ISSUE 02

SUMMER 2021

# INVESTOR

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HAWKSMOOR
INVESTMENT MANAGEMENT

# WELCOME

The beginning of summer is always a time of expectation as the evenings become lighter and the days become warmer. Here at Hawksmoor we are all very much looking forward to the lifting of Covid restrictions so that we can be with our colleagues, friends and family once again.

This issue of ***Investor*** includes an in-depth article by Investment Analyst Ben Luck about the cybersecurity industry which is evolving rapidly in response to changes in digital working practices, shopping habits and lifestyles. We recently held a Virtual Event for our Private Clients called 'Staying Safe from Cyber Crime' with an excellent presentation by two Cyber Protect Officers from Devon and Cornwall Police. It was a grim reminder of the rapid increase in financial fraud, and we are very keen to help our clients stay safe from this growing threat. Although we were not allowed to record the presentation, the Cyber Protect Officers have provided a useful list of resources to help individuals stay safe from cyber crime, and you can access that list on our website and in the last article of this newsletter. We are already encouraging our clients to use the secure online Hawksmoor Client Portal to receive and store their quarterly valuations, as part of our measures to improve client safety.

In more uplifting news, we are delighted to be opening a new Hawksmoor Office in the beautiful city of Bath as part of our plans to expand our geographical reach. Our new office in the city centre will enable us to reach a wider audience for our high quality client-centric services through Hawksmoor Investment Management and Hawksmoor Fund Managers.

I hope you enjoy the newsletter, and I also hope you have a wonderful summer as the Covid restrictions begin to lift.

Sarah Soar
*CEO*

# IN THIS ISSUE













MARKET UPDATE

# KARMA CHAMELEON

Jim Wood-Smith, *Chief Investment Officer, CIO Private Clients & Head of Research*

It would be fair to say that we entered 2021 with a degree of trepidation. The Covid vaccines brought the promise of release from the lockdowns, economic recovery and higher interest rates. Our concern was that the markets' addiction to handouts would see them react badly to the threat of the withdrawal of the monetary biscuit tin as economies return to 'normal'. I am pleased to report that we have been, mostly, wrong.

Despite a twitch every now and again, markets have remained resolutely cheerful. The prevailing view is that the gargantuan amounts of money both pledged and already spent by governments will presage a robust spurt of economic growth. Great faith is also being shown in the ability of the major Central Banks to control inflation without having to raise interest rates to a level that will cause pain.

It is easy to pick holes in the arguments, as we shall do a little later on, but also important to understand the strength of the following wind. It is quite possible that the post-Covid boom coincides with a Biden-inspired acceleration in renewable energy and decarbonization, resulting in what we might inelegantly call a 'golden green era'. Hence our titular reference to the Culture Club ditty from 1983.

Joe Biden is a remarkable president. Powerfully understated, he seems acutely aware of the importance of words, deeds and delivery. Although the scale of his ambitions will be lessened by Congress, his planned transformation of the American economy is undoubtedly impressive. His aim is to invest $6 trillion across three plans: American Rescue, American Jobs and American Families. This is an addition to the $2.2 trillion agreed in the last days of the Trump Administration. If we combine all these, we have a package amounting to around 36% of the United States pre-Covid GDP. In simpler terms, this is a lot of money. To add further perspective, the St. Louis Fed (the definitive source of American economic data) estimates that Roosevelt's New Deal amounted to 40% of 1929 GDP. Comments likening Biden's plans to Roosevelt's thus strike us as being largely valid and a helpful comparison.

Many investors have spent much of the year fretting about the different merits of what are referred to as 'growth' and 'value'. These are typically unhelpful pieces of financial jargon. It is possibly easier to think of the question as to whether the stocks that have already fared well will continue to do so, or whether there are better prospects in those that have lagged, on the basis that the latter typically have lower valuations.

We readily admit that it is beyond our capabilities to be able to predict, with any degree of accuracy, whether any particular style of investment will fare well or poorly on a quarterly basis. Our aim is to invest our portfolios predominantly into long-term winners, caveated by the need to ensure that we are not over-paying for these. This remains the case. Having said that, however, style has been a significant factor in portfolio performance throughout the pandemic. This is particularly true for portfolios with a bias towards income: many of the stocks that have traditionally paid the largest dividends were amongst the worst affected by the lockdowns.

> *"The prevailing view is that the gargantuan amounts of money both pledged and already spent by governments will presage a robust spurt of economic growth*

> *Inflation is an obvious bogeyman-in-waiting, as is the threat of further waves of the virus in countries that have been unable to vaccinate as efficiently as the UK*

The performance of these portfolios was, at times, painful in 2020. This year, however, has seen something of a reversal. We are commonly seeing dividends reinstated, and the best performing share prices in the year to date are typically last year's economically sensitive laggards. The UK as a whole is still underperforming versus most other major equity markets, though by a much smaller margin than last year. This is despite the undoubted success of our vaccination programme and the avoidance, thus far, of a third wave of infection. Markets have taken the view that the advantage we have gained is merely temporary. This is arguably harsh, but it is hard to disagree. There are, however, some very positive domestic trends at play, especially in the housing market. The combination of the stamp duty holiday and the quest for space has sparked an old-fashioned boom. There is fuel added to this fire by the trend to splash money saved from the absence of foreign holidays on improvements and renovations. The probable ending of the stamp duty holiday in the autumn will dampen some of the enthusiasm to move, but we do not see this as a repeat of the abolition of double MIRAS (for those who remember 1988). Indeed, the pipeline of building work, which has met a shortage of both labour and materials, gives every sign of holding strong for a prolonged time.

