FINANCIAL TIMES



Debt-ceiling row just adds to Fed's problems

Franklin Templeton tries to reinvent itself

Harder line

Deadly Israeli raid stirs strife

A protester holds a Palestinian flag during clashes near the Israel-Gaza border yesterday.

Israeli security forces killed nine Palestinians and injured 20 others during a raidon a refugee camp on the West Bank in one of the bloodlest days for the occupied territory for years.

The raid is the first since Israel's new hardline government took office last month, with ultranationalists in keysecurity posts pleding to take a tougher stance against Palestinians. The Israel infliater, said the raid targeted members of militant group Palestinian Islamic fliaha, Palestinian group Falestinian Islamic fliaha, Palestinian president Mahmoud Abbas condemned the Killings, saying there would be three days of national mourning.

uays of national mourning.
The UN said Israeli forces had killed
151 Palestinians in the West Bank last
year—the bloodiest year since 2005.
Full story page 4



Emerging market investors pump in \$1bn a day as last year's slide reverses

Near-record rate of flows
 China's reopening buoys sentiment
 Falling inflation spurs bets on rates

JONATHAN WHEATLEY - LONDON

Investors are piling into emerging mar-lest stocks and bonds at a near-record rate, as falling inflation and the reopen-ing of China's sprawling economy help reverse last year's slide.

Emerging, equit, a land and yin net new money this week, according to high-requency data Lona day in net new money this week, according to high-frequency data tracking 21 countries from the Institute of International Finance. The speed of cross-bonder flows is second only to the surge that fol-lowed the litting of coronavirus lock-downs in late 2020 and early 2021, sur-passing peaks over the past two decades. The strong inflows underscore a big shift in sentiment this year after a grim performance for developing markets

for much of 2022. Falling global inflation has led many market participants to bet that big developed-market central banks, including the US Federaces and the Seerey, will soon stop hicreasing markets.

Jahangir Aziz, an analyst at JPMorgan, said there was "all of gas in the tank" for a further rebound in inflows now that economic uncertainties weighing down emerging markets "are lifting".

the lion's share of the rally in this cycle'

The threat of recession has receded.
Data released yesterday showed that the
US grew more than expected in the last
quarter of 2022, expanding at an annualised rate of 2.9 per cent, while unemployment claims remained low.
China's scrapping of zero-Covid measures also had a log impact. The country's
States are the state of the country's
States are the states of the country's
States are the states are the states of the country's
Lab daily flows for all emerging martexts, IIF data show, while other developing countries are benefiting from the
knock-on-effect of Beijing's move.
Emerging market assets have been
further helped by investor's expectations that developing countries will outgrow advanced economies this year.
IPMorgan expects gross domestic
product in emerging markets to grow
1.4 percentage points more than the rate

in advanced economies in 2023, up from zero in the second half of 2022.
Stocks in the benchmark MSCI Emerging Markets index have risen nearly 25 per cent since their low in late October. A rise of more than 20 per cent from a recent low is deemed a bull market. Despite the strong start to 2023, set the strong start to 2023, set the strong start to 2023, inflows was unlikely to be sustained.
Paul Greer, portfolio manager for EM debt at Fidelity International, said much of the rally in EM assets might have passed. "The first and second quarters [o 2023] will see an uplift in China, there's no doubt about that," he said. "But much of that is now priced in by markets . . . We may have seen the lion's share of the rally in this cycle."

explained by investors returning to EM assets after cutting their exposure drastically over much of the past decade.

Many developing economies struggled to deliver last rates of growth in the wake of the financial crisis of 2008-09 and were hit especially hard by the surge in global inflation and in the US dollar during much of 2022.

Greer added that investors were unlikely to be optimistic for more growth in emerging markets. Rising levels of ebet, greater fiscal strains across much of the developing world and the negative impact of demographics would reduce potential, he said.

Philippines growth page 4
Dollar hits reverse gear page 10
FT Wewpage 15
Gillian Tett page 17

Adani to launch share sale in face of fraud claims

▶ US expansion hits 2.9% The US economy posted better than expected growth in the final quarter of 2022, even as the Fed's rate rises started to weigh heavily on business activity.— PAGE 2

► IMF urges Japan flexibility
An abrupt change in Japan's ultraloose monetary regime would see
"meaningful spillover" effects
globally, the IMF said, showing
the need for BoJ clarity.— PAGE 4

▶ Blackstone fund suffers The world's largest alternative asset firm faces more than \$5bn in redemption requests from a property fund −7 per cent of its \$73bn net asset value. ¬ PAGE 9

► EY Germany to shed jobs
The Big Four firm plans to cut 40
partners and shed 380 staff from
its German business as it attempts
to improve profitability after the
Wirecard scandal.—PAGE 8

▶ Bank fines for stray texts

Record-breaking art debuts Auctions in 2022 (\$)



Young contemporary artists enjoyed record-breaking auction debuts last year. Lucy Bull's 8:50, 2020 sold for \$1.4mn. However, holistically female artists tende to sell at a median price of \$176,000, lowe than their male counterparts at \$201,680.

Apple beefs up services in 'silent war' against Google

Australia	A\$7.00(inc GST
China	RMB3
Hong Kong	HK\$3
India	Rup22i
Indonesia	Rp45,000
Japan	¥6500ncJCT
Korea	W4,50
Malaysia	RM11.5
Pakistan	Rupee 35
Philippines	Peso 144
Singapore	S\$5.80(inc GST
Taiwan	NT\$14
Thailand	Bht144
Moteam	11994.5

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Rolls-Royce new chief attacks group as 'burning platform' that 'destroys value'

The new chief executive of Rolls-Royce has given a brutal assessment of Brit-ain's flagship engineering group, telling employees that it must transform the way it operates or it will not survive.

way toperates or! Willnotsurvie.

In a global address broadcast to staff, parts of which were shared with the Financial Times. Tufan Ergibblige warned that investors were losing patience with the FFSE 00 group.

"Every investment we make, we destroy value," be told employees, adding that financially, "we underperform every key competitor out there."

Erginbligic's stark appraisal we designed to pave the way for a shake-up at the 117-year-old group, according to one person familiar with the address.

The Turkish-British national took

over from Warren East this month with a brief to improve Rolls-Royce's performance. It has traditionally achieved profit margins are below those of its performance. It has traditionally achieved profit margins are below those of its performance. It has traditionally achieved profit margins are below those of its performance was substantially achieved by the same of the part of the US. Speaking at the company's UK manufacturing site in Derthy, Erginblig is observed that a mg sing to share with you."

The company's performance was "unaustamable", he said, adding: "It is at a level [at which] it cannot contine. Rolls-Royce has not been performing for a long, long time. It has nothing to do with it," he said. "Given everything I know talking to investors, this is our last chance."

Erginbligic used the address to launch is difference so this business corrects itself and we don't have much time".

World Markets COMMODITIES



INTERNATIONAL

US economy beats growth expectations

Recession fears remain as Fed's aggressive rate rises weigh on business activity

COLBY SMITH — WASHINGTON

COBFSHITH—WASHINGTON
The US economy logged better than expected growth in the final quarter of 2022, even as the Federal Reservés aggressive campaign to raise borrowing costs began to weigh more heavily on business activity.

The world's largest economy expanded 2-9 per cent on an annualised basis between September and December, according to data published by the commerce department yesterday, slightly higher than economists' forseasts of a 2.6 per cent increase. That marked a slowdown from 3.2 per cent

growth in the third quarter, reflecting the steps the US central bank has taken to damp demand.

The Fed has raised its policy rate more than 4 percentage points since March, moving in O.75 percentage point increments in an attempt to curb inflation.

The Fed is now preparing to deliver a quarter-point rate rise, from the current range of 4.25 per cent, to 4.5 per cent, next week as it weighs how much higher to go now that inflation appears to have peaked. Officials broadly back the federal funds rate thirtings per cent, and for that level to be maintained at least to the end of the year, suggesting further rises to come beyond the February decision.

The latest sign the economy has proved more resilient than expected in the face of substantially higher borrowing costs,

while also showing the Fed's actions are beginning to have a more notable effect. "Looking at the headine [figure], It's all looking good. But, looking under the hood, It's just those troubling signs and a looks of momentum that we've been seeing really in broad swaths of the data," as ald James Knightley, chief interactional economist at INC.

The fourth-quarter increase was fuelled in part by businesses amassing inventories, especially across the manufacturing and utilities sectors. Con-

'The Fed is still hiking. Where are the positives going to come from?'

sumer spending, one of the main drivers of the US conomy, was also steady, increasing 2.1 per cent.

But the most important proxy for underlying demand in the economy—final sales to domestic purchasers, excluding government spending—rose just 0.2 per cent, down from 1.1 per cent in the third quarter.

In a further sign of weakness, fixed investment sank 6.7 per cent, with housing-related investment contracting 26.7 per cent on an annualised basis. Business investment rose just 0.7 per cent. From the fourth quarter of 2021; creal GDP rose 1 per cent, compared with 5.7 per cent in the same period a year earlier.

Companies across the manufacturing and services sections have responded to rate rises by trying to cut costs, pulling

back on hiring and slashing hours for workers. Mas slay offs have also swept through the technology sector. While the overall labour market still remains robust, with the unemployment rate hovering at a multi-decade low of 5.5 per cent, there are concerns about the outlook for the economists about the outlook for the economists of the state of the state

Downgrade

South Africa raises interest rates and cuts forecast after blackouts

IOSEPH COTTERUI - IOHANNESRURG

South Africa has downgraded its economic projections following the worst spell of rolling blackouts in the history of the continent's most industr-

allased nation.

The South African Reserve Bank raised is laised nation.

The South African Reserve Bank raised is benchmark rate by a quarter of a percentage point to 725 per cent, a smaller increase than in previous policy decisions and below the half-point kevel that most economists expected, warning that the country's economy would not be considered to the country's economy would not not be considered to the country's economy would not not be considered to the country of the c

The shift in focus towards growth comes at a time that inflation pressures are starting to dissipate'

are starting to dissipate'

Eskom to impose 250 days of rolling
blackouts this year, up from a previous
forecast of 100 days.

The power cuts will temove "as much
as 2 percentage points from growth in
2023, compared to the previous estimate of 0.6 percentage points", its aid.
The central bank also slashed growth
forecasts for 2024 from 1.4 per cent to
0.7 per cent, when it expects about 150
days of power cuts.
Eskom generates nearly all of South
Africa's electricity supply.

Breakdowns at ageing coal power
stations, corruption and a lack of funds
for maintenance have all added to pressure on President Cyril Ramaphosa's
government.

sure on President Cyril Ramaphosa's government.
The shift to a slower pace of tightening comes as the central bank continues to battle above-target inflation.
South African inflation remains above the midpoint of a target range of 156 per cent, but the pace of price rises has faded in recent months. The bank said that inflation, which ended 2021 at 72 per cent, should fall to 5.4 per cent this war.

7.2 per cent, should fall to 5.4 per cent this year.

"The shift in focus towards economic growth comes at a time that inflation pressures are starting to dissipate," said jason Tuvey, senior emerging markets economist at Capital Economics.

The bank's forecast highlights the prospect of blackouts for several more

prospect of blackouts for several more years.
Infighting in the ruling African Mational Congress over fixing Eskom and delays in finding alternative sources of power are set to ontinue to weigh on growth for the foreseeable future.
Many South African companies are, however, rushing to set up their own independent supplies of power after Ramaphosa's government cut red tape that protected Eskom's monopoly.
"That is capital expenditure that should have gone on spending, investment and employment, but is going to supplying electricity," said Thabi Leoka, an independent economist.

Environment. Legislation

Biden climate law leaves EU playing catch-up

Inflation Reduction Act has been hailed by US business while provoking Europe

AIME WILLIAMS — WASHINGTON SAM FLEMING — BRUSSELS

President Joe Biden's multibillion-dollar Inflation Reduction Act has delivered a big green bonus for climate experts and American business while infuriating US

ong green footis for climate expers and American business while infuriating US trading partners.

The bill, passes of \$599 in for 100 climate of the climate related projects, providing complaints from EU governments that claim it violates trade rules and distorts competition.

But business leaders and US climate every lomk forry argue that instead of expecting big concessions from the US, the EU and other partners need to take urgent steps to make their own green investment conditions more attractive. European companies that are already drawing up plans to boost US spending include BMW, Italian energy group End and Norwegian battery group Ferel and Norwegian battery group Ferel.

include BMW, Italian energy group Enel and Norwegian battery group Preyr.

"The basic issue is that the US has created a business case for investment in green technologies," said Luisa Santos of BusinessEurope, a lobby group. The EU faces more complex regulation and higher energy costs, which "is a very substantial incentive to go to the US".

What does the act aim to achieve?

What does the act aim to achieve?

By offering companies billions of dollars, largely through tax credits, the law
aims to jump-start investment in new
and nascent clean energy technologies.
It also rewards companies for setting up
in the US and for reorganising uply
chaims to be located either in the US or
among allies and partners.
The subsidies are intended to accelerate the pace at which new technologies
become widely available and affordable,
as well as create a new economy
"green jobs" in the US while reducing
reliance on China.

en jobs in the nce on China. ashington also has one eye on its Agreement climate commitments. Paris Agreement climate commitments. Analysis by Rhodium Group, an inde-pendent research group, estimated the IRA could put the US on track to cut greenhouse gas emissions 31-44 per cent by 2030 against 2005 levels, going



Green drive: Joe Biden takes the wheel of an

some way towards the country's 50-52 per cent Paris goal. This is compared with a much lower 24-55 per cent reduction without the legislation.

The hope, says Paul Bledsoe, a former Clinton White thouse climate adviser, is that the tax incentives and public money will "unleash trillions of dollars in new private sector investment".

Why are companies excited?

Why are companies excited?

There are two types of subsidy-for companies and for consumers. While most the subside of the subs

tax credits for making homes greener and upgrading appliances.

Why the overseas complaints?

Why the overseas complaints?
Washington is using the money to encourage business to cut China out of the supply chain and boost US manufacturing. But that has implications.
For an electric car to be eligible for the full tax credit, if has to be made in North America, and specific percentages of its battery components and critical minerals have to be extracted or processed in the US or countries with a trade agreement with the US. The UB has set up a task force with the US to soften the impact of rules requiring North American sourcing. But a swath of electric vehicle and battery makers have amounced investments in

more affordable EVs from US buyers. Since the IRA's passage, at least 20 new or expanded clean energy manu-facturing plants have been announced in the US, according to the American Clean Power Association.

electric car

eligible for the full tax credit, it has to be made America

How is Europe going to fight back?

How is Europe going to fight back?
The EU is scrambling to make conditions on the continent more amenable to green investment. This will involve softening rule limiting public subsidies offening rule limiting public subsidies offening rule limiting public subsidies of the soft of t

development, is expected to be green spending.

But business leaders complain the EU programmes are laborious and time-consuming to access, especially com-pared with the simplicity of tapping into federal tax credits under the IRA.

See Opinion

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Turkey launches foreign currency scheme to help support lira

ADAM SAMSON — LONDON

Turkey has unveiled a scheme to push exporters to hold less foreign currency as the government of Recep Tayyip Erdoğan steps up its battle to defend the lira ahead of this year's elections.

Erdoğan steps up its battle to defend the liran land of this year s'elections.

Ankara said yesterday it would offer business new incentives to swap money earned abroad into lira in return for a wow not to purchase foreign currencies.

The programme is the latest sign of how Turkey is deploying a broad range of tools to prop up the lira and boost its 8000 he conomy shead of presidential and parliamentary elections on May 14. It comes as polling shows that disquiet over the government's handling of the economy has eroded support for Erdoğan and his ruling Justice and Development party.

A coallition of opposition political parties, known as the "table of six", is expected to name a candidate in the who has been in power for two decades.

Under the currency programme, Turkey will provide 2 per cent "conversion support" when companies exchanged international earnings to lira with the

central bank, and they pledged not to bay foreign currencies over a set period, according to the central bank. It did not specify the length of the commitment companies would be required to make. Exporters are already required to convert 40 per cent of their foreign currency income to lira under rules announced last year. But the new programme provides an incentive for companies to eschew the stability of holding dollars in favour of lira. Companies converting additional funds into local currency can also use a special account

to protect against swings in the lira.
Liam Poech, an economist at Capital
Economies in London, said it was "not
clear whether this will have a significant
impact as the incentives may not be
large enough for firms to convert their
remaining foreign currency earnings into lira", but that it may represent
iffirst step towards tighter restriction
that force conversion of firms' foreign
currency".

"If we've learnt anything in Turkey
over the past year, it's that the carried
bank will eventually plug any hole in the



financial system to reduce foreign currency demand," he added.

The central bank is seeking to lift the proportion of lira deposits in the banking system to 60 per cent in the first half of this year; it reached 55 per cent at the end of 2022 from 36 per cent in lanuary.

FINANCIAL TIMES INTERNATIONAL

Scholz's refusal to act alone spurred US rethink on supplying Kyiv with tanks

Days of intense talks on military hardware put relations between Berlin and Washington to the test

JAMES POLITI AND COURTNEY WEAVER WASHINGTON LAURA PITEL AND GUY CHAZAN

Joe Biden showered Olaf Scholz with praise from the Roosevelt Room of the White House on Wednesday after to co-ordinated announcement that the US and Germany would be sending bat-tletanks to Ukraine. "Germany has really stepped up," the US president said, "and the chancellor has been a strong, strong voice or unity... and for the level of effort we're going to continue.

unity . . . and for the level of effort we're going to continue.

going to continue.

The continue is a continue in the continue of the contin

lantic response to Russia's invasion.
But the breakthrough involved tense negotiations, policy U-turns and leaps of faith in Berlin and Washington that tested the strength of US-German relations as a pillar of the western alliance. They also underlined how, for all its talk contained to the western alliance. They also underlined how, for all its talk of the strength of US-German relations as a pillar of the western alliance. They also underlined how, for all its talk of the strength of US-German relationship of the Council on Foreign Relations. They are the council on Foreign Relations. They are the council on Foreign Relations. The council on Foreign Relations. To many in Washington, the dispute dilustrated, too, the challenges of keeping Germany, a nation still burdened by its history, on board with other Nato Indiance of the Council on Foreign Relations. The council of the Council on Foreign Relations. "Germany is one of —if not the most important European ally of the US and we need to tend to that relationship," said Rachel Rizzo of the Atlantic Country and defence policy, so there will be a considered the Council on Foreign Relations. The tending were relative to their secrity and defence policy, so there will be a considered the Council on the Council of the Council on the Council on the Council of the Council on the Council of the Council on the Council on the Council of the Council on the Council on



in Congress [were] saying "just send the

ident to preserve unity and deliver for Ukraine," a White House official said. What followed was a whirlwind of talks led by Sullivan, mainly with Jens Plötner, his German counterpart, to "figure out how to get to yes," the White House official said. "It was going back and forth on how to get this oben," with Sullivan working to ensure the European contribution was as substantial as possible, the official added. Publicly, the stand-off continued. During talks with US lawmakers in Davos on January 18, Scholz insisted the US needed to deliver its own tanks. "He use a besief that hought it was a "reason as a belief that by moving together on tanks, the allies would reduce the risk of retaliation." It means no country would face Russian criticism on its own — these aggressive verbal taunts and threats we keep hearing," said Lars Klingbeil, the Social Democrat leader.

But by Friday, when Lloyd Austin, US defence secretary, visited Ramstein air base in Germany, the lack of agreement was raising pressure on

both sides. The Ramstein meeting was intended as a show of unity and hopes had been high that Germany would use it to amonunce it was sending Leopards. But there was no progress, triggering an outpouring of frustration from Ukraine, Poland and the Baltic states and increas-

Poland and the Balite states and increasing the impetus for a deal, including a Usrethink on Abrams.

On Capitol Hill, lawmakers were increasingly filled with angst. "My impression is that the secretary of defence went to Ramstein and nothing changed because the German sidint change their position," Moulton said. "So he came back and mayeb he arther voices of some of us in Congress saying 'just send the damntanls'."

As late as Monday, Uso Sfiticials were still publicly playing down the need to

As late as Monday, Us officials were still publicly playing down the need to seed Abrams. But that was a crucial day. Sullivan and Pfotner spoke three times, and Sullivan, austria and Mark Milley, chair of the Joint Chiefs of Staff, met Biden to get final negotating guidance. In the meantime, Austin had presented a proposal to Biden that "overcame some of the challenges" with sending abrams to Utraine.
Biden approved the deal on Tuesday. Scholz's approach was contentious even in Germany, where some in his three-party coalition worried about the damage it might do to Us-German ties.

Making tracks: M1 Abrams at Fort Carson in Colorado. US out how to transfer the main battle tank to Ukraine. Inset, Olaf

By insisting on Abrams as a precondition, Schola' reflectively tried to strong-arm Bidea", said one official in Berlin. "It's kind of the tail wagging the dog."

On Wednesday, Biden brushed off any suggestion that he was pressured by Schola. "Germany didn't force me to change my mind," he said. "We wanted to make sure we were all together."

Heather Conde, president of the German Marshall Fund of the US, said: "It was very hard for Germany toget to this decision, and we need to honour that. However, we are in this rinse, lather and repeat cycle, where there is great hesitian, alley give in this rinse, lather and repeat cycle, where there is great he situation, alley give in they push, they caple, upush things along, and we wait, the constant cycle, it wears out the allies, it wears out the allies, it wears out the largest supplied on the present of the largest supplied on the present of the largest supplied in the present of the largest supplied in the present of the present of the largest supplied in the largest supplied

Western pledges

Russia reacts to Ukraine support with 'massive' missile attack

OMAN OL FARCHYK - KYLV

Explosions rocked Kyiv and several other cities yesterday as Russia con-ducted its latest barrage of missile strikes nearly one year into its full-scale invasion of Ukraine.

scale invasion of Ukraine.

Though officials said most strikes were repelled by Ukraine's air defence system, the nationwide attacks came one day after the US and Germany announced they would send modern battle tanks to Ukraine, some of the most sophisticated weapony provided by Kyri's allies.

"Russia launched a massive missile attack on the territory of Ukraine today," said General Valerity Zaluzhnyi, commander-in-chief of Ukraine's armed forces, adding that 53 air and sestandard shahed kamikaze drones had been fired earlier in the morning by Russian forces, all of which were destroyed. But after the morning by Russian forces, all of which were destroyed.

destroyed.

Dmytro Kuleba, Ukraine's foreign minister, wrote on Twitter that "among targets of today's mass missils strike, Russia struck Odesa, cussing massive power outages". Unesco on Wednesday placed the Black Sea port city on its world heirtige list. "This destruction is Russian president Vladimir! Putris response to Unescon : "Delaring thunder reinforced protection of the world heirtage gine indager list." Kuleba added.

Oleksiy Khoruzhun, spobesperson ad utraines of the control of the structure of the structure of the control of the structure of the stru

Moscow bans independent news site Meduza

Meduza, the largest Russian independent news site, has been declared an "undesirable organisation" in one of the most stringent acts of censorship since President Vladimir Putin ordered the full-scale invasion of Ukraine last

February.

Russia's prosecutor-general said Meduza's parent company, which is registered in Latvia, 'threatens the foundations of constitutional order and the security of the Russian Federation', according to a statement yesterday, without giving further details. The decision means Meduza is banned from operating in Russia, while anyone who "co-operates" or even posts a hyperlink to its online content could face a prison sentence of up to six years. The ban on Meduza is the latest move bythe Kremlin to control discourse over

by the Kremlin to control discourse over the Ukraine war. Limits on the public's access to information on the conflict has in essence outlawed Russia's independ-

website's reach. Its current readership of about 15mm has largely remained in Russia despite he exodus of hundreds of thousands of people who oppose the war or wanted to avoid the draft. "We'd like to say that we're not scared and we couldn't care less about this new status — but that's not true," Meduza said in a statement. "We are search." We are scared for our readers. We are scared for the peo-

not scared and we couldn't care less about this new status - but that's not true'

ple who worked with Meduza for many years. We are scared for our loved ones and our friends."
Meduza added: "Nonetheless, we believe in what we do. We believe in freedom of speech, We believe in a democratic Russia. The bigger the pressure, the harder we will stand uptoit."
After the invasion of Ukraine 11 months ago, regulators banned calling the Russian offensive a "war" or an "invasion", then moved to shut down outlets including TV Rain, Russia's

only independent news channel, and Echo of Moscow, a popular liberal radio station, as well as blocking Meduza's website.

