

THE UKSA NEWSLETTER

UKSA
UK Shareholders'
Association

ISSUE 8

Welcome to the eighth issue of your **UKSA Newsletter**.

Chairman's comment – Your board met on 25 February to continue our strategic review and, among other things, had a good discussion around what UKSA's key messages and positions should be in relation to who we think we are and what we care about. We are clear that we are answerable and accountable only to members and are highly dependent on members, directors and local leaders volunteering their time and effort, both in our membership activities and our outward-facing activities. Not only do we represent the interests of members as individual investors and shareholders, but we provide a community and environment in which members may participate. The fact that we are completely independent of the financial services sector and the companies we invest in underlines the importance of our members' subscriptions. But, vitally, this means that we are not in any way constrained in speaking up on issues such as the importance of knowing your way round financial service expenses, or executive pay, or the failings of the regulatory regime that is supposed to operate in the interests of us consumers.



One thing is clear. UKSA is different to ShareSoc. ShareSoc came into being as a competing organisation, set up by a person that we respected but found it too difficult to work with. Our emphasis is on a collaborative team approach, answerable to our members, a public interest element in our campaigning efforts, and an independence from the financial sector which allows us to speak up without worrying about upsetting vested interests. Talks with ShareSoc about merging with us were discontinued in 2019, so our respective organisations continue to go their separate ways. But it also means that there should be room for both of us, as UKSA will be attractive to some, ShareSoc to others and both organisations to yet some others. It also means, where UKSA's and ShareSoc's interests and perspectives are compatible, that we will continue to collaborate on policy consultations.

Whilst individual members will have differing priorities in terms of what they want to get out of, and contribute to, our efforts, this is actually a source of strength, as activities can be tailored to members' wishes, and those who are able to contribute to our campaigning and educational efforts and enjoy collaborative working can help us get heard in the public debate. We concluded that our campaigning activities needed to become more strident, and we will be focusing our efforts on a limited number of issues, especially those relating to the lot of the consumer of financial services, where we believe there is a good chance of attracting public attention. How often do you read in the media fundamental truths around the importance of expenses, and ways of minimising them, for example?

There is broad agreement around what our activities should include, but we always want to hear from members about the activities you would like to see. Our activities around the country are essentially member-led, but from the centre we can take a co-ordinating role. There are meetings with companies, and member discussions on topics of interest – all of which can help members and others become better investment savers without falling foul of this being regulated financial advice.

Topics that members have expressed interest in include combatting intermediation between beneficial owners and their companies, executive remuneration, excessive advice and investment costs, improving corporate governance, reporting and transparency and the rights of shareholders and focusing on shares and shareholdings in companies, whether held directly or indirectly through nominee accounts and/or funds. However, we have to be careful with our campaigning activities; we could be spreading ourselves too thinly and not focusing our available time and effort on what should really matter to us and our members. It would help us if you, our members, could tell us what you think we should particularly care about and therefore focus on, especially if you have some specific ideas to contribute. I am grateful for the feedback already received from some members.

I will keep you updated on any further thoughts on UKSA's future direction, but in the meantime if you have any comments, please let me know.

UKSA's policy work – UKSA's policy team continues to provide high-level input into consultations by UK government and international bodies. The table of current and recent work can be found [here](#).

Brian Peart

*Everyone at UKSA was immensely saddened to learn of the death of [Brian Peart](#) on 31 January at the age of 85. Brian had served as a director of UKSA and was closely involved in campaigning activities following the collapse of Northern Rock. **UKSA's External Relations Director, Sue Milton**, gathered reactions to the sad news and compiled the tribute below.*

UKSA's foundations have shifted with the passing of Brian Peart. One of the original members of both UKSA and the Northern Rock Small Shareholders' Action Group, Brian helped lead the way to a strong and healthy organisation and campaigning community, to ensure retail shareholder rights were identified, fought for and protected. He helped make sure retail shareholders' voices were heard.

How to describe Brian and his wonderful contribution to UKSA and NRSAG? His friends and colleagues are best placed to do this in their own words.

Bill Brown: "I only met Brian once, when we went to 10 Downing Street. We then travelled in the train together as far as Newcastle, or maybe it was Durham. We had a long chat on the way and I was pleased to have his company. He was always very interested in pursuing UKSA's objectives and followed NRSAG sub-committee's progress."

Dennis Grainger: "Although he couldn't play a leading part in our NRSAG efforts over recent years, he was there at the very start with me when the legal action was launched and held strong views about the Government's handling. Aside from our NRSAG work he had major responsibilities within UKSA, especially in the Northern region."

