

Investment Trusts Quarterly

Featured topic: Smaller companies

Summary

Many investors might think it is reasonable that funds invested in smaller companies would tend to underperform during periods of risk aversion. So far in 2012 we have seen Europe lurch from one debt crisis to another with little resolution in sight, with some signs of life in the US economy but no sensible suggestions for addressing the deficit, and the uncertainty of a finely balanced presidential election to come. In China, the engine of the world economy, we have seen clear indications that growth is slowing and what some commentators are calling the biggest upheaval in government in 30 years. However, against that backdrop, many investment companies that specialise in small caps have been outperforming their large-cap peers. This quarterly report looks at a few of these companies and the reasons for their recent success.

The small-cap effect

Exhibit 1: The small-cap effect in the UK since 1 January 2000



Source: Datastream. Note: Index total return adjusted by RPI.

If you had invested £100 into the UK stock market as represented by the MSCI UK Index at the turn of the millennium and reinvested your dividends, after taking inflation into account your £100 would be worth £92.93 today¹. However, if you had invested the money in the Numis Smaller Companies Index² (then called the Hoare Govett Smaller Companies Index), your £100 would be worth almost £163. If you look at the statistics over an even longer period (the Numis Index was first published in 1987 but the data goes back to 1955) the picture is even more dramatic – just looking at the capital return, you would have made roughly five times more money investing in the small-cap index than the MSCI UK. This pattern of smaller companies outperforming larger ones over the long term is repeated across most stock markets. Of course, as Exhibit 1 shows, there are times when this does not hold true, but you should still perhaps ask yourself if you have enough exposure to small companies.

Edison client profiles included in this report:

Aberdeen New Thai Investment Trust
 Acencia Debt Strategies
 BB Biotech
 Biotech Growth Trust
 Brunner Investment Trust
 Carador Income Fund
 City Natural Resources High Yield Trust
 CQS Rig Finance
 Deutsche Beteiligungs
 Diverse Income Trust
 European Assets Trust
 Fidelity European Values
 Finsbury Growth and Income Trust
 Foreign & Colonial Investment Trust
 Geiger Counter
 Golden Prospect Precious Metals
 Greenwich Loan Income Fund
 HarbourVest Global Private Equity
 Henderson Fledgling Trust
 Henderson Global Trust
 International Biotechnology Trust
 Invesco Asia Trust
 Martin Currie Global Portfolio Trust
 Merchants Trust
 Midas Income & Growth Trust
 NB Global Floating Rate Income Fund
 New City Energy
 Pacific Assets Trust
 PXP Vietnam Fund
 RENN Universal Growth Investment Trust
 Scottish Oriental Smaller Companies Trust
 Securities Trust Scotland
 Vietnam Infrastructure Fund
 Vinacapital Vietnam Opportunities Fund
 VinaLand
 Worldwide Healthcare Trust

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¹ Source: Datastream.

² The Numis Smaller Companies Index tracks the bottom 10% by market capitalisation of stocks listed on the LSE, equivalent to around 800 companies. It excludes the AIM stocks and the average market capitalisation of its constituents is £233m.

Access the small-cap effect via an investment company

It may be facile to point out, but there are many more small companies than large ones. If you are not a specialist small-cap investor, it is easier to outsource all or part of your investment in this area to a fund manager who focuses on it full time. Buying a fund is the obvious solution and, in our opinion, buying an investment company makes more sense than buying an open-ended fund. But why?

- **Liquidity:** Smaller companies are less liquid than large caps – it can take time to build up and sell down a position and the manager of an investment company does not have to worry about money flooding in and out of the fund on a daily basis. Managers of small-cap investment companies can focus on long-term investment.
- **Survival of the fittest:** Underperforming small-cap investment companies are targeted by activist investors – bad managers lose their jobs, bad funds get taken over or liquidated. Underperforming open-ended fund managers can drift on for years.

2012 – a good year to be risk averse?

The economic woes of the world are well documented. The biggest problem for most developed economies is excessive government debt. In 2012 so far the spotlight has shifted between various EU states but, as yet, no government can claim to have decisively tackled the issue. China's phenomenal growth has masked the problem but this year its economy has slowed. In environments like this, investors usually run for safety and you might expect that smaller companies would be out of favour against this backdrop. The statistics tell a different story, however. We will now look at the performance of small-cap investment companies relative to their large cap peers over the year to date and examine the reasons for this outperformance more closely.

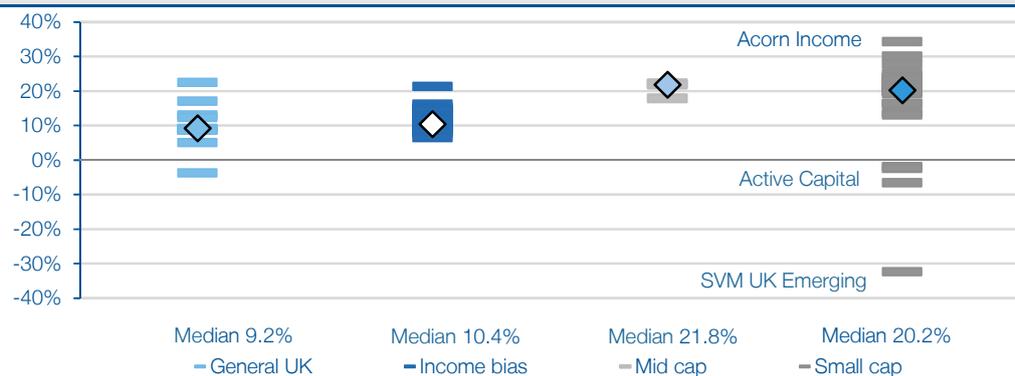
The UK

Exhibit 2: Numis Smaller Companies Index vs MSCI UK 2012 to date



Source: Datastream, index total return

Over the year to date UK smaller companies have been outperforming large-cap companies, with the bottom 10% of the market returning 21.9% vs 7.0% for the market as a whole.

