

Monthly roundup | Investment companies

August 2019

Winners and losers in July

Best performing funds in price terms in July

	(%)
Golden Prospect Precious Metal	26.4
UIL /Inc	26.0
CATCo Reinsurance Opportunities	22.0
Livermore Investments	17.9
Premier Global Infrastructure	13.2
Syncona	11.9
Polar Capital Technology	9.2
Allianz Technology	9.1
JPMorgan Brazil	7.8
Merian Chrysalis	7.7

Source: Morningstar, Marten & Co

Best performing funds in NAV terms in July

	(%)
Golden Prospect Precious Metal	14.0
Doric Nimrod Air Three	10.4
Doric Nimrod Air One	9.1
VietNam Holding	8.8
Premier Global Infrastructure	8.7
Manchester & London	8.7
Doric Nimrod Air Two	8.6
Gulf Investment Fund	8.1
Atlantis Japan Growth	7.7
BioPharma Credit	7.6

Source: Morningstar, Marten & Co

Investment companies (>£15m market caps here) followed broader equity markets higher in June with NAVs and prices increasing by 1.6% and 0.5% in median terms, respectively. **Golden Prospect Precious Metal** was the top performer in price terms, probably reflecting its predominant weighting to gold companies – gold is enjoying somewhat of a renaissance. **CATCo Reinsurance Opportunities** is returning capital to shareholders as part of a wind down of the fund, following extreme hurricane claims. A good month for tech stocks, helped by above consensus results from **Alphabet** and **Microsoft**, amongst others, boosted **Polar Capital Technology** and **Allianz Technology**. **JPMorgan Brazil** and **VietNam Holding** carried the baton for emerging markets; Vietnam and Brazil have been amongst the most favoured EMs in 2019. Elsewhere, **Gulf Investment Fund** figures, helped by a good month for its financial services holdings.

Worst performing funds in price terms in July

	(%)
Lindsell Train	(28.7)
Woodford Patient Capital	(13.9)
Hadrian's Wall Secured Investments	(13.7)
Acorn Income	(9.3)
Ground Rents Income	(9.1)
India Capital Growth	(9.1)
Miton UK Microcap	(7.7)
Better Capital PCC 2012	(7.7)
Standard Life Investment Property Income	(6.9)
SQN Asset Finance Income	(5.9)

Source: Morningstar, Marten & Co

Worst performing funds in NAV in July

	(%)
Weiss Korea Opportunity	(4.2)
Duke Royalty Ltd	(4.0)
India Capital Growth	(3.6)
JPMorgan Indian	(3.2)
Rights & Issues Investment	(3.1)
GCP Student Living	(2.7)
Standard Life UK Smaller Company	(2.5)
Ashoka India Equity Investment	(2.5)
Gresham House Strategic	(2.3)
Mobius Investment	(2.2)

Source: Morningstar, Marten & Co

Lindsell Train shed nearly 29% in price terms, as its premium to NAV continued to narrow after its warning on the risks of buying at rich premiums. The market continued to sell **Woodford Patient Capital**; towards the end of the month, the fund's board said it was considering replacing Woodford Investment Management as manager. The small and mid-cap focused **India Capital Growth** led Indian strategies down, shedding 9.1% in price terms. Indian stocks had their worst July in 17 years as poor economic numbers outmuscled the momentum generated by Modi's re-election. UK property trusts, led by **Standard Life Investment Property Income** and **Ground Rents Income**, were affected by sentiment around the economy, including the growing risk of a no-deal Brexit.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Jul (%)	28 Jun (%)
Syncona	18.4	5.8
CATCo Reinsurance Opportunities	(43.9)	(54.0)
Livermore Investments	(41.1)	(50.1)
Merian Chrysalis	22.2	13.5
UIL	(36.6)	(45.4)

