

Standard Life Inv. Property Income Trust

Broader diversification following 2015 acquisition

Standard Life Investments Property Income Trust (SLI) is an actively managed fund aiming to generate an attractive level of income, with the prospect of income and capital growth via direct investment in commercial property. Since mid-2014, the trust has grown significantly via acquisition; the most recent was a portfolio of 22 complementary property assets in December 2015. NAV total return has been ahead of the benchmark over one, three and five years. Following the EU referendum, similar to peers, SLI's shares have moved from a premium to a discount to NAV, while its prospective yield of 5.9% ranks among the highest in the peer group.

12 months ending	Total share price return (%)	Total NAV return (%)	IPD UK Monthly (%)	FTSE All-Share (%)	FTSE EPRA/NAREIT UK (%)
30/06/12	3.2	4.1	4.8	(3.1)	(9.6)
30/06/13	3.2	2.6	4.1	17.9	24.5
30/06/14	34.9	30.5	17.7	13.1	22.7
30/06/15	16.0	19.7	16.8	2.6	20.8
30/06/16	(0.1)	11.1	9.2	2.2	(10.1)

Note: 12-month rolling discrete £-adjusted total return performance, up to last reported NAV. Following Brexit, the NAV has been qualified by independent valuers.

Investment strategy: Active property investment

Managed by Jason Baggaley since September 2006, SLI invests directly in a diversified portfolio of commercial property. Asset management is a key element of the investment process, which typically involves negotiating new leases with existing or new tenants and refurbishments before re-letting. Historically, new leases are struck at higher rental levels, which increase the value of the underlying property. Unlike most industry participants, SLI collects its own rents, thus forming closer relationships with its tenants. As a result, it has a strong record of rent collection and a voids ratio of roughly half the industry level.

Market outlook: Level of uncertainty post Brexit vote

Property has been a relatively attractive asset class for investment over the past five years; although annual returns over 10 years have lagged both UK equities and government bonds. In a low interest rate environment, investors have been drawn by relatively high yields, with the prospect of upward rent reviews protecting against inflation. Activity in the commercial property market had shown signs of slowing ahead of the UK's EU referendum and the vote to exit has led to widening discounts for closed-end and some suspensions in dealing and/or dilution discounts at open-ended property funds. However, it will take time before the full effect of the Brexit vote on the UK commercial property market becomes clear.

Valuation: Modest discount to NAV; attractive yield

For most of the last five years, SLI's share price has traded at a premium to NAV. Following the UK's EU referendum the shares moved to a discount, which widened to 16.6% in early July 2016 before narrowing to its current level of 1.6%. SLI's dividend is fully covered and its dividend yield is one the highest in the AIC Property Direct – UK peer group. The board has proposed a 2.5% increase in the FY16 dividend to 4.76p, which implies a prospective yield of 5.9%.

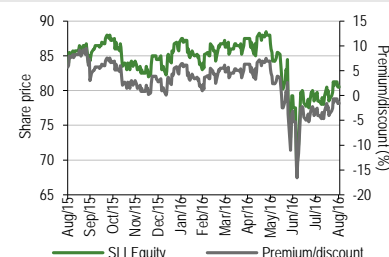
Investment trusts

2 September 2016

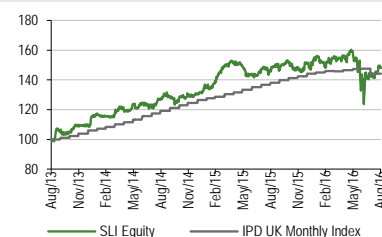
Price 80.5p
Market cap £306m
AUM £468m

NAV* 81.8p
Discount to NAV 1.6%
*EPRA NAV after dividend adjustment as at 30 June 2016.
FY16 prospective dividend yield 5.9%
Ordinary shares in issue 380.7m
Code SLI
Primary exchange LSE
AIC sector Property Direct - UK

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low 88.5p 68.3p
NAV** high/low 82.3p 79.2p

**Including income.

Gearing

Gross loan to value* 28.4%
Net loan to value* 28.4%

*As at 30 June 2016.

Analysts

Mel Jenner +44 (0)20 3077 5720
Gavin Wood +44 (0)20 3681 2503
investmenttrusts@edisongroup.com

[Edison profile page](#)

Standard Life Investments Property Income Trust is a research client of Edison Investment Research

Exhibit 1: Trust at a glance

Investment objective and fund background

SLI's objective is to provide shareholders with an attractive level of income together with the prospect of income and capital growth through investing in a diversified portfolio of UK commercial properties. The majority of the portfolio will be invested in direct holdings within the three main commercial property sectors of retail, office and industrial.

