

The Diverse Income Trust

Multi-cap income with small-cap growth prospects

The Diverse Income Trust (DIVI) differs from other UK Equity Income Trusts though its policy of investing in a wider universe of UK quoted stocks. Managers Gervais Williams and Martin Turner focus on those companies with the greatest potential dividend growth, since they believe that this will ultimately lead to the best returns. Currently this policy has led to only 35% or so of the portfolio being invested in the conventional large/mid-cap universe. In contrast many smaller stocks are growing their dividends rapidly, and the managers believe markets are now entering another period of smaller company outperformance. The DIVI strategy has delivered strong performance since launch in 2011.

12 months ending	Share price (%)	NAV (%)	Share price peer group (%)	FTSE All-Share (%)	FTSE 350 High Yield (%)
30/04/12	0.2	3.6	3.7	(2.0)	1.2
30/04/13	34.4	33.0	25.7	17.8	20.9
30/04/14	39.0	33.2	12.0	10.5	10.0
30/04/15	(6.3)	4.9	7.3	7.5	3.4

Source: Thomson Datastream, Morningstar. Note: Total return basis.

Investment strategy: Sustainable income growth

DIVI invests across the market cap spectrum (with a bias to smaller companies) to achieve an attractive and growing dividend income with the potential for long-term capital growth. The investment process is based on extensive company meetings and financial analysis and seeks companies with five key attributes: prospects for rising turnover; sustainable corporate margins; strong management, healthy balance sheets (many holdings have net cash and none is over-gearred); and share prices that reflect low expectations. The portfolio yields around 3.8% currently, though this does include an element of special dividend payments that will vary in future years.

Market outlook: Near-term volatility to be expected

UK equities have performed strongly year to date, with even the long out-of-favour FTSE AIM All-Share index achieving a total return of 7.5% from 1 January to 5 May, and the FTSE 100 reaching new all-time highs. However, with P/E valuations for the FTSE All-Share some way above their 10-year average, and with uncertainty around global economic growth, near-term volatility is likely. DIVI currently holds a put option on the FTSE 100 covering approximately one-third of the portfolio that would increase in value if markets were to suffer a major setback.

Valuation: Back at a premium after recent discount

DIVI has traded at a premium to cum-income NAV averaging 2.3% since launch in April 2011. Over three years the premium has averaged 2.5%, falling to 1.7% over the past 12 months. Recently investment trust discounts have widened across the board, but most noticeably among UK trusts, perhaps partly in recognition of poorer prospects for dividend growth among the largest stocks. DIVI's shares also moved to a discount in late April, but the return to around par may reflect the differentiated strategy. If the managers are correct about the imminent potential for the smallest stocks, the NAV may be due a period of performance catch-up.

Investment trusts

26 May 2015

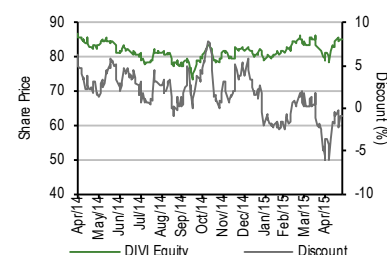
Price	85.3p
Market cap	£329.7m
AUM	£330.1m

NAV*	84.2p
Premium to NAV	1.3%
NAV**	86.1p
Discount to NAV	1.0%
Yield	2.8%

*Excluding income. **Including income. Data at 22 May 2015.

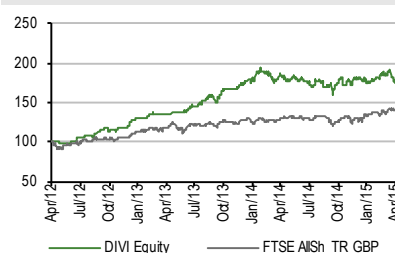
Ordinary shares in issue	386.7m
Code	DIVI
Primary exchange	LSE
AIC sector	UK Equity Income

Share price/premium performance



*Positive values indicate a premium; negative values indicate a discount. Including income.

Cumulative performance graph*



52-week high/low	86.3p	73.5p
NAV* high/low	86.1p	73.5p

*Adjusted for debt at market value, including income.

