EDISON

Murray Income Trust

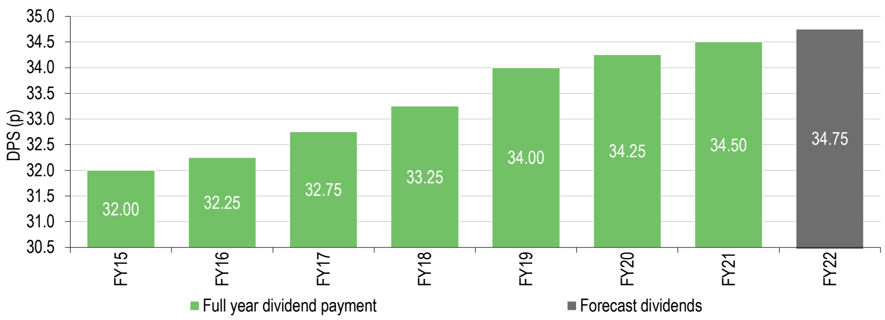
Attractive income and long-term outperformance

Investment trusts
UK equity income

20 May 2022

Murray Income Trust (MUT) invests mainly in UK equities and aims to provide a high and growing income, combined with capital growth. Its quality bias has resulted in underperformance during the recent rotation away from the quality and growth stocks favoured by manager, Charles Luke. However, the trust's long-term track record of outperformance of the market and its peers confirms that Luke's approach pays off over time. Over the ten years to end March 2022, MUT has generated an average annualised return of 8.1% on an NAV basis and 7.7% in share price terms, compared to a market return of 7.2%. The trust's FY22 dividend is expected to be at least 34.75p, putting it on track to deliver its 49th consecutive year of dividend growth. This represents a prospective yield of 4.1%.

Maintaining a long-term record of growing dividends



Source: Refinitiv, Edison Investment Research

Why consider UK equities now?

UK equities remain attractively valued relative to other major markets (see discussion on page 2), to the extent that good-quality companies may attract takeover bids by private equity investors and competitors, including foreign investors, who remain underweight the UK market. In addition, the UK market's dividend yield compares favourably with other markets, and to other asset classes.

The analyst's view

- Investors seeking a regular, predictable and rising income may be attracted by MUT's 48-year run of annual dividend growth, delivered via quarterly dividend payments. Such investors may be further reassured by the trust's relatively resilient dividend receipts and its capacity to use its reserves, if necessary, to maintain its dividend growth record.
- MUT also offers a track record of long-term outperformance and a well-diversified portfolio of high-quality, growth-oriented stocks, including vibrant mid-caps. These attributes may appeal to those wanting broad exposure to the UK market, at a very competitive fee.
- MUT's share price discount is wider than the average of its UK equity income sector peers, providing a potentially attractive entry point to new investors.

Price Ord.	**854.0p**
Market cap	**£997m**
AUM	**£1,047m**
NAV*	914.9p
Discount to NAV	6.7%
*Including income. At 17 May 2022.	
Yield	4.1%
Shares in issue	116.7m
Code Ord/A-share	MUT
Primary exchange	LSE
AIC sector	UK Equity Income

52-week high/low	952.0p	770.0p
NAV** high/low	999.4p	837.8p
**Including income.		

Gearing

Net gearing at 13 May 2022	9.8%

Fund objective

Murray Income Trust (MUT) aims for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities. Its investment policy is to invest in companies that have potential for real earnings and dividend growth, while also providing an above-average portfolio yield. The emphasis is on the management of risk and the absolute return from the portfolio. MUT measures its performance versus the broad UK stock market.

Bull points

- A well-established track record of outperformance of the market and peers.
- 48 consecutive years of dividend growth and an attractive prospective yield of 4.1%.
- A very competitive fee.

Bear points

- A focus on quality and growth means the trust underperforms during value stock rallies.
- MUT's gearing level increases its vulnerability to any market downturn.
- The UK market may remain out of favour with investors.

Analysts

Joanne Collins	+44 (0)20 3077 5700
Sarah Godfrey	+44 (0)20 3681 2519

investmenttrusts@edisongroup.com

Edison profile page

Murray Income Trust is a research client of Edison Investment Research Limited

NOT INTENDED FOR PERSONS IN THE EEA

The manager's view: Seeing good value in UK equities

MUT's manager Charles Luke believes that the level of uncertainty about the global economic outlook has increased significantly since Russia's invasion of Ukraine, which has robbed the post-pandemic recovery of momentum, due in large part to its impact on energy and food prices. These factors are compounding inflationary pressures that existed before the outbreak of war. Inflation reached multi-decade highs in late 2021 in the United States and other major economies due to widespread commodity price increases and supply constraints for key manufacturing components, especially the semiconductors essential to the production of electric vehicles and myriad consumer goods. Ongoing factory closures in China are adding to these shortages.

