

June 2018

Winners and losers in May

Best performing funds in price terms in May

	(%)
EF Realisation	27.5
Syncona	16.9
British & American	15.6
Electra Private Equity	12.8
Baillie Gifford US Growth	12.1
Edinburgh Worldwide	12.0
Jupiter US Smaller Companies	11.9
Gresham House Strategic	11.3
Leaf Clean Energy	10.5
Pershing Square	10.0

Source: Morningstar, Marten & Co

Best performing funds in NAV terms in May

	(%)
EF Realisation	26.1
British & American	15.7
Edinburgh Worldwide	14.9
Baillie Gifford US Growth	12.8
Pershing Square	11.8
Polar Capital Technology	10.5
Allianz Technology	10.2
Crystal Amber	10.1
BB Healthcare	10.0
Jupiter US Smaller Companies	9.6

Source: Morningstar, Marten & Co

Companies with US exposure and those with an unhedged exposure to the US dollar (which rose by c.2% against the UK pound), performed well over the month, in both NAV and share price terms. These include **British & American**, **Baillie Gifford US Growth**, **Polar Capital Technology** and **Allianz Technology**. The share price rise of **EF Realisation** reflected the performance of the company's NAV. The share price of company's largest holding, Lonestar Resources, a US shale gas company rose by c.35% in May, because of rising oil prices and dollar strength. The share price of biotech company, **Syncona**, rose on positive news on two of its investments, Blue Earth and Autolus. The share price of **Leaf Clean Energy** recovered from its fall in April, following the unsuccessful outcome of a court case in the US. **Pershing Square** successfully carried out a \$300 million tender offer for its own shares and will list a US dollar share class on the London Stock Exchange.

Worst performing funds in price terms in May

	(%)
CATCo Reinsurance Opps	(25.0)
JPMorgan Brazil	(14.8)
BlackRock Latin American	(14.4)
Aberdeen Latin American Income	(11.4)
Infrastructure India	(10.9)
India Capital Growth	(8.2)
FastForward Innovations	(7.7)
F&C Private Equity	(7.0)
Ground Rents Income	(6.9)
European Assets	(5.6)

Source: Morningstar, Marten & Co

Worst performing funds in NAV in May

	(%)
BlackRock Latin American	(13.3)
JPMorgan Brazil	(12.9)
Aberdeen Latin American Income	(9.5)
Aberdeen Frontier Markets Investment	(5.3)
BlackRock Frontiers	(4.6)
BlackRock Emerging Europe	(3.6)
Utilico Emerging Markets	(3.5)
Sanditon Investment Trust	(3.3)
Axiom European Financial Debt Fund	(3.1)
Premier Global Infrastructure	(3.0)

Source: Morningstar, Marten & Co

Companies with exposure to Emerging Markets and countries and companies where the potential of a US-invoked trade war may be detrimental saw their share prices and NAVs fell in May. Brazil was particularly impacted by political, economic and social disorder. Fallers on these grounds included **JPMorgan Brazil**, **BlackRock Latin American**, **Aberdeen Latin American Income**, **Aberdeen Frontier Markets Investment**, **BlackRock Frontiers**, **BlackRock Emerging Europe** and **Utilico Emerging Markets**. India underperformed global markets in May, as the country entered into an election cycle. The share prices of **Infrastructure India** and **India Capital Growth** reacted accordingly. The share price of **CATCo Reinsurance Opportunities** fell further on the news that it would increase provision for losses following Hurricane Irma by 19.5% of the 31 March 2018 ordinary share NAV.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	30 Apr (%)	31 May (%)
Syncona	+22.9	+43.7
Electra Private Equity	-25.2	-15.6
Geiger Counter	-0.9	+8.5
Residential Secure Income	-11.4	-3.1
Premier Global Infrastructure	-13.9	-6.1

Source: Morningstar, Marten & Co

The premium of biotech company, **Syncona**, rose on positive news on two of its portfolio investments. **Electra Private Equity** reported in its half year results released in May that it will begin a formal sales process and the discount narrowed accordingly. The NAV of **Geiger Counter** saw a modest decline over the month, whilst its share price remained relatively stable. **Residential Secure Income** continued to buy back its own shares during the month, thereby reducing the discount. The company also announced that it had acquired a portfolio of 277 homes for £31.2 million. Whilst the NAV of **Premier Global Infrastructure** fell in May, the share price remained relatively unchanged, narrowing the discount as a result.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	30 Apr (%)	31 May (%)
CATCo Reinsurance Opps	+5.7	-23.5
FastForward Innovations	+86.7	+73.3
F&C Private Equity	+9.9	+2.0
European Assets	+3.3	-4.1
Golden Prospect Precious Metal	-17.8	-24.7

