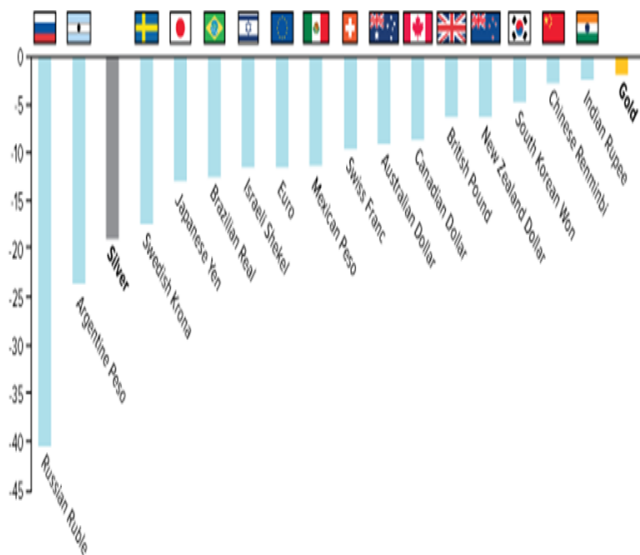


Gold is Second Best Performing Currency of 2014

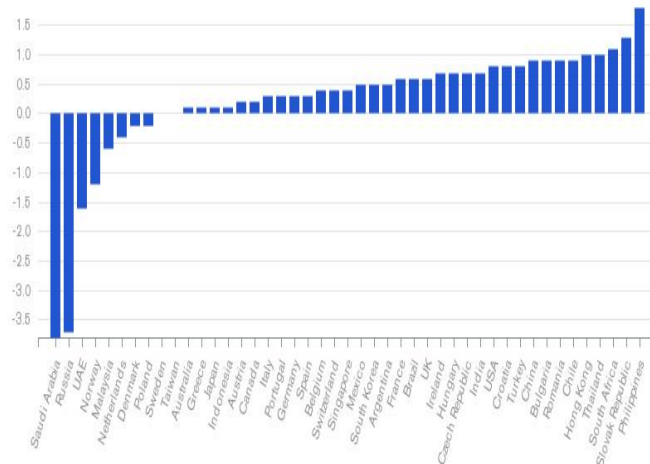
Currency Performance vs. U.S. Dollar



Source: Hard Assets Investor, U.S. Global Investors

This is Your World on \$40 Oil

Effect on GDP growth in 2015-'16 of oil at \$40 a barrel vs. \$84



Source: Oxford Economics Ltd.

Bloomberg



Post Oil-Crash Markets

MARKETS NOW 12th JANUARY 2015

David Fuller, Charles Elliott, Iain Little, Bruce Albrecht

What is “Markets Now”?

A Lively Forum for Sharing Investment Ideas

1. Big Picture Strategy (DF, BA)
2. “Private client” high quality, long term ideas (IL)



■ *Our promise:*

- INDEPENDENT, GLOBAL INVESTMENT ADVICE
- NO SALES, NO HYPE, NO MARKETING
- NO PRODUCT PUSHING


■ *Please contribute with:*

- QUESTIONS
- CONCERNS



What Is The Biggest Risk for Private Investors?

THE ENEMY

		1979	1994	2009	2013
RPI		100	240	357	413
 BAR~		100 (57g)	192 (65g)	315 (58g)	494 (51g)
SCHOOL FEES		100	491	1145	1319
HOUSE PRICES*		100	307	729	784
UK LIFE EXPECTANCY AT 65#	(M)	13	14	17	21
	(F)	17	18	20	24

Don't believe a word of it! Your number is 1000+

That's inflation too

Tell me about it!

