

October 19, 2020

Investment Funds

SDCL Energy, GCP Asset, Schiehallion, JZ Capital, Baring Emerging, Abdn New Thai

Stocks reviewed

SDCL ENERGY EFFICIENCY INCOME TRUST PLC

Bloomberg/Reuters codes: SEIT LN / SEIT.L
 Recommendation Neutral
 Price 106p

GCP ASSET BACKED INCOME FUND

Bloomberg/Reuters codes: GABI LN / GABIG.L
 Recommendation Positive
 Price 85p

BARING EMERGING EUROPE PLC

Bloomberg/Reuters codes: BEE LN / BEE.L
 Recommendation Neutral
 Price 588p

Prices are as of close 16 October 2020

All sources unless otherwise stated: Company data, FactSet, Stifel estimates

Summary

SDCL Energy - Issue size increased to £105m

SDCL Energy - £100m Acquisition of Stockholm gas distribution network

The Schiehallion Fund - Potential issue of equity

Aberdeen New Thai - Interim results to 31/08/20, dividend unchanged

JZ Capital – Agrees to sell interests in certain US microcap portfolio companies to a secondary fund

GCP Asset Backed Income – Unchanged quarterly dividend of 1.55p, aims to increase for full year

Baring Emerging - Change of investment policy

JZ Capital – Sale of Greenpoint property

Yesterday's Key Movers. Risers: The Scottish Oriental Smaller Cos +3.7%; North American Inc. Trust +3.6%; Gabelli Value Plus +3.3%; Scottish Mortgage +2.8%; Aberdeen Diversified I&G +2.7%. **Fallers:** Montanaro UK Smaller Cos -4.5%; GCP Infrastructure -2.9%; ICG Enterprise -2.8%; City Merchants High Yield -2.3%.

Key Points

SDCL Energy Efficiency Income - Issue size increased to £105m

Oversubscription: The placing of New Ordinary Shares pursuant to the existing Share Issuance Programme announced on 13/10/20 has received a strong level of support from investors and has been significantly oversubscribed.

Size increased: Taking into account the strength of the near-term acquisition pipeline, as well as further positive progress with the negotiations to acquire an established, operational and regulated energy network in a major Western European city, the Board has determined to increase the size of the Placing from gross proceeds of £80m to £105m by re-allocating New Ordinary Shares available under the Share Issuance Programme to the Placing. Accordingly, the Placing will result in the issue of 100m New Ordinary Shares at the Placing Price of 105p. As applications for the New Ordinary Shares have exceeded the gross proceeds accepted, a scaling back exercise has taken place. (Analyst: Max Haycock)

SDCL Energy Efficiency Income - £100m Acquisition of Stockholm gas distribution network

Acquisition: The Trust has agreed to acquire a 100% interest in Värtan Gas Stockholm AB ("VGSAB"), the ultimate owner of the established, operational and regulated gas distribution network for Stockholm, Sweden, involving an equity investment of c.£100m.

Biogas: The VGSAB group (the "Group") owns and operates Stockholm's regulated gas grid, the majority of which is sourced from locally produced biogas (c.70%). The Group supplies and distributes to over 58,000 residential, commercial, industrial, transportation and real estate customers in Stockholm. SEEIT intends to work towards increasing the proportion of green gas in the network to 100% over time. The Group's revenues, which are primarily regulated, are predominantly based on fixed tariffs with relatively low sensitivity to customer demand or consumption.

Continued overleaf ...

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SDCL Energy Efficiency Income - £100m Acquisition of Stockholm gas distribution network (Continued ...)

Financing: The acquisition will be funded from existing cash reserves and debt facilities, which include the capital raised in the recent equity fundraising and a £30m short term acquisition facility that has been added to SEEIT's current £40 million revolving credit facility. VGSAB's existing project debt finance facilities, which are equivalent to c.£26m, will remain in place. *(Analyst: Max Haycock)*

The Schiehallion Fund - Potential issue of equity

Issue: As at 30/09/20, c.74% of the Company's portfolio was invested in private companies. Accordingly, the Company is exploring the possibility of raising additional capital in the first half of 2021, which may be satisfied by the issue of ordinary shares, C shares or a combination of both. *(Not covered)*

Aberdeen New Thai - Interim results to 31/08/20; dividend unchanged

Performance: The NAV TR fell -5.7% vs a -3.1% decline in The Stock Exchange of Thailand Index (£). Exposure to the financial sector, energy, and resources stocks were significant detractors to performance.