Exhibit 3: Year-to-date total return performance of UK investment companies by specialisation

Source: Morningstar

In Exhibit 3 we have analysed the performance of all the investment companies that invest in UK equities and split them into:

- general UK – companies that invest across the whole market and tend to have a bias to larger-cap companies;
- income bias – income and growth and income funds that invest across the whole market;
- mid-cap – funds that invest predominantly in UK stocks ranked from 101 to 350 by market cap; and
- small cap – any fund that has a bias to investing in smaller UK companies.

Eight out of 10 general UK investment companies and 22 of 23 income-biased investment companies beat the MSCI UK Index – a creditable result.

The average small-cap fund was well ahead of the MSCI UK Index, only four of 23 small-cap investment companies failed to beat the index. Against the Numis Small Cap Index they fared less well, with seven out of 22 ahead. This is not a fair comparison, however, as many of these funds are benchmarked against indices that have a lower average market cap than the Numis index – the MSCI UK Micro Cap Index has returned 8.6% so far this year. Some of the investment companies that are exposed to the very smallest and most illiquid stocks, such as SVM UK Emerging and Active Capital, were the worst performers, implying that investors are shying away from the most illiquid stocks. The best-performing UK investment company this year so far is Acorn Income Fund, which has an income bias but invests in sub £1bn market-cap equities and fixed interest.

Gervais Williams of MAM funds manages the Diverse Income Trust (DIVI) and believes investors might be turning to small-cap stocks for income. To compile Exhibit 3 we placed DIVI, which normally sits in the growth and income category, in with small caps as its portfolio. This is because, as its name suggests, it is more diverse than other growth and income funds and is markedly skewed to smaller-cap stocks. That small-cap bias has helped DIVI outperform all but one of the investment companies in the growth and income sector year to date.

By expanding his investment universe into small caps, Gervais also has a much wider range of stocks to choose from. The large-cap indices in many markets are often dominated by a few stocks and sectors and this is especially true if you are investing for income.

Gervais cites the search for yield as a major influence on UK stock prices this year. With deposit interest at negligible levels and bond yields close to all-time lows, equities are looking like an attractive source of income, doubly so for investors who are concerned about inflation. Traditionally small-cap portfolios have not been seen as a natural source of income. Gervais thinks this attitude has changed for larger listed small caps this year. Talking about the difference in performance between the AIM and the Small Cap Index, he says “we believe that the performance differential may reflect our opinion that there is a changing attitude to dividend yield at the bottom end of the market. The key fact is that the AIM All Share Index yields only 1.28% whereas the FTSE Small Cap (ex Investment Companies) Index has a yield of 3.42%”.

Europe

Exhibit 4: HSBC European Smaller Companies vs MSCI Europe ex UK



Source: Datastream, index total return

The outperformance of European small-cap stocks is less marked than in the UK. The HSBC European Smaller Companies index is up 10.2% this year against 7.7% for the MSCI Europe ex UK and there was a noticeable change in late June as signs emerged that Germany was taking a more relaxed stance on bailouts for Spanish banks, boosting large-cap financials.

Exhibit 5: Year-to-date total return performance of European investment companies by specialisation



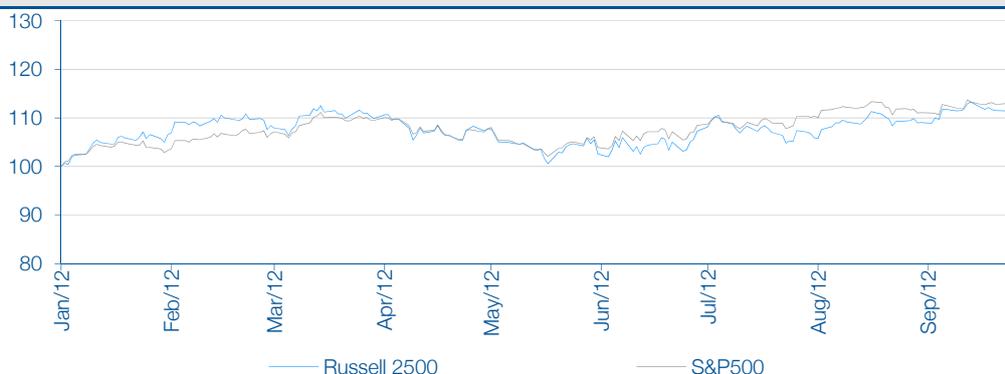
Source: Morningstar

When we look at the fund performance, Exhibit 5 shows impressive outperformance from a number of investment companies with general market exposure, notably Jupiter European Opportunities. Small-cap specialist, European Assets Trust, comfortably beat both the median European general market fund and the HSBC European Small Cap index. It also outperformed its European small-cap peer group.

Apart from its bias to small companies, European Assets' other distinguishing feature is its high yield; at 5.8% (historic), it is the highest available in the European sector. There is no specific bias to income stocks within its portfolio, however – the yield derives from its capital structure. In this case the driver for outperformance may be an emphasis on high-quality stocks within the portfolio. European Assets' manager, Sam Cosh, makes the point that within the breadth of choice offered by investing in smaller companies there are many companies that are doing well in spite of uncertain economic conditions. As he said recently, "when businesses are well managed and well capitalised, shareholders can see good returns irrespective of the general economic environment in which they operate".

