

Investment Companies Roundup

April 2016

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Winners and losers in March

Investors seemed to have a greater appetite for risk in March. JPMorgan Brazil and the two Latin American funds have been helped by a bounce in the Brazilian market. Brazil's president is widely disliked by investors and signs that she might be impeached have been taken well. China's stock market recovered somewhat as retail investors returned. There has been a welcome sign of life in the economy too as Purchasing Managers Index data came in ahead of expectations. As you can see from the list, many funds that invest in markets that would benefit from a resurgence of Chinese demand have also done well. Hg Capital's results, which showed a 14% growth in its NAV last year, were well received.

On the downside many funds that have disappointed investors continued to be sold off but there was very little in the way of stock specific news to justify this. British Empire Trust continues to pick up stock in Better Capital 2012 and now holds more than 15% of it. Adamas Finance has reported further problems with one of its investments (Global Pharm) but this news was not published until 1 April. Global Resources failed to reach agreement with its potential new investor and convertible holder and now says it will sell assets to repay the convertibles. For the most part price moves reflect a further widening of discounts. Looking at the table of falling NAVs, this reflects a strengthening of Sterling relative to the US dollar

Best performing funds in price terms in March:

	(%)
JPMorgan Brazil	+18.6
HgCapital Trust	+18.2
Baker Steel Resources	+15.8
BlackRock World Mining Trust plc	+15.7
BlackRock Latin American	+14.0
JPMorgan Russian Securities	+13.4
JPMorgan Global Emerg Mkts Inc	+13.2
JPMorgan Indian	+11.5
JPMorgan Chinese	+11.3
Pacific Horizon	+11.3

Worst performing funds in price terms in March:

	(%)
St Peter Port Capital	-24.2
Ottoman Fund	-23.3
Dolphin Capital Investors	-21.9
PME African Infrastructure	-20.1
Better Capital PCC 2012	-17.1
Adamas Finance Asia	-14.7
Global Resources IT	-12.5
Avanti Capital	-12.2
DW Catalyst USD	-12.1
Menhaden Capital	-11.9

Best performing funds in NAV terms in March:

	(%)
JPMorgan Brazil	+18.8
Cambium Global Timberland	+14.7
Geiger Counter	+13.6
BlackRock Latin American	+13.6
Aberdeen Latin American Income	+12.9
British & American	+11.9
JPMorgan Indian	+11.8
Templeton Emerging Markets	+11.7
New India	+11.5
Baring Emerging Europe	+11.3

Worst performing funds in NAV terms in March:

	(%)
Africa Opportunity C	-6.2
BH Macro USD	-4.9
BH Global USD	-4.4
DW Catalyst USD	-4.0
Origo Partners	-3.7
Crystal Amber	-3.6
NB Distressed Debt Inv Extended Life	-3.6
LMS Capital	-3.6
Private Equity Investor	-3.3
Africa Opportunity Ord	-3.1

More expensive relative to NAV (notable changes)

Hg Capital we mentioned above. Crystal Amber injected cash into FairFx a provider of a multi-currency payments service. Apax Global Alpha announced results.

Cheaper relative to NAV (notable changes)

Menhaden announced its first set of results at the end of the month. Its NAV underperformed benchmark indices by some margin and investors seem to be losing faith in the fund. Axiom's premium fell to a more reasonable level. Henderson European Focus' discount is now more in line with the rest of its peer group.

	% discount (-ve) or premium (+ve)	
	31 Mar	29 Feb
	(%)	(%)
Hg Capital	-20.8	-32.5
Crystal Amber	+6.7	-4.4
Apax Global Alpha	-15.8	-23.7
Schroder Real Estate	-2.6	-10.1
Fair Oaks Income	+8.2	+1.1

	% discount (-ve) or premium (+ve)	
	31 Mar	29 Feb
	(%)	(%)
Mehaden Capital	-28.0	-14.5
Axiom European Financials	+5.1	+14.1
Better Capital 2012	-58.5	-50.0
DW Catalyst	-15.3	-7.3
Henderson European Focus	-6.8	+0.4

Money raised and returned in March

Money raised in March

Empiric Student Property raised £125m in a placing, open offer and offer for subscription, well above the £90m they were hoping to raise. John Laing Infrastructure raised £92.2m through a placing. Amedeo Air Four Plus raised £53m to buy another A380. Phoenix Spree Deutschland concluded a £38m fund raising. TwentyFour Income Fund raised a net £31m at the start of March as investors redeemed £6.6m worth of shares and £37.7m was raised. Later in the month the fund managed to issue a further £6.7m worth of shares. Aurora Investment Trust, which recently changed its manager, issued over £10m worth of shares during March. Custodian REIT has also been expanding in response to investor demand – by about £6.5m in March.

