



Trusts In Focus Up Date Things To Watch Post Trump What I'm Buying Today

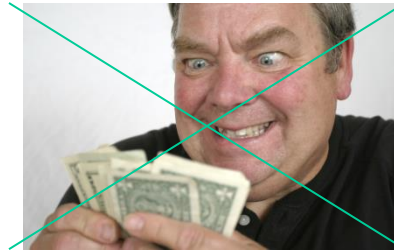
MARKETS NOW 16th January 2017

David Fuller, Dr David Brown, 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



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

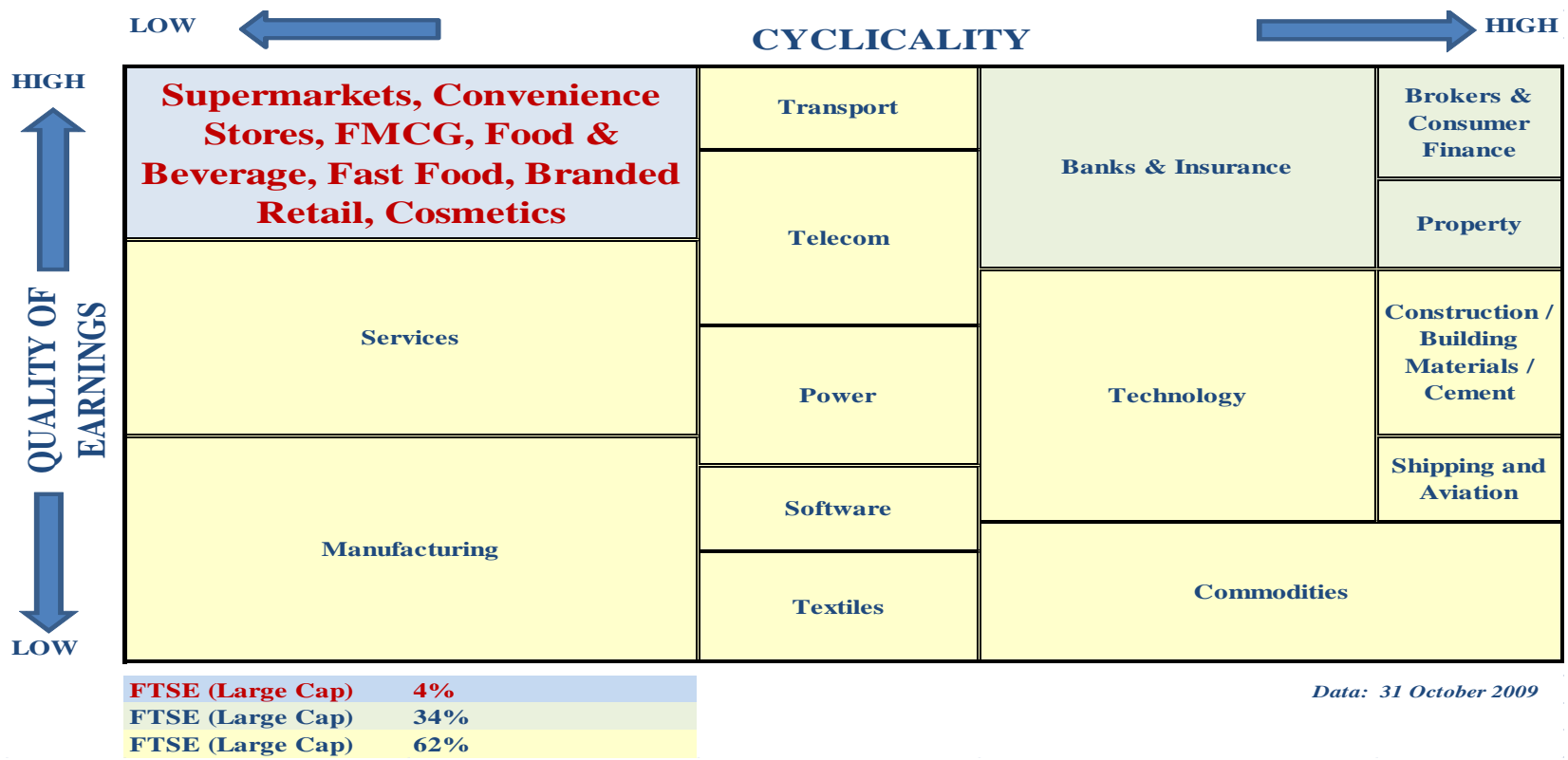
Tell me about it!

