EDISON

Geiger Counter

Positive indicators for uranium demand

Investment companies

Geiger Counter (GCL) is a specialist fund providing actively managed exposure to the uranium sector. After a three-year decline that has weighed on uranium sector equities, the uranium price has witnessed a sharp rally since August 2014. Improving sentiment towards the sector is supported by positive indicators of rising near- and medium-term demand, which has the potential to return the uranium market to balance given the scale of production cuts across the industry. While the managers retain a degree of caution over the near-term outlook, GCL's broad exposure positions it favourably to benefit from a potential sustained sector recovery over the medium term.

12 months ending	Total share price return (%)	Total NAV return (%)	U_3O_8 Spot Price (%)	Cameco (%)	URAX Index (%)
30/11/11	(51.1)	(34.6)	(16.0)	(47.2)	(35.3)
30/11/12	(34.8)	(43.4)	(20.3)	(3.9)	(16.2)
30/11/13	(26.3)	(20.8)	(15.6)	11.3	(10.8)
30/11/14	(3.1)	(9.4)	15.4	(2.4)	(16.1)

Note: Twelve-month rolling discrete total return performance.

Strategy: Diversified global uranium exposure

GCL aims to generate capital growth through investment primarily in uranium-related equities globally, with c 5% of the portfolio invested in other resource-related companies. While maintaining a fairly concentrated portfolio, GCL has a more diversified exposure to the uranium sector than alternative investments such as the Global X Uranium ETF. The managers construct the portfolio through a bottom-up stock selection process, drawing on industry experience, meetings with management and valuation analysis. Broader sector trends including political and regulatory developments, currency trends, market liquidity and sentiment also influence investment decision-making.

Outlook: Positive indicators for the near term

After three years of decline, the uranium (U_3O_8) spot price appears to have broken out of its downtrend, moving sharply higher from below US$30/lb in August this year and touching a peak of US$44/lb in November. Earlier in the year, Chinese utility companies signed new medium-term uranium supply contracts and, in November, the Sendai nuclear plant in Japan received final clearance for the restart of its two reactors, which are now expected to be brought online in early 2015. These recent encouraging developments are supported by positive medium- and long-term prospects for the industry. A significant reduction in global uranium production and the restart of Japan's reactors over the next two to three years suggests potential for the uranium market to move into deficit in the next five years.

Valuation: Discount has recently narrowed

GCL's share price discount to NAV (including income) has fluctuated significantly in 2014, between c 20% and near-parity. It has recently narrowed to 6%, mirroring the more favourable indicators in the uranium market.

18 December 2014

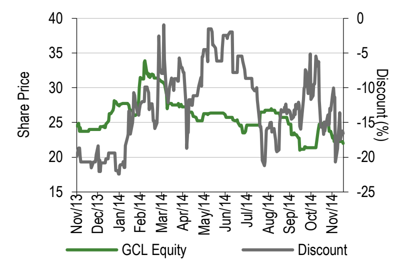
Price	**22.0p**
Market cap	**£16.6m**
AUM	**£20.8m**

NAV*	23.5p
Discount to NAV	6.4%
Yield	0.0%

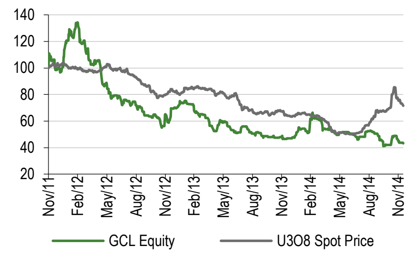
*Including income.

Ordinary shares in issue	75.6m
Code	GCL
Primary exchange	LSE (SETS QX)
Secondary exchange	Channel Islands SX
AIC sector	SS: Commodities & Natural Resources

Share price/discount performance



Three-year cumulative perf. graph



52-week high/low	33.9p	21.0p
NAV* high/low	36.0p	23.6p

*Adjusted for debt at market value, excluding income.

Gearing

Gross*	15.5%
Net*	15.5%

*As at 31 October 2014.

