

Monthly roundup | Investment companies

November 2018

Winners and losers in October

Best performing funds in price terms in October

	(%)
EPE Special Opportunities	22.3
JPMorgan Brazil	18.1
Dunedin Enterprise	10.0
Terra Capital	9.1
BlackRock Latin American	8.5
BH Macro (USD)	7.8
Aberdeen Latin American Income	7.2
Alpha Real Trust	7.0
GRIT Real Estate Income	5.4
Tufton Oceanic Assets	5.0

Source: Morningstar, Marten & Co

Best performing funds in NAV terms in October

	(%)
JPMorgan Brazil	16.7
BlackRock Latin American	9.1
Aberdeen Latin American Income	5.4
BH Macro	4.0
Sanditon	3.9
Vinaland	2.5
BioPharma Credit	2.3
Gulf Investment Fund	2.1
Tufton Oceanic Assets	2.1
Ashmore Global Opportunities (USD)	2.1

Source: Morningstar, Marten & Co

In what was generally a miserable month for equity markets, Brazil shone on the back of Bolsonaro's election, boosting [JPMorgan Brazil](#), [Aberdeen Latin American Income](#) and [BlackRock Latin American](#). [EPE Special Opportunities](#) benefitted from the sale of Process Components. [Dunedin Enterprise](#), [Terra Capital](#) and [Alpha Real Trust](#) made announcements about returning cash to investors during the month. [Tufton Oceanic Assets](#) raised some money and made an investment. Quite a few funds with US dollar denominated assets found that their NAV rose purely on the strength of the weak pound.

Worst performing funds in price terms in October

	(%)
FastForward Innovations	-22.0
Biotech Growth	-16.9
Baillie Gifford Shin Nippon	-16.4
Edinburgh Worldwide	-16.3
Miton UK Microcap	-14.2
JPMorgan Japan Smaller Companies	-14.1
Allianz Technology	-13.8
BB Healthcare	-13.4
JPMorgan Smaller Companies	-13.3
BlackRock Throgmorton	-13.3

Source: Morningstar, Marten & Co

Worst performing funds in NAV in October

	(%)
British & American	-22.4
Biotech Growth	-17.4
Fidelity Japan	-17.2
JPMorgan Japanese	-15.9
Baillie Gifford Shin Nippon	-15.8
Independent	-15.5
Crystal Amber	-15.1
JPMorgan Chinese	-14.1
Edinburgh Worldwide	-13.6
JPMorgan Smaller Companies	-13.6

Source: Morningstar, Marten & Co

Risk aversion appears to have been the dominant influence in October. Investors sold small caps ([Edinburgh Worldwide](#), [Baillie Gifford Shin Nippon](#), [JPMorgan Smaller Companies](#), [Miton UK Microcap](#) and [BlackRock Throgmorton](#)), technology ([Allianz Technology](#) and, to some extent, [Independent](#)) and China ([JPMorgan Chinese](#)). They also retreated from Japan which saw a savage adverse swing in sentiment and considerable selling by foreign investors ([Fidelity Japan](#), [JPMorgan Japanese](#) and [Baillie Gifford Shin Nippon](#)). Globally, biotech was one of the worst performing parts of the market in October ([Biotech Growth](#) and [BB Healthcare](#)). [FastForward Innovation's](#) shares are now trading around asset value after its share price fall.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Oct (%)	30 Sep (%)
EPE Special Opportunities	-20.3	-34.8
Crystal Amber	-2.2	-11.1
Chelverton UK Dividend	-1.9	-10.5
Symphony International	-16.9	-23.0
Independent	+2.0	-3.9

