

Hansa Trust

Differentiated, long-term fund at a large discount

The repositioning of Hansa Trust's portfolio from April 2014 has had a positive impact on performance, the main change being a reallocation from large-cap UK equity holdings to selected core regional funds. Wilson Sons has outperformed its local market, but the depreciation of the Brazilian real has affected its sterling value and Wilson Sons now constitutes 15% of the portfolio. Hansa would look to increase uncorrelated investments in due course if it sees the risk/reward balance in equity markets as less attractive. The combination of Hansa's long-term endowment style of investment and a wide discount to NAV makes for an interesting, differentiated proposition.

12 months ending	Share price	NAV	Absolute benchmark	FTSE All-Share	Bovespa	MSCI World
31/10/11	(5.6)	6.4	3.6	0.6	(18.1)	1.3
31/10/12	(14.5)	(8.4)	2.9	9.8	(18.2)	10.3
31/10/13	18.3	11.2	2.4	22.8	(12.9)	26.8
31/10/14	9.1	5.9	2.2	1.0	(8.4)	9.7
31/10/15	(13.4)	(4.8)	2.2	3.0	(44.5)	6.0

Note: All total return in % and in sterling terms.

Investment strategy: New approach bedded-in

The new investment strategy announced in April 2014 has been in place for some time and the portfolio is allocated to four silos: UK Equity Special Situations (26%); Strategic (Wilson Sons, 15.1%); Eclectic & Diversifying (24.8%) and Core Regional (31.9%). The approach is still long-term and fundamentally based with a disciplined valuation framework to help determine strategic asset class allocation. Tactical adjustments may be made reflecting views on the market's cyclical position. A significant proportion of the portfolio is invested in liquid securities or funds allowing the manager to act quickly should opportunities arise.

There is a strong alignment between manager and shareholders because Hansa Capital Partners acts as the Salomon family office. Family trusts have a total holding of 52.3% in the voting shares of Hansa Trust. The natural emphasis on long-term capital preservation gives rise to the trust's equity bias.

Outlook: Multi-asset capability provides more options

The equity market outlook is clouded by a number of factors, including uncertainty over China's growth and the potential implications of an eventual start to normalisation of monetary policy in the US. However, market valuations do not appear to be prohibitive and for a trust such as Hansa, with the ability to allocate to alternative asset classes, there is additional flexibility to respond to changing circumstances.

Valuation: Discount wider than average

The discount to cum income NAV stands at 30% compared with the three-year average of 26% and a minimum of 18%. Weak sentiment towards emerging markets probably plays a role in this but, as noted, Brazilian exposure is now lower and even without a reversal in market views the look-through discount of 38% suggests significant scope for narrowing (see Exhibit 5 for look-through NAV).

Investment trusts

24 November 2015

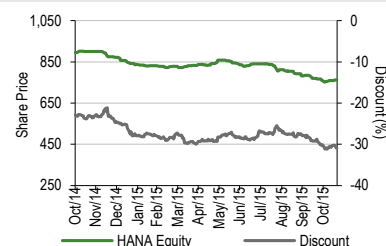
Price Ord	771.5p
Price A share	752.5p
Market cap	£183m
AUM	£263m

NAV*	1,095.9p
Discount to NAV (A shares)	30.4%
NAV**	1,103.9p
Discount to NAV (A shares)	30.9%
Yield	2.1%

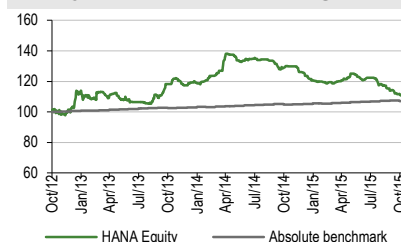
*Excluding income. **Including income. NAV 30 October 2015.

Ord. voting shares in issue	8m
A shares in issue	16m
Code Ord/A shares	HAN/HANA
Primary exchange	LSE
AIC sector	Global

Share price/discount performance*



Five-year cumulative perf. graph



52-week high/low	900.5p	752.5p
NAV* high/low	1,198.5p	1,077.1p

*Including income.

