

December 2016

Winners and losers in November

Best performing funds in price terms in November:

	(%)
Dolphin Capital	+33.3
Polo Resources	+17.5
Lindsell Train	+14.4
Biotech Growth	+12.4
Alpha Real Trust	+10.9
BH Macro (GBP)	+10.8
F&C Commercial Property	+10.1
Industrial Multi Property	+9.9
Polar Capital Global Financials	+9.6
JPMorgan US Smaller Companies	+9.1

Source: Morningstar, Marten & Co

Worst performing funds in price terms in November:

	(%)
Golden Prospect Precious Metals	-24.9
UIL	-16.9
Aberdeen Latin American Income	-15.5
JPMorgan Brazil	-15.4
Green REIT	-15.2
BlackRock Latin American	-14.0
Pacific Horizon	-14.0
JPMorgan Indian	-12.7
India Capital Growth	-12.6
Schroder European Real Estate	-12.5

Source Morningstar, Marten & Co

Best performing funds in NAV terms in November:

	(%)
Kennedy Wilson Europe	+7.4
Rights & Issues	+7.2
Jupiter US Smaller Companies	+6.7
Gabelli Value Plus+	+6.5
JPMorgan US Smaller Companies	+6.5
Polar Capital Global Financials	+6.3
International Biotechnology	+6.1
Chelverton Small Companies Dividend	+6.0
Biotech Growth	+5.5
BH Macro (GBP)	+5.4

Source: Morningstar, Marten & Co

Worst performing funds in NAV terms in November:

	(%)
Golden Prospect Precious Metals	-18.6
JPMorgan Brazil	-16.2
BlackRock Latin American	-13.9
Candover	-13.6
JPMorgan Indian	-13.5
Aberdeen Latin American Income	-13.5
Aseana Properties	-12.1
Prospect Japan	-11.6
India Capital Growth	-10.8
New India	-10.1

Source Morningstar, Marten & Co

The best performer was **Dolphin Capital** after it sold one of its properties to Third Point, improving its balance sheet. The big event of the month though was Donald Trump's election. Markets seemed uncertain how to react at first but now seem to have adopted a, possibly illogical, stance that his policies will be good for the US economy while being bad for global trade. Beneficiaries include **BH Macro**, which seems to have been well-positioned for the result, resources companies such as Polo, US focused trusts such as the **Jupiter & JPMorgan US smaller companies** funds and **Gabelli Value Plus+** and US banks, aiding **Polar Capital Global Financials**. Biotech also did well as the threat of pricing controls in that industry receded, benefitting **Biotech Growth** and **International Biotechnology**.

On the downside, an initial flight to safety after the US election result, reversed swiftly. The gold price fell sharply, hitting **Golden Prospect** and **UIL**. Emerging market and Asian funds fell out of favour on fears that Trump might instigate a trade war. Latin American funds were particularly badly affected including **JPMorgan Brazil** and the **BlackRock** and **Aberdeen Latin American** funds. Indian funds also had a tough time but part of this is down to the uncertainty created by the government's abrupt move to withdraw most of India's bank notes from circulation in a bid to curb corruption. Managers think this will be very positive in the long run but in the meantime **India Capital Growth**, **New India** and **JPMorgan Indian** are suffering.

Significant moves in discounts and premiums

More expensive relative to NAV (notable changes)

Lindsell Train's premium continues to climb. The premium probably reflects the markets estimate of the undervaluation of the company's stake in its management company. **MedicX** is another trust that trades on a very large premium. Investors are attracted by its high yield and the fact that its rental income could be described as a "government-backed". **Aseana** sold one of its remaining investments and Morningstar adjusted its NAV estimate for the company. Morningstar cut its estimate of **Phoenix Spree Deutschland's** NAV. **F&C Commercial Property** has shrugged off the negative sentiment that hit it at the time of the referendum.

Cheaper relative to NAV (notable changes)

Schroder European Real Estate raised some money in October at a big premium to asset value but, over the course of November, it moved to trading closer to asset value. It has a South African listing, as does **Redefine**, and it may be that South African based investors are selling these funds. The REITs with exposure to Irish property, **Green REIT** and **Kennedy Wilson**, are suffering as the Irish government makes changes to the tax regime for non-resident property investors in Ireland. **Pacific Horizon's** discount moved back towards the middle of the pack for its peer group. Asian funds were hit by fears of a trade war with the US.