Source: Morningstar, Marten & Co

EPE Special Opportunities has been re-rated on the back of its most recent disposal. A fall in the price of Hurricane Energy depressed **Crystal Amber's** NAV but its share price did not fall as fast. A similar story applies in **Chelverton UK Dividend's** case where shareholders did not react to a big drop in its NAV. There was no news from **Symphony International** during October but Minor International, its largest holding, saw its share price slide towards the end of the month. **Independent's** fan base stuck with it as its NAV fell faster than its share price.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Oct (%)	30 Sep (%)
Syncona	+35.4	+47.4
Ashoka India Equity	-2.4	+9.2
India Capital Growth	-14.3	-6.0
CATCo Reinsurance Opportunities	-26.5	-18.5
Boussard & Gavaudan	-21.6	-15.5

Source: Morningstar, Marten & Co

Syncona's premium started to moderate in October but its shares have since moved higher, seemingly on plans for Autolus to make a presentation at a medical conference. **Ashoka India Equity**, which only listed in July, has had an unfortunate start to life and its share price finally cracked in October. Sentiment toward the Indian market has become more negative. This also impacted on **India Capital Growth**. **CATCo Reinsurance Opportunities** suffered as a series of natural disasters raised fears of a hit to its NAV. Hedge fund, **Boussard & Gavaudan** experienced a small NAV hit in October but its shares fell steeply. It did not buy back shares in the month.

Money raised and returned in October

Money raised in October

	(£m)
Smithson Investment Trust	822.6
Sequoia Economic Infrastructure	253.0
BioPharma Credit	\$305.0
LXi REIT	175.0
Triple Point Social Housing REIT	108.2

Source: Morningstar, Marten & Co

The wave of potential new issues that is inundating investors at present crested with an £820m+ launch for UK equity trust, **Smithson**. This is the largest new issue ever and illustrates the potential for the sector when large numbers of individual investors embrace an idea. The other new issues this month all raised close to their minimum target. **Mobius Investment Trust** raised £100m to invest in emerging markets, **AVI Japan Opportunity** raised £75m for a Japanese fund with a strong corporate governance angle and **Ceiba Investments** raised £30m to expand a pre-existing fund investing mainly in the Cuban tourist industry. **Sequoia's** fund raise will repay its borrowing facility and will then be deployed in a £300m pipeline of potential new investments. **BioPharma Credit** had some pre-existing commitments but again thinks it has a strong pipeline. **LXi REIT** has since spent £109m on a range of assets including a Travelodge in Edinburgh and a car storage facility for the owner of 'Webuyanycar.com'. **Triple Point Social Housing REIT** has spent some of the money it

Money returned in October

	(£m)
NB Global Floating Rate	14.9*
Alliance Trust	8.2*
Templeton Emerging Markets	7.1*
Aberdeen Frontier Markets	6.7
JPMorgan American	5.3*

Source: Morningstar, Marten & Co, * approximate value of shares at 31/10/18

raised on a collection of supported housing properties. **BB Healthcare** issued shares worth over £27m as it pushed the message that the setback in the biotech sector was an opportunity for new investors. It plans a more substantial fundraise. Other funds raising money (at least £5m worth) in October included **Scottish Mortgage**, **Finsbury Growth & Income**, **Worldwide Healthcare**, **City of London**, **Capital Gearing**, **Baillie Gifford Shin Nippon** (again, despite its falling NAV), **Green REIT** and **JPMorgan Claverhouse**.

Surprisingly, given how depressed markets were, outflows from the sector were relatively muted with a few 'usual suspects' buying back stock. This included a tender offer by **Aberdeen Frontier Markets**. The only other fund buying back at least £5m worth of shares was **VinaCapital Vietnam Opportunity**.

Baillie Gifford has been managing investments since 1908. As a wholly independent partnership, with no external shareholders demanding short-term gains, we can focus on what we do best, seeking out long-term investment returns for our clients.

We are the largest manager of investment trusts in the UK with a range of nine trusts. We have an extensive range of OEIC sub-funds and manage investments globally for pension funds, institutions and charities.