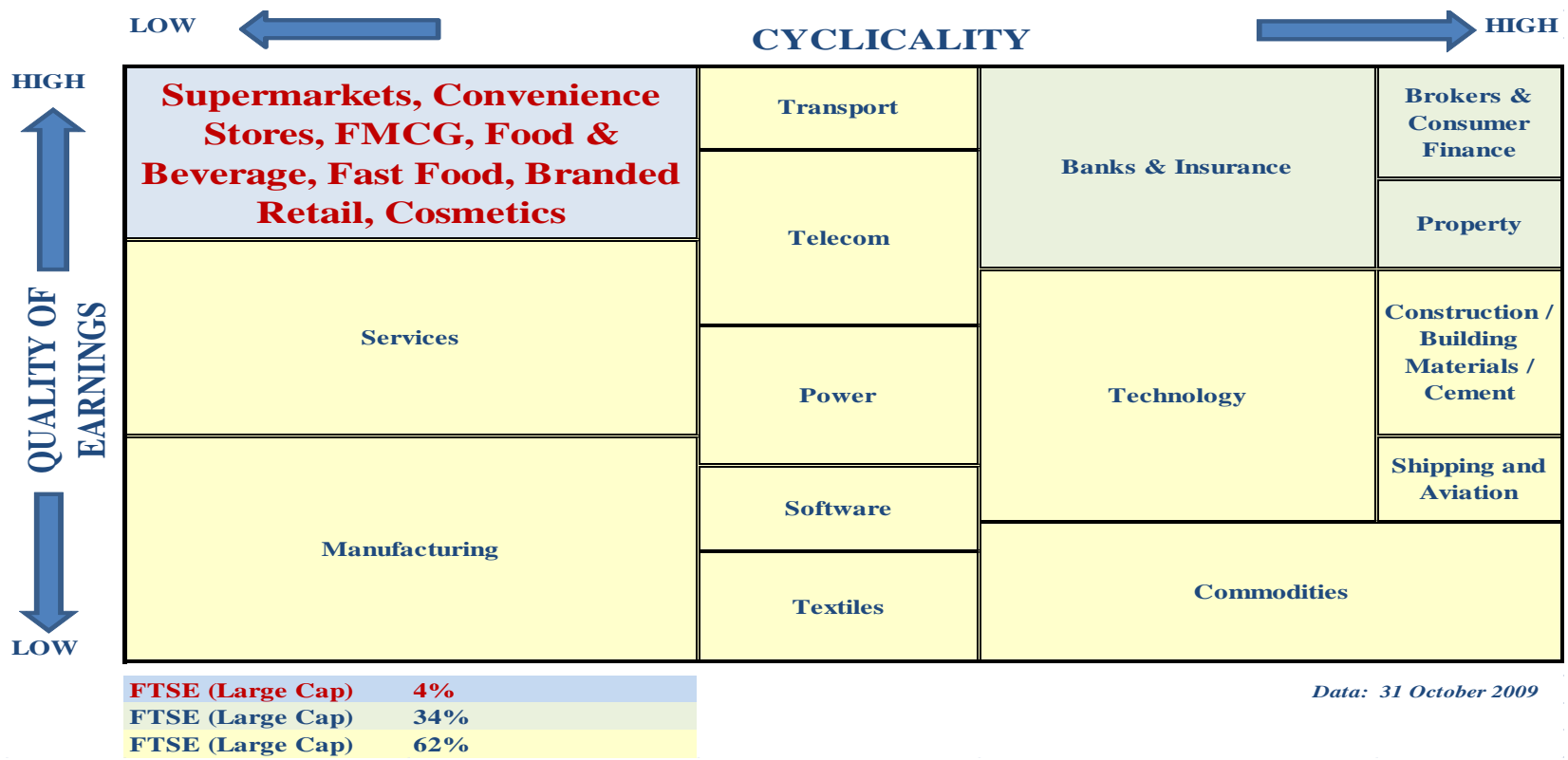
21+24=45

45 x £50,000 pa = £2.25mn
50% healthcare costs last 2 yrs of life

~ Adjusted for weight (g)
* Nationwide Building Society Index
Office for National Statistics



What Is The Perfect Investment (Equities)?



Source: Arisaig Partners

- Quality Private Client investments mainly found Top Left Hand Corner: simple businesses, high cash flow, investor friendly

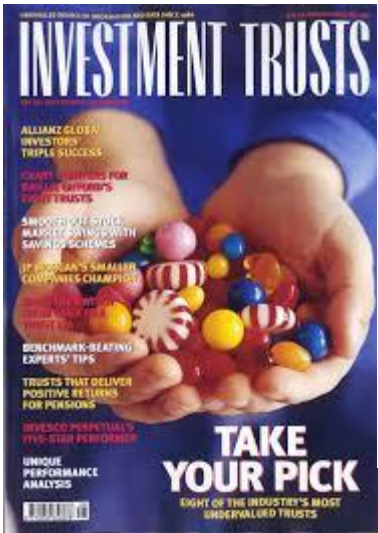
What Is The Perfect Investment (**Funds**)?