Gearing

Gross	0.0%
Net	-0.7%

Analysts

Sarah Godfrey	+44 (0)20 3681 2519
Andrew Mitchell	+44 (0)20 3681 2500
investmenttrusts@edisongroup.com	
Edison profile page	

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

DIVI's investment objective is to provide shareholders with an attractive and growing level of dividends, coupled with some capital growth over the longer term. It invests in a diversified portfolio primarily of quoted or traded UK companies, with a bias towards small- and mid-cap stocks. It may also invest in FTSE 100 companies where the manager believes this will increase shareholder value. As a stock-specific portfolio, there is no benchmark, but DIVI targets income growth higher than other income funds.

Recent developments

16 Mar 2015: Third interim dividend of 0.5p announced.

29 January 2015: Half-year results for the six months ended 30 November. NAV TR of -3.2% and share price TR of -1.1%. FTSE All-Share TR -1.7%.

Forthcoming

AGM
Annual results
Year end

October 2015
August 2015
31 May

Capital structure

Ongoing charges
Net gearing
Annual mgmt fee

1.27%
-0.6%
1.0% of market cap
(0.8% above £300m)

Fund details

Group: Miton Group
Manager: Gervais Williams, Martin Turner
Address: 6th floor, Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB
Phone: +44 (0) 20 3714 1501
Website: www.mitongroup.com

Dividend paid

Quarterly

Performance fee

None

Launch date

28 April 2011

Trust life

Indefinite

Continuation vote

None – annual redemption

Borrowing facilities

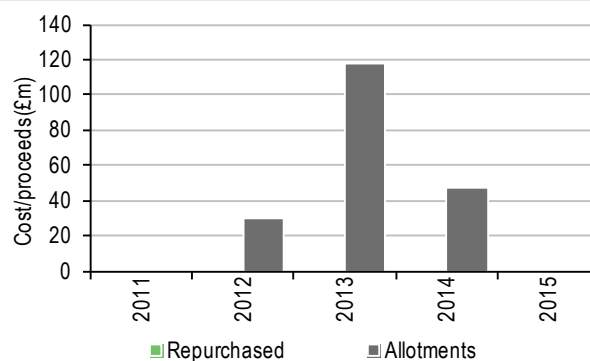
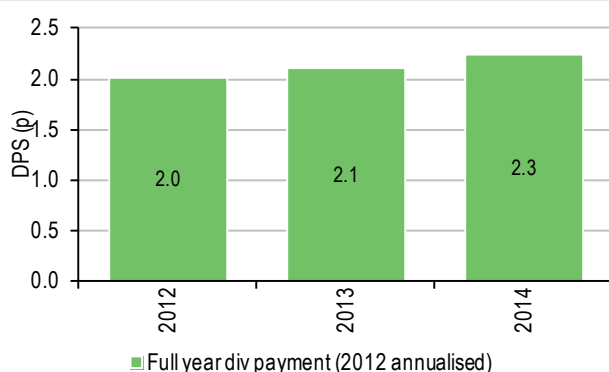
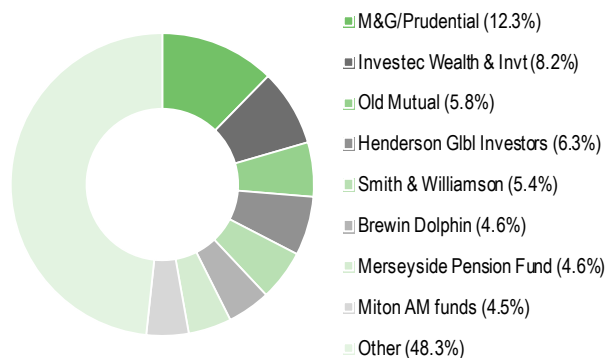
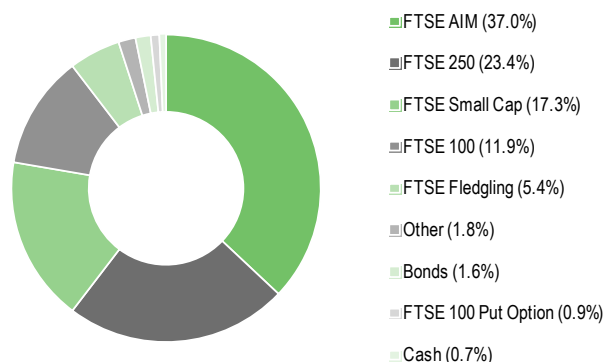
£7.5m overdraft facility

Dividend policy and history

Quarterly dividends are paid in November, February, May and August. DIVI distributes substantially all of its income, net of costs, annually.

