First quarter of 2023

Investment companies | Quarterly roundup | April 2023

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Into the Unknown

The first quarter of 2023 serves as a good reminder that things are never quite as predictable or certain as the consensus may lead you to believe. Having seemingly come around to the prospect of 'higher for longer' rates that had been repeated ad nauseum by central bankers, markets came full circle as yields collapsed following March's regional banking turmoil. After all that, we are now back to where we started the year. But therein lies the point; that market conviction should never become too extreme given we're always just one step away from something breaking, economic, geopolitical, or otherwise (just look back a few months ago to the LDI debacle).

This becomes even more relevant towards the end of business cycles. Uncertainty abounds and central bankers have acknowledged as much, indicating they are not even sure how drastic the impacts of quantitative tightening will be on the economy. LDI, SVB, and Credit Suisse may be the first of what will likely be a growing list of victims.

Unfortunately, it now seems like we have reached the point where policy makers are damned if they do and damned if they don't. A dovish tilt further increases the possibility of inflation becoming unanchored, while maintaining course risks exacerbating financial instability within the banking sector (and who knows where else).

Markets have so far responded positively as they price in an increased likelihood of a pivot, which has historically resulted in outsized returns for equities. We will likely find out if that optimism is justified over the next few months as policy makers attempt to run the tightrope.

Flows out of cyclicals and more risky areas of the market suggest that investors are seeking the relative safety of highly liquid, cash printing mega cap tech.

The median discount has steadily fallen over the past 12 months from -8.7% to -12.9%.

The overwhelming theme of the worst performers is the rotation away from risk; small caps, growth capital, biotech growth, nascent renewable infrastructure

New research

So far this year, we have published notes on: Herald Investment, Bluefield Solar Income Fund, abrdn European Logistics Income, Ecofin US Renewables Infrastructure Trust, GCP Infrastructure, North American Income Trust, abrdn New Dawn, Civitas Social Housing, AVI Global Trust, Lar España Real Estate, India Capital Growth, Pantheon Infrastructure, JPMorgan Japanese Investment Trust, JLEN Environmental Assets, Oakley Capital Investments, RIT Capital Partners, Gulf Investment Fund, and Rights and Issues Investment Trust. You can read all of these notes by clicking on the links above or by visiting our website.

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BY MARTEN & CO

Contents

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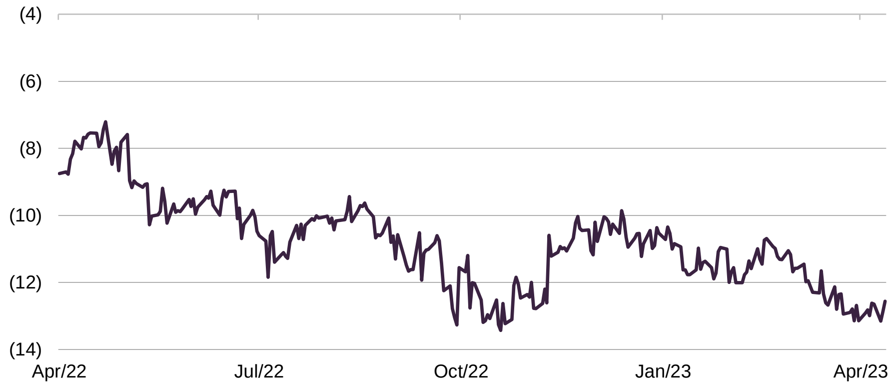
At a glance

All investment companies median discount

Discounts continued to widen as inflation has remained stubborn and concerns around financial instability have increased with money flowing into more defensive sectors of the market, including bonds and cash.

The median discount steadily worsened over the past 12 months, from -8.7% to -12.9%. Q1 2023 started promisingly. However, discounts are now approaching recent lows.

Time period 1 April 2022 to 20 April 2023

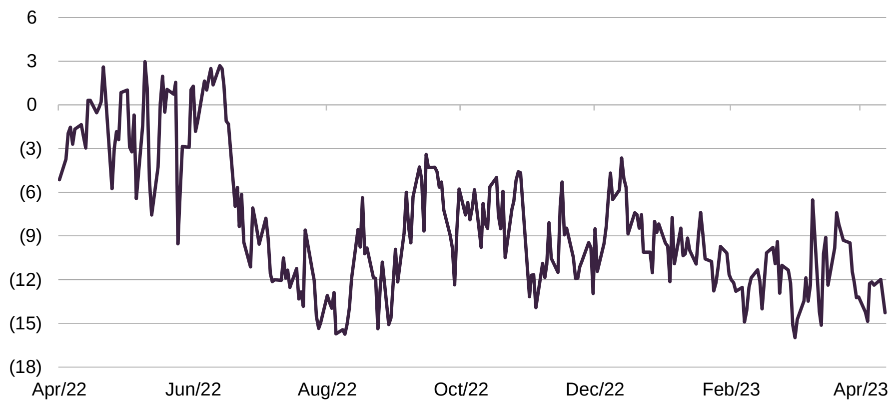


Source: Morningstar, Marten & Co

Commodities and natural resources

Often thought of as a leading indicator for growth, the commodities and natural resources sector discount chart highlights the current market uncertainty, with a number of peaks and troughs showing over the last 12 months. In Q1, optimism over Chinese reopening (with demand from the region closely linked to commodity prices) has since given way to concerns around global growth.

Time period 1 April 2022 to 20 April 2023



Source: Morningstar, Marten & Co

	31/03/2023	Change on quarter (%)
Pound to US dollar	1.234	3.1
Pound to Euro	1.14	0.2
Oil (Brent, in dollars)	79.77	(2.8)
Gold (in dollars)	1969.28	7.1
US Treasuries (10-year yield)	3.47	(7.3)
UK Gilts (10-year yield)	3.49	(4.4)
German government bonds (bunds, 10-year yield)	2.29	(4.0)

Source: Bloomberg

Winners and losers

Despite median NAV growth of 1.3% for the quarter, discounts continued to widen, falling from -10.8% at the start of the year to 12.9% as the median share price fell -0.8%.

By sector

Best performing sectors over Q1 2023 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 31/03/23 (%)	Median sector market cap 31/03/23 (£m)	Number of companies in the sector
Technology & Media	12.9	17.7	(13.9)	1,728.0	2
Europe	9.5	10.2	(10.7)	408.4	7
European Smaller Companies	4.7	6.6	(14.1)	485.4	3
Latin America	2.8	4.8	(10.9)	68.0	2
Global	2.5	4.2	(10.2)	896.0	16

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

Technology & technology innovation (renamed in March from technology & media) had an impressive run through Q1 helped by a considerable overweight to mega cap tech. The outperformance was accelerated in the latter half of the quarter thanks to a dramatic fall in global bond yields precipitated by the collapse of SBV which drove investors back into longer duration stocks. However, even as yields have since recovered, flows out of cyclicals and more risky areas of the market suggest that investors are also seeking the relative safety of highly liquid, cash printing companies like Apple, Microsoft, and Google.

