

Investment Companies Roundup

November 2014

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Winners and losers in October

The best performing indices over the month of October were those specialising in US smaller companies, India, China and Biotechnology. This is reflected in the lists of top performing investment companies for the month. A few other funds stand out. European Residual Income sold the last of its investments and is now thinking about how best to return the proceeds to shareholders before winding up the fund. Tejoori trades at a very wide discount to asset value, there has been no recent news on the stock that we can find. Globalworth secured a €30m funding facility against one of its investments. Vietnam Infrastructure brought forward restructuring proposals for the trust.

October was a poor month for the UK's AIM and Fledgling markets and globally for the mining and oil sectors with the oil price off almost 10% over the month. Cambria Africa sold one of its investments but said it was still examining options to raise more finance for the company. Trading Emissions wrote down the value of its remaining private equity investments. PME Africa fell after it secured a loan against its receivables but the share price fall may be a reaction to last month's announcement of a delay in selling off its assets. China Growth Opportunities is being recapitalised after it fell to having net liabilities rather than net assets

The best performing funds in price terms over October were:

	(%)
European Residual Income	+269.0
Tejoori	+35.1
EIH	+25.5
International Biotechnology	+20.3
Globalworth Real Estate	+12.6
Livermore Investments	+11.7
Worldwide Healthcare	+9.4
JPMorgan Indian	+8.8
Vietnam Infrastructure	+8.4
Biotech Growth	+8.0

The best performing funds in NAV terms over October were:

	(%)
International Biotechnology	+11.9
British & American	+11.0
Ottoman Fund	+10.6
Biotech Growth	+8.3
JPMorgan Indian	+8.0
JPMorgan US Smaller Companies	+7.4
Schroder Global Real Estate	+7.2
Worldwide Healthcare	+7.0
JPMorgan Emerging	+6.4
Jupiter US Smaller Companies	+6.4

Notable rating improvements in October

Altus Resource's NAV has fallen but the share price is static. Globalworth's share price ticked up early in the month, possibly in response to its interims late in September. Crystal Amber and International Biotech bought back stock.

Stock	% discount (-ve) or premium (+ve)	
	Oct. (%)	Sep. (%)
Altus Resource Capital	+4.4	-9.1
Globalworth Real Estate	-0.6	-11.2
Hansteen Holdings	+16.5	+7.8
Crystal Amber	-3.9	+11.5
International Biotechnology	-13.7	-20.4

The worst performing funds in price terms in October were:

	(%)
Cambria Africa	-37.8
Trading Emissions	-37.0
PME African	-29.6
Invista European Real Estate	-28.7
Praetorian Resources	-25.6
Aurora Russia	-21.4
Alpha Pyrenees	-20.0
Dolphin Capital	-19.4
BlackRock World Mining	-18.6
CEB Resources	-18.2

The worst performing funds in NAV terms in October were:

	(%)
China Growth Opportunities	-54.6
Mirland	-47.7
AFI Development	-24.9
Aurora Russia	-24.5
BlackRock World Mining	-13.7
NewCity Energy	-11.1
Geiger Counter	-10.1
Golden Prospect Precious Metals	-8.5
Global Resources	-8.1
BlackRock Commodities & Income	-8.1

Notable rating declines in October

There was no new news on Better Capital but its discount is now more middle of the pack for Private equity funds – St Peter Port's is now one of the widest. Commodity funds remain out of favour. Dolphin Capital fell as worries resurfaced about Greece's debt

Stock	% discount (-ve) or premium (+ve)	
	Oct. (%)	Sep. (%)
Better Capital 2009	-25.9	-13.7
Baker Steel Resources	-45.7	-35.0
St. Peter Port Capital	-51.9	-42.8
Dolphin Capital	-63.8	-54.9
Raven Russia	-25.0	-16.1

Money raised in October

We think the sector expand by more than £900m in October. One new REIT listed - Ediston Property Investment Company raised £95m. No less than three existing funds expanded by more than this though. Kennedy Wilson European raised £351.5m in a placing and open offer, Assura Group raised £180m and Greencoat UK Wind raised £125m. Other issues of note were £60m for Foresight Solar, \$50m for Riverstone Energy (this had been agreed at the time of Riverstone's original IPO), £25m for Custodian REIT and £23m for TwentyFour Income Fund. Tap issues boosted the sizes of many funds, notably Finsbury Growth & Income, City of London, Merchants and Jupiter European Opportunities. We should also probably mention Pershing Square which listed on Euronext raising an impressive \$2.7bn of new money. It then went to a sizeable discount.

Money returned during October

In October we said goodbye to Jupiter Second Split as it came to the end of its life. European Convergence Development Property adopted a realisation strategy and cancelled its AIM admission during October. Ingenious Media Active Capital's shareholders approved a winding up of the company on 22 October. Raven Russia tendered for £18.9m of its shares. BH Macro bought back c£14m worth of its shares. International Biotechnology bought back over £12m worth of its shares to drive its discount down in advance of its AGM. Ashmore Global Opportunities, SVG Capital, Pacific Horizon and British Empire all shrank by more than £5m. In total though the sector probably gave back just £125m over the month so there was a sizeable net inflow over October.

October's major news stories – taken from our web site

Portfolio Developments

Riverstone invested in Bellatrix Exploration
HICL Infrastructure added to its hospital exposure and its investment in an Australian desalination plant
Pantheon built up its exposure to co-investments
Chenavari invested in debt issued by Spanish lenders
BlackRock World Mining wrote off its exposure to London Mining
GLI Finance invested in UK Bond Network
Nimrod Sea Assets invested in a number of vessels
SVG Capital sold its investment in Arysta Life Sciences
Cambria Africa sold its hotel in Zimbabwe
JZ Capital sold its Milestone Aviation investment
Marwyn invested in a new shell company, Haversham
NextEnergy Solar bought a plant in Shropshire
Qannas will invest in London property
Infrastructure India restructured the debt in its logistics business

Property News

McKay Securities added to its development site in Woking
London Metric Property bought a Dixon Carphone distribution centre
Real Estate Investors bought property in Walsall
Alpha Pyrenees sold an office building
Picton Property got planning permission for a development in Swindon
Derwent London got planning permission for a development in Berners Street
Empiric Student Property bought more property in Cardiff

Corporate News

Electra fought off Sherborne Investors
Reconstruction Capital 2 got shareholder approval for continuation until 2016 and a loan note issue
European Residual Income sold its last few investments and said it would return cash
Gresham House will be restructured as a new vehicle for Tony Dallwood, Michael Philips and others
Vietnam Infrastructure will split in two
RENN Universal Growth will liquidate
China Growth Opportunities is planning to restructure and change its name
Harbourvest Senior Loans Europe will be liquidated
Black Sea Property received a requisition to change its Board

Managers & Fees

Perpetual Income & Growth cut its management fee
British Assets plans to appoint BlackRock as its manager and change its mandate
Schroder UK Growth decided to stick with Schroders despite Julie Dean moving to Sanditon



JZ Capital sold Milestone Aviation, the world's largest helicopter leasing company, for \$40m - making 2.8x their money in four years

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