Gearing

Gross	0%
Net cash	1%

Analysts

Julian Roberts	+44 (0)20 3681 2500
Andrew Mitchell	+44 (0)20 3681 2500

investmenttrusts@edisongroup.com

[Edison profile page](#)

Exhibit 1: Trust at a glance
Investment objective and fund background

Hansa Trust seeks to achieve growth of shareholder value through investing with a long-term view in a combination of quoted and unquoted special situations together with exposure to a range of asset classes and geographies, primarily through investment in third party-managed funds but with 15% in Wilson Sons and 26% in direct UK equities. It seeks to make investments that would not normally be available to private investors. Salomon family trusts have a majority holding in the ordinary (voting) shares of 52.3% and a significant shareholding in the largest investment, Ocean Wilsons Holdings, through the combination of the Hansa Trust holding and a direct holding giving a shareholding of over 50%. Ocean Wilsons in turn owns 58.25% of Wilson Sons, a quoted Brazilian marine services company. The trust has an absolute benchmark: the rolling three-year average of a five-year UK government bond plus 2%, including interest reinvested semi-annually.

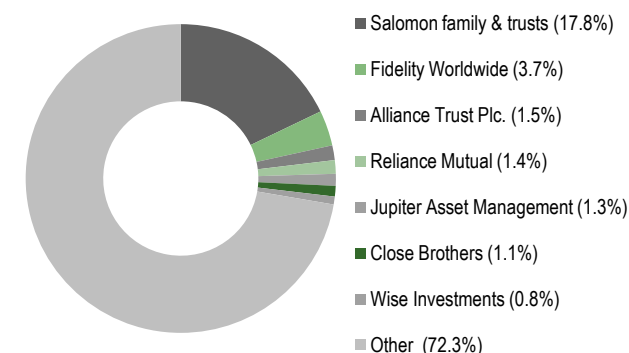
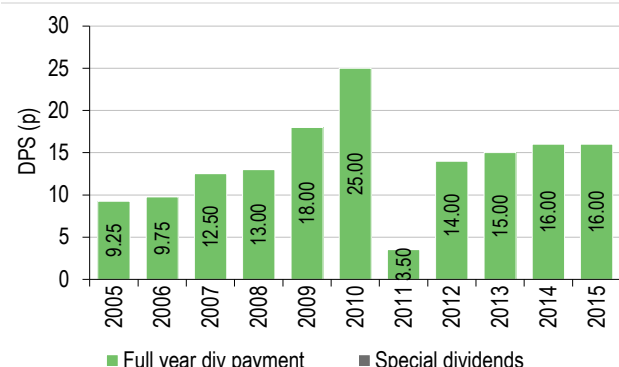
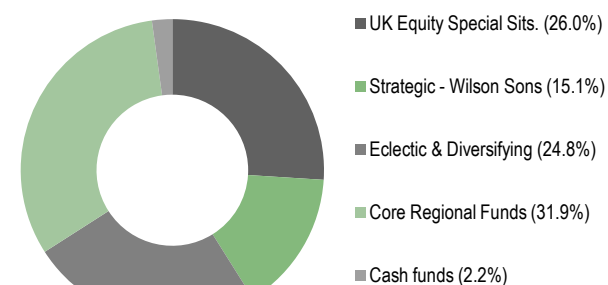
Recent developments

20 October 2015: first interim dividend of 8.0p announced, ex-dividend 29 October.
24 June 2015: annual report for year to end March 2015. New investment policy enhanced gross return by 5.9% compared with unchanged portfolio. NAV - 3.4%.
3 February - 1 July 2015: investments in Pershing Square, Vanguard Developed Europe ex-UK ETF, Lyxor JPX-Nikkei 400 ETF, Global Events Partners, and Indus Japan Long-only.

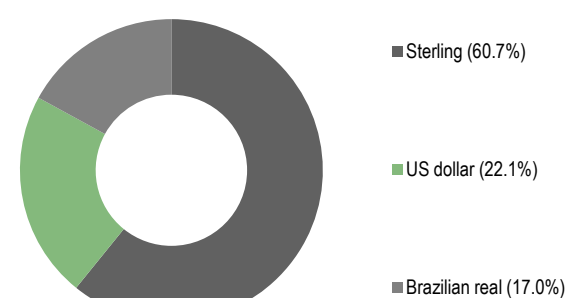
Forthcoming		Capital structure and fees		Fund details	
AGM	July 2016	Ongoing charge	1.1%	Group	Hanseatic Asset Management LBG
Interim results	November 2015	Net cash	1%	Manager	Alec Letchfield
Year end	31 March	Annual mgmt fee	1% of NAV ex Ocean Wilsons	Address	50 Curzon Street, London, W1J 7UW
Dividends paid	November, May	Performance fee	None	Phone	+44 (0) 20 7647 5750
Launch date	1912	Trust life	Indefinite	Website	www.hansatrust.com
Continuation vote	No	Loans, facilities	£30m facility		

