

Utilico Emerging Markets Trust

Simplified corporate structure

Utilico Emerging Markets Trust (UEM) is a specialist fund focusing on infrastructure and utility investment in emerging market equities. In April 2018, UEM completed its re-domicile from a Bermuda-based investment company to a UK-based investment trust, in order to benefit from the UK's increasingly supportive regulatory and tax environment. There is no change to UEM's investment approach or dividend policy. Also, following the final exercise of its subscription shares, UEM now has a simpler capital structure. The board believes that these changes have potential to improve investor perception and, over time, lead to a narrower discount.

12 months ending	Share price (%)	NAV (%)	MSCI Emerging Markets (%)	MSCI EM Infrastructure Capped (%)	Performance fee benchmark (%)
31/08/14	15.4	11.7	12.1	17.6	7.2
31/08/15	(11.5)	(10.2)	(16.5)	(17.9)	8.0
31/08/16	33.4	33.4	31.8	29.7	8.0
31/08/17	12.5	14.8	27.0	15.1	8.0
31/08/18	(7.3)	(8.3)	(1.2)	(11.7)	8.0

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

Investment strategy: Long-term approach

UEM is managed by Charles Jillings at ICM Group. He adopts a long-term approach to investing in high-quality emerging market infrastructure, utility and related equities, which have the potential to generate total shareholder returns of 15% pa. The investible universe is made up of c 900 companies and is screened to determine which are worthy of in-depth fundamental research, including financial modelling and valuation targets. The manager conducts regular site visits and stresses the importance of having close relationships with investee companies, which may involve participation in a firm's fund-raising activities.

Market outlook: Pullback creates a value opportunity

2018 has seen a return to more normal levels of stock market volatility following a benign period in 2017. Within this environment, emerging markets have lagged global stock markets, as investors have focused on concerns such as economic and financial issues in Turkey and Argentina. As a result, emerging market equity valuation multiples have moved to a wider discount versus global equities. Given forecast higher economic growth in emerging markets compared with developed markets, the recent stock market pullback may provide an opportunity for investors with a long-term perspective.

Valuation: Potential for narrower discount

UEM's current 11.7% share price discount to cum-income NAV compares with the 9.1% to 12.6% range of averages over the past one, three, five and 10 years. The trust's simplified structure may support a narrowing of the discount as investor sentiment towards emerging market improves or the trust's performance improves relative to the wider emerging markets universe. UEM's board adopts a progressive dividend policy and has raised the annual distribution every year since the fund was launched in 2005; the trust's current yield is 3.6%.

Investment trusts

17 September 2018

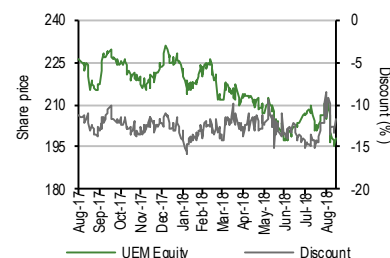
Price 198.0p
Market cap £463m
AUM £575m

NAV* 224.5p
Discount to NAV 11.8%
NAV** 224.3p
Discount to NAV 11.7%

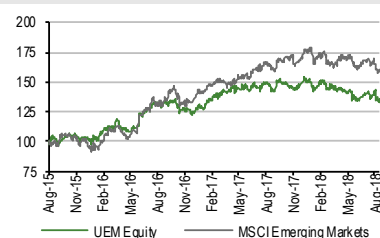
*Excluding income. **Including income. As at 13 September 2018.

Yield 3.6%
Ordinary shares in issue 234.0m
Code UEM
Primary exchange LSE
AIC sector Global Emerging Markets

Share price/discount performance



Three-year performance vs index



52-week high/low 231.0p 195.0p
NAV** high/low 260.1p 224.3p

**Including income.

Gearing

Gross* 0.0%
Net cash* 0.5%

*As at 31 August 2018.