Lawmakers passed a bill outlawing discrediting the armed forces," which introduced prison sentences of up to 15 years for publishing anything that contradicts the Kremlin's official line.

At least 135 people have faced criminal prosecution under the new law, according to Russian-based independent rights monitor Ovd-Info.

Hundreds of journalists have fled Russia to avoid being prosecuted and continued to report from countries such as Latvia, Lithuania and Georgia. Ivan Kopladov, Meduza's editor, said its staff all left Russia in March but the site had maintained a large network of freelancers in the country to continue reporting on the war — an activity that now carries a potential prison term. But the site will look to find was of

reporting on the war — an activity that mow carries a potential prison term. But the site will look to find ways of reaching readers within Russia, what was retreamine broadly accessible through virtual private networks, on social media app Telegram, YouTube and even through PDF files that Meduza encourages readers to print out for technophobic friends or relatives.

Criminal designation

Washington adds to sanctions on Wagner

The US Treasury has formally designated Russia's Wagner Group as a "significant transnational criminal organisation", amid growing international pressure to crack down on the paramilitary group that has been a main player in Russia's war in Ukraine.

main player in Russia's war in Ukraine.

The Treasury's Office of Foreign Assets
Control said it was placing sanctions on
Wagner in addition to 15 other Russian
entities, as well as eight individuals and
four aircraft, in an effort to "degrade the
Russian Federation's capacity to wage
war against Ukraine".
"As sanctions and export controls on
Russia from our international coalition
continue to bite, the Kremlin is desperately searching for arms and support
including through the brutal Wagner
Group — to continue its unjust war
against Ukraine," Treasury secretary
Janet Yellen saidyesterday.
"Today's expanded sanctions on their
associates and other companies ena
bling the Russian military complex, wild
further impede [Valdmir] Putius sabillity to arm and equip his war machine."

John Kirby, co-ordinator for strategic communications at the White House National Security Council, had pre-viewed yesterday's sanctions last week, saying the designation would give the US "additional avenues" to go after Wagner, not just in Ukraine but around he world.

Wagner, not just in Ukraine but around former convict who has transformed himself into one of the Russian president's most valuable allies in the war in Ukraine.

Prigozhin, whom Washington alleges was also involved in Russia's efforts to interfere in the 2016 US election, has interfere in the 2016 US election,



Wagner currently has 50,000 merce-naries on the ground in the conflict, according to the UK Ministry of Defence, many of them Russian prison-ers who have been offered an end to their plant of the many of the second her plant of the plant of the second Security Council estimates about four in five Wagner fighters came to the battle-field from Russian prisons. In addition to its activities in Ukraine, the group has been active in Mali, Sudan and the Central African Republic, where it has been accused of carrying out human rights atrocties. Wagner has been instrumental Russia's prologed invasion, particu-larly around the Ukrainian cities of Sol-dar and Bakhmut, two key battle-dar and Bakhmut, two key battle-

larly around the Ukrainian cities of Sol-edar and Bakhmut, two key battle-grounds in the war.

Ofac said the sanctions, along with concurrent restrictions from the US state department, will target the infra-structure that Russia has used in its bat-tlefield operations in Ukraine.

Last month, the US commerce department imposed its own restric-tions on Wagner, designating the group a "military end user", thereby prevent-ing if from acquiring any items that use US technology.

INTERNATIONAL

IMF warns of Japan inflation risk

Deputy managing director urges central bank to be flexible over bond yields

KANA INAGAKI — TOKYO

The IMF has warned that an abrupt change in Japan's ultra-loose monetary regime would have "meaningful spillo-ver" effects on global financial markets, underscoring the need for the Bank of Japan to communicate clearly about its future policy.

Itte policy. In an interview, Gita Gopinath, the IMF's first deputy managing director, called on the BoJ to take a flexible approach to controlling yields on government bonds as she warned of "significant upside risks" to inflation in the

ar term. She added that Asia's most advanced

economy was at "a delicate juncture". The BoJ, which will have a new governor in April, has come under increasing market pressure to shift away from its longstanding easing measures as Japan's core inflation rate has risen to a 41-year

longstanung cassing measures of the core inflation rate har sien to a 41-year high of 4 per cent.

It faces the challenge of maintaining its accommodative monetary stance to a constant of the control o

The central bank slightly raised the cap on yields on 10-year Japanese government bonds in December, but it has made no further changes to its massive easing measures, arguing that price increases have not led to a rise in wages that would enable it to durably achieve it's percent indigition travel.

meases mero not even or other in wages that would enable it to durably achieve its 2 per cent inflation target. The IMF suggested the Boj could con-sider three options to allow flexibility in long-term yields; widen the 10-year band around the yield target and/or raise the 10-year target; shorten the yield curve target; or shift to aquantity target of government band purchases. "In the scenario that significant yield enables not isses materials; mone-etary stimulus withbraid will have to be much stronger, it said. Longer term, the IMF espects Japan's core inflation, which excludes volatile food prices, to peak in the first quarter

of this year and gradually decline to below 2 per cent by the end of 2024. It expects growth of 1.8 per cent in 2023 to slow to 0.9 per cent in 2024.

"We still believe that there are not enough signs that this will lead to inflation being durably at the 2 per cent tarboard to the control of the control o

Asia. Governor's post

Next BoJ chief faces daunting challenge on interest rates

Kuroda's successor must find a way to steer the economy

towards normalisation

KANA INAGAKI — TOKYO

With less than three months until Harnhiko Kuroda steps down as Bank of Japan governor, none of the top candiates to replace the central bank is long-est-serving chief seems to wanthe job. Their reluctance is understandable. After a decade of "unprecedented Bog iche must take on the daunting challenge of steering Asia's most advanced economy towards interest rate normalisation. Failure could mean profound consequences: arctum to dellation and sharp economic slowdown; turmoll in global equities, bonds and curreny markets and a collage in the Bol's redibility. "After three decades of low inflation, the Bol's infalliye seeing a path towards

and the control of th

the rice, according to people aimman with the discussions. Amaniya and Nakaso have closely supported Kuroda but are considered less upto the factor of the supported for the s

But many insue and oussue use soys aid Amaniya would be the natural choice due to his role in shaping monetary policy. "Of all the existing Boj officials, Mr Amaniya has been involved the longest in observing and making monetary policy decisions at critical moments," Kataoka said.

The change in leadership comes ami intense market pressure on the Boj to pivot from quantitative and qualitative easing as Japan's core inflation rate — which excludes volatile food prices—has risen to a 41-year high of ber cent.

Inflationary pressures are mild compared with the US and Europe, but

Friday 27 January 2023

investors are increasingly betting the BoJ will tighten monetary policy.

The Japanese central bank defied those expectations last week as it maintained the main pillars of its easing programme and indicated it had no plans to abandon efforts to control yields on 10-year government bonds. Kuroda has repeatedly said price increases have not led to a sustainable rise in wages and easing is needed to support the econymamid risks of aglobal showdown.

With just one policy meeting in March before Kuroda steps down, the future of his signature policy of bond yield curve control and negative interest rates will be firmly in the hands of his successor. The properties of the pro



continue with monetary easing at least until the first half of the year or throughtout 2025; he stopplier; stance, who was the stop of the stance, who was the stance of t

Palestinians killed in Israeli raid on refugee camp



Aftermath: Palestinians inspect damaged vehicles following yesterday's assault by Israeli forces on militants in Jenin

JAMES SHOTTER — JERUSALEM

JAMES SHOTTER — JERUSALEM

Israeli security forces killed nine Palestinians, including an elderly woman, in
a raid on the Jenin refugee camp in the
occupied west Bank yesterday, according to Palestinian officials, in one of the
bloodiest days in the tertitory for years.
The raid, which Palestinian officials,
and also let 20 people injured, four ciricially, comes during an upsurge in
clashes that has prompted concerns
that the security situation in the terricially, comes during an upsurge in
the the security situation in the territory could spiral out of control.
Adxma Rajoub, governor of Jenin, said
the nime deaths and large number
injured in the incursion was 'unprecedually and the ferrosets.
This raid
the deepest in Jenin', le said.
The raid is the first big clash since
Israel's hardline government, widely
regarded as the most rightwing in his-

tory, took office last month with ultra-

tory, took office last month with ultranationalists in key security posts pledgsing to take a tougher stance against the
Palestinians.

The Israeli military said the raid targeted members of Palestinian Islamic
Jihad, a militaring youp it said was "heavily involved in executing and planning
multiple major terror attacks".

It added that it was also looking into
'claims regarding additional casualties. The Israeli military did not give a
figure for the number of deaths.

Footage of the aftermath of the raid
showed scenes of destruction, with at
least two cars overturned, debris stewn
on the street and a charred building,
which the Israeli military said it had
entered to defonate explosives held by
the militants.

Mahmoud Abbas, Palestinian presi-

the militants.

Mahmoud Abbas, Palestinian president, condemned the killings and ordered three days of national mourn-

ing for "the souls of the martyrs in the occupation massacre in the Jenin refu-

ing for "the souls of the martyrs in the occupation massacre in the Jenin refugee camp".

The raid also drew threats of reprisals from Hamas, the militant group that controls the Gaza Strip, Saleh Ja-Aruri, its deputy leader, said Israel would "pay the price" for the raid and that Hamas's response would "come soon". Israel and Hamas have fought four wars since Hamas took control of Gaza in 2007. Yow Gallant, Israel's defence minister, ordered forces in the West Bank and around Gaza to a state of heightned readiness and to increase defensive activities also the contract of the contrac

Palestinians in the West Bank last year, making it the bloodiest for Palestinians there since 2005, the end of the uprising known as the second intifada. Yesterday's raid in Jenin brings the number killed this year to 18, according to the UN.

The Palestinian foreign ministry called on the US and the international community to intervene warning that

called on the US and the international community to intervene, warning that their redibility would be at stake if they did not respond.

The US state department said secretary of state Antony Blinken, who is due to visit Israel and the West Bank next week, would use his trip to 'underscore the urgent need for the parties to take steps to de-escalate tensions in order to put an end to the cycle of violence".

Tor Wennesland, the UN's Middle East envoy, said he was "deeply alarmed and saddened by the continuing cycle of violence in the occupied West Bank".

Philippines nets strongest growth since 1976

strongest economic growth in more than four decades, defying a global slowdown and rising inflation after lift-ing Covid curbs at the end of last year.

ing Covid curbs at the end of last year. The south-east Asian economy grew at an annual rate of 7.2 per cent in the fourth quarter of 2022, beating economist expectations of about 6.5 per cent, according to Philippine Statistics. Authority data. Full-year gross domestic product increased 7.6 per cent, its trongest growth since 1976.

The Philippines, which relies largely on remittances from overseas workers and outsourcing activities alongside out of the control of t

osting strong rises. Arsenio Balisacan, economic plan-ing secretary, predicted a further boost its year from the end of zero-Covid in hina, which would "surely be a boon". The upbeat outlook of the Philippines

and many of its regional emerging mar-ket neighbours including Indonesia and Malaysia contrasts sharply with that of developed nations.

Philippine president Ferdinand Mar-cos Ir, who attended the World Eco-nomic Forum in Davos last week, pre-dicted the economy would keep growing at near? her cent this wear

at near 7 per cent this year. US and European central bankers at The end of zero-Covid in

China will 'surely be a boon' for the Philippines Economic planning secretary

Davos said they would "stay the course" on interest rate rises to cool their econo-mies and tame high inflation. John Williams, president of the Fed-eral Reserve Bank of New York, said he

eral Reserve Bank of New York, said he expected growth to slow to about 1 per cent in 2023, while Christine Lagarde, head of the European Central Bank, pro-jected growth 0.5 per cent. But analysts said the Philippines could be hit by inflation even as they revised up growth forecasts. "High infla-tion — the headline rate reached 8.1 per cent year on year in December — will

drag on the purchasing power of consumers," research company Capital Economics said in a note.

Gareth Leather, senior Asia economist at Capital Economics, said: Green Capital Economics,

The Association of Southeast Asian Nations, which includes Indonesia, Malaysia, the Philippines, Singapore, Thalland and Vietnam, was among the fastest-growing regions in the world last year. Economist expect the region's comonic growth to moderate this year but remain above 4 per cent — higher than the IMF's latest global average forecast of 27 per cent.

New York events group faces lawyer ban probe

The New York attorney-general is probing allegations that the owners of Manhattan's Madison Square Garden arena used facial recognition technology to bar lawyers involved in litigation against the entertainment company from attending events.

against the entertainment company from attending events.

In a letter sent this week to MSG Enter-tainment, which also owns Radio City Music Hall, the office of Letitia James said it had reviewed reports suggesting thousands of lawyers across 90 firms had been banned from the company's sites, violating civil rights law.

"MSG Entertainment cannot fight their legal battles in their own arenas," and James, whose office also raised concerns that the technology could discriminate against minorities. "Anyone with a ticket to an event should not be concerned that they may be wrongfully denied entry based on their appearance, and we're uriging MSG Entertainment to reverse this policy."

In an ennalied of the proposed of the propose

against us". "Most importantly, to even suggest anyone is being excluded based on the protected classes identified in state and federal civil rights haw is ludicrous," it added. "Our policy has never applied to attomesy representing plaintiffs who allege sexual harassment or employment distortimization."

Last year, New York lawyer Larry that her such a superior was a superior with the superior was a superior with the superior was a superior with the superior was a s

The Dolan family, which owns a majority of MSG Entertainment, also



Letitia James: 'MSG cannot fight their legal battles in their own arenas'

controls the New York Rangers ice hockey and New York Knicks basketball teams. Several other attorneys involved in

Several other attorneys involved in litigation against MSG Entertainment told a Delaware court in November that they, too, had received letters barring them from MSG venues — a policy the judge in that case called "the stupidest thing I've everread".

Gregory Varallo, a lawyer in that case, told the court that MSG "used facial recentions offware to come in and scrane-centifion software to come in and scrane-

ognition software to come in and scrape all the web pages of all the firms involved and then used that facial recog-nition software at the Garden and other

nilion software at the Garden and other venues."
He went on to mock 'the idea that I've been found out - that my evil plant togo to the Garden and talk to the pretzy lavendor about Illigation strategy has been uncovered," according to a transcript of the proceedings.
The move by the New York attorney-general came days after state senators introduced a bill designed to close a legal loophole and prohibit "wrongful refusal of entity" at sporting events.
"MSG's use of fatal recognition technology... is an unacceptable invasion of the privacy of all their patrons," state senator Liz Krueger said on Monday.

Friday 27 January 2023 * FINANCIAL TIMES



A TRIBUTE TO JAMES BOND

On a mission to honour the world's favourite spy, OMEGA presents a brand new Seamaster Diver 300M infused with 007 details. While the wavy blue dial is inspired by James Bond's first OMEGA watch in GoldenEye, the mesh bracelet is the very same style worn in No Time To Die. Turn the timepiece over and the action continues through an animated caseback that recreates the iconic opening title sequence. For fans of this legendary film franchise, there's no better way to bring secret agent storytelling and innovative watchmaking to life.



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FINANCIAL TIMES

Dollar decline US currency set to continue its downward spiral amid slowing rate rises and gloomy economic outlook on MARKETS

Companies & Markets

Adani to kick off share sale in defiance of fraud claims

 Test of global demand goes ahead Indian group hits back at short seller

HUDSON LOCKETT — HONG KONG SIMEON KERR — DUBAI EMMA DUNKLEY — LONDON ORTENCA ALIAJ — NEW YORK

Indian billionaire Gautam Adani is due to launch a key share sale today in the face of fraud allegations from a US short

lace of Iraud allegations Horin a Costano-seller. Adani Enterprises, the principal business of an empire that spans ports to coal, plans to raise up to Rx200bin (S2-4bn) in a sale designed to show it can attract international investors. The fundraising has been overshad-owed by allegations from short seller Hindenburg Research that the Adani Group had engaged in stock price

'aware' of Hindenburg's report and it was 'taking it into consideration'

manipulation and accounting fraud over the course of decades. Jupiter Asset Management, BNP Pari-bas, Société Générale and Goldman Sachs are among the institutions to have been allocated shares already, according to a statement from Adani before the allegations were made public on Wednesday.

allegations were made public on Wednesday. One of the investors told the Financial Times it was "sware" of the short selling report by Hindenburg and that it was "takingt into consideration."

The share sale was designed to show the broader appeal of the Adani Group, which is closely held by related entities, because the broader appeal of the Adani Group, which is closely held by related entities, because the broader appeal of the Adani Group, which is closely held by related entities and state-controlled funds such as the Abu Dhabi Investment Authority.

If western investors balk, there is the mosphered of more support from tradi-

prospect of more support from tradi-tional allies. Abu Dhabi's largest listed company, International Holding Com-pany, said it was "studying and consid-

ering the opportunity", a spokesperson for the group said. HIC Invested \$2bn in Adanis businesses last year.

The efforts to court international investors comes after shares in Adani Investors comes after shares in Adani Enterprises surged more than \$5.00 per cent in three years, prompting the group last year to announce plans to increase. HIC has been among the beneficiaries of the explosive share price performance. The Abu Dhabi company previously told the FT that its investments in Adania had helped its results last year.

Chaired by the UAE's powerful antional security adviser shekith Tahnoon bin Zayed al-Nalyan, it has transformed itself into a behenoth with a market capitalisation of \$240bn over the past couple of years.

But the surge in its share price since 2019 has left hankers worried about the apparent dislocation between its market capitalisation and underlying economic fundamentals.

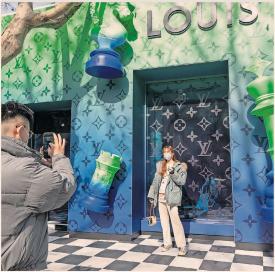
Adani is prosing enal sited companies shed a collective \$10.8bn in market capitalisation on Wednesday after the allegations from Hindenburg. The Indian stock market was closed for a public holiday yesterday.

Adani Group has denied the allegations, calling the report "a malicious combination of selective misinformation and stale, baseless and discredited allegations' intended to "undermine the Adani Group's reputation" and danage demand for the share sis.

Public bidding for the share sis due to begin today with the sale expected to complete next Tuesday, Maybank Secretives, the Singapore based brokenage and the Beepolem (1970 non Malaysian and 1981) of the Be60bn (\$2750 non film) of the share sit which is the Be60bn (\$2750 non film) of the share sit on the share sit lender, was allocated 6.3mn shares, over a third of the Rs60bn (\$735mn) offered

to institutional investors. The group said yesterday it was mull-ing legal action against Hindenburg.

Rich pickings LVMH to lift dividend by 20% as record profits continue to defy downturn



LVMH is counting on sales surging in China, where Covid restrictions have recently been lifted - Wang Gang

The world's biggest luxury group, LVMH, raised its annual dividend by 20 per cent after delivering a second straight year of record sales and prof-its driven by its flagship brands Louis Vuitton and Dior.

Vuitton and Dior.

Billionaire owner Bernard Arnault said yesterday that LVMH was "going into this year with confidence despite the uncertainties weighing on the global economy, and added that be believed LVMH could continue growing as it did in 2022.

Whether that proves accurate will depend largely on how quickly China, luxury's second-biggest market after the US, emerges from a surge in December when the government lifted its restrictive policies.

Since then luxury brands have had to temporarily close stores and warehouses because of sick employees,

which hit fourth-quarter results at LVMH, Burberry, and Cartier-owner

which hit fourth-quarter resures as ALVMH, Butberry, and Cartier-owner Richemont.

Once the Covid-19 crisis eases, analysts expect the Chinese consumer to one control of the control of t

recently been lifted — wwq6wq

on a like-for-like basis in 2012. The
Swiss bank says margins will stay flat.
Chinás Covid-19 surge dented the
Gurth quarter at LYMH, with sales
rising to e227bn, just shy of analysts'
consensus of e222bn, just shy of analysts'
ikle basis in the quarter compared
with the same period last year, and a
marked slowdown from 20 per cent in
the first nine months.
Nevertheless, annual sales were up
23 per cent to C792bn, largely in line
than flat of the consensus of the consensus of the
Lyme of the consensus of the consensus of the
Dior, reported sales of C836bn and
the sale for the consensus of the consensus of the
sale flouis Vuitton crossed the C20h
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and had doubled in size in four years
LYMH said flouis Vuitton crossed the C20h
mark in terms of revenue last for the vary
and had doubled in size in four years.
LYMH said flouis Vuitton crossed the C20h
crossed and call the consensus of the consensus of

Message slips cost Morgan Stanley staff up to \$1mn

Morgan Stanley has hit bankers with financial penalties running up to more than \$1mn per employee for conduct-ing official business on WhatsApp and other messaging platforms.

other messaging platforms. The forfeitures come as the bank tries to punish employees for a scandal that tarnished the group's reputation and resulted in it paying \$200m of regulatory fines last year.

Ranging from a few thousand dollars to more than \$1mm per individual, the penalties are based on a points system that takes into account factors including the number of messages sent, the banker's seniority, and whether they received prior warnings, said people briefed on the matter.

Depending on the size of the penalty, the funds have either been clawed back from previous bouness or will be docked

Depending on the size of the penalty.

Depending on the size of the penalty.

Depending on the size of the penalty of the size of the penalty of the size of the s

Exchange Commission and Commodity Futures Trading Commission. Morgan Stanley now gives employees training sessions explaining scenarios when they should shift conversations on when they should shift conversations or personal devices to official channels such as work email. This can include exchanging messages about the time of location of a meeting.

Legal Notices

PUBLIC AUCTION ANNOUCEMENT SUMMARY

IN THE GRAND COURT OF THE CAYMAN ISLANDS FINANCIAL SERVICES DIVISION

CAUSE NO: FSD (TBC) OF 2023 (

opies of the petition and supporting affidavits may be obtained free of charge from the Company's attor f 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands [Ref: R2057.172837].

urther details, including the date and time of the hearing of the petition, will be published here whe ratiable.

ceptance of any advertisement for publication will be subject to the then current terms and cor divertisements in FT publications.

Bye-bye to the in-house massage therapists as Big Tech cuts perks

Cristina Criddle



icole Tsai has amassed millions of views on TikTok by sharing videos of a typical day working for Google. Upon entering the office, she grabs a handful of sweets at reception, takes a couple of video calls in themed meeting rooms adorned with gold sequin or butterflies, and hangs out with "doogles" (the doogs of staff). "And, of course, everything you see in the office is free," Tsai declares in her voiceover while she eats her lunch, before "wrapping up her day" in a massage chair.

Last Sunday, though, Tsai went viral with a different video, posting," a day in the life getting laid off at Google."

Captioned: "corporatellife, the montage of shots included a grey computer screen locked out of work accounts, Tsai Crying and scenes at Disneyland where she sought solace. Like tens of thousands of tech workers in recent weeks, Tsai found herself out of a job and a reckoning in the industry.

After a years-long hiring spreet to sup-

industry.

After a years-long hiring spree to support ambitious growth plans, Big Tech is reining in its cost base following sector-wide plunges in share prices triggered by higher interest rates.

Alphabet chief executive Sundar Pichai said last week that the company had "hired for a different economic

reality than the one we face today", as the Google parent announced it would cut 12,000 staff. Similar justifications were trotted out at Meta, Microsoft and other tech firms laying off large numbers of people.

As he reduced staffing levels by 10,000 people, Meta chief executive Mark Zuckerberg said: "Many people predicted this would be a permanent acceleration that would continue even after the pandemic neded . . . Oinfortunately, this did not play out the way I expected."

The chill in the sector is not just being felt in job losses but also in that most distinctive feature of tech life the office perk.

Amid fierce competition for people at a time of big profits, workers have

Amid fierce competition for people at a time of big profits, workers have and a sweetheart deal from Silicon Valley. Companies used an array of benefits and free-bies to attract at all tilting away from staff, and investors are putting as keep employers perferably wearing to boost profitability branded clothing. When signing a contract at a big tech group, staff have grown to expect free or heavily subsidised food, with a range of cuisines in the canteen.

heavily subsidised lood, with a range of uctions in the canteen.