Source: Morningstar, Marten & Co

Syncona's premium widened (price led) as it comes off an excellent year, delivering an NAV return of 37.9%. It has transformed its portfolio with life sciences now accounting for the bulk of its investments. We note though that Syncona's NAV is out of date and that the actual premium may have been wider than 18.4%. The 'flexible investment' sector trust, **Livermore Investments**, very wide discount narrowed in July, while **Merian Chrysalis** climbed to its highest premium since its launch in late 2018. Merian's approach to investing into unquoted has been well-received; the market pushed its shares up after it announced interim results in June. **UIL**, another high discount, 'flexible investment' fund, saw its shares rally in July. The fund is one of the last remaining split-capital trusts.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Jul (%)	28 Jun (%)
Lindsell Train	25.8	82.4
Amedeo Air Four Plus	(15.7)	6.7
Leaf Clean Energy	425.7	445.9
Doric Nimrod Air Three	17.4	32.3
Hadrian's Wall Secured Investments	(17.1)	(4.0)

Source: Morningstar, Marten & Co

We discussed the catalyst behind **Lindsell Train** vast re-rating in the 'winners and losers' section above. Elsewhere, **Hadrian's Wall Secured Investments**, the UK commercial loans investor, was down 13.7% in price terms. The market's reaction is believed to be a knock-on from provisions the fund made in May (the provision then was 1.9% of NAV) against two loans to companies producing wood pellets. Some of the reaction can also be ascribed to nervousness around the sector, following **Funding Circle's** decision to wind up earlier in the year. **Leaf Clean Energy's** shares were down about 20%; the company's hefty premium reflects buying activity leading up to and following a favourable ruling by the Delaware Supreme Court on a contractual damages claim. We note that Morningstar is yet to reflect the award in its NAV estimate.

Money raised and returned in July

Money raised in July

	(£m)
Aberdeen Standard European Logistics	46.3
Smithson Investment	28.9
Globalworth Real Estate Investments	27.2
Augmentum Fintech	25.8
Capital Gearing	21.2

Source: Morningstar, Marten & Co, based on approximate value of shares at 31/07/19

It was a very quiet month for fund raising, leading up to the August holiday season. There were no new issues; net inflows totalled £96.4m (+£354m last month). **Aberdeen Standard European Logistics** led the way, raising £46.3m, as it looks to expand the asset base having fully deployed the funds it raised at launch in 2017. **Globalworth Real Estate Investments**, which describes itself as the leading office investor in Central and Eastern Europe, raised £27.2m. The company has been actively expanding, having completed acquisitions for two buildings in Poland worth €113.2m in July. The other funds to raise more than £10m were **Smithson Investment**, **Augmentum Fintech**, **Capital Gearing**, **Personal**

Money returned in July

	(£m)
Third Point Offshore USD	(40.8)
NB Global Floating Rate Income GBP	(23.9)
Alpha Real	(22.4)
Pershing Square	(17.8)
Perpetual Income & Growth	(11.3)

Source: Morningstar, Marten & Co, based on approximate value of shares at 31/07/19

Assets, **JPMorgan Elect Managed Income**, **Gresham House Energy Storage**, **Henderson International Income** and **Finsbury Growth & Income**.

Third Point Offshore USD led money out of the sector, returning £40.8m in July. The **NB Global Floating Rate** funds have featured regularly over recent months. Elsewhere, **Alpha Real**, **Pershing Square** and **Perpetual Income & Growth** led buyback activity.

July's major news stories – from our website

Portfolio developments

- There were further woes for **Woodford Investment Management** as Benevolent AI and Industrial Heat delisted
- **3i Infrastructure** closed a deal to acquire Ionisos, the third largest cold sterilisation provider globally, for around €220m
- **Law Debenture Corporation** discussed its move to the 'UK Equity Income' sector
- **Tufton Oceanic** bought a containership for \$28.3m
- **John Laing Environmental Assets** adds low head hydro and battery storage to its stable
- **Amedeo Air Four Plus** discussed the outlook for its fleet of A380 aircraft
- **Polar Capital Technology's** manager, Ben Rogoff, discussed the drivers behind a benchmark beating year
- **Symphony International** added to its India exposure by buying a minority stake in Good Capital Partners (GCP). GCP founded Investopad in 2014, laying the foundations for a dynamic ecosystem of technology startups across India
- **Symphony** also bought a significant stake in the Vietnamese logistics company, Indo Trans Logistics Corporation, for \$42.6m
- **Aquila** bought a 25.9% stake in Midfjellet Vindkraft AS, one of Norway's largest operating wind farms
- QuotedData spoke to **Woodford Investment Management** regarding **Woodford Patient Capital's** stake in Proton