Analysts

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

investmenttrusts@edisongroup.com

[Edison profile page](#)

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

Exhibit 1: Trust at a glance

Investment objective and fund background

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

Recent developments

- 22 August 2018: Announcement of first quarterly interim dividend of 1.80p.
- 15 August 2018: Creation of £500m distributable reserves.
- 4 April 2018: Announcement of new three-year unsecured £50m multi-currency revolving facility agreement with Scotiabank Europe.
- 3 April 2018: Completion of re-domicile from Bermuda to the UK.

Forthcoming

AGM	September 2019
Interim results	November 2018
Year end	31 March
Dividend paid	September, December, March, June
Launch date	20 July 2005
Continuation vote	Five yearly, next 2021 AGM

Capital structure

Ongoing charges	1.0%
Net cash	0.5%
Annual mgmt fee	0.65%
Performance fee	15% of outperformance (cap: 1.85% of average net assets)
Company life	Indefinite (subject to vote)
Loan facilities	£50m

Fund details

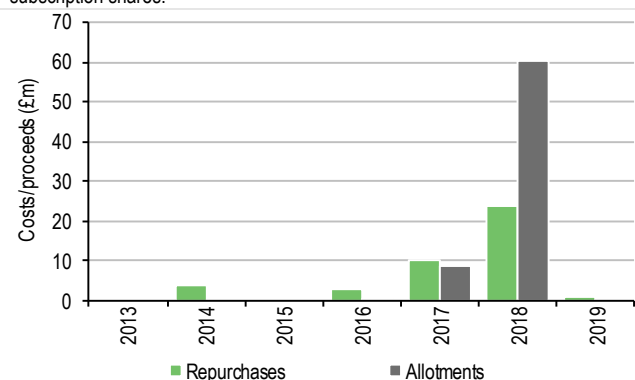
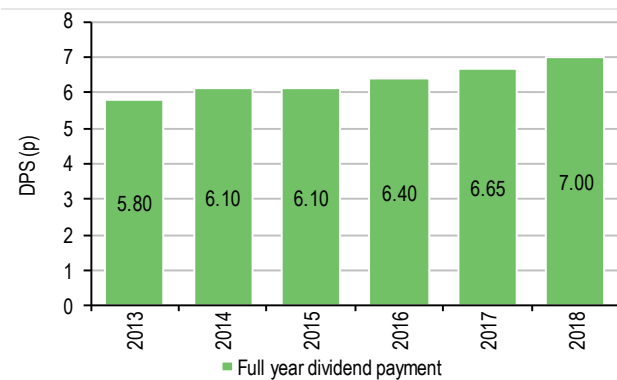
Group	ICM Group
Manager	Charles Jillings
Address	UK office: PO Box 208, Epsom, Surrey KT18 7YF
Phone	+44 (0)1372 271486
Website	www.uemtrust.co.uk

Dividend policy and history (financial years)

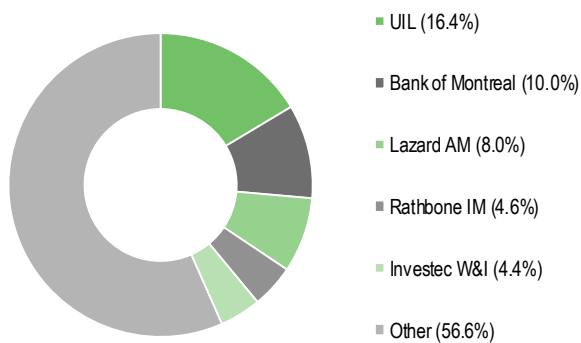
The trust is managed for total return, but the board broadly seeks flat or rising dividends.

Share buyback policy and history (financial years)

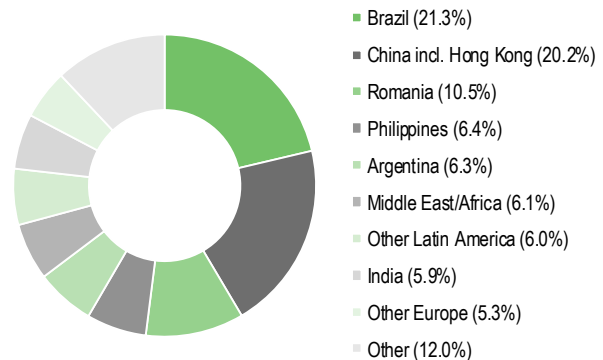
Subject to annual renewal, UEM has authority to repurchase up to 14.99% and allot shares up to 10% of the issued share capital. Allotments include subscription shares.