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>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>								
10.01.2017								
Scottish American Inv Trust	SCAM:LN	Core	09.05.2014	2.49	3.32	<u>4%</u>	3.5%	33.4%
BlackRock Income Strategies Tr	BIST:LN	Core	09.05.2014	1.40	1.08	<u>-13%</u>	6.1%	-22.9%
British Empire Trust	BTEM:LN	Core	09.05.2014	4.95	6.54	<u>-11%</u>	2.0%	32.1%
Scottish Mortgage Inv Trust	SMT:LN	Core	09.05.2014	1.93	3.40	<u>2%</u>	1.1%	76.6%
European Assets Trust	EAT:LN	Core	23.02.2015	10.25	10.85	<u>-1%</u>	7.0%	5.8%
Baillie Gifford Shin Nippon Tr	BGS:LN	Satellite	10.11.2014	3.11	6.11	<u>4%</u>	0.0%	96.5%
<u>Emerging, Frontier, Growth</u>								
JP Morgan Emerging Mkts Tr	JMG:LN	Satellite	07.03.2014	5.05	7.06	<u>-14%</u>	1.5%	39.7%
Aberdeen New India Inv Trust	NII:LN	Satellite	07.03.2014	2.00	3.82	<u>-12%</u>	0.0%	91.2%
Aberdeen Asian Smaller Cos Tr	AAS:LN	Satellite	07.03.2014	8.02	9.75	<u>-13%</u>	1.2%	21.6%
<u>Mines, Gold, Res, Hard Assets</u>								
Blackrock World Mining Trust	BRWM:LN	Satellite	07.03.2014	4.92	3.62	<u>-13%</u>	5.0%	-26.4%
<u>Alternative/ thematic / sectoral</u>								
Personal Assets Trust	PNL:LN	Core	09.05.2014	332	395	<u>1%</u>	1.5%	19.0%
Polar Capital Technology	PCT:LN	Satellite	08.01.2015	5.85	8.78	<u>-1%</u>	0.0%	50.0%
Impax Environmental Mkts	IEM:LN	Satellite	07.03.2014	1.50	2.18	<u>-12%</u>	0.8%	45.4%
<u>Average Yield (not inc in perf):</u>							<u>2.3%</u>	
<u>% Performance (before dividends):</u>							<u>35.5%</u>	
<u>% Estimated performance (after dividends):</u>							<u>40.1%</u>	
<u>% FTSE 100 (7/3/14 to now):</u>							<u>8.6%</u>	
<u>Outperf versus FTSE 100 (7/3/14 to now)</u>							<u>31.5%</u>	

TRUSTS IN FOCUS

2016: Currencies, Commodities, Catch Ups

Description - in GBP	YTD				
Coal	129%	World x-UK FTSE	27%	Europe Equity X-UK	17%
Iron ore	116%	Global Financials	27%	Sweden shares	17%
Precious Metal shares	108%	Netherlands shares	27%	Euroland shares	17%
Brazil shares	105%	World [Developed] xUK MSCI	27%	Europe Equity	16%
Junior Gold Mine shares	96%	Australia shares	26%	EUR-GBP FX Rate	16%
Natural Gas	90%	World Equity FTSE	26%	UK Equity AIM100	16%
UK Basic Materials FTSE	84%	Platinum shares	25%	UK Share - FTSE100	14%
Russia MICEX	83%	Poland shares	25%	Spain shares	14%
LatAm shares	55%	Japan shares	25%	UK Equity FTSE 350	13%
Palladium	54%	Germany shares	24%	UK Industrials FTSE	12%
UK Oil & Gas FTSE	50%	Global Utilities	24%	UK Equity FTSE All Share	12%
Global Oil & Gas	47%	China Equity	23%	Global Health Care	10%
Canada shares	44%	SE ASIA Equities [CR]	23%	Switzerland shares	9%
Oil (WTI)	44%	JPY-GBP FX Rate	23%	UK Consumer Goods FTSE	8%
Global Materials	43%	Global hedge funds	22%	UK gov bonds	7%
Copper	40%	CAD bonds	22%	Mexico shares	6%
Silver	37%	Global Telecom	22%	UK Financials FTSE	5%
Dubai shares	35%	France shares	21%	Italy shares	4%
Aluminium	34%	World Equity x-USA	21%	UK Health Care FTSE	4%
Global Technology	33%	Global developed sov bonds	21%	UK Utilities FTSE	3%
Emerging Markets NetDiv	33%	World AC xUSA MSCI	21%	UK Corp Short bonds	2%
Emerging market bonds	32%	Global Consumer Services	21%	UK Commercial property	1%
Global Industrials	32%	Qatar shares	21%	UK Bonds Short Dated	0%
Emerging Equity	31%	US Treasury 12m-30y	21%	UK Consumer Services FTSE	-0%
USA shares -S&P500	31%	Global Consumer Goods	20%	UK Corp Bonds Short Dated	-0%
Gold shares	31%	HK shares	20%	Rice	-3%
World AC Equity TR FTSE	30%	Euro zone bonds	19%	Wheat	-5%
Gold - physical	29%	USD-GBP FX Rate	19%	UK property shares	-12%
UK Technology FTSE	29%	UK shares (w/NDR) MSCI	19%	UK Telecoms FTSE	-15%
World [Dev] x-UK NDR MSCI	29%	Greece shares	18%	Uranium	-29%
World AC Equities Net Div	29%	AUD-GBP FX Rate	18%		
		Corn	18%		
		CHF-GBP FX Rate	17%		

