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# Trusts In Focus Up Date

**MARKETS NOW 9<sup>th</sup> NOVEMBER 2015**

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# What is “Markets Now”?

## A Lively Forum for Sharing Investment Ideas

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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
  - IDEAS



# What Is The Biggest Risk for Private Investors?

## THE ENEMY

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

~ Adjusted for weight (g)

\* Nationwide Building Society Index

# Office for National Statistics

22



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

That's inflation too

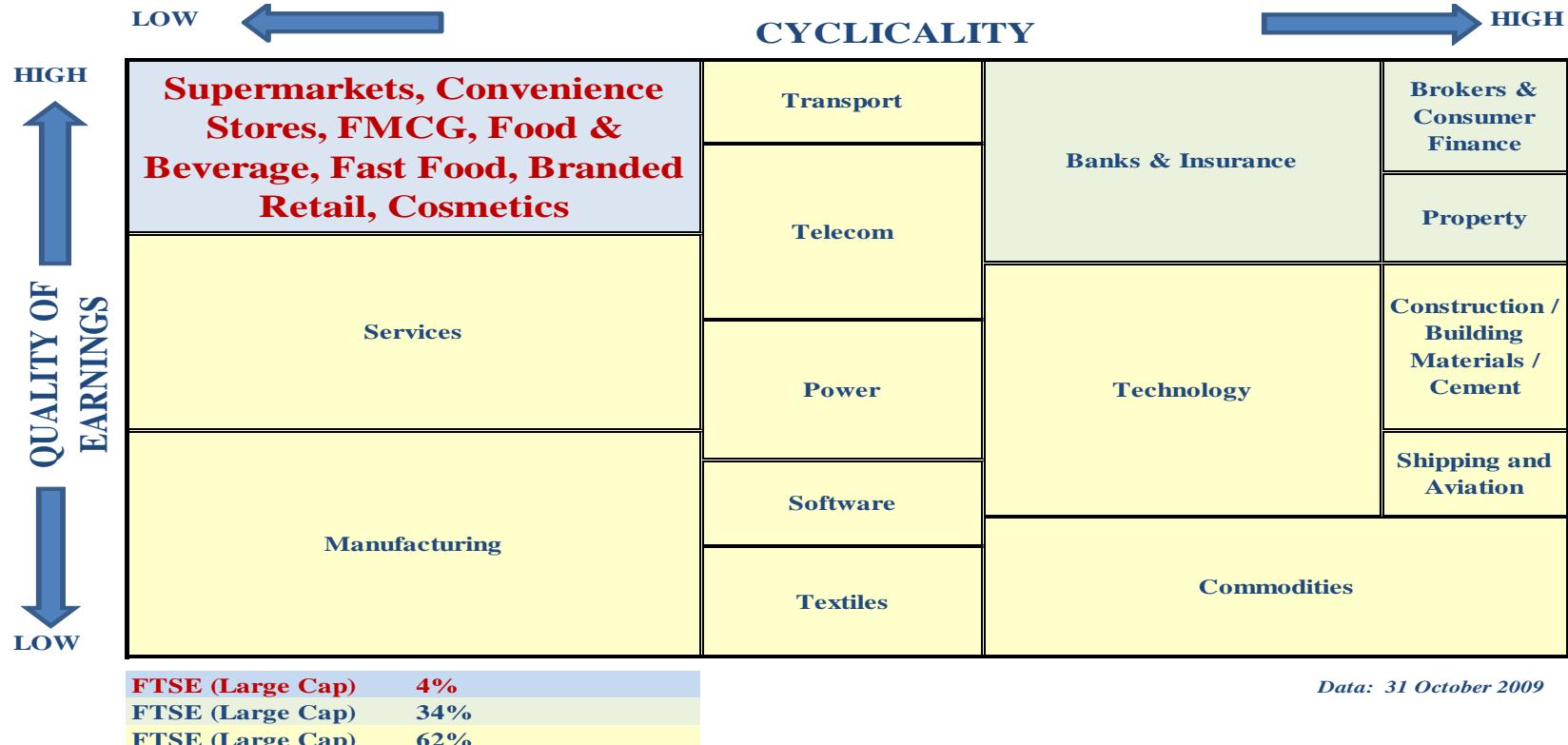
Tell me about it!

