Backing winners

ALGY HALL

For many investors, the fantasy investment is the super stock they find before anyone else. Perhaps it is a stock that's recently floated in trying market conditions, such as **Asos (ASC)** during the dotcom bust in 2001. Or it could be a stock that has fallen out of favour due to an uninspiring run of trading that masks the real underlying value of its business, such as **Games Workshop (GAW)** four years ago.

Investors hunting for such prospects may be attracted to the list of shares hitting new 52-week lows below. However, anyone taking this approach is likely to have the odds stacked against them. More often than not, shares hitting lows have terrible prospects. And even when shares are on the floor but the company they are issued by seems to offer promise, there are some difficult questions investors need to answer: am I missing something that is obvious to everyone else?; and will other investors ever get on board with the story I think I've found?

Indeed, for those investors interested in playing the odds rather than trying to find the next big thing before anyone else does, it is our table of shares of companies hitting new 52-week highs that should be of most interest. There is nothing bad about coming to an investment story a bit late as long as the investment case has longevity. Strong momentum is a good indicator that positive developments may have legs. After all, while the so-called 'madness of crowds' can lead to substantial market folly, it is more common to find the market displaying the 'wisdom of crowds'.

Our table of stocks hitting 52-week highs continues to highlight a number of popular investment trends based on the niche investment trusts appearing on the list. However, there are many other themes the list highlights that are more company-specific. Two of the shares in this week's tips section exemplify this, and while neither features in this week's list of new highs, both have appeared on the list in the recent past. Both are recent floats that have managed to capture investors' imaginations despite the impact of Covid-19. As a business administration specialist, prospects are bright for **FRP Advisory (FRP)** at a time when they look very dim for others (see page 34). Meanwhile, the attempts of **Helios Towers (HTWS)** to generate income from its expanding network of mobile phone masts in Africa should face relatively little challenge from the ructions of the current crisis (page 36).

Other shares in the tips section take some inspiration from the top holdings of fund managers. Property company **CLS (CLI)** has been battered over fears over the impact of coronavirus on its tenants and long-term demand for the offices it owns (see page 35). However, it appeared in our most recent UK Smaller Companies best ideas table and the tenant base looks more resilient than one may first assume. Irish ingredients company **Kerry Group (KYGA)**, meanwhile, has been finding favour with sustainability-focused investors. The comments from one of Nordea's ESG experts on the company's virtues are illuminating (see page 33). That said, Kerry does not quite make it into this week's best ideas list, which is focused on Global Sustainable best ideas. For stocks to be included they must be in the top five holdings of the top-performing sustainable funds we track.

Global Sustainable Fund Manager best ideas

Based on top 5 holdings

Wednesday, 3 Jun 2020	No of funds
Microsoft Corp	6
Visa Inc Class A	4
Alphabet Inc A	4
Ecolab Inc	4
Unilever PLC	3
American Water Works Co Inc	3
Roche Holding AG Dividend Right Cert.	2
Mastercard Inc A	2
Apple Inc	2
Linde PLC	2
Prudential PLC	2
Amazon.com Inc	2
Autodesk Inc	2
Xylem Inc	2
Keyence Corp	1
Badger Daylighting Ltd	1
Bandwidth Inc Class A	1
Cerner Corp	1
Henkel AG & Co KGaA	1
Beiersdorf AG	1
Merck KGaA	1
EDP Renovaveis SA	1
Lenzing AG	1
PTC Inc	1
Brambles Ltd	1
Zhuzhou CRRC Times Electric Co Ltd Class H	1
adidas AG	1
CSX Corp	1
London Stock Exchange Group PLC	1
Workday Inc Class A	1
Salesforce.com Inc	1
ServiceNow Inc	1
Cellnex Telecom SA	1
Veolia Environnement SA	1
Waste Management Inc	1
Equinix Inc	1
Thermo Fisher Scientific Inc	1
Synopsys Inc	1
Applied Materials Inc	1
Central Japan Railway Co	1
KDDI Corp	1
Anthem Inc	1
Bridgestone Corp	1
Bank Rakyat Indonesia (Persero) Tbk Class B	1

Source: Morningstar

New 52-week lows

Name	TIDM	Price	% from low
Mercantile Ports & Logistics	AIM:MPL	0p	0.0%
Impellam	AIM:IPEL	251p	0.0%
London Finance & Investment Group	LSE:LFI	34p	1.6%
J. Smart & Co. (Contractors)	LSE:SMJ	111p	2.7%
DWF	LSE:DWF	67p	3.0%

