

by: John Marshall

Barclays' Barrett sells up and ships out

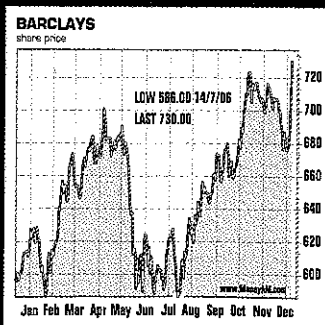
Matt Barrett, the retiring chairman of **Barclays (BARC)**, has cut his major link with the high street banker by selling almost all the shares he owns in the group.

Barrett, who retires in two weeks, exercised an option to buy 2 million shares at 510p and sold them all at 710.5p. He also sold all shares received from the Employee Benefit Trust as well as almost all of his existing holding.

Following this fire sale, he now holds just 2,000 shares in the group, fewer than many a private investor. This is scarcely a vote of confidence in the bank's future and may not be appreciated by his successor Marcus Agius, who successfully presided over the auction for BAA.

Along with several other banks, Barclays has been the subject of various takeover rumours. Clearly Barrett places little faith in these. Were he to believe that there was even a scintilla of truth in the rumours, he surely would have maintained a somewhat larger holding.

Barrett is an experienced banker. The fact that he has shown so little confidence in the future of the company should make others question their holdings, too.



Hot Tuna finally catches a break

Hot Tuna (HTT:AIM) may be a hot brand for surfers but it was not one of 2005's hot issues. Floated on Aim at 50p by Nabarro Wells, the shares have been a miserable market. The group had three brokers in its first seven months as a public company.

However, directors clearly believe that the surf clothing and accessories group, which now boasts Elle Macpherson on the board, is on a clear recovery path. Both chairman Ranjit Murugason and the major shareholder, non-exec director Dimitrios Podaridis, were major players in the company's recent fundraising.

Since Murugason became chairman in April this year, he has transformed the business. He canceled licences, got Macpherson on to the board, appointed

design teams and won new accounts. He has now appointed distributors in four important markets - Spain, Portugal, Ireland and the Canaries - while the relaunches in the UK, Australia and the US have shown considerable promise. The recent fundraising, albeit at 15p, was the final piece in the jigsaw of recovery. The £4.2 million proceeds will ensure the group is properly funded going forward.

Richard Ratner of house broker Seymour Pierce has raised his forecasts. Although he still believes the group will lose £1.5 million this year, he is now forecasting a modest profit of £250,000 in 2007-08 and a further profit of £2 million in 2008-09.

The shares are now selling at 18p, a 20% premium to the fundraising at 15p. This underlines Ratner's optimism that the shares will now outperform

Cavanagh Group gathers momentum

Several directors of IFA specialists **Cavanagh Group (CVH:AIM)** were active in the market last week. The three founder shareholders - chief executive Andrew Fay, MD Simon Redgrove and sales director Neil Millard - all top-sliced their holdings. This supplied the finance director, Ian Henson, and Charles Gillespie, a non-exec, with an opportunity to increase their holdings further following a

series of purchases earlier this year. The three founders are, however, still major holders with a total of almost 63% of the equity.

Despite the financial expertise of the board, the group has until recently been loss-making. However, the recent interims were encouraging. Turnover rose by 13%. The group earned its first pre-tax profit - £417,000, compared with a previous loss

of £192,000. There was also a cash inflow of £1 million as opposed to a cash outflow of £311,000.

House broker Brewin Dolphin is forecasting EPS of 4.2p, rising to 5.2p next year. The broker's forecast may, perhaps understandably, be too cautious. However, the company does seem to have strong momentum, with 82% relative strength over one year, which may encourage others.

Lightbulb goes on over Premier Farnell activity

Following the group's third-quarter figures, three directors of electrical distributors **Premier Farnell (PFI)**, led by chief executive Harriet Green, bought shares.

There had been speculation that the group might merge with fellow distributors **Electrocomponents (ECM)** but the fact that these directors bought stock indicates no negotiations are taking place between these two companies. Their willingness to buy additional shares may also serve to comfort institutional investors.

Following the group's strategic review in October, two other directors - chairman Sir Peter Gershon and non-exec Andrew Dougal - also bought. The enthusiasm of the Premier Farnell five for the shares suggests the company is entering a more dynamic phase.

Its recent strategic review was based on accelerated sales growth and improved margins. However, in 2007-08 the restructuring will involve exceptional costs, although it will be earnings enhancing thereafter.

Premier Farnell's performance has been affected by poor returns from BuckHickman-InOne. The group has indicated this business does not have a long-term future in the company and intends to improve its performance as a prelude to selling it.

The market is forecasting EPS of 11.9p rising to 13.1p next year, placing the shares on a PE of 16.7 falling to 15.1 next year. This is a severe discount to Electrocomponents and one which the board clearly expects to narrow.