Shareholder base (as at 14 June 2018)



Portfolio exposure by country (look-through as at 31 August 2018)



Top 10 holdings (as at 31 August 2018)

Company	Country	Sector	Portfolio weight %	
			31 August 2018	31 August 2017*
International Container Terminal Services	Philippines	Ports operator	4.6	5.2
Ocean Wilsons Holdings	Brazil	Ports operator and shipping services	3.9	4.3
China Resources Gas Group	China	Gas distribution	3.7	N/A
Yuexiu Transport Infrastructure	China	Toll roads operator	3.6	2.6
Transgaz	Romania	Gas transmission	3.1	3.2
Transelectrica	Romania	Electricity transmission	2.9	2.7
Cia de Gas de Sao Paulo (Comgas)	Brazil	Gas distribution	2.6	2.5
Malaysia Airports Holdings	Malaysia	Airport operator	2.6	3.0
Alupar Investimento	Brazil	Electricity generation & transmission	2.6	4.0
Energisa	Brazil	Electricity distribution	2.5	N/A
Top 10 (% of holdings)			32.1	34.0

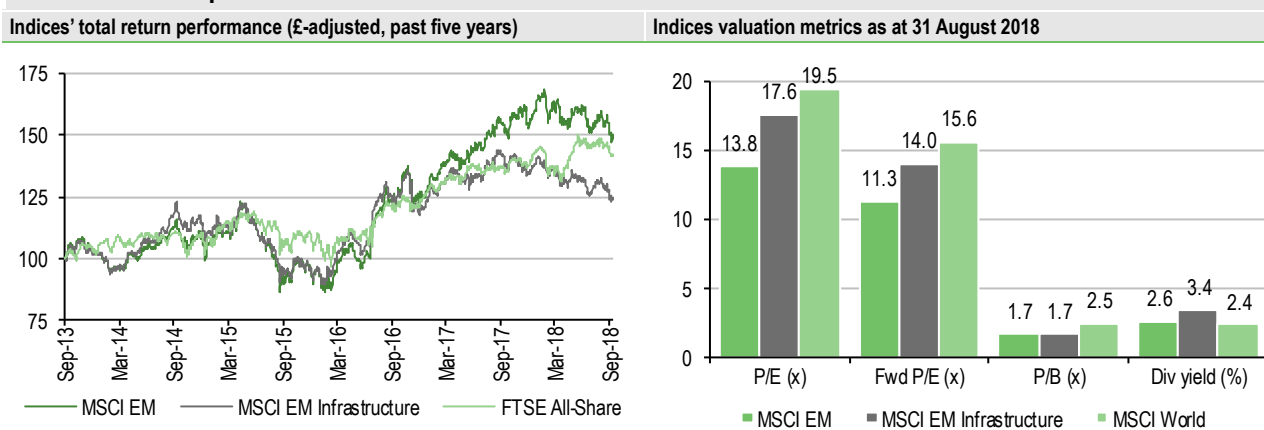
Source: Utilico Emerging Markets Trust, Edison Investment Research, Morningstar. Note: *N/A where not in end-August 2017 top 10.

Market outlook: Pullback may provide an opportunity

As shown in Exhibit 2 (LHS), emerging market investors enjoyed strong total returns in 2016 and 2017. So far in 2018, emerging market equities (along with those in developed economies) have experienced higher levels of volatility compared with the particularly benign environment in 2017. Investor concerns include: a strengthening US dollar; an escalation in trade disputes as a result of US protectionist policies; and an ongoing economic and financial crisis in Turkey.

