EDISON

Investment Trusts Quarterly

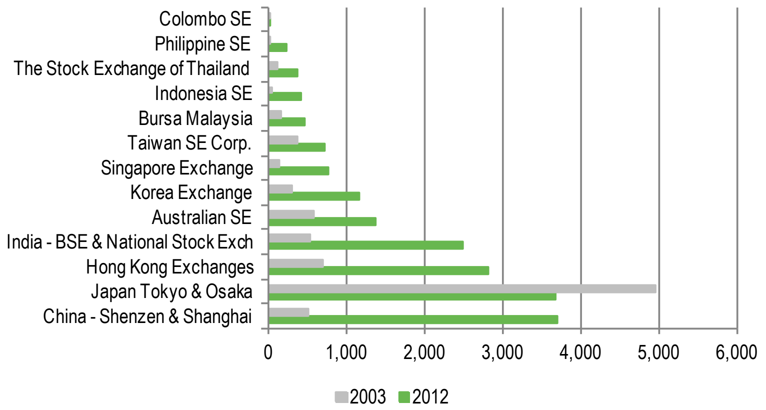
Featured topic: Asia

Summary: China, India and Japan – the big three

Asia is a vast region, with countries in differing stages of political and economic development. The economies of China, Japan and India dominate the region and asset allocation to, and stock selection within, these markets is a core part of managing Asian portfolios. Each of the big three is at a different stage of development, offering investors distinct opportunity sets.

- China has considerable growth potential, attractively priced stocks and stable politics, but its pace of growth is faltering and its once favourable demographic profile is deteriorating.
- Japan has a poor demographic profile from an ageing and shrinking population and a long history of deflation with low to no growth, but it has the prospect of real macroeconomic change with the advent of 'Abenomics'. It is also a large, mature economy with world-class companies and, anecdotally, signs of renewed entrepreneurial spirit.
- India's economy has seen dramatic growth, yet, with its favourable demographic profile, it may have even greater growth potential than China. However, bottlenecks in its economy and high inflation are acting as a brake on economic activity in the economy. Corruption remains systemic and the political will to address its problems appears to be lacking, especially with an election due within the next 12 months.

Exhibit 1: Growth of regional stock exchanges 2003-12 (US$bn)



Source: World Federation of Exchanges

The scale and growth of the region's stock exchanges over the last decade is evident from Exhibit 1, with noticeable features being the explosive growth of the Chinese – Shenzen, Shanghai and Hong Kong – and Indian exchanges. Despite the significant fall in value of the Japanese exchanges over the same period, they still make up a significant part of Asian equity markets.

Edison client profiles included in this report:

- Aberdeen New Thai Investment Trust
- Acencia Debt Strategies
- Acorn Income Fund
- BB Biotech
- Biotech Growth Trust
- Brunner Investment Trust
- Canadian General Investments
- Carador Income Fund
- City Natural Resources High Yield Trust
- Deutsche Beteiligungs
- Diverse Income Trust
- Dunedin Enterprise Investment Trust
- European Assets Trust
- European Investment Trust
- Fidelity European Values
- Finsbury Growth and Income Trust
- Foreign & Colonial Investment Trust
- Geiger Counter
- Golden Prospect Precious Metals
- Greenwich Loan Income Fund
- Henderson Global Trust
- International Biotechnology Trust
- Invesco Asia Trust
- IS Private Equity
- JPMorgan European Smaller Companies
- JPMorgan Global Convertibles income Fund
- JPMorgan Indian Investment Trust
- Martin Currie Global Portfolio Trust
- Merchants Trust
- Midas Income & Growth Trust
- Miton Income Opportunities Trust
- NB Global Floating Rate Income Fund
- New City Energy
- Pacific Assets Trust
- Phaunos Timber Fund
- RENN Universal Growth Investment Trust
- Scottish Oriental Smaller Companies Trust
- Securities Trust Scotland
- Strategic Equity Capital
- Templeton Emerging Markets Investment Trust
- Taiwan Fund Inc
- Vietnam Infrastructure Fund
- Vinacapital Vietnam Opportunities Fund
- VinaLand
- Worldwide Healthcare Trust

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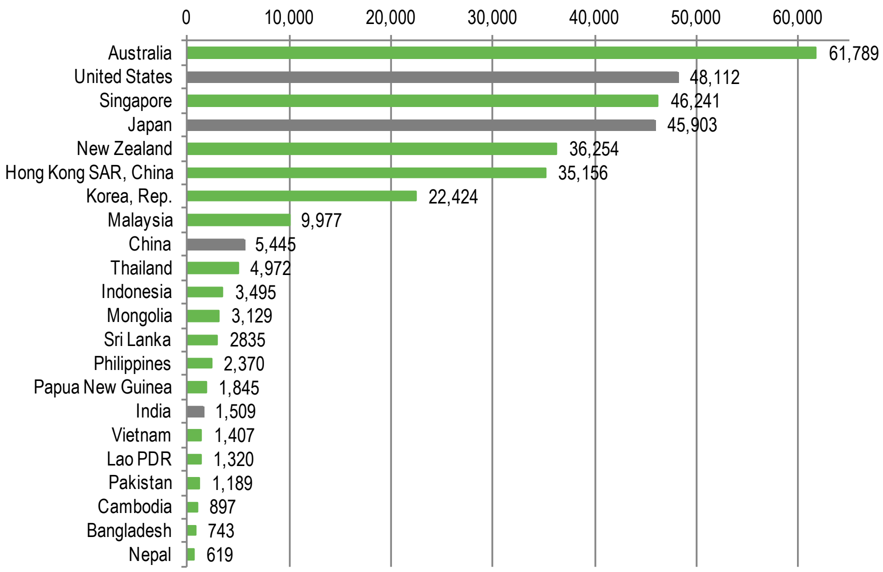
The opportunity: GDP per capita catch up

The World Bank estimated this region contained 55% of the world's population in 2011. Readers may be surprised that 25% of those were estimated to be aged 0-14, lower than the average of 28% for the rest of the world. The reason is that the 0-14 age group was estimated at 19% for China and just 13% for Japan and this drags down the average, despite figures of 27% for Indonesia, 30% for India, 31% for Bangladesh and 35% for Pakistan (together, these six countries dominate the region in population terms). If properly managed, in time, the countries with the fastest rising populations should benefit from increased GDP per capita, increasing domestic and imported consumption, which in turn reduces their reliance on exports.