Recent developments

- 17 August 2016: James Clifton-Brown, UK CIO of CBRE Global Investors, appointed to the board, increasing the number of directors to five.
- 9 August 2016: Announcement of 1.19p second interim dividend.
- 13 July 2016: Recent sales of three properties for £12.4m (in aggregate 3% above the March 2016 valuations).
- 2 June 2016: Richard Barfield, chairman of the board retired; he was replaced by Robert Peto.

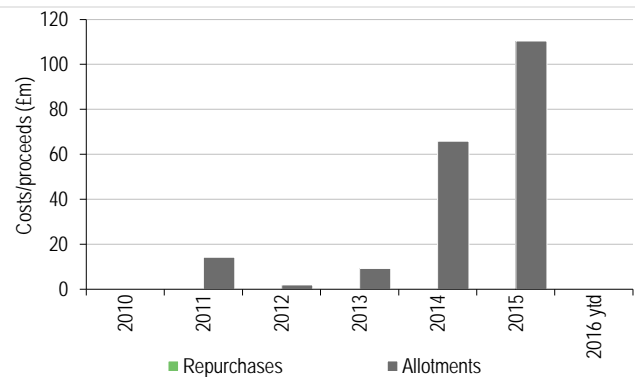
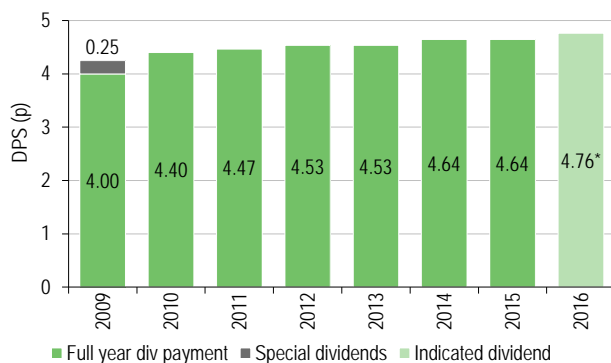
Forthcoming		Capital structure		Fund details	
AGM	May 2017	Ongoing charges	1.1% of net assets	Group	Standard Life Investments
Final results	April 2017	Net gearing	28.4% LTV	Managers	Jason Baggaley
Year end	31 December	Annual mgmt fee	Tiered – 0.75% to 0.65% total assets	Address	1 George Street, Edinburgh EH2 2LL
Dividend paid	Feb, May, Aug, Nov	Performance fee	None	Phone	0845 60 60 062
Launch date	19 December 2003	Trust life	Indefinite	Website	www.standardlifeinvestments.com
Continuation vote	No	Loan facilities	See page 7		

Dividend policy and history

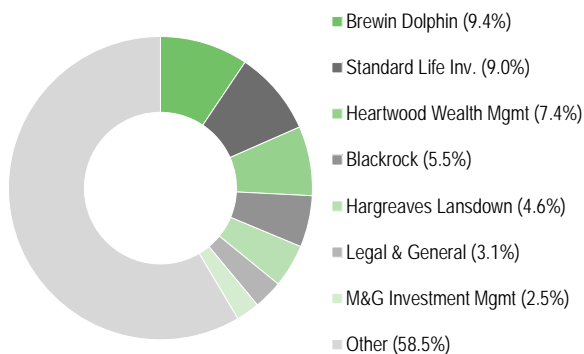
SLI pays dividends quarterly. A key objective is to provide an attractive sustainable level of income to shareholders. *The board has announced its intention to increase the dividend by 2.5% to 4.76p in FY16.

Share buyback policy and history

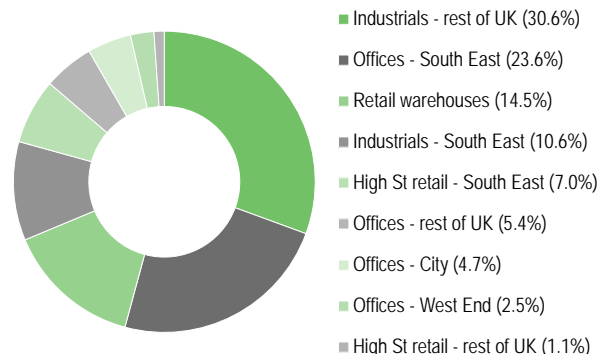
Renewed annually, SLI has authority to purchase up to 14.99% and allot up to 10% of its issued share capital.