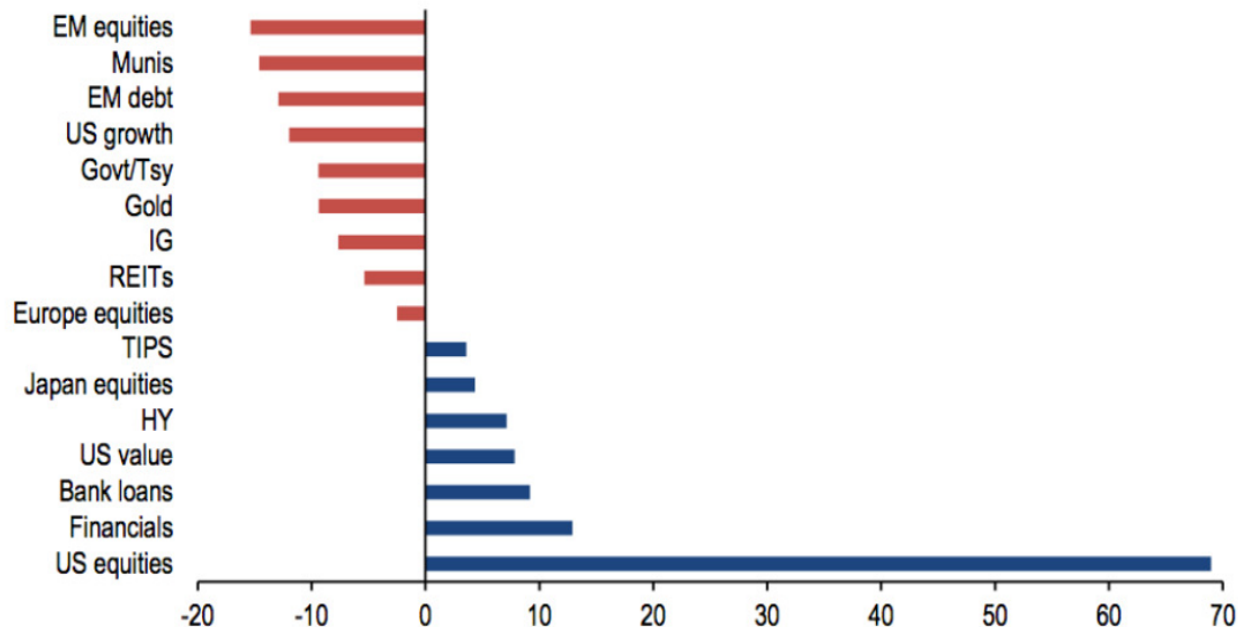


What's Interesting Today

2017: Things To Watch Post Trump

Since the US election the flight of money from emerging markets to the US has made much of what we own and want to own significantly cheaper. That has to be good news, right?

