



Fidante Daily Digest

News bulletin on alternative investment companies

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Our impact score reflects our own assessment of how the news would affect the company's stock. It focuses on the potential future impact on discount/premium and performance dynamics that are likely to arise as a result of the news. It is not indicative of the company's overall health and performance and is not directional (positive/negative). A high impact score can mean either adverse or positive impact, hence readers must make their own judgment with regards to this.

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3 SUPR – Supermarket Income – Increase in issue size

Invests in UK supermarkets

- Further to the company's announcement on 12 March 2019, the board has considered the strong level of support from investors and decided to increase the target size of the issue to more than £40m (the target raise was previously around £25m). The proceeds of the issue will be used to acquire two supermarket assets from either the originally identified £260m pipeline of five assets or from a growing number of further opportunities which the investment adviser has identified, with the balance to be funded through debt financing. The timetable remains unchanged and the close of the fundraising is later today. The results will be announced tomorrow, and admission and the start of trading in the new shares is expected on 26 March 2019.

3 CSH – Civitias Social Housing – Acquisitions and debt update

Invests in UK social housing

- CSH has completed the purchase of 19 regulated social housing properties comprising 266 tenancies for c. £73.5m. In addition, it has also exchanged contracts on two further properties comprising 65 tenancies for £12.1m, with completion expected in due course following certain works being undertaken. The properties are in England and Wales in 14 local authority areas and supported by six separate care providers. The properties will be immediately income-generating with an initial net yield in line with expectations. The properties are subject to long-term leases with rents adjusted annually in line with CPI, with the majority being subject to a lower limit of inflation indexation of 1% per annum and a maximum indexation of 4% per annum. The properties have been financed from the company's existing debt facilities.
- CSH intends, in the near future, to complete and announce the arrangement of additional debt facilities. Following this latest transaction, the company's gross LTV is c. 22%. The CSH target for average gross indebtedness is 35% of the portfolio value, with a hard cap of 40%. This will allow the company to secure approximately £170m of additional debt facilities in due course. The company says that its pipeline of investment opportunities remains strong.

3 HVPE – HarbourVest Global Private Equity – Investment update

Private equity fund investing primarily in internally-managed FOFs, with a bias to the US

- HVPE has reported a record month for investment into HarbourVest funds in February 2019 (\$112m), driven largely by the completion of the first deal in a real assets vehicle it seeded in June 2018. Furthermore, as the initial seed investor with a commitment of \$150m, HVPE will receive a share of the third-party management fee revenue from the vehicle. The first deal in the vehicle has seen c. \$150m invested through a secondary fund restructuring in a global portfolio of high-quality core infrastructure assets, including Spanish toll roads, North American

airports and Australian ports. The assets are mature operating assets, expected to deliver long-term capital growth and an attractive income yield.

3 SONG – Hipgnosis Songs – Acquisitions

Invests in songs and associated musical intellectual property rights

- SONG announced that it has acquired three catalogues of songs, including songs that have globally achieved Top 10 positions on 607 charts, Top 5 positions on 420 charts and Number 1 positions on over 148 charts around the world. The acquired songs have also been nominated for eleven Grammy Awards, winning two of them.
- SONG has acquired 100% of Johnta Austin's interest in his BMG music publishing catalogue as well as 100% of his writer share of performance income collected and distributed by the Performance Rights American Society of Composers, Authors, and Publishers (ASCAP). Johnta Austin is an American singer-songwriter, arranger, producer, vocalist and rapper. The catalogue comprises 249 songs. It has acquired 100% of Sean Garrett's interest in his Universal Music Publishing catalogue as well as 100% of his writer share of performance income, collected and distributed by the Performance Rights Organisations ASCAP and Broadcast Music Inc. Sean Garrett is an American record producer, singer and songwriter. The catalogue comprises 588 songs. Finally, the company has acquired 100% of Rico Love's writer share of performance income collected and distributed by the Performance Rights Organisation Society of European Stage Authors and Composers. Rico Love is an American rapper, singer, songwriter and record producer. The catalogue comprises 245 songs.