Source: Morningstar, Marten & Co

CATCo Reinsurance Opportunities moved to discount on the news that it was further increasing its loss provisions. The premium of **FastForward Innovations**, which has been very high for some time, reduced over the month. (see worst performing funds in price terms table above). **F&C Private Equity**'s premium had become stretched. A small, currency-related, fall in the NAV may have contributed to a move to a more moderate rating. A NAV fall, in relation to the result of the Italian general election, saw the share price of **European Assets** move from a premium to a discount. A weaker gold price may have weighed on Golden Prospect Precious Metal's share price.

Money raised and returned in May

Money raised in May

	(£m)
Greencoat UK Wind	118.8
Sequoia Economic Infrastructure Income	75.7
Supermarket Income REIT	65.0
NB Private Equity Partners	50.0
Aberdeen Asian Smaller	22.4*

Source: Morningstar, Marten & Co, *approximate value of shares at 31/05/18

Greencoat UK Wind raised £118.8m to complete the purchase of its further shareholding in the Clyde wind farms. **Sequoia Economic Infrastructure Income** raised £75.7m to deploy in attractive infrastructure projects and for a longer-term pipeline of opportunities. **Supermarket Income REIT** raised £65.0m part of the proceeds of which went to acquire the Tesco Extra in Scunthorpe from L&G Pensions Limited for £53 million **NB Private Equity Partners** raised £50.0m for new zero dividend preference shares dated 2024 issued at a gross redemption yield of 4.25%. **Aberdeen Asian Smaller** grew as some holders of its 2019 CULS converted to shares. It also issued £37m of new 2025 CULS.

Other notable issuers of stock included **Scottish Mortgage**, **Edinburgh Worldwide**, **City of London**, **Monks**, **Allianz Technology** and **Finsbury Growth & Income**.

Money returned in May

	(£m)
SQN Asset Finance Income	40.0
NB Floating Rate Income	35.5*
Templeton Emerging Markets	21.4*
Trading Emissions	8.7
JPMorgan Global Convertible	7.5*

Source: Morningstar, Marten & Co, * approximate value of shares at 31/05/18

Generally, the pace of buybacks appeared to slow in May. It was the first month for many years that **Alliance Trust** did not buy back any stock.

The board of **SQN Asset Finance Income** identified excess cash of £40m that could be made available to shareholders and be distributed by a one-off compulsory redemption. **NB Floating Rate Income** continues to shrink. There was a change in its manager line-up during the month. We said goodbye in May to **Trading Emissions** after it sold its last remaining solar asset. **JPMorgan Global Convertible** was the only other notable repurchase of stock that we identified, it also saw a portfolio manager leave.

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

ADVERTISEMENT

May's major news stories – from our website

Portfolio developments

- **International Public Partnerships** increases Cadent stake
- **Africa Opportunity** held back by hedging and C Share merger costs
- **SQN Asset Finance Income** hands back £40m
- **Aberdeen New Thai** aims to spice up returns
- **P2P Global** securitises Funding Circle loans
- **CATCo** takes another big write down on 2017 NAV
- **Greencoat UK Wind** to up its Clyde wind farm stake
- **Blue Capital Alternative Income** throws in towel
- **Civitas** share price boosted as it sorts potential First Priority problem
- **HgCapital** buys Financial Express, sells JLA, and invests in medical software provider MediFox and software firm, IRIS
- **Life Settlement Assets** announces three 'maturities'
- UK trust investors await details on **Autolus** IPO
- **HBM** boosts dividend by 20% after stellar year
- **McKay Securities** dividend up 11%
- **Oakley** agrees sale of Facile to EQT
- **NextEnergy Solar** adds first plants with onsite battery storage

Corporate news

- **Ranger** opts for Ares Management, hit with new Oaktree letter
- **Gresham House** proposal of acquisition and placing of new ordinary shares
- **Greencoat UK Wind** announces the result of its capital raise
- **NewRiver** responds to press speculation
- **Aberdeen Asian Smaller** results of CULS Placing, Open Offer and Conversion
- **Scottish Mortgage** took in £145m
- **Electra Private Equity** to start formal sales process
- **Pershing Square** says \$300m tender is complete

