



July 2023

Monthly roundup | Investment companies

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Winners and losers in June 2023

With much of the recent focus on the resilience of developed markets, particularly the US, a number of emerging economies have outperformed, leaning on macro stability and supportive fiscal spending made possible by moderating inflation. India leads the way, with the median share price for the sector up over 5.4% for the month. Over the past year, its benchmark NIFTY500 index is up 21%. With a pro-growth budget and an increasing focus on industrial policy and domestic consumption, the economy appears to be on a steady footing, with the country's risk assets tracking its world leading growth rates.

Latin American is another emerging economy that has rebounded strongly – up 8.9% – although the sector has been left off the best performers list by virtue of the Blackrock Latin America Trust being the last fund standing following the wind up of the abrdn Latin America trust earlier this year – our sector results are screened with a requirement of having a minimum of at least two funds. Within the Country specialist sector, the Vietnam Enterprise and Vietnam Holding funds were also up strongly, boosted by relatively low inflation in the region, improved consumer spending, and increasing tourist activity.

The outperformance of the North American funds reflects improving risk sentiment in the region thanks to the continued resilience of the US economy. The growth over the last six months has been well documented, particularly regarding the concentration in US markets with the top seven companies on the tech dominated NASDAQ adding one entire Germany's worth of market cap over the first six months of the year. Along with the AI binge, large cap tech has benefited from the relative safety provided by established, secular cashflows and unparalleled balance sheet strength which appears to have insulated the sector from continually rising discount rates. The two best performing trusts in the North American sector, North American Income trust and Baillie Gifford US growth, both hold large positions in outperformers such as NVIDIA and Amazon.

Best performing sectors in June 2023 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 30/06/23 (%)	Median sector market cap 30/06/23 (£m)	Number of companies in the sector
India/Indian subcontinent	5.4	3.3	(11.7)	271.0	4
North American smaller companies	5.4	5.2	(12.7)	194.3	2
North America	3.6	4.3	(13.9)	426.2	6
Country specialist	3.5	1.8	(14.8)	405.6	4
Japan	3.0	0.6	(5.9)	246.3	5

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 June 2023 by total price return

	Median share price total return (%)	Median NAV total return (%)	Median discount 31/06/23 (%)	Median sector market cap 31/06/23 (£m)	Number of companies in the sector
Property - UK Logistics	(11.2)	(9.7)	(33.7)	528.6	3
Property - UK Healthcare	(7.7)	0	(27.2)	409.1	3
Leasing	(4.7)	(1.2)	(43.0)	145.3	7
Property - UK Commercial	(4.6)	0	(28.2)	196.4	15
Property - Europe	(3.5)	0	(54.9)	272.0	5

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

Outside of the leasing sector, the worst performers list in June was made up entirely of property sector exposure as inflation continues to run amok in the UK with money markets now fully pricing a 6.5% interest rate by February 2024, and a one-in-three chance of a 6.75% terminal rate which would be the highest since 1998. Logistics led the way, dragged down by a number of underperforming funds including Warehouse REIT, which reported a 29.5% drop in NTA during its latest annual results. The two care home REITS which make up the UK healthcare sector have bounced around considerably over the last few months. Generally insulated from the trials of the broader property sector, the funds appear to have been impacted by the income now on offer from low-risk government debt. The fortunes of the leasing sector, including funds such as Tufton Oceanic Assets and Taylor Maritime Investments remain closely tied to the outlook for global growth which has steadily trended downward over the last few months.

