

Investment Companies Roundup

September 2015

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Winners and losers in August

One clear theme shows up in the list of positive performers this month and that is funds exposed to Europe. Almost all of these gains came as the Euro strengthened against the Pound in a market that was otherwise light on good news stories. Industrial Multi Property did buck that trend however as it said it could envisage a time when its debt was restructured and it returned to paying dividends. CEB Resources' revamp also found favour with investors. Hedge fund, BlueCrest Blue Trend seems to have been a beneficiary of the higher volatility in markets.

The dominant theme in August was the weakness of the Chinese economy and stock market. Markets see-sawed as the Chinese authorities tried to halt the rout. This hit funds like Symphony and Macau Property Opportunities as well as the Chinese and Asian equity funds in the lists. Commodity markets were knocked again on fears that Chinese demand was waning and this also held back Brazil. Cambium Global Timberland is affected by this, it released some poor results at the end of July. Highly leveraged, Alpha Pyrenees now has zero net assets. Ukraine Opportunities is now planning to de-list.

Best performing funds in price terms in August:

	(%)
Industrial Multi Property Trust	+108.3
CEB Resources	+33.6
Reconstruction Capital II	+13.9
Leaf Clean Energy	+11.6
Duke Royalty	+7.6
AXA Property	+7.1
BlueCrest Blue Trend	+6.0
Kubera Cross Border	+5.9
Small Companies Dividend	+5.8
CVC Credit European Opportunities	+5.7

Worst performing funds in price terms in August:

	(%)
Alpha Pyrenees	-62.8
Cambium Global Timberland	-40.4
Ukraine Opportunity	-28.7
Symphony International	-16.8
Candover Investments	-16.3
British & American	-15.0
Pacific Horizon	-13.8
Dolphin Capital	-13.6
Macau Property Opportunities	-13.0
Vietnam Infrastructure	-12.8

Best performing funds in NAV terms in August:

	(%)
AXA Property Trust	+6.2
Africa Opportunity	+5.8
Taliesin Property	+5.4
BlueCrest Blue Trend	+5.2
Toro	+5.0
CVC Credit European Opportunities	+4.7
Boussard & Gavaudan EUR shares	+4.6
Phoenix Spree Deutschland	+4.4
Apax Global Alpha	+4.4
Green REIT	+4.4

Worst performing funds in NAV terms in August:

	(%)
Ottoman Fund	-18.7
Fidelity China Special Situations	-12.9
British & American	-11.5
Aseana Properties	-10.9
JPMorgan Brazil	-10.4
JPMorgan Chinese	-9.9
Edinburgh Dragon	-9.7
Premier Energy & Water	-9.4
Ecofin Power & Water	-9.3
Aberdeen New Dawn	-9.0

More expensive relative to NAV (notable changes)

Industrial Multi-Property's news (see above) helped narrow its discount somewhat but there is still some way to go. Looking at the other funds on this side of the table, it is hard to pin down specific reasons for their higher ratings.

Cheaper relative to NAV (notable changes)

The poor results that Cambium Global Timberland released at the end of July seem to have left investors dispirited. Macau has been suffering as the Chinese crack down on gambling and the domestic "high rollers" who visit the territory. Riverstone's de-rating is probably a knock-on from the falling oil price, weak commodity prices also account for City Natural's woes. Symphony reported results that were adversely affected by a weak Thai Baht.

	% discount (-ve) or premium (+ve)	
	31 Aug (%)	31 Jul (%)
Industrial Multi Property	-51.1	-76.5
Small Companies Dividend	-10.1	-16.0
London & St Lawrence	-2.4	-8.2
Kennedy Wilson European	+8.3	+2.7
Standard Life Equity Income	+3.2	-1.9

	% discount (-ve) or premium (+ve)	
	31 Aug (%)	31 Jul (%)
Cambium Global Timberland	-44.1	-22.9
Macau Property Opportunities	-33.1	-22.0
Riverstone Energy	-19.7	-10.6
Symphony International	-46.9	-38.2
City Natural Resources	-22.4	-14.1