ADVERTISEMENT

October's major news stories – from our website

Portfolio developments

- **Greencoat Renewables** bought Ballybane wind farm
- **International Public Partnerships** invested in an ultrafast digital network
- **Caledonia** is selling Choice Care Group and buying Deep Sea Electronics
- **CatCo Reinsurance Opportunities** warned on the impact of hurricane Michael and typhoon Jebi
- **Ranger Direct Lending** commented on Princeton
- **Greencoat UK Wind** bought into Tom nan Clach wind farm
- **Dunedin Enterprise** sold Pyroguard
- **EPE Special Opportunities** sold Process Components

Corporate news

- **JPMorgan American** cut its gearing
- Interactive Investor bought **Alliance Trust Savings**
- **Intu** may be bid for
- **3i Infrastructure** moved its tax residence to the UK
- **NextEnergy Solar** issued preference shares
- **Local Shopping REIT** commented on its realisable value
- **Electra** plans another distribution

Property news

- **Tritax EuroBox** bought an Action Logistics warehouse
- **Summit Germany** bought a portfolio from Fortress
- **Residential Secured Income** bought a shared ownership portfolio
- **SEGRO** sold its Belgian warehouses and a Roman warehouse to **Tritax EuroBox**
- **Triple Point Social Housing REIT** acquired a number of units
- **Warehouse REIT** bought an Amazon warehouse in Widnes and got planning for its Glasgow site
- **LXi REIT** made a number of acquisitions
- **UK Commercial Property** sold a Barclays Bank in Exeter and an office in Soho
- The Regulator for Social Housing is looking into **Westmoreland Supported Housing** and other registered providers
- **Tritax Big Box** bought a Bosch warehouse
- **Alpha Real Trust** got planning approval for Monk Bridge
- **Civitas** bought three more properties
- **Sirius Real Estate** bought a business park in Mannheim

Managers and fees

- **Vietnam Opportunity** made some changes to its fee structure
- **NextEnergy Solar** said it would not charge fees on cash raised from issuing preference shares
- **Schroder Income Growth** cut its management fee
- **SVM UK Emerging** will pay management fees
- **Henderson EuroTrust** said it was preparing for Tim Stevenson's retirement
- **Target Healthcare REIT** cut fees
- **Genesis Emerging** cut its fees
- **Invesco Income Growth** trimmed its fees
- **Jupiter European** incurred a £13m performance fee

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



COSTS MAKE A REAL DIFFERENCE TO PERFORMANCE — OUR ONGOING CHARGES ARE JUST 0.37%*

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 237.6% compared to 118.3% for the sector**.

Standardised past performance to 30 June**:

	2014	2015	2016	2017	2018
Scottish Mortgage	28.9%	25.8%	4.9%	48.8%	33.4%
AIC Global Sector Average	15.8%	15.4%	3.5%	32.4%	17.8%

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.scottishmortgageit.com

A Key Information Document is available by contacting us.



Long-term investment partners

*Ongoing charges as at 31.03.18. **Source: Morningstar, share price, total return as at 30.06.18. 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 October

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Jupiter European Opportunities	31/05/18	6.5	unchanged	5.84	0.90x
Schroder Japan Growth	31/07/18	4.0	+14.3	4.08	1.02x
Fidelity Asian Values	31/07/18	5.5	+10.0	5.67	1.03x
JPMorgan Mid Cap	30/06/18	26.5+1.5 ^a	+7.7	33.12	1.25x
Strategic Equity Capital	30/06/18	1.0	+28.2	1.65	1.65x
F&C UK Real Estate	30/06/18	5.0	unchanged	4.78	0.96x ^b
Baillie Gifford Japan	31/08/18	0.6	n/a	2.54	n/a ^c
Genesis Emerging Markets	30/06/18	\$0.19	+35.7	\$0.21	1.11x
SQN Asset Finance Income (ord)	30/06/18	7.85	+8.3	5.92	0.75x
SQN Asset Finance Income (C)	30/06/18	2.31	n/a	1.96	0.85x
Target Healthcare REIT	30/06/18	6.45	+2.7	5.25	0.81x
Henderson EuroTrust	31/07/18	30.5	+22.0	33.1	1.09x
CQS New City High Yield	30/06/18	4.42	+0.7	4.54	1.03x
PRS REIT	30/06/18	5.0 ^d	n/a	(0.7)	n/a
TR European Growth	30/06/18	19.0	+21.7	22.06	1.16x
JPMorgan Emerging	30/06/18	12.5	+13.6	13.4	1.07x
JPMorgan Smaller Companies	31/07/18	27.0	+17.4	30.69	1.14x
Scottish Oriental Smaller Companies	31/08/18	11.5	unchanged	9.19	0.80x
VinaCapital Vietnam Opportunities	30/06/18	\$.206	n/a ^e	\$0.77 ^f	3.73x ^f