Analysts

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Edison profile page

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Exhibit 1: Company at a glance

Investment objective and fund background

GCL's investment objective is to deliver attractive returns to shareholders principally in the form of capital growth through investment, primarily in the securities of companies involved in the exploration, development and production of energy, predominantly within the uranium industry. Up to 30% of the investment portfolio may be invested in other resource-related companies from outside the energy sector.

Recent developments

26 September 2014: James Leahy appointed as a director with effect from 1 October 2014.

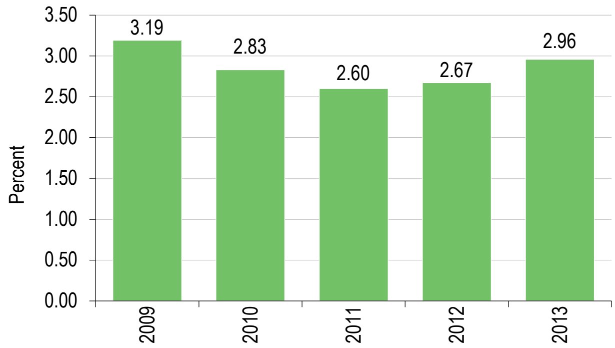
18 June 2014: Interim results to 31 March 2014.

7 March 2014: Resolution passed at AGM to extend company life by one year to 7 July 2015.

Forthcoming		Capital structure		Fund details	
AGM	March 2015	Ongoing charges	2.96%	Group	New City Investment Managers
Preliminary results	December 2014	Net gearing	15.5%	Manager	Will Smith and Keith Watson
Year end	30 September	Annual mgmt fee	1.375% of net assets	Address	5th Floor, 33 Chester Street,
Dividend paid	N/A	Performance fee	20% above 8% hurdle		London SW1X 7BL
Launch date	July 2006	Company life	Extended to 7 July 2015	Phone	+44 (0)20 7201 6900
Continuation Vote	Annual vote	Loan facilities	See page 7	Website	www.ncim.co.uk

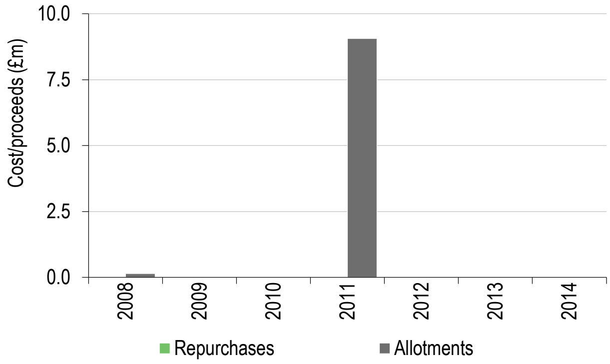
Ongoing charges

GCL's management fee was reduced from 2.0% to 1.375% of net assets from 1 January 2014.

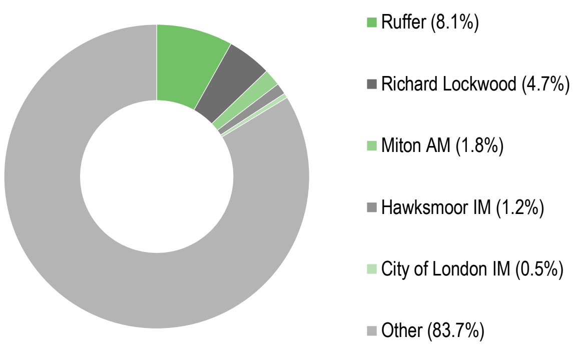


Share buyback policy and history

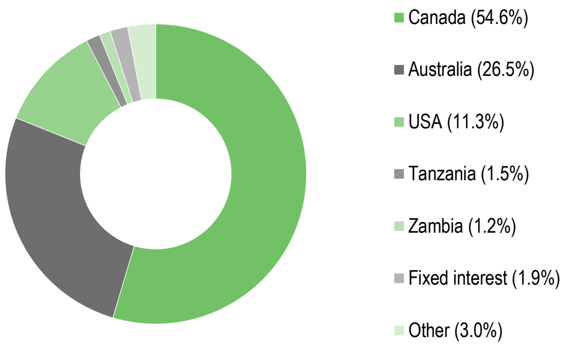
GCL's articles permit it to both allot and repurchase its ordinary shares.



