

Investment Companies Roundup

August 2016

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Winners and losers in July

European Real Estate sold 70% of its portfolio in the month and is returning cash to shareholders. Polo Resources announced mining operations had started at Blackham Resources' gold mine. BP Marsh's shares ran up in advance of an announcement that it might sell its Besso Insurance Group stake. JPMorgan Brazil's share price recovery continued but ran out of steam just after the month end. Leaf won one round of its litigation against Invenery. The strong gold price helped some funds investing in the area. UIL's largest investment, Resolute Mining, has doubled over the past couple of months. Biotech companies had a good month which helped British & American.

Very few investment companies fell in NAV terms during July and most of the NAV moves in the table might just reflect movements in exchange rates. One of Nimrod Sea Assets holdings was put into liquidation during the month; they wrote off the investment. Dolphin Capital's results were published just before the start of the month, the price fall could have been a delayed reaction to this. Private Equity Investor had an approach for its portfolio but well below NAV. VPC Speciality Lending became the first online lending fund to announce a drop in its NAV as it marked down the value of some of its loans.

Best performing funds in price terms in July:

	(%)
European Real Estate	+56.4
Polo Resources	+26.1
BP Marsh	+24.2
JPMorgan Brazil	+24.1
Leaf Clean Energy	+20.3
Lindsell Train	+19.7
Premier Energy & Water	+19.1
Biotech Growth	+17.6
North Atlantic Smaller Companies	+17.6
Polar Capital Technology	+17.3

Worst performing funds in price terms in July:

	(%)
Nimrod Sea Assets	-26.0
Dolphin Capital Investors	-18.9
Alternative Liquidity Fund	-12.3
FastForward Innovations	-9.1
Private Equity Investor	-5.8
Africa Opportunity C	-5.5
Menhaden Capital	-4.8
Regional REIT	-4.8
Macau Property Opportunities	-4.8
VPC Speciality Lending C	-4.8

Best performing funds in NAV terms in July:

	(%)
UIL	+29.0
British & American	+16.2
Aberforth Geared Income	+14.4
Golden Prospect Precious Metals	+13.1
Biotech Growth	+12.9
International Biotechnology	+12.7
Schroder Japan Growth	+11.3
Independent	+11.3
BlackRock World Mining	+11.2
City Natural Resources	+10.6

Worst performing funds in NAV terms in July:

	(%)
Kennedy Wilson European Real Estate	-4.0
Aseana Properties	-2.9
Symphony International Holding	-1.6
Drum Income Plus REIT	-1.3
Sanditon	-1.1
ICG Longbow	-1.0
DW Catalyst	-0.5
Blackstone/GSO Loa Financing	-0.4
FastForward Innovations	-0.4
Picton Property Income	0.0

More expensive relative to NAV (notable changes)

European Real Estate and BP Marsh were mentioned above. Lindsell Train's premium rose again. JPMorgan Brazil's discount narrowed, possibly on the back of its strong recent performance but this has widened since the month end. Premier Energy & Water is keen to eliminate its discount and issue more shares.

Cheaper relative to NAV (notable changes)

The dangers of holding stocks on big premiums are illustrated by the moves in British & American and FastForward Innovations' ratings. Acorn Income Fund and Independent are both heavily exposed to the UK economy and are out of favour following the referendum result. UIL, which has a split cap structure and eclectic portfolio, is, perhaps, not well understood by investors

	% discount (-ve) or premium (+ve)			% discount (-ve) or premium (+ve)	
	31 Jul (%)	30 Jun (%)		31 Jul (%)	30 Jun (%)
European Real Estate	+12.3	-28.2	British & American	+55.3	+80.5
Lindsell Train	+49.1	+30.3	FastForward Innovations	+61.2	+76.7
BP Marsh	-19.0	-34.3	Acorn Income Fund	-9.1	+3.1
JPMorgan Brazil	-4.7	-15.9	UIL	-53.6	-45.5
Premier Energy & Water	-4.1	-14.7	Independent	-0.3	+7.7

Money raised and returned in July

Money raised in July

There were no new issues in July but the largest fund raising was undertaken by International Public Partnerships. They raised £125m from investors through a placing, which was oversubscribed. GCP Infrastructure's placing was also oversubscribed. They raised £75m. NextEnergy Solar raised £44m in July and has continued to issue stock since. Amedeo Air Four Plus issued stock worth £41m, which it used to buy a Boeing 777-300. Finsbury Growth & Income issued £18m worth of its shares over the month. Funding Circle SME Income Fund raised £14.5m. Both Baillie Gifford Shin Nippon and Personal Assets expanded by £7m.

