

Monthly roundup | Investment companies

## May 2018

### Winners and losers in April

#### Best performing funds in price terms in April

	(%)
India Capital Growth	15.6
Premier Global Infrastructure	13.2
Blue Capital Alternative Income	12.9
Ashmore Global Opportunities USD	11.9
EF Realisation	11.7
Schroder UK Growth	11.3
Ranger Direct Lending	10.6
BlackRock Commodities Income	10.6
BlackRock Throgmorton	10.2
Ashmore Global Opportunities GBP	10.1

Source: Morningstar, Marten & Co

#### Best performing funds in NAV terms in April

	(%)
EF Realisation	15.4
Crystal Amber	10.2
Premier Global Infrastructure	9.8
BlackRock Commodities Income	9.6
Schroder UK Growth	9.4
Merchants	9.3
India Capital Growth	8.8
Gulf Investment Fund	8.7
Marwyn Value Investors	8.2
Aberforth Split Level Income	7.9

Source: Morningstar, Marten & Co

**India Capital Growth** has experienced a rebound in performance in the past month, as has the Indian market. The global infrastructure indices reached a low in late March and have recovered from there. Having underperformed, the share price of **Premier Global Infrastructure** also rallied. Following a period of bad news for the reinsurance sector, **Blue Capital Alternative Income**'s share price recovered some of its losses and its discount tightened. However, the directors have decided to wind down the fund. The sterling and US dollar shares of **Ashmore Global Opportunities** saw their share price rise suddenly on strong trading volume in mid-April. **EF Realisation**'s share price and discount both reflect the performance of the NAV since late March. **Schroder UK Growth** also appears in both tables on strong performance and news of a new manager. The NAV of **Merchants Trust** has performed well, as the UK market has rallied strongly from a recent low in March, although its discount

#### Worst performing funds in price terms in April

	(%)
Leaf Clean Energy	(26.9)
Alternative Liquidity Fund	(15.3)
LMS Capital	(11.4)
Woodford Patient Capital	(5.6)
Baring Emerging Europe	(5.5)
JPMorgan Russian Securities	(4.8)
AXA Property	(4.2)
Origo Partners	(4.2)
New Star	(3.6)
Invesco Perpetual Enhanced Income	(3.5)

Source: Morningstar, Marten & Co

#### Worst performing funds in NAV in April

	(%)
British & American	(7.8)
VietNam Holding	(6.1)
Woodford Patient Capital	(6.0)
VinaCapital Vietnam Opportunities	(5.4)
Baring Emerging Europe	(5.3)
JPMorgan Russian Securities	(4.8)
JPMorgan Brazil	(4.1)
Pacific Horizon	(2.6)
John Laing Infrastructure	(2.6)
Pacific Alliance China Land	(2.4)

Source: Morningstar, Marten & Co

marginally widened. There has been an announcement about the management arrangements of **Ranger Direct Lending** at the beginning of May. The company has also been subject to action from shareholder Oaktree Capital, pushing it to wind up the fund.

Strong selling caused the share price of **Leaf Clean Energy** to fall following a US court ruling against the company. **Alternative Liquidity**'s share price fell in advance of its annual results and there has also been a return of capital. The NAV of **Woodford Patient Capital Trust** fell on the news that a key holding, Prothena said its development programme for AL Amyloidosis has failed. The Vietnamese equity market has corrected after a period of strong performance. The falls in NAV of **VietNam Holding** and **VinaCapital Vietnam Opportunities** reflected this.

## Significant moves in discounts and premiums

### More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Mar (%)	30 Apr (%)
Blue Capital Alternative Income	-22.6	-10.2
3i	+22.6	+33.8
British & American	+53.9	+64.6
F&C Private Equity	+1.3	+9.2
City Merchants High Yield	-5.8	+1.9

Source: Morningstar, Marten & Co

Following a period of bad news for the reinsurance sector, **Blue Capital Alternative Income**'s share price recovered some of its losses and its discount tightened ahead of its continuation vote. **3i**'s discount widened steadily over April, even though the NAV of the fund has remained relatively unchanged since December. The premium of **British & American**, which is quite highly geared, has risen again, supported by relatively consistent liquidity. **F&C Private Equity Trust** has tended to trade at a discount to NAV. In the past 12 months this has changed but in April it rose significantly into a premium on strong profits growth. **City Merchants High Yield** has moved to a premium, despite fixed income losing some of its shine.

### Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Mar (%)	30 Apr (%)
Leaf Clean Energy	-52.0	-65.6
Aberforth Split Level Income	+2.2	-8.1
Alternative Liquidity	-50.0	-58.4
LMS Capital	-32.8	-38.8
New Star	-24.7	-30.0

Source: Morningstar, Marten & Co

Strong selling caused the share price of **Leaf Clean Energy** to fall and increased its discount following a US court ruling against the company. The share price of **Aberforth Split Level Income**, which is very volatile, fell, whereas the NAV rose on the back of strong UK equity performance, effectively widening the discount. The discount of **LMS Capital** has widened on very thin liquidity. **New Star**'s discount widened after the publication of its interim results.

## Money raised and returned in April

### Money raised in April

	(£m)
Tritax Big Box REIT	155.6
BioPharma Credit	\$163.8
Honeycomb	100.0
Odyssean	87.5
BBGI SICAV	60.8

Source: Morningstar, Marten & Co, \*approximate value of shares at 30/04/18

The only new issue in April was of **Odyssean Investment Trust**, a new UK equity fund. This raised £87.5m, short of its £100m target. **Tritax Big Box** raised more than £150m in an issue that it said was significantly oversubscribed. The issue proceeds will be used to fund its acquisition pipeline. **Biopharma Credit** issued stock to fund a loan to Sebela, a speciality pharmaceutical company focused on gastro-intestinal medicines, dermatology, and women's health. **Honeycomb**'s £100m issue was announced and closed in a day. **BBGI** said its issue was significantly oversubscribed. £10m came from M&G investments. **Standard Life UK Smaller Companies** issued shares worth £26.2m in exchange for £11m of its convertible unsecured loan stock. The valuation disparity highlights the dilutive impact of this issue. The impact of this had been accounted for in its NAV. Pacific Industrial & Logistics changed its name to **Urban**

### Money returned in April

	(£m)
Aberdeen Private Equity	148.6
Aberdeen Emerging Markets	33.4
Candover	27.2
NB Floating Rate Income	22.6*
Alliance Trust	21.8*

Source: Morningstar, Marten & Co, \* approximate value of shares at 30/04/18

**Logistics REIT** and raised £20.4m. Other notable issuers of stock included **Scottish Mortgage**, **Edinburgh Worldwide**, **City of London**, **Monks**, **Allianz Technology** and **Finsbury Growth & Income**.

We said goodbye to **Candover**, **Eastern European Property** and **Tiso Blackstar** during the month. **Aberdeen Private Equity** handed back £148.6m as it progressed its wind down. **Aberdeen Emerging Markets** held a tender for 10% of its shares and this was fully subscribed. **Vinaland** distributed 10 cents per share of surplus capital, equivalent to \$16.9m.

Other funds that bought back stock included **NB Floating Rate Income**, **Alliance Trust**, **Templeton Emerging Markets**, **Mercantile** and **Herald**.

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### Portfolio developments

- Above average number of natural disasters impact on **Blue Capital**
- **3i Infrastructure** made an investment in Atterot
- **Juridica's** left with seven cases
- **HgCapital** announced an investment in the Access Group
- US sanctions against Russia have minimal impact for **JPMorgan Russian Securities**
- **NB Distressed Debt's** run-off continues
- **Golden Prospect Precious Metals** sees fall in mining stocks
- **Bluefield Solar** acquired three solar PV plants
- **Foresight Solar** acquired five UK solar assets
- **HgCapital** disposes of Allocate Software
- **HgCapital** agreed the sale of Radius to Vistra
- **Witan Pacific** announced an asset allocation switch to new fund managers
- **UK Mortgages** gave an update on an acquisition of mortgages.
- **HgCapital** agreed the sale of Teufel to Naxicap Partners
- **HICL Infrastructure** sold its Highland Schools stake
- **GRIT** is now focused on three key investments

### Corporate news

- **Mercantile** announced a ten-for-one share split to help deal with the share price being so high
- **Aberdeen Asian Smaller Companies** announced details of CULS conversion
- **Aberdeen Emerging Markets** announced its tender results
- **Global Diversified Infrastructure's** IPO is cancelled
- **Honeycomb** raised £100 million
- **Ranger Direct Lending** responded to Oaktree's wind-down proposal
- **Infrastructure India** increased its bridging loan
- **Better Capital** announced that it has consented to an extension of BECAP Fund to 17 December 2019.