Corporate news

- QuotedData sent an analyst along to a meeting with Bill Ackman (manager of **Pershing Square Holdings**)
- QuotedData visited **Bluefield Solar's** Elms farm
- **Catco Reinsurance Opportunities** announced it would be returning cash after shareholders voted to wind up the fund
- **JPMorgan** published a prospectus for a proposed new fund: Global Core Real Assets
- **RM Secured Direct Lending** said it was exploring the possibility of issuing new ordinary shares to target what it sees as a strong pipeline of opportunities
- **Blue Planet** halved its dividend after an asset allocation error
- **Oakley Capital** announced its intention to apply for a specialist LSE listing
- In trying to arrest its long-standing discount, **Boussard & Gavaudan** announced proposals that were unfriendly to smaller retail investors
- **JPMorgan Global Convertible's** board decided against a shareholder continuation vote, preferring to press forward with proposals for an orderly liquidation
- **Martin Currie Asia Unconstrained** issued an update on its future
- QuotedData took a closer look at gold after its best month in years
- **Augmentum Fintech** raised £25.8m

Property news

- Results from **Intu Properties** reflected wider retail woes
- Russia-focused **Raven Property** revalued its portfolio up as the economy's resilience feeds through to real estate
- **UK Mortgages** said it was considering a number of changes to improve returns
- **Capital & Counties** announced its intention to launch its Covent Garden holdings as a central London focused REIT
- **Primary Health Properties** reported its first results since merging with MedicX earlier this year
- **Secure Income REIT** sold its hospital portfolio for £347m
- **LXi REIT** completed six acquisitions, fully deploying proceeds from £200m capital raise
- **Warehouse REIT** expanded its portfolio, deploying some of the £120m it raised in April
- **Real Estate Investors** continued to benefit from the vibrant Midlands economy
- **Aberdeen Standard European Logistics Income** announced a £100m fundraising

Managers and fees

- **JPMorgan Smaller Companies** is cutting its fees
- **Woodford Patient Capital's** board held discussions with third-party managers regarding WPCT's management contract
- Nick Train's **Finsbury Growth and Income** revised its fees
- **ICG Enterprise** announced that its manager, ICG, had appointed Oliver Gardey to lead their team

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Standardised past performance to 31 December**:

	2014	2015	2016	2017	2018
Scottish Mortgage	21.4%	13.3%	16.5%	41.1%	4.6%
AIC Global Sector Average	8.8%	10.9%	22.6%	24.1%	-4.9%

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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Long-term investment partners

*Ongoing charges as at 31.03.18. **Source: Morningstar, share price, total return as at 31.12.18. Your call may be recorded for training or monitoring purposes. Issued and approved by Baillie Gifford & Co Limited, whose registered address is at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Company. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies and are not authorised and regulated by the Financial Conduct Authority.

Income

Investment companies announcing their full year dividends in July

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Aberforth Split Level Income	30/06/2019	4.16	+4.0	5.14	1.24x
Adams PLC	31/03/2019	N/A ^c	N/A ^c	0.31	N/A ^c
Amedeo Air Four Plus	31/03/2019	2.06	N/A ^b	1.31	0.64x
Artemis Alpha	30/04/2019	5.5	(13.39)	6.44	1.17x
Better Capital – 2009 Cell	31/03/2019	N/A ^c	N/A ^c	(35.77)	N/A ^c
Better Capital – 2012 Cell	31/03/2019	N/A ^c	N/A ^c	(9.62)	N/A ^c
BMO Managed Portfolio Income	31/05/2019	5.95	+4.4	7.32	1.11x
Cambium Global Timberland	30/04/2019	N/A ^c	N/A ^c	18.8 ^c	N/A ^c
Doric Nimrod Air One	31/03/2019	9 ^e	N/A ^d	13.07 ^h	1.45x
Doric Nimrod Air Two	31/03/2018	18 ^f	N/A ^d	15.46 ^h	0.86x
Doric Nimrod Air Three	31/03/2019	8.24	N/A ^d	4.5 ^h	0.55x
Henderson Diversified Income	30/04/2019	4.4	(3.3)	4.47	1.02x
Maven Income and Growth	31/03/2019	1.75	N/A ^d	(0.29)	0x
Miton UK Microcap	30/04/2019	0.20	(44.4)	0.20	1x