Share buyback and issuance policy and history

Renewed annually, DIVI has authority to purchase up to 14.99% and allot up to 10% of issued share capital. Subject to directors' discretion, DIVI offers investors an annual facility to redeem all or part of their shareholding at NAV minus costs.


Shareholder base (as at 30 April 2015)

Distribution of portfolio (as at 31 March 2015)

Top 10 holdings (as at 31 March 2015)

Company	Index	Sector	Portfolio weight %	
			31 March 2015	30 September 2014
Shoe Zone	FTSE AIM	Footwear retailer	2.1	2.0
Powerflute	FTSE AIM	Paper & packaging	1.6	1.8
Fairpoint Group	FTSE AIM	Speciality finance	1.6	1.9
SQS Software Quality Systems	FTSE AIM	Software quality& testing	1.5	2.0
Bioventix	FTSE AIM	Biotechnology	1.5	1.6
Safestyle UK	FTSE AIM	Home improvement	1.5	1.7
Novae Group	FTSE Small	Non-life insurance	1.5	N/A
Charles Taylor	FTSE All-Share	Insurance services	1.4	2.0
Direct Line Insurance	FTSE 100	Non-life insurance	1.4	N/A
Catlin Group	FTSE 250	Non-life insurance	1.4	N/A
Top 10			15.5	17.4
Top 20			29.2	29.9
Cash			0.7	1.3

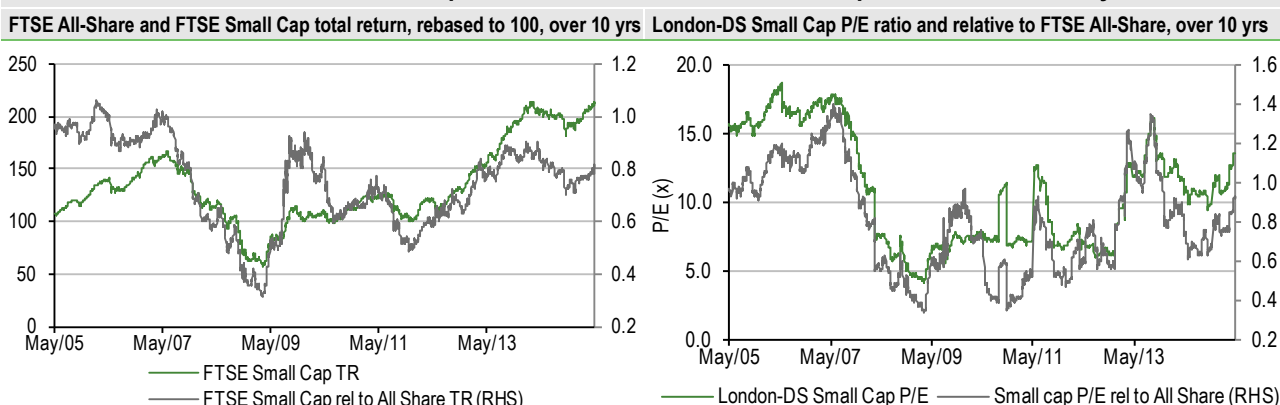
Source: The Diverse Income Trust, Edison Investment Research, Morningstar, Bloomberg. Note: N/A where not in the top 10 at 30 September 2014.

