

February 2018

Winners and losers in January

Best performing funds in price terms in January

	(%)
EF Realisation	+31.0
FastForward Innovations	+29.6
Polo Resources	+29.5
River & Mercantile UK Micro Cap	+14.6
Infrastructure India	+10.0
JPMorgan Chinese	+9.8
VinaCapital Vietnam Opportunity	+9.7
BlackRock Emerging Europe	+9.4
Atlantis Japan Growth	+9.1
JPMorgan Russian Securities	+8.8

Source: Morningstar, Marten & Co

Best performing funds in NAV terms in January

	(%)
EF Realisation	+19.0
Atlantis Japan	+8.0
Terra Capital	+8.0
BlackRock Latin American	+7.4
Scottish Mortgage	+7.2
BlackRock Emerging Europe	+6.8
JPMorgan Brazil	+6.3
VinaCapital Vietnam Opportunity	+6.2
Allianz Technology	+6.1
BlackRock Frontiers	+6.0

Source: Morningstar, Marten & Co

The oil price was up again over the month and this helped propel **EF Realisation** (whose largest asset is a US shale oil company) to the top of the tables. **Fast Forward Innovations** rose on the back of a run of good news from Nuuvera, its cannabis-focused investment. **Polo Resources** seems to have attracted some attention in a couple of tip sheets; the shares have been very volatile of late. **River & Mercantile UK Micro Cap**'s premium shot up in January, as investors ignored the danger of having part of their investment compulsorily returned to them at asset value. Looking at the NAV moves, strong performance was achieved from funds exposed to Japanese smaller companies (**Atlantis Japan**) and emerging and frontier markets, benefitting funds such as **Terra Capital** and **BlackRock Frontiers**, Brazil (**BlackRock Latin** and **JPMorgan Brazil**), Emerging Europe (**BlackRock Emerging** and **JPMorgan Russian**), Vietnam (**VinaCapital Vietnam Opportunity**).

Worst performing funds in price terms in January

	(%)
EPE Special Opportunities	-31.9
Masawara	-25.4
CatCo Reinsurance Opportunities	-24.8
Alternative Liquidity Fund	-15.4
Leaf Clean Energy	-11.9
Adamas Finance Asia	-10.8
Geiger Counter	-8.3
Carador Income Fund	-7.8
Blue Capital Alternative Income	-7.4
Livermore Investments	-7.3

Source: Morningstar, Marten & Co

Worst performing funds in NAV in January

	(%)
Geiger Counter	-19.7
Infrastructure India	-6.2
Ranger Direct Lending	-5.7
Weiss Korea Opportunity	-5.7
Ecofin Global Utilities & Infrastructure	-5.5
India Capital Growth	-5.5
Macau Property Opportunities	-4.9
Ashmore Global USD	-4.9
Acencia Debt Strategies	-4.9
CatCo Reinsurance Opportunities	-4.9

Source: Morningstar, Marten & Co

On the downside, one of the biggest influences on the performance of funds over the course of January was the weakness in the US dollar (which dropped by 5% relative to the pound). A whole raft of funds, whose underlying US dollar based NAVs didn't move by much or at all in the month, made it into the biggest fallers as a result. These include **CatCo Reinsurance Opportunities**, which announced another lurch downward in its end December NAV (so escaping being at the top end of the table). Its share price reflects this move. **EPE Special Opportunities** continued its slide post December's profit warning from Luceco. Its discount has opened up again. Investors have been piling out of **Masawara** before it delists on 7 February. **Geiger Counter**'s portfolio has been volatile recently as the uranium market tries to find a new level, post a number of production cuts. **Alternative Liquidity**'s discount has been widening again, post its latest return of capital.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Jan (%)	31 Dec (%)
FastForward Innovations	+100.7	+54.9
Geiger Counter	+11.6	-2.3
River & Mercantile UK Micro Cap	+14.2	+2.7
Globalworth Real Estate	+16.2	+6.4
Baker Steel Resources	-7.5	-17.3