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Oryx International Growth	30/04/2019	N/A ^c	N/A ^c	0.57	N/A ^c
Polar Capital Technology	30/04/2019	N/A ^c	N/A ^c	(4.73)	0x ^c
Ruffer Investment Company	30/06/2019	1.80	(1.74)	5.59	1.18x
Sequoia Economic Infrastructure	31/03/2019	6	N/A ^d	7.48 ^h	1.25x
SME Credit Realisation	31/03/2019	4.25	(34.6)	(0.18) ^h	0x
Sure Ventures	31/07/2019	N/A ^c	N/A ^c	(5.48)	N/A ^c

* unless otherwise specified

- a) A special dividend is not included
- b) Dividend typically remains constant
- c) No dividends were paid or declared through the year
- d) Dividend did not change
- e) Dividend is expected to continue until aircraft lease is terminated in 2022
- f) Dividend is expected to continue until aircraft leases terminate in 2023
- g) Dividend is expected to continue until aircraft leases terminate in 2025
- h) Basic and diluted earnings per ordinary share

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.

As with all stock market investments, your capital is at risk. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority.



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Upcoming events

Have you checked out the new Events section of our website? Here is a selection of what's coming up.

- John Lang Environmental Assets AGM 2019, [14th August 2019](#)
- Gore Street Energy Storage Fund AGM 2019, [14th August 2019](#)
- Acorn Income Fund AGM 2019, [16th August 2019](#)
- Oakley Capital AGM, [22nd August 2019](#)
- Ashmore Global Opportunities AGM 2019, [23rd August 2019](#)
- Baillie Gifford US Growth AGM 2019, [27th August 2019](#)
- Oryx International Growth AGM 2019, [28th August 2019](#)
- Monks AGM 2019, 3rd September 2019
- Henderson Diversified Income AGM 2019, [3rd September 2019](#)
- Lindsell Train AGM 2019, [4th September 2019](#)
- Aberdeen New Dawn AGM 2019, [4th September 2019](#)
- Polar Capital Technology AGM 2019, [4th September 2019](#)
- Invesco Asia AGM 2019, [5th September 2019](#)
- Artemis Alpha Trust AGM 2019, [5th September 2019](#)
- Chelverton UK Dividend Trust AGM 2019, [5th September 2019](#)
- SME Credit Realisation AGM 2019, [5th September 2019](#)
- Hipgnosis Songs Fund AGM 2019, [10th September 2019](#)
- Invesco Income Growth AGM 2019, [11th September 2019](#)
- Milton UK Microcap Trust AGM 2019, [11th September 2019](#)
- Augmentum Fintech AGM 2019, [11th September 2019](#)
- Montanaro European Smaller AGM 2019, [12th September 2019](#)
- Miton Global AGM 2019, [12th September 2019](#)
- SVM UK Emerging AGM 2019, [13th September 2019](#)
- Edinburgh Investment Trust manager presentation, [16th September 2019](#)
- Warehouse REIT AGM 2019, [16th September 2019](#)
- Stenprop AGM 2019, [19th September 2019](#)
- Alcentra European Floating Rate Income AGM 2019, [26th September 2019](#)
- Master Investor – the UK's largest private investor show, [28th March 2020](#)

Publications

QuotedData
Update | Investment Companies
8 July 2019

Aberdeen New Dawn

Moving up the league table

What the ongoing trade dispute between the US and China creates a strong headwind for the region, this more challenging time is playing to Aberdeen New Dawn (ABD)'s strengths. Its focus on high-quality companies is being rewarded and it is climbing the performance league table once again.

