

Can orbital solar power get off the ground?

BIG READ, PAGE 19

US bonds face an unpredictable journey

MOHAMED EL-ERIAN, PAGE 12

## Mutual goals Xi welcomes Putin to China

Vladimir Putin and Xi Jinping meet on the sidelines of the Belt and Road Forum hosted by the Chinese president in Beijing yesterday.

The Russian president's two-day trip is his first to China since he ordered the invasion of Ukraine last year. The Kremlin said Putin was the "main guest" at the event, with China regarding Russia as a bulwark against US attempts to counter its international influence.

Putin's defiance of attempts to isolate him over the war in Ukraine was bolstered when Viktor Orbán became the first western leader to meet the Russian president since the International Criminal Court indicted him for alleged war crimes.

The pro-Moscow Hungarian prime minister cast the meeting as a bid to "save everything that is possible from our bilateral contacts".

Orbán's drive page 4



Sergey Savostyanov, Sputnik, Kremlin Pool Photo via AP

# Gaza health ministry says hundreds killed in Israeli air strike on hospital

◆ Claim by Hamas-run agency ◆ IDF investigating ◆ WHO condemns attack ◆ Biden arrives today

MAI KHALED — RAFAH  
HEBA SALEH — CAIRO

Gaza's health ministry said hundreds of people had been killed after an Israeli air strike hit an outdoor area attached to a hospital in the besieged Palestinian territory.

The Palestinian health ministry, which is run by the Islamist militant group Hamas, said late yesterday that at least 200 people had been killed in the strike at Al Ahli hospital in Gaza City. The number could not be independently verified.

The Palestine Red Crescent said "hundreds" of people had been killed in the strike.

The Israeli military said it was investigating the source of the explosion.

The director-general of the World

Health Organization Tedros Adhanom Ghebreyesus said: "[The] WHO strongly condemns the attack on Al Ahli Arab Hospital in north Gaza.

"Early reports indicate hundreds of deaths and injuries. We call for the immediate protection of civilians and healthcare [facilities]."

The president of the Palestinian Authority, Mahmoud Abbas, decreed

### Inside

- ◆ Wars test US arms industry Page 2
- ◆ A utopian dream shattered Page 3
- ◆ Bid to block Hamas funding Page 11
- ◆ Suzanne Maloney & Janan Ganesh Page 21

three days of mourning for the victims, according to the official Palestinian news agency.

Ghassan Abu Sitta, a Palestinian-British surgeon, posted on social media: "I moved to Al Ahli hospital to help out. The Israelis have just hit Al Ahli hospital."

Thousands of Palestinians have taken refuge in hospitals believing they would be safe from Israel's bombardment.

The apparent strike came hours before US president Joe Biden was due to arrive in Israel in a bid to show solidarity and influence the conduct of the war against Hamas.

Gaza has been targeted by intense Israeli bombardment for more than a week. Dozens were killed in air strikes in the southern towns of Rafah and

Khan Younis yesterday and scores more injured, Palestinian officials said.

Hundreds of thousands of Palestinians have fled to the south of the enclave after Israel ordered them to leave the north, including Gaza City.

The Israeli military maintains that it is targeting Hamas militants, whom it accuses of hiding around hospitals and using civilians as "human shields".

The bombardment began after Hamas's assault on Israel on October 7, which killed more than 1,400 Israelis, according to Israeli officials, while nearly 200 hostages were taken.

The Israeli bombardment has since killed more than 3,000 people in Gaza, according to Palestinian officials.

The UN said at least six people had been killed when one of its schools in the

middle of the territory sheltering 4,000 displaced Palestinians was hit during Israeli air strikes. It added that dozens more were injured, including some staff in the school in al-Maghazi refugee camp. "This is outrageous and it again shows a flagrant disregard for the lives of civilians," said Philippe Lazzarini, commissioner-general for UNRWA, the UN relief agency for Palestinian refugees. "No place is safe in Gaza anymore, not even UNRWA facilities."

The UN has warned of an unfolding humanitarian catastrophe in Gaza. Drinking water is scarce, mains power is not available and supplies of fuel, medicines and food are running out. UNRWA said "people will start dying" because of the water shortages.  
*Additional reporting by Donato Mancini*

## Solomon pulls plug on DJ side hustle to focus on tough gig as Goldman chief

JOSHUA FRANKLIN — NEW YORK  
HARRIET AGNEW — LONDON

David Solomon has stopped DJing at big events amid criticism that his hobby was a distraction from his work leading Goldman Sachs, people with knowledge of the decision have said.

What started as a side hustle that softened the chief executive's image had become a lightning rod for criticism inside Goldman from those disgruntled over strategic errors and lower pay.

The past year or so has marked the most challenging period for Goldman since Solomon took over in 2018, characterised by a fall in earnings, high-profile departures and articles that questioned his running of the bank.

Goldman yesterday reported net income for the third quarter of \$1.88bn, down 36 per cent year on year, after

losses from its pullback in retail banking and writedowns on property.

In a bright spot for Goldman, it eked out an increase in investment banking revenues for the first time in almost two years, a sign that the dealmaking drought might be coming to an end.

The bank also announced it had raised the amount set aside for pay in an effort to retain talent in investment banking, trading, asset management and private banking. "These are the bedrocks of our business... and we think it's important that we continue to recognise and retain the talent associated with those businesses," chief financial officer Denis Coleman said.

Solomon made the decision to pull back from DJing about a year ago because of the unwanted media attention it generated, the people familiar with his thinking said. His last notable

event was in July 2022 at Lollapalooza, a music festival in Chicago.

"This is not news. David hasn't publicly DJed an event in well over a year, which we have confirmed multiple times in the past," Goldman spokesman Tony Fratto said. "Music was not a distraction from David's work. The media attention became a distraction."

Solomon's interest in DJing started more than a decade ago when he was working on a financing deal for a Las Vegas casino. He has said that proceeds from his performances have gone towards charities combating addiction.

While few colleagues remarked on Solomon's hobby before he became chief, his choice to keep it up after taking over was unpopular with some who felt it brought unwanted attention.

Goldman profits drop page 7  
Lex page 22



### Poles go the extra mile to put Tusk in reach of power

Many Poles travelled and queued for hours to cast their vote in Sunday's election, overwhelming some polling stations. The huge turnout helped oust the ruling Law and Justice party and secure a stunning win for opposition groups led by Donald Tusk, who portrayed the vote as a last chance to halt the slide towards authoritarianism. Many of those voting strategically were women, spurred on by a pledge to restore their reproductive rights.  
Opposition success Page 4

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No: 41,457 ★

Printed in London, Liverpool, Glasgow, Dublin, Frankfurt, Milan, Madrid, New York, Chicago, San Francisco, Tokyo, Hong Kong, Singapore, Seoul, Dubai



### World Markets

STOCK MARKETS				CURRENCIES				GOVERNMENT BONDS			
	Oct 17	Prev	%chg	Pair	Oct 17	Prev		Yield (%)	Oct 17	Prev	Chg
S&P 500	4385.05	4373.63	0.26	\$/£	1.058	1.055	€/£	0.946	0.948		
Nasdaq Composite	13568.26	13567.98	0.00	\$/¥	1.218	1.219	£/\$	0.821	0.820		
Dow Jones Ind	34088.24	33984.54	0.31	€/€	0.868	0.866	€/€	1.152	1.156		
FTSEurofirst 300	1787.14	1789.11	-0.11	W/\$	149.710	149.845	W/€	158.341	157.868		
Euro Stoxx 50	4150.50	4149.86	0.02	W/£	182.362	182.409	£ index	80.629	80.524		
FTSE 100	7675.21	7630.63	0.58	SFr/€	0.952	0.951	SFr/£	1.097	1.099		
FTSE All-Share	4137.26	4111.24	0.63	CRYPTO							
CAC 40	7029.70	7022.19	0.11		Oct 17	Prev	%chg				
Xetra Dax	15251.69	15237.99	0.09	Bitcoin (\$)	28533.79	28520.23	0.05				
Nikkei	32040.29	31659.03	1.20	Ethereum	1579.21	1600.01	-1.30				
Hang Seng	17773.34	17640.36	0.75	COMMODITIES							
MSCI World \$	2885.35	2862.14	0.81		Oct 17	Prev	%chg				
MSCI EM \$	946.21	951.31	-0.54	Oil WTI \$	86.35	86.66	-0.36				
MSCI ACWI \$	662.94	658.54	0.67	Oil Brent \$	89.45	89.65	-0.22				
FT Wilshire 2500	5643.67	5580.34	1.13	Gold \$	1918.05	1909.20	0.46				
FT Wilshire 5000	43938.20	43443.50	1.14								

Prices are latest for edition  
Data provided by Morningstar

### Briefing

► **Debt interest narrows scope for Hunt to cut taxes**  
Sluggish growth combined with surging interest payments have left chancellor Jeremy Hunt with little scope for pre-election tax cuts, according to the latest analysis from the Institute for Fiscal Studies think-tank.— PAGE 5

► **News Corp break-up bid**  
Hedge fund Starboard Value has built a stake in the media group and is pushing for owner Rupert Murdoch to break it up. The fund says that would unlock \$7bn for News Corp investors.— PAGE 8

► **Rolls-Royce job cuts**  
The FTSE 100 aerospace group has announced that it will axe up to 2,500 roles as part of a global restructuring by new chief Tufan Erginbilgic aimed at streamlining its operations.— PAGE 9; LEX, PAGE 22

► **Sales data fuels bond rout**  
Strong consumer spending data in the US has breathed new life into a global bond rout, pushing Treasury yields higher and fanning investor fears of a further rise in interest rates.— PAGE 11

► **St James's Place fees shift**  
The biggest UK wealth manager has announced the largest fees overhaul in its 31-year history, as it bowed to regulators' pressure to ensure that it complies with rules protecting consumers.— PAGE 10

► **UK fund targets Japan rail**  
Palliser Capital has pushed Keisei Electric Railway to cut its \$12bn interest in the owner of Tokyo Disneyland, as part of investor efforts to release value trapped in corporate Japan.— PAGE 8

► **EU electricity shake-up**  
Berlin has given leeway for Paris to use state subsidies to fund its nuclear plants, paving the way for reform of the bloc's power market in the face of government support in China and the US.— PAGE 4

► **Netflix rivals stream back**  
Competitors including Warner Bros Discovery's HBO network have licensed old shows to the streaming platform, reversing a strategy of confining content to their own services.— PAGE 7

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## COMPANIES &amp; MARKETS

Crypto. Enforcement actions

# Israel orders freeze on accounts in bid to block Hamas funding



Authorities oversee more than 100 closures on Binance as militants appeal for donations

SCOTT CHIPOLINA

Israeli law enforcement authorities have ordered dozens of cryptocurrency accounts to be closed and seized millions of dollars' worth of crypto coins as they step up longstanding efforts to cut links between crypto markets and Hamas after its attack on the country.