Source: Morningstar, Marten & Co

Fast Forward Innovations rose on the back of a run of good news from Nuvera, its cannabis-focused investment. Its NAV may be out of date but its premium looks very high. **Geiger Counter**'s portfolio has been volatile recently as the uranium market tries to find a new level, post a number of production cuts. **River & Mercantile UK Micro Cap**'s premium shot up in January, as investors ignored the danger of having part of their investment compulsorily returned to them at asset value. **Globalworth Real Estate**'s share price has been strong since it announced its plan to expand into Poland. **Baker Steel Resources Trust** has had a good run, on the back of strengthening commodity prices.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Jan (%)	31 Dec (%)
EPE Special Opportunities	-49.3	-25.5
Masawara	-63.3	-51.2
Carador Income Fund	-15.6	-6.9
Alternative Liquidity Fund	-43.9	-36.4
GCP Infrastructure	+8.2	+14.9

Source: Morningstar, Marten & Co

EPE Special Opportunities' discount has opened up again, as it continued its slide post December's profit warning from Luceco. Investors have been piling out of **Masawara** before it delists on 7 February. **Carador Income Fund**'s widening discount is hard to explain; there was a sale of shares by Axa Investment Managers. **Alternative Liquidity**'s discount has been widening again, post its latest return of capital. The liquidation of Carillion has added to the woes of the infrastructure sector. **GCP Infrastructure**'s premium reduced (which might also be due to its £100m fundraise) but, just outside the table, **HICL Infrastructure** moved to trading at a discount for the first time in some years.

Money raised and returned in January

Money raised in January

	(£m)
GCP Infrastructure	100.0
CC Japan Income & Growth	32.9
Baillie Gifford Shin Nippon	14.3*
Worldwide Healthcare	11.9*
Baillie Gifford Japan	10.5*

Source: Morningstar, Marten & Co, *approximate value of shares at 31/01/18

There were no new issues in January although, anecdotally, there seem to be a fair few on the blocks at the moment. **GCP Infrastructure** raised £100m in an oversubscribed placing just before Carillion collapsed into liquidation and cast a pall over the infrastructure sector. **CC Japan Income & Growth** raised £32.9m from a placing, offer for subscription and intermediaries offer. This was probably less than they were expecting. Regular tap issues from the two Japanese Baillie Gifford funds and perennial favourite, **Worldwide Healthcare**, raised double digit millions for those funds. Other issuers of £5m or more worth of stock were **Fundsmith Emerging Equities**, **BlackRock Frontiers**, **Scottish Mortgage**, **Personal**

Money returned in January

	(£m)
Phaunos Timber	\$25.0
Edinburgh Dragon	9.0*
BH Global	4.8*
NB Global Floating Rate Income	4.8*
P2P Global	4.2*

Source: Morningstar, Marten & Co, * approximate value of shares at 31/01/18

Assets and **Chelverton Small Companies Dividend**. Unfortunately, the latter trust raised just £5.5m from its C share issue and remains one of the smallest funds in its sector.

Camper & Nicholsons Marina bit the dust on 10 January, bringing an end to an undistinguished record. **Phaunos Timber** returned \$25m to shareholders via a compulsory redemption of shares. Otherwise, the usual suspects bought back shares but in smaller amounts than we have seen for a while.

Visit www.quoteddata.com for more on these and other stories plus in-depth analysis on some funds, the chance to compare similar funds and basic information, key documents and regulatory news announcements on every investment company quoted in London

Baillie Gifford has been managing investments since 1909. Our success has been built on finding good investment opportunities for clients through extensive independent research. Our fundamental analysis and judgement over the years have helped us to become one of the UK's largest independent investment management groups with £176.9 billion of funds under management and advice as at 31 December 2017*.



Baillie Gifford is one of the largest investment trust managers in the UK with a range of seven trusts. We also have an extensive range of OEIC sub-funds and manage investments globally for pension funds, institutions and charities.