It is striking that, despite ABD's improved relative performance and a low ongoing charges ratio (one of the lowest of its peers), ABD remains on one of the widest discounts to its competitors (see page 7).

As it celebrates its 30th birthday, ABD can look back at a turbulent but ultimately rewarding period for investing in Asia. The rise of China and the loosening of economic growth across the region has created whole new areas for ABD to invest in. Countries such as India and Vietnam, which feature in the portfolio, offer the prospect of above-average growth rates for years to come.

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 region, excluding Japan. ABD holds a diversified portfolio of securities in various companies spread across a range of industries and economies. ABD is benchmarked against the MSCI All Countries Asia Pacific ex Japan Index (in sterling terms).

Year	Return	MSCI All Countries Asia Pacific ex Japan Index
2016	28.8%	4.2%
2017	17.4%	2.2%
2018	36.5%	28.6%
2019	4.5%	7.9%
2019 YTD	17.3%	11.8%

Check here for QuotedData's solution note

Our update note on Aberdeen New Dawn and Income discusses why the ongoing trade dispute between the US and China is playing to its strength. Its focus on high-quality companies is being rewarded with the fund climbing the performance league table once again.

QuotedData
Annual overview | Investment companies
19 July 2019

BlackRock Throgmorton Trust

Impressive run continues

Since QuotedData last published on BlackRock Throgmorton Trust (THRG), it has continued to beat both its benchmark and the average of its peer group by some margin. In a period where the market has been rising, the trust's short positions managed to break even, whilst the long positions outperformed (see pages 6-7 for explanation of the shorting strategy).

Many investors are wary of the UK, looking nervously at Brexit and the possible impact of a wider global growth slowdown. However, THRG appears to be thriving in this environment. The manager, Dan Whitmore, attributes this to his policy of focusing on companies with great management, strong market positions and those that are beneficiaries of industry change. It helps, too, that he can add value by shorting leading short companies that don't fit that description.

Both long and short positions in UK small and mid-cap companies

THRG aims to provide shareholders with capital growth and an attractive total return by investing primarily in UK smaller companies and mid-cap companies listed on the London Stock Exchange. It uses the Name Similar Companies Index plus AMLI stocks but excluding investment companies as a benchmark for performance analysis, but the index does not influence portfolio construction. Unusually among listed UK smaller companies trusts, THRG's portfolio may include a meaningful allocation short as well as long positions in stocks.

Year	Return	MSCI UK Small & Mid-Cap Index
2016	16.3%	17.0%
2017	27.0%	24.0%
2018	19.0%	22.0%
2019	14.3%	14.0%
2019 YTD	13.8%	12.0%

Check here for QuotedData's solution note

Our annual overview note on BlackRock Throgmorton looks at how it has continued to beat both its benchmark and the average of its peer group by some margin. Many investors are wary of the UK, looking nervously at Brexit and the possible impact of a wider global growth slowdown. However, THRG appears to be thriving in this environment.

QuotedData
Update | Asset management companies
9 July 2019

CG Asset Management

The rewards of long-term thinking

The CG Asset Management (CGAM) team's focus on medium-to-long-term absolute returns and excellent track record have attracted a loyal following of investors. Both Capital Gearing Trust and CG Absolute Return Fund have seen significant inflows since we published our initiation note in September 2016, and CG Absolute Return note has a three-year track record, which is often a prerequisite for professional investors considering allocating money to a fund.

This note updates on progress over the past nine months with respect to:

- CGAM's business;
- developments within the macroeconomic environment; and
- two of its absolute return funds:
 - Capital Gearing Trust and
 - CG Absolute Return Fund.

Turning £1 into £200

Since 1982, when Peter Spiller, CGAM's chief investment officer, assumed responsibility for Capital Gearing Trust, it has been the best-performing of all conventional investment companies. Capital Gearing Trust's returns have allowed CGAM to launch a number of open-ended (OCF) funds. One of these, CG Absolute Return Fund, has many of the same characteristics as Capital Gearing Trust, offers a broad way of accessing CGAM's absolute return strategy and unlike some of the other funds in CGAM's stable, is open to new investors.

