

Investment Companies Roundup

October 2015

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Winners and losers in September

The list of the best performing funds in price terms mainly reflects good news on individual funds rather than any specific theme. Treveria announced that it had sold off its portfolio during the month, Trading Emissions won a legal case, Duke Royalty announced a tie-up with a management consultancy firm and Reconstruction Capital's discount has been narrowing all year but its NAV is rising too. Leaf Clean Energy is planning to return cash to shareholders. Crystal Amber is paying a greatly increased dividend (largely from capital). US Traded Life Interests had a policy mature. Vietnam was a brightish spot in otherwise difficult markets but, as you can see from NAV table, many UK smaller companies funds also had a good month. Tritax announced a couple of deals and a substantial refinancing of its debt.

Ukraine Opportunity plans to delist, this led to a flurry of sales, driving down its share price. Origo thinks there is a good chance that it will fail to redeem its zeros when they fall due and announced a plan to tackle that. They also settled their dispute with Brooks MacDonald. Global Resources was one of a number of funds struggling in the face of poor commodity markets. Perhaps the most significant theme of the month though was falling biotech prices. The backlash triggered when a firm attempted to jack up the price of an old drug hit the whole sector and led politicians to call for price controls. Better Capital had some bad news as it said it would sell its Fairline boats business for a modest amount. Aberdeen Latin American Income fears it will be forced to cut its dividend. JZ Capital issued shares at a discount, and this reduced its NAV.

Best performing funds in price terms in September:

	(%)
Treveria	+64.4
Trading Emissions	+55.3
Duke Royalty	+10.6
Reconstruction Capital II	+9.6
Leaf Clean Energy	+9.1
Crystal Amber	+9.0
US Traded Life Interests	+8.5
Vietnam Holding	+8.0
Tritax Big Box REIT	+7.9
Aberdeen Private Equity	+7.4

Worst performing funds in price terms in September:

	(%)
Ukraine Opportunity	-60.1
Origo Partners	-31.3
Global Resources	-23.6
Biotech Growth	-19.0
International Biotech	-17.5
Renewable Energy Generation	-15.6
Better Capital 2012	-14.0
Tiso Blackstar	-13.6
Aberdeen Latin American Income	-13.3
Baker Steel Resources	-13.1

Best performing funds in NAV terms in September:

	(%)
Japan Residential	+6.6
Weiss Korea Opportunity	+5.7
Symphony International	+4.8
JPMorgan Indian	+4.3
River & Mercantile UK Micro Cap	+3.9
Prospect Japan	+3.6
Vietnam Holding	+3.0
Standard Life UK Smaller	+3.0
SVG Capital	+2.9
Diverse Income	+2.7

Worst performing funds in NAV terms in September:

	(%)
Ottoman Fund	-19.6
Marwyn	-17.1
Biotech Growth	-16.2
JZ Capital Partners	-14.4
Cambium Global Timberland	-13.4
Geiger Counter	-12.0
Golden Prospect	-11.2
International Biotechnology	-11.0
BlackRock World Mining	-9.6
Worldwide Healthcare	-9.4

More expensive relative to NAV (notable changes)

We have covered most of these above. Marwyn sold its Entertainment One stake at a discount – hitting its NAV but freeing up substantial cash for the fund. Northern Investors price move isn't associated with any announcement.

Cheaper relative to NAV (notable changes)

Ukraine Opportunity and Origo are mentioned above. Nimrod has been hurt by declining activity in offshore oil. Japan Residential sold a property at a profit. Renewable Energy Generation has been hit by subsidy cuts in its area.

	% discount (-ve) or premium (+ve)	
	30 Sep (%)	31 Aug (%)
Trading Emissions	-56.3	-71.9
Marwyn Value Investments	-8.4	-23.1
Duke Royalty	-17.8	-26.6
Tritax Big Box	+9.3	+1.3
Northern Investors	+12.0	+5.7

	% discount (-ve) or premium (+ve)	
	30 Sep (%)	31 Aug (%)
Ukraine Opportunity	-84.3	-62.2
Origo	-71.3	-58.0
Nimrod Sea Assets	-26.4	-14.4
Japan Residential	-9.3	+2.2
Renewable Energy Generation	-44.1	-33.6

Money raised in September

Two new funds were launched in September. Alternative Liquidity Fund was a pre-existing fund that holds a number of illiquid positions that it is gradually turning into cash. It trades on a substantial discount and has a market cap. of about £27.5m. GLI Alternative Finance is the latest of the online lending funds to list, it raised £53m. JZ Capital raised £89.8m from a placing and open offer. Starwood European raised £43.5m. NextEnergy Solar raked in £38.8m. All of these funds probably hoped to raise more but investors were unnerved by weak markets. International Public Partnerships raised £18m. Green REIT handed new shares worth £15m to its manager in settlement of a performance fee. City of London, Witan, Finsbury Growth & Income, European Assets and Woodford Patient Capital all issued more than £5m worth of new shares in regular trading.

Money returned in September

The biggest loss to the sector over the month was Pacific Alliance Asia Opportunity Fund. Its shares ceased to trade on AIM on 4 September. Six funds bought back more than £5m worth of stock over the month – BlueCrest AllBlue, Templeton Emerging Markets, NB Global Floating Rate Income, Oryx International Growth, BH Macro and BH Global.

