

# JPMorgan European Smaller Cos

Building on long-term positive track record

JPMorgan European Smaller Companies Trust (JESC) aims to generate long-term capital growth from a portfolio of high-quality, reasonably valued, small-cap European equities. While the European stock market, in keeping with global markets, has been more volatile year to date compared with the abnormally low levels of volatility in 2017, the managers believe that there is potential for further upside. They cite an improving European and global economy, low inflation and a benign interest rate environment, which is supportive for corporate earnings growth. JESC has a very strong investment track record, outperforming the EMIX Smaller Europe ex-UK index over the last one, three, five and 10 years. The trust currently offers a 1.7% dividend yield.

12 months ending	Share price (%)	NAV (%)	EMIX Smaller Europe ex-UK (%)	FTSE World Europe ex-UK (%)	FTSE All-Share (%)
30/06/14	39.1	28.3	26.8	16.4	13.1
30/06/15	7.8	5.2	(0.3)	1.1	2.6
30/06/16	10.5	23.9	14.2	6.0	2.2
30/06/17	44.0	28.8	35.8	29.0	18.1
30/06/18	10.7	12.7	6.9	2.5	9.0

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

## Investment strategy: Bottom-up stock selection

JESC's managers screen the c 1,500-strong universe of European small-cap equities seeking high-quality companies, with good business momentum, that are trading on reasonable valuations. Potential investee companies are subject to rigorous fundamental analysis and meeting company managements is a key part of the investment process. One of the key themes in the portfolio is a focus on companies – across a variety of sectors – that are benefiting from technological change. The managers are unconstrained by the benchmark's geographic and sector allocations. Gearing of up to 20% is permitted; at 9 July 2018, the trust was running a net cash position of 1.4%.

## Market outlook: Greater focus on valuation warranted

European equities, along with global markets, have performed well since early 2016, with small-cap stocks leading the charge. While corporate earnings have been boosted by an improving global economy, shares have also enjoyed a positive re-rating, meaning that equities now look less attractively valued. Small-cap European companies are more expensive on a forward P/E multiple basis than both world and UK equities, suggesting investors may benefit from being more valuation aware when investing in this asset class.

## Valuation: Scope for discount to narrow

JESC is currently trading at an 11.0% discount to cum-income NAV. This compares with the 8.8% to 14.1% range of averages over the last one, three, five and 10 years. Given the trust's positive long-term investment track record, there is scope for the discount to narrow over time. The board's policy is to pay out the majority of income received each year; JESC's current dividend yield is 1.7%.

## Investment trusts

16 July 2018

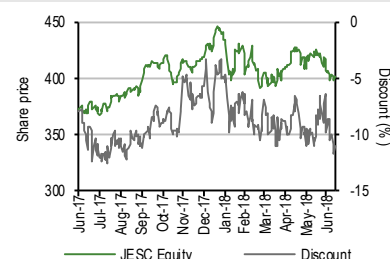
**Price** 401.5p  
**Market cap** £642m  
**AUM** £809m

NAV\* 445.8p  
Discount to NAV 9.9%  
NAV\*\* 451.0p  
Discount to NAV 11.0%

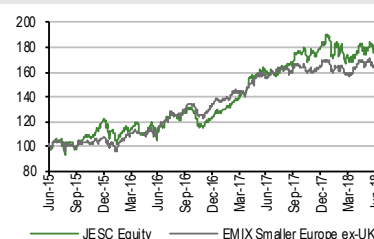
\*Excluding income. \*\*Including income. As at 12 July 2018.

Yield 1.7%  
Ordinary shares in issue 160.0m  
Code JESC  
Primary exchange LSE  
AIC sector European Smaller Companies  
Benchmark EMIX Smaller Europe ex-UK

## Share price/discount performance



## Three-year performance vs index



52-week high/low 446.0p 367.0p  
NAV\*\* high/low 474.8p 414.2p

\*\*Including income.

## Gearing

Net cash\* 1.4%

\*As at 9 July 2018.