Cliff Weight: "Brian Peart did a lot for the cause of individual shareholders and will be missed."

Gavin and Jeane Macpherson: "Very sorry indeed to hear the sad news about Brian Peart. We both have the happiest memories of time spent with him over a period of very many years. Brian was in the Chair at the first meeting of UKSA North-East Branch we attended at the offices of Age

Concern in Knaresborough. Since then we have enjoyed his company on many different occasions, at company annual general meetings, on UKSA shareholder visits, Christmas celebrations etc. Brian was always good company and very committed to the work, aims and objectives of UKSA both in the North-East Region and nationally. He will be very much missed."

James Murray: "I joined UKSA in 1995 and got to know Brian at various UKSA AGMs, and better when at an UKSA conference in Edinburgh. When I took over from Bill McLean as Scottish Chairman, I had many good conversations with Brian. Like him I was a director for a wee while, and we often shared the 6pm train North from Kings Cross after a lengthy meeting. Brian was courteous and knowledgeable, a great supporter of UKSA, did masses in the North-East. The last good memory was on the day spent in his company on Teesside during the excellent visit to Sirius Minerals in June 2019.

Malcolm Howard: "I had known Brian when we were both on UKSA's board and also when we met at UKSA's AGMs at the RAF Club. Brian was always cheerful, never afraid to say what he believed in, but was extremely honest. He could always be relied upon to help with a problem, and that is what we will miss most."

Michael O'Neill: "I shall remember Brian as a man of great integrity with robust and sincere beliefs. He was always determined to see right from wrong and was very loyal to the cause of the shareholder. His opinions were highly valued. Brian was always ready to listen and engage in discussion with great knowledge but with a smile on his face and a twinkle in his eye. He was extremely supportive and I shall miss him, whilst remembering him with great affection. May I express my deepest sympathies to his dear Family and friends. May he rest in peace."

Pradeep Chand: "Very sad to hear about Brian. He will be dearly missed."

Rob McDonald: "This is indeed sad news. Brian was on the board when I attended my first board meeting several years ago. Although I didn't have a lot to do with him, he was always very friendly and supportive, such a nice man. Puts many things into perspective."

The UKSA Board are grateful to Julian Mole for sharing the Board's thoughts at Brian's funeral:

"Dear Brian,

Before we part company, we want to say a BIG THANK YOU from the current UKSA Board for your amazing achievements that have allowed UKSA to remain a force to be reckoned with in the UK Investment world.

We punch way above our weight, with regulators and government departments choosing to obtain our views. Our members continue to be active and engaged.

This is as a result of your cheerful leadership over the years. Whether leading from the centre or regionally, it has been very impressive. You did so much for the cause of individual shareholders and pursuing UKSA's objectives, always with integrity. We all valued your opinions.

You were an avid campaigner for, and also a leading committee member of, the Northern Rock Small Shareholders' Action Group, there from the start, when the action group began its legal action for open and honest treatment towards both Northern Rock and its shareholders.

Like all good chairmen, you not only set the direction, you allowed others to thrive. The current board sits on your shoulders, the shoulders of a wonderful UKSA giant.

You will be missed very much by all of us in UKSA, including the members of the Northern Rock Small Shareholders' Action Group.

RIP Brian.

From the UKSA Board, on behalf of the UK Shareholders' Association."

Campaigns

Northern Rock

The Committee of the Northern Rock Small Shareholders' Action Group is considering what is best for the campaign. UKSA, meanwhile, has asked the law firm Leigh Day if a case can be made. Whilst not closing the door, they felt that Northern Rock had been the subject of unsuccessful private and public litigation at the highest level, so a turnaround of fortunes would be difficult. Unless something new and innovative emerges, making another case will require a lot of energy.

Amigo Holdings

The Court, having turned down Amigo Holdings' original scheme of arrangement, has hearings about the new scheme on 8, 23 and 24 May 2022. If the Court approves the scheme, the shareholders must then vote to accept or decline the scheme. Amigo Holdings have been reticent in sharing information necessary for shareholders to make sound decisions about the new scheme.

ShareTalk – UKSA in the South-West and Midlands

In for the Long Haul *by Alan Cane*

ShareTalk concluded 2021 with a Zoom session on 3 December. James Gundy (Group CEO) and Nick Stone (CFO) of Braemar Shipping Services plc (LSE: BMS) presented to around 30 members in all, followed by a lively half-hour Q&A.