Dividend policy and history

The company aims to pay two similar interim dividends per year and expects to grow dividends over the long term. It may use reserves to make up a cash shortfall if cash generation is insufficient and may propose an extra final dividend under some circumstances.


Hansa Trust portfolio by silo (end-September 2015)


Note: Commitments & financing -0.3%

Hansa Trust portfolio currency exposure (end-September 2015)

Top 10 holdings in Hansa Trust portfolio

Company	Country/ domicile	Sector	Industry	Portfolio weight %	
				30 September 2015	30 September 2014
Ocean Wilsons Holdings Limited	Bermuda	Industrials	Transportation and logistics	27.3	35.9
NCC Group	London	Technology	Software	5.5	3.6
DV4	London	Financials	Unquoted property fund	4.6	3.2
Findlay Park American Fund	US	US equity fund		4.5	4.0
GAM Star Technology	Ireland	Technology sector fund		3.4	3.2
Adelphi European Select Equity	London	European equity fund		3.3	2.4
Hansteen Holdings	London	Financials	REIT	3.3	2.6
Galliford Try	London	Industrials	Construction	3.2	N/A
Global Event Partners Ltd		Global Equity Fund		3.1	N/A
UBM	London			3.0	N/A
Top 10 companies				61.7	63.1

Source: Hansa Trust, Bloomberg, Edison Investment Research. Note: *Top 10 table – where N/A shown for 2014, not in top 10.

Market outlook: Uncertain but valuations not stretched

Hansa Trust has three main underlying geographical portfolio exposures: the UK, at 36%, North America, 24% and Latin America, 18%. Most of the Latin American exposure is through Wilson Sons, which earns some of its revenues in US dollars and has Brazilian trade volumes, and to some extent oil industry activity as revenue drivers. Looking ahead, expectations for global growth have been trimmed (the IMF being a recent example) and Brazil in particular faces economic and political challenges. However, the US and UK economies appear relatively resilient and the circumspect approach to monetary normalisation adopted by the Fed and the Bank of England together with China's efforts to stabilise its tapering growth could minimise the downside risks identified by the IMF and soften the slowdown in emerging market growth. Recent additions have increased Japanese and European holdings, providing exposure to potential economic improvements in those areas and broadening the stock universe addressed.

Looking at market performance and valuations (Exhibits 2 and 3) we can see the world market's progress since the global crisis and how far the Brazilian, Bovespa index has fallen in sterling terms (arguably discounting many of the country's difficulties). Valuations on a long, 20-year, view, do not appear stretched compared with prior highs or, in most cases, averages. Therefore it is not obvious that investors would wish to allocate away from equities based on valuation but, given the prevailing risks and recent volatility, the appeal of a fund with the ability to allocate across asset classes with a long-term wealth-protection approach is underlined.

Exhibit 2: World and Brazilian equity indices



Source: Thomson Datastream. Note: Total return £ terms.

Exhibit 3: Selected valuation measures

P/E (forward)	Last	High	Low	20-year average	Last % of average
World	14.7	24.9	8.8	15.5	95%
UK	15.3	21.9	7.4	13.8	111%
US	16.7	26.0	9.4	16.7	100%
Europe	14.1	23.2	7.7	13.8	102%
Japan	13.9	44.8	10.5	21.4	65%
Brazil	11.7	14.0	4.0	9.5	123%
Emerging Markets	11.4	16.3	7.8	11.5	99%
Price to book					
World	2.0	3.5	1.1	2.2	93%
UK	1.8	3.2	1.2	2.2	79%
US	2.9	5.2	1.3	2.9	98%
Europe	1.7	3.2	1.0	1.9	88%
Japan	1.4	2.8	0.8	1.5	90%
Latam	2.2	2.7	0.8	1.7	126%
Emerging Markets	1.8	2.8	1.0	1.8	101%