## Analysts

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

[investmenttrusts@edisongroup.com](mailto:investmenttrusts@edisongroup.com)

[Edison profile page](#)

**JPMorgan European Smaller Cos is a research client of Edison Investment Research Limited**

## Exhibit 1: Trust at a glance

### Investment objective and fund background

JPMorgan European Smaller Companies Trust (JESC) aims to achieve capital growth from a diversified portfolio of shares in smaller European companies (excluding the UK). Liquidity and borrowings are actively managed (investments 80-120% of net assets) with a view to enhancing returns to shareholders. As JESC's investment policy emphasises capital growth, rather than income, the dividend is expected to vary from year to year. JESC is benchmarked against the EMIX (formerly Euromoney) Smaller Europe ex-UK total return index in £ terms.

### Recent developments

- 6 June 2018: Final results to 31 March 2018. NAV TR +14.4% versus benchmark TR +10.0%. Share price TR +21.6%. Declaration of 5.5p final dividend.
- 1 March 2018: Announcement that former manager Jim Campbell has returned from personal leave. He will be pursuing other opportunities within J.P. Morgan Asset Management.
- 12 December 2017: Six-month results to 30 September 2017. NAV TR +14.5% versus benchmark TR +12.2%. Share price TR +19.0%. Declaration of 1.2p interim dividend.

### Forthcoming

AGM	July 2019
Interim results	December 2018
Year end	31 March
Dividend paid	January, July
Launch date	April 1990
Continuation vote	None

### Capital structure

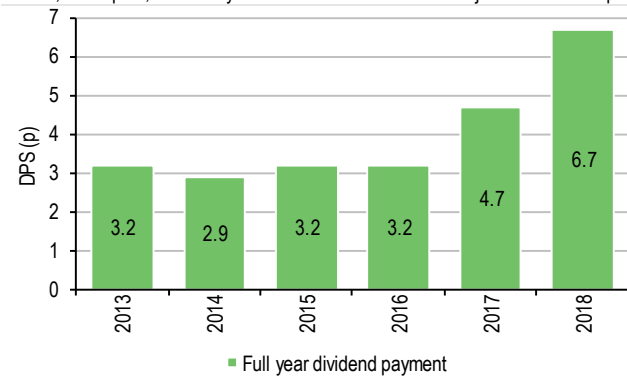
Ongoing charges	1.04%
Net cash	1.4%
Annual mgmt fee	Tiered (see page 7)
Performance fee	None
Trust life	Indefinite
Loan facilities	€105m

### Fund details

Group	J.P. Morgan Asset Management (UK)
Manager	Francesco Conte, Edward Greaves
Address	60 Victoria Embankment, London EC4Y 0JP
Phone	+44 (0)800 731 1111
Website	<a href="http://www.jpmeuropeansmallercompanies.co.uk">www.jpmeuropeansmallercompanies.co.uk</a>

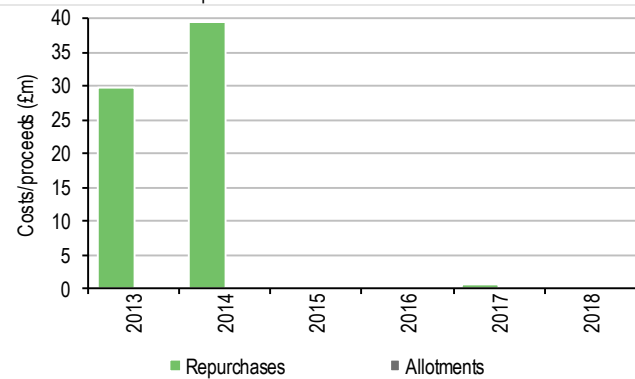
### Dividend policy and history (financial years)

Between zero and two dividends annually. Interims, when paid, are in January. Finals, when paid, are in July. Numbers below have been adjusted for stock split.