The following link finds Braemar's interim results presentation and latest Annual Report: <https://braemar.com/investors/reports-presentations-and-other-information/>

James Gundy's career spans 35 years, originally with Clarkson (the largest UK-listed shipbroking business), then with ACM, which became the subject of an acquisition by Braemar in 2014. Nick Stone joined BMS as Finance Director in 2019. The pair have spent the past two years refocussing the business towards shipbroking (which can account for up to 90% of profits), having hived off non-core activities including logistics arm Cory, which from early 2022 is planned to become a Joint Venture with the Dutch operator Vertom.

James spoke about the different cultures of ACM and Braemar, an important issue when mergers are once again on the agenda. The board's top objective for Braemar is an ambitious plan to double the size of the business within four years through both organic growth and acquisition.

Long-term relationships are the bedrock of this very people-oriented business, so the challenge will be to find both a sufficient number and range of broking staff. To quote James, these might be 'barrow boys or graduates'; there's room for both. Whoever, shipbrokers 'help the market to work'. Broking attracts commission of 1.25% of the value of freight. If freight rates increase, so does commission.

There's a strong technical foundation. Bespoke packages developed with a former futures trader at Zuma Labs give both Braemar staff and their clients a stronger view of forward prices. Such capability, alongside big swings in rates, have already helped to deliver growth of >400% in the dry cargoes segment. This goes to offset the current reduced volume of activity in wet cargoes such as oil.

Revenues at Naves, the Financial division, were said to be good when the deal flow is strong, though

lumpy. It is planned to integrate this division with shipbroking.

As in financial investment, not being over-exposed to one particular market is crucial. Geographical diversification and market recognition are planned to increase further, with new offices recently opened in Athens and Geneva.

The industry will address environmental concerns through measures such as the retirement of older, more polluting vessels. Slower steaming also reduces emissions and has a positive side because it lengthens charter times. More than once it was stressed that this is a very long-term business. For example, changes due to Brexit and the pandemic look like small blips compared with the rise of trade with China and (especially) India.

From next year, reporting will be on the basis of seven core segments, to give clearer visibility than the current basis of three divisions.

Net debt has halved in the past 12 months and dividends have been restored. At present the company lacks large institutional investors, although a number of brokers represent significant holdings. Compared with Clarkson, their larger UK-listed competitor, Braemar management believes that their company has smaller overheads, a younger age profile, and is undervalued. Members must draw their own conclusions. The author declares a small shareholding.

Raising the Profile of the Private Investor - Why private investors still matter *by John Mulligan*

Despite the rise of private equity and other obscure groups, accountable mainly to themselves, in most developed capitalist economies the role of the individual private investor remains critical to the longer-term relationship between listed businesses and their owners. Why should this be so?

Forces weakening investor accountability

Surely, it is because those whose savings are held in pension funds, savings accounts and managed funds are the many millions of individuals who are ultimately the part-owners of the businesses whose shares are listed on public stock exchanges. The weakness in this somewhat feeble chain is the fact that the interface between most listed company management boards and shareholders is increasingly via professional managers who, often, do not have enough time or skin in the game to control and manage this linkage in the best way possible to maintain this vital accountability chain.