Europe was another sector with strong returns for the quarter. The sector was led by Fidelity European Trust which was a beneficiary of defensive positioning across staples and luxury assets as well as a falling USD which also contributed to the returns of the other ex-US sectors. Global funds rounded out the best performers list, benefiting from similar tailwinds as the Technology and technology innovation sector.

Worst performing sectors over Q1 2023 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 30/09/22 (%)	Median sector market cap 30/09/22 (£m)	Number of companies in the sector
Growth Capital	(18.4)	0.0	(54.2)	113.9	7
Property - UK Residential	(13.0)	1.1	(55.0)	236.4	7
Property - UK Healthcare	(10.8)	1.6	(26.2)	404.0	2
Biotechnology & Healthcare	(10.2)	(1.2)	(8.7)	567.0	6
Commodities & Natural Resources	(10.2)	(0.4)	(13.2)	117.3	9

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

The worst performing list presents a clear picture of capital exiting more risky areas of the market, highlighted by growth capital's median discount stretching over the 50% mark. Healthcare is generally considered more defensive, however biotech is lumped together with other growth-focused sectors, as companies often require significant amounts of cash to maintain their R&D pipelines.

Funds exposed to property have also struggled. The sector is highly leveraged while valuations look stretched at the same time as demand for rent falters. These funds also suffered from the SVB incident, as investors took a more critical eye to the sector on fears that debt refinancing might be harder to achieve. The ongoing debacle at Home REIT, which is currently under investigation for bribery, among other things, may also be impacting sentiment towards the wider residential sector (although the business models are different – see Richard Williams' take on the story in our most recent weekly show). It was somewhat of a surprise to see UK healthcare (property) feature considering it is made up of two aged care REITs which are generally less correlated to broader market fluctuations.

Outside of property, several cyclically exposed companies – such as those in the commodities and natural resources sector – also underperformed as markets began to price an increasing risk of recession following the banking crisis earlier in the month. SVB's collapse and rising interest rates have also affected the ability for more risky sectors of the market to access capital.

Top 10 performers by fund

Best performing funds in total NAV (LHS) and price (RHS) terms over Q1 2023

Fund	Sector	(%)	Fund	Sector	(%)
Polar Capital Technology	Technology & Media	19.1	Livermore Investments	Flexible Investment	24.6
Manchester & London	Global	17.3	JPMorgan Emerging Europe, ME & Africa	Global Emerging Markets	19.0
Allianz Technology Trust	Technology & Media	16.4	Amedeo Air Four Plus	Leasing	18.8
Martin Currie Global Portfolio	Global	16.1	Nippon Active Value	Japanese Smaller Companies	17.4
Aurora	UK All Companies	14.7	Polar Capital Technology	Technology & Media	16.0
BlackRock Greater Europe	Europe	14.1	Martin Currie Global Portfolio	Global	15.5
Marble Point Loan Financing	Debt - Structured Finance	13.3	Blackstone Loan Financing	Debt - Structured Finance	13.5
Geiger Counter	Commodities & Natural Resources	13.2	BlackRock Greater Europe	Europe	12.9
Fidelity European Trust	Europe	13.1	Pollen Street	Debt - Direct Lending	12.6
Baillie Gifford European Growth	Europe	12.2	Doric Nimrod Air Two	Leasing	12.1

Source: Morningstar, Marten & Co.

In terms of NAV growth, there's a strong representation of funds benefiting from exposure to US large caps as discussed above, despite the weakness in the USD, including Polar Capital, Manchester & London, Martin Currie Global Portfolio, and Allianz Technology. A number of other funds have benefited from a combination of solid stock selection and exposure to rebounding sectors such as Aurora, whose impressive performance can be attributed to considerable holdings in EasyJet and Ryanair which are up 55% and 29% respectively. Geiger meanwhile is up thanks to a bounce in the price of Uranium while the European funds have seen gains thanks to continued weakness in the USD as well as exposure to large, stable cash generators like Nestle, and LVMH.

Livermore Investments headlined share price movement for the quarter, however its performance was more a function of thin trading and market timing as it recovers from a steep sell off in 2022. Amedeo's performance was driven by an announcement to return a large amount of capital to shareholders, while Nippon Active Value benefited from a strong start to the year for Japanese stocks. Flows into fixed income have been steady throughout Q1 helping drive the two debt funds. Elsewhere, there was plenty of overlap from the NAV list.

Bottom 10 performers by fund

Worst performing funds in total NAV (LHS) and price (RHS) terms over Q1 2023

Fund	Sector	(%)	Fund	Sector	(%)
Biotech Growth	Biotechnology & Healthcare	(16.5)	HydrogenOne Capital Growth	Renewable Energy Infrastructure	(40.4)
Crystal Amber	UK Smaller Companies	(13.7)	Schiehallion Fund	Growth Capital	(29.6)
Riverstone Energy	Commodities & Natural Resources	(12.9)	Triple Point Social Housing REIT	Property - UK Residential	(28.3)
CQS Natural Resources G&I	Commodities & Natural Resources	(9.3)	Digital 9 Infrastructure	Infrastructure	(27.9)
Greencoat Renewables	Renewable Energy Infrastructure	(9.3)	Phoenix Spree Deutschland	Property - Europe	(24.9)
UIL	Flexible Investment	(8.6)	Chrysalis Investments	Growth Capital	(23.7)
Greencoat UK Wind	Renewable Energy Infrastructure	(8.6)	Aseana Properties	Property - Rest of World	(23.6)
Miton UK Microcap	UK Smaller Companies	(8.5)	Residential Secure Income	Property - UK Residential	(23.3)
Third Point Investors USD	Hedge Funds	(7.8)	Globalworth Real Estate Investments	Property - Europe	(21.7)
India Capital Growth	India	(7.6)	UIL	Flexible Investment	(18.6)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/09/22

The overwhelming theme of the worst performers is the rotation away from risk; small caps, growth capital, biotech, nascent renewable infrastructure. Companies perceived as having large capital requirements and relatively weak balance sheets reliant on external funding for growth were hit particularly badly. That being said, much of this seems overdone to us. For example, the fall in the share price of HydrogenOne when government money is pouring into the hydrogen sector, globally. DGI9 also appears to have been relatively hard done by considering the strength of its underlying fundamentals, however it's also not a surprise to see the fund struggling due to the relatively indiscriminate selling from the market.