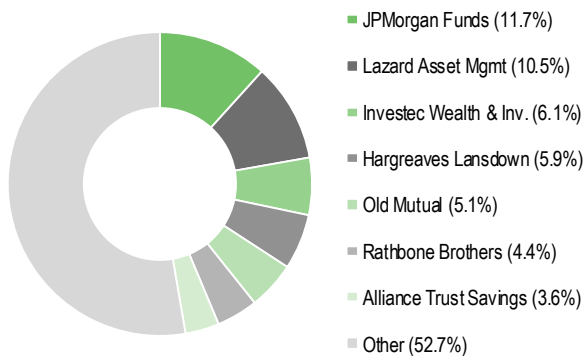


### Share buyback policy and history (financial years)

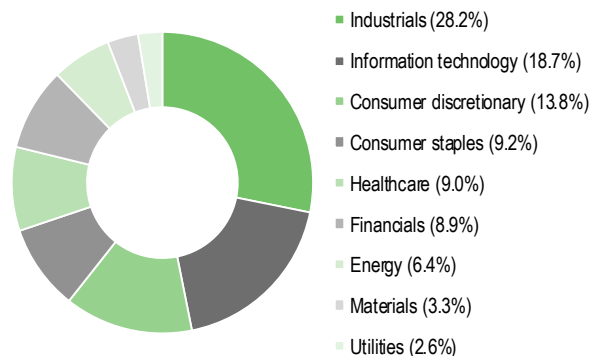
Renewed annually, the trust has authority to purchase up to 14.99% and allot up to 5% of issued share capital.



### Shareholder base (as at 31 May 2018)



### Portfolio exposure by sector, excluding cash (as at 30 June 2018)



### Top 10 holdings (as at 30 June 2018)

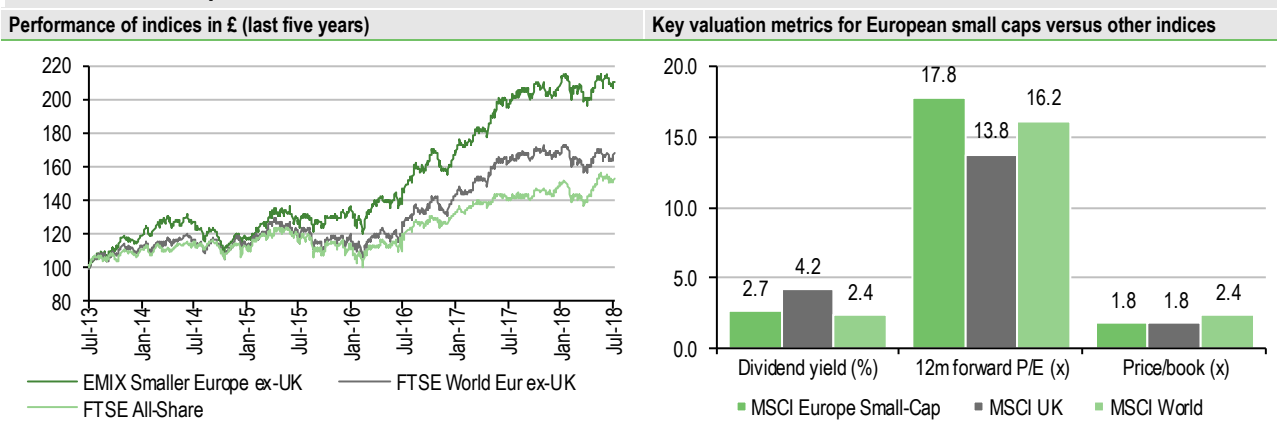
Company	Country	Sector	Portfolio weight %	
			30 June 2018	30 June 2017*
Alten	France	Information technology	2.4	2.2
Rubis	France	Utilities	2.3	N/A
Sopra Steria	France	Information technology	2.3	2.4
Royal Unibrew	Denmark	Consumer staples	2.2	2.4
TKH	Netherlands	Industrials	2.2	2.6
Amplifon	Italy	Healthcare	2.1	N/A
IMCD	Netherlands	Industrials	2.1	N/A
Galenica	Switzerland	Healthcare	2.1	N/A
Skandiabanken	Sweden	Financials	2.0	N/A
SimCorp	Denmark	Information technology	2.0	N/A
<b>Top 10 (% of holdings)</b>			<b>21.7</b>	<b>23.3</b>

Source: JPMorgan European Smaller Companies Trust, Edison Investment Research, Morningstar, Bloomberg. Note: \*N/A where not in end-June 2017 top 10.

## Market outlook: Time to be more selective

Exhibit 2 (left-hand side) shows the performance of indices, in sterling terms, over the last five years. In aggregate, shares have performed particularly strongly since early 2016, due to robust corporate earnings growth and a positive revaluation of equities. Small-cap European stocks have significantly outperformed both global and UK equities over this period. On a forward P/E multiple basis, small-cap European stocks are more expensive than global equities, although they offer a modestly higher dividend yield. Compared to UK companies, smaller European firms are less attractively valued based on earnings multiples, and offer a significantly lower yield. While there are plenty of investment opportunities available in individual smaller European stocks, investors may wish to consider a fund that invests in quality, undervalued companies, and which has a solid long-term performance track record.