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
JPMorgan Global Emerg. Markets Income	31/07/18	5.0	+2.0	5.78	1.16x
BlackRock Greater European	31/08/18	5.75	+5.5	5.95	1.03x
City Natural Resources High Yield	30/06/18	5.6 ^g	unchanged	3.28	0.59x
Aberdeen Latin American Income	31/08/18	3.5	unchanged	3.8	1.09x
Henderson International Income	31/08/18	5.3	+8.2	5.8	1.09x
Hadrian's Wall Secured Investments	30/06/18	6.0	n/a	4.59 ^f	0.76x ^f

* unless otherwise specified

- a) 26.5p plus a 1.5p special dividend, cover relates to the base dividend only.
- b) The company reports that its dividend cover was 95.7%, 132% if exceptional income of £4.4m relating to surrender premium received from a tenant is excluded.
- c) The trust has had a net revenue deficit but this was extinguished this year. In future, the intention is not to make distributions from capital as the board is firmly of the view that capital growth remains the focus of the company.
- d) This dividend relates to the company's first accounting period.
- e) In August 2017 VOF announced the commencement of a dividend programme. The board intends that the company will pay a dividend representing approximately 1% of NAV twice each year, normally declared in March and October.
- f) The company does not separate capital and revenue items in its consolidated statement of comprehensive income.
- g) The board has announced an annual dividend target of 5.60 pence per share for the next financial year.

Publications

QuotedData
Initiation | Investment companies
4 October 2018

Aberdeen New Dawn

Market setback creates opportunities

Aberdeen New Dawn (ABD) has been using recent falls in Asian markets to reduce its underweight exposure to China (Chinese stocks dominate ABD's benchmark). The manager has become more comfortable with the Chinese market (see page 13) and has demonstrated its ability to pick stocks, delivering strong outperformance from its open-ended fund focused on the China A share market; this fund forms part of ABD's portfolio (see page 9).

In recent years, ABD's performance relative both to its peer group and its benchmark has deteriorated. The manager is determined to improve on this and believes the portfolio's focus on quality and value will be rewarded.

Capital growth from Asia Pacific ex Japan

ABD aims to provide shareholders with a high level of capital growth through equity investment in the Asia Pacific countries including Japan. ABD holds a diversified portfolio of securities in quoted companies listed across a range of industries and economies. ABD is benchmarked against the MSCI All Countries Asia Pacific ex Japan Index (in sterling terms).

Year ended	Share price total return (%)	NAV total return (%)	MSCI AC ex-Japan (%)	MSCI AC World total return (%)
2018/19	18.4	8.5	8.8	11.7
2017/18	(16.8)	(14.5)	(8.5)	(5.1)
2016/17	10.2	10.2	10.7	10.6
2015/16	21.2	18.8	18.8	14.9
2014/15	1.8	0.2	0.8	12.4

Source: Morningstar, Merton & Co.

Our initiation overview note on Aberdeen New Dawn describes the opportunities that its manager sees to add to quality stocks at attractive values in current market volatility.

Our annual overview note on Henderson Diversified Income seeks to explain why its managers think we are close to the top of this economic cycle but why inflation may not be a problem.

