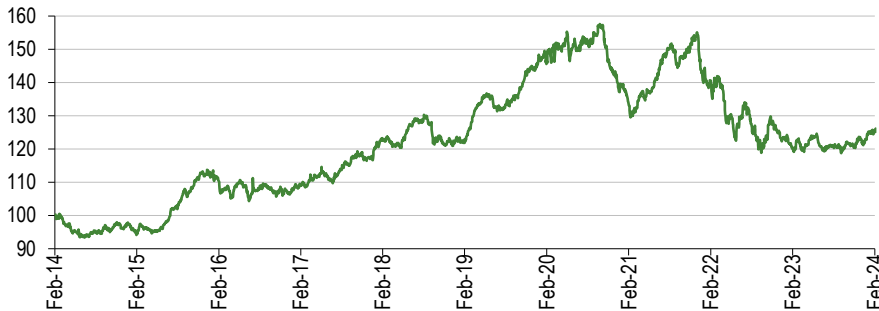


abrdrn UK Smaller Companies Growth Trust

Relative performance getting back on track

abrdrn UK Smaller Companies Growth Trust's (AUSC's) managers, Abby Glennie and Amanda Yeaman, are looking forward to further improvement in the trust's relative performance, as investors' focus is now more on company fundamentals rather than macroeconomic developments. The managers are continuing to use the Matrix, a proprietary screening tool, to search for companies exhibiting high-quality, growth and positive momentum features. Despite a difficult period of performance during 2022, when rising interest rates led to a derating of growth stocks, the strategy employed by abrdrn's small-cap team has proved very successful over the last 25+ years across multiple business cycles.

Improving relative NAV performance versus the reference index



Source: Refinitiv, Edison Investment Research

Why consider AUSC?

The UK stock market has been out of favour with global investors, meaning that domestic company valuations, particularly those of smaller businesses, are looking very attractive in both absolute and relative terms. Small-cap stocks typically outperform their large-cap brethren over the long term but have lagged in the last couple of years during a period of heightened risk aversion, suggesting a potential good entry point to this asset class.

AUSC's relative performance is improving; its NAV has outpaced its reference index over the last 12 months. The trust's portfolio is actively managed, with Glennie and Yeaman's use of the Matrix enabling them to be nimble in identifying potential new attractive investments and highlighting portfolio companies with deteriorating scores that require further investigation.

The managers say that there is a wealth of opportunities available in their investible universe, meaning there is healthy competition for capital within the portfolio. Many portfolio names have positive earnings estimates revisions, which suggests a robust operating environment; this is confirmed in meetings with companies.

While AUSC aims to generate capital growth there has been solid progression in its annual dividend, supported by a diverse income stream. Over the last five years, the trust's annual distributions have compounded at 9.5% per year, despite lower income during COVID. This has been helped by some portfolio companies paying special as well as regular dividends.

Investment trusts UK smaller companies

8 March 2024

Price 445.5p
Market cap £342m
Total assets £404m

NAV* 505.8p
Discount to NAV 11.9%

*Including income. At 5 March 2024.

Yield 2.6%
Ordinary shares in issue 76.7m

Code/ISIN AUSC/GB0002959582

Primary exchange LSE

AIC sector UK Smaller Companies

Financial year end 30 June

52-week high/low 458.0p 370.0p

NAV* high/low 518.3p 438.1p

*Including income.

Net gearing* 1.8%

*At 1 March 2024.

Fund objective

abrdrn UK Smaller Companies Growth Trust aims to achieve long-term capital growth through investment in a diversified portfolio consisting of UK-quoted smaller companies. Performance is measured against the Deutsche Numis Smaller Companies plus AIM ex-Investment Companies Index (the reference index).

Bull points

- Long-term record of strong absolute and relative performance.
- Consistent proprietary investment process driven by the Matrix.
- Over the long term, shares of smaller companies tend to perform relatively better than those of larger businesses.

Bear points

- Relative performance has struggled during a period where the market has been led by macroeconomic developments, rather than company fundamentals.
- UK market, and small-cap stocks in particular, may remain out of favour with investors.
- Less of a focus on income, given a capital growth mandate.

