

March 2022

Monthly roundup | Investment companies

Winners and losers in February 2022

Commodities & natural resources was the top-performing sector for a second month in a row, as energy prices soared even further following Russia's invasion of Ukraine. The ongoing crisis has resulted in extreme volatility for the commodities market with Brent hitting almost \$140-a-barrel, gold \$2,000 per ounce and European natural gas €345 per megawatt hour. The rally has also helped commodity-heavy economies such as Latin America, which was another top performer for a second month. After a weak 2021, biotechnology & healthcare funds saw a rebound in February. Some commentators say fundamentals supporting healthcare's secular growth story remain compelling and so generally look favourable on recent price weakness in the context of a longer-term view. On the negative side, weak investor sentiment due to the crisis has hit global markets in general but India took it at full force thanks to rising energy prices as a net importer. Mining, healthcare and oil sectors in the UK performed well in February but this was overshadowed by small and mid-cap equities suffering severe losses – which placed the UK all companies and UK smaller companies sectors among the worst performers. After a strong 2021, private equity trusts fell in February (see [Appendix 1](#) for a breakdown of how all the sectors have performed this year).

February's median total share price return was -2.8% (the average was -2.6%) which compares with a median of -3.1% in January. Readers interested in recent briefings from the industry can click [here](#) to access our economic and political roundup.

Best performing sectors in February 2022 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 28/02/22 (%)	Median sector market cap 28/02/22 (£m)	Number of companies in the sector
Commodities & Natural Resources	6.3	9.4	0.7	80.4	9
Latin America	4.9	3.6	(11.0)	88.7	2
Insurance & Reinsurance Strategies	3.4	0.0	(19.0)	45.0	2
Debt - Structured Finance	1.7	1.6	(9.3)	144.4	7
Biotechnology & Healthcare	0.6	0.0	(3.7)	683.2	6

Source: Morningstar, Marten & Co. Note: inclusive of sectors with at least two companies. Note: many alternative asset sector funds release NAV performance on a quarterly basis

Worst performing sectors in February 2022 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 28/02/22 (%)	Median sector market cap 28/02/22 (£m)	Number of companies in the sector
India	(8.6)	(6.4)	(15.2)	250.3	4
European Smaller Companies	(8.5)	(6.5)	(8.9)	517.1	4
UK All Companies	(7.4)	(5.1)	(11.1)	248.9	9
UK Smaller Companies	(7.2)	(5.0)	(13.0)	142.4	24
Private Equity	(7.2)	0.0	(25.4)	326.8	19

Source: Morningstar, Marten & Co. Note: inclusive of sectors with at least two companies. *many alternative asset sector funds release NAV performance on a quarterly basis

Winners and losers continued...

Best performing funds in total NAV (LHS) and price (RHS) terms over February 2022

Fund	Sector	(%)	Fund	Sector	(%)
Geiger Counter	Commodities & Natural Resources	22.8	Geiger Counter	Commodities & Natural Resources	30.2
BlackRock World Mining	Commodities & Natural Resources	15.3	BlackRock World Mining	Commodities & Natural Resources	15.6
CQS Natural Resources G&I	Commodities & Natural Resources	12.3	Gulf Investment Fund	Global Emerging Markets	12.8
Golden Prospect Precious Metals	Commodities & Natural Resources	10.3	Seraphim Space	Growth Capital	12.0
BlackRock Energy & Resources Income	Commodities & Natural Resources	9.4	UK Mortgages	Debt - Structured Finance	9.9
VietNam Holding	Country Specialist	4.2	BlackRock Energy & Resources Income	Commodities & Natural Resources	9.5
Fair Oaks Income 2021	Debt - Structured Finance	3.8	RTW Venture	Biotechnology & Healthcare	8.7
abrdn Latin American Income	Latin America	3.7	Golden Prospect Precious Metals	Commodities & Natural Resources	7.5
BlackRock Latin American	Latin America	3.5	CQS Natural Resources G&I	Commodities & Natural Resources	6.3
Middlefield Canadian Income	North America	3.3	Third Point Investors USD	Hedge Funds	5.8

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 28/02/22

Worst performing funds in total NAV (LHS) and price (RHS) terms over February 2022

