



Trusts In Focus Up Date
EM: What Went Wrong? A Contrarian View
What I'm Buying Today

MARKETS NOW 28th NOVEMBER 2016

David Fuller, Clive Burstow, Iain Little

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

Q42016 **IDEAS**



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

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

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

That's inflation too

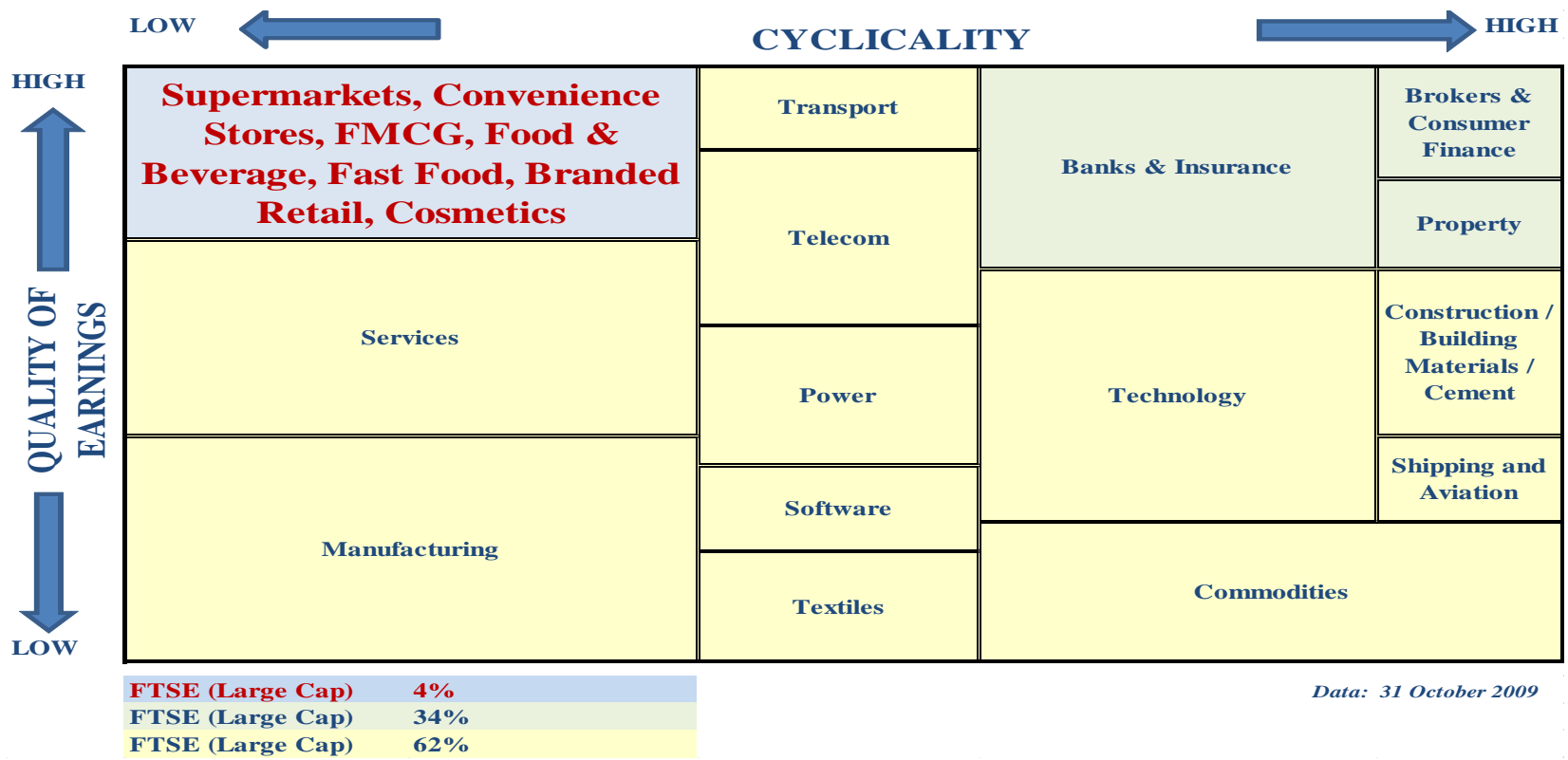
Tell me about it!

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**)?