Real estate and property dominated the list of worst performing funds as you might expect considering the range of headwinds affecting the industry. TriplePoint Social Housing appears to have been dragged down (wrongly in our view) by the capitulation at Home REIT which has currently been suspended from trading and would otherwise likely be at the top of this list. Phoenix Spree, meanwhile, failed to pay its dividend due to weak sales of condominiums in Berlin.

Crystal Amber continues to trade down following its continuation vote failure last year while UIL's poor quarter was down to a lack of diversity within the fund. Its main holding, Somers, which contributes 37.5% of gross assets, fell 11.1% in March alone. Chrysalis suffered from a poor reaction to its £20m equity purchase of Starling Bank which was compounded further by the possibility of higher discount rates due to stubborn US inflation.

More expensive (LHS) and cheaper (RHS) relative to NAV

Fund	Sector	31 Mar disc (%)	31 Dec disc (%)	Fund	Sector	31 Mar disc (%)	31 Dec disc (%)
Livermore Investments	Flexible Investment	(34.4)	(46.8)	HydrogenOne Capital Growth	Renewable Energy Infrastructure	(51.5)	(18.5)
Life Settlement Assets A	Insurance & Reinsurance Strategies	(27.3)	(35.4)	Digital 9 Infrastructure	Infrastructure	(44.3)	(21.3)
Literacy Capital	Private Equity	(4.4)	(12.5)	Schiehallion Fund	Growth Capital	(39.7)	(19.5)
Nippon Active Value	Japanese Smaller Companies	(8.4)	(16.3)	Residential Secure Income	Property - UK Residential	(41.7)	(22.8)
Blackstone Loan Financing	Debt - Structured Finance	(19.0)	(26.8)	Syncona	Biotechnology & Healthcare	(23.1)	(6.0)
Aberforth Split Level Income	UK Smaller Companies	(7.4)	(14.6)	Supermarket Income REIT	Property - UK Commercial	(10.7)	5.7
Doric Nimrod Air Two	Leasing	(1.9)	(8.8)	GCP Asset Backed Income	Debt - Direct Lending	(27.3)	(11.5)
Macau Property Opportunities	Property - Rest of World	(60.7)	(54.6)	GCP Infrastructure Investment	Infrastructure	(25.0)	(10.2)
Aquila Energy Efficiency Trust	Renewable Energy Infrastructure	(19.8)	(25.5)	Phoenix Spree Deutschland	Property - Europe	(56.2)	(41.5)
Princess Private Equity	Private Equity	(36.8)	(42.3)	Chrysalis Investments	Growth Capital	(54.2)	(40.0)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/09/22

Getting more expensive

Of the funds not mentioned above, Literacy Capital benefited from the sale of its fourth largest asset for a 48.9% premium to carrying value while Life Settlement Assets saw several positive portfolio developments over the course of the quarter, including the resolution of a long running legal dispute. Aberforth Split Level Income's positive NAV growth appears to be a reflection of its strong finish to 2022, although the company has also benefited from the helpful timing. Doric Nimrod Air One's success in selling its main asset encouraged a re-rating of other Doric Nimrod funds. Macau Property Opportunities Fund continues to be incredibly volatile, and its recovery should be put in context of the company's recent performance. Aquila Energy failed its continuation vote earlier in the quarter while Princess Private Equity staged a slight recovery after a very challenging year where shares fell 40% over the course of 2022.

Getting cheaper

For those funds whose discounts continued to widen, growth and property were again the dominant themes. Schiehallion suffered from a business model that targets private investments in high growth businesses. Its shares dropped 57% in 2022. Syncona held up reasonably well during initial market volatility, perhaps benefiting from a bias towards unlisted investments, however it has since traded down as private markets have begun to derate. While rising UK inflation and power prices have driven a substantial, positive uplift for GCP's NAV, higher interest rates and perhaps the UK government's new levy (windfall tax) on energy producers seem to have offset that in investors' minds. GCP Asset Backed Income has been struggling with the availability of a broader range of income producing investments arising from increased interest rates.

The discount on Chrysalis continues to widen. The managers have ceased making new investments and are instead focused on preserving value within the existing portfolio. It is possible that not everything will survive, but the managers would argue that the market is being too pessimistic about the prospects of the portfolio as a whole.

Money raised and returned

Money raised (LHS) and returned (RHS) in £m over Q1 2023

Fund	Sector	£m raised	Fund	Sector	£m returned
BH Macro GBP	Hedge Fund	304.7	Trian Investors 1	Financials	(419.8)
JPMorgan Global Growth & Income	Infrastructure	292.0	Scottish Mortgage	Global	(65.7)
3i Infrastructure	Flexible Investment	96.8	Finsbury Growth & Income	UK Equity Income	(50.9)
City of London	Debt - structured finance	58.3	Worldwide Healthcare	Biotechnology & Healthcare	(47.4)
Ruffer Investment Company	UK Equity Income	45.1	RIT Capital Partners	Flexible Investment	(45.8)
TwentyFour Income	Flexible Investment	20.4	Polar Capital Technology	Technology & Media	(39.5)
Harmony Energy Income Trust	Flexible Investment	19.7	Smithson Investment Trust	Global Smaller Companies	(37.2)
Merchants Trust	Debt - Loans and bonds	16.8	JPMorgan American	North America	(33.1)

Source: Morningstar, Marten & Co. Note 1) value of shares issued/repurchased as at 31 March 2023

Money coming in

For the most part, capital has dried up in Q1, although BH Macro bucked the trend, taking advantage of its impressive performance over the last three years to raise £315m. The raise was particularly notable considering the wider economic circumstances and management suggested they could have taken in more but decided to scale back investors' applications, favouring existing shareholders in the allocation process. 3i Infrastructure managed to raise £100m. The company's share price has been flirting with both sides of its NAV over the past six months, and the issue came at a slight discount of 3.4% in the end (that is dilutive for shareholders, and we think that there would have been an outcry had investors thought it was deliberate). JPMorgan Global Growth & Income was the other big mover, although this was via converted C shares, which saw a total of 58,605,746 ordinary shares enter circulation.

There were no investment trust IPO's during the quarter, and there have not been for the past 18 months although WhiteOak Capital Management is hoping to bring the Ashoka WhiteOak Emerging Markets Trust to market, with an announcement of the intent to raise £100m.

