

# Investment Companies Roundup

January 2015

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## Winners and losers in December

Ottoman Fund has the curious distinction of topping the list of best performing funds in price terms while appearing in the list of biggest falls in NAV over the month. It announced a 14p return of capital and the discovery of a possible \$2m fraud. Tejoori benefited from an uplift in the value of its property portfolio. Sherborne is adding to its stake in Electra, driving up the share price. Adamas cashed in a convertible bond at a decent profit. Picton announced an NAV increase alongside a £25m fund raising.

Like Raven Russia, many of Mirland's tenants are supposed to pay rent in US dollars but Mirland admitted that some of these are finding this tough. AFI, JPMorgan Russian and the two Emerging Europe funds were affected too as the rouble continued to slide. There was no let-up in adverse sentiment to commodity related funds, affecting Praetorian and International Oil & Gas and maybe accounting for the fall in Candover as investors factored this into the valuation of Expro International.

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

	(%)
Ottoman Fund	38.6
Tejoori	15.9
Electra Private Equity	13.9
Adamas Finance Asia	11.7
P2P Global	9.3
Redefine International	8.6
Alpha Real Trust	7.6
International Biotechnology	6.8
Better Capital 2009	6.6
Northern Investors	6.6

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

	(%)
Mirland	-61.3
AFI Development	-47.1
Praetorian Resources	-31.2
Invista European Real Estate	-29.3
Cambria Africa	-28.9
International Oil & Gas Technology	-23.1
JPMorgan Russian	-20.9
Raven Russia	-18.4
Candover	-17.7
Adams	-16.4

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

	(%)
Picton Property Income	9.2
Marwyn Value Investors	6.4
Majedie Investments	6.3
Third Point Offshore	5.4
Fidelity China Special Situations	5.0
JPMorgan US Smaller Companies	4.7
International Biotechnology	4.6
Montanaro UK Smaller Companies	4.5
JPMorgan Chinese	4.2
Premier Energy & Water	4.2

### Worst performing funds in NAV terms in December:

	(%)
AFI Development	-70.5
JPMorgan Russian	-19.6
Baring Emerging Europe	-16.5
BlackRock Emerging Europe	-11.6
The Ottoman Fund	-8.1
South African Property	-8.0
Globalworth Real Estate	-8.0
Pactolus Hungary	-6.3
BlackRock Latin American	-5.9
Hg Capital	-5.8

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

The share price reaction to the Ottoman Fund's news seems to have been overdone (and the share price has falling since) but the NAV we have is an estimate based on results at the end of February. South African Property's share price didn't react to its results (its NAV was hit by weakness of the Rand). Similarly, a fall in the NAV of Us Traded Life Interests was, for no apparent reason, matched by a spike in its share price. Unitech will soon distribute the majority of its NAV to shareholders.

### Cheaper relative to NAV (notable changes)

Mirland's discount now reflects the considerable uncertainty over its true asset value given the state of the Russian economy. Praetorian's interim results tried to strike an upbeat note but shareholders were not convinced. Spark Ventures warned that it might have to sell assets at a discount to make its 31 March deadline for liquidating its portfolio. LXB Retail is making progress with the sale of its portfolio but is now trading at a more realistic price.

	% discount (-ve) or premium (+ve)	
	Dec (%)	Nov (%)
Ottoman Fund	+34.8	-13.3
South African Property	-15.9	-35.7
US Traded Life Interests	+4.5	-12.2
Unitech Corporate Parks	-12.0	-27.8

	% discount (-ve) or premium (+ve)	
	Nov (%)	Oct (%)
Mirland	-54.5	+17.4
Praetorian Resources	-45.3	-17.1
Spark Ventures	-52.8	-24.8
LXB Retail Properties	+2.6	+17.0

## Money raised in December

One new fund was launched in December, River & Mercantile UK Micro Cap., which raised just over £50m. The biggest fund raising December was for Tritax Big Box REIT whose £110m issue was oversubscribed. New River Retail raised £75m. Scottish Mortgage issued c£27m worth of shares, leading a pack of regular issuers of shares which also included City of London, Finsbury Growth & Income and Perpetual Income & Growth. Both HICL Infrastructure and Picton Property placed £25m worth of new shares. GLI Finance issued £19m of new shares in conjunction with its takeover of Sancus. CVC Credit Opportunities issued £15.7m worth of shares

## Money returned in December

We said goodbye to RENN Universal Growth and Eredene during December. Both are still in the process of liquidating their portfolios but think it will be easier to complete this process as unlisted companies. SVG Capital tendered for £50m worth of shares. BH Macro renewed its buyback powers and repurchased £11m worth of shares. Henderson Value Trust passed its continuation vote and tendered for 10% of its share capital. BlackRock Greater European held its regular tender offer but this was well undersubscribed. Mithras held its third tender offer, retiring £6.7m worth of shares. Other notable repurchasers of shares were British Empire and Fidelity Special Values.

## December's major news stories – taken from our website

### Portfolio Developments

**Marwyn Value** sold its stake in Breedon Aggregates  
**Foresight Solar** bought the UK's largest solar farm  
**Ludgate Environmental** is writing off its stake in Eco Plastics  
**Summit Germany** refinanced the majority of its debt  
**Hg Capital** bought A Plan Insurance  
**Oakley Capital** sold Intergeria  
**Adamas Finance Asia** sold its Global Pharm convertible  
**Mirland** warned on the impact of the falling rouble  
**Ottoman Fund** said it had discovered possible fraud in its Turkish subsidiaries  
**NextEnergy Solar** bought three more solar parks  
**Fair Oaks** is redeeming its T2 CLO investment  
**Electra** announced more deals  
**GCP Infrastructure** financed a social housing business  
**Better Capital** announced the administration of City Link but hopes to take £20m out of the business

### Property News

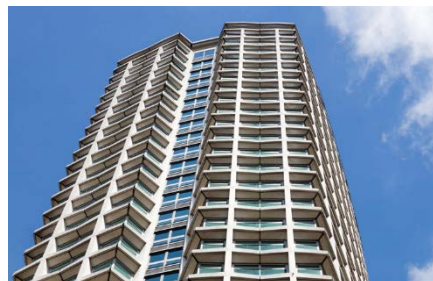
**Empiric Student Properties** bought a number of new student accommodation blocks  
**Starwood European Real Estate** contributed to the refinancing of Centre Point and the Aldgate Tower  
**Globalworth Real Estate** bought a number of properties in Bucharest  
**Tritax Big Box REIT** bought two more distribution centres  
**Land Securities** sold two large retail properties  
**Custodian REIT** bought development land in Portishead  
**Schroder Real Estate** buys the University of Law campus in Bloomsbury  
**Hansteen** sold more of its industrial portfolio  
**Kennedy Wilson** added a further £0.5bn worth of property  
**Intu Properties** bought a retail park in Spain

### Corporate News

**John Laing Infrastructure** made a bid for Balfour Beatty's infrastructure assets  
**Altus Resource Gold** lost its continuation vote  
**BlackStar Group** is planning two substantial deals and will change its name  
**Lyxor Focus Fund** will wind up  
**Promethean** will enter voluntary liquidation  
**CQS Diversified** may wind up  
Sherborne upped its stake in **Electra**  
A company connected to **ARC Capital's** former manager requisitioned a meeting to change the Board

### Managers & Fees

**Invesco Asia** said Ian Hargreaves is now its lead manager  
**RIT Capital** bought GVOIM, the manager of **Strategic Equity Capital**  
**JPMorgan Asian's** Board is getting concerned about the fund's performance



*Starwood European put money towards the refinancing of Centre Point in London W1*

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