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A UK focused Turnaround Value Investment Partnership

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# TODAY'S TOPICS

1. Inflation, labour, supply chains and energy
2. Geopolitical tensions & social media
3. Turnarounds

# 1. INFLATION, LABOUR, SUPPLY CHAINS AND ENERGY

# INFLATION – US CPI IS NOW BROAD BASED

## +0.4% September 2021 CPI Print

### Biggest drivers:

- 0.7% used cars (3.43% weight)
- +1.3% new vehicles (3.81% weight)
- 2.9% car and truck rental (0.19% weight)
- 0.6% lodging away (1.05% weight)  
Of which -0.6% hotels, motels (0.94% weight)
- +0.4% rent of shelter (32.21% weight)
- 0.5% transportation services (5.09% wgt)
- 1.1% apparel (2.69% weight)
- +1.3% energy (7.29% weight)
- +0.9% Food (13.9% weight)
- 0.1% Medical care services (7.06% wgt)

## +0.9% October 2021 CPI Print

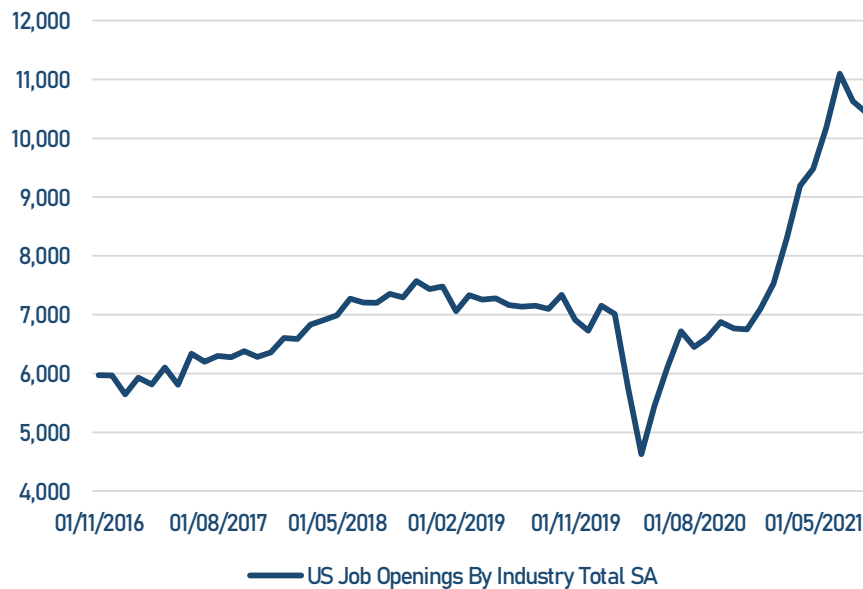
### Biggest drivers:

- +2.5% used cars (3.29% weight)
- +1.4% new vehicles (3.83% weight)
- +3.1% car and truck rental (0.17% weight)
- +1.4% lodging away (1.02% weight)  
Of which +1.5% hotels, motels (0.91% weight)
- +0.4% rent of shelter (32.23% weight)
- +0.4% transportation services (5.02% wgt)
- +0.0% apparel (2.73% weight)
- +4.8% energy (7.32% weight)
- +0.9% Food (14% weight)
- +0.5% Medical care services (7.02% wgt)

