

Foreign & Colonial Investment Trust

Globally diversified and actively managed

Foreign & Colonial Investment Trust (FRCL) is a large, globally diversified fund investing directly and through funds in listed and private equity using specialist sub-managers, aiming to achieve long-term growth in capital and income. Performance has improved over the last year while manager Paul Niven has completed the portfolio rebalancing started in 2013. NAV total returns are ahead of the benchmark and the global sector average over one, three, five and 10 years with a narrowing discount lifting total shareholder returns. The board has indicated a 45th consecutive annual dividend increase in 2015 to 9.6p giving a 2.2% prospective yield.

12 months ending	Total share price return (%)	Total NAV return (%)	Blended benchmark (%)	FTSE All- World (%)	FTSE All- Share (%)	FTSE World ex-UK (%)
31/07/12	0.9	0.5	1.4	1.3	0.4	2.2
31/07/13	26.1	26.1	26.2	25.4	24.3	26.7
31/07/14	3.5	3.1	4.7	4.7	5.6	4.6
31/07/15	20.3	16.0	12.0	12.0	5.4	13.1

Note: Twelve-month rolling discrete total return performance. FRCL's benchmark prior to 1 January 2013 was a composite of 40% FTSE All-Share index and 60% FTSE World ex-UK index and thereafter is the FTSE All-World index.

Investment strategy: Top-down allocation

Manager Paul Niven's views on asset allocation, risk and the use of gearing provide the basis for FRCL's portfolio structure. Portfolio allocations are not driven by benchmark weightings and a key feature of FRCL is its c 10% strategic exposure to private equity. Strategic allocations are made across a number of regional and global strategies managed both in-house and externally, with tactical changes made to address short-term opportunities or threats. Although the portfolio is highly diversified with c 500 stocks held directly and many more through funds, most strategies are relatively focused with the majority using a bottom-up approach.

Market outlook: Relatively favourable for equities

Although global equity market valuation multiples reached 10-year highs in early 2015, markets have subsequently retreated leaving potential for re-rating to support an upward move, and equity yields appear relatively attractive. While bond market yields have been rising, UK equities offer a significant yield premium to 10-year bonds which may persist in the absence of a sharp rise in interest rates. The outlook remains for global economic growth to maintain a positive trend over the next five years supporting prospects for corporate earnings growth. While a number of global macroeconomic uncertainties exist, which could lead to increased market volatility, positive developments such as the progress of Greek bailout negotiations have recently helped market sentiment.

Valuation: Reduced discount, above average yield

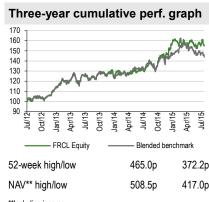
In May 2015, the discount ceiling above which FRCL's shares are repurchased was lowered from 10.0% to 7.5% as part of a progressive discount control strategy and FRCL's share price discount to NAV (including income) has narrowed to sit close to the new ceiling. FRCL's 2.2% dividend yield is the highest in a selected peer group of global funds with a market cap of over £200m and less than 25% UK exposure.

Investment trusts

	20 August 2015
Price	437.9p
Market cap	£2,454m
AUM	£2,868m
NAV*	471.8p
Discount to NAV	7.2%
NAV**	475.8p
Discount to NAV	8.0%
*Excluding income. **Including income	е.
Prospective yield	2.2%
Ordinary shares in issue	560.4m
Code	FRCL
Primary exchange	LSE
AIC sector	Global

Share price/discount performance*





**Including income.	
Gearing	
Gross*	8.8%
Net*	8.4%
*As at 30 June 2015	
Analysts	

*As at 30 June 2015	
Analysts	
Gavin Wood	+44 (0)20 3681 2503
Andrew Mitchell	+44 (0)20 3681 2500
investmenttrusts@edisc	ongroup.com
Edison profile page	

Edison profile page



Exhibit 1: Trust at a glance

Investment objective and fund background

FRCL's investment objective is to secure long-term growth in capital and income through investing primarily in an internationally diversified portfolio of listed equities, as well as unlisted securities and private equity, with the use of gearing. FRCL's benchmark index is the FTSE All-World Index.

Recent developments

- 30 July 2015: interim results to 30 June 2015 NAV total return +4.1%, benchmark total return +2.2%.
- 24 June 2015: 2.3p first interim dividend declared for 2015 vs 2.2p in 2014.
- 12 May 2015: discount ceiling above which shares are repurchased is lowered to new average discount level of 7.5%, down from 10%.