	% discount (-ve) or premium (+ve)			% discount (-ve) or premium (+ve)	
	31 Oct (%)	30 Nov (%)		31 Oct (%)	30 Nov (%)
Lindsell Train	+41.1	+66.9	Schroder European Real Estate	+11.2	-0.7
Aseana Properties	-28.9	-18.5	Green REIT	-8.4	-18.2
MedicX	+42.5	+51.9	Kennedy Wilson European	-10.6	-19.4
Phoenix Spree Deutschland	+9.1	+18.5	Pacific Horizon	-4.6	-12.5
F&C Commercial Property	-6.4	+2.6	Redefine International	+3.1	-4.6

Source: Morningstar, Marten & Co

Source Morningstar, Marten & Co

Money raised and returned in November

Money raised in November

The big new issue this month and the largest so far in 2016 was **Civitas Social Housing REIT**. This £350m company will invest in housing let to local authorities or housing associations. The list of existing funds raising cash is shorter than it has been but the demand for renewable energy is still buoyant as evidenced by a £147m placing for **Greencoat UK Wind** and £115.3m for **NextEnergy Solar Fund**. The only other one-off issue on the list was **GCP Asset Backed Income's** placing which raised £15.6m. Looking at funds dripping new stock into the market, **Scottish Mortgage** issued shares worth £22.6m during November. **Finsbury Growth and Income** continued to expand, raking in £20.9m. **Personal Assets** raised £19.6m. **City of London's** haul was £15.7m. Other funds that expanded by £5m or more included **Fundsmith Emerging Equities** and **Ruffer**,

Money returned in November

Kennedy Wilson's large buy-back programme marched on with £56.9m worth of shares being repurchased during November. **CVC Credit Partners European Opportunities** bought back 7.1m Euro shares and 39.6m Sterling shares in a tender that settled in November. 8.5m **Marwyn Value Investors** shares worth £12.1m are moving to a new realisation share class but it will be some time before they are paid out in full. Regular repurchasers of stock buying back more than £5m worth of shares included **Mercantile**, **BH Macro** (which just announced a 100% tender offer), **Templeton Emerging Markets** and **VinaLand**.

Baillie Gifford has been managing investments since 1909. Our success has been built on finding good investment opportunities for clients through extensive independent research. Our fundamental analysis and judgement over the years have helped us to become one of the UK's largest independent investment management groups with over £130 billion of funds under management and advice as at 30 June 2016*



Baillie Gifford is one of the largest investment trust managers in the UK with a range of seven trusts. We also have an extensive range of OEIC sub-funds and manage investments globally for pension funds, institutions and charities.

*Source Baillie Gifford & Co As with all stock market investments, your capital is at risk

ADVERTISEMENT

November's major news stories – from our website

Portfolio Developments

- **NextEnergy Solar** bought a solar plant in Essex
- **EP Global** took off its yen hedge
- **Amedeo Air Four** is buying A380s for Etihad
- **Better Capital** is in talks to sell Gardner Aerospace
- **Hg Capital** invested in fundinfo AG and Evaluate
- **Oakley Capital** upped its investment in Fund III
- **Foresight Solar** bought out the minority stakes in three of its investments



Dolphin Capital sold the Playa Grande golf resort in Dominica

Property News

- **Empiric Student Property** made some investments in Leicester
- **LondonMetric Property** bought some "last mile" distribution warehouses
- **Hammerson** bought four outlet centres and raised £400m of debt
- **VinaLand** sold project Ceana
- **Trinity Capital** completed some sales
- **Dolphin Capital** sold the Playa Grande golf resort
- **Target Healthcare REIT** bought a care home in Nottinghamshire
- **Highcroft** sold a warehouse in Warwickshire
- **Axa Property** sold its Agnadello property

Corporate News

- **BlackRock Income Strategies** and Aberdeen UK Tracker will merge
- **Riverstone Energy** seeks to change its investment policy to accommodate a transaction
- **BH Macro** announces 100% tender amongst other things
- **London & St Lawrence** launched a strategic review
- **UK Mortgages** promised a continuation vote if it doesn't deploy its cash
- **European Real Estate** is exploring ways of accelerating its liquidation
- **CatCo Reinsurance** decided there was no need for it to hold a tender offer
- **M&G High Income** will offer a rollover into JPMorgan Elect
- **Electra** said it would hand back £200m
- **Chelverton Growth** said there was no reason why it was trading on a high premium
- **Fair Oaks** intends to launch a new Master Fund
- **BACIT** will become Syncona, a life sciences company
- **Sirius Real Estate** secured new bank funding

Managers & Fees

- **Worldwide Healthcare** amended its fee arrangements
- Tom Buckingham joined the management team at **JPMorgan European**
- **Perpetual Income & Growth** got a new deputy manager



BACIT will become Syncona, a life sciences company

SUPPORTING TRANSFORMATIONAL SCIENCE

Research

We published a note on Aberdeen Frontier Markets – **Long-term growth opportunity?** This examined, in some detail, how this fund goes about generating both capital and income returns for investors from a portfolio that the managers say is less correlated with stock markets in developed countries.

QuotedData

Initiation | Investment companies

10 November 2016

Aberdeen Frontier Markets

Long term growth opportunity?

Aberdeen Frontier Markets Investment Company (AFMC) offers investors a diversified exposure to the superior growth prospects offered by frontier markets (stock markets that aren't classified as developed or emerging). Its managers believe that weak commodity and energy prices, as well as concerns over Chinese growth, have weighed heavily on this area and the vast majority of investors are now underweight. A valuation

Sector	Global Emerg. Mkts
Ticker	AFMC LN
Base currency	GBP
Price	66.5675p*
NAV	67.75p*
Premium/(discount)	(3.2%)*
Yield estimate**	3.0%

*Note: as at close 4 Nov. 2015. For current data [click here](#).
**Note: based on proposed dividend of US\$ 1.2 per share.