People directly familiar with Israel's enforcement actions told the Financial Times that more than 100 accounts on Binance – the world's largest crypto exchange – had been closed since Hamas's assault began on October 7.

Authorities have also requested information on up to 200 additional crypto accounts, most of which are held on Binance, the people said.

Binance confirmed it had "blocked" a "small number" of accounts since the summer and added that it "follows internationally recognised sanctions rules". It declined to provide further comment.

Governments and regulators have warned for years that terrorist organisations could be using lightly regulated crypto markets to receive and transfer

money. But the attack on Israel, followed by numerous crypto-based fundraising efforts by Hamas and related entities, has made those concerns more urgent.

"In this period of war, cryptocurrency is a major issue for financing terror because there are no other options," said Tom Alexandrovich, executive director at the Israel National Cyber Directorate. "The amount [of crypto funds] have super-increased since the attack began," he added.

On Monday, Tether – whose digital token is widely used for crypto trading – said it had frozen 32 addresses, containing more than \$873,000, that it said had been linked to "terrorism and warfare" in Israel and Ukraine.

It did not disclose when the accounts were blocked or the split in assets between Israel and Ukraine.

Multiple social media posts over the past week have sought donations in cryptocurrencies to Hamas-related organisations, according to Israeli law enforcement documents seen by the Financial Times.

People familiar with Israel's enforcement operation said roughly 150 donation initiatives affiliated with Hamas and other groups have been identified since October 7.

Last week, the Israeli police force said in a social media post that it had frozen an unspecified number of accounts used

by Hamas for fundraising. It declined to comment on Binance.

US financial regulators have alleged that money held on Binance has had links with Hamas in the past.

A Commodity Futures Trading Commission lawsuit against the exchange in March alleged that senior Binance executives had received information "regarding Hamas transactions" in 2019.

A Binance employee at the time told colleagues that terrorists usually send "small sums" because "large sums constitute money laundering", the lawsuit said.

Another joked that someone "can barely buy an AK-47 with 600 bucks". Binance has said it will fight the suit.

Even before the attack, Israeli law enforcement officials had been tracking crypto accounts suspected of links to terrorism financing, according to Israeli officials.

A person with direct knowledge of Binance's sanctions and compliance procedures said information had been requested regarding "hundreds" of accounts on the exchange.

"The scale is now much bigger [for Binance] than it was before [October 7]," the Binance employee said.

"Every time Hamas publishes an address for donations, the company has to go back and find all the Binance customers that have had exposure to this

Heightened Israeli security along the border with Gaza — Aref Saladi/EPA-EFE/Shutterstock

address," the person added. Israeli authorities are also drawing on assistance from the public to identify and track the flow of suspicious funds across crypto markets.

According to Alexandrovich, the volunteer task force is "super important" and multiplies official resources "by the dozens".

In the past two years, Israeli authorities have seized millions of shekels in crypto accounts which they suspected of having links to Hamas and other militant organisations in the Middle East.

In August, analytics firm Elliptic found that crypto wallets associated with multiple suspicious Middle East groups had at times transacted with one another and that the groups also historically relied on the same crypto exchange services in an attempt to convert their crypto into sovereign currencies.

After another shutdown in June, Israeli defence minister Yoav Gallant said combating terror financing becomes "even more complex when digital currencies are involved".

Global regulators such as the Financial Stability Board are working on a framework for tackling terrorist financing in crypto assets.

"I think governments need to focus on how fast the technology moves . . . terrorists are smart and we need to track them," said Alexandrovich.

'The scale is now much bigger than it was before October 7'

## Transport

## EU to seek more concessions for airline mergers beyond giving up airport slots

JAVIER ESPINOZA — BRUSSELS  
PHILIP GEORGIADIS — LONDON

Regulators in Brussels will seek tougher concessions from airlines looking to merge in order to ensure fair competition, new EU antitrust commissioner Didier Reynders has said.

Airlines typically offer to give up valuable airport take-off and landing slot concessions to rivals to clear the way for deals. But there is evidence these concessions have not always worked for past deals with some slots not taken up or not used on the routes planned.

Brussels will now ask airlines to ensure slots are allocated to rivals on routes with competition concerns. In some cases, airlines may also be asked to sell assets not core to their passenger business to gain clearance.

In his first interview since becoming commissioner for competition, Reynders told the Financial Times: "We see some remedies are not efficient. In the past, the main request [to airlines] was to ask [to offer] slots to other companies."

But he added that, if it were "impossible and not enough", regulators needed to seek other concessions from airlines, such as forcing them to sell assets.

"Some years ago, we were sure the slots solution was fine. Maybe the

results are not there," added Reynders, who is caretaker commissioner while Margrethe Vestager is on unpaid leave to run for president of the European Investment Bank.

His comments coincide with a wave of consolidation in the European airline industry after the pandemic disruption.

One antitrust lawyer said the commission had changed the way that it looked at airline mergers since the pandemic because of "scepticism" over the old system.

The commission could insist on the disposal of assets that would "directly



Scandinavian airline SAS was part of the dealmaking flurry last week

support the entry and viability" of a competitor. The assets could range from planes to cargo businesses or contracts with airport ground handlers.

Last week, Air France-KLM joined the dealmaking flurry as it agreed to take a 20 per cent stake in Scandinavian airline SAS as part of a rescue deal involving private equity firm Castlelake and the Danish state.

Germany's Lufthansa in May agreed a €325m deal to buy a 41 per cent stake in ITA Airways, the successor to bankrupt Alitalia, which people familiar with the matter expect to be probed by the commission.

In February, British Airways owner International Airlines Group agreed to buy the 80 per cent of Spain's Air Europa that it does not already own for about €400m.

The EU is expected to announce a competition investigation into the IAG deal on the grounds that it could reduce competition on Spanish domestic and international routes.

Regulators have tended to require airlines to divest slots before approving deals. But such remedies are most effective only at the busiest airports.

Barclays analysts noted that in IAG's bid for Air Europa, "slot divestitures would not be effective" because Madrid airport is not slot-constrained.

## Asset management

## EQT weighs private stock sales to trim portfolio without 'dysfunction' of IPOs

ANTOINE GARA

Nordic private equity fund manager EQT Group is drawing up plans to hold private stock sales for its portfolio companies because public markets have proven unreliable to exit investments.

EQT chief executive Christian Sinding said private auctions among the fund manager's 1,100 limited partners could provide a novel way for its backers to monetise their illiquid holdings without the need to sell shares in initial public offerings.

The preliminary plans have been driven by what Sinding described as "dysfunction" in the IPO markets, he told the Financial Times.

The comments come as the volumes of new offerings in Europe have slumped to their lowest level since the 2008 financial crisis and private equity firms have a harder time selling down their stakes in portfolio companies.

A slowdown in dealmaking and lack of IPO prospects have prompted fund managers to embrace more creative financial engineering techniques to return capital to their LPs.

In EQT's plans, the firm would hire an investment bank to build a book of interested buyers and sellers of a single private investment, much like the proc-

ess of hiring underwriters for a traditional IPO.

The underwriter would lead negotiations on pricing, but instead of soliciting investment from public market investors such as hedge funds, mutual funds and other large institutional investors, they would focus on EQT's existing investors. The private transaction would give investors in the private company the ability to sell shares, or simply

'As long as the price is set in a fair way at a fair value, it doesn't matter that the transaction is private'

hold them. Others would get the chance to buy.

"As long as the price is set in a fair way at a fair market value, it doesn't really matter that the transaction is private," said Sinding. "Why go public if we actually don't need to?"

Sinding acknowledged that the idea was untested and could change with investor feedback. For instance, in IPOs, investors often do not wind up receiving full allocations, something that might anger some of them, while others would like to sell more stock than they can.

These deals would differ from so-

## Fixed income

## Two-year US Treasury yields hit 17-year high on strong retail sales figures

KATE DUGUID — NEW YORK  
MARY MCDUGALL — LONDON

Short-term Treasury yields jumped to their highest level in 17 years yesterday as stronger than expected US retail sales data breathed new life into a global bond rout.

The two-year Treasury yield, which moves with interest rates expectations, rose 0.09 percentage points to 5.20 per cent, its highest level since 2006.

The sell-off came after the latest signs of American consumers' resilience fanned investors' fears that the US Federal Reserve could lift borrowing costs further in its fight against inflation.

The 10-year Treasury yield, a benchmark for financial assets around the world, climbed 0.15 percentage points to 4.85 per cent.

The moves took yields close to the 16-year peak of 4.89 per cent struck earlier this month as worries over "higher for longer" interest rates rocked global debt markets.

