

## July 2017

### Winners and losers in June

#### Best performing funds in price terms in June:

	(%)		(%)
Livermore	+23.3	Infrastructure India	-27.9
LMS Capital	+16.9	LXB Retail	-18.6
HgCapital	+11.3	Qatar Investment Fund	-11.8
Aberdeen Private Equity	+10.1	Masawara	-10.7
Vietnam Enterprise	+9.5	Crystal Amber	-9.4
Phoenix Spree Deutschland	+9.0	Golden Prospect Precious Metals	-7.6
Schroder European Real Estate	+9.0	EF Realisation	-7.3
VietNam Holding	+8.9	Dunedin Smaller Companies	-6.9
BP Marsh & Partners	+8.7	Macau Property Opportunities	-6.8
Biotech Growth	+8.5	Schroder UK Mid Cap	-6.5

Source: Morningstar, Marten & Co

#### Worst performing funds in price terms in June:

Source Morningstar, Marten & Co

#### Best performing funds in NAV terms in June:

	(%)		(%)
Amedeo Air Four Plus	+10.2	Crystal Amber	-11.8
Biotech Growth	+8.4	EF Realisation	-8.0
VietNam Holding	+7.6	JPMorgan Capital & Income	-7.8
International Biotechnology	+6.0	Qatar Investment Fund	-7.7
Vietnam Enterprise	+4.7	Standard Life UK Smaller Companies	-5.7
Worldwide Healthcare	+4.7	Jupiter UK Growth	-4.9
BB Healthcare	+4.1	JPMorgan Russian	-4.8
Fidelity China Special Situations	+3.8	Premier & Energy Water	-4.8
Pacific Horizon	+3.8	JPMorgan Smaller Companies	-4.6
Redefine International	+3.3	JPMorgan Mid Cap	-4.6

Source: Morningstar, Marten & Co

Source Morningstar, Marten & Co

**Livermore's** shares are quite thinly traded, there hasn't been any recent news on the stock. **LMS Capital** is getting cash from the sale of a US investment. **HgCapital** announced a couple of profitable disposals. **Aberdeen Private Equity's** results included a decent uplift in its NAV. Vietnam did well benefitting funds focused on the country such as **VietNam Holding** and **Vietnam Enterprise**. Biotech and healthcare stocks were also in favour with investors. Fears over possible controls on drug prices eased benefitting stocks such as **Biotech Growth**, **International Biotechnology**, **Worldwide Healthcare** and **BB Healthcare**.

**Infrastructure India** has repeatedly delayed the repayment of its loan facility. **LXB Retail** announced a disappointing NAV. The standoff between Qatar and some other Gulf countries has hit **Qatar Investment Fund**. **Masawara's** share price fell after it published results that described deepening liquidity problems in Zimbabwe. **Crystal Amber** has seen further price falls in, key investment, Hurricane Energy. **EF Realisation** fell as the value of Lone Star Resources declined. UK focused companies suffered as that market fell in response to the election. **JPMorgan Capital & Income**, being geared through its structure, was worst affected.

## Significant moves in discounts and premiums

### More expensive relative to NAV (notable changes)

**Livermore's** discount narrowed from what was quite a wide level. **LMS Capital** had some good news about the sale of one of its US investments. **HgCapital** made some disposals at premiums to asset value. **Geiger Counter** is promising a bonus issue of subscription shares. **Schroder European Real Estate's** share price has moved ahead since it announced results at the end of May.

### Cheaper relative to NAV (notable changes)

**Amedeo Air Four Plus's** NAV benefitted from exchange rate changes. Like Geiger Counter (see opposite,) **Golden Prospect** is planning a subscription share issue. The gold price was weak in June, however. **HICL Infrastructure** has been issuing shares quite aggressively. **Lindsell Train's** discount moderated after it reiterated its warning that the premium might be excessive. **Electra** is now under new management.

	% discount (-ve) or premium (+ve)			% discount (-ve) or premium (+ve)	
	31 May (%)	30 Jun (%)		31 May (%)	30 Jun (%)
Livermore	-37.6	-23.2	Amedeo Air Four Plus	+44.7	+32.4
LMS Capital	-34.9	-23.4	Golden Prospect Precious Metals	-12.1	-20.7
HgCapital	-8.3	+1.0	HICL Infrastructure	+16.4	+8.0
Geiger Counter	-8.3	+1.0	Lindsell Train	+22.3	+14.5
Schroder European Real Estate	-2.4	+6.0	Electra Private Equity	-6.1	-12.6

Source: Morningstar, Marten & Co

Source Morningstar, Marten & Co

Baillie Gifford has been managing investments since 1909. Our success has been built on finding good investment opportunities for clients through extensive independent research. Our fundamental analysis and judgement over the years have helped us to become one of the UK's largest independent investment management groups with over £145 billion of funds under management and advice as at 31 December 2016\*



Baillie Gifford is one of the largest investment trust managers in the UK with a range of seven trusts. We also have an extensive range of OEIC sub-funds and manage investments globally for pension funds, institutions and charities.

