

COMPANY REPORTS ANALYSIS

Our latest annual report summaries have been compiled by our investment trust expert, **Fiona Hamilton**. Each one is a condensed analysis. We detail the primary aim and investment style of the investment company, which sectors and areas the portfolio favours and whether the holdings are concentrated or diverse. Where relevant, we show details of whether the trust has bought back or issued

new shares, and on what terms if so. We cover a trust's charges, its dividend and gearing policy, current and historical performance at a share price and net asset value level, with comparison against benchmarks.

Note: Figures in the charts are derived from each company's report and accounts

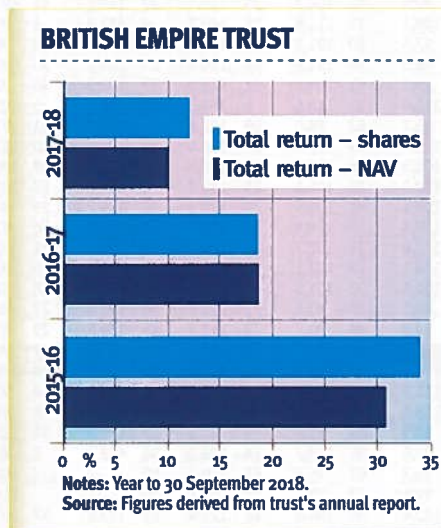
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British Empire a benchmark beater once again

British Empire Trust (BTEM) targets capital growth through a portfolio of mainly listed investments, particularly in firms whose shares stand at a discount to estimated net asset value (NAV). Its annual report for the year to 30 September 2018 shows assets of £942 million.

Joe Bauernfreund at Asset Value Investors has been chief investment officer since October 2015, having assisted the previous manager for eight years. He has retained the trust's value-oriented investment style, reinforced its commitment to constructive engagement with its investee companies and concentrated the portfolio down to 39 core holdings, including 14% in 16 cash-rich Japan 'special situations'. He expects the long-term returns on equities to exceed the cost of debt, so gearing was increased during the year.

British Empire invests in holding companies and trusts, which in turn invest in listed and unlisted companies, and in



asset-backed firms.

Most holdings have high-quality underlying assets and strong balance sheets, their shares trade at a discount to NAV and their discount is likely to narrow. The weighted average discount on the trust's holdings rose from 26% to 30% over the financial year.

The manager has historically favoured Europe and Asia ex Japan, but the portfolio's underlying regional exposures ended the financial year at 27% Europe, 24% North America, 19% Japan, 18% Asia, 11%

emerging markets and 1% UK.

British Empire's NAV and share price total returns last year were 10% and 12%



Joe Bauernfreund

respectively. Both exceeded the 5.2% gain in the trust's benchmark, the MSCI AC World ex US index. The dividend was up 1p at 13p in the year, the 13th successive year in which it has been raised or maintained. Ongoing charges were steady at 0.87%. Share buybacks enhanced the NAV.

Website: british-empire.co.uk

Super-sized gains for Jupiter's US smaller company specialist

Jupiter US Smaller Companies (JUS) aims for long-term capital growth from a diversified portfolio of US small and medium-sized firms. Its report and accounts for the year to 30 June 2018 shows shareholders' assets of £163 million.

The trust is managed by Robert Siddles, who has a value style of investing. He focuses on quality companies with a strong franchise, high free cash flow and management ownership. Ideally, firms are out of favour and therefore carry limited downside risk.

Jupiter held stakes in 42 companies at the end of June 2018, down from 58 a year earlier. The top 10 holdings were up from 24% to 36% of the portfolio's value. The greater concentration reflected a decision to target holdings with the greatest long-term potential and sell losers promptly.

The largest sector exposures were financial services, at 23.1%; producer



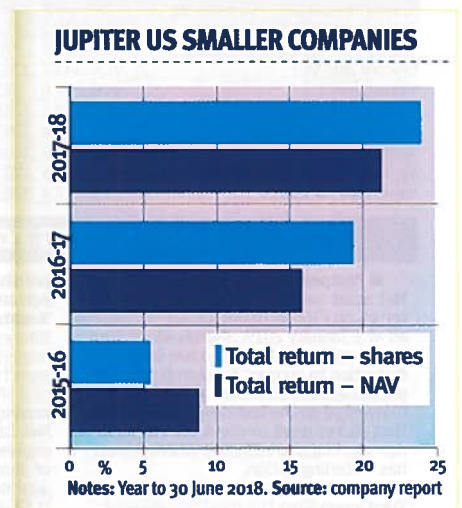
Robert Siddles

durables, at 19.4%; and consumer discretionary, at 17.6%. The largest holding was Ollie's Bargain Outlet Holdings, at 5.2%.

Jupiter had no net gearing during its financial year. Ongoing charges were almost unchanged at 1.02%. The net asset value (NAV) total return was 21.1% and the share price total return 23.8%, both comfortably ahead of the 14.2% return from the sterling-adjusted Russell 2000 index, the trust's benchmark.

This was the sixth time in 10 years that Jupiter's NAV total returns have exceeded its benchmark's.

Over the past 16 years since Siddles became manager of the trust, the NAV total return has reached 385%, compared with 284% for the benchmark.



Share buybacks keep the discount below 10% in normal market conditions.

Website: jupiteram.com/jus