Source: Thomson Datastream at 21 October 2015

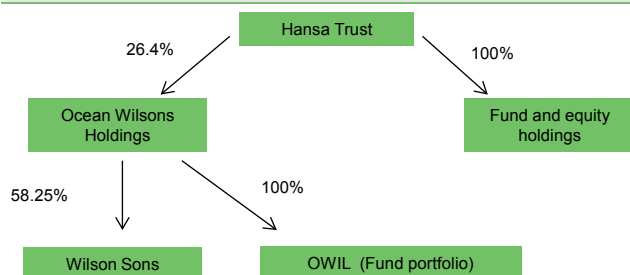
Fund profile: Differentiated multi-asset approach

Hansa Trust was launched in 1912 (then called Scottish & Mercantile) and the Salomon family have been significant shareholders since the 1950s. Salomon family trusts account for 52.3% of the 8m ordinary voting shares, there are a further 16m "A" shares. Hansa Capital Partners has managed the whole investment process since 2003. The benchmark is the three-year rolling average of a five-year UK government bond plus 2% with interest reinvested semi-annually. The use of an absolute benchmark reflects a focus on wealth protection and creation that the investment approach seeks to achieve with a long-term approach; accessing investments that are not available to retail investors, investing in UK equity special situations and through a strategic stake in Ocean Wilsons Holdings.¹ The portfolio is invested roughly equally in four silos: Core Regional, Eclectic and Diversifying (includes Ocean Wilsons' investment portfolio, OWIL), UK Special Situations and Strategic (Ocean Wilsons' 58.25% holding in Wilson Sons, the listed Brazilian maritime services

¹ For further information on Ocean Wilsons see our July 2015 [report](#).

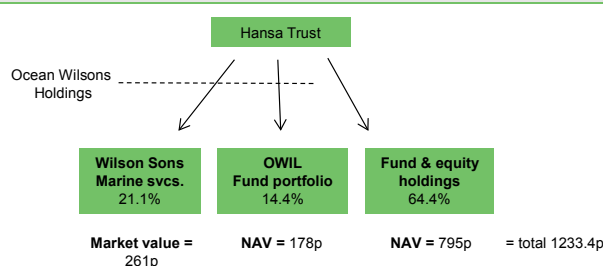
company). The ownership structure and a look through analysis of NAV, including Wilson Sons at market value are shown in Exhibits 4 and 5. The look-through NAV shown is approximately 12% above the ex-income reported NAV as at 31 October.

Exhibit 4: Hansa asset ownership structure



Source: Edison Investment Research

Exhibit 5: Hansa Trust look-through NAV exposure



Source: Edison Investment Research. Note: % figures based on look-through values. OWIL based on end-October 2015 value.

Fund manager view: Watching market cycle closely

Alec Letchfield, CIO of Hansa Capital, sees the stock market cycle as more mature but still sees potential for equities to make further progress albeit with interruptions, as experienced recently. Corporate earnings have been strong and valuations in G20 markets have generally risen but are not threatening their historical highs. He also points out that fears over the impact of a slowdown in China may be overdone given that it is not a dominant export customer for most developed markets: US goods exports to China amounted to 0.7% of GDP in 2014 and even in Brazil exports to China account for less than 15% of all exports. The expectation that the Fed will start to raise rates is another subject whose effects Letchfield does not expect to be dramatic, at least at the outset. He foresees rates rising slowly. He also points out that US growth seems to be entrenched and that the UK's growth appears steady too.

Hence the manager continues to favour equities, albeit, recognising that the cycle is maturing, has added some lower-correlated names:

BlackRock Global Event Partners is a special situations fund that Hansa Trust helped seed in July 2015 alongside BlackRock itself, which has made its largest ever seed investment in the fund. The manager, Mark McKenna, focuses on event-driven investments affected by a variety of catalysts; it is differentiated by the risk management strategy through which the manager seeks to hedge out any market risks.

Investments were also made in two ETFs, which complement existing holdings in Japan and Europe and can be quickly realised and reallocated.