Usual suspects City of London, Ruffer, and Merchants took advantage of respective premiums to raise capital while Harmony Energy Income merged its C shares into its ordinary shares during the quarter. TwentyFour Income benefited from the structural rise in rates as capital flows into the fixed income sector.

Money going out

Buybacks continued aplenty for the larger trusts, led by Scottish Mortgage, although Pershing Square is a notable absence from this list as its buyback activity was placed on hold.

Trian Investors distributed its Unilever shares as it goes through the process of winding up and we said goodbye to JPMorgan Elect, Blue Planet and Doric Nimrod Air One during the quarter. Perhaps a surprise entry is Finsbury Growth and Income. We have long argued that the trust does not offer a sufficiently attractive yield to be considered an income fund, were it to relocate to the UK all companies sector, its performance would not look too bad relative to its new peer group.

Major news stories over Q1 2023

Portfolio developments

- Riverstone Credit finances renewable natural gas firm
- Castelnau doubling down on Dignity with revised possible offer of 525p in cash
- Henderson Diversified Income held back by investment grade overweight
- AT85 – here we go! prospectus out today
- TwentyFour Select Monthly Income Fund annual results
- Foresight Sustainable Forestry achieves full deployment of IPO proceeds
- Edinburgh Worldwide Investment Trust annual results
- CC Japan Income and Growth held back by weak yen
- End of a tough year for Herald
- Riverstone Credit wraps up strong year
- Polar Capital Global Financials grows during a tough year
- NextEnergy Solar details proposed energy storage strategy
- Low wind resource holds back Greencoat Renewables
- Downing Renewables expands hydropower portfolio, ups dividend
- Stunning 2022 extends Oakley's track record of outperformance
- Solid performance but weak yen weighs down AVI Japan

Corporate news

- Chrysalis snaps up extra £20m of Starling Bank from Jupiter
- Augmentum gets boost as NatWest buys Cushon
- Gore Street buys 200MW project in California
- Third Point Issues Letter to Bath & Body Works
- Schroder British Opportunities holding, Mintech, announces acquisition
- Gore Street Energy announces results of capacity market bids
- Aquila Energy Efficiency fails continuation vote
- Fondul Proprietatea reports on decent 2022 as Hidroelectrica IPO inches closer
- RTW funds Oricell Therapeutics
- ICG Enterprise backs European Camping deal
- Tritax Big Box REIT sells £125m of assets
- Octopus Renewables Infrastructure signs 10-year PPA with Iceland Foods
- Surprise largish vote against Henderson Opportunities continuation
- Literacy Capital cashes in on Kernel Global investment
- Proposal to liquidate abrdn Latin American Income

Property news

- Supermarket Income REIT acquires £196m stake in Sainsbury's portfolio
- LondonMetric reports strong logistics demand
- Home REIT rent collection takes another hit
- Home REIT "under investigation for bribery" according to reports
- Triple Point Social Housing REIT to cap rental uplifts at 7%
- Home REIT considers sale after approach
- Lar Espana Real Estate to increase dividend 66% on back of strong results
- Strong student accommodation sector boosts Unite Group
- Prime property yield movement hits Tritax Big Box REIT
- Inflation-linked leases boost Triple Point Social Housing REIT
- Starwood European Real Estate Finance benefits from rising rate environment

Managers and fees

- Management changes at JPMorgan Global Growth & Income
- Home REIT hires property manager to review portfolio
- Former Henderson EuroTrust analyst charged with insider dealing
- International Biotechnology manager quits
- Polar Capital Global Financials announces new chairman
- Mid Wynd says Simon Edelsten will retire
- Nick Greenwood resigns from Premier Miton
- Digital9 may have a new manager by Q2 2023
- Boardroom row at Scottish Mortgage
- Dolphin Capital fires manager following "undisclosed" property agreement
- Shake up at Scottish Mortgage – chair out

QuotedData views

- REIT consolidation on the cards in 2023 – 6 Jan
- Unloved Japan worth a look – 13 Jan
- Chinese new year in review – 20 Jan
- In defence of growth – 27 Jan
- And now for something completely different – 3 Feb
- Bonds will return… but when?' – 10 Feb
- Nadir point close for property values – 17 Feb
- In search of storage solutions – 24 Feb
- Discounts – time to get serious? – 3 Mar
- Global voyage in search of income – 10 Mar
- A Silicon Valley bust? -17 Mar
- Beyond dividend heroes – 24 Mar
- Discount opportunity on digital disruptor, DGI9 – 31 Mar

*Visit **www.quoteddata.com** or 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.

- RIT Capital Partners AGM – 26 April
- Mobius Investment Trust AGM 2023 – 26 April
- Smithson Investment Trust AGM – 27 April
- AVI Japan Opportunity Trust AGM – 2 May
- Dunedin Income Growth manager presentation – 3 May
- Apax Global Alpha AGM – 3 May
- Temple Bar AGM – 9 May
- The Renewables Infrastructure Group AGM – 10 May
- Dunedin Income Growth AGM – 16 May
- Nippon Active Value AGM – 8 June

Interviews

Every Friday at 11 am, we run through the more interesting bits of the week's news, and we usually have a special guest discussing a particular investment company.

Friday	The news show	Special Guest	Topic
13 January	DGI9, AT85	Thao Ngo	Vietnam Enterprise
20 January	RICA, ORIT	Stephanie Sirota	RTW Venture Fund
27 January	JLEN, HGEN, USF, HNE	Eileen Fargis	Ecofin US Renewables
3 February	SOHO, AERI	Will Fulton	UK Commercial Property REIT
10 February	3IN, CCJI, CHRI	Colm Walsh	ICG Enterprise
17 February	IBT, ASCI	James Dow	The Scottish American Investment Company
24 February	HEIT, NESF	Jean Hugues de Lamaze	Ecofin Global Utilities and Infrastructure