Exhibit 2: 2011 GDP per capita for selected Asian countries plus US in US$



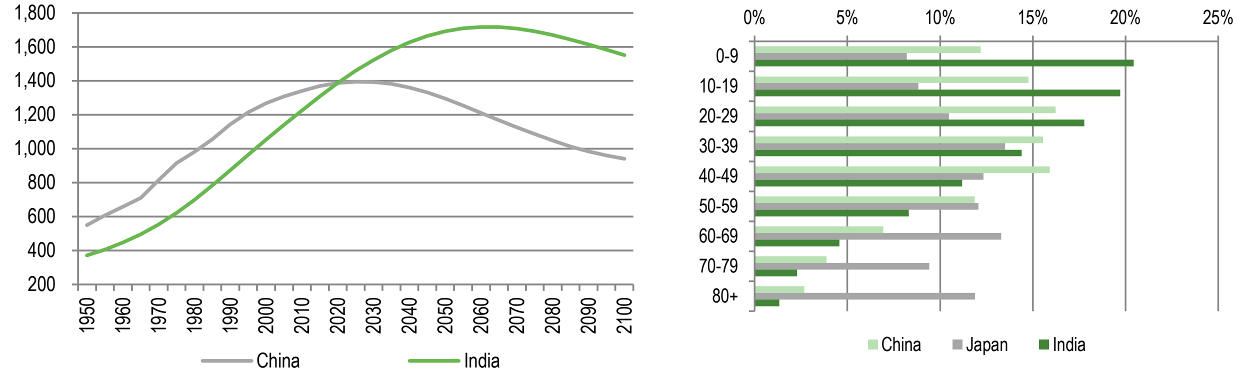
Source: World Bank

One of the main attractions for UK investors looking at Asia is the region's growth potential. Asian GDP growth rates have been outstripping those of most Western economies for more than a decade, but they have a lot further to go to catch up. China has already overtaken Japan to become the world's second-largest economy but its GDP per capita is still less than an eighth of Japan's. Yet there are many 'frontier' markets, such as Vietnam and Pakistan, which are still well behind on this measure.

Demographics

One of the most striking differences between China, India and Japan is the variation in their demographic profiles. Thanks to its low birth rate and negligible immigration, Japan's population shrank by 0.2% in 2012. It now has more over 65s than children under 14 and its population is expected to continue to fall. Countries with ageing populations must find ways of supporting their elderly while coping with decreased competiveness, as a shrinking workforce puts upward pressure on wage inflation. By contrast both the Indian and Chinese populations have been expanding rapidly, which is supportive of their long-term economic growth. However, the Chinese one child policy is stalling its population growth and its workforce is now ageing rapidly. Investors must factor in the chance that China may soon start to look more like Japan than most of its neighbours. As Exhibit 3 shows, India's population is growing fast. In fact, India will soon overtake China to become the most populous country on earth and has a population that is younger than China's. Therefore, if India can overcome some of the structural challenges it faces, it should be able to realise a significant demographic dividend.

Exhibit 3: Population growth India vs China and distribution of population by age for selected countries



Source: UN Population Division

Valuation: No uniformity

The differences in valuation between markets in part reflect the different growth and risk profile of each country, and investors must choose between them according to their own risk-return profile.

Exhibit 4: Valuation statistics for selected MSCI indices

	Yield	P/E (historical)	P/E (forecast)	P/book
Asia-Pacific	2.42	16.93	13.22	1.59
Asia ex-Japan	2.44	13.15	11.24	1.61
Australia	4.12	18.39	14.73	2.10
China	3.11	10.50	9.14	1.55
Hong Kong	2.51	15.65	15.30	1.36
India	1.35	15.70	13.95	2.67
Indonesia	2.25	18.94	15.21	4.09
Japan	1.67	23.61	15.54	1.42
Korea	1.08	10.08	8.04	1.13
Malaysia	2.99	15.45	14.45	2.16
Philippines	1.55	22.88	20.17	3.53
Singapore	3.06	13.34	14.50	1.57
Taiwan	3.27	20.27	14.36	1.86
Thailand	2.81	15.43	12.92	2.58

Source: MSCI. Note: Figures as at 30 April 2013.

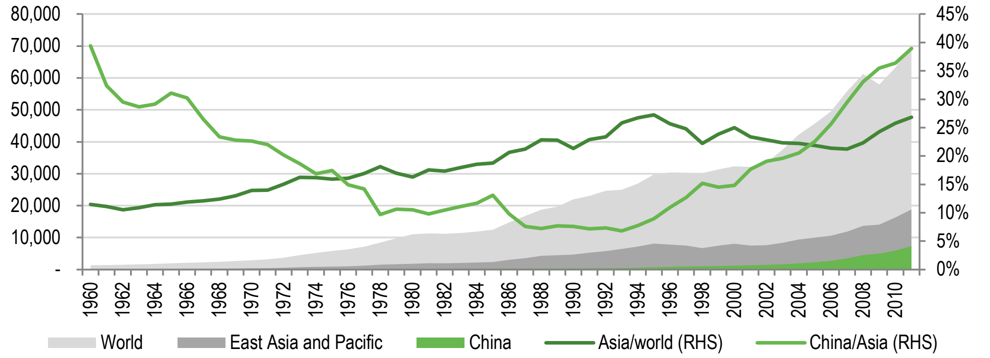
Exhibit 4 shows valuation statistics for the larger Asian markets. The highest yielding is the mature Australian market. The most attractively valued, by forecast price/earnings ratio, are Korea and China. At the other end of the scale is the Philippines (which some investment managers believe is becoming expensive – this is also evident from its price/book ratio).

Indonesia looks to be the most expensive in price/book terms. The largest constituents of the MSCI Indonesia Index all trade around 4x book as investors anticipate strong earnings growth. The fastest earnings growth (in excess of 50%) is ascribed to Japan, where earnings are expected to recover as the economy pulls itself out of recession.

Is Asia all about China?

The phenomenal rate of growth in China over the past two decades has led it to overtake Japan as the largest economy in Asia. However, as Exhibit 2 shows, China still has a long way to go to catch up with some of the more developed economies in the region in terms of GDP per capita.

Exhibit 5: The growth of China's share of East Asian and World GDP since 1960 (US$bn)



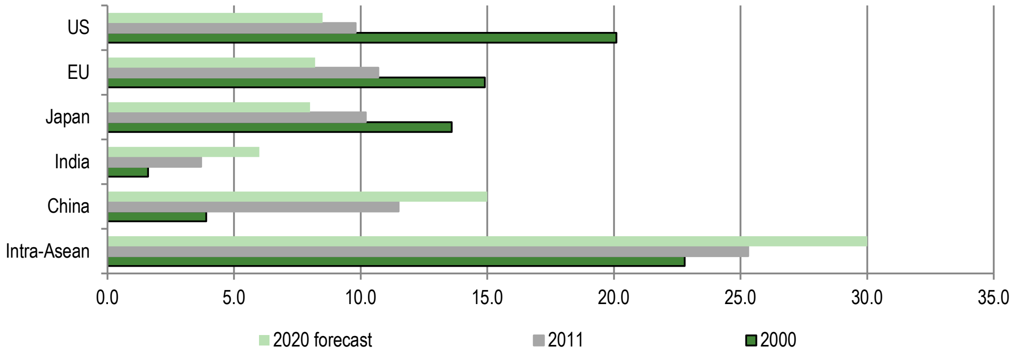
Source: World Bank

Exhibit 5 shows that China's share of Asia's GDP fell from 1960 until the early 1990s as it was left behind by the likes of Japan, South Korea, Hong Kong and Singapore. However, the liberation of the economy under Deng Xioaping in the late 1980s transformed China, and even though the rest of Asia was hit badly by the currency crisis of 1997, China powered ahead. The pace of Chinese growth created enormous demand for commodities, which benefited local trading partners such as Australia, Indonesia and Mongolia. Chinese goods flooded out across the world. Massive infrastructure spending facilitated a dramatic shift towards urbanisation. China accumulated very large foreign exchange reserves and benefited from strong government finances and so, when weakening demand from the developed world in the wake of the credit crisis threatened to derail the economy, China was able to respond with a massive fiscal stimulus. Overheating in the wake of this was perhaps inevitable but the Chinese government's response to rising inflation and runaway lending was a clampdown that, for the first time in many years created a slowdown in the pace of Chinese growth.

