

Standard Life Equity Income Trust

Investment performance back on track

Standard Life Equity Income Trust (SLET) aims to generate above-average income and real capital and income growth from a relatively concentrated portfolio of c 50-70 UK equities. Since 2011, SLET has been managed by Thomas Moore, who says that the trust's strong revenue growth is leading to higher dividend growth. The board has indicated that the FY17 annual dividend will be at least 9.1% higher than in FY16. Following a tough period of relative performance surrounding the Brexit vote, as companies with domestic businesses underperformed those with overseas operations, the manager is now more positive on the outlook. SLET's performance is improving versus both the FTSE All-Share benchmark and its peer group. Moore is placing greater emphasis on higher-growth smaller companies that are reasonably valued and have faster-than-average dividend growth.

12 months ending	Share price (%)	NAV (%)	FTSE All-Share (%)	FTSE 100 (%)	FTSE 250 (%)
31/07/13	52.1	36.1	24.3	22.0	37.3
31/07/14	7.3	7.7	5.6	5.3	6.9
31/07/15	17.5	18.5	5.4	3.1	17.1
31/07/16	(8.4)	(7.2)	3.8	4.5	0.5
31/07/17	17.0	19.0	14.9	14.0	17.6

Source: Thomson Datastream. Note: All % on a total return basis in pounds sterling.

Investment strategy: Across the cap spectrum

Moore employs Standard Life Investments' Focus on Change investment process, selecting stocks on a bottom-up basis that have favourable cash flow and dividend characteristics and are reasonably valued. The investment approach is index-agnostic and the manager invests across the capitalisation spectrum, meaning that sector weightings and performance may vary significantly from the benchmark. At end-June 2017, more than 60% of the portfolio was invested outside of the top 100 UK companies. Net gearing at end-June 2017 was 11.6%.

Market outlook: Small caps relatively attractive

Despite outperforming the broader UK equity market over the last five-year period, the aggregate valuations of smaller companies on a P/E basis look relatively attractive. Standard Life Investments' research suggests smaller companies may offer the potential for higher dividend growth and dividend cover. With risks to equity markets arguably to the downside following a period of above-average equity returns in 2016, investors may be attracted to an actively managed fund with a well-defined investment process and a long-term positive investment track record.

Valuation: Narrowing over the near term

In recent months, SLET's share price discount to cum-income NAV has narrowed meaningfully from abnormally wide levels, which occurred during a period of heightened investor risk aversion ahead of the US presidential election. Its current 5.4% discount to cum-income NAV is narrower than the 6.4% average of the last 12 months (range of 2.8% to 11.3%), but modestly wider than its average discounts of 3.4%, 2.9% and 4.1% for the last three, five and 10 years respectively.

Investment trusts

7 August 2017

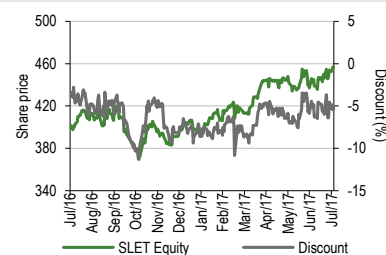
Price 456.5p
Market cap £224.4m
AUM £259.6m

NAV* 475.1p
Discount to NAV 3.9%
NAV** 482.4p
Discount to NAV 5.4%

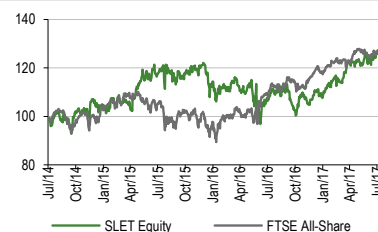
*Excluding income. **Including income. As at 3 August 2017.

Yield 3.5%
Ordinary shares in issue 49.2m
Code SLET
Primary exchange LSE
AIC sector UK Equity Income
Benchmark FTSE All-Share

Share price/discount performance



Three-year performance vs index



52-week high/low 457.0p 371.5p
NAV* high/low 482.4p 412.0p

*Including income.

Gearing

Gross* 11.8%
Net* 11.6%

*As at 30 June 2017.

Analysts

Mel Jenner +44 (0)20 3077 5720
Sarah Godfrey +44 (0)20 3681 2519

investmenttrusts@edisongroup.com

[Edison profile page](#)

Standard Life Equity Income Trust is a research client of Edison Investment Research Limited

Exhibit 1: Trust at a glance

Investment objective and fund background

Standard Life Equity Income Trust (SLET) aims to provide shareholders with an above-average income from their equity investment while also providing real growth in capital and income. It seeks to achieve this through a diversified portfolio of between 50 and 70 equity holdings. The benchmark is the FTSE All-Share Index.