Fund	Sector	(%)	Fund	Sector	(%)
JPMorgan Russian Securities	Country Specialist	(72.6)	JPMorgan Russian Securities	Country Specialist	(46.3)
Barings Emerging EMEA Opportunities	Global Emerging Markets	(21.0)	Barings Emerging EMEA Opportunities	Global Emerging Markets	(31.5)
Fidelity Emerging Markets	Global Emerging Markets	(11.2)	Oryx International Growth	UK Smaller Companies	(17.9)
Artemis Alpha Trust	UK All Companies	(11.0)	India Capital Growth	India	(16.2)
River and Mercantile UK Micro Cap	UK Smaller Companies	(10.7)	Jupiter Green	Environmental	(16.1)
Rockwood Realisation	UK Smaller Companies	(10.2)	EPE Special Opportunities	Private Equity	(12.3)
Baillie Gifford European Growth	Europe	(10.0)	abrdn Smaller Companies Income	UK Smaller Companies	(12.0)
India Capital Growth	India	(9.8)	Honeycomb Investment Trust	Debt - Direct Lending	(11.5)
Scottish Mortgage	Global	(8.1)	Chrysalis Investments Limited	Growth Capital	(11.2)
BlackRock Greater Europe	Europe	(8.1)	Montanaro UK Smaller Companies	UK Smaller Companies	(11.0)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 28/02/22

Commodities & natural resources trusts were the clear winners in February with five members ([Geiger Counter](#), [BlackRock World Mining](#), [CQS Natural Resources Growth & Income](#), [Golden Prospect Precious Metals](#) and [BlackRock Energy & Resources Income](#)) filling the top five spaces in NAV terms and dotted among the top ten in share price terms. [Geiger Counter](#), which was one of the best performers in 2021, delivered an impressive 30% in share price terms over the month as investors reasoned that in Europe nuclear power would be favoured over natural gas. A higher oil price is good news for oil producers outside Russia, benefiting [Gulf Investment](#) and [Middlefield Canadian](#). Latin American funds [abrdn Latin American Income](#) and [BlackRock Latin America](#) were also among the best performers in NAV terms, likely a result of the commodity market boost. [UK Mortgages](#) was one of the month's winners in share price terms following the announcement of its merger with [TwentyFour Income](#) while [Seraphim Space](#) posted strong results for the period from its launch in July 2021 to 31 December 2021.

Unsurprisingly, [JPMorgan Russian Securities](#) took the biggest hit in February, down by a huge 72% in NAV terms in light of the Russian invasion of Ukraine and sanctions that have been placed on the country. [Barings Emerging EMEA Opportunities](#) also took a hit from the events as its NAV was adjusted to reflect the board's assessment of fair value. Investments listed on the Moscow Exchange have been valued at zero, until such a time as the market begins to function in a way deemed appropriate. [Fidelity Emerging Markets](#), which had 16% of the portfolio in Russian securities as at 31 January 2022 offset by a short position on an index, also saw its NAV fall. Meanwhile, UK smaller companies underperformed in February which had a knock-on effect on such funds including [River and Mercantile UK Micro Cap](#) and [Rockwood Realisation](#), which were both down in NAV terms, and [Montanaro UK Smaller Companies](#) which saw its share price fall by 11%.

Moves in discounts and premiums

More expensive (LHS) and cheaper (RHS) relative to NAV over February 2022

Fund	Sector	Disc/Prem 28/02/22 (%)	Disc/Prem 31/01/22 (%)	Fund	Sector	Disc/Prem 28/02/22 (%)	Disc/Prem 31/01/21 (%)
JPMorgan Russian Securities	Country Specialist	75.5	(13.3)	Oryx International Growth	UK Smaller Companies	(26.2)	(10.1)
Gulf Investment Fund	Global Emerging Markets	1.1	(11.8)	Jupiter Green	Environmental	(18.9)	(4.2)
Seraphim Space	Growth Capital	7.0	(4.5)	Honeycomb	Debt - Direct Lending	(17.7)	(6.4)
UK Mortgages	Debt - Structured Finance	(0.7)	(9.2)	Barings Emerging EMEA Opportunities	Global Emerging Markets	(27.1)	(15.9)
RTW Venture	Biotechnology & Healthcare	2.0	(6.1)	Ediston Property Investment Company	Property - UK Commercial	(15.0)	(5.3)