Investors, used to the seemingly never-ending expansion, were unnerved, and Chinese stocks fell by almost 75% in dollar terms over the year following their peak in October 2007. Having been caught out once, investors are now hypersensitive to any further signs of slowing growth in China. The government is wary of making the same mistake again, and so investors will have to get used to slower but more sustainable rates of growth. However, there is still a lot to go for; the Chinese economy still has substantial scope for investment in infrastructure, especially power and water management, for instance, but the real emphasis is now on encouraging domestic consumption. Measures to improve state support for old age and ill health may allow consumers to be less frugal. Reforms of the financial sector, sorting out problems with non-performing loans on state bank and local government balance sheets are needed. Andrew Bell of Witan Investment Trust applauds the shift in the balance of growth but cautions against assuming the process will be smooth. He says that "the slowdown in the export and infrastructure side of the economy has become evident (and affected commodity markets) sooner than the pick-up in consumption. Past dependence on exports and sometimes ill-managed infrastructure projects made for an exciting but volatile ride. As the economy matures consumers will want to spend more of the fruits of prosperity, which is an opportunity for global branded goods companies and a spur for domestic companies to improve efficiency and quality control."

Where China has led, other countries in the region are eager to follow. Exhibit 6, overleaf, shows the changing pattern of ASEAN trade. Increasingly, rather than relying on manufacturing or assembling goods for Western markets, South-East Asian countries are trading with each other. In part, this is in response to declining demand from the US and Europe but analysts also foresee the emergence of a sizeable middle class in these countries, which will boost domestic demand for consumer goods and services.

Exhibit 6: ASEAN trading partners 2000-2020

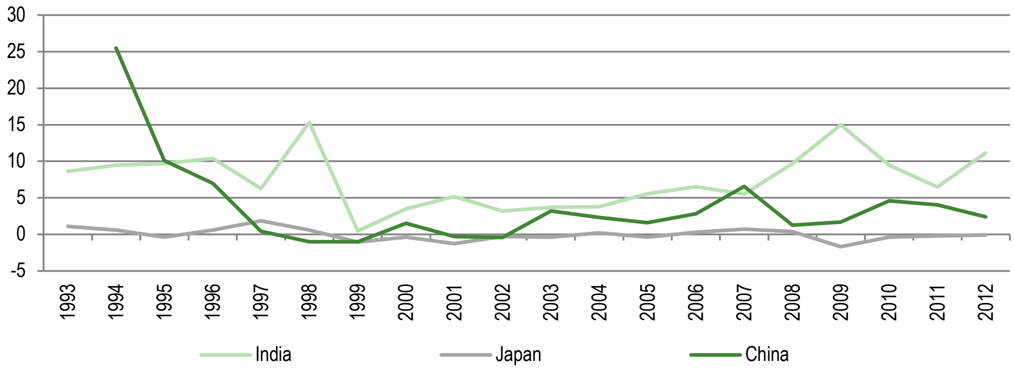


Source: United Overseas Bank

India – the next big growth story?

Exhibit 2 showed that India's GDP per capita is less than 30% of China's and this, coupled with its favourable demographic profile, should support its long-term economic growth. While Exhibit 12 shows India and China's stock markets have moved in tandem, there are significant differences in their economies. Both countries are net importers of many commodities, notably oil. Historically, the Indian economy has been particularly sensitive to the oil price, and oil imports are one factor behind a persistent balance of trade deficit. As in China, free markets have allowed rapid economic growth but in India, political wrangling, corruption and bureaucratic inefficiency have obstructed investment in infrastructure. Bottlenecks in the Indian economy have led to persistently high inflation (see Exhibit 7). The combination of high inflation and the trade deficit has weakened the rupee. With a government debt to GDP ratio of 66.8% by IMF estimates, India also has one of the largest government debt burdens of the developing economies in the region, and hence its sovereign bonds are rated near-junk status.

Exhibit 7: Indian inflation vs China and Japan over the past 20 years



Source: inflation.eu

However, the emergence of a thriving middle class has supported strong domestic consumption growth. India also has a strong entrepreneurial culture. The failings of central government have made people more self-reliant. Savings rates are high, so there could be an increase in consumer spending if consumers were more convinced that the economy was improving. Rajendra Nair, co-manager of JPMorgan Indian Investment Trust, says "for investors with a long-term horizon, the current pessimism offers a compelling opportunity, since most of the negatives are in the price, with valuations well below long-term averages on muted growth expectations. A combination of easing interest rates and improving growth expectations will be the key catalysts for equities over the next 12 to 18 months".

A new era for Japan?

Japan's economic woes stem back to the collapse of its property bubble. Driven by excess liquidity and property prices, Japanese equity markets rose spectacularly in the late 1980s and the crash, when it came in the early 1990s, was just as dramatic. The stagnation of the economy and the extended period of deflation that followed undermined attempts to stimulate consumer spending, and Japan's persistently strong currency made its exporters less competitive, which turn held back private investment. Japan's falling and ageing population was also seen as a negative. Japan became a pariah for many investors. Successive governments failed to take decisive action to address the underlying problems. However, today there are tentative signs that Japan may have turned a corner. Small-cap fund managers investing in Japan talk of the emergence of dynamic, entrepreneurial companies that are building on Japan's legacy of innovation and engineering expertise. Investors' imaginations were caught in December 2012, when a new government led by Shinzo Abe introduced a policy of targeting 2% inflation, weakening the yen and increasing public investment. After many false starts over the past couple of decades, this policy, dubbed 'Abenomics', seems to be working. The US/Yen exchange rate has broken through the 100 mark and Japan's GDP grew by 0.9% in the first quarter of 2013. The stock market has responded (year to date the MSCI Japan index has risen by 23.8% vs 8.5% for the MSCI Asia ex-Japan Index) and, crucially, the rest of the world has not reacted adversely to the plunging yen.

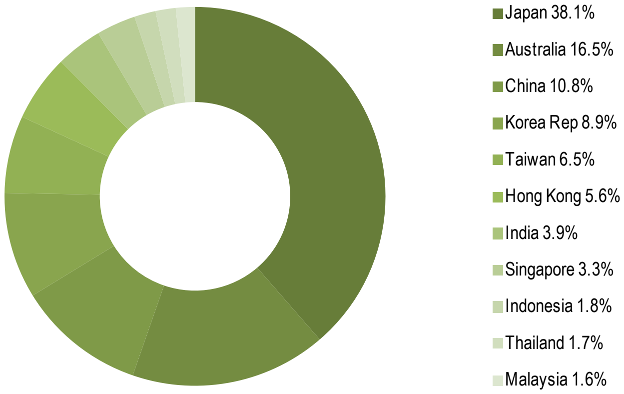
The soaring stock market woke investors up to Japan's position as an integral part of the Asian growth story and to the attractive valuations of many Japanese companies, especially if profit growth estimates are revised upwards. If the renaissance persists, will investors embrace the Asia including Japan funds once more, or will they look to the dedicated Japanese funds for their exposure? The Asia including Japan funds have one strike against them already in that they have all been underweight Japan relative to the MSCI Asia-Pacific Index, and so have missed some of the recovery.