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

- ❑ 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>
							07/10/2016		
<u>General equities</u>									
Scottish American Inv Trust	SCAM:LN	General, global	Core	09/05/2014	2.49	3.13	<u>4.0%</u>	3.6%	25.9%
BlackRock Income Strategies Tr	BIST:LN	UK + Rest of Wld	Core	09/05/2014	1.40	1.04	<u>-12.6%</u>	6.3%	-25.8%
British Empire Trust	BTEM:LN	General, global	Core	09/05/2014	4.95	6.25	<u>-9.3%</u>	1.9%	26.3%
Scottish Mortgage Inv Trust	SMT:LN	General, global	Core	09/05/2014	1.93	3.18	<u>3.2%</u>	1.0%	65.0%
European Assets Trust	EAT:LN	Europe (mid/small)	Core	23/02/2015	10.25	10.00	<u>-6.4%</u>	7.6%	-2.4%
Baillie Gifford Shin Nippon Tr	BGS:LN	Japanese Small equ	Satellite	10/11/2014	3.11	5.81	<u>4.9%</u>	0.0%	86.8%
<u>Emerging, Frontier, Growth</u>									
JP Morgan Emerging Mkts Tr	JMG:LN	Developing markets	Satellite	07/03/2014	5.05	6.75	<u>-12.5%</u>	1.3%	33.7%
New India Investment Trust	NII:LN	India	Satellite	07/03/2014	2.00	3.63	<u>-10.0%</u>	0.0%	81.7%
Aberdeen Asian Smaller Cos Tr	AAS:LN	Asian smaller cos	Satellite	07/03/2014	8.02	9.45	<u>-12.6%</u>	1.5%	17.8%
<u>Mines, Gold, Res, Hard Assets</u>									
Blackrock World Mining Trust	BRWM:LN	Mining companies	Satellite	07/03/2014	4.92	3.40	<u>-12.1%</u>	5.3%	-31.0%
<u>Alternative/ thematic / sectoral</u>									
Personal Assets Trust	PNL:LN	General, gold bias	Core	09/05/2014	332	387	<u>1.2%</u>	1.5%	16.6%
Polar Capital Technology	PCT:LN	Global technology	Satellite	08/01/2015	5.85	8.27	<u>-0.5%</u>	0.0%	41.4%
Impax Environmental Mkts	IEM:LN	Water and Ecology	Satellite	07/03/2014	1.50	2.11	<u>-11.9%</u>	0.7%	40.3%
								<u>Average Yield (not inc in perf):</u>	<u>2.4%</u>
								<u>% Performance (before dividends):</u>	<u>28.9%</u>
								<u>% Estimated performance (after dividends):</u>	<u>32.5%</u>
								<u>% FTSE 100 (7/3/14 to now):</u>	<u>1.9%</u>
<u>TRUSTS IN FOCUS</u>									

What's Interesting Today

Emerging Markets: What Went Wrong? And now?

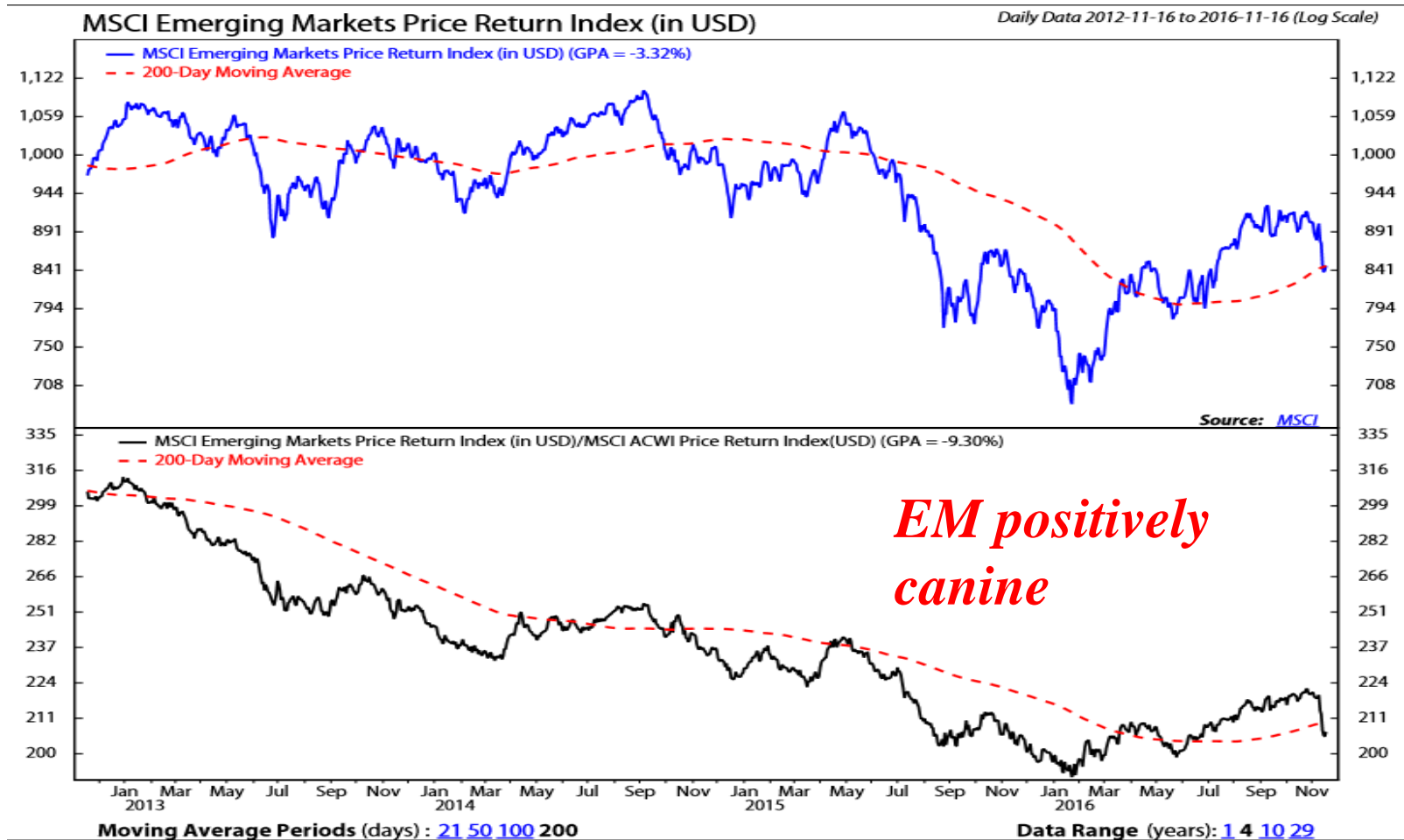
MSCI Emerging Markets (MXEF INDEX) 855.78 3.76

