

Investment Companies Roundup

March 2015

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Winners and losers in February

February was an odd month. The UK market finally surpassed the high it set at the height of the tech boom in 1999 but generally the economic news wasn't particularly supportive. The share prices of many small funds experienced significant moves, both up and down, it is not clear why. Kuala, the former China Growth Opportunities, now a cash shell, was forced to say it didn't know why its shares were rising. Baker Steel Resources is making a conscious effort to expand and get its share price higher. SVG Capital got out of part of its holding in Hugo Boss.

On the downside, again the share prices of a number of small funds were quite volatile. Ottoman Fund was forced to make a statement when its shares plunged. Brazil is suffering from a weak economy, high inflation and a corruption scandal surrounding Petrobras – this hit JPMorgan Brazil and Aberdeen Latin American Income. Invista European sold two assets but at prices well below their last valuation. Blackstone GSO has been impacted by the weak euro.

Best performing funds in price terms in February:

	(%)
Kuala	+57.1
Cambria Africa	+37.5
Alpha Pyrenees	+25.0
Alpha Real Trust	+24.2
Aurora Russia	+20.0
Infrastructure India	+16.7
Baker Steel Resources	+15.0
Elephant Capital	+14.7
SVG Capital	+13.6
JPMorgan Russian	+11.2

Worst performing funds in price terms in February:

	(%)
International Oil & Gas Technology	-40.3
Ottoman Fund	-38.1
CEB Resources	-23.7
RAB Special Situations	-21.0
Tiger Resource Finance	-18.6
Polo Resources	-17.7
Avanti Capital	-17.0
El Oro	-16.7
Praetorian Resources	-15.8
Invista European Real Estate	-11.4

Best performing funds in NAV terms in February:

	(%)
RAB Special Situations	+13.8
JPMorgan Russian	+9.3
TR European Growth	+7.9
Baillie Gifford Japan	+7.5
SVG Capital	+7.4
Henderson Smaller Co.s	+7.1
Aberforth Smaller Co.s	+7.1
Edinburgh Worldwide	+6.9
BlackRock World Mining	+6.8
Marwyn Value Investors	+6.7

Worst performing funds in NAV terms in February:

	(%)
Utilico Investments	-9.4
Cambium Global Timberland	-7.9
JPMorgan Brazil	-7.0
Invista European Real Estate	-6.8
Africa Opportunity	-6.6
Aberdeen Latin American Income	-6.6
Premier Energy & Water	-6.6
Golden Prospect Precious Metals	-6.4
Blackstone GSO Loan	-5.5
Elephant Capital	-5.2

More expensive relative to NAV (notable changes)

Taliesin Property was already expensive relative to its net asset value but its share price rose even though the weak Euro depressed its NAV. The share prices of all three Doric Nimrod Air funds rose sharply in February. Baker Steel got the first part of its expansion plan done. Riverstone's results were well received.

	% discount (-ve) or premium (+ve)	
	28 Feb (%)	31 Jan (%)
Taliesin Property	+62.0	+44.6
Doric Nimrod Air Two	+24.0	+13.0
Baker Steel Resources	-23.9	-34.7
Riverstone Energy	-6.2	-15.0

Cheaper relative to NAV (notable changes)

In retrospect it was odd that Ottoman Fund was trading at a premium. It has a few investments yet to sell and an outstanding legal case against its Turkish CFO. RAB Special Situations price fall could be a delayed reaction to the falling oil price. We couldn't spot any obvious trigger for Globalworth's widening discount during February.

	% discount (-ve) or premium (+ve)	
	28 Feb (%)	31 Jan (%)
Ottoman Fund	-34.8	+5.4
RAB Special Situations	-38.9	-13.7
Third Point Offshore	-3.7	+7.1
Globalworth Real Estate	-24.3	-18.1

Money raised in February

The big new issue in February was of Gabelli Value Plus+ trust which raised just over £100m. NextEnergy Solar raised £61.4m gross from investors – the solar funds are trying to get money invested before subsidies fall at the end of March. Fair Oaks Income raised \$45m from investors. Property funds were in demand - Standard Life's Property Income Fund raised £24.4m and Custodian REIT £22.4m. Baker Steel expanded by c£18m via a series of stock swaps. Finsbury Growth & Income issued c£10m worth of shares just to satisfy regular daily demand.

Money returned in February

BlackRock North American Income tendered for 20% of its share capital and shrank by £24.7m. Monks bought back over 4.5m shares, shrinking the fund by close to £20m. Damille Investments 2 redeemed just under £10m worth of its stock. A bunch of funds are still buying back swathes of stock on a regular basis including SVG Capital, British Empire, Mercantile and Templeton Emerging Markets, each of which bought back more than £5m worth of stock over the course of February.

February's major news stories – taken from our website

Portfolio Developments

JZ Capital bought a property in Miami, Florida and National Inspection & Consultants LLC
HICL sold its stake in Colchester garrison and invested in a French education project
Northern Investors sold Kerridge
Global Fixed Income wrote down its Brazilian assets
Bluefield Solar paid £54m for three solar parks
Polo Resources let its Weatherly option lapse
3i infrastructure bought two oiltanking operations
Better Capital made £2.9m from sale of Calyx



James Hart is moving from The Cayenne Trust to Witan

Corporate News

ARC Capital's Board was ousted
The UK Government sold their stake in **Greencoat UK Wind**
Alpha Pyrenees got an extension on its debt
Ottoman Fund said its Turkish CFO stole \$1.35m
GLI Finance said it would launch a fund that would invest in its and other platforms' loans
The Cayenne Trust will wind up
Baker Steel got approval for its expansion plans
Dolphin Capital announced a boardroom shake up
Sherborne threatened to call another EGM on **Electra** and raised £100m
Altin announced details of a capital return

Property News

Empiric Student Property invested in Camberwell
Land Securities will start work on Westgate, Oxford
Derwent London swapped some assets with LaSalle
Sirius Real Estate bought two German business parks
Kennedy Wilson Europe bought offices in Dublin and loans to Park Inn hotels
Standard Life UK Property bought a warehouse in Preston
British Land started work on 4 Kingdom St., Paddington
Land Securities bought a site above Moorgate Station
Real Estate Investors bought offices in Birmingham
A&J Mucklow will develop a site at Tyseley
Custodian REIT bought a building in Glasgow

Managers & Fees

Dik Blewitt is the new portfolio advisor for **Carador Income**
Fidelity European scrapped its performance fee
Alisdair McKinnon is **Scottish Investment Trust's** new manager
Electra cut its fees as part of its review of its structure
James Hart is moving from **The Cayenne Trust** to **Witan**
Genesis Emerging cut its fees



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



our note on Premier Energy & Water – Value in emerging markets – was published on 24 February

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