It is not all plain sailing from here for Japan. Abe is known to be a conservative and relations with China (Japan's largest trading partner), already fractious because of territorial disputes, could worsen if Abe is not mindful of Chinese sensibilities over matters related to Japan's imperial past. He is also committed to balancing his budget in 2015 by raising consumption taxes. There are worries that this could have a negative impact on consumer confidence; however, Sarah Whitley, manager of Baillie Gifford Japan, says "having just spent a week in Japan visiting companies, I found that they are enthusiastic about Abenomics and supportive of deregulation. Virtuous domestic reinvestment cycle is only just beginning."

Of course, as we have seen with the events of 23 May 2013, investors are still nervous about the sustainability of Japan's revival. The Nikkei 225 Index fell 7.3% in a single day, the yen spiked from 103.6 to 101.6 against the dollar and yields on Japanese bonds fell, but this sharp correction was sparked not by events within Japan but by hints that the US might rein in quantitative easing and by the Chinese Purchasing Managers Index falling back below 50, indicating Chinese manufacturing activity might be slowing. Over the coming months we will see whether 'Abenomics' can allow the Japanese economy to flourish unaided by a recovery in global demand.

The MSCI Index: Benchmark of choice

Exhibit 8: Geographic breakdown of the MSCI AC Asia-Pacific including Japan Index



Source: Aberdeen All Asia. Note: As at 31 March 2013

It should be noted that stock market moves are not always reflective of changes in the real economy, and the indices used by investors to measure their performance are often only a subset of the stocks traded on each market. However, if we look at the geographic breakdown of the MSCI All Countries Asia-Pacific index (as shown in Exhibit 8 above), the first thing that may strike you is how different the country weightings are compared to the relative size of their stock markets (as shown in Exhibit 1). Frontier markets are excluded and the MSCI Index is calculated using free float market capitalisation numbers (ie adjusted to exclude shares held by strategic investors such as governments, corporations, controlling shareholders and management, and shares subject to foreign ownership restrictions).

The MSCI All Countries Asia-Pacific Index is the benchmark for the three Asia, including Japan, trusts. These are all that is left of what was a much larger group (in number and by assets). In the 1990s most investors wanted to separate Japan from the rest of Asia. Japan was seen as mature and declining, while the rest of Asia was dynamic and booming. During this period many pan-Asian funds were split up or liquidated altogether.

Exhibit 9a: Asia closed-end funds – Asia including Japan

	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Aberdeen All Asia	31 Dec 1969	67.2	56.6	108	7.5
Martin Currie Pacific	10 May 1985	151.6	134.9	99	11.0
Witan Pacific	30 Dec 2007	198.8	169.1	103	11.1

Source: Morningstar. Note: Figures as at 23 May 2013.

This argument was also a good reason to exclude Australia from the asset mix at the time, and so this next group of funds all use the MSCI All Countries Asia ex-Japan Index as their benchmark.

Exhibit 9b: Asia closed end funds – Asia excluding Japan

	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Edinburgh Dragon	07 Sep 1987	690.0	591.8	108	5.8
JPMorgan Asian	12 Sep 1997	282.7	237.3	102	10.6
Pacific Assets	01 Jan 1985	200.5	191.0	95	4.7
Pacific Horizon	22 Sep 1989	142.1	124.1	99	12.7
Schroder Asia Pacific	14 Nov 1995	551.5	465.7	102	9.8

Source: Morningstar. Note: Figures as at 23 May 2013.

However, not everyone wanted to exclude Australia. Five funds use the MSCI All Countries Asia-Pacific ex Japan Index as their benchmark and Henderson Far East Income uses the equivalent FTSE index. The Asian Income funds wanted to include Australia in their remit because it has a number of relatively mature dividend-paying stocks. Asian Total Return recently adopted this benchmark when its management contract moved from Henderson to Schroders.

Exhibit 9c: Asia closed end funds – Asia excluding Japan and Australia

	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Aberdeen Asian Income	20 Dec-1905	452.7	450.3	102	(2.7)
Aberdeen Asian Smaller	19 Oct-1995	446.8	411.4	104	(2.4)
Aberdeen New Dawn	12 May 1989	289.4	251.8	107	6.1
Asian Total Return Inv Company	26 Nov 1987	158.8	154.7	91	2.6
Henderson Far East Income	30 May 1930	407.7	385.3	105	(1.6)
Invesco Asia	11 Jul 1995	211.7	177.1	106	11.6
Schroder Oriental Income	28 Jul 2005	414.1	402.8	107	(3.0)

Source: Morningstar. Note: Figures as at 23 May 2013.

Fidelity Asian Values uses the MSCI All Countries Far East ex Japan Index as its benchmark. This index excludes Japan, Australia and India.

Exhibit 9d: Asia closed end funds – Asia excluding Japan, Australia and India

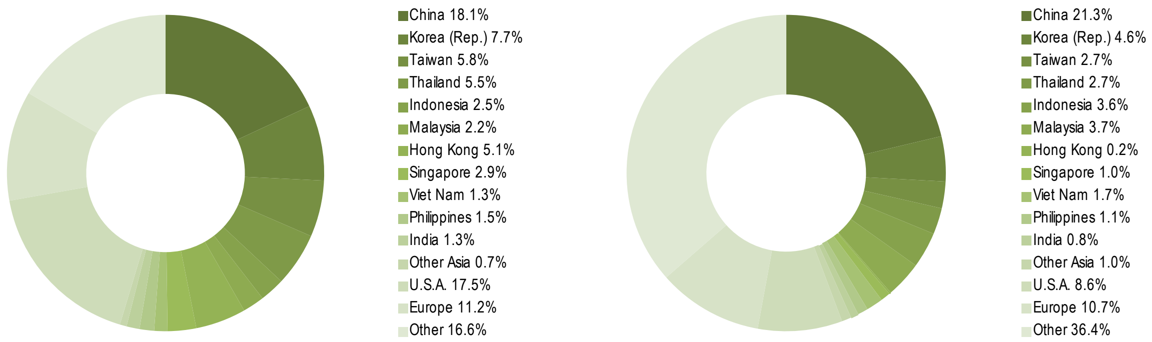
	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Fidelity Asian Values	13 Jun 1996	153.5	120.3	107	12.2

Source: Morningstar. Note: Figures as at 23 May 2013.

Why exclude Japan?

There is little doubt that Japan is an integral part of Asia. Exhibit 10 shows 54% of exports and 44% of imports in 2012 were transacted with other countries in Asia, and China on its own was a larger trading partner than either the US or Europe.