Recent developments

- 24 May 2017: Interim results for six months ending 30 March 2017. NAV TR +7.2% versus benchmark TR +8.1%. Share price TR +2.5%. Announcement of a second interim dividend of 3.8p.
- 13 February 2017: Announcement of a first interim dividend of 3.8p.
- 13 January 2017: Application for admission of 3.9m new shares following the exercise of subscription rights.

Forthcoming

AGM	January 2018
Final results	November 2017
Year end	30 September
Dividend paid	Quarterly
Launch date	14 November 1991
Continuation vote	Five-yearly, next 2021

Capital structure

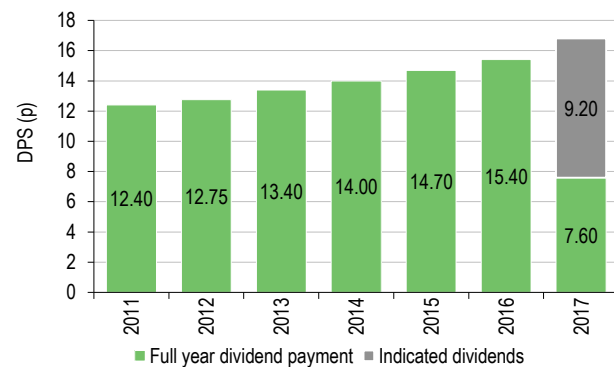
Ongoing charges	0.96% (FY16)
Net gearing	11.6%
Annual mgmt fee	0.65% to £250m, then 0.55%
Performance fee	None
Trust life	Indefinite
Loan facilities	£30m with Scotiabank

Fund details

Group	Standard Life Investments
Manager	Thomas Moore
Address	1 George Street, Edinburgh, EH2 2LL
Phone	+44 (0)345 600 2268
Website	www.standardlifeinvestments.com

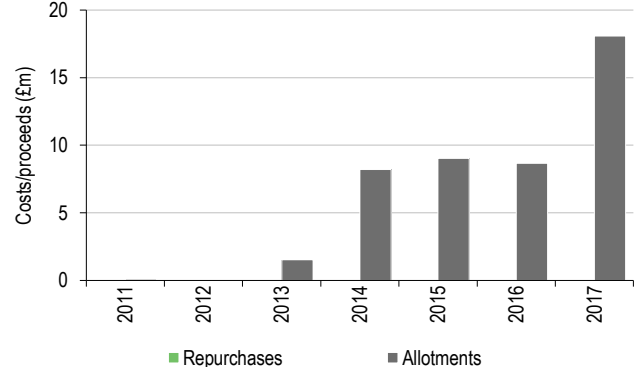
Dividend policy and history (financial years)

Dividends are paid quarterly in March, June, September/October and December/January. It is the board's intention that SLET should achieve long-term real (ie above inflation) growth in its dividend.

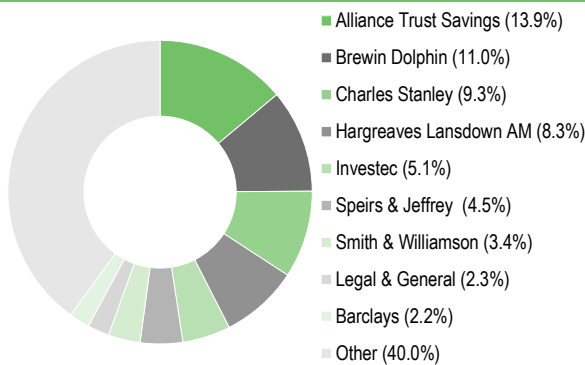


Share buyback policy and history (financial years)

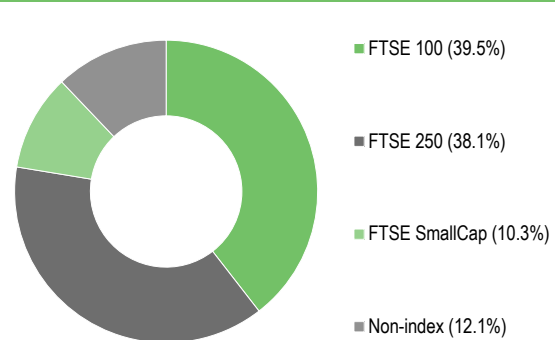
SLET may buy back up to 14.99% or allot up to 10% of ordinary shares annually to manage a discount or a premium. Figures include shares issued as a result of subscription share exercise.