Money returned in July

Given that the healthcare sector (especially biotech) had a better month in July, it is perhaps surprising that Worldwide Healthcare bought back the most stock in July - £9.6m worth and Biotech Growth bought back £4.8m worth. The list of other notable repurchasers of stock contains the usual suspects – NB Global Floating Rate Income, Foreign & Colonial, BH Macro, Scottish Investment Trust, Scottish Mortgage, Templeton Emerging Markets, BlackRock Income Strategies and British Empire all bought back more than £5m worth of stock,

July's major news stories – taken from our website

Portfolio Developments

Electra sold part of its stake in Allflex
EP Opportunities hedged its yen exposure
International Public Partnerships invested in a portfolio of schools projects
Caledonia bought the Liberation pubs and drinks business
Riverstone Energy said it would invest in Centennial Resource Development and a controlling stake in Silver Run
UK Mortgages agreed its second transaction
Renewables Infrastructure bought a French solar farm
3i Infrastructure invested in a renewable energy company
FastForward invested in Moon Active
John Laing Environmental bought a wind farm
Hg Capital invested in Blick Rothenburg and sold SFC Koenig
JZ Capital invested in Oncology Services International
Amedeo Air Four bought a Boeing 777-300
Nimrod Sea Assets said Swiber Holdings was in liquidation

Corporate News

An activist started building a stake in **British Empire Fair Oaks Income** updated its distribution policy
Leaf Clean Energy won a court case against Invenegy
Trading Emissions settled its case against Dianneng
Private Equity Investor had an approach for its whole portfolio
GLI Alternative Finance proposed making changes to its investment restrictions and changing its name
Artemis Alpha said it would cut its exposure to unquoted companies
JPMorgan Overseas said it would change its distribution policy and name



Caledonia bought the Liberation pubs and drinks business

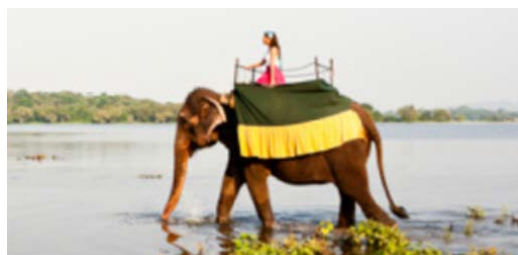
Property News

British Land sold the Debenhams store in Oxford Street
Hammerson took control of Dundrum shopping centre in Dublin and sold one in Northumberland
Picton Property sold an office in London
Standard Life Investments Property Income sold three buildings
Hansteen refinanced its Netherlands industrial portfolio and took control of the Ashtenne Industrial Fund
Empiric Student Property invested in Bath and secured a financing facility
Drum Income Plus REIT bought an office in Edinburgh
MedicX invested in a health centre in Dublin
Custodian REIT sold a hotel in Dudley

Managers & Fees

JPMorgan Global Emerging Markets Income appointed a new co-manager
The manager of **VPC Speciality Lending** said it would reinvest part of its management fee in shares
P2P Global adjusted its fee structure
Gresham House wants to take over the management of **LMS Capital**

Research



India
Capital Growth Fund

We published a note on India Capital Growth during July – **Indian Powerhouse** and a note on Drum Income Plus REIT – **They say good things come in small packages**



Income

Investment Companies announcing their full year dividends in July

Fund	Year ended	Dividend	Change over year	Revenue / earnings	Cover
BACIT	31/03/16	2.2 ^a	+4.8%	1.4	0.64x
Artemis Alpha	30/04/16	3.9	+9.9%	4.73	1.21x
Schroder UK Growth	30/04/16	5.2	+4.0%	5.77	1.11x
Twenty Four Income Fund	31/03/16	7.14	+7.4%	(6.8) ^b	n/m
AEW UK REIT	30/04/16	5.5	First period	6.33	1.15x
Aberdeen Private Equity	31/03/16	2.2 ^c	unchanged	4.53 ^b	2.06x
Aberdeen New Dawn	30/04/16	3.9	+2.6%	4.06	1.04x
Lazard World Trust	31/03/16	6.4 ^d	+64.1% ^d	24.9 ^b	3.91x
JPMorgan Brazil	30/04/16	0.5	+25.0%	0.46	0.92
Chelverton Small Co.s Dividend	30/04/16	7.5+1.6 ^e	+5.3% ^e	11.23	1.23x
Aberforth Geared Income	30/06/16	9.0+1.0 ^e	+12.5% ^e	11.56	1.16x
F&C Managed Portfolio Income	31/05/16	5.2 ^f	+4.0%	5.62	1.08x
Invesco Perpetual Select UK Equity	31/05/16	6.15	unchanged	5.81	0.94x
Invesco Perp Select Global Eq Inc	31/05/16	6.0	+30.4%	5.51	0.92x

- a) The default option is to receive a dividend in shares (a scrip dividend) but shareholders may opt to get cash
- b) The company does not separate its revenue and capital profit and loss, this figure represents the combined amount.
- c) Going forward, in the absence of unforeseen circumstances, the Board expects to pay at least the same level of dividend for the financial year to 31 March 2017.
- d) The fund will make an annual distribution of an amount equal to 3.5% of the NAV at the start of each financial year. For the financial year to March 31st, 2017 this will amount to aggregate dividends of 10.2p.
- e) Special dividend, change on year relates to ordinary dividend
- f) In the absence of unforeseen circumstances, the Board intends again to declare three interim dividends, each of not less than 1.2p per Income share payable in October 2016, January 2017 and April 2017. A fourth interim dividend will be paid in July 2017 when a clearer view emerges of income for the year.

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