North America

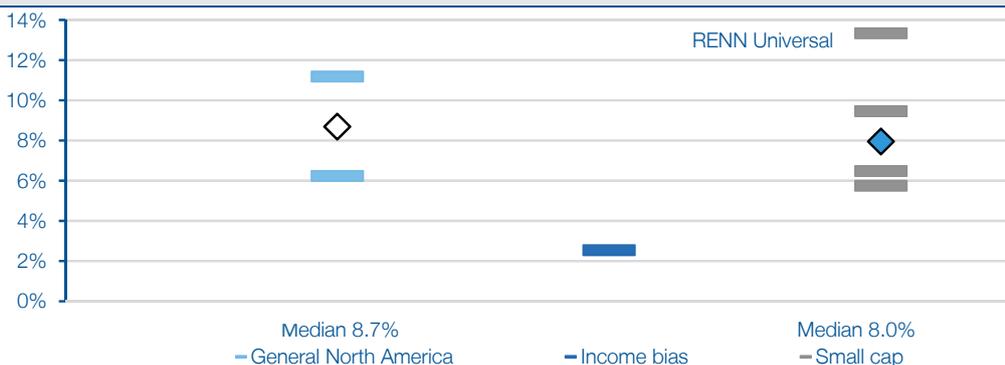
Exhibit 6: Russell 2500 vs S&P 500



Source: Datastream, index total return

In North America the Russell 2500 has just failed to keep pace with the S&P 500 in 2012, returning 9.3% vs 11.5% for the large-cap index.

Exhibit 7: Year-to-date total return performance of North American investment companies by specialisation



Source: Morningstar

However, the best-performing North American investment company of 2012 is another small-cap fund, RENN Universal Growth (RUG). M&A activity within the portfolio has been driving its net asset value higher as its largest investment, Anchor Free, received an injection of cash from a consortium led by Goldman Sachs. RUG is sitting on a handsome profit on this holding having turned an initial investment of \$2.5m into cash and shares worth \$32.9m and with the hope of further upside if Anchor Free is sold or listed. In uncertain economic times many investors have been sitting on cash and the same is true for many large-cap companies. Acquiring a smaller rival or a complementary business may be perceived as a less risky move than investing in a new product and so M&A activity could continue to boost smaller company funds for some time.

Asia

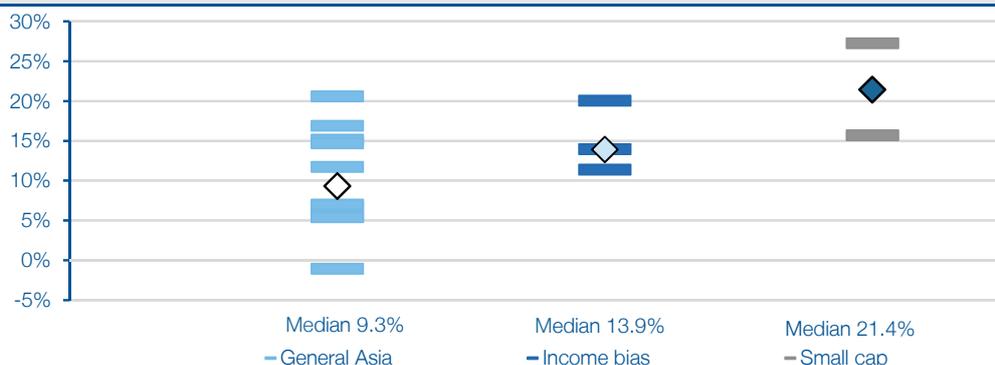
Exhibit 8: MSCI Asia ex Japan SC vs MSCI Asia ex Japan



Source: Datastream, index total return

There is not much difference in the performance of the MSCI Asia ex Japan small cap index, which has returned 10.0% in 2012, and its large-cap equivalent which has returned 10.8%.

Exhibit 9: Year to date total return performance of Asian inv. companies by specialisation



Source: Morningstar

However, in Asia small-cap investment companies have been outperforming large-cap investment companies for a while. Here the driver for outperformance by the small-cap trusts must be coming from superior stock picking.

Susie Rippingall, the investment manager of Scottish Oriental Smaller Companies, is seeing some buying opportunities in China. She says “the anecdotal evidence emerging from mainland Chinese companies listed in Hong Kong is that the economic slowdown has been more severe than the official statistics suggest. Weak demand for exports combined with a slowdown in domestic demand has resulted in price competition and margin erosion. Industry consolidation is expected to accelerate in this environment, thereby ensuring more benign operating conditions for these companies once demand returns. Scottish Oriental has been increasing its exposure to a number of these stocks as valuations are now compelling from a longer-term perspective.”

Conclusion

Several themes emerge from our analysis:

- A stock's liquidity is still important; for example, at the moment there seems to be a sweet spot in the UK market where the upper end of the small-cap index is most favoured by investors.
- Yield is a big consideration for many investors and smaller companies in some markets are offering attractive yields.
- M&A may pick up as large caps seek to deploy their cash piles and this may disproportionately benefit small-cap portfolios.
- Stock-picking expertise is an important factor in delivering outperformance and small-cap fund managers, with their broader universe of stocks to choose from, have more opportunity to add value.