Analyst

Mel Jenner +44 (0)20 3077 5700

investmenttrusts@edisongroup.com

[Edison profile page](#)

abrdrn UK Smaller Companies Growth Trust is a research client of Edison Investment Research Limited

AUSC: A good time to consider the trust?

AUSC's relative performance is improving, having experienced a very difficult period in 2022 when growth stocks derated in an environment of rising interest rates. UK equities are very attractively valued, and small-cap stocks in particular have been out of favour with investors.

Looking at the trust's recently released H124 report, its NAV and share price total returns of +7.3% and +12.9%, respectively, were ahead of the reference index's +5.5% total return. The revenue return per share of 6.0p was 12.8% higher year-on-year, while the interim dividend of 3.7p per share was 23.3% higher than 3.0p per share in H123. AUSC's board has indicated that it intends to at least maintain the final dividend at 8.0p per share, which would equate to a 6.4% increase in the total FY24 distribution. Ongoing charges of 0.91% in H124, were 4bp lower than 0.95% in FY23, helped by a reduced fee structure (please see our October 2023 [review](#) for more details). In an environment of above-average discounts, the board repurchased shares on most trading days in H124; 7.1m shares (8.1% of the share base) were bought back at an average 13.2% discount, which enhanced NAV by 1.1%. AUSC's discount narrowed during H124 but has since widened from 10.0% on 31 December 2023. Regular share repurchases have continued in H224.

The investment approach

Glennie and Yeaman are sticking to their long-term successful process, using the proprietary Matrix screening tool, which has been employed since 1997 and reflects quality-, growth- and momentum-based factor analysis. 'Quality' highlights companies that have pricing power, resilient and visible earnings streams and strong balance sheets, 'growth' identifies businesses that can grow over the long term through economic cycles, while 'momentum' signals those companies with an ability to meet or beat consensus expectations. Companies that meet the Matrix's quality, growth and momentum criteria will change over the course of the business cycle. Quality companies have the potential to outperform in a variety of market conditions: strong, moderate and falling markets.

The managers follow seven principles for successful small-cap investing:

- **Focus on quality to enhance return and reduce risk** – factors include strong financials, the strength of a company's relationship with its customers and an element of pricing power.
- **Look for sustainable growth** – companies that can deliver consistent year-on-year earnings growth.
- **Momentum** – run your winners and cut losers.
- **Concentrate your efforts** – use of the Matrix helps identify suitable portfolio companies and reduces the risk of spending on stocks that do not meet the required criteria.
- **Invest for the long term** – identify the great companies of tomorrow and hold them for the long term, which helps to maximise returns and reduce trading costs.
- **Management quality** – high ownership and involvement by founders and CEOs with long tenures are viewed positively.
- **Valuation aware** – company valuations are embedded within the Matrix and the decision-making process but are not a primary focus.

An update from Glennie and Yeaman

Glennie and Yeaman are encouraged by the trust's much brighter results in H124, including robust income, which is supporting AUSC's positive dividend record. The managers are now having to talk less about the macroeconomic environment and more about the trust's process and holdings, which they consider is a positive development. Glennie and Yeaman are firm believers in the investment process and are grateful for the shareholders that have stuck by AUSC through a difficult period of performance.

For most of 2023, the UK market was driven by top-down factors, but starting in Q423 there is now more of a focus on company fundamentals and valuations. Hence, the managers are feeling more optimistic about the trust's prospects, highlighting that AUSC's remaining £15m debt facility was recently drawn down, indicating their bullish outlook. They report that when meeting companies the message is that while the operating environment is not without its challenges, trading is generally robust, and management teams are optimistic about the future and willing to invest, including in bolt-on acquisitions. Glennie and Yeaman expect interest rates to come down, but it looks as though the timing has been pushed out. As the growth benefits of post-COVID recovery and inflation wane, the managers stress the importance of focusing on companies that can grow under their own steam, and exceed expectations, while avoiding those whose results are likely to disappoint, as their share prices can sell-off sharply.