These inflation pressures have fuelled investors' fears of higher interest rates, and these fears are starting to be realised. The Bank of England initiated a series of base rate rises in December 2021, while the US Federal Reserve took its first tightening step in March and has signalled that further moves are imminent.

Rising interest rates have triggered a sharp style rotation in global equity markets in the past few months. This rotation has favoured lower-quality cyclical and value stocks at the expense of quality and growth companies, which tend to have a longer duration of earnings. As Luke observes, 'concept' stocks – mostly technology companies with little or no current cash flows – have been especially hard hit by this sell-off because higher interest rates affect the value of future cash flows, and hence stock valuations.

Despite the worrying global backdrop and recent market volatility, Luke views the UK equity market environment as 'generally supportive', for several reasons. The UK's vaccine booster roll-out has been rapid, and he sees persistent pent-up demand, especially for travel, experiences and entertainment, following the succession of lockdowns over the past two years. While the manager acknowledges that cost of living increases, especially the prospect of further rises in utility bills, are weighing on disposable income, he notes that the UK's medium-term inflation expectations remain stable.

Luke also sees good value in the UK equity market, which he maintains has been 'very cheap' since Brexit, with UK stocks in many sectors trading at a discount to their US peers. For example, the UK market's 12-month forward P/E is currently 11.4x, compared to 15.1x for the world market (according to Datastream). Furthermore, its dividend yield (currently 3.6% as calculated by Datastream) remains at an 'appealing premium to world equity markets (which have a dividend yield of 2.2%), let alone other asset classes', he says.

In the manager's view, the UK market's relative attractiveness means many stocks are potential takeover targets for private equity investors and competitors seeking greater market shares. This includes foreign investors, who remain underweight the UK market. Indeed, UK merger and acquisition (M&A) transactions reached a record £175bn in 2021 and MUT's portfolio companies Sanne, an asset administrator, and John Laing, an infrastructure development and management company, have been recent targets for such activity. Luke sold both these positions at a profit and said he would not be surprised if other portfolio holdings also became subject to M&A activity.

The manager is confident that the UK market's discount to other markets will close over time, and he is therefore very comfortable maintaining the trust's long-term focus on high-quality companies capable of sustainable earnings and dividend growth. The manager's confidence in the trust's long-term prospects is manifest in the fact that he is a shareholder in the trust and has recently added to his holding.

Luke is also confident of MUT's ability to maintain its long-term record of dividend increases. His focus on quality companies meant that portfolio income proved relatively resilient during the pandemic, declining by only 13% in 2020, much less than the 44% fall sustained by the UK market. The trust's portfolio income saw an 11% recovery in 2021 and the manager now expects dividend receipts to reach new highs this year. Such an outcome would exceed the trust's forecasts as well as dividend receipts across the broader market. Link, a consultancy which monitors dividend payouts, estimates that dividend payments during 2022 will still be 21% below 2019. The positive outlook for the trust's dividend receipts will ensure the board is well-placed to deliver on its commitment to pay a dividend of at least 34.75p per share in FY22, up from 34.50p per share in FY21, as foreshadowed in MUT's Annual Report (see Dividend section for more detail).

Asset allocation

Current portfolio positioning

Exhibit 1: Top 10 holdings (as at 31 March 2022)

Company	Country	Industry	Portfolio weight %	
			31 March 2022	31 March 2021*
AstraZeneca	UK	Healthcare	5.4	4.7
Diageo	UK	Consumer goods	5.1	4.5
RELX	UK	Media	4.1	3.5
BHP	Australia	Metals & mining	3.9	3.8
SSE	UK	Utilities	3.2	2.7
Anglo American	UK	Metals & mining	2.9	N/A
TotalEnergies	France	Oil & gas producers	2.8	N/A
Safestore	UK	Industrial REIT	2.8	N/A
Unilever	UK	Consumer goods	2.3	3.5
National Grid	UK	Utilities	2.3	2.7
Top 10 (% of portfolio)			**34.8**	**35.1**

Source: Murray Income Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in end-March 2021 top 10.