Source: Morningstar, Marten & Co. Note: excludes alternative asset funds where there was no recorded change to the NAV over the month

[JPMorgan Russian Securities'](#) share price lost touch with reality in February, failing to keep pace with a savage fall in its NAV. Its double-digit discount swung to a 75% premium as Russian stocks were suspended from trading. [Gulf Investment Fund](#) saw a rerating on the back of the oil price. [Seraphim Space](#) posted strong results for its first six months since launch. [UK Mortgages](#) saw a significant narrowing of its discount following news of its merger with [TwentyFour Income](#) and [RTW Venture](#) recovered. It made supported funding rounds for Magnolia Medical Technologies and Third Harmonic Bio during the month.

The hit to UK small caps saw [Oryx International Growth](#) become cheaper in February, with its 10% discount widening to a 26% discount. [Honeycomb](#) also saw its single digital discount widen by more than 10% following news of its merger with Pollen Street, with an associated planned dividend cut. [Barings Emerging EMEA Opportunities](#) became cheaper as its discount almost doubled due to a readjustment of its NAV in light of events in Ukraine. Russian depositary receipts traded on the London Stock Exchange, holdings in US-listed Russian stocks and holdings listed on the Moscow Stock Exchange have all been valued at zero.

Money raised and returned over January

Money raised (LHS) and returned (RHS) over February in £m

Fund	Sector	£m raised	Fund	Sector	£m returned
LXi REIT	Property - UK Commercial	250.0	Monks	Global	(26.6)
JLEN Environmental Assets	Renewable Energy Infrastructure	60.7	Alliance Trust	Global	(17.1)
Polar Capital Global Financials	Financials	41.1	CVC Credit Partners European Opportunities	Debt - Loans & Bonds	(11.5)
Impact Healthcare REIT	Property - UK Healthcare	40.0	Witan	Global	(9.5)
abrdn European Logistics Income	Property - Europe	38.0	BMO Commercial Property	Property - UK Commercial	(8.7)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/22. Note: based on the approximate value of shares at 28/02/22

Only £569m of net new money was raised in February, though higher than January. **LXi REIT** raised £250m in an oversubscribed fundraise, having initially targeted £125m as announced in January. **JLEN Environmental Assets** also enjoyed an oversubscribed issue of £60m through a placing and offer for subscription at the end of January, though the new shares only started trading in February.

Polar Capital Global Financials completed a fundraise shortly after it reported strong outperformance and an increase in demand for financials. You can read more about why in our [latest research note](#) on the trust. **Impact Healthcare REIT** raised £40m from investors which the chair said will 'assist in funding a significant proportion of near-term attractive investment pipeline of standing assets, forward fundings, and asset management capex commitments.'

Share buybacks were led by **Monks**, **Alliance Trust**, **CVC Credit Partners European Opportunities**, **Witan** and **BMO Commercial Property**.

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Major news stories and QuotedData views over February

Portfolio developments

- **Riverstone Energy** backed SaaS provider T-Rex
- **Triple Point Energy Efficiency** bought a battery portfolio
- **BlackRock Energy & Resources Income** benefited from its traditional energy holdings
- **BlackRock Throgmorton** shares strong results
- **BBGI Global Infrastructure** bought a Canadian hydro refurb
- **SDCL** bought a Portuguese biomass plant
- **Round Hill Music Royalty** bought the Alice in Chains catalogue
- **Riverstone** sold its position in Pipestone Energy
- **HydrogenOne Capital Growth** invested in Bramble Energy
- **Apax Global Alpha** made a double acquisition
- **Brunner** reached 50 years of consecutive dividend increases
- **RTW** made two new investments
- **Mobius** enjoyed strong performance despite EM volatility
- **CQS New City High Yield's** manager warned on inflation
- **BB Healthcare** looked back on a year that saw two key debates in the healthcare space
- **Greencoat Renewables'** power output was 16% below budget
- The recent National Grid auctions gave **Gresham House Energy Storage's** NAV a boost
- **Herald** proved resilient through a tough second year of Covid

