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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



# 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!

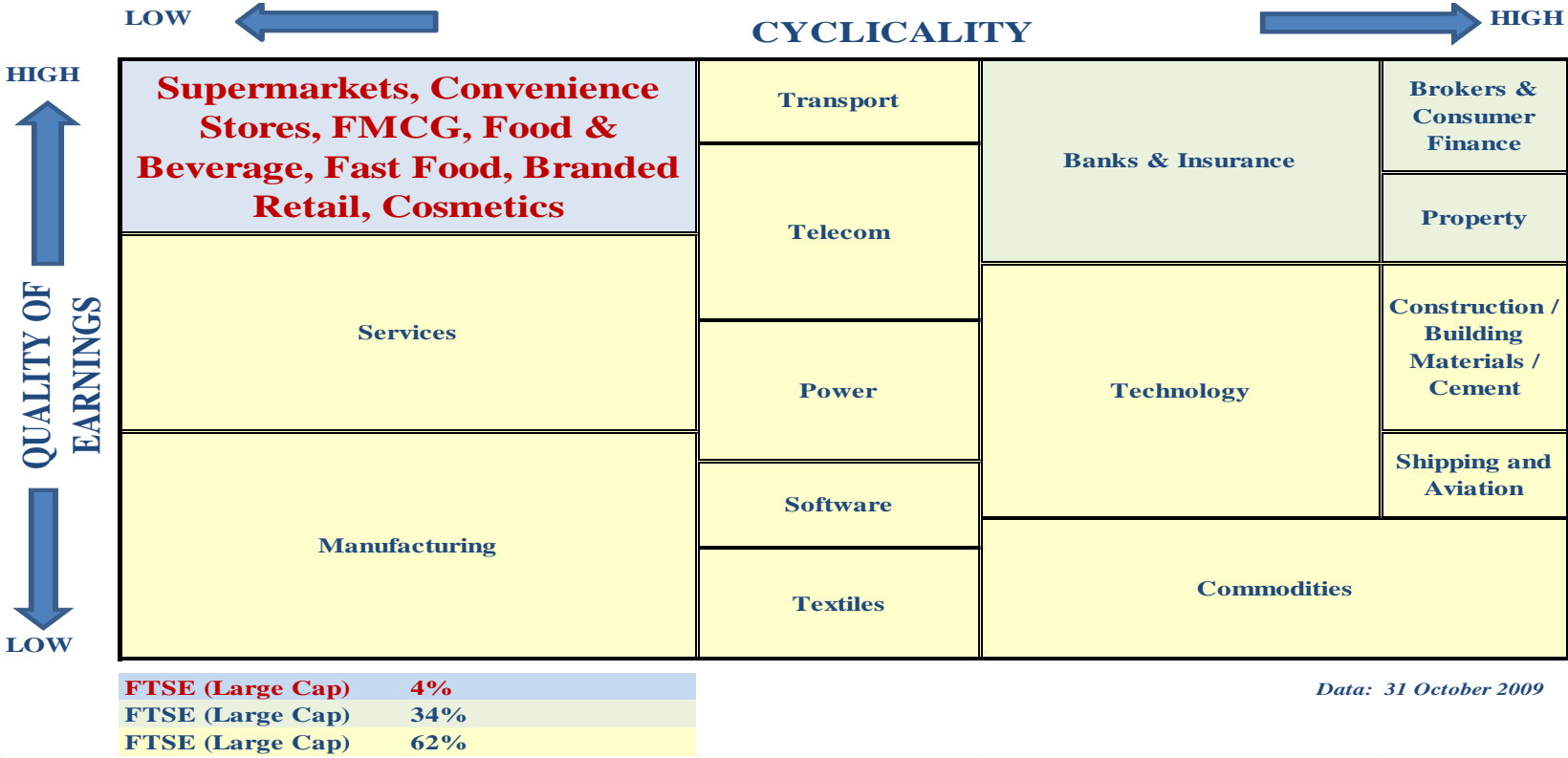
21+24=45

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**)?

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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)

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



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

Blackrock Income Strategies Trust PLC (BIST LNEQUITY) 137.75 -0.5

2015-11-06



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# 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

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# 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)

European Assets Trust NV (UK) (EAT LN EQUITY) 1072.50 3.5

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# 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

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# 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

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

New India Investment Trust (UK) (NII LN EQUITY) 313.875 1.88

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# 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

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

Blackrock World Mining Trust (BRWM LN EQUITY) 217.75 -6.25

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# 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

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

Polar Capital Technology Trust PLC (PCT LNEQUITY) 596.00 6.0

2015-11-06



# 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?**

# Important Notice

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