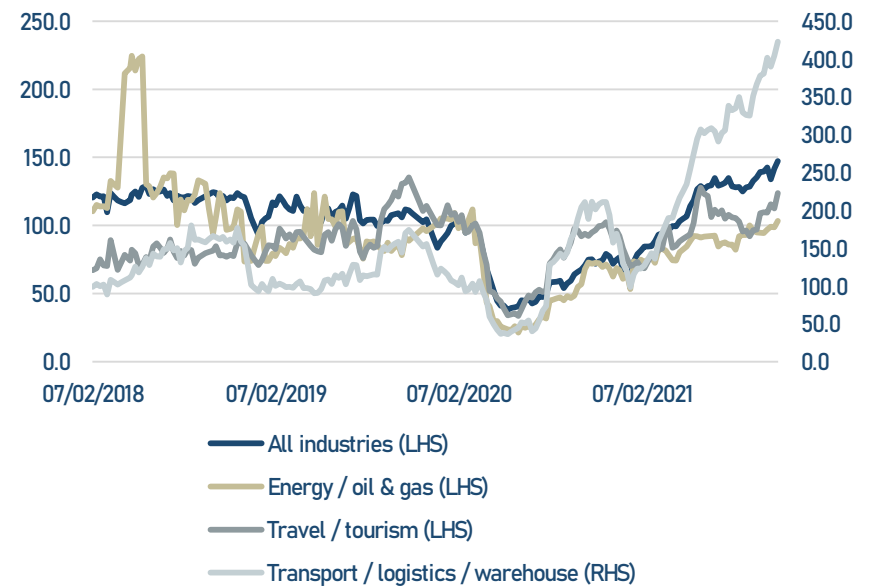
# INFLATION – LABOUR SHORTAGES

- Record 4.4mio US workers quit their job in September
- Survey indicates 4% left due to making money in crypto markets
- Working from home slowed work down, more time to think
- Record retirements

US Job Openings remain at record highs (in thousands)



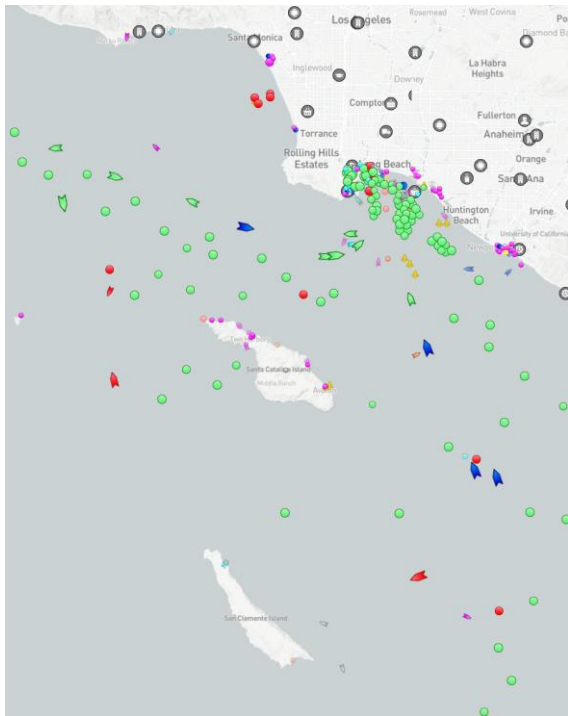
UK Labour market is getting tighter: Adzuno online job adverts by selected category



