

Utilico Emerging Markets

Proposal to re-domicile in the UK

Utilico Emerging Markets (UEM) aims to generate long-term growth in capital and income from a portfolio of 60-90 emerging market equities. Exposure is diversified by geography, with a large concentration in infrastructure, utility and related sectors. Manager Charles Jillings is bullish on the outlook for emerging market equities in 2018 due to a widespread economic improvement, which should result in another year of robust corporate profits. UEM has announced that it is proposing to change its domicile from Bermuda to the UK, which has the potential to improve investor perception and may lead to a narrower discount.

12 months ending	Share price (%)	NAV (%)	MSCI Emerging Markets (%)	MSCI EM Infrastructure Capped (%)	Performance fee benchmark (%)
31/01/14	(3.5)	2.6	(13.0)	(11.5)	6.5
31/01/15	18.8	16.1	15.6	19.9	7.7
31/01/16	(10.5)	(9.3)	(15.9)	(15.3)	8.0
31/01/17	21.3	25.5	41.9	30.6	8.0
31/01/18	16.9	15.7	25.2	9.1	8.0

Source: Thomson Datastream. Note: All % on a total return basis in GBP. Performance fee benchmark subject to an 8% minimum from April 2014. MSCI indices are shown for illustrative purposes.

Investment strategy: Fundamental research

Jillings invests for the long term, avoiding stock market 'noise', seeking companies that can generate strong margins and cash flow, which can support above-average dividend yields. The investible universe of c 900 companies is screened and companies passing the selection criteria undergo thorough fundamental research, which includes construction of detailed financial models and valuation targets. Company meetings and site visits are an integral part of the research process. Since UEM's launch in July 2005 to end-January 2018, its NAV total returns have compounded at 12.0% per annum.

Market outlook: Potential for higher equity volatility

Global equities have been in an uptrend since early 2016, in a period categorised by a synchronised improvement in the global economy. Unsurprisingly, over this period relatively defensive emerging market infrastructure shares have failed to keep pace with broader emerging market equities. During 2017, stock market volatility was particularly low compared with history, but has recently increased. In this environment, investors may wish to consider a fund of high-quality companies that are generating steady cash flows and offer relatively high dividend yields.

Valuation: Discount wider than average

UEM's current 13.1% share price discount to cum-income NAV is wider than the averages of the last one, three, five and 10 years of 11.5%, 10.6%, 9.0% and 8.8%. The trust's imminent simplified capital structure (the final exercise of subscription rights is 28 February 2018) and the proposed re-domicile have the potential to lead to a narrower discount. UEM has a progressive dividend policy; the annual distribution has been increased or maintained each year since the trust's launch.

Investment companies

26 February 2018

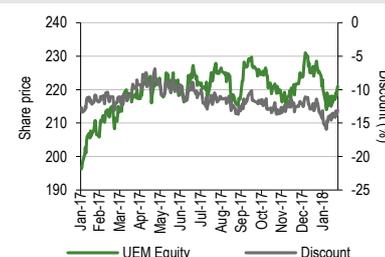
Price 221.0p
Market cap £465m
AUM £563m

NAV* 251.3p
Discount to NAV 12.1%
NAV** 254.3p
Discount to NAV 13.1%

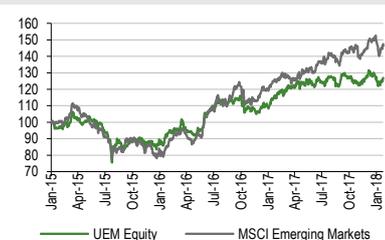
*Excluding income. **Including income. As at 22 February 2018.

Yield 3.2%
Ordinary shares in issue 210.4m
Code UEM
Primary exchange LSE
AIC sector Global Emerging Markets

Share price/discount performance



Three-year performance vs index



52-week high/low 231.0p 205.8p
NAV** high/low 260.1p 233.3p

**Including income.

Gearing

Gross* 6.6%
Net* 5.7%

*As at 31 January 2018.

Analysts

Mel Jenner +44 (0)20 3077 5720
Gavin Wood +44 (0)20 3681 2503

investmenttrusts@edisongroup.com

[Edison profile page](#)

Utilico Emerging Markets is a research client of Edison Investment Research Limited

Exhibit 1: Company at a glance

Investment objective and fund background

Utilico Emerging Markets' investment objective is to provide long-term total return by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets.