QuotedData
Annual overview | Investment companies
4 October 2018

Henderson Diversified Income Trust

'Winter is coming'

The managers of Henderson Diversified Income (HDI) are increasingly cautious on markets. Co-manager, John Pattullo, went as far as to quote the famous 'winter is coming' line from 'Game of Thrones' in his latest blogpost. Not only are HDI's managers convinced that the upward phase of this economic cycle is drawing to a close but also that inflation, which has been on a rising trend in recent times, is nearing its peak. They say that we remain in an environment of low to no growth, low inflation/deflation and low interest rates by historical standards. This stance is reflected in the positioning of HDI's portfolio and has fed through into the fund's recent performance.

High income from a flexible fixed income portfolio

HDI's objective is to seek income and capital growth such that, on a rolling annual basis, the total return on the NAV (including the reinvestment of dividends) exceeds three-month sterling LIBOR plus 2%. It invests in a diversified portfolio of global assets including corporate bonds, government bonds, high yield debt investment grade corporate bonds, unrated corporate bonds, investment grade corporate bonds and asset backed securities. The fund may also invest in high yielding equities and derivatives. The managers use gearing to enhance returns.

Dividends, which comprise the bulk of returns for investors, are paid quarterly.

Year ended	Share price total return (%)	NAV total return (%)	Three-month sterling LIBOR plus 2%
2018/19	12.1	8.8	1.1
2017/18	2.1	4.4	2.0
2016/17	7.9	8.8	2.0
2015/16	7.4	6.3	1.8
2014/15	8.0	6.1	1.6

Source: Morningstar, Merton & Co. (as at 31 October 2018) Henderson Diversified Income Trust (Share and NAV) (2018) as reported share. *Reinvested earnings. (2018) as reported share and date 1 November 2018.

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 if you would like it emailed to you directly.



QuotedData
15 October 2018

Annual overview | Investment companies

Ecofin Global Utilities and Infrastructure Trust

Staying nimble

Ecofin Global Utilities and Infrastructure Trust (EGU) is two years old. The period since its launch has been one in which utilities and infrastructure have faced significant headwinds from rising interest rates and investors' focus on growth stocks. Despite this, it has thrived.

EGU's manager has been nimble, moving to take advantage of opportunities provided by savings in settlement. EGU has borrowed money to buy stock, he has identified as being of good quality and cheap. This strategy has contributed significantly to EGU's performance. Utility valuations have moved back towards their long-term averages and, in a world that is close to the top of the economic cycle, utility defensive characteristics should favour it further if markets fall more decisively. In response to this, Jean-Michel de Larosière (EGU's manager) is confident about reaching the trust's long-term total return target of 6-7% per annum. He also has a strong reporting balance-sheet strength, many power prices and earnings, in many cases lower dividend growth than for broader markets, reasonable valuations and the potential for mergers and acquisitions as reasons investors should be positive.

Developed markets utilities and other economic infrastructure exposure

EGU seeks to provide a high, secure dividend yield and to realise long-term growth, while taking care to preserve shareholders' capital. It invests principally in the utility and infrastructure companies which are listed on recognised stock exchanges in Europe, North America and other developed OECD countries. It targets a dividend yield of at least 4% per annum on its net assets, paid quarterly and can use gearing and distributable reserves to achieve this. The portfolio currently invested entirely in securities that pay a yield.

Year ended	Share price	NAV	MSCI World	MSCI World	MSCI World	MSCI World
	(£)	(£)	(%)	(%)	(%)	(%)
30/09/17	12.7	8.6	7.0	11.0	11.1	
30/09/18	6.3	2.4	(7.9)	12.7	12.6	

Source: Morningstar, M&A & Co

[Click here for most recent update note](#)

Our annual overview note on Ecofin Global Utilities and Infrastructure explores the way that the trust has been coping with volatile markets.