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

Fund	Sector	(%)	Fund	Sector	(%)
Geiger Counter	Commodities & Natural Resources	15.8	Hansa Investment Company Ltd	Flexible Investment	14.7
BlackRock Latin American	Latin America	8.9	Petershill Partners	Growth Capital	14.5
Manchester & London	Global	6.8	Apax Global Alpha	Private Equity	14.0
JPMorgan US Smaller Companies	North American Smaller Companies	5.9	Aseana Properties	Property - Rest of World	10.2
BlackRock Energy and Resources Inc	Commodities & Natural Resources	5.3	Globalworth Real Estate Investments	Property - Europe	9.9
BlackRock World Mining Trust	Commodities & Natural Resources	4.8	Ashoka India Equity Investment	India/Indian Subcontinent	9.1
JPMorgan American	North America	4.7	BlackRock Latin American	Latin America	8.9
CQS Natural Resources G&I	Commodities & Natural Resources	4.6	Crystal Amber	UK Smaller Companies	8.3
CC Japan Income & Growth	Japan	4.5	India Capital Growth	India/Indian Subcontinent	7.5
Henderson European Focus Trust	Europe	4.5	VietNam Holding	Country Specialist	7.4

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/05/23

Geiger Counter was the best performing fund in June, bouncing back following a period of weakness in Q1. In general, the market for uranium has been trending up over the last couple of years as the renewable energy transition gathers steam and investors come around to the potential upside of nuclear power. As noted on page 1, investors have been piling into funds in Latin America attracted by high real yields and an unexpectedly resilient economy, with the region now supporting five of the world's top eight performing currencies.

US funds represented a lower proportion of the June list of best performers than the month prior, although returns are only modest in relation to the size of their outperformance in May. NVIDIA was still up 7% for the month while Microsoft was up 3%. Collectively the two stocks make up almost 40% of Manchester & London Investment Trust.

Several commodity funds managed to gain traction for the month as prices for industrial metals including copper and steel bounced off recent lows, although shares remained depressed on growth concerns. The returns of CC Japan Income & Growth reflect the continued momentum in the Japanese stock market which is now up almost 30% year to date, boosted by resilient corporate earnings and less restrictive monetary policy thanks to comparatively modest inflation.

As for share price moves, Hansa Investment Company rallied on news that its largest holding, Ocean Wilson had initiated a strategic review for the sale of its major subsidiary company. Crystal Amber's returns were driven by the sale of British oil producer Hurricane Energy as it continues its wind-up process. It's not immediately clear what drove the returns of the two private equity funds, Apax, and Petershill Partners (while categorised as growth capital, private markets represent the majority of Petershill's assets), however both are recovering after a challenging 12 months. The rest of the list is made up of emerging market funds which have benefited from the outperformance of their respective regions.

Worst-performing

As noted on page 2, the UK property sector faces continued pressure from rising rates and untamed inflation. Outside of property, the worst performers for the month reflect the rotation away from riskier sectors of the market, including small caps, growth capital, and biotech. These companies are perceived as having large capital requirements and relatively weak balance sheets which are reliant on external funding for growth.

China is also well represented as things have gone from bad to worse in the region. Optimism around the reopening has now given way to a raft of geopolitical and economic concerns. The economy continues to battle tepid domestic demand, credit growth, and a global slowdown in trade while efforts to stimulate it risk exacerbating a deeply complex and already overleveraged property sector. The outlook remains just as uncertain with the yuan in constant decline, and the ever-present threat of escalating trade restrictions weighing further on confidence.

Outside of China, Schroder Capital Global Innovation's struggles continued with the fund's persistent discount refusing to budge from around 50%. A continuation vote is planned for 2025. Elsewhere, Baker Steel Resources has suffered from the general malaise in commodity prices which have been trending down as global growth expectations fall. Gold also struggled as economic resilience in the US led to a 'hawkish pause from the Federal Reserve and a selloff in bonds, negatively impacting Golden Prospect.