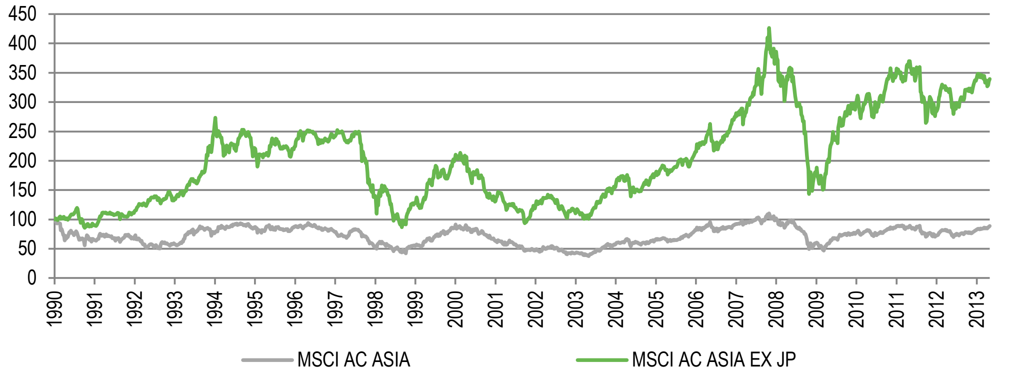
Exhibit 10: Japanese 2012 international exports by source (LHS) and imports by destination (RHS)



Source: JETRO

The main reason investors were looking for Asia funds that excluded Japan was because Japanese equities were not well correlated with the rest of Asia, and so they wanted to make their own asset allocation decisions about the country. Exhibit 11 shows the performance of the MSCI Asia vs the performance of the MSCI Asia ex-Japan going back to 1990. The Japanese market underperformed the rest of the region for decades as its economy lacked the dynamism of the 'tiger' economies elsewhere in Asia. Japan's underperformance affected Asia including Japan funds.

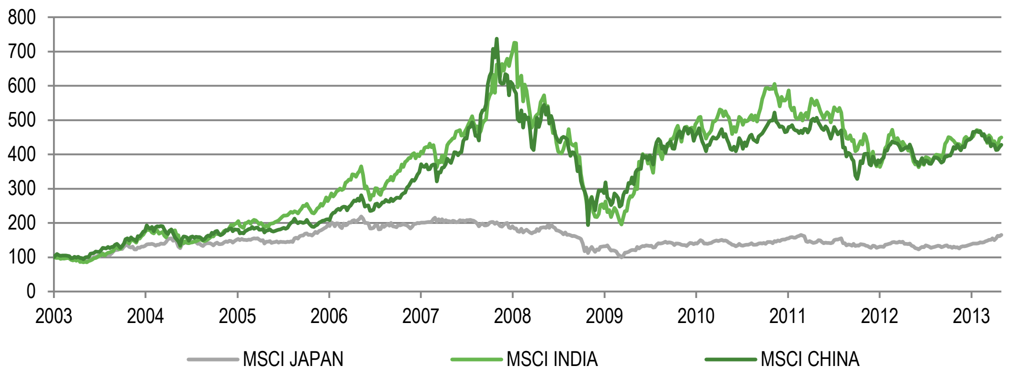
Exhibit 11: MSCI Asia vs MSCI Asia ex-Japan from 1990, rebased to 100



Source: Datastream, index total return rebased

As Exhibit 12 shows, even over the past decade Japan has materially underperformed the two powerhouses of the Asian growth story, China and India but, interestingly, they have moved more or less in tandem (with a correlation of 0.971 since the start of 2003). This could be because, historically, many fund managers have allocated money to the region rather than to individual countries.

Exhibit 12: MSCI Japan, MSCI India and MSCI Japan since start 2003



Source: Datastream, index total return rebased

Given the size of Japan's market it may be surprising that the eight members of the Japanese closed-end fund sector have gross assets of just £1.3bn between them, but this reflects Japan's poor macroeconomic performance and poor investor sentiment to the country.

Exhibit 13a: Asia single country closed-end funds – Japan

	Launch Date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Atlantis Japan Growth	10-May-96	67.8	57.2	107	7.9
Baillie Gifford Japan	01-Dec-81	239.8	205.3	110	5.2
Baillie Gifford Shin Nippon	31-Jul-85	103.9	100.5	106	(4.3)
Fidelity Japanese Values	15-Mar-94	113.2	83.2	114	13.4
JPMorgan Japan Smaller Cos	04-Apr-84	96.5	77.3	108	9.1
JPMorgan Japanese	20-Oct-55	467.4	365.0	114	9.3
Prospect Japan	20-Dec-94	70.5	61.3	71	13.1
Schroder Japan Growth	11-Jul-94	189.6	151.9	108	10.7

Source: Morningstar. Note: Figures as at 23 May 2013.

The success of China and India has spurred the launch of a number of funds dedicated to these markets, not just the equity funds shown below but also a raft of private equity, property and infrastructure funds.

Exhibit 13b: Asia single country closed-end funds – China

	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
Fidelity China Special	19-Apr-10	750.8	605.0	116	5.6
JPMorgan Chinese	19-Oct-93	158.1	121.1	113	12.4

Source: Morningstar. Note: Figures as at 23 May 2013.

Exhibit 13c: Asia single country closed-end funds – India

	Launch date	Gross assets (£m)	Market cap (£m)	Net Gearing (100 = no gearing)	Discount/ (premium)
India Capital Growth	22-Dec-05	38.7	29.4	97	23.9
JPMorgan Indian	26-May-94	498.4	406.7	100	14.2
New India	09-Dec-04	161.5	140.4	99	13.1

Source: Morningstar. Note: Figures as at 23 May 2013.

How have the funds performed?

Exhibit 14: Total return share price performance statistics for Asian closed-end funds

	1 year	3 years	5 years	10 years	Sharpe ratio (1 year)
Pan-Asia:					
Aberdeen All Asia	34.6	46.7	68.9	312.4	1.25
Martin Currie Pacific	29.2	31.7	32.4	289.3	0.87
Witan Pacific	37.7	44.9	62.4	251.3	1.72
Asia ex-Japan and Australia					
Edinburgh Dragon	32.6	49.6	95.0	460.9	1.41
JPMorgan Asian	34.9	31.9	47.2	363.4	0.94
Pacific Assets	38.5	48.3	39.4	332.8	3.61
Pacific Horizon	20.4	25.6	30.9	373.1	0.90
Schroder Asia-Pacific	29.9	58.4	80.1	469.6	1.53
Scottish Oriental Smaller Cos	47.9	87.4	181.5	713.5	2.79
Asia ex Japan					
Aberdeen Asian Income	39.5	83.9	137.0		2.65
Aberdeen Asian Smaller	55.0	118.7	235.4	872.0	3.63
Aberdeen New Dawn	34.2	50.6	89.3	516.6	1.46
Asian Total Return Inv Company	25.2	27.1	47.0	294.4	0.71
Henderson Far East Income	39.6	52.0	70.1	345.9	1.93
Invesco Asia	28.1	42.4	66.7	394.3	1.02
Schroder Oriental Income	43.9	86.5	108.3		2.10
Asia ex-Japan, Australia and India					
Fidelity Asian Values	28.8	32.4	65.5	400.6	0.99
Japan:					
Atlantis Japan Growth	57.5	64.0	59.9	155.6	1.67
Baillie Gifford Japan	72.3	67.0	73.9	236.9	1.66
Baillie Gifford Shin Nippon	65.0	84.0	96.6	185.9	2.00
Fidelity Japanese Values	51.7	45.9	35.3	114.8	0.58
JPMorgan Japan Smaller Cos	46.4	27.4	19.5	39.3	1.28
JPMorgan Japanese	56.4	41.4	40.6	94.8	0.85
Prospect Japan	25.9	39.0	(3.4)	35.3	1.23
Schroder Japan Growth	51.7	41.1	45.6	133.6	0.83
Greater China					
Fidelity China Special	33.3	10.7			0.83
JPMorgan Chinese	29.9	6.1	23.4	605.1	1.04
India					
India Capital Growth	28.1	(20.1)	(41.2)		0.40
JP Morgan Indian	28.8	26.1	23.8	287.8	0.22
New India	30.7	16.7	69.6		0.39

Source: Morningstar. Note: Figures as at 23 May 2013.

