

September 2019

Kindly sponsored by Baillie Gifford

Winners and losers in August

Best performing funds in NAV terms in August

	(%)
Golden Prospect Precious Metals	15.8
Apax Global Alpha	11.3
Symphony International	6.4
BH Macro USD	6.0
DP Aircraft 1	5.1
Renewables Infrastructure	4.6
Ecofin Global Utilities & Infrastructure	4.4
BH Global (GBP)	3.7
AEW UK Long Lease	3.2
BMO Private Equity	2.9

Source: Morningstar, Marten & Co

Best performing funds in price terms in August

	(%)
Golden Prospect Precious Metals	15.2
LMS Capital	13.4
Doric Nimrod Air Three	11.6
BH Macro (USD)	11.3
Chenavari Toro Income	8.3
Schroder European Real Estate	6.9
Triple Point Social Housing REIT	6.6
Gabelli Merger Plus+	6.4
BH Global (USD)	6.1
Foresight Solar	

Source: Morningstar, Marten & Co

The gold price continues to power ahead, up 7.6% in August. This helped **Golden Prospect's** NAV and share price. **Apax Global Alpha** reported strong financial results. **Symphony International** benefited from an uplift in the value of Minor Planet International. Brevan Howard (**BH Global/BH Macro**) has been profiting from the gyrations in currencies and markets. Shifts in exchange rates affected some NAVs too. **DP Aircraft's** NAV uplift largely reflects the move in the US dollar in recent months relative to sterling. Extensions to the assumed useful life of some of **Renewable Infrastructure's** generation assets helped push its NAV higher. **Ecofin Global Utilities and Infrastructure** has been performing well for a while, yet surprisingly still trades on a meaningful discount. **AEW UK Long Lease** wrote back up the value of its Dudley and Sheffield sites (written down previously when a tenant got into financial difficulties). The leases have been assigned to

Worst performing funds in NAV terms in August

	(%)
BlackRock Latin American	(11.6)
Riverstone Energy	(11.0)
Aberdeen Latin American Income	(8.4)
BB Healthcare	(7.8)
Woodford Patient Capital	(7.5)
BlackRock Frontiers	(7.3)
Aberdeen Standard Equity Income	(6.9)
JPMorgan Brazil	(6.9)
Jupiter UK Growth	(6.8)
India Capital Growth	(6.4)

Source: Morningstar, Marten & Co

Worst performing funds in price terms in August

	(%)
Adamas Finance Asia	(18.7)
Macau Property Opportunities	(17.0)
BlackRock Latin American	(16.6)
Riverstone Energy	(16.4)
CIP Merchant Capital	(15.6)
EPE Special Opportunities	(14.9)
Woodford Patient Capital	(13.2)
Hansa Trust	(11.9)
Aberdeen Standard Equity Income	(11.8)
BlackRock Energy & Resources Income	(9.5)

Source: Morningstar, Marten & Co

a new tenant. **LMS Capital** completed its sale of Entuity. An article in the Telegraph highlighted the aircraft leasing funds, benefiting **Doric Nimrod Air Three**. **Chenavari Toro** rallied after a tender offer was not taken up in full.

After a strong run, Latin American funds struggled in August. Brazil's fires and an Argentine default weighed on **BlackRock Latin American**, **Aberdeen Latin American Income**, **Hansa Trust** and **JPMorgan Brazil**. **Riverstone Energy** announced a 26% drop in its NAV and its shares moved to trading on a 35% discount. Falls in the share prices of Royal Dutch Shell and Ashmore contributed to **Aberdeen Standard Equity Income's** poor August. **Woodford Patient Capital** wrote down the value of Industrial Heat. In thin summer trading, we also saw some significant discount widening, which is covered in the next section.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Aug (%)	31 Jul (%)
Doric Nimrod Air Three	31.0	17.4
LMS Capital	(22.2)	(31.9)
Miton UK Microcap	(6.1)	(13.9)
Chenavari Toro Income	(16.5)	(22.9)
Greencoat Renewables	13.1	6.8

Source: Morningstar, Marten & Co

Doric Nimrod Air Three benefited from a favourable article in the Telegraph. **LMS Capital** completed the sale of Entuity. **Miton UK Microcap**'s discount is trending back to more usual levels for that trust as it steps up its buyback activity. **Chenavari Toro**'s share price rose after a 5% tender was undersubscribed – implying there are no frustrated sellers. Renewable energy funds are in demand, which we think might reflect the prospect of falling interest rates.