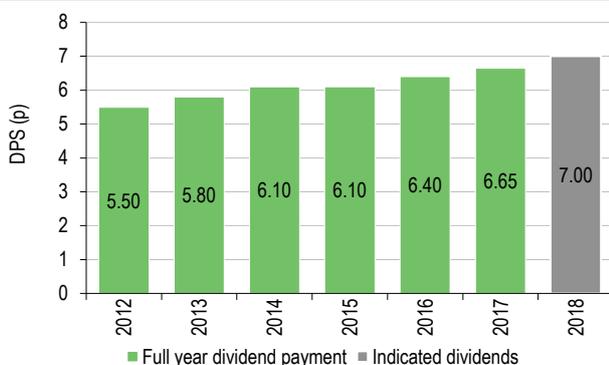
Recent developments

- 23 February 2018: Announcement of fourth quarterly interim dividend of 1.80p, to be paid in April rather than June, due to proposed re-domicile.
- 14 February 2018: Board announcement that UEM proposes to re-domicile in the UK.
- 6 February 2018: Announcement of third quarterly interim dividend of 1.80p.
- 21 November 2017: Six-month results to 30 September 2017. NAV TR +5.7% versus MSCI Emerging Markets Index TR +7.6%. Proposal to increase the third and final dividends from 1.70p to 1.80p.

Forthcoming		Capital structure		Fund details	
AGM	September 2018	Ongoing charges	1.0%	Group	ICM
Final results	June 2018	Net gearing	5.7%	Manager	Charles Jillings
Year end	31 March	Annual mgmt fee	0.65%	Address	UK office: PO Box 208, Epsom, Surrey KT18 7YF
Dividend paid	September, December, March, June	Performance fee	15% of outperformance (cap: 1.85% of average net assets)	Phone	+44 (0)1372 271486
Launch date	20 July 2005	Company life	Indefinite (subject to vote)	Website	www.uem.bm
Continuation vote	Five yearly, next 2021 AGM	Loan facilities	£50m		

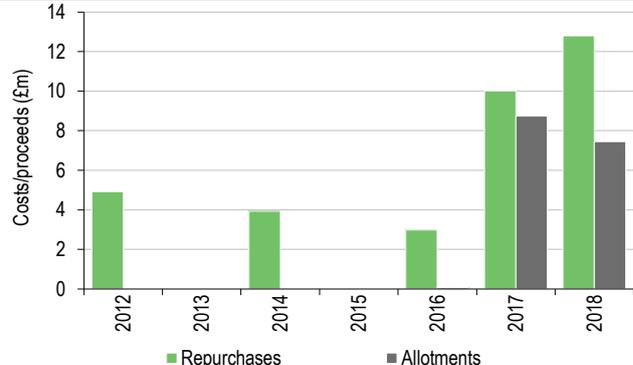
Dividend policy and history (financial years)

The fund is managed for total return, but the board broadly seeks flat or rising dividends.

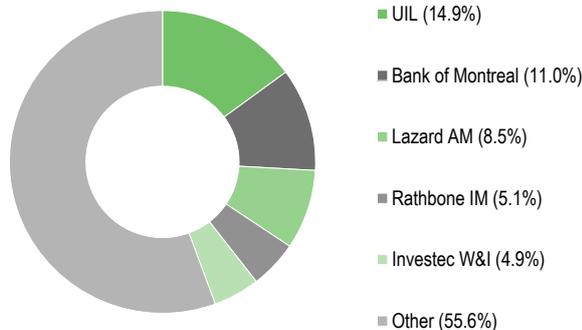


Share buyback policy and history (financial years)

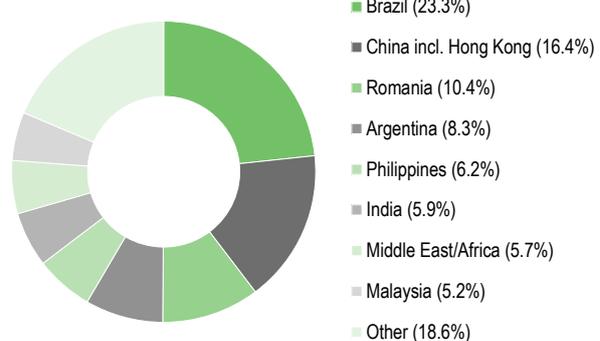
Subject to annual renewal, UEM has authority to repurchase up to 14.99% and allot shares up to 10% of the issued share capital.