Market outlook: Hunt for value opportunities

Most UK equity indices have enjoyed strong performance so far in 2015, with the FTSE 100 index reaching new all-time highs in April. However, pertinent to a trust that invests for income and has a large part of its portfolio in shares listed on the Alternative Investment Market (AIM), high-yielding and AIM stocks have performed worse than the wider market over 12 months. On a longer view, smaller company returns have also underperformed over 10 years (Exhibit 2, left-hand chart), but have outperformed since the turn of the year – as has the AIM index – suggesting something of an improvement in sentiment.

As shown in Exhibit 2 below (right-hand chart), price/earnings ratios on small-cap stocks (measured by the Datastream London Small Cap index) have largely converged with the average P/E of the FTSE All-Share after a brief period in 2013 when they stood at a premium (shown by the right-hand, relative scale), standing at a P/E of 13.5x at 5 May compared with 14.7x for the All-Share. In both cases these are noticeably ahead of 10-year averages. However, index-level P/Es do not paint a full picture – they may be skewed by overrepresentation of some sectors such as financials and mining – and patient investors may still be able to achieve superior returns through a focus on well-managed, conservatively financed companies whose share prices do not reflect their intrinsic value.

Exhibit 2: FTSE All-Share and small-cap valuation metrics and total return performance over 10 years



Source: Thomson Datastream, Edison Investment Research. Note: Data to 30 April 2015.

Fund profile: Growing income across the size divide

The Diverse Income Trust (DIVI) is a relatively new investment trust, launched in April 2011 with the aim of achieving an attractive and growing income (dividend yield of 2.9% at 5 May), as well as the prospect of capital growth from a multi-cap portfolio of UK companies. It is managed by Gervais Williams – a small-cap specialist and managing director of management group Miton Asset Management – and Martin Turner. The trust has grown in size significantly since launch, through C share issues in 2012, 2013 and 2014 and a merger with Miton Income Opportunities Trust in September 2013, adding 286.7m shares to the 100m issued at launch.

DIVI sits in the AIC's UK Equity Income sector, in recognition of its income objective, although the majority of peers have a larger-cap focus. Miton has recently launched the UK MicroCap Trust, also managed by Williams, although the manager says the new investment trust will select stocks from a different area of the market – those smaller stocks not yet paying sustainable dividends – and as such will not add to any capacity problems for DIVI and its open-ended stablemate Miton Multi Cap Income. Between them DIVI and the OEIC currently have assets under management of c £700m, and Miton has suggested the strategy has a capacity of c £750m, with roughly one-third in large and mid-cap and two-thirds in small-cap stocks.

The fund managers: Gervais Williams & Martin Turner

The managers' view: Small-caps set for superior returns

The managers' investment outlook has for some time been predicated on the view that the world is moving into a post-credit boom era. This has been supported by data in recent months suggesting world GDP growth may be moderating. In spite of the boost to European equity markets from the introduction of quantitative easing in the eurozone, the managers argue that QE in the US and UK has not added a great deal to economic growth, and the recovery on both sides of the Atlantic is beginning to look increasingly fragile.

DIVI's managers point to the superior performance of smaller companies in the period of lacklustre economic growth from the mid-1950s to the late 1980s as supportive of better returns in the post-credit boom era. Such returns can be achieved because the management of smaller, UK-based companies can take a more local view when making investment decisions than would be the case for larger multinationals. Williams argues that smaller companies are better at driving through the productivity improvements that lead to higher dividends, with dividend growth on average 4% a year higher than that of large companies. He says smaller companies also offer more sustainable dividend growth prospects, as many large companies have grown their dividends principally by reducing dividend cover, leaving their dividends vulnerable to any future falls in earnings.

Smaller companies have tended over the long term to produce superior returns to larger companies. However, because large company returns have been respectable in a low-inflation, low-interest rate environment (an annualised total return of 7.6% from the FTSE 100 over 10 years to 30 April), investors have not needed to chase the extra returns offered by small-caps. DIVI's managers believe this is set to change, with forecast investment returns in general being more modest in the years ahead. They also argue that there is more headroom for dividend growth in smaller companies.

DIVI is a multi-cap fund, although it is heavily skewed to the smaller end of the market. As such, the managers say they will continue to invest wherever they can find a good and growing income, whether this be in the FTSE 100 (where Direct Line Insurance is yielding 4.7%) or at the smaller end, where the £138m AIM-listed Safestyle is yielding c 7%.