Our first note on Shires Income explains how that trust makes use of preference shares and borrowings to deliver what it hopes will be a sustainable high yield

QuotedData
22 October 2018

Initiation | Investment companies

Shires Income

Sustainable high yield

Within the universe of UK equity income investment trusts, Shires Income (SHRS) stands out from the herd. It sets out to offer investors a meaningfully higher dividend yield than UK equity markets and aims to make this sustainable by diversifying the fund's sources of income. SHRS also makes use of the flexibility afforded by its closed-end structure to increase its income by using borrowings in a pragmatic fashion (as explained on page 5).

High level of income with potential for growth

SHRS aims to provide shareholders with a high level of income, together with the potential for growth of both income and capital from a portfolio substantially invested in high quality UK equities. The portfolio may be further diversified with exposure to smaller UK companies and overseas equities. SHRS targets its income with a surplus of investable preference shares and convertible bond, when the manager believes appropriate, fixed income securities, financed, in part, by lower cost gearing.

Globally, investors have been unimpressed by the growing threat of a trade war between the United States and the European Union and its stock market have lagged those of other developed countries. The manager sees the possibility of some volatility. This may create opportunities for him to acquire high quality stocks at attractive valuations, with the aim of building on SHRS' record of long-term outperformance.

Year ended	Share price	NAV	MSCI UK	MSCI UK	MSCI UK	MSCI UK
	(£)	(£)	(%)	(%)	(%)	(%)
30/09/17	8.8	8.5	8.5	10.1	10.1	
30/09/18	7.4	10.7	16.4	20.9	20.9	
30/09/17	23.2	14.0	11.2	14.4	14.4	
30/09/18	20.7	2.4	5.8	14.4	14.4	

Source: Morningstar, M&A & Co

QuotedData
26 October 2018

Initiation | Investment companies

The North American Income Trust

Reasons to be cheerful

Investors in the US may be preoccupied by a possible trade war with China and rising interest rates but the manager of North American Income Trust (NAIT) is relatively upbeat. He points out that the US economy is doing better than most other developed economies, stock markets have corrected and are some way off their peaks, investors' narrow focus on growth stocks has abated somewhat, which should help the sorts of stocks that NAIT favours and, crucially for a trust that has an income mandate, dividends are set for a positive step change (see page 3).

NAIT's long-term total return remains well ahead of value-based indices and the trust's direct competitor (see page 12). However, NAIT's focus on quality dividend-paying stocks has been a lag in the wider US market, whose performance over the last couple of years has been driven mainly by investors seeking technology stocks. With the market looking more volatile, NAIT's manager will be seeing opportunities to add to assets that meet his quality criteria, at attractive valuations.

Above average income and long-term growth

NAIT's objective is to invest for above-average dividend income and long-term capital growth, mainly from a concentrated portfolio of US equities in the S&P 500 index.

Year ended	Share price	NAV	MSCI USA	MSCI USA	S&P 500	S&P 500
	(£)	(£)	(%)	(%)	(%)	(%)
30/09/17	11.1	12.4	10.0	10.0	10.0	10.0
30/09/18	7.0	11.8	12.2	12.2	12.2	12.2
30/09/17	28.5	24.0	12.0	12.0	12.0	12.0
30/09/18	15.1	15.1	11.5	14.0	14.1	14.1
30/09/18	17.1	13.3	11.9	20.6	20.6	20.6

Source: Morningstar, M&A & Co

Our first note on The North American Income Trust outlines why its manager is optimistic in the current environment and why he expects a good year for this income trust's dividend.

After a strong run, in recent months Pacific Horizon's NAV has fallen back. Our annual overview note goes into the reasons for this and why the manager believes the long-term outlook for this trust is still good.

QuotedData
8 November 2018

Annual overview | Investment companies

Pacific Horizon

Pause for breath?

After two years of strong performance, Pacific Horizon (PHH) has suffered a reversal of fortune over the last three months. Sentiment swung against both China and the technology sector (both significant portfolio weights for PHH), with average share price falls in some areas. However, it is possible that this reversal of fortune may prove to be short-lived, if China and the US can agree a trade deal.