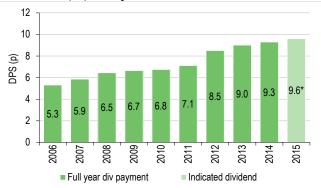
Forthcoming		Capital structure		Fund detail	s
AGM	April 2016	Ongoing charges	0.87%	Group	BMO Global Asset Management (BMO)
Final results	March 2016	Net gearing	8.4%	Managers	Paul Niven
Year end	31 December	Annual management fee	0.365% of market cap	Address	Exchange House, Primrose Street,
Dividends paid	Aug, Nov, Feb, May	Performance fee	None		London EC2A 2NY
Launch date	1868	Company life	Indefinite	Phone	+44 (0)800 136 420
Continuation vote	None	Loan facilities	Various – see page 7	Website	www.foreignandcolonial.com

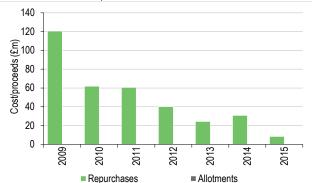
Dividend policy and history

FRCL pays dividends quarterly. Note: *The board expects the 2015 total dividend to be at least 9.6p representing the 45th consecutive annual increase.

Share buyback policy and history

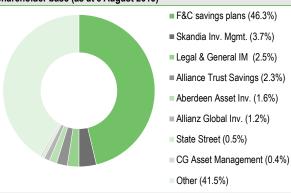
Renewed annually, the trust has authority to purchase up to 14.99%, and allot up to 5% of issued share capital.





Shareholder base (as at 5 August 2015)

Strategy Allocation (as at 30 June 2015)





Top 10 holdings (as at 30 June 2015)						
			Portfolio weighting %			
Company	Country/region	Industry	30 June 2015	31 December 2014		
Pantheon Europe Fund V	UK/Europe	Private equity	1.6	2.0		
Novartis	Europe	Healthcare	1.1	0.9		
United Health Group	US	Healthcare	1.0	0.8		
Harbourvest V Direct Fund	Global	Private equity	0.9	1.4		
Utilico Emerging Markets	UK	Utilities	0.9	1.0		
HarbourVest Partners VIII Buyout	US	Private equity	0.9	1.0		
Roche	Europe	Healthcare	0.9	0.8		
Pantheon Asia Fund V	Asia	Private equity	0.8	0.9		
HarbourVest Partners Ventures VIII	US	Private equity	0.8	0.8		
Pantheon Europe Fund III	UK/Europe	Private equity	0.8	1.0		
Top 10			9.7	10.6		

Source: Foreign & Colonial Investment Trust, Edison Investment Research, Morningstar, Thomson



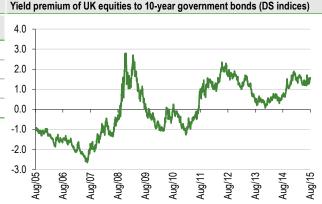
Market outlook: Relatively favourable for equities

Global equity markets have been following an upward trend with performance helped by a rerating over the last three years, which saw the world market forward P/E multiple move to a 10-year high in the first half of 2015. However, markets have subsequently retreated bringing the world market forward P/E multiple to 15.1x, some 5% below its peak (Exhibit 2). While this suggests limited scope for markets to move higher due to rerating, other metrics such as dividend yield, which is 3% below its 10-year average, make valuations appear less demanding.

Although bond markets have weakened over the last six months with yields moving higher, equity market yields have been relatively stable and in general remain well above bond yields; the UK equity market yield is 1.6 percentage points higher than the 10-year bond yield (Exhibit 2 right-hand chart). This increases the appeal of equities as an asset class to investors and there appears to be scope for the yield differential to persist for some time unless interest rates move sharply higher.

Exhibit 2: Datastream world and UK equity market valuation metrics over 10 years

Datastream world index 10-year valuation metrics										
	Last	High	Low	10 year average	Last % of average					
P/E 12 months forward	15.1	16.0	8.8	13.0	116%					
Price to book	2.1	2.5	1.1	1.9	112%					
Dividend yield	2.5	4.6	2.0	2.6	97%					
Return on equity	10.6	16.8	4.5	12.2	87%					



Source: Thomson Datastream, Edison Investment Research

Global economic growth forecasts for 2015 have been recently trimmed, but the outlook remains for a positive trend over the next five years. This provides a favourable backdrop for corporate earnings growth to lead markets higher. Although a number of global macroeconomic uncertainties exist, including the timing of US rate rises and the pace of growth in China, which could lead to increased market volatility, market sentiment is helped by factors such as the recent decisive UK election result and reduced concerns over Greece's future in the Eurozone.