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

Fund	Sector	(%)	Fund	Sector	(%)
Warehouse REIT	Property - UK Logistics	(19.4)	Majedie Investments	Flexible investment	(12.8)
Value and Indexed Property Income	Property - UK Commercial	(17.7)	BlackRock Energy and Resources	Commodities & natural resources	(12.1)
LXI REIT	Property - UK Commercial	(13.3)	ICG-Longbow Senior Sec. UK Prop Debt	Property - debt	(12.1)
Symphony International Holding	Private Equity	(10.9)	JPMorgan China Growth & Income	China / greater China	(11.9)
Urban Logistics REIT	Property - UK Logistics	(9.7)	Fidelity China Special	China / greater China	(11.3)
Henderson Smaller Companies	UK Smaller Companies	(5.4)	Baillie Gifford China Growth	China / greater China	(11.0)
Schroders Capital Global Innov Trust	Growth Capital	(4.8)	Globalworth Real Estate Investments	Property - Europe	(10.2)
Rockwood Strategic	UK Smaller Companies	(4.4)	Golden Prospect Precious Metal	Commodities & natural resources	(10.1)
Biotech Growth	Biotechnology & Healthcare	(4.0)	abrdn Property Income Trust	Property - UK commercial	(9.6)
Golden Prospect Precious Metal	Commodities & Natural Resources	(4.0)	Livermore Investments	Flexible investment	(9.5)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/05/23

Moves in discounts and premiums

More expensive (LHS) and cheaper (RHS) relative to NAV over June 2023

Fund	Sector	Disc/ Prem 31/05/23 (%)	Disc/ Prem 30/06/23 (%)	Fund	Sector	Disc/ Prem 31/05/23 (%)	Disc/ Prem 30/06/23 (%)
Apax Global Alpha	Private Equity	(28.6)	(19.0)	Doric Nimrod Air Three	Leasing	87.4	68.6
Value and Indexed Property Income	Property - UK Commercial	(31.2)	(23.1)	Crystal Amber	UK Smaller Companies	(31.7)	(48.1)
Petershill Partners	Growth Capital	(56.9)	(50.7)	Schiehallion Fund	Growth Capital	(29.8)	(44.9)
Chelverton UK Dividend Trust	UK Equity Income	1.3	7.2	JPMorgan Global Core Real Assets	Flexible Investment	(6.6)	(20.1)
Hansa Investment Company Ltd	Flexible Investment	(44.6)	(39.1)	Ecofin US Renewables Infrastructure	Renewable Energy Infrastructure	(22.9)	(35.6)

Source: Morningstar, Marten & Co

Of the funds not already referenced, the discounts for Value and Indexed Property and Chelverton UK Dividend Trust tightened as a result of the NAV falling faster than the corresponding drop in share prices. In terms of funds getting cheaper, JPMorgan Global Core Real Assets was impacted by a large overweight to US real estate, which makes up more than 50% of the fund, with a weak USD compounding the losses.

Money raised and returned

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

Fund	Sector	£m raised	Fund	Sector	£m returned
JPMorgan Global Growth & Income	Global Equity Income	8.5	Diverse Income Trust	UK Equity Income	(29.5)
Merchants Trust	UK Equity Income	3.1	Capital Gearing	Flexible Investment	(27.6)
Mobius Investment Trust	Global Emerging Markets	3.0	Worldwide Healthcare	Biotechnology & Healthcare	(26.8)
Scottish American	Global Equity Income	2.9	RIT Capital Partners	Flexible Investment	(21.3)
City of London	UK Equity Income	2.8	Personal Assets	Flexible Investment	(20.3)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/04/23. Note: based on the approximate value of shares at 30/04/23

June proved to be a quiet month for fund raising outside of a steady issue of shares from several larger trusts. For those companies returning cash, Diverse Income paid out on its annual redemption request in June, representing 10.5% of the fund's issued share capital. The other funds on the list all operate active buyback policies as they attempt to manage their respective discounts.

Major news stories and QuotedData views over June 2023

Portfolio developments

- Chelverton has another difficult year
- abrdn Private Equity Opportunities shows NAV resilience
- Discount opportunity for GCP
- Patience is a key for Montanaro UK Smaller Companies
- Disappointing numbers from Syncona
- Another sunny year for NextEnergy Solar
- Cordiant Digital Infrastructure produces decent result
- UEM posts positive growth against a more gloomy emerging markets
- Struggles continue for Monks Investment Trust
- Shareholders have doubled their money in reassuringly resilient JLEN