21+24=45

45 x £50,000 pa = £2.25mn

50% healthcare costs last 2 yrs of life

# 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**)?

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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

# Trusts In Focus (TIF) SERVICE

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- Universe c300 closed end (*mainly UK*) investment trusts monitored
- Up to 15 equally-weighted trusts held in **Trusts In Focus (TIF)**
- If we sell an investment trust, we must replace it
- Changes to 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)

Name	Ticker	Sector	Core/ Satellite	Date	Price then	Price Now	Pr/(Disc)	NAV	Yield (%)	GBP Performance
<b>General equities</b>										
Scottish American Inv Trust	SCAM:LN	General, global	Core	09/05/2014	2.49	2.62	5.0%	4.1%	5.3%	
BlackRock Income Strategies Tr	BIST:LN	UK + Rest of Wld	Core	09/05/2014	1.40	1.38	1.2%	4.9%	-1.4%	
British Empire Securities	BTEM:LN	General, global	Core	09/05/2014	4.95	4.75	-12.5%	2.2%	-3.9%	
Scottish Mortgage Inv Trust	SMT:LN	General, global	Core	09/05/2014	1.93	2.70	2.6%	1.1%	40.2%	
European Assets Trust	EAT:LN	Europe (mid/small)	Core	23/02/2015	10.25	10.73	1.8%	3.5%	4.6%	
Baillie Gifford Shin Nippon Tr	BGS:LN	Japanese Small equ	Satellite	10/11/2014	3.11	3.86	1.8%	0.0%	24.1%	
<b>Emerging, Frontier, Growth</b>										
JP Morgan Emerging Mkts Tr	JMG:LN	Developing markets	Satellite	07/03/2014	5.05	5.66	-11.0%	1.1%	12.0%	
New India Investment Trust	NII:LN	India	Satellite	07/03/2014	2.00	3.14	-9.1%	0.0%	57.1%	
Aberdeen Asian Smaller Cos Tr	AAS:LN	Asian smaller cos	Satellite	07/03/2014	8.02	7.35	-14.0%	1.4%	-8.3%	
<b>Mines, Gold, Res, Hard Assets</b>										
Blackrock World Mining Trust	BRWM:LN	Mining companies	Satellite	07/03/2014	4.92	2.18	-10.2%	9.8%	-55.8%	
<b>Alternative/ sectoral</b>										
Personal Assets Trust	PNL:LN	General, gold bias	Core	09/05/2014	332	349	-0.2%	1.2%	5.1%	
Polar Capital Technology	PCT:LN	Global technology	Satellite	08/01/2015	5.85	5.96	-4.2%	0.0%	1.9%	
Impax Environmental Mkts	IEM:LN	Water and Ecology	Satellite	07/03/2014	1.50	1.58	-10.1%	0.9%	5.0%	
<i>Average Yield (not inc in perf):</i>										3.7%
<i>% Performance (before dividends):</i>										6.6%
<i>% Estimated performance (after dividends):</i>										10.3%
<i>% FTSE 100 (7/3/14 to now):</i>										-5.3%
<b><i>TRUSTS IN FOCUS</i></b>										