Money raised in August

Menhaden Capital, an environmentally aware fund investing in a mix of equity and yield assets managed by Ben Goldsmith and Alexander Vavalidis, raised £80m from investors. Fair Oaks Income Fund's C share issue raised \$101.8m. Woodford Patient Capital began issuing shares through a tap issue and raked in about £25m worth in August. Scottish Mortgage, Strategic Equity Capital, Finsbury Growth & Income, City of London and European Assets were all notable issuers of stock. Spark Ventures' open offer raised £10.6m for the fund's new investment policy, on top of £3.8m that it had already received through asset swaps.

Money returned in August

Funds that bought back shares in August included NB Distressed Debt which returned \$17.5m to holders of its Extended Life shares and \$7m to holders of the ordinary shares by means of compulsory redemptions. Likewise, Ashmore Global used compulsory redemptions to buy back a quarter of its shares for about £17.5m. Templeton Emerging Markets bought back around £10m worth of its shares, Blucrest All Blue bought c£4.5m worth, Aberdeen Asian Smaller c£3m worth, BH Macro about the same, Biotech Growth c£2.8m worth and British Empire £2.5m.

August's major news stories – taken from our website

Portfolio Developments

John Laing Environmental bought two more solar projects
Electra sold Nuairé
Adams sold the last of its legacy assets
Ranger Direct Lending said it was 19% invested
Camper & Nicholson's Abu Dhabi contract was terminated
Leaf Clean Energy sold four investments
3i Infrastructure invested in an offshore transmission project
GCP Infrastructure lent against biomass projects
Bluefield Solar bought three small projects
Fair Oaks Income invested in an Alcentra CLO
Foresight Solar invested in Wiltshire
Acorn Income cashed in its FTSE hedge



Foresight Solar's new farm in Wiltshire

Corporate News

MedicX extended the maturity on its debt
Pacific Alliance Asia Opportunities proposed it liquidate
Miton Worldwide Growth proposed a realisation opportunity in 2018
Phaunos' JV partner paid off the debt in one subsidiary
Sherborne Investors reiterated its pledge not to bid for **Electra**
RIT Capital Partners issued some long-term debt
RAB Special Situations edged closer to a wind up vote
Taliesin intends to start returning capital
Custodian REIT secured new funding
Vietnam Holding puts more emphasis on environmental, social and governance policies
John Laing Infrastructure secured new funding
Dexion Absolute will shut its Euro and Dollar share classes
Ukraine Opportunities will delist
Harbourvest Global Private Equity moved to the main market of the LSE

Property News

AEW UK REIT bought a retail park and 225 Bath Street in Glasgow
Real Estate Investors sold 36 Great Charles Street
Picton bought a warehouse in Sheffield
Empiric Student Property bought a new build scheme in Sheffield and blocks in Falmouth and Bath
Kennedy Wilson Europe bought a portfolio of Spanish supermarkets
NewRiver Retail bought pubs from Punch

Managers & Fees

Henderson Smaller Companies cut its management fees
A new co-manager was appointed for **JPMorgan Global Emerging Markets Income**

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 August included BBGI targeting a 4% increase in its dividend for 2015; Starwood European planning to cut its 2016 dividend from 7p to 6.5p – they say competition is hotting up and they don't want to take on extra risk to maintain the dividend; Tritax Big Box REIT saying it was on-track to deliver its 6p target dividend;

Foresight Solar saying its 6.1p target looked achievable; Kennedy Wilson Europe hiking its quarterly dividend by 25%; and Diverse Income classifying what would have been the first interim dividend for the next accounting period as the final dividend for the current accounting period – it isn't paying out more money overall.

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
Avarae Global Coins	31/3/15	0.15	unchanged	0.47 ^a	3.13x
Diverse Income	31/5/15	2.4	+6.7%	3.58	1.49x
Henderson Smaller Companies	31/5/15	13.5	+22.7%	15.0	1.11x

Notes

- a) Avarae doesn't split out revenue and capital profits in its accounts.

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