Shareholder base (as at 30 June 2017)



Portfolio exposure by market cap (as at 30 June 2017)



Top 10 holdings (as at 30 June 2017)

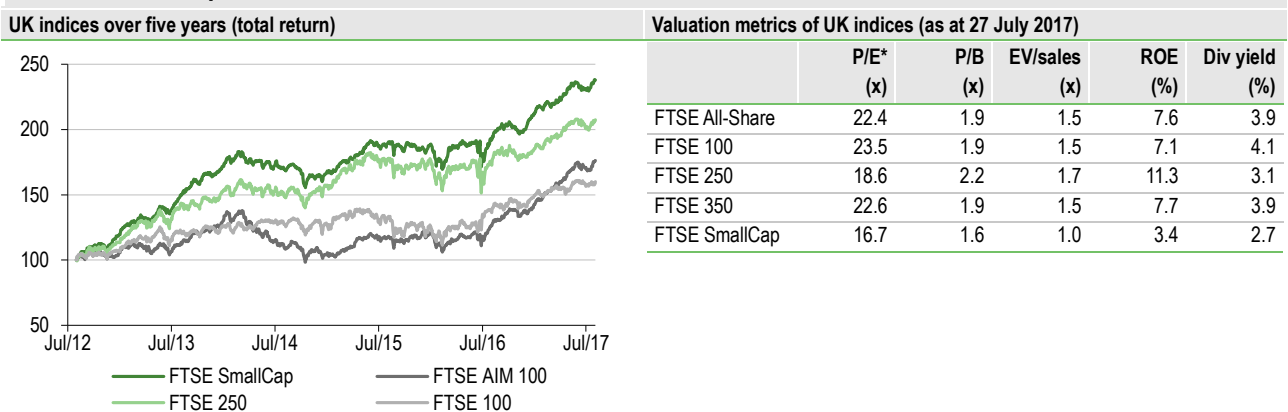
Company	Sector	Portfolio weight %	
		30 June 2017	30 June 2016*
Aviva	Life insurance	3.8	2.9
DS Smith	Packaging	2.9	N/A
Prudential	Life insurance	2.8	N/A
Sage	Software & computer services	2.7	4.0
River and Mercantile	Financial services	2.7	N/A
Tyman	Industrials	2.5	N/A
Micro Focus	Software & computer services	2.5	2.2
HSBC	Banks	2.4	N/A
Close Brothers	Banks	2.4	N/A
Legal & General	Life insurance	2.3	2.2
Top 10		27.0	28.9

Source: Standard Life Equity Income Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in June 2016 top 10.

Market outlook: Smaller caps still relatively attractive

As shown in Exhibit 2 (left-hand side), over the last five years, the FTSE SmallCap and FTSE 250 indices have meaningfully outperformed the FTSE AIM 100 and FTSE 100 indices. After initially plunging, UK equities across the market cap spectrum performed strongly following the result of the UK's EU referendum. Robust performance has continued into 2017, with UK indices hitting a series of new highs. Larger companies with overseas operations have seen their unhedged earnings boosted by the weakness in sterling, and UK economic data has been stronger than initial post-Brexit vote expectations, which has been supportive for companies with a more domestic focus. Considering valuations (Exhibit 2, right-hand side), on a P/E basis, smaller-cap equities, illustrated by the FTSE 250 and SmallCap indices, look relatively better value compared to the broader UK equity market. While small-cap stocks have lower average dividend yields than larger-cap stocks, data from Standard Life Investments suggests that smaller companies with forecast sustainable growth appear to have much higher dividend growth potential and better dividend cover than mega-cap companies. For investors seeking income from UK equities, a fund that invests across the market cap spectrum, with a good long-term performance track record, may be of some interest.

Exhibit 2: Market performance and valuation



Source: Thomson Datastream, Edison Investment Research, Bloomberg. Note: *P/E is current, based on cash earnings.

