

## VSA Dispatch from The Secret Lair 5



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Our Dear Leader has been broadcasting from his home in Chiswick and we proudly now recognise the brilliance of the CBC (Chiswick Broadcasting Corporation) But for anyone concerned about the black marks that could be seen on his arm, we can assure you it was only because he had got a puncture on his daily cycle ride and had to mend it himself as none of his grateful staff were on hand to do it for him.

The latest podcasts can be found [here](#).

These include discussions on Cash Shells and Gold Stocks.

VSA Capital is also now doing a daily 5 minute [morning miner podcast](#) at about 9am where our in-house geologist Paul Renken discusses the news of the day.

Our Dear Leader also kindly gave all staff last Friday off as a day to celebrate and he sent us some heart-warming words.

"Sometimes doing your best is not good enough. Sometimes you must do what is required."

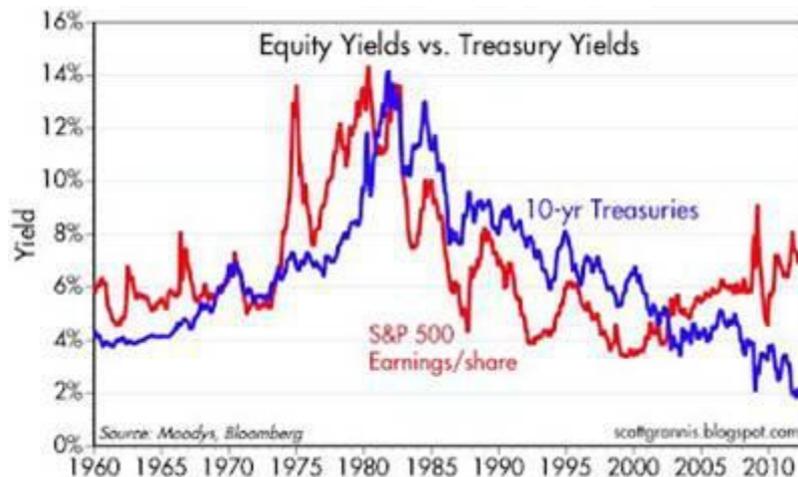
and

"Victory at all costs, victory in spite of all markets, victory however long and hard the hard may be; for without victory there is no Bonus."

We are all honoured by his inspiration and know we must work harder.

He has also instructed us to focus on Convertible Bonds and reminds us that back in the 80's and 90's this was a large and very vibrant market but that it died basically as we entered the new millennium mainly as the yield ratio went from a whole number to a fraction as the yield on equities became greater than Government bonds and so why bother with a CB. Today as Bonds yield basically zero, it does appear that the 40-year bull market in Bonds may have finished and that pension funds will be chasing income. This will support equities but could also see a re-emergence of higher yielding CB's. At VSA we have recently put together a series of private CB's to help fund companies, but we are now also in the process of putting together some larger CB's which we would look to list so that all investors can participate. For a profitable company that wishes to raise capital to grow but doesn't want excess dilution, this is a very attractive route and for investors it can provide high yield with equity upside. The key is to ensure that the listing can be done cheaply (and we believe we have a very neat solution for that) and that as in the 80's and 90's there is a vibrant secondary market.

The chart below shows how the yield ratio in the early 60's was 0.65x then rose to 2x in the early 80's and has fallen back today to basically 0.1x



VSA also owns 50% of an FCA regulated Blockchain Investment Bank - Benjami <https://benjami.com/> and we are delighted to announce that last week it became the first UK advisor to be accepted to the Tokenise Stock Exchange (TKSE) <https://tokenisestock.exchange>.

Crypto Assets and Blockchain have taken a back seat in the last year or so but Bitcoin has not collapsed and the growth in Blockchain continues and this does give VSA an almost unique position in this field.

Finally, we find it useful to understand how China is performing as a partial guide to how other Countries may fare after lockdown and so we follow with a report from our team in Shanghai.

In general, almost every company has resumed to work as usual, some foreign company staff still work from home 2-3 days a week due to reduction of businesses from their overseas owner.

The number of resumed domestic flights has reached 40-60% of normal levels and there are no new restrictions on how you fly (i.e. the middle seat is not left empty) The May Day Holiday contributed a lot to travel growing.

The Shanghai Government launched a large-scale consumption Festival during May Day Holiday called "May 5 Shopping Festival", which promoted the consumption a lot and helped economic recovery.

Only 4 minutes after the official launch of the May 5 Shopping Festival, the real-time amount of retail spending in Shanghai had exceeded 100 million CNY (Approx. £12mn).

In the 18 hours from the official launch of the shopping festival at 20:00 on May 4 to 14:00 on May 5, the total retail spending in Shanghai had exceeded 10 billion CNY. (approx. £1.2bn).

Most hotels have started to work, some still not- e.g.: Joya will start at the end of May. (The Joya is one of Our Dear Leaders favourite hotels in Shanghai - a 4-star modern boutique hotel close to the Shanghai office).

Still some sectors are not allowed to restart business- cinema and KTV- but bars and clubs are open.

Also, the epidemic caused big influence on some restaurants: In the first two months of 2020, more than 13,000 catering enterprises in China were closed.

The epidemic has given birth to the growth of fresh e-commerce, online education, telemedicine and other online new consumption.

In Shanghai the coronavirus emergency response level has been adjusted to level III from Level II.

Numbers of provinces in China of different response levels:

Level I: 0	led and directed by the State Council
Level II: 5	led and directed by Provincial People's Government
Level III: 24	led and directed by Municipal People's Government
Level IV: 2	led and directed by County-level People's Government

Given the de-escalation of monitoring and control of the virus from national and provincial level to a localised level, this bodes well for the ongoing control and elimination of the virus in China. Let us hope the UK follows this trajectory also.

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