The renewed sell-off also ends a period of respite for bonds over the past week as the outbreak of war between Israel and Hamas spurred demand for safe assets such as Treasuries.

"The US retail sales data was super strong, no wonder yields have bounced

'If you're the Fed and you are truly data-dependent, how are you not going to raise rates?'

back," said Peter Schaffrik, global macro strategist at RBC Capital Markets. "I guess after Israel lots of people bought the market and have again been long and wrong. It appears that in the greater scheme of things [the conflict] doesn't look that likely to really impact the US or European economy."

Tuesday's commerce department figures showed that US retail sales rose 0.7 per cent in September, more than analysts had forecast, extending a recent series of strong economic data.

Swaps markets are now pricing a roughly 50 per cent chance of a further Fed rate rise by the end of the year, compared with 37 per cent on Monday. Investors are also expecting fewer rate cuts by the end of 2024 than before.

"The data between the last [Fed] meeting and now has been a blowout payrolls number, strong core CPI and strong retail sales," said Eric Winograd, senior economist for fixed income at AllianceBernstein. "If you're the Fed and you are truly data-dependent, how are you not going to raise rates?"

Fed chair Jay Powell will speak tomorrow at the Economic Club of New York, at which he may give some insight into officials' thinking ahead of the central bank's next meeting in two weeks' time.

Government bond yields in Europe followed US Treasuries higher.

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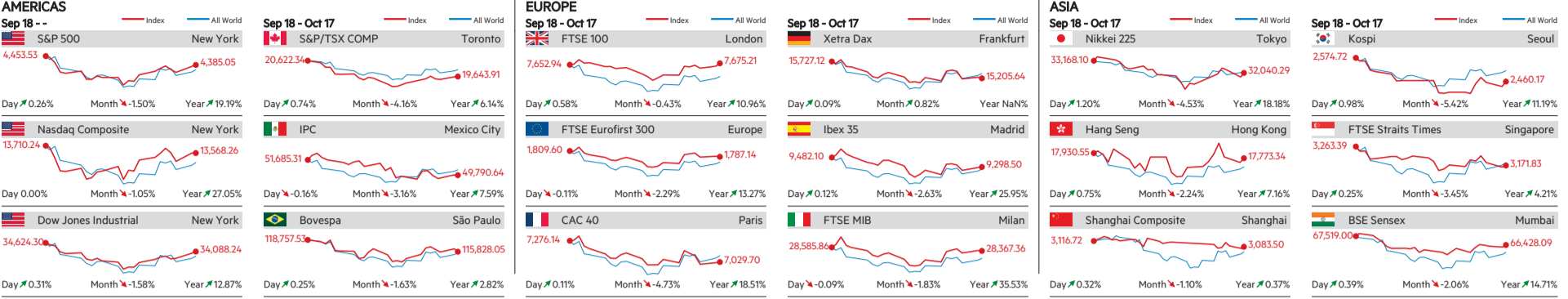
# MARKET DATA

## WORLD MARKETS AT A GLANCE

### Change during previous day's trading (%)



### Stock Market movements over last 30 days, with the FTSE All-World in the same currency as a comparison



Country	Index	Latest	Previous
Argentina	Merval	808986.72	760673.75
Australia	All Ordinaries	7244.40	7214.60
Brazil	Ibovespa	116822.41	116358.94
Canada	S&P/TSX 60	1188.81	1180.24
China	FTSE 4X20	9525.53	9495.80
France	CAC 40	7029.70	7027.19
Germany	M-DAX	24976.80	25019.40
Hong Kong	Hang Seng	17773.34	17640.36
India	Nifty 50	17467.70	17380.00
Indonesia	Jakarta Comp	6939.62	6896.29
Japan	Nikkei 225	37617.7	37224.2
South Korea	KOSPI	2716.20	2716.20
Taiwan	TSEI	16813.92	16793.72
UK	FTSE 100	7652.94	7652.94
USA	S&P 500	4453.53	4453.53

### STOCK MARKET: BIGGEST MOVERS

AMERICA	LONDON	EURO MARKETS	TOKYO
ACTIVE STOCKS	ACTIVE STOCKS	ACTIVE STOCKS	ACTIVE STOCKS
Nvidia	Unilever	Roche	Toyota Motor
Tesla	Shell	Roche	Mitsubishi UFJ Fin
Apple	Astrazeneca	Nestle	Tokyo Electron
Advanced Micro Devices	Novartis	Novartis	Sofbank
Amazon.com	Glencore	Novartis	Kawasaki Kisen Kaisha
Meta Platforms	Novartis	Novartis	Kawasaki Kisen Kaisha
Microsoft	Novartis	Novartis	Kawasaki Kisen Kaisha
Broadcom	Novartis	Novartis	Kawasaki Kisen Kaisha
Bank of America	Novartis	Novartis	Kawasaki Kisen Kaisha
Alphabet	Novartis	Novartis	Kawasaki Kisen Kaisha

### UK MARKET WINNERS AND LOSERS

Winners	Losers
Kingfisher	Roche
Avon Protection	Roche
Avon Protection	Roche
Avon Protection	Roche

### CURRENCIES

Currency	DOLLAR	EURO	POUND
Argentina	107.21	13.23	108.23
Australia	1.52	0.68	0.78
Bahrain	0.37	0.27	0.27
Bolivia	6.91	0.10	0.10
Brazil	5.02	0.16	0.16
Canada	1.36	0.73	0.73
China	7.14	0.14	0.14
Colombia	4214.61	26.15	26.15
Costa Rica	531.41	0.20	0.20
Czech Republic	13.46	1.36	1.36
Denmark	6.86	0.17	0.17
Egypt	30.86	0.07	0.07
Hong Kong	7.82	0.78	0.78
Hungary	363.96	0.21	0.21
India	82.85	0.01	0.01

### FTSE ACTUARIES SHARE INDICES

Index	Value
FTSE 100	7652.94
FTSE 250	15140.80
FTSE 350	18811.80
FTSE 400	21141.75
FTSE 500	31614.04
FTSE 600	43195.95
FTSE 700	55033.27
FTSE 800	67521.15
FTSE 900	80000.00

### FT 30 INDEX

Index	Value
FT 30	2627.60
FT 30 Div Yield	4.14
FT 30 30 Day Vol	1.29
FT 30 30 Day Range	2623.30 - 2631.50

### FTSE SECTORS: LEADERS & LAGGARDS

Sector	Value
Aerospace & Defense	45.14
Automotive	18.09
Chemicals	17.28
Consumer Goods	17.09
Energy	15.89
Financials	15.54
Healthcare	15.30
IT	14.41
Media	13.50
Metals & Mining	13.44
Oil & Gas	12.81
Pharmaceuticals	12.81
Real Estate	12.81
Technology	12.81
Telecommunications	12.81
Utilities	12.81

### FTSE 100 SUMMARY

Index	Value
FTSE 100	7652.94
FTSE 250	15140.80
FTSE 350	18811.80
FTSE 400	21141.75
FTSE 500	31614.04
FTSE 600	43195.95
FTSE 700	55033.27
FTSE 800	67521.15
FTSE 900	80000.00

### UK STOCK MARKET TRADING DATA

Order Book Turnover (m)	Value
Order Book Turnover (m)	1629.61
Order Book Shares Traded (m)	52717.00
Order Book Turnover (m)	469.00
Order Book Shares Traded (m)	15737.00
Total Shares Traded (m)	3858.00

**UK RIGHTS OFFERS**  
 Amount Latest rebun. closing closing  
 Issue paid High Low Stock Price p/yr.  
**There are currently no rights offers by any companies listed on the LSE.**

**UK COMPANY RESULTS**  
 Company Turnover Pre-tax EPS Dividend Total  
 Abingdon Health Pre 4,065 2,835 3,566 11,563  
 B&W Group Pre 3,406.60 3,536.80 483.000 3,204.20  
 Nacoro Group Pre 5,618 2,467 9,573 5,221  
 Revolut Group Pre 152,511 140,821 22,207 1,332  
 SmartSpace Software Pre 16,971 2,368 0,589 1,077

**UK RECENT EQUITY ISSUES**  
 Issue Issue Price Sector Stock Price Close Price  
 Abingdon Health 1629.61 53.52 53.52 53.52  
 B&W Group 52717.00 57197.00 57197.00 57197.00  
 Nacoro Group 469.00 15737.00 15737.00 15737.00  
 Revolut Group 470.48 3847.15 3847.15 3847.15  
 SmartSpace Software 106688.00 102610.00 102610.00 102610.00

**UK STOCK MARKET TRADING DATA**  
 Order Book Turnover (m) 1629.61 53.52 53.52 53.52  
 Order Book Shares Traded (m) 52717.00 57197.00 57197.00 57197.00  
 Order Book Turnover (m) 469.00 15737.00 15737.00 15737.00  
 Order Book Shares Traded (m) 15737.00 15737.00 15737.00 15737.00  
 Total Shares Traded (m) 3858.00 4817.00 4817.00 4817.00

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MARKET DATA

FT500: THE WORLD'S LARGEST COMPANIES

Table listing FT500 companies across various regions including Australia, Brazil, Canada, China, Europe, India, Japan, Korea, Latin America, Middle East, North America, and South America. Columns include Stock, Price, Day, Chg, High, Low, Yld, P/E, MCap m.

FT 500: TOP 20

Table showing the top 20 FT500 companies with columns for Stock, Price, Day, Chg, High, Low, Yld, P/E, MCap m.

FT 500: BOTTOM 20

Table showing the bottom 20 FT500 companies with columns for Stock, Price, Day, Chg, High, Low, Yld, P/E, MCap m.