2016-11-25



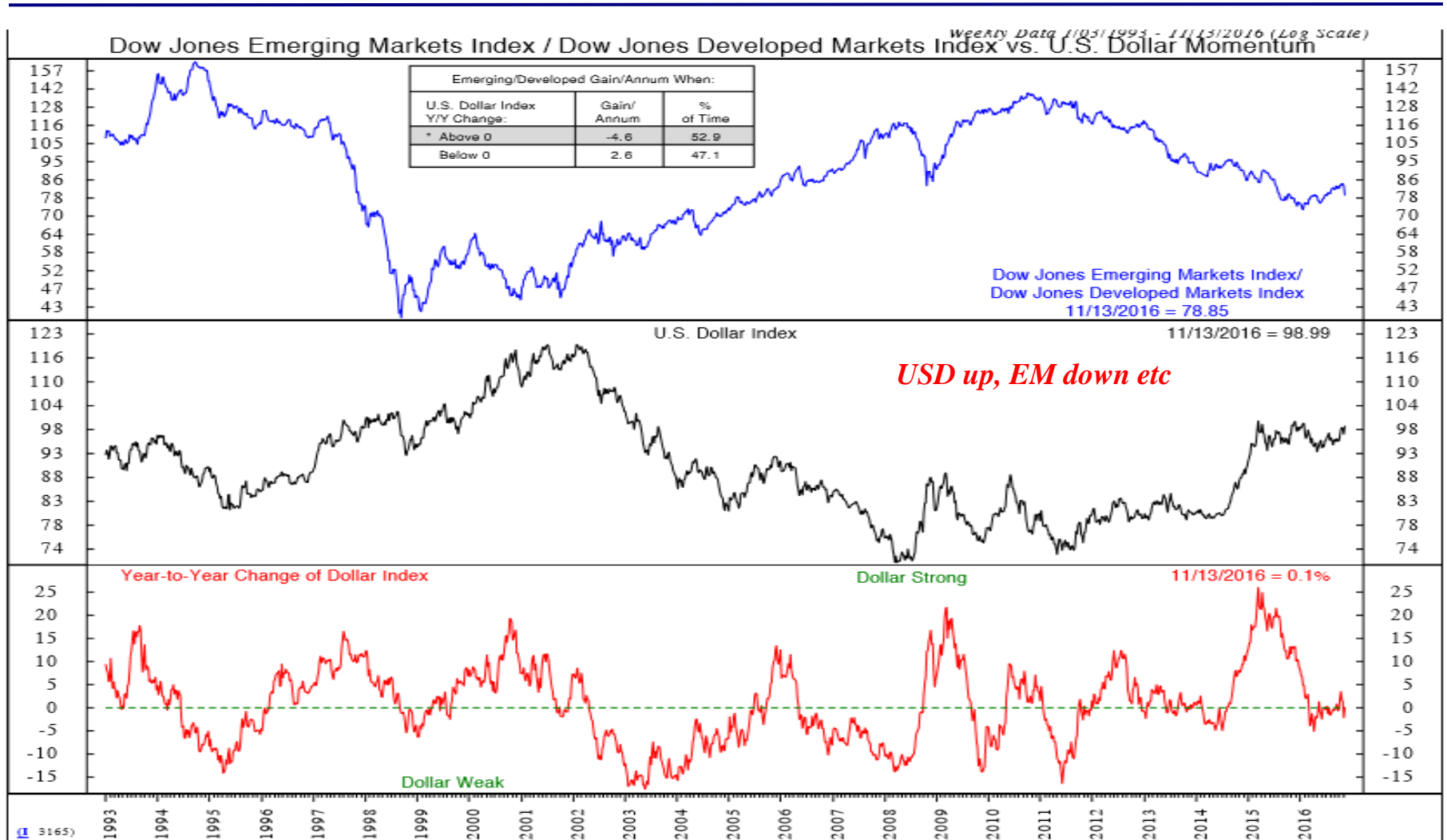
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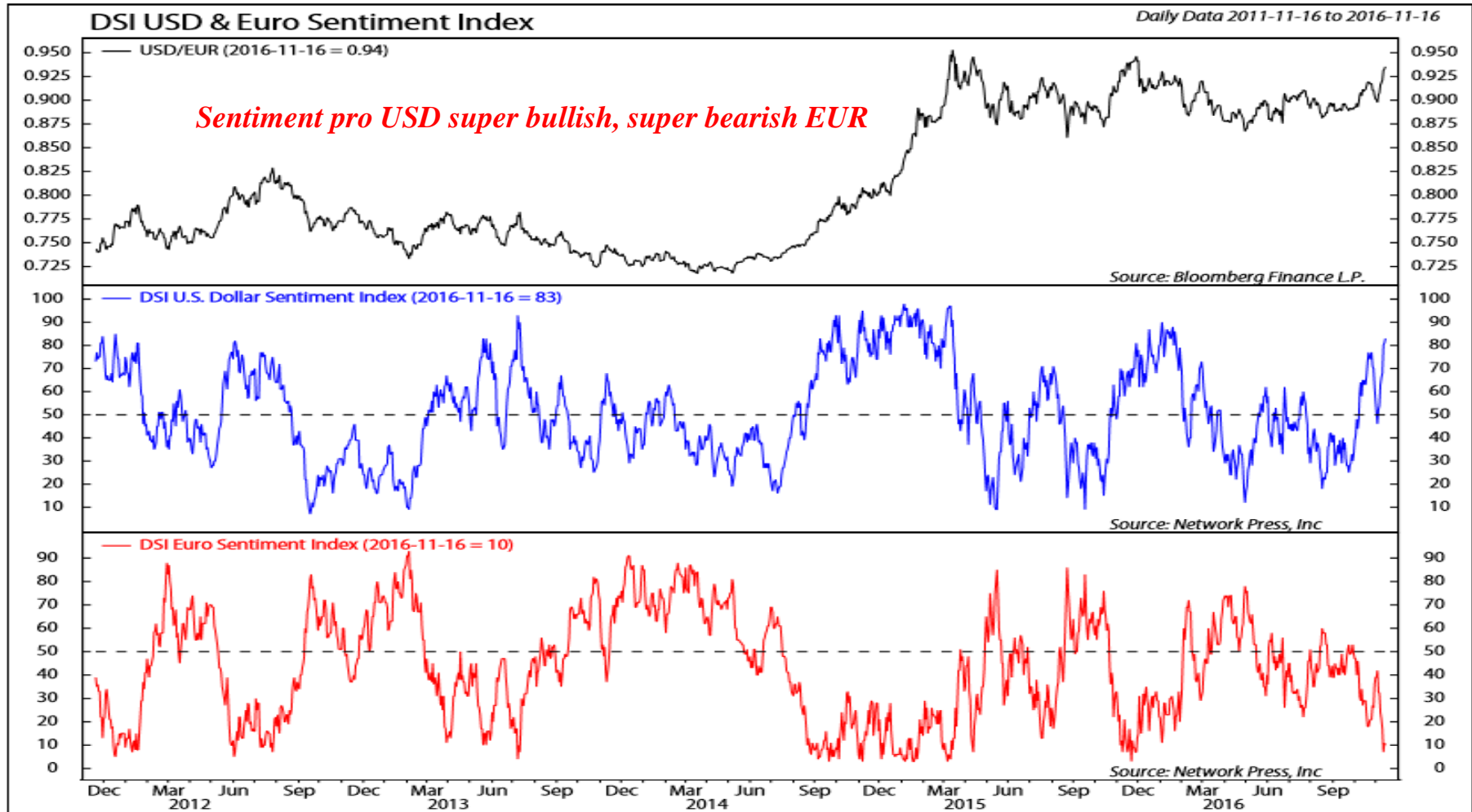