Fund profile: Multi-strategy global investment

Foreign & Colonial (FRCL) is the UK's oldest investment trust, launched in 1868 as the Foreign & Colonial Government Trust. It has evolved over 147 years from an investor in overseas bonds to a diversified global portfolio of listed and private equity, managed with the aim of achieving long-term growth in capital and income. Originally self-managed, FRCL set up the asset manager F&C Investments in 1972, which became part of BMO in May 2014. The trust is managed by BMO's head of multi-asset investment Paul Niven, who formally took over in July 2014.

FRCL adopted the FTSE All-World index as a benchmark in January 2013, having previously used a composite of 40% FTSE All Share and 60% FTSE World ex-UK. This reflects a change in the portfolio to an allocation more in line with the global index, with the UK weighting having been reduced to c 10%. US large-cap stock selection is outsourced to external managers, private equity exposure (c 10%) is via funds of funds, and in early 2014 a global multi-manager portfolio (c 10%) was introduced, while a global income portfolio (c 7%) is run by BMO's quantitative strategies team.



The fund manager: Paul Niven

The manager's view: Equities remain attractive

Paul Niven expects markets to continue to move higher and does not see this trend being derailed unless interest rates increase sharply or growth declines markedly. He acknowledges that equity markets do not present a strong value proposition in absolute terms but considers equity valuations attractive relative to other asset classes. He sees a rise in US interest rates as a catalyst for renewed market volatility and considers that FRCL's diversification (including private equity) addresses this prospect. He sees potential for further correction of the Chinese market, noting that the relative underperformance of FRCL's emerging markets strategy in H115 due to its underweight exposure to China was largely reversed in July. He sees a strong investment case for European equities with the region at an early stage in the economic cycle and systemic issues not expected to result from developments in Greece. With favourable market dynamics seen for both regions, the trend of increasing allocations to Europe and Japan is likely to continue in the second half of 2015.

While the major overhaul is complete, Niven expects to continue to evolve FRCL's portfolio. In this regard, he sees potential to make further use of BMO's in-house capabilities following the merger of F&C's emerging markets team into BMO's LGM Investments at the end of 2014, albeit he is equally likely to employ third-party managers if this is appropriate. He flags the phasing out of the global funds strategy with the Utilico holding sold in July and holdings in Esprit Capital and Utilico Emerging Markets reclassified to private equity and emerging markets strategies.

While the board has agreed to recommit to private equity, Niven considers the timing of investment an important factor and thus believes it inappropriate to set a target portfolio weighting, planning instead to adopt a more flexible, opportunistic approach. Mindful of the relatively high costs incurred through using funds of funds, Niven intends to invest on a direct basis in a more focused portfolio, supported by specialist resources from within the BMO group.

Asset allocation

Investment process: Top-down allocation, bottom-up selection

Niven's top-down views on asset allocation, risk and the use of gearing (including the currency in which to borrow funds) establish the structure of FRCL's large and diversified portfolio. While aiming to give market exposure rather than focusing on absolute returns, allocations may be changed tactically to address short-term opportunities or threats. There is an awareness of benchmark weightings but portfolio allocations are not set with reference to the benchmark; the 10% strategic weighting to private equity providing an obvious example of divergence.

Allocations are made across five regional and three global (including private equity) strategies, with in-house or external manager selection driven by balancing expected return with cost. While the overall portfolio is highly diversified with c 500 stocks held directly and many more through funds, most strategies are relatively focused with the majority using a bottom-up approach. UK equities are managed in-house by Rodger McNair and European equities by BMO's team led by David Moss, with both portfolios aiming to invest in quality stocks at reasonable prices. Large-cap US equities are outsourced to T. Rowe Price (growth) and Barrow Hanley (value), while small-caps are split between Jupiter US Smaller Companies IT (previously an F&C trust) and in-house manager Nish Patel. Japanese equities are run by BMO while the emerging markets strategy is overseen by BMO's in-house emerging markets specialist LGM Investments. Private equity exposure is via funds of funds managed by Pantheon and Harbourvest. The global multi-manager fund portfolio is selected by BMO's co-heads of multi-manager, Rob Burdett and Gary Potter, while the global income portfolio is managed by BMO's quantitative equity strategies team led by Erik Rubingh.



