

press release

25 May 2011

The Share Centre warn investors not to rush to buy Glencore

- Scepticism is high around the floatation of Glencore
- High diversity could expose the company to weakness
- The Share Centre prefers BHP Billiton and Rio Tinto in the mining sector

As utility group Severn Trent reports its full year results, Graham Spooner, investment adviser at The Share Centre, explains what they mean for investors.

“This morning Severn Trent issued full year results that didn’t dramatically differ from analyst expectations. Revenue edged to £1.7bn and although price cuts meant annual profit the drop was smaller than expected.

“The colder weather conditions saw an increase in household demand and restocking led to robust commercial consumption. This rise offset the effect of the lower prices and brought turnover to a similar level as last year.

“Despite a 10% fall in the full year dividend income seekers will be pleased to hear the current year dividend is expected to grow to 70.1p, increasing by 7.7%. This exceeds the company’s stated dividend policy of a 3% increase each year for the next four years.

“Severn Trent plans for sustainable growth by increasing capital expenditure year on year and looks to improve the infrastructure of its networks. The company invested £405.3m fixing and maintaining assets however the cold weather across the UK led to higher than expected leakages.

“In these uncertain times defensive shares are seen to be attractive to income seeking investors and have been performing quite well. We expect this to continue going forward and with vague rumours of takeover bids emerging in the sector, there may be interesting times ahead. We continue to recommend investors looking to reap the benefits from a safer haven to ‘hold’ for now.

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The bases and levels of taxation relating to ISAs, CTFs and SIPPs are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPPs are also available.

The Share Centre's Advice team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#). The Share Centre blog is also available at <http://blog.share.com>.

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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