Results in brief

- Alternative Liquidity Fund (ALF) – Interims to 31 December 2018 – The NAV as at 31 December 2018 was \$0.3065 per share (already announced), down 2.7% over the six-month reporting period according to the company, adjusting for the \$0.02 per share distribution made in December 2018. Net assets at the end of the period were \$44.9m, and the company had exposure to 25 fund investments managed by 23 investment managers. The top ten fund investments represented 83% of the NAV, and 94% of portfolio (excluding cash) was exposed to emerging markets. Around 62% was in credit and 15% in real estate, with the balance in equity and cash (\$6.4m as at the end of the period). ALF received \$6.1m in the period from underlying manager distributions and the release of a significant holdback from a previous redemption. Subsequent to the period end, a further distribution of \$0.02 per share has been made, after which the cash position was \$3.2m. Following approval given by shareholders at an EGM on 25 February 2019, Warana Capital and ALF have entered the process of creating a new share class and raising new capital to invest in the secondary market. ALF will aim to raise up to \$100m and the new shares will be admitted as ordinary shares, with the existing shares reclassified as realisation shares and entering a managed in wind-down.
- Tufton Oceanic (SHIP) – Interims to 31 December 2018 – The NAV as at 31 December 2018 was \$0.9872 per share (already announced), up 0.36% over the six-month reporting period and up 4.06% in 2018 (total return). The company declared dividends of \$0.0175 per ordinary share for Q3 and Q4 2018, and for the C shares (which converted in February 2019) it declared a dividend of \$0.005 per share for Q4 2019. SHIP is currently invested in a diverse portfolio of twelve second-hand vessels, comprising five containerships, two handy-size bulkers, one gas/LPG carrier, three product tankers and one general cargo vessel. Eleven of the vessels are on fixed-rate time charters or bareboat charters, and one vessel is on an index-linked time charter. During the period, three product tankers, one containership, one handy-size bulker and 25% of Neon was acquired, and \$75.2m was invested. Post period end, one further vessel acquisition was agreed for \$6.75m. The cashflow-weighted average length of charter was a minimum of 2.9 years and 3.1 years expected as at 31 December 2018. The unlevered cash flow run rate is over \$19m per annum, or around 1.6x the target dividend of \$0.07 per annum. The company raised gross proceeds of \$78.4m through a C share issue in October 2018, and in March 2019 it raised an additional \$50m of gross proceeds.

Declared dividends

- SQN Asset Finance (SQN) declared monthly dividends of 0.6042pps for the ordinary shares and the C shares (unchanged), payable on 26-Apr-19, with ex-dividend date 4-Apr-19.

Credit/lending NAV performance

- CVC Credit Partners European Opportunities (CCPG) GBP NAV as at 28-Feb-19 (107.89pps) was up 0.87% in February and up 1.54% year-to-date.
- EIJ Investments (EIJ) NAV as at 28-Feb-19 (177pps) was up 0.38% in February and up 0.95% year-to-date.
- Honeycomb (HONY) NAV as at 28-Feb-19 (1027.2pps) was up 5.6pps (0.55%) in February and up 1.13% year-to-date.
- SQN Asset Finance (SQN) ordinary share NAV as at 28-Feb-19 (96.85pps) was up 0.26% in February and up 0.78% year-to-date, and the C share NAV as at 28-Feb-19 (98.02pps) was up 0.53% in February and up 1.12% year-to-date.
- Starwood European Real Estate Finance (SWEF) NAV as at 28-Feb-19 (101.98pps) was up 0.33pps (0.32%) in February and up 0.91% year-to-date.

Hedge fund NAV performance

- BH Global (BHGG) final GBP NAV as at 28-Feb-19 (1523pps) was unchanged with respect to the estimated NAV as at that date, down 0.99% in February and down 0.94% year-to-date.
- BH Macro (BHMG) final GBP NAV as at 28-Feb-19 (2405pps) was unchanged with respect to the estimated NAV as at that date, down 0.88% in February and down 0.36% year-to-date.
- Pershing Square Holdings (PSH*) NAV as at 19-Mar-19 (\$22.81 per share) was up \$0.65 per share (2.93%) since the last NAV on 12-Mar-19, up 2.33% month-to-date and up 32.44% year-to-date.

Share buybacks and issuance

- Alcentra European Floating Rate Income (AEFS) bought back 548,095 shares at 97.60pps on 20-Mar-19.
- Funding Circle SME Income (FCIF) bought back 405,000 shares at 86.2pps on 20-Mar-19.
- NB Global Floating Rate Income (NBLS) bought back 2,000,000 GBP shares at 89.4725pps and 290,000 USD shares at \$0.9175 per share on 20-Mar-19.
- NextEnergy Solar (NESF*) issued 314,482 shares at 115.53pps pursuant to the scrip dividend alternative, with admission and the start of trading of the new shares expected on 29-Mar-19.
- P2P Global Investments (P2P) bought back 10,000 shares at 810.6pps on 20-Mar-19.
- Personal Assets (PNL) issued 122 shares at 40440pps on 20-Mar-19.
- Third Point Offshore (TPOU) bought back 10,866 shares at \$14.6770 per share on 20-Mar-19.
- Urban Logistics (SHED) issued 1,483,036 shares pursuant to the exercise of warrants, with admission and the start of trading of the new shares expected on 27-Mar-19.
- VPC Specialty Lending (VSL) bought back 500,000 shares at 73.2pps on 20-Mar-19.

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