**Exhibit 2: Market performance and valuation**



Source: Thomson Datastream, Bloomberg, Edison Investment Research. Note: Valuation data as at 13 July 2018.

## Fund profile: Diversified European small-cap exposure

JESC was launched in April 1990. It aims to generate long-term capital growth from a diversified portfolio of European ex-UK small-cap equities. The trust is managed by Francesco Conte (since 1998) and Edward Greaves (since 2016), who are able to draw on the broad resources (c 40 professionals) of J.P. Morgan Asset Management's European equity team. Former manager (since 1995) Jim Campbell has returned from personal leave and assumed another role within J.P. Morgan Asset Management. Jack Featherby was hired as an analyst in January 2018 to work alongside Conte and Greaves. The trust is benchmarked against the EMIX Smaller Europe ex-UK Index, which at end-FY18 contained c 1,000 companies with market caps up to £5.3bn, spread across 14 countries. At the time of investment, a maximum 5% of the portfolio is permitted in a single stock and no more than 15% may be invested outside of the benchmark. Currency exposure is not hedged. JESC may gear up to 20% or run up to a 20% net cash position; as at 9 July 2018, the trust had a net cash position of 1.4%. The trust has a strong performance track record – over the last 20 years to end-FY18, JESC's NAV has achieved annualised total returns (net of fees) of 13.4%, 4.4pp per annum ahead of the benchmark's annual total return.

## The fund managers: Francesco Conte, Edward Greaves

### The managers' view: Retaining a positive outlook

We met with the managers in May 2018, and they explained that earlier in the year investors were bullish on the outlook for European equities. Conte and Greaves were less optimistic given the

unusually low levels of stock market volatility in 2017; during the year, the maximum stock market pullback was just 4%. Investor sentiment changed in February 2018, driven by a number of factors: a higher than expected inflation number out of the US, which led to concerns about central bank tightening; fears of an economic slowdown; and concerns about global trade, following comments from President Trump. These events led to a stock market drawdown in March but, due to its focus on quality companies, JESC outperformed its benchmark during this period. The managers believe that the market pullback was a mid-cycle correction and has not signalled the end of the bull run. Overall, they remain fundamentally positive.

While the momentum in global purchasing managers' indices (PMIs) has slowed, they remain above 50, which indicates economic expansion. The managers note that more than 50% of European company revenues are generated outside the region, and that economies in the European area also continue to improve. They believe that normalising inflation is positive, and there are factors that will ensure inflation will not get out of hand, which could otherwise lead to excessive monetary tightening and a subsequent recession. For example, the internet brings pricing transparency, and advances in automation are helping to curtail cost inflation.

The managers say that European equity valuations are not excessive, running broadly in line with long-term averages. While the European stock market has rallied strongly since early 2016 (along with global equities), it is supported by robust corporate earnings. Consensus estimates are for c 10% growth in both 2018 and 2019, following on from above average growth of c 20% in 2017.

JESC's managers continue to focus on technological change across a broad range of sectors, aiming to identify the companies that will benefit, and avoid those that will be negatively affected. In an environment of more normal stock market volatility, they note there are outsized share price moves for companies that are beating or missing consensus earnings estimates, movements that can be exacerbated by algorithmic trading. The managers are keen to exploit what they view as pricing anomalies, taking advantage of individual company share price weakness as a result of transitory factors such as currency moves. They are able to employ gearing to increase exposure to high-conviction positions, rather than having to raise cash by selling an existing position. Earlier in 2018, the managers increased their position in Italian company Datalogic, a global leader in the automatic data capture and process automation markets. They believed the market overreacted to a temporary slowdown in the company's growth; they consider the firm is well-positioned to benefit from long-term growth in its core products, which include bar code readers and sensors.

## **Asset allocation**

---

### **Investment process: Screening and fundamental analysis**

The managers aim to generate long-term capital growth from a diversified portfolio (50-75 holdings) of small-cap, European ex-UK equities. They use a proprietary multi-factor model to screen the potential universe, which is made up of c 1,500 small-cap European stocks. Companies passing the screen undergo thorough fundamental analysis. The managers seek high-quality companies, with good business momentum, that are trading on reasonable valuations.