Exhibit 10: Edison's investment trust clients

Aberdeen New Thai Investment Trust				Code : ANW	Market cap: £72.0m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
154.5	240.2	222.1	1050.9		2.1
Aberdeen New Thai Investment Trust's investment objective is to provide shareholders with long-term, above-average capital growth through investment in Thailand. Its assets are invested in a diversified portfolio of securities – substantially in the form of equities or equity-related securities such as convertible securities and warrants – in companies spread across a range of industries quoted on the Stock Exchange of Thailand.				Launch date	December 1989
				AIC Sector	Country Specialists: Asia-Pacific
				Management group	Aberdeen Asset Management Asia
				Manager	Asian equities team
				Website	www.newthai-trust.co.uk
				Dividend policy	One dividend annually, paid in July.
Acencia Debt Strategies				Code : ACD	Market cap: £97.6m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
102.8	139.7	80.3	-		4.2
Acencia Debt Strategies' primary investment objective is to provide annual returns in excess of three-month Libor plus 5% over a rolling three-year period, and annual standard deviation of under 5%. The company's principal activity is to invest in an actively-managed portfolio of predominantly debt-oriented hedge funds.				Launch date	November 2005
				AIC Sector	Hedge Funds
				Management group	Saltus Fund Management
				Manager	Saltus Partners
				Website	www.acencia.co.uk
				Dividend policy	ACD aims to pay two dividends annually totalling 3.5% of the NAV.
BB Biotech				Code : BION SW	Market cap: CHF1424.6m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
186.7	139.7	107.9	245.3		0.0
BB Biotech is a Swiss-domiciled biotech investment company, targeting attractive long-term returns from predominantly mid-/large-cap companies with established product portfolios (sales and earnings) and promising pipeline candidates. It is benchmarked against the NASDAQ Biotech Index but is managed bottom-up with a concentrated 20-35 stock portfolio.				Launch date	November 1993
				AIC Sector	N/A
				Management group	Bellevue Asset Management
				Manager	Dr Daniel Koller
				Website	www.bbbiotech.com
				Dividend policy	BION now focuses on capital appreciation and no longer pays a dividend.
Biotech Growth Trust				Code : BIOG	Market cap: £189.6m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
181.6	212.5	269.1	626.6		0.0
The Biotech Growth Trust seeks capital appreciation through investing in the worldwide biotechnology industry, mainly in emerging biotechnology companies. Performance is measured against its benchmark index, the NASDAQ Biotechnology Index (sterling adjusted).				Launch date	June 1997
				AIC Sector	Sector Spec: Biotechnology/Life Sciences
				Management group	Frostrow Capital
				Manager	OrbiMed Capital
				Website	www.biotechgt.com
				Dividend policy	Dividends are paid only as required to maintain investment trust status. Any dividends are expected to be small.

Source: Thomson estimates, Edison Investment Research, company accounts

Exhibit 11: Edison's investment trust clients cont'd

Brunner Investment Trust				Code : BUT	Market cap: £178.6m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
117.3	128.8	102.4	229.4		(20.4)	3.2

The Brunner Investment Trust's investment objective is to provide growth in capital value and dividends over the long term through investing in a portfolio of UK and international securities. The majority of the trust's investments are in equities and it seeks to diversify its portfolio into at least five industrial sectors, with no one sector comprising more than 35% of the portfolio. The benchmark, since 25 March 2008, is a composite of 50% FTSE All-Share and 50% FTSE World Index (ex UK £).

Launch date	January 1927
AIC Sector	Global Growth
Management group	Allianz Global Investors/RCM (UK)
Manager	Jeremy Thomas/Lucy MacDonald
Website	www.brunner.co.uk
Dividend policy	Two dividends paid annually in March and September. The trust aims to provide long-term dividend growth.

Carador Income Fund				Code : CIFU	Market cap: US\$432.7m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
131.6	472.5	-	-		4.6	11.9

Carador Income Fund invests in a highly diversified portfolio of loans through the securities of CLO structures with an objective to provide stable returns with low volatility compared with equity markets. There are two classes (euro-denominated and US dollar-denominated) of ordinary shares, with a quarterly conversion option.

Launch date	April 2006
AIC Sector	N/A
Management group	The Blackstone Group LP
Manager	GSO Capital Partners International
Website	www.carador.co.uk
Dividend policy	Quarterly dividends paid in November, February, May and August.

City Natural Resources High Yield Trust				Code : CYN	Market cap: £148.8m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
94.2	147.0	132.9	741.3		(13.3)	2.2

City Natural Resources High Yield Trust's investment objective is to provide shareholders with capital growth and income from a portfolio of mining and resource equities, resources and industrial fixed interest securities.

Launch date	November 1994
AIC Sector	SS: Commods and Natural Resources
Management group	New City Investment Managers
Manager	Will Smith and Ian Francis
Website	www.ncim.co.uk
Dividend policy	Quarterly dividends paid in November, February, May and August. CYN aims to progress the total dividend annually.

CQS Rig Finance				Code : RIG	Market cap: £30.0m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
145.9	371.0	35.7	-		(11.4)	2.0

CQS Rig Finance's investment objective is to provide shareholders with an attractive total return, through a combination of capital appreciation and dividends. The portfolio comprises predominantly debt instruments issued to finance the construction, modification and operation of offshore oil rigs and related infrastructure as well as the development/operation of off/onshore assets used in the exploration, production and distribution of oil, gas and other resources.