Shareholder base (as at 26 July 2016)



Distribution of portfolio (as at 30 June 2016)



Top 10 holdings (as at 30 June 2016)

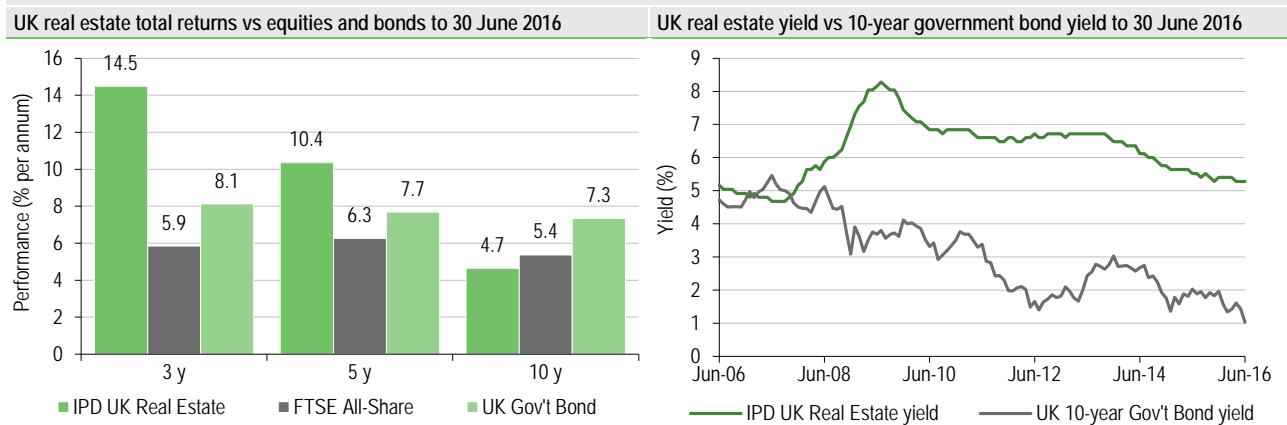
Property	Location	Sector	% of portfolio		Value band (£m)	
			30 June 2016*	30 June 2015	30 June 2016	30 June 2015**
White Bear Yard	London	Office	4.7	6.2	18-20	16-18
Elstree Tower	Borehamwood	Office	4.0	N/A	16-18	N/A
Denby 242	Denby	Industrial	3.8	5.1	16-18	14-16
DSG, Blackpool Road	Preston	Retail	3.6	5.5	16-18	14-16
Symphony	Rotherham	Industrial	3.5	5.3	14-16	14-16
Chester House	Farnborough	Office	3.5	5.3	14-16	14-16
Charter Court	Slough	Office	2.8	N/A	12-14	N/A
3B-C Michigan Drive	Milton Keynes	Industrial	2.7	4.0	10-12	10-12
Ocean Trade Centre	Aberdeen	Industrial	2.6	N/A	10-12	N/A
Bourne House	Staines-upon-Thames	Office	2.6	3.6	10-12	10-12
Top 10			33.9	48.2		

Source: Standard Life Investments Property Income Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *Excludes cash, numbers subject to rounding. **N/A where not in June 2015 top 10.

Market outlook: Brexit brings a level of uncertainty

Exhibit 2 (left-hand side) shows the attractive relative returns generated from investment in property over the last three and five years in a low interest rate environment, versus both UK equities and UK government bonds; although annual returns have lagged over 10 years. Over three years, the annual outperformance has been 8.6pp and 6.4pp respectively (4.1pp and 2.7pp over five years). In addition, since the financial crisis the yield on UK property has remained considerably higher than the UK 10-year government bond yield (5.28% versus 1.02% at 30 June, Exhibit 2 right-hand side).

Exhibit 2: UK real estate returns vs equities and bonds over 10 years



Source: Thomson Datastream, Edison Investment Research

Following the Brexit vote and faced with a slew of redemption requests, a number of open-ended property funds were forced to suspend dealing in their units or apply a dilution discount. While the situation appears to be improving, with trading in some funds resumed and/or dilution discounts reduced, recent events highlight liquidity issues faced by open-ended property funds. By virtue of their closed-end structures, property investment trusts do not face the same liquidity issues. However, the Brexit vote has introduced a degree of uncertainty over the outlook for commercial property. General levels of risk aversion may lead to a reduction in demand, resulting in a market supply/demand imbalance, which could affect property prices. Nevertheless, it is too early to assess the Brexit vote's full effect on asset prices in a class that by its nature is a long-term investment.