1. **Long-term** (does better than.....)
2. **Leverage**, but only if needed
3. **Discounts** to real asset value («Leverage at a discount»)
4. **Governance**: proper auditing, proper board, transparency
5. **Know-How proven** over 100+ years
6. **Liquid**, but... (real time trading on SE)
7. **Low management costs** (1/4 to 1/2 the cost of rivals)
8. **New money non-dilutive** (if successful /at discount)
9. **Global** but can be specialist?
10. **Daily** valuations, daily reporting
11. **Yield**. Growing dividend stream payable out of «Reserves»
12. **Elected management**, retail participation, proper AGMs
13. **Information inefficiencies**. Hated by brokers

What Is The Perfect Investment?

CORE and SATELLITE approach

Investment Trusts/ Closed-end Investment companies



SINCE 1909 SCOTTISH Mortgage Investment Trust PLC
Over 100 years of astute investing



SINCE 1873 The Scottish American Investment Company P.L.C.
Over 135 years of astute investing

SINCE 1929 The Monks Investment Trust PLC
Over 80 years of astute investing



British Empire
Securities and General Trust p.l.c.



Schroder Real Estate Investment Trust

Since last Time (November 10th) we.....

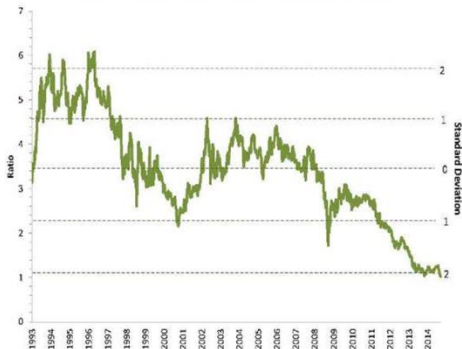
☐Added Ballie Gifford Shin Nippon Trust



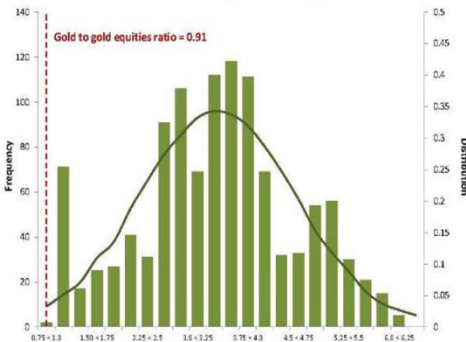
☐Featured Gold, precious metals

- Remember these powerful charts?

Gold shares ratio to gold has reached new extremes



Historical Gold Equities to Gold Ratio



A Time for the Brave to Catch a Falling Knife

Silver has a rare 'daily Downside Caputlation alert'. The signal requires both an over extended downtrend and an oversold reading in our short term Summation oscillator which measures urgency on the part of sellers. This is only the fourteenth set of alerts since 1965. Only two instances saw silver and gold fail to generate an interim bottom within two trading days. The mining indices, as represented by the XAU, generally stepped higher over the next four to six weeks. The 20 and 50-day moving averages become optimum targets.

Capitulations noted with red circle on the silver charts



Since last Time (November 10th) we....