Glennie and Yeaman highlight that the UK market looks very inexpensive, which they say in itself is not a reason to invest. However, small- and mid-cap UK company valuations versus those of UK large-cap businesses are at historical lows. The managers comment that UK stocks have rallied nicely off the late-October 2023 low point, but while recent data are more supportive of an economic recovery, there is still a lack of investor appetite for UK equities. They note that in the past, UK stocks have rallied following the first interest rate cut of an easing cycle, with smaller companies' shares outperforming those of large-cap businesses over the subsequent six and 12 months. Glennie and Yeaman highlight that AUSC's portfolio is valued at a four-point forward P/E multiple premium to the benchmark, which is at the low end of the historical range.

Current portfolio positioning

At the end of January 2024, AUSC's portfolio held 51 stocks, which is towards the low end of the typical 50–60 range. The trust's top 10 concentration increased modestly over the period from 33.6% to 35.5%; four positions were common to both periods. At the end of January 2024, the active share was 82.0%, which was lower than 84.9% 12 months earlier (active share measures how the fund differs from its reference index, with 0% being full index replication and 100% no commonality).

Exhibit 1: Top 10 holdings (at 31 January 2024)

Company	Sector	Portfolio weight %	
		31 January 2024	31 January 2023*
Hill & Smith Holdings	Industrial metals & mining	4.1	N/A
4imprint Group	Media	3.9	3.6
Bytes Technology Group	Software & computer services	3.7	N/A
Cranswick	Food producers	3.7	2.9
Morgan Sindall Group	Construction & materials	3.6	N/A
Ashtead Technology Holdings	Subsea equipment	3.5	N/A
Diploma	Industrial support services	3.5	2.7
JTC	Investment banking & brokerage services	3.3	2.9
Paragon Banking Group	Investment banking & brokerage services	3.2	N/A
Hilton Food Group	Food producers	3.0	N/A
Top 10 (% of portfolio)		35.5	33.6

Source: AUSC, Edison Investment Research. Note *N/A where not in end-January 2023 top 10 but may be held elsewhere in the portfolio.

While stocks are selected on a bottom-up basis, it is interesting to note, as shown in Exhibit 2, over the 12 months to the end of January 2024 there were some notable changes in AUSC's sector exposure. These include higher weightings to financials (+6.1pp), a sector with a wide range of businesses, industrials (+5.8pp) and energy (+5.2pp), and lower allocations to technology (-7.9pp), which has more than halved, and consumer discretionary (-6.8pp). The trust retains a zero weighting in utility stocks as these companies do not fulfil the managers' quality, growth and momentum criteria.

Exhibit 2: Portfolio sector exposure (ex-cash and gearing, % unless stated)

	Portfolio end-January 2024	Portfolio end-January 2023	Change (pp)
Industrials	25.2	19.4	5.8
Consumer discretionary	18.4	25.3	(6.8)
Financials	18.0	12.0	6.1
Consumer staples	7.8	5.5	2.3
Technology	7.4	15.3	(7.9)
Energy	6.7	1.5	5.2
Basic materials	5.5	3.6	1.8
Real estate	4.8	5.4	(0.6)
Telecommunications	4.4	7.4	(3.0)
Healthcare	1.6	4.7	(3.0)
	100.0	100.0	

Source: AUSC, Edison Investment Research

Recent portfolio activity

In September 2023, the managers initiated a new position in specialist engineering manufacturer **Hunting**. In recent years, its business has become less cyclical via active diversification by product, end market and geography. Hunting has leading market positions, a strong reputation, quality products and service, and intellectual property protection. The company has a robust balance sheet, providing flexibility to invest both internally and via acquisition, while the strength of its customer base has improved. Two other new names entered the portfolio last September. **XPS Pensions Group** is one of the largest pure-play consultancy and advisory businesses in the UK. Having grown organically in a lacklustre market, the company is now benefiting from higher client demand because of regulatory changes and pension market volatility. **Volex** is a well-established manufacturer of power equipment with a leading position in a highly fragmented market.

The holding in **XP Power**, a provider of power supply solutions, was sold in October 2023 following the company's profit warning and dividend suspension. A high level of debt amid difficult trading conditions required a subsequent equity raise. XP Power recently issued another weak trading statement.