Shareholder base (as at 21 February 2018)



Portfolio exposure by sector (look through as at 31 January 2018)



Top 10 holdings (as at 31 January 2018)

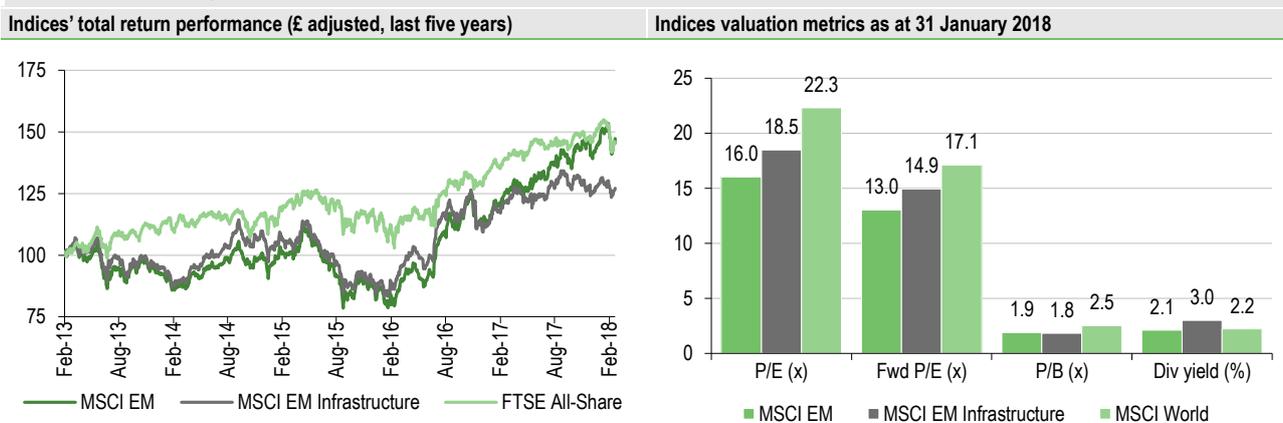
Company	Country	Sector	Portfolio weight %	
			31 January 2018	31 January 2017*
International Container Terminal Services	Philippines	Ports operator	4.7	4.5
Ocean Wilsons Holdings	Brazil	Ports operator and shipping services	4.4	4.6
Alupar Investimento	Brazil	Electricity generation & transmission	3.6	3.7
Transgaz	Romania	Gas transmission	3.3	2.7
Shanghai International Airport	China	Airport operator	3.1	N/A
Malaysia Airports Holdings	Malaysia	Airport operator	2.9	4.7
Yuexiu Transport Infrastructure	China	Toll roads operator	2.9	N/A
Transportadora de Gas del Sur	Argentina	Gas distribution	2.7	N/A
Bolsas y Mercados Argentinos	Argentina	Stock exchange	2.6	N/A
Cia de Gas de Sao Paulo (Comgas)	Brazil	Gas distribution	2.6	N/A
Top 10			32.8	37.2

Source: Utilico Emerging Markets, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in January 2017 top 10.

Market outlook: Valuations remain relatively attractive

The performance of indices is shown in Exhibit 2 (LHS). Over the last five years, emerging market shares on the whole have performed broadly in line with UK shares, while emerging market infrastructure shares have lagged, particularly during a period of strong global equity returns since early 2016. This is not surprising given the somewhat defensive nature of these companies that have long-lived assets and generate steady cash flows. During 2017, the stock market rally was orderly and volatility was very low versus history, although it has increased recently. Looking at valuations (right-hand chart), emerging market equities remain more attractively valued compared to global equities. Investors seeking emerging market exposure may wish to consider a fund comprising relatively stable, high-quality companies, which are generating strong cash flows and offer an above-average yield.