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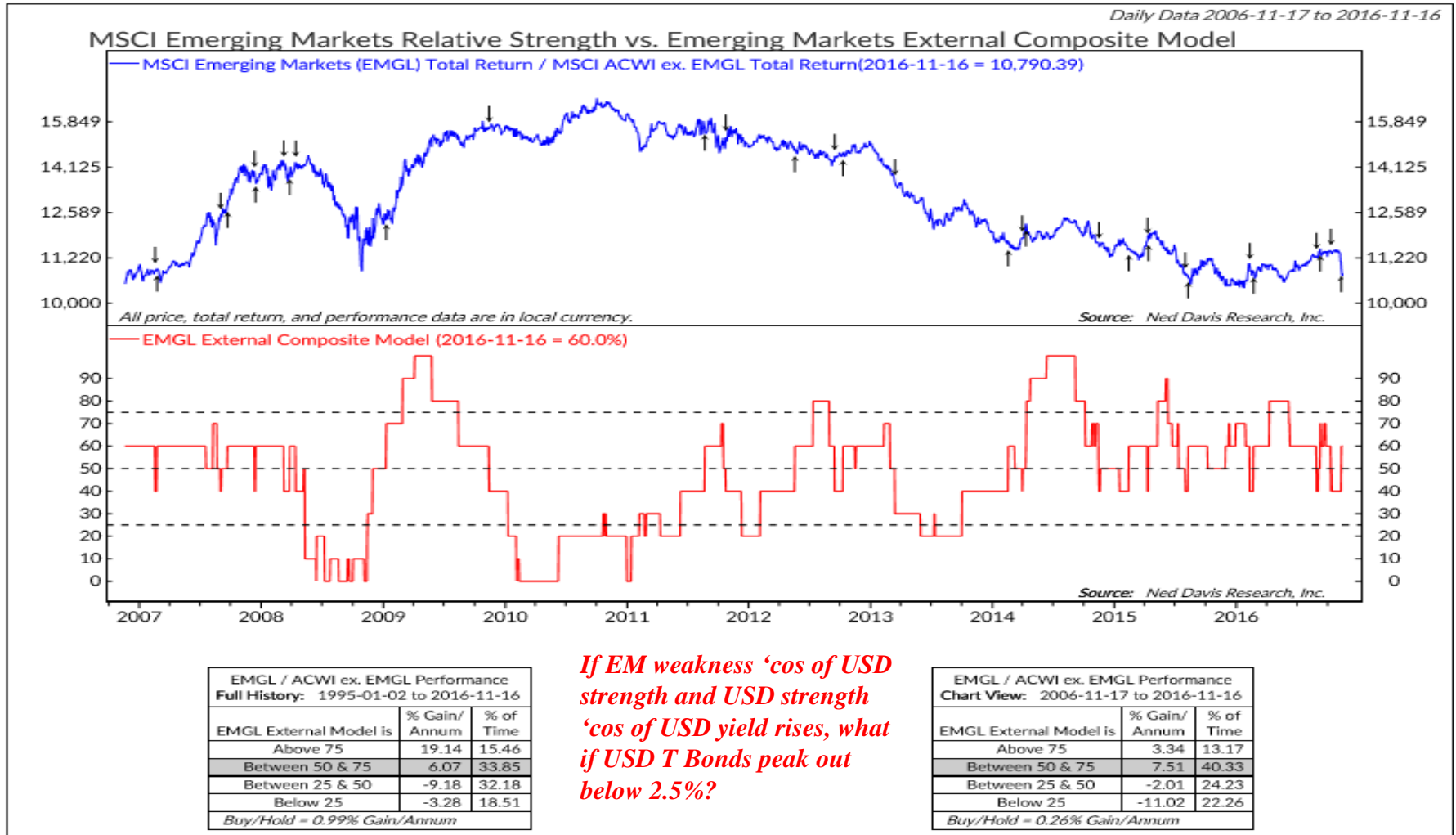
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