly midway between Zagreb and Split, the star of the Lika region has long been Plitvice Lakes National Park, the country's very own Lake District. The oldest and largest in Croatia, 2019 sees the park celebrate its 70th birthday. This October will also mark 40 years since it was enshrined as a UNESCO World Heritage Site.

The park's unique landscapes encompass 16 named, interconnected lakes, and 92 waterfalls. Together they form a string of cascades that are the basis for more than 30 miles of signposted walking and cycling trails, through almost 75,000 acres of protected woodland. Sweeping right down to the lake edges, they make up the route for what must be one of the world's most beautiful marathons.

A series of well-trodden wooden boardwalks got me, much slower than marathon pace, spectacularly close to the action. Often the tumbling white water lay just a few centimetres beneath my feet, rushing to pools of gently-rippling water so pure it needed no treatment before reaching the taps of local residents. Frogs and toads competed with the near-constant roar of the waterfalls, while woodland birds hopped about before me as if I'd entered the enchanted world of a children's fairy tale.

My guide to the park then casually used the end of his umbrella to point to the curled-up mass of a small olive-green snake balanced precariously on the end of some reeds to warm in the sun a stone's throw from the path. "We have elephants too," he said nonchalantly, leading me to the base of a tree bearing the distinct likeness of a pachyderm, gleaming white tusk and all.

"In winter, you start the day with slivovitz – you know it? It's fruit brandy – and you're good the whole day," he went on, before he showed me images of recent snow on his phone, although my visit coincided with the sort of weather where ice cream was definitely more the order of the day. However, a full stomach was worth avoiding as I continued to 'Zipline Beware of the Bear' in nearby Rudopolje, in order to experience the fastest way of exploring Croatia's adventure country.

So named because the hills and canyons it overflies are the foraging zone of one of the largest remaining populations of European brown bear, the set-up lays claim to being the longest zipline in Europe. At 1,700 metres in length, and rising up to 80m above the surrounding karst landscapes, I hit speeds of 75 mph, the same as a hunting bird of prey, and twice the legal limit on the road to Northern Velebit National Park, about an hour away. The youngest of Croatia's national parks, it was designated just 20 years ago, in 1999.

"We often see bear prints on the other path to this one," Dina reported happily to me as we pulled up just inside the park boundary. She reeled off a list of

# LIKA VIRGIN

Ian Packham hikes, ziplines, and paddles his way across the adventure capital of the Balkans



inhabitants worthy of a David Attenborough documentary: wolves, lynx and boar among them. Then there are the wild horses, Swiss-style cow bells tinkling around their necks as they move. I encountered them almost immediately by a small chapel at the head of the 35-mile Premužić Trail, ten miles of which cuts through some of Northern Velebit's best landscapes.

The thought of animal encounters was never far from my mind. "Croatia's most poisonous snake – the nose-horned viper – lives in Northern Velebit. We're not supposed to say 'snake', it's bad luck. We made a mistake there." I made another mistake by asking how common they might be. "You'll see!" she chirruped back.

Thankfully, Dina took the lead. The



**CROATIA FACT**  
The longest distance ever moonwalked was 3.54 miles, achieved by Krunoslav Budiselic in Zagreb.

loose stone path soon delved into the shade of beech forest, the trunks of the trees permanently bowed in shape rather like a tropical palm's, from the weight of winter snow. Snow still lingered in the shadier spots, lasting all through the summer months in the most protected, making them a useful way of keeping food fresh before the spread of mains electricity and then fridges. My crunching across one area startled a goat-like chamois from the nearby bushes.

The trail's passage through a variety of landscapes – barren areas of pure white limestone shaped over thousands of years by the movement of water, wild flower meadows, forest, and grassland – is very deliberate. Created in the 1930s by local alpinist Arte Premužić, its gentle inclines average out at a relatively untaxing 10



per cent, allowing as many people as possible to enjoy the area.

Despite taking in the 1,676m Vučjak peak, only a few short stretches get as steep as a 20 per cent gradient. "This is one of those bits," joked Dina as we struggled around a karst pinnacle which opened out to provide glorious panoramas all the way to the Dalmatian coast less than 20 miles away.