Exhibit 2: Market performance and valuation



Source: Thomson Datastream, MSCI, Edison Investment Research

Fund profile: Infrastructure and utility investment

UEM was launched in July 2005. It is currently registered in Bermuda, but the board has proposed a move to a UK registration to take advantage of its increasingly supportive regulatory and tax environment. This may also help improve investor perception and narrow UEM's discount, which is currently higher than the historical averages. If the re-domicile, via a scheme of arrangement, is approved by shareholders at a special meeting on 20 March 2018, it will become effective on 28 March 2018. There will be no change to the investment objective or dividend policy. The trust is traded on the Main Market of the London Stock Exchange. Since launch, UEM has been managed by Charles Jillings who is a director at ICM, which is a Bermuda-based investment company with c £20bn assets under management. He aims to generate long-term total returns from a diversified portfolio of emerging market equities, which are primarily in infrastructure, utility and related sectors. Stocks are selected on a bottom-up basis and the manager is unconstrained by benchmark allocations, although the MSCI Emerging Market Index is used as a reference. The benchmark for UEM's performance fee is the UK Gilt five- to 10-year index post-tax yield, plus RPIX inflation, plus 2%, subject to an 8% minimum and capped at 1.85% of average NAV. At the time of investment, a maximum of 60% may be in the top 10% holdings, 10% in a single stock, 30% in an individual country, 20% in a sector and 5% in unlisted securities (3% at end-September 2017). A maximum 20% may be invested outside of the infrastructure, utility and related sectors. At the time of drawdown, gearing (total borrowings versus gross assets) of up to 25% is permitted. At end-January 2018, net gearing was 5.7%. From launch to this date, UEM's NAV total returns have compounded at 12.0% per annum. This compares to a broad annual hurdle rate of 15% for portfolio

investments. Taking into account tax and other costs, the manager considers that the 12.0% return that has been achieved is an acceptable rate.

The fund manager: Charles Jillings

The manager's view: Outlook remains optimistic

Jillings believes that earnings growth for portfolio companies will continue in 2018 due to increased economic activity. For example, he says that toll roads, ports and airports are all experiencing higher volumes. The manager says that currencies are a consideration – higher US interest rates could mean a stronger US dollar. Currently, the dollar is undergoing a period of weakness versus stronger emerging market currencies.

Regarding the political environment, Jillings says that most countries have a positive backdrop. In Argentina, President Macri is working to normalise the economy. In Brazil, reforms are being implemented that are driving economic momentum and more than offsetting the political uncertainty surrounding President Temer. Interest rates in Brazil have come down significantly, due to lower inflation, which allows larger companies to refinance their debt at lower rates, while encouraging loan demand from consumers and small -and medium-sized enterprises.

In terms of economic growth, the manager says that on balance the outlook for Latin America is positive led by Brazil, Chile and Argentina, which is outweighing a lack of growth in Mexico, which has an upcoming presidential election and economic activity is being affected by ongoing NAFTA negotiations. In Asia, Jillings believes that the Chinese economy will continue to grow; within the country he endeavours to align UEM's holdings with government policy. These include gas distribution companies, where industry growth is positively affected by government initiatives to promote a cleaner environment. The trust continues to have meaningful exposure to Romania, which is enjoying the fastest economic growth in Europe, and is undergoing a programme of privatisation and restructuring of state-owned assets.

The manager comments that while equity valuations in general are close to the high end of their historical ranges, he believes that equities can continue to move higher, although he would not rule out a short-term correction. He is positive on the outlook for emerging market equities in 2018, but says that performance could be more of a challenge in 2019 due to higher inflation. This business cycle has been characterised by low inflation, due to a lack of wage growth, although there is evidence that wage gains are starting to come through. For example, Walmart, which is by far the largest private-sector employer in the US, has recently increased its minimum wage. Commodity prices have also rallied, including oil, which may affect economic growth in the future as central banks are forced to tighten monetary policy to combat higher inflation.

Asset allocation

Investment process: Diligent bottom-up stock selection

The manager aims to generate long-term capital and income growth from a diversified portfolio of emerging market equities, primarily in the infrastructure, utility and related sectors. He adopts a long-term time horizon, avoiding short-term stock market 'noise'. He is able to draw on the broad experience of ICM's investment team. Portfolio companies have long-dated assets, such as toll road, airport and gas and electricity transmission concessions. They typically generate strong cash flow, which can provide insulation during periods of economic weakness or currency fluctuations. Currently, 97% of the portfolio is invested in listed, operational assets and three quarters of investee companies pay a dividend. UEM's portfolio currently has 80 holdings, out of an investible universe of c 900 companies, which is towards the high end of the typical 60-90 range. Companies

considered for investment undergo thorough fundamental research, including construction of detailed financial models and valuation targets. They should have strong fundamentals such as revenue growth with strong margins and cash flows supporting above-average dividend yields. The ICM investment team place high importance on meeting company managements and site visits, along with meeting foreign government officials. Shares are only purchased when the manager considers that they are trading at a discount to their perceived value and have the potential to generate total returns of 15% pa. Jillings explains that due to the nature of UEM's investments, the trust has tended to underperform the broader market in a cyclical upturn, when consumer cyclical and commodity stocks typically perform well. UEM tends to outperform in a falling market.