Whilst the bull market in equities happily chugs along, investors have shied away from the traditional safe havens of gilts (and sovereign bonds in general) and gold. Both still have an important role to play and their merits will again be appreciated as and when equity markets have their wobbles. It is inevitable that investors will, at some stage, find something to fret over. Inflation is an obvious bogeyman-in-waiting, as is the threat of further waves of the virus in countries that have been unable to vaccinate as efficiently as the UK. We have reduced our allocation to both gilts and gold over the quarter, to reflect our higher confidence in the sustainability of equities, but we have not run away completely.

We mentioned at the outset that we would look at some of the holes in the belief that the world is entering a post-Covid economic rose garden. The issue that nags us more than anything is inflation. The growth of the supply of money in the United States, in the UK, and even in Europe, rings alarm bells with us, if not with the Central Banks. The policies of the Federal Reserve, the Bank of England and the European Central Bank seem to us to be based almost exclusively on bluster. Credit where it is due: the Banks dealt outstandingly with the calamitous effects of the lockdowns. Now, however, it seems bizarre that current policy is based on the premise that the Banks will raise interest rates only when inflation is established well over the 2% (or near to 2%) targets. If – as ever, this is a big if – inflation does anchor above 2% (which the money data suggests is quite possible), history teaches that it will be too late to raise interest rates. The genie will be out of the bottle.

Let us end, however, on the golden green dreams. The pace of commitment to decarbonization is accelerating quickly. President Biden has brought the United States back into the Paris Agreement and should confirm new emission targets at COP26 in November. Boris Johnson swings between giving the impression of tokenism and truly believing that he, and the UK, can be world leaders in reducing carbon. As we said earlier, Biden is also aiming to spend trillions of dollars in pushing on largely open doors to accelerate the United States' transition to sustainable and renewable power. One does not need to be an eco-warrier to understand that decarbonization remains the greatest opportunity for business, as well as the biggest threat.

THEMATIC RESEARCH

# CYBERSECURITY AND ITS CHALLENGES

Ben Luck, *Investment Analyst*

Cybersecurity is one of the most important and dynamic trends in the world today. A survey from Allianz shows it is already the biggest risk that businesses face. Add in the fact that technological progress will only increase the importance of cybersecurity, and it is easy to see how an industry built on protecting our data could be supercharged for growth.

However, as discussed below, that does not necessarily make for straightforward investment decisions. On this occasion, we think the best option is for 'safety in numbers', opting for a collective rather than a direct holding.

## Cyber 101

First, let's go back a few steps and focus on what we actually mean when we use the term 'cybersecurity'. Cybersecurity is the practice of protecting systems, networks, and programs from potential digital attacks. These can range from criminals accessing or destroying sensitive information, interrupting business processes, or even extorting money from victims.

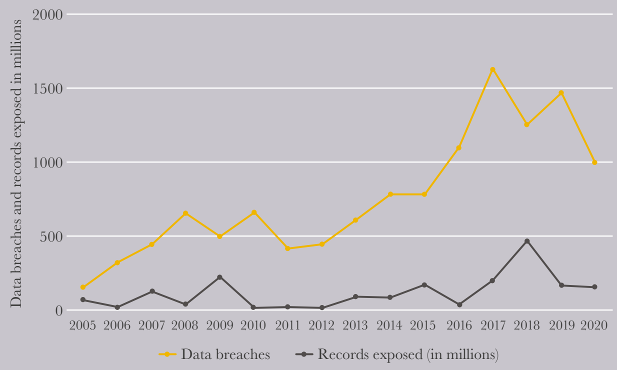
## Why is it important?

Fifty years ago the internet and social media had yet to be invented, and few people owned a computer, never mind a laptop, phone and tablet. We now routinely use these devices to transmit a range of banking, personal and commercial data every day. The International Data Corporation (IDC) forecast that the amount of data generated will grow around sixfold from 2018 to 2025 – when there will be 175 zettabytes of data generated. To put that in perspective, that's enough data to fill over 86,000 64GB iPhones every second, for an entire year.

The benefits of this new way of life are clear; increased connectivity, rapid access to information and online commerce, to name just three. But the transmission and storage of data on such a scale creates an opportunity for criminals.

As you can see from Chart 1, the number of attempted attacks has ballooned. In recent years, organisations ranging from British Airways to the NHS have fallen foul of attacks, with the system governing the US fuel supply the latest to be targeted. Chart 1 highlights data breach trends in the US.

