



The Association of Investment Companies

Please find attached the AIC Monthly Information Release (MIR) for 31 May 2008.

CHANGES TO AIC RECOMMENDED NAVS

The AIC has recommended that from 31 May 2008 the standard recommended NAV should include current year income – commonly referred to as the cum-income NAV. The change follows a review of the policy to exclude current year income from NAVs, following various requests from the industry.

Background

One of the key uses of NAV data is the ability to measure the discount (or premium) to which the market price per share stands. Commonly, the market price reflects the expected dividend prior to the ex-dividend date and adjusts accordingly post the ex-dividend date since it is determined by willing buyers and sellers. It is therefore expected that discount measures based on cum-income NAVs will be more accurate and less volatile, as the price and NAV will both adjust at the same time.

It follows that ex-income NAVs can undervalue the economic reality of certain companies at certain times of the year, in particular where the income flows are significant. This in turn can cause distortions in the comparison of discounts between companies (and within the same company over time). A change to cum-income should therefore enable better comparisons.

The change to cum-income NAVs brings investment company NAVs closer in-line with the data reporting of other collectives and general industry practice. It is arguable that this change in practice will be more readily understood as NAVs will now provide a better analysis of the total economic value of shareholders' funds.

MIR practicalities

As a result of this change the MIR file (attached) has been updated to show additional information, however please note that, as the AIC has historically been publishing cum-income NAVs (when provided), there are no changes to the order of columns and format of the MIR file.

For details of the additional information and any changes please see the MIR CSV Headings file which defines each of the data items in the MIR – changes are highlighted in red – which can be [accessed here](#)>

Changes to AIC Members over the past month

1. New Issue: BH Global (GBP, Euro and USD shares) (AIC Sector: Hedge Funds)
2. Membership Change: ACP Mezzanine (AIM) became a new member (AIC Sector: Sector Specialist: Mezzanine Finance)
3. Membership Change: Partners Group Global Opportunities (AIM) became a new member (AIC Sector: Private Equity)
4. Membership Change: F&C Managed Portfolio Growth and F&C Managed Portfolio Income became new members (AIC Sector: Global Growth and Global Growth & Income, respectively)
5. Membership Change: Marwyn Value Investors (AIM) became a new member (AIC Sector: Global Smaller Companies)
6. Membership Change: Eaglet became a new member (AIC Sector: UK Smaller Companies)
7. Membership Change: Talisman VCT resigned from membership.
8. Capital Reorganisation: US Special Opportunities ZDP departed, name change to Global Special Opportunities and sector change to North America.

Various other AIC Statistics publications and previous editions of the MIR are downloadable from the [Statistic Publications](#) area on www.theaic.co.uk.

Please let us know if you have queries regarding data published by the AIC.

Regards
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