\*Source Baillie Gifford & Co As with all stock market investments, your capital is at risk

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## Money raised and returned in June

### Money raised in June

	£m		£m
HICL Infrastructure	267.7	Vinaland	30.2
NewRiver REIT	225.0	Alliance Trust	24.3
Amedeo Air Four Plus	140.0	Threadneedle UK Select	21.0
NextEnergy Solar	126.5	River & Mercantile UK Micro Cap	15.0
CVC Credit Partners European Opportunities	89.8	NB Distressed Debt Extended Life	11.5

Source: Morningstar, Marten & Co

Source Morningstar, Marten & Co

### Raised

Newly launched in June were **AEW UK Long Lease REIT** and **ScotGems** which raised £80.5m and £50.3m respectively. It might be fair to say that both funds were hoping to be bigger. The AEW fund is focused on UK property, predominantly in alternative and specialist sectors, on long leases. ScotGems is a global, smaller companies fund with a reasonably focused portfolio of 20-30 stocks.

**HICL Infrastructure** raised £268m having targeted £205m. It says it needs the money to address its current investment pipeline. **NewRiver REIT** was looking for at least £200m and managed to rake in £225m. Funds managed by Woodford Investment Management and Invesco Limited contributed £106m of this. **Amedeo Air Four Plus** raised £140m to help fund the acquisition of three Airbus A350-900s which will be leased to Thai Airways. **NextEnergy Solar** has been on an acquisition spree. Its £126.5m placing cements its position as the largest of the dedicated solar power funds. **CVC Credit Partners European Opportunities** placed, from Treasury, £77.5m of its sterling shares and €13.9m of its euro shares. **Scottish Mortgage** issued a whopping £53.3m worth of shares in response to demand from investors. Likewise, **BB Healthcare** issued stock worth £15.2m, **Personal Assets** £12.9m, **Baillie Gifford Japan** £9.2m, **Finsbury Growth & Income** £7.8m, **Fundsmith Emerging** £7.3m, **Redefine** £6.5m, **Mid Wynd** £5.7m and **City of London** £5.4m.

## Returned

**Threadneedle UK Select**'s absorption by **Henderson High Income** went through at the end of the month, 58.3% of the shares were rolled over and 41.7% elected for cash. **SVG Capital** changed its name to Sole Realisation as it appointed a liquidator and delisted. **Industrial Multi Property** cancelled trading in its shares following the **Hansteen** bid. **Vinaland** held a tender for \$40m worth of its shares. **Alliance Trust** bought back shares worth £24.3m as it strove to control its discount. **River & Mercantile UK Micro Cap** handed back £15m to shareholders after an extended run of good performance pushed it through its self-imposed £100m limit. **NB Distressed Debt** made a \$16.5m capital distribution.

Other funds returning at least £5m included **Mercantile**, **JPMorgan American**, **British Empire**, **JPMorgan Global Convertibles Income**, **Templeton Emerging Markets** and **Foreign & Colonial**.

In the reconstruction of **Aberforth Geared Income Trust**, 45m ordinary shares elected for cash totalling £113.1m and 33.2m ZDPs elected for cash totalling £53.0m. Shares in the rollover vehicle started trading 3 July.

Last, but by no means least, following its reconstruction, **Polar Capital Global Healthcare** has gross assets of £288m.

## June's major news stories – from our website

### Portfolio Developments

- **HgCapital** announced the sale of Parts Alliance and Zitcom, and bought back into Visma
- **John Laing Infrastructure** announced an investment in a lighting PFI project
- **John Laing Environmental Infrastructure** bought a portfolio of solar farms
- **Duke Royalty updated on** its River Cruising investment
- **NextEnergy** added to its solar power portfolio
- **Better Capital** completed its sale of Gardner Aerospace
- **BP Marsh** bought a New York based insurance distribution company
- **Ranger Direct Lending** updated on the situation with Princeton
- **3i Infrastructure** is considering sale of Anglian Water
- **Syncona** wrote up the value of its NightstaRx stake
- **BBGI SICAV** picked up stakes in five Canadian PPP projects
- **Caledonia** reduced its holding in Cobehold

