

Investment Companies Roundup

November 2015

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Winners and losers in October

The first half of October was marked by improved sentiment towards China and commodities. Japan too was in vogue despite no announcement on policy change from the Bank of Japan This translated into NAV gains for funds such as New City Energy, Fidelity China Special Situations and Aberdeen Japan and triggered some narrowing of discounts in these areas. Alpha Pyrenees extended the maturity of its debt. Kuala announced more investments but now trades on a very high premium (196% say Morningstar). Renewable Energy Generation bounced as its manager was linked to a bid for the company's assets. Camper & Nicholson's directors have been buying stock. Electra realised profits on the sale of Zensar and MIMS.

By contrast to funds investing in large capitalisation commodity companies, funds such as Global Resources, Origo and RAB Special Situations suffered in October, in Global Resources' case, causing it to breach an asset cover covenant test on its convertible loan stock. Cambria Africa was asked to repay a loan but disputes whether the loan is in default. Ludgate Environmental wrote down the value of its investment in Tamar Energy. Riverstone Energy announced a fall in its NAV. DW Catalyst's NAV has fallen in every month since May and now trades on a double digit discount. Better Capital 2012 fell even though Better Capital's latest problem appears to relate to Fairline Boats which is in the 2009 fund.

Best performing funds in price terms in October:

	(%)
Alpha Pyrenees	+99.9
Kuala Innovations	+85.0
Renewable Energy Generation	+30.6
Camper & Nicholsons	+18.2
Golden Prospect Precious Metals	+17.5
Dolphin Capital	+15.8
Electra Private Equity	+13.6
JPMorgan Chinese	+13.4
BlackRock Commodities Income	+13.1
Fidelity China Special Situation	+12.7

Worst performing funds in price terms in October:

	(%)
Cambria Africa	-54.3
Cambium Global Timberland	-34.2
Global Resources	-23.5
Origo Partners	-22.3
PME African Infrastructure	-16.4
St Peter Port Capital	-15.2
Dragon Ukrainian Properties	-12.2
Eastern European Property	-10.2
Riverstone Energy	-9.5
Better Capital 2012	-8.2

Best performing funds in NAV terms in October:

	(%)
British & American	+24.2
New City Energy	+12.9
Aberdeen Japan	+12.6
Fidelity China Special Situations	+10.6
Weiss Korea Opportunity	+10.3
Ecofin Power & Water Ord	+9.7
Baillie Gifford Japan	+9.6
Schroder Japan Growth	+9.3
BlackRock Commodities Income	+9.1
BlackRock World Mining	+9.1

Worst performing funds in NAV terms in October:

	(%)
Ludgate Environmental	-16.0
Global Resources	-9.3
RAB Special Situations	-8.2
Globalworth Real Estate	-7.7
DW Catalyst	-3.8
Fair Oaks Income	-3.7
Reconstruction Capital II	-3.4
Premier Energy & Water	-3.3
Standard Life European Private Equity	-3.1
Origo Partners	-3.0

More expensive relative to NAV (notable changes)

We have covered some of these above. Electra is also the subject of another attack from Sherborne Investors. JPMorgan Private Equity is rebounding from a slide in its share price. MedicX always looks expensive but its share price soared early in the month, reversing a slide that started in April.

Cheaper relative to NAV (notable changes)

British & American continues to be volatile as the value of its largest investment see-saws. Cambium Global Timberland said there was little point in it trying to sell its assets within a deadline. AcenciA announced a 2.7% fall in its NAV for September. Aberdeen Japan's share price failed to keep pace with its NAV.

	% discount (-ve) or premium (+ve)	
	31 Oct (%)	30 Sep (%)
Renewable Energy Generation	-27.3	-44.1
Electra Private Equity	-4.8	-16.6
JPMorgan Private Equity	-17.3	-26.8
MedicX	+36.3	+27.4
Golden Prospect Precious Metals	-1.2	-9.6

	% discount (-ve) or premium (+ve)	
	31 Oct (%)	30 Sep (%)
British & American	+24.0	+56.5
Cambium Global Timberland	-60.2	-37.1
AcenciA Debt Strategies	-13.4	-3.0
Qannas	-8.4	+1.5
Aberdeen Japan	-10.8	-3.3

Money raised in October

October saw the launch of Project Finance Investments which does what is says on the tin with the eventual aim of paying a 6% dividend on the issue price. It raised £106m. C share issues from VPC Speciality Investments and Sequoia Economic Infrastructure beat this however, raising £183m and £147m respectively. Empiric Student Property issued shares worth £87m. CatCo Reinsurance got \$88m in a C share issue. Globalworth raked in €54m from a dilutive share issue. JPMorgan Overseas expanded by £38m as its subscription shares were exercised. Finsbury Growth & Income issued shares worth c£10m. Other notable issuers were European Assets, Henderson European Focus, Witan and Scottish Mortgage.