Launch date	December 2006
AIC Sector	N/A
Management group	CQS
Manager	CQS Cayman LP/CQS (UK) LLP
Website	www.cqsrifinance.com
Dividend policy	Semi-annual dividends payments targeting an annual yield of 5% of NAV per share at the start of the year.

Exhibit 12: Edison's investment trust clients cont'd

Deutsche Beteiligungs				Code : DBA GR	Market cap: €266.7m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
126.7	126.3	133.6	658.7		1.4	4.1

Deutsche Beteiligungs aims to generate attractive returns, over the longer term, on buyout and expansion capital investments in the following sectors: mechanical and industrial engineering, automotive suppliers, speciality chemicals, measurement and automation technology and specialised service providers for different industries. Using its own equity base and capital available through co-investment funds, it is able to make investments in companies valued from €50-250m.

Launch date	December 1986
AIC Sector	N/A
Management group	Self managed
Manager	Team managed
Website	www.deutsche-beteiligung.de
Dividend policy	An annual, sustainable, 'base dividend' with exceptional realisation proceeds distributed via 'surplus dividends'.

Diverse Income Trust				Code : DIVI	Market cap: £86.9m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
122.9	-	-	-		4.5	4.0

The Diverse Income Trust targets an attractive and growing level of income with long-term capital growth, investing in a diversified portfolio of primarily UK-listed equities. It has a stronger focus on small- and very small-cap stocks than is typical of the UK income and growth peer group. As a stock-specific portfolio there is no benchmark but the trust targets an initial yield of around 4% for the period to 31 May 2012 and income growth higher than other income funds.

Launch date	April 2011
AIC Sector	UK Growth & Income
Management group	MAM Funds
Manager	Gervais Williams, Martin Turner
Website	www.mamfundsplc.com
Dividend policy	Quarterly dividends (November, February, May and August). Each year, DIVI aims to distribute substantially, all income net of costs.

European Assets Trust				Code : EAT	Market cap: £94.2m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
128.6	130.6	93.5	521.6		(8.2)	6.4

European Assets Trust is an investment company incorporated in the Netherlands and listed on the LSE and Euronext. It targets capital growth through investment in quoted medium-sized companies in Europe (ex-UK), taking the HSBC Europe (ex-UK) Smaller Companies Index as a benchmark. A high distribution policy has been adopted; dividends have been paid from a combination of income and capital.

Launch date	1972
AIC Sector	European Smaller Companies
Management group	F&C Management
Manager	Sam Cosh
Website	www.europeanassets.eu
Dividend policy	Three dividends annually (January, May and August) totalling 6% of the opening NAV at the start of the financial year.

Fidelity European Values				Code : FEV	Market cap: £513.3m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
133.3	116.2	96.6	334.6		(11.4)	2.2

Fidelity European Values' investment objective is to achieve long-term capital growth from the stock markets of continental Europe. It invests principally in continental European securities with a view to achieving long-term capital growth for shareholders. The manager selects the portfolio based on its assessment of the fundamental value available in individual situations. While the company's overall exposure to individual countries and industry sectors is monitored, the portfolio is not structured primarily on a country or industrial weightings basis, although certain investment restrictions apply to try to diversify risk.

Launch date	November 1991
AIC Sector	Europe
Management group	FIL Investments International
Manager	Sam Morse
Website	www.fidelity.co.uk
Dividend policy	FEV policy is to pay out revenue earnings in full. One dividend annually, paid in May.

Exhibit 13: Edison's investment trust clients cont'd

Finsbury Growth & Income Trust				Code : FGT	Market cap: £259.3m	
Share price total return on £100						
1 year	3 years	5 years	10 years	(Discount)/ premium (%)	Dividend yield (%)	
129.0	179.7	145.3	415.9	1.3	2.6	

Finsbury Growth and Income Trust's investment objective is to achieve capital and income growth and provide shareholders with a total return in excess of that of the FTSE All-Share index. It invests principally in the securities of UK-quoted companies. At the time of acquisition, up to a maximum of 20% can be invested in quoted companies worldwide. FTSE 100 companies normally represent between 50% and 100% of the portfolio with at least 70% usually invested in FTSE 350 companies.

Launch date	January 1926
AIC Sector	UK Growth & Income
Management group	Frostrow Capital
Manager	Nick Train
Website	www.finsburygt.com
Dividend policy	Two dividends annually, paid in May and October. The dividend is expected to rise over the longer term.

Foreign & Colonial Investment Trust				Code : FRCL	Market cap: £1831.0m	
Share price total return on £100						
1 year	3 years	5 years	10 years	(Discount)/ premium (%)	Dividend yield (%)	
124.3	134.4	112.7	247.9	(9.9)	2.6	

Foreign & Colonial Investment Trusts' investment objective is long-term growth in capital and income from a portfolio of primarily listed global equities but also including unlisted investments. The performance benchmark is a composite index comprising 40% FTSE All-Share index and 60% FTSE All-World index. Gearing is an important element of the strategy.

Launch date	1868
AIC Sector	Global Growth
Management group	FCAM/F&C Mgmt
Manager	Jeremy Tighe
Website	www.foreignandcolonial.com
Dividend policy	Two dividends annually, interims paid in September and finals in May. FRCL has a progressive dividend policy.

Geiger Counter				Code : GCL	Market cap: £24.8m	
Share price total return on £100						
1 year	3 years	5 years	10 years	(Discount)/ premium (%)	Dividend yield (%)	
67.5	53.7	35.0	-	(24.4)	0.0	

Geiger Counter's investment objective is to deliver returns to shareholders seeking the potential for capital growth. It invests in the securities of companies involved in the exploration, development and production of energy, as well as related service companies. These include, but are not limited to, shares, convertibles, fixed income securities and warrants. The main focus is the uranium sector, but up to 30% of assets can be invested in other resource-related companies.