Fund profile: Diversified income from UK property REIT

SLI was launched in December 2003. It is a Guernsey-registered, closed-end fund listed on the London Stock Exchange. In January 2015 it became a REIT, which means it does not pay UK corporation tax on rental profits or chargeable gains and it must distribute at least 90% of its real estate profits. SLI aims to provide an attractive income with the potential for income and capital growth via direct investment in a diversified portfolio of UK commercial properties. The portfolio is currently invested in retail, office and industrial property, but hotels, nursing homes and student housing may also be considered. There is a quality bias to the portfolio, poor secondary and tertiary locations are avoided. The focus is on good, but not necessarily prime, locations with good tenant demand and the potential to enhance returns through asset management.

SLI is benchmarked against the Investment Property Databank (IPD) Balanced Monthly Funds index. There are broad investment limits in place: no single property can account for more than 15% of total assets; no single tenant, excluding the government, can represent more than 20% of the rent roll; and a maximum of 10% of the portfolio may be invested in co-investments and property development. Gearing is permitted up to 65% of gross assets, with the loan-to-value ratio capped at 45% (calculated as net debt as a proportion of the property portfolio's market value).

The fund manager: Jason Baggaley

The manager's view: Positive long-term outlook

Following the UK's decision to leave the EU, there is short-term uncertainty in the commercial property sector, which is likely to lead to a fall in capital values. This will probably occur over the next 12 months and have the largest impact on central London office prices. Until there is greater clarity on the performance of the UK economy and the likely structure of the UK's future relationship with the EU, it is hard to predict how the commercial property market will be affected. The manager takes comfort that the fall in the value of sterling has helped to make the UK property market appear more attractive to overseas investors, and that real estate remains attractively priced compared to other asset classes. A functioning banking system, low levels of property supply and government stimulus all help support the asset class. To date, tenant demand has held up reasonably well; the manager believes that SLI's focus on income means that it will weather the storm relatively well with limited voids, and a diverse tenant base.

The manager sees more opportunity to retain tenants currently than during the financial crisis, when the occupier market was depressed and many companies, especially smaller operations, were looking to move premises. However, Baggaley points out that moving premises is a costly and time-consuming exercise and good quality accommodation is still highly in demand. If a lease can be extended, this provides certainty of income for the owner, leaving scope for any financial benefit to be shared with the tenant, who requires certainty over their outgoings. Given the timing of the Brexit vote, any movement in SLI's asset values due to a change in market conditions will not be apparent until the September NAV is released. The manager is optimistic that occupiers will retain a positive outlook and suggests that the search for yield from investments will continue if government bond yields remain low. He notes that transaction volumes ahead of the referendum were low after two to three years of strong activity driven by a high level of liquidity and the search for yield. Comparing the current environment to the global financial crisis, the manager observes that leverage is lower and rents more affordable due to low interest rates, while void rates are still very low and speculative investment has been limited.

Asset allocation

Investment process: Actively managed property portfolio

SLI runs a balanced portfolio of property in good, but not necessarily prime locations, where high tenant demand is expected. The portfolio is actively managed to maximise asset values and rental growth. This primarily involves negotiating new leases with existing or new tenants and can involve refurbishment before re-letting, which is an important factor in attracting new tenants. New leases are historically at a higher rent, which can enhance the value of the property as well as generating higher income. Asset management initiatives in FY15 included: five new lettings generating £0.8m pa in new rent; nine lease extensions with existing tenants generating £2.2m pa and lease renewals and lettings at the largest asset, White Bear Yard (office development in central London). SLI collects its own rent, which is unusual within the industry. This builds stronger relationships with tenants and can provide advance warning that a client may be struggling. SLI has a 100% record of collecting rent within 21 days. At end June 2016, SLI's voids were 3.8%; c 50% lower than for its IPD index benchmark.

