

# Investment Companies Roundup

December 2015

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## Winners and losers in November

Japan Residential was the subject of two bids during November, a recommended bid from Blackstone was topped by a second bidder; discussions are still at an early stage. Japanese stocks had a good month but Baillie Gifford Shin Nippon's NAV performance was particularly good. British & American's holding in, biotech company Geron, soared in November as biotechs generally had a better month. Technology also had a good month and these trends are reflected in Scottish Mortgage's performance. PME Africa has been holding a tender offer for its shares. Alpha Real's share price reacted well to its interim results. LMS Capital announced a tender offer.

The bounce in commodity stocks that we saw in October reversed itself in November and funds focused on this area feature heavily in the list of worst performing funds. Some stock specific problems surfaced though. Juridica was involved in a court case where damages awarded were way below their estimates. Better Capital wrote down its investments in Everest, Spicers Office Team and CAV Aerospace. Nimrod Sea Assets announced disappointing results but said it would start returning cash next year. Macau Property Opportunities refinanced some debt but Macau's economy remains depressed. Menhaden's NAV did better in November but it moved to a discount.

### Best performing funds in price terms in November:

	(%)
Japan Residential	+35.2
PME African Infrastructure	+33.8
British & American	+17.6
Alpha Real Trust	+14.1
Symphony International	+10.5
Lindsell Train	+9.4
Weiss Korea Opportunity	+9.3
LMS Capital	+8.7
Scottish Mortgage	+7.6
Allianz Technology	+7.5

### Worst performing funds in price terms in November:

	(%)
Juridica	-25.2
Better Capital 2012	-24.4
Golden Prospect Precious Metals	-17.1
Nimrod Sea Assets	-16.6
Geiger Counter	-15.2
BlackRock World Mining	-13.1
Macau Property Opportunities	-9.9
Trading Emissions	-9.8
Tiso Blackstar	-9.0
Menhaden Capital	-8.3

### Best performing funds in NAV terms in November:

	(%)
British & American	+24.0
Baillie Gifford Shin Nippon	+10.8
Symphony International	+9.7
Scottish Mortgage	+7.8
Biotech Growth Trust	+7.2
Weiss Korea Opportunity	+6.8
International Biotechnology	+6.7
Allianz Technology	+6.5
Blue Planet	+6.2
Edinburgh Worldwide	+6.0

### Worst performing funds in NAV terms in November:

	(%)
RAB Special Situations	-13.5
BlackRock World Mining	-10.9
Qatar Investment Fund	-9.1
Global Resources	-6.9
BlackRock Commodities Income	-5.7
Geiger Counter	-5.0
Premier Energy & Water	-4.1
Aberdeen New Dawn	-3.6
Golden Prospect Precious Metals	-3.4
NB Distressed Debt Global	-2.8

### More expensive relative to NAV (notable changes)

We have covered some of these above. Qatar Investment Fund has been buying back its shares and held a tender offer in October. Lindsell Train's NAV track record continues to attract investors but the Chairman warned of the dangers of buying on such a big premium in the company's results. Acorn Income is keen to get back to asset value so it can issue shares again.

### Cheaper relative to NAV (notable changes)

The string of disappointing news from Juridica, Better Capital and Nimrod Sea Assets, pushed all three funds onto wide discounts. Menhaden Capital got off to a poor start but its shares are very thinly traded and it took a while for this to be reflected in the share price. JPMorgan Global Emerging Markets Income had a difficult summer but is recovering now.

	% discount (-ve) or premium (+ve)	
	30 Nov (%)	31 Oct (%)
Japan Residential	+30.8	-5.4
PME African Infrastructure	-31.8	-47.7
Qatar investment Fund	+1.2	-10.5
Lindsell Train	+34.2	+23.3
Acorn Income Fund	-1.5	-7.5

	% discount (-ve) or premium (+ve)	
	30 Nov (%)	31 Oct (%)
Juridica	-47.7	-26.8
Better Capital 2012	-44.0	-26.0
Nimrod Sea Assets	-25.3	-8.2
Menhaden Capital	-3.2	+6.8
JPMorgan Gbl Emg Mkts Income	-5.3	+1.0

## Money raised in November

The largest addition to our universe during November was Regional REIT, a joint venture between London & Scottish and Toscafund that is investing in regional property. A pre-existing fund was expanded by raising £80m of fresh capital to give the company a market cap. today of £278m. Funding Circle SME Income Fund raised £150m to invest in loans originated on Funding Circle's online lending platform. It is targeting a 6%-7% yield. Axiom European Financial Debt Fund raised just over £50m to invest in opportunities thrown up by the Basle III and Solvency II regulations. International Public Partnerships raised £180m from investors, saying demand for their shares exceeded their targets significantly. SQN Asset Finance also raked in £180m for its C share issue. Renewables Infrastructure Group raised £78m, Riverstone Energy £68m (in a dilutive issue), Marwyn Value Investors £50m, Greencoat UK wind £48m, Custodian REIT £44m, Target Healthcare REIT £31m and River & Mercantile Micro Cap £20.9m. Regular issuers of shares – Finsbury Growth & Income, Witan, European Assets and Scottish Mortgage – all issued more than £5m worth of shares.