Money returned in March

Dexion Absolute was put into liquidation in March and its shares were suspended from trading. Origo Partners shares were also suspended from trading as Brooks Macdonald petitioned to wind up the company. M&L Property & Assets ceased to trade on AIM after failing to find a replacement Nomad. NB Global Floating Rate Income shrank by £35m during March through regular buy back activity. BH Macro bought back shares worth £22m. Northern Investors held a tender offer but shareholders didn't tender for the full amount available. The fund shrank by £15m. Alliance Trust bought back shares worth £13m in March. Other notable repurchasers of stock were JPMorgan American, JPMorgan Emerging Markets, JPMorgan Global Convertibles Income, Mercantile, Scottish Investment Trust and SVG Capital. All of these funds shrank by at least £5m.

March's major news stories – taken from our website

Portfolio Developments

Northern Investors sold Control Risks
Hg Capital invested in Trace One and Raet
Foreign & Colonial said it would invest more in private equity
One of **ICG Longbow's** loans was repaid and it lent against three Lancashire industrial estates
Starwood European lent money against Dublin apartments
Amedeo Air Four Plus bought a sixth A380
Greencoat UK Wind bought a share of Clyde wind farm
Dunedin Enterprise announced a distribution following its sale of City Sprint
Funding Circle SME Income said it was in advanced negotiations with the EIB
UK Mortgages said it was working on new transactions

Corporate News

Mid Wynd expanded as it was selected as a rollover vehicle
Elephant Capital said it would cancel its admission to trading on AIM
Henderson Diversified Income said it wanted to up its gearing limit
Secure Income REIT broadened its shareholder base
Aberdeen Smaller Companies High Income will change its name
JPMorgan Senior Secured Loan moved closer to liquidation and removed its credit facility
Trading in **Highbridge Multi Strategy** was suspended
DW Catalyst said it would broaden its portfolio
JPMorgan Emerging made some changes to its investment policy
Origo was suspended after Brooks Macdonald filed a winding up petition
Global Resources said it would sell assets to repay its convertibles
Altin fought off Alpine Select
Starwood European said it would introduce long-term gearing
Jupiter Global hopes to morph into a UK equity fund
Alternative Liquidity Fund is planning its first distribution
BBGI SICAV said it wanted to be able to issue shares above a 5% premium
Mithras announced another tender offer



Hg Capital bought, HR solutions provider, Raet

Property News

Hibernia REIT bought a property in Dublin
Custodian REIT bought a leisure park in Perth
Real Estate Investors made some purchases
Safestore bought Space Maker
LondonMetric Property bought three distribution warehouses
Tritax Big Box REIT bought a Brake Bros distribution centre and another occupied by Argos

Managers & Fees

Seneca Global Income & Growth got a new co-manager
Aberdeen Smaller Companies High Income got a new manager
Atlantis Japan changed its manager line-up and then came under attack from LIM Asia Multi Strategy
Murray International scrapped its performance fee
New co-manager for **BlackRock Emerging Europe**

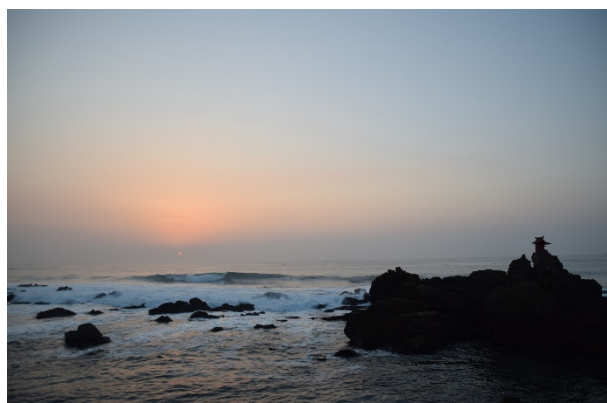
NewRiver Retail is looking at buying a shopping centre in Bexleyheath

Aseana sold the Aloft hotel in Kuala Lumpur

Empiric Student Property invested in a development in York

Lindsell Train amended its management fee

Latest Research

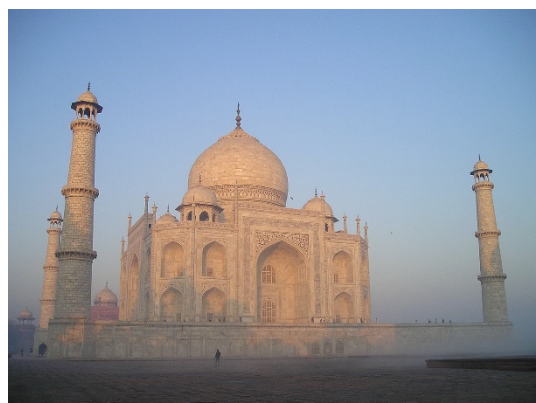


We published a note on Pacific Horizon –

Investor in Asian growth

and a note on India Capital Growth –

Compounding machine



Income

Project Finance Investments increased its dividend forecasts, saying “as set out in the prospectus published on 29 September 2015, the Company was targeting an annualised dividend yield of 4% (on the IPO issue price of 100p per share) in the financial period from IPO to 31 December 2016. The annualised dividend target for the Company's first financial period has been restated upwards by the Board to 5%.”

