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Monthly roundup | Investment companies

March 2018

Winners and losers in February

Best performing funds in price terms in February

	(%)
Lindsell Train	8.9
BP Marsh	7.5
Ashmore Global Opportunities (USD)	6.7
Pacific Alliance China Land	6.5
EPE Special Opportunities	6.3
Terra Capital	5.8
Africa Opportunity	5.5
DP Aircraft 1	5.2
Macau Property Opportunities	5.0
Gabelli Merger Plus	4.7

Source: Morningstar, Marten & Co

Worst performing funds in price terms in February

	(%)
River & Mercantile UK Micro Cap	(24.2)
Marwyn Value Investors	(15.3)
Ecofin Global Utilities & Infrastructure	(11.1)
Woodford Patient Capital	(9.2)
Phoenix Spree Deutschland	(8.2)
JPMorgan Smaller Companies	(8.0)
Crystal Amber	(7.8)
India Capital Growth	(7.7)
UIL	(7.6)
Hansa	(7.6)

Source: Morningstar, Marten & Co

Best performing funds in NAV terms in February

	(%)
Baker Steel Resources	8.6
Africa Opportunity	7.6
Baillie Gifford Shin Nippon	5.2
NB Distressed Debt	3.4
Allianz Technology	3.2
Ashmore Global Opportunities (USD)	3.2
DP Aircraft 1	3.2
Tufton Oceanic Assets	3.2
Phaunos Timber	3.2
Acencia Debt Strategies	3.2

Source: Morningstar, Marten & Co

Worst performing funds in NAV in February

	(%)
Geiger Counter	(8.7)
EF Realisation	(8.3)
Premier Global Infrastructure	(7.3)
Woodford Patient Capital	(5.9)
Marwyn Value Investors	(5.5)
Edinburgh Investment Trust	(5.1)
JPMorgan India	(5.1)
Fidelity China Special Situations	(4.9)
India Capital Growth	(4.9)
Henderson Opportunities	(4.8)

Source: Morningstar, Marten & Co

Investors piled into **Lindsell Train** driving up its premium. **BP Marsh**'s shares rose following a positive trading update. **Ashmore Global Opportunities** is quite thinly traded. Its NAV move, like all the investment companies below it in the table, is the result of dollar strength over the month rather than any change in the local currency value of the underlying assets. **Pacific Alliance China Land** compulsorily purchased 11.5% of its shares. **EPE Special Opportunities** recovered a little from its December 2017 collapse. **Terra Capital** announced a tender offer. **Macau Property Opportunities** announced the sale of its Senado Square development. **Gabelli Merger Plus** announced its first results. **Baker Steel Resources** sold its stake in Polar Silver.

The manager of **River & Mercantile UK Micro Cap** fund left the business in February. The share price of **Marwyn**'s largest holding BCA fell significantly. **Ecofin Global Utilities & Infrastructure** and **Premier Global Infrastructure** were both effected by the global trend to sell down utility holdings due to concerns about rising interest rates. **Woodford Patient Capital**'s largest holding Prothena fell sharply on the news that its chief medical officer was leaving. **Geiger Counter** saw a big change in its NAV, as investors reacted to volatility in uranium prices. One of **EF Realisation**'s largest holdings, Lonestar Resources, has underperformed in recent months. Lonestar, which operates in the shale gas sector, has suffered from negative sentiment in the wake of a rising oil prices. **Phoenix Spree Deutschland** continues to do well. However, investors have taken profits in recent months.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	28 Feb (%)	31 Jan (%)
Geiger Counter	+14.3	+4.9
Lindsell Train	+24.8	+15.4
Gulf Investment Fund	-12.4	-18.9
BP Marsh	-10.2	-16.4
Independent	+17.0	+11.7

Source: Morningstar, Marten & Co

Geiger Counter saw a big change in its NAV, as investors reacted to volatility in uranium prices. Investors piled into **Lindsell Train** driving up its premium. **BP Marsh**'s shares rose following a positive trading update. **Gulf Investment Fund**'s share price did not react to a falling NAV. The widening of the premium of **Independent** reflects the strong underlying performance of the company which is attracting new investors. A 17% premium could prove a problem however if that outperformance stalls.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	28 Feb (%)	31 Jan (%)
River & Mercantile UK Micro Cap	-10.4	+14.7
Phoenix Spree Deutschland	+21.6	+33.9
FastForward Innovations	+91.9	+100.7
Syncona	+29.7	+38.3
Baker Steel Resources	-12.9	-4.5

Source: Morningstar, Marten & Co

The manager of **River & Mercantile UK Micro Cap** fund left the business in February. **Phoenix Spree Deutschland** continues to do well. However, investors have taken profits in recent months. **FastForward Innovations'** premium to NAV, which is already relatively high, narrowed only marginally over the month. **Syncona,** which is transitioning to a life science company, may have succumbed to profit taking. **Baker Steel Resources** sold its stake in Polar Silver which helped its NAV but is yet to be reflected fully in its share price.