.....Finalized 2014 performance

Asset	Asset-Sub	Asset-Description	PctYtD	Asset	Asset-Sub	Asset-Description	PctYtD
Commodity	Iron Ore	Iron Ore delivered to Qingdao	-43.75%	Equity	Japan	NIKKEI 225	0.01%
Commodity	Oil	WTI CRUDE FUTURE Feb15	-37.90%	Currency	JPY-EUR	JPY-EUR X-RATE(x100)	0.11%
Equity	Greece	Athex Composite Share Pr	-33.70%	Bonds	UK Corp Short	THREADNEEDLE-UK S D CP B-IIG	0.95%
Commodity	Natural Gas	Generic 1st 'NG' Future	-27.38%	Equity	Europe Con Staple	MSCI Europe Consumer Staples U	1.24%
Commodity	Rice	Generic 1st 'RR' Future	-21.24%	Currency	CHF-EUR	CHF-EUR X-RATE	1.87%
Equity	Gold Miners	MARKET VECTORS JR GOLD MINER	-18.06%	Currency	AUD-EUR	AUD-EUR X-RATE	4.23%
Equity	Europe Energy	MSCI Europe Energy USD	-17.16%	Equity	Switzerland	SWISS MARKET INDEX	4.30%
Commodities	Silver	SILVER FUTURE Mar15	-15.18%	Equity	Canada	S&P/TSX COMPOSITE INDEX	4.51%
Equity	Precious Metals	PHILA GOLD & SILVER INDX	-13.09%	Bonds	Canada	BBG Canada Sov	4.61%
Currency	EUR-USD	EUR-USD X-RATE	-12.25%	Equity	Gold	ISHARES GOLD CH	5.61%
Commodities	Copper	COPPER FUTURE Mar15	-10.35%	Bonds-US	Euro Sov	BBG Eurozone Sov	5.67%
Equity	Poland	WSE WIG INDEX	-9.19%	Bonds	Euro zone	BBG Eurozone Sov	5.67%
Equity	LatAm	ISHARES LATIN AMERICA 40 ETF	-8.69%	Hedge	Global	HFRX Global Hedge Fund Index	5.71%
Equity	Europe Matrerials	MSCI Europe Materials USD	-8.54%	Bonds	Global	BBG Glob Dev Sov	6.44%
Commodity	Corn	CORN FUTURE Mar15	-8.44%	Equity	Europe Utilities	MSCI Europe Utilities USD	6.80%
Equity	Europe Industrials	MSCI Europe Industrial USD	-8.33%	Currency	GBP-EUR	GBP-EUR X-RATE	7.18%
Equity	Brazil	BRAZIL IBOVSPA INDEX	-8.12%	Equity	HK	HANG SENG INDEX	7.68%
Equity	France	CAC 40 INDEX	-7.21%	Equity	Europe Health	MSCI Europe Health Care USD	8.84%
Commodity	Coal	CIF ARA Steam Coal Current Mon	-6.81%	Commodity	Uranium	Generic 1st 'UXA' Future	8.95%
Commodities	Platinum	PLATINUM FUTURE Jan15	-6.79%	Hedge	FoF	HFRI Fund of Funds Composite I	9.28%
Equity	Italy	FTSE MIB INDEX	-6.27%	Bonds	Emerging	HFRI Fund of Funds Composite I	9.28%
Equity	Euroland	Euro Stoxx 50 Pr	-5.58%	Commodity	Aluminium	LME ALUMINIUM 3MO (\$)	9.41%
Equity	Mexico	MEXICO IPC INDEX	-4.66%	Equity	World X-UK	MSCI WORLD x UK	10.64%
Equity	Europe Financials	MSCI Europe Financials USD	-4.25%	Bonds	Emerging	BBG USD EM Comp	12.32%
Equity	Germany	DAX INDEX	-4.01%	Equity	UK Net Return	MSCI Daily TR Net World Ex UK	12.63%
Equity	Sweden	OMX STOCKHOLM 30 INDEX	-3.35%	Property	UK Commercial	F&C COMMERCIAL PROPERTY TRUS	13.20%
Commodity	Wheat	WHEAT FUTURE(CBT) Mar15	-3.35%	Bonds	USA	BBG USD IG Comp	13.43%
Equity	Spain	IBEX 35 INDEX	-3.29%	Currency	USD-JPY	USD-JPY X-RATE	13.85%
Equity	UK	FTSE 100 INDEX	-2.71%	Currency	USD-EUR	USD-EUR X-RATE	13.90%
Equity	Australia	S&P/ASX 200 INDEX	-1.69%	Equity	USA	DOW JONES INDUS. AVG	14.32%
Equity	Netherlands	AEX-Index	-1.43%	Bonds	UK	BBG UK Sov	14.67%
Commodity	Gold Physical	Gold Spot \$/Oz	-1.41%	Commodities	Paladium	PALLADIUM FUTURE Mar15	17.57%
Equity	Europe Con Disc	MSCI Europe Consumer Discretio	-1.06%	Property	UK	ISHARES UK PROPERTY	18.30%
Bonds	UK Short Dated	SMITH&WILLIAM SH DT CORP B-B	-0.64%	Equity	Dubai	DFM GENERAL INDEX	19.07%
Equity	Europe IT	MSCI Europe Information Techno	-0.44%	Equity	Qatar	QE Index	25.84%
Equity	Europe Telecom	MSCI Europe Telecommunication	-0.18%				
Currency	EUR-JPY	EUR-JPY X-RATE	-0.08%				

Since last Time (November 10th) we.....