Chart 1: Cross-asset fund flows since US election (\$bn)

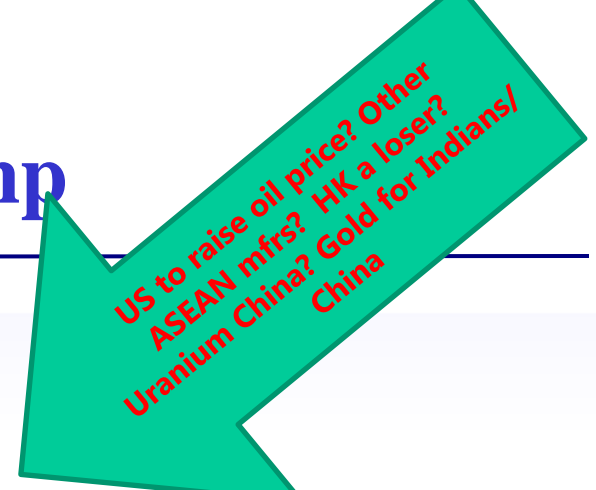


Note: week ending on Nov 9 2016 to present

Source: BofAML Global Investment Strategy, EPFR Global

What's Interesting Today

2017: Things To Watch Post Trump



From: Jeremy King
Sent: Tuesday, January 10, 2017 9:19:23 AM (UTC) Dublin, Edinburgh, Lisbon, London
To: jk@knightasia.com
Subject: Knight Asia/Mekong Funds, December 2016

Dear All

Asian Markets were mixed in December, with the Thai SET Index finishing on a strong note +1.8% (FY +20.5%), and FTSE ASEAN +1.0% (FY +3.5%), but the Hang Seng Index -3.5% (FY +0.4%), Hang Seng China Enterprises Index -4.5% (FY -2.8%), and MSCI Asia ex Japan Index -2.3% (FY +2.9%). Meanwhile, **Knight Asia Contrarian Fund gained +5.1% (FY +7.4%), & Knight Mekong Fund +6.5% (FY +10.1%)**, mainly attributable to a jump in oil & resources shares, and Mekong plays.

As we enter the New Year, markets worldwide are not bargains, especially facing the spectre of higher interest rates. However, we have identified a number of initial themes, which we expect will provide solid performance opportunities in the year to come. It is worth noting that Myanmar ranks #1 in the economist's GDP growth forecasts, at +9.5%, with Laos, Cambodia & Vietnam also ranking in the top ten fastest growing economies for 2017:

1) **The Donald Trump Factor:**

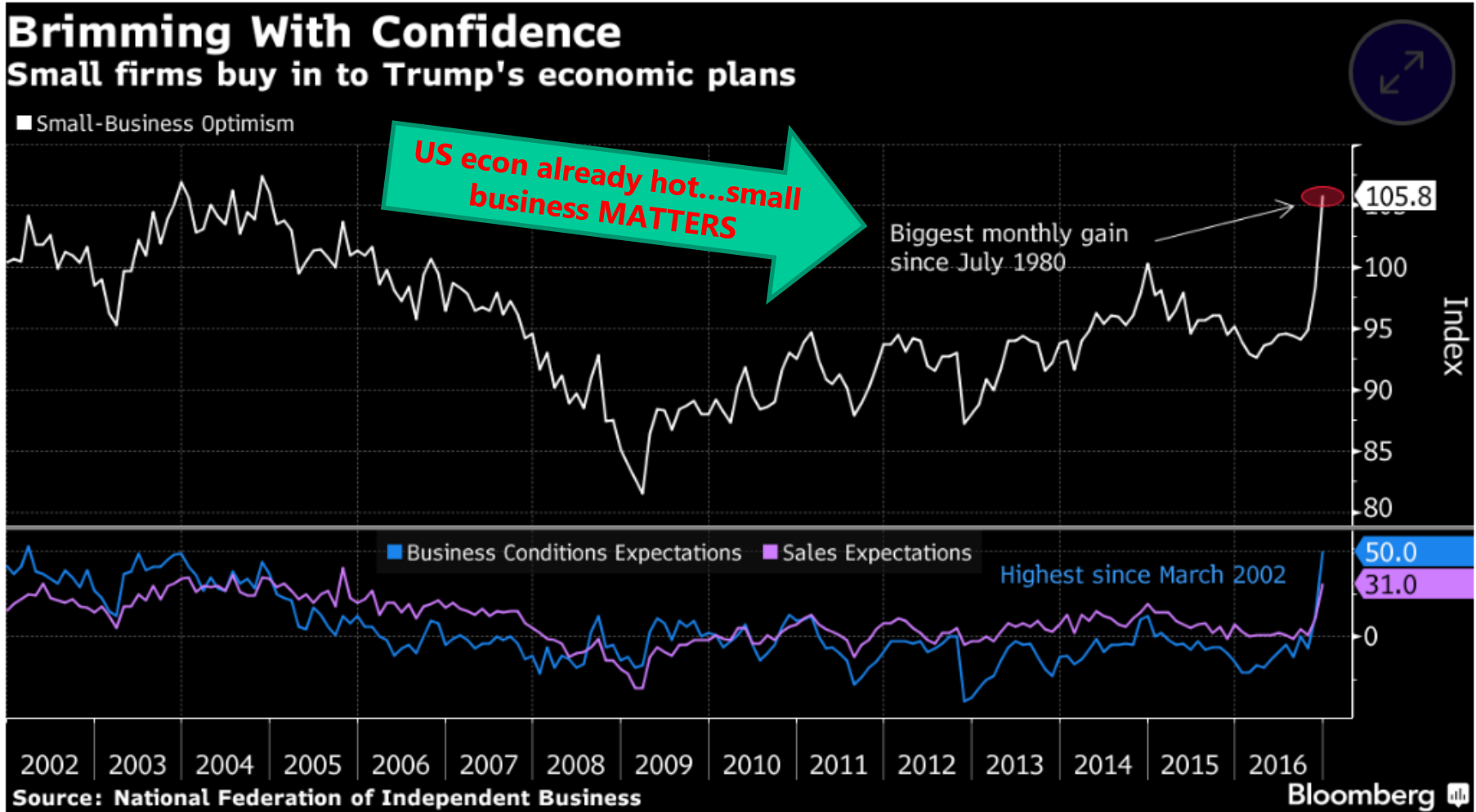
- a) **Renegotiation of terms of trade**, especially vis-à-vis US-China trade; Losers may be Hong Kong property & trading companies, although we are long Li & Fung, which is already overly depressed. Likely winners are emerging manufacturing bases in ASEAN, such as Vietnam & Cambodia: we are long Amata Vietnam, and Phnom Penh SEZ.
 - b) **US Infrastructure program**: Trump is likely to announce an enormous [\$5 trillion] rebuilding plan, including railways, airports & roads. Outside the US, base metal producers such as BHP, Rio Tinto & Turquoise Hill will benefit. As well as Chinese railway builders such as China Communications Construction, which will likely play a key role in the public private partnerships in the US, both due to the US need for capital and skills, but also as a quid-pro-quo for the trade reset.
 - c) **US Energy independence**: Trump will look to collaborate with the Russians and Saudis to get the oil price up to help US shale oil producers. We remain long Santos & Petrochina, and PTT & PTTEP in Thailand.
- 2) **ASEAN infrastructure**, supported by the Chinese & Japanese, particularly in the Philippines, Thailand and the Mekong. We are holding Ch Karnchang, China Comm Construction, DMCI & San Miguel in the Philippines, and Max Cement & Gold Cement in Myanmar.
 - 3) **Regional tourism**: The tide of Chinese visitors will keep rising, with Thailand, Vietnam & Myanmar the clear beneficiaries. We hold Thai & Bangkok Airways, Erawan Hotels, Bangkok Dusit hospitals.
 - 4) **Consumption growth in medium wealth markets**: China, Philippines, Vietnam, Cambodia & Myanmar. We hold Singapore Myanmar Investments, GOME in Hong Kong, and BRM Agro in Cambodia.
 - 5) **Digital Consumption Growth in more developed markets**: Singapore Telecom, Advance Info, China Mobile.
 - 6) **Arbitrage Property Markets between Hong Kong/Singapore and ASEAN**: With slower outflows from China, HK is likely to slip, whilst grass roots demand will continue to drive growth in Thailand, Philippines, Indonesia & Vietnam. We are short Henderson Land & SHK Props, long Sansiri, Ananda, & Mah Boon Krong.
 - 7) **Clean Energy**: China pollution scares and rising oil prices will support non fossil fuel power, including nuclear & solar. We hold SPCG in Thailand and Paladin (uranium) in Australia.
 - 8) **Fear of demonetisation**, will continue to spur gold demand. We have added to Newcrest, Zijin, Medusa & TRQ.

Amongst strategic investments, our key target is complete the Singapore IPO for Max Myanmar cement in the first half of this year. The company is already exceeding its production targets. Meanwhile, BRM Agro in Cambodia, is enjoying a major uplift in agricultural land prices, spurred on by Chinese buying.