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	31 Aug (%)	31 Jul (%)
Macau Property Opportunities	(45.8)	(34.7)
EPE Special Opportunities	(37.6)	(26.6)
CIP Merchant Capital	(39.4)	(28.5)
AEW UK Long Lease	(23.2)	(12.3)
Tritax Big Box	(5.6)	3.6

Source: Morningstar, Marten & Co

Macau Property Opportunities (MPO)'s share price has rebounded in September. We think that a few funds that don't trade much including MPO, **EPE Special Opportunities** and **CIP Merchant Capital** sold off in thin summer trading. **AEW UK Long Lease**'s NAV rose for the reasons explained on the front page. The shares weakened, however, after it abandoned plans to seek a bidder for the company/portfolio. **Tritax Big Box** reported a fall in its NAV. The trust has expanded rapidly and its latest acquisition may have been done at a full price.

Money raised and returned in August

Money raised in August

	(£m)
Hipgnosis Songs Fund	51.1
Personal Assets	27.9*
Capital Gearing	24.7*
BMO Global Smaller Companies	19.4*
Smithson Investment Trust	10.2*

Source: Morningstar, Marten & Co, * based on approximate value of shares at 31/08/19

August is traditionally a quiet month for fundraising and August 2019 was no exception. Apart from **Hipgnosis Songs Fund**, which raised £51.1m through a placing (the original target was £72m) and **Gore Street Energy Storage** (which didn't make the table but managed to expand with help from an injection of assets from Ireland's National Treasury Management Agency), the funds raising money are the usual suspects issuing stock almost daily to meet demand. In addition to the funds listed in the table, **BB Healthcare**, **Finsbury Growth & Income**, **City of London**, **Allianz Technology** and **Baillie Gifford Shin Nippon** all fit this description and issued more than £5m worth.

Money returned in August

	(£m)
Leaf Clean Energy	53.1
Edinburgh Investment Trust	24.2*
NB Global Floating Rate Income	18.0*
Pershing Square Holdings	16.5*
JZ Capital Partners	\$30.0

Source: Morningstar, Marten & Co, * based on approximate value of shares at 31/08/19

Leaf Clean Energy made a compulsory redemption of 66.5% of its shares in August. **Edinburgh**'s discount continued to widen despite it stepping up its buyback activity. **NB Global Floating Rate Income** regularly features in this table. **Pershing Square** has embarked on a major buyback programme. **JZ Capital** made a tender offer for \$30m worth of its shares in August, which was well oversubscribed. Other funds shrinking in August included Edinburgh's sister fund – **Perpetual Income & Growth**, **Templeton Emerging**, **Witan**, **Chenavari Toro** (through a tender offer), **Miton UK Microcap** and **Biotech Growth**.

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.



ADVERTISEMENT

August's major news stories – from our website

Portfolio developments

- **Augmentum Fintech** invested in Habito
- **Aquila** invested in a Finnish wind farm
- **Cambria Africa's** Paynet Zimbabwe is taking legal action
- **Hipgnosis Songs** bought catalogues from Benny Blanco and The Chainsmokers
- **NextEnergy Solar** bought a solar farm in Northern Ireland
- **LMS Capital** completed its sale of Entuity
- **Oakley Capital** bought Seven Miles GmbH and invested in Alessi
- **Merian Chrysalis** invested in software company, Sorted
- **Gresham House Energy Storage** invested in a project in Wolverhampton
- **JLEN Environmental** bought an anaerobic digestion plant in Norfolk
- **International Public Partnerships** is part of a consortium that is a preferred bidder for the Rampion offshore link

Corporate news

- **Gabelli Value Plus** announced a tender offer and a continuation vote
- **AEW Long Lease REIT** changed its mind about being taken over
- **JPMorgan Brazil** asked investors to support continuation
- **NextEnergy Solar** issued more preference shares
- It was reported that **P2P and Honeycomb** may have been in merger talks
- **Woodford Patient Capital** wrote down its NAV
- **Aberdeen Emerging** broke a liquidity listing rule
- John Laing Environmental Assets became **JLEN Environmental Assets**

Property news

- **Palace Capital** became a REIT
- **Warehouse REIT** signed a significant lease with Boots
- **Derwent London** sold an office in Clerkenwell
- **Impact Healthcare** bought two care homes in Ipswich
- **Green REIT** recommended a cash offer from Henderson Park
- **Primary Health Properties** completed two developments in Wales
- **RDI REIT** refinanced its London office portfolio
- **Irish Residential Property REIT** got planning for a 428-unit development in Dublin
- **Target Healthcare** bought two care homes
- **Supermarket Income REIT** bought a Sainsbury's in Preston

Managers and fees

- Martin Hudson, veteran manager of **Mercantile**, is retiring from JPMorgan Asset Management

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



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 136.5% compared to 74.9% for the sector**.