## CHART 1: ANNUAL NUMBER OF DATA BREACHES AND EXPOSED RECORDS IN THE US FROM 2005 TO 2020




Source: **Statista**
www.statista.com/statistics/273550/data-breaches-recorded-in-the-united-states-by-number-of-breaches-and-records-exposed/

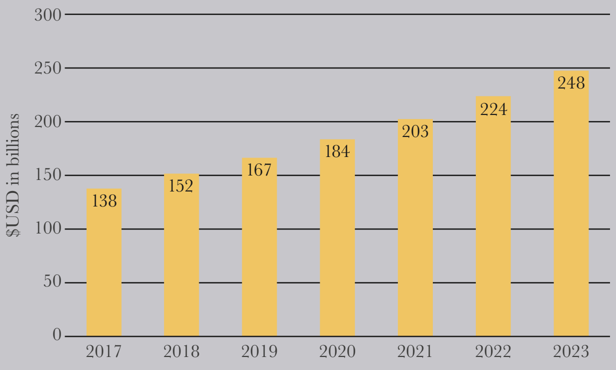
## Cyber crime is evolving

Like any new industry, change is happening rapidly – and the goalposts are continuously moving. With more connected devices out there, the potential entry points for attacks are growing. New methods to avoid detection are being created, and existing techniques tweaked all the time. Machine learning and artificial intelligence are critical to developing forward thinking attack detection software, though the need to counter these challenges creates opportunity.

Firms are battling to capture market share in an industry that is set to grow at a compound annual growth rate (CAGR) of 10% until 2023 (see Chart 2). That means that in just two years' time, the global market could be worth $248bn.

> *In recent years, organisations ranging from British Airways to the NHS have fallen foul of attacks, with the system governing the US fuel supply the latest to be targeted*

## CHART 2: EXPECTED GROWTH OF CYBERSECURITY MARKET WORLDWIDE




Source: **Statista** www.statista.com/statistics/595182/worldwide-security-as-a-service-market-size

The cybersecurity market can be divided in two: protection can be sold to businesses (enterprise market) or individuals (consumer market).

## Consumer

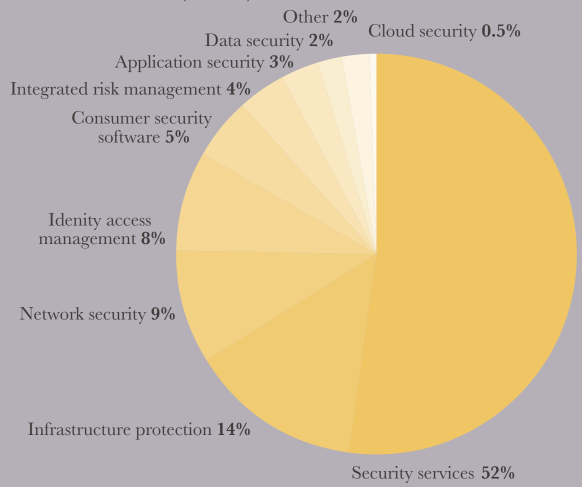
While still at risk of attack, consumers tend to have lower budgets and less need for multiple solutions. McAfee and Norton, two major US cybersecurity firms, recently sold their enterprise businesses to focus on the consumer market. Both boast high quality, subscription-based revenue, as well as the ability to generate large amounts of cash. Their shares trade on non-demanding valuations, which appears to be an added attraction, but that actually reflects the fact each is fairly mature and therefore the growth on offer is likely to be limited.

We also think there are a few risks to owning these stocks. For example, the controlling interest in McAfee has changed owners a number of times. After a spell in private ownership, it re-entered public markets with sizeable debt (leverage will be only marginally reduced by the Enterprise sale) and with private equity names still on the shareholder register. After selling down for the IPO, they could well be looking for a complete exit in the future.