In the core regional silo the manager has added **Pershing Square Holdings**, run by the investment management firm founded and led by Bill Ackman. It has an approach similar to private equity in some respects, identifying businesses whose performance could be improved with more efficient operations, finance and management and taking an active role by influencing their direction. It is long-biased and holds a concentrated portfolio of mid and large cap listed US companies. The fund actively engages with its investee companies' management teams, boards and with other shareholders seeking to enhance returns.

Within the Special Situations portfolio, UK equity manager John Alexander highlights a number of the holdings. The largest holding, **NCC Group**, is described as essentially a services business with a range of activities including a global team of "ethical hackers" who test companies' cyber defences providing an interesting play on this prominent theme. It also offers domain services aiming to provide a safe corner of the internet, as well as its core escrow division that stores software source code for critical applications as a protection for users in the event of that a software

supplier fails. The company has recorded compound dividend growth of 25% since its 2004 flotation.

Galliford Try is a leading UK housebuilder and contractor where Alexander sees strong trading, and cash flow as supporting further healthy dividend growth and also providing the basis for a potential split in the business. **Hansteen Holdings** is a property company investing mainly in industrial properties in the UK and Europe with the potential for high yields and value improvement: management is very hands on. Finally, **Hargreaves Services** is a supplier of solid fuel and bulk material logistics. The company has faced a perfect storm of low coal prices and collapse in coal import volumes. The investment interest is created by the management initiatives to respond to this by simplifying the business and exploiting its skill sets and asset base.

Asset allocation

Investment process: Dynamic, long-term, multi-asset view

Hansa Capital Partners' updated investment process (since April 2014) has put in place a framework that shifts dynamically from higher-risk asset classes to more defensive ones as valuations rise and business cycles mature. The underlying principles remain unchanged though: all asset classes are considered, although the long-term outlook naturally leans towards equities; top-down asset allocation identifies regions and asset classes; fundamental analysis and long professional experience are used to select securities or third-party funds, with the latter often not being available to private investors; assets with uncorrelated investment returns are sought and they do not allocate by reference to a benchmark; directors and investment managers are aligned with shareholders by being invested themselves.

UK equity selection is typically of small and mid-cap special situations stocks. The core regional and diversifying & eclectic silos are populated by third-party funds which are selected on a variety of criteria: the managers' track records and investment processes are rigorously examined; the strategy needs to be one that either complements existing holdings or is uncorrelated and is generally unavailable to private investors; the team is cost conscious; key-man risk and liquidity are also taken into account.

Current and pro forma portfolio positioning

The underlying sector and geographical exposures of the portfolio are shown in the first two columns of Exhibit 6. From a sector perspective the overweight (versus the MSCI World index) to industrials reflects the Wilson Sons holding while there are noticeable underweights to energy, consumer staples and healthcare. Geographically the UK is still the largest, albeit reduced exposure with North America the next largest (and also the largest underweight versus the index).

Exhibit 6: Portfolio analysis by sector, geography and investment silo

Sector	%	MSCI ACWI	Geography	%	MSCI ACWI	By Silo end Sept 2015	%	By Silo end Sept 2014	%
Industrials	32.7	11.3	UK	35.9	7.0	Core regional funds	31.9	Core funds	22.5
Financials	19.8	22.1	North America	24.0	54.6	UK equity special sits.	26.0	UK equity special sits.	32.8
Info tech	15.3	13.7	Latin America	17.5	1.5	Eclectic & diversifying	24.8	Eclectic & diversifying	19.9
Consumer disc	14.9	13.1	Asia Pacific ex Japan	7.3	11.3	Strategic - Wilson Sons	15.1	Strategic - Wilson Sons	24.5
Healthcare	5.3	12.1	Developed Europe	6.9	15.4	Cash funds/other	1.9	Cash funds/other	0.3
Mkt neutral/cash	3.2	0.0	Japan	6.5	7.9				
Energy	2.8	6.9	M. East & Africa	1.0	1.4				
Consumer staples	2.7	8.8	Mkt ntrl/macro funds	0.6	0.0				
Materials	1.8	5.6	Emerging Europe	0.4	0.8				
Telecom services	1.1	3.4							
Utilities	0.5	3.0							
	100.0	100.0		100.0	100.0		100.0		100.0