While the recent rotation out of quality and growth stocks has had an adverse impact on MUT's near-term performance (see Performance section for details), it has provided Luke with the opportunity to buy the kind of high-quality, strong growth names he targets, at more attractive prices.

Several recent acquisitions and top-ups to existing positions are housing related. The manager has opened a position in Watkin Jones, a market-leading property developer of homes for rent and purpose-built student accommodation. The company's activities in both these markets have a strong track record and 'significant long-term growth potential', says Luke, as institutional investors are expected to continue increasing their exposure to these kinds of assets. The manager also likes Watkins Jones's capital-light approach, by which projects are forward funded by institutional investors. The company has an extensive pipeline of developments and high barriers to entry related to its expertise in planning and land sourcing, and its relationships with clients and other key stakeholders. Luke believes that Watkins Jones's earnings growth, very strong net cash balance sheet and quality characteristics are greatly under-appreciated by the market, given its modest P/E valuation ratio and attractive dividend yield. The manager has also added to the trust's existing positions in Marshalls, a supplier of building materials, and Homeserve, which provides home repair and improvement services, and topped up its exposure to OSB, a UK mortgage financier, whose strong capital position has led to a significant dividend increase.

Aside from OSB, other financial names also feature among recent purchases. OCBC, a Singaporean bank with a strong balance sheet, high returns and an attractive dividend, is the most recent addition to MUT's foreign holdings (Exhibit 3). As a reflection of the manager's expectation of persistent strength in M&A activity in the UK market (discussed above), the trust participated in the initial public offering (IPO) of UK private equity firm Bridgepoint. Luke likes this business's experienced management team and good client relationships. He has also added a new position in Hiscox, a diversified international property and casualty insurer, as he believes this stock is undervalued given its robust capital base and the strength of its retail business, which represents 75% of earnings. The company should also benefit from the higher interest rate environment. Elsewhere, a dip in the share price of Experian, a credit rating agency, provided the manager with the opportunity to re-open a position in this name, which he views as a 'very strong business with high margins and pricing power, coupled with strong long-term growth potential'.

The other recent portfolio acquisition is Drax, a producer of renewable energy, which should benefit from higher power prices and offers an attractive dividend yield. The manager also sees upside potential for the company to profit from developments in the bioenergy with carbon capture and storage (BECCS) sector. This process extracts energy from wood, agricultural and other biowaste products, capturing and storing carbon, and thereby removing it from the atmosphere. This process is garnering much attention from environmentalists and the renewable energy sector, and now has political support. Companies such as Drax, at the forefront of this technology, should be well-positioned to capitalise on their first-mover advantages. Luke has also added to MUT's positions in Sage, a software publishing company with good growth prospects, high and growing margins and a strong balance sheet, and Moonpig, an online greeting cards and gifts retailer.

These purchases have been funded in part by profit-taking to trim several positions that had performed strongly and where valuations looked less attractive. Names include Dechra Pharmaceuticals and VAT Group, a Swiss manufacturer of vacuum pumps. Exposures to BHP, a metals and mining company, and National Grid, a utilities company which manages the UK energy system, have also been reduced, along with a position in Fever-Tree Drinks. Despite downgrades to Fever-Tree's sales projections, which have weakened Luke's conviction in the name, the stock was still valued at a premium, so Luke took the opportunity to trim exposure. The share price has since declined sharply. The purchase of Experian in March was funded by trims to positions in AstraZeneca and Standard Chartered, which have performed well, and Prudential and Bodycote, which have lagged.

In addition to the outright sales of Sanne and John Laing due to takeover bids (discussed above), other recent full disposals have included mining company Rio Tinto, following revelations of systemic bullying within the organisation. Proceeds of this sale were invested in Anglo American, another mining company and now a top 10 holding with a lower dividend, but better growth prospects.

Exhibit 2: Portfolio sector exposure* versus benchmark (% unless stated)

	Portfolio end-March 2022	Portfolio end-March 2021	Change (pp)	Index weight	Active weight vs index (pp)	Trust weight/ index weight (x)
Financials	17.0	23.3	(6.3)	23.1	(6.1)	0.7
Industrials	16.3	11.6	4.7	13.0	3.3	1.3
Healthcare	12.1	11.6	0.4	10.1	2.0	1.2
Consumer staples	11.3	17.0	(5.7)	14.5	(3.2)	0.8
Basic materials	9.3	11.0	(1.7)	9.0	0.3	1.0
Consumer discretionary	9.2	9.7	(0.5)	12.2	(3.0)	0.8
Utilities	7.6	5.5	2.1	3.0	4.6	2.5
Real estate	7.1	0.0	7.1	3.2	3.9	2.2
Energy	4.7	3.9	0.7	8.5	(3.8)	0.5
Technology	3.9	3.7	0.1	1.6	2.3	2.5
Telecommunications	1.5	2.5	(1.0)	1.9	(0.3)	0.8
	100.0	**100.0**		**100.0**		

Source: Murray Income Trust, Edison Investment Research. Note: *Adjusted for cash.