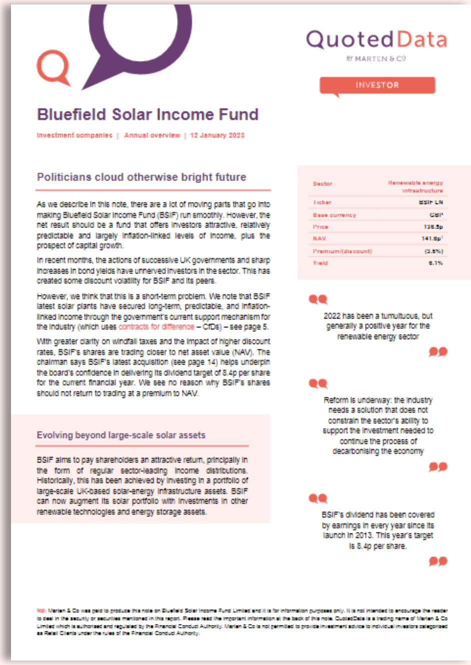
03 March	AEET/AEEE, PEY/PEYS, SOHO	**David Bird**	Octopus Renewables Infrastructure Trust
10 March	ATST, FCIT, HOT, OCI	**Anthony Catachanas**	VH Global Sustainable Energy Opportunities
17 March	BGLF / BGLP, EPIC, SMT, ALAI	**James Hart**	Witan Investment Trust
24 March	SMT	**Richard Staveley**	Rockwood Strategic
31 March	GOT, PSDL, TFG, MNTN	**Alex O'Cinneide**	Gore Street Energy Storage Fund

Research notes published over Q1 2023

While Herald Investment Trust (HRI), like many other technology and growth-focused strategies, has been caught up in the grips of 2022's market selloff, the fundamentals of many of the companies in its portfolio have remained largely unscathed. In fact, HRI's management team believes that today's market represents an opportunity, as falling prices and earnings strength push valuations to attractive levels

As we describe in this note, there are a lot of moving parts that go into making Bluefield Solar Income Fund (BSIF) run smoothly. However, the net result should be a fund that offers investors attractive, relatively predictable and largely inflation-linked levels of income, plus the prospect of capital growth.

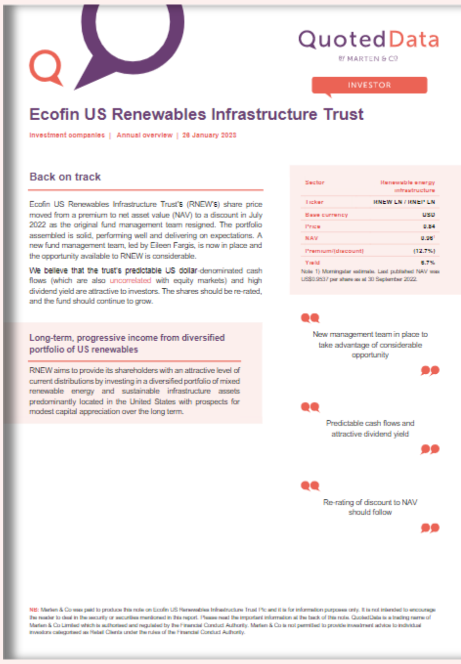
In recent months, the actions of successive UK governments and sharp increases in bond yields have unnerved investors in the sector. This has created some discount volatility for BSIF and its peers. However, we think that this is a short-term problem.



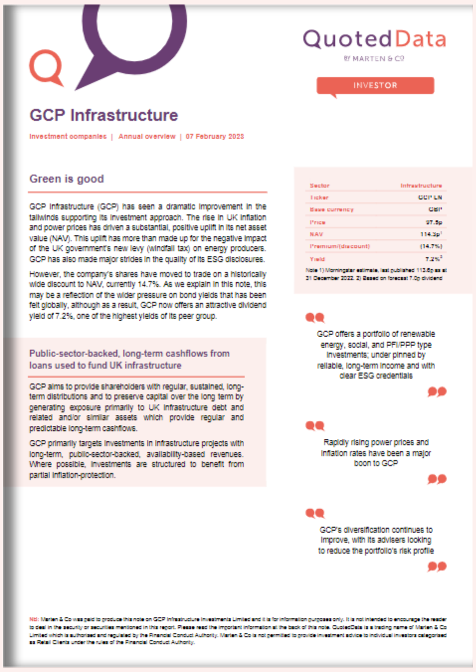
QuotedData
INVESTOR
abrdn European Logistics Income
Negotiating choppy waters
Mid box and urban logistics across Europe
Further rental growth forecast due to exceptionally low vacancy rates across Europe
Two-thirds of income linked to inflation on an uncapped basis
Strong balance sheet with low cost fixed debt

High interest rates have hit the share prices of real estate companies, with those in sectors with low investment yields, such as logistics, particularly impacted. abrdn European Logistics Income (ASLI) is no different and the market turmoil has seen its share price discount to net asset value (NAV) widen to 34.0% – in line with its UK peers. This is despite the fact that the spread between property yields and the cost of debt is far wider in Europe (property yields were higher in Europe than the UK and cost of debt lower meaning rising interest rates would put less pressure on property yields in Europe in comparison to the UK and suggesting values will be less impacted).

Ecofin US Renewables Infrastructure Trust's (RNEW's) share price moved from a premium to net asset value (NAV) to a discount in July 2022 as the original fund management team resigned. The portfolio assembled is solid, performing well and delivering on expectations. A new fund management team, led by Eileen Fargis, is now in place and the opportunity available to RNEW is considerable.



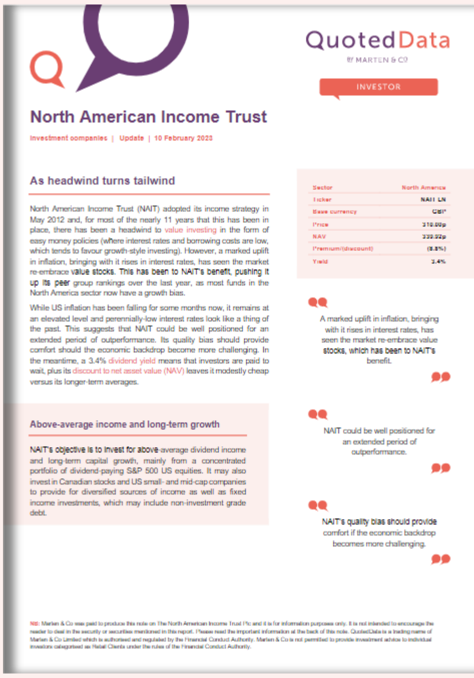
QuotedData
INVESTOR
Ecofin US Renewables Infrastructure Trust
Back on track
Long-term, progressive income from diversified portfolio of US renewables
New management team in place to take advantage of considerable opportunity
Predictable cash flows and attractive dividend yield
Re-rating of discount to NAV should follow



QuotedData
INVESTOR
GCP Infrastructure
Green is good
Public-sector-backed, long-term cashflows from loans used to fund UK infrastructure
GCP offers a portfolio of renewable energy, social, and PFI/PPP type investments; under pinned by reliable, long-term income and with clear ESG credentials
Rapidly rising power prices and inflation rates have been a major boon to GCP
GCP's diversification continues to improve, with its advisers looking to reduce the portfolio's risk profile

GCP Infrastructure (GCP) has seen a dramatic improvement in the tailwinds supporting its investment approach. The rise in UK inflation and power prices has driven a substantial, positive uplift in its net asset value (NAV). This uplift has more than made up for the negative impact of the UK government's new levy (windfall tax) on energy producers. GCP has also made major strides in the quality of its ESG disclosures.