Trendy office space is another must, with plenty of breakout spaces for catching up with colleagues and blowing off steam. Offices are often kitted out with gyms and games rooms to keep body and mind healthy.

But with the balance of power tilting away from employees, and with investors putting pressure on executives to boost profitability, companies are cutting back. In the past year, Meta, which owns Facebook, Instagram and WhatsApp, has reduced its health and

wellness benefits, cut its in-house laundry service, ended taxi credits, and slimmed food budgets. Alphabet's job cuts are reported to have included some 27 in-house massage therapists. Salesforce is said to be ending wellbeing days — a day off once a month to focus on

with staff numbers at Twitter following is \$44bn takeover in favour of what he calls a hardcore work culture. The company is reported to be transitioning to a "partially paid" food policy, and has reduced spending on subsidised travel and mobile phones. Reports have indicated that fetrillity support benefits are being reduced. For some workers who have become for some workers who have become the past of the period of t

from the sushi bar is the only cut that affects them.

"Strangely, while the loss of perks can feel annoying in the moment, the gifting or removing of perks tends to have very limited impact on our opinions on our workplaces," says Bruce Daisley, Twitter's former European vice-president turned consultant on workplace culture.

turned consultant on worspace cuture.

"The Smoothie Delusion is when firms think that gifting small luxuries makes us like our job more. In truth, it has noimpact."

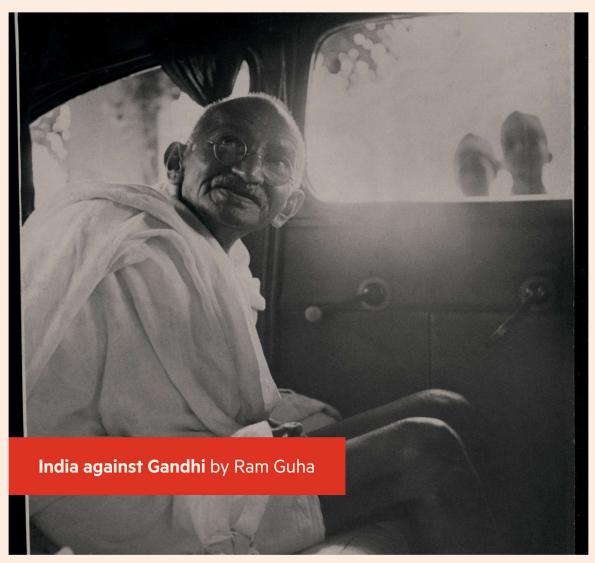
Some cutbacks may have been ineviable. A former vice-president at Facebook is said to have cautioned staff at a company off-site a few years ago. "None of this is real. It won't last for ever."

cristina.criddle@ft.com

2023/1/27 23:15 Financial Times Asia

Friday 27 January 2023 ★ FINANCIAL TIMES

FTWeekend





Tim Harford: what a poet, playboy and prophet of economic bubbles can still teach us



East meets west in the new season's styles



How London's property market became an inheritocracy



Moscow-based editor Alexei Venediktov has Lunch with the FT

Pick up your copy this weekend or subscribe online at ft.com/subscribe

COMPANIES & MARKETS

EY Germany to axe jobs in Wirecard fallout

Big Four firm plans to cut costs by shedding 40 partners and 380 staff

MICHAEL O'DWYER — LONDON OLAF STORBECK — MUNICH

EY Germany is planning to cut 40 part-ners and shed 380 staff as the Big Four firm attempts to improve profitability after the damage caused by the Wire-erd condul

scandal. ost of the cuts are aimed at reducing Most of the cuts are almed at reducing ack-office costs at the German busi-ess, one of the largest in FY's 150-coun-y operations, four people familiar with he matter told the Financial Times. The majority of the 40 partners leav-

ing are in the firm's audit practice. The cuts account for about 5 per cent of the roughly 800 equity and salaried partners in the German business.

EY lost several big audit mandates in Germany, including Commerzbank, DWS and KIW, after its involvement in the Wirecard scandal, in which it failed to spot over several years that half of the payment group's reported revenues and billions of euros of corporate cash did not exist. The finted newn bust in 2020 in one of Europe's most spectacular accounting frauds.

The redundancy plan is the latest cost-cutting measure in the Big Four accounting firm's international network as it responds to economic uncertainty and tries to boost the valuation of its glo-

bal consulting business ahead of a split from its audit operations. Bonuses, hiring, travel, training and staff Christmas parties have been targeted as part of efforts to reduce spending.

The German cost-cutting project was referred to internally as "Zugspitze", said people with nowledge of the plans, a reference to the country's highest mountain. The audit and consulting split has been codenamed "Everest".

The job cutts, which are subject to negotiations with an employee works council, were part of a restructuring to improve EY's profitability in the country by reducing bloated back-office operations, said three people familiar with the plans.

The fallout from Wirecard has hit

more staff than it needed, said two peo-ple at the firm.

EY Germany reported revenues of
€2.1bn in the 12 months to June 2022,
returning to 2020 levels after a dip in

returning to 2020 levels after a dip in 2021. Its Big Four rivals Deloitte, KPMG and PwC have also endured slow growth in Germany while the firms' global revenues have soared. "Germany is in a very specific and unique situation...! do not expect material restructurings in any other location," said one of the people with knowledge of the decision-making. The cuts were not solely a result of the effect of the Wirecard scandal on the firm's business but had "more to do with

Wirecard than . . . anything else," the person added.
Given the sluggish performance, the business had "over-hired" in recent years, another of the people added. The German business had been "very quiet . . . with a lot of staff on the bench', said athird person at EV, Most of the 'S90 staff roles targeted for removal are in the 11,000-person German firm's "core business services" division, said three people familiar with the matter. The unit includes functions such as business development, human resources, finance, legal and marketing. EY declined to comment on whether the partners losing their jobs would miss out on potential multimillion-euro windfalls if EY's break-up proceeds.

Automobiles

Tesla shares advance after Musk points to 'potential' 2mn sales this year

PATRICK MCGEE — SAN FRANCISCO

Tesla shares rose sharply after Elon Musk said the electric-vehicle maker could deliver as many as 2mn cars this year following price cuts, with the aid of reaching more customers at the short-term expense of profit margins.

The chief executive sought to allay investor worries that demand is waning

The chief executive sought to allay investor worstes that demand is wing as Teals faces rising competition from other big carmaders and tougher economic conditions. Its shares were 8.5 per cent higher yesterday afters on after rising. Its per cent are to the conditions of the condition of the conditions of the condition of the conditions of the conditi

Thus far in January, we have seen the strongest orders year-to-date than ever in our history

term, is toget an much adoption of Tesla as possible," said Ross Gerber, a long-time Tesla buil to Gerber Kavasaki, as wealth annagement group. Ter inves-tors, there is confidence that scaling will bring down the aerong cost per vehicle, so the margins will come back, hope-fully by the end of the year. The electric-vehicle company reported record nevenues of \$24.50n for

and you know the company reported record revenues of \$24.5 lm for the heember quarter, up 57 per cent from last year. Analysts had espected shipped to the company of the heember quarter, up 57 per cent from last year. Analysts had espected shipped to the company of the compan

In hot saying that we potential, makes and. Ben Bajarin, analyst at Creative Strategies, said: "Two million sales potential could also be much more likely with the price decrease, which will only continue to cement their market share lead." Teals had its first full-year net profit in 2020, earning \$721mm. Two years later it has earned \$12.6bm, more than the \$10.5bm expected profit at General Motors or the \$\$8bm expected at Ford, according to \$\$8P\$ Global Market Intelligence estimates. That has viewn Teals gence estimates. That has given Tesla room to cut prices by up to 20 per cent.

Technology. Operating systems

Apple steps up 'silent war' on arch-rival Google

towards replacing the features that Alphabet provides to iOS

PATRICK MCGEE — SAN FRANCISCO

PATRICK MCGEE - SAN FRANCISCO
Apple is moving to separate its mobile
operating system from features offered
by Google parent Alphabet, made
advertising that have created a color
advertising that have created a color
course between the Big Tech companies.
The two Silicon Valley giants were
been rivals in the smartphone market
since Google acquired and populate
the Android operating system in the
2000s.

2000s.
Apple cafeounder Steve Jobs called
Android "a stolen product" that minkledd Apple side Smoble software, then
declared "thermonuclear war" on
Google, outsing the search company's
then-chief executive Eric Schmidt from
the Apple board offeretors in 2009.
While the rivalry has been less noisy
since, two former Apple engineers said
the if thone maker has held a "grudge"
against Google ever since.

since, two former Apple engineers said against Google ever since.

One of these people said Apple is still engaged in a "silent war" against its engaged in a "silent war" against its arch rival. It is doing so by developing features that could allow it to further separate its products from services offered by Google. Apple did not respond to requests for comment. The separate its products from services offered by Google. Apple did not respond to requests for comment. The separate its products from services offered by Google. Apple did not respond to requests for comment. The services of the services



Alphabet pays
Apple up to
\$12bn a year for
Google to be the
default search
engine for 1.2bn
iPhone users.
Apple is
enhancing its
own maps,
search and
online ads on
the iOS system
F monapelhouse

decouple from Google more and more, largely under the guise of consumer pri-vacy," said Cory Munchbach, chief exec-utive of BlueConic, a customer data platform.

utive of BlueConic, a customer data platform.

The second front in the battle is search. While Apple rarely discusses products while in development, it has long worked on a feature known internally as "Apple Search", a tool that facilitates "billions of searches" per day, according to employees on the project. Apple's search team dates back to at least 2013, when it acquired Topsy Labs, a start-up that had indexed Twitter to enable searches and analytics.

The technology is used every time an iPhone user asks Apple's voice assistant in The technology is used every time an iPhone user asks Apple's voice assistant in the new and the searches and analytics.

The technology is used every time an iPhone user asks Apple's voice assistant in the new and the search estimates a summer of the the 2019 purchase of Laserlike, an artificial intelligence that the described its mission as delivering "high-quality information and diverse perspectives on any topic from the entire web.".

and diverse perspectives on any topic from the entire web".

Josh Koenig, the chief strategy officer at Pantheon, a website operations platform, said that Apple could quickly take a bite out of Google's 92 per cent share of search by not making Google the default

setting for 1.2bn iPhone users. "If Applecould build something that was essentially as good as "Google classic" – Google circa 2010 when it was a simple search engine less optimised for ads revenue – people might just prefer that," Koenig said.

That would be expensive, however. Alphabet pays Apple between SBM and \$12bn a year for Google to be the default search engine on 105, according to the US Department of Justice. Still, displacing Google on the iPhone, and assuring users their web queries will not leak to third-party data brokers, would align well with Apples privacy-centric software changes and marketing campaign — while potentially delivering a huge hit of Google's business. Since it launched a privacy policy in April 2021 that deprived companies such as Facebook and Snap from easily building user profess and tracking their actions from apple oaps, shares in those central af \$1 per cent, respectively.

"Google could still be a better search."

"Google could still be a better search gene, but if I want to search for me potentially getting cancer, who would worrather have that information?" said

engine, but if I want to search for me potentially getting cancer, who would you rather have that information?" said Anshu Sharma, chief executive of data privacy platform Skyflow. The third front in Apple's battle could prove the most devastating: its ambi-

tions in online advertising, where Alphabet makes more than 80 per cent of its revenues. Last summer, Apple posted a position on its job pages for someone to "drive the design of the most privacy-forward, sophisticated demand side platform possible". A DSP is a diotral modification 'If Apple could build something

that was essentially as good as 'Google

classic' . .

people might just prefer that' possible".

A DSP is a digital media-buying tool that lets advertisers purchase ad inventory on multiple exchanges.

The job ad was an indication Apple wants to build a novel ad network, one

The job ad was an indication Apple wants to build a novel and network, one that would reshape how ads are deliyered to JPhone users and keep thirdparty data brokers out of the loop. The role was filled in September by Keith Weisburg as group product manager of Adf Platforms. Weisburg, who also spent a decade at Google and YouTube, had been a senior product manager for Amazon's ISP.

Apple's move on three fronts has left Alphabet's position within 108 looking "more vulnerable than it ever has been before", said Andrew Lipsman, analyst at attailer in Intelligence.

"Apple is increasingly increase as it builds out its advertising arm. Search is the key to fige the one of first party data, and that's the new bartleground for the fature of digital advertising."

See Lox

Capital Group's Gitlin to become its next chief

BROOKE MASTERS - NEW YORK

Capital Group has tapped Mike Gitlin, its head of fixed income, to become its next chief executive, as the world's

Gitlin, who joined Capital in 2014 from T Rowe Price, takes over the role from Tim Armour, who is retiring after 40 years at the privately run company, hav-ing recently served as both chair and chief.

At the same time, vice-chair Rob velace, the last remaining member of Capital Group's founding family on the management committee, will step down.

own. Los Angeles-based Capital is best known for an unusual investing philoso-phy that has attracted \$2.2tn in assets under management. Its funds are run by multiple people, but instead of reaching agreement, each one is encouraged to

stake out a different position, even if that means some portfolio managers are buying the same stock their colleagues are selling.

It is a support of the state of the state of the state of the state of stars. Its board of the state of stars. Its board of the control of the state of the sta

the highest level", Jody Jonsson, another veteran portfo-lio manager, will become vice-chair. Capital's staff has grown rapidly in recent years to 9,000 as the group expanded in Europe and Asia and sought to attract customers with exchange traded funds and other new products.

products.

Fixed-income assets have doubled

since Gitlin's arrival to \$450bn, thank since Gitlin's arrival to \$450bn, thanks to \$108bn of net inflows over the past five years. That amounts to one-third of all flows into USs active bond funds and makes Capital one of the largest active bond fund managers.

While the firm has been closely associated with the family of founder Jonathan Bell Lovelace, it is now owned by its 400 partners.

Jonathan Bell Lovelace, it is now owned by its 400 partners.
The change of leadership has been in the works for some time. "Throughout our over 90-year history, continuity and consistency have been a hallmant of how we manage assets for cleans, and formal succession planning is critical to dilivering superior, long-term investment results," Armour said.
All three of the new appointees already belong to Capitals 10-member management committee. They will assume their new roles in October. Lovelace intends to stay on as a portfolio manager, while Armour will retire at the end of the year.

Diageo hit by drop in US demand for spirits

Shares in Diageo fell after the maker of Johnnie Walker reported slowing growth in its key North American market, suggesting that drinkers are beginning to shun expensive spirits after a boom during lockdowns.

boom during lockdowns.

The UK-based maker of Taqueray gin,
Guinness and Smirnoff vodika said yesterdaythat organic net sales growth was
94 per cent during the six months to
December 31, higher than the 7.9 per
cent analysts had expected.
Growth was mainly driven by price
rises but the company also sold 1.8 per
cent more drinks. Lavanya Chandrashekar, chief financial officer, said a
third of households had bought a bottle
of spirits costife financial officer, said a
third of households had bought a bottle
desire to celebrate, the desire to make
up time lost [to Covid-19] is exceedingly
consistent across the world, "she said.
Spirits sales have proved largely resil-

ient to inflation even as it hurt sales in other consumer goods categories. Households continued to treat them-selves to spirits while trading down to cheaper foods and household products. Optimism was dented, holwever, by a lower than expected sales rise in North America, an important market for the group. Sales were up 5 per cent but that was entirely down to price increases while sales volume election.



North American sales volumes fell for the maker of Johnnie Walker

US consumer continue," said Simon Hales, an analyst at Citi.
Sir Ivan Menezes, Diageo chief executive, warned that the "operating environment remains challenging" but added: "I remain confident in the resilience of our business and our ability to navigate volatility."

The shares fell 5.5 per cent to £34.72 vester/lav.

The shares fell 5.5 per cent to £34.72 yesterday. High-end drinks accounted for two-lived of sales growth Diagoes sale while its net sales overall were 56 per cent higher than before the pandemic. The tequila boom continued with Don Julio sales up 20per cent in North America and Casamigos up 27 per cent. Diagoo's reported operating profit was up 15.2 per cent to £3.2 hs. The group was able to offset cost rises with price increases, unlike smaller mixers maker Fever-Tree, which warmed on profits yesterday as it said that higherglass prices in Europe would cost it an extra £20m in 2033.

COMPANIES & MARKETS

Sullivan & Cromwell's lead role in FTX salvage task raises eyebrows

Critics say law firm is too blemished by ties with failed bourse to be capable of running probe fairly

NEW YOR.

Since Algernon Sydney Sullivan and William Nelson Cromwell opened their law firm in 1879, Sullivan & Cromwell Law firm in 1879, Sullivan & Cromwell Law from the most important companies, from General Electric to Goldman Sachs.

In 2021, the white-shoe firm began working with an upstart entrepreneur who was figuratively and literally far from its Wall Street base but who some believed could be the next financial littan.

FTK, headquartered in the Bahamas, was a very young company, but Sam

financial titan.
FTX, headquartered in the Bahamas, was a very young company, but Sam Bankman-Fried, its founder, was emerging as the respectable if eccentric face of the rising erypto industry.
Over the next 16 months, Sullivan would earn Skenim in fees performing assignments for FTX.
The firm may be in line for a windfall of tens of millions of dollars paid by the extate for helping steer the crypto empire, now without its founder. The moment Sullivan made from the rise of FTX, and stands to make from its light of the standard of the standard for the standard

The new FTX chief, John Kay III. has said he is eager to move ont to the task of returning funds to account holders with heasistance Salliwan.

Jarde Ellias, a Harvard professor and former bankruptcy lawyer, said: "Sullivans' approval will probably raise concerns for some investors who question whether they should have noticed something sooner. That is a question that lots of wealthy institutions and other authority figures will soon have to answer in some way, as this case progresses."

answer in some way, as this case progresses."
When crypto started breaking into the mainstream, Sullivan was divided along generational lines, according to a former employee. The firm, which has 900 attorneys and is headquartered in Manhattan's financial district, banned its lawyers from owning crypto. But blue-chip start-ups came calling, including the likes of Coinbase, DCG, Galaxy and Germini, as well as TY, which needed advice as it began to interactivith regulators and counterparties. The relationship between Sullivan and FTX started in July 2021, when the firm was brought on to advise on a small acquisition. One of Sullivan's partners, Ryne Miller, had just left the firm to become general counsel at the crypto exchange.

exchange
Sull'van would work on assignments including advising FTX on an attempt to Sull'van work of the Sull'van

its mascot, Jack. FTX was billed \$55,000 for the work.
The firm was chosen, according to one FTX former employee, because of its regulatory expertise.
It assisted FTX with inquiries from regulators who wondered whether US regulators who wondered whether US isers were improperly accessing the exchange's international platform. It nelped craft FTX's proposal to US regu-ators to automate risk management in financial markets. When FTX faced a bank run in the first week of November



Cromwell, based in Manhattan's financial district, could be in line for a windfall from helping steer FTX, now without founder

Across more than a dozen assignments, the firm never appeared to learn that FTX was, as Ray would later describe it, a "crime scene" and "dumptoestine at time sciene and uning ster fire'. Sullivan never worked with FTX on raising new capital, which could have allowed it to see private information, some of it financial, that might have been shared with investors, according to a person familiar with the relationship. As a result, this person said, the firm would have had no basis to question the market value or financial condition of fits-crypto-client.

Sullivan declined to comment.

Sullivan declined to comment.

Sallivan declined to comment.
Sallivan is in some ways the ideal law
firm to hunt down and investigate billions in cryptocurrency coins and
tokens. Its top practices are in banking,
financial services and financial regulation, and many of its senior partners are
former regulators.
Ray acknowledged in a court filing
that, given the deep crisis at FTX in
arriy November, there was no time to
interview any other law firms to serve as
bankruptcy councel, preferring to digit
immediately with the Sullivan lawyers
who were already on the secene.

Miller went to Sullivan to gin up ideas on how FTX could respond.

dietzly with the Sullivan lawyers compared to the Sullivan lawyers were already on the scene. Typically, bank their own arbeiters, as long as they do not have major conflicts of interest. In its 58-page application to the court, made in December, Sullivan mentioned that its partners could charge more than \$2,000 per hour and had some pre-existing connections to FTX but nothing that would pose a conflict. The entanglements of restructuring advisers have become a hot button issue, as a small number of elite firms tend to domi-

nate big cases. McKinsey, for example, settled in 2019 with the US Department of Justice for \$15mn over charges that it had failed fully to disclose potential conflicts when asking for its fees to be reimbursed in one case.

based non-season of the sets to be reimbursed in one case.

Objections to Sullivan's work on the FYX bankruptcy came from several quarters, including the US Trustee Program, aunit of the Doj, and four US sensators. Their compalants ranged from the fact that the firm had failed clearly to disclose its ties to Siller, an FTX general counced, who had been a partner at Sullivance of the Counced, who had been a partner at Sullivance of the Counced, who had been a partner at Sullivance of the Counced, who had been a partner at Sullivance of the Counced of the C

extrange, to the plossinary that the table minimal plant with the first minimal that the translation of the criticism was couched in the terea lenguage of bankruptcy law, but not an intervention from an FTX account holder, who wrote in a court fliing: "Sullivan & Cromwell's own involvement in the FTX Group's spending binge must be investigated and may result in liability." The highest-profile opponent of the arrangement was Bankman-Fried, who took to Twitter and Substack to rail against the new TYX regime while denying suggestions that Sullivan did not have close ties to the crypto empire before its collapse. Bankman-Fried, who took to Twitter and Substack to rail against the new TYX regime while denying suggestions that Sullivan did not consider the substact to the crypto empire before its collapse. Bankman-Fried, who took to Twitter and Substack to result of the consideration of the consideration

as a partier age.

After the objection from the US trustee, Sullivan filed a more detailed disclosure of its relationship with FTX, in
which it insisted that the 20 assignments it had undertaken were "special,

Across more than a dozen

discrete and particular" and the crypto group had never been internally classi-fied as "regular" client. As for the other allegations, the law firm denied them. Far from being embedded in the crypto exchange, Andrew Dietderich, the firm's top bank-turely lawers attested in court pages. the practice appeared to learn that

was in reality a 'dumpster fire' and 'crime scene'

that he had only spoken to Bankman-Pried twice.

How could the firm have coerced
Bankman-Fried into raising the white
flag given that the crypto poster child
was surrounded by multiple persional
lawyers, including his father, when
he ceded control? Sullivan sexured support from the once-sceptical trustee in
addition to Ray, the new thief executive,
and the official creditor committee,
helping it hold on to the bankrucy
mandate despite the eleventh-hour
criticism from Bankman-Fried and
the others.

It will take longer to assess any lastine

criticism from Bankman-Fried and the others. It will take longer to assess any lasting atraish to Sullivan's reputation, let alone settle the debate over whether law firms should use their expertise to identify companies that are built on a lie. Last week, Christy Goldsmith Romero, a CFTC commissioner, said in a speech that "askeepers" including lawyers "should have seriously questioned the operational environment at FTX in the lead-up to its meldown". Such a role might be incompatible with the desire to forge ties with hot new companies.

with the desire to forge ties with hot new companies.
Ankush khardori, a former federal prosecutor and private sector attorney, said large law litrus were eager to make bets on up-and-couning companies that they throught could develop into big climater of the companies of the country of the

Financials

Blackstone faces \$5bn of withdrawal requests at property fund

ANTOINE GARA — NEW YORK

Blackstone is facing more than \$5bn in redemption requests from a second property fund, adding to pressure on the largest alternative asset manager as investors try to pull their cash.

the largest alternative asset manager as investors try to pull their cash. Blackstone Property Partners, a vehicle for big institutions such as pension funds and endowments, was facing redemption requests equal to 7 per cent of its 575bn net asset value, the group said on an earnings call yesterdy. BPF gives access to dozens of vehicles Blackstone uses to invest in property. The withdrawal requests have not been fulfilled, as the parts of BPF from which the property are to the property and the property are to the property and the property and the property are that and as ned to raise short-term cash. In December, Blackstone limited investor redemptions from Breti after withdrawals breached 2 per cent of assets in a single month, or 5 per cent in casuet in a single month, or 5 per cent of assets in a single month, or 5 per cent in casuet in a single month, or 5 per cent in casuet in a single month, or 5 per cent of assets in a single month, or 5 per cent in casuet — given the group of the right to asset in a single month, or 5 per cent of assets in a single month, or 5 per cent in case to the property market and a need to raise short-term cash.