Share price and discount
Time period 30/09/2011 to 02/11/2016



PICKING STOCKS WITH PRECISION.

Scottish Mortgage Investment Trust plays a 'long game' with a focused list of around 70 stocks. Our aim is to meticulously seek out truly innovative organisations (the obvious and the unexpected) and stick with them over the long-term. We believe this strategy gives us a strong competitive advantage in identifying companies with real potential for significant sales growth – often as a result of their intelligent deployment of transformational technology.

But don't just take our word for it. Over the last five years **Scottish Mortgage**, managed by Baillie Gifford, has delivered a total return of 92.2%* compared to 60.5%* for the index. And **Scottish Mortgage** is low-cost with an ongoing charges figure of just 0.45%!

Standardised past performance to 30 June each year*:

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Scottish Mortgage	-11.0%	26.9%	28.9%	25.8%	4.9%
FTSE All-World Index	-4.0%	21.4%	9.6%	10.2%	14.0%

Past performance is not a guide to future returns.

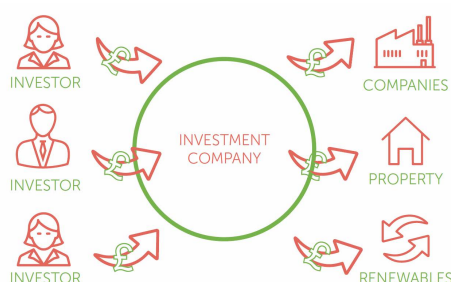
Please remember that changing stock market conditions and currency exchange rates will affect the value of your investment in the fund and any income from it. You may not get back the amount invested.

For a free-thinking investment approach call **0800 917 2112** or visit **www.scottishmortgageit.com**



Long-term investment partners

*Source: Morningstar, share price, total return as at 30.06.16. *Ongoing charges as at 31.03.16. Your call may be recorded for training or monitoring purposes. Scottish Mortgage Investment Trust PLC is available through the Baillie Gifford Investment Trust Share Plan and the Investment Trust ISA, which are managed by Baillie Gifford Savings Management Limited (BGSM). BGSM is an affiliate of Baillie Gifford & Co Limited, which is the manager and secretary of Scottish Mortgage Investment Trust PLC.



The QuotedData guide to investment companies aims to help investors and financial advisers better understand investment companies and help them make better informed investment decisions.

Income

Investment Companies announcing their full year dividends in November

Fund	Year ended	Dividend (pence)	Change over year (%)	Revenue / earnings (pence)	Cover
European Investment Trust	30/09/16	16.0	+14.3	19.0	1.19x
Keystone	30/09/16	53.0+5.3 ^a	+3.9	62.0	1.17x ^a
F&C Capital & Income	30/09/16	10.3	+2.0	11.26	1.09x
Shaftesbury	30/09/16	14.7	+6.9	14.0	0.95x
Troy Income & Growth	30/09/16	2.425	+4.3 ^b	2.59	1.07x
BlackRock Frontier Markets	30/09/16	USc6.6	+0.8	USc6.4	0.97x
Schroder Income Growth	30/09/16	10.6	+2.9	12.08	1.14x
Schroder Oriental Income	31/08/16	8.5	+6.3	9.03	1.06x
Standard Life Equity Income	30/09/16	15.4	+4.8	17.48	1.13x
Henderson Far East Income	31/08/16	20.0	+4.2	21.13	1.06x
British Empire	30/09/16	11.7+2.8 ^c	unchanged	14.32	1.22x ^c
Henderson International Income ^d	31/08/16	4.65	+3.3	6.12	1.32x
Fidelity Special Values	31/08/16	3.7	+10.4	3.39	0.92x

Source: Marten & Co

- a) Keystone is paying a special dividend of 5.3p. The cover ratio relates just to the base dividend.
- b) Troy Income & Growth plans to pay at least 0.625p per quarter for the year ended 30 September 2017.
- c) British Empire is paying a special dividend of 2.8p. the cover ratio relates to the base dividend.
- d) The board intend at least to maintain the quarterly dividend at its new level of 1.2p during the year to 31 August 2017, implying a full year dividend of 4.8p, up 3.2%.

Visit www.quoteddata.com for more on these and other stories plus in-depth research on some funds, the chance to compare similar funds and basic information, key documents and regulatory news announcements on every investment company quoted in London

QuotedData

QuotedData is a trading name of Marten & Co which is authorised and regulated by the Financial Conduct Authority
123a Kings Road, London SW3 4PL
020 3691 9430

www.quoteddata.com

Registered in England & Wales number 07981621
2nd floor Heathmans House, 19 Heathmans Road, London SW6 4TJ

Edward Marten
(em@martenandco.com)

Christopher Bunstead
(cb@martenandco.com)

James Carthew
(jc@martenandco.com)

Matthew Read
(mr@martenandco.com)

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained on this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.