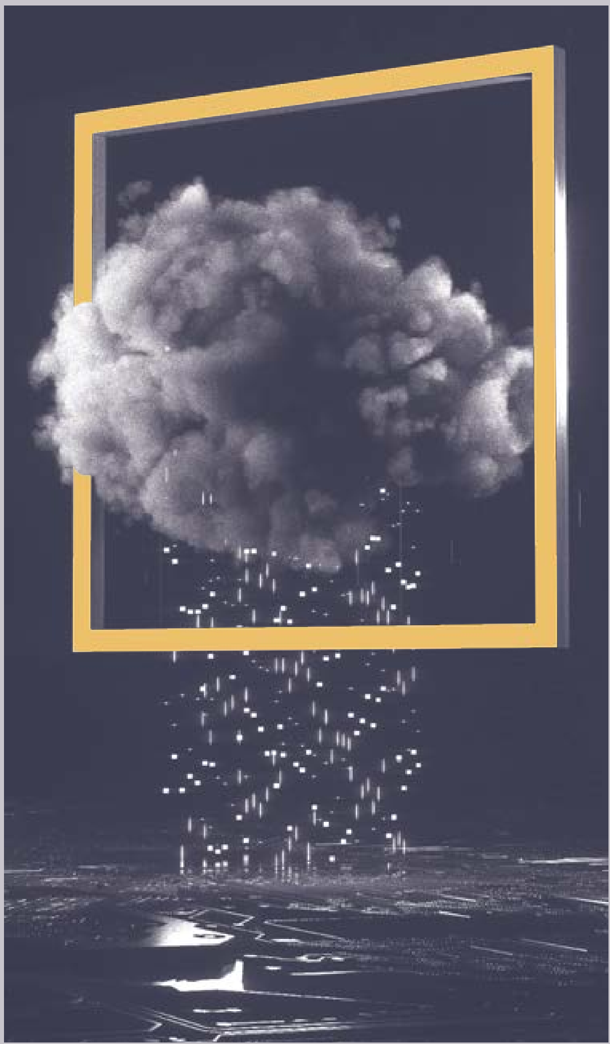
## Enterprise

In contrast, the Enterprise segment looks more dynamic, with spending set to increase at a faster rate. Demand is different too, with firms looking to protect a wider range of IT infrastructure. This brings the chance to sell complex solutions and cross-sell products. Chart 3 shows the percentage split of spending across segments of cybersecurity in 2020.

## CHART 3: CYBERSECURITY SPEND BY SEGMENT (2020)




Source: **Hawksmoor Research**



After a pandemic-ridden 2020 that accelerated the adoption of cloud-based working, it may be surprising to see cloud security at just 0.5% of total spending. There is a huge opportunity here: Gartner forecasts CAGR of a staggering 24.5% to 2023. Data, infrastructure and network security are set for impressive growth too.

## Picking a winner… harder than it looks

The growth on offer is clearly attractive for investors. But that same growth means there is likely to be a decent scrap for a seat at the table. Microsoft, for example, has invested heavily in its cloud security offering.

Another reason it is not so simple to pick a winner is that many of those vying to become enterprise providers of choice in the future are still in the land-grabbing phase, and are consequently not particularly profitable. CrowdStrike Holdings (valued at $43bn) is a good example. Last year's $62m operating profit was its first ever year in the black.

There are more established operators with strong track records, but valuations are quite steep. For example, Fortinet and Palo Alto shares trade on over 50 times forecast 2021 earnings. For context, the S&P 500 Index trades on an average 22 times forecast earnings.

> *Change is happening rapidly and while some companies will blossom into much more valuable players, others will shrink as their products fall behind*

## Taking the collective route

The strength of the tailwind behind the sector means we think it is an area where lots of value could be created, though it is challenging to pinpoint where. Change is happening rapidly and while some companies will blossom into much more valuable players, others will shrink as their products fall behind. At this stage, it is difficult to pick individual winners.

With an attractive investment theme, yet limited direct equity options, one path to consider is an exchange traded fund (ETF). Access to a diverse portfolio of cybersecurity holdings will ensure expected growth is captured, without taking any unnecessary risks associated with single stocks. There are a range of options in the market, of which our preferred pick is the *L&G Cyber Security ETF*.

## L&G Cyber Security ETF

This product aims to track the performance of a basket of companies that are actively engaged in providing cybersecurity technology and services. These companies are split into one of two subsectors: Infrastructure Providers and Service Providers. The former develop hardware and software for safeguarding internal and external access to files, websites and networks, whilst the latter provide consulting and secure cyber-based services. This helps capture a wide range of businesses that generate a material proportion of their revenues from the cyber industry.

Whilst not the cheapest on the market, this product offers a good track record and stellar performance. Since inception in 2015, it has delivered an annualized return of just under 20% (source: Financial Analytics).

However, what really sets this ETF apart from its peers is its portfolio, which is both diverse and consists of modest sized holdings. At the time of writing it has 55 constituents, of which the top ten holdings account for just 26.8% with the largest position only 3.2%. This compares favourably to peer ETFs where top tens can make up almost half of the portfolio, with top holding sizes in the mid to high single-digit range.

With a strong structural tailwind, a well diversified portfolio, and a robust track record, L&G Cyber Security ETF is our chosen pick.

> *“…investment trusts are more appropriate for certain types of more ‘illiquid’ investments due to their structure*

# DEAR HAWKSMOOR…

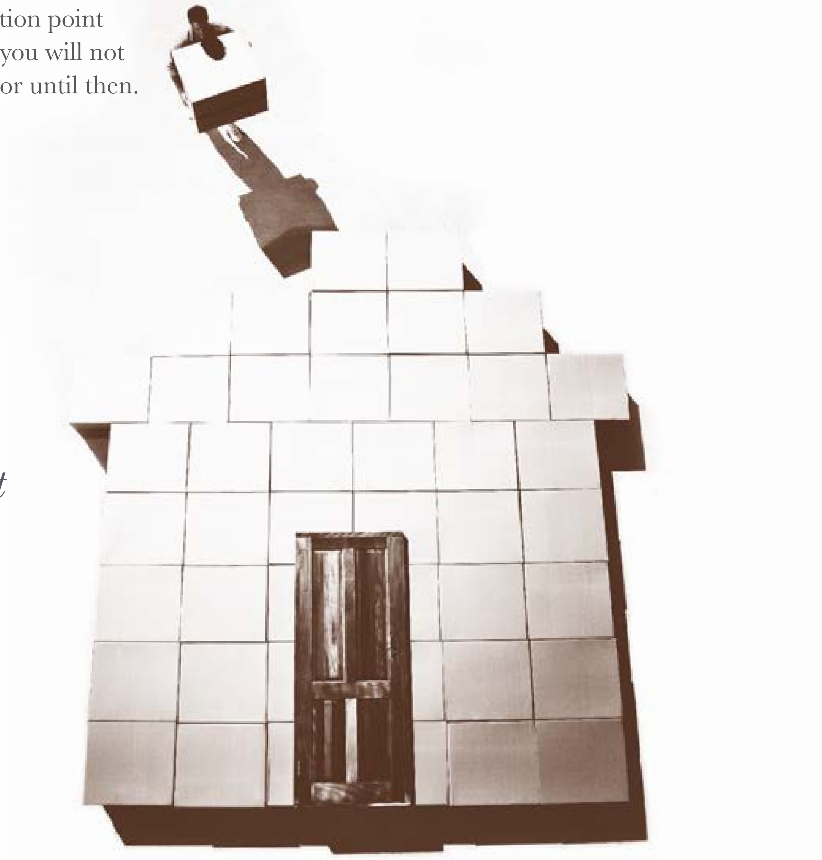
***I noticed in my recent quarterly valuation report references to investment and unit trusts. I am curious to know what the difference between the two is and what exactly they are.***