Shareholder base (as at 18 November 2014)



Distribution of portfolio by market listing (as at 31 March 2014)



Top five holdings (as at 31 October 2014)

			Portfolio weight %	
Company	**Country**	**Sector**	**31 October 2014**	**31 October 2013**
Cameco	Canada	Uranium	10.6	7.0
Denison Mines	Canada	Uranium	10.5	6.5
Uranium Participation	Canada	ETF	8.7	8.6
Fission Uranium	Canada	Uranium	8.6	9.4
Paladin Energy	Australia	Uranium	7.1	N/A
Top 5			**45.5**	**N/A**

Source: Geiger Counter, Edison Investment Research. Note: N/A where stock was not in top five at 31 October 2013.

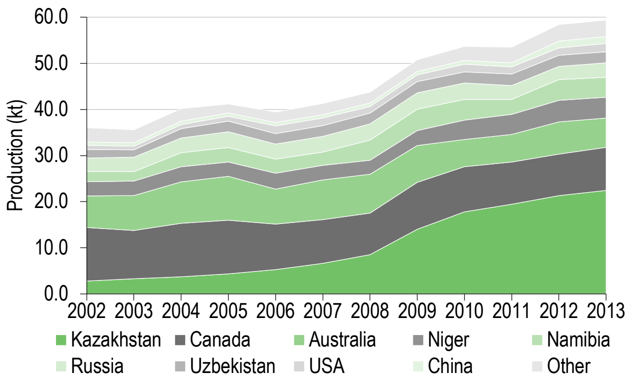
Outlook: Positive indicators for uranium demand

After three years of decline, the uranium (U_3O_8) spot price seems to have broken out of its downtrend, moving sharply higher from August through to November 2014, reaching a peak of US$44/lb before pulling back to just below US$40/lb, still c 40% higher than its recent low. This upward price move appears to have been initiated by utility companies in a number of regions reportedly signing new medium-term uranium supply contracts due to concerns that sanctions could limit Russian uranium supply. US utilities have been some of the most active in restarting purchasing with Chinese utility companies also signing new contracts. A further catalyst has been news from Japan, although there is less urgency for Japanese utilities to restart purchasing given that they have accumulated significant stockpiles. In October 2014, the local council voted in favour of restarting the two reactors at the Sendai nuclear plant, and on 7 November, Kagoshima Prefecture gave its approval for the restart of these reactors. This represents the final clearance required for the restart of the reactors, expected in early 2015, following final approval by Japan's nuclear regulation authority (NRA).

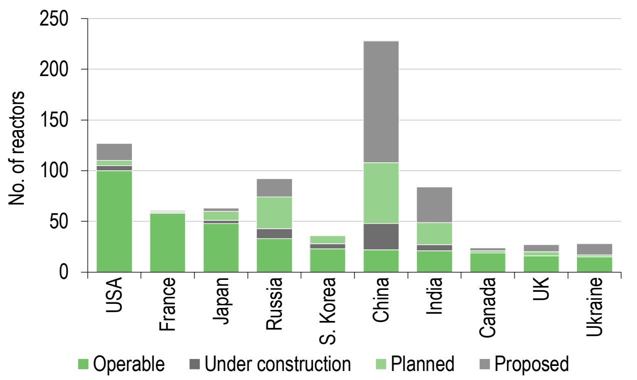
Following the accident at Fukushima in March 2011, all 54 of Japan's nuclear reactors were taken offline, contributing to a significant surplus in the uranium market. With a large proportion of uranium being sold under fixed-price long-term contracts, production cuts to bring the uranium market closer to balance only occurred gradually, with global uranium production continuing to rise (see Exhibit 2). The consequent ongoing market oversupply has been a significant factor in the uranium spot price declining from over US$70/lb in early 2011 to US$28/lb in May 2014.