Holdings tend to fall into three 'buckets': companies that can grow organically regardless of the economic backdrop; those offering a niche product or service; or turnaround situations. The exposure to each 'bucket' may vary depending on general market conditions. Position size is determined by the managers' level of conviction and a company's share liquidity. New positions are typically c 1% of the portfolio and are generally trimmed when they reach c 3%. Reasons for selling a holding are: due to a fundamental deterioration in business conditions; if the company has grown too large; on valuation grounds; or if there is a better investment opportunity available. Portfolio turnover is currently running at c 70%, which is broadly in line with historical averages.

## Current portfolio positioning

JESC's geographic exposure is shown in Exhibit 3. The trust's largest overweight is now the Netherlands (+11.7pp), and it continues to have no exposure to Spain (-7.4pp) as the managers are unable to find attractive companies trading on reasonable valuations.

<b>Exhibit 3: Portfolio geographic exposure vs benchmark (% unless stated)</b>				
	Portfolio end-June 2018	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Netherlands	17.7	6.0	11.7	3.0
France	15.9	12.8	3.1	1.2
Switzerland	13.7	10.6	3.1	1.3
Italy	10.9	10.3	0.6	1.1
Sweden	10.7	11.9	(1.2)	0.9
Germany	8.2	13.8	(5.6)	0.6
Norway	7.4	5.4	2.0	1.4
Denmark	6.1	3.5	2.6	1.7
Belgium	3.6	5.4	(1.8)	0.7
Finland	3.1	4.2	(1.1)	0.7
Austria	2.7	4.3	(1.6)	0.6
Spain	0.0	7.4	(7.4)	0.0
Portugal	0.0	1.5	(1.5)	0.0
Other	0.0	2.9	(2.9)	0.0
	<b>100.0</b>	<b>100.0</b>		

Source: JPMorgan European Smaller Companies Trust, Edison Investment Research. Note: Excludes cash. Companies categorised by country of listing.

On a sector basis (Exhibit 4), JESC's largest increases in exposure over the past 12 months are healthcare (+7.0pp) and energy (+6.1pp), while the largest decrease is consumer discretionary (-13.1pp). The trust now has double the index weighting in technology, and has no exposure to the real estate and telecom sectors, which together make up more than 10% of the index.

<b>Exhibit 4: Portfolio sector exposure vs benchmark (% unless stated)</b>						
	Portfolio end-June 2018	Portfolio end-June 2017	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/index weight (x)
Industrials	28.2	34.5	(6.3)	23.4	4.8	1.2
Information technology	18.7	15.2	3.5	8.8	9.9	2.1
Consumer discretionary	13.8	26.9	(13.1)	12.3	1.5	1.1
Consumer staples	9.2	12.2	(3.0)	6.6	2.6	1.4
Healthcare	9.0	2.0	7.0	8.8	0.2	1.0
Financials	8.9	6.4	2.5	14.8	(5.9)	0.6
Energy	6.4	0.3	6.1	3.5	2.9	1.8
Materials	3.3	2.5	0.7	7.5	(4.2)	0.4
Utilities	2.6	0.0	2.6	3.5	(0.9)	0.7
Real estate	0.0	0.0	0.0	8.5	(8.5)	0.0
Telecommunications	0.0	0.0	0.0	2.3	(2.3)	0.0
	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>		

Source: JPMorgan European Smaller Companies Trust, Edison Investment Research. Note: Excludes cash.