- ❑created the **Trusts In Focus (TIF)** Service
- ❑ Universe c300 closed end (*mainly UK*) investment trusts monitored
- ❑ Always 12 equally-weighted trusts held in **Trusts In Focus (TIF)**
- ❑ If we sell an investment trust, we must replace it
- ❑ Changes to 12 MP trusts recorded (1.25% trading costs B/S)
- ❑ Research available to «Markets Now» attendees
 - ❑ *3rd party adviser research referenced*
 - ❑ *FullerTreacy Money one of 20+ 3rd party advisers*
 - ❑ *In-House Cooking/ P&C research*
- ❑ Performance review / indecent striptease every «Markets Now»



How Are We Doing: **Trusts In Focus?** Performance So Far (since 7/3/14)

P&C GLOBAL WEALTH MANAGERS		<u>Ticker</u>	<u>Sector</u>	<u>Core/ Satellite</u>	<u>Date</u>	<u>Price then</u>	<u>Price Now</u>	<u>Pr/(Disc) NAV</u>	<u>Yield (%)</u>	<u>GBP Performance</u>
<u>General equities</u>										
Scottish American Inv Trust	SCAM:LN	General, global	Core	09.05.2014	2.49	2.48	<u>-6.0%</u>	4.3%	-0.5%	
British Assets Trust	BSET:LN	UK + Rest of Wld	Core	09.05.2014	1.40	1.31	<u>-8.0%</u>	5.0%	-6.3%	
British Empire Securities	BTEM:LN	General, global	Core	09.05.2014	4.95	5.18	<u>-11.0%</u>	2.0%	4.7%	
Scottish Mortgage Inv Trust	SMT:LN	General, global	Core	09.05.2014	1.93	2.53	<u>-1.0%</u>	1.2%	31.2%	
Baillie Gifford Shin Nippon Tr	BGS:LN	Japanese Small equ	Satellite	10.11.2014	3.11	3.16	<u>-3.0%</u>	0.0%	1.6%	
<u>Emerging, Frontier, Growth</u>										
JP Morgan Emerging Mkts Tr	JMG:LN	Developing markets	Satellite	07.03.2014	5.05	6.08	<u>-10.0%</u>	1.0%	20.4%	
New India Investment Trust	NII:LN	India	Satellite	07.03.2014	2.00	3.34	<u>-8.0%</u>	0.0%	67.2%	
Aberdeen Asian Smaller Cos Tr	AAS:LN	Asian smaller cos	Satellite	07.03.2014	8.02	9.39	<u>-6.0%</u>	1.0%	17.1%	
<u>Mines, Gold, Res, Hard Assets</u>										
Blackrock World Mining Trust	BRWM:LN	Mining companies	Satellite	07.03.2014	4.92	3.20	<u>-10.0%</u>	6.8%	-34.9%	
<u>Alternative/ sectoral</u>										
Personal Assets Trust	PNL:LN	General, gold bias	Core	09.05.2014	33'200	35'320	<u>1.0%</u>	1.2%	6.4%	
Polar Capital Technology	PCT:LN	Global technology	Satellite	08.01.2015	5.85	5.85	<u>0.5%</u>	0.0%	0.0%	
Impax Environmental Mkts	IEM:LN	Water and Ecology	Satellite	07.03.2014	1.50	1.52	<u>-11.0%</u>	0.8%	1.6%	
								<u>Average Yield (not inc in perf):</u>	<u>1.9%</u>	
								<u>% Total Performance (before dividends):</u>	<u>9.0</u>	

12 Long Term Ideas (CORE)

Scottish American Inv Trust



- **Now after u/perf -6% disc NAV**, GBP 322mn Mkt Cap, **4.3% yield**
- Mgt Baillie Gifford (Dominic Neary), fee 0.45% (geared 125%)
- Object: beat inflation, growth income and capital
- **39% Europe**, 21% N America, 16% Asia, 18% Fixed Inc/Property
- AMLIN 2%, Rio Tinto 2%, ***Total 2% (new)***, Taiwan Semicon 2%,
Roche 2%

12 Long Term Ideas (CORE)

British Assets Trust

British Assets Trust PLC (BSET LN EQUITY) 131.00 2.25

2015-01-08



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- -8% disc to NAV, GBP 371mn Mkt Cap, **5.0% yield** (gearing 121%)
- Objective: 80% FTSE, 20% World, growing capital and income
- Managers F&C (Phil Doel), fees 0.3%, plus perf fee (max 0.3%)
- 63% UK, 18% international, emgg mkts 3%, fixed inc 9%
- HSBC 5%, Shell 4%, BAE 3%, 3% Pru, 3% Barclays

Q12015

12

12 Long Term Ideas (CORE)

British Empire Securities



- **-11% discount to NAV**, GBP 722mn Mkt Cap, 2.0% yield
- Mgt Asset Value Investors (John Pennink), fees 0.6%
- Object: capital growth via **value** driven approach international
- 32% Europe, 27% NAM, UK 12%, Asia 11%
- 6% Jardines, 6% Investor, Gpe Bruxelles Lambert 5%, Sofina 4%, 2 x Private Equity Funds, Aker Asa 5%