Source: S&P Capital IQ, as at 3 June 2020

New 52-week highs (top 30)

Name	TIDM	Price	% from high
Caledonia Mining Corporation	AIM:CMCL	1,308p	0.0%
ITM Power	AIM:ITM	317p	0.0%
Civitas Social Housing	LSE:CSH	108p	0.4%
Baillie Gifford European Growth Trust	LSE:BGEU	1,005p	0.5%
JPMorgan Japanese Investment Trust	LSE:JFJ	513p	0.6%
Codemasters Group	AIM:CDM	336p	0.6%
Mid Wynd International Inv Trust	LSE:MWY	650p	0.6%
Bango	AIM:BGO	160p	0.7%
Amryt Pharma	AIM:AMYT	134p	0.7%
Aberdeen Japan Investment Trust	LSE:AJIT	645p	0.8%
JPMorgan Japan Smaller Cos Trust	LSE:JPS	451p	0.8%
Numis Corporation	AIM:NUM	312p	1.0%
Ideagen	AIM:IDEA	206p	1.0%
Montanaro European Smaller Cos Trust	LSE:MTE	1,215p	1.0%
Jersey Electricity	LSE:JEL	482p	1.2%
Smithson Investment Trust	LSE:SSON	1,472p	1.3%
Stock Spirits	LSE:STCK	246p	1.4%
Flutter Entertainment	LSE:FLTR	10,890p	1.4%
Edinburgh Worldwide Investment Trust	LSE:EWI	252p	1.6%
Volvere	AIM:VLE	1,525p	1.6%
Personal Assets Trust	LSE:PNL	44,000p	1.7%
WANdisco	AIM:WAND	820p	1.7%
Cerillion	AIM:CER	306p	1.7%
Capital Gearing Trust	LSE:CGT	4,410p	1.8%
Treatt	LSE:TET	540p	1.8%
Herald Investment Trust	LSE:HRI	1,506p	1.8%
Ceres Power	AIM:CWR	522p	1.9%
Manchester & London Investment Trust	LSE:MNL	615p	1.9%
Pebble Beach Systems	AIM:PEB	12p	1.9%
Pacific Horizon Investment Trust	LSE:PHI	430p	2.1%

Source: S&P Capital IQ, as at 3 June 2020

Shorts

Company	Short interest	No of shorters	1-week change in short interest
Premier Oil	19.6%	3	0.0%
Hammerson	12.5%	8	-1.0%
EasyJet	8.2%	6	-0.3%
Royal Mail	8.1%	7	0.0%
Tullow Oil	8.1%	6	0.0%
Babcock Intl	6.7%	6	0.6%
Metro Bank	6.7%	4	-1.3%
Pearson	6.6%	7	-0.4%
Wm Morrison Supermarkets	5.8%	4	0.0%
Capita	5.6%	4	-0.1%
Ascential	5.5%	5	-0.3%
GW Pharmaceuticals	5.2%	4	0.0%
Petropavlovsk	5.1%	1	0.0%
Petrofac	5.1%	4	0.0%
Pets At Home	4.8%	2	0.0%
IQE	4.8%	3	0.0%
Intu Properties	4.6%	2	0.4%
Dignity	4.5%	3	-0.1%
Weir Group	4.3%	5	-1.6%
Croda International	4.2%	5	0.2%
Future	4.2%	3	0.1%
Sainsbury (J)	4.2%	2	-1.1%
Tui Ag	4.1%	4	-0.2%
Blue Prism	4.0%	4	0.0%
Vodafone	3.8%	4	0.0%
Virgin Money UK	3.7%	4	-0.1%
Keywords Studios	3.6%	4	-0.6%
Wood Group (John)	3.5%	5	-0.1%
Burberry	3.4%	4	0.1%
Equiniti	3.4%	4	0.0%
Aggreko P	3.4%	3	0.0%
Daily Mail & General Trust	3.3%	3	-0.1%
Marks & Spencer	3.2%	2	-1.9%
Primary Health Properties	3.0%	4	New
AG Barr	3.0%	2	0.0%
Smith (David S)	2.9%	4	0.0%
Ashmore G	2.9%	3	0.0%
Domino's Pizza	2.9%	4	0.0%
Newriver Reit	2.8%	3	New
Valaris	2.8%	1	New
Cineworld	2.7%	4	-0.5%
AA	2.7%	3	-1.9%
Auto Trader	2.6%	4	-0.7%
Ted Baker	2.6%	4	New
Victrex	2.5%	3	-0.8%
Signature Aviation	2.5%	4	-1.6%
Restaurant Group	2.5%	3	New