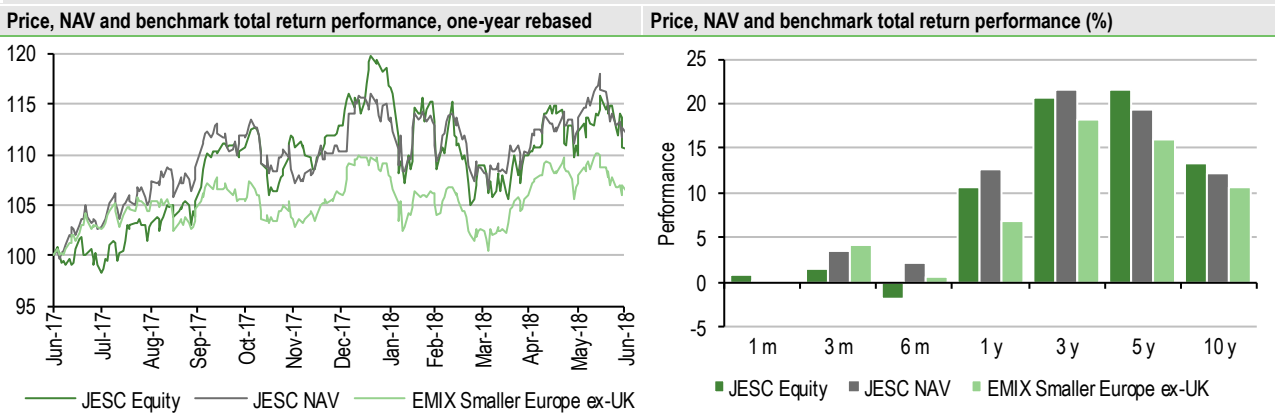
The managers highlight one of JESC's holdings – Tomra Systems, which is a Norwegian company manufacturing 'reverse vending machines' for recycling solutions. It has a 70-80% global share and the managers consider that the company has very favourable attributes: structural growth, technology leadership (its machines are very complex), and a highly conservative management team. They were able to initiate a position at an attractive valuation. Relatively recent new positions in the portfolio include Arcadis (Netherlands), an infrastructure consultant, which has undergone management changes and strengthened its formerly weak balance sheet; Atea (Norway), which offers value-added services using sensor technology to optimise a customer's logistical network; Royal Vopak (Netherlands), the world's leading independent tank storage company, which is expected to experience an earnings inflexion following a period of high capex; and Rubis (France), which is somewhat like a private equity company, in that it buys non-core, unconnected assets from energy companies and improves their efficiency.

## Performance: Above the benchmark

In FY18 (ending 31 March), JESC's NAV and share price total returns of +14.4% and +21.6% were significantly ahead of the benchmark's +10.0% total return. The outperformance was primarily due to stock selection rather than asset allocation. The board is particularly pleased with the trust's results, acknowledging that it was a difficult period for individual stock picking, and there were wide divergences between individual sector performances.

Over the last 12 months to end-June, JESC's NAV and share price total returns of +12.7% and +10.7% respectively are again meaningfully ahead of the benchmark's +6.9% total return (Exhibit 5). Significant contributors to performance include Interpump Group (high-pressure piston pumps); Jungheinrich (forklift trucks and warehouse systems); Stabilus (gas springs and dampers); and Trigano (camper vans and camping equipment).

**Exhibit 5: Investment trust performance to 30 June 2018**



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

JESC's relative returns are shown in Exhibit 6. It has outperformed the benchmark over one, three, five and 10 years in both NAV and share price terms. The trust has also performed considerably better than both large-cap European and UK equities over these periods.

**Exhibit 6: 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 EMIX Smaller Europe ex-UK	1.1	(2.4)	(2.5)	3.6	6.3	26.3	27.1
NAV relative to EMIX Smaller Europe ex-UK	0.4	(0.5)	1.5	5.5	8.7	16.0	16.3
Price relative to FTSE World Europe ex-UK	0.5	(1.8)	(0.4)	8.0	25.5	60.1	71.1
NAV relative to FTSE World Europe ex-UK	(0.2)	0.2	3.6	9.9	28.3	47.1	56.5
Price relative to FTSE All-Share	1.0	(7.0)	(3.5)	1.6	33.8	73.0	64.0
NAV relative to FTSE All-Share	0.3	(5.1)	0.4	3.4	36.7	59.0	50.1

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-June 2018. Geometric calculation.

**Exhibit 7: NAV total return performance relative to benchmark over three years**



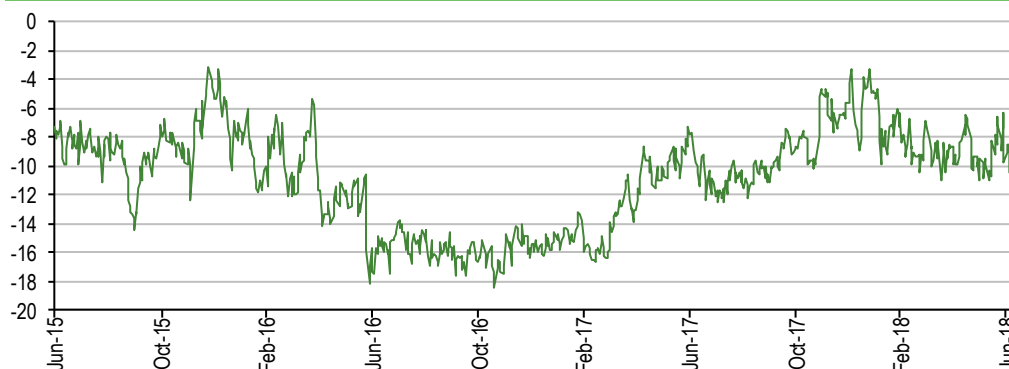
Source: Thomson Datastream, Edison Investment Research