BONDS: HIGH YIELD & EMERGING MARKET

Table listing high yield and emerging market bonds with columns for Issuer, Red, Date, Coupon, Ratings, Bid, Day, Chg, Mth, Spread, Yield, US.

BONDS: GLOBAL INVESTMENT GRADE

Table listing global investment grade bonds with columns for Issuer, Red, Date, Coupon, Ratings, Bid, Day, Chg, Mth, Spread, Yield, US.

INTEREST RATES: OFFICIAL

Table showing official interest rates for various countries and currencies.

INTEREST RATES: MARKET

Table showing market interest rates for various countries and currencies.

BOND INDICES

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CREDIT INDICES

Table listing credit indices with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

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Table listing volatility indices with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

BONDS: BENCHMARK GOVERNMENT

Table listing benchmark government bonds with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

GILTS: UK CASH MARKET

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GILTS: UK FTSE ACTUARIES INDICES

Table listing UK FTSE actuaries indices with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

COMMODITIES

Table listing various commodities with columns for Commodity, Price, Day, Chg, High, Low, Yld, P/E, MCap m.

BONDS: INDEX-LINKED

Table listing index-linked bonds with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

BONDS: TEN YEAR GOVT SPREADS

Table listing ten-year government spreads with columns for Index, Day's change, Month's change, Year change, Return 1 month, Return 1 year.

BONDS: HIGH YIELD & EMERGING MARKET

Table listing high yield and emerging market bonds with columns for Issuer, Red, Date, Coupon, Ratings, Bid, Day, Chg, Mth, Spread, Yield, US.

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Table listing Dodge & Cox Worldwide Funds plc - U.S. Stock Fund funds with columns: Fund, Bid, Offer, +/-, Yield, 1Yr, 3Yr.

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## ARTS



From left, Lindsay Mendez, Jonathan Groff and Daniel Radcliffe  
Matthew Murphy

## Sondheim's bittersweet magic

## THEATRE

### Merrily We Roll Along

Hudson Theatre, New York  
★★★★★

Simon Schama

No one did bittersweet like Stephen Sondheim, America's supreme musical ironist. After "Comedy Tonight", in *A Funny Thing Happened on the Way to the Forum*, he made disenchantment — not an American folk staple — his speciality. When he was funny ("Gee, Officer Krupke"), the lyrics scratched and stabbed; when the music was at its most beautiful ("Send In the Clowns") it was because the song tracked the death of romance.

With *Merrily We Roll Along*, the sucker punch begins with the title. The story of three pals whose friendship and creative partnership disintegrates, it opens with a scene of glamorous emptiness — a

Hollywood party celebrating the premiere of a hack movie. Unfaithful to his wife and his vocation, erstwhile composer Franklin Shepard ends the scene biliously confessing how much he now hates his life. The show then spools mercilessly backwards from the crack-up of friendship to its dewy-eyed beginnings on the roof of student digs, each moment of provisional happiness shadowed by what the audience already knows is its impending collapse.

Fun, huh? On opening night in 1981 the mood was upbeat. In a 2016 documentary the show's director, Hal Prince remembered thinking: "I've never been happier rehearsing actors, never gone home more sure a show was going to be a success." The middle of the show features "It's a Hit!", sung while Franklin, Charley the lyricist and Joe the producer listen ecstatically to wild applause for *Musical Husbands*.

*Merrily* fared less well: the audience, thrown off-guard by the back-to-front plot device and confused about who was

who, headed for the exit in droves. The critical reception was brutal. Closing after just 16 performances, it became one of Broadway's most legendary flops.

The book by George Furth is still a challenge. The crack-up between Charley, the idealistic lyricist whose heart is set on doing something Socially Meaningful — a play called *Take a Left* — and Franklin, who sells out to Hollywood for the dough, is a cliché, and the characters, especially their woman chum, the writer who turns alcoholic with disappointment, can seem two-dimensional.

But the score, featuring some of the best pieces Sondheim wrote, has pulled producers back to *Merrily* over and over again, with mixed results. A Michael Grandage production at London's Donmar Warehouse won an Olivier in 2001, but a minimalist experiment in New York was described by a critic as "not so much stripped down as emaciated".

Happy to report, Maria Friedman, actress turned producer and friend of Sondheim, has found a way for the

musical to burst brilliantly from the deadweight of its performance history. Originally staged at London's Menier Chocolate Factory in 2012 (as Friedman's directorial debut), then off-Broadway last year, the bounding gallop of the production only makes its poignant pay-off all the darker with its weight of knowing sorrow. Its best song, "Old Friends", lifts you up and then drops you down in the knowledge that its matey happiness is not destined to last.

The real magic of this production is its pitch-perfect cast. Lindsay Mendez turns the thinly written part of the writer, Mary, into a force of good nature, her knockabout humour barely veiling a tortured conscience as she slips ever deeper into her boozy sorrow. As Charley, Daniel Radcliffe achieves a different kind of wizardry: drolly knowing but sticking to his dreams and persistent against the odds, in trying to have Franklin keep the creative faith. The moment he explosively abandons that mission — a TV interview in which Charley takes a wrecking ball to the friendship — is by turns hilarious and ferocious and is one of the great performances in New York theatre right now.

As Franklin, Jonathan Groff, famous for his wickedly funny turn as George III in *Hamilton*, exactly inhabits Friedman's uncompromisingly dark vision of his character, self-admiring, self-deceiving and finally self-pitying. Yet in the last scene, the new friends sing their hearts out under the stars, convinced that it must be "Our Time". And though we know their optimism will end badly, such is the soaring lilt of the song that Sondheimian cynicism takes a break from itself, and our own contemporary heaviness takes fabulous flight.

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## Meeting of past and present, east and west

## MUSIC

### Ragas Festival

Pioneer Works, Brooklyn, New York  
★★★★★

George Grella

The notion that linear time may be an illusion that hides cyclical existence is different from the prevailing perspective in western culture. It can perhaps best be expressed through music.

The feeling that the present moment was expanding in space, and that the past wasn't even past, was a dominant and rewarding one during the 24 hours of the Ragas Live Festival. Begun in 2012 in New York's WKCR radio studios, for the past several years the festival has been hosted in this barnlike arts space in Red Hook, Brooklyn. Presented by the hybrid Indian/jazz/rock Brooklyn Raga Massive ensemble and the Society for Arts and Culture of South Asia, it brings together some of the finest Indian classical and folk musicians with peers from other cultures and genres.

One of the great pleasures is hearing how well Indian music connects to other styles. There is an easy fusion of musics that value rhythmic pulse, repetition, ornamentation and improvisation that has been going on since the 1960s. No surprise then that one of the most exciting sets was from Celebrating John McLaughlin & Mahavishnu, an ensemble rocking its way through the great guitarist's west-meets-east music; but this year the festival had a strong focus on Indian traditions and their renewal of, and from, modern classical music.

This began on a rainy, chilly Saturday night with sitarist (and Ravi Shankar disciple) Gaurav Mazumdar playing "Rag Bihari".

His relaxed and spacious playing set the mood and opened up the ears for what was to come.

Through the night and into Sunday afternoon (a few dozen listeners camped out on the floors with sleeping bags), that meant traditional and modern sitar and tabla music, and fusions with jazz and north African styles. This could only provide a hint of the vast richness of Hindustani and Carnatic music, but the driving percussion duo of V Selva Ganesh and Swaminathan Selvaganesh was gripping, and the Carnatic singing of Ramakrishnan Murthy, and later the Akkarai Sisters violin duo, who concluded the festival, mesmerised with their gorgeous microtonal details.

The sense of a deep, eternal now in this music, through circular repetition, was important to the origins of minimalism and ambient music. In a marvellous coincidence of history, Philip Glass worked with Shankar on the soundtrack to the 1966 film *Chappaqua*, pushing the American to his new style. Another composer inspired by ragas was Terry Riley, and Brooklyn Raga Massive performed their *In D*, a homage to Riley's *In C*, at a past festival. This year, inspired in turn by *In D*, Amir ElSaffar brought a new, large-scale composition, *In E half-flat*. A mix of Indian and Iraqi maqam rhythms and phrases that came in waves, this was a convivial performance that also felt both undercooked and underprepared.

The way the festival squared the circle, though, between past and present, with historical precedents and influences leapfrogging each other, was invigorating. It's a special experience to hear cultures speak to each other across time and space, and how supposedly old ideas are so vital.

ragaslive.com



Amir ElSaffar and Hamid AlSaadi perform 'In E half-flat' — Adrien Tillmann

## Triumph of creativity over illness

## JAZZ

### Christian McBride's New Jawn

Ronnie Scott's, London  
★★★★★

Mike Hobart

Bassist Christian McBride launched his piano-free "New Jawn" project with an album of the same name in 2018 and released a follow-up, *Prime*, early this year. The band, a quartet, concentrate on original material and, lacking a harmonic instrument, use tightly arranged trumpet and sax to flesh out texture and emphasise mood. At this first house of a two-night run, trumpeter Josh Evans was taken ill with a stomach bug. The result was an intense ad hoc set that put each musician's creativity under the spotlight and the trio's collective resolve sharply to the test.

The evening opened with a cover of Anthony Williams's composition "Love Song" played at a medium lobe and delivered with a confident swagger. Saxophonist Marcus Strickland captured the lilting heart of the late drummer's theme, McBride strode firmly underneath and drummer Nasheet Waits's snare chattered support and urgency underneath.

Brief theme stated, the band stretched out while following the form. Strickland's tone is airy, rounded and tightly controlled and, avoiding histrionics, he conjured drama with the shape of his line, syncopated articulation and its relation to the pulse. As chorus followed chorus, the saxophonist constructed an evolving narrative rich with asides and passing climactic peaks. Bass took a turn and then Waits's first drum solo, growing in complexity, marked by ebb-and-flow dynamics, crashed

cymbals and a rumbling bass drum that frothed and boiled underneath.