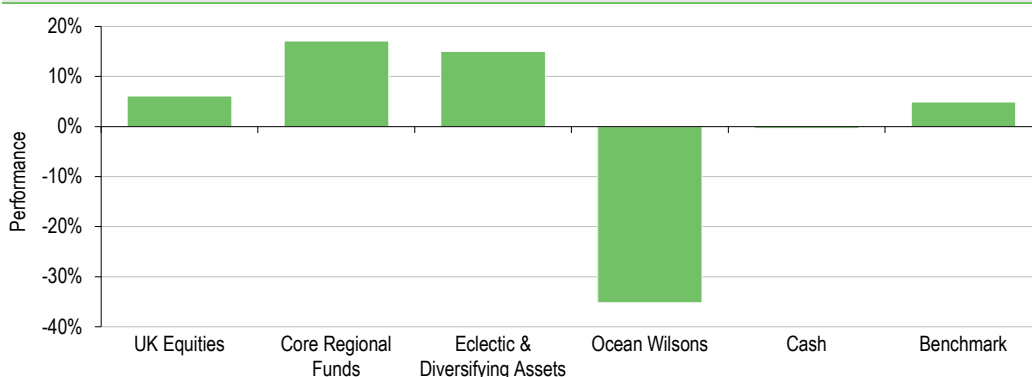
Source: Hansa Trust. Note: Eclectic & Diversifying includes Ocean Wilsons Investments. Rounding differences mean totals may not reconcile. MSCI ACWI is the MSCI All Countries World Index including frontier markets. Sector and geographical analyses are compiled on a look-through basis.

The final two columns show the portfolio by silo at end September this year and last. The reallocation from UK equities to Core Regional Funds and Eclectic and Diversifying Funds is clear.

Performance: New investments have done well

In the eighteen months to the end of October 2015, the period in which the portfolio was repositioned, the performance in the expanded silos was good (up by more than 10%), with particularly strong performance from the core regional silo (Exhibit 7). All the active funds made a positive contribution and only an ETF, a tracker and a fixed income fund made a negative one. The main negative contribution came from the strategic investment in Wilson Sons and the rest of the portfolio making gains of over 8%.

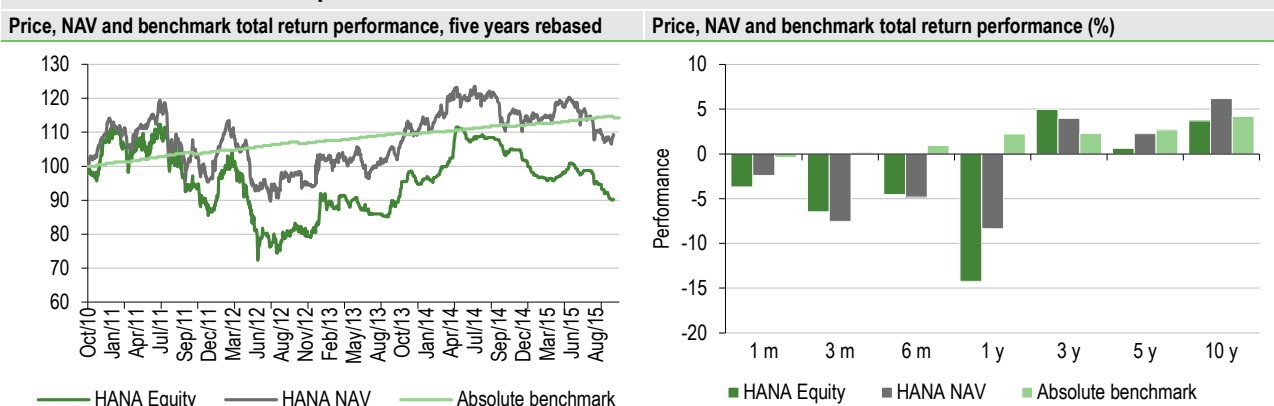
Exhibit 7: Hansa Trust silo performance 18 months to 31 October 2015



Source: Company data

Performance to end September is illustrated in Exhibits 8 and 9. Recent weakness was partly driven by the soft Brazilian market and currency impacting the sterling value of Wilson Sons (hence also Hansa's strength versus the Bovespa index). Despite this near-term weakness Hansa's NAV total return has outperformed the FTSE All-Share and its own absolute benchmark over 10 years.