Capital Gearing Trust
Time period: 30/06/2016 to 30/06/2019

CG Absolute Return Fund
Time period: 23/06/2016 to 30/06/2019

Check here for QuotedData's solution note

Our update note on CG Asset Management takes a look at Capital Gearing Trust and CG Absolute Return. Since 1982, when Peter Spiller, CGAM's chief investment officer, assumed responsibility for Capital Gearing Trust, it has been the best-performing of all conventional investment companies.

QuotedData
Annual overview | Investment companies
29 July 2019

CQS New City High Yield

Same as it ever was...

Ian "Franco" Francis, the manager of CQS New City High Yield (NCYF), says that, since QuotedData last published nothing much has changed, which is what we think investors should expect from this "conservative and boring" fund (see QuotedData's March 2018 initiation note for explanation).

However, we note that NCYF offers a compelling yield (7.3%) and has beaten inflation as measured by the consumer price index, Libor and the MSCI UK Index by significant margins over the last 10 years (see pages 13 and 14), all while providing low volatility returns. Furthermore, the manager says that the market continues to offer opportunities, but it is important that investors remain selective (see pages 10-15) because a week, but will buy about one a month for the fund and position themselves appropriately, as the economic cycle is advanced and markets are buoyant. In this regard, NCYF's portfolio has a relatively short duration, to protect against rising interest rates and to allow the manager to take advantage of opportunities in a market downturn.

High-dividend yield and potential for capital growth

NCYF aims to provide investors with a high-dividend yield and the potential for capital growth by investing mainly in high-yielding fixed interest securities. These include, but are not limited to, preference shares, loan stocks, corporate bonds (convertible and/or subordinated) and government stocks. The company also invests in equities and other income-generating securities. The manager has a strong focus on capital preservation and is conservative in its approach to growing NCYF's capital.

Year	Return	MSCI UK Index
2016	3.8%	0.7%
2017	10.0%	10.0%
2018	10.0%	10.0%
2019	7.3%	7.3%
2019 YTD	7.3%	7.3%

Check here for QuotedData's solution note

We published an annual overview note on CQS New City High Yield that discusses the market views of its manager, Ian "Franco" Francis; NCYF offers a compelling yield (7.3%) and has beaten inflation as measured by the consumer price index, Libor and the MSCI UK Index by significant margins over the last 10 years.

Seneca Global Income & Growth

Update | Investment companies | 15 July 2019

Going for gold!

Seneca Global Income & Growth Trust's (SIGT) manager, Seneca Investment Managers (Seneca IM), has continued to reduce SIGT's equity weighting, in advance of a global recession it now expects in late 2020/ early 2021. Consistent with its view, SIGT has made its first allocation into gold (through a gold exchange traded fund (ETF) and a fund of gold mining companies).

SIGT's managers expect the new gold allocation to provide a hedge against the inflationary monetary stimulus that central banks typically undertake during a recession. SIGT's managers believe that the end of the economic cycle may be closer than was previously thought (see page 5), but it expects to roll-over strategy to energy supersector equities in the downturn, although during such a period the fund would struggle against its absolute return-oriented benchmark.

Multi-asset, low volatility, with yield focus

Over a typical investment cycle, SIGT seeks to achieve a total return of at least the Consumer Price Index (CPI) plus 6% per annum, after-tax, with low volatility and with the aim of generating aggregate annual dividends at least in line with inflation. To achieve this, SIGT invests in a multi-asset portfolio that includes both direct investments, mainly UK, as well as investments to open and invest in funds overseas equities, fixed income and special assets. SIGT's manager sees this as the primary determinant of value when pricing or valuing assets and the primary determinant of value when pricing or valuing assets.

Year	Share price	NAV	Share price	SEC	SEC
	return	return	return	return	return
2009/10	15.2	7.2	2.8	10.2	10.2
2010/11	17.7	8.2	3.9	15.1	15.1
2011/12	20.8	24.2	20.2	20.2	20.2
2012/13	3.3	3.7	0.9	0.9	0.9
2013/14	6.9	6.9	5.2	10.2	10.2

Our update note on Seneca Global Income & Growth Trust discusses why it has made its first allocation to gold; its managers believe that the end of the economic cycle may be closer than was previously thought. The note looks at the detail behind why the fund believes its multi-asset strategy would strongly outperform equities in the downturn.