Exhibit 2: Global uranium supply and demand

Global uranium production 2002-13



Global nuclear power reactors expected to be operating by 2030



Source: World Nuclear Association, Edison Investment Research

The recent encouraging developments in the near-term uranium market outlook are supported by positive medium- and long-term prospects for the industry. The restart of up to 48 reactors (those deemed technically operable) in Japan over the next two to three years would see uranium inventories reduce and lead to renewed buying by Japanese utility companies. According to the latest data available from the World Nuclear Association, Japanese utilities have applied for the restart of 20 reactors at 13 plants and the NRA was prioritising the restart of six units, including the two at Sendai and has recently approved two reactor restarts at Takahama, located in the Fukui Prefecture. Beyond these restarts, globally there are currently 70 reactors under construction with a further 179 at the planning stage and 308 under proposal, all of which could potentially be brought into operation by 2030 (see Exhibit 2). The total 557 reactors proposed, planned and under construction compares with 437 currently operable reactors worldwide.

Although the market responded positively to newsflow from Japan in early November, uranium-related equities have not shown a strong reaction to the recent uranium price rise, instead participating in the broader sell-off in mining equities. While having subsequently seen some recovery during August to October 2014, Cameco shares, the URAX Index and the Global X

Uranium ETF saw falls of 21%, 18% and 25% respectively, in contrast with the c 30% uranium price increase. This creates a potentially positive backdrop for the sector with significant scope appearing to remain for equities to catch up with the uranium price recovery.

Fund profile: Diversified global uranium exposure

GCL is a closed-ended investment company incorporated in Jersey in June 2006. The shares are listed on the Channel Islands Stock Exchange and also trade on the London Stock Exchange. GCL was launched with a five-year life, which is now subject to extension by annual continuation vote and currently runs to 7 July 2015. GCL's objective is to deliver attractive returns to shareholders principally in the form of capital growth through investment primarily in companies involved in exploration, development and production of energy and related service companies. The main focus is on the uranium industry, but up to 30% of the portfolio may be invested in other resource-related companies. There is no formal benchmark, but the managers have traditionally compared performance with the uranium spot price and Cameco (a leading global uranium producer). GCL has been managed since launch by natural resources specialist New City Investment Managers (NCIM), owned by CQS, a global multi-strategy asset manager with US$14bn under management. Will Smith was appointed portfolio manager in May 2013, having supported the previous manager since 2008, and Keith Watson was appointed joint portfolio manager in January 2014.

The fund managers: Will Smith and Keith Watson

The managers' view: Optimistic

Over the last six months, Keith Watson became more optimistic on the near-term outlook for the uranium market given increasing reports of utility companies re-entering the market and signing new uranium supply contracts. As well as the recent approval for the restart of two Japanese reactors, he highlights the indications earlier in the year that Chinese utilities were seeking to secure uranium supply to support their increasing medium-term requirements (see Exhibit 2). These include Paladin Energy completing the sale of a 25% stake in its flagship Langer Heinrich operation in Namibia to China National Nuclear Corporation in July 2014 and China's General Nuclear Power Group signing an agreement in May 2014 to buy US$800m of uranium through to 2021 from Uzbekistan.

GCL's gearing was increased to c 15% in October 2014 as a result of the improving near-term outlook, although the manager reports reducing gearing to c 10% in November following concerns that the market may have overreacted to the positive newsflow on Japanese reactor restarts. Despite the apparent improvement in market fundamentals, Watson takes a measured view of near-term market prospects, and would like to see further confirmation that a clear uptrend has been established before considering raising portfolio leverage much further.

Watson considers that there has been a definite improvement in uranium market fundamentals to support a positive view of the medium-term outlook, with significant reductions in supply from the production cuts and delays to expansion projects announced by uranium producers. He sees potential for the uranium market to move into deficit by the end of 2019, even if only two-thirds of Japan's reactors are restarted over the next three years.

Asset allocation

Investment process: Bottom-up with top-down overlay

GCL's investment process is primarily based on bottom-up stock selection supported by a top-down overlay. An assessment of the macroeconomic environment through fundamental research and interaction with CQS trading teams identifies broader themes that are taken into consideration in the stock selection process including geopolitical concerns, currency trends, market liquidity and sentiment. Stock selection is performed by NCIM's experienced investment team with extensive industry knowledge and is based on management meetings and detailed valuation analysis. A range of valuation metrics is considered to identify undervalued assets and valuations are stress-tested at a range of commodity price forecasts.