Back at my base of Otočac, I was soon standing on the banks of the Gacka River, readying myself for a couple of hours paddling along the river's middle stretch.

No ordinary beginner-friendly stint, the specially made kayak I inelegantly clambered into was made from perfectly clear plastic, giving me a full three-dimensions to enjoy. With water as clear as the Plitviče Lakes, I was able to watch

brown trout five metres below me as we directed the kayak downstream for around three and a half miles.

In between strokes the expedition leader would tell me a little about the region's history, ancient and modern, or point out wildlife. "There are normally snakes on the water's edge too!" he said, as he helped steer me back towards the river bank, my adventures in Lika at a largely viper-free end.

#### NEED TO KNOW

The destinations mentioned are roughly two hours from **Zagreb International Airport**, which has return flights with British Airways or Croatia Airlines from £140. Entrance to the parks cost from £6, zipline £35, and transparent kayaking £25.



## THE LONG WEEKEND

### AMAN VENICE, VENICE, ITALY

**Hannah Wilkinson** heads to the floating city the old fashioned way

**THE WEEKEND:** Venice by train for a short break might sound like a pipe dream, but fly after work on Wednesday and it's possible to spend two days eating your way around the lagoon before hopping on the Venice Simplon-Orient-Express back to Paris and completing the journey by Eurostar. Not just attainable, it makes for a wonderfully decadent long weekend.

**THE HOTEL:** A high-ceilinged palazzo with a light-filled third floor spa, lacquered hotel speedboat for evening aperitivo cruises and an Alcova Tiepolo Suite where you can sleep alongside 18th century frescoes painted by Giovanni Battista Tiepolo, Aman ticks plenty of Venetian boxes. But in a city where flora and fauna are few and far between, the biggest luxury it possesses is two gardens, in addition to another one of the city's must-haves, a rooftop altana.

**THE SIGHTS:** Avoid the crowds at the city's most sought attractions with after-hours private tours. Walks of Italy promise you can contemplate the glass mosaics of St Mark's Basilica in a group of no more than fifteen, while Viator offer a guided evening visit to the Peggy Guggenheim museum for four people.

**ASK ABOUT:** A guided stroll around the Rialto market to help an Aman chef choose local ingredients for a four course lunch. We learned how to pick the freshest sea bream (the more golden the better) and sought out purple sprouting broccoli from the salty, mineral rich soil Sant'Erasmus island, before returning to the hotel to sit with a glass of wine in hand watching a four-course feast materialise in the glossy show kitchen.



**TOP TIP**  
The train stops regularly to pick up supplies and give you time to stretch your legs - disembark with a porter if you don't want to be left behind!

**THE TRAIN:** From the moment you enter one of the historic art deco carriages to a moment you're enjoying a cold half-bottle of Tattinger as the countryside glides past your window, it's clear this is no ordinary way to end a holiday. The proportions of the 1920s and 30s cabins combined with the raucous, sociable lull and lure of live piano music meant we spent more time in the bar car, but after an evening of dinner and drinks, returning to our cabin to find it transformed into extremely comfortable bunk beds was one of the most magical parts of the experience.

**THE FOOD:** You'll enjoy a three course lunch when you get on board, afternoon tea and a four course supper in the evening. There's a choice of three breakfasts that can be delivered to your cabin the following morning. Plus a constant array of snacks on the piano to nibble on alongside a top-notch vodka martini in the bar. The Venice-Simplon-Orient Express journey is not one that will leave you hungry.

**AND AFTER THAT:** Skip the Paris to London leg of the journey to avoid a coach transfer from Calais to Folkestone and hop across town to the Gare Du Nord to return to London by Eurostar instead, squeezing in a final martini in the Business Premier Lounge cocktail bar.