At the end of March 2022, MUT held overweight exposures to utilities, real estate, industrials, technology and healthcare, while its largest underweight was to financials (Exhibit 2). This underweight is motivated by the manager's view of the quality characteristics of many stocks in the sector. The trust's ESG focus meant that it also had a notable underweight to energy, and it had lesser underweights to consumer staples and consumer discretionary, sectors that tend to be home to lower-quality, lower growth stocks.

Exhibit 3: MUT's overseas holdings as at 31 March 2022

Company	Country	Sector	% of portfolio end Mar 2022
TotalEnergies	France	Oil & gas producers	2.8
Novo-Nordisk	Denmark	Pharmaceuticals & biotechnology	1.7
Nestlé	Switzerland	Food producers	1.4
Nordea	Finnish	Financials	1.3
Microsoft	USA	Software & computer services	1.1
Telenor	Norway	Mobile telecommunications	1.1
OCBC	Singapore	Financials	1.0
VAT Group	Switzerland	Industrial engineering	1.0
Kone	Finland	Industrial engineering	0.8
Mowi	Norway	Food producers	0.7
Accton Technology	Taiwan	Telecommunications equipment	0.4
Total non-UK exposure			**13.3**

Source: Murray Income Trust, Edison Investment Research

As well as being well-diversified by sector, MUT is also diversified by market cap size and by geography. Around 30% of MUT's portfolio is invested in the UK's vibrant mid-cap companies, which have outperformed UK large caps and the world market decisively over the past decade. In addition, 13.3% of the portfolio is invested in overseas stocks (Exhibit 3). This exposure to international companies provides the trust with access to industries not available in the UK market. Luke cites the example of VAT Group, a specialist industrial engineering company which is the global leader in high-end vacuum valve technology, with over 50% market share. This sector has high barriers to entry, and 'very strong' long-term growth drivers, says Luke, thanks to demand from the manufacturers of electric vehicles, 5G products, robotics and cloud computing and storage.

MUT's manager also uses option writing to provide the portfolio with an alternative, independent source of uncorrelated income. Typically, 75% of MUT's option positions are covered calls, with positions determined by valuations and/or portfolio weightings. The portfolio currently has 11 covered call option positions (compared to 12 in December 2021), comprising 3% of the portfolio. Positions included calls on AstraZeneca and Diageo (the trust's top two holdings at end March 2022) and Standard Chartered bank.

At the end of March 2022, portfolio holdings totalled 65, up from 61 at end March 2021. Gearing was at 9.8% on 13 May 2022 (up slightly from 9.5% at end November 2021), a reflection of Luke's confidence in the outlook for the portfolio.

Performance: Competitive, risk-adjusted returns

Exhibit 4: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	CBOE UK All Companies (%)	MSCI UK High Dividend Yield (%)	MSCI AC World (%)
30/04/18	2.2	2.1	8.1	7.2	7.8
30/04/19	12.6	8.5	2.5	3.8	11.6
30/04/20	(4.5)	(6.6)	(17.2)	(18.2)	(1.2)
30/04/21	24.0	22.5	25.3	14.8	33.4
30/04/22	1.8	5.0	9.1	24.4	4.7

Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

MUT's high-quality, growth-oriented holdings have lagged during the recent rotation into lower-quality cyclical and value stocks. In the six months to end April 2022, MUT returned -2.6% on a NAV basis and 0.3% in share price terms, underperforming the UK market (represented here by the CBOE UK All Companies Index), which returned 3.7%. The trust also underperformed over the year to end April 2022, but has outperformed over three, five and 10 years (Exhibit 5, right-hand side). Over the 10-year period to end March 2022, MUT has made an average annualised return of 8.1%

