

Investment Companies Roundup

February 2015

QUOTEDATA

Winners and losers in January

Many of the themes that dominated the last couple of months of 2014 persisted into 2015, notably India and Biotech – both of which feature heavily in the lists of best performing funds in January. Prospect Japan benefitted as the price of Prospect Co, the company's manager, rocketed. The fund's largest holding is a convertible bond issued by Prospect Co. Gold and silver prices rebounded a little in January, helping to boost Golden Prospect's NAV. Tejoori announced results late in December. Summit Germany raised fresh capital. US Traded Life Interests' net asset value was revised upwards, following two policy maturities in November last year.

Looking at some of the underlying themes, the weak oil price and weak Euro took their toll on some funds. Cambria Africa decided to cancel its trading on AIM and that led to a rush for the exit, depressing its share price. We haven't spotted any news that would account for the fall in Secure Property & Development's share price but there is a parallel with Mirland which fell last month on fears that its tenants could not afford their USD pegged rents. Ottoman Fund gave up its gains of the previous month – we are waiting for the results of its fraud investigation. The Board of ARC Capital Holdings has been kicked out, shareholders will be keen to know what steps the new Board will take.

Best performing funds in price terms in January:

| | (%) |
|---------------------------------|------|
| JPMorgan Indian | 17.9 |
| Prospect Japan | 16.5 |
| International Biotechnology | 14.9 |
| Biotech Growth Trust | 13.7 |
| Golden Prospect Precious Metals | 13.4 |
| New India | 13.4 |
| Tejoori | 13.3 |
| Summit Germany | 13.0 |
| CEB Resources | 12.1 |
| Infrastructure India | 12.0 |

Worst performing funds in price terms in January:

| | (%) |
|--------------------------------------|-------|
| Cambria Africa | -53.7 |
| Secure Property & Development | -42.1 |
| Ottoman Fund | -33.4 |
| ARC Capital Holdings | -24.3 |
| Raven Russia | -22.4 |
| Invista European Real Estate | -22.4 |
| International Oil & Gas Technologies | -22.3 |
| El Oro | -21.4 |
| Alpha Pyrenees | -20.3 |
| Praetorian Resources | -18.2 |

Best performing funds in NAV terms in January:

| | (%) |
|---------------------------------|------|
| US Traded Life Interests | 17.1 |
| Golden Prospect Precious Metals | 15.9 |
| JPMorgan Indian | 14.4 |
| International Biotechnology | 13.1 |
| New India | 12.6 |
| Prospect Japan | 11.1 |
| Biotech Growth Trust | 11.0 |
| Bluecrest Blue Trend | 10.7 |
| India Capital Growth | 9.9 |
| CatCo Reinsurance Opportunities | 9.7 |

Worst performing funds in NAV terms in January:

| | (%) |
|---|-------|
| New City Energy | -16.2 |
| Aurora Russia | -13.4 |
| RAB Special Situations | -12.6 |
| Marwyn Value Investors | -11.9 |
| Invista European Real Estate | -7.9 |
| Third Point Offshore Investors | -6.3 |
| CVC Credit Partners European Opps. Euro | -5.7 |
| Taliesin Property | -5.1 |
| BlackRock Commodities Income | -5.0 |
| Middlefield Canadian Income | -4.9 |

More expensive relative to NAV (notable changes)

Summit Germany is trading at a 10% premium to the price of its recent issue. Marwyn Value Investors' shares held up despite a fall in its NAV on the back of weakness in Entertainment One's share price (its largest holding). There was no new news from Northern Investors, it is trading at a premium to its end September NAV.

Cheaper relative to NAV (notable changes)

The Secure Property & Development share price move has left it trading on a 64.5% discount. ARC Capital Holding's future is up in the air. US Traded Life Interest's shares seem to have discounted the positive NAV news before it was announced. Geiger Counter's discount widening runs counter to a rise in the Uranium price.

| | % discount (-ve) or premium (+ve) | |
|----------------------------|-----------------------------------|------------|
| | 31 Jan (%) | 31 Dec (%) |
| Summit Germany | +4.1 | -6.8 |
| Marwyn Value Investors | -21.1 | -30.7 |
| Northern Investors | +1.5 | -4.9 |
| Montanaro European Smaller | -7.6 | -13.8 |

| | % discount (-ve) or premium (+ve) | |
|--------------------------|-----------------------------------|------------|
| | 31 Jan (%) | 31 Dec (%) |
| Secure Property & Devel. | -64.5 | -27.0 |
| ARC Capital Holdings | -40.6 | -18.8 |
| US Traded Life Interests | -9.9 | +4.4 |
| Geiger Counter | -24.9 | -15.4 |

Money raised in January

January was a relatively quiet month for fund raising but one big issue bucked that trend as P2P Global Investments raised £250m in a C share (originally they were looking for £200m). Summit Germany raised €120m via a placing. Crystal Amber raised £32.3m from investors. Ground Rents Income and Picton Property Income raised £9m and £7m respectively in placings of stock with institutional investors. A number of funds continued to expand just by issuing stock in response to demand from investors, Scottish Mortgage leads this group, having issued about £20m worth of stock in January but City of London, Finsbury Growth & Income, European Assets, Jupiter European Opportunities and Henderson Diversified all issued more than £4m worth of shares.

Money returned in January

The hedge fund sector shrank again in January as Lyxor Focus Fund decided to wind up, shareholders approved the liquidation of BlackRock Hedge Selector, BH Macro bought back £15m worth of stock and Ashmore Global Opportunities shrank by about £11m in a compulsory redemption of shares. PXP Vietnam merged with an open-ended fund managed by the same manager and so has now left the investment companies sector. Cambium Global Timberland returned £5m to shareholders by way of a Tender offer. Other funds buying back meaningful quantities of shares were Monks, Mercantile, British Empire and SVG Capital

January's major news stories – taken from our website

Portfolio Developments

Riverstone Energy put \$125m into a new credit fund and \$75m into CanEra

GCP Infrastructure invested in domestic biomass boilers

International Biotechnology sold an unquoted investment for 15x what they'd paid for it

3i Infrastructure sold its stake in Eversholt rail for £358m

Aurora Russia sold its Superstroy stake

A Hawaiian plantation owned by **Cambium Global Timberland** was damaged by a storm



Convergence Pharmaceuticals bought by International Biotech for £442k and sold for £6.8m (subject to drug development)

Corporate News

CatCo Reinsurance said it was planning a 10% capital return after a year of low reinsurance losses

Mirland said it was changing the terms of its bonds

Middlefield Canadian asked shareholders if it could invest more outside Canada

BlueCrest BlueTrend has triggered a continuation vote by virtue of having less than \$100m of assets

Fair Oaks Income Fund announced its first dividend
Brooks MacDonald's proposals for **Origo Partners** were rejected

Balfour Beatty upped its valuation of its PPP assets to £1.3bn (**John Laing Infrastructure** had offered £1bn for them)

Cambria Africa will leave AIM

Baker Steel Resources unveiled its expansion plans

Alpha Pyrenees is in talks with its lender

Alpha Real Trust won an arbitration claim

JZ Capital Partners proposed changes to its investment policy

Property News

British Land sold a £250m retail and office portfolio to Legal & General

Ground Rents Income got a option to buy a portfolio

Workspace bought two offices in London

McKay Securities is developing an office in Redhill

LXB Retail sold land and a supermarket in Sutton

Redefine International bought a German portfolio

Tritax is building a distribution centre for Ocado



our note on UK small cap. fund, Strategic Equity Capital – Different in a good way – was published on 26 January



our note on fund of hedge funds, Altin – an Alternative investment – was published on 2 February

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