Money raised and returned in February

Money raised in February

	(£m)
PRS REIT	250.0*
Marble Point Loan Financing	$205.7*
Target Healthcare REIT	94.0*
Edinburgh Dragon	43.7*
F&C Global Smaller Companies	10.7*

Source: Morningstar, Marten & Co, *approximate value of shares at 28/02/18

PRS REIT raised £250m for its launch in February, doubling the size of the fund. **Marble Point Loan Financing** raised $205.7m at IPO, for its portfolio of CLO equity and debt securities. **Target Healthcare REIT**, **Edinburgh Dragon** and **F&C Global Smaller Companies** benefitted as their convertible loan stocks were converted into shares. Companies that also raised money in excess of £5m over the month included **Finsbury Growth & Income**, **Baillie Gifford Shin Nippon**, **Axiom European Financial Debt Fund**, **Baillie Gifford Japan**, **Personal Assets**, **JPMorgan Global Growth & Income**, **BlackRock Frontiers**, **City of London**, **European Assets**, and **Worldwide Healthcare**.

Money returned in February

	(£m)
Scottish Mortgage	28.9*
Alliance Trust	24.8*
Templeton Emerging Markets	16.5*
NB Global Floating Rate Income	14.2*
Pacific Alliance China Land	12.4*

Source: Morningstar, Marten & Co, * approximate value of shares at 28/02/18

Scottish Mortgage repurchased shares to be held in Treasury as it defended its rating through the wobble in markets. **Alliance Trust** stepped up its buy backs again as it tried to defend its discount in the face of falling markets. **Templeton Emerging Markets**, **NB Global Floating Rate Income** and **Pacific Alliance China Land** all brought back shares, the latter in a compulsory purchase as it returns cash to shareholders. **Taliesin Property** was purchased by US investment company Blackstone and ceased trading. **Masawara** delisted from AIM in February. Companies that also returned money in excess of £5m over the month included **JPMorgan American** and **Mercantile**.

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

February's major news stories – from our website

Portfolio developments

- **Global Resources** wrote up its Kalia investment
- **HgCapital** completed the acquisition of Italian online hosting provider DADA
- **VinaCapital Vietnam** invested in local poultry company, Ba Huan JSC
- **Oakley Capital** sold Parship and Verivox
- **Greencoat Renewables** bought Lisdowney wind farm
- **Riverstone Energy** sold Three Rivers III
- **Baker Steel Resources** sold its 90% stake in the Prognoz Silver Mine
- **Tufton Oceanic Assets Limited** acquired two feeder container ships for $20.5 million.
- **BioPharma Credit** made a $150m loan to NovoCure
- **Blue Capital Alternative Income** reported improved market conditions
- **SQN** found a new lessor for Snoozebox assets
- **CatCo** provided an update on its 2018 portfolio and the aftermath of 2017
- **John Laing Environmental** bought another anaerobic digestion plant

Corporate news

- **Standard Life UK Smaller Companies** changed its reference benchmark
- **JPMorgan's Multi-Asset Trust** launch benefitted from a rollover of £81m from JPMorgan Income and Capital Trust
- **John Laing Environmental Assets** announced a £30m fundraise
- **Utilico Emerging Markets Limited** to re-domicile the Company to the United Kingdom
- **Aberdeen Asian Smaller** to consult on restructuring the current Convertible Unsecured Loan Stock (CULS).
- **Blackstone GSO Loan Financing** commented on a US court decision
- Tak Lee opposed a fundraise by **Shaftesbury**

Property news

- **NewRiver REIT** acquired two retail parks for £26 million
- **Starwood** lent against a student accommodation scheme
- **LXi REIT** is fully invested again after social housing deal
- **Empiric Student Property** bought Southampton's Emily Davies Hall
- **AEW UK REIT** bought a Wakefield business park
- **British Land** acquired a Woolwich Estate
- **LMS Capital** exited Brockton Capital LLP
- **Tritax** will fund new Eddie Stobart logistics facility
- **Standard Life Property Income** bought the Grand National Retail Park
- **LXI** bought the Stobart biomass storage/ processing plant
- **Macau Properties** sold Senado Square

Managers and fees

- **Henderson Alternative Strategies** announced a lower fee structure
- **JPMorgan Global Convertibles Income Fund Limited** announced that Antony Vallee has decided to leave to pursue other opportunities.
- **Talib Sheikh** resigned from JPMorgan Asset Management
- Dan Whitestone became the sole manager of **BlackRock Throgmorton**
- Philip Rodrigs, the Star fund manager of **River and Mercantile Micro Cap** left
- **The Investment Company** announced that its management contract is moving to Fiske
- **Templeton Emerging Markets** lost Carlos Hardenberg

Property news (continued)

- **Schroder European Real Estate** sold two French supermarkets
- **Hibernia REIT** bought an office in Dublin South Docks
- **Hammerson** sold Battery Retail Park in Birmingham