McBride introduced the next song unaccompanied, spraying notes with intent before gently strumming his bass as though it was a guitar. The composition, "Ke-Kelli Sketch", written by drummer Waits as a sonic portrait of his wife, conjoins a triptych of moods before changing pace at will. Tempos doubled and doubled again, stabs of sax and bass hung in the air and a hint of old-school rhythm and blues eased into head-nodding swing. The piece was one of eight originals on the band's debut album. Here, it was the only original of the set.

McBride, an avuncular host, introduced the band, announced the opening numbers and explained the trumpeter's absence. The evening then unfolded with the trio delivering original interpretations of well-known standards. Strickland chose Billy Strayhorn's "Chelsea Bridge" and McBride Joe

Henderson's jam-session favourite "Recorda Me" — McBride had worked with the late saxophonist. The first was a ballad played with delicacy and poise, the second a samba.

Strickland's intense but understated tenor sax gripped, and Waits was a subtle chatterbox of controlled energy, rimshots and rolls. But it was McBride's strength of personality and magisterial technique that gave the evening focus and carried the day. The bassist's sound and attack were propulsive without overwhelming the band and his wide-ranging technique enriched his solos.

"East Broadway Run Down" was the final number, written by Sonny Rollins, and a track on their latest release. "It's a twelve-bar blues that can go anywhere," said McBride. "And that's what we're going to do." The loose-limbed intense investigation that followed brought the evening to a high.

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Magisterial technique: Christian McBride  
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## FT BIG READ. INNOVATION

After years of being dismissed as too costly and challenging, satellite technology that harnesses the energy of the sun and beams it to Earth is not just possible but potentially coming soon.

By Peggy Hollinger

# The pursuit of space-based solar energy

The young researchers gathered on the rooftop of Caltech's engineering laboratory in Pasadena on a balmy May evening did not set out to make history that night.

But after a long day setting up equipment to test a solar power satellite, the professor leading the project told them to grab something to eat and come back.

"It was close to 10pm and we said, 'Let's have a go. Let's do a dry run,'" says Ali Hajimiri, a professor of electrical engineering at the California Institute of Technology. "At first we thought we weren't detecting a signal. Then it started coming in and getting stronger."

The team was elated. For the first time, a detectable amount of solar power had been beamed wirelessly from space back to Earth. No matter that it was insufficient to power even a lightbulb. It was proof to a growing community of space solar power advocates that it was technically possible to supply a power-hungry planet with energy from space.

"The sun is the closest thing we have to an infinite energy source," says Paul Jaffe, an electronics engineer at the US Naval Research Laboratory who has studied space-based solar power for 16 years. "You [could] create a global energy network that could provide energy potentially anywhere on Earth. Space solar could do for energy what GPS did for navigation."

Space solar power was first mooted by science fiction writer Isaac Asimov in his 1941 short story "Reason". In reality, however, it has long been dismissed as too costly and technologically challenging to be commercially viable. But as the sense of urgency over the threat of climate change grows and the economics of space evolve, governments around the world are reconsidering its potential. Researchers in China, the US, UK, Japan and Europe are all studying its feasibility, with a view to possibly launching experiments into space before the end of the decade.

China's ZhuRi programme — translated as "chase the sun" — has plans to put a pilot power plant into orbit generating 20 megawatts of power by 2035. In the UK, a group of entrepreneurs behind government-backed start-up Space Solar are even more ambitious. They aim to build a gigawatt-scale power plant in space by the same date, scaling up to a fleet of plants delivering 30 gigawatts into the energy grid by the 2040s. And though Caltech's experiments have been funded by billionaire philanthropist Donald Bren rather than the government, the US Air Force Research Laboratory is planning a power-beaming demonstrator from low Earth orbit in 2025.

Many proponents of space-based solar power (SBSP) believe the technology has greater potential than nuclear fusion to help the world meet its net zero targets. "All of the physics [of space-based solar power] have been demonstrated, tested, and verified," says John Mankins, a former Nasa physicist whose work on SBSP over more than 25 years has earned him the sobriquet "godfather of space solar power".

Although US scientists claimed to have achieved a net energy gain in a fusion reaction last year, the process "is still some years away from demonstrating that the system would generate more energy than you have to put into it," he says.

With sufficient investment, adds Sanjay Vijendran, who leads the European Space Agency's Solaris project, "space solar power could be available sooner than fusion".

## How it works

Harvesting the sun's energy is achieved by attaching solar panels to a satellite flying thousands of miles above the Earth, in constant sunlight. This energy is then converted into microwaves, which are beamed through the atmosphere to a receiving antenna, where they are reconverted into electricity to be distributed through the grid.

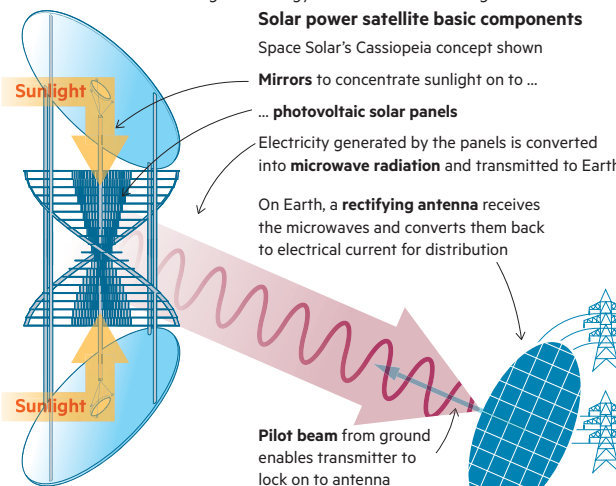
One satellite could potentially deliver as much as 2GW of carbon-free power, enough to supply a city of 2m people, 24 hours a day, seven days a week.

Thales Alenia Space, the Franco-Italian space infrastructure company, is studying the potential emissions savings that could be made with space solar power. With a working life of 25 to 30 years per solar power station, the lifetime carbon emissions savings could be "hundreds of millions of tonnes", says Massimo Comparini, TAS deputy chief executive.

For decades, studies have found that

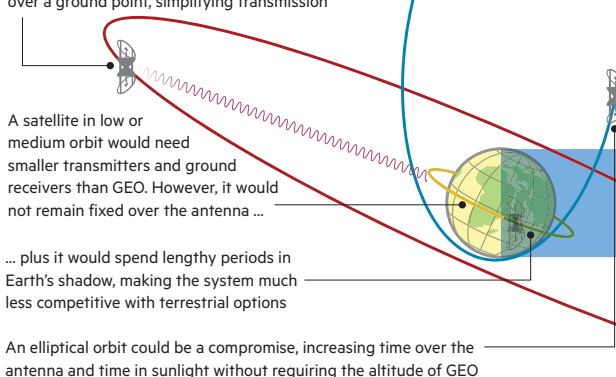
## How to get solar power from space

The science behind collecting solar energy in orbit and transmitting it to Earth

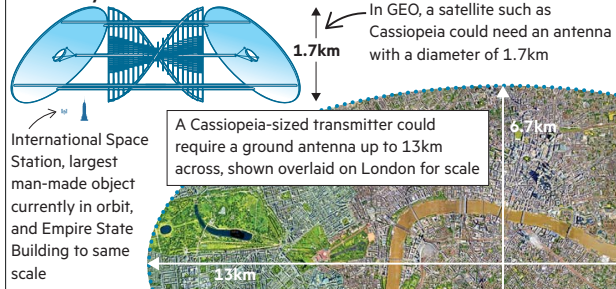


## Orbital position

Most concepts assume geosynchronous equatorial orbits (GEO) as much as 36,000km above Earth. The satellite would be fixed in constant sunlight over a ground point, simplifying transmission



## Scale of systems



Graphic: Ian Bott

Sources: International Electric Company; Space Energy Initiative; ESA; Frazer-Nash Consultancy; Caltech; China Academy of Space Technology; FT research

You could create a global network that could provide energy potentially anywhere on Earth

obtaining power supplied from space would be prohibitively expensive. But in the past few years there has been a revolution in the economics of satellite-generated solar power, says Mankins. Thanks to SpaceX's reusable Falcon rocket, "there's been a 90 to 95 per cent reduction in the cost of launch".

The prospect of SpaceX's gigantic Starship, currently in development and with the ability to lift more than 100 tonnes into orbit, promises to take costs down even further.

The introduction of factory processes for satellites — usually manufactured in rarefied "massive operating theatre clean rooms" — has helped cut the costs of producing them by a similar order, he adds. "These are essential pieces of the puzzle for why space solar power can go forward now," Mankins says. "Even as recently as 10 years ago, this idea was still not economically feasible."

In 2020, the UK government commissioned a study on the economic and technological feasibility of space solar power. The study concluded that the total cost to develop and deploy the first 2GW space-based solar power station would be roughly £16bn — substantially less than the latest £33bn estimate for Britain's newest nuclear power station at Hinkley Point, which is set to produce 3.2GW. Once the first solar station was up and running, subsequent power-generating satellites would cost less than £4bn each, the study estimated.

Oxfordshire-based Space Solar estimates that a solar power-generating satellite would produce energy at a cost of just \$34 per megawatt hour by 2040 to break even over its lifetime, against \$43 per MWh for a large terrestrial solar farm, \$53 per MWh for offshore wind, and \$125 per MWh for nuclear.

"The economics work out really well and this really could be transformative," says Martin Soltau, who led the UK study by consultants Frazer-Nash before founding and becoming co-chief executive of Space Solar.