PHH's strong focus on fast growing companies means that it is clearly differentiated from peer group (no other fund has as much invested in the technology sector, for example). The trust's manager acknowledges the concerns that give rise to the market correction but he believes in the long-term potential of PHH's portfolio is undimmed.

Focused on Asia ex Japan growth stocks

PHH invests in the Asia-Pacific region (excluding Japan) and in the index subsector, in order to capture capital growth. The company is prepared to move freely between the markets of the region as opportunities arise. The portfolio will normally operate entirely of quoted securities, although it may hold up to 10% of total assets in unquoted investment opportunities.

Year ended	Share price	NAV	MSCI Asia	MSCI Asia	MSCI Asia	MSCI Asia
	(£)	(£)	(%)	(%)	(%)	(%)
31/03/14	10.7	8.5	6.2	5.2	5.2	5.2
31/03/15	14.0	7.0	3.9	3.6	3.6	3.6
31/03/16	24.0	24.0	34.0	34.0	34.0	34.0
31/03/17	28.7	37.2	19.8	13.3	13.3	13.3
30/09/18	15.0	13.1	10.0	24.4	24.4	24.4

Source: Morningstar, M&A & Co

We recently published an IPO note on The Global Sustainability Trust, a new investment trust which will make investments which it believes will have a positive impact on society and/or the environment. If you are interested, we would urge you to also read the prospectus and the risk warnings that it contains. You should also note that we stand to benefit if this issue succeeds.

QuotedData
7 November 2018

IPO note | Investment companies

The Global Sustainability Trust

"Creating a better world"

The Global Sustainability Trust Plc (GSTR) is a new investment trust that aims to access investments that are creating a better world. GSTR's primary focus will be on unlisted/unquoted private market investments (see page 5). GSTR's manager can draw on the resources of Aberdeen Standard Investments, which has a c400-strong team dedicated to investing in private market investments.

The manager will deploy the money GSTR raises across a range of investment opportunities. Each of these will be selected to have both a positive environmental or social impact and to generate an attractive financial return. GSTR's manager will also have the ability to invest in other private market opportunities which are creating positive change as well as reporting investment performance. GSTR's shares will be listed on the main market of the London Stock Exchange.

Long-term capital growth

GSTR aims to generate capital growth over the long term by investing in a diversified global portfolio, primarily consisting of private market investments, which aims to create positive measurable environmental and social impact. The portfolio will be managed to generate attractive risk-adjusted returns by investing in sectors of the investment market which are under-served by traditional investment funds. The portfolio may include investments in private equity, infrastructure, real estate, natural resources and private credit located around the world. These investments may be held directly or indirectly via other funds (including those managed by the investment manager or its affiliates).

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 5 November 2018 and we urge readers to read this before making any investment decision.

Sector	Private investment
Trustee	GSTR
Base currency	GBP
Domicile	England and Wales
Governing law	England and Wales
Offer for	11 December 2018
Subscription period	11 December 2018
Initial placement	11 December 2018
Subscription date	11 December 2018
Manager	Team at Aberdeen Standard Investments

IMPORTANT INFORMATION

NEI, QuotedData is a trading name of M&A & Co. M&A & Co. has not yet prepared this note on behalf of The Global Sustainability Trust but has entered into an arrangement with the solicitor under which M&A & Co. will act as the bookrunner's fee contingent on the success of the IPO.

The IPO note is a marketing communication and not a prospectus. The note is based upon publicly available information and should be read in conjunction with the prospectus published by The Global Sustainability Trust on 5 November 2018. Investors should read the prospectus and the risk warnings that it contains before making any investment decision.

The note does not form part of any offer and is not intended to encourage the reader to subscribe for ordinary shares in The Global Sustainability Trust or deal in any other security or securities mentioned within the note.

M&A & Co. does not seek to send or not permitted to provide investment advice to individual investors.

The note is not intended to be read and should not be relied upon as part of the United States of America, its territories and possessions, Canada, Australia, the Republic of South Africa, or Japan.

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)

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.