### Corporate News

- A formal offer for **Prospect Japan** was unveiled
- **LMS Capital** announced another return of capital
- **European REIT** had an approach to become a vehicle for Quidnet
- **Seneca Global Income & Growth** proposed a new benchmark (CPI plus 6%)
- **Ranger Direct Lending** made some changes to its investment policy
- **John Laing Environmental** extended its credit facility
- **Phaunos Timber Fund** lost its continuation vote
- **Blackstone/GSO Loan Financing** hopes to get a premium listing
- **UK Mortgages** said it would take steps to stem the fall in its NAV

## Property News

- **Derwent London** announced a letting at its White Collar Factory development
- **LXi REIT** made a number of acquisitions
- **Highcroft Investments** made an acquisition in St Austell
- **Civitas Social Housing REIT** made a number of acquisitions
- **Workspace** responded to media speculation
- **Custodian REIT** bought a business park, a Next distribution unit and Wells Green retail park
- **Tritax Big Box REIT** bought Ocado's Birmingham distribution facility
- **Hansteen** completed the disposal of its German and Dutch portfolios
- **Great Portland Estates** bought an acre of Whitechapel
- **Aseana Properties** sold land at International Healthcare Park
- **LondonMetric Property** sold its last office in Marlow
- **Summit Germany** spent €100m in Wolfsburg
- **Globalworth** became sole owner of its Green Court campus in Bucharest

## Managers & Fees

- **Custodian REIT** adjusted its management fee
- **Montanaro UK Smaller** cut its fee
- **Stephan Gries** was appointed co-manager of BlackRock Greater European
- **JPMorgan American** cut its management fee



SCOTTISH MORTGAGE WAS ORIGINALLY LAUNCHED TO PROVIDE LOANS TO RUBBER GROWERS IN MALAYSIA IN THE EARLY 20TH CENTURY.

SCOTTISH MORTGAGE INVESTMENT TRUST

## PICKING STOCKS WITH PRECISION.

Scottish Mortgage Investment Trust plays a 'long game' with a focused list of around 80 stocks. Our aim is to meticulously seek out truly innovative organisations (the obvious and the unexpected) and stick with them over the long-term. We believe this strategy gives us a strong competitive advantage in identifying companies with real potential for significant sales growth – often as a result of their intelligent deployment of transformational technology.

But don't just take our word for it. Over the last five years **Scottish Mortgage**, managed by Baillie Gifford, has delivered a total return of 191.3%\* compared to 103.4%\* for the index. And **Scottish Mortgage** is low-cost with an ongoing charges figure of just 0.45%!

Standardised past performance to 31 December each year\*:

	2012	2013	2014	2015	2016
Scottish Mortgage	30.1%	39.8%	21.4%	13.3%	16.5%
FTSE All-World Index	12.0%	21.0%	11.3%	4.0%	29.6%

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 your investment in the fund and any income from it. You may not get back the amount invested.

For a free-thinking investment approach call **0800 917 2112** or visit [www.scottishmortgageit.com](http://www.scottishmortgageit.com)



Long-term investment partners

\*Source: Morningstar, share price, total return as at 31.12.16. \*Ongoing charges as at 31.03.16. 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 June

Fund	Year ended	Dividend (pence)*	Change over year (%)	Revenue / earnings (pence)*	Cover
Aberdeen New Dawn	30/04/17	4.0	+2.6	4.05	1.01x
Aberdeen Private Equity	31/03/17	4.2	+90.9 <sup>a</sup>	3.52	0.84x
Alpha Real Trust	31/03/17	2.4	unchanged	7.4	3.08x
Capital Gearing	05/04/17	20.0	unchanged	18.26	0.91x
Custodian REIT	31/03/17	6.35	+1.6 <sup>b</sup>	6.6	1.04x
Establishment	31/03/17	5.7+4.3 <sup>c</sup>	+11.8	5.25	0.92x
F&C Global Smaller Companies	30/04/17	12.25	+14.5	13.8	1.13x
Fidelity China Special Situations	31/03/17	2.5	+38.9	2.92	1.17x
Gabelli Value Plus+	31/03/17	1.2	+300.0	1.3	1.08x
Invesco Asia	30/04/17	4.3	+17.8	4.74	1.10x
Invesco Income Growth	31/03/17	10.65	+3.4	11.1	1.04x
John Laing Environmental Infrastructure	31/03/17	6.14	+1.4 <sup>d</sup>	9.3 <sup>e</sup>	1.51x
JPMorgan European Smaller Companies	31/03/17	4.7	+46.9	4.88	1.04x
Jupiter Green	31/03/17	1.2	+84.6	1.2	1.00x
Lindsell Train	31/03/17	1545+35 <sup>f</sup>	+90.7	1950	1.26x
Monks	30/04/17	1.25 <sup>g</sup>	-16.7	2.36	1.89x
Montanaro European Smaller Co.s	31/03/17	8.25	+10.0	9.8	1.19x
Montanaro UK Smaller Companies	31/03/17	10.5	+5.0	10.0	0.95x
NextEnergy Solar	31/03/17	6.31 <sup>h</sup>	+1.0	13.81 <sup>e</sup>	2.19x
Personal Assets	30/04/17	560.0	unchanged	620.0	1.11x
Securities Trust of Scotland	31/03/17	5.95	+2.6	5.74	0.96x
Seneca Global Income & Growth	30/04/17	6.14	+3.5	6.78	1.10x
Templeton Emerging Markets	31/03/17	8.25	unchanged	6.59 <sup>i</sup>	0.80x
Utilico Emerging Markets	31/03/17	6.65	+3.9	7.7	1.16x
Workspace	31/03/17	21.07	+40.0	30.6	1.45x
Worldwide Healthcare	31/03/17	22.5	+36.4	22.9	1.02x