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

Scottish American Investment Company PLC (SCAM LN EQUITY) 262.00 -1.25

2015-11-06



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

Blackrock Income Strategies Trust PLC (BIST LN EQUITY) 137.75 -0.5

2015-11-06



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

British Empire Securities and General Trust (BTEM LN EQUITY) 475.40 3.1

2015-11-06



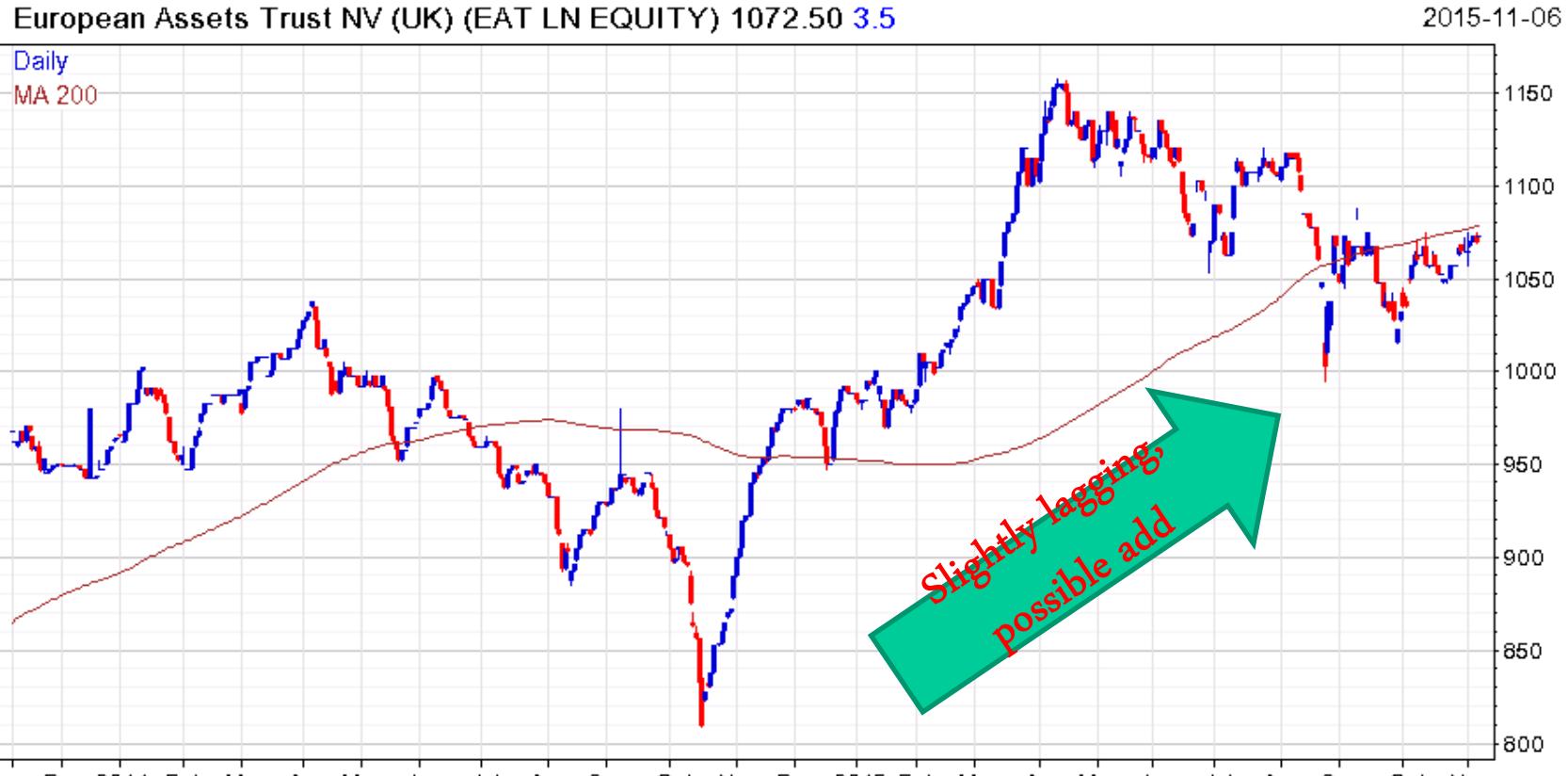
# How Are We Doing: Trusts In Focus? Performance So Far (since 7/3/14)