Launch date	July 2006
AIC Sector	SS: Commods and Natural Resources
Management group	New City Investment Managers
Manager	John Wong and Will Smith
Website	www.ncim.co.uk
Dividend policy	Reflecting its capital appreciation objective, GCL does not currently pay dividends.

Golden Prospect Precious Metals				Code : GPM	Market cap: £56.2m	
Share price total return on £100						
1 year	3 years	5 years	10 years	(Discount)/ premium (%)	Dividend yield (%)	
87.6	205.2	97.0	-	(3.3)	0.0	

Golden Prospect Precious Metals' investment objective is to generate above-average returns to shareholders, primarily through the capital appreciation of its investments. GPM invests selectively in a portfolio of securities and other instruments in the precious metals, diamond and uranium sectors. These include, but are not limited to, shares, convertibles, fixed income securities, and warrants as well as physical commodities.

Launch date	October 2006
AIC Sector	N/A
Management group	New City Investment Managers
Manager	John Wong
Website	www.ncim.co.uk
Dividend policy	Reflecting its capital appreciation objective, GPM does not currently pay dividends.

Exhibit 14: Edison's investment trust clients cont'd

Greenwich Loan Income Fund				Code : GLIF	Market cap: £46.6m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
131.6	234.7	74.4	-		(31.4)	9.1
Greenwich Loan Income Fund is a closed-ended Guernsey registered investment company that invests in the US syndicated corporate loan market across a wide range of sectors. It invests primarily in loans to middle-market companies. Typically the loans are secured against assets and will have traditional credit-based covenants. The investments are senior debt and have either a first or second lien collateral position in the issuer's assets. GLIF focuses on companies with experienced management, a strong competitive advantage, positive cash flow and a clear exit strategy. The portfolio of loans is leveraged with a CLO subsidiary.				Launch date	August 2005	
				AIC Sector	Sector Specialist: Debt	
				Management group	T2 Advisers	
				Manager	J. Cohen, P. Conroy & S. Barak	
				Website	www.glifund.com	
				Dividend policy	Quarterly dividends (March, June, September and December) while providing a stable and predictable dividend yield.	
Harbourvest Global Private Equity				Code : HVPE	Market cap: US\$621.9m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
104.9	-	-	-		(20.0)	0.0
HarbourVest Global Private Equity is a Guernsey closed-ended investment company that aims to provide long-term capital appreciation through a private equity portfolio well diversified by vintage year, geography, industry and strategy.				Launch date	December 2007	
				AIC Sector	Private Equity	
				Management group	HarbourVest Global Private Equity	
				Manager	HarbourVest Advisers LP	
				Website	www.hvgpe.com	
				Dividend policy	HVPE has a capital gains investment objective and does not pay dividends.	
Henderson Fledgling Trust				Code : HFT	Market cap: £54.6m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
87.9	92.1	94.1	272.9		(23.3)	3.0
Henderson Fledgling Trust's investment objective is to provide long-term growth in capital and dividends from investment predominantly in the constituents of the FTSE Fledgling (ex. Investment Companies) Index.				Launch date	December 1994	
				AIC Sector	UK Smaller Companies	
				Management group	Henderson Global Investors	
				Manager	Harmesh Suniara, Adam McConkey	
				Website	www.hendersonfledglingtrust.com	
				Dividend policy	Two dividends annually, interims paid in May and final paid in December. HFT seeks to pay an increasing dividend.	
Henderson Global Trust				Code : HGL	Market cap: £123.9m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
118.7	114.8	131.8	313.1		(10.6)	3.8
Henderson Global Trust's objective is long-term capital growth from a concentrated portfolio of international equities, with a secondary objective to increase dividends. The manager aims to outperform (by at least 2%) the composite benchmark, which comprises 50% FTSE All-Share Index and 50% Morgan Stanley Capital World Index ex UK, within a target tracking error of not more than 5%.				Launch date	February 1929	
				AIC Sector	Global Growth	
				Management group	Henderson Global Investors	
				Manager	Brian O'Neill & Hamish Chamberlayne	
				Website	www.hendersonglobaltrust.com	
				Dividend policy	Two dividends annually, interims paid in October and finals in April. The dividend is expected to rise over the longer term.	