**NEED TO KNOW:** The Alcova Tiepolo Suite at **Aman Venice** starts at approx £3,900 a night ([visit aman.com](http://visit.aman.com)). The **Venice-Simplon-Orient Express** from Venice to Paris costs from £2,450 per person for a twin cabin, including meals ([visit belmond.com](http://visit.belmond.com))

## SPORT

**IN THE BOKS SEAT** South Africa pip Wales with late penalty in Rugby World Cup semi



WALES head coach Warren Gatland accepted South Africa had been the better side after the Springboks snatched a late 19-16 victory yesterday in Yokohama to set up a Rugby World Cup final against England. Fly-half Handre Pollard's penalty four minutes from time broke Welsh hearts and denied Gatland the chance to end his tenure with the sport's biggest prize. Winger Josh Adams's sixth try of the tournament drew Wales level and set up a grandstand finish after Damien de Allende had touched down for South Africa. "I am proud of them," said Gatland. "We punched massively above our weight in terms of playing numbers in Wales, we gave 100 per cent in a close contest. But South Africa deserved to win tonight." Wales face New Zealand in Friday's third-place match, following the All Blacks' defeat to England in Saturday's other semi-final.

## SPORT DIGEST

**MEXICO VICTORY LEAVES HAMILTON ON THE BRINK**

● Lewis Hamilton won the Mexican Grand Prix yesterday to move one step closer to the world title and Michael Schumacher's record. Hamilton finished ahead of Ferrari's Sebastian Vettel and Mercedes teammate Valtteri Bottas to make it 83 wins in Formula One, eight short of Schumacher's 91. The Briton needs four points at the US Grand Prix on Sunday to secure his sixth title.

**UNITED BEAT NORWICH TO END WAIT FOR AWAY WIN**

● Manchester United beat Norwich City 3-1 despite missing two penalties as they ended their eight-month wait for a Premier League away win. Marcus Rashford and Anthony Martial both made amends for failed spot-kicks with goals, with Scott McTominay netting the other as they climbed to seventh. Elsewhere, Jonny cancelled out Jamaal Lascelles' strike to earn Wolves a 1-1 draw at Newcastle.

**BOGEY-FREE ROUND SEES BROWN WIN IN PORTUGAL**

● England's Steven Brown shot a bogey-free 66 to win his first European Tour title at the Portugal Masters yesterday and retain his tour card at the last opportunity. Brown, 32, required a top-three finish to avoid going through qualifying school but came from three behind to pip South Africa's Brandon Stone and Justin Walters by one shot.

**BAIRSTOW FIRES ENGLAND TO WARM-UP VICTORY**

● Jonny Bairstow scored 78 not out as England won their first Twenty20 warm-up match in New Zealand by six wickets. Bairstow hit six fours and four sixes as he helped the tourists reach their target of 173 against a New Zealand XI with 11 balls to spare in Lincoln. Adil Rashid was the pick of England's bowlers with 2-25.

# ENGLAND'S FINAL HURDLE

The Springboks will provide a very different test to the All Blacks in World Cup finale, writes **Felix Keith**

**B**ACK in the pool stage, the consensus was that England would be taking the hardest path to the Rugby World Cup final. Finishing top of Pool C meant being in the same side of the draw as New Zealand, the No1 side in the world and winners of the last two tournaments. Now, having overcome the All Blacks 19-7 in dominant, controlled style on Saturday, the pathway appears advantageous.

The biggest hurdle has been overcome in efficient, confidence-boosting fashion. Now one more obstacle remains. South Africa shouldn't be taken lightly. But they undeniably

present a less frightening proposition than the side Eddie Jones described as "the god of rugby".

Against Wales yesterday, as against Japan in the previous round, they got the job done, but hardly in eye-catching manner.

The Springboks have a clear game-plan and they refuse to alter it. Faf De Klerk will box-kick at every opportunity. The forwards will churn through the phases. There are few surprises.

If there was any indication they might open up more for the final, that was put to bed by head coach Rassie Erasmus yesterday.

"I don't think the final will be won by a very expansive game-plan and wonderful tries," he said. "We'll go and grind it out."

In shutting down the best side in the world, England showed they should be able to cope with that.

Their defence was exceptional against the All Blacks. Their line speed invariably worked to perfection, they conceded just six penalties, turned the ball over 20 times and by and large their set piece was solid.

The fact that New Zealand, who put



Maro Itoje won man of the match for his performance against New Zealand

46 points past Ireland, were scoreless at half-time and only got on the board at all through Ardie Savea due to a freak error at the line-out from Jamie George, who otherwise helped his side win 18 from 20 line-outs, said a great deal about the performance.