The recent strength of the Japanese market shows up in the performance of the Japanese funds where the two Baillie Gifford funds have performed particularly well, but is not so obvious in the relative performance of the Asia, including Japan, group at the top of the table, which has underperformed many of the Asia excluding Japan investment companies. The Asian Income funds and smaller companies funds have had a good run. Another Baillie Gifford fund, Pacific Horizon, is the laggard of the Asian sector. Asia Total Return, which has also disappointed, has just changed its investment manager from Henderson to Schroders. Over the long term the two

Asian smaller companies funds, Scottish Oriental Smaller Cos and Aberdeen Asian Smaller, stand out. Risk-adjusted returns over the past year also look good for these funds and for Pacific Assets. Investors' adverse reaction to slowing Chinese growth is reflected in the medium-term performance of the two Greater China funds, JPMorgan China and Fidelity China. Indian smaller companies have been underperforming large capitalisation stocks and this is reflected in the performance of India Capital Growth.

Conclusion

Investors outside of Asia have long appreciated the attractions of allocating funds to the region. As our analysis illustrates, the region offers a range of investment opportunities that encompasses developed, developing and frontier markets. Each has its own opportunity set, with the associated risks and rewards, that will suit different investors depending on their risk appetite.

For an investor in closed-end funds, selecting which fund or funds will deliver the most attractive returns in this sector is complicated by the range of different investment remits available. Moreover, as the contrasting fortunes of the three leading countries in the region – China, Japan and India – show, getting this choice right can have a big impact on returns. However, in a regional portfolio, the different aspects provide diversification. In summary:

China offers:

- Considerable growth potential as its economy continues to develop.
- Compelling relative valuations (China has the lowest P/E ratio in the region, excluding Korea).
- A stable politic environment albeit with underlying tensions, particularly in the area of labour relations.
- Faltering growth combined with upwards pressure on wages.
- A neutral to negative demographic profile as its population continues to age.

Japan offers:

- A poor demographic profile from both a mature and a shrinking population.
- A history of persistent deflation with very limited growth.
- The promise of real macroeconomic change with the advent of 'Abenomics'.
- A large mature economy with world-class companies and signs of renewed entrepreneurial vigour.

India offers:

- A positive demographic profile from its relatively young population.
- Substantial growth potential which, in terms of catch up, exceeds that of China.
- Bottlenecks in the economy coupled with high inflation, which act as a brake on enterprise.
- A difficult political environment, pervasive corruption and poor government finances.

Exhibit 15: Edison's investment trust clients

Aberdeen New Thai Investment Trust			Code : ANW	Market cap: £93.7m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
139.2	239.6	297.2	805.4	(15.2)	1.6

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 June. ANW pays out substantially all of the earnings it recieves during a year. Level may vary accordingly.

Acencia Debt Strategies			Code : ACD	Market cap: £111.8m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
125.8	141.3	97.6	-	(10.1)	3.7

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.

Acorn Income Fund			Code : AIF	Market cap: £33.6m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
186.4	279.6	310.6	726.9	6.2	4.0

Acorn Income Fund's objective is to provide a high level of income with the opportunity for income growth and capital growth over the life of the company. AIF is geared through a ZDP stock. The portfolio is split into two pools, one (70-80% of assets) is invested in UK small-cap equities, the other is an income portfolio containing sterling fixed-interest instruments, reverse convertibles and high-yielding shares in other investment companies.

Launch date	February 1999
AIC Sector	UK High Income
Management group	Premier Fund Managers Limited
Manager	John McClure and Paul Smith
Website	www.premierfunds.co.uk
Dividend policy	Quarterly dividends paid in March, June, September, December.

BB Biotech			Code : BION SW	Market cap: CHF1461.2m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
150.6	198.6	161.4	222.1	(21.8)	4.0

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.

Source: Edison Investment Research

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

The Biotech Growth Trust		Code : BIOG		Market cap: £259.5m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
149.0	238.2	365.8	566.3	1.4	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.

The Brunner Investment Trust		Code : BUT		Market cap: £209.0m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
129.5	144.5	130.7	260.5	(15.6)	2.7

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.

Canadian General Investments		Code : CGI		Market cap: C$325.6m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
110.4	120.8	80.2	273.2	(28.9)	1.5

Canadian General Investments' objective is to provide better than average returns by investing in a portfolio focused on medium- to long-term investments in Canadian corporations. The manager seeks to add value through prudent security selection, timely recognition of capital gains/losses as well as the appropriate selection of income generating instruments.

Launch date	January 1930
AIC Sector	N/A
Management group	Morgan Meighen & Associates Limited
Manager	Jonathan Morgan
Website	www.mmainvestments.com
Dividend policy	Quarterly dividends (c $0.06 per common share) and a special capital gains dividend, based on the year's performance.

Carador Income Fund		Code : CIFU		Market cap: US$555.5m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
131.8	264.9	-	-	3.1	12.0

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.

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.

Source: Edison Investment Research

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

City Natural Resources High Yield Trust		Code : CYN		Market cap: £98.2m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
68.4	81.6	82.5	353.4	(17.6)	3.5

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.

Deutsche Beteiligungs		Code : DBA GR		Market cap: €261.4m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
135.7	134.8	151.7	565.2	(0.6)	6.3

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, specialty 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'.

The Diverse Income Trust		Code : DIVI		Market cap: £136.7m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
139.9	-	-	-	3.7	3.3

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.mitongroup.com
Dividend policy	Quarterly dividends (November, February, May and August). Each year, DIVI aims to distribute substantially, all income net of costs.

Dunedin Enterprise Investment Trust		Code : DNE		Market cap: £97.1m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
125.7	174.2	145.2	252.0	(21.4)	1.6

Dunedin Enterprise Investment Trust specialises in the provision of equity finance for management buyouts, management buyins and growing businesses.

Launch date	April 1987
AIC Sector	Private Equity
Management group	Dunedin Capital Partners LLP
Manager	Shaun Middleton and Graeme Murray
Website	www.dunedinenterprise.com
Dividend policy	Dividends are paid annually to ensure that it meets the requirements of UK tax legislation to maintain investment trust status.

Source: Edison Investment Research

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

European Assets Trust		Code : EAT		Market cap: £131.3m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
159.2	196.6	142.4	463.7	(2.5)	5.5

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.