Dividend unchanged: The revenue EPS was 13.2p (2019 - 15.8p). The interim dividend is 8.0p (2019 - 8.00p), ex-dividend 29/10/20. *(Not covered)*

JZ Capital – Agrees to sell interests in certain US microcap portfolio companies to a secondary fund

Disposal: The fund has agreed to sell its interests in certain US microcap portfolio companies to a secondary fund led by Hamilton Lane Advisors. The Secondary Sale will be structured as a sale to a newly formed fund, JZHL Secondary Fund LP managed by an affiliate of the Company's investment manager, Jordan/Zalaznick Advisers.

Consideration: In return, the Company will receive aggregate consideration of: (i) US\$90m in cash (less any fees and expenses), subject to certain adjustments and (ii) a special limited partner interest in the Secondary Fund entitling the Company to certain distributions and other rights and obligations from the Secondary Fund.

Debt repayment: The Secondary Sale marks a significant milestone towards the delivery of the Company's previously announced strategy of realising value from its investment portfolio and paying down debt. Upon completion, the Secondary Sale will provide the Company with the needed liquidity to repay a substantial portion of its senior debt. *(Not covered)*

JZ Capital – Sale of Greenpoint property

Write-down: The fund has completed the sale of its Greenpoint property located in Brooklyn, New York. The Company received approximately US\$13.6m all in cash for its interest in the site which corresponds to a write down to the Company's NAV of c.US\$20m. The approximate write down has already been

included in the updated valuations applied to the Company's real estate investments as earlier announced in September and October 2020. *(Not covered)*

GCP Asset Backed Income – Unchanged quarterly dividend of 1.55p; aims to increase for full year

Dividend. Quarterly dividend in respect of the period from 1 July 2020 to 30 September 2020 of 1.55p (2019: 1.55p), ex-dividend 29/10/20.

Future dividends. As noted in the interim accounts, the Board continues to pursue an increase in the dividend in accordance with the Company's investment objectives and, based on the performance of the Company for the first nine months of the year, the Directors and the Investment Manager currently believe this is likely to be achievable in the future. *(Analyst: Anthony Stern)*

Baring Emerging - Change of investment policy

Change in investment policy. The Trust proposes a change of investment policy which will diversify the current mandate's geographical scope to include the whole of Emerging Europe, the Middle East and Africa ("EMEA") including, as opportunities arise, investing in select frontier markets within the EMEA region (the "New Investment Policy"). The proposed comparator benchmark for the new mandate is the MSCI Emerging Markets EMEA Index (net). The New Investment Policy has been approved by the Financial Conduct Authority, but remains subject to approval by the Company's shareholders in an extraordinary general meeting.

Change of Name. In order to recognise the expanded investment remit the Board intends to change the name of the Company to "Barings EMEA Opportunities PLC".

Discount control. As part of its ongoing discount control procedures, and subject to the adoption of the New Investment Policy, the Board has decided to set new discount and performance based tender offer trigger mechanisms for the five year period commencing 1 October 2020. When compared to the tender offer trigger mechanisms calculated over the four year period to 30 September 2020, it is proposed to: i) amend the performance criterion, from one which was calculated on the Company's portfolio to one which will be calculated on the Company's net asset value per share, in order to compare performance net of fees and costs, and ii) reset the calculation period for the discount and performance criteria to five years, starting from 1 October 2020 and ending on 30 September 2025.