Property news

- **British Land** bought a £157m urban logistics business
- **Great Portland Estate** broke its leasing record
- **LXI REIT** splashed £87m on nine assets
- **Empiric Student Property** bought a £19m asset in Bristol
- **Tritax EuroBox** made a €144m Dutch purchase
- **Capital & Counties** reported on strong leasing momentum

Corporate news

- **Twenty Four Income** and **UK Mortgages** announced plans to merge
- **Strategic Equity Capital** shared a corporate update as it declined Odyssean's combination offer
- **Alternative Liquidity** announced plans to target £50m
- **Circle Property** announced plans to return sales proceeds to shareholders to counter its persistent discount
- **Honeycomb** and **Pollen Street** revealed merger plans
- **Crystal Amber** set out its wind-down plans
- **Polar Capital Global Financials** announced a placing ...before raising £16.6m
- **Jupiter Emerging and Frontier Income's** continuation was brought into question
- **GCP Co-Living REIT** paused its IPO process

Managers and fees

- **Macau Property Opportunities** agreed a new investment management agreement

QuotedData views

- **Co-living la vida loca** – 4 February
- **CQS New City High Yield – inflation premium** – 11 February
- **The real dividend heroes** – 18 February
- **Russia and Ukraine – can we really continue to turn the other cheek?** – 24 February

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

Upcoming events

Here is a selection of what is coming up. Please refer to the Events section of our website for updates between now and when they are scheduled:

- Aberforth Smaller Companies AGM 2022, 3 March
- JPMorgan Russian AGM 2022, 4 March
- BlackRock Income & Growth AGM 2022, 8 March
- Henderson Opportunities AGM 2022, 10 March
- BMO Capital and Income AGM 2022, 10 March
- QuotedData's Round the World webinar – Asia, 10 March
- Murray International AGM 2022, 16 March
- QuotedData's Round the World webinar – UK, 17 March
- Master Investor Show 2022, 19 March
- Standard Life Private Equity AGM 2022, 22 March
- BlackRock Sustainable American Income AGM 2022, 22 March
- BlackRock Throgmorton AGM 2022, 24 March
- Jupiter Emerging & Frontier Income AGM 2022, 28 March
- Brunner AGM 2022, 30 March
- Herald AGM 2022, 19 April
- Greencoat UK Wind AGM 2022, 29 April
- RIT Capital AGM 2022, 4 May
- Apax Global Alpha AGM 2022, 5 May

Interviews

Have you been listening to our weekly news round-up shows? Every Friday at 11 am, we run through the more interesting bits of the week's news and we usually have a special guest or two answering questions about a particular investment company.

Friday	The news show	Special Guest	Topic
6 August	AEMC, ANW, CREI, DRIP	Matthew Howard	BMO Commercial Property
13 August	AIF, SSON	Andrew Bell	Witan
20 August	APAX, ELTA, PSH	Abbie Glennie	Aberdeen Smaller Companies Income
27 August	GRP, SHB	David Smith	Henderson High Income
3 September	AIF, BRET	Ian Lance	Temple Bar
10 September	GSEO, ASLI, SLI	Craig Baker	Alliance Trust
17 September	APAX, GABI, SUPP	Robin Parbrook	Schroder Asia Total Return
24 September	NCYF, RNEW, FEML, USF	Peter Hewitt	BMO Managed Portfolio
1 October	AIE, CAT, IGC, VNH	Tim Creed	Schroder UK Public Private
8 October	FEML, GRP	Steven Tredget	Oakley Capital
15 October	ATS, CGL, GHS	Nicholas Yeo	Aberdeen China
22 October	FEML, SCIN	Claire Shaw	Scottish Mortgage
29 October	EPG, SHED	Richard Pindar	Literacy Capital
5 November	UKW, GHS, ACIC	Rory Bateman	Schroder British Opportunities
12 November	PINT, SMT, GSEO	Helen Steers	Pantheon
19 November	TIGT, ROOF	Iain McCombie	Baillie Gifford UK Growth
26 November	MTU, JLEN, GRIT, CORD	David Cornell	India Capital Growth

