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General Retailers

At Indur-Vishni Wealth Management LLC we like to present our reports in a novel way. We take the numbers seriously and we carry out a certain amount of thorough research (dude, life's too short to scrutinise every piece of guff released by the company!) but we don't obsess over it and we certainly don't lose ourselves in 'jargon diarrhoea'! The object of the year-end survey is to entertain and enlighten, not bore. So, we're going to wrap up our report in a couple of pages.

We do things differently at I-VWM: we have our own recommendations. We don't use the conventional 'Buy', 'Hold' and 'Sell'. Instead, we prefer the far more colourful 'Stay The F**k Away' (S.T.F.A.), 'G.T.F.O' (you can probably figure out what the acronym stands for, especially if you liked Extreme's Get The Funk Out.) and, because we're classy and we had an expensive, private education 'Carpe'!

We pride ourselves on thinking differently from the herd. In fact, if we don't like the prospects of any stocks in a particular sector we won't hesitate in consigning the entire sector on to the rubbish heap.

We want our readers and clients to read 'em and weep (with laughter) but without losing sight of the fact that we'd like them to invest wisely and to not only retain their capital but also get a return on their capital. But, if you were dumb enough to buy any of these stocks at inflated prices you won't find this report amusing. We advise you to click the 'X' at the top right hand of the page!

Last week we tried not to get our new pumps wet in the blood of the dying Real Estate services sector and it looks like we have a similar task on our hands this week as we peel the curtain back on another sick patient, the Retail sector.

CSI: Retail

B & M Euro Value Retail might be head-quartered in Luxembourg but it has a significant presence in the U.K. and it's therefore no surprise that the stock crashed over 33% by the end of last year. Things will get worse in the U.K and, unfortunately, in Germany too (where the company also has a worryingly large presence). **S.T.F.A./G.T.F.O.**

Someone ought to send a card (!) to **Card Factory** telling them that people don't really use cards any more, especially the youngsters. How else would you explain a decline of over 42% for the year? Even the 5% dividend isn't tempting because we seriously believe the company won't be around in a few years. It's cheaper for people to send electronic cards nowadays. **S.T.F.A/G.T.F.O**.

Next up is **Dixons Carphone**. We actually use them for our mobile phone needs and we've found them helpful (which is why they're our 'go-to' retailers for mobiles). The market, however, doesn't feel too friendly towards the company. It ended up down just over 41%. But, we're positive about the company (even though some stores don't stock our favourite handset, the BlackBerry!) and we like the dividend (just under 7%). This company is now cheap enough to be taken over by a private equity outfit. We say **Carpe** as soon as it drops below 110 (it closed at 113 today).

Dunelm focuses on providing everyday items - bed linen, for example- to homes and furniture to offices and, on the surface, this sort of business model should do well when the economy is booming and, when the economy is on thin ice, the defensive nature should help companies such as Dunelm limit their downside. That's the theory anyway and it obviously didn't apply to Dunelm in 2018 as the stock finished down just over 21%. This is an outright **S.T.F.A./G.T.F.O**. stock, not only because of its crappy dividend but also because the depreciating pound will make manufacturing more expensive and more expensive products will find less interested buyers, especially if a recession is on the horizon. People will just use their old bed linen for longer instead of splashing out on new arrivals.

Games Workshop is proof that the nerds and geeks will inherit the earth! The retailer of fantasy figurines and books had an outstanding year, compared to its peers. It finished up 13% at the end of 2018. But we think the future doesn't hold as much room for growth and the dividend, at 3%, is in no-man's land. Remember, even nerds grow up one day and start families and realise that spending on miniature figures etc., is an expense they can't afford. **S.T.F.A./G.T.F.O.**

Halfords has a vice-like grip on the accessories for cyclists and drivers yet even a monopolistic presence didn't stop a 28% drop. The selling's overdone. We like this company because of what it offers, its unassailable position and its dividend of over 5%. **Carpe** at 200p.
Inchcape deals in luxury vehicles and parts for them. When people are feeling economically sure, they're more likely to treat themselves to expensive vehicles. When they're not feeling secure, they'll use public transport! Therefore, we don't want to give an inch to Inchape. We would wait for another drop, maybe another 15%-20%, before re-assessing. **S.T.F.A./G.T.F.O.** for now.

Just Eat had what can only be described as a shit-eating year, with a crash of 25%. Although the company operates internationally (which is a good thing because Brits are tightening their purse-strings) and is therefore diversified and not overly reliant on Britain, it is, nevertheless, competing with Deliveroo and UberEats as well as restaurants with their own delivery service. There just isn't enough room for all three. Certainly not in Britain. There's no dividend (Management would argue that as a typical growth tech company it's re-investing its revenue instead of paying a dividend. To which we would say, "Bitches please! You've been around since 2001! How are you still a "growth company"?). **S.T.F.A./G.T.F.O.**

D.I.Y. specialist **Kingfisher** got royally screwed by the time the year ended, crashing just under 40%. However, we like this company. If people aren't going to move home they're going to refurbish and decorate it and, anyway, Brits are anal about D.I.Y. so this sort of business should do well regardless of the economic climate. Kingfisher has been a victim of overselling. We say **Carpe** once the stock drops to 200p. The dividend should stay where it is (4%).

Another victim of indiscriminate selling is the Grande Dame of British Retail, **Marks & Spencer**. The stock was down 22% for the year. We use M&S regularly, for our clothes (socks, jeans, deck shoes for example) and grocery and we've never had a poor experience. This is a definite **Carpe**, especially with a chunky 6.5% dividend.

Finally, the ubiquitous W.H.Smiths, too, couldn't escape the massacre, finishing down 26%. For a company that's got a presence in train stations and airports, it sure has had a dismal year. We don't think the future is bright for W.H.S. so we say **S.T.F.A./G.T.F.O.**

Without a doubt, the aforementioned retailers have had a rough year. Some had it coming and some were just unlucky enough to get caught in the cross-fire of the broke-ass Brits deciding to spend less. However, we hope our Carpe recommendations have a better 2019. At the very least, we hope there's no cut to their dividends.

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