Current portfolio positioning

At end-January 2018, UEM's top 10 positions made up 32.8% of the portfolio, which was a modestly lower concentration versus 37.2% a year earlier, with five names common to both periods. Looking at Exhibit 3, over the last 12 months to end-January 2018, UEM has increased exposure to Argentina (+8.3pp) and Brazil (+5.0pp) as a result of share price appreciation as well as additional investment. There is lower exposure in China including Hong Kong (-3.9pp), due to the manager taking some profits, along with weaker share price performance compared to other areas such as Latin America and Romania. On a sector basis, the largest additions are in road and rail (+3.1pp) and renewables (+2.4pp), with the largest reduction in water and waste (-3.1pp). However, despite identifying changes in geographic and sector exposure, it should be remembered that stock selection is made on a bottom-up basis.

Exhibit 3: Portfolio geographic and industrial exposure (% unless stated)

	Portfolio end-Jan 2018	Portfolio end-Jan 2017	Change (pp)		Portfolio end-Jan 2018	Portfolio end-Jan 2017	Change (pp)
Brazil	23.3	18.3	5.0	Electricity	24.0	21.9	2.1
China incl. Hong Kong	16.4	20.3	(3.9)	Gas	17.1	18.8	(1.7)
Romania	10.4	9.3	1.1	Ports	12.9	14.8	(1.9)
Argentina	8.3	0.0	8.3	Airports	10.6	9.7	0.9
Philippines	6.2	6.6	(0.4)	Other	8.5	7.1	1.4
India	5.9	6.6	(0.7)	Road and rail	8.0	4.9	3.1
Middle East/Africa	5.7	7.5	(1.8)	Water and waste	5.3	8.4	(3.1)
Malaysia	5.2	7.3	(2.1)	Satellites	3.9	5.7	(1.8)
Other Europe	4.7	4.5	0.2	Renewables	3.1	0.7	2.4
Other Latin America	4.5	7.7	(3.2)	Telecoms	2.6	4.1	(1.5)
Chile	3.8	3.4	0.4	Infrastructure inv. funds	2.3	1.6	0.7
Other Asia	3.7	3.4	0.3	Other infrastructure	1.7	2.3	(0.6)
Thailand	1.9	5.1	(3.2)				
	100.0	100.0			100.0	100.0	

Source: Utilico Emerging Markets, Edison Investment Research

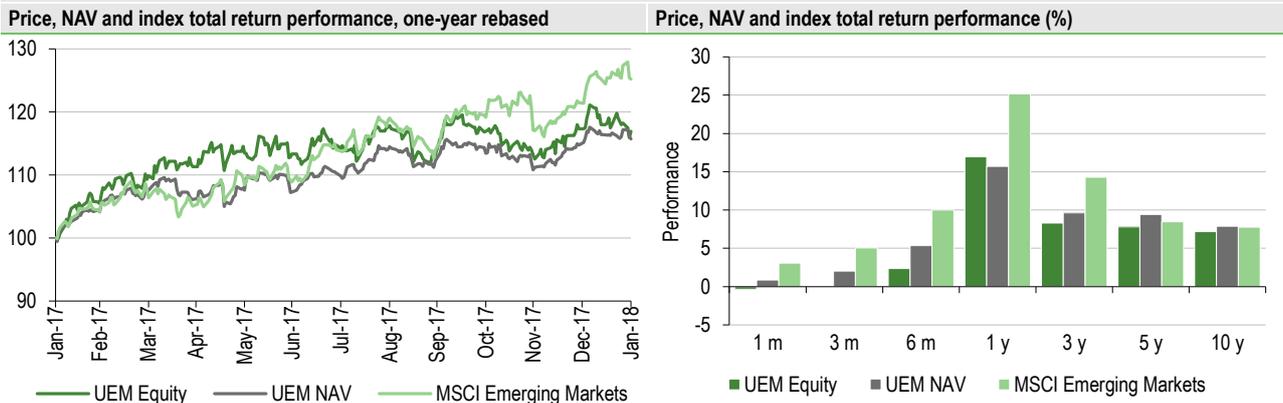
One of the relatively new positions in UEM's portfolio is Bolsas Y Mercados Argentinos (BYMA), which is the Argentine stock exchange. The trust invested in the company when it was privately owned. UEM also participated in the company's May 2017 initial public offering and has subsequently added to its position. BYMA's share price has performed very strongly, for example in December 2017, the stock rallied by c 40% due to higher stock market trading volumes and the company's inclusion in the Merval index (the primary Argentine stock market index). The manager is confident that following improvements in dealing and settlement arrangements, it is only a matter of time before Argentina is included in the MSCI Emerging Market Index, which should lead to higher investor demand for shares in Argentine companies.