September's major news stories – taken from our website

Portfolio Developments

Electra merged Park Resorts with Parkdean holidays
JZ Capital committed €75m to its EuroMicrocap fund
International Public Partnerships will invest in schools in Victoria, Australia
Trading Emissions won a court case
Cambria Africa reached a settlement with Lonrho
Kuala Innovations invested in the Diabetic Boot Company and SatoshiPay
Marwyn sold its remaining stake in Entertainment One
Fair Oaks invested in an Ares CLO
Foresight Solar completed an investment in Membury
Caledonia sold TGE Marine
Toro invested in a portfolio of non-performing Spanish debt
Better Capital sold Fairline boats



Property News

Picton Property income bought 180 West George St., Glasgow
Vinaland sold its HAS project
Ediston bought three leisure properties
Tritax is undertaking a pre-let development for Howden Joinery and another for TK Maxx
SEGRO is selling off its Slough office portfolio
Redefine International bought 20 properties for c£500m
Empiric Student Property expanded in Exeter, Newcastle and Glasgow
Pacific Alliance China Land sold a plot of land in Shanghai

Corporate News

Treveria sold its portfolio and proposes to wind up
Duke Royalty announced a tie-up with Oliver Wyman
Invista European is proposing voluntary liquidation
Qatar investment Fund is proposing a graduated tender offer in advance of a discontinuation vote
Cayenne Trust is offering a rollover into F&C Managed Portfolio
Sherborne Investors requisitioned another EGM at **Electra**
Cambria Africa is in dispute with Consilium Corporate Recovery Master Fund related to secured loans
Utilico will change its name to UIL as it moves away from utilities
Dexion Absolute's Euro and US dollar share classes have been closed
Phoenix Asset Management have been handed the management contract for **Aurora**
Renewable Energy will take a restructuring charge after subsidy changes
JPMorgan Overseas will split its shares
Jupiter Primadona plans to change its name
Law Debenture issued 30 year debt
Harbourvest Global Private Equity added \$200m to its borrowing facilities
Origo proposes restructuring and settles Brooks MacDonald dispute

Managers & Fees

GCP Student Living recruited an additional manager
CatCo Reinsurance's manager was acquired by Markel Corporation
Aberdeen bought the manager of **Advance Developing** and Advance Frontier Markets
JPMorgan's Sarah Emly, manager of a number of funds including **Claverhouse**, is taking a leave of absence
Joe Bauernfreund will become lead manager of **British Empire**

Public Service Properties is in talks to sell its remaining assets

AEW UK REIT invested in Sheffield

Custodian REIT bought an asset in Lincoln and sold one in Swansea

UK Commercial Property and SEGRO swapped some assets

Hansteen bought property in Ilkeston and Teeside

Gresham House sold a site in Merseyside

Standard Life Property Income plans to buy 22 properties held in a Jersey Property unit trust

GCP Student Living exchanged contracts on Scape Shoreditch

Hammerson and Allianz bought an Irish retail property portfolio

F&C UK Real Estate refinanced its debt



Ediston Property Income bought three leisure properties

Income

Empiric Student Property said The Company is targeting an initial dividend yield of 6%, based on the IPO price of 100 pence per share, for the financial year commencing 1 July 2015. SQN Asset Finance said its monthly dividends are now on track to meet its 7.25p objective for the current financial year. F&C UK Real Estate said its new debt facility, which is costing 3.3% rather than 5.8%, will translate into a big improvement in its dividend cover. Aberdeen Latin American Income will rebase its dividend to 3.5p from 4.25p when it announces its results later in October. This reflects the difficult economic conditions in Latin America and weak currencies.

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
Standard Life Smaller Companies	30/06/15	5.8	+28.9%	6.76	1.17x
Green REIT	30/06/15	€0.016	+73.9%	€0.016	1.00x
Crystal Amber ^a	30/06/15	2.5	+500.0%	-0.17	n/a
Pacific Horizon	31/07/15	0.35	-75.0%	0.35	1.00x
Ruffer	30/06/15	3.4	unchanged	2.22	0.65x
Murray Income	30/06/15	32	+2.4%	33.10	1.03x
Qatar Investment Fund	30/06/15	4 cents	+14.3%	15.31 ^b	3.83x
Empiric Student Property	30/06/15	4.0 ^c	New	9.67 ^b	2.42x
Jupiter European Opportunities	31/05/15	3.8	+8.6%	4.80	1.26x
City Natural Resources	30/06/15	5.6	unchanged	6.15	1.10x
SQN Asset Finance	30/06/15	3.9325	New	4.47	1.14x
Town Centre Securities	30/06/15	10.44	unchanged	12.10	1.16x
Strategic Equity Capital	30/06/15	0.78	unchanged	0.99	1.27x
City of London	30/06/15	15.3	+3.4%	16.80	1.10x
New Star Investment Trust	30/06/15	0.3	No dividend	0.49	1.63x
Utilico	30/06/15	7.5	unchanged	7.84	1.05x
JPMorgan Mid Cap	30/06/15	20.0 + 4.5 ^d	+11.1%	28.53	1.16x
JPMorgan Overseas	30/06/15	16.0	+6.7%	13.08	0.82x
Jupiter Primadona	30/06/15	6.4	+33.3%	6.67	1.04x
F&C UK Real Estate	30/06/15	5.0	Unchanged	17.50 ^b	3.50x
TR European Growth	30/06/15	7.0+2.5 ^d	+7.7%	11.34	1.19x

Notes

- Crystal Amber intends to pay a 5p dividend in future, largely from capital
- Earnings per share include capital gains
- Period is 11/02/14 to 30/06/15, 2.32p of this was a property income distribution
- Special dividend

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