12 Long Term Ideas (CORE)

Scottish Mortgage IT



- **-1% disc NAV after o/perf**, GBP 3.0bn Mkt Cap, 1.2% yield
- Object: > FTSE World
- Mgt Baillie Gifford (James Anderson), fees 0.3%,
- **36% NAM**, 21% Eurozone, **21% China**, 8% UK, (NB China / Tech)
- Punchy! Baidu 8%, Amazon 8%, Illumina 8%, Tencent Hldgs 6%,
Ali Baba 3%, Inditex 5%

12 Long Term Ideas (SATELLITE)

Baillie Gifford Shin Nippon Trust

Baillie Gifford Shin Nippon Trust (UK) (BGS LN EQUITY) 316.00 10.0

2015-01-08



- **-3% discount to NAV**, GBP 117mn Mkt Cap, 0% yield
- Mgt Baillie Gifford (John MacDougall), fee 1.0%, 115% gearing
- Object: Japan smaller companies (domestic, benefit from Abenomics)
- Asics Cp 3%, Nihon M&A Centre 3%, Monotaro 3%, Asahi Intecc 2%, M3 2%, Don Quijote Hldgs 2%, Infomart 2%

12 Long Term Ideas (SATELLITE)

JP Morgan Emerging Markets Fund

JP Morgan Emerging Markets IT (UK) (JMG LN EQUITY) 608.00 16.0

2015-01-08



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- -10% discount to NAV, GBP 760mn Mkt Cap, 1.0% yield
- Manager Austin Forey
- **India 22%**, Brazil 14%, China 13%, S Afr 12%, Taiwan 8%
- Housing Dev Fin Corp 5%, Taiwan Semi 4%, Tata 3%, Indusind Bank 3%, Infosys 3%, AIA Gp 3%

Q12015

16

12 Long Term Ideas (SATELLITE)

New India Investment Trust



- -8% discount to NAV, GBP 192mn Mkt Cap, 0% yield
- Manager Asian Equities Team
- Tata Consult 9%, Housing Dev Fin 9%, Infosys 8%, ICICI Bank 7%, Bosch 4%, Hero Motorcorp 4%, ITC 4%

12 Long Term Ideas (SATELLITE)

Aberdeen Asian Smaller Companies IT



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- -6% discount to NAV, GBP 349mn Mkt Cap, 1.0% yield
- Manager Asian Equities Team
- Malaysia 19%, India 15%, HK 15%, Thailand 13%, Singapore 11%
- Aeon Co 4%, Shangri-La Hotels Malaysia 3%, Hana Micro 3%, LPI Capital 3%, OCBC NISP 3%, Multi Bintang Indonesia 3%

12 Long Term Ideas (SATELLITE)

Blackrock World Mining Trust

Blackrock World Mining Trust (BRWM LN EQUITY) 320.00 11.2

2015-01-08



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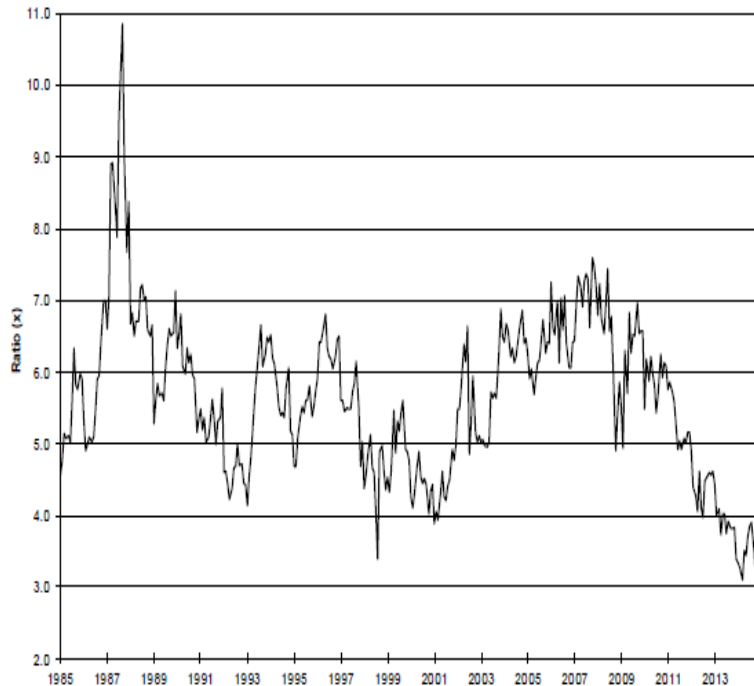
- -10% discount to NAV, GBP 547mn Mkt Cap, **6.8% yield (confirmed)**
- Manager Evy Hambro
- Rio 10%, BHP 9%, First Quantum 9%, Glencore Xstrata 8%
- Diversified 39%, Platinum and precious 12%
- London Mining -7% NAV (Marampa), **but bd div cfm 21p** now owns LunDIN Mining