Performance: Above performance fee benchmark

UEM's absolute returns are shown in Exhibit 4. Over the last 12 months, the trust's NAV and share price total returns of 15.7% and 16.9% respectively are behind the MSCI Emerging Market Index 25.2% total return, which is used as a reference rather than a performance benchmark. During the

period, exposure to Brazil has been beneficial for performance as the rate of economic progress has surpassed expectations and the benefits have outweighed political uncertainty in the country. On the flip side, satellite exposure has detracted from returns. The industry has become increasingly competitive due to increased supply and rapid technological changes. Over the longer term, from the trust's inception to end-H118, UEM's total return of 302.3% is meaningfully higher than the MSCI Emerging Market Index's 219.0% total return.

Exhibit 4: Investment company performance to 31 January 2018 (in sterling terms)



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

UEM's NAV total return has outperformed the performance fee benchmark over all periods shown, while its share price has outperformed over one, three and five years (Exhibit 5).

Exhibit 5: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Emerging Markets	(3.3)	(4.8)	(7.0)	(6.6)	(14.9)	(3.0)	(5.3)
NAV relative to MSCI Emerging Markets	(2.2)	(2.9)	(4.3)	(7.6)	(11.8)	4.5	1.0
Price relative to MSCI EM Infrastructure	0.5	0.2	2.1	7.2	5.3	13.8	9.5
NAV relative to MSCI EM Infrastructure	1.7	2.2	5.0	6.1	9.2	22.6	16.8
Price relative to FTSE All-Share	1.6	(1.0)	(1.5)	5.1	(0.3)	(3.1)	1.1
NAV relative to FTSE All-Share	2.8	0.9	1.3	4.0	3.4	4.4	7.8
Price relative to performance fee benchmark*	(1.0)	(1.9)	(1.6)	8.3	0.8	0.7	(5.8)
NAV relative to performance fee benchmark*	0.1	0.0	1.3	7.1	4.6	8.5	0.4

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-January 2018. Geometric calculation. *Benchmark for performance fee is UK Gilt five- to 10-year post-tax yield, plus RPIX, plus 2%, subject to an 8% minimum from 1 April 2014.

Exhibit 6: NAV total return performance relative to MSCI EM index over five years



Source: Thomson Datastream, Edison Investment Research

Discount: Wider than the historical averages

UEM's current 13.1% share price discount to cum-income NAV is towards the wider end of the 6.9% to 16.0% range over the last 12 months. It is also wider than the averages of the last one,

three, five and 10 years (range of 8.8% to 11.5%). The board and the manager actively monitor the discount as there is an inclination, but not a commitment to repurchase shares when the discount exceeds 10%. So far in FY18, 9.8m shares have been repurchased at a cost of £12.8m, this compares to allotments of 4.1m shares over the period, which has raised £7.4m (Exhibit 1). The manager is hopeful that following the final exercise of subscription rights at end-February 2018 (see below) the simplified capital structure of the trust will contribute to a narrower discount.

Exhibit 7: Share price premium/discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

UEM has 210.4m ordinary shares outstanding. It also has 37.8m subscription shares in issue. The last date that these shares may be exercised is 28 February 2018 at 183.0p. If all subscription shares are exercised it will result in c 4.3% dilution to the current NAV.