**STRANGLEHOLD**

England got the perfect start through Manu Tuilagi's second-minute try and controlled the game from there, having 56 per cent of possession and 62 per cent of the territory. With George Ford back at fly-half England won the tactical battle, the No10 frequently gaining ground through his kicking.

Territory may not be a particularly sexy aspect of rugby, but in crunch games against high quality opposition it makes a big difference. England got their opponents in a stranglehold and never let go. The All Blacks were pinned back and struggled to gain a foothold in the game, despite comfortably topping England on clean breaks and defenders beaten.

England's dominance owed a lot to their discipline and accuracy, but also to their variety of threat. Every player

knew their role, every player put in a big effort defensively and every player got over the gain line.

Tuilagi was destructive on the crash ball, Anthony Watson was a live wire and England's mobile front row got through a huge workload.

But although it was a true team performance, one man managed to stand out. Much like Tom Curry in the quarter-final win over Australia, Maro Itoje was everywhere against the All Blacks, making 12 tackles, winning seven line-outs and effecting three turnovers. The Saracens lock has now won 33 caps for England and he kept his best performance for the biggest match of his international career. Much like the team in general, there is a sense that Itoje is peaking at the perfect time; a physical arm-wrestle of a match against South Africa won't faze him.

Having implemented a note-perfect plan against the All Blacks, Jones will no doubt have a new one waiting for the Springboks on Saturday. A different kind of match awaits in Yokohama, but this time England will be favourites.

# VAR row deflects from Emery's problems

Technology in the spotlight once again as Palace hold Arsenal to a draw, writes **Frank Dalleres**

**A**N exercised Unai Emery pointed, with some justification, to two video assistant referee interventions to explain why Arsenal lost a two-goal lead and drew 2-2 at home to Crystal Palace on Sunday.

"For me, VAR is positive, but we need to manage it in the right way," said the Gunners manager. "At the moment to us I think it isn't working well."

First, the VAR overturned Martin Atkinson's call that Wilfried Zaha had dived in the box and awarded a penalty to the visitors, which Luka Milivojevic scored to halve the deficit.

Having not awarded a penalty for the first nine rounds of the Premier League, VARs gave no fewer than four at the weekend.

Then, when Arsenal thought they had found a late winner, VAR detected an infringement and Atkinson was advised to disallow the strike by Sokratis, who also hit the opener.

Both calls were debatable, particularly the second, but a focus on the decisions also masked Palace's resilience and the Gunners' deficiencies.

## PROBLEMS MOUNT FOR EMERY

Just as they did at Watford last month, Arsenal raced into a 2-0 lead only to surrender the advantage.

This draw with Palace, who dented their Champions League hopes with a 3-2 win here last season, leaves Emery's men four points off the top four.

Equally concerning for the Spaniard is his team's struggle to score in open play. Both goals and the disallowed effort came from Nicolas Pepe corners.

To make matters worse for the

under-fire Emery – already at odds with top earner Mesut Ozil – captain Granit Xhaka appeared to swear in the direction of home fans, removed his shirt and marched straight down the tunnel after being substituted in the 61st minute.

"He was wrong," said Emery, who declined to say whether Xhaka would keep the armband.

## ZAHA ECLIPSES PEPE

Zaha played like a man with a point to prove, having been the subject of summer interest from Arsenal, only for Palace to hold firm and for the Gunners sign Pepe from Lille instead.

He won the penalty by luring Calum Chambers into an unwise challenge, was chief tormentor for Palace, who remain sixth, and almost snatched all three points with a low shot late on.

While Pepe was a danger at set-

pieces, Zaha was more aggressive and carried the greater threat throughout the game.

## LAMPARD'S GAMBIT PAYS OFF

Was Frank Lampard's reticence in using Christian Pulisic all a careful plan to wait until the club record signing was at peak fitness, or down to something else altogether? We may have to wait



## Xhaka stormed down the tunnel after being brought off by Emery

for that answer but, following Pulisic's hat-trick in Chelsea's 4-2 win at Burnley on Saturday, Lampard's handling of the American attacking midfielder looks like genius.

In fact it has been a breakthrough week for the former Borussia Dortmund player, who came off the bench to set up the winner for fellow substitute Michy Batshuayi against Ajax on

Wednesday night.