Asset allocation

Investment process: Five key questions

The managers of DIVI look broadly for stocks with dividend yields of 4% or more (current portfolio yield is 3.8%) and sustainable prospects for dividend growth. They have a broad universe of c 1,600 companies from across the whole UK stock market, including AIM stocks, with a bias towards under-researched smaller companies. Stock selection is based on a rigorous programme of company meetings (the managers see 50-80 firms a month) and financial analysis, with a traffic light system (green, amber or red) used to assess companies based on the answers to five key questions:

- Does the company have decent prospects for rising turnover?
- Can margins be sustained or improved?
- Can the management build real intrinsic value?
- How much financial headroom is there on the balance sheet?
- Are there low expectations built into the share price?

Positive answers to all five questions may result in inclusion in the portfolio; the sell discipline is the opposite of the buy discipline, and holdings that trigger 'red lights' may be sold. Examples of recent sell decisions include Tesco (in autumn 2014), which triggered a red light on corporate margins, and Shell, which failed the first test of top-line growth.

The portfolio has a relatively long list of holdings (100+) with new positions tending to come in at around 1%, or 1.5% for higher-conviction purchases.

Current portfolio positioning

At 31 March 2015 DIVI had 135 holdings. This is towards the higher end of its stated range of 80-140, in recognition of the fact that the managers are still able to find plenty of companies with the qualities they seek; in poor economic and market conditions, the stock list is likely to be shorter. The top 20 holdings at this date accounted for 29.2% of the portfolio, largely unchanged on six months earlier.

The portfolio is biased towards smaller companies, with c 35% in the FTSE 350 and the balance in FTSE Small Cap, Fledgling and AIM stocks. At 37% of the portfolio, AIM stocks represent the largest weighting. The managers point out that given the index's history as a repository of tech stocks before the TMT bubble and later resources companies during the 'commodity supercycle', many investors have lost money on AIM stocks and developed an aversion to the index. However, they argue that AIM still contains many companies with strong balance sheets and the potential to produce good long-term returns.

Exhibit 3: Sector allocations as at 28 February 2015

	Portfolio weight (%)	FTSE All-Share weight (%)	Trust active weight (%)	Trust weight/FTSE All-Share weight
Financials	33.3	22.5	10.8	1.5
Industrials	17.9	10.5	7.3	1.7
Technology	8.2	1.6	6.5	5.0
Telecommunications	5.9	5.0	0.9	1.2
Consumer services	12.3	12.0	0.3	1.0
Basic materials	7.5	7.5	0.0	1.0
Utilities	0.8	3.7	-2.9	0.2
Healthcare	3.9	8.9	-5.1	0.4
Consumer goods	7.0	15.4	-8.4	0.5
Oil & gas	0.0	12.8	-12.8	0.0
Other	2.8	0.0	2.8	n/a
Cash	0.5	0.0	0.5	n/a
	100.0	100.0	0.0	

Source: The Diverse Income Trust, Edison Investment Research. Note: Ranked by active weight (ex-cash).