3 December	AAS, TEEC	Rob Crayford	CQS Natural Resources Growth & Income
10 December	EWI, TLEI	Nicholas Ware	Henderson Diversified Income
7 January	QuotedData	Andrew McHattie	2021 roundup
14 January	ELTA, JLEN, HGEN, ASLI	Jason Baggaley	Standard Life Investments Property Income
21 January	BSIF, RICA	Keith Watson	Geiger Counter
28 January	FSF, CIP, SLPE	Jonathan Maxwell	SDCL Energy Efficiency
4 February	AEET, TEEC	Sebastian Lyon	Personal Assets
11 February	THRG, SEC, TFIF, UKML	Richard Aston	CC Japan Income & Growth
18 February	CSH, HONY, NESF, TRIG, SUPR	Carlos Hardenberg	Mobius
25 February	BSIF, CRS, DGI9, JEFI	Ian Francis	New City High Yield
4 March	JRS, MCKS	Thomas Moore	Aberdeen Standard Equity Income
Coming up			
11 March	STS	James Harries	Securities Trust of Scotland
18 March	DORE	Tom Williams	Downing Renewables & Infrastructure
25 March	TIGT	Blake Hutchins	Troy Income & Growth

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Research notes published over February



Tritax EuroBox

Real estate | Annual overview | 27 January 2022

Fast-tracked

Tritax EuroBox (EBOX) is continuing on its rapid growth path, having raised €200m of fresh equity in September 2021 and secured a private placement for €200m more in December. It has already acquired four assets with the proceeds and has a further pipeline worth €300m. Once the proceeds of the September capital raise has been fully deployed, the group's assets will be worth around €1.9bn – remarkable growth from a portfolio value of just over €600m a year ago.

Furthermore, EBOX's manager expects to consistently beat its medium-term total return target of 8% per annum through asset management initiatives. These include both new listings to capture the benefits of rising market rents and development/renovation opportunities within the portfolio. The group continues to move up the investment risk curve, taking advantage of the favourable dynamics in the European logistics market and pressing ahead with new developments with its exclusive developer partners.

Reflecting its recent growth, the group was added to the FTSE 250 index in October 2021.

Big box logistics in Europe

EBOX invests in a portfolio of logistics assets in continental Europe, diversified by geography and tenant, targeting well-located assets, within or close to densely populated areas. The strategy aims to capture market rental value growth and deliver an attractive capital return and secure income. EBOX is targeting a total return of 8% per annum over the medium term.

Sector	Property - Europe
Ticker	EBOX LN
Base currency	GBP
Price	188.5p
NAV*	108.5p
Premium/discount	(42%)
Yield	4.8%

* Based on Morningstar's advice for exiting NAV

- Deployment of proceeds from fundraise and new debt facilities could see assets grow to €1.9bn
- Targeting greater returns from increased focus on developments
- Inflation in FTSE 250 index positive for liquidity in shares

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◀ Tritax EuroBox (EBOX) is continuing on its rapid growth path, having raised €250m of fresh equity in September 2021 and secured a private placement for €200m more in December. It has already acquired four assets with the proceeds and has a further pipeline worth €300m. Once the proceeds of the September capital raise has been fully deployed, the group's assets will be worth around €1.9bn – remarkable growth from a portfolio value of just over €600m a year ago.

Within the Japanese smaller company sector, the period since AVI Japan Opportunity Trust (AJOT) was launched in October 2018 has resembled the fable of the tortoise and the hare. The majority of competing funds are invested in high growth stocks whose valuation multiples had been soaring but have tumbled in recent weeks. Meanwhile, AJOT has been steadily chalking up successes in unlocking value from a range of Japanese companies. It is now the best-performing Japanese smaller company trust over the period since it was launched. The manager points to the considerable latent value within AJOT's portfolio; it is confident of further uplifts to come.



AVI Japan Opportunity

Investment companies | Update | 15 February 2022

The tortoise triumphs

Within the AJOT's Japanese smaller company sector, the period since AVI Japan Opportunity Trust (AJOT) was launched in October 2018 has resembled the fable of the tortoise and the hare. The majority of competing funds are invested in high growth stocks whose valuation multiples had been soaring. However, these have tumbled in recent weeks as investors fret about the prospect of interest rate rises. Meanwhile, AJOT has been steadily chalking up successes in unlocking value from a range of Japanese companies. It is now the best-performing Japanese smaller company trust over the period since it was launched. The manager points to the considerable latent value within AJOT's portfolio; it is confident of further uplifts to come.