In December, Blackstone limited investor redemptions from Breti after the withdrawals present on 5 per cent in a single month, or 5 per cent in a son the property market and a need to raise short-term cash.

In December, Blackstone limited investor redemptions from Breti after the withdrawals because the property market and a need to raise short-term cash.

In December, and the property market and a need to raise short-term cash.

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In December, the property market and a need to raise short-term cash.

In December, the property market and a need to raise short-term cash.

gatethe§69bn fund. Jonathan Gray, president of Black-stone, warned that the still-gated Breit was facing an "uplift" in withdrawal 'equests this month as some investors

The vehicle was seeing redemption requests equal to 7 per cent of its \$73bn net asset value

\$\frac{3}{5}\text{Total net assect value}\$

\[
\text{Intension metal of cases the sacklog from November and December. I will say the tone of the conversation will so with our advisers is much improved.\(\text{Total of the metal of the met

Breit shares it owns to the UC unuteither the return threshold is met or the
\$15b is exhausted.

On Wednesday the UC invested a further \$500mm into Breit, and Blackstonecontributed a further \$1525mm of its
holdings in support of the return guarantees. Had UC invested in BPP, rather
than Breit, inflows could have allowed
some investors in BPP to redeem their
holdings. "We haven't really heard
much from our clients in the institutional world around BPP vis-à-vis Breit
and the [UC]." said Gray when asked if
investors had complained.

Blackstone sees the redemption
requests at BPP as manageable but
they suggest liquidity risks will keep hitting fees and asset growth this year.

While Blackstone's perpetual real
estate funds fell about 1.5 per cent in
value during the quarter, they gained by
more than 10 per cent in 2022, fuelled
by rising income from the properties.
Investors continue to pour money
into Blackstone, which raised more than
\$45bn for the quarter, propelling assets
under management to a record 9875bn.

In fourth-quarter results, Blackstone
posted a sharp droi pin profils as is feebased earnings were list by falling performance at Breit and worsening economic conditions. Fee-related earning
fell a similar amount to \$1.5bn.
See Lex

Lexus boss to head Toyota as founder's grandson steps down

ERI SUGIURA, LEO LEWIS AND KANA INAGAKI — TOKYO

Akio Toyoda is stepping down as presi-dent of Toyota at a time when the larg-est carmaker battles to maintain its lead in a world shifting to electric vehi-cles, autonomous driving, and other disruptive technologies.

Toyoda, 66, who is the grandson of the company's founder and has led the company's flow of the company since 2009, will become chair. He will be replaced by Koji Sato, chief branding officer and head of the highend Lexus unit.

The handover comes as Toyota confronts what analysts view as a formida-

ble range of strategic and technical chal-lenges, with its 14-year stay at the pin-nacle of the car market under relentless

attack.
Sato, a 30-year veteran of Toyota, will take over as the company overhauls its strategy on electric vehicles, a segment in which it has a far smaller range of

in which it has a far smaller range of models than rivals.

Toyoda said: "Because of my strong passion for cars, I am an old-fashioned person in regards to digitalisation, electric vehicles, and connected cars. I canot go beyond being a car guy, and that is my limitation.

"The new team can do what I can't do . . . I now need to take a step back in

order to let young people enter the new chapter of what the future of mobility should be like." Sato said there was "still more work to

be done in software and hardware while polishing the value" of the cars Toyota built.

Toyota for years delayed a large-scale

Toyota for years delayed a large-scale rollout of electric cars to compete with offerings from Tesla, incumbents such as Nissan and Volkswagen, and emerging EV manufacturers in China. It pleedged in 2021 that it would invest S55bn in the shift to electric vehicles by 2050 but is under increasing pressure from investors to hone its strategy after the botched launch of the bZ4X, its first

mass-produced model, which was recalled weeks after its launch last May. Production was resumed in October.
The carmaker has argued that a swift enforced shift to electric vehicles will increase emissions because of the required expansion in production. It sees hybrids, which combine a battery of the production of th

sees hybrids, which combine a battery and petrol engine, as a cleaner interim solution.

The leadership change will take effect on April 1 and comes amid speculation that Toyoda is likely to be appointed the next chair of the Keidarnen business federation.

Toyoda is expected to retain significant influence in his new role as chair.

Contracts & Tenders

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COMPANIES & MARKETS

Currencies. Monetary policy

Dollar hits reverse gear after Fed cedes driver's seat on rate rises



Focus has shifted to the ECB and BoJ after last year's big jump in US borrowing costs

KATE DUGUID — NEW YORK

KATE DUGUID – NEW YORK

The US dollar has wilted against its peers in the opening month of this year as the Federal Reserve fades as the key driver in currency markets and investors focus on the policies of other major central banglor.

The Fed's campaign of big rate rises captivated investors in the first nime months of 2022, igniting a rush into the dollar. But as the US central bank has slowed list increases in borrowing costs, the currency has fild gain in the year.

The dollar has fallen 1.4 per cent in January against half a dozen major currencies, leaving it on track to record its fourth-straight monthly decline. It is now trading at levels last seen in May 2022.

ns outro-stragint monity accine. Its source-stragint monity and the version of the driver's seat — and you see that playing out across the foreign exchange space, said Mazen Issa, senior foreign exchange strategist at TDs excurities.

Once the Fed had signalled would not like you would not its pace of 0.75 per cent and you would not its pace of 0.75 per cent point increases in December, "the Fed effectively decided to cede policy leadership to its global peers".

Central banks elsewhere have picked up the mantle, most nother bank of Japan. The ECB is expected to stick with extra-large rate rises while the Fed downshifts.



For the BoJ, raising interest rates may still be some way off but December's relaxation of its policy of pinning long-term bond yields near zero has fanned speculation that the era of fultra-lose monetary policy in Japan is drawing to a close.

ultra-loose monetary policy in Japan is drawing to a close.

That more hawkish outlook has helped bolster both the yen and the euro, which have returned to their strongest levels since the spring of 2022.

Monetary policy decisions next week from the Fed, FCB and Bank of England could provide further clues on whether he Fed will surrender its leadership position this year.

Alan Ruskin, chief international strategist at Deutsche Bank, noted that 2022 was the year where everything aligned for the dollar', adding: "The Fed was leading the charge with interest rates, and the war in Ukraine and zero-Covid policies in China amounted to favourable terms-of-trade shocks. All

these things have unwound at the same

these things have unwound at the same time."

High costs for raw materials like natural gas and oil made 2022 hard for economies that depend heavily on commodity imports like Europe, the UK and Japan.

Their gries – known as the "terms of true are reprised to expiral leaving those markets, we like the capital leaving those markets, we leave the difference hange rate when the true we were a similar leaving those markets, we leave the difference hange rate was a far as had been expected, keeping demand for natural gas in check, eping demand for natural gas in chus in favour of Europe, UK, Japan. — commodity-importing countries," said Islahala Jalinos, global head of foreign exchange strategy at Credit Suisse. "They now have much better prospects than they did before."

shifted expectations for growth outside

Similar expectations for grown outside the US.

Deutsche Bank on Tuesday revised its forecast for European growth upwards from expectations for a 0.5 per cent contraction to a 0.5 per cent expansion

Mark wall. Inflation is failing and uncertainty is declining. Assuch, we can remove the recession from our 2025 forecast, adjust headline inflation lower and pare back the deficit. Conditions are a government has abandoned its zero-Covid policy, a move expected to holster its economy after last year saw one of its weakest performances on record.

The effects of the reopening on the currency market are likely to be mixed, however, as stronger growth may also push demand for commodities higher, driving Jobal Inflationup.

The greenback's central place in global finance meant that when it rose last year, it placed pressure on economies around the world, particularly developing markets which often pay for imports in dollars and borrow in the currency.

Its reversal this year has helped to stoke a turnround with an MSCI basket of developing market currencies up 2.4 per cent in 2023.

"The dollar doom loop that markets were so worried about last year has turned into the dollar boom loop," said Karl Schamotta, thef market strategist at Corpay.



Vanguard's net inflows slump by half to \$151bn

CHRIS FLOOD

New cash flows for Vanguard fell by half least per in a slowdown that leaves the last per in a slowdown that leaves the last per in a slowdown that leaves the realing farther behind its larger rival and closest competitor BlackRock.

Net investor inflows dropped to SliSbin in 2022, down 49.5 per cent on the \$529.4 bin in new cash gathered over the previous year, according to data provided byte company.

More than half of Vanguard's total assets are invested in tracker funds that closely follow broad financial basets are invested in tracker funds that closely follow broad financial benchmarks, such as the S&F 500 or FTSE 100, so it was hit hard by the simultaneous falls that battered equity and bond markets globally in investors' said Vanguard. Through it all, Vanguard investors once again browed their solve by styping the growed their solve by styping the growed their solve by styping the growed their solve by styping the through the market's sharp sell-off and then benefiting from the subsequent rally."

Total assets managed by Vanguard declined by \$1.2 m last year to \$7.2 m at the end of December following the sell-off that swept across financial markets during 2022 when cannot analysis and the sell-off that swept across financial market suring 2021 when cannot in the sell-off that swept across financial market suring 2021 when cannot in the sell-off that swept across financial market suring 2021 when cannot in the sell-off that swept across financial market suring 2021 when cannot market suring inflation by incressing interest rates.

However, rises in rates also helped to

Vanguard is more exposed to this changing sentiment than BlackRock but is a formidable competitor

formidable competitor'
funds where Vanguard pulled in
\$3.23.bm in 2022 compared with net
outflows from money funds of \$32.8bn
over the percious year.
Pennsylvania-based Vanguard has
gained a reputation as one of the
investment industry's toughest price
competitors by continuously reducing
its fund fees since it was founded in
1975, a strategy that has helped it to
recruitmore than 50mm chients.
Chief executive Tim Buddey said last
year that Vanguard would cut \$15 hn from
its fund fees by 2025, extending the
cut-throat price war that has helped it to
retained the asset in the superior of the superior

absorb ising staffing, technology and regulatory costs.

Amin Rajan, chief executive of asset management consultancy Create Research, said there were "faint signs" that investors' love affair for passive tracker funds might have begun to weaken with more fluid market conditions expected to provide better opportunities for active managers. "Vanguard is more exposed to this changing sentiment than BlackBock, But Vanguard remains a formidable competitor," said Rajan.

Shell considers exit from household gas and electricity supply sector in Europe

TOM WILSON — LONDON NATHALIE THOMAS — EDINBURGH

Shell has launched a strategic review of its household energy retail businesses in the UK, the Netherlands and Ger-many, raising the prospect of the com-pany leaving the sector in the wake of what it described as "tough market

conditions."

Domestic energy suppliers in Europe have struggled in the past year to deal with soaring wholesale energy prices and efforts from governments to protect customers from rising costs. In Britain more than 50 suppliers have gone bust since the start of 2021.

Shell last year had to inject £1.2bn in cash and loans into its lossmaking Britain subsidiary Shell Energy Retail to enable the unit to meet its liabilities until the end OD Ecomber 2023.

The group, Europe's Biggest integrated energy company, said than to destine the summan of the summan o

complete.

"We remain committed to our integrated business model that produces, in the Netherlands, UK and Germany

buys, trades, transports and sells energy around the world," it said.

A decision to withdraw from home energy supply in Europe would be a blow for the UK where Shell, given its upstream portfolio of gas and generating assets, is viewed as a reliable supplier in sartuggling sector.

"That is how bad it has become that even an oil major can't put up with the losses," said one senior director at a rival company in response to Shell's announcement yesterday.



shell was among a few larger energy suppliers that rescued customers from failed companies in the past 18 months.

shell Energy Retall is the eighthouse the seventh-biggest supplier of gas, serving 1.4mm louseholds.

shell's other European household energy businesses are smaller, serving 110,00 customers in Germany and 150,000 in the Netherlands.

UK energy executives have long forced that continued turmoil in the retail energy market would lead to further upplier collapses on to better out.

Although shell said the review was in the content of the conten

'The dollar

 $\operatorname{doom}\operatorname{loop}$ that markets were so worried about has turned into the dollar boom loop'

UK shares no longer 'must own' assets in global finance, investor group warns

DANIEL THOMAS

UK equities are no longer seen as a "must own" asset class, according to a group representing some of the world's largest investors that has called for a reset in relations with British compa-nies to help drive growth in the market.

nies to help drive growth in the market-in its annual review published year, the Investor Forum said that "unless companies, investors, regula-tors and polkymakers accept the reality of this situation, UK equities as an asset class will continue to diminish — to the detriment of all economic participants and society more broadly". The Investor Forum represents share-holders with more than £6800n in UK equities, or about a third of the FTSE all-share market. "The declining relevance of UK equity markets over the last 25 years has been

"The declining relevance of UK equity markets over the last 25 years has been breathtaking," said Andy Griffiths, the group's executive director. "It is crucial that the focus of any reform recognises the global nature of financing and seets to create an environment in which UK-listed companies can once again thrive; He said the UK needed practical steps from companies, investors and regularity of the companies of the property of the companies of the property of the propert

ors "if we are to create a vibrant mar-etplace which can attract international

ketplace which can attract international capital".

The Financial Times revealed last week that the group had written to FTSE 100 boards to try to calm a developing fight over the role of stewardship and corporate governance with the offer of new discussions to resolve issues and to work together on expanding businesses. In its annual report, the Investor

'The declining relevance of UK equity markets over the last 25 years has been breathtaking'

Forum again warned that relations between investors and companies "require a reset", saying that as the "stewardship agenda expands, the focus of investors on bespoke engagement with UK companies has reduced." The report said the status and value of UK listed companies needed "restora-tion" after traditional domestic owners, such as UK pension funds and insurance companies, diversified their holdings

away from the UK in the past 50 years. UK companies must now compete capital in global markets and eagonst other asset classes, it said. The group said the crisis in liability-driven investment, or LDI, provided 'a powerfive nivestment, or LDI, provided 'and the demandation of person to the standard land from 52 per cent to list over 4 per cent between 1990 and 2020, it said, while international ownership had risen from 12 per cent to 56 per cent.

In the II months to the end of November, UK savers withdrew a further £10.8 bit from funds investing in UK equities, making 2022 the biggest year of outflows in a decade, according to data from the Investment Association. "UK companies must ensure that they can compete for money on a global scale, and reforms should encourage and incentivise long-term ownership," the Investor Forum said.

The UK government is working with regulators and exchange officials on new plans to improve the rules governing British markets.

2023/1/27 23:15 Financial Times Asia

Friday 27 January 2023 FINANCIAL TIMES

COMPANIES & MARKETS

The day in the markets

What you need to know

US economic resilience

• World's biggest economy performed
better than expected as 2022 ended

• European equities edge higher while
Treasuries slide and dollar rises

yesterday after the US economy proved to be more resilient than expected in the final quarter of 2022.

The benchmark SEP 500 rose 0.3 per cent in afternoon New York trading, having earlier climbed 0.8 per cent, while the tech-heavy Nasdaq Composite gained 0.6 per cent, while the tech-heavy Nasdaq Composite gained 0.6 per cent will be selected to the composite gained 0.6 per cent will be selected to the composite gained 0.6 per cent will be selected to the composite gained 0.6 per cent and ferroon ode langing in New York. Oil majors Chevron and Exxont/boli rose 4 per cent and afternoon dealings in New York. Oil majors Chevron and 5 xxont/boli rose 4 per cent and 3 per cent, respectively. The duo are set to report their quarterly earnings figures in coming days, which are expected to show a boost from last year's rise in energy costs. Investors were also keeping a keen eye on corporate reports with shares in curriquarter results late on Wednesday. The group reported record revenues of \$34.3bn for the period, up 37 per cent from last year and head of the \$32.2bn expected by analysts. Neil income of \$32.2bn was slightly whead of forecasts for \$32.5bn ass slightly whead of forecasts for \$32.5bn

\$5.00n.

The gains came after the US commerce department said the biggest economy grew at an annualised 2.9 per cent pace in the final three months of last year



compared with 3.2 per cent in the previous quarter. Economists had forecast a bigger fall to 2.6 per cent. A separate report from the labour department showed that claims for first ime jobies benefits fell to 18.6,000 last week from 19.2,000 the previous week. The robust data reinforce hopes that the US economy will cool enough to statisfy the Federal Reserve's goal of slowing inflation but not so much that if this jain of a recession that badly damages corporate profits. Across the Atlantic, the region-wide Stoxx Europe 600 finished the day 0.4

per cent higher and London's FTSE 100

22

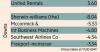
per cent higher and London's FTSE 100 added 0.2 per cent. In Asia, Hong Kong's Hang Seng index gained 2.6 per cent and Tokyo's Nikkei 225 Average slipped 0.1 per cent. US government bonds sold off with the yield on the benchmark 10-year Treasury rising 4-basis points to 3.5 per cent. Elsewhere, prices for Brent crude, the international oil benchmark, have climbed steadily higher this year and added 1.3 per cent yetesfreat a basket of six peres, rose 0.4 per cent yeterfast a basket of six peers, rose 0.4 per cent. George Steer

Markets update

	811.	0	•		*2	◆
	US	Eurozone	Japan	UK	China	Brazil
Stocks	S&P 500	Eurofirst 300	Nikkei 225	FTSE100	Shanghai Comp	Bovespa
Level	4029.44	1790.89	27362.75	7761.11	3264.81	113813.40
% change on day	0.33	0.28	-0.12	0.21	0.76	-0.40
Currency	\$ index (DXY)	\$ per €	Yen per \$	\$ per £	Rmb per \$	Real per \$
Level	101.756	1.085	130.455	1.236	6.775	5.084
% change on day	0.113	-0.459	0.652	0.000	0.000	0.184
Govt. bonds	10-year Treasury	10-year Bund	10-year JGB	10-year Gilt	10-year bond	10-year bond
Yield	3.501	2.211	0.460	3.312	2.943	12.718
Basis point change on day	3.200	6.000	2.120	7.400	0.000	14.700
World index, Commods	FTSE All-World	Oil - Brent	Oil - WTI	Gold	Silver	Metals (LMEX)
Level	426.06	87.52	81.50	1930.80	23.43	4385.00
% change on day	0.31	1.63	1.68	0.52	-1.18	0.45



%	US	
	Seagate Technology Holdings	9.24
Sd	Tesla	7.73
	Steel Dynamics	7.11
	Nucor	6.13
	United Rentals	5.60









Wall Street

Hard drive manufacturer Seagate was propelled to the top of the S&P 500 after reporting earnings of 16 cents per share for its fiscal second quarter — comfortably beating the 10 cents Wall Street had expected.

Commonady opeaming the superior. Street had soppered.
Credit Suisse, which lifted its target prote for Seagule, said improvements in prote for Seagule, said improvements in provided a talliwing for a group that stood to benefit from the reopening of Clinia. At the tail-end of the blue-chip benchmark was Shewin-Williams after the paint maker forecast full-year earnings of \$7575 to \$8.65 per share in 2023, down from \$8.73 in 2022 and well below the \$51021 that analysts had estimated.
John G Moniki, chief executive, said the

below the \$10.12 that analysts had estimated. John K Morkik, the leaves the said the group was not "immune from what we expect to be a very challenging demand environment in 2023; adding that slowing home sales and high inflation remained headwinds for the sector. BuzzFeed soared following a report that hela was paring the online most hard hela was paring the online most to the social media platform's Facebook and instagram sits of them. In which and instagram sits of them, involved BuzzFeed helping to generate content for Walled at around 50mm, involved BuzzFeed helping to generate content for Meta and train creators to boost their presence online. Ray Douglas

French caterer Ellor fell sharply as its contract retention rate lagsed behind expectations during its fiscal first quarter. As of December 31, its retention rate was 92, per cent excluding voluntary contract exits, which was "better than post-2018 levers"; said Citi. "Dat a step back from 93.4 per cent" posted in the third quarter of last wear. Bernard Gault, chief executive, said "inflationary pressures, notably on food costs", remained strong as Elior set about renegotiating contracts and "implementing measures to streamline our organisation".

renegorating contracts and implementing measures to streamline our organisation." Spanish bank shadedly imped on plant to launch a COM-mouthack of Spanish bank 200 minuthack of the Committee of the Committee of the Spanish bank 200 minuthack of the Committee of the Committee of many shaded and the Committee of plant shaded and the Committee of many shaded and the Committee of many shaded and plant shaded and many shaded and plant shaded and many shaded many shaded

3I was boosted by a strong performance by Action, its Dutch discount retailer, and leapt to an all-time high, topping the FTSE 100 index.

The investment company's net asset TFSE 100 index.

The investment company's net asset value rose to £16.49 a share, up from £14.77 last September with Action generating net alless and core profits 30 per cent and 46 per cent ahead of 20.751 levels, respectively.

37s stake in Action was now valued at £10.3mn as of Despectively.

48 the bottom of the FTSE 100 was spirits make Diagnost one the spirit of the

year, wen below the 6.7 per cern analysis had forecast.
Food ingredients supplier Tate & Lyle rose sharply off the back of an "encouraging" update, said broker

"encouraging" update, said broker Goodbody.

Tate & Lyle's outlook for its fiscal year remained unchanged as it reported a 19 per cent rise in quarterly revenue for its food and beverage solutions business. Chief executive Nick Hampton said the group had also "successfully renewed 2023 calendar year customer contracts to recover higher input costs". Ray Douglas

Seismic shift brings instability and opportunity

Johanna Kyrklund

Markets Insight

he market misery of 2022 was almost universal, inflicted by a seismic regime shift towards both higher inflation and higher

interest rates.

Investors faced by tumbling equities couldn't find the sanctuary in bonds they have grown accustomed to. As the S&P 500 index fell 19 per cent over the year in dollar terms, 10-year Treasuries dropped in virtual lockstep, losing 19 per cent.

over motionit terms, to-year reasures of composed in virtual lockstep, losing 19 because the mode things very difficult for the popular 60(40 portfolio of bonds and equities which usually aims to deliver "inflation-plus" levels or terms. A portfolio of 60 per cent US equities and 40 per cent long-term US government bonds would have underperformed inflation 192 per cent in 2022. The "Formo" market of earlier this decade, where investors crowded into a small number of evermore expensive growth stocks due to the fear of missing out, was soundly quasshed. The handful of tech behemoths that had previously added so much to index returns were the very ones that dragged the US market downlast year. A portfolio of the seven largest US companies in the MSC USS index from 2022. A portfolio of the seven would have lost only 14 per cent.

2022. A portfolio of the rest would have lost only 14 per crest. It wasn't just investors in traditional assest that felt he pain; cryptocurrencies collapsed. Bitcoin fell 65 per cent wore the year while "stable" coins hun and terra proved anything but as they plummeted amid scandals and failures, most notably at crypto exchange FTX. So where does this leave investors? After a decade of zero rates and quantitative easing, they need to adapt to an

environment where structurally higher inflation will require central banks to run amore active monetary policy; to run amore active monetary policy; to run amore active monetary policy; to find the rest for receive he falling and, with the risk of receive he falling and, with the risk of receive more. But given medium-term pressures on inflation, the case for owning bonds now rests more on their yield. This is a change from the past decade when bonds offered little or no yield and diversification was their main appeal, ather than the income they provided. We expect an increased divergence in interest rate eyeles across countries and regions. Nations less reliant on external

Some of the themes that have emerged in recent years will strengthen and new ones will emerge

funding and that have showed policy discipline may be rewarded while others may be punished.

There are now more opportunities to invest in different bond markets based on one's expectations of where rates in those countries are heading.

Similarly, companies that have survived as a result of low bows strugging against a backdrop of higher rates. It will be essential to assess which companies are able to pass on higher costs to their consumers: those that can't will see margins come under pressure.

Price-to-earnings ratios are likely to be lower and investors will be more focused than ever on the earnings part of that coupling. Elsewhere, with a tense geopolitical environment, commodities

are a helpful source of diversification, having fallen by the wayside in the loose money period of quantitative easing.