In terms of valuation, on a P/E basis, emerging market equities continue to trade at a discount to global equities (Exhibit 2, RHS); however, due to higher investor risk aversion, the differential has widened over the course of 2018 to date. In addition, emerging market equities now offer a higher-than-average dividend yield. Given the favourable long-term growth potential of emerging markets, and relatively attractive valuations, the recent stock market pullback may provide an opportunity for investors with a longer-term perspective.

Exhibit 2: Market performance and valuation



Source: Thomson Datastream, MSCI, Edison Investment Research

Fund profile: Focus on infrastructure and utilities

UEM was launched on 20 July 2005. On 3 April 2018, it completed its re-domicile from a Bermuda-based investment company to a UK-based investment trust; achieved via a scheme of arrangement. Shareholders received ordinary shares on a one-for-one basis in Utilico Emerging Markets Trust, which has a premium listing on the Main Market of the London Stock Exchange. UEM is managed by the ICM Group (ICM and ICM Investment Management, a Bermuda-based company with c £20bn of assets under management) and is headed by Charles Jillings. Following the fund's move to the UK, there has been no change in the investment objective or dividend policy.

The manager aims to generate attractive long-term total returns from a diversified portfolio of primarily emerging market infrastructure, utility and related equities. He is unconstrained by benchmark weightings, but the MSCI Emerging Market index is used as a performance reference. UEM's portfolio typically contains 60–90 positions (87 at end-FY18). The trust may invest in shares, bonds, convertible bonds and other securities, including unlisted companies (up to a maximum 10% of gross assets at the time of investment – 4.2% at end-FY18). Other investment guidelines include: a maximum 20% of gross assets in a single investment; up to 20% outside of infrastructure, utility and related companies; and up to 50% in a single country. Gearing of up to 25% of gross assets is permitted; however, at end-August 2018, UEM had a net cash position of 0.5%. Since launch, the trust's NAV total return has compounded at 10.7% per annum.

The fund manager: Charles Jillings

The manager's view: Adopting a more cautious near-term view

Jillings explains that global stock markets are operating outside of normal historical parameters. In terms of monetary policy, unconventional tools are still in operation in Europe and Japan, such as negative interest rates and quantitative easing. However, the US economy has reached a more advanced stage, whereby the Federal Reserve Bank is raising interest rates in response to higher inflation (including higher wages). The manager believes that the dislocation between those regions employing quantitative easing and those that are tightening monetary policy is likely to lead to increased stock market volatility. Jillings' more cautious view is reflected in UEM's current lack of gearing, which compares to a historical range of 0–7% over the past 10 years.

Despite higher stock market volatility so far in 2018, companies are still operating in a 'goldilocks' environment of economic growth, low interest rates and low inflation. The manager believes that this backdrop will lead to continued robust earnings growth, which should be supportive for further equity gains. However, he is mindful of the risk of increased trade disputes and their negative effect on global economic activity.

Over the longer term, the manager's positive outlook for emerging markets remains intact. There are underlying structural growth drivers including an increase in urbanisation and a rising middle class, which are leading to increased demand for the services provided by UEM's portfolio holdings. In addition, there are significant economic reforms underway in some of the larger emerging markets such as Brazil, China, India and Argentina, which should have positive implications for future corporate earnings. Jillings notes that he is continuing to find selected, attractive investment opportunities that fulfil UEM's high-quality investment criteria.

Asset allocation

Investment process: Seeking undervalued securities

Jillings and the investment team at ICM invest primarily in the emerging markets infrastructure, utility and related sectors, seeking companies that can generate total shareholder returns of 15% pa, where they believe the underlying value is not reflected in current share prices. These companies are often under-researched and investment opportunities may arise due to technological development, or from changes in the regulatory environment or a company's competitive position. The team has a deep knowledge of the infrastructure, utility and related sectors in which it invests, and conducts thorough fundamental company research, employing a range of techniques to compare companies across different geographical regions and industries. Established investments are valued in terms of multiples such as P/E, EV/EBITDA, dividend yield or discount to NAV; using valuations based on discounted cash flow, earnings, or net assets. The valuation methodology used depends on the nature of the company being assessed. Jillings and his team believe in the importance of maintaining close working relationships with investee companies, conducting regular site visits and supporting their capital raisings when deemed appropriate. UEM is often among its investee companies' largest international shareholders.