* Source Baillie Gifford & Co As with all stock market investments, your capital is at risk

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Portfolio developments

- **Honeycomb** provided funding to GLI Finance
- **ICG Longbow** updated investors on its portfolio
- **GCP Infrastructure** funded a solar portfolio
- Infrastructure funds, including **HICL**, reacted to Carillion's liquidation
- **SQN Asset Finance** had some good news on Suniva
- **CIP Merchant Capital** invested in Saffron Energy
- **Princess Private Equity** benefited from the sale of Trimco
- **CatCo Reinsurance Opportunities** took a big hit from the Californian wildfires
- **Renewables Infrastructure** bought Clahane wind farm
- **Reconstruction Capital II** is increasing its stake in Policolor
- **Hg Capital** invested in MeinAuto.de
- **RM Secured Direct Lending** announced a number of investments

Corporate news

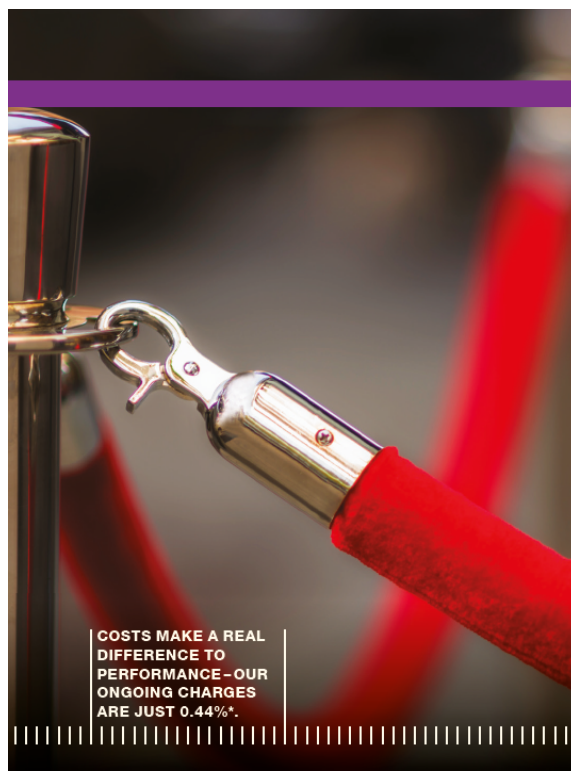
- **Sequoia Economic Infrastructure's** board brought in external consultants
- **Ranger Direct Lending's** board asked Kinmont to review its management arrangements
- **JPMorgan Income & Capital's** shareholders can rollover into JPMorgan Multi Asset Trust
- **Aseana Properties** wants investors to approve an extension to its life
- **Chenavari Toro** suspended its buyback programme
- **Funding Circle SME Income** got funding from Citibank
- A tender for **Pershing Square** shares was announced after it settled a lawsuit
- **Masawara** announced its intention to delist

Property news

- **UK Commercial Property** sold some shopping centres
- **Trinity Capital** sold its last investment
- **Dolphin Capital** sold its Sitia Bay project
- **Tritax** bought an AO.com warehouse and forward funded two Howdens Joinery warehouses
- **Derwent London** took control of its Tottenham Court Road development site
- **SEGRO** bought a stake in Sofibus Patrimoine
- **LXI REIT** invested in student accommodation in Dundee
- **RDI REIT** bought four flexible London offices
- **Impact Healthcare REIT** bought three care homes
- **Aberdeen Standard European Logistics** made an investment in Frankfurt
- **Standard Life Investments Property Income** bought a logistics facility

Managers and fees

- **Henderson High Income** changed its fee structure
- Franklin Templeton bought **Edinburgh Partners**



COSTS MAKE A REAL DIFFERENCE TO PERFORMANCE - OUR ONGOING CHARGES ARE JUST 0.44%*.

SCOTTISH MORTGAGE INVESTMENT TRUST

SOME OPPORTUNITIES ARE MORE EXCLUSIVE THAN OTHERS.

A company's ability to exhibit exponential growth lies at the heart of the Scottish Mortgage Investment Trust, managed by Baillie Gifford.

Our portfolio consists of around 80 of what we believe are the most exciting companies in the world today. Our vision is long term and we invest with no limits on geographical or sector exposure.

Baillie Gifford's track record as long-term, supportive shareholders makes us attractive to a new breed of capital-light businesses. And our committed approach means we can enjoy a better quality of dialogue with management teams at transformational organisations such as Alibaba, Dropbox and Airbnb. So it is a case of who you know as well as what you know. Over the last five years the Scottish Mortgage Investment Trust has delivered a total return of 222.8% compared to 117.6% for the sector**.

Standardised past performance to 30 September**:

	2013	2014	2015	2016	2017
Scottish Mortgage	35.9%	27.6%	4.2%	37.0%	30.4%
AIC Global Sector Average	23.6%	12.1%	5.1%	21.8%	21.6%

Past performance is not a guide to future returns.

Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested.

The Trust's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

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A Key Information Document is available by contacting us.



Long-term investment partners

*Ongoing charges as at 31.03.17. **Source: Morningstar, share price, total return as at 30.09.17. Your call may be recorded for training or monitoring purposes Scottish Mortgage Investment Trust PLC is available through the Baillie Gifford Investment Trust Share Plan and the Investment Trust ISA, which are managed by Baillie Gifford Savings Management Limited (BGSM). BGSM is an affiliate of Baillie Gifford & Co Limited, which is the manager and secretary of Scottish Mortgage Investment Trust PLC.

Income

Investment Companies announcing their full year dividends in January

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
BlackRock Commodities Income ^a	30/11/17	4.0	-20.0	4.84	1.21x
Henderson Opportunities	31/10/17	20.0	+5.3	21.8	1.09x
Ediston Property	30/09/17	5.75	+4.5	6.34	1.10x
JPMorgan Russian Securities	31/10/17	21.0	+50.0	23.97	1.14x
Chenavari Toro Income ^b	30/09/17	6.75 cents	+3.8	7.04 cents	1.04x
CC Japan Income & Growth	31/10/17	3.45	+15.0	4.06	1.18x
TwentyFour Select Monthly Income	30/09/17	6.56	-4.2	13.2 ^c	2.01x ^c
Independent	30/11/17	6.0+2.0 ^d	+20.0 ^d	9.2	1.53x ^d
Aberdeen Diversified Income & Growth	30/09/17	5.89 ^e	-9.9 ^e	5.31	0.91x
Bankers Investment Trust ^f	31/10/17	18.6	+9.4	20.49	1.10x
Chenavari Capital Solutions	30/09/17	6.75	-10.0	5.13 ^c	0.75x ^c
Safestore	31/10/17	14.0	+20.2	23.2	1.66x

Source: Marten & Co, * unless otherwise stated

- The Board's current target is to declare quarterly dividends of at least 1.00 pence in the year to November 2018, making a total of at least 4.00 pence for the year as a whole.
- On 12 May 2017, the company announced a new dividend target of 8 cents per annum.
- The company does not separate revenue and capital items within its profit and loss statement.
- 6p plus a 2p special dividend, the increase and dividend cover figures relate to the base dividend only.
- As part of the transformation of the company which occurred during the financial period, it decided to rebase the dividend to a more sustainable level, declaring quarterly dividends equivalent to an annualised rate of at least 5.2p.
- Forecast of dividend growth of at least 6.0% for 2018.

Publications

Update | Investment companies
16 January 2018

Seneca Global Income & Growth

Walking the walk

In mid-2017, Seneca Global Income & Growth Trust's (SGIG) manager set out a clear road map of how it would gradually reduce the trust's weighting to equities over the next couple of years. The manager has been sticking to this plan and, in this report, an update is provided on the changes that have been made to SGIG's portfolio. The manager expects to see a global recession in 2020 with a global local market in equities commencing in 2019. The aim is that SGIG's portfolio will be meaningfully underweight equities as developed markets and economies reach their peak phase (during which equities traditionally show their poorest performance).

Multi-asset, low volatility, with yield focus

Over a typical investment cycle, SGIG seeks to achieve a total return that exceeds the return of the FTSE 100 and other major developed equity indices, with low volatility, and with the aim of generating aggregate annual dividends at least at line with inflation. To achieve this, SGIG invests in a multi-asset portfolio that includes both developed and emerging market equities and commitments to special dividend-paying UK equities and commitments to special dividend-paying US equities, fixed income and special assets. SGIG's manager sees good as the primary investment focus when deciding on its tactical asset allocation and holding selection.

Year ended	Revenue	Net Profit	Market Cap	NAV	NAV Yield
2017/18	10.1	2.7	3.1	11.2	5.1
2016/17	10.0	2.5	3.0	10.8	5.0
2015/16	10.0	2.4	2.9	10.4	4.9
2014/15	10.0	2.3	2.8	10.0	4.8

Seneca Global Income & Growth has been putting its equity reduction plan into action.