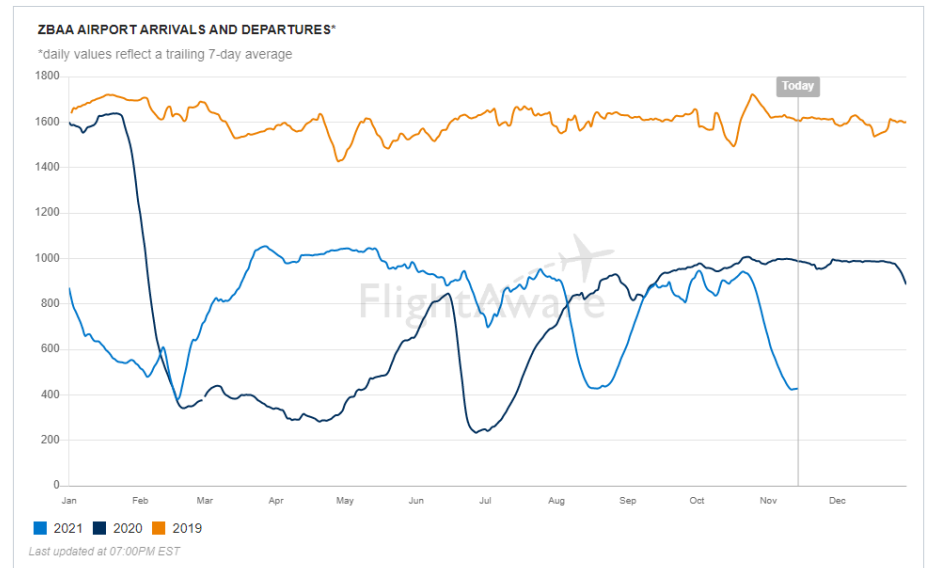
# INFLATION – SUPPLY CHAINS CONSTRAINTS

- Again new record of container ships anchored around LA/Long Beach Port
- Some comments from Volkswagen and other companies suggest easing of supply chains ahead
- New virus flare up in China, 57 new locally transmitted cases Nov 12

LA/Long Beach Port congestion (green dots)



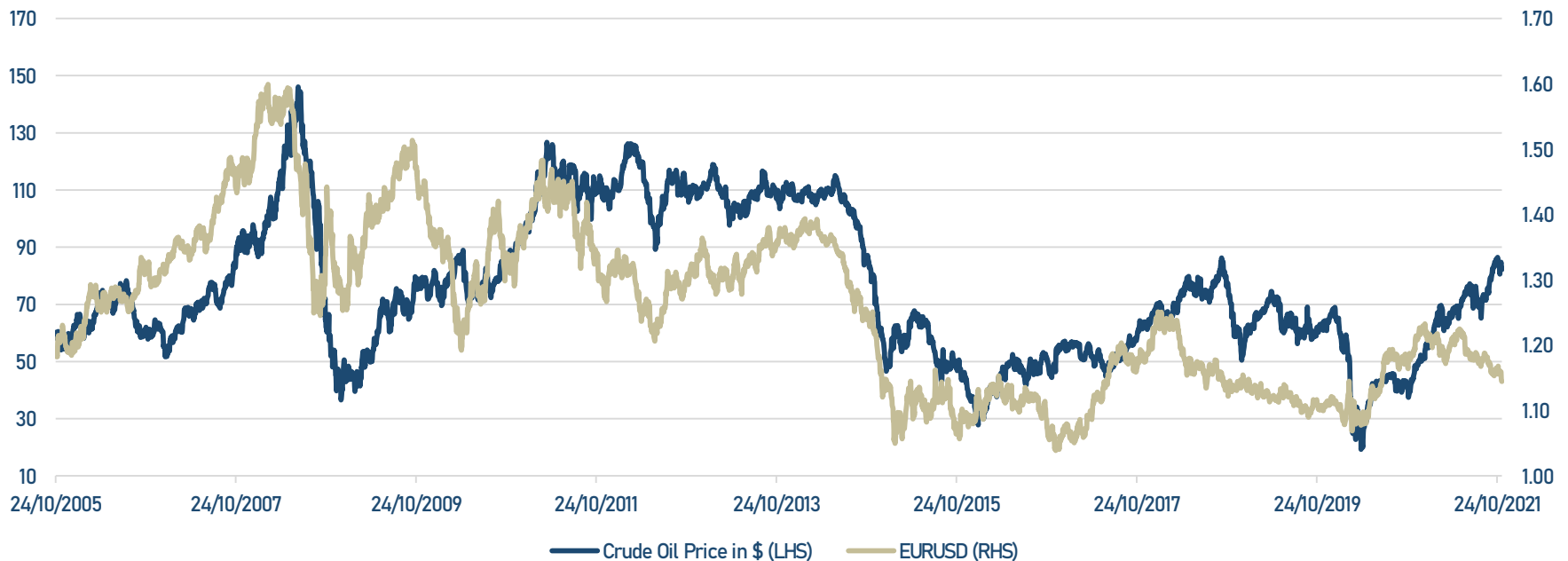
Beijing flights drop by 50%



# INFLATION – ENERGY SHORTAGES

- Shifts towards renewables means energy shortages
- China's move towards nuclear power comes at a time when Western nations shift towards EVs, requiring nuclear power en masse → 40% of uranium comes from Kazakhstan
- Shale oil producers increase capex in Q4 and 2022, but does not mean more oil will come