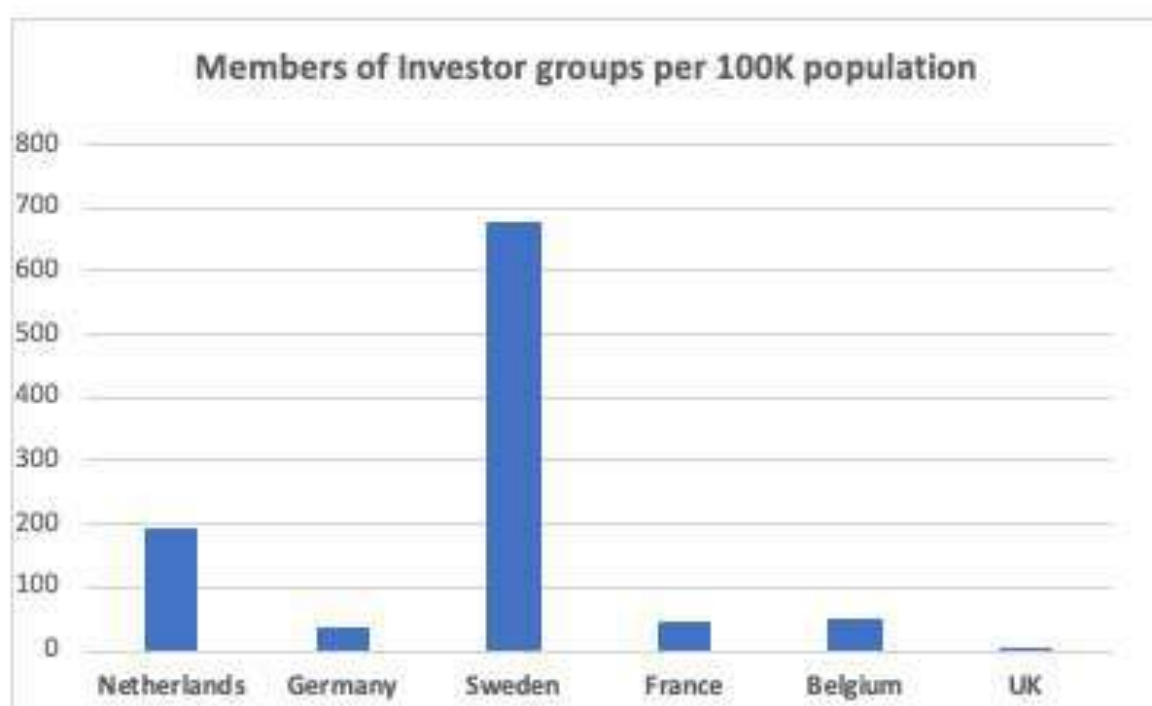
Over the past five or six decades, since the end of the Second World War, a combination of trends has gradually, but inexorably, been at work weakening the established Western-based Investosphere in terms of accountability to the private investor. These trends include: the steady rise of the financial and investment sector as a self-generating growth industry in its own right, the disruptive effects of the rapidly growing tech sector exhibiting strongly monopolistic tendencies and a divisive reward system that exacerbates ever more obvious wealth inequalities that, in turn, is resulting in the growth of a social chasm that may well be one of the drivers of political populism in the West.

Remedies through investor activism

In order to remedy these weaknesses, a number of investor groups have arisen throughout Europe to protect the interests of private investors and to improve the levels of communication between companies and their shareholders as ultimate owners. For some reason the private investor involvement in the UK seems to have been proportionately less strong than in many other European countries.

The table below summarises the basic attributes of leading organisations that represent the interests of private investors in continental Europe and the UK. These entities all have the basic objective of strengthening the linkages and accountability between investors and publicly listed companies. A quick look at the table and chart below illustrates the large disparity, in terms of private investor involvement between the countries profiled. From the limited information available on European investor groups it is clear that they are much more active in Sweden and the

Country	Investor Body	Population	Members	Members per 100K population
Netherlands	VEB	17,400,000	34,000	195
Germany	DSW	83,200,000	30,000	36
Sweden	Aktiespararna	10,300,000	70,000	680
France	F2iC	67,000,000	30,000	45
Belgium	VFB	11,600,000	6,000	52
Denmark		5,800,000		0
Spain		46,700,000		0
UK	UKSA/ShareSoc	67,000,000	4,000	6



Netherlands than in most other European countries, but, at the other end of the scale, the involvement in the UK is far lower than elsewhere in this part of the world. This latter observation may seem strange given that the UK, and London in particular, is one of the main global centres for the investment industry.

Or, maybe, it is the very fact that the City of London has pioneered the development of investment trusts and other entities such as unit trusts and exchange traded funds that has reduced the apparent need for private investors to concern themselves with the corporate accountability gap.

It is, however, the contention and purpose of investor groups such as the United Kingdom Shareholders' Association (UKSA) and the UK Individual Shareholders Society (ShareSoc) to fight for the rights of UK-based investors, as these bodies believe that the current structure of the "Investosphere" disadvantages private investors and there is a vital need for more action on their behalf.

Services in the EU– A personal appeal *by Helen Gibbons*

Aside from UKSA, my day job involves selling language services to companies. The lack of a trade deal with the EU on services has killed off part of my business, as it is now illegal to carry out paid work in the EU if you are a UK passport holder without local resident rights. If you or any of your acquaintances or investee companies are similarly exposed to UK-EU services trade, I would like to hear from you. Background to the issues involved can be found [here](#) in my piece for Sussex Bylines.

What's new on our website

We have started creating the new writers' pages on our website. If you would be interested in writing for UKSA and would like to have a dedicated page on our website, please let me know on 01273 901806 or helen.gibbons@cantab.net.

Feedback

Your views are important and it was great to hear members' reactions to our plans at last Friday's South-West & Midlands Zoom meeting. Some excellent ideas were put forward, such as an AGM tracker. Please feel free to contact me on 01273 901806 or helen.gibbons@cantab.net.

Don't forget, Associate Members can take advantage of **half-price full membership** of UKSA in the first year by clicking [here](#).

The UKSA Board

7 March 2022