## Discount: In a narrowing trend since late 2016

Over the last three years, JESC's widest discount was 18.4%, which occurred in mid-November 2016. Since then the discount has narrowed meaningfully. The current 11.0% share price discount to cum-income NAV compares with the averages for the last one, three, five and 10 years of 8.8%, 10.8%, 11.3% and 14.1% respectively.

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



Source: Thomson Datastream, Edison Investment Research

## Capital structure and fees

JESC is a conventional investment trust with one class of share; there are currently 160.0m ordinary shares in issue. The trust has a €105m lending facility with Scotiabank, at a cost of Libor +72.5bp, which expires on 17 January 2020. JESC is permitted to run between a 20% net cash and a 20% geared position; at 9 July 2018, the trust had a net cash position of 1.4%. During FY18, gearing varied between 3.6% net cash and 9.4% geared.

In recent years, JESC's management fee has been coming down. Prior to 1 April 2015 it was 1.3% of net assets, which was then reduced to 1.0%. On 23 February 2017 it was announced that the fee structure would be reduced further. Effective from 1 April 2017, the management fee is 1.00% of net assets up to £400m and 0.85% of net assets above £400m. In FY18, ongoing charges were 1.04%, which was 9bp lower than in FY17.

## Dividend policy and record

While JESC aims to generate long-term capital growth, the board's distribution policy is to pay out the majority of annual revenue, meaning that total annual dividends will vary from year to year. Interims, when paid, are in January, and finals, when paid, are in July. In FY18, the total distribution of 6.7p was significantly higher than the annual dividends paid in recent years; +43% versus FY17 and +109% versus FY16. This was a function of higher dividend receipts and exchange rate movements. Based on its current share price, JESC has a dividend yield of 1.7%.

## Peer group comparison

JESC is the largest of four trusts in the AIC European Smaller Companies sector. Its NAV total returns are above average over all periods shown, ranking first over 10 years and second over one, three and five years. Its discount and ongoing charge are broadly average and, in common with

most of the peers, no performance fee is payable. JESC's dividend yield is the second highest in the group, where the average is skewed by European Assets Trust, which pays out an annual distribution of 6% of its year-end NAV.

**Exhibit 9: AIC European Smaller Companies sector peer group as at 13 July 2018\***

% 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
JPMorgan European Smaller Cos	642.4	9.5	73.6	125.0	233.6	(9.5)	1.0	No	100	1.7
European Assets Trust	423.3	2.4	37.0	89.6	205.9	(4.9)	1.1	No	100	6.1
Montanaro European Smaller Cos	151.4	14.2	86.4	98.4	220.5	(10.1)	1.3	No	103	0.9
TR European Growth	498.6	(2.5)	69.3	136.5	207.1	(10.4)	0.8	Yes	109	1.2
<b>Average (4 funds)</b>	<b>428.9</b>	<b>5.9</b>	<b>66.6</b>	<b>112.4</b>	<b>216.8</b>	<b>(8.7)</b>	<b>1.0</b>		<b>103</b>	<b>2.5</b>
<b>JESC rank in sector</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>3</b>		<b>3</b>	<b>2</b>

Source: Morningstar, Edison Investment Research. Note: \*Performance to 12 July 2018. 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 JESC's board, all of whom are non-executive and independent of the manager. The chairman is Carolan Dobson, who was appointed to the board in September 2010 and assumed her current role in 2013. The other directors and their dates of appointment are: Stephen White (April 2012), Ashok Gupta (January 2013), Nicholas Smith (May 2015) and Marc Van Gelder (August 2016).

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](http://www.fca.gov.uk)). 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 Pty Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. [www.edisongroup.com](http://www.edisongroup.com)

**DISCLAIMER**

Copyright 2018 Edison Investment Research Limited. All rights reserved. This report has been commissioned by JPMorgan European Smaller Companies 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 Investment Research Pty Ltd (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. 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 2018. "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.