Standard Life Investments Property Income Trust

Initiation | REITs | 8 July 2019

KYT (know your tenant)

Standard Life Investments Property Income Trust (SLI) has built a diverse portfolio of commercial property in the UK. A bias to industrial property is proving beneficial to the fund, but the manager, Jason Baggaley, is keen that all parts of the portfolio pull their weight. In an environment that is becoming more challenging, he stresses the importance of getting to know the fund's tenants and ensuring that their needs are being met. This is one way of keeping vacancies low and the rent flowing.

A dividend yield over 6% and returns ahead of listed peers have given SLI the ability to justify the premium to net asset value (NAV) that SLI commands in the market. This premium rating has allowed the fund to grow without diluting shareholders and it is reasonable to suppose that it will do so again, markets permitting.

Commercial UK property exposure

SLI aims to generate an attractive level of income, along with the prospect of both income and capital growth, by investing in a diversified portfolio of UK commercial property assets. It invests in three principal commercial property sectors: office, retail (including leisure) and industrial. SLI focuses money with the aim of enhancing returns, the fund's intention is that SLI's loan-to-value ratio (LTV) will not exceed 60%. The current LTV is 52% and the manager says that the intended range, at this point in the cycle is 25-50%.

Year	Share price	NAV	Share price	SEC	SEC
	return	return	return	return	return
2010/11	20.9	20.7	21.9	12.9	12.7
2011/12	9.2	7.9	20.9	21.0	21.0
2012/13	8.2	10.9	10.9	10.9	10.9
2013/14	11.0	16.2	17.6	17.1	17.1
2014/15	9.7	9.5	6.2	9.5	9.5

Our initiation note on Standard Life Investments Property Income Trust looks at how a bias to industrial property has proven beneficial to a fund that yield's over 5% with returns ahead of listed peers. Manager Jason Baggaley stresses the importance of getting to know the fund's tenants and ensuring that their needs are being met.

Strategic Equity Capital

Annual overview | Investment companies | 16 July 2019

Discounted opportunity?

Jeff Harris and Adam Khanbali have been managing Strategic Equity Capital's (SEC) portfolio jointly since February 2017. Since then, NAV growth has been solid (a total return of 14.3%, which is broadly in line with the MSCI UK Small Cap Index's return of 14.1%) but SEC has strongly outperformed during the last year, returning 2.3%, while the index fell 5.8%. Despite this, SEC's discount to NAV has remained stubbornly wide.

The managers continue to follow their all-weather investment process, maintaining a concentrated portfolio of companies that they believe are high quality, economically resilient and will benefit from long-term structural growth. The managers use private equity-style valuation techniques to identify structurally valuable and credible assets with undervalued cash flows. M&A has been a significant feature of SEC's portfolio and will remain prominent in their current market values. In spite of this, they are confident and optimistic about the prospects for SEC's underlying holdings, and see the aforementioned discount as a further opportunity for investors.

Focused UK small companies portfolio

SEC aims to achieve absolute returns over a multi-year period, primarily through capital growth. SEC is managed with a focused portfolio of investments selected on the same basis that a private equity investor would use to approach its investments.

Year	Share price	NAV	Share price	SEC	SEC
	return	return	return	return	return
2009/10	20.8	20.8	14.4	10.2	10.2
2010/11	20.1	19.7	14.4	13.9	13.4
2011/12	38.1	38.1	14.4	21.9	18.7
2012/13	17.2	17.2	13.5	14.9	13.3
2013/14	4.8	2.3	18.2	15.8	13.7

Our annual overview note on Strategic Equity Capital discusses its concentrated portfolio strategy that identifies companies its managers believe to be of a high quality, economically resilient and positioned to benefit from long-term structural growth. The fund applies private equity style valuation techniques to public companies.

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. Please register on www.quoteddata.com if you would like it emailed to you directly.

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