### Property news

- **Standard Life Property Income** completed the disposal of a multi let office in Slough for £13.25m
- **RDI** disposed of City Point in Leeds for £26.05 million
- **Hammerson** withdraws from its offer for Intu
- **MedicX** acquired a new primary healthcare medical centre in Peterborough
- **UK Commercial Property Trust** on the final furlong to REIT status

### Managers and fees

- **Schroder UK Growth** appointed Baillie Gifford as its new fund manager
- **BlackRock Smaller Companies** agreed a cut in its management fee and to remove the performance fee
- Manager change for **Invesco Perpetual Enhanced Income**



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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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\*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 April

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Pacific Assets Trust	31/01/2018	2.60	unchanged	2.60	1.00x
Martin Currie Global Portfolio	31/01/2018	4.20	unchanged	3.70	0.88
Aberdeen Asian Income Fund	31/12/2017	9.00	2.90	9.60	1.07
NB Global Floating Rate Income Fund	31/12/2017	3.40	96.00	0.18	0.05
Blue Capital Alternative Income	31/12/2017	0.07 <sup>a</sup>	96.30	-22.00	na
Standard Life Inv Property Income	31/12/2017	4.76	unchanged	5.00	1.05
Marwyn Value Investments	31/12/2017	8.26	unchanged		0.00
Axiom European Financial Debt	31/12/2017	6.15	unchanged	15.88	2.58
Mercantile	31/01/2018	53.00	15.20	61.20	1.15
F&C Commercial Property	31/12/2017	6.00	unchanged	11.60	1.93
Sherborne Investors [SIGB]	31/12/2017	57.00	-7.41	14.71	0.26
ICG Enterprise Trust	31/01/2018	21.00	5.00	23.76	1.13
Aurora	31/12/2017	2.75	27.20	4.70	1.71
ICG-Longbow Sen Sec UK Prop Debt	31/01/2018	6.00 + 2.25 <sup>b</sup>	unchanged	6.90	0.84
Witan Pacific	31/01/2018	5.50	15.80	6.52	1.19
Summit Germany	31/12/2017	3.02 <sup>c</sup>	unchanged	10.50	2.60
GCP Asset Backed Income Fund	31/12/2017	6.05	unchanged	7.10	1.17
UK Commercial Property [UKCM]	31/12/2017	3.68	unchanged	3.42	0.93
Phoenix Spree Deutschland	31/12/2017	5.00 <sup>d</sup>	17.10	1.21	0.24
Third Point Offshore GBP Share Class	28/02/2018	0.77 <sup>e</sup>	12.90	3.04 <sup>f</sup>	3.95
Third Point Offshore USD Share Class	28/02/2018	0.81 <sup>e</sup>	12.30	3.33 <sup>f</sup>	4.11
P2P Global Investments	31/12/2017	47.00	5.32	0.20	0.43
VPC Specialty Lending	31/12/2017	6.80	11.80	7.76	1.14
DP Aircraft I	31/12/2017	9.00	unchanged	25.30	2.81
Acorn Income Fund	31/12/2017	18.00	16.13	20.36	1.13
BlackRock Smaller Companies	28/02/2018	26.00	23.80	29.30	1.13
British & American	31/12/2017	8.60	23.00	7.73	0.90

- a) \$US - The company declared dividends totalling \$0.0714 per Ordinary Share, representing a dividend yield of LIBOR plus 6% for the period ending 31 December 2017. As the company made a loss in 2017, the dividend cover is not applicable.
- b) An element of the exceptional prepayment fees received in the year to 31 January 2017 were paid out to shareholders as a special dividend on 2 June 2017 at 2.25p, with total dividends paid or declared during the year being 8.25 pence per share (31 January 2017: 6.00 pence per share).
- c) This is in euros. Additional €4.65 million was paid post Reporting Period, reflecting 1.00 cents per share.
- d) Reported in euros
- e) The board is planning a move to the Premium Listing segment, alongside stopping dividend payments “and instead pursue an alternative means of future capital return, subject to Board guidance.”
- f) The company does not separate revenue and capital figures, this is a combined figure.

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