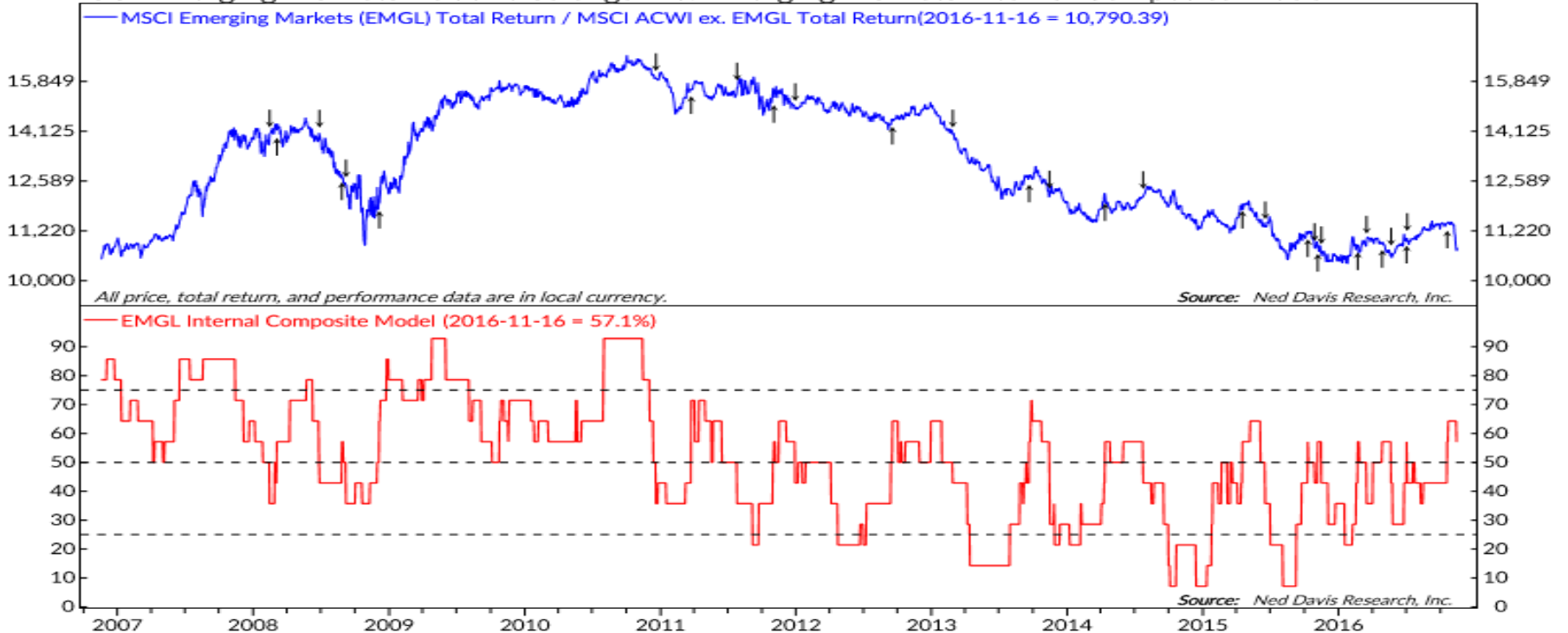
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Daily Data 2006-11-17 to 2016-11-16