Lampard's explanation for keeping Pulisic on the sidelines earlier in the season is that he needed rest after a busy summer.

Whatever the factors at play, the 21-year-old's impact has made it virtually impossible for his manager to drop him.

## FOXES FLOURISH ALL OVER

Leicester's record-breaking 9-0 humiliation of Southampton on Friday night left no shortage of qualities to marvel at.

From the razor-sharp finishing of Ayoze Perez and Jamie Vardy, to the tireless and creative full-back play of Ben Chilwell and James Maddison bending it like Beckham, the Foxes were masterful.

Perhaps the most striking aspect of the display was how dangerous they were in all areas of the pitch – a testament to the fine balance that Brendan Rodgers has engineered, which is keeping them the closest challengers to the duopoly of Liverpool and Manchester City.

Liverpool's Premier League push carries on as struggling Spurs are dealt with, writes **Felix Keith**

**I**T wasn't straightforward, but the Liverpool juggernaut rumbles on at the top of the Premier League. Tottenham came to Anfield with a clear game-plan designed to suppress the hosts and Harry Kane's header after just 47 seconds gave them the opportunity to implement it. But, as they keep doing, Liverpool found a way to win.

Their last four victories in the league have been by a single goal – a fact which is attributable to their stubbornness. Against Spurs they created plenty of chances. They fired in 13 shots at Paolo Gazzaniga's goal only to see the Argentine goalkeeper stop them.

Undeterred, they simply continued the siege until the pressure told. If Jordan Henderson was an unlikely source of the equaliser, Mohamed Salah from the penalty spot following a foul by Serge Aurier was a predictable method for the winner.

## PLAYMAKING RIGHT-BACK

Liverpool's most frequent route to goal came via their outstanding right-back, Trent Alexander-Arnold. Having your chief playmaker in defence is rare, but the 21-year-old's remarkable range of passing makes it work.

With Son Heung-min tucking in to support Kane, Alexander-Arnold was afforded a lot of room and he set about making it count, making seven of Liverpool's 16 key passes.

His right foot is a real weapon for Jurgen Klopp's side because he can cross from any area, pick out teammates from set pieces and spring attacks with accurate long balls or cross-field passes for Andy Robertson.

He might not have been directly involved in their goals, but Alexander-Arnold is Liverpool's go-to guy.

## AURIER'S ISSUES

If Liverpool's right-back was their stand-out performer, Tottenham's was their biggest weakness. Aurier is



## PREMIER LEAGUE

### LIVERPOOL SPURS

**2** **1**

Henderson 52', Salah 75' pen

Kane 1'

.....

a mistake waiting to happen and while this wasn't a calamity of seven-goal-Bayern-Munich-thrashing proportions, it was still damaging.

Put simply, the former Paris Saint-Germain defender is bad at defending. When Sadio Mane raced in behind him, Spurs fans held their breath. When he recovered the ball they exhaled, believing the danger to be gone.

But inexplicably Aurier lost his footing, spun to clear the ball and only succeeded in booting Mane. Salah's penalty was confident and suddenly Spurs were forced to change their intentions.

Danny Rose skied an opening, but they were made to rue Son's earlier missed chance after rounding Alisson.

## DISAPPOINTING ERIKSEN

Christian Eriksen was given a surprise start in midfield ahead of Tanguy Ndombele, who was excellent in the midweek 5-0 win over Red Star Belgrade.

The Dane did not back up Mauricio Pochettino's decision, completing just 16 passes over the entire game and creating no chances.

By contrast, Ndombele, who came off the bench in the 63rd minute, managed to fashion two openings.

If Eriksen is to get his dream move to Real Madrid at the end of the season, he needs to start performing when called upon.

## STELLAR SALAH

Salah's penalty to beat the impressive Gazzaniga saw him move onto 50 goals at Anfield for Liverpool, a feat which has come in just 58 games.

Mane was once again brilliant and Roberto Firmino's hold-up play was important, but Salah remains the key man for Liverpool and their bid to win a first league title since 1990.

The Egyptian was forced off in the closing stages by an ankle injury, which Klopp later described as "not a massive issue". With Divock Origi a significant downgrade, Liverpool fans will be hoping Klopp's initial assessment is correct.



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