012015

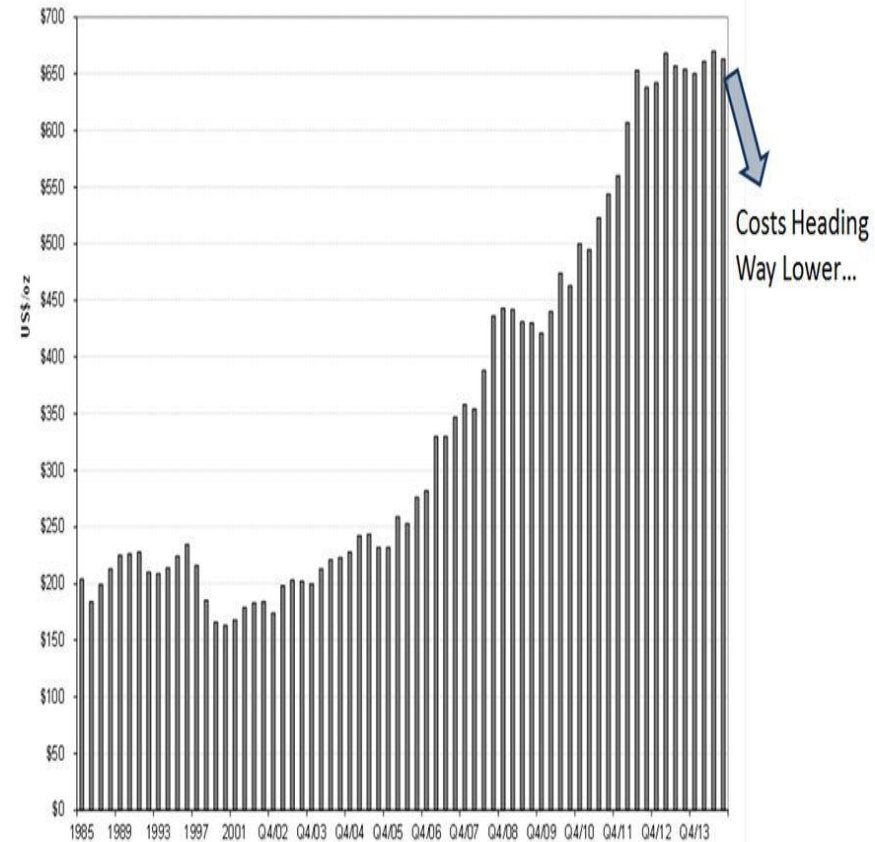
12 Long Term Ideas (SATELLITE)

Blackrock World Mining Trust

Exhibit 80: Adjusted Market Capitalization per Oz of Production Divided by Gold Price – Universe of Coverage Avg.



Source: Company reports; Scotiabank GBM estimates.



- Gold mining sector has never been cheaper over last 30 years
-just as *cash costs* that killed mining sector may be set to collapse
- Intriguing

12 Long Term Ideas (SATELLITE)

Impax Environmental Markets



- -11% discount to NAV, GBP 370mn Mkt Cap, 0.8% yield
- Managers Bruce Jenkyn-Jones, Ian Sim
- 36% Europe, 41% NAM, Asia Pac 14%, Japan 6%
- Kingspan 3% (Bldg effic), Spirax Sarco 3% (indus en effic), China Lonyuan Power 3% (renew en), Zylem 3% (water infra), Pall C 3% (water treat), Borg Warner 3% (transport en effic)

12 Long Term Ideas (CORE)

Personal Assets Trust *(Care! Not bang up to date AA)*



- **+1% premium to NAV**, GBP 590mn Mkt Cap, 1.2% yield
- Mgt Troy Asset Management (Sebastian Lyon), blended fee 0.65%
- Object: protect, then increase/ outpfm bear, underpfm bull
- 44% Blue Chip equ, 11% gold, 5% **(21%?)** ind-link, 24% cash (eg SGD), 17% USA (+).....NB, quarterly figures
- Nestlé 4%, BAT 4%, Microsoft 4%, Glaxo 3%, Coke 3%, Imp Oil 3%