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.

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 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 August

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Henderson Smaller Companies	31/05/19	23.0	+9.5	23.6	1.03x
Diverse Income	31/05/19	3.65 + 0.16 ^a	+7.4 ^a	3.95	1.08x ^a
Standard Life UK Smaller Companies ^b	30/06/19	7.7	+10.0	8.8	1.14x

* unless otherwise specified

- a) Special dividend; change and cover reflect just the basic dividend
- b) The board is minded, in normal circumstances, to look to maintain the policy of a progressive dividend, but to distribute around one third of the total expected dividend for the year at the half year end, as compared to just over one fifth as has been the case in recent years. This will take effect from April 2020.

Upcoming events

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

- JPMorgan Brazil AGM 2019, 10 September 2019
- Hipgnosis Songs Fund AGM 2019, 10 September 2019
- Augmentum Fintech AGM 2019, 11 September 2019
- Invesco Income Growth AGM 2019, 11 September 2019
- SDCL Energy Efficiency Income Trust AGM 2019, 11 September 2019
- Miton UK Microcap Trust AGM 2019, 11 September 2019
- Montanaro European Smaller AGM 2019, 12 September 2019
- Better Capital AGM 2019, 12 September 2019
- Miton Global AGM 2019, 12 September 2019
- SVM Uk emerging AGM 2019, 13 September 2019
- Warehouse REIT AGM 2019, 16 September 2019
- Edinburgh Investment Trust manager presentation, 16 September 2019
- Real Estate Credit Investments AGM 2019, 17 September 2019
- Schroder Real Estate AGM 2019, 18 September 2019
- Stenprop AGM 2019, 19 September 2019
- Alcentra European Floating rate Income AGM 2019, 26 September 2019
- Henderson Smaller Companies AGM 2019, 4 October 2019
- Diverse Income AGM 2019, 9 October 2019
- Personal Investment Live – Festival of Enterprise, 23 October 2019
- Standard Life UK Smaller Companies AGM 2019, 23 October 2019
- GCP Student Living AGM 2019, 6 November 2019
- Standard Life UK Smaller Companies presentation, 20 November 2019
- Master Investor – the UKs largest private investor show, 28th March 2020

Publications

QuotedData
 Update | Investment companies
 15 August 2019
Aberdeen Emerging Markets

The stars may be aligning

Year to date, Aberdeen Emerging Markets (AEMC) has been performing well, outstripping both its benchmark and the average of competing funds by some margin (see page 9). The members of the investment management team, who predicted a resurgence in AEMC's performance in 2019, believe there is more to come over the remainder of the year. They highlight that, globally, investors still have an underweight exposure to emerging markets. In addition, the recent interest rate cut in the US could signal a halt to US dollar strength, to the benefit of emerging market currencies and stock markets.

That said, as the US/China trade war rumbles on and accusations of currency manipulation are banished about, Chinese growth is slowing. The best-performing markets of recent times have been in South America and EMEA (Europe, Middle East and Africa). Now is when a manager of a global emerging markets fund that can add value through its asset allocation decisions earns its keep.

Aims for consistent outperformance of MSCI Emerging Markets Index

AEMC invests in a carefully selected portfolio of both closed- and open-ended funds, providing a diversified exposure to emerging economies. It aims to achieve consistent returns for its shareholders in excess of the MSCI Emerging Markets Net Total Return Index in sterling terms.

Year ended	Share price total return (%)	NAV total return (%)	MSCI Emerging Markets TR (%)	MSCI World total return (%)
31/07/15	(2.0)	(5.3)	(5.3)	(3.5)
31/07/16	9.9	19.5	16.7	17.0
31/07/17	28.0	22.4	25.7	18.9
31/07/18	1.1	2.4	4.9	12.4
31/07/19	10.0	8.8	4.8	11.0

No. Merton & Co. has paid to produce this note on Aberdeen Emerging Markets Investment Company and is for information purposes only. It is not intended to encourage the reader to invest in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Merton & Co. Limited which is authorised and regulated by the FCA. Merton & Co. is not permitted to provide investment advice to individual investors categorised as Retail Clients under the rules of the Financial Conduct Authority.

