

Investment Companies Roundup

August 2015

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Winners and losers in July

The lists of best performing funds in July contain a real mix of investment styles. One theme that seems to crop up though is decent performance from funds exposed to European stocks. Blue Planet has a few holdings that have been performing well including Mobileye. Directors' purchases of shares seemed to help Infrastructure India's share price. CEB Resources bucked a poor market for resources stocks as it announced its results. Spark Ventures is changing its manager and its investment policy. A couple of UK smaller companies stocks also did well.

Best performing funds in price terms in July:

	(%)
Infrastructure India	+33.3
CEB Resources	+28.7
Northern Investors	+13.2
Dunedin Enterprise	+12.2
Spark Ventures	+12.0
British & American	+11.1
Acorn Income	+10.9
Baillie Gifford Shin Nippon	+10.8
Blue Planet	+10.1
New India	+9.7

Best performing funds in NAV terms in July:

	(%)
Blue Planet	+8.6
TR Property	+7.1
Jupiter European Opportunities	+6.8
JPMorgan European Smaller Co.s	+6.6
International Biotechnology	+6.6
Chelverton Growth	+6.2
Standard Life UK Smaller	+6.2
North Atlantic Smaller	+6.1
Montanaro European Smaller	+5.5
JPMorgan European Growth	+5.4

More expensive relative to NAV (notable changes)

British & American's rating continues to gyrate dependent on the fortunes of its largest holding. As mentioned above, Spark is being given a new focus. F&C UK Real Estate's rating is now more in line with its peers. The two Japanese funds are the best performing in their respective peer groups.

	% discount (-ve) or premium (+ve)	
	31 Jul (%)	30 Jun (%)
British & American	+32.2	+19.4
Spark Ventures	-15.5	-24.6
F&C UK Real Estate	+10.9	+2.6
Baillie Gifford Shin Nippon	+4.0	-3.9
Aberdeen Japan	+2.3	-5.0

The obvious theme to the list of worst performing funds is the ongoing collapse of the commodities markets. Oil fell again on the back of the Iranian nuclear deal. Bad news from China, in the form of its equity bear market (reflected in Fidelity China's share price move), further dampened expectations of a pick-up in demand. Heavily indebted, Invista European, said it was in talks to sell its portfolio but this probably would not leave any value for shareholders. There was no new news on Tejoori. Last month's shareholder rebellion has unsettled Ukraine Opportunity.

Worst performing funds in price terms in July:

	(%)
Invista European Real Estate	-68.6
Tejoori	-41.4
Ukraine Opportunity	-26.7
Geiger Counter	-22.3
Golden Prospect Precious Metals	-20.9
Alpha Pyrenees	-20.4
New City Energy	-19.4
Juridica	-19.1
Treveria	-18.2
Baker Steel Resources	-18.1

Worst performing funds in NAV terms in July:

	(%)
Invista European Real Estate	-28.3
Golden Prospect Precious Metals	-20.6
Geiger Counter	-14.2
BlackRock World Mining	-13.0
Ottoman Fund	-12.9
Global Resources	-12.6
New City Energy	-12.2
BlackRock Commodities Income	-11.8
Cambium Global Timberland	-11.3
Fidelity China Special Situations	-10.2

Cheaper relative to NAV (notable changes)

Riverstone announced an upbeat set of results, shrugging off the oil price fall, but investors seem wary. Resources stocks, as we said above, are out of favour. The premiums on Doric Nimrod Two and Three are very high but results show the aircraft leases are performing according to plan. Henderson International Income's performance has been weak in recent months.

	% discount (-ve) or premium (+ve)	
	31 Jul (%)	30 Jun (%)
Riverstone Energy	-10.6	-1.9
Geiger Counter	-19.6	-11.3
Baker Steel Resources	-45.1	-37.3
Doric Nimrod Air Two	+35.3	+42.1
Henderson International Income	-2.7	+3.3

Money raised in July

July was another bumper month for the sector. By far the largest amount of money was garnered by P2P Global as its latest C share raised £400m. The biggest new issue was UK Mortgages, a fund managed by TwentyFour AM and invested in residential mortgage backed securities. It raised £250m. Renewables Infrastructure shrugged off the UK government's tinkering with subsidies and raised £127m. HICL doubled the size of its fund raise and took in £91m. Ben Goldsmith's new environmentally aware fund, Menhaden Capital, raised £80m. Empiric Student Property took in £75m, John Laing Environmental raised £65m, Ediston Property £36m and Starwood European Real Estate £24.5m. Tap issues of stock raised double digit millions for Scottish Mortgage, Jupiter European, European Assets, Finsbury Growth & Income, Witan and City of London.