Fund profile: UK equity income exposure

SLET was launched in 1991 and originally managed by Morgan Grenfell; since November 2005 it has been managed by Standard Life Investments (SLI). Thomas Moore has been sole manager of the trust since May 2012 (co-manager from November 2011), and aims to generate above-average income and real growth in capital and income from a portfolio of c 50-70 UK equities. The manager is unconstrained by FTSE All-Share benchmark weightings and SLET's portfolio has a much higher weighting to mid and small-cap equities than the index. Risk controls state that at the time of investment, a maximum 10% of net assets may be in a single company and the top 10 holdings may not exceed 50%. SLET's board has delegated gearing responsibility to the manager; a range of 5% net cash to 15% net gearing is permitted. At end-June 2017, net gearing was 11.6% (higher than the c 10% historical average).

The fund manager: Thomas Moore

The manager's view: Market now trading more on fundamentals

The manager suggests that on a global basis, the consumer is in good shape. He believes that the economy is improving in the US and Europe, and while the UK consumer is suffering from higher

CPI inflation as a result of sterling weakness, Moore expects this to peak relatively quickly. Given positive wage growth, he feels that UK consumers will start to feel more confident if inflation declines. Moore comments that improving UK employment trends and loose fiscal and monetary policy remain supportive for economic growth.

Moore believes that the UK stock market is now being driven more by company fundamentals rather than reacting to macro events, as in 2016. Given that he selects stocks on a bottom-up rather than a top-down basis, this environment is supporting SLET's better relative performance. The trust is invested in companies across the capitalisation spectrum that have strong cash flow characteristics, giving them the ability to pay attractive and growing dividends. The manager notes that he is currently finding better investment opportunities in smaller rather than large caps: companies that are earlier in their life cycle, which have the potential to significantly increase their dividends over time, but are trading at reasonable valuations. He is also finding opportunities in consumer stocks, which are trading at abnormally wide discounts to the broader market as investors are extrapolating what Moore believes to be short-term negative currency trends.

Commenting on themes recurring in company meetings and recent earnings reports, the manager says that in general, within his universe, companies are in good shape and generating strong cash flow. He says that company managements have positive outlooks and he points to the strength in the UK construction sector, which investors may not have predicted given the outcome of the UK's EU referendum.

Asset allocation

Investment process: Focus on Change

Moore employs SLI's Focus on Change investment policy. The thesis of this is that over the long term, stock prices are driven by company fundamentals; however, in shorter time periods, stock markets can behave less rationally, particularly when fundamentals are changing or have the potential to change. The belief is that different fundamental factors are the key drivers at different stages of the investment cycle. Stock-specific opportunities may include a change in industry competitive dynamics, a new product launch or a company restructuring or management change. The process ensures that the manager is style-agnostic, which offers the opportunity of outperforming the benchmark across the investment cycle.

Investment decisions are based on each of the following five considerations:

- What are the key drivers and issues for this stock?
- What is changing?
- What is assumed in the price?
- What will make the market change its mind about this stock?
- What are the specific triggers?

The manager is able to draw on the wide resources of SLI's 60-strong equity team. The potential universe of c 1,500 stocks is initially screened using SLI's proprietary stock-screening matrix. Stocks passing the screen are subject to in-depth fundamental analysis, including a focus on a company's dividend and its corporate governance policy. The resulting portfolio of c 50-70 high-conviction positions has a focus on companies with strong cash flow and sustainable dividend growth; there is limited reliance on mega-caps and bond proxies.

Current portfolio positioning

At end-June 2017, portfolio exposure was split as follows: 39.5% FTSE 100, 38.1% FTSE 250, 10.3% FTSE SmallCap and 12.1% non-index (mainly AIM stocks). This compares to the broad

splits of the benchmark FTSE All-Share of 80% FTSE 100, 15% FTSE 250 and 5% FTSE SmallCap.

The trust's sector exposure is shown in Exhibit 3. Over the last 12 months there has been a meaningful reduction in consumer services and telecom exposure, where SLET is now underweight versus the index, following the sale of BT and the partial sale of Vodafone. Apart from telecoms, portfolio exposure is broadly similar to six months ago, with overweight exposures in financials, industrials, consumer services, and technology (which has a very modest representation in the index). SLET remains significantly underweight the oil and gas sector and, illustrative of the unconstrained investment approach, the fund retains zero exposure to the healthcare sector, which is a meaningful weighting in the index, as the manager is unexcited about industry fundamentals.