Money returned in October

Dexion Absolute put shares worth £31m into its redemption pool at the end of September, shrinking the Sterling class of shares by a quarter. BH Macro continues to buy back shares aggressively, retiring about £23m worth during the month. Likewise BH Global bought back about £6m worth. Alliance Trust has shifted its repurchasing activity up a gear, buying back £16m worth in October. Marwyn returned £15m to shareholders by way of a compulsory redemption of shares. Other notable repurchasers of stock were NB Global Floating Rate Income, Pacific Horizon, Templeton Emerging and Mercantile

October's major news stories – taken from our website

Portfolio Developments

BBGI SICAV invested in a Canadian road project
Caledonia bought Gala Bingo
Hg Capital sold part of its investment in JLA
NextEnergy Solar made a number of investments
Electra bought Photobox (owners of MoonPig) and sold its stakes in Zensar Technologies and MIMS
International Public Partnerships made its first US investment



moonpig.com

Electra bought Photobox, owners of MoonPig

Corporate News

Cayenne Trust published the details of its reconstruction and winding up
Aurora will allow shareholders an exit via a tender at a 2% discount
Treveria raised some cash as it prepares to reinvent itself
Kuala Innovations will become Fast Forward Innovations
Dunedin Income Growth borrowed money for 30 years
Electra will mandatorily convert its loan stock
BlueCrest Blue Trend will wind up
Alpha Pyrenees extended its borrowing facilities
Renewable Energy Generation got a bid for its assets
Global Resources breached the asset cover covenant on its convertible
Cambium Global Timberland abandoned its timetable for realising its investments
Alliance Trust announced a number of changes to the way it is managed

Property News

Kennedy Wilson Europe bought a portfolio of Italian offices
Hammerson launched a 10 year £350m bond
AEW UK REIT bought a number of properties
Vinaland sold its NPV project
Custodian REIT bought Lancaster House in Birmingham
Drum Income REIT made its first investments
European Real Estate sold a property in Kaiserslautern
Tritax Big Box REIT secured a £500m funding facility

Managers & Fees

Baillie Gifford Shin Nippon said Parveen Kumar will take over the fund from John MacDougall
JPMorgan Private Equity's team are planning a move to Fortress
Will Smith is leaving **CQS**
BlackRock World Mining cut its fee again
AXA Property said Ian Chappell would replace Martin McGuire
Richard Titherington is co-manager of **JPMorgan Asian**
The management fee on **JPMorgan Global Emerging Income** was cut
Rosemary Baynard will step down from managing **Schroder Mid Cap**

Latest Research



Recently, we published a note on Fidelity Asian Values, Fidelity Japanese Values and Fidelity Special Situations – **Fidelity Changes** – and a note on Seneca Global Income & Growth – **Low Volatility and Growing Income**



Income

Manchester & London rebased its dividend as it repositioned the portfolio away from more commodity and value based investments. Target Healthcare REIT said the Board intends to increase the quarterly dividend in respect of the year ending June 2016 by 1% to 1.545 pence per share, thereby in line with inflation and providing an annual total of 6.18 pence.

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
Manchester & London	31/07/15	6.0	-56.4%	6.0	1.00x
Scottish Oriental Smaller Co.s	31/08/15	11.5	unchanged	15.6	1.42x
Aberdeen Asian Smaller Companies	31/07/15	15.0	+15.4%	18.2	1.21x
Electra	30/09/15	116.0	n/m ^a	84.4	0.73x ^b
JPMorgan Global Convertible Inc	30/06/15	4.5	unchanged	4.1	0.90x
Fidelity Asian Values ^c	31/07/15	2.0	+81.8%	2.3	1.13x
BlackRock Greater European	31/08/15	5.0	+6.3%	5.3	1.06x
New City High Yield	30/06/15	4.31	+2.4%	4.8	1.10x
Henderson International Income	31/08/15	4.5	+5.9%	5.1	1.14x
JPMorgan Smaller Companies	31/07/15	11.0	+14.6%	12.2	1.11x
Henderson Eurotrust	31/07/15	18.5	+5.7%	18.3	0.99x
Sanditon	30/06/15	0.45	First div.	0.5	1.09x
Investment Company	30/06/15	23.6	+13.9%	16.9	0.72x
Target Healthcare REIT	30/06/15	6.12	+2.0%	5.7	0.93x
Schroder Japan Growth	31/07/15	2.0	+11.1%	2.1	1.07x
GCP Student Living	30/06/15	5.6	+2.4%	5.1	0.91x
Bluefield Solar	30/06/15	7.25	+81.2% ^d	7.7	1.06x

Notes

- This is its first dividend since 2008
- Electra is paying a dividend equivalent to 3% of NAV regardless of earnings.
- Chairman reminded investors that the objective of the company is capital growth and dividends could be zero in future years.
- This was the company's first full year of generating income from a fully invested portfolio. Target is to raise dividends in line with RPI from here.

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