The European Investment Trust		Code : EUT		Market cap: £249.9m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
131.1	131.9	95.9	206.1	(14.5)	2.0

The European Investment Trust's investment objective is to achieve long-term capital growth through a diversified portfolio of continental European securities.

Launch date	June 1972
AIC Sector	Europe
Management group	Edinburgh Partners
Manager	Dale Robertson
Website	www.edinburghpartners.com
Dividend policy	One dividend paid in January of each year.

Fidelity European Values		Code : FEV		Market cap: £610.9m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
140.7	158.9	122.3	336.6	(8.1)	1.9

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.

Finsbury Growth & Income Trust		Code : FGT		Market cap: £355.7m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
139.2	179.7	230.8	446.0	1.1	2.2

Finsbury Growth and Income Trust's investment objective is to achieve capital and income growth and to 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.

Source: Edison Investment Research

Exhibit 19: Edison's investment trust clients cont'd

Foreign & Colonial Investment Trust			**Code : FRCL**	**Market cap: £2044.2m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
125.2	**140.4**	**138.1**	**254.9**	**(9.6)**	**2.4**

Foreign & Colonial Investment Trust's 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 Tigue
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: £22.7m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
72.3	**63.2**	**38.2**	**-**	**(9.9)**	**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: £24.2m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
51.8	**60.7**	**51.5**	**-**	**(17.0)**	**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 and Will Smith
Website	www.ncim.co.uk
Dividend policy	Reflecting its capital appreciation objective, GPM does not currently pay dividends.

GLI Finance			**Code : GLIF**	**Market cap: £66.5m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
117.6	**246.7**	**92.4**	**-**	**(3.8)**	**9.7**

GLI Finance 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-line 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.

Source: Edison Investment Research

Exhibit 20: Edison's investment trust clients cont'd

Henderson Global Trust			**Code : HGL**		**Market cap: £136.9m**	
	Share price total return on £100				**(Discount)/ premium (%)**	**Dividend yield (%)**
	1 year	**3 years**	**5 years**	**10 years**		
	120.2	**124.9**	**140.2**	**317.1**	**(10.1)**	**2.9**

Henderson Global Trust's objective is long-term capital growth from a concentrated portfolio of international equities, with a secondary objective to increase dividends over the longer term. The trust holds stocks of large- and medium-sized companies listed on major equity markets and the manager aims to outperform the company's benchmark, which is the MSCI All Country World Index (in sterling terms, total return).

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.

International Biotechnology Trust			**Code : IBT**		**Market cap: £137.6m**	
	Share price total return on £100				**(Discount)/ premium (%)**	**Dividend yield (%)**
	1 year	**3 years**	**5 years**	**10 years**		
	133.1	**180.1**	**211.9**	**308.0**	**(12.5)**	**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.

Invesco Asia Trust			**Code : IAT**		**Market cap: £167.3m**	
	Share price total return on £100				**(Discount)/ premium (%)**	**Dividend yield (%)**
	1 year	**3 years**	**5 years**	**10 years**		
	114.6	**127.4**	**160.6**	**441.0**	**(7.9)**	**2.0**

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.

IS Private Equity			**Code : ISGSY**		**Market cap: TL174.6m**	
	Share price total return on £100				**(Discount)/ premium (%)**	**Dividend yield (%)**
	1 year	**3 years**	**5 years**	**10 years**		
	168.8	**235.9**	**572.3**	**-**	**(27.2)**	**5.8**

ISGSY was established in 2000 to invest in Turkey's growing mid-cap private companies.

Launch date	2000
AIC Sector	N/A
Management group	IS Private Equity
Manager	Team managed
Website	www.isgirisim.com.tr/EN/
Dividend policy	No formal dividend policy. However, the company looks to pay out a large proportion of net realisations over the long term.

Source: Edison Investment Research

Exhibit 21: Edison's investment trust clients cont'd

JPMorgan European Smaller Companies		Code : JESC		Market cap: £301.2m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
141.8	137.1	122.3	487.7	(14.5)	1.9

JESC's investment objective is to achieve capital growth from a diversified portfolio of listed shares in European ex UK Smaller Companies. Liquidity and borrowings are actively managed (investments 80-120% of net assets) with a view to enhancing returns to shareholders. JESC's investment policy emphasises capital growth, rather than income, and so the dividend is expected to vary from year to year. JESC is benchmarked against HSBC Smaller European Companies (ex UK) Total Return Index in sterling terms.

Launch date	April 1990
AIC Sector	European Smaller Companies
Management group	JPMorgan Asset Management
Manager	Jim Campbell and Francesco Conte
Website	www.jpmeuropeansmallercompanies.co.uk
Dividend policy	Between zero and two dividends annually. Interims, when paid, are paid in January. Finals, when paid, are paid in July.

JPMorgan Global Convertibles Income Fund		Code : JGCI		Market cap: £140.1m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
-	-	-	-	5.1	4.4 (Target)

JGCI will seek to generate dividend income combined with the potential for long-term capital growth by investing in a globally diversified portfolio of convertible securities and other suitable instruments exhibiting convertible or exchangeable characteristics. The company targets an initial gross dividend yield of 4.5% reflecting the opportunity the manager sees to generate income, particularly in the high-yield sub-sector. The MSCI World index is the reference index. Currency exposures for capital and income will be hedged.

Launch date	June 2013
AIC Sector	N/A
Management group	JPMorgan Asset Management
Manager	Antony Vallee
Website	www.jpmorganassetmanagement.lu
Dividend policy	Half-yearly dividends in the first year, targeting a gross dividend yield of 4.5% on the issue price, moving to quarterly payments thereafter.

JPMorgan Indian Investment Trust		Code : JII		Market cap: £372.2m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
110.3	87.7	110.3	608.3	(13.3)	0.0

JPMorgan Indian seeks long-term capital appreciation through investments in India or in companies that earn a material part of their revenues in India. The company will not invest in other countries of the Indian sub-continent or Sri Lanka. The trust aims to outperform its benchmark, the MSCI India index express in sterling.

Launch date	May 1994
AIC Sector	Country Specialists: Asia-Pacific
Management group	JPMorgan Asset Management
Manager	Rukhshad Shroff and Rajemdra Nair
Website	www.jpmindian.co.uk
Dividend policy	JPMorgan Indian does not pay dividends reflecting its focus on capital appreciation and the low average yield available in the Indian equity market.

Martin Currie Global Portfolio Trust		Code : MNP		Market cap: £157.7m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
122.3	147.5	137.7	292.0	(2.4)	2.8

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.

Source: Edison Investment Research

Exhibit 22: Edison's investment trust clients cont'd

The Merchants Trust		Code : MRCH		Market cap: £471.7m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
137.0	163.1	163.9	261.8	(4.7)	5.1

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.

Midas Income & Growth Trust		Code : MIGT		Market cap: £50.8m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
130.2	133.7	124.0	303.5	(5.9)	4.1

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.