Property news

- **Regional REIT** purchases six new assets
- €15.5 million sale of German non-core asset by **Sirius Real Estate**
- **Shaftesbury** makes a strategic acquisition in Carnaby
- **VinaLand** sells Pavilion Square project and divests its stake in Project Romana Resort & Spa
- **British Land** submits planning application for Canada Water
- **Residential Secure Income REIT** acquires 277 property portfolio

Managers and fees


- Proposed changes at **Artemis Alpha Trust**
- Change in investment management team at **JPMorgan Global Convertibles Income**
- **VietNam Holding** announces significant changes
- Colin Hughes to retire as co-fund manager of **Henderson Opportunities Trust**
- Ian Barrass to retire as co-fund manager of **Henderson Alternative Strategies**
- New manager for **Shires Income**
- New twist as **Vietnam Holding** manager resigns

Property news (continued)

- **Supermarket Income REIT** buys Scunthorpe Tesco Extra
- Asset Sales drive robust financial performance for **British Land**
- **LXi REIT** sets new 5.5p dividend target
- **Assura** adds 120 medical centres to its portfolio

Managers and fees (continued)

- **Invesco Perpetual Enhanced Income** agrees to EGM request
- Change in manager line-up for **NB Global Floating Rate**
- **Invesco Perpetual Enhanced Income** updates on investment manager search
- **F&C UK High Income Trust** cuts management fee



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.

For some very exclusive opportunities, call us on **0800 027 0132** or visit us at www.bailliegifford.com

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 May

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Edinburgh Dragon	28/02/2018	3.3 ^a	3.1	3.60	1.10x
Aberdeen New Thai	28/02/2018	11.1	7.8	11.12	1.00x
Invesco Perpetual UK Smaller Cos	31/01/2018	20.8 ^b	21.6	8.36	0.40x
3i Infrastructure	31/03/2018	7.85 + 41.4 ^c	10.0	8.10	1.03x
Scottish Mortgage	31/03/2018	3.07	2.0	1.20	0.39x
Big Yellow	31/03/2018	30.8	12.0	73.60	2.39x
Schroder Real Estate Investment Trust	31/03/2018	2.48	unchanged	2.70	1.09x
Warehouse REIT	31/03/2018	2.5 ^d	unchanged	3.12	1.09x
Scottish Mortgage	31/03/2018	3.07 ^e	2.0	1.20	0.39x
Value and Income Trust	31/03/2018	11.4	3.6	9.94	0.87x
Aberdeen Japan Investment Trust	31/03/2018	5.2	-9.1	6.59	1.27x
Shires Income	31/03/2018	13	2.0	13.69	1.05x
Perpetual Income & Growth	31/03/2018	13.9 ^f	4.1	14.68	1.06x
F&C UK High Income Trust plc	31/03/2018	4.88 ^g	3.4	4.03	0.83x
TR Property	31/03/2018	12.2	16.2	13.22	1.08x
Edinburgh Investment Trust	31/03/2018	26.6	4.9	29.30	1.10x
Capital Gearing Trust	05/04/2018	21.0 + 6.0 ^h	5.0	37.04	1.76x
Carador Income Fund	31/12/2017	\$0.09	unchanged	\$0.07	1.26x
HICL Infrastructure Company	31/03/2018	7.85	2.6	6.90	0.88x
Caledonia Investments	31/03/2018	57.0+100.0 ⁱ	4.0	57.4	1.01x

* unless otherwise specified

- There will be no interim dividend for the year to 31 August 2018 (2017 - nil) as the objective of the Company is long-term capital appreciation
- While there has been a fall in total dividend income because of the tender offer, revenue per share has increased from 7.37p last year to 8.36p this year. The resulting balance of dividend being paid from capital reserves, has reduced to 1.8% of net assets (2017: 2.1%). This continues to represent only a small proportion of the current year's returns and the annualised returns over the last ten years.
- Special dividend of 41.4p pence per share paid in March 2018 (2017 17p). The dividend to shareholders is fully covered for FY18, supported by growth in income.
- Result from IPO to 31 March, no dividends were paid during the period 24 July 2017 and 31 July 2017. Target dividend for year ending 31 March 2019 increased from 5.5p per share to 6.0p per share.
- Given the strength of the long run capital returns and the company's investment objective, together with the clear guidance given in the past, the board has decided that a modestly increased dividend would be appropriate this year. This will be paid from a combination of earnings, the remainder of the revenue reserve and the capital reserve
- Continuing the policy of recent years to pass on to shareholders special dividends received, the board has also declared a special dividend of 0.80p per share, also to be paid on 29 June 2018 to shareholders on the register on 8 June 2018. This reflects the level of special dividends received, which was a little more than last year. However, special dividends are, by their nature, non-recurring so continuation of the flow seen in recent years should not be relied upon.
- Move to investing in larger companies has reduced the yield.
- Special dividend per ordinary share of 6.00p - In a normal year, the board would be recommending a modest increase in the annual dividend from 20p to 21p per ordinary share in part reflecting the further fall in the ongoing charges ratio to 0.77%. However, under the retention test to qualify for investment trust status the company can only retain 15% of revenue. To preserve this status, the board is therefore recommending an additional special dividend of 6p per share, making a total payout of 27p per share (20p last year).
- Special dividend of 100p per share paid 31 March 2017