At end-January 2018, bank debt of £37.2m compared with an available £50.0m loan, which is a two-year secured multicurrency revolving facility with Scotiabank Europe, due for renewal on 27 April 2018. Gross gearing was 6.6%; adding back cash, this equates to net gearing of 5.7%.

An annual management fee of 0.65% of NAV is paid to ICM. In H118, ongoing charges were 1.0% compared to 1.1% in FY17. No performance fees were payable, unlike in FY17, which increased total ongoing charges to 2.9%. Subject to an 8% minimum hurdle, a 15% performance fee on returns above the UK gilt five- to 10-year index post-tax yield plus RPIX inflation plus 2% is payable; the NAV must exceed the high watermark NAV when the performance fee was last paid. The performance fee is capped at 1.85% of net assets, paid 50% in shares and 50% in cash.

Dividend policy and record

UEM is managed for total return and the board has a progressive dividend policy. Annual dividends have been increased or maintained since the trust was launched in 2005. Distributions may be from income or capital and are paid quarterly in September, December, March and June. Over the last five years, dividends have compounded at an annual rate of c 4%. In H118, dividends of 3.4p were c 1.9x covered by income and the revenue reserve increased by c 50% to £19.9m, which is equivalent to 9.5p per share (nearly 1.5x the FY16 annual dividend). Over the period, income was boosted by increased dividend payments from portfolio companies, higher exposure to countries that generally pay larger dividends, such as Brazil and Romania, and special dividends.

On a seasonal basis, UEM generates more income in H1 compared with H2. The directors have announced an increase in the third and final interim dividends from 1.7p to 1.8p, implying a total

dividend for FY18 of 7.0p, which is 5.3% higher than in FY17. Based on the current share price, UEM has a dividend yield of 3.2%.

Peer group comparison

Exhibit 8 shows the members of the AIC Global Emerging Markets sector that have been trading for more than a year with market caps above £100m. UEM cannot be directly compared to the peers due to its focus on infrastructure and utilities, however its diversified emerging market exposure means a comparison is valid. The trust's NAV total returns are above average over five and 10 years, while lagging over one and three years. UEM's discount is one of the widest in the selected peer group. Both its level of gearing and dividend yield are above the peer group average.

Exhibit 8: Selected peer group as at 23 February 2018*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (ex-par)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
Utilico Emerging Markets	465.0	11.1	35.2	48.6	112.0	(12.5)	1.0	Yes	107	3.2
Aberdeen Emerging Markets	322.5	13.7	46.4	35.4	49.0	(12.5)	1.1	No	106	3.3
BlackRock Frontiers	310.5	17.1	51.1	89.2		2.9	1.5	Yes	113	3.1
Fundsmith Emerging Equities Trust	309.2	11.0	18.1			1.3	1.9	No	100	0.0
Genesis Emerging Markets Fund	970.4	14.7	40.9	36.2	113.3	(12.8)	1.4	No	100	1.5
JPMorgan Emerging Markets	1,111.3	18.9	49.6	53.5	116.0	(11.1)	1.1	No	99	1.2
JPMorgan Global Emerging Markets	400.7	12.9	33.2	35.3		(3.8)	1.3	No	105	3.6
Templeton Emerging Markets	2,151.4	17.5	43.7	31.3	100.2	(10.2)	1.2	No	102	1.1
Average	755.1	14.6	39.8	47.1	98.1	(7.3)	1.3		104	2.1
Rank (out of eight funds)	4	7	6	3	3	6	8		2	3

Source: Morningstar, Edison Investment Research. Note: *Performance data as at 22 February 2018. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

There are five non-executive directors on UEM's board, of which four are independent of the manager. The chairman is John Rennocks, he was appointed to the board in November 2015 and assumed his current role in September 2016. Garth Milne is deputy chairman and was appointed in November 2014. The other two independent directors and their dates of appointment are Garry Madeiros (June 2007) and Anthony Muh (October 2010). The non-independent director is Susan Hansen, she was appointed in September 2013 and is also on the board of Homeloans, which is associated with ICM. UEM's manager Charles Jillings was historically on the board, but stood down in March 2012 to increase the board's independence and improve corporate governance.

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the Financial Conduct Authority ([Financial Conduct Authority](http://www.fca.org.uk)). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Pty Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2018 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Utilico Emerging Markets and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Investment Research Pty Ltd (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2018. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.