Pre-IPO note | Investment companies
24 January 2018

JPMorgan Multi-Asset Trust

Long-term return objective of 6% per annum

JPMorgan Multi-Asset Trust (MATE) is a new investment company that will invest across a range of different asset classes. It will aim to achieve a total return of 6% per annum, over the long term, through a combination of income and capital growth. It will seek to achieve these target returns whilst maintaining lower levels of volatility than a traditional equity portfolio.

Initial quarterly dividend of 6%

MATE is targeting a yield of 6% on the initial issue price. Dividends will be paid quarterly and the trust has a progressive dividend policy. This target yield has been selected as it represents a balance between a sustainable and realistic target and the flexibility to pay dividends out of both income and capital.

The details of the share issue, including the risk factors that investors should take into consideration, are more fully described in the prospectus published on 24 January 2018 and we urge readers to read this before making any investment decision.

Year ended	Revenue	Net Profit	Market Cap	NAV	NAV Yield
2017/18	10.1	2.7	3.1	11.2	5.1
2016/17	10.0	2.5	3.0	10.8	5.0
2015/16	10.0	2.4	2.9	10.4	4.9
2014/15	10.0	2.3	2.8	10.0	4.8

JPMorgan Multi Asset Trust is a new issue that is aiming for long-term returns of 6% per annum from a multi asset portfolio with lower volatility than a portfolio of equities.

Update | Investment companies
30 January 2018

India Capital Growth

Moving to the main board

India Capital Growth (ICG) moved to the premium listing segment of the London Stock Exchange's main market on 24 January 2018. The board considers that this market is more appropriate for a fund of ICG's size and maturity, and provides a more suitable platform for its growth ambitions. It also believes that the move allows ICG to access an expanded investor audience, putting it on a par with its immediate peers, and that it will benefit from better liquidity in its shares, and potentially an improved rating, building on last year's naming success (see pages 2 and 3).

ICG's adviser thinks that strong earnings growth in India has bottomed, and the outlook is good, but believes earnings need to grow into current valuations and so the market may gauge for breath.

Mid-and small cap listed investments in India

ICG's investment objective is to provide long-term capital appreciation by investing directly or indirectly in companies listed in India. The investment group permits the company to make investments in a range of Indian equity securities and Indian equity-linked securities. The company's investments will predominantly be in listed mid-and-small cap Indian companies.

Year ended	Revenue	Net Profit	Market Cap	NAV	NAV Yield
2017/18	10.1	2.7	3.1	11.2	5.1
2016/17	10.0	2.5	3.0	10.8	5.0
2015/16	10.0	2.4	2.9	10.4	4.9
2014/15	10.0	2.3	2.8	10.0	4.8

India Capital Growth is celebrating its move to the main market of the London Stock Exchange, that and very good returns for shareholders over the past year

Initiation | Investment companies
5 February 2018

RIT Capital Partners

Healthy absolute return with less risk

RIT Capital Partners (RIT) has established a strong track record over many decades. Over the last five years, its share price total return has almost doubled and it has returned to trading at a premium.

RIT's investment style emphasises long-term thinking and the avoidance of permanent capital losses. In recent years, RIT has allocated capital away from equities towards uncorrelated strategies (ones whose price movements are not aligned with equities) thereby positioning itself in anticipation of a correction in equity markets.

Grow and preserve shareholders' capital

RIT aims to deliver long-term capital growth while preserving shareholders' capital. It invests without the constraints of a formal benchmark, but aims to deliver increases in capital value in excess of relevant indices over time. RIT invests in a globally diversified, international portfolio across a range of asset classes, both domestic and international, and allocates part of the portfolio to exceptional managers in order to access assets to the best external market available.

RIT compares its investment performance against an absolute hurdle based on UK inflation (Real Price Index or RPI), plus three percentage points per annum and an equity hedge (the MSCI All Countries Index) more 50% in sterling. In recent years it has emphasised the preservation of capital over the pursuit of short-term growth.

Year ended	Revenue	Net Profit	Market Cap	NAV	NAV Yield
2017/18	10.1	2.7	3.1	11.2	5.1
2016/17	10.0	2.5	3.0	10.8	5.0
2015/16	10.0	2.4	2.9	10.4	4.9
2014/15	10.0	2.3	2.8	10.0	4.8

RIT Capital Partners targets long-term capital growth while preserving shareholders' capital. It invests across a range of asset classes and has built up an enviable track record.



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