Income

Investment Companies announcing their full year dividends in February

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Law Debenture	31/12/17	17.3	+3.6	21.66[a]	1.25x
Derwent London	31/12/17	59.73 + 75.0[b]	+14.1[b]	94.2	1.58x[b]
Rights and Issues	31/12/17	30.75	+2.5	29.1	0.95x
BlackRock World Mining[c]	31/12/17	15.6	+20.0	15.92	1.02x
RIT Capital Partners[d]	31/12/17	32.0	+3.2	-3.70	n/a
Hammerson	31/12/17	25.5[e]	+6.3	31.1	1.21x
Greencoat UK Wind	31/12/17	6.49[f]	+2.7	7.59[m]	1.5x
Foresight Solar	31/12/17	6.32[g]	+1.0	8.80[m]	1.39x
Intu	31/12/17	14.0	unchanged	15.0	1.07x
Temple Bar	31/12/17	42.47[i]	5.0	43.3	1.02x
Aberdeen Emerging Markets	31/10/17	10.0	initial[j]	-0.68	n/a
SEGRO	31/12/17	16.6	6.1	19.9	1.20x
Athelney Trust	31/12/17	8.9	3.5	9.6	1.07x
Primary Healthcare Properties	31/12/17	5.25	2.4	8.3	1.58x
Brunner	30/11/17	16.5	4.4[k]	18.4	1.11x
BBH	30/11/17[l]	3.5	initial[l]	0.21	0.06x
Polar Capital Financials Trust	30/11/17	3.9	9.9	4.29	1.10x

Source: Marten & Co, * unless otherwise stated

a) 19.30p (excluding the one-off benefit of the sale of an unlisted investment).

b) 59.73p plus a 75p special dividend, change and cover relate to the normal dividend

c) "*Dividend distributions from our portfolio holdings make up over half of the Company's revenue and these look set to grow in the current financial year. Shareholders should be aware that other sources of income face headwinds, such as additional interest rate rises narrowing the spread between our borrowing costs versus the coupon on the bonds we own, lower volatility reducing returns from option writing, and the appreciation of sterling against the US dollar impacting overall income as the majority of revenue is US dollar denominated.*"

d) The Board intends to pay a dividend of 33 pence per share in 2018, comprising 16.5 pence per share in April and 16.5 pence per share in October. This represents an increase of 3.1% over the previous year.

e) The final dividend is payable on 26 April 2018 to shareholders on the register at the close of business on 16 March 2018. 7.4 pence will be paid as a PID, net of withholding tax where appropriate, with the balance of 7.4 pence paid as a normal dividend

f) *"We* (The Company) *can confidently target a dividend of 6.76 pence per share with respect to 2018, again increased in line with December's RPI."*

g) The target dividend for 2018 is 6.58 pence, in line with the UK's Retail Price Index ("RPI") for 2017

h) 3I Infrastructure Board approves payment of the proposed special dividend. Further to the announcement made on 31 January 2018 of the Company's intention to return surplus cash to shareholders, the Board of 3i Infrastructure (3IN LN) has approved the payment of a special dividend of £425 million. The special dividend of 41.4 pence per Existing Ordinary Share will be paid to shareholders on 29 March 2018.

i) The dividend has been increased in light of the significant accretion to revenue reserves in recent years and the availability of income in the current year.

j) The dividend rate per share in 2016 was nil. During the year, the Board announced its intention to commence making distributions by way of dividends to be funded from a combination of income and capital.

k) 46 years of dividend growth – on approved, it will mark the 46th year of successive dividend increases.

l) BBH's first annual report – the company was launched in December 2016. For the financial year ending 30 November 2018, the Board is proposing the total dividend will be 4.0p, 3.5% of the net asset value of 115.43p as at 30 November 2017.

m) The company does not separate its revenue and capital returns. This is a combined figure.

Publications

Our initiation note on RIT Capital Partners looked at how it tries to deliver its objective of long-term capital growth while preserving shareholders' capital.

We spoke to the manager of Blue Capital alternative Income Fund falling a sharp decline in the company's NAV, following a series of significant insurance events. This note reports on our conversation.

In our initiation note, we cover how Global Diversified Infrastructure gives shareholders exposure to different infrastructure sectors in a global portfolio.

Our note on John Lang Environmental provides an update on developments in the company, additions to its wind portfolio and looks in more detail at anaerobic digestion.

Our independent guide to quoted investment companies is an invaluable tool for anyone who wants to brush up on their knowledge of the investment companies sector. We'll be releasing an updated version soon – look out for it and please sign up for our publications on www.quoteddata.com if you would like it emailed to you directly.

QuotedData

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123a Kings Road, London SW3 4PL
020 3691 9430
www.quoteddata.com
Registered in England & Wales number 07981621
2nd Floor Heathmans House
19 Heathmans Road, London SW6 4TJ

Edward Marten
(em@martenandco.com)
Alistair Harkness
(ah@martenandco.com)
David McFadyen
(dm@martenandco.com)
James Carthew
(jc@martenandco.com)
Matthew Read
(mr@martenandco.com)
Alexander Tarver
(at@martenandco.com)