Our Newest Fund Idea

12 Long Term Ideas (SATELLITE)

Technology Funds

Name	Type	Manager	Area	Fund Manager	Size	UK Status	Fees	Yield	Major investments	Performance/ Comment
Polar Capital Tech	IT	Polar Capital	Global listed tech cos.	Ben Rogoff	GBP 750mn	UK listed investment trust	1.00%	0.00%	70% USA, 12% Asia; 26% internet and internet retail, 18% semiconductors, 17% software; 9% Apple, 8% Google, 4% Facebook, 3% Microsoft	Well-managed marking name. +142% in GBP last 5 years. No discount to NAV, but our preferred option for UK client seeking global tech exposure
Herald Investment Trust	IT	Herald IM	Global small cap media and IT cos.	Katie Potts	GBP 500mn	UK listed investment trust	1.00%	0.00%	65% UK, 25% USA; Diploma 3%, Imagination Techs 2%, Allocate Software 2%, SDL 2%, M&C Saatchi 2%, Telit Comms 2%	Well-managed media and technology trust, +98% in GBP last 5 years. Large play on the UK, so would mix well with Polar (mainly USA)
Technology Trust (was RCM)	IT	Allianz	Global tech cos.	Walter Price	GBP 145mn	UK listed investment trust	1.00%	0.00%	78% USA, 15% Asia; Apple 7%, Alibaba 6%, Microsoft 5%, Palo Alto Networks 5%, Servicenow 4%	Recently taken over by Allianz, -6% discount to NAV and more interesting stocks than some other trusts
Foresight Venture Capital Trust	IT	Directors	UK only unquoted tech cos	Directors	GBP 40mn	UK listed investment trust	2.00%	0.00%	100% UK, Blackster Aplifications, Alaric Systems, Aerospace Tooling Corp, Autologic Diagnostics, Closed-Loop Recycling	Unquoted tech stocks, -10% discount to NAV, +86% in GBP over 5 years
GAM Star Technology Fund	Open ended	GAM	Global tech cos.	Mark Hawtin	GBP 540mn	UCITS	1.72% TER	0.00%	USA 74%, China 14%; 81% IT, 17% consumer tech	Matched index since inception
Henderson Global Technology	Open ended	Henderson	Global tech cos.	Ian Warmerdam	GBP 480mn	Distr	1.50%	0.20%	USA 74%, Asia 13%; 20% Internt software, semiconductors 16%, hardware 15%	14% under benchmark over 5 years
AXA Framlington Global Tech Fd	Open ended	AXA Framlington	Global tech cos.	Jeremy Gleeson	GBP 227mn	UK unit trust	1.50%	0.00%	USA 84%; Apple 10%, Google 7%, Facebook 5%, Qualcomm 4%	Poor stock picking, under performed, no reason to think might change

12 Long Term Ideas (SATELLITE)

Polar Capital Technology Trust



- **+0.5% premium to NAV**, GBP 760mn Mkt Cap, 0% yield
- Mgt Polar Capital (Ben Rogoff + team), fee 1.0% + 15% perf fees
- Object: capital growth through global tech cos
- 22% internet, 18% software, 17% semi-conduct, 17% tech hardware
- 70% USA, 12% Asia, 7% Europe, 4% Japan
- Appel 10%, Google 7%, Facebook 4%, Intel 3%, Microsoft 3%

P&C People

The P&C Investment Team: 75 years global experience and research expertise

Bruce Albrecht (Investment Manager and Partner P&C)

- 40 years experience asset allocating and managing global institutional equity and bond portfolios. Ex CIO Pictet London and Global CIO Rothschilds, Senior Manager Abu Dhabi Investment Authority, Group Head of Asset Management Butterfield Bank Group. Work experience includes London, Abu Dhabi. Special interest:: quantitative / systematic analysis. Educated: Emory University, Manchester Business School.

Iain Little (Investment Manager and Partner of P&C).

- 35 years experience managing global private client portfolios and ex head Pictet London UK private clients (asset allocation / fund selection). Recently MD Butterfield Asset Management (Switzerland). Work experience includes Tokyo, Geneva, London, Edinburgh, “French-speaking Africa” and Hong Kong. Special interest: undervalued frontier markets and undiscovered managers. Educated: Cambridge University (MA)

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