Global emerging

Ticker: AEMC LN
 Base currency: GBP
 Price: 588.0p
 NAV: 591.3p
 Premium/(discount): (15.2%)
 Yield (prospective): 3.5%

**Based on maintaining 2% per annum dividend.*

Share price and discount
 Time period 31/07/2014 to 13/08/2019

Performance over five years
 Time period 31/07/2014 to 31/07/2019

Domestic Guernsey
 Inception date: 22 June 1998
 Manager: Andrew Lister and Bernard Moody
 Market cap (GBPm): 269.4m
 Shares outstanding: 45,985m
 Daily vol. (1-yr. avg.): 47,356 shares
 Net gearing: 7.5%

[Click here for our annual overview note.](#)

Our note on Aberdeen Emerging highlighted the potential opportunity in emerging markets if President Trump succeeds in weakening the US dollar without triggering a global recession.

Our new note on JLEN Environmental Assets provides an insight into the workings of that fund and discusses the potential for it to ramp up its exposure to the battery storage market – timely perhaps after the recent UK power cut.

QuotedData
 Annual overview | Investment companies
 9 September 2019
JLEN Environmental Assets

Battery storage potential

JLEN Environmental Assets (JLEN) recently added two new revenue streams, hydropower and battery storage, to its already-diverse portfolio. It's clear from the 16.5% premium to NAV, that investors are drawn to JLEN and its asset mix. In an environment where interest rates are falling, JLEN's dividend yield (which is well-covered by cash flow) and the relative predictability of its earnings are attractive. Premiums in the sector may look high, but the advisers highlight the conservative nature of JLEN's NAV.

Opportunities to add to hydroelectric exposure are limited, but battery storage facilities could be applied across much of JLEN's portfolio. Similarly, the advisers will be using their experience with the new Thorpeh battery unit (see page 16) to evaluate the potential benefits to JLEN before committing to a more significant investment in this area.

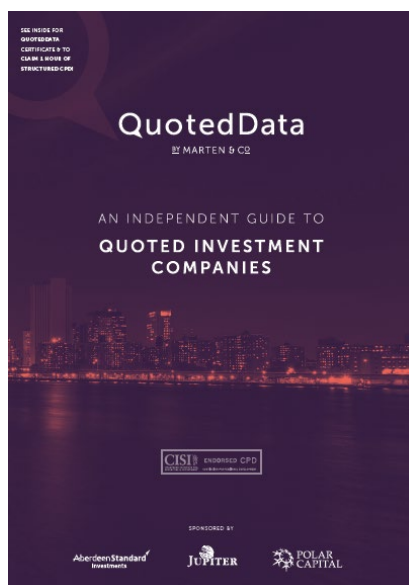
Progressive dividend from investment in environmental infrastructure assets

JLEN aims to provide its shareholders with a sustainable dividend, paid quarterly, that increases progressively in line with inflation. It also aims to preserve the capital value of its portfolio on a real basis over the long term. It invests in environmental infrastructure assets with predictable, wholly or partially index-linked cash flows, supported by long-term contracts or stable regulatory frameworks.

Year ended	Share price total return (%)	NAV total return (%)	Earnings per share (pence)	Adjusted earnings per share (pence)	Dividend per share (pence)
31/03/16 ¹	12.0	0.4	5.0	4.5	0.50
31/03/16	(2.5)	3.1	3.0	7.1	6.04
31/03/17	18.5	10.2	0.3	6.3	8.14
31/03/18	(1.0)	0.3	5.7	6.5	6.31
31/03/19	16.3	13.7	12.2	6.8	6.61

Source: Morningstar, Merton & Co. Notes: 1) Excluding charge in fair value of assets 2) period from March 2014

No. Merton & Co. has paid to produce this note on JLEN Environmental Assets Group and is for information purposes only. It is not intended to encourage the reader to invest in the security or securities mentioned in this report. Please read the important information at the back of this note. QuotedData is a trading name of Merton & Co. Limited which is authorised and regulated by the FCA. Merton & Co. is not permitted to provide investment advice to individual investors categorised as Retail Clients under the rules of the Financial Conduct Authority.



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.

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)

Nick Potts
(np@martenandco.com)

James Carthew
(jc@martenandco.com)

Matthew Read
(mr@martenandco.com)

Shonil Chande
(sc@martenandco.com)

Richard Williams
(rw@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.