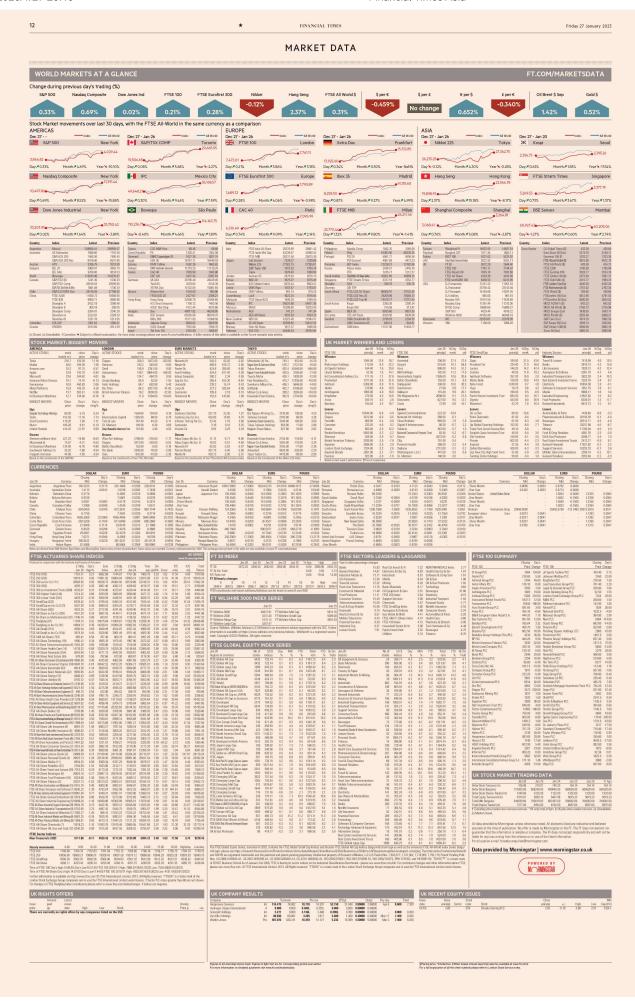
After a prolonged strong period, underlying US profit margins are at the sector, cost profit margins are at each sector, cost pressures in the US are making themselves apparent at a time when revenue growth is starting to slow. Negative operating leverage — where fixed costs comprise a greater portion of a company's total cost structure while sales simultaneously fall — is beginning to kick in. Yet Wall Street still expects 6-7 per cent earnings growth for the S&P 500 in 2023, which seems optimistic.

The rest of the world definitely looks more interesting, especially Asia. China's economy was far more resilient during especially Asia. China's economy was far more resilient during leepeday indicators suggest with high frequency indicators suggest with high requency indicators suggest with high respects, and the proposed of the part of the proposed of the proposed of the part of the proposed of the proposed of the part of the part of the proposed of the part of the part of the proposed of the part of the part of the part of the proposed of the part o

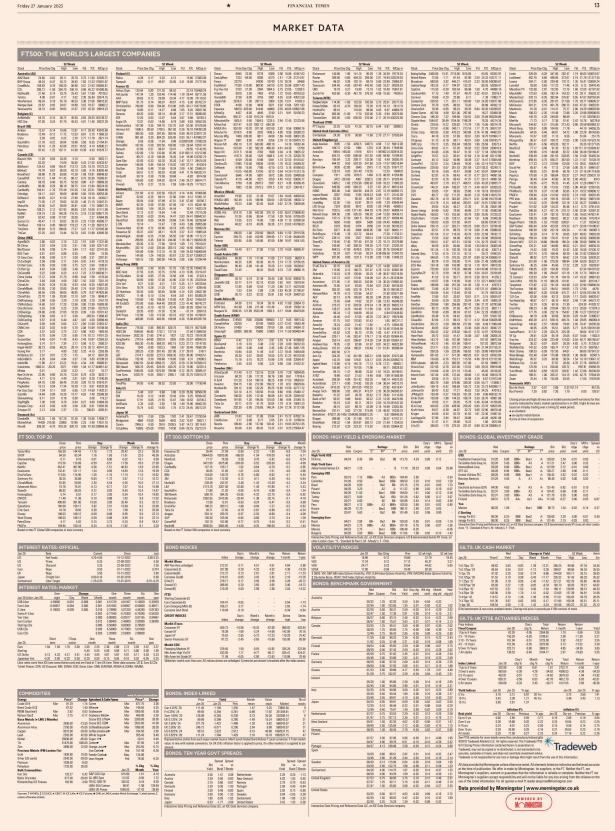
Johanna Kyrklund is co-head of investment and group chief investment officer at Schroders



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ARTS

Close encounters with the young Spielberg

This week's film releases reviewed by Danny Leigh and Leslie Felperin

and Lestie Felperin

hat if Steven Spielberg made the best films of his life and nobody came? The overstateonly small. Here men in the question noonly small service the service of th

proxy Summy Fabelman (mostly played by Qabriel Labelle) duly falls for cinema. But the spell often seems a curse. At five, the first movie be sees is Coell B
DeMille's lurid 'The Greatest Show on'
Earth; Elewers part of him forever with
Earth; Elewers some most open or widylic camping trip and a tiny detail
cracks his world in two. For a lowelette to cinema, 'The Fabelmans feels a lot like anexor: Sim.

rexorcism. Yet the sun is often out. The story runs Yet the sun is often out. The story runs the length of the Eisenhower 1950s into the early 1960s. And here, at first, the gently oddball Fabelmans fit so well with each other, it feels as if nothing very bad could ever befall them. Michelle Williams is Sammy's ardent

FT LIVE

AN EVENING WITH

MARTIN WOLF

Is the marriage between capitalism and democracy still working?

Tuesday 31 January, 18:30-19:30 GMT Exclusive live-streamed event

The synthesis of democracy and capitalism that has underpinned prosperity and freedom in the western world is no longer delivering the security and widely shared wealth expected by our societies. In his new book, "The Crisis of Democratic Capitalism", the FT's Chief Economics Commentator Martin Wolf argues that our response to this troubling era should be radical reform of the existing system not revolution.

To coincide with the book's publication, join us digitally for a special live-streamed subscriber-only event as Martin, FT editor Roula Khalaf and other thought leaders debate the major changes required and how they might be put into effect, at a time of great global uncertainty.

Find out more and reserve

The synthesis of democracy and





Above: Gabriel LaBelle, centre, stars in 'The Fabelmans'. Left: Nan Goldin takes part in a 'die-in' protest in 'All the Beauty and the Bloodshed'

concert pianist mother, Mitzi; Paul
Dano his computer pioneer father, Burt.
A Spielbergian landscape unfolds:
the suburban lawns of Phoenix, Arizona,
where homemade movies evolve into the family collapses. The afterhondwest collaboration of the family collapses and the family collapses. The afterhondwest collaboration of the family collapses. The afterhondwest collaboration of the family collapses and the family collapses. The afterhondwest collaboration of the family collapses are the family collapses. The afterhondwest collaboration of the family collapses are the family collapses. The afterhondwest collaboration of the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses are the family collapses. The afterhondwest collapses are the family collapses are the family collapses are the family collapses are the family collapses. The family collapses are th

classic set in a broken home. Will The Fabelmans mean more to those with an interest in the work of the guy who made it? Inevitably. But as much as the film is about the boy director, it's about his parents. And parents in general: those eternal mysteries we all have incommon.

his parents. And parents in generatithose eternal mysteries we sall have
incommon.
Williams is terrific. It also makes
sense that Spielberg started the project
after the death of his mother, Leah
Adder. This is the true love letter, one as
Milzi and Burt can also seem at emptingly neat equation: lyrical spirit plus
master engineer. Put 'em together and
you get the essence of cinema. But we
are, in turn, more than the sum of our
folks. The particular nature of Sammy is
noted by family black sheep thole Boris
(a glorious Judd Hirsch). He alone sees
how the kid regards his camera. Sammy,
Boris knows, loves his family. "But this, I
hink, you love a little more." What a
line. The selfishness of gants laid bare.
Approaching young adulthood, there
are high-school shenanigans, kooky
first girlifriends. Anti-Semtism too. The
tone gets complicated. Adolescence
tools is. Filippan added, and the
two things can be going on at once. Loving marriages fall apart; callings are
driven by talent and fear. And films that
seem simple are actually hugely sophisticated. To finish, you even get a silly
marvellous, note-perfect joke. May all
our life stories end so well. DL
Mr & Mul Scamms now

Don't make an enemy of an artist—they bring down empires. Such is the lesson of All the Beauty and the Bloodshed, orning arown empires. Sucin is to eise of All the Beauty and the Bloodshed, the unmissible new documentary from director Laura Poirras. At its simplest, it is a record of the spectacular 2018-19 protests against the members of the Sackler family whose company Purdue Pharman produced the addictive opioid OxyContin, staged in museums whose protests were led by photographer Nan Goldin, net work often featured in those same museums' permanent collections, her work often featured in those same museums' permanent collections, her wars often featured in those same museums' permanent collections, her wars often featured the state of the first own and the state of the first own the first

film acknowledges her fellow activists. But Goldin is the force of nature, the catalyst.

Media attention has already fallen on the news story recounted here. So you may already know what is about to go down in the timecoded footage from New York's Metropolitan Museum of Art, circa 2018, activists preparing to Jounch their first protest in a torrent of pill bottles. But no one on camera does. Even Goldin is clearly unsure as to what exactly will happen next. A good documentarian — which Poitras is — could mine fine reportage simply from the "die-ins" that soon roll through various great museums.

Great has been stored to the soon for through various great museums.

In the soon of the film still higher the body of the soon for through the soon for the soon for through the soon for the soon for the soon for through the soon for for the soon for for soon for for soon for so

All the Beauty and the Bloodshed

Plane Jean-François Richet ★★★☆☆

Shotgun Wedding

York, crisis manager Scardale (Tony) Goldwyn) chews out feasirs who made penjare inches feet in the first place. By the end, as storylines converge in a mighty river of noise, gunfire and narrow escapes, it all gets all title silly bringing to mid less the times of Airport than that of Airplane! Looks like Brodie picked the wrong week to quit suffling June. If

In UK and UK chemas now
When I hear the words "weddingthemed romcom starring Jennifer
Lopez", I reach for my pistol, and yet
Shofugu Wedding is a pleasant surprise. For starrers, it's consistently
like the dustient of cliches in overplanned and ludicrously expensive destination wedding goes horribly wong,
forcing bride Darry (Lopez) and groom
form (Josh Duhamel) to wonder about
their compatibility.
In this case, they've flow everyone
out to an island resort in the Philippines
(evidently the cinematic location of the
week), but the culture clash between in-

At first, the gently oddball Fabelmans fit so well with each other, it feels as if nothing very bad could ever befall them

laws and the arrival of Darcy's ex (Lenny Kravitz) — who, shockingly, never SSYPd—turn out bo et the least of their worries. Minutes before the ceremony, priates (not the lolly sort) invade and take all the guests hostage, forting Darcy priates (not the lolly sort) invade and take all the guests hostage, forting Darcy Perfect) is cake-knile sharp, while Mark Hammer's script never wastes a gag, especially one that involves pineageness. But what really helps is the casting of sleeper agents in the supporting roles, such as the divine Jenniler Cooling (The While Lotta) and protean Darcy Carden (The Good Place, Barry). Actually, everyone is pretty Immy here, even Krooling of the Cooling of Spontanelly, it still ill risone that the script contains so many lines where people remark on how 'hot' she, but perhaps that's one of the twos film-makers must make when they marry their projects with a star. Le On Amazon Prime Video now

Butler in 'Plane'. Below: Jennifer Lopez and Josh Duhamel in







Friday 27 January 2023 FINANCIAL TIMES

FT BIG READ. ASSET MANAGEMENT

The fourth member of the Johnson family to run Franklin Templeton is pushing into new classes. Can it compete with rivals on a range of products and still prosper in an industry dominated by behemoths? By Madison Darbyshire

Old-school firm looks to reinvent itself

enny Johnson was at the movies with her kids when her phone rang. She stepped into a theatre lobby smelling like popcorn to answer the call

\$4.5bn call.

"What's your final number," said
Nelson Peltz. The activist investor had a
10 per cent stake in Legg Mason, the
asset manager that Johnson's family
firm Franklin Templeton was trying to
acquire, and Peltz was pushing for a
higher price.

acquire, and relze was pussing io it.

But the Johnsons were prepared to walk away. "He needed to know that we were done." Johnsons asys. She told Peltz to take their final offer to the board and went back into the movie. Legg Mason accepted the deal terms.

The \$6.5bn acquisition, including Legg Mason's \$2bn of debt, was the biggest deal in Franklin's 57-year history. It was announced in February 2020, shortly before the Covid-19 pandemic shut drown warths of the plant demis shut drown warths of the plant demis abut drown warths of the plant demis and the plant demis abut drown warths of the plant demis and the plant demis and the plant demis and the plant demis and the plant demis abut drown and the plant demis and the plant de

tory, It was announced in February 2020, shortly before the Covid-19 pandemic shut down swaths of the global comounty and sent financial markets into a talispin, and Franklin was accused by some ofpaying too much. But Johnson, who had only just succeeded her cleler bother Greg to become Franklin's first female chief executive, is unrepentant. "We never looked back," she says of the most stem outflows and reposition the company for a world increasingly dominated by huge managers peddling index-tracking products. By the time of the Legg Mason dead, Franklin risked being overrun by selsmic changes in its industry. Amid the waves of money going into low-cost index products, the family-owned company specialised in offering more expensive funds run by managers who plackstocker and bond, in markets have now starced to shift, After more than a decread when bond having by the decread seeken bond shared to shift.

pick stocks and bonds.

However, conditions in markets have now started to shift. After more than a decade when bond-buying by the Federal Reserve and other central banks lifted all boats, rising rates are leading to more volatility, which could provide fruitful opportunities for active management. Some see it as a last chance for many stockpicking funds to prove their worth. Johnson's acquisition of Legg Mason and other businesses is a test of two propositions—that Franklin can different products and that a family—tun firm can still prosper in an industry dominated by behemoths such as BlackRock, Vangaard and State Street.

Needing to catch up

Needing to catch up

Necding to catch up
In 2020, Johnson had taken the reins of a
business regarded as outdated and
stodgs. When Franklin did an external
survey in 2020 to gauge investor
perceptions of its brand, one of the leading responses was "old fashioned".

The California-based firm "was a seperfect representation of the way the
[fund management] business used to
great survey in 2020 the grown of the server
such not adjusted their approach to
marketing or postitioning."

Foremost among those was the Templeton Global Bond fund, run by
Michael Hasenstab. In 2014, the bond
fund sjobal assets his filting thanks to
his darning bets on countries such as
thugary and freath and represented
tassets under management.
Greg Johnson, now executive chair,
says the concentration risk and size of
the funds were long-held concerns. The
bond fund had grown exponentially
from "nothing," he says. "We had one
fund topping sales every place in the
world, knowing that was going to
reverse at some point and was not
sustainable."

The fund's popularity had pushed
Franklin's gowth at a clig that masked

reverse at some point and was not sustainable."

The fund's popularity had pushed Franklin's growth at a clip that masked the upheaval in the broader industry, where peers were being hit by the rise of passive investment-specialists.

From 2014, the Global Bond fund's performance fizzled, and investors rushed to pull money out. Franklin's share price halved over the subsequent isst years, significantly underperforming other asset managers. The version of the fund available to US investors has seen its assets under management decline from \$72.5 \text{chin in 2014 to \$57.5 \text{m.}}.

The performance of its flagship was not Franklin's only problem. Its busi-

The performance of its flagship was not Franklin's only problem. Its busi-ness was also largely aimed at price-sensitive individual investors with small sums to invest, rather than institutions whose much larger mandates tend to be









important] that I have a management team that doesn't shy away ... and, will stand up. I like a

debate

less mobile — something the Legg
Mason purchase would change.

It was also dominated by actively
managed funds, where a manager oversees investments with a view to beating
a benchmark index, just as investor
money was flooding into passive products, which merely track the benchmark and havelower running costs.
That trend is reflected in the swelling
size of the leading passive providers. In
1992, Franklin was a similar size to
Vanguard Group, with nearly \$90bn in
assets. Three decades later, the passive
specialist has over \$7.21n in customer
assets, six times the size of franklin.
Hawken also picked up criticism of
the approach for furm's leadershajh.
Hawken also picked up criticism of
the approach of the firm's leadershajh.
The story was, you'd spend 10 minutes
of on-minute meeting, he says.
The investment manager slipped
from being one of the top players in the
US market to merely being inthe top 10,
and then the top 20.

The family firm

of the family firm

of the family, born into it or married,"
says Hawken. "He's the only outsider
who is a part of the inside circle."
says Hawken. "He's the only outsider
who is a part of the inside circle."
who is a part of the inside circle.
The bard realise of reaching of the Legd who is a part of the Legd who is practiced, and believe to compete.

"The story started to change," says
Abel. One known for its caution,
Sch. Once known for its caution,
S

The family firm

The family firm

Franklin is also unusual in that it is a public company with a \$14.7bn market value but a high degree of family control —it has never been run by a nostsider. The company began as Franklin, a Wall Street brokerage founded by Rupert plbanes or in 1947 and named in honour of founding father Benjamin Franklin. It made its name with conservatively managed mutual funds. The family still owns 42 per cent of the stock — a stake valued at \$6.5bn — and dominates the top jobs. In addition to Greg, her uncle Rupert Jr isvice—that:

s vice-chair.

None of Jenny Johnson's own children
work in the business, but two of her
nephews do. She says that "they'll have
to prove themselves" just like any

inciprious dis discussive fluid in the principle of prove themselves* just like any other employee. Her father, charlie, ran the company from 1957 to 2005 and although he is no longer involved officially, lenny lohnson says he will still "circle a footnote and make a comment and send it tome". The dominance of the family has led make a comment on whether a non-Johnson will ever lead the business. Matthew Nicholls, a former investment banker appointed chief financial officer in early 2019, is one of the few senior executives "who isn't a member





irm for \$68.5mm. After Jenny Johnson became chief executive, it added digital wealth and become chief executive, it added digital wealth and become chief executive in the control of the

Bannowe, Sentor managing arrector of Benedit Street Partners.

Most of them were in alternative sasest, which appeal to higher-networth clients and deliver a specialisation that passive providers cannot offer. Hos also carry higher fees. Manlowesays the company "has gone from being not really a player in alternatives to not really a player in alternatives to not waiving north of Scobolin nidst. I putsu having north of Scobolin nidst. I putsu his the poly 10 in the alts space."

Across the industry, however, such products are still relatively new, have yet to achieve widescale adoption and are still cumbersome to bring to clients.

"Alternatives, candidly, have not been positive for investors," says Kund Kapoor, chief executive of fund analytics group Morningstar, "So far, we have not seen significant successes." Some critics complain that Franklinis acquiring a scattershot range of new companies, and overpaying for them. But Kapoor says Johnson is "Willing to fail while trying a few different things".

Franklin under Jenny Johnson

Franklin under Jenny Johnson

Asset managers tend to be wary of acquisitions, given the effect a badly executed one can have on a firm's reptaction. Integrating acquired companies of the fragile cultures of different investment teams.

"It's easy to buy things; it takes 10 years to see lift 's good fit," Greg 10 years to see lift 's good fit," Greg and we're still working on the merger.

In a company where numerous executives boast multiple decades at the firm, the pace of change has also unsettled some. "When you take two 5750bn [in assets] firms and put them together, that is going to require a certain amount of realignment," says Terrence Murphy, head of public markets at Franklin and chief executive of Clearbridge. "The most that didn't adapt are no longer with the tim."

ne firm." se that remain say Jenny John-

Those that remain say Jenny Johns Son's direct communication style has encouraged debate rather than a culture of polite agreement with the family. She says it is important "that I have a management team that doesn's shy away from that and, you know, will stand up. Ilike adebate."

Communication with clients can be a challenge given the proliferation of views within the group. "Feople ask, "What is your view on inflation;" says Adam Spector, managing partner of Erndywine and head of global distribution for Franklin. "Well, Brandywine has a view. Western [another Franklin affiliate] has a view. Western [another Franklin affiliate] has a view. Wed donot have view.

atfiliatel has a view. Franklin has a view. We'd onot have a view. "You often get views that are in contrast with each other. It's not always ascrisp or clean as one would like." While the acquisitions have bulked up Franklin's assets under management, the change in the interest-rate cycle has not yet provided the expected

Jenny Johnson, who succeeded her elder brother Greg

get views that are in contrast with each

other. It's not always

clean as one would like

acquisitions th have changed the firm's focus

boost for the group's reinvention.
"The market is the biggest headwind,"
Kapoor says. "[2022] has been one of
the worst years on record for global
markets . . . especially in terms of flows
and clients being willing to put funds
to work."

and citients oceing wining to put intuits to twork.

Blostein says the firm was "not positioned for the rising rate environment", noting that it he been consistently one categories over the part six months.

Western Asset Management, a fixed-income specialist that Pranklin acquired with Legg Mason, suffered a year of brutal underperformance after betting that inflation would be shortlived and many of the group's mainstream fixed-income specialist what Pranklin continued to strongle.

soften beeting that initiation would be soften been soften beeting that initiation would be continued to structure of the soften beeting the softe

Hawken says, and ebate".

Jenny Johnson now aims to settle that debate — and a separate one with sibling Greg, who now chairs the San Francisco Giants baseball team." I do want to point out that . . . when I was on the [Giants] board, we won three World Series."

Data visualisation by Chris Campbell

https://ft.pressreader.com/v99f/20230127

The FT View



FINANCIAL TIMES

China's renewed embrace of the private sector

Beijing has more work ahead to rebuild the trust of investors and business

investors and business
When Chinese officials speak at Davos, they care to their audience of global capitalist ellies. Backin 2017, Xi Jinping, leader of the Chinese Communist Jung quoted Charles Dickens and the Swiz Gounder of the Red Cross to launch a defence of economic globalisation. Pursusing protectionism is like locking oneself in a dark room, "he said then. This year, it was the turn of Liu He, a vice premier who is regarded as China's "economic tsat", "His message a Industry and last week was that after three years wrestling with the pandemic, "China is coming back". He also pledged strong support for China's beleaguered private sector and promised that the door to foreign investment will "only open up further", Was Liu merely trying to win his audience?

Probably not. Beijing's renewed embrace of the private sector and foreign investors is consistent with recent high-level policy statements made in Beijing. Han Wenxiu, asenior official in the Central Financial and Economic Affairs Commission — a body headed by Xi himself — articulated similar undertakings for private capital and foreignebusinesses in aspeech in late December. The outside world therefore should hack China's signals of a reset in economic policy seriously — even though doing so requires a leap of faith. A heavy-handed regulatory-crackdownon SI leading privately owned internet companies has wiped trillions of US dollars off the value of their shares over the past two years.

Foreign multinationals have also had

FINANCIAL TIMES

past two years.
Foreign multinationals have also had a torrid time. A survey of the 1,800 members of the EU Chamber of Commerce in China last year found that 23 per cent were considering shifting current or planned investments out of China — the highest ever recorded. A

full 77 per cent also reported that China's attractiveness as a future investment destination has decreased.
Thus it is not charily that is inducing China to change its Lure. An anaemic and the change its Lure. An anaemic an urban youth unemployment rate that stood at 7 per cent in December, as ulmping properly market, widespread debt stress at the local government level, a faltering export performance and several other frailties have conviced Beijing that it meeds to court all potential sources of economic growth. Indeed, its choici pivot from "zero-Covid", which started in December, was probably precipitated as much by frus-

Covid., which started in December, was probably precipitated as much by frus-tration within China's political and busi-ness hierarchies as it was by street dem-onstrations in more than 20 cities in November.

November.

However, it should be recognised that
China's plan to reopen and embrace the
private sector does not signify a diminution in Xi's obsession with control. State
control over private companies has

Friday 27 January 2023

been stepped up. Alibaba and Tencent, for instance, have had to cede "golden shares" to state entities, which allow officials to take board seats and veto certain company decisions.

In other veidence of budge "Telling and the state of the

so, according to cavecal Dragonomes, a consultancy. China should recognise that giving better treatment to the private sector and multinationals cannot be a matter of expediency. Such policies multiple with the consultance of the consultance which to build trust. If officials travels which to build trust. If officials travels paws to express fealty to a creed of open markets only to reverse course once back home, it will inflict lasting damage to China's reputation.