With best regards
JEREMY KING

What's Interesting Today

2017: Things To Watch Post Trump



What's Interesting Today

2017: Things To Watch Post Trump

How To Play Trump Infrastructure Build-Out?

Learn from the 1848/1855 Gold Rush



- **Invest in the «sellers of shovels and jeans»**
- **Don't invest in «gold mines/miners» themselves**

What's Interesting Today

2017: Things To Watch Post Trump

No infrastructure ITs meet our factor criteria

Rank	Chart Fund	Group	Focus	Price	Prem/Disc	NAV	Yield	FE Risk Score	Perf			NAV		
									1y	3y	5y	1y	3y	5y
1	[+] 3i Infrastructure	3i Investments		186.50	17.1	165.70	3.97	86	14.2	73.8	116.6	12.6	73.1	95.9
2	[+] BBGI SICAV S.A. Ord	BBGI Management		137.75	19.3	119.86	4.45	79	10.8	31.2	60.7	n/a	n/a	n/a
3	[+] Doric Nimrod Air Three Limited Ord Npv	Nimrod Capital		100.50	78.2	58.63	8.21	60	4.2	13.1	n/a	-20.1	-15.7	n/a
4	[+] Doric Nimrod Air Two Limited Ord Pref Shs NPV	Nimrod Capital		216.00	51.7	144.67	8.33	60	3.4	16.4	38.3	-12.3	1.2	21.8
5	[+] Ecofin Global Utilities & Infrastructure Trust Plc ORD 1P	Ecofin Ltd		117.50	-14.1	132.70	1.36	n/a	n/a	n/a	n/a	n/a	n/a	n/a
6	[+] HICL Infrastructure	InfraRed Capital Partners		163.10	16.5	145.70	4.63	70	13.2	38.6	78.2	10.3	40.6	66.3
7	[+] NextEnergy Solar Fund Limited Red Ord Npv	NextEnergy Capital Ltd		108.75	4.0	102.00	8.65	66	12.2	n/a	n/a	7.8	n/a	n/a
8	[+] PME African Infrastructure Opportunities PLC	PME Infrastructure		0.12 (USD)			0.00	501	24.8	-18.1	-26.9	n/a	n/a	n/a
9	[+] Vietnam Infrastructure Limited Private Equity Shs Ord	VinaCapital Investment Management		0.22 (USD)	-6.5	0.24	14.35	156	52.2	72.5	224.1	11.3	27.4	36.6

What's Interesting Today

2017: Things To Watch Post Trump

Powershares Dynamic Building & Construction Fund (US) (PKB US EQUITY) 27.95 0.32

2017-01-10



Trust In Focus: Blackrock World Mining Trust

Blackrock World Mining Trust (BRWM LN EQUITY) 361.75 13.75

2017-01-10



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- **-13% discount to NAV**, GBP 638mn Mkt Cap, 5% yield
- Manager Evy Hambro
- Rio 9%, 1st Quantum 9%, BHP 8%, Glencore 6%, Vale 5%, Lundin 4%
- Platinum and precious 20%

Special Situations: Watch Liquidity Geiger (featured @ **17.5p** 11/7/16)

Geiger Counter Ltd (UK) (GCL LN EQUITY) 26.75 2.75

2017-01-11



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Special Situations: Watch Liquidity

Geiger (featured @ 17.5p 11/7/16)

Uranium Spot (3rd mth NYME future) (UXA3 COMB COMDTY) 24.25 2.25

2017-01-10



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- **-12% discount NAV**, GBP 18mn Mkt Cap, 0% yield, 119% gearing
- New City Inv Mgrs (Robert Crayfourd + Keith Watson), fee 1.375%
- Uranium and uranium exploration stocks, 30% «other»
- 46 holdings, top 5 =>56%
- Nexgen Energy 13%, Uranium Participation 17%, Cameco 9%, Fission Uranium 9%, UR-Energy 8%

Q42016

17

What's Interesting Today

Uranium: Where Are We in The Cycle?

- Squeeze Coming Up

- Big deficit by 2020; utilities large uncovered demand from 2019
- After Fukushima, Japan turned off its fleet of 44 reactors
- Spot uranium decreased from high of \$135 in 2011 to low of \$26
- Now, LT supply contract prices (where ~85% trade is matched) remain comfortably above \$40 (>50% premium to spot)
- Industry needs \$70 prices to incentivize new MT production
- Takes 10 years to permit and build uranium mine
- High likelihood of squeeze towards the end of this decade



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