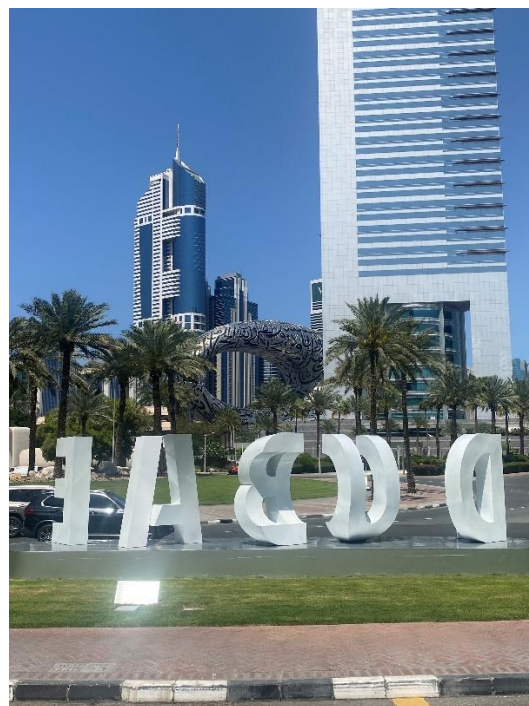


VSA Dispatch from Dubai



Our Dear Leader is on his travels again although this time he has been more secretive about his intentions. We know he is very unlikely to be “holidaying” as he just doesn’t do this and so he must have some cunning plans he is not ready to share yet, but he tells us that he is having success. We dare say all will be revealed at some stage. He did send us these photos from Dubai, so we think it’s fair to say that he did go there, and he sends us back these thoughts.



To many people Dubai may feel like a glamorous glitzy tax haven and it certainly gives out that feel but Our Dear Leader believes there is more to it than that despite there being a lot of Russians and Ukrainians here seemingly quite happy with each other, there’s also a lot of English folks!

Dubai is run like a business and avoids so many of the Western pitfalls of classic democracy and also the increasingly “woke society”. There is a simple ethos here of “work hard and you will be rewarded” and if you don’t, then don’t bother to live in Dubai. Everyone is welcome so long as they add value to the society and respect its rules and it is very tough on crime and so is a very safe place to live.

Many people regard Dubai as an oil rich nation, and it did account for 50% of GDP but today it is only about 1% and instead it has become a major trade hub and transportation with its Airline; Emirates, and also major port are huge drivers along with tourism and finance.

But Dubai is also interesting for its political status as a neutral country, and it is becoming the next Switzerland as a safe haven globally whereas Switzerland is increasingly linked to the EU. But of course, it is not just financial safety but also safety from conflict. Despite the feeling that maybe the Middle East is a fractious region in the World, Dubai is above it all and it is noticeable that its much richer neighbours do watch Dubai and follow in its wake.

Andrew has been travelling a lot so far this year although we expect him to slow down as the summer approaches and the lure of his Cornish Lair takes him there. But there have been good reasons to travel so much. He is always looking for new opportunities and new pools of capital. VSA does have a very global outlook in comparison to other UK domestic brokers and investment banks. The lack of capital for investment in equities is a well know feature now both in London but also internationally where Andrew is regularly asked where it has all gone. The answer is of course quite simple and has nothing to do with Brexit. The UK pensions funds which control the bulk of the capital in London have simply drastically cut their exposure to listed equities. From 40% to just 4% and so that is 90% of the available

capital has gone. This has a knock-on effect in the UK economy as there is no new money going into listed companies to help them grow. Andrew feels that maybe at long last the Government may realise that the solution to helping the economy is simply to encourage more equity investment by pension funds which can be done by simply adjusting certain solvency rules. An easy win for the Government and at zero cost to them, it would also mean a sort of 1980's boom for equity markets which is long overdue and much needed particular as the recent news on banks has felt like the last straw for markets, but we know cycles come and go and we are due an uptick in investment.



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