Current portfolio positioning

Although top-down portfolio allocations are set by manager Paul Niven, 18% of the portfolio is allocated to global strategies and 11% to private equity strategies where geographic allocations are determined by the underlying managers and this influences FRCL's overall regional allocations. Geographic exposure on a look-through basis including private equity is shown in Exhibit 3. The most significant changes over the six months to end June 2015 are an increase in exposure to Japan and reduced exposure to the UK, North America and the Developed Pacific region. Relative to the benchmark FTSE All-World index, the major active exposures are underweight North America and overweight Europe and the UK. Since December 2014, the main changes in active exposure have been 2.6pp and 1.5pp increases in Japan and Europe together with 1.8pp and 1.4pp reductions in emerging markets and the UK.

Exhibit 3: Portfolio geographic exposure (including private equity) vs benchmark (%) FTSE All-World Active weight Portfolio end Portfolio end Change Trust weight/ June 2015 December 2014 index weight vs index index weight UK (1.4)2.6 98 11 2 72 14 22.4 21.7 0.7 Europe ex-UK 15.2 7.2 1.5 (1.1)453 53.5 (9.3)0.8 North America 44 2 Japan 9.1 6.0 8.7 0.4 1.0 **Developed Pacific** 3.6 4.6 (1.0)4.4 (8.0)0.8 **Emerging markets** 10.6 10.1 0.5 11 0 (0.4)1.0 Cash 0.4 1.1 (0.7)N/A N/A N/A 100.0 100.0 100.0

Source: Foreign & Colonial IT, FTSE, Edison Investment Research. Note: Look-through exposure shown.

Portfolio sector weightings (Exhibit 4) are determined by the investment decisions of the underlying strategy managers rather than top-down allocations. At 30 June 2015, the largest active exposures were overweight consumer services, healthcare and industrials with underweight oil & gas, utilities and telecoms. This is similar to the active exposure at end December 2014, the most significant change being a reduction in the consumer goods underweight from 2.2 to 0.5pp.

Exhibit 4: Portfolio sector exposure (excluding private equity) vs benchmark (%) Portfolio end Portfolio end Change FTSE All World Active weight Trust weight/ June 2015 December 2014 index weight index weight vs index Financials 22.9 23.0 (0.1)22.8 0.1 1.0 Consumer services 14.6 14.8 (0.2)11.1 3.5 1.3 Industrials 13.7 14.2 (0.5)12.1 1.6 1.1 Healthcare 13.5 12.4 1.1 11.3 2.3 1.2 Consumer goods 12.5 10.8 1.7 13.0 (0.5)1.0 109 (0.9)10.8 0.9 Technology 10.0 (0.8)Basic materials 4.8 4.3 0.5 5.1 (0.3)0.9 (1.3)4.1 5.4 7.2 (3.1)0.6 Oil & gas Telecoms 26 2.6 0.0 3.6 (1.0)0.7 Utilities 1.6 3.1 1.3 (0.3)(1.8)0.4 100.0 Total 100.0 100.0

Source: Foreign & Colonial IT, FTSE, Edison Investment Research. Note: Look-through exposure shown.

Performance: Outperforming over one to 10 years

As shown in Exhibit 6, FRCL's NAV total return has outperformed its blended benchmark over one, three, five and 10 years, with its share price total return seeing greater outperformance over all time periods due to a narrowing discount. Exhibit 7 illustrates the trust's relative strength over the last 12 months, offsetting the relative weakness over the previous six months and lifting three and five-year performance ahead of the benchmark. FRCL's performance has been relatively consistent with its blended benchmark over five years (the magnified scale amplifies divergence). FRCL's price and NAV total return have outperformed both the FTSE All-World and FTSE All-Share indices over one, three, five and 10 years with the FTSE All-Share having lagged world indices over each time period.