Exhibit 3: Portfolio sector exposure vs benchmark (% unless stated)

	Portfolio end-June 2017	Portfolio end-June 2016	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Financials	41.2	36.3	4.9	26.7	14.5	1.5
Industrials	16.3	15.0	1.3	11.4	4.9	1.4
Consumer services	13.6	19.8	(6.2)	11.3	2.3	1.2
Consumer goods	10.3	7.7	2.6	15.4	(5.1)	0.7
Technology	5.2	6.2	(1.0)	0.9	4.3	5.9
Basic materials	5.1	3.0	2.1	6.6	(1.5)	0.8
Oil & gas	3.5	0.0	3.5	11.4	(7.9)	0.3
Telecommunications	3.1	9.1	(6.0)	3.8	(0.7)	0.8
Utilities	1.6	2.9	(1.3)	3.2	(1.6)	0.5
Healthcare	0.0	0.0	0.0	9.3	(9.3)	0.0
	100.0	100.0		100.0		

Source: Standard Life Equity Income Trust, Edison Investment Research. Note: Adjusted for cash.

A key feature of portfolio activity over the last six months is higher exposure to companies that have the potential to increase their dividends. The manager highlights some recent smaller-cap purchases in the portfolio: Ashmore, GVC, River and Mercantile and Tyman. Ashmore is an emerging market asset manager. This asset class had been out of favour for a long time due to weakness in emerging market economies. However, now that the economic environment is improving, helped by firmer commodity prices, Ashmore is starting to see inflows, albeit well below its historical run rate. The manager suggests that inflows could return to historical levels, which would allow the company to leverage its fixed cost base, leading to much higher levels of profitability. He expects Ashmore to increase its dividend, which has not risen since 2015 (its current dividend yield is 4.7%). Moore has very high conviction in this position; he suggests that now Ashmore's business cycle is turning, its stock could be a "multi-year winner".

GVC is a sports betting and gaming company. Dividend payments resumed in early 2017, having ceased since 2015 due to the acquisition of bwin.party. GVC is a leading provider of both business-to-consumer (B2C) and business-to-business (B2B) solutions, offering a wide range of sports and gaming products in an industry that has structural growth. The company generates high levels of cash flow and, despite strong share price appreciation, the manager feels that its valuation remains attractive, with a free cash flow yield of c 10%. Moore says that there is potential for the company to increase its dividend, while continuing to invest in the business (its current dividend yield is 3.3%). GVC has an ambitious management team and key executives have a large part of their personal wealth in the company. They would consider it a failure if annual revenues grew at less than a double-digit rate. The manager suggests that the company is not that well researched by the investment community and also not widely held by income investors, despite having an above-average dividend yield.

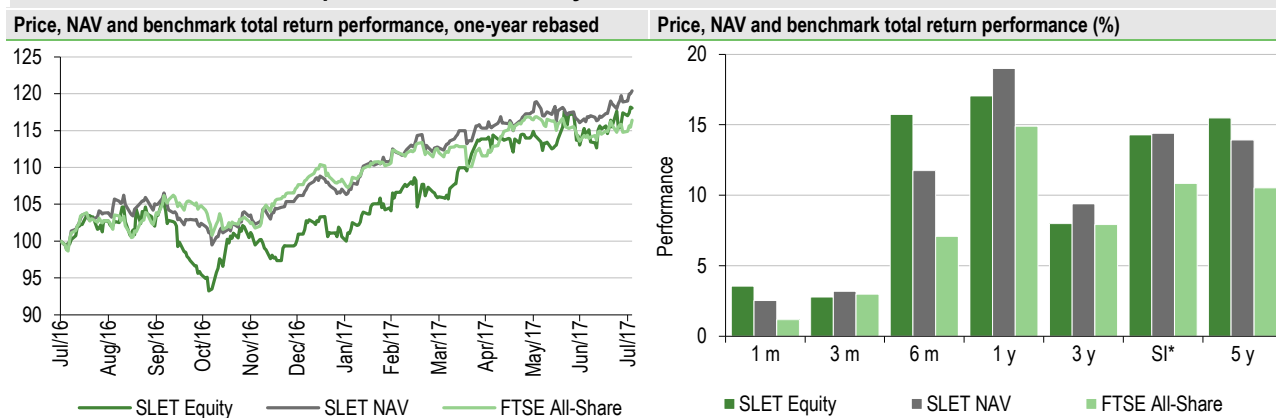
River and Mercantile is a financial services company with a high dividend distribution policy (its estimated dividend yield is 4.0%). It is an asset manager and service provider, whose key product is P-Solve, a liability driven investment solution across multiple asset classes, which is in high demand from clients wishing to de-risk their own balance sheets.