In November 2023, the managers initiated three new positions. **Premier Foods** has a portfolio of well-known brands including OXO, Sharwood's, Homepride, Angel Delight and Mr Kipling. Over the last five years the company has reduced debt, resolved its pension issues and generated consistent growth from its brands. Premier Foods has a strong record of innovation and execution with growth opportunities both domestically and overseas. **Chemring Group** is a defence business with robust cash conversion and a high-quality order book due to strong long-term customer relationships. Workwear supplier **Johnson Service Group** has higher organic growth and margins than its peers and its competitive gap is widening due to the company's successful investment strategy.

Video games company **Team17 Group** was sold last November following a profit warning, while December 2023 saw the sale of the position in technology consultant **FDM Group** following a disappointing meeting with the company's management team, where it seemed unclear about the reasons for a difficult 2023 trading environment.

Performance: More friendly investment backdrop

AUSC is one of 24 funds in the AIC UK Smaller Companies sector. In Exhibit 3 we show the 13 largest companies with market caps above £100m. Compared with the selected peer group, the trust's NAV total return is above average over the last 12 months and below the mean over the other periods shown. The funds shown below all follow different mandates; AUSC is unique with the managers using the proprietary Matrix to screen for companies that meet their quality, growth and momentum criteria.

An analysis using Morningstar data highlights that most of the selected peer group are classified as small-cap blended funds (a mix of growth and value attributes), whereas AUSC and Montanaro UK Smaller Companies Investment Trust (MTU) are classified as small-cap growth funds. Comparing the performance of these two funds, AUSC has a higher NAV total return over the last one, five and 10 years, with a significantly superior return over the last decade.

Further analysis by Morningstar shows that AUSC has a higher cyclical exposure (to sectors that are highly sensitive to the stage of a business cycle) than MTU (34% vs 26%), a lower sensitive exposure (to sectors with a moderate correlation to the business cycle, 55% vs 59%) and a lower defensive exposure (to anticyclical sectors, 11% vs 15%).

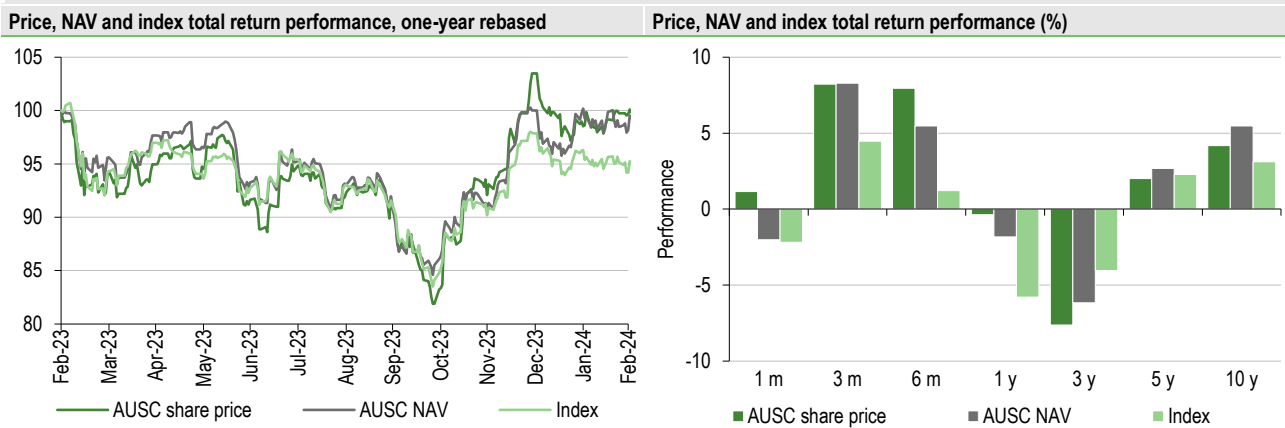
Returning to the selected peer group, AUSC's discount is wider than average in a group where just one fund is trading at a premium. The trust has an average ongoing charge, its net gearing is below the mean and its dividend yield is above the selected peer group average despite the focus on long-term capital growth.