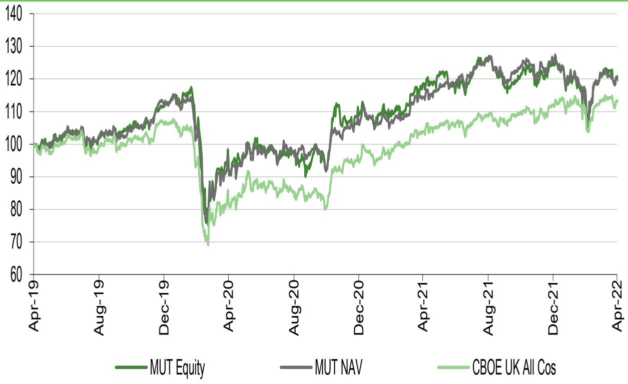
in NAV terms and 7.7% on a share price basis, compared to an average annualised market return of 7.2%. The trust has also outpaced the MSCI UK High Dividend Yield index over three, five and 10 years, although it has lagged the MSCI AC Index. MUT's performance has outpaced the averages of its AIC sector peers over one, three and five years (Exhibit 6).

The trust has also delivered strong risk-adjusted returns, as measured by its information ratio (IR), which measures investment returns generated for each unit of risk taken, compared to the benchmark. An IR up to 1 is considered a good result. MUT's IR in the three years to end February 2022 was 1.36, which compares favourably with its peers. In recognition of this, in November 2021, MUT received the Citywire award for the UK equity income investment trust with the highest risk-adjusted returns over a three-year period. This is the second year in a row that MUT has been recognised with this accolade.

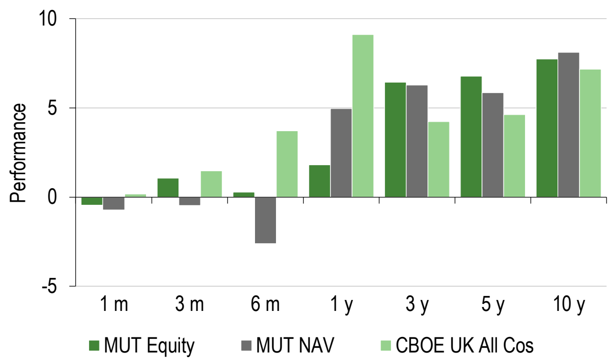
The manager's asset allocation decisions at the sector level detracted from returns in the six months to end March 2022. Its underweights to energy, financials, telecommunications and consumer staples and its overweights to industrials, technology and healthcare detracted. However, a modest underweight to consumer discretionary, combined with overweights to utilities and real estate, enhanced returns over the period.

Exhibit 5: Investment company performance to 30 April 2022

Price, NAV and index total return performance, three-year rebased



Price, NAV and index total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Stock selection was the main adverse influence on returns over the review period, with the largest negative impact coming from three stocks that MUT did not hold, but which performed well. These included oil producer Shell and Glencore, the Swiss metals and mining company, which both benefited from stronger commodity prices. HSBC, which gained on anticipation of higher interest rates, also reduced returns. The trust does not own any tobacco companies for ESG reasons and not holding BAT detracted over the period.

The trust's overweights to Countryside Partnership, a housebuilder, Close Brothers, a financial company, and Aveva, a software applications provider, also hurt returns. Coca-Cola Hellenic detracted due to its exposure to Russia and Ukraine, as did Inchcape, which also operates in Russia. However, Coca-Cola Hellenic has now suspended operations in Russia and Inchcape has begun the process of exiting this market. These names remain in the portfolio.

Holdings that supported performance over the same period included the trust's out-of-index positions in several overseas companies, including French energy company TotalEnergies, and Novo-Nordisk, a Danish pharmaceutical firm whose innovative treatments for diabetes and obesity are experiencing strong global demand. Overweights to Drax, Safestore, SSE, Standard Chartered and OSB also enhanced returns. The decision not to hold either Flutter, a sports betting and gaming company (formed by the merger of Paddy Power and Betfair), or Barclays, also added.

Peer group comparison

MUT is a member of the AIC's UK Equity Income sector, which comprises 20 funds, although it is differentiated from many of the constituents of this sector in several respects. While MUT is focused on companies with high-quality characteristics, several of its peers have a more value-oriented investment approach. MUT's portfolio is more diversified than some, across sectors, stocks and geographies, as around a third of its portfolio is invested in mid-cap stocks and more than 10% is held in international stocks. The manager also seeks to supplement and diversify income sources with modest option writing.

MUT's merger with PLI, in November 2020, doubled its market capitalisation, making it the fourth largest fund in this sector (Exhibit 6). It has outperformed the average of its peers over one, three and five years. MUT's ongoing charge is one of the lowest of its peers following its merger, reflecting a drop in management fees. Its discount is somewhat wider than average, and its gearing is slightly lower. Its dividend yield is also slightly below the average of its peers.