Stronger US\$ led to weaker oil prices in the past

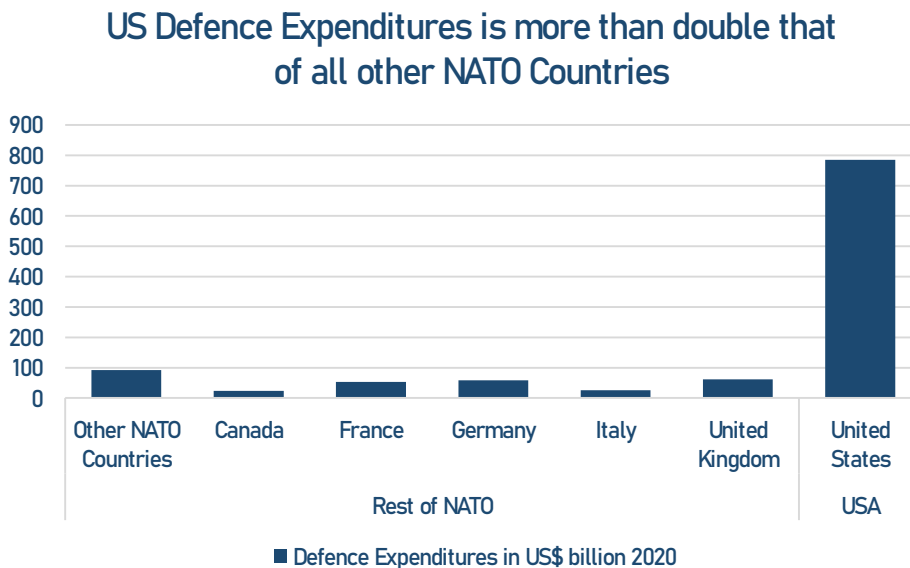




## 2. GEOPOLITICAL TENSIONS & SOCIAL MEDIA

# GEOPOLITICS – CHINA, RUSSIA, PAKISTAN, IRAN

- China, Russia, Pakistan and Iran Alliance makes up 51% of world's nuclear warheads
- NATO military spending makes up 56% of world's military spending
- Migrant crisis – Greek PM:
  - Refugees in Turkey are not fearing for their lives, hence not refugees
- Social media and online platforms have more aggressive algorithms that narrow your interests down



IISS Ranking	Country	Defence Spending 2020 (US\$bn)
1	USA	738.0
2	China	193.3
3	India	64.1
4	UK	61.5
5	Russia	60.6
6	France	55.0
7	Germany	51.3
8	Japan	49.7
9	Saudi Arabia	48.5
10	South Korea	40.4
11	Australia	31.3
12	Italy	29.3
13	Brazil	22.1
14	Canada	20.0
15	Israel	19.9

### 3. TURNAROUNDS

# LIST OF COMPANIES – POTENTIAL TURNAROUNDS

## Shipping

- James Fisher and Sons – lost 50% of market cap after cutting guidance by over 20%

## Conferencing software

- LoopUp Group – Volatile revenues, targeting partnership with MS Teams

## Renewable fuels

- Velocys – Signed two 10yr & 15yr SAF contracts with IAG and Southwest Airlines

## Technology

- Twitter – Litigation charge a one off, valuation invites for M&A

## Newspaper print

- Smiths News – Negative equity, but profitable