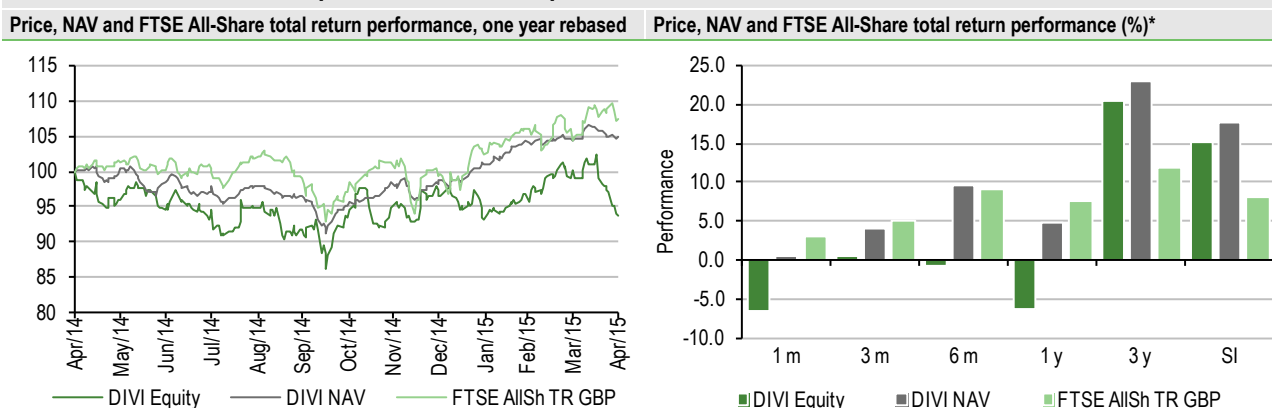
As shown in Exhibit 3 above, the largest sector weighting (based on 28 February data) is to financials, with the majority of this (20.3% of the portfolio) in insurance and related services. This is an area that has been boosted by foreign takeover bids for stocks including Catlin (a top 10 holding at 31 March) and BRIT. Financials and insurance have tended to 'punch above their weight' in terms of income, producing 37% of portfolio income according to the most recent half-year report, while representing 18.5% of the portfolio. However, the managers are not worried about the loss of income to the portfolio as a result of the takeovers; they point out that because of the breadth of their universe there are plenty of attractive stocks from which to choose.

As a 'go anywhere' UK income fund without a formal benchmark, the managers can avoid areas they find unattractive, and at present they hold no tobacco, only one major bank (HSBC), very little healthcare and almost nothing in oil, gas or mining. Shoe Zone, a budget footwear retailer bought at IPO in June 2014 on a 10x P/E and with a yield of 6%, is the largest holding, at 2.1% of the portfolio. The company's shares recently fell back towards their issue price after a profit warning and news of a potential dividend cut.

The portfolio includes a FTSE 100 put option with a strike level of 5,800 (c 16.5% below the current index level), which offsets market risk for around one-third of the portfolio. The managers took advantage of favourable prices because of a dip in volatility after the introduction of eurozone QE and extended the option from its original expiry date of June 2015 to June 2016. The cost of the option is c 0.07% a month until expiry.

Performance: Small-cap reversal dents recent returns

Exhibit 4: Investment trust performance to 30 April 2015



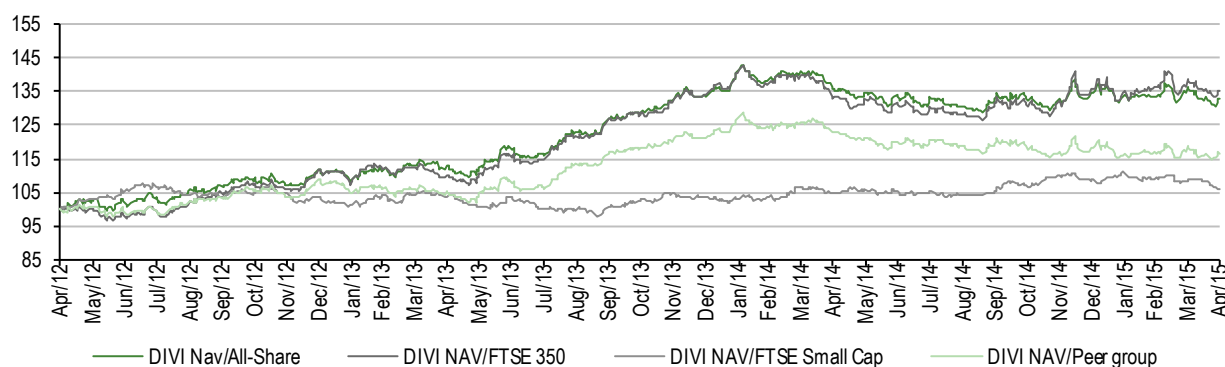
Source: The Diverse Income Trust, Thomson Datastream, Edison Investment Research. Note: *Three years and SI (since inception) annualised. Inception date is 28 April 2011.