July's major news stories – taken from our website

Portfolio Developments

Starwood European lent money against a portfolio of Danish industrial assets
HICL bought a stake in Southmead Hospital PFI and the new HQ for Canada's Mounties
SQN Asset Finance funded a CHP plant attached to a tomato glasshouse
3i infrastructure bought a North Sea rescue & response business
Changes to the **Climate Change Levy** impacted renewable energy companies and revised solar subsidies unnerved investors
North Atlantic Smaller sold its stake in Celsis
INPP is a member of the consortium that will build the Thames Tideway project
Marwyn sold part of its stake in entertainment One, added to Zegona and bought into Gloop Networks
Princess Private Equity sold Universal Services
Foresight Solar bought three solar projects and **Bluefield Solar** another two
Candover sold its stake in Fokker
Riverstone Energy is fully committed
BBGI bought two schools projects
Tiso Blackstar is increasing its stake in Robor

Property News

Kennedy Wilson Europe issued £300m of bonds and bought nine offices from Apollo
Primary Health Properties bought two medical centres
Custodian REIT bought a DHL warehouse in Glasgow
Alpha Real Trust bought a development in Birmingham
K&C REIT bought a building in Colherne Road
F&C Commercial Property sold a building in Edinburgh
Summit Germany bought a loan secured against six commercial properties
Japan Residential bought an apartment block in Tokyo
AEW UK REIT made two purchases
Hammerson sold its shopping centre in Angers, France
NewRiver Retail bought a portfolio of retail parks
Alpha Pyrenees sold its Cordoba retail park
The Lee family made a tender offer to acquire a stake in **Shaftesbury**
British Land sold 39 Victoria Street
Phoenix Spree bought an apartment complex

Money returned in July

Standard Life UK Smaller Companies held a tender for 5% of its issued share capital during July. This was a little oversubscribed with 8.38% of the company's shares being tendered. The tender shrank the fund by £11.2m. Templeton Emerging Market's share price has fallen by more than 20% over the past few months as emerging markets remain out of favour with investors. We reckon they bought back shares worth about £11m over July to keep their discount fairly stable. BlackRock Income Strategies shrank by about £10.5m. it seems as though this fund is yet to capture the attention of advisers. Many hedge funds remain unpopular. Boussard & Gavaudan, BH Global and BH Macro shrank by about £10.5m, £9.5m and £8.5m respectively. Utilico was also a large repurchase of shares – about £9.4m worth.

Corporate News

Invista European Real Estate will sell its portfolio but there won't be anything left for shareholders
Candover refinanced its debt
Kuala will become an investor in intellectual property
The **Origo** / Brooks MacDonald dispute rumbled on
Black Sea Property's shares were suspended
Gresham House took on the management of **Spark Ventures** and revised its investment strategy
Dexion Absolute said a wind up could be triggered by a persistently wide discount
Vietnam Infrastructure split in two
Alliance Trust promised to announce "change" in September
LMS Capital said it was thinking of focusing on energy stocks but postponed a vote on this
EPE Special Opportunities issued a convertible to buy out its partner
M&G High Income is seeking powers to use derivatives to protect against market falls

Managers & Fees

Aberdeen Private Equity reformed its performance fee
Better Capital has made Simon Pilling head of portfolio
Polar Capital Technology's fee was cut
Templeton Emerging appointed a new lead manager
JPMorgan Brazil cut its fees
Fidelity Asian Values cut its fees
Aberdeen UK Tracker cut its fees
Nicholas Price is the new manager of **Fidelity Japanese Values**



3i Infrastructure bought a North Sea rescue and response business

Income

For anyone looking to keep track of their income, you can access a list of **recently announced dividends** on our website. These are in a spreadsheet that shows the amount, the record date (the day on which you have to be on the register to get paid the dividend) and the pay date. This is updated daily.

Notable announcements during July included Nimrod Sea Assets updating its dividend policy in the light of problems in its end markets. It plans to pay quarterly dividends of 2 cents per share between now and March 2016.

The table below shows how investment companies' full year dividends have been growing (or not) and how well they are covered by earnings.

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
Alcentra European Floating Rate	31/3/15	5.04	-3.3%	16.7 ^a	3.31x
Aberdeen Private Equity	31/3/15	2.2	+10.0%	6.3 ^b	2.86x
Schroder UK Growth	30/4/15	5.0	+11.1%	5.9	1.18x
BACIT	31/3/15	2.1	+5.0%	1.4	0.67x
Artemis Alpha	30/4/15	3.55	+10.9%	4.1	1.16x
Jupiter Green	31/3/15	0.55	-50.0%	0.6	1.15x
JPMorgan Brazil	30/4/15	0.4	-52.9%	0.4	1.00x
World Trust Fund	31/3/15	3.4	n/a ^c	4.2	1.25x
Nimrod Sea Assets	31/3/15	0.5 cents	first dividend	-8.3 cents ^d	n/a
Schroder Real Estate	31/3/15	2.48	-9.5%	2.5	1.01x
Doric Nimrod Air One	31/3/15	9.0	unchanged	-1.3 ^e	n/a
Doric Nimrod Air Two	31/3/15	18.0	unchanged	-12.1	n/a
Doric Nimrod Air Three	31/3/15	8.25	unchanged	-10.6	n/a
F&C Managed Portfolio Income	31/5/15	5.0 ^f	+4.2%	5.9	1.17x
M&G High Income	31/5/15	6.6	+8.2%	6.4	0.98x
Aberforth Geared Income	30/6/15	8.0 ^g	+12%	11.0	1.37x

Notes

- Alcentra's earnings include gains on investments and changes in fx hedges
- Aberdeen Private Equity's earnings relate principally to capital appreciation
- This is World Trust Fund's first full year of paying dividends since the Board adopted a dividend policy in 2014
- Nimrod Sea Assets' loss includes movements in the value of its financial assets
- These figures include unrealised fx movements on the portfolio
- In the absence of unforeseen circumstances, the Board intends to declare three interim dividends, each of 1.2p per Income share payable in October 2015, January 2016 and April 2016. A fourth interim dividend will be paid in July 2016 when a clearer view emerges of income for the year.
- Plus a special dividend of 1.8p

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