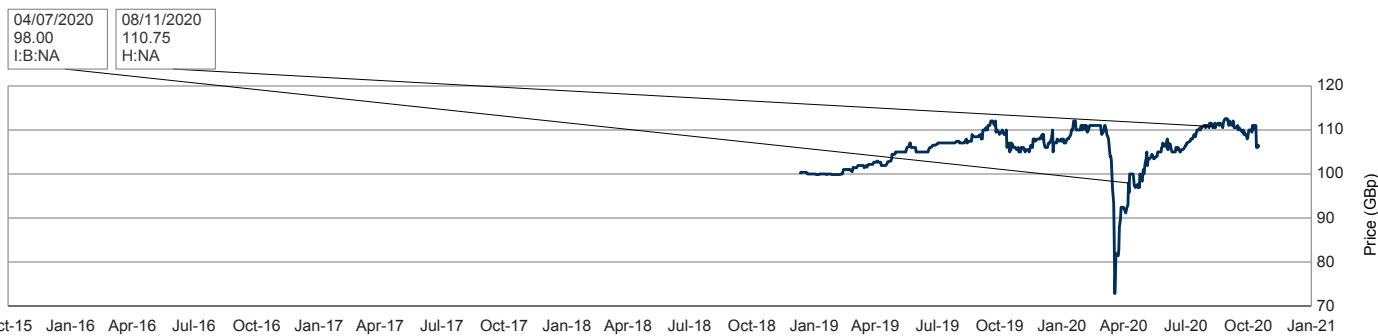
Reduced management fee. The Board and the AIFM have agreed to a reduction in the annual investment management fee, from the previous level of 0.80% per annum of the net asset value of the Company to 0.75% per annum of the net asset value of the Company.

Revised tender offer. The Board proposes to offer shareholders a tender offer for up to 25% of the Company's issued ordinary share capital if: the average daily discount of the Company's market share capital to its NAV ('cum-income') exceeds 12%, as calculated with reference to the trading of the Company's shares over the period between 1 October 2020 and 30 September 2025 (the "Calculation Period"); or ii) the performance of the Company's NAV per share on a total return basis does not exceed the return on the MSCI Emerging Markets EMEA Index (net) by an average of 50 basis points per annum over the Calculation Period. *(Analyst: Anthony Stern)*

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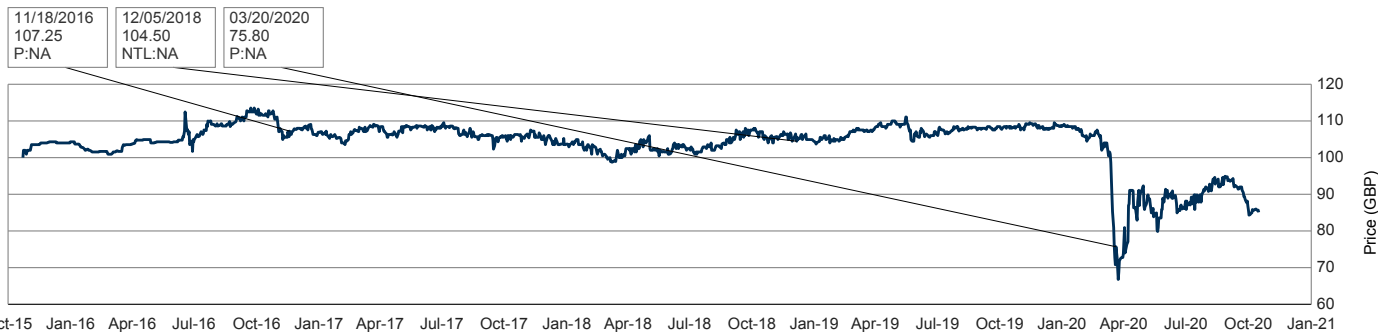
SDCL Energy Efficiency Income Trust Plc (SEIT.LN) as of October 16, 2020 (in GBP)



*Represents the value(s) that changed.
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For a price chart with our ratings and any applicable target price changes for SEIT.LN go to <http://stifel2.bluematrix.com/sellside/Disclosures.action?ticker=SEIT.LN>

GCP Asset Backed Income Fund (GABI.LN) as of October 16, 2020 (in GBP)



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Baring Emerging Europe plc (BEE.LN) as of October 16, 2020 (in GBp)



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