Exhibit 8: Investment trust performance



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

Exhibit 9: Share price and NAV total return relative performance (geometric calculation)

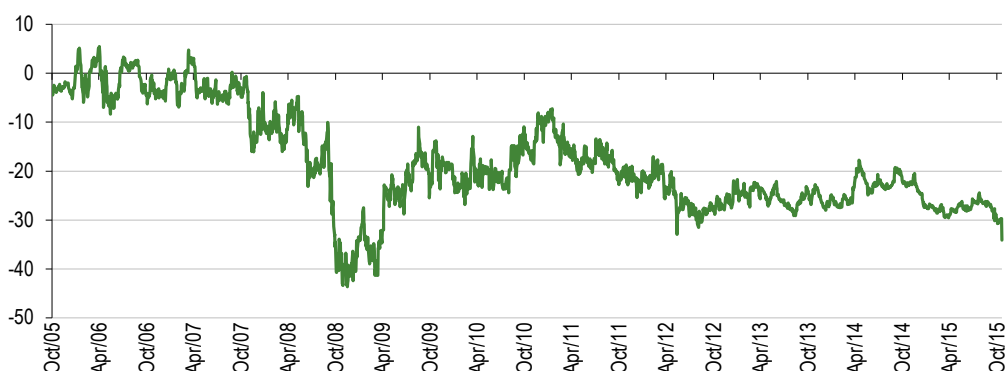
	Three months	Six months	One year	Three years	Five years	10 years
Price relative to Absolute benchmark	(6.6)	(5.4)	(16.1)	8.0	(9.7)	(4.8)
NAV relative to Absolute benchmark	(7.7)	(5.7)	(10.4)	5.0	(2.1)	20.7
Price relative to FTSE AllSh TR GBP	(0.8)	2.9	(12.2)	(6.2)	(25.4)	(16.6)
NAV relative to FTSE AllSh TR GBP	(1.9)	2.5	(6.2)	(8.8)	(19.1)	5.7
Price relative to Bovespa	36.1	37.8	56.4	179.7	259.2	54.6
NAV relative to Bovespa	34.5	37.3	67.2	171.7	289.1	96.0
Price relative to MSCI World	(1.7)	5.8	(16.0)	(16.6)	(35.2)	(26.7)
NAV relative to MSCI World	(2.8)	5.4	(10.3)	(19.0)	(29.8)	(7.0)

Source: Thomson Datastream, Hansa Trust, Edison Investment Research. Note: To end September 2015, cumulative performance.

Discount: Substantial

The board sees its main priority in relation to the discount as being to ensure that the investment policy followed by the manager is likely to provide above average returns over the long term. While the board may buy back shares if this is seen as advantageous to all shareholders it would not do so simply to reduce the discount. Reduced size and liquidity, a requirement to have a more liquid portfolio and the potential for the percentage exposure to Ocean Wilsons to rise are cited as disadvantages of adopting a buyback policy to defend a discount level. As noted earlier the discount is at the wider end of its recent range (see Exhibit 10) and on a look-through basis is even wider at 38%. A turn in sentiment towards emerging markets and evidence of the new strategy's success could see a significant narrowing; even without this the existing discount appears to provide a substantial cushion for investors.

Exhibit 10: Discount over 10 years (NAV ex-income)



Source: Datastream, Edison Investment Research. Note: Negative values indicate a discount.

Capital structure and fees

Hansa Trust has 8m ordinary shares and 16m 'A' non-voting shares and is authorised to repurchase up to 14.99% of the latter. The trust may employ gearing and has a borrowing facility of £30m, which has not been drawn on significantly in recent periods. The trust has an unlimited life.

Hansa Capital Partners charge a management fee of 1% of net assets after borrowings and after deducting the value of Ocean Wilsons Holdings. Hanseatic Asset Management, which is connected to Hansa Capital Partners, charges a management fee to the investment subsidiary of Ocean Wilsons Holdings. The ongoing charge for the last financial year was 1.1%. Hansa Capital Partners also acts as company secretary and charges £100,000 per annum.

Dividend policy

The board's dividend policy is to pay two similar interim dividends per annum, which will be declared at the start of the year to provide visibility to shareholders. The first is paid in November and the second in May after the end of the financial year in March. The company expects dividends to grow over time and will pay an extra final dividend if circumstances warrant it. Shareholders have given the board permission to pay some of the dividend from capital reserves where appropriate.