North American Income Trust (NAIT) adopted its income strategy in May 2012 and, for most of the nearly 11 years that this has been in place, there has been a headwind to value investing in the form of easy money policies (where interest rates and borrowing costs are low, which tends to favour growth-style investing). However, a marked uplift in inflation, bringing with it rises in interest rates, has seen the market re-embrace value stocks. This has been to NAIT's benefit, pushing it up its peer group rankings over the last year, as most funds in the North America sector now have a growth bias crisis, for example), they say, it pays to take on more risk



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North American Income Trust
As headwind turns tailwind
Above-average income and long-term growth
A marked uplift in inflation, bringing with it rises in interest rates, has seen the market re-embrace value stocks, which has been to NAIT's benefit
NAIT could be well positioned for an extended period of outperformance
NAIT's quality bias should provide comfort if the economic backdrop becomes more challenging

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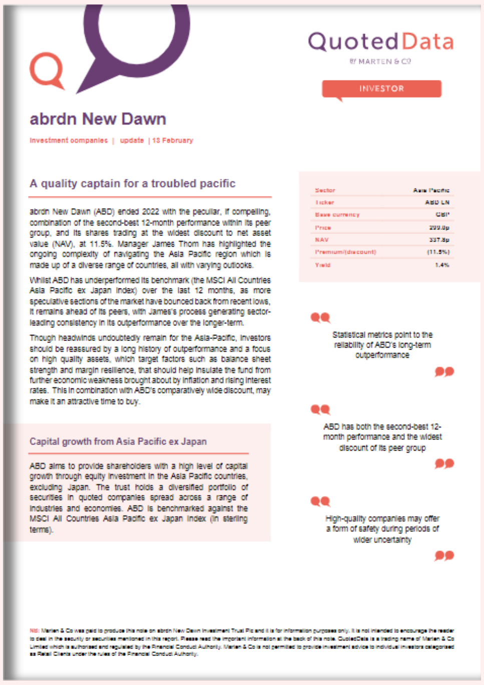

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abrdn New Dawn

Investment companies | Update | 13 February

A quality captain for a troubled pacific

Sector	Asia Pacific
Ticker	ABD LN
Base currency	GBP
Price	299.0p
NAV	337.8p
Premium/(discount)	(11.5%)
Yield	1.4%

Statistical metrics point to the reliability of ABD's long-term outperformance

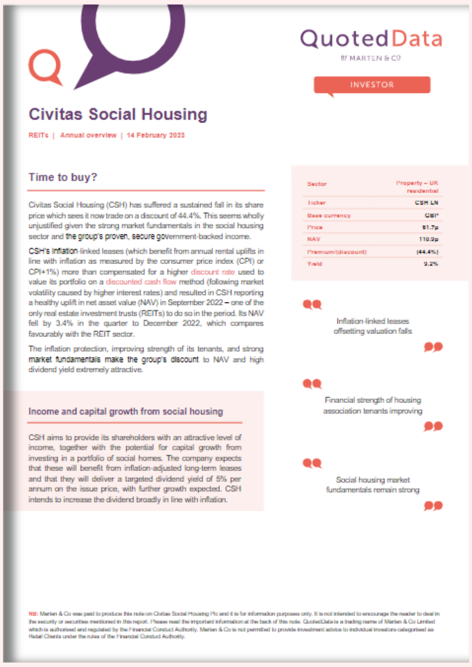
ABD has both the second-best 12-month performance and the widest discount of its peer group

High-quality companies may offer a form of safety during periods of wider uncertainty

Capital growth from Asia Pacific ex Japan

abrdn New Dawn (ABD) ended 2022 with the peculiar, if compelling, combination of the second-best 12-month performance within its peer group, and its shares trading at the widest discount to net asset value (NAV), at 11.5%. Manager James Thom has highlighted the ongoing complexity of navigating the Asia Pacific region which is made up of a diverse range of countries, all with varying outlooks.

Whilst ABD has underperformed its benchmark (the MSCI All Countries Asia Pacific ex Japan index) over the last 12 months, as more speculative sections of the market have bounced back from recent lows, it remains ahead of its peers, with James's process generating sector-leading consistency in its outperformance over the longer-term.



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Civitas Social Housing

REITs | Annual overview | 14 February 2023

Time to buy?

Sector	Property – UK residential
Ticker	CSH LN
Base currency	GBP
Price	61.7p
NAV	110.9p
Premium/(discount)	(44.4%)
Yield	9.2%

Inflation-linked leases offsetting valuation falls

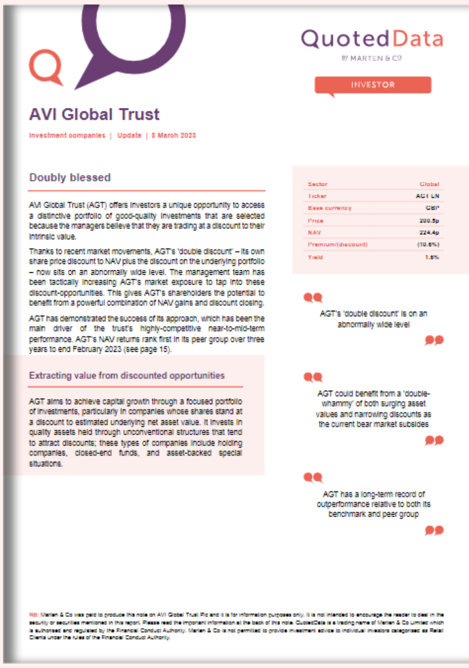
Financial strength of housing association tenants improving

Social housing market fundamentals remain strong

Income and capital growth from social housing

Civitas Social Housing (CSH) has suffered a sustained fall in its share price which sees it now trade on a discount of 44.4%. This seems wholly unjustified given the strong market fundamentals in the social housing sector and the group's proven, secure government-backed income.