This is quite a tall order in the space permitted! I will therefore cover the basics here which are most pertinent to an investor. I should start by saying that both unit and investment trusts have the same principal behind them – they pool their investors’ monies to invest in different companies, sectors or types of assets to maximise the level of diversification and therefore reduce the risk. For example, if you invest £1,000 in the ordinary shares of a single company and it has the misfortune of going bust, you will lose your investment entirely. If you allocate £1,000 to an investment or unit trust instead which in turn invests an equal amount in 100 different companies, the impact of one company going bust would be just £10 on your investment. Therefore, unit and investment trusts maximise the diversification per unit cost. Because both pool or collect their investors’ monies into a single pot from which they invest, you may also see the term ‘collective investment scheme’ used to describe unit and investment trusts (as well as other structures which I will not cover here).

An investment trust is a UK registered company whose purpose is to invest in other companies. As is typical of a company, an investment trust has a board of directors and its capital is split into a set number of shares owned by its shareholders (its investors). As with other listed company shares, investment trust shares are traded on a stock exchange, such as the London Stock Exchange. The price of an investment trust will fluctuate throughout the trading day depending on supply and demand as well as the general market sentiment (just as with any other ordinary share). The only way an investment trust can raise fresh capital to invest is via a new issue of shares by prospectus. It therefore has a fixed number of shares in issue which is why an investment trust is referred to as a ‘closed-ended fund’. Overseas closed-ended funds have a similar structure to UK investment trusts but are simply referred to as ‘investment companies’. For example, many investment companies are registered in Guernsey for tax reasons.

A unit trust, on the other hand, is split into units and not shares. As an investor, you own a part of all the investments in the unit trust’s portfolio in proportion to the number of units you hold. If more investors want to join in and invest in the unit trust, the fund manager must create more units. Likewise, if there are more sellers than buyers, the fund manager must redeem units. In other words, a unit trust's value (or capital) will expand or contract depending on demand, unlike an investment trust where the capital is fixed. Unit trusts are therefore a type of 'open-ended fund'. Unit trusts are only priced once a day at a fixed valuation point (normally around midday in the UK) and you will not know the price you are paying as an investor until then.

attempt to sell the underlying physical property; not easy in a depressed market. If the fund manager could not do this, the fund had to be suspended leaving investors unable to access their monies. With investment trusts, this does not happen, and even though the shares of property investment trusts did fall precipitously during the early stages of the pandemic, investors could still access their money if required.



> *In 2020, when investors were panicking with the onset of the global pandemic, like most asset classes, property funds came under pressure*

That's the rather technical part out of the way. In practice, you may think there is little to choose between the two other than these arcane differences. However, an investment trust has a number of advantages over unit trusts. Firstly, as with any UK listed company, an investment trust company can borrow to invest. If the fund manager borrows wisely and uses this to invest at an opportune time before a market rally, this can boost returns (known as 'gearing'). The reverse is true though – badly timed borrowing can augment losses in a falling market. In contrast, most unit trusts aimed at retail investors are restricted by the FCA to a maximum long-term borrowing limit of just 10% of the value of the fund. This can restrict the unit fund manager to 'gear' returns. Secondly, investment trusts are more appropriate for certain types of more 'illiquid' investments due to their structure. An illiquid investment is one that cannot be sold quickly or easily – property is a prime example. In 2020, when investors were panicking with the onset of the global pandemic, like most asset classes, property funds came under pressure. To meet the selling pressure of its investors, unit trust managers were forced to redeem units (due to their open-ended nature) and this meant the manager had to

On the flipside, on buying a UK investment trust, an investor will pay stamp duty reserve tax which adds 0.5% on to the cost of the purchase – UK unit trusts do not incur this tax. The price you pay for a unit trust always reflects the value of the underlying investments held within it. Investment trusts may trade at a premium or discount to this value. A narrowing discount or growing premium as markets rise can boost returns but the reverse is also true.

In summary, unit and investment trusts have a place in most portfolios due to their diversification benefits. However, care is required in selecting the appropriate 'wrapper' – at Hawksmoor, we do not buy property unit trusts for the problems highlighted above.