Peer group comparison

Hansa Trust has several unusual characteristics that make it hard to compare directly with other trusts in the AIC's Global category: its stake in Wilson Sons, the absolute mandate and the breadth

of its asset allocation. With that in mind we have used a selection of trusts from Morningstar's Global sector that have a combination of capital preservation and growth approaches.

Partly reflecting recent weakness, Hansa has lagged averages for both the whole global sector and the selected companies in the peer group, however cumulative three, five and (not shown) 10-year absolute returns are positive. As noted earlier the discount is above its historical average and, as shown here is wide in the context of its peers.

Exhibit 11: Hansa Trust peer group comparison (16 November 2015)

Fund Name	Mkt Cap (£m)	NAV TR 1 Year	NAV TR 3 Year	NAV TR 5 Year	Sharpe 1y (NAV)	Sharpe 3y (NAV)	Ongoing Charge	Perf Fee	Discount (Cum Fair)	Net Gearing	Yield (%)
Hansa Trust	182.7	-6.0	16.1	7.0	-0.7	0.4	1.0	No	-29.8	99.0	2.1
British Empire Securities	620.1	-6.0	12.5	13.8	-0.2	0.4	0.9	No	-12.9	101.0	2.6
EP Global Opportunities	115.1	-1.1	45.2	44.0	0.1	1.1	1.1	No	-0.4	96.0	1.4
Establishment Inv Trust	34.1	-7.5	-2.5	7.4	-0.5	0.0	1.3	No	-16.6	86.0	2.9
Independent	206.2	24.4	67.7	76.9	2.8	1.9	0.4	No	-5.6	99.0	1.4
Lindsell Train	102.4	21.9	65.2	119.0	2.1	1.8	1.2	Yes	27.0	97.0	1.5
Personal Assets	599.4	0.9	4.9	22.3	0.7	0.3	0.9	No	0.1	83.0	1.6
RIT Capital Partners	2472.0	7.7	40.5	42.5	1.1	1.5	1.2	Yes	4.0	128.0	1.9
Ruffer Investment	324.6	2.0	15.3	20.2	0.5	0.8	1.1	No	1.0	91.0	1.7
Witan	1506.4	3.5	45.7	54.6	0.6	1.2	0.8	Yes	0.7	115.0	2.1
World Trust Fund	100.4	4.8	35.1	36.0	0.6	0.9	1.4	Yes	-12.2	100.0	1.4
Selected wtd average		4.5	34.6	40.5	0.8	1.1	1.0		-0.4	112.4	1.9
Global sector wtd ave.		4.1	42.9	51.7	0.6	1.1	0.8		-3.8	108.8	1.9

Source: Morningstar. Notes: TR=total return. The Sharpe ratio is a measure of risk-adjusted return. The ratios we show are calculated by Morningstar for the past 12 and 36 month period 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 shareholders' funds.

The board

Of the five directors William Salomon is the second-longest serving, having been appointed in 1999. He is a significant shareholder directly and through family interests. He is also the senior partner of Hansa Capital Partners and deputy chairman of Ocean Wilsons Holdings and Wilson Sons. All the directors are non-executive and all but Mr Salomon are independent. The others are: Alex Hammond-Chambers (chairman, appointed 2002), Jonathan Davie (2013), Lord Oxford (2013) and Geoffrey Wood (1997).

Apart from Mr Salomon's responsibility as a director of Ocean Wilsons and Wilson Sons, the board (and the portfolio manager) visit Brazil regularly to ensure oversight of its most significant investment. The board believes that the investment is both diversified away from Brazil (through Ocean Wilsons Investments) and stands to gain market share for the operating business during a difficult period for the Brazilian economy. The board has determined that the company's future holds promise and that the risk involved in the investment is worthwhile.

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/firmBasicDetails.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 Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com.

DISCLAIMER

Copyright 2015 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Hansa 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). It is not intended for retail clients. 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") (c) FTSE [2015]. "FTSE(r)" 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.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
245 Park Avenue, 39th Floor
10167, New York
US

Sydney +61 (0)2 9258 1161
Level 25, Aurora Place
88 Phillip Street, Sydney
NSW 2000, Australia

Wellington +64 (0)4 8948 555
Level 15, 171 Featherston St
Wellington 6011
New Zealand