Current portfolio positioning

In December 2015, SLI purchased a portfolio of 22 commercial properties for £165m, which increased SLI's portfolio value by more than 50%. The acquired assets were diversified by sector,

tenant and region and complementary to SLI's existing properties; the deal was funded by a mixture of new equity and debt. The manager comments that he was delighted with the acquisition as the portfolio had plenty of asset management opportunities with a number of short leases and an initial yield of 5.9%, giving scope to increase rents in the short term. During FY15, £217m of assets were acquired (including the 22-asset portfolio) compared to sales of £55m. As shown in Exhibits 1 and 3, the December 2015 acquisition significantly increased diversification within the portfolio. At end-June 2016, the top 10 properties accounted for 33.9% of the portfolio versus 48.2% a year earlier, with the top 10 tenants generating 33.0% of total passing rent versus 44.7%. The average lease length is 5.8 years, which compares with 7.2 years before the December 2015 acquisition.

Exhibit 3: Top 10 tenants

Tenant Group	Passing rent (£m)	% of total rent	
	30 June 2016	30 June 2016	30 June 2015
Sungard Availability Services	1.320	4.6	N/A
BAE Systems	1.258	4.3	7.1
Techno Cargo Logistics	1.242	4.3	N/A
DSG	1.178	4.1	5.9
The Symphony Group	1.080	3.7	6.1
Bong UK	0.727	2.5	4.0
Royal Bank of Scotland	0.700	2.4	N/A
Ricoh UK	0.697	2.4	N/A
Matalan	0.697	2.4	3.9
Grant Thornton	0.680	2.3	3.8
Top 10	9.579	33.0	44.7

Source: Standard Life Investments Property Income Trust, Edison Investment Research

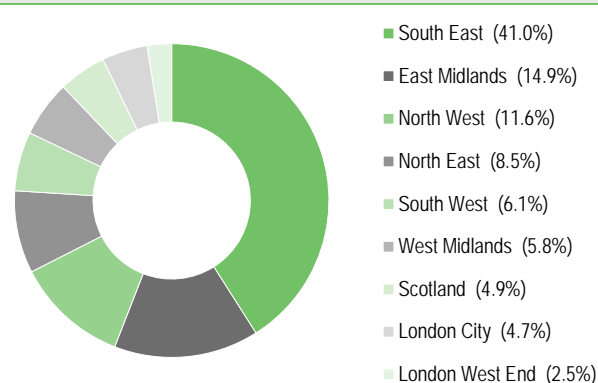
SLI is invested in the three main commercial property segments: office, retail and industrial. At 30 June 2016, versus the benchmark it was overweight industrial and office exposure and underweight retail exposure. Industry data for 2015 showed that the UK office sector provided the highest total return, 17.2%, followed by the industrial sector at 16.6% and retail at 8.1%. Exhibit 5 shows the portfolio's regional diversification, with less than 50% exposure to London and the South East.