Current portfolio positioning

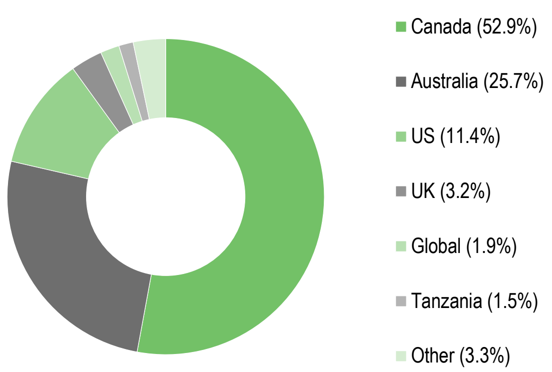
While GCL's portfolio is relatively concentrated with exposure to 55 companies and the top five holdings representing 46% of the portfolio, as a specialist fund focused on the uranium sector, it provides a relatively diversified exposure. As an example, the Global X Uranium ETF had 25 holdings with the top five and top 10 representing 59% and 81% of its exposure as at 30 September 2014. Over the past six months, GCL's exposure to uranium has increased from c 90% to c 95% with the largest non-uranium holding, Northern Minerals, focused on the development of rare earth projects. The reduction in non-uranium exposure resulted from the conversion of the Rose Petroleum loan note (c 2% of the portfolio) into shares in June 2014, which were subsequently sold, and a substantial reduction in the investment in Gold Road Resources (c 2% of the portfolio).

The manager reports that, while none of the individual stocks is a top five holding, c 20% of GCL's portfolio is represented by in situ recovery (ISR) producers including UR-Energy, Uranerz and Uranium Energy (UEC), with the holding in UEC having been reduced on valuation grounds to c 4% in November 2014 from 11% a year earlier. Although Uranium Participation ETF (which invests in uranium concentrates) exposure was 9% at 31 October 2014, similar to a year earlier, the manager reports reducing this to c 6% in November after the sharp rise in the uranium spot price, which contributed to the reduction in gearing along with UEC. The holding in Cameco was increased in September and October 2014 to take advantage of its shares having lagged the sector and strike action at its McArthur River-Key Lake mill complex having been swiftly resolved with limited impact on production. Having increased exposure to Paladin Energy to 8% in August 2014, making it a top five holding, the manager reports taking some profits in November ahead of Paladin's fund-raising.

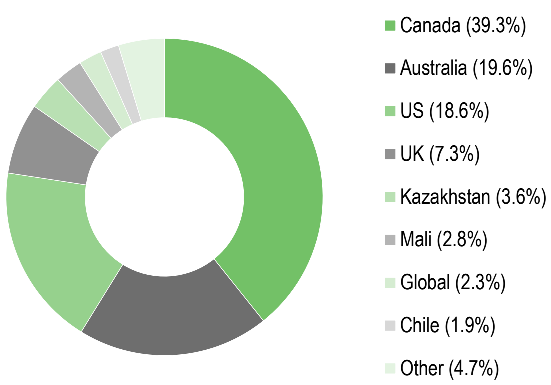
As illustrated in Exhibit 3, GCL's geographic exposure, in terms of the location of underlying assets of portfolio investments, is focused on Canada, Australia and the US. Over the last year, exposure to these regions has risen from below 80% to 90%, while emerging markets exposure has fallen.