FRCL Equity

FRCL NAV

Exhibit 5: Investment trust performance to 31 July 2015 Price, NAV and benchmark total return performance, one-year rebased Price, NAV and benchmark total return performance (%) 125 20 120 15 115 Performance 110 10 105 5 100 95 0 90 Jan/15 Feb/15 Mar/15 Jul/15 Apr/15 Jun/15 -5 May/1 Oct/1 Nov/ Dec/1 10 y Aug/ Sep/ 1 m 3 m 6 m 1 y 3 y 5 y

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

Blended benchmark

Exhibit 6: Share price and NAV total return performance, versus indices (percentage points) One month Three months Six months One year Three years Five years 10 years 19.2 Price relative to blended benchmark 1.4 5.6 (2.1)7.4 6.1 8.3 1.3 2.7 1.5 3.6 1.9 2.4 NAV relative to blended benchmark 5.6 Price relative to FTSE All-World 5.6 (2.1)7 4 68 10.0 169 14 NAV relative to FTSE All-World 1.3 2.7 1.5 3.6 2.7 3.9 3.6 Price relative to FTSE All-Share 4.8 (3.2)16.2 0.7 14 1 134 306 NAV relative to FTSE All-Share 0.6 1.9 0.3 10.1 9.1 9.8 15.7 Price relative to FTSE World ex-UK 5.0 6.4 4.8 6.8 15.8 1.1 (2.4)NAV relative to FTSE World ex-UK 1.0 2.1 2.6 0.7 0.9 2.6

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-July 2015. Geometric calculation.

104 103 102 101 100 99 98 97 96 Jul/15-Jan/12 Jul/12 Jul/13 Jul/14-Jan/14-Jan/11 Jul/11 ∄

■ FRCL Equity

FRCL NAV

Blended benchmark

Exhibit 7: NAV performance relative to blended benchmark over five years

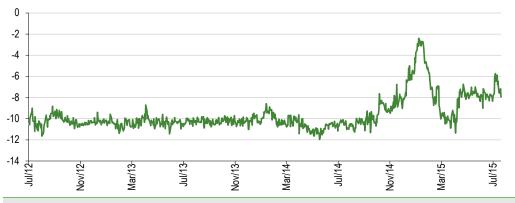
Source: Thomson Datastream, Edison Investment Research

Discount: Share buyback ceiling reduced to 7.5%

FRCL has a long-held policy of buying back shares to reduce discount volatility. As well as enhancing shareholder returns through buying shares at a discount to NAV, this has moved the shareholder profile towards private investors as discount arbitrage opportunities have diminished. In May 2015, a progressive discount control strategy was introduced and the ceiling above which FRCL's shares are repurchased lowered from 10.0% to 7.5% as a first step. The board's aspiration is to see the discount narrow further towards the long-held aim of the shares trading at or close to NAV. As illustrated in Exhibit 8, FRCL's share price discount to NAV (including income) has narrowed to sit close to the new 7.5% ceiling level having been stable at close to the previous 10% ceiling level for the majority of the last three years.



Exhibit 8: Share price discount to NAV (including income) over three years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

FRCL has 560.4m shares in issue and holds a further 1.4m shares in treasury after repurchasing 1.9m (0.3% of shares in issue) in the current financial year, with 0.5m of these being cancelled. FRCL uses borrowings to enhance returns, with the manager taking a multi-currency approach to hedge some of the currency exposure within the equity portfolio. Net gearing stood at 8.4% at 30 June 2015, well within the 0% to 20% range approved by the board. At end June 2015, borrowings mainly comprised an £85m seven-year US dollar and yen loan and £148m in euro and yen short-dated loans (drawn from a £200m to £400m facility) with an overall 1.6% blended borrowing rate versus over 7.5% prior to redemption of debenture stock at the end of 2014. A new seven-year bank loan is being drawn down in tranches and a renegotiated revolving credit facility runs to September 2017. The board and manager will continue to consider longer-term debt options.

FRCL pays a management fee of 0.365% of its market cap to BMO with direct fees also paid to private equity (PE) managers. Fees are paid indirectly to third party sub-managers T. Rowe Price and Barrow Hanley as well as PE managers Harbourvest and Pantheon. For FY14, £7.9m was paid to F&C, £2.0m to sub-managers and £5.4m to PE managers, and ongoing charges were 0.87%. From January 2015, the allocation of management fees between capital and revenue was changed from 50:50 to 75:25 (private equity management fees still charged 100% to capital).

Dividend policy

The board recognises the importance to shareholders of a rising income stream in real terms and has a clear focus to maintain FRCL's record of long-term dividend growth ahead of inflation. The total dividend was increased by 3.3% to 9.3p in 2014 and the board has indicated that it expects the 2015 total dividend to increase by at least 3.2% to 9.6p. This would represent the 45th consecutive annual increase with the 102% increase in the dividend over 10 years equating to 7.3% pa, which is more than double the UK retail price inflation rate of 3.0% pa over the 10 years to June 2015.