Greg Sellers, *Senior Investment Manager, Taunton Office.*

*In the next article* ***'An Open and Shut Case'*** *by Fund Manager Ben Mackie, you can read how Hawksmoor use closed-ended Real Estate Investment Trusts to access illiquid assets like property.*

FUNDS FEATURE

# AN OPEN AND SHUT CASE

Ben Mackie, *Fund Manager*

Commercial property has an important role to play in client portfolios – offering income, diversification and inflation-hedging benefits. Investors unable, or not inclined, to purchase individual commercial warehouses, shopping centres or office blocks directly can achieve exposure to the asset class via 'collective investment schemes' such as open-ended funds or a specific type of closed-ended fund called a Real Estate Investment Trust (REIT). There are several reasons why we at Hawksmoor believe that there are problems with investing in property via open-ended funds, and why we feel that the closed-ended REIT structure is by far the more appropriate vehicle.

## 1) Temporary closure

In both June 2016, after the UK voted to leave the European Union, and again in March 2020, when the COVID-19 pandemic hit, open-ended property funds were forced to suspend trading in the face of heavy redemptions, despite running with high cash balances. In many cases, these suspensions remain in place today leaving investors unable to access their money. The suspensions exist to protect investors, as the fund managers would be forced to sell properties in order to meet redemptions. However, this highlights the liquidity mismatch inherent in open-ended property funds – they have to invest in a fundamentally illiquid asset class whilst also providing daily dealing to their investors. In contrast, REITs have fixed capital, meaning there are no daily inflows or outflows to manage and no forced buying or selling of properties.

## 2) Potential 180-day lock-up

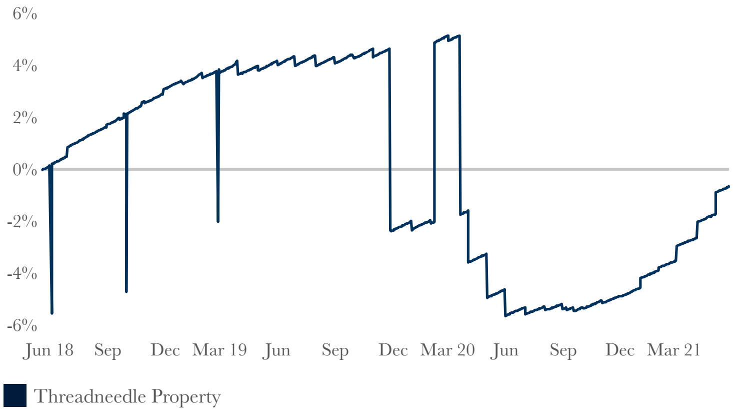
In order to lower the likelihood of temporary closures due to a high number of investors demanding their money at once, the Financial Conduct Authority (FCA) has recently completed a consultation on potential new rules which would apply to open-ended funds that hold illiquid assets such as physical property. It is thought that in the future investors will need to give 180 days' notice to access their investments. This is quite different from the daily dealing currently offered and could be problematic for investors who need to access their funds within a shorter time frame.

*According to research from Canaccord, for every £1 invested in large open-ended property funds, investors on average get only 78p of property exposure*

## 3) Swing pricing

A swing pricing mechanism is employed by open-ended funds to help protect long-term investors from the dilutive impact of trading in the fund's underlying assets. For example, when net inflows are high, the price at which investors are able to purchase units swings upwards to 'offer basis' but when redemptions are high, the opposite occurs with the purchase price moving to 'bid basis'. This means that the purchase price is higher when there are lots of inflows and the sale price is lower when there are lots of outflows. This mechanism protects existing investors as there can be high transaction costs associated with buying and selling property. This spread between the bid and offer price can result in large price movements such as those illustrated below:

### FIGURE 1: THREADNEEDLE PROPERTY 3 YEAR TOTAL RETURN




Source: **FE Analytics,** 21/05/2018 - 21/05/2021.

## 4) High cash balances

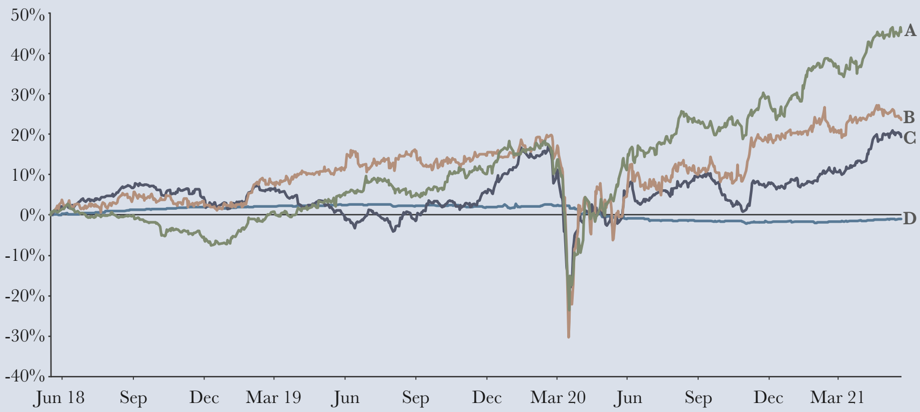
One way for open-ended property funds to mitigate liquidity and suspension risk is to hold high levels of cash. This has an inevitably dilutive impact on returns. According to research from Canaccord, for every £1 invested in large open-ended property funds, investors on average get only 78p of property exposure. The fact that funds charge an annual management fee on the cash element of the portfolio rubs salt in the wound. In contrast, due to their fixed capital nature, REITs can remain fully invested and furthermore can enhance exposure through their ability to use gearing. Implications for potential relative returns should be stark for long-term investors who wish to capture the asset class's attractive income streams or who expect capital values to rise.