Exhibit 3: Selected peer group at 6 March 2024*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
abrdn UK Smaller Cos Growth	341.8	(0.1)	(15.7)	13.9	73.1	(12.4)	0.9	No	104	2.5
Aberforth Smaller Companies	1,145.6	1.3	11.9	25.7	51.5	(9.2)	0.8	No	108	3.1
Aberforth Split Level Income	137.6	1.5	18.4	18.4		(7.2)	1.3	No	135	6.9
BlackRock Smaller Companies	634.1	(2.8)	(13.5)	14.7	79.8	(11.8)	0.7	No	110	3.0
BlackRock Throgmorton Trust	555.3	2.4	(9.6)	31.9	113.6	(8.6)	0.5	Yes	116	2.5
Henderson Smaller Companies	583.4	(5.6)	(16.4)	9.3	63.3	(12.5)	0.4	Yes	111	3.3
Invesco Perpetual UK Smaller	142.7	(6.1)	(13.0)	10.8	74.6	(9.0)	1.0	No	103	0.0
JPMorgan UK Sml Cap Growth & Inc	393.1	8.7	2.3	60.3	100.5	(14.5)	1.0	No	107	1.3
Montanaro UK Smaller Companies	162.4	(0.5)	(10.6)	10.3	29.4	(17.4)	0.9	No	100	4.7
Odyssean Investment Trust	184.2	(15.1)	9.5	56.8		1.8	1.5	Yes	100	0.0
Oryx International Growth	162.1	6.5	3.7	70.9	206.5	(29.6)	1.4	No	100	0.0
Rights & Issues Investment Trust	116.2	(1.1)	1.4	14.8	112.6	(9.2)	0.5	No	100	2.0
Strategic Equity Capital	153.6	4.9	14.4	48.3	102.6	(6.7)	1.2	Yes	100	0.8
Simple average	362.5	(0.5)	(1.3)	29.7	91.6	(11.3)	0.9		107	2.3
Rank (out of 13 funds)	6	7	12	10	8	9	7		7	7

Source: Morningstar, Edison Investment Research. Note: *Performance at 6 March 2024 based on ex-par NAV. TR, total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

Exhibit 4: Investment trust performance to 29 February 2024



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised. Index is Deutsche Numis Smaller Cos plus AIM ex-Investment Companies (Deutsche Numis Smaller Cos ex-Investment Companies to 31 Dec 2017).

Glennie and Yeaman are encouraged by AUSC's outperformance in H124, which was supported by resilient earnings, particularly for the portfolio's bigger positions. The largest positive performance contributors were: Ergomed (+101bp), which received a private equity bid at a 28% premium to its pre-bid share price (the position was sold); Ashtead Technology Holdings (+89bp), which delivered a strong operating performance and announced the acquisition of ACE Winches, which together led to a 25% uplift in its FY24 earnings estimates; Hill & Smith (+54bp), which is experiencing strong

momentum in its US business (73% of operating profit) along with resilient UK operations; Hilton Food Group (+54bp), which benefited from its defensive characteristics and secured new customers in Canada and Singapore; and Paragon Banking Group (+52bp), which reported results that met consensus expectations despite difficult macroeconomic conditions.

Conversely, the largest detractors to the trust's performance were: Big Technologies (-90bp), which experienced a pause in its growth rate and reduced earnings estimates due to contract timing unpredictability and a lack of major wins; XP Power (-74bp), which issued a meaningful profit warning and was sold ahead of an equity raise; Team17 Group (-67bp), which was also sold following a disappointing trading update; Auction Technology Group (-49bp), which delivered revenues below expectations and reduced organic growth guidance; and CVS (-44bp), which was subject to a Competitions & Markets Authority review.

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 index*	3.4	3.6	6.6	5.8	(10.8)	(1.3)	10.7
NAV relative to index*	0.2	3.7	4.2	4.2	(6.5)	2.0	25.3
Price rel to Deutsche Numis Smaller Cos plus AIM ex-ICs	3.4	3.6	6.6	5.8	(10.8)	(1.3)	12.6
NAV rel to Deutsche Numis Smaller Cos plus AIM ex-ICs	0.2	3.7	4.2	4.2	(6.5)	2.0	27.4
Price relative to CBOE UK Smaller Companies	3.1	(0.8)	(1.4)	(6.4)	(34.5)	(26.4)	(13.6)
NAV relative to CBOE UK Smaller Companies	(0.1)	(0.8)	(3.7)	(7.8)	(31.4)	(24.0)	(2.2)
Price relative to CBOE UK All Companies	0.7	4.1	3.3	(1.1)	(38.0)	(13.7)	(8.5)
NAV relative to CBOE UK All Companies	(2.5)	4.2	1.0	(2.6)	(35.1)	(10.8)	3.6

Source: Refinitiv, Edison Investment Research. Note: Data to end-February 2024. Geometric calculation. *Index is Deutsche Numis Smaller Cos plus AIM ex-Investment Companies (Deutsche Numis Smaller Cos ex-Investment Companies to 31 December 2017).