Exhibit 6: UK Equity Income peer group as at 18 May 2022*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Ongoing charge	Perf. fee	Discount (cum-fair)	Net gearing	Dividend yield
Murray Income Trust	996.5	2.7	17.6	26.2	125.3	0.5	No	(6.7)	110	4.1
Aberdeen Standard Equity Inc Trust	179.6	3.6	2.4	4.3	106.8	0.9	No	(0.9)	113	5.8
BlackRock Income and Growth	39.5	6.3	13.4	17.3	118.8	1.2	No	(8.8)	102	3.9
BMO Capital & Income	338.6	0.5	8.8	19.3	123.6	0.6	No	0.9	107	3.7
BMO UK High Income Units	108.7	(4.3)	5.5	5.8	88.2	1.0	No	(7.5)	101	4.8
Chelverton UK Dividend Trust	33.6	(15.2)	6.8	(1.4)	208.3	2.5	No	(14.4)	169	6.8
City of London	1,891.2	12.4	16.6	23.1	138.5	0.4	No	2.0	108	4.7
Diverse Income Trust	371.0	(4.1)	27.8	28.5	220.4	1.1	No	(5.7)	100	3.7
Dunedin Income Growth	427.0	(3.7)	12.8	22.4	112.5	0.6	No	0.5	107	4.5
Edinburgh Investment	1,046.9	7.0	12.5	4.1	125.2	0.4	No	(8.0)	110	4.0
Finsbury Growth & Income	1,747.7	(2.7)	2.0	32.8	223.5	0.6	No	(6.7)	101	2.2
JPMorgan Claverhouse	423.3	1.7	10.2	18.3	145.7	0.7	No	0.2	113	4.5
JPMorgan Elect Managed Inc	71.8	3.2	11.1	14.4	108.0	0.8	No	(6.9)	105	4.9
Law Debenture Corporation	991.8	9.4	37.1	49.6	181.4	0.5	No	1.5	122	3.7
Lowland	340.4	(1.0)	6.8	2.4	118.1	0.6	No	(6.8)	114	4.8
Merchants Trust	765.3	16.0	40.2	46.5	179.1	0.6	No	1.7	109	4.7
Schroder Income Growth	213.3	6.5	17.8	22.2	146.3	0.8	No	(1.7)	111	4.2
Shires Income	82.4	2.8	16.7	23.6	149.6	1.0	No	(1.3)	123	5.2
Temple Bar	750.1	4.7	2.3	9.6	103.0	0.5	No	(5.2)	100	3.6
Troy Income & Growth	220.2	1.7	3.6	9.8	104.3	0.9	No	(0.1)	100	2.6
Sector average (20 funds)	**551.9**	**2.4**	**13.6**	**18.9**	**141.3**	**0.8**		**(3.7)**	**111**	**4.3**
MUT rank in sector	**4**	**11**	**5**	**5**	**10**	**3****		**14**	**8**	**12**

Source: Morningstar, Edison Investment Research. Note: *Performance to 17 May 2022 based on ex-par NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared). **Denotes third lowest fee within the peer group.

Dividend policy and record

MUT aims to provide investors with a high and growing dividend, paid quarterly in December, March, June and September each year. FY21's dividend of 34.50p per share was 0.7% higher than FY20's 34.25p. (The fourth interim dividend for FY21 was declared in August 2021 and paid in September.) As discussed above, this makes FY21 the 48th consecutive year of dividend increases. The dividend was 98% covered by revenue earned. Following this dividend payment, which reduced reserves by £0.9m, or 0.8pp, reserves stood at 12.9p per share (£15.1m) available to support future dividends – equivalent to 37% of the current annual dividend of 34.50p per share.

In early November 2021, the board declared that the three interim dividends for the current financial year ended June 2022 (FY22) will each amount to 8.25p, taking the total to 24.75p, unchanged from the first, second and third interim dividends for FY21. The fourth interim dividend will be declared after the year end and paid in September. MUT's chairman has confirmed that the final dividend will be at least 10.00p per share. This will take the total dividend for the year to at least 34.75p per share, sufficient to ensure MUT's dividend payment record remains in place for a 49th consecutive year.

This represents a prospective dividend yield of 4.1%, based on the current share price.

General disclaimer and copyright

This report has been commissioned by Murray Income Trust and prepared and issued by Edison, in consideration of a fee payable by Murray Income Trust. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.