MSCI Emerging Markets Relative Strength vs. Emerging Markets Internal Composite Model



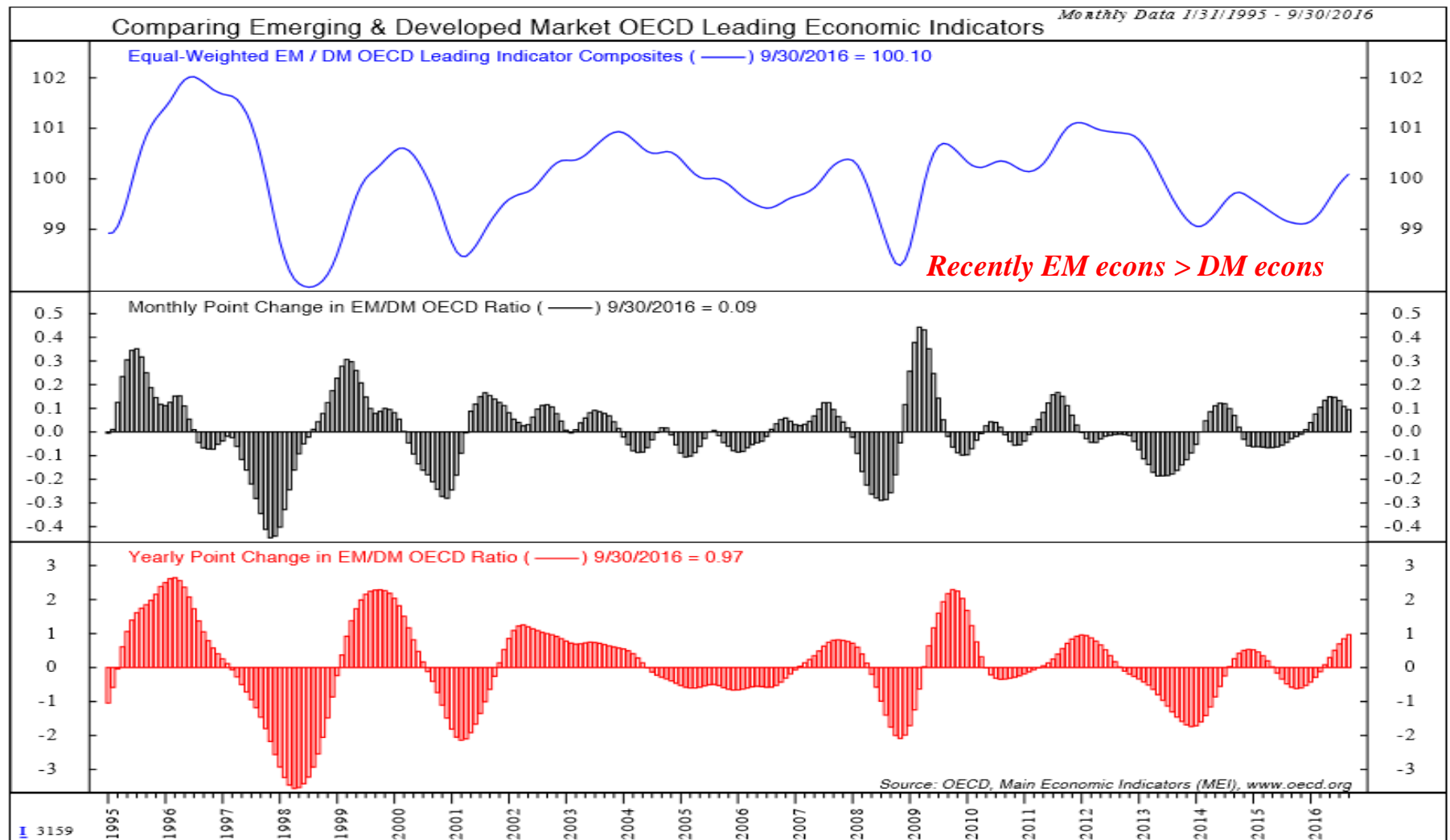
EMGL / ACWI ex. EMGL Performance		
Full History: 1995-01-02 to 2016-11-16		
EMGL Internal Model is	% Gain/Annum	% of Time
Above 75	20.38	14.66
Between 50 & 75	5.68	42.76
Between 25 & 50	-3.77	29.58
Below 25	-20.35	13.01
Buy/Hold = 0.99% Gain/Annum		

*EM model
+ for EM*

EMGL / ACWI ex. EMGL Performance		
Chart View: 2006-11-17 to 2016-11-16		
EMGL Internal Model is	% Gain/Annum	% of Time
Above 75	22.72	14.24
Between 50 & 75	-0.83	40.28
Between 25 & 50	-3.20	33.41
Below 25	-9.68	12.08
Buy/Hold = 0.26% Gain/Annum		