Exhibit 3: Distribution of underlying portfolio assets by location

As at 31 March 2014



As at 30 September 2013



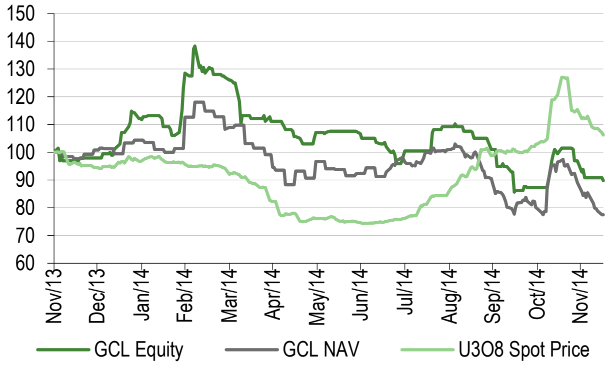
Source: Geiger Counter, Edison Investment Research

Performance: Improved performance over one year

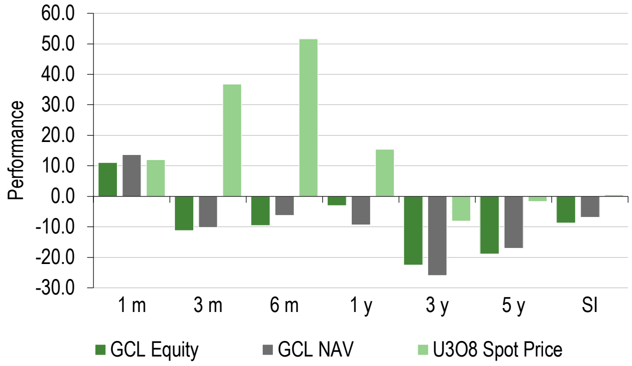
As shown in Exhibit 5, GCL's share price and NAV total return have underperformed the uranium (U_3O_8) spot price over one, three and five years and since inception, which largely reflects the recent recovery in the uranium spot price that has not been fully reflected in uranium company share prices. From its low of US$28/lb in May 2014, the uranium spot price rallied c 50% to US$44/lb in mid-November. Over this period, GCL's NAV total return of +4% compares with Cameco shares, which achieved a similar 4% return, and the URAX Index (comprised of the 10 largest global uranium companies), which saw a 7% decline. Exhibit 6 illustrates that while GCL saw a marked outperformance versus Cameco shares and the URAX Index from mid-2010 to late-2011 followed by an appreciable underperformance from late-2011 to mid-2012, its performance over the past 12 months has been much closer to the index.

Exhibit 4: Investment trust performance to 30 November 2014

Price, NAV and benchmark total return performance, one year re-based



Price, NAV and benchmark total return performance (%)



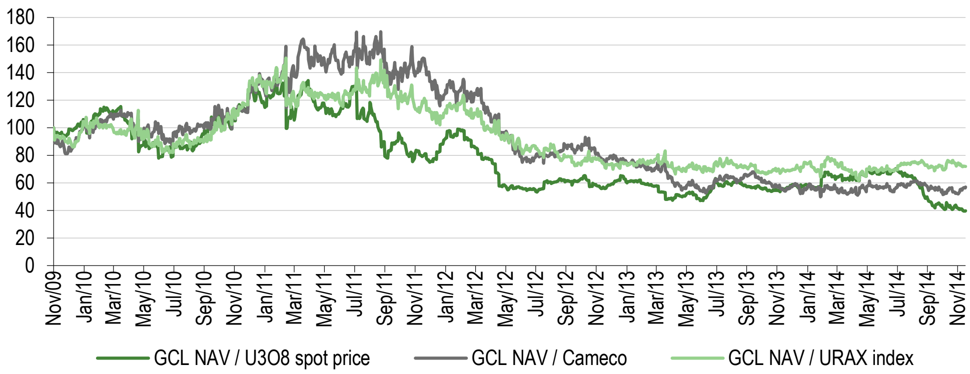
Source: Geiger Counter, Thomson Datastream, Edison Investment Research. Note: Since inception (SI) represents the period since 7 July 2006. Three, five-year and SI performance figures are annualised.