## Money returned in November

About £24m will go out in cash to holders of Cayenne Trust as that fund winds up. 2.5m shares were rolled over into F&C Managed Portfolio Income and 1.8m shares into F&C Managed Portfolio Growth. The £36m fund, BlueCrest BlueTrend, was suspended as investors voted to liquidate that company. Alliance Trust's buy-back programme went into overdrive as it bought back shares worth close to £63m during November. CVC Credit Partners European Opportunities bought back €38m worth of stock from its Euro share class in a tender. Investment companies buying back significant amounts of shares, over £5m worth, were BH Macro, Oakley Capital, Herald, JPMorgan Overseas, BH Global, BlueCrest AllBlue and Templeton Emerging Markets.

## November's major news stories – taken from our website

### Portfolio Developments

**Hg Capital** takes stake in EidosMedia and sold its stake in Casa Reha  
**Phaunos Timber** sold two Brazilian properties and signed a pulpwood supply agreement  
**John Laing Environmental** bought a portfolio of solar assets  
**JZCapital** sold its Justrite investment  
**Juridica** reported lower than expected damages on a case  
**Chelverton** sold its Parmenion investment and announced a tender  
**Project Finance** announced a series of investments  
**Gresham House** bought a forestry manager  
**UK Mortgages** announced a deal with the Coventry Building Society  
**GCP Infrastructure** committed funding for social housing  
**NextEnergy Solar** bought three new plants

### Corporate News

**Nimrod Sea Assets** will return excess cash to shareholders  
**LMS Capital** will return money in fourth tender  
**RAB Special Situations** shareholders will get continuation vote  
**TwentyFour Income** hopes to broaden its investment policy  
**Japan Residential** got two bid approaches  
Pantheon International Participations became **Pantheon International**  
**Premier Energy & Water** is planning a new ZDP issue  
**Chenavari Capital Solutions** wants to extend its investment period  
**John Laing Environmental** plans to refinance its wind assets  
**BlueCrest AllBlue** triggered a continuation vote  
**Juridica** will shift into realisation mode  
Utilico Investments became **UIL**  
**Assura** repaid £181m of debt  
Holders of **Global Resources** convertibles agreed a relation in its covenants  
**Ranger Direct Lending** announced and then abandoned a C share  
**AEW UK REIT** secured a debt facility  
Sherborne won its battle with **Electra**  
**Macau Property Opportunities** refinanced its debt  
**Electra** decided to mandatorily convert its convertible bonds  
**Seneca Global Income & Growth** secured new finance at a lower cost



Hg sold its Casa Reha elderly care business in Germany

## Property News

**Pacific Alliance China Land** agrees deal with Wal-Mart  
**Primary Healthcare Properties** funding Swindon medical centre  
**Drum Income Plus REIT** buys Monteith House in Glasgow  
**SEGRO** bought three logistics assets  
**Custodian REIT** agreed to buy a number of properties  
**Green REIT** took full control of Central Park  
**LXB Retail** got planning for its Living Villages concept  
**Standard Life Property Income** is raising cash to buy a commercial real estate portfolio  
**Empiric Student Property** bought 155 George Street in Glasgow and expanded in Cardiff  
**Globalworth** bought Green Court Building B in Bucharest  
**Kennedy Wilson** issued a €300m bond  
**Hammerson** redeemed its 2016 bonds early  
**Real Estate Investors** announced the purchase of three properties in the West Midlands

## Managers & Fees

**BACIT** will start paying management fees  
**MedicX** cut its management fee  
**Jupiter US Smaller Companies** agreed a revised management fee  
**BlackRock North American** cut its fee



Globalworth bought Green Court building B in Bucharest

## Latest Research



We published two notes in November - a note on Seneca Global Income & Growth – **Low Volatility and Growing Income** and a note on GLI Alternative Finance – **Off and Running**



## Income

Aberdeen Latin American Income is rebasing its annual dividend from an uncovered 4.25p to 3.5p.

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
Edinburgh Dragon	31/08/15	3.0	+36.4%	4.1	1.37x
Aberdeen Latin American Income	31/08/15	4.25	unchanged	4.03	0.95x
Henderson Far East Income	31/08/15	19.2	+5.5%	20.5	1.07x
Fidelity Special Values	31/08/15	3.35	+1.5%	3.4	1.01x
London & St Lawrence	31/08/15	14.3	+5.1%	14.6	1.02x
British Empire	30/09/15	11.7	+11.4%	11.7	1.00x
JPMorgan Japanese	30/09/15	2.8	unchanged	3.1	1.09x
Schroder Oriental Income	31/08/15	8.0	+4.6%	8.7	1.09x
Standard Life Equity Income	30/09/15	14.7	+5.0%	16.5	1.13x
Invesco Perpetual Enhanced Income	30/09/15	5.0	unchanged	4.9	0.98x
Troy Income & Growth	30/09/15	2.325	+4.5%	2.4	1.04x
European Investment Trust	30/09/15	16.0	+6.7%	15.9	1.00x
F&C Capital & Income	30/09/15	10.1	+2.5%	10.1	1.00x
Baring Emerging Europe	30/09/15	23.0	+21.1%	22.0	0.96x

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