Source: Marten & Co, \* unless otherwise stated

- At the September 2016 AGM they announced that, in the absence of unforeseen circumstances, they would expect to pay each year minimum total dividends of 4.0p per share
- 2018 target dividend per share increased to 6.45p
- 4.3p special dividend (3.9p special dividend paid for year ending 31/03/16), change and cover is for regular dividend.
- Target dividend for year to 31 March 2018 6.31 pence per ordinary share.
- The company does not publish separate revenue and capital figures.
- £15.45 dividend plus 35p special dividend (relating to performance fees earned by the company). change and cover is for regular dividend.
- Minimum required to maintain the Company's investment trust status, reflecting its priority which is capital growth
- Targeting a 6.42p dividend distribution for the next year ending 31 March 2018.
- The Board has reviewed the allocation of expenses and, with effect from 1 April 2017, 70% of the annual AIFM fee and 70% of the costs of borrowing will be allocated to the capital account. The effects of this revision in future years will be to increase revenue earnings and reduce capital returns by equivalent amounts, and to reduce the volatility of revenue earnings per share. If this policy had been in place from the start of the financial year under review the revenue earnings per share for the year to 31 March 2017 would have been 11.72

Visit [www.quoteddata.com](http://www.quoteddata.com) for more on these and other stories plus in-depth research 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

## Research



On 13 June, we published a note on Seneca Global Income & Growth, **Changing tack**, which described how the manager has started to reduce the fund's allocation to equities in anticipation of a global slowdown.



Early in July, we published a note on Standard Life Private Equity, **Loading the portfolio**, the title refers to the manager making selective with its primary commitments (capital for new funds) and purchases of existing funds, while aiming to be well positioned in advance of any market setback.

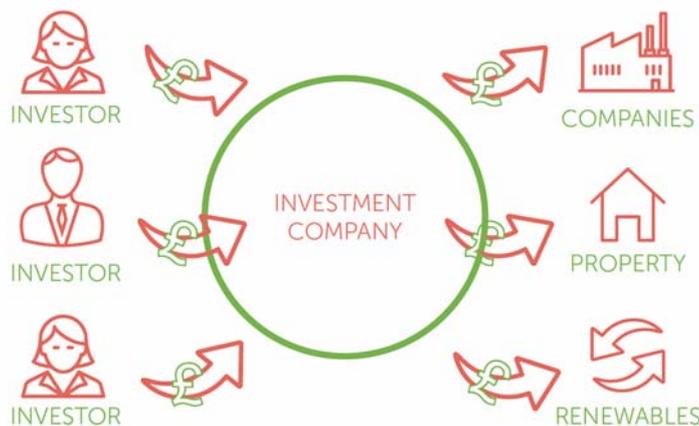


On 11 July, we published a note on Herald, **Backing growing businesses**, which highlights the fund's role as a provider of capital to expanding technology companies.

On 27 April, we held our first seminar covering Part 1 of our Guide to Quoted Investment Companies. The **next seminar** will be held on 13 July at 2pm. This will cover the first half of Part 2 of the guide, topics such as:

*How is your money managed?, Investment company structures, The role of the board and shareholder rights and Net Asset Values (NAVs)*

The QuotedData guide to investment companies aims to help investors and financial advisers better understand investment companies and help them make better informed investment decisions.



# QuotedData

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