Publications

Update | Investment companies 10 May 2018

Premier Global Infrastructure Trust

Swings and roundabouts

Premier Global Infrastructure Trust (PGIT) has had a difficult start to 2018. Global markets have been focusing on growth and neglecting areas that are perceived as being defensive, such as utilities and infrastructure. PGIT's capital structure has amplified the impact on the ordinary share NAV. However, valuation measures have improved significantly. These sectors could once again find favour should markets become more bearish, perhaps as a result of a slowdown in economic activity or the impact of some geopolitical event. After a long period of recovery, the global economy may soon run out of steam. PGIT's managers recognise these risks and have increased their focus on capital preservation and delivering positive returns.

Geared global utilities and infrastructure exposure

PGIT invests in equity-and-equity-related securities of companies operating in the utilities and infrastructure sectors, with the main objective of achieving high income and long-term capital growth from its portfolio. The portfolio has a strong emphasis on emerging markets, smaller companies, special situations and levered earnings to traditional, developed market, utility companies. It is split into three distinct areas: income equities, growth equities. Companies that pay a predictable level of income (utilities) and investment companies (40%, 32% and 23% of the fund respectively at the end of April 2018).

Year ended	price	total return	dividend yield	dividend cover
2016	100.0	100.0	100.0	100.0
2017	100.0	100.0	100.0	100.0
2018	100.0	100.0	100.0	100.0

We spoke to the manager of Premier Global Infrastructure to write an update on progress. The company invests in companies operating in the energy and water sectors, as well as other infrastructure investments in developed and emerging markets to capitalise on the opportunities in the utility markets.

Annual overview | Investment companies 30 May 2018

JPMorgan Russian Securities

Beyond politics

Russia's relationship with the West is deteriorating. A brief period of optimism that accompanied President Trump's election proved fleeting and recent events suggest that any hope of an easing of sanctions in the short-term is ebbing away. President Putin has secured his election victory but, amid new US sanctions and fears of increasing conflict in Syria, the market suffered its largest fall in four years, who can say what Putin's next move will be.

But, those prepared to look beyond the politics, in Russia worth a closer look? Attention was drawn in the last issue on JPMorgan Russian Securities (JRS) to relatively well priced companies and a high and rising income yield offered by the Russian stock market. Russia's economy, which is heavily dependent on the exploitation of the country's considerable oil, gas and other resources has been buoyed by a recovery in the oil price and rising prices for a range of other commodities. This has improved government finances. Valuation rates and income yields already looked attractive prior to the recent sell-off.

Growth from a diversified Russian portfolio

JRS aims to provide investors with capital growth from a diversified portfolio of investments primarily in quoted Russian securities or other companies that operate primarily in Russia. Up to 10% of the portfolio can be invested in companies located in former republics of the Soviet Union. The portfolio is fairly concentrated, typically between 25 and 50 positions. JRS is permitted to borrow (leverage) but has not done so for some years.

Year ended	price	total return	dividend yield	dividend cover
2016	100.0	100.0	100.0	100.0
2017	100.0	100.0	100.0	100.0
2018	100.0	100.0	100.0	100.0

We also met with the investment manager of JPMorgan Russian Securities. Click here to see our update note on the company, entitled "Beyond politics"

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

QuotedData is a trading name of Marten & Co which is authorised and regulated by the Financial Conduct Authority

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)

IMPORTANT INFORMATION

This note was prepared by Marten & Co (which is authorised and regulated by the Financial Conduct Authority).

This note is for information purposes only and is not intended to encourage the reader to deal in the security or securities mentioned within it.

Marten & Co is not authorised to give advice to retail clients. The note does not have regard to the specific investment objectives, financial situation and needs of any specific person who may receive it.

This note has been compiled from publicly

available information. This note is not directed at any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of this note is prohibited.

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained on this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.