Exhibit 4: Portfolio sector allocation at 30 June 2016



Source: SLI, Edison Investment Research

Exhibit 5: Portfolio split by region at 30 June 2016



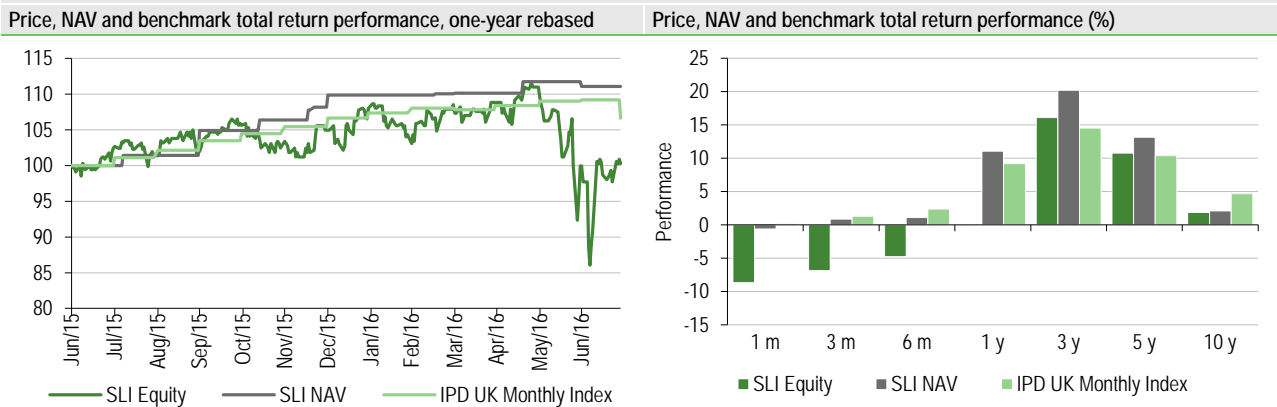
Source: SLI, Edison Investment Research

On 13 July 2016, SLI announced that it had completed three separate property transactions, sales of a small industrial asset in Witham, an office property in Teddington that was part of the portfolio acquired in December 2015 and a small retail parade in Kingston upon Thames. Total proceeds of £12.4m were in aggregate 3% higher than the March 2016 valuations and used to repay debt. SLI also announced that it had completed four lease renewals with two tenants on its multi-let industrial estate in Aberdeen, in line with March 2016 estimated rental values (ERVs), which ensures that the estate remains fully let.

Performance: NAV outperforming over one to five years

As shown in Exhibit 6, SLI's share price has been volatile following the Brexit vote, but having bottomed on 6 July 2016, has started to appreciate. This follows resumption of trading in some of the open-ended funds that were forced to suspend trading following investor redemption requests.

Exhibit 6: Investment trust performance to 30 June 2016



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

SLI's NAV total return has outperformed the benchmark IPD UK Monthly index over one, three and five years and its share price has outperformed over three and five years. As a reference to UK investors, there has been outperformance over the same periods versus the FTSE All-Share index.

Exhibit 7: 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 IPD UK Monthly	(8.8)	(8.0)	(7.0)	(8.5)	4.2	1.7	(23.8)
NAV relative to IPD UK Monthly	(0.8)	(0.4)	(1.3)	1.7	15.6	13.3	(21.9)
Price relative to FTSE All-Share	(11.1)	(11.0)	(8.7)	(2.2)	31.8	22.9	(28.8)
NAV relative to FTSE All-Share	(3.3)	(3.7)	(3.0)	8.7	46.4	36.9	(27.1)
Price relative to FTSE EPRA/NAREIT UK	1.7	(0.0)	9.9	11.1	17.3	11.0	25.8
NAV relative to FTSE EPRA/NAREIT UK	10.6	8.3	16.7	23.5	30.2	23.6	28.8

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-June 2016. Geometric calculation.

Exhibit 8: NAV performance relative to benchmark over 10 years



Source: Thomson Datastream, Edison Investment Research

Exhibit 8 illustrates SLI's relative performance over 10 years. The substantial underperformance versus the benchmark during the global financial crisis has been followed by a more benign period, with steady outperformance over the last three years.

Discount: Move to a discount post Brexit vote

Having traded at a premium for most of the last five years, SLI's share price moved to a discount to its NAV following the Brexit vote, with investor uncertainty increasing after a number of open-ended property funds suspended trading and/or introduced dilution discounts. SLI's current share price discount to NAV of 1.6% compares to an average premium of 3.3% over the last 12 months. During this period, the shares ranged from an 11.2% premium in late-September 2015 to a 16.6% discount on 6 July 2016 due to the reasons highlighted above. The average premiums of the last three and five years are 8.7% and 5.7% respectively. Although SLI has authority to purchase up to 14.99% of its issued share capital, no shares have been repurchased in recent years.

Exhibit 9: Share price premium/discount to NAV over five years (%)



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

SLI is a conventional investment trust with one class of share; there are currently 380.7m ordinary shares outstanding, an increase of c 150% from 155.0m at the end of 2013. During FY15, borrowings were increased to fund the December 2015 property portfolio acquisition. At end-2015, the loan to value was 28.1% versus 29.2% at the prior year end and the weighted average interest rate was 2.70% (3.66% at end-2014). On 28 April 2016, SLI announced a £145m debt refinancing with Royal Bank of Scotland, comprising a £110m seven-year loan at Libor plus 1.375% matched with an interest rate swap, which had an all-in cost of 2.5% at end-June 2016; and a £35m five-year revolving credit facility (RCF) at Libor plus 1.2%. £141.5m was drawn at end-June 2016, with £11.5m repaid in July, reducing the drawn amount on the RCF to £20m. The loan to value at end-June 2016 was 28.4%. The movement in the interest rate curve following the Brexit vote led to a negative movement in the swap, resulting in a £5.5m swap liability at end-June 2016.

A tiered annual management fee has been in place since 2014. The fees are 0.75% of total assets up to £200m; 0.70% of total assets between £200m and £300m; and 0.65% of total assets in excess of £300m. No performance fee is paid. The FY15 ongoing charge of 1.1% of net assets was 50 basis points lower than the prior year, reflecting a higher NAV coupled with effective cost control.