Further, the prospectus envisaged the Company paying its first dividend in August 2016. The Company will bring forward this payment to May 2016.

Investment Companies announcing their full year dividends in March

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
RIT Capital Partners	31/12/15	30.0	+2.0%	(4.8)	n/a
Henderson Diversified Income	31/10/15	5.1	unchanged	5.2	1.01x
Scottish American	31/12/15	10.7	+1.9%	10.5	0.98x
Athelney	31/12/15	7.9	+17.9%	9.3	1.18x
Alliance Trust	31/12/15	12.43	+0.4% ^a	11.0	0.89x
Hg Capital	31/12/15	40.0	+25.0% ^b	48.0	1.20x
Foreign & Colonial	31/12/15	9.6	+3.2% ^c	8.5	0.89x
Apax Global Alpha	31/12/15	3.69	first dividend	10 € cents	2.10x
BlackRock Latin American	31/12/15	21.0 \$ cents ^d	-30.0%	24.1 \$ cents	1.15x
Princess Private Equity	31/12/15	€0.54	unchanged	€1.46 ^e	2.70x
EP Global Opportunities	31/12/15	3.1	-6.1%	3.1	1.00x
Witan	31/12/15	17.0	+10.4% ^f	18.5	1.08x
JPMorgan Claverhouse	31/12/15	21.5	+7.5% ^g	25.9	1.20x
Premier Energy & Water	31/12/15	12.7 ^{h,i}	-5.2%	9.4	0.74x ^h
Murray International	31/12/15	46.5	+3.3%	45.7	0.98x
Fidelity European Values	31/12/15	3.33	+7.4%	3.4	1.02x
Henderson High Income	31/12/15	8.9	+3.5%	10.0	1.12x
European Assets	31/12/15	€0.912	+20.3%	€2.94 ^e	3.22x
John Laing Infrastructure	31/12/15	6.75	+3.8%	5.8 ^e	0.86x
Woodford Patient Capital	31/12/15	0.16	first dividend	0.25	1.56x
JPMorgan American	31/12/15	4.0	+23.1%	4.6	1.16x
Impax Environmental Markets	31/12/15	1.45	+3.6%	1.5	1.03x
International Public Partnerships	31/12/15	6.45	+2.4% ^j	9.5 ^e	1.48x
BBGI SICAV	31/12/15	6.0	+4.2%	8.3 ^e	1.38x
North American Income	31/01/16	33.0	+10.0%	35.7	1.08x
Martin Currie Portfolio	31/01/16	4.15	+1.2%	4.15	1.00x

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
F&C Private Equity	31/12/15	11.41	+5.3%	6.8	0.59x
City Merchants High Yield	31/12/15	10.0	unchanged	10.4	1.04x
Asian Total Return	31/12/15	3.8	+16.9%	4.4	1.17x
Merchants Trust	31/01/16	24.0	+0.8%	23.6	0.98x
Dunedin Income Growth	31/01/16	11.4	+1.3%	12.1	1.06x

- a) The 49th year of consecutive dividend increases.
- b) The 25% increase is on last year's base dividend of 32p, Hg Capital also paid a 19p special dividend for 2014
- c) the Board is planning another dividend increase ahead of inflation for 2016
- d) *"With respect to future dividends it now seems prudent to recognise the changed environment. Rather than maintaining the historic level of distributions from capital, it is the Board's intention to pay out future dividends which are in line with our reduced earnings. Whilst it is difficult so early in the year to predict the level of earnings with any accuracy, earnings for the current year indicate that the Board would be able to declare two equal dividends of 6.00 cents per share in respect of 2016."*
- e) The company does not separate its revenue and capital profit and loss, this figure represents the combined amount.
- f) The 41st year of consecutive dividend increases.
- g) The 43rd year of successive dividend increases.
- h) The dividend includes special dividends of 3.0p, adjusting for this the base dividend was covered 0.97x.
- i) Following the reduction in gearing resulting from the repayment of the 2015 ZDP shares and subsequent issuance of 2020 ZDP shares, the directors expect that the total dividend for 2016, in the absence of unforeseen or exceptional circumstances, to be at least 8.00p.
- j) The Board have published a minimum dividend target, being 6.65 pence per share for 2016, and new guidance of 6.82 pence per share for the 2017 dividend, an average increase of c.2.5% per annum.

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