As highlighted in Exhibit 6, AUSC gave back a significant amount of relative performance in 2022, a period of rising interest rates that led to a devaluation of growth stocks. The trust's performance has improved in recent months as investors focus more on company fundamentals rather than the macroeconomic environment. AUSC's NAV is ahead of its reference index over the last one and five years and remains considerably ahead over the last decade.

Exhibit 6: NAV total return performance relative to reference index over three years



Source: Refinitiv, Edison Investment Research

Exhibit 7: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	Index*	CBOE UK Smaller Companies (%)	CBOE UK All Companies (%)
29/02/20	22.6	20.9	1.4	5.9	(2.1)
28/02/21	14.3	14.3	24.9	17.8	2.8
28/02/22	3.9	6.4	1.5	15.0	16.7
28/02/23	(23.8)	(20.9)	(7.5)	(1.7)	8.2
29/02/24	(0.4)	(1.8)	(5.8)	6.5	0.7

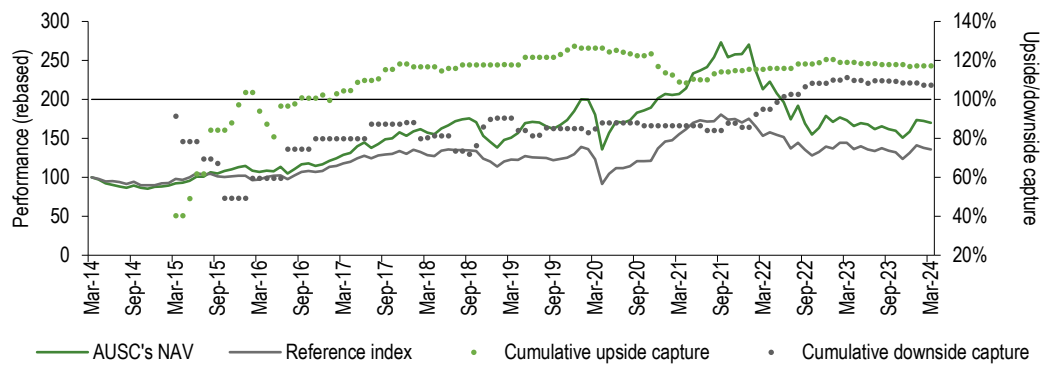
Source: Refinitiv. Note: All % on a total return basis in pounds sterling. *Index is Deutsche Numis Smaller Cos plus AIM ex-Investment Companies.

Upside/downside capture

AUSC’s upside/downside capture over the last decade is shown in Exhibit 8. Its upside capture rate of 117% suggests that the trust will outperform in months when UK small-cap shares are moving up. The 107% downside capture rate implies that AUSC will underperform, but to a lesser degree, during periods of UK small-cap share price weakness.

As the trust’s relative performance declined at the beginning of 2022, when investor focus shifted from growth to value stocks, AUSC’s downside capture rate increased from around 80% to above 100%, suggesting that for several years prior to early 2022 the trust was likely to outperform in both rising and falling markets.

Exhibit 8: AUSC’s upside/downside capture



Source: Refinitiv, Edison Investment Research. Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 100% upside/downside indicates that the fund’s TR was in line with the reference index’s during months with positive/negative returns. Data points for the initial 12 months have been omitted in the exhibit due to the limited number of observations used to calculate the cumulative upside/downside capture ratios.

General disclaimer and copyright

This report has been commissioned by abrdn UK Smaller Companies Growth Trust and prepared and issued by Edison, in consideration of a fee payable by abrdn UK Smaller Companies Growth Trust. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: 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 and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. 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.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, 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 securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. 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, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2024 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

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. 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 (i.e. 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.

United Kingdom

This document is prepared and provided by Edison 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.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison 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. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.