Source: Thomson estimates, Edison Investment Research, company accounts

Exhibit 15: Edison's investment trust clients cont'd

Invesco Asia Trust				Code : IAT	Market cap: £154.3m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
111.6	123.5	132.8	415.6		(11.7) 2.2
Invesco Asia Trust's objective is to provide long-term capital growth by investing in a diversified portfolio of Asian and Australasian companies. The investment trust aims to achieve growth in its net asset value (NAV) in excess of the Morgan Stanley Capital International All Countries Asia Pacific ex Japan Index, measured in sterling.				Launch date	July 1995
				AIC Sector	Asia-Pacific excluding Japan
				Management group	Invesco Asset Management
				Manager	Ian Hargreaves
				Website	www.invescoperpetual.co.uk
				Dividend policy	One dividend annually, paid in August.
International Biotechnology Trust				Code : IBT	Market cap: £119.2m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
150.9	165.4	148.3	373.9		(11.6) 0.0
International Biotechnology Trust aims to achieve long-term capital growth by investing in development stage biotechnology and other life sciences companies, both quoted and unquoted, that have high growth potential. It invests in companies considered to have good prospects, experienced management and strong upside potential through the development and/or commercialisation of a product, device or enabling technology.				Launch date	May 1994
				AIC Sector	Sector Spec: Biotechnology/Life Sciences
				Management group	SV Life Sciences Managers
				Manager	D. Pinniger, K. Bingham
				Website	www.ibtplc.com
				Dividend policy	Reflecting its capital appreciation objective, IBT's current policy is to not pay dividends.
Martin Currie Global Portfolio Trust				Code : MNP	Market cap: £142.6m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
130.2	135.6	120.7	303.6		(4.7) 2.9
Martin Currie Global Portfolio Trust's objective is to achieve long-term capital growth in excess of the capital return of the FTSE World Index by investing in a diversified portfolio of international quoted investments.				Launch date	March 1999
				AIC Sector	Global Growth
				Management group	Martin Currie Investment Mgmt
				Manager	Tom Walker
				Website	www.martincurrieportfolio.com
				Dividend policy	Two dividends annually, interims paid in October and finals in June.
Merchants Trust				Code : MRCH	Market cap: £386.0m
Share price total return on £100					(Discount)/ premium (%)
1 year	3 years	5 years	10 years		Dividend yield (%)
116.6	141.6	100.0	222.5		(11.5) 6.2
The investment objective of the Merchants Trust is to provide an above-average level of income and income growth together with long-term growth of capital through investing mainly in higher-yielding UK FTSE 100 companies.				Launch date	February 1889
				AIC Sector	UK Growth & Income
				Management group	Allianz Global Investors/RCM (UK)
				Manager	Simon Gergel
				Website	www.merchantstrust.co.uk
				Dividend policy	Quarterly dividends paid in February, May, August and November. MRCH aims to maintain a high and growing dividend.

Source: Thomson estimates, Edison Investment Research, company accounts

Exhibit 16: Edison's investment trust clients cont'd

Midas Income & Growth Trust				Code : MIGT	Market cap: £42.6m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
106.7	122.2	87.4	229.6		(12.9)	5.2
Midas Income & Growth Trust's investment objective is to outperform three-month Libor plus 3.0% over the longer term, with low volatility and the prospect of capital and income growth, through investment in a multi-asset portfolio. The asset classes included in the company's portfolio are UK and overseas equities, fixed interest securities, property, alternative assets and structured products.				Launch date	April 1996	
				AIC Sector	Global Growth & Income	
				Management group	MAM Funds	
				Manager	Alan Borrows, Simon Callow	
				Website	www.mamfundsplc.com/migt	
				Dividend policy	Quarterly dividends paid in September, December, March and June. MIGT looks to progress the total annual dividend.	
NB Global Floating Rate Income Fund				Code : NBL5	Market cap: £373.3m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
111.2	-	-	-		0.7	5.3
NB Global Floating Rate Income Fund invests primarily in senior secured bank loans with an investment objective to provide regular dividends at sustainable levels, while growing the capital value of its investment portfolio over the long term. There are two classes (sterling denominated and US dollar denominated) of ordinary shares, with a monthly conversion option, and subsequently issued US dollar and sterling non-voting C shares. US dollar ordinary shares carry one vote and sterling shares 1.6 votes.				Launch date	April 2011	
				AIC Sector	Sector Specialist: Debt	
				Management group	Neuberger Berman Group	
				Manager	Neuberger Berman Europe	
				Website	www.nbgfrif.com	
				Dividend policy	Quarterly dividends (paid in March, June, September and December). NBL5 aims to provide a regular sustainable dividend.	
New City Energy				Code : NCE	Market cap: £21.5m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
87.0	112.3	-	-		(24.2)	4.1
New City Energy's investment objective is to deliver returns to shareholders, principally in the form of capital growth, but with some prospect of income. New City Energy invests in the securities of companies involved in the exploration, development and production of energy, as well as related service companies. These include, but are not limited to, shares, convertibles, fixed income securities and warrants. Up to 30% of assets can be invested in companies outside the energy sector.				Launch date	February 2008	
				AIC Sector	N/A	
				Management group	New City Investment Managers	
				Manager	Will Smith and Ian Francis	
				Website	www.ncim.co.uk	
				Dividend policy	Quarterly dividends paid in January, April, July and October.	
Pacific Assets Trust				Code : PAC	Market cap: £157.7m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
126.6	141.8	100.2	430.6		(9.0)	1.9
Pacific Assets Trust's investment objective is to achieve long-term capital growth through investment in selected companies in the Asia Pacific region and the Indian sub-continent, but excluding Japan, Australia and New Zealand (the Asia-Pacific region). Up to a maximum of 20% of the company's total assets (at the time of investment) may be invested in companies incorporated and/or listed outside the Asia Pacific region but whose economic activities are predominantly within it.				Launch date	January 1985	
				AIC Sector	Asia-Pacific - Excluding Japan	
				Management group	Frostrow Capital	
				Manager	First State Investments	
				Website	www.pacific-assets.co.uk	
				Dividend policy	One dividend annually, paid in June.	