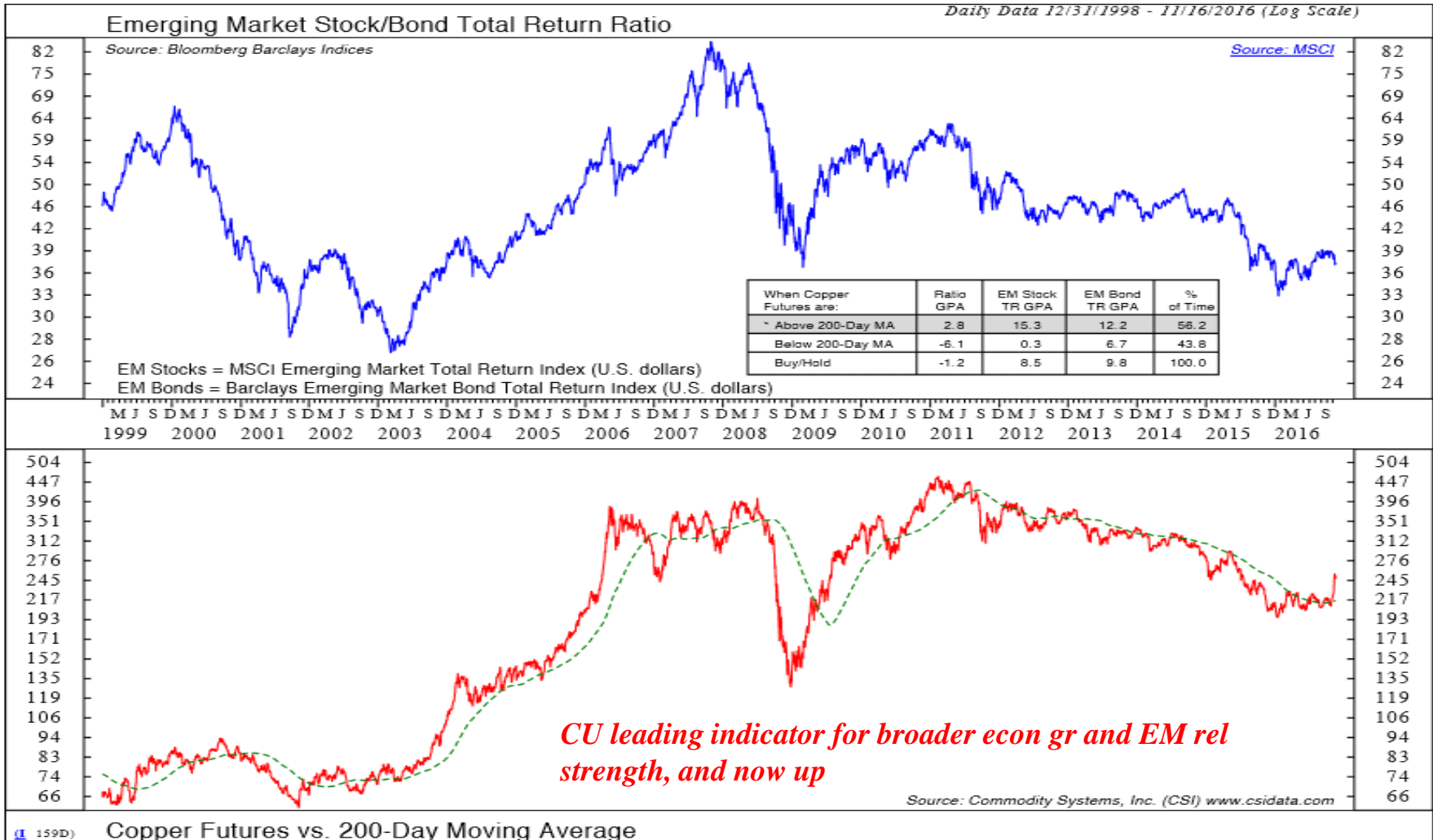
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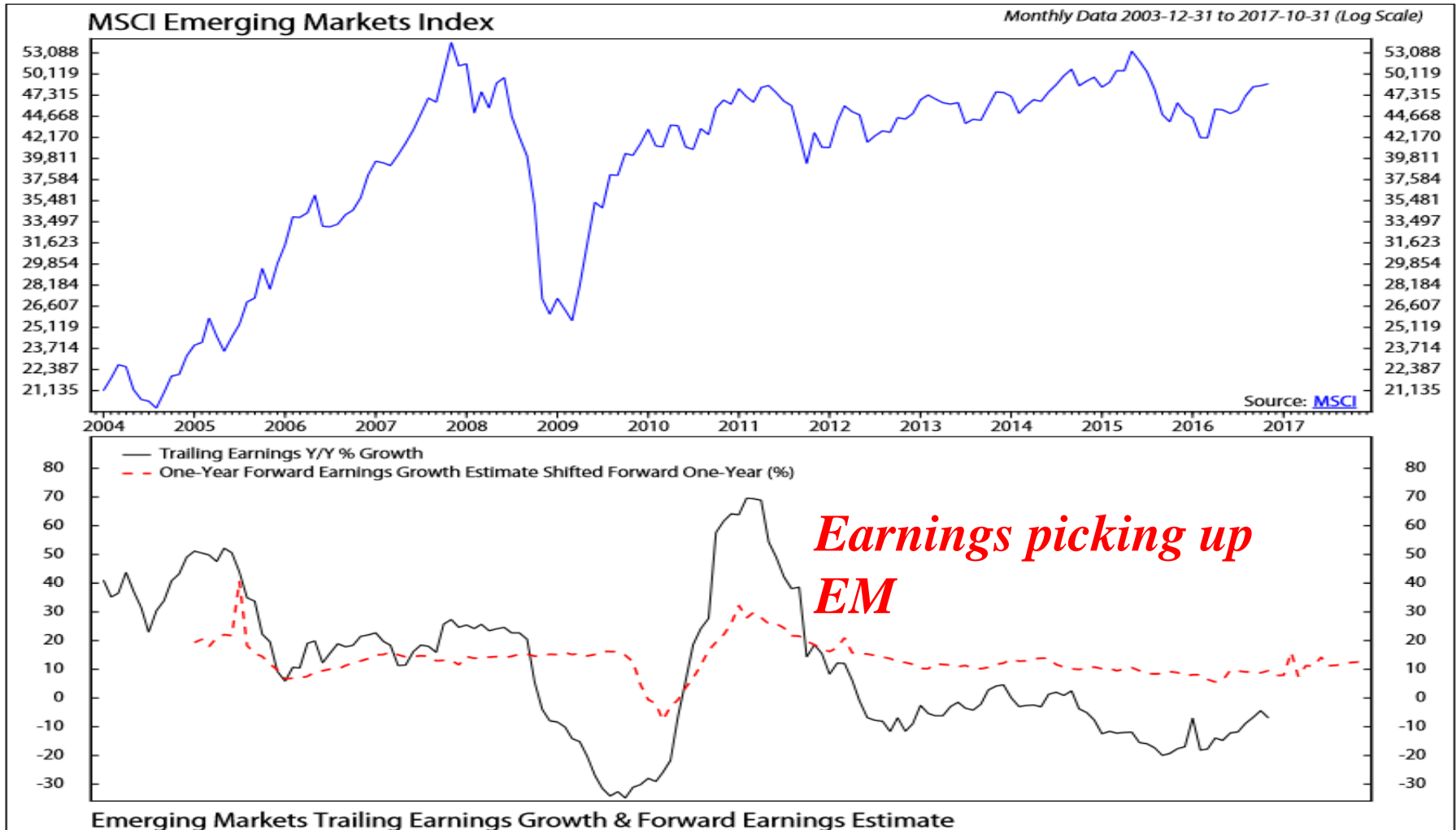
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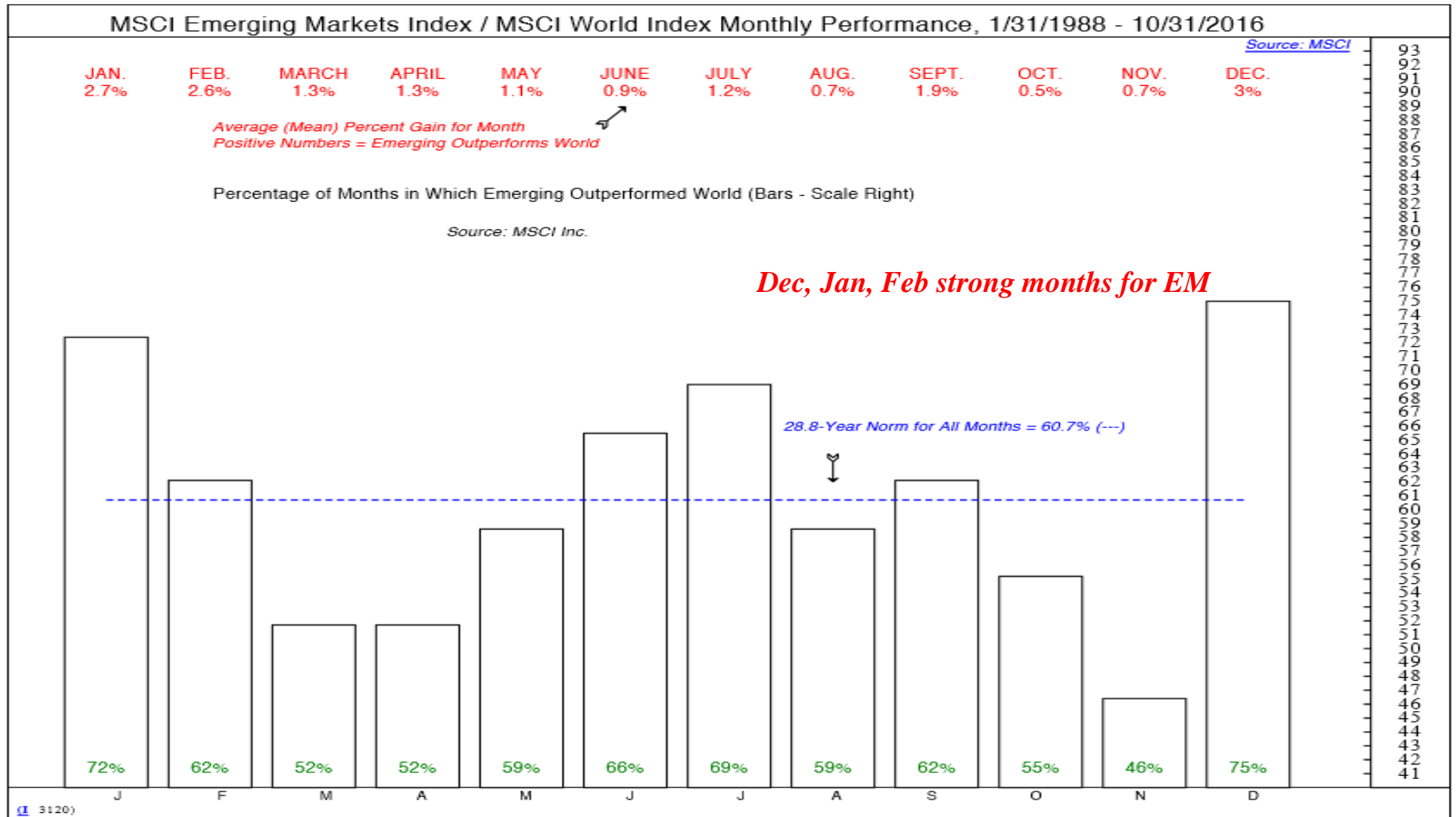
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What I'm Buying Today

JP Morgan EM Inv Trust (680p)

JP Morgan Emerging Markets IT (UK) (JMG LN EQUITY) 679.00 2.0

2016-11-2



Review

Geiger (rec 17.5p)

Geiger Counter Ltd (UK) (GCL LN EQUITY) 18.125 0.12

2016-11-24



Review

Geiger (rec 17.5p)

Uranium Spot (3rd mth NYME future) (UXA3 COMB COMDTY) 18.50 0.0

2016-11-23



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- **-8% discount NAV**, GBP 14mn Mkt Cap, 0% yield, 118% gearing
- New City Inv Mgrs (Robert Crayfourd + Keith Watson), fee 1.375%
- Uranium and uranium exploration stocks, 30% «other»
- 45 holdings, top 5 =>52%
- Nexgen Energy 10%, Uranium Participation 17%, Cameco 7%, Fission Uranium 9%, UR-Energy₂₀ 9%

Q42016

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