Exhibit 5: Share price and NAV total return performance, versus benchmarks (percentage points)

	One month	Three months	Six months	One year	Three years	Five years	Since launch
Price relative to U_3O_8 spot price	(0.8)	(48.0)	(61.2)	(18.5)	(31.1)	(56.9)	(57.3)
NAV relative to U_3O_8 spot price	1.7	(47.0)	(57.9)	(24.8)	(37.0)	(52.6)	(48.7)
Price relative to Cameco	1.4	(12.6)	(10.5)	(0.7)	(57.8)	(38.6)	(14.0)
NAV relative to Cameco	3.9	(11.6)	(7.3)	(7.0)	(63.8)	(34.3)	(5.4)
Price relative to URAX Index	4.6	(2.3)	1.6	13.1	(16.1)	(18.1)	(11.9)
NAV relative to URAX Index	7.1	(1.2)	4.9	6.7	(22.1)	(13.8)	(3.3)

Source: Geiger Counter, Thomson Datastream, Bloomberg, Edison Investment Research. Note: Data to end November 2014 and benchmarks £ adjusted.

Exhibit 6: GCL NAV total return versus benchmarks, over five years rebased

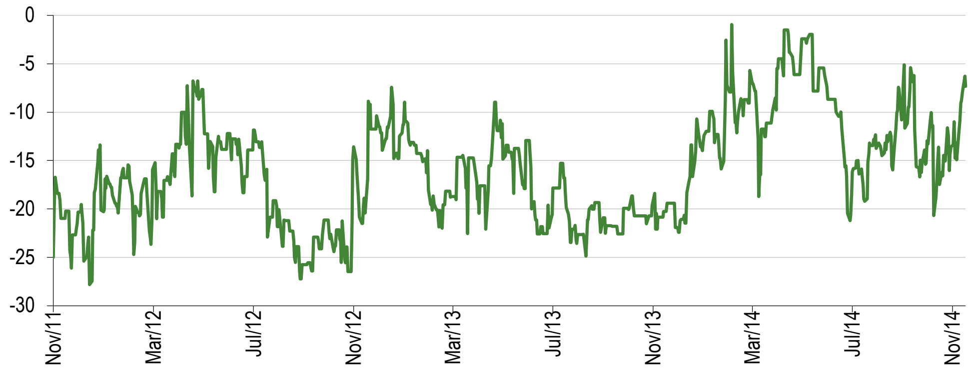


Source: Geiger Counter, Thomson Datastream, Bloomberg, Edison Investment Research

Discount: Recent narrowing

Exhibit 7 illustrates that, having fluctuated significantly, moving sharply from c 20% at the start of the year and almost reaching parity in February, GCL's share price discount to NAV (including income) has broadly narrowed during 2014. The discount currently stands at 6%, which is towards the lower end of its recent range and narrower than its 16% three-year average. The large movements of the discount can be attributed to swings in sentiment towards the uranium sector driven primarily by changes in the expected timetable for Japan restarting its reactors.

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



Source: Thomson Datastream, Edison Investment Research

Capital structure and fees

GCL has 75.6m ordinary shares in issue with no shares issued since February 2011 when 12.1m were issued on the exercise of all outstanding subscription shares. Although GCL is permitted to repurchase its shares, there have been no repurchases made since launch. GCL has an overdraft facility with Credit Suisse on which interest is payable at Libor plus 1.75%. There is no formal limit on gearing, although the board sets borrowing limits to ensure gearing levels are appropriate to market conditions and bank borrowings are not expected to exceed 35% of net assets. The managers employ gearing actively; having been ungeared from August 2013 to January 2014, GCL's gearing increased gradually from February 2014 to reach 5.7% in May, before falling to zero again in June. While GCL started to increase gearing again in August and at 31 October 2014 it had risen to 15.5%, the manager reports that gearing was lowered to c 10% in November.

NCIM receives an annual management fee at the rate of 1.375% of gross assets (reduced from 2.0% on 1 January 2014). In addition, NCIM is entitled to a performance fee at the rate of 20% of outperformance above an 8% pa hurdle with a high watermark provision. No performance fees have been paid since 2007.

Dividend policy

GCL's investment objective is focused on capital growth and it has no formal dividend policy. No dividends have been declared since launch in 2006 and while it had £1.5m of revenue reserves at 31 March 2014 from which it is permitted to distribute dividends, there is no current intention to pay a dividend.