Scottish Mortgage Investment Trust PLC (SMT LN EQUITY) 270.00 4.9

2015-11-06



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



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

Baillie Gifford Shin Nippon Trust (UK) (BGS LN EQUITY) 386.00 -6.0

2015-11-06



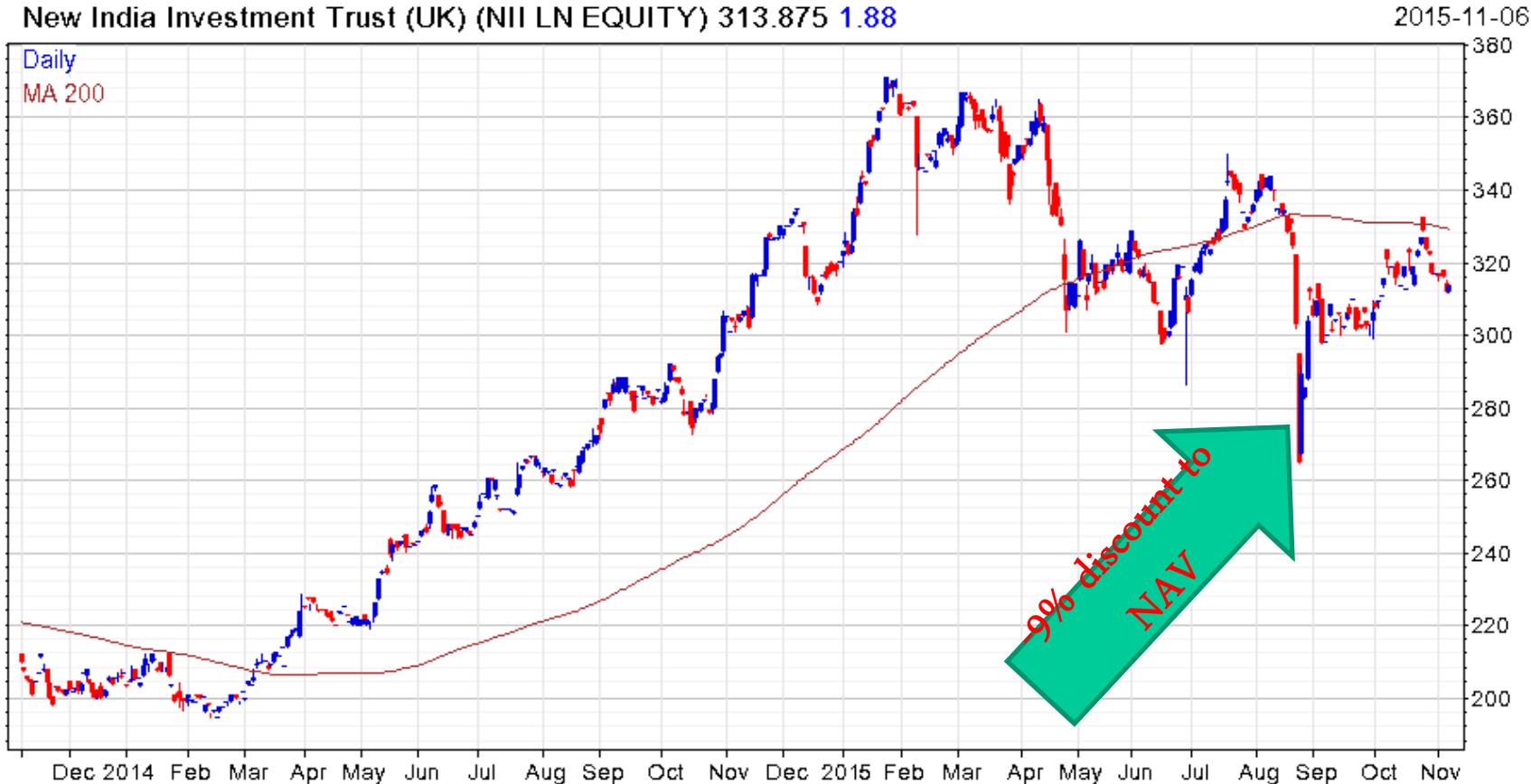
# How Are We Doing: Trusts In Focus? Performance So Far (since 7/3/14)

JP Morgan Emerging Markets IT (UK) (JMG LN EQUITY) 565.50 3.5

2015-11-06



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



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

Aberdeen Asian Smaller Companies IT (AAS LN EQUITY) 735.00 13.5

2015-11-06



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



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

Personal Assets Trust Plc (UK) (PNL LN EQUITY) 34880.00 -360.0

2015-11-06



# How Are We Doing: Trusts In Focus?

## Performance So Far (since 7/3/14)

Polar Capital Technology Trust PLC (PCT LN EQUITY) 596.00 6.0

2015-11-06



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

Impax Environmental Markets (IEM LN EQUITY) 157.50 4.0

2015-11-06



# What's Interesting Today

## Miners: Where Are We in The Cycle?

- Current junior mining bear almost longest ever
- 96/2001 bear down 70%, lasted 59 mths
- 2011 bear down now 76%, lasted 55 mths
- If it goes to 59 mths this takes us to January 2016
- Average increase +218% after end bear market
- Likely within 4 mths of start major move up
- Time to add exposure GDXJ and junior mines?

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