Those emerging countries favoured for investment have positive attributes such as political stability, attractive economic growth, a robust legal framework and also encourage foreign investment. Jillings typically invests in companies with strong management teams and long-duration assets that are profitable and cash-generative and also pay a dividend. Due to the nature of UEM's investments, the trust tends to outperform the MSCI Emerging Market index during periods of share price weakness, while underperforming during cyclical upturns when sectors such as technology, materials, financials and consumer discretionary lead the charge.

Current portfolio positioning

Over the past couple of years, the manager has reduced the concentration in UEM's top 10 holdings from c 50% to c 30% of the portfolio (32.1% at end-August 2018 compared to 34.0% a year earlier, see Exhibit 1). In terms of geographic exposure, compared with 12 months ago, UEM now has higher exposure to China/Hong Kong (+6.1pp), with lower exposure to Brazil (-4.3pp) and Thailand (-3.1pp). Changes in sector exposure over the period are more modest with higher exposure to renewables (+2.6pp) and less exposure to electricity (-3.4pp). While exposure analysis can provide a useful perspective, Jillings is keen to stress that UEM's investments are made on a bottom-up basis.

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

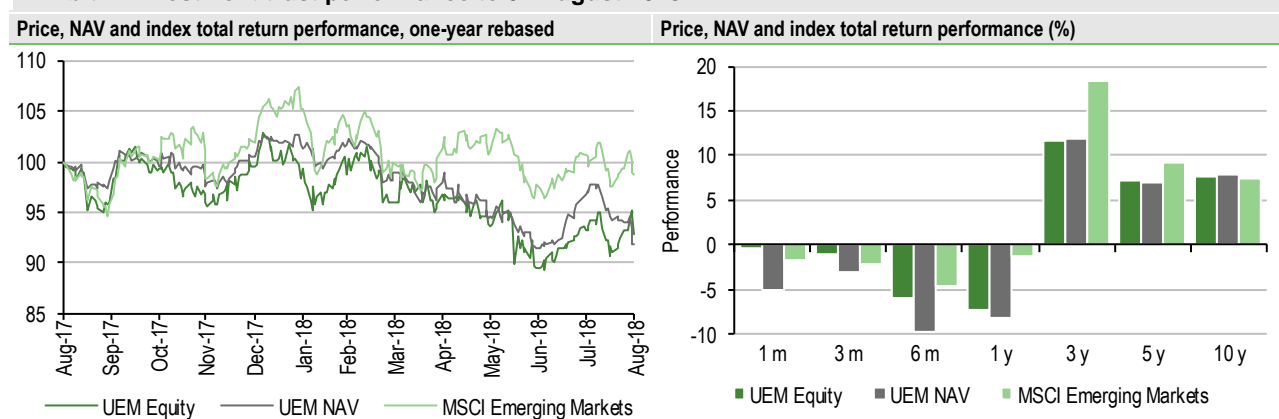
Geography	Portfolio end-August 2018	Portfolio end-August 2017	Change (pp)	Industry	Portfolio end-August 2018	Portfolio end-August 2017	Change (pp)
Brazil	21.3	25.6	(4.3)	Electricity	21.3	24.7	(3.4)
China incl. Hong Kong	20.2	14.1	6.1	Gas	18.0	16.4	1.6
Romania	10.5	9.7	0.8	Ports	13.6	12.1	1.5
Philippines	6.4	6.9	(0.5)	Airports	10.2	10.0	0.2
Argentina	6.3	6.3	0.0	Road and rail	9.2	9.4	(0.2)
Middle East/Africa	6.1	6.1	0.0	Telecoms & satellites	7.7	7.1	0.6
Other Latin America	6.0	5.3	0.7	Other	7.5	7.3	0.2
India	5.9	5.7	0.2	Renewables	5.0	2.4	2.6
Other Europe	5.3	3.8	1.5	Water and waste	4.8	6.7	(1.9)
Other Asia	4.0	3.6	0.4	Infrastructure inv. funds	2.7	1.7	1.0
Malaysia	3.9	5.4	(1.5)	Other infrastructure	0.0	2.2	(2.2)
Chile	3.6	3.9	(0.3)				
Thailand	0.5	3.6	(3.1)				
	100.0	100.0			100.0	100.0	