CSH's inflation-linked leases (which benefit from annual rental uplifts in line with inflation as measured by the consumer price index (CPI) or CPI+1%) more than compensated for a higher discount rate used to value its portfolio on a discounted cash flow method (following market volatility caused by higher interest rates) and resulted in CSH reporting a healthy uplift in net asset value (NAV) in September 2022 – one of the only real estate investment trusts (REITs) to do so in the period. Its NAV fell by 3.4% in the quarter to December 2022, which compares favourably with the REIT sector.



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AVI Global Trust

Investment companies | Update | 8 March 2023

Doubly blessed

Sector	Global
Ticker	AGT LN
Base currency	GBP
Price	200.5p
NAV	224.4p
Premium/(discount)	(10.6%)
Yield	1.5%

AGT's 'double discount' is on an abnormally wide level

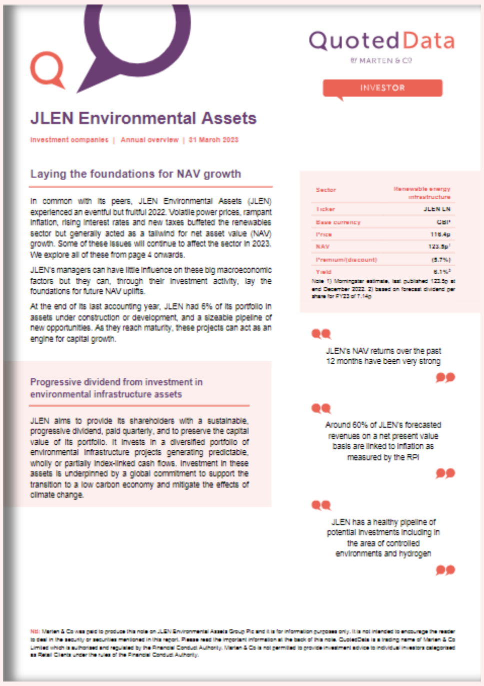
AGT could benefit from a 'double-whammy' of both surging asset values and narrowing discounts as the current bear market subsides

AGT has a long-term record of outperformance relative to both its benchmark and peer group

Extracting value from discounted opportunities

AVI Global Trust (AGT) offers investors a unique opportunity to access a distinctive portfolio of good-quality investments that are selected because the managers believe that they are trading at a discount to their intrinsic value.

Thanks to recent market movements, AGT's 'double discount' – its own share price discount to NAV plus the discount on the underlying portfolio – now sits on an abnormally wide level. The management team has been tactically increasing AGT's market exposure to tap into these discount-opportunities. This gives AGT's shareholders the potential to benefit from a powerful combination of NAV gains and discount closing.



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INVESTOR

JLEN Environmental Assets

Investment companies | Annual overview | 31 March 2023

Laying the foundations for NAV growth

Sector	Renewable energy infrastructure
Ticker	JLEN LN
Base currency	GBP
Price	118.4p
NAV	123.5p
Premium/(discount)	(3.7%)
Yield	6.1%

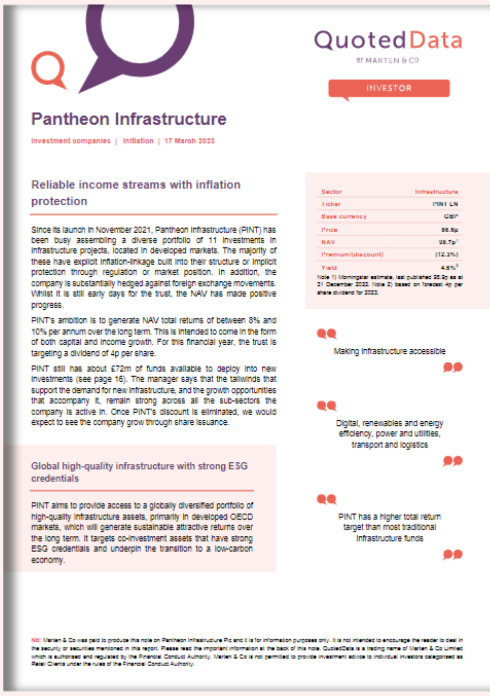
JLEN's NAV returns over the past 12 months have been very strong

Around 60% of JLEN's forecasted revenues on a net present value basis are linked to inflation as measured by the RPI

JLEN has a healthy pipeline of potential investments including in the area of controlled environments and hydrogen

Progressive dividend from investment in environmental infrastructure assets

JLEN Environmental Assets (JLEN) experienced an eventful but fruitful 2022. Volatile power prices, rampant inflation, rising interest rates and new taxes buffeted the renewables sector but generally acted as a tailwind for net asset value (NAV) growth. Some of these issues will continue to affect the sector in 2023. We explore all of these from page 4 onwards. JLEN's managers can have little influence on these big macroeconomic factors but they can, through their investment activity, lay the foundations for future NAV uplifts.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Pantheon Infrastructure
Investment companies | Initiation | 17 March 2023
Reliable income streams with inflation protection
Global high-quality infrastructure with strong ESG credentials
Making infrastructure accessible
Digital, renewables and energy efficiency, power and utilities, transport and logistics
PINT has a higher total return target than most traditional infrastructure funds

Pantheon Infrastructure (PINT) has been busy assembling a diverse portfolio of 11 investments in infrastructure projects, located in developed markets. The majority of these have explicit inflation-linkage built into their structure or implicit protection through regulation or market position.

Oakley Capital Investments (OCI) invests in private equity funds managed by Oakley Capital Limited (Oakley). OCI is, as we show on page 22, the best-performing fund in its peer group over five years. As evidenced by its latest full-year results, this has been achieved in spite of a difficult macroeconomic backdrop. OCI believes that this can be attributed to three core factors:•the expertise that its adviser has built in a focused group of sectors (technology, consumer, education) over 20 years of private equity investing;•a unique investment origination strategy, which continues to unearth opportunities that others cannot access (seven new investments were made last year); •and a set of proven value-creation strategies that help accelerate the earnings growth of the companies that OCI backs.


