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Monthly roundup | Investment companies

# August 2018

## Winners and losers in July

### Best performing funds in price terms in July

| | (%) |
|---|---|
| Infrastructure India | 29.6 |
| EF Realisation | 23.9 |
| FastForward Innovations | 20.0 |
| John Laing Infrastructure | 18.7 |
| Lindsell Train | 17.8 |
| BlackRock Latin American | 16.5 |
| Better Capital PCC 2012 | 11.7 |
| 3i Infrastructure | 11.1 |
| HICL Infrastructure | 10.6 |
| Aberdeen Latin American Income | 10.5 |

Source: Morningstar, Marten & Co

### Worst performing funds in price terms in July

| | (%) |
|---|---|
| EPE Special Opportunities | (16.4) |
| Dolphin Capital Investors | (10.4) |
| Gabelli Merger Plus+ Trust | (8.3) |
| JZ Capital Partners | (7.0) |
| Chelverton UK Dividend | (6.9) |
| Ground Rents Income | (5.9) |
| Alpha Real Trust | (5.8) |
| Terra Capital | (5.5) |
| Riverstone Energy | (5.3) |
| Independent | (5.0) |

Source: Morningstar, Marten & Co

### Best performing funds in NAV terms in July

| | (%) |
|---|---|
| British & American | 18.5 |
| Blue Planet | 14.3 |
| BlackRock Latin American | 12.9 |
| JPMorgan Brazil | 11.7 |
| UIL | 10.8 |
| EF Realisation | 9.7 |
| Aberdeen Latin American Income | 9.1 |
| Hansa Trust | 8.4 |
| BB Healthcare | 6.9 |
| Geiger Counter | 6.8 |

Source: Morningstar, Marten & Co

### Worst performing funds in NAV in July

| | (%) |
|---|---|
| Terra Capital | (5.7) |
| Artemis Alpha | (4.3) |
| JPMorgan Chinese | (4.0) |
| VietNam Holding | (3.6) |
| Fidelity China Special | (3.5) |
| City Natural Resources | (3.1) |
| Chelverton UK Dividend | (3.0) |
| Weiss Korea Opportunity | (2.6) |
| VinaCapital Vietnam Opp | (2.6) |
| Vinaland | (2.5) |

Source: Morningstar, Marten & Co

On the last day of July, Infrastructure India announced that it had agreed financing to enable one of its holdings, DLI to complete its investment programme. EF Realisation's NAV and price performance continues to be driven by the value of its shale oil investment. A cash offer was made for John Laing Infrastructure by a consortium at a premium to its share price and NAV. 3i Infrastructure and HICL Infrastructure also rose on the news, as investors considered whether they could also be targets The Brazilian equity market has been driven by politics; a long running hauliers strike ended. BlackRock Latin American, Aberdeen Latin American Income, JPMorgan Brazil and Hansa rallied as a result. FastForward announced that it would raise capital whilst its shares are trading at a premium. Click here for more on that story. British & American is always volatile

EPE Special Opportunities redeemed 50% of its Unsecured Loan Notes. Dolphin Capital has sold a number of its property assets and its share price rebounded in August. JZ Capital and Cheverton both fell following weak performance reports. Ground Rents Income remains out of favour as investors worry about the future of UK leaseholds. Alpha Real Trust fell despite a director buying £1m of stock. Artemis Alpha wrote down the value of its holding in URICA. The war of words around the US plans to impose trade tariffs has hurt the performances of JPMorgan Chinese and Fidelity China Special Values. It has also had a negative impact on the NAV performances of Weiss Korea Opportunity and Vietnam-focused VinaCapital Vietnam Opportunities, Vinaland and VietNam Holding.

# Significant moves in discounts and premiums

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

| | % discount (-ve) or premium (+ve) | |
|---|---|---|
| | 30 July (%) | 30 Jun (%) |
| FastForward Innovations | 42.2 | 19.6 |
| Lindsell Train | 39.4 | 19.1 |
| John Laing Infrastructure | 14.1 | -3.6 |
| 3i Infrastructure | 18.7 | 7.4 |
| HICL Infrastructure | 8.1 | -2.3 |

Source: Morningstar, Marten & Co

### Cheaper relative to NAV (notable changes)

| | % discount (-ve) or premium (+ve) | |
|---|---|---|
| | 31 July (%) | 31 Jun (%) |
| British & American | 89.5 | 109.6 |
| Blue Planet | -16.4 | -1.5 |
| Ashmore Global Opp USD | -34.8 | -22.1 |
| EPE Special Opportunities | -36.4 | -23.9 |
| Gabelli Merger Plus+ Trust | (9.3) | (1.2) |

Source: Morningstar, Marten & Co

FastForward announced a number of new investments and a fundraise at a significant premium. British & American and Lindsell Train trade at a very high and volatile premiums, shifting almost monthly between the above two tables. A cash offer was made for John Laing Infrastructure at a premium to its share price and NAV. Other infrastructure funds rallied as a result, notably 3i Infrastructure and HICL Infrastructure, which moved to a premium from a discount.