Source: Utilico Emerging Markets Trust, Edison Investment Research

UEM provides regular and detailed updates on each of its top 20 holdings. At end-August 2018, the largest portfolio position was a long-term holding in International Container Terminal Services, which is a Philippines-listed, global container ports and terminals operator. It operates 29 container terminal facilities spanning 18 countries. During H118, 53% of volumes were generated in Asia, 31% in the Americas and 16% in Europe, the Middle East and Africa. The company saw volume growth of 10%, which directly fed through to 10% top-line growth. EBITDA was up 3%, which reflected start-up costs of new terminals; however, as operational leverage kicks in, EBITDA and margins are expected to improve.

Performance: Long-term record of outperformance

Exhibit 4: Investment trust performance to 31 August 2018



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

During FY18 (ending 31 March), UEM's NAV total return +6.6% trailed the MSCI Emerging Market index +11.6% total return. Jillings explains that this is primarily due to UEM's sectoral bias to more defensive areas of the market. The reference index is dominated by more cyclical businesses such as technology, financials and consumer-related sectors, which all performed well over the period. At 31 March 2018, the largest four stocks made up 17.1% of the index and were all technology companies. Longer term, UEM has a record of outperformance versus the index; since inception in 2005 to 31 March 2018, the trust has generated an NAV total return of 305.8% compared with 229.1% total return for the MSCI Emerging Markets index.

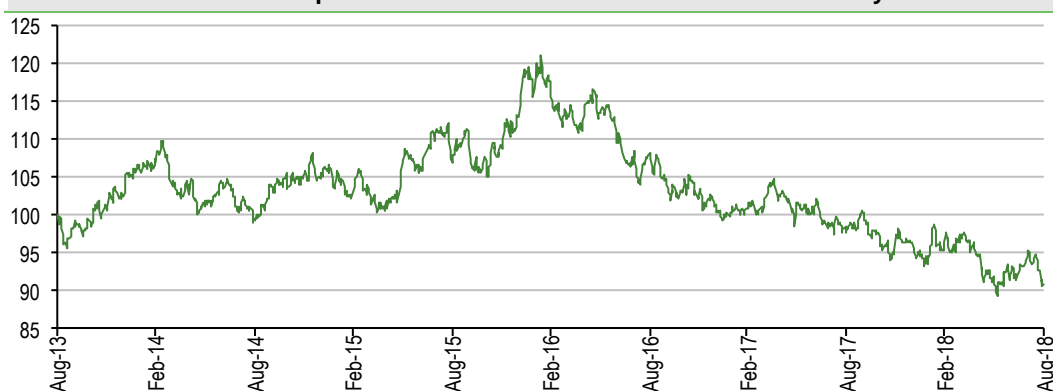
Exhibit 5: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Emerging Markets	1.3	1.3	(1.6)	(6.2)	(15.9)	(8.2)	2.3
NAV relative to MSCI Emerging Markets	(3.4)	(0.8)	(5.6)	(7.2)	(15.1)	(9.2)	4.0
Price relative to MSCI EM Infrastructure	2.5	2.4	0.8	5.0	5.6	11.8	16.8
NAV relative to MSCI EM Infrastructure	(2.3)	0.3	(3.3)	3.9	6.5	10.6	18.7
Price relative to FTSE All-Share	2.3	0.7	(11.0)	(11.4)	4.1	(1.3)	1.4
NAV relative to FTSE All-Share	(2.4)	(1.4)	(14.6)	(12.4)	5.0	(2.3)	3.1
Price relative to performance fee benchmark*	(1.2)	(2.9)	(9.6)	(14.1)	10.5	(2.5)	(1.2)
NAV relative to performance fee benchmark*	(5.7)	(4.9)	(13.3)	(15.1)	11.5	(3.5)	0.5