Opinion Data Points

The census alone is not enough to map the trans community

Ændra Rininsland

'Is the gender you identify with the same as your sex registered at birth?'



n 2021, the census asked people in England and Wales an entirely new voluntary question: "Is the gender you identify with the same as your sex registered at birth?" The results were recently released in what has theen an important moment of the same as your sex registered at birth? The same as someone who answered no to that question and wrote down "trans woman" as my gender, there is a palpable sense of hope that this new visibility will enable policymakers to better direct resources and improve access to healthcare. At the same time, questions remain about what it means to be counted by a government that is seen by many in the community as indifferent to us a best, and actively hostile at worst.

Previously, any figure given for the size of the trans community was rather speculative. This is perhaps best typified by a government document from 2018 that literally says 'we don't know' — at the time, the Govern-

There is a palpable sense of hope that this new visibility will enable better directed resources

ent Equalities Office estimated a

ment Equalities Office estimated a number between 200 and 500,000 people. From the new census data, we know that 93.5 per cent identify as the gender they were assigned at birth, 0.5 per cent answered that they did not and 6 per cent didn't answer the optional question stall. That puts the number at around 26,2,000 trans and nobinary people the people of the peopl

mon. It can be very intimidating to raise your hand when asked if you are trans, particularly in places where there aren't a lot of trans people. The census data was released at the Middle

census data was released at the Middle Layer Super Output Area level (MSOA); or an area comprising on average 7200 people), each of which, my calculations suggest, had on average 36 trans people. My friend's area reported less than 15-first and the state of the sta

The writer is a software developer with the Financial Times graphics team

Letters

When a Chanel bag no longer feels shameful

Rana Foroohar is right that the lifestyles of the super-rich reflect a new clieded Enr. (Viller-rich power the luxury boom", Opinion, January 25). When will it all end, she asks. Not as soon as you might think. Last year's luxury boom was not a reactionary, post-Covid spree — as with teravel industry for example— but rather an indication that luxury is tiptoeing down Maslow's pyramid of needs and making itself—as luxury does—rather comfortable. As social scientists, we have seen in

our research how the psychological barriers to buying luxury have beer eroded as the influencer economy continues to break down old hierarchies and make the once unattainable lifestyles of the super-more visible and democratic.

more visible and democratic.

As luxury has entrenched itself so fully into the cultural mainstream, paying £3,000 for a Chanel bag no longer feels ostentatious or shameful—not when the broadcasting of these purchases has become as important as the buying.

The coming recession will naturally squeeze the segment of wealthy consumers somewhat, but we don't anticipate the drop-off to be so stark — luxury and identity's roots run deeper than we think.

Gens Z and Y won't be buying property anytime soon, not as long as house prices continue to soar against wages. Bays from Valentino and Dior, however? Mais, oui. "I saw them on The White Lotus!"

Plaudits for a heartening defence of capitalism

defence of capitalism

Having read the FT since H980s, I have the impression its defence of capitalism has weakened. It was therefore heartening to see Martin Wolf come out to defend, not only democracy, but also free-market capitalism (Life & Arts, January 21).

He correctly lays bare two main pain factors that have weakened the system — the share of finance in gross domestic product that has grown far beyond its contribution and the increasing monopolisation in many sectors. These failures should be addressed. Plutocracy has to be reined in: That would make the income in: That would make the income and the standard of the share of t

and weaken the case for more wealth taxes as proposed by the author. But there exists an important third pain factor the growth of a myridal of special regimes granted by governments to particular groups. That led to a degeneration of the economic system. Or an infringement of the level-playing field. The incorrect political reasoning here has often been that a privilege granted to some (say employees) justifies the provision flers that the privilege to others (say employers). Statisfies the provision of another privilege to others (say employers) whereas in reality two negative-sum games are involved. Wolf outlines a list of proposals to improve the working of the system. Wolf outlines a list of proposals to improve the working of the system. While they are well taken, a number of crucial ones should be added, like the work ethos, the culture of free will and own responsibility, the savings ethos and the related wisdom to basically live within one's means. These characteristics should also be taken into account in any properly designed welfare system. Because rights should be balanced by duties.

While the table has been set by capitalism, one should worry about anti-capitalists deciding on who gets invited to take a seat.

Frank Boll

Rotselnar, Belgium

What my history teacher said about the US republic

said about the US republic
The thesis in Martin Wolf's Weekend
Essay (Life & Arts, January 21) is that it
is impossible to sustain a universal
suffrage demoncry with a market
economy if the former does not appear
open to the influence — and the latter
does not serve the interests — of the
people at large, it is my position that
capital will always resist a vibrant
democracy.

democracy,

At the risk of stating the obviou At the risk of stating the obvious, capitalism, not to be confused with "the market" in which it often but not always operates, thrives upon growth — growth in profits, and growth in market share. Further, it is based on there being (flew) winners and (more) losers. This competition drives the demand for efficient production. Efficiency includes reduced costs,

PUKRAINE

which always means less pay for workers, and, wherever possible, the "export" of costs. Exported costs such as dumping waste into community waterways, or ensuring that the community pays for the transportation pathways that bring the (community beducated) workers to their place of work, etc. Capitalisms' winners, if they're good at what they do, will not be the subject of work that they do, will not be the subject of the subject of the subject of work and the subject of work that they do will not be subject of the subject of

America. And if truth be told, these interests have continued almost 90 years later to work on undoing the Ne Deal, whether via the anti-community hysteria of McCarthyism of the 1950s, or by feeding today's white rage.

Donald Laghezza

Forest Hills, NY, US

Covid fraud is one thing, unpaid taxes quite another

unpaid taxes quite another its logical that IM Revenue & Customs compliance staff ("HMRC says Covid task force 'not best value", Report, January 18) are employed in the most cost-fective manner and if the Treasury believes that investigating Brexit and Covid-19 fraud is most remunerative for the public, so be it. What does not seem to have been considered is hiring and training more compliance staff to collect unpaid taxes (over £6bnt). Perhaps we should be following the

(over £6bn!).
Perhaps we should be following the
NHS example and commissioning the
private sector to help. Why not?
Marianne Pitts
Leamington Spa, Warwickshire, UK

A dedicated humanitarian, not a Kremlin stooge

was very surprised to read the article about Ruben Vardanyan entitled 'Oligarch defends role in disputed

about Ruben Vardanyan entitled "Olgarch defends role in disputed enclave" (Report, January 19) as it gives the impression that Vardanyan is an agent of the Kremlin who, with devious intent, has recently moved from Moscow to Nagorno-Karabakh. Nothing could be further from the truth. The reality is that Vardanyan has dedicated this life to support has been decided to the company of the company o

Verbs to avoid – plunge, plummet and brace

Ilet out a silent scream every time I read that the economy is about to "plunge into recession". It happened again in this front-page news story, "Eurozone to avoid recession in 2023

"plunge into recession". It happened again in this front-page news story, "Eurozone to avoid recession in 2023 as energy prices and China boost outlook." (January 23).

Can an annualised contraction of 0.1 per cent, 0.2 per cent or even 0.4 per cent realistically be characterised as a "plunge" in any sense of the word?

I am afraid that this is but one symptom of a greater malady that afflicts the FI and other newspapers, namely, a tendency to use words-typically werbs — for their ability to provoke excitement and inject drama where they would not otherwise exist. The most in/some occur so predictably even a casual reader can spot them.

So stocks invariably "soar," surge" or purpose the contraction of the

France shows how nuclear procurement can be done

Prince Shows into Muckear procurement can be done
The history of nuclear power plant construction in the UK is littered with examples of poor performance (The Big Read, January 20). The UK's advanced gas-cooled reactors in the 1970s and 1980s are a worked example of how not to procure nuclear.

More recently, the attempt to build 16 gigawatts of new nuclear capacity, funded with private finance, sought to deploy live reactor designs and five consortiums, each competing for a small number of reactors. Huge amounts of time and buildions of pounds were wasted.

The UK was not alone in making these mistakes. In the 1980s, the US build 50 reactors, one project at a time. Meanwhile France built a shindle with the construction teams. These French design, which a design control and stable construction teams. These French design, which are essentially the same and cost 60 per cent less than those in the US, took two three years less time to build.

The idea of a programme of standard designs is gaining traction in Britain nuclear plans. Every time this kind of programme has been tried when combined with a production system, it delivers lower costs and shorter schedules — as seen in south Korea and Japan.

apan. Prime minister Rishi Sunak has Promised to set up Great British Nuclear, a new body to oversee the revival of atomic energy in Britain and smooth the development of a new

smooth the development of a new jpipeline.
For it to succeed, it should not favour the lowest indicative price project-by-project. Rather it should establish large programmes with developers/vendors that commit to progressive cost reduction, based on a hybrid public-private partnership financing model known as the regulated asset base.
These two strategies provide the best route, both to lower energy costs and to deliver 24GW of nuclear by the early 2040s.

2040s. Tony Roulstone Former Managing Director, Rolls-Royce Nuclear; Nuclear Energy Centre, University of Cambridge, UK

Actuarial solution to end beach vacation subsidies

beach vacation subsidies

Camilla Cavendish ("The retirement
revolution is only just beginning",
jamuray 14) correctly identifies the
inequities in the current provision of
pension benefits,
Obviously higher earners are less
ilkely to be recipients of benefits such
as income support, or jobsecker's
allowance earlier in life. Nonetheless
since the better off tend to live longer,
the will receive more money from the

allowance earlier in life. Nonetheless since the better of literal to live longer, they will receive more money from the government in retirement.

Currently governmental retirement programmes are structured to pay benefits based on an average length of the programmes are structured to pay benefits based on an average length of the cartunality calculated age (the poor) actuarially calculated age (the poor) actuarially calculated age (the poor) in the properties of the programmes are in the programmes are made, if the programmes are the programmes are made, if the top 20 per cert of income earness will enjoy eight or nine more healthy years than the rest, this should result in lower monthly retirement payments reflecting their anticipated longevity. Similarly those for whom the data show only a few remaining years should receive higher monthly payments. In the age of big data, there should be no need for "one size fits all". Guy Wobble Denver, CO, US

Opinion

Europe cannot afford to engage in tit-for-tat with the US

Valdis Dombrovskis, Frans Timmermans, Margrethe Vestager

an Europe's economy stay globally competitive in the face of multiple challenges?

That question is being body now, and finding the right sower requires a fact-based analysis.

Let us not forget that the European economy has shown remarkable resilience and agility. We overcame the panience thanks to fast co-ordination and solidarity. Together, we are adapting chemic thanks to fast co-ordination and solidarity. Together, we are adapting emoving away from Russia's continued war in Utraine, which has hit our economy hard. We are moving away from Russian fossil fuels, employment is holding up and inflation has dipped.

Still, the war is not over, high energy prices and inflation will persist, as will strains on supply chains worldwide and broader geopolitical shifts. These are mighty challenges for our industrial sec-

tor, which needs to adapt to a greener and more digital future to stay at the global cutting edge. In addition to all this there is the Inflation Reduction Act, the United States' flagship plan to green its domestic economy.

While sending a strong message on climate action, this act incentivies the (re) location of industry to the US, thereby potentially putting the EU industrial base for clean technologies at a disadvantage. It has led some in Europe to call flor an IRA-like response of our own. But a tit-for-tat reaction risks significant economic self-harm. Instead, to make Europe the home of industrial innovation as wert matilion to through an EU green could industrial plan. This should over four pillars: the business environment, financing, skills and trade.

The need to develon clean technolo-

business environment, financing, skills and trade.

The need to develop clean technolo-gies, renewable energy sources and improved digital capacity has only grown more urgent with Russia's war. And we are speeding up on all fronts. Hundreds of billions of euros in

undreds of billions of euros in overy and Resilience Facility fund-

ing are earmarked for upgrading our industrial base and infrastructure. The European Commission will propose a European sovereignty fund to support upstream research, innovation and strategic industrial projects. The revised to raise close to €700 hm by 2030. Other existing instruments can contribute, as can the European Investment Bank.

at the discriminatory aspects of the Inflation Reduction Act

We need to do more and take a clear-eyed look at the challenges we face. But we should also have more confident in our unique model and attractiveness an investment destination. The exclaration was an investment destination and the welfare of citztens and workers, as the welfare of citztens and workers, as the welfare of citztens and workers, and the jewelf nour crown, the EU single single single properties of the single single properties of the single single properties.

world, equipped with clear rules for business and investors.
We should build on these fundamentals. Competitiveness requires a broad set of reforms, creating an environment more conductive to innovation, ensuring adequate skills, reducing administrative burden and further deepening the single market. We urgently need to get private investments to flow, as public money will not be enough. Rolling out the capital markets union to drive investment is the most cost-effective step we can take. Changes to the temporary framework for state aid can bring further, targeted relief. However, a massive surge in substitution of the single market, subsidies when countries have different financial means will only risk fragmentation of the single market, subsidies when countries have different financial means will only risk fragmentation of the single market, subsidies under the control of the single market, subsidies will be control to get serious about action on the EU applauds the American decision to get serious about action on climate change. It confirms sustainability will be central to future economic growth. Yet we remain concerned at the discriminatory aspects of the IRA. We need to see more progress in our

talks with the US to remove these risks.

Like-minded partners have so much more to gain when we work with each other to incentivise the development of green and climate-friendly technologies. The EU and US should be building an open, thriving transatlantic market-place for our innovators and investors.

This brings us to the last essential element: maintaining our open approach to global trade. Europe relies more on a well-functioning global economic order than other major powers because we are an exporting poverhouse. As we are not rich in the natural resources and key inputs required to drive the green and digital transitions, our focus will be on widening our network of trade agreements with trusted partners.

The coming decades will see the greatest industrial transformation of our age—maybe ever. The EU has difficult choices to make, but we have every reason to remain confident about the strength and adaptability of our market as we do so.

Friendshoring advocates have not factored in digital trade

Hector Torres

copolitical tensions have exposed the risk of overrelaince on certain markets. Liberal democracies are reassessing whether free trade should be replaced by what to IVS Treasury secretary janet Yellen has called "resilient trade". This is defined as a form of trade where international value chains rely on "friendly" suppliers (read-inot Chain). The way that the comparative advantage theory. They continue to believe in the benefits of trade liberalisation, but more so if it takes place among "friends".

In their world, free trade is good but "friendshoring" is safer. Comparative advantages theory. They continue to believe in the benefits of take by the same trade in the same trade in the same trade is good but "friendshoring" is safer. Comparative advantages still count, but rather than chasing the cheapest suppliers, comparises should factor in longer-term risks such as geopolitics, security and overconcentration in supply chains. Governments, friendshoring advocates asy, should play a critical role in strengthening national economic resilience by guiding private companies towards reliable comparative advantages. How can they dothat?

Friendshoring proponents are not very specific on how governments should choose friends and whether friends fores. But biases towards friends must be embodied to divocates of the approach sees so onlice with trade's multilateral architecture. The part of the proposed sees of the swith trade's multilateral architecture from the proposed sees of the swith trade's multilateral architecture. The part of the proposed sees of the swith trade's multilateral architecture.

They say moving supply chains to like-minded countries can be done through "multilateral engagements".

Bytes can be in several places at once and can be reproduced, stored and 'shipped' from multiple sites

But friendshoring is not a multilateral engagement, as this is commonly understood, since only friends are invited to the negotiating table. Moreover, unless tood, since only friends are invited to the negotiating table. Moreover, unless the scope of the trade preferences exchanged among friends is broad enough to meet the yardstick of the WTO's free trade agreements, such deals suiting towards friendshoring will be willing to grant all WTO's free trade agreements, such deals shifting towards friendshoring will be willing to grant all WTO's members the ability to specify trade preferences. Beyond the foreseen of the entire protowar rules-based trading system, there is a technical detail friendshoring advocates full to consider. All trade preferences are based on rules of origin. Was a product made in a friendly country from the standard of the standa

The writer is Senior Fellow at the Center for International Governance Innovation and a former IMF executive director and WTO counsellor

The Fed finds itself in a nasty hole





here is never a good moment for the US govern-ment to hit its ceiling for debt issuance — and spark speculation about a poten-toraise it.

tial looming default if Congress refuses to raise it. Now, however, is particularly inop-portune timing for this fight. That is partly because big foreign buyers have quietly trimmed their Treasury purchases in the last year, and this might accelerate if chatter about a possible default grows louder. It is also because liquidity has repeatedly vanished from the Treasuries sector at times of stress in recent years, because of underlying vulnerabilities in the market structure. This could easily reoccur in a debt-ceiling shock, since these structural problems remain (lamentably) unaddressed.

But the biggest reason to worry about

entably) unaddressed.
But the biggest reason to worry about the timing is that the financial system is at a crucial stage in the monetary cycle. After 15 years of accommodative monetary policy, during which the US Federal Reserve expanded its balance sheet from \$1tn to \$9tn, the central bank is mor trying to suck liquidity out of the system, to the tune of about \$1tn a year.

This process is necessary, and long overdue. But it was always going to be difficult and alargeous. And if Congress spends the coming months convulsed by threats of default – since the Treasury's ability to fund itself apparently runs out in June – the risks of a market shock will soar.

ury's ability to fund itself apparently ury's ability to fund itself apparently ury as only in the control of t



ance sheet in 2020 in the midst of the pandemic, these categories of debt rose by another 30, 15 and 10 per cent respectively. And the consequence of this exploding leverage is that the system is today highly unlinerable to shoeks as today highly unlinerable to shoek as today highly unlinerable to shoeks as problems of its own creation. And considering the scale of the problems, it is very difficult to solve without some damage," the report thunders it is very difficult to solve without some damage," the report thunders and seeks to address risks to financial stability and the banking system, it sinkly shad the banking system, it sinkly and the banking system, it sinkly as the same shadown as the same shado

It should have been more proactive in acknowledging the risks of its post-crisis policies

Fed officials themselves would dispute this, since they believe that their loose monetary policies prevented an economic depression. They might also note that rising debt is not just an American problem. One of the most stunning and off-ignored features of the post-criss word is that global debt as a proportion of gross domestic product jumped from 195 to 25 per cent, between 2007 and 2020 (and from about 170 per cent in 2000.)

and 2020 (and from about 170 per cent in 2000.)
Moreover, Fed officials would also point out, correctly, that the central bank is not a direct cause of the debt-ceiling fight. The blame here lies with political dysfunction in Congress and an issues set of Treasury borrowing rules. In the state of the contract of the

In an ideal world, the least bad exit from the debacle would be for Congress

to abolish the debt-ceiling rules and cre to abolish the debt-ceiling rules and cre-ate a bipartisan plan to get borrowing under control; and for the Fed publicly to acknowledge that it was a mistake to keep money so cheap for so long, and thus normalise ever-rising levels of leverage.

and tims normaise ever-rising levels of leverage.

Maybe that will occur. Last week send ator joe Manchin floated some ideas about social security reform, suggesting that there might be a path to a bipartisan deal to avoid default. But if this does not emerge, the coming months will deliver rising market stress, and/or a scenario in which the Fed is softored to step in and buy Treasuries itself—yet again.

again.
Investors and politicians would
undoubtedly prefer the latter option.
Indeed, many probably assume it will
occur. But that would again raise the
threat of moral hazard and create even
more trouble for the long term. Either
way, there are no easy solutions. America's monetary chickens are coming
home to roost.

Can generative AI's stimulating powers extend to productivity?



enerative AI models, such as ChatGPT, will supposedly one day replace most humans at writing copy. In the meantime, though, humans are spending an awful lot of time writing about generative AI. Every day, amonucements arrive boasting about how start-ups a, band care applying the technology to industry x, y and z. Global venture Investment may have fallen ST ner cent to S415kn last year.

Global venture investment may have fallen 35 per cent to \$415bn last year, but money is still gushing into hot, generative Alsart-ups. For years, machine-learning researchers have been writing increasingly impressive algorithms, devouring vast amounts of data and massive computing power, reabling them to do increasingly impressive things: winning

chess and Go matches against the

modelling protein structures, for example. But 2022 marked a breakout year for generative AI as the San Francisco-based research company OpenAI, and others, opened up the technology for ordinary users.

Anyone with an internet connection can now experience the apparent magic by prompting Dall-E to generate an image of an astronaut riding a horse on the moon or ChatCPT to write a story about the lunar escapades of a horseriding astronaut. All this is (mostly) good and harmless fun. Generative AI is already stimulating millions of copywriters, lilustrators, video games developers — and time wasters. But the bigger question is can it boost productivity in the economy over all? For years, technologists have compared the transformative effects of AI to that of microchips, electricity and fire. Yet economists still struggle to spot any change in the productivity data.

The use of generative AI, its evangelists claim, will now transform a minor-

ity sport into a mass-participation game. Mira Murati, chief technology officer at OpenA, has even likened the diffusion of AI to a form of digital globalisation it gives everyone access to new economic possibilities, increasing diversity of opportunity and lifting prosperity. Others have argued that the exponential increases in computing opwer over recent decades, as described by Moore's Law, are flipping from hard-

Software creation is emerging from the artisanal into the industrial age

ware into software. Software creation is emerging from the artisanal into the industrial age.

Al can also be trained to predict the next lines of computer code. Microsoft, which is investing \$10bn in OpenAI, says it will incorporate generative AI into its software, cloud computing and search services, empowering its busi-

ness customers. Copilot, released in 2021 by Microsoft's GitHub open-source software platform and OpenAl, already enables developers to autocomplete code in several programming languages. Grant the green being some for example, the computer scientist Andrej Earpathy, who previously worked at Tesla and OpenAl, tweeted that Copilot and "dramatically accelerated" his workflow by writing 80 per cent of his code with 80 per cent accuracy. His role, he said, was now to prompt and edit computer-generated code more than write it himself.

This incipient software revolution

computer-generated code more than write thimself.

This incipient software revolution underpins the investment thesis of Radical Ventures, a Toronto-based venture capital fund. Software is developing from being a hard-coded, static product that is periodically shipped into one that is powered by Al learning algorithms and constantly evolving in near-real time, Jordan Jacobs, Radical's conunder, tells me. "Every bit of software will be replaced by Al software over the next decade. That will have an enormous economic impact."

Two question marks hover over this optimism. First, it is as yet unclear whether constantly evolving software will accelerate technological obsoleacence, requiring companies to install new hardware and retrain employees—which some researchers blame for poor productivity after a tech breakthrough words, will generative AI gum, or smooth over, the human adoption of words, will generative AI gum, or smooth over, the human adoption of technology? Second, will generative AI create a pernicious new form of "technical debt" requiring human coders to reworks oftware to eliminate bugs?

As one FT reader has written, the imperfect nature of generative AI of the imperfect nature of generative AI of the instantly of the content is accurate and use fact checkers to identify fake material. In the post-question of the content is pecurized and use fact checkers to identify fake material. In the post-generative AI owned, we must assume that all contents is pecurized and use fact checkers to identify fake material. In the post-generative AI under the preduction of the proposition of the propositio

john.thornhill@ft.com

2023/1/27 23:15 Financial Times Asia

18 * † FINANCIAL TIMES Friday 27 January 2023

3i/Simon Borrows: Action man



Blackstone: humble try

A year ago, wagering that Blackstone would join the \$1 min assets dub in 2022 would have offered even olds. That, as with a few bets last year, would have lost money; Blackstone yesterday reported assets under management of \$9750 nat the end of 2022, up less than \$300 min from 2021. Assets expanded by \$9750 nat the end fream year.

After years of envious admiration for private explain, public markets called deviate the envise of the envised of

long time, Blackstone sounds defensive.

Amid the turnoil at Breit, the terms of what perhaps could be described as a stabilisation financing are notable. The University of California pension fluid has recently committed \$4.5 in to shore up Breit, U.g. a longtime Blackstone backer, has committed to hold its investment for six years, C.C. however, did so by securing a minimum return of 11.25 per cent. Blackstone itself has pledged its own resources to backstop that return. Blackstone can earn plenty of performance feet is Breit prospers, Its historic Breit returns usuggest its

guaramee to use its leaders Steve Schwarzman and Jon Gray having to make economic concessions to attract flagship capital. Despite far weaker performance fees, overall distributable (cash) earnings per shar at Blackstone in 2022 still rose nearly a tenth. The implied

trailing stock price multiple over a year has thus fallen from 25 times to 18 times even as Blackstone shares have rallied a fifth in 2023. A little humility to go with the hunger should prove a good thing.