Tyman provides engineered components to the door and window industry. It is a high-growth company; revenues have compounded at an average annual rate of c 16% over the last five years both organically and as a result of acquisitions. The industry is fragmented, so the company is acquiring to cement its market leading position. Operations in a variety of geographies (more than 80% of earnings before interest and tax are generated outside of the UK) mean that Tyman's cyclical nature is somewhat reduced, as weakness in a particular region can be offset by strength elsewhere. Over the last five years, the company's dividend has compounded at an annual rate of c 25%; its current dividend yield is 2.9%.

Performance: Reasserting record of outperformance

SLET's relative performance in 2016 was meaningfully affected by the outperformance of large-cap companies with overseas earnings, which performed significantly better than small and mid-cap companies with more domestic operations both before and after the UK's EU referendum. However, SLET's performance is now back on track. Over the last 12 months, its NAV and share price total return of 19.0% and 17.0% are ahead of the benchmark's 14.9% total return.

Exhibit 4: Investment trust performance to 31 July 2017



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and since inception performance figures annualised. *Since inception (SI) refers to tenure of Thomas Moore, appointed as sole manager on 14 May 2012.

SLET's relative returns are shown in Exhibit 5. Its NAV total return has outperformed the FTSE All-Share over all periods shown and its share price is ahead over all periods except three months.

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 FTSE All-Share	2.4	(0.2)	8.1	1.9	0.2	24.5	17.4
NAV relative to FTSE All-Share	1.4	0.2	4.4	3.6	4.1	16.3	17.9
Price relative to FTSE 100	2.7	(0.4)	9.0	2.7	2.6	30.3	22.7
NAV relative to FTSE 100	1.7	(0.0)	5.2	4.4	6.6	21.7	23.3
Price relative to FTSE 250	1.1	1.2	4.6	(0.5)	(9.0)	1.2	(4.7)
NAV relative to FTSE 250	0.1	1.6	1.0	1.2	(5.5)	(5.6)	(4.3)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-July 2017. Geometric calculation.

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

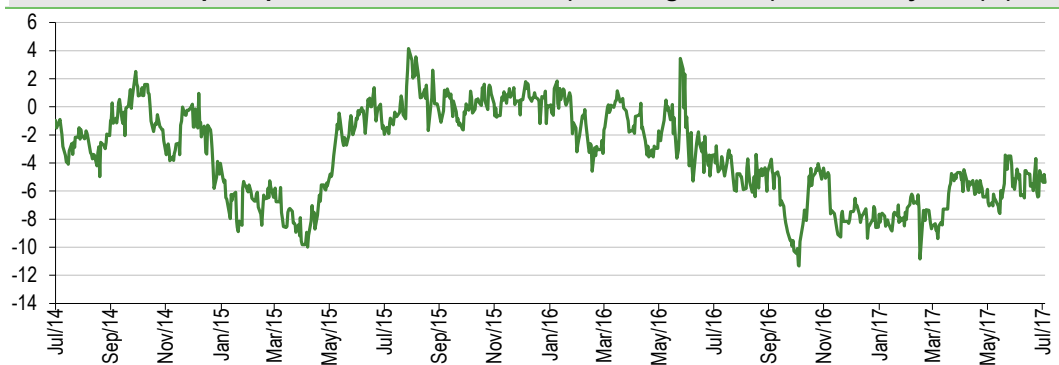


Source: Thomson Datastream, Edison Investment Research

Discount: In a near-term narrowing trend

SLET's share price discount to cum-income NAV has narrowed meaningfully from the three-year low of 11.3% on 3 November 2016, which was a period of heightened investor risk aversion ahead of the US presidential election. Its current 5.4% discount is narrower than the 6.4% average discount of the last 12 months, but modestly wider than its average discounts of 3.4%, 2.9% and 4.1% over the last three, five and 10 years respectively.

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



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

Following the final exercise date and subsequent suspension of listing of SLET's subscription shares, the trust now has one class of share; there are currently 49.2m ordinary shares in issue. SLET has a £30m bank lending facility with Scotiabank. During H117, the average cost of borrowing equated to an annualised rate of 1.12%. At end-June 2017, net gearing was 11.6%.