Source: Thomson estimates, Edison Investment Research, company accounts

Exhibit 17: Edison's investment trust clients cont'd

PXP Vietnam Fund				Code : VNF	Market cap: US\$40.3m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
104.3	-	-	-		(19.0)	0.0
<p>PXP Vietnam is a closed-ended investment company registered in the Cayman Islands and listed on the LSE. It seeks long-term capital growth through investment in listed (and sometimes pre-listed) Vietnamese equities, whether established with domestic or foreign ownership. There is one class of ordinary shares, traded and settled through CREST as depository receipts.</p>				<p>Launch date AIC Sector Management group Manager Website Dividend policy</p>	<p>December 2003 N/A PXP Vietnam Asset Mgmt Kevin Snowball www.pxpam.com To date, VNF has focused on capital growth and has not made distributions, although it may elect to do so in future.</p>	
RENN Universal Growth Investment Trust				Code : RUG	Market cap: £39.5m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
116.7	90.0	73.7	203.6		(23.2)	0.0
<p>RENN Universal Growth Investment Trust's investment objective is to achieve capital growth and outperform its benchmark, the Russell 2000 Index. Investments are made in companies listed, quoted or domiciled in the US and Canada, typically with market caps below \$1bn. It may also invest in unlisted US companies.</p>				<p>Launch date AIC Sector Management group Manager Website Dividend policy</p>	<p>May 1996 North American Smaller Companies RENN Capital Group Russell Cleveland www.renaissancegrowth.co.uk Reflecting its capital appreciation objective, RUG's current policy is to not pay dividends.</p>	
Scottish Oriental Smaller Companies Trust				Code : SST	Market cap: £207.3m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
141.7	202.4	225.1	733.7		(0.2)	1.3
<p>Scottish Oriental Smaller Companies Trust's objective is to provide shareholders with long-term capital growth through investment in smaller Asian-quoted companies. Its assets are invested in a diversified portfolio of securities – mostly in the form of equities, although other listed investment companies and equity-related securities such as convertible bonds and warrants are permitted in Asia (excluding Japan and Australasia).</p>				<p>Launch date AIC Sector Management group Manager Website Dividend policy</p>	<p>March 1995 Asia-Pacific ex Japan First State Investments Susie Rippingall www.scottishoriental.co.uk One dividend annually, paid in January. The board intends to maintain this level of dividend, using reserves if necessary.</p>	
Securities Trust of Scotland				Code : STS	Market cap: £133.8m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
130.2	167.1	119.7	-		4.7	3.6
<p>The investment objective of the company is to provide rising income and long-term capital growth through a portfolio of global equities. Performance is measured against the MSCI World High Dividend Yield index.</p>				<p>Launch date AIC Sector Management group Manager Website Dividend policy</p>	<p>June 2005 Global Growth & Income Martin Currie Investment Mgmt Alan Porter www.securitiestrust.com Quarterly dividends paid in March, June, September and December.</p>	

Source: Thomson estimates, Edison Investment Research, company accounts

Exhibit 18: Edison's investment trust clients cont'd

Vietnam Infrastructure Fund				Code : VNI	Market cap: US\$109.7m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
125.4	73.4	53.5	-		(45.1)	0.0
Vietnam Infrastructure Fund's investment objective is to achieve medium to long-term capital gains with some recurring income and short-term profit taking. Investment areas include energy, transport, industrial park development, telecommunications, Infrastructure, water utilities and agribusiness. VNI invests primarily in private companies, including operating companies, and brown field projects.				Launch date	July 2007	
				AIC Sector	N/A	
				Management group	VinaCapital	
				Manager	Tony Hsun	
				Website	www.vinacapital.com	
				Dividend policy	Does not currently pay dividends. Current policy is to return cash to shareholders via buybacks.	
VinaCapital Vietnam Opportunities Fund				Code : VOF	Market cap: US\$481.7m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
119.9	96.9	52.0	-		(31.8)	0.0
The investment objective of the Vina Capital Vietnam Opportunities Fund is medium- to long-term capital gains with some recurring income and short-term profit taking. Primary investment focus areas are: privately negotiated equity investments, undervalued/distressed assets, privatisation of state-owned enterprises, real estate, and private placements into listed and OTC-traded companies.				Launch date	September 2003	
				AIC Sector	Country Specialists: Asia-Pacific	
				Management group	VinaCapital	
				Manager	Dom Lam	
				Website	www.vinacapital.com	
				Dividend policy	Does not currently pay dividends. Current policy is to return cash to shareholders via buybacks.	
VinaLand				Code : VNL	Market cap: US\$213.8m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
65.5	49.0	37.0	-		(15.4)	0.0
VinaLand's investment objective is to achieve medium- to long-term capital gains with some recurring income through investment in the following real estate sectors: office, residential, retail, township (large scale), and hospitality and leisure.				Launch date	March 1996	
				AIC Sector	Property Specialist	
				Management group	VinaCapital	
				Manager	David Blackhall	
				Website	www.vinacapital.com	
				Dividend policy	VinaLand has not paid a dividend since launch. Current policy is to return cash to shareholders via buybacks.	
Worldwide Healthcare Trust				Code : WWH	Market cap: £397.6m	
Share price total return on £100					(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years			
131.9	156.1	186.6	318.2		(5.6)	2.0
The investment objective of the Worldwide Healthcare Trust is to invest worldwide in pharmaceutical, biotechnology and related securities in the healthcare sector to achieve a high level of capital growth. Gearing and derivative transactions are used with a view to mitigating risk and enhancing capital returns.				Launch date	April 1995	
				AIC Sector	Sector Spec: Biotechnology/Life Sciences	
				Management group	Frostrow Capital	
				Manager	OrbiMed Capital (Sam D Isaly)	
				Website	www.worldwidewh.com	
				Dividend policy	One dividend annually, paid in July, assuming adequate profitability. Level may vary accordingly.	

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