Party City: deflated by helium

deflated by helium

The air has leaked from Party City's balloons, in more ways than one. Filling for bankrupely this month Party City cited the usual factors troubling Us returbers, such as Ubgete expenses of the Party City cited the usual factors troubling Us returbers, with a Ubgete expense of the Ubgete

use pixe il 2019.
Party City has more than 800 locations scattered across America. What its customers may not know is that it manufactures many of its goods that it manufactures many of its goods that it manufactures many of its goods as a balloon wholesaler.
In 2019, Party City recorded \$2.2 min revenue and \$2.70min in perasting profit. It has not reported last year goods. It has not reported last years of the control of the control of the perasting profits will could be control of the control of the perasting profits will could be control of the control



_____60 Dollar General -_____50 Target Corp -- 40 Pepco (Poundland) -_____30 Dollar Tree -B&M European Retail -- 10 Tesco -

Fryate equity boss Simon Borrows surely is a man of Action. The bulk of UK-listed 3% portfolio capital is invested in the Duth discount retailer. A third-quarter update from the investment group revealed that the retailer's internal valuation.

That fit turn lifted 3 shares to a record high yesterday, up about 9 per cent. Yet a stubborn discount on the reason of the past year, hinting at market doubts about the Action valuation.

Traditionally, private equity funds aim to buy assets, improve them over about five years and then return investors their money, ideally with a profit. Even if the industry has

3iN Scandlines
Action Cirtec Tato
Medical

Despite shares hitting a record, the private equity group trades at a discount to its reported net asset value. The large weighting of retailer Action in 3i's portfolio, and the outsized valuation of the group compared with

modified this in recent years, 3i has stuck with Action since 2011, exceeding Borrows Tenure. Results from last year show why let the CL2bn rose 64 per cent year on year. Action's bihda of CL2bn rose 64 per cent year on year. While the CL2bn rose 64 per cent year on year. While the CL2bn rose was stores, life for like top line still expanded by 18 per cent. Action claims that store opening 250 news. Little variation in store offerings enables lower cost expansion. Even a partial sale would test the chunky valuation 3i ascribes to Action. The reported 18.5 times enterprise value to trailing edited derives from 3i, meaning that its 55 per cent stake is

Sainsbury -

worth about £10bn. That is very pricey compared with rival discounters in Europe. Consider that slower growing B&M, and Foundland owner Pepco, are valued at 8 and 9.7 times trailing eithd, respectively. In the US, Dollar General carries a 12 times eithda multiple.

Despite the share price's 30 per cent suge since mid-October, 378 stock trades at a 5 per cent discount to its reported AWA. Before hast year, a sleashe premium has existed. Also, Action is one of the few portfolio holdings valued above relevant listed peers.

peers.

The market wants proof of the premise that Action deserves this premium. Borrows will at some point be forced to act accordingly.

models have created a robust market for second-hand phones.
Longer ownership offers green perks.
Consider that 80 per cent of a smartphone's carbon footprint is created during namufacture.
All this is bad news for the companies. The 'fhône is Apple's most important product, accounting for about half of overall revenue. Samsung Electronics earned more than 40 per cent from its mobile business in the third quarter of 2022. Shares of both companies are down a tenth in the past year, reflecting vanning demands on the companies are down a tenth in the past year, reflecting vanning demand on the companies are the third quarter of 2022. Shares of both other sectors. The down are the main clients for component makers in Japan, Vietnan, China and South Korea. Less consumer Fono means more oh no for the entire smartphone industry.

Mastercard: pipe themes

Payment network operators occupy one of the stodglest comers of Wall Street. The biggest of these, Visa and Mastercard, make money by facilitating payments between consumers, banks and businesses. They provide the hidden planning of the provide the hidden planning on the provide the hidden planning consumers and the provide the hidden planning consumers and the provide the hidden planning on the provide the provide the provide that the provide th

year.
Mastercard's forecast for "low teens" growth in revenue and net income for 2023 may have disappointed optimists. Then again, consensus forecasts for S&P 500 earnings growth in 2023 is just 4 per cent.

SeP 500 earnings growth in 2023 is just 4 per cent. To be fair Mastercard trades at 33 times forward earnings, hardly cheap. But that multiple reflects high profitability and annual expected free cash flow of more than \$130n through 2025. Fent up demand for travel powered card spending last year. This should continue as Asta reopens. Mastercard's biggest risk is not macroeconomic, but regulatory. A federal bill that looks to drive down credit card transaction fees by increasing competition has been introduced.

Bulls will hope a currently dryfunctional Congress will fail to pass this legislation anyttine soon.



its business. Among its options are selling buoyant balloons that do not require helium.

Smartphones: longevity risk

Mobile phone operators once successfully instilled the fear of missing successfully instilled the fear of missing out into their customers, encouraging the replacement of smartphones for the latest models every two years. Network phone subsidies helped keep shipments and earnings at global phonemakers strong, Industry data for last year suggest that is ending. Global smartphone shipments dropped 18.5 per cent – the most on record – to about 300mm units in the

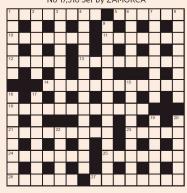
December quarter, according to research group IDC. For the year shipments fell IL3 per cent, the lowest total for a decade.

Blame temporary disruptions resulting from year-end violent protests over Covid-19 restrictions at Apple's main Fibne factory in China. Price inflation and slowing global economic growth also affected holiday shopping, buyers increasingly seek cheaper, older models.

But there is good reason to believe that the poor shipment figures are part of a longer trend. Seven years ago, troop to the control of th

NIKKEI **ASia** The voice of the Asian century

CROSSWORD No 17,316 Set by ZAMORCA



JOTTER PAD POINT H N F You can now solve our crosswords in the new FT crossword app at ft.com/crosswordapp MAGOES RKO

ACROSS
1 Turning out to have a bit of Junk in genetic Code (3)
genetic Cod

DOWN

1 Heartlessly sending out flag-bearer (6)
(6) (8) 14 Hight (6)
2 Book flight (6)
3 Highly confidential with respect to accident (3-6)
ordinary (77)
6 Bird's starving with old American gone (5)

(5)

Correspondence upset television awards judge (8)

Take legal action over Southern writers causing tension (8)

Force oneself to act when panthers get let loose (5.3.6)

15 Locks secure child after matter with buggy (7)

16 Was pleased to see commanding officer and most of men entering bond

officer and most of their tensions of (8)

17 Drink squash after exercises drained one initially (8)

19 Rather odd question to provoke youth leader (6)

20 Took advantage of sailor's hand-medown (6)

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2023/1/27 23:15 Financial Times Asia



Friday January 27 2023

www.ft.com/watches-jewellery

Brands weigh cost against popularity of watch fairs

Some big names yet to return, favouring other channels. By Robin Swithinbank

sthe watch fair debate finally over Organisers and exhibitors seem to think so. After years of mud-sling ing and uncertainty – pedaing with the very public demise of the Baselworld Swisser and exhibitors seem to think so. After years of mud-sling ing and uncertainty – pedaing with the very public demise of the Baselworld Swisser megafar – the dook randy no longer be ticking for the survival of security of the survival of the sur

Apple need public events to create an atmosphere'

driven brands like

iting in Geneva. "There was a general agreement and, to be cool, you had to say the show was useless. But we need this? Some critics admit they got it wrongs and the same that the same

is one of his business's "top unce ments for the year".
"What I care about now is the press and media coverage," he says. "I have that feedback every day [at the fair]. And it pays for the investment in W&W Geneva big time. The fact you have one Continued on page 7



Pinning hopes on symbols of resistance

Olena Zelenska, Ukraine's first lady, wore a Valeriya Guzema-designed brooch on her visit to the White House last summer. Now, almost a year after the Russian invasion of her country began, Ukrainian jewellers have been revisiting



BVLGARI

Watches & Jewellery

Vintage The niche market is growing fast, especially in Asia, among buyers who appreciate the craftsmanship of pieces, writes Kate Youde

Coin watches gain currency as collectors chase rarities

hen Piaget unveiled its manual-winding 2mm-thin calibre 9 movements the Basel fair in 1957, it put a certain stimepiece front and centre of its display, and on the cover of its catalogue, to highlight the technical innovation. The heat 1950s, a dedicated to sultration in the second or both and the second or both, on the visual, explains a lain bad a coin watch, either open or closed, or both, on the visual, explains a lain Borgeaud, heritage manager at Piaget.

Many Swiss manufacturers Many Swiss manufacturers when in several was the brand has a Piaget.

Many Swiss manufacturers when her with the several was the second of the brands become the interest from collectors. Prices for rare examples – by Patek Philippe, Rolex, Vacheron Constantin, is trying to acquire coin watches and fine timepieces at Heritage Auctions in the US, while those for pieces by Corum, Eska and Piage thave grown 10-15 percent.

Wolf says interest has increased because collectors who started with



Clockwise from main: vintage coin watches from Piaget, Cartier and Patek Philippe; an Audemars Piguet coin watch; a Piaget 1896 \$20 coin watch; a Patek Philippe 1911 \$10 gold coin watch; a Patek Philippe gold and diamond coin watch

and diamond coin watch

A Vacheron Constantin piece required two coins. Piaget, however, made watches between the early 1940s and mid-1990s by cutting one coin in half to raff a case into which it fitted a mechanism. Borgeaud was a Piaget jeweller between 1986 and 2000. On one occasion, it took him 12 attempts to perfect the spring for the opening mechanism; a button at 3 o'clock was pressed to o'clock was pressed to order. The was very specific precision work, Borgeaud says. There is "an important pool" of watch collectors in Asia, particularly Taipe, how appreciate the high level of craftsmaship and miniaturisation in coin watches, says Remi Guillemin, head of Christic's watch department in Geneva. The record for a coin watch sold

at the auction house was set in November 2021, when a 1992 Patek Philippe gold and diamond set example with skeleton ised dial achieved HtsK600,000 (587,000) — three times the low estimate. At Heritage Auctions, watch ollectors account for 80 per cent of coin watch purchases, while coin collectors — who, says Wolf, typically prefer a wristwatch version so they can wear it and show it off when "doing coin business" — account for the remainder. Many international currencies feature in coin watches, including Mexican pessos and Napoleon III French mars Piguet coin watch when it sold one featuring a gold Monaco 1100 franc coin for \$F1+4.7,50 (\$47,000) in 2018. Originally sold by Asprey in 1938, if featured the retailer's signature on the dial and came intis original box. Most Swiss manufacturers stopped making coin watches by the late 1990s.

50-100 a year, depending on factors such as coin availability, about 30-40 per cent of this annual production is to meet a pecial control their own coins into watches.

Boon chong Soon, vice-president at Corum, has noticed increased interest in the past few years and says demand is "much ligher" than so tick of the past few years and says demand is "much ligher" than production, but the brand restricts numbers for exclusivity. He says Corum had an "away in 1988. Christie's Guillemin says interest in year when it started making coin watches in 1964 that it could use US dollar coins. Now, with other cure legitimacy of coins and consults a country's treasury or mint.

Vintage watch collector Chalic Dunne, co-host of the Significant Watches podcast, says he was "mesmerised" by the first coin watch he saw in like coin watch for sale is "an event in tisel" because of their traity. "It's definitely a very beautiful for the coin watch he saw in like coin watch for sale is "an event in tisel" because of their traity. "It's definitely a very beautiful for more than the didn't like coin watch he saw in like coin watch for sale is "an event in tisel" because of their rarity. "It's definitely a very beautiful for more than the didn't like coin watch he saw in like coin watch he saw in like coin watch he saw in like coin watch for sale is "an event in tisel" because of their coin watch he saw in like coin watch h

Rolex seals pre-owned deals

Rolex has become the latest big dial name to launch a "certified pre-owned" offering, which will enable buyers to acquire second-hand watches from selected official retailers, Initially available in Switzerland, Austria, Germany, France, Denmark, Belgium and the UK, the scheme provides a guarantee of authenticity and a two-year warranty. Watches are supplied in a pouch along with an official service booklet and a white and green wax seal denoting their pre-owned status.

Fan service

Fan serVICE

Billionaire bedge fund manager Bill
Ackman has taken a minority stake in
Luxuy British brand Bremont after he
became one of its customers last year.
Ackman has invested in the group
alongside existing investors Helleat in
anding round worth £48.4mm, which
gives Bremont avaluation of more than
£100mm, according to the company,
Bremont has hired headhunters Egon
Zeuhert rable in find a chief executive Defining has fired headhunters Egon Zehnder to help find a chief executive who can lead the company's global expansion.

Talent show

La Fabrique du Temps, the horological arm of Louis Vuitton, has established a biennial prize to "foster innovation and creative talent" among independent watchmakers. Registration closes in May, after which a in May, after which a committee of experts will choose 20 semi-finalists whose names will be announced in September. Five finalists will be selected at the end of the year. The winner will be revealed in January 2024 and will receive a cash prize as receive a cash prize as well as mentoring, either at La Fabrique du Temps or with one of the committee members

Safety fast

German high-end safemaker Buben & Zörweg has teamed up with hypercar manufacturer Bugatti to create a fire and explosion-resistant cabine measuring 1.2 metres high and weighir 300kg that can store and wind up to 16 watches. Limited to 25 each of three

versions, the safes feature LED ambient lighting and are made from carbon fibre and statiles steel coated with an anti-seratch substance, called light arch protection. The design takes its inspiration from the Bugatit Chiron, the ultimate example of which can exceed 500mph. The safe's three different styles utilise different colours of nappa leather trim.

Boxing clever

BOXING CIEVET
Bulgari has created an ingenious
"smart boo," in which to supply
10 examples of its Octo
Finissimo Ultra being made
to celebrate the designs
10th anniversary. Owners
will be able to set the time
on a digital screen beside
the box, press a button
and close the lid. On
opening the box, the
watch will be correctly
set to the programmed Each one is accompanied by a non-fungible token artwork created under the guidance of Bulgari's guidance of Bulgari s Fabrizio Buonamassa Stigliani, designer of the Octo Finissimo line.

Peace in our time

Peace in our time

A Manchester-born watch
dealer who moved to Israel in
2020 has created a wrist watch to
celebrate two years since the signing of
the Abraham Accords peace agreement
between Israel and the United Arab
Emirates. The £395 IBW Peace of the
Brave watch (Jeff) has a dial decorated
with the crossed flags of the two
mations and marked with the
Hebrew word for peace,
Salam, begins. The
creator of the watch,
Morris Weis, James. The
form of the Watch
Watch Exchange,
which specialises in
Britting models. Weis
also makes customised
watches.

Mayfair stories

MAJ/IAIT SIOTICS
Japanese watchmaker Seiko has chosen
London's Mayfair as the site of its firstever two-storey boutique. The property,
at 68 New Bond Street, enables the
brand to showcase its regular Seiko
models on one floor while dedicating
the second storey to its higher-end
Grand Seiko creations. As well as

serving as an events venue for clients and collectors, the boutique features a private lounge containing examples of rarities from Selko's top-tier sub-brand Credor, and will also display a selection of watches on loan from the Seiko Museum in Tokyo.

Small squares

nXII 1

Small squares
Ralph Lauren has embraced the
growing trend for smaller men's
watches with four additions to its 867
line of square-cased models (left),
which measure as little as 28mm
across. Available in sterling
silver or rose gold (and in a
silghtly larger 32mm square
format), the understated
for the control of the control of the control
read which are the control of the control
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Hopping on

10 ALL 1 10 Hopping on

Watches to mark 2025's
thinese zodiac symbol of
the rabbit are
quickly as the animals
tenselves. IWC has
guickly as the animals
tenselves. IWC has
guickly as the animals
the manimals
the manimals
the product of
the birth shaped winding rotor,
while Vacheron Constantin
has released nine platinum
rabbit watches with blue dais
and hine pink gold versions with
blue dais
and hine pink gold versions with
blue dais
the product of the product an
edition of \$8 Altiplanos with disk
depicting a pair of glow in-the-dark
bunnies, and G-Shock has launched a
Lipo9-version fits MT-G in gold ion
plating – featuring a dial illustrated with
a rabbit flying to the moon.

Sextranty fathoruse doesn

Seventy fathoms deep

Seventy fathoms deep
Blancpain is marking the 70th
amiversary of fiscult lifty Fathoms
model, widely regarded as the world's
first professional dive watch. Created in
1953 and timely supplied and the watch
for created in
1953 and timely supplied and the watch
for created in
1953 and timely supplied and the watch
for the first particular to a fare appearing
in the Jacques Coust earli lift he Silent
World. After being sidelined for decades,
the Fifty sathoms ware reintroduced as a
50-piece limited anniversary edition in
2005 and proved such a hirt batt trande
a full return to the Blancpain line-up.
The brand will make three 70-piece
anniversary editions this year, with each
series being delicated respectively to
the Asia-Pacific, Americas, and Europe,
Middle East and Africa regions.
Simon de Burton

In the loupe: how a ubiquitous tool became an obsession

Profile Beran Toksoz prizes the magnifying glass as a signifier of craft and heritage, he tells Chris Hall

Anyone familiar with the world of watches or jewellery will know what a loupe is - though it is not a word that would crop up in most people's every-day vocabulary. These dinky little monocular magnifying glasses are never of reach when a finely devorated with the control of the control of



Eyes on the prize: Beran Toksoz with some of his 625 loupes -

Eyes on the prize: Beran Toksoz with s my collection" he says. "I would search for 10 years to find them." Given their appeal to watch collectors, loupes tend to be traded through online watch platforms, such as Chrono24 and Chronext, as well as eBay.

Part of the eccentricity behind collecting loupes is that they are largely written off as pretty but inexpensive trinkets. Like anything concerning lux-ury brands, however, where there is rarity there is value. Toksoz recalls being gifted a Cartier Pasha loupe by another collector. "I gov can find one of these today, it would cost at least €2,000."

'The loupe is a unique bridge between the technology, heritage and culture of watchmaking'

Toksoz's favourite pieces, however, are not necessarily the priciest. He piels out a black plastic loupe bearing the inscription of Gérald Genta, the Swiss artist often described as the first celebrity watch designer.
Toksoz also maintains a "target list" Toksoz also maintains a "target list" at the top. "Officially, they have never produced one for marketing purposes or for customers, since they made one in sterling silver for the 2005 Baselworld trade fair." Naturally, he has one

— Instrous and weighty, with that monus logo on the side. "Hyou saw this in an auction and there were a couple collectors, it could feeth £10,000".

By his own admission, Tolscor is an obsessive collector of all manner of objects. His other active collections are celectic, including Turkish contemporary art, Hibbit whisky limited editions, Lego Speed Champions sets (two of each; one to build, one unopened), Caran d'Ache pens and hotels' headed notepaper. He has, he says, more than 12,000 fridge magnets.

It is a mindset he attributes to his mother and uncle, who share the same acquisitive nature. They are also responsible for instilling in him and solve the same acquisitive nature. They are also responsible for instilling in him and solve not see as a collection." If I'm collecting something, it means Inver have true collectible' that speaks to his passion for watches, is not ruitiously expension of the same than the same and the same than the same than

no micro-mechanism like the tourbil-lon, because you can't see small enough. It's a tool. It's a unique bridge between the technology, the heritage and the cul-ture of watchmaking? Toksoz feels loupes distributed at pri-vate or trade events can also be status symbols for collectors and watch affici-nados. "Some collectors are always com-petting, even if they never talk about it."

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Friday 27 January 2023 FINANCIAL TIMES

Watches & Jewellery

Cultural heritage National museum hides holdings while modern jewellery and artefacts become symbols of national identity. By Milena Lazazzera

Ukrainians defiant as Kyiv saves treasures and spurs creativity



stole state treasures and, of course, that was cultural appropriation, but the treasures were well looked after, and they were exhibited to be admired.¹ As he ponders the fate of cultural arte-facts stolen from Ukraine, though, Tol-stoy admits their future is uncertain.

Spirit of resistance: (clockwise from above) Natalia Panchenko; a fourth-century necklace put in safe storage; Olena Zelenska with flower pin on her Washington visit; a golden Vasylkiv cockerel AFRIM Lisakispata Samsiv.



"Perhaps members of the Russian government will keep them privately, or put them in museums.
"But Hihia ha equally, perhaps more, important factor is that these objects are a reward for the Russian army's soldiers."

'It was a strong wake-up call myself in our heritage'

hen the Russian inva-sion of Ukraine began almost a year ago, Nata-lia Panchenko, director of the Museum of His-

In Panchenko, director of the Museum of Historical Treasures of Ukraine in Kyiv received a phone call from the ministry of culture. The conversation was briefa sa many of the institution's 60,000 exhibits as possible must be moved to a place of safety immediately. With piles of boxes and wrapping material still lying around after some pieces had come back from an exhibition, Panchenko was in a position to act quickly. "We have been able to hide about 80 per cent of our artefacts," she says, with relief, over the phone. Panchenko and her team transferred the most valuable items to a secret location and are displaying replicas of them in the museum, which remains open for educational activities.

activities.

The Museum of Historical Treasures of Ukraine is renowned for its collection of gold and silver artefacts. It houses claborately adoned hemets, collars and decorative objects produced by the Seythlains (also known as the Seyth, Sakas and Sacae), a nomadic people who originated in what is mow tran and began populating Ukraine and southern Russia in the eighth century BC.

now Iran and began populating Ukraine and southern Russia in the eighth century BC.

The most prestigious of the items taken away is an ornate pectoral necklace from the fourth century BC.

The most prestigious of the items taken away is an ornate pectoral necklace from the fourth century BC. However, the museum also showcases items from 1913, when Kjvi was home to 38 jewellery workshops, including the House of Marchak, which is often referred to as the "Cartier of Kyiv".

Since the beginning of the war, multiple pictures and videos have circulated of destroyed churches and cultural was custed the standard of the control of the

statesman and military leader under the reign of Catherine the Great, and a key figure in the annexation of Crimea in 1783.

In a study last year, Alexandra Xanthaki, special rapporteur on cultural rights at the UN, stressed how the destruction of cultural artefacts was worrying for the identity of both Ukrainians and minoritles in Ukraine, and could compromise the path to peace.

Superal Ukrainians powers of creativity and led them to revisit symbols of their identity in their work.

"It was a strong wake-up call that led me to immerse myself in our beritage-tifeld like the moment of our rebirth," says jewellery designer Valeriya Guzema by video call from Spain. She has moved there with her son and mother while her husband fights in Ukraine.

Last September, Guzema released a new collection, spadok, meaning "her trage" in Ukrainian, which features an abstract golden pattern depicting the Ukrainian flower vibuation of the country's rich tradition of the control of th

non to tossed by red threads — and to the country's rich tradition of embroidery and the pixelated military uniform. However, and the pixelated military uniform. However, and the pixelated military uniform, and the pixelated military uniform, and include the pixelated military uniforms arrived for her husband's inauguration day in 2019 — wore a brooch laden with symbolism that Guzzema had created in partnership with ethnic brand site Gunia Project before the war. Part of the Nezarhan (Ukrainian for "independian") collection, the pin was designed as a rashmyk, at raditional handmade textile embroidered with flowers, and was rashmyk, at raditional handmade textile embroidered with flowers, and was sushmyk, at raditional handmade textile embroidered with flowers, and was sushmyk, at raditional handmade textile embroidered with flowers, and was symbol as a clear message to Ukraine's hivaders. When a photo of a ceramic rooster sitting intact on a kitchen cabinet in a symbol of resistance. The Vasylkiv ockered — named after the town in the times, Welda, and embrow Ukr prime in the primitister Boris Johnson were given ceramic roosters on a walkabout in Kyiv that month, while Maria Gavryl'uliuk and Natasha Kamenska, the duo behind Gunia Project, rereated a golden brooch in its linking a royel art works will ever be seen again. "Every army in history has looted," says Count Nikolal Toil-holoted," says Count Nikolal Toil-holoted."