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

UEM's NAV total return has outperformed the MSCI Emerging Markets index over 10 years, while lagging over the shorter periods shown in Exhibit 5. It has outperformed its absolute return-based performance fee benchmark over three and 10 years in NAV terms. Looking at the trust's five-year performance compared with the MSCI Emerging Market index (Exhibit 6), while it has underperformed since early 2016, this follows a period of meaningful outperformance in 2015.

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



Source: Thomson Datastream, Edison Investment Research

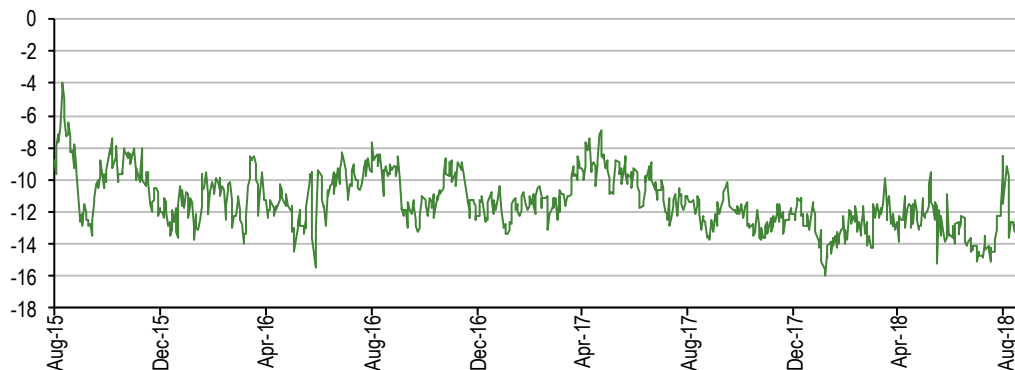
Discount: Scope for the discount to narrow

UEM's shares are trading at an 11.7% discount to cum-income NAV, which compares with the range of discounts over the past year of 8.6% to 16.0%. The current discount compares with the average discounts of the past one, three, five and 10 years of 12.6%, 11.3%, 9.6% and 9.1%, respectively. There is scope for UEM's discount to narrow now that the trust has a simplified structure, if investor sentiment towards emerging market improves or the trust's performance improves relative to the wider emerging markets index.

Renewed annually, UEM may repurchase up to a maximum of 14.99% pa of its outstanding shares. Traditionally, the board has bought back shares when UEM's discount has widened beyond 10%. During FY18, 9.8m shares were repurchased, which represented 4.7% of the fund's opening share capital. Following the trust's re-domicile in April 2018, UEM was unable to repurchase shares due to a capital reduction to create distributable reserves. This may have contributed to a wider discount

between then and mid-August 2018, when share repurchases resumed. There is also the potential for periodic tender offers (at the board's discretion), although to date none have been undertaken.

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



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

The final exercise of UEM's 28.87m subscription shares at £1.83 per share was on 28 February 2018. Shareholders exercised 20.46m shares, while an appointed trustee exercised the remaining 8.41m. Of these, 3.65m shares were placed in the market at a price of £2.235p per share, with the remaining 4.76m acquired by UEM for cancellation. In aggregate, these transactions increased the trust's share count by c 11.5% and raised gross proceeds of £42.2m. UEM is now a conventional investment trust with one class of share in issue; taking into account recent share repurchases, there are 234.0m ordinary shares outstanding. The proceeds of the subscription share issuance were used to pay down the majority of UEM's bank debt. While the trust has a three-year unsecured £50m revolving credit facility with Scotiabank Europe, which expires on 3 April 2021. As at 31 August 2018, only £5m was drawn, and at that date, UEM had a net cash position of 0.5%. As part of the re-domicile of UEM, a £500m special reserve was created, which will be available to pay dividends and fund share repurchases, along with the trust's other distributable reserves.