In its December 2021 quarterly newsletter, the manager said that it had identified an high-conviction opportunities – three new and three existing positions – that it wanted to back with new money. AJOT is actively seeking to raise additional capital under its current plating authority (see page 13) to capture this opportunity.

Unlocking value in Japanese smaller companies

AJOT aims to achieve capital growth in excess of the MSCI Japan Small Cap Index by investing in a focused portfolio of over-undervalued smallcap Japanese equities. Asset Value increases leverages its three decades of experience investing in established companies to engage with company management and help to unlock value in the under-researched area of the market.

Sector	Japanese smaller companies
Ticker	AJOT LN
Base currency	GBP
Price	117.0p
NAV	112.5p
Premium/discount	12%
Yield	1.1%

- Good progress with a number of positions where the manager has been seeking the unlock value
- AJOT is the best performing Japanese Smaller Companies Trust over the period since it was launched
- Funding sought for six investments

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NextEnergy Solar Fund

Investment companies | Initiative | 9 February 2022

Climbing inflation and power prices driving NAV uplift

NextEnergy Solar Fund (NESF) is a leading investor in the UK solar power market. In addition, since investors approved a broadening of its investment policy in 2020, it has added exposure to battery storage and to solar assets in other OECD countries, leveraging the global expertise of its manager which is active across eight countries.

At end September 2021, NESF had 99 operational solar assets. The revenue from these comes from sales of power and government subsidies designed to encourage the growth of the renewable energy industry. The subsidy income – around 60% of the total – is inflation-linked (to RPI).

Rising power prices and higher inflation drove an uplift in NESF's net asset value (NAV) at end September and it might be reasonable to assume that there is more to come on that front. Currently, we think that a 7.0% dividend yield, covered by cash generated from the portfolio, represents an attractive entry point.

Income from solar-focused portfolio

NESF aims to provide its shareholders with attractive risk-adjusted returns, principally in the form of regular dividends, by investing in a diversified portfolio of primarily UK-based solar energy infrastructure assets.

Sector	Renewable energy infrastructure
Ticker	NESF LN
Base currency	GBP
Price	191.5p
NAV	182.5p
Premium/discount	(2.1%)
Yield	7.0%

- A good track record of growing dividends since launch
- Enough energy to power 250,000 UK homes
- Unsubsidised solar is already competitive

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◀ NextEnergy Solar Fund (NESF) is a leading investor in the UK solar market. In addition, since investors approved a broadening of its investment policy in 2020, it has added exposure to battery storage and to solar assets in other OECD countries, leveraging the global expertise of its manager which is active across eight countries. At end September 2021, NESF had 99 operational solar assets. The revenue from these comes from sales of power and subsidies. The subsidy income – around 60% of the total – is inflation-linked (to RPI).

Whilst Herald Investment Trust's (HRI's) results for the year ended 31 December 2021 will not be published for some time, it looks as though it had another impressive year, with particularly strong performances from its semiconductor and UK media holdings. Rising inflation and the potential for interest rises has taken some of the steam out of growth stocks recently, but HRI's longstanding manager, Katie Potts, believes there's more to go for. She feels that the sector's growth will provide a considerable defence against the effects of inflation, and remains enthused about the prospects for the stocks in HRI's portfolio and their ability to have pricing power in an inflationary environment. HRI's discount has widened recently, but we think this could narrow, potentially making this a good entry point.



Herald Investment Trust

Investment companies | Annual overview | 2 February 2022

The future is bright

Whilst Herald Investment Trust's (HRI's) results for the year ended 31 December 2021 will not be published for some time, it looks as though it had another impressive year, with particularly strong performances from its semiconductor and UK media holdings (see pages 15 to 20 in a detailed look at HRI's performance during 2021).

