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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

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

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

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

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.

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

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

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, he 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 them team

Visit www.quoteddata.com or more on these and other stories plus in-depth analysis on some funds, the tools 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
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

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 UKs largest private investor show, 28th March 2020

Publications

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.

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.

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.

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.

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Update | Investment companies 15 July 2019

Seneca Global Income & Growth

Going for gold!

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.

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Initiation | REITs 8 July 2019

Standard Life Investments Property Income Trust

KYT (know your tenant)

Our initiation note on Standard Life Investments Property Income 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.

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Annual overview | Investment companies 16 July 2019

Strategic Equity Capital

Discounted opportunity?

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.

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QuotedData

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