Miton Income Opportunities Trust		Code : MIOT		Market cap: £73.3m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
140.4	138.3	162.5	295.0	(7.0)	2.6

MIOT's investment objective is to provide shareholders with an attractive level of dividends, coupled with capital growth over the longer term. It invests in a diversified portfolio primarily of quoted or traded small-cap companies that have the prospect of paying good and growing dividends. MIOT may also invest in larger-cap companies, including FTSE 100 constituents, where it is believed this may increase shareholder value. As a stock-specific portfolio, there is no benchmark, but the trust targets income growth higher than other income funds.

Launch date	December 1994
AIC Sector	UK Smaller Companies
Management group	Miton Group
Manager	Gervais Williams and Martin Turner
Website	www.mitongroup.com
Dividend policy	Quarterly dividends (November, February, May and August). Each year, MIOT aims to distribute substantially, all income net of costs.

NB Global Floating Rate Income Fund		Code : NBLS		Market cap: £432.5m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
110.7	-	-	-	5.2	4.7

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$ denominated) of ordinary shares, with a monthly conversion option, and subsequently issued US$ and sterling non-voting C shares. US$ 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). NBLS aims to provide a regular sustainable dividend.

Source: Edison Investment Research

Exhibit 23: Edison's investment trust clients cont'd

New City Energy			**Code : NCE**	**Market cap: £20.0m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
96.5	**82.6**	**73.9**	**-**	**(13.4)**	**4.4**

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: £178.8m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
132.6	**143.4**	**144.6**	**426.0**	**(3.2)**	**1.7**

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.

Phaunos Timber			**Code : PTF**	**Market cap: US$298.1m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
115.3	**83.5**	**54.8**	**-**	**(39.6)**	**0.0**

Phaunos Timber's investment objective is to achieve long-term total return appreciation, with income, through a diversified portfolio of timberland and timberland-related investments.

Launch date	June 2008
AIC Sector	Sector Specialist: Forestry & Timber
Management group	FourWinds Capital Management
Manager	Liane Luke and Mason Blake
Website	www.fourwindscm.com
Dividend policy	Dividend policy is to distribute surplus cash generated. No dividends are currently paid.

RENN Universal Growth Investment Trust			**Code : RUG**	**Market cap: £41.9m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
111.5	**87.1**	**95.6**	**188.3**	**(26.4)**	**0.0**

RUG's investment objective is to conduct an orderly realisation of its assets. This is to be effected in a manner that seeks to achieve a balance between returning cash to shareholders promptly and maximising the value of the portfolio. RUG may not make new investments with the exception that, subject to board approval, further investment may be made to preserve the value of existing investments and realised cash may be invested in liquid sterling denominated cash-equivalent securities, pending its return.

Launch date	May 1996
AIC Sector	North American Smaller Companies
Management group	RENN Capital Group
Manager	Russell Cleveland
Website	www.renaissanceusgrowth.co.uk
Dividend policy	Reflecting its previous capital appreciation objective, RUG has not paid dividends but may use them to return capital as part of the wind down process.

Source: Edison Investment Research

Exhibit 24: Edison's investment trust clients cont'd

Scottish Oriental Smaller Companies Trust		**Code : SST**		**Market cap: £257.9m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
140.1	**189.2**	**297.7**	**760.7**	**(2.7)**	**1.4**

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).

Launch date	March 1995
AIC Sector	Asia-Pacific ex Japan
Management group	First State Investments
Manager	Susie Rippingall
Website	www.scottishoriental.co.uk
Dividend policy	One dividend annually, paid in January. The board intends to maintain this level of dividend, using reserves if necessary.

Securities Trust of Scotland		**Code : STS**		**Market cap: £163.3m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
128.1	**178.8**	**171.0**	**-**	**6.1**	**3.2**

The investment objective of Securities Trust of Scotland 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.

Launch date	June 2005
AIC Sector	Global Growth & Income
Management group	Martin Currie Investment Mgmt
Manager	Alan Porter
Website	www.securitiestrust.com
Dividend policy	Quarterly dividends paid in March, June, September and December.

Strategic Equity Capital		**Code : SEC**		**Market cap: £65.3m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
128.9	**214.1**	**162.3**	**-**	**(16.1)**	**1.4**

Strategic Equity Capital's aim is to provide absolute returns, over the medium term and primarily through capital growth, by investing in a portfolio of equity and equity-linked securities quoted on markets operated by the LSE. Investments are made where the manager believes securities are undervalued and could benefit from strategic, operational or management initiatives. SEC can invest up to 20% of gross assets in securities quoted on other recognised exchanges, and up to 20% of gross assets in unquoted securities.

Launch date	July 2007
AIC Sector	UK Smaller Companies
Management group	SVG Investment Managers
Manager	Adaam Steiner and Stuart Widdowson
Website	www.strategicequitycapital.com
Dividend policy	The board intends to declare final dividends only where necessary to comply with investment trust rules.

Templeton Emerging Markets		**Code : TEM**		**Market cap: £1831.2m**	
	Share price total return on £100			**(Discount)/ premium (%)**	**Dividend yield (%)**
1 year	**3 years**	**5 years**	**10 years**		
108.0	**106.6**	**142.9**	**544.8**	**(8.3)**	**1.2**

Templeton Emerging Markets seeks long-term capital appreciation through investment in companies operating in emerging markets or whose stocks are listed on the stock markets of such countries. This may include companies that have a significant amount of their revenues in emerging markets, but which are listed on stock exchanges in developed countries.

Launch date	June 1989
AIC Sector	Global Emerging Markets
Management group	Templeton Asset Management
Manager	Mark Mobius
Website	www.temit.co.uk
Dividend policy	An annual payment is made in July of each year.

Source: Edison Investment Research

Exhibit 25: Edison's investment trust clients cont'd

The Taiwan Fund		Code : TWN		Market cap: US$140.1m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
110.5	136.7	105.6	227.9	(9.9)	0.0

The Taiwan Fund was established to allow US and other investors to access and participate in the growth of the economy and the stock market in Taiwan, the Republic of China. The fund's investment objective is to seek long-term capital appreciation primarily through investments in equity securities listed in Taiwan. The fund is a diversified, closed-end investment company listed on the New York Stock Exchange.

Launch date	December 1986
AIC Sector	N/A
Management group	Martin Currie Investment Mgmt
Manager	Wong Kok Hoi and James Lui
Website	www.thetaiwanfund.com
Dividend policy	The fund distributes substantially all of its taxable ordinary income and expects to distribute its taxable net realised gains.

Vietnam Infrastructure Fund		Code : VNI		Market cap: US$134.8m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
174.4	104.4	106.6	-	(32.1)	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 brownfield 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$579.4m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
145.2	150.2	106.1	-	(26.1)	0.0

The investment objective of the VinaCapital 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$231.0m	
	Share price total return on £100			(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
100.3	57.7	39.7	-	(53.4)	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 its launch. Current policy is to return cash to shareholders via buybacks.

Source: Edison Investment Research

Exhibit 26: Edison's investment trust clients cont'd

Worldwide Healthcare Trust		Code : WWH		Market cap: £482.9m	
Share price total return on £100				(Discount)/ premium (%)	Dividend yield (%)
1 year	3 years	5 years	10 years		
137.5	177.7	253.8	269.3	(2.2)	1.6

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.

Source: Edison Investment Research

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