## 5) Exposure and performance

In the absence of buyers in the troubled retail sector, open-ended property fund managers have been forced to sell more attractive properties in the industrial and alternatives space, leaving portfolios with undesirable skews. Most open-ended property funds are generalist in nature and will have exposure to offices, industrials and retail, with the latter accounting for over a third of the portfolio on average. We favour a more targeted approach to property with the existence of specialist REITs enabling us to gain specific exposure to sectors with strong supply and demand dynamics – for example, warehouses and residential property, or areas such as supermarkets, nursing homes and supported living, where we have greater confidence in the underlying lease structures and sustainability of income streams. This focus has been particularly relevant during the pandemic with many of our specialist REITs delivering close to 100% rent collection which is in stark contrast to retail properties where high levels of arrears have negatively impacted certain funds' income distributions.

Our preference for more targeted property exposure has benefited returns, with these sectors outperforming generalist open-ended funds over time, as illustrated in the chart below:

FIGURE 2: TARGETED VS. GENERALIST PROPERTY




A - IT Property - UK Logistics
B - IT Property - UK Healthcare
C - IT Property - UK Residential
D - IA UK Direct Property

Source: **FE Analytics,** 27/04/2018 - 28/04/2021.

*We favour a more targeted approach to property with the existence of specialist REITs enabling us to gain specific exposure to sectors with strong supply and demand dynamics*

**The use of REITs in our multi-asset funds and portfolios helps us to deliver diversified exposure to property sub-sectors that we believe offer the best risk-return profiles in the most efficient manner possible, whilst protecting investors from the impact of high cash balances on performance and suspension risks inherent to open-ended property funds. With the FCA circling, the health warnings associated with these vehicles should be more pronounced than ever.**

NEXT GEN

# INVESTING VS GAMBLING

*With the rapid rise of easy access gambling among young people, Assistant Investment Manager Jason Hopton points out how investing your money is very different from gambling.*

On too many occasions I have been asked the question, **"How is investing any different to gambling?"**

Imagine this: You find yourself sitting at the blackjack table. It is 1am, you look at your two cards and they are a 9 and a 5, giving you a total of 14. It is unlikely that this will win you the game and therefore you have to hit for a third card. If that card is below 7 then you have a chance to win, if that card is above 7 then you will go bust. This is as near to 50/50 as you can get and will now be purely down to the luck of the draw. Blackjack is a game of luck and probability, with the odds always in the dealer's favour.

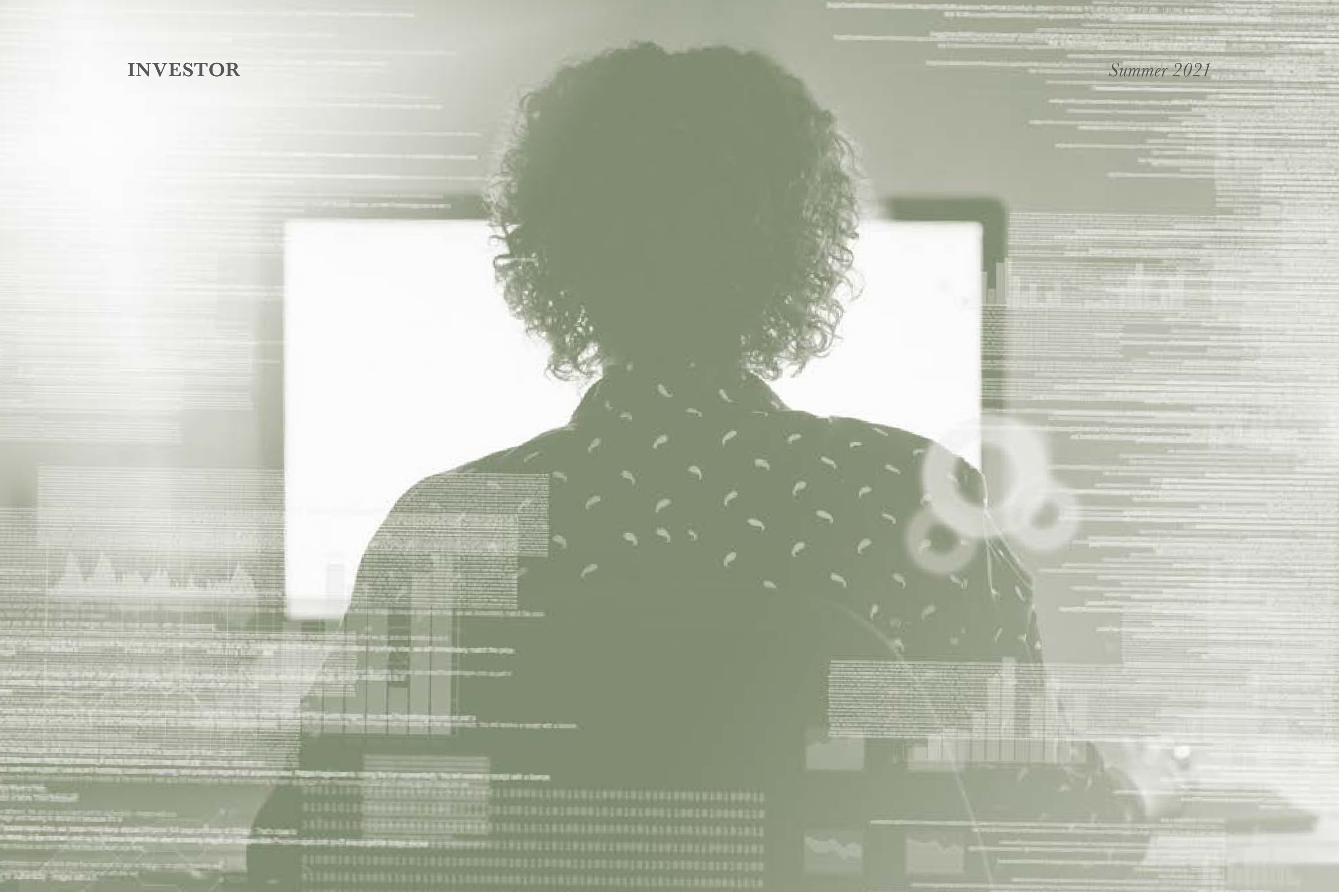
Alternatively, you could open an app on your phone and put a bet down on the winner of a football match or a horse race. You could do a bit of research: which team is in form? Which horse can handle the current ground? But after that, it relies completely on luck.