But there are many who believe space-based solar power still belongs in the realms of science fiction. SpaceX founder Elon Musk once called the concept the "stupidest idea ever". His argument was that heavy energy losses during conversion from sunlight to electricity made space solar power much less efficient and so uncompetitive with solar farms on Earth.

Harry Atwater, one of the three Caltech professors leading the university's Space Solar Power Project and an expert in photovoltaics, disagrees. "Going from sunlight in space to electricity on Earth would be about 5-12 per cent efficient," he says — meaning up to 95 per cent of the energy would be lost. But the amount of sunlight in space in a 24-hour period "is a factor of eight higher than it is on Earth. It would be similar to having a 40 per cent efficient [solar] cell on Earth. We don't have any of those. People are aiming now to just get to 30 per cent — maybe."

## Overcoming challenges

Space solar power's second big advantage is that the microwave beam can be directed to multiple locations — anywhere with the appropriate receiving antenna. "From space we have line of sight to a lot of places," says Caltech's Hajimiri. That dispatchability could open up a new global market in carbon-free energy.

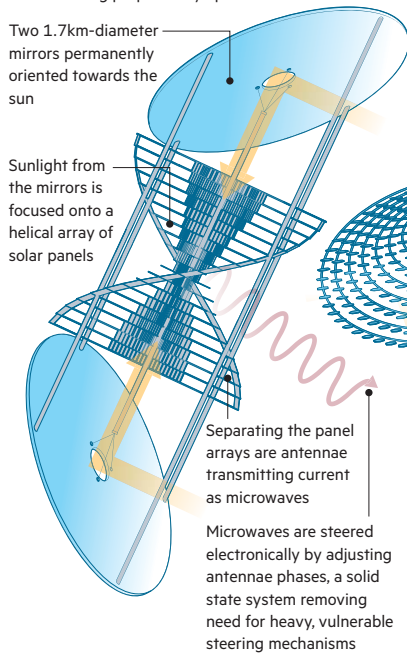
Solar power from space is also available continuously, whereas terrestrial renewables such as wind or solar power can't generate power when there is no wind or sun. These systems require storage to supply power in the down times, and extra capacity to replenish the storage and satisfy user demand when conditions allow. That pushes up the cost. "You have paid for the energy twice," Soltau says. "You have paid for wind and solar systems but also had to pay for back-up."

While space solar power's advocates believe the technology is on the brink of

## What space solar power stations might look like

**Constant aperture solid-state integrated orbital phased array (CASSIOPEIA)**

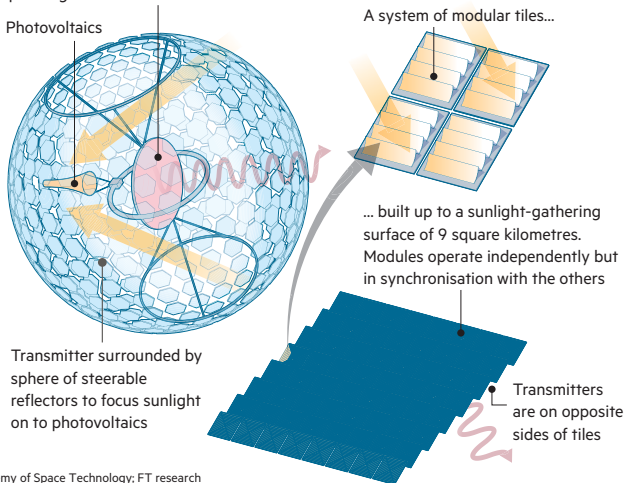
Concept from International Electric Company in UK now being proposed by Space Solar



## Orb-Shape Membrane Energy Gathering Array (SSPS-OMEGA)

One of the concepts being proposed in China

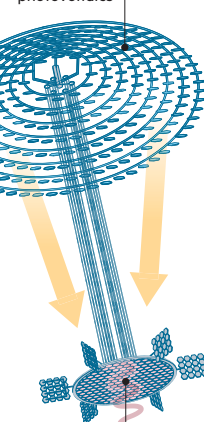
Fixed microwave transmitter pointing at antenna on Earth



**Solar power satellite via arbitrarily large phased array (SPS-Alpha)**

Proposed by former Nasa engineer John Mankins

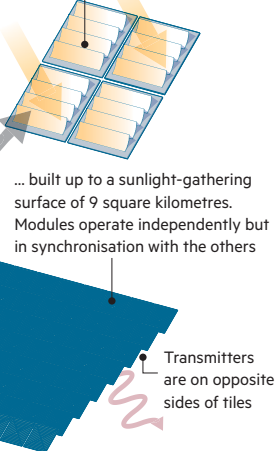
An array of many reflectors, each one motorised and independent, orients to focus sunlight on to the photovoltaics



## Space Solar Power Project

Concept from Caltech

A system of modular tiles...



updated if the system is to win public acceptance. "We fully expect it will be a big challenge — like nuclear or wind farms — to convince people to have this in their backyard," says ESA's Vijendran. "That may be the largest challenge of all." Some projects propose attaching the receiving antenna to off-shore wind farms, where grid connections already exist, to help to damp public concerns.

Putting such massive power generators in space also raises questions about vulnerability to attack. "Do we really want to put our energy grid directly into . . . a war zone if a major conflict spills over into space," asks Bleddyn Bowen, associate professor of international relations at the University of Leicester. "There are huge political and security challenges that no one is talking about."

Peter Garrettson, the US Air Force's former chief of future technology, does not believe this is a reason to abandon space solar power. "Name me an energy system that is not vulnerable," he says. "Oil is always at the mercy of international trade flows. Gas is at the mercy of the power that controls it and the length of pipeline or shipping. There is no energy system that is not vulnerable."

He also dismisses suggestions that a solar power satellite could be used as a weapon: "The best it can do is provide about a fifth of the intensity of sunlight, barely enough to warm a candy bar."

Yet there will be military implications. "With the ability to build a solar power satellite comes an ability to field a military space force that is orders of magnitude more capable than any space force that exists today," he says. Given the security and governance concerns, "it's unlikely that solar power would only be the property [of] and controlled by one nation," he adds.

Others point to the growing problem of congestion in orbit. While space is a big place, fleets of kilometre-scale satellites even in geostationary orbit 36,000km above the Earth could pose new risks, such as a cascade of collisions that could render certain orbits unusable.

It is also unclear how these vast solar farms would be regulated and whether there would be any orbital slots left open for countries as yet unable to consider such an expensive undertaking. "Will it be first come, first served?" asks Bowen. "There are real equity issues there in global governance."

## Energy mix

Space solar power is for now the preserve of researchers. But as environmental pressures mount, some investors are beginning to take the technology more seriously.

The UK government is in talks with Saudi Arabia about investing in space-based solar power through collaboration with Space Solar, which is in the process of raising funds.

But without buy-in from the energy and utility sectors that distribute power to end users, space-based solar power will remain a pipe dream. "This has to be driven as an energy project that has a large space element," says Vijendran. "We are trying to have [the energy sector] take it over as soon as possible."

That is why the European Space Agency study includes companies such as Italy's Enel and France's Engie. In the UK, EDF is studying the technology's potential for the country's innovation agency. But generally, energy companies are still in wait-and-see mode.

"There are still some significant question marks over this — like, is it actually possible to build and operate and launch this system?" says David Ferguson, head of net zero innovation at EDF UK. "There is a lot that still needs to be proven from a technical point of view."

As with renewables and the need for extra storage, there are also hidden costs to a space solar power system. EDF's researchers estimate that "space weather" — factors such as solar flares, geomagnetic storms and radiation — could degrade satellites faster than expected. That would add about £2-£7 to the cost per megawatt hour. "We think there is a roughly 20 per cent loss of productivity over the lifetime of the system, due to space weather," says Ben Cayless, an EDF renewables engineer.

Nevertheless, EDF, like Enel and Engie, is not quite prepared to ignore the potential of a new source of clean power. "Our strategy is not going to change based on this work or in the short term," says Cayless. "But most companies are like us. We are looking at it and keeping our options open."

There are still some significant question marks over this — like, is it actually possible to build and operate and launch this system?



Opinion

America finds there is more to foreign policy than China

GEOPOLITICS

Janan Ganesh



At the time of writing, the US has no ambassador in Egypt. A chargé d'affaires is doing the job while the nominee for the permanent role enters her seventh month in the Surrealist theatre production that it pleases Washingtonians to call the Senate confirmation process.

as the ungoverned spaces in or surrounding the Sahel. But it has no permanent ambassador in Nigeria or Djibouti either. Perhaps the nation is distracted by the politics of its own hemisphere, what with the frequent arrival of migrants from Latin America at the southern border.

overcorrected in recent years. There has been a mental "pivot to Asia". It made all the sense in the world at the time. But it was conceived when most other regions were, if not peaceful, then free of acute crisis.

much harder than it seemed as recently as 2021 for America to tear its attention from the rest of the world to China. Perhaps some perspective was overdue. The US and China together account for some 40 per cent of the world's economic output.

over industrial protectionism when the ultimate aim was to hobble China. This focus on one competitor wasn't rash. It was a grown-up attempt to set priorities, to husband America's immense but finite resources.

judge it on territorial extent, Britain's empire reached its maximum stature 100 autumns ago. Long before that, however, the nation had started to lose its industrial advantage to Germany, Japan and the US.