Peer group comparison

Exhibit 8 illustrates a closed-ended peer group comparison across the commodities and natural resources sector. We use the AIC specialist commodities and natural resources sector constituents, excluding CEB Resources (which distorts the averages), as the peer group. While GCL's NAV total return over three and five years is lower than the peer group average it is ahead of the peer group average over one year. In terms of risk-adjusted returns, GCL's negative Sharpe ratios over one and three years are similar to the majority of the peer group. GCL's ongoing charge of 2.96% is lower than the peer group average, although above the median. We estimate it should decrease to around 2.5% following the reduction in the management fee from 2.0% to 1.375% of net assets from January 2014.

Exhibit 8: Commodities and natural resources sector peer group, as at 16 December 2014

	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	Sharpe 1y (NAV)	Sharpe 3y (NAV)	Discount (ex par)	Ongoing charge	Perf. fee	Net gearing
Geiger Counter	16.6	(21.0)	(63.5)	(65.2)	(0.9)	(1.1)	(6.4)	2.96	Yes	115
Altus Resource Capital	22.0	(24.3)	(69.3)	(59.0)	(1.1)	(1.2)	0.1	2.47	Yes	94
Baker Steel Resources	23.3	(28.0)	(63.2)		(2.4)	(1.1)	(31.0)	2.17	Yes	100
BlackRock Commodities Income	88.6	(17.5)	(24.1)	(15.2)	(0.6)	(0.3)	4.6	1.39	No	102
BlackRock World Mining Trust	521.2	(29.3)	(51.4)	(44.6)	(1.3)	(0.9)	(7.6)	1.37	No	115
City Natural Resources	65.1	(15.6)	(55.3)	(38.4)	(0.6)	(1.2)	(19.6)	1.70	No	132
El Oro	45.1	5.0	(22.0)	(0.3)	(0.1)	(0.5)	(23.2)	2.23	Yes	152
Global Resources	9.5						(50.2)	2.01	Yes	121
Golden Prospect Precious Metals	16.2	(25.3)	(72.0)	(54.2)	(0.9)	(0.9)	(3.0)	2.37	Yes	101
International Oil & Gas Technology	4.6	(14.8)	(62.8)	(65.1)	(2.0)	(1.9)	(75.7)	4.44	Yes	97
New City Energy	11.4	(35.5)	(54.6)	(43.9)	(0.8)	(1.0)	(18.7)	3.35	Yes	121
Praetorian Resources	2.6	(44.8)			(1.8)		(43.1)	3.62	Yes	138
RAB Special Situations	6.5	(25.7)	(61.6)	(71.0)	(1.3)	(1.2)	(20.9)	4.31	Yes	97
Riverstone Energy	658.9	6.7			0.0		(15.9)	0.87	Yes	99
Tiger Resource Finance	1.6	(41.0)	(60.0)	(58.2)	(6.9)	(2.6)	(23.1)	24.09	No	47
Average	**99.5**	**(22.2)**	**(55.0)**	**(46.8)**	**(1.5)**	**(1.2)**	**(22.2)**	**3.96**		**109**

Source: Morningstar. Note: TR=total returns. 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 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/cash equivalents as percentage of shareholders' funds.

The board

The board comprises four directors, all of whom are non-executive and independent of the investment manager. George Baird (chairman) and Graeme Ross (also a director of R&H Fund Services, which provides administrative services to GCL) have been directors since GCL's launch in 2006. Richard Lockwood (appointed to the board in May 2011) founded NCIM in 2004 and was GCL's portfolio manager from launch until September 2010. NCIM was sold to CQS in October 2007 and Richard Lockwood is no longer involved in NCIM. James Leahy was appointed to the board in October 2014. He is a director of Bacanora Minerals, Mineral Commodities and Forte Energy and has over 29 years' experience in institutional investment, most recently focusing on the natural resources sector. Terry Ward, a director since GCL's launch, resigned at the end of 2013.

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60325 Frankfurt	London, WC1V 7EE	10167, New York	88 Phillip St, Sydney	Wellington 6011
Germany	United Kingdom	US	NSW 2000, Australia	New Zealand