Contributors

Simon de Burton Contributing editor, HTSI

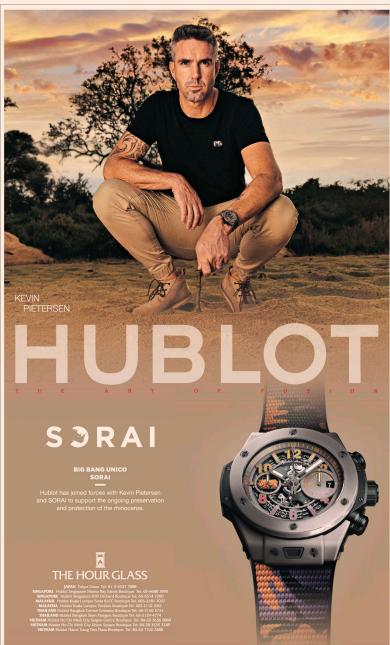
Kate Youde Freelance journalists

George Kyriakos Commissioning editor

Steven Bird Designer

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Watches & Jewellery

My Favourite Pieces Museum director Tim Marlow marks milestones with a watch but has learnt not to become too attached to them. By Kate Youde

The value of objects as symbols and gestures

im Marlow remembers the "absolute joy" of receiving his first watch. His parents gave him a Timex for his nitth birthday that he never wanted to take off. "It made me feel adult and slightly more self-contained," he says. "It became a family joke that I'd always be the timekeeper." More than five decades on, he feels "naked" without a watch. As one might expect from the chief executive and director of the Design Museum in London, it is the design of watches that appeals. "They re this beautiful combination of functionality and elegance," says Marlow, who covets a "modernist" Braun AW10 (1989) by Dietrich Lubs.

J. Mappin & Webb dress watch (early 1980s)
The piece that means the most to Marlow is his
gold dress watch from Mappin & Webb, an Englis
jeweller that is now part of the Watches of
Switzerland Group. His younger brother gave it to
him as a 21st birthday present. "I treasure it," he
says, "I can cope with most watches being
lost ... but this Id really hate to lose, so I don't
wear it that often."
It is the longest-standing piece in his collection,
and established his love of Roman numerals not a
dial. "It's a slight affectation, but I think Roman
numerals look really degant on a watch because
of the graphic design of them," he says.

One gapine design of unein, in essys.

2. Rolex Oyster Perpetual Air-King (2002)

One piece Marlow did lose was the first "proper watch" he treated himself to when he had a holiday job in his early twenties. He wore the Tag Heuer Aquaracer on holiday with friends in Oman in 2002, but it came off his wirst when he jumped into a sinkhole, an oasis in the desert. His friend into a sinkhole, an oasis in the desert. His friend captured the leap in a photograph. "That's the split second before I lost my pride and joy, my first Tag," says Marlow. He decided to replace the lost watch with a steel Rolex Oyster Perpetual Air-King with a blue face. "It reminded me of the Tag in a sense, but it was more streamlined and elegant," he says.

(2005)
Having replaced his Tag Heuer with a Rolex,
Marlow, who used to do a lot of swimming and
surfing, decided he still needed a sports watch.
"There was one occasion where I jumped into a
swimming pool with [the Rolex] on and it's water
resistant, but if reaked me out that I'd be so
stupid," he says, "so I now have to remember what











Clockwise from main: Tim Marlow at the Design

watch I'm wearing,"Marlow bought a new Tag Heuer Aquaracer, which he wears for cycling and on holiday. "I go quite a lot to certain countries here you're advised that jewellery and expensive things are not a smart thing to have," he says. "So, although a Tag is a really nice watch, it's not a magnet in a way that a Rolex would be."

among a ring stricture.

4. Rolec Oyster Perpetual Datejust (2010)

1. Rolec Oyster Perpetual, this role oyster Repretual, this time a loatejust. His intention is to wear the watch frequently and then give it to his son in 2010 by buying another Rolec Oyster Perpetual, this time a Datejust. His intention is to wear the watch frequently and then give it to his son when he turns 21. The case back is engraved with the boy's initials and date of birth.

As an art historian and previously artistic director of the Royal Academy of Arts, Marlow is interested in a work of art not put in itself but also in its "layering of human experience" - the people who have seen it - and list "Cultural resonance", both when it was made and over time. For that reason, he is interested in a pre-owned watches with a history.

7. Illike the fact that, in a very modest way, my son will inherit something that was from his father, but had been on his father's wrist and he will wear on his wrist," he says.

But Marlow countions against: "letishisation" and becoming too attached to watches, because of their vulnerability to being lost or damaged. He has explained to his son, now 12, that the piece is "symbolical and a gesture".

5. Cartier Tank (2022)

5. Cartier Tank (2022)

5. Cartier Tank (2022)
Marlow marked his 60th birthday last year by
buying himself a steel Cartier Tank. "What does a
man do when he hits 60 and gets his free travel
pass? I thought this was the thing to do to start the
third third of my life." he says.

18. The says of the says.

18. The says of the says.

18. The says of the says.

19. The says of the says of the says of the says.

19. The says he is "not a serious watch collector", but
likes having pieces to wear. "My watch collection"
spans from my 12st birthad ye my 60th with a
few things being lost in between," he says.

Spinel's burnished reputation spurs demand from designers

Gemstones Hue range and lower prices compared with rubies are attracting jewellers and their customers, writes Kate Youde

Private jeweller Lauren Adriana haused spinels in her designs since launching her business a decade ago, but faced a rale battle' at the outset. "Even today, you get people who've never heard of them but, back then, people... didn't understand whether they leid on the spectrum of value and desirability' says the London-based designer. "It's been an perturn of value and desirability' says the London-based designer." It's been a people want they are and why they're special.

Adriana, who makes year, mainly for the US market, has noticed "a huge for that they are and why they're special."

Adriana, who makes year, mainly for the US market, has noticed "a huge for the people of years, which she thinks is driven by leweller the price of the price of the price of years, which she thinks is driven by lewellery collection, Beautis du Monde Chapter III, unwield this wesk, includes a white gold, spinel and diamond necklace. If features into pertandoval-shaped vivid purplish pink spinels totalling 2.779 carats, and read to pink spinel beads.

Auction houses are also reporting rising interest in the gena consumer appreciation grows.

Spinel be is, in the words of the Gemology call antitute of America, "the great imposter". Historically found in the



that are getting harder to find, are "steadily increasing." Sotheby's sold a ring with a 25.88-card Turnation (552,000.) above the high estimate, in November. "Collectors and buyers will continue to understand and appreciate out out of the pinel, so I see that prices will gather monentum," says offish. She adds that interest in spinel is led by the Asian market, where buyers not only appreciate red gem-

red spinel, which fetched HKS3,377,500 (\$430,000) in 10 201. Chika says the use of spinel in contemporary high jewellery in contemporary high jewellery in contemporary high jewellery in the principal for the tage genes out is helping to feet the genes out is helping to feet the genes of the contemporary high great part of the principal for the principa



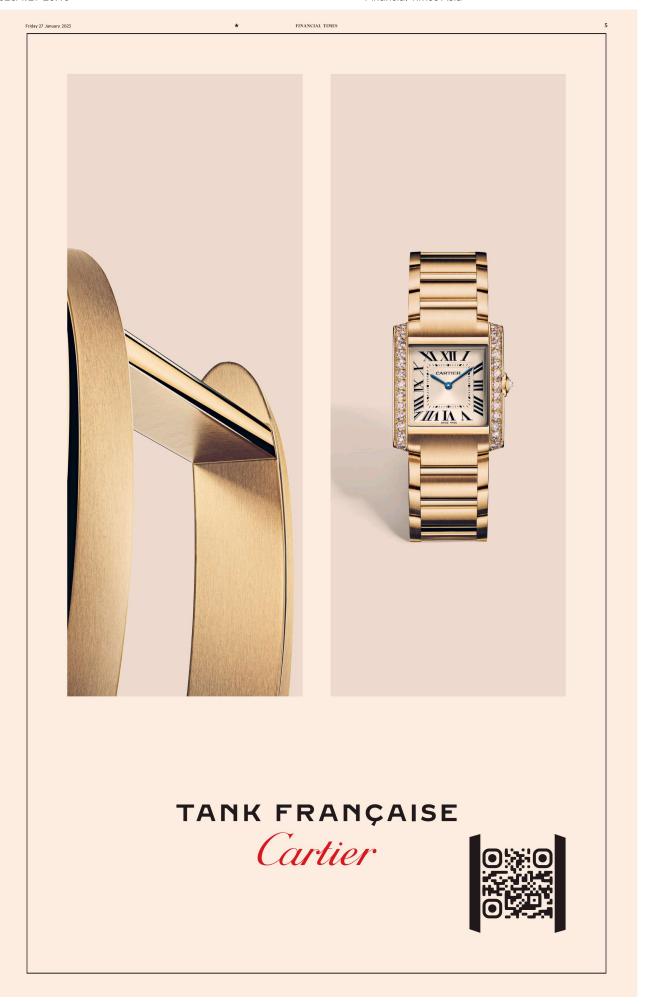
When we propose pieces with spinels, we now face a much better understanding and appreciation of the stone

appreciation of the stone' summer's La Giola di Pomellato high jewellery collection – says demand for spinel is rising because today's customer "needs something different".

"They are much more sophisticated stonelike spinel represents something new for hem," he says. He adds that spinel is "quite different" to other materials and that its breadth of shades allows the Milanese brand to represent different aspects of nature in its designs. Adriana, who started collecting spinels 20 years ago, has sourced rare and precious spinel for a couple of clients are an investment stone" and hopes to see "an investment stone" and hopes to see "an investment stone" and thopes to see "an investment stone" and one port of a spinel so when the spinels of the spinels of the spinels. "If you ask most jewellers what their favourite stone is, they will say a spinel... and everyone [else] has finally woken up to how lovely they are," she says. "Something about them is more magical than any other genstone."



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Watches & Jewellery

Enthusiasts An international club aims to boost knowledge of creative processes, By Elisa Anniss

Gem X marks the spot for insight into the jewellery world

escribing itself as a "private social club" for jewellery enthusiasts, Gem X takes a deep dive into all manner of jewellery-leated subjects, sharing insights with an international audience of 1,000 plus. Members include designers, historians and collectors. There are also those who may be unconnected to the industry but are passionate about jewellery and eager to gain knowledge and access to the inner sanctum of this often closed-oif world. And through its work, the club assagined a reputation as a credible jewellery authority. Its founders are tracted likely and the great produces a part of the produces of the pro



Above: Gem X members at an event Below: Lin Jamison and Heidi Garnett

Valery Demure, who runs the Objet d'Emotion jewellery gallery in Maryle-bern de la control of the Entstand of the Control of the Entstand the Control of the Control of



on the diplomatic significance of the pins worn by former US secretary of state Madeleine Albright. London-based jeweller Dalia Daou,

pins worn by former US secretary of state Madeleine Abright.
London-based jeweller Dalia Daou, until recently a Core member, explains: "The Core acts somewhat like a board in the same and contributing to the color hinging and brainstorning development deas and contributing to the converse of the control o

lombara in London, involve no commission or pressure to buy, just an invitation to learn and appreciate. This 'clear division between church and state", as Garnett describes it, is what Gem X members value most. Indeed, the \$15,000 proceeds from Gemflik have been put towards awards for five scholars, including Melbourne-based maker Ellin Geary and Yeena Yoon, who is based at London's Goldsmith's Centre. The search for 2025 scholars is under way.

Gem X has three membership levels, Gem X has three membership levels, Gem X has three membership levels, and passion for jewellery, not for knowledge, "adds Garnett. For \$100 annually, Gem X membership allows for the control of the search of the control of the search of the control of the presence of \$10.825, Price dat \$1,000 a year, Gem X Unlimited is the highest tier and includes dimers, salon tours and the opportunity to borrow items from the Gem X collection. This comprises pieces from designers including Castro Smith, Mealung Georgeopoulos, and Nicholas Lieou. The most recent of the presence began with a relationship with the jeweller and an appreciation for their craft, "Garnett says, It is the common thread in all of Gem X's activities, she believes.



'When Beyoncé bought my earrings, I became a brand'

Profile Fernando Jorge puts his success down much as design talent, writes Maria Doulton

Establishing a successful international jewellery brand from scratch is not the cases of talks. But, when Brazillan-born Fernando Jorge set up his company in the UK in 2022, he did not expect his jewellery designs to become celebrity for a surface of the company of the compan

stand out, yet well thought-out and easy to wear."

The Mayfair showroom was a response to the demand for higher-priced diamond jewels — as well as clients seeking more valuable and bespoke pieces, Jorge's website offers around 800 items — 400 designs and their variations — with prices ranging from nearly £750 to more than £50,000, and with

private sales of higher value pieces of up to £700,000.

The US is the company's dominant market, followed by the Middle East then the UK, lorge reported 70 per cent up vega-ron-year growth in 2021, and expects 40 per cent growth for 2022. His main wholesale and retail partners are luxury department stores Bergdorf Goodman and Harrods, as well as London-based Matches Fashion and Le Bon Marchéin Paris.

The consignment model works well when the fils right and product sells, as the retailer provides the real estate, experienced sales people and a loyal



customer base," says Meeling Wong, founder of Meeling Wong Associates, a business consultancy for jewellers. Though only in his early forties, logual-nearly has 20 years of jewellery hashcases experience. Thanks to an appressive properties of the properties of the

Amorim herself. There, he immersed himself not just in developing designs but the world of retail, marketing and branding.

but the world of retail, marketing and branding.
Jorge's next move was a masters in jewellery design at London's Central Society of the property of the proper

Graff floats rare oval diamond necklace

A rare 50-care ID flawless oval diamond is at the centre of a new necklace the centre of a new necklace. Howelength of the flaw of the centre of the centre

De Beers explores the transformation o nature through the seasons in its new Metamorphosis high jewellery collection. The first set in the collection Prelude, which launched during Prelude, which launched during
Couture in Paris this week, introduces
all four seasons, with each represented
by a different line of diamonds using
different metals, stone settlings and
colours. The nine pieces include an ear
cuff (right) that
features four
titanium

summer 2023 collection Backs, while kaulop shells feature in the sort of reputation be worn either on their on a matching in give be worn either on their on a matching in give be worn either on their on a matching in give be worn either on their on a matching in give be worn either on their on a matching in give be worn either on their own or hyered with existing lines. The design of two bangles of coiled gold and an anatching ring is based on the twist of a counch shell, or the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the sort of the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces. Asymmetric—are hand the spirals of a narwhal's tusk while scallop shells feature in pieces that are can't eventure due to four one of-a-kind high piece level such that the eventure distinct the search of the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of a narwhal's tusk while scallop shells feature in the spirals of the ring is based on the twists of a conch shell, or the spirals of a narwhal's tusk, while scallop shells feature in other pieces. Asymmetrical freshwater pearl are hand knotted on olive silk with a

single off-centre diamond for three necklaces, a bracelet and an anklet.

Added links

Added links
Tasaki is adding seven new pieces to its
Fine Links series on February I.
Designed for the Japanese brand by
That-American Basilon designer
jewellery juxtaposes
contrasting elements
yellow gold links are
combined with Aloya
pearls and diamonds
in designs for two
pendants, two rings,
two parso for arrings,
and one car cuff. The
links come in two
different sizes of chain; the
smaller one is decorated with
diamonds and the larger one is
unandorned. Tasaki launched
Fine Links with three pieces in
2019.

Reign of Spain

Reign of Spain

An early I7th-century eagle pendant is among the pieces of Spanish
Golden Age jewellery on show at the
Royal Academy of Arts in London until
April 10. Featured in the gallery's Spain
and the Hispain's World exhibition, the
pendant—made of gold, enamel,
emerall and pearls—is none of halfa
dozen jewels on display from the
collection of the Hispain's Society
Museum & Library in New York. Other
jewellery pieces include a 16th-century
pendant in the shape of a centaur, made
from gold, champlevé and transparent
enamel, sapphires, rubies, and pearls.

A London gallery specialising in ancient art will exhibit its first full collection of jewellery at TEFAF Maastricht (March 11-19). Kallos Gallery, which has

previously sold ancient jewellery and 19th and 20th-century antique pieces featuring ancient elements, branched out into designing its own fine jewellery in December 2021. Its new pendants, carrings, rings and bracelets consist of ancient coins, intaglios and namelets set into modern 18-carat gold mounts. Other exhibitors confirmed for the art, antiques and design fair include Indian jeweller Bhagat, German house Hemmerle, and Van Cleef & Arpels.

African influences

Influences
The latest collection
from Aymer Maria, which
launched its debut line
Pilastro at London
department store Liberty last
month, will be available to buy
from February 2. The brands
African heritage in her designs. The
African heritage in her designs. The
new Malian collection is napired by
the architectural style of the Great
Mosque of Djenne in Mali and the
Larabanga Mosque in Ghana. Twelve
gold and diamonds, include three ring
designs, five styles of carrings, one
bracelet, a bangle and two necklaces.

Shining Knight

Bonhans will show a belle époque
diamond tiara at the Grand Palais
Ephémere in Paris on February 2 ahead
of offering if for sale at auction in the
French capital on February 16. The
property of a European noble family,
the plece (c1905) has an openwork
floral design, and features
approximately 25 carats of diamonds
mounted ingold and platinum. The
tiara (estimate €50,000 - 670,000) is
attributed to the Italian jeweller
Giuseppe Knight.

Chaumet has unveiled new designs in its Liens family of jewellery this month. The Liens Inséparable high jewellery capsule collection comprises two The Liens Inséparable high jewellery capsule collection comprises two chapters: the first features four white gold pieces with white diamonds and blue sapphires; the second has five pieces made from white gold and white diamonds only. The French house has do introduced four new rings and three variations of a pendant necklace to its I alens Evidence fine jewelley range. The Jeux de Jiens line is boosted by the addition of new designs for a pendant necklace and ring in white gold and blue sapphire.

Kate Youde

Friday 27 January 2023

Watches & Jewellery

Circular jewellery economy takes a digital turn

FINANCIAL TIMES

Certification Platform allows smaller makers to provide accessible proof of provenance, writes Kate Youde

n online platform that aims to be what one of its found-ers calls a "360 home" for fine jewellery is due to launch in the US today.

ers calls a "560 home" for fine jewellery is due to launch in the UStoday.

The expansion of Finematter — a showcase for independent jewellers that is already available to customers in the UK and Europe — comes ahead of its planned rollout of technology that will enable jewellers to is sue digital certificates with sales from their own sites, not just those made through ribe matter. Just the made through ribe made through ribe made through ribe made through ribe made through the made that the made t

to offer otherwise.

"I don't know that it'll reduce [copies], but I do have hope that it would give customers that purchase through myself or through Finematter peace of mind that they do have an authentic piece.

Caroline Chalmer, a former chief operating officer at Global Fashion Agenda, a Copenhagen-based non-



profit organisation focused on sustaina-bility in fashion, launched Finematter in late 2020 with co-founder Mie Ejdrup, Financial backers include angel investor Henrik Holmark, a former chief financial officer at Danish jewel-lery brand Pandora. Finematter's aim was to "take a tech approach to the jewellery industry" and establish a platform to connect inde-pendent jewellers directly with custom establish a platform to some establish a platform to some establish a platform to some stablish a platform to some side stablish a platform to some side of the pendent jewellers directly with establish a platform so chief site, although she declines to disclose the percentage. The site launched with 20 jewellers and now showcases more than 100. Of these, 32 per cent are based in the US, 32 per cent in the UK, and the remainder sewhere in Europe. However, until today's expansion, only customers in the UK and Europe have been able to use the site. "We have quite a few partners that are

the UK and Europe have been able to use the site.

We have quite a few partners that are based in the US and we've seen how we ve been able to help them generate sales and new connections in Europe. Says Chalmer. "We want to do the same the other way round and, of ourse, the USs one of the largest jewellery markets.

We've been seeing a steady increase in our organic traffic [ie through search engines] from the US over the last few months [to about 20 per cent], despite not having launched there yet, so It's already a significant share. That to unidicates a tremendous appetite.

Finematter introduced replating, repairing, resizing and refreshing serv-

repairing, resizing and refreshing serv-ices in the UK at the start of last year in

Provenance: Finematter's CEO Caroline Chalmer takes 'a tech approach to the jewellery industry' and

volume. Finematter recycles unwanted jeweller yn the UK. There is an 900-strong waiting list to use the platform, according to Chalmer. Not all these jeweller swill be allowed to 10 it; to date, about 20 per cent of applications processed have been accepted have been accepted. Makers must meet selection criteria related to design, durability, value and sustainability. These include being a

designer-lear obsiness and harming sup-ply chain transparency. London-based ethical jeweller Pippa Small joined in June, giving her brand exposure in Scandinavia for the first time (as she had not had a wholesaler there). She was encouraged by the fact that Finematter is "pursuing this route of improving transparency," takes care to explain jewellery terms to

customers and has clear labelling about material sourcing.

She says that, whereas jewellery sold in department stores in the past was "separated from its story straightaway", because salespeople did not know its information will always "side." he had been supported to the continuous beyond its owner. "It is the way it was always throughout time thought about ... [and] passed down the generations but, increasingly, it's become trend-driven and something more temporary," she says.

Chalmer agrees that, as well as helping jewellers "get new sales across the line", digital certificates encourage longewity in jewellery, by making it easier for owners to insure, repair or resell pieces. She says a "smart contract" will be incorporated into the certificate before it is rolled out to jewellers so that, if a piece is later sold on the secondary (which she declines to disclose, kicks back to the original maker.

"We have ambitions for the industry to work in a more circular way and the certificate is really the main building block for that mission," says Chalmer.



Brands weigh cost of popular watch fairs

Continued from page 1
show gives you a magnitude of coverage
you wouldn't otherwise have."
This an other exhibitors share his view. "It's a
nice stage to show what we do and it's
there," as you limb Tornare, the fire
there, as you limb Tornare, the fire
there is the fire
there is the fire
there is the fire
there is the fire
the

W&W's precursor, the Salon Interna-tional dela Hautle Horlogerie, before the pandemic are yet to return.

Audemars Piguet, Richard Mille, Bretiling and the Swatch Group of brands, which includes Omega and Longines, have stayed away. Swatch Group left agaping hole in Baselworld five years ago, when its chair Nickl Hayek Inamously stated he had better Mayek Inamously stated he had better Says Bulgari chief executive, Jean-Christophe Babin, who also chieflibs at INIW Match Week each January and was the Gunder of Genew Match Days, a decen-tralised mini-show attended by around of Jornath state is scheduled to run for a fourth consecutive year this August. "My three events while IVMI is excluded from that Infection of doing what we want." Babin also says he will not exhibit at the event while IVMI is excluded from that Gredon of doing what we want." Babin also says he will not exhibit at the event while IVMI is excluded from the event while IVMI is excluded from the whether it deserves the space and influ-ence a major player should have in that one amajor player should have in that one polingion our side." According to Humair, there are no opening on our side." According to Humair, there are no

plans to extend an invitation or to change the board's make-up. Big exhibitors are invited to join an organising committee, but not the board. Some analysts have suggested Babin's demand is unreasonable, though. Some analysts have suggested Babin's demand is unreasonable, though. With the some analysts are suggested to the board with the some analysts of the board with the some strength of the board with the some strength of the board with the some vents for which it masters expenditures, timing, format and communication."

Others appear closer to a return. Yandeman's Pigue could easily spo back if the format were to be changed," says François-Henry Bennahmia, the company's outgoing chief executive, adding the would like to see more frequent client-focused events organised during the around the some strength of the s

uti sithe debate over? "I hope it is," says Mark Toulson, head of watch buying at retailer Watches of Switzer-land Group. "Rolex and Patek Philippe see the value in it, and smaller brands piggy-back on that. They all want to promote mechanical watch-mount of the promote mechanical watch-industry." Jerith Touris interest in the whole industry." Zenith's Tornare believes brands need to take a long-term view. "We want to make sure future generations are interested in mechanical watches. So my dream would be to have a large-scale event where everybody can join." Some believe it's simpler than that. "Selling luxury is all about relation-ships," says Rob Corder, founder of the London event WatchPro Salon. "That will include Whatshpp and social media but, if 2022 taught us anything, it is that people want to spend time with others with shared passions."



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