Rising inflation and the potential for interest rises has taken some of the steam out of growth stocks recently, but HRI's longstanding manager, Katie Potts, believes there's more to go for. She feels that the sector's growth will provide a considerable defence against the effects of higher inflation, and remains enthused about the prospects for the stocks in HRI's portfolio and their ability to have pricing power in an inflationary environment. HRI's share price discount to net asset value (NAV) has widened recently, but we think this could narrow, potentially making this a good entry point.

Small cap technology, telecommunications and multi-media

HRI's objective is to achieve capital appreciation through investments in smaller quoted companies in the areas of telecommunications, multimedia and technology. Investments may be made across the world, although the portfolio has a strong position in UK stocks. The business activities of these companies will include information technology, broadcasting, printing and publishing and the supply of equipment and services to these companies.

Sector	Global Smaller Companies
Ticker	HRI LN
Base currency	GBP
Price	2,202.0p
NAV	2,418.7p
Premium/discount	(10.2%)
Yield	NS

- HRI's recent discount widening may prove to be short lived
- HRI's UK portfolio benefited particularly from the strong performance of its media holdings in 2021
- HRI's European portfolio performance was driven by stock selection, while the Asian portfolio, has benefited from a number of takeovers

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Appendix 1 – median performance by sector, ranked by YTD total price return

YTD Rank	Sector	Share price TR YTD (%)	NAV TR YTD (%)	Share price TR Feb (%)	NAV TR Feb (%)	Disc. 28/02/22 (%)	Disc. 31/01/22 (%)	Change in disc. (%)	Median market cap 28/02/22 (£m)	No. of cos in sector
1	Latin America	9.6	13.5	4.9	3.6	(11.0)	(11.9)	1.0	88.7	2
2	Debt - Structured Finance	6.2	2.4	1.7	1.6	(9.3)	(10.1)	0.8	144.4	7
3	Commodities & Natural Resources	5.7	0.0	6.3	9.4	0.7	0.3	0.4	80.4	9
4	Insurance & Reinsurance Strategies	3.4	0.9	3.4	(0.0)	(19.0)	(21.6)	2.6	45.0	2
5	Leasing	3.2	2.1	(0.9)	0.0	(44.2)	(43.1)	(1.1)	93.1	8
6	Debt - Direct Lending	1.5	(0.1)	(1.0)	0.0	(11.7)	(6.3)	(5.4)	181.7	8
7	Renewable Energy Infrastructure	0.2	0.0	(0.0)	0.0	3.1	3.6	(0.5)	395.1	21
8	Debt - Loans & Bonds	(0.3)	(0.7)	(1.4)	(0.4)	(5.1)	(5.4)	0.2	139.5	12
9	Hedge Funds	(1.0)	0.4	0.5	0.7	(8.7)	(12.1)	3.4	72.8	8
10	Property - UK Commercial	(1.6)	0.7	(2.6)	0.0	(12.5)	(9.1)	(3.4)	312.0	15
11	Infrastructure	(2.5)	0.0	(1.3)	0.0	3.1	4.8	(1.7)	934.0	11
12	UK Equity & Bond Income	(2.8)	(2.3)	(5.5)	(1.8)	(1.9)	2.5	(4.4)	222.4	1
13	UK Equity Income	(3.6)	(4.1)	(3.3)	(2.3)	(3.6)	(2.5)	(1.1)	280.9	24
14	Property - Europe	(4.1)	0.0	(0.5)	0.0	(10.8)	(8.3)	(2.5)	392.8	6
15	Country Specialist	(4.4)	1.2	(3.8)	0.9	(19.5)	(14.6)	(4.8)	141.1	5
16	North America	(4.6)	(1.7)	(1.4)	(0.8)	(8.6)	(9.1)	0.5	545.8	6
17	Flexible Investment	(4.9)	(2.7)	(2.9)	(0.6)	(8.2)	(5.4)	(2.8)	95.0	23
18	Financials	(5.1)	(5.3)	(3.8)	(1.8)	(15.6)	(14.0)	(1.6)	432.6	2
19	Property - UK Logistics	(5.5)	0.0	(0.8)	0.0	7.4	8.3	(0.9)	868.4	3
20	Asia Pacific Smaller Companies	(5.8)	(5.0)	(2.8)	(1.4)	(9.6)	(9.7)	0.0	333.7	3
21	Property - Debt	(6.1)	0.0	(2.5)	0.0	(17.3)	(16.2)	(1.2)	220.2	4
22	Global Emerging Markets	(6.9)	(4.8)	(5.0)	(4.0)	(10.9)	(10.8)	(0.1)	241.4	13
23	Property - UK Healthcare	(7.0)	1.5	(4.0)	1.5	(1.9)	2.6	(4.6)	547.6	2
24	Property - UK Residential	(7.1)	1.1	(3.4)	1.0	(11.9)	(6.9)	(5.0)	446.0	6
25	Global Equity Income	(7.3)	(4.2)	(1.5)	(2.0)	(5.3)	(4.7)	(0.7)	324.8	7
26	Royalties	(7.6)	1.0	(5.4)	0.5	(9.3)	(3.8)	(5.5)	779.2	2
27	Asia Pacific	(7.6)	(6.6)	(3.2)	(2.6)	(8.0)	(9.0)	1.0	545.6	6
28	Infrastructure Securities	(8.3)	(4.4)	(2.8)	2.4	(10.5)	(5.9)	(4.6)	112.4	2
29	Private Equity	(8.6)	0.0	(7.2)	0.0	(25.4)	(21.6)	(3.7)	326.8	19
30	Property - Rest of World	(10.0)	0.0	(3.7)	(0.0)	(65.3)	(63.3)	(2.0)	31.6	4
31	Global	(11.4)	(9.3)	(3.6)	(3.1)	(6.2)	(6.4)	0.2	486.6	17
32	Europe	(11.5)	(12.3)	(6.0)	(5.0)	(7.2)	(8.7)	1.5	395.5	7
33	UK Smaller Companies	(12.0)	(10.3)	(7.2)	(5.0)	(13.0)	(11.4)	(1.6)	142.4	24