How to finance a faster shift to a better world

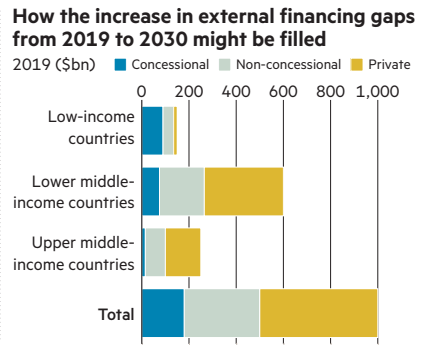
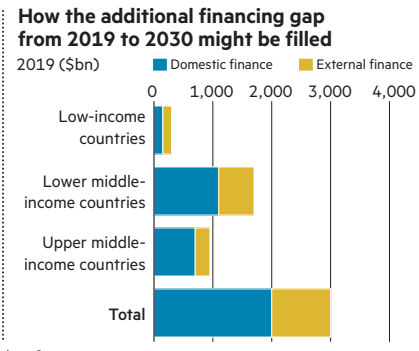
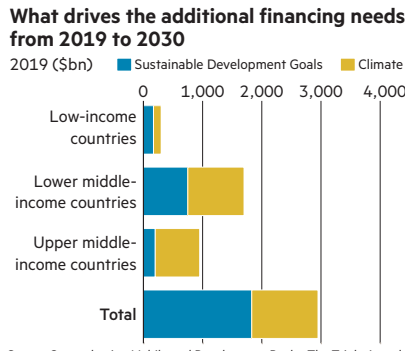
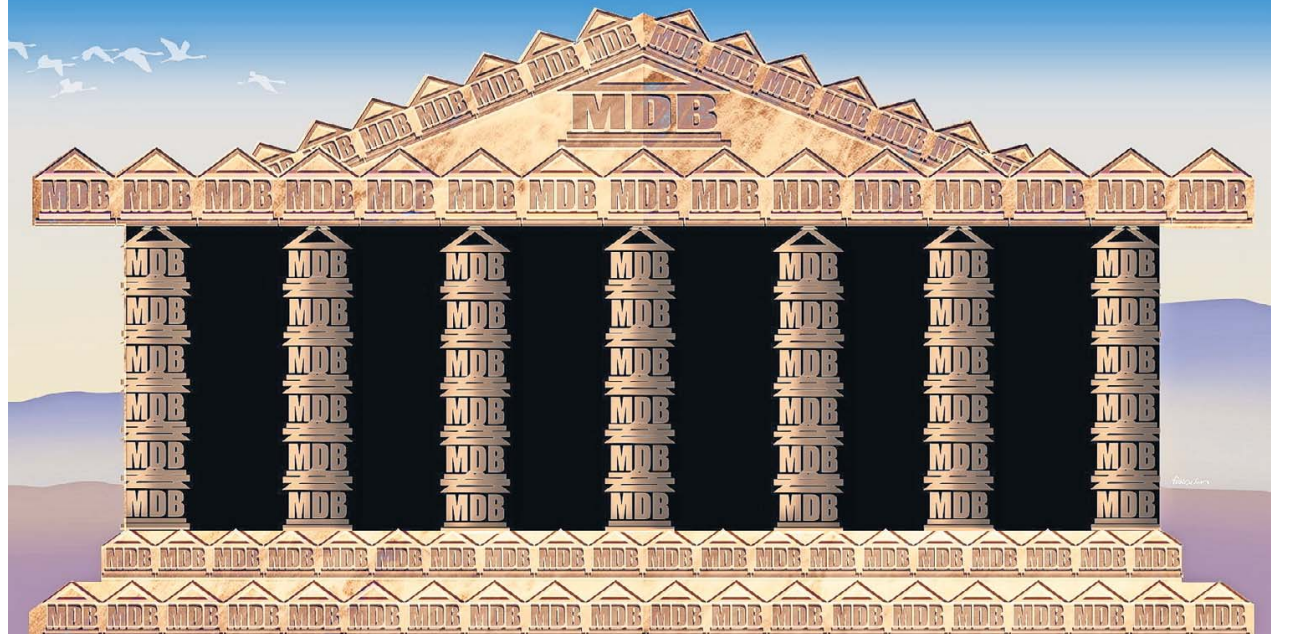
Martin Wolf Economics

Multilateral development banks are a valuable tool, but they need an overhaul and we must learn to use them



The world is on fire." These are the opening words of the second volume of a report on strengthening the multilateral development banks commissioned by the G20 and released last week in Marrakech.

Yet all this will take vast resources. The report estimates that total annual spending for such purposes in emerging and developing countries should rise by \$3tn (from \$2.4tn to \$5.4tn) between 2019 and 2030.



programmes, with governments taking the lead. The latter alone can create the policy environment in which private finance will come. They alone must provide the co-ordination needed to ensure transformation in energy and other vital sectors.

which is at present unwilling to bear the risks of large-scale and affordable financing of emerging and developing countries. MDBs need to bring together their official and private lending arms to identify and create investment opportunities, develop project pipelines and share risks with the private sector.

ing from the MDBs to middle-income developing countries is close to zero, partly because interest rates are high. If this is to happen, the MDBs must use their balance sheets aggressively, including by use of new instruments.

ments that will benefit the planet. Again, they should be paid for preserving carbon sinks, such as forests. If the MDBs had not been created, we would now have to invent them.

Suzanne Maloney

Hamas' attack on Israel has reignited the volatile conflict between the Jewish state and the Palestinians and threatens to trigger a wider war with devastating consequences for the Middle East and the world.

was solely a Palestinian enterprise, even as they celebrated its horrific toll. The US has also said there is no "direct evidence" of Iranian involvement.

was only the first of a wider wave of upheavals, the revolutionary state developed an infrastructure dedicated to toppling the status quo across the Muslim world through proxy groups, Islamist propaganda and instrumental use of extraterritorial violence.

stranglehold on the future of Lebanon. In this way, proxy terror groups became a core component of the Islamic Republic's regional and international strategy.

each successive conflagration in the region has put Tehran in a stronger position. Even America's 2003 invasion of Iraq, which placed 150,000 US troops along its border, quickly broke in Tehran's favour.

will cost lives and damage its international standing. Iran's supreme leader, Ayatollah Ali Khamenei, has declared the conflict "an irreparable defeat" for Israel, adding the Israeli government "will no longer be the regime it used to be, and they cannot easily compensate for the blow that has struck them".

# Lex.

Twitter: @FTLex

## Goldman Sachs: retro bank

Meet the new Goldman Sachs. It should look like the old Goldman Sachs. Some notable differences will exist. But investors should ask how profitable the retro Goldman can be.

Yesterday, Goldman reported its third-quarter results. These were muddied by extra charges due to its exit from consumer lending along with those from a continuing purge of certain capital-heavy investments. Goldman's stated annualised return on equity for the quarter was 7.1 per cent.

But exclude these one-time expenses, said the bank, and its RoE would have hit 10 per cent. Moreover, its two core businesses, institutional securities and money management, should eventually generate mid-teens RoEs "through the cycle".

The credibility of that promise will be tested in the new, streamlined Goldman model. One analyst asked chief executive David Solomon why the firm's pay (to income) ratio had ticked up when overall revenues had jumped. The firm is targeting an efficiency ratio — with all operating expenses — of 60 per cent, which looks ambitious.

Solomon intriguingly noted that Goldman remained an "aspirational" career brand. Each junior analyst must get past hundreds of other applicants. But he conceded that the labour market for top talent remained tight, intimating that Goldman must fight hard to keep its stars.

That sounds odd given that Goldman has shed thousands of jobs this year. Moreover, several stars and rainmakers in its core businesses have departed.

Goldman's proprietary trading and investment banking businesses in the 1990s and 2000s could routinely churn out returns of equity above 30 per cent. Modest regulatory capital requirements enabled a big part of that profitability.

All changed post financial crisis. The trend for enhanced regulation should culminate with Basel III. Big banks warn they may have to boost their equity capital 25 per cent, which has led to a furious opposition campaign.

Goldman's rivals, including JPMorgan and Bank of America, continue to benefit from their interest-rate-dependent consumer lending businesses. Goldman can only hope to

position itself for a rebound in IPOs and merger activity. Shareholders will hope to avoid a squeeze from rising banker pay and added regulatory capital when business does finally pick up again.

## Jupiter: fees squeeze

A year ago, Matt Beesley took the top job at Jupiter at an apparent turning point. A recovery in its share price and client inflows did not last long.

Yesterday the London-listed asset manager announced £1bn of outflows in the quarter to September, a less lucrative fee structure and higher staff costs. The share price fell by a tenth to an all-time low.

Beesley puts a brave face on the retail outflows, citing clients cutting risks by shifting out of equities. He still promises to win more institutional mandates despite no significant inflows in the latest quarter. That business, though less profitable, is relatively sticky.

He could not gloss over the impact of the new tiered fee structure. This will cut the costs of unit trusts and open ended investment companies when they reach a certain size, knocking an extra 1.5 to 2.0 basis points off fee margins. That adds to any erosion caused by the shift towards institutional clients.

Allowing clients to benefit from economies of scale could attract more business. But it also crimps gains when assets under management rise.

Higher pay, too, squeezes profitability. Remuneration to net revenues, at 35 per cent in 2022, could hit the mid-to-high 40s in 2024. Every 100bp rise reduces pre-tax profits by 3 to 4 per cent, with revenues flat, says Citi.

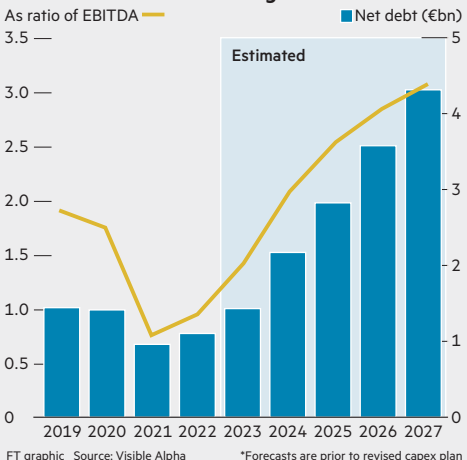
Trading on a price/earnings multiple of 7, Jupiter's valuation is at about half its long-term average and below most peers, partly due to lacklustre investment performance. The end of the cheap money era should give active fund managers a chance to shine. But Jupiter has little yet to boast about.