Dividend policy and record

In FY15, the dividend was held steady at 4.64p; in line with prior year, it was fully covered by rental income. In the absence of unforeseen events, the board has announced its intention to increase the dividend by 2.5% to 4.76p in FY16; equating to a prospective yield of 5.9%. This compares to the end-July dividend yields of 3.5% for both the FTSE All-Share REIT and the FTSE All-Share indices.

Peer group comparison

Exhibit 10 shows the AIC Property Direct – UK sector excluding funds with a market cap of less than £100m or that have been trading for less than one year. SLI's NAV total return is ahead of the peer-group average over one and five years, ranking third out of 12 and second out of eight funds respectively. Although lower than the peer-group average for both periods, SLI's NAV total return is at or close to the median over three and 10 years. In terms of risk-adjusted returns, SLI's Sharpe ratio is modestly below the average over one and three years. In contrast to the predominant share price premiums seen before the Brexit vote, most of the trusts in the sector are now trading at a discount to NAV; SLI is broadly in line with the average. SLI's ongoing charge is below the peer-group average and no performance fee is payable. The trust's gearing is modestly higher than the average and, reflecting its income bias, it has the joint-highest dividend yield in the sector.

Exhibit 10: UK direct property closed-ended sector selected peer group as at 31 August 2016

% unless stated	Market cap £m	NAV TR 1 Year	NAV TR 3 Year	NAV TR 5 Year	NAV TR 10 Year	Sharpe 1y (NAV)	Sharpe 3y (NAV)	Discount (ex-par)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
Standard Life Inv. Property, Inc.	307.4	11.6	50.8	63.9	18.6	(0.5)	0.9	(1.8)	1.1	No	145	5.9
AEW UK REIT	113.1	4.3				(1.1)	(0.9)	4.0		No	100	5.7
Custodian REIT	311.0	7.0				(0.9)	(0.4)	4.9	2.0	No	130	5.9
Ediston Property Inv. Company	132.1	8.6				(0.8)	(0.2)	(4.0)		No	130	5.3
F&C Commercial Property	1,006.6	9.0	56.6	78.7	79.7	(0.5)	0.9	(5.7)	0.9	Yes	126	4.8
F&C UK Real Estate Investments	224.4	5.8	51.1	55.2	36.0	(1.0)	0.9	(5.2)	1.8	Yes	141	5.3
LXB Retail Properties	114.9	7.9	30.6	50.5		(0.7)	0.4	5.6	2.5	Yes	100	0.0
Pictou Property Income	375.3	14.4	84.2	62.7	16.9	(0.3)	1.5	(9.2)	4.3	No	156	4.8
Primary Health Properties	660.7	15.0	47.5	57.0		(0.3)	0.9	24.0	1.8	Yes	234	4.6
Schroder Real Estate	300.7	9.8	64.0	45.3	(14.1)	(0.7)	1.2	(6.9)	2.7	No	140	4.3
Secure Income REIT	486.9	2.7				(1.3)	0.6	(5.1)		Yes		4.4
UK Commercial Property	1,036.9	5.8	47.1	52.7		(1.0)	0.9	(6.8)	1.5	No	117	4.6
Average	422.5	8.5	54.0	58.3	27.4	(0.7)	0.6	(0.5)	2.1		138	4.6
SLI rank in sector	7	3	5	2	3	4	4	5	8		3	2

Source: Morningstar, Edison Investment Research. Note: Performance data to end-June 2016. TR=total return. Sharpe ratio is a measure of risk-adjusted return. The ratios shown are calculated by Morningstar for the past 12- and 36-month periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

SLI has five independent non-executive directors after the appointment on 17 August 2016 of James Clifton-Brown, who has served as UK CIO of CBRE Global Investors since 1996. Chairman, Robert Peto succeeded Richard Barfield at the June 2016 AGM, having joined the board in May 2014. Mike Balfour was appointed in March 2016; he has more than 30 years' of investment management experience and is currently also a director of Martin Currie Global Portfolio Trust and Murray Income Trust. Sally Ann Farnon was appointed in July 2010 and Huw Evans in April 2013.

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Conduct Authority (www.fsa.gov.uk/register/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 2016 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Standard Life Investments Property 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 2016. "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.