Ashmore Global Opportunities fund is in run-off and has returned a large amount of its capital to shareholders. Its discount has increased as it reaches the end of its windup process. EPE Special Opportunities redeemed 50% of its Unsecured Loan Notes. Gabelli Merger Plus+ Trust has been falling since it announced its manager would come off its board of directors. The fund has denied that he would also step down as portfolio manager.

# Money raised and returned in July

### Money raised in July

| | (£m) |
|---|---|
| Tritax EuroBox Euro | 300.0 |
| Hipgnosis Songs | 202.2 |
| Greencoat Renewables | €111.0 |
| Scottish Mortgage | 66.1* |
| Renewables Infrastructure | 64.2 |

Source: Morningstar, Marten & Co, *approximate value of shares at 31/07/18

### Money returned in July

| | (£m) |
|---|---|
| Macau Property Opportunities | (28,8) |
| Terra Capital | (25,4) |
| Templeton Emerging Markets | (13.3) |
| NB Global Floating Rate Income | (10,8) |
| Mercantile | (8.2) |

Source: Morningstar, Marten & Co, * approximate value of shares at 31/07/18

Tritax EuroBox raised its maximum target of £300 million in an issue that was 'significantly oversubscribed'. Hipgnosis Songs Fund raised over £200 million. The third new issue in July was Ashoka India Equity, which did not make it into the top 5 largest raisers of money in July. It had to settle for launch proceeds of just £45.6m against a target of £100m. Greencoat Renewables raised €111m in an oversubscribed placing to refinance its revolving credit facility, allowing it to make further acquisitions. In the same sector, Renewables Infrastructure raised approximately £64.2m through a share issue to also pay down its revolving credit facility. Scottish Mortgage issued new shares to meet demand.

Macau Property Opportunities returned approximately £28.2m to shareholders via a compulsory redemption mechanism put in place by the Board in June. Terra Capital also returned USD36.8m via a compulsory partial redemption of shares. NB Global Floating Rate Income, Templeton Emerging Markets and Mercantile continued to repurchase shares.

July also saw the departure of Blue Capital Alternative Income and Alpha Pyrenees Trust.

Third Point Offshore scrapped its sterling share class but has the stock exchange to allow its dollar shares to be traded in both dollars and sterling.

# July's major news stories – from our website

## Portfolio developments

- BioPharma Credit makes new loan to TESARO
- Middlefield Canadian Income celebrates Enbridge pipeline approval
- Invesco Income Growth is a new dividend hero
- Autolus IPO boosts Woodford Patient Capital to top of the biotech specialist trust league in June
- Oakley Capital selling Damovo
- John Laing Environmental adds two anaerobic digestion plants
- Better Capital see-saws as Northern Aerospace deal approved
- NextEnergy Solar adds 10 solar plants to its portfolio
- Hipgnosis Songs Fund buys into The-Dream
- GCP Infrastructure on First Priority Housing
- Caledonia buys Cooke Optics
- CIP Merchant Capital makes its second and third investments
- BBGI buys stake in Canadian hospital
- Polar Capital Healthcare rejigs portfolio
- Artemis Alpha writes down URICA and sells Metapack
- FastForward into Factom and Intensity Therapeutics
- 3i Infrastructure buys Tampnet stake

## Corporate news

- Phaunos receives cash offer from Stafford Capital Partners
- River and Mercantile Micro Cap to return more cash
- Cash offer for John Laing Infrastructure
- NB Private Equity sets new dividend target
- Regional REIT plans bond issue
- Montanaro UK Smaller Companies plans 4% dividend
- Lazard World Trust Fund reports decent year as it introduces 6% yield
- Infrastructure India gets a £95.5m life line from PSA


*NextEnergy Solar adds 10 solar plants to its portfolio*

## Property news

- Regional REIT sells industrial portfolio
- LondonMetric Property swaps M&S for Lidl
- Empiric Student Property on track to cover dividend in 2019
- Workspace sells Marshgate Business Centre
- UK Commercial Property REIT swaps Bristol office for Reading
- Standard Life Investments Property Income makes three acquisitions
- RESI becomes a Registered Provider

## Managers and fees

- Fidelity Special Values lowers its fees
- Templeton Emerging adds another manager to team

## Property news (continued)

- LondonMetric Property swaps Odeon for shed
- Target Healthcare REIT buys in Yorks and Lancs
- Hibernia sells Dublin office for €65.3m
- NewRiver REIT buys Hollywood
- Primary Health Properties makes its fifth acquisition in Eire
- Residential Secure Income buys flats in Luton
- Supermarket Income REIT buys Sheffield Morrisons store
- Hammerson sells Imperial and Fife Central Retail Parks
- Vinaland sells its last two investments
- Hansteen and Warehouse REIT talking about a deal
- Aberdeen Standard European Logistics buys Spanish warehouse
- Schroder Real Estate buys office property in Edinburgh and Nottingham