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Oakley Capital Investments
Investment companies | Initiation | 4 April 2023
The best-performing UK-listed private equity fund
Consistent long-term returns from private equity
OCI offers access to a diverse range of businesses that are not represented in public markets
Oakley's main funds only buy profitable businesses
Realisations achieved in 2022 at an average 5x the amount invested and an average premium to their value in the NAV of about 70%


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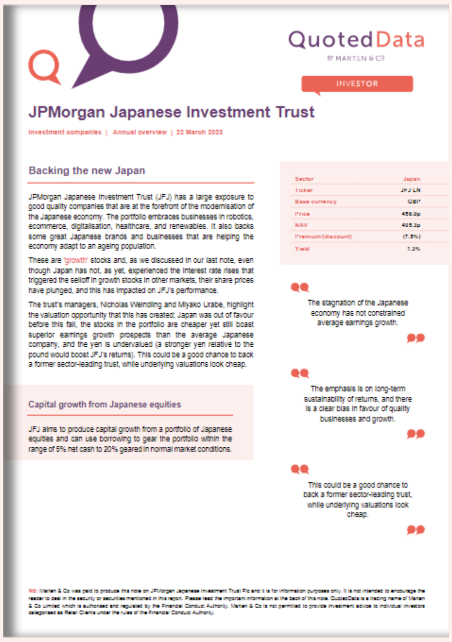
INVESTOR
India Capital Growth
Investment companies | Update | 15 March 2023
Don't Stop Believin'
Mid- and small-cap listed investments in India
Business confidence is high and growth momentum is strong
December 2023 redemption opportunity will be conducted at a maximum exit discount to NAV of 3%
IGC's outperformance of its peers over the last six-months and one-year is particularly stark

India Capital Growth's (IGC's) adviser, Gaurav Narain, says that at a time when many economies and equity markets are struggling, there are many reasons to be optimistic about the outlook for the Indian economy. Although down in sterling absolute terms during the last 12 months, the Indian market made progress in local currency terms and has performed well relative to its emerging market peers, benefitting from a good run in the second half of 2022 from which IGC also benefitted. Despite the recent market setback so far this year, Gaurav thinks there is more upside to come, noting that business confidence is high.

JPMorgan Japanese Investment Trust (JFJ) has a large exposure to good quality companies that are at the forefront of the modernisation of the Japanese economy. The portfolio embraces businesses in robotics, ecommerce, digitalisation, healthcare, and renewables. It also backs some great Japanese brands and businesses that are helping the economy adapt to an ageing population. These are 'growth' stocks and, as we discussed in our last note, even though Japan has not, as yet, experienced the interest rate rises that triggered the selloff in growth stocks in other markets, their share prices have plunged, and this has impacted on JFJ's performance.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JPMorgan Japanese Investment Trust
Investment companies | Annual overview | 22 March 2023
Backing the new Japan
Capital growth from Japanese equities
The stagnation of the Japanese economy has not constrained average earnings growth
The emphasis is on long-term sustainability of returns, and there is a clear bias in favour of quality businesses and growth
This could be a good chance to back a former sector-leading trust, while underlying valuations look cheap

Guide

Our independent guide to quoted investment companies is an invaluable tool for anyone who wants to brush up on their knowledge of the investment companies' sector. Please register on www.quoteddata.com if you would like it emailed to you directly.

Appendix 1 – median performance by share price return over Q1 2023

	Share price Q1 23 TR (%)	NAV Q1 23 TR (%)	Discount 31/03/23 (%)	Median market cap 31/03/23 (£m)	Number of companies in the sector
Technology & Media	12.9	17.7	(13.9)	1728.0	3
Europe	9.5	10.2	(10.7)	408.4	7
Environmental	7.3	7.2	(12.9)	75.5	3
European Smaller Companies	4.7	6.6	(14.1)	485.4	4
UK Equity & Bond Income	3.5	5.0	(0.6)	222.0	1
Latin America	2.8	4.8	(10.9)	68.0	2
Global	2.5	4.2	(10.2)	895.7	16
Farmland & Forestry	2.1	0.0	2.9	185.8	1
Property - Debt	2.0	1.5	(23.7)	190.7	4
UK Equity Income	1.9	2.9	(4.5)	313.7	24
UK All Companies	1.8	3.7	(12.5)	192.1	9
Japanese Smaller Companies	1.6	2.2	(9.7)	165.6	5
Japan	1.6	3.3	(10.6)	236.4	6
Debt - Structured Finance	1.4	3.4	(17.8)	143.5	6
Asia Pacific Smaller Companies	1.3	2.2	(12.6)	363.5	3
Asia Pacific Equity Income	1.1	2.4	(8.3)	359.0	5

Global Equity Income	0.9	3.2	(3.2)	343.5	7
Global Emerging Markets	0.7	1.8	(12.8)	254.6	11
North American Smaller Companies	0.2	1.4	(11.7)	197.5	2
Property - Europe	0.0	0.0	(47.5)	281.5	5
Leasing	(0.1)	1.3	(33.0)	131.3	8
UK Smaller Companies	(0.2)	0.3	(13.7)	124.4	24
Debt - Loans & Bonds	(0.2)	2.4	(5.0)	124.2	15
Property - UK Logistics	(0.8)	0.0	(30.4)	604.1	3
Asia Pacific	(1.0)	0.6	(9.8)	456.0	6
Global Smaller Companies	(1.6)	2.0	(15.2)	750.1	5
Flexible Investment	(1.9)	0.1	(11.0)	87.1	20
Private Equity	(2.0)	0.1	(42.4)	444.6	19
China / Greater China	(2.1)	(0.2)	(10.8)	253.9	4
Country Specialist	(2.2)	0.7	(14.6)	408.1	5
Liquidity Funds	(2.8)	1.5	(12.4)	1.2	2
Hedge Funds	(3.9)	(3.6)	(13.3)	75.4	8
North America	(3.9)	0.4	(12.4)	413.7	6
Renewable Energy Infrastructure	(4.1)	1.3	(8.6)	485.3	22
Debt - Direct Lending	(4.2)	1.7	(22.9)	211.5	8
India	(6.0)	(5.6)	(12.5)	245.1	4
Infrastructure	(6.4)	1.1	(14.5)	915.0	10
Property - UK Commercial	(6.6)	1.3	(30.5)	215.0	14
Infrastructure Securities	(6.7)	(2.5)	(10.2)	134.1	2
Property - Rest of World	(8.6)	0.0	(63.2)	37.3	4
Financials	(9.3)	0.0	(15.1)	169.3	2
Commodities & Natural Resources	(10.2)	(0.4)	(13.2)	51.8	9
Biotechnology & Healthcare	(10.2)	(1.2)	(8.7)	567.0	6
Property - UK Healthcare	(10.8)	1.6	(26.2)	404.0	2
Royalties	(10.8)	(0.5)	(49.5)	597.7	2
Property - UK Residential	(13.0)	1.1	(55.0)	236.4	7
Growth Capital	(18.4)	0.0	(54.2)	113.9	7
MEDIAN	(0.8)	1.3	(12.8)	236.4	6

Source: Morningstar, Marten & Co. Note: all figures represent median values of the constituent funds from each sector. To 33/03/23

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