Exhibit 5: Share price and NAV total return performance, relative to benchmarks (%), to 30 April 2015

	One month	Three months	Six months	One year	Three years	Since launch
Price relative to FTSE All-Share	(9.3)	(4.3)	(9.2)	(12.8)	25.0	27.9
NAV relative to FTSE All-Share	(2.5)	(1.1)	0.5	(2.4)	32.7	40.0
Price relative to FTSE 350 High Yield	(9.4)	(3.3)	(6.6)	(9.4)	27.3	26.0
NAV relative to FTSE 350 High Yield	(2.7)	(0.1)	3.3	1.4	35.0	37.9
Price relative to FTSE AIM All-Share	(11.3)	(8.1)	(5.8)	1.0	75.3	106.6
NAV relative to FTSE AIM All-Share	(4.7)	(5.1)	4.1	13.0	85.9	126.1
Price relative to UK Equity Income peer group	(9.8)	(4.4)	(11.8)	(16.5)	8.2	(10.1)
NAV relative to UK Equity Income peer group	(3.1)	(1.2)	(2.4)	(6.6)	14.8	(1.6)

Source: The Diverse Income Trust, Thomson Datastream, Edison Investment Research, Morningstar. Note: Geometric calculation.

Exhibit 6: DIVI NAV vs comparators, total returns over three years, rebased to 100



Source: The Diverse Income Trust, Thomson Datastream, Edison Investment Research, Morningstar

DIVI has a strong performance record since launch (annualised total returns of c 15-20%), but has been weaker over the past year as smaller companies in general, and AIM stocks in particular, have fallen from favour. Over this period NAV total return performance has been better than share price performance, as the shares have moved from a premium to a discount to NAV. The trust has underperformed all the comparators in Exhibit 5 over the most recent periods; however, it has outperformed the FTSE AIM All-Share index by 13% in NAV total return terms over one year, in spite of a surge in the AIM index during April.

The longer-term relative performance trend can be seen in Exhibit 6, with NAV outperformance of all the comparator indices over three years. Outperformance has been most marked versus larger companies (the FTSE All-Share and FTSE 350 Higher Yield are significantly weighted to the FTSE 100) and least so relative to the FTSE Small Cap (excluding investment companies).

Discount: Close to par after recent widening

DIVI has traded more or less consistently at a premium to cum-income NAV since launch, averaging 2.3%. In April 2015 it moved to a discount, which stood at 5.9% (its widest point since inception) at 30 April, but had narrowed to 1.0% at 22 May. The spike may have been as a result of uncertainty around the UK election, the underperformance of smaller versus larger companies over the past year, or a combination of the two. The trust may issue or buy back shares to manage a premium or discount; in practice it has preferred to use C share issues to meet excess demand, and offers an annual redemption facility (see Capital structure, below) to investors who wish to exit at NAV minus costs. In spite of the recent widening, DIVI still trades at a tighter discount than most of its peers in the UK Equity Income sector (see Peer group comparison) as well as the UK Smaller Companies sector (14.4% average discount at 30 April).

Exhibit 7: Discount/premium over three years, including income



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

Capital structure and fees

DIVI had 386.7m shares in issue at the beginning of May 2015. It has grown significantly since launch through three C share issues and the merger with Miton Income Opportunities Trust. An annual redemption facility offers investors the ability to redeem their shares at NAV minus costs at 31 May each year (redemption requests to be made by the end of April). Historically, this facility has been very lightly used because DIVI's shares have stood at a premium. However, after the shares moved to a discount during April 2015, redemption requests were received in respect of 5.7m shares. Shares that are redeemed may be held in a redemption pool or sold in the market at NAV. DIVI may gear up to 15%, but at 31 March had a small net cash position of 0.7%.

Miton Asset Management receives an annual management fee of 1.0% of market capitalisation up to £300m and 0.8% above £300m. Fees are charged 25% to income and 75% to capital. Ongoing charges at the 30 November half-year end were estimated at 1.25%.