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34	India	(12.6)	(8.9)	(8.6)	(6.4)	(15.2)	(12.2)	(3.0)	250.3	4
35	China / Greater China	(12.7)	(8.7)	(5.2)	(3.7)	(6.8)	(4.1)	(2.7)	324.0	4
36	Japan	(13.0)	(11.0)	(1.9)	(1.8)	(5.9)	(5.8)	(0.2)	241.4	6
37	UK All Companies	(14.0)	(14.0)	(7.4)	(5.1)	(11.1)	(9.7)	(1.3)	248.9	9
37	Biotechnology & Healthcare	(15.3)	(10.5)	0.6	(0.0)	(3.7)	(5.2)	1.4	683.2	6
39	Growth Capital	(15.6)	0.0	(1.2)	0.0	(26.8)	(17.6)	(9.2)	268.1	7
40	North American Smaller Companies	(16.2)	(9.4)	(0.1)	(0.7)	(8.7)	(9.1)	0.5	202.8	2
41	European Smaller Companies	(17.3)	(16.2)	(8.5)	(6.5)	(8.9)	(7.2)	(1.7)	517.1	4
42	Technology & Media	(18.0)	(12.2)	(3.8)	(2.5)	(8.5)	(7.1)	(1.5)	1,163.1	3
43	Environmental	(18.9)	(10.6)	(2.1)	0.1	(18.9)	(4.2)	(14.7)	85.6	3
44	Japanese Smaller Companies	(20.6)	(16.9)	(1.1)	0.7	(4.2)	(0.9)	(3.4)	157.1	5
45	Global Smaller Companies	(22.3)	(14.3)	(6.0)	(2.5)	(11.6)	(8.1)	(3.5)	919.0	5
	MEDIAN	(7.0)	(2.3)	(2.8)	(0.0)	(9.3)	(8.1)	(1.5)	268.1	6

Source: Morningstar, Marten & Co



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**123a Kings Road, London SW3 4PL
0203 691 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)

David McFadyen (dm@martenandco.com)

Colin Edge (ce@martenandco.com)

Nick Potts (np@martenandco.com)

INVESTMENT COMPANY RESEARCH:

Jayna Rana (jr@martenandco.com)

Matthew Read (mr@martenandco.com)

James Carthew (jc@martenandco.com)

Richard Williams (rw@martenandco.com)