ICM is paid an annual management fee of 0.65% of UEM's NAV. It is also eligible for a performance fee of 15% of outperformance versus the post-tax yield on the FTSE Actuaries Government Securities UK Gilt five- to 10-year index plus RPIX inflation plus 2%, subject to an 8% minimum level. The maximum performance fee is 1.85% of average NAV over the year, and it is only payable if UEM's NAV exceeds the high watermark established when a performance fee was last paid (adjusted for capital events and dividends). Any performance fee is paid 50:50 in cash and shares. In FY18, UEM's ongoing charge was 1.0%, which was 10bp lower than 1.1% in FY17, and no performance fee was payable (the ongoing charge including performance fees in FY17 was 2.9%).

Dividend policy and record

UEM has a progressive distribution policy; annual dividends have been maintained or increased each year since the fund was launched in 2005. Distributions can be made from capital or income, and quarterly dividends are paid in September, December, March and June. For FY18, UEM's total dividend per share was 7.00p, which was 5.3% higher than 6.65p paid for FY17; the FY18 dividend was 1.3x covered by revenue. The higher level of income in FY18 was due to dividend increases (including special dividends) by investee companies and because of UEM's larger exposure to Latin America, which typically is a higher yielding region. Based on its current share price, UEM has a dividend yield of 3.6%.

Peer group comparison

UEM is a member of the AIC Global Emerging Markets sector; in Exhibit 8, we highlight the sector peers with a market cap above £100m. Given the trust's focus on infrastructure and utility assets, it has no direct peers, but the analysis provides some perspective. UEM's NAV total return is above the selected peer group average over five and 10 years, while lagging over one and three years. It has one of the widest discounts in the group, with two of the peers trading at a premium. The trust has the lowest ongoing charge in the peer group, but is one of only two funds eligible for a performance fee. UEM's dividend is the third-highest in the peer group, 1.5pp above average.

Exhibit 8: Selected peer group as at 14 September 2018*

% unless stated	Market cap (£m)	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (ex-par)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
Utilico Emerging Markets Trust	463.4	(7.1)	43.6	40.7	124.1	(12.0)	1.0	Yes	100	3.6
Aberdeen Emerging Markets	245.0	(8.4)	50.5	34.3	59.0	(14.6)	1.1	No	108	0.3
BlackRock Frontiers	276.9	(8.3)	34.8	42.3		8.0	1.5	Yes	117	3.9
Fundsmith Emerging Equities Trust	315.2	(0.7)	28.8			2.7	1.9	No	100	0.0
Genesis Emerging Markets Fund	893.5	(4.1)	52.1	32.2	110.9	(12.0)	1.4	No	100	1.5
JPMorgan Emerging Markets	1,037.1	(0.4)	66.2	56.8	141.7	(11.6)	1.1	No	101	1.3
JPMorgan Global Emerging Markets	348.7	(2.6)	50.6	33.2		(4.9)	1.3	No	110	4.3
Templeton Emerging Markets	1,791.5	(8.4)	76.2	38.0	128.7	(11.4)	1.1	No	108	2.2
Average	671.4	(5.0)	50.4	39.6	112.9	(7.0)	1.3		105	2.1
UEM rank (out of eight funds)	4	5	6	3	3	7	8		6	3

Source: Morningstar, Edison Investment Research. Note: *Performance data as at 13 September 2018. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

There are five directors on the board of UEM, four of whom are independent of the manager. John Rennocks was appointed to the board in November 2015 and was elected chairman in September 2016. Garry Madeiros was appointed in June 2007, Anthony Muh in October 2010 and Garth Milne was reappointed in November 2014. Susan Hansen became a director of UEM in September 2013; as she is also on the board of another company associated with ICM, she is considered non-independent. Manager Jillings stood down from the UEM board in March 2012 in order to increase its independence and to improve corporate governance. The directors' fees are paid in UEM shares, which ensures that the interests of all shareholders are aligned.

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

DISCLAIMER

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