Dividend policy and record

DIVI aims to achieve a growing income rather than a high but potentially unsustainable yield. It pays dividends quarterly, typically with the fourth interim being larger than the first three. So far in FY15 it has declared three interim dividends of 0.4p, 0.5p and 0.5p. The full-year dividend for FY14 was 2.25p, which was a 7% increase on the previous year's total dividend of 2.1p. Dividends have been fully covered by income since DIVI's launch. The trust focuses on investing in companies with higher yields (typically 4%+), good records of dividend growth and strong balance sheets without too much debt. The underlying portfolio yield is c 3.8% and DIVI's own dividend yield is 2.8% based on the 22 May share price of 85.3p.

Peer group comparison

Exhibit 8: UK Equity Income investment trusts

% unless stated	Market cap £m	TR one year	TR three years	TR five years	Ongoing charge	Perf. fee	Discount (-) /premium	Net gearing	Yield	Sharpe NAV 1 yr	Sharpe NAV 3 yr
Diverse Income Trust	330.0	8.2	99.3		1.3	No	-0.4	100.0	2.8	0.7	2.5
City of London	1251.0	11.9	69.9	103.5	0.4	No	1.2	106.0	3.7	1.1	1.4
Dunedin Income Growth	394.1	4.3	55.6	82.0	0.6	No	-7.9	107.0	4.3	0.4	1.0
Edinburgh Investment	1343.6	20.1	76.9	127.4	0.7	No	-3.8	108.0	3.4	1.7	1.5
F&C Capital & Income	253.4	8.6	52.5	69.6	0.7	No	-2.2	107.0	3.7	0.9	1.2
Finsbury Growth & Income	667.0	21.1	98.4	146.9	0.8	No	0.8	104.0	1.9	1.5	1.7
JPMorgan Claverhouse	341.3	12.1	77.5	88.8	0.7	Yes	-7.2	119.0	3.5	0.9	1.2
Lowland	375.1	9.5	85.4	151.0	0.6	Yes	-5.2	114.0	2.7	0.6	1.5
Merchants Trust	534.1	7.6	67.9	93.0	0.6	No	-4.2	117.0	4.8	0.7	1.1
Murray Income Trust	522.5	4.4	54.8	81.0	0.7	No	-6.5	106.0	4.1	0.5	1.1
Perpetual Income & Growth	996.5	18.0	90.0	131.8	0.9	Yes	-2.4	116.0	2.9	1.9	2.0
Temple Bar	811.8	7.1	63.4	91.9	0.5	No	-3.6	95.0	3.2	0.8	1.4
Weighted average (23 fds)		12.9	74.8	109.3	0.8		-3.1	110.2	3.4	1.2	1.5
DIVI rank in sector	11	18	1	n/a	6		5	19	22	19	1

Source: Morningstar, 19 May 2015, Edison Investment Research. Note: Excludes trusts with less than £200m market cap. Notes: TR = NAV 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 periods by dividing a fund's annualised excess returns over the risk-free rate by its annualised standard deviation. Net gearing is shown here as total assets less cash/cash equivalents as a percentage of shareholders' funds. 100 = ungeared.

DIVI is a member of the AIC's UK Equity Income (previously UK Growth & Income) sector, a diverse group of 23 funds in which most peers have a more large-cap focus. Exhibit 8 above excludes those with market capitalisations under £200m. Over three years DIVI's NAV total return performance places it first in the sector; however in a tougher environment for smaller companies it has fallen to 18th of 23 over one year. Risk-adjusted performance as measured by the Sharpe ratio paints a similar picture – first over three years and 19th over one year. DIVI's yield is somewhat below average and its ungeared position is in contrast to most peers, with the average fund having gearing of c 10%. Discounts have widened in general for the sector, but DIVI's 0.4% discount at 19 May (according to Morningstar) was tighter than the peer group average.

The board

DIVI has five non-executive directors. Michael Wrobel (chairman), Paul Craig, Lucinda Riches and Jane Tufnell were all appointed at the trust's launch in April 2011. Tom Bartlam joined the DIVI board in September 2013 on the merger with Miton Income Opportunities Trust, of which he was a director. All the directors have backgrounds in fund management or corporate finance.

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 The Diverse 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 2015. "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.