Standard Life Investments is paid an annual management fee of 0.65% of total assets up to £250m and 0.55% on assets above £250m (prior to October 2016, it was 0.65% of total assets); this is charged 30% to revenue and 70% to capital. In FY16, ongoing charges were 0.96%, which was 2bp higher than in FY15.

Dividend policy and record

SLET pays quarterly dividends in March, June, September/October and December/January. In FY16, the annual dividend of 15.4p was 4.8% higher than in FY15; over the last five years, the annual dividend has compounded an average rate of 4.4% pa.

So far in FY17, SLET has paid a first and second interim dividend of 3.8p each, which were c 12% higher than the 3.4p first and second interim dividends in FY16. The board has announced its intention to pay a third interim dividend of 4.0p followed by a final dividend of at least 5.2p. This would equate to an annual dividend of at least 16.80p, which would be a 9.1% increase versus FY16. Based on the current share price, SLET's dividend yield is 3.5% (prospective yield of 3.7%).

Peer group comparison

SLET is a member of the AIC UK Equity Income sector, a relatively large group of 23 peers. In Exhibit 8, we show the largest 16 trusts, which have market caps in excess of £175m. SLET's NAV total returns are ahead of the whole sector weighted average over one and five years, ranking seventh and fifth, respectively out of 23 funds, while lagging over three and 10 years. Over one year, SLET is 4.9pp ahead of the weighted average. It should be noted that compared to when our last note was published in [late-January 2017](#), SLET's performance versus its peers has improved across all periods shown. The trust trades on a broadly average discount, has a higher-than-average ongoing charge, but no performance fee is payable. SLET has a higher-than-average level of gearing and a modestly higher-than-average dividend yield.

Exhibit 8: AIC UK Equity Income sector as at 3 August 2017*

% 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 (%)
Standard Life Equity Income	224.4	20.7	33.2	93.6	109.3	(4.0)	1.0	No	112	3.6
City of London	1,467.2	13.8	30.2	76.5	103.1	1.0	0.4	No	105	3.9
Diverse Income Trust	394.5	17.4	39.3	131.8		4.5	1.2	No	100	2.8
Dunedin Income Growth	391.8	14.4	22.2	58.1	59.6	(10.3)	0.7	No	112	4.5
Edinburgh Investment	1,436.2	11.5	40.9	85.9	120.8	(5.8)	0.6	No	114	3.4
F&C Capital & Income	315.3	24.2	42.1	79.2	86.4	1.0	0.7	No	104	3.3
Finsbury Growth & Income	1,159.9	16.6	57.5	128.9	204.3	1.2	0.7	No	103	1.8
Invesco Income Growth	175.2	10.9	27.4	76.2	92.0	(8.5)	0.8	No	102	3.5
JPMorgan Claverhouse	371.0	21.5	33.5	93.2	88.5	(9.4)	0.8	No	112	3.6
Lowland	409.5	25.2	31.5	100.8	117.4	(6.4)	0.6	Yes	112	3.2
Merchants Trust	527.1	22.1	22.5	66.8	62.7	(8.5)	0.6	No	117	5.0
Murray Income Trust	535.2	15.4	25.7	62.7	76.4	(6.5)	0.8	No	102	4.1
Perpetual Income & Growth	942.6	9.3	27.4	87.7	131.3	(8.1)	0.7	No	114	3.4
Schroder Income Growth	202.4	17.3	31.0	84.8	105.5	(5.1)	1.0	No	100	3.7
Temple Bar	858.0	20.6	27.1	78.3	127.8	(5.6)	0.5	No	95	3.1
Troy Income & Growth	231.4	7.6	37.4	69.5	28.7	1.2	1.0	No	100	3.1
Weighted sector average (23 funds)		15.8	34.5	87.5	113.4	(3.8)	0.7		108	3.4
SLET rank (out of 23 funds)	14	7	10	5	7	10	10		10	11

Source: Morningstar, Edison Investment Research. Note: *Performance data as at 2 August 2017. 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 SLET; all are non-executive and independent of the manager. Chairman Richard Burns was appointed in 2006 and assumed his current role in December 2014. The other directors and their years of appointment are Josephine Dixon (2011), Mark White (2013), Jeremy Tigue (2014) and Caroline Hitch (2017).

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 and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Standard Life Equity Income 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, 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 2017. "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.