*Vinaland sells its last two investments*

***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***

# Income

## Investment Companies announcing their full year dividends in July

| Fund | Year ended | Dividend (pence)* | Change over year (%) | Revenue / earnings (pence)* | Cover |
|---|---|---|---|---|---|
| Invesco Income Growth | 31/03/2018 | 11.05[a] | 7.2 | 11.9 | 1.1 |
| Ruffer Investment Company | 30/06/2018 | 1.8[b] | 0.0 | 1.8 | 1.0 |
| Amedeo Air Four Plus | 31/03/2018 | 8.25 | 0.0 | 39.1 | 4.7 |
| Miton UK Microcap | 30/04/2018 | 0.36 | 0.0 | 0.3 | 1.1 |
| Henderson Diversified Income | 30/04/2018 | 4.55[c] | -0.1 | 4.2 | 1.1 |
| Polar Capital Global Financials | 31/05/2018 | 2.25 | -42.3 | 2.9 | 1.3 |
| TwentyFour Income | 31/03/2018 | 7.23[d] | 3.4 | 13.4 | 1.9 |
| Aberforth Split Level Income Trust | 30/06/2018 | 4.00 + 0.60[e] | - | 5.4 | 1.4 |
| Lazard World Trust | 31/03/2018 | 18.22[f] | 27.5 | 11.85 | 0.65 |
| F&C Managed Portfolio Income | 31/05/2018 | 5.7 + 0.8[g] | 4.6 | 7.3 | 1.3 |

* unless otherwise specified

a) Invesco Income Growth became an AIC ‘dividend hero’ in 2017 in recognition of having provided 20 years of consecutive dividend increases and the Board aspires to maintain this status.

b) The company cut the interim dividend from 1.7p to 0.9p per share on 28 February 2017. At present it looks as if a total annual dividend of 1.8p will be sustainable, but the Directors will not hesitate to reduce the dividend again should this prove necessary

c) On 7 September 2017 the Board announced its intention to rebase the dividend to no less than 1.10p per ordinary share on a quarterly basis, effective from the dividend payable in December 2017. This represented a reduction of 12% in the quarterly dividend and assumes that there is not a further significant fall in market yields. Cash dividend cover was 1.2x (1.1x when including scrip dividends). Target dividend of 6.65p per share for the 2018/19 financial year.

d) TwentyFour Income has a target annual net total return on the NAV of between 6% and 9% per annum, which includes quarterly dividends with a target yield each financial year of 6% or higher, of the Issue Price

e) Aberforth Split Level Income Trust declared a special dividend of 0.6p per Ordinary Share.

f) In US cents - On 27 April 2018 Lazard World Trust announced a revision to its dividend policy which is effective for the financial year commencing 1 April 2018. Under the new policy, it is the Fund's intention to pay a total annual dividend equivalent to 6% of the Net Asset Value calculated at the start of each financial year, payable in equal quarterly instalments over the course of that year. During the year to March 31st, 2018 the dividend policy was to pay dividends twice a year that together amount to a total annual dividend equivalent to 3% of the Net Asset Value at the start of each financial year. For the year ended March 31st, 2018 this resulted in total dividend payments of 12.985p per share. For the financial year ended March 31st, 2019, under the new dividend policy, this will amount to a total dividend payment of 23.34p. - this is the Result of Operations, which is the sum of Net Investment Income, Total Net Realised Gain/(Loss) and Total Change in Unrealised Gain/(Loss).

g) For the year ended 31 May 2018, four interim dividends have now been paid, totalling 5.7p per Income share (5.45p for the previous year). In addition, F&C Managed Portfolio Income declared a special interim dividend of 0.8p per Income share. This was made possible by the receipt of a special dividend from one of F&C Managed Portfolio Income’s investee companies (3i Infrastructure) and indeed enforced by the need to retain no more than 15% of income under the retention test within the investment trust rules.

# Publications


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Annual overview | Investment companies 17 July 2018

Standard Life Private Equity Trust

Putting capital to work

We spoke to the manager of Standard Life Private Equity to write an annual update. The company aims to achieve long-term total returns through a diversified portfolio of private equity funds, the majority of which will have a European focus.


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Initiation | Investment companies 19 July 2018

International Biotechnology Trust

Outperformance and income

We published our initiation note on International Biotechnology Trust, entitled “Outperformance and Income”. IBT is the longest-established of the London-listed funds specialising in the biotech / healthcare sector. It aims to achieve long-term capital growth by investing in biotechnology and other life sciences companies and offers investors the highest yield in the sector while keeping its day-to-day running costs low.


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. Register on [www.quoteddata.com](http://www.quoteddata.com) if you would like it emailed to you directly.

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## IMPORTANT INFORMATION