If that changed, Jupiter's assets under management would swell and the pay ratio decline. That would boost its own share price, making retaining top performers easier. Beesley is steering

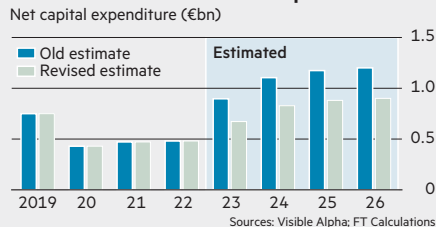
## Umicore: mettle test

The materials group has cut back its bold plan to expand capacity for battery components. Share prices among its peers have fallen in line with battery inputs, including cobalt and nickel. The previous debt-funded spending plan risked breaching Umicore's net debt limit set at 2.5 times ebitda.

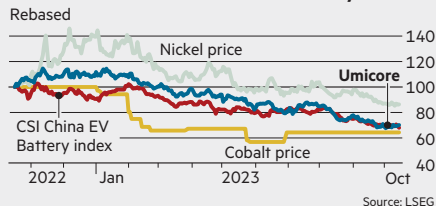
### Umicore net debt and leverage\*



### Umicore lowers its investment plans



### Prices for cathode shares and battery metals



Electric vehicles can cause a price shock for keen buyers, primarily due to the battery costs. China's aggressive capacity expansion on batteries is two-pronged. Costs are falling, but at a time when domestic sales for EVs have lost energy.

This has been bad news for Belgium's Umicore, maker of battery cell cathodes. Its share price has fallen more than a third this year.

Lower input prices affect its own revenues just when it needs to invest heavily in new western battery supply capacity. Flatish profits in its mainstay catalytic converter business for internal combustion cars have not helped matters. Umicore took action

yesterday. A glut of cathode material has led the group to revise capacity expansion plans lower. Its depressed share price rebounded 13 per cent.

Capacity growth in cathode materials will now be 15 per cent lower, with 195 gigawatt hours expected by 2026 from the current 85GWh. This will result in a €1.2bn saving of net capital expenditure. Later, Umicore's capacity will expand to 270GWh by 2030, but at a slower pace than previously planned.

Part of the problem is inflation. Umicore plans to supply cathodes to a joint venture partner, battery maker Automotive Energy Supply Corporation, building 35GWh of capacity in Canada at a total cost of €1.3bn. Almost half of this will come from government grants. Even so, at

€36m/GWh the cost is well above earlier estimates, notes Jefferies.

Worried shareholders would have noted that Umicore's estimated negative free cash flow totals up to €300mn annually for the next three years. Prior to the announcement yesterday net debt was to rise from €1.1bn last year to €3.6bn. That is almost three times its expected ebitda in 2026, according to Visible Alpha. That would exceed its self-imposed limit of 2.5 times.

A slower expansion should placate shareholders who faced the prospect of a cash call to cover the bill for new factories. As other renewable energy companies have discovered, financial reality is catching up with bold hopes for an energy revolution.

round a vicious circle of cost-cutting and falling revenues, a track not worth entering.

## Choice/Wyndham: checking in

Budget extended-stay hotels emerged as one of the few bright spots for the lodging industry during the pandemic. These chains benefited from the need for temporary housing for essential workers as well as staycationers who wanted to practise social distancing.

Post-pandemic, demand for these no-frill rooms shows no sign of fading. That is thanks to the rise of "bleisure" travellers. The word — a blend of business and leisure — describes

workers who take advantage of remote work policies to combine their business assignments with vacation time.

The sector's resilience explains why Choice Hotels International is looking to check in to rival Wyndham Hotels and Resorts.

Choice, whose brands include Quality Inn, Econo Lodge, Clarion and Comfort, has made its \$9.8bn buyout offer, including debt, for Wyndham public after the latter walked away following six months of merger talks.

It is an opportunistic move. Choice's \$90 cash and stock offer values Wyndham's equity at \$7.8bn. That is a 22 per cent premium to the shares' undisturbed three-month average. But it looks less impressive considering Wyndham traded at more than \$90 a share just 18 months ago.

A combination of Choice and Wyndham would create one of the biggest hotel operators, with more than 16,600 hotels and nearly 1.5mn rooms. While both primarily cater to the budget extended-stay market, Wyndham also has exposure to the mid-market, which Choice is targeting.

Yet Choice's offer — 55 per cent cash and 45 per cent stock — would value Wyndham at just around 15 times EV/ebitda. That is in line with Choice and Marriott International.

Wyndham is right to play hard to get. Any deal would probably attract antitrust scrutiny. Wyndham may want to be better compensated for this risk.

Choice will need to provide an extra tip to get Wyndham shareholders on its side. It may want to start by increasing the cash component.

## Rolls-Royce: turbo fans

Restructurings at Rolls-Royce are a bit like British trains. There are plenty of them but they do not always reach their destination.

The failure of past turnarounds does not bother Tufan Erginbilgic. Nine months in as CEO, he is going full steam. His latest move is to cut up to 2,500 jobs — 6 per cent of workers.

Markets have expected cost reductions. Shares are up more than 115 per cent this year. To maintain this rally, Erginbilgic must stop costs creeping back in. Just as important, he must set out where future growth lies.

Its core businesses — civil aerospace, defence and power systems — largely operate as fiefdoms with their own finance, legal, HR and marketing staff. Power systems, which makes diesel engines for trains and ships, especially needs better integration.

The job cuts could strip out between £175mn and £215mn of costs, an amount largely expected by investors, said UBS. That would explain why Rolls-Royce has kept its full-year £1.2bn-£1.4bn underlying operating profit guidance, which was upgraded in July. Analysts expect Erginbilgic to hit the top of that range, according to Visible Alpha estimates.

A stronger than expected post-lockdown bounce in air travel helps. Profitability at the core civil aerospace division is at the highest level for at least 15 years. An operating margin of 12.4 per cent still trails rival General Electric's at 19 per cent.

Erginbilgic has promised to set out longer-term plans next month; a bigger test. For example, a move back into the higher volume single-aisle aircraft engine business would require a partner to scale up production.

There is more to do. Rolls-Royce still has about £1.4bn of unprofitable contracts it wants to renegotiate. Also, Erginbilgic could trim lower-margin units, such as the power systems' agricultural business.

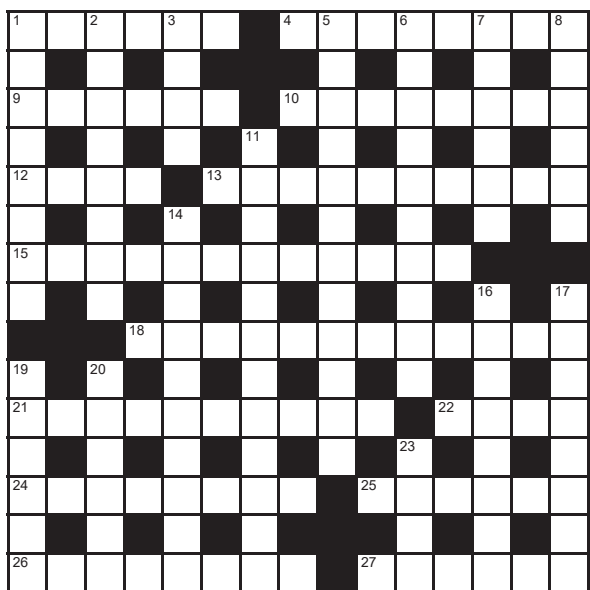
After such a strong run, investors will need more than this to avoid Rolls-Royce shares ending up in the sidings.

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## NIKKEI Asia The voice of the Asian century

### CROSSWORD

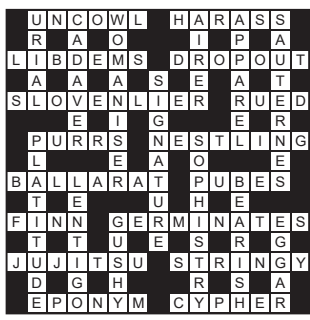
No 17,551 Set by GOLIATH



- ACROSS**
- 1 Who will look after the children of golden couple? (2,4)
  - 4 Creatively themed about the Spanish wearing something more protective than a sombrero (8)
  - 9 Makes a noise like some bees (6)
  - 10 Certain muscle needed in sci-fi production (8)
  - 12/3 Options include cold starter and desserts (4,4)
  - 13 Again, making things is fun (10)
  - 15 Altogether prepared omelette buns (4,8)
  - 18 Don't ask me, I've failed you (1,6,1,4)
  - 21 Popular mother swimming? (10)
  - 22/23 Last city twerp set lost all clothing, so to speak (2,2,4)
  - 24 Basic talk a linesman comprehends (8)
  - 25 Poles have always crossed river (6)
  - 26 Innocent footwear may be a tool found in designer dress (3,5)
  - 27 Tenant using a smaller quantity of drugs (6)
- DOWN**
- 1 Step down having brought up police officers in decline (8)
  - 2 Delay legislation for scoundrel (8)
  - 3 See 12 Across
  - 5 Unproven old friend keeping entire Motörhead collection (12)
  - 6 First term of claim has me foxed (10)
  - 7 Where one might find lunch or chocolate (6)
  - 8 Transfer presenters usually in a different order (6)
  - 11 Each division's hard work (12)
  - 14 Goliath, so healthy, turned very old man (10)
  - 16 Problem with tight shoes of celebrities (8)
  - 17 Time for a few words (8)
  - 19 Weaken setter's brace (6)
  - 20 No good as a candle (6)
  - 23 See 22 Across

### JOTTER PAD

Solution 17,550



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