Although partly offset by the global income strategy, the recent reduction in UK exposure has acted to reduce the overall portfolio yield, contributing to the dividend payout exceeding net revenue since 2009. While revenue reserves at end June 2015 equated to 15.5p per share and FRCL has the ability to pay dividends out of capital, the board aims to progress towards a fully covered dividend while remaining focused on total returns. Helped by the £5.5m reduction in interest charges in H115 and the move to a 25:75 allocation between revenue and capital, net revenue increased 18% from H114, suggesting that the income deficit is likely to narrow but not close in FY15.



Peer group comparison

Exhibit 9 shows a comparison of FRCL with a selected peer group comprising AIC global sector funds with a market cap of over £200m and less than 25% UK exposure. Over one, three, five and 10 years, FRCL's NAV total return is ahead of the sector average and it ranks in the top half of the selected peer group. In terms of risk-adjusted returns, FRCL's Sharpe ratios of 1.7 and 1.5 over one and three years are higher than both the sector and selected peer group averages. FRCL's discount is modestly wider than the sector and selected peer group averages and, although higher than the sector average, its gearing is close to the median among the selected peer group. Including sub-manager fees, FRCL's 0.87% ongoing charge is lower than the sector average and similar to the selected peer group average. FRCL's 2.2% dividend yield is the highest in the selected peer group and also compares favourably to the sector average.

Exhibit 9: Global investment trust selected peer group as at 19 August 2015												
% unless stated	Market Cap £m	NAV TR 1 Year	NAV TR 3 Year	NAV TR 5 Year		Sharpe 1y (NAV)	Sharpe 3y (NAV)	Discount (ex-par)	Ongoing Charge	Perf Fee	Net Gearing	
Foreign & Colonial IT	2,454.0	10.4	42.6	70.4	120.3	1.7	1.5	(5.8)	0.87	No	108	2.2
Alliance Trust	2,656.9	8.1	32.5	57.1	92.0	1.4	1.2	(11.1)	0.69	No	113	2.1
BACIT	498.1	11.4				2.5		5.3	1.32	No	96	1.6
JPMorgan Overseas	233.5	8.1	42.8	59.6	137.3	1.3	1.4	(8.1)	0.64	Yes	107	1.5
Monks	877.0	4.4	28.0	38.0	93.3	1.0	1.0	(8.8)	0.57	No	107	1.0
Personal Assets	592.6	2.4	3.8	30.6	70.9	0.8	0.2	(0.5)	0.93	No	71	1.7
RIT Capital Partners	2,389.3	12.5	35.1	54.1	122.3	1.9	1.5	(1.3)	1.22	Yes	110	2.0
Ruffer Investment Company	343.5	4.7	16.0	28.0	121.9	1.4	1.0	3.0	1.18	No	94	1.6
Scottish Investment Trust	654.1	4.3	28.9	58.7	101.4	1.1	1.0	(10.7)	0.71	No	106	2.0
Scottish Mortgage	3,311.4	12.2	70.2	107.1	212.8	1.6	1.7	1.6	0.48	No	112	1.1
Selected peer group average	1,401.0	7.8	33.3	55.9	119.1	1.5	1.2	(3.6)	0.86		102	1.7
Sector average	575.0	6.6	34.7	56.7	113.5	1.2	1.2	(5.1)	1.10		100	1.9
FRCL selected peer group rank	3	4	3	2	5	3	2	6	5		4	1

Source: Morningstar, Edison Investment Research. Note: TR=total return. Sharpe ratio is a measure of risk-adjusted return. The ratios we show are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

The board comprises eight independent non-executive directors: Simon Fraser (appointed director September 2009, chairman May 2010), Christopher Keljik (senior independent director, appointed September 2005), Stephen Burley (appointed January 2008), Sir Roger Bone (appointed March 2008), Jeffrey Hewitt (appointed September 2010), Sarah Arkle (appointed March 2011), Nicholas Moakes (appointed March 2011) and Francesca Ecsery (appointed August 2013).

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Conduct Authority (www.fsa.gov.uk/register/firm/BasicDetails.do?sid=181584. 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 and is not regulated by the Australian Securities and Investment Commission. Edison Investment Research Limited [4794244]. www.edisongroup.com
DISCL AIMER

Copyright 2015 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Foreign & Colonial Investment 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 Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. 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, estimate 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 2015. "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.