Source: FCA, as at 3 June 2020

1-month EPS upgrades (top 25)

Wednesday, 3 Jun 2020		FWD EPS CHG		
Name	TIDM	1mth	3mth	1yr
IGas Energy	AIM:IGAS	350.0%	-79.9%	-81%
Shield Therapeutics	AIM:STX	220.4%	660.6%	-
Flutter Entertainment	LSE:FLTR	153.1%	1.3%	-5%
LoopUp	AIM:LOOP	111.5%	132.7%	-43%
Serica Energy	AIM:SQZ	58.6%	-67.8%	-76%
Ramsdens	AIM:RFX	56.7%	-53.4%	-54%
Halfords	LSE:HFD	38.4%	-29.0%	-
Titon	AIM:TON	37.6%	37.6%	-36%
Bloomsbury Publishing	LSE:BMY	24.1%	-48.8%	-51%
Watches of Switzerland	LSE:WOSG	23.1%	-39.9%	-
EKF Diagnostics	AIM:EKF	22.4%	27.3%	34%
Barclays	LSE:BARC	19.6%	-	-
McBride	LSE:MCB	14.4%	12.9%	-
Frontier Developments	AIM:FDEV	14.2%	19.1%	30%
Mattioli Woods	AIM:MTW	14.1%	14.1%	7%
Ebiquity	AIM:EBQ	13.6%	-49.5%	-50%
Zotefoams	LSE:ZTF	12.1%	-26.5%	-49%
Renewi	LSE:RWI	10.9%	11.1%	-6%
boohoo	AIM:BOO	10.5%	-7.6%	7%
Dart	AIM:DTG	10.3%	33.8%	70%
Joules	AIM:JOUL	10.2%	-44.0%	-57%
Totally	AIM:TLY	9.9%	9.9%	900%
Antofagasta	LSE:ANTO	9.2%	-68.7%	-79%
Tyman	LSE:TYMN	9.0%	-44.8%	-54%
Playtech	LSE:PTEC	8.2%	-34.9%	-68%

Source: S&P Capital IQ

1-month EPS downgrades (top 25)

Wednesday, 3 Jun 2020		FWD EPS CHG		
Name	TIDM	1mth	3mth	1yr
The Restaurant Group	LSE:RTN	-87.8%	-99.5%	-100%
TI Fluid Systems	LSE:TIFS	-80.5%	-92.3%	-94%
HSS Hire	LSE:HSS	-79.7%	-79.7%	-68%
Hotel Chocolat	AIM:HOTC	-77.9%	-85.6%	-86%
Rolls-Royce	LSE:RR.	-75.7%	-94.8%	-96%
Henry Boot	LSE:BOOT	-73.4%	-73.4%	-74%
4imprint	LSE:FOUR	-72.5%	-83.6%	-83%
Oxford BioMedica	LSE:OXB	-70.6%	-51.3%	-90%
Draper Esprit	AIM:GROW	-69.3%	-69.3%	-73%
Hunting	LSE:HTG	-68.2%	-86.2%	-92%
MJ Gleeson	LSE:GLE	-62.3%	-77.1%	-77%
Card Factory	LSE:CARD	-58.1%	-81.9%	-86%
Fuller, Smith & Turner	LSE:FSTA	-57.9%	-69.3%	-
National Express	LSE:NEX	-56.3%	-69.0%	-69%
J D Wetherspoon	LSE:JDW	-53.9%	-	-
Beazley	LSE:BEZ	-53.1%	-95.6%	-97%
Mears	LSE:MER	-52.9%	-61.4%	-64%
Cineworld	LSE:CINE	-52.1%	-74.0%	-80%
Next	LSE:NXT	-49.6%	-83.4%	-83%
Flowtech Fluidpower	AIM:FLO	-48.5%	-50.8%	-64%
Iofina	AIM:IOF	-47.3%	-47.3%	-2%
The Vitec Group	LSE:VTC	-46.0%	-74.0%	-81%
Accrol Group	AIM:ACRL	-45.8%	-45.8%	-50%
Countryside Properties	LSE:CSP	-44.2%	-50.1%	-51%
Costain	LSE:COST	-44.2%	-61.5%	-81%

Source: S&P Capital IQ