Investing, on the other hand, is not a case of turning over a card and praying you get the right result, or relying on your football team to score a last-minute goal. With investing you can turn the odds in your favour. You can look at previous annual reports, or have a look at the management team to see what they have achieved in their previous roles. The sector can also be important: is it a growing sector such as gaming or is it an unloved sector that is shrinking, such as tobacco?

The difference between investing and gambling is therefore the ability to research the company and the sector. There is still a chance that after performing all this research an investment will still turn sour, as no one can predict the future accurately - but the odds will have shifted away from the dealer and put them firmly in the investor's favour.

If an investment does go wrong then the likelihood is that you will not lose your entire invested capital. For example a profit warning may take 20% off the share price, but if you get your football result wrong then your entire bet is lost. Investing and gambling have completely different risk-reward spectrums; the reward from gambling can be huge but a wrong result can wipe you out. With investing, the rewards are usually lower but you have some downside protection.

**Thorough research is one of the many things we do at Hawksmoor to create portfolios for our clients that can grow their investments over time, while limiting the downside risks. With a long-term time horizon and a properly diversified portfolio you can increase your wealth without the risk of losing your entire initial investment.**



# STAYING SAFE FROM CYBER CRIME

In response to the rapid rise of online and financial fraud, we recently held a Virtual Event for our Private Clients called 'Staying Safe from Cyber Crime.'

Laura Cowie and Grahame Mace, Cyber Protect Officers for Devon and Cornwall Police discussed topics such as securing accounts, protecting devices, password security, and phishing emails. Although we were not allowed to record the presentation, the Cyber Protect Officers provided a useful list of resources to help individuals stay safe from cyber crime.

We are already encouraging our clients to use the secure online Hawksmoor Client Portal to receive and store their quarterly valuations, as part of our measures to improve client safety.

If you would like some help to access the secure Client Portal, please speak to your Investment Manager or contact:
**Joshua Collman**, 01392 454701
info@hawksmoorim.co.uk

## Useful Links:

**The National Cyber Security Centre**
Advice on all aspects of cyber security, including weekly threat reports and infographics, from the NCSC for businesses and individuals

**Take Five to Stop Fraud**
Advice on financial and banking fraud

**Cyber Aware**
Advice for individuals. Top tips on passwords, turning on 2FA (Two-Factor Authentication), back-ups and the importance of updating your devices

**Have I Been Pwned?**
Input your email address into the 'Have I Been Pwned' website and the site will advise if your address has been involved in a data breach. If you find that your account has been compromised, change your password immediately

**Securing your router**
A video offering advice on securing your router, by City of London Police

## Reporting Fraud and Cyber Crime:

**Action Fraud**
Telephone number 0300 1232040

**Suspicious emails**
Forward to the National Cyber Security Centre (NCSC):
**report@phishing.gov.uk**

**Suspicious texts (SMS)**
Forward to **OFCOM**: 7726

# OUR OFFICES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**(Head Office)**
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01392 410180

**London**
22 Grosvenor Gardens
London
SW1W 0DH

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Taunton
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01823 217777

**Bury St. Edmunds**
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Bury St Edmunds
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01284 332600

**Dorchester**
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01305 236000

**Bath**
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**Hawksmoor**
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**IMPORTANT INFORMATION**



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