Corporate news

- GCP-financed geothermal well at Eden Project operational
- abrdn Diversified Income & Growth next out the door?
- Pantheon Infrastructure backs Nordic digital infrastructure firm
- Fondul Proprietatea's Hidroelectrica publishes IPO prospectus
- Temporary dividend cut at tornado-hit Ecofin US Renewables
- Blackstone Loan Financing to be wound up
- SEGRO acquires £120m Radlett Aerodrome site for rail freight terminal
- The big question with Vulcan's C.T. Fitzpatrick and Jupiter's Ben Whitmore
- CK Assets receives enough support for Civitas buyout

Property news

- AEW UK REIT benefits from active portfolio management
- New operator takes over Tuffnells leases at Urban Logistics REIT sites
- LXI REIT seeing benefits of merger, bullish on outlook

- Real estate values turn positive for first time in eight months
- Impact Healthcare REIT transfers leases of struggling tenant to new company set up by partner in investment manager

QuotedData views

- QD view – Emerging Asia, much more than India and China
- QD View - Bargain Britain
- QD View – University Challenge
- QD view – Divining higher income in an inflationary environment

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:

- HICL Infrastructure AGM – 19 July
- Artemis Alpha manger presentation – 19 July
- CT UK High Income AGM – 20 July
- Fidelity China Special Situations AGM – 20 July
- Biotech Growth AGM – 27 July
- Cordiant Digital Infrastructure AGM – 28 July
- Syncona AGM – 1 August
- Tripple Point Energy Transition – 31 August
- abrdn New India online presentation – 14 September
- STS Global Income & Growth AGM – 20 September
- Schroder British Opportunities AGM – 27 September
- abrdn New India AGM – 27 September

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
12 May	BSIF, CSH, HOME, HGEN, USF	Kamal Warraich	Canaccord Genuity Wealth
19 May	BPCR, GRID, AJIT	Michael Anderson	Aquila Capital European Renewables
26 May	HOME, LMP, MAVT, RMII	Andy Ho & Khanh Vu	VinaCapital Vietnam Opportunity
02 June	TRY, AERI	Iain McCombie	Baillie Gifford UK Growth
09 June	CSH, INV, TLEI	James Thom	Abdrn New Dawn
16 June	CREI, HAN, PNL	Matthias Siller	Baring Emerging EMEA Opportunities
23 June	CSH, MNKS, ADIG	Jonathan Hick	Triple Point Energy Transition
30 June	BGLF / BGLP, RNEW / RNEP, MWY	Gervais Williams	Miton UK Microcap
7 July	FP	Steve Marshall	Cordiant Digital Infrastructure
Coming up			
14 July		David Smith	Henderson High Income
21 July		Ian Lance	Temple Bar
28 July		Uzo Ekwue & Pav Sriharan	Schroders British Opportunity Trust
4 August		Fotis Chatzimichalakis	Impax Asset Management
11 August		Helen Steers	Pantheon International
18 August		Richard Moffit	Urban Logistics

Research

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BY MARTEN & CO

INVESTOR

Polar Capital Global Financials Trust

Investment companies | Update | 7 June 2023

Avoiding mishap

After years of squeezed margins thanks to ultra-low interest rates, bank profitability is increasing. In part, as the spread between the interest rates that they pay on deposits and the rates that they charge borrowers widens. However, higher rates have brought increased recession risk and have exposed inept risk management within some US regional banks, with some high-profile bank failures.

The managers of Polar Capital Global Financials Trust (PCFT) were quick to cut exposure to more exposed areas of the sector, while increasing PCFT's weighting towards areas such as insurance and reinsurance, where the picture looks brighter.

Sentiment has turned against the financials sector once more, but as investors reassess that the picture is more specific rather than sector-wide, this could bring back in PCFT's favour.

Growing income and capital from financials stocks

PCFT aims to generate a growing dividend income, together with capital appreciation. It invests primarily in a global portfolio, consisting of listed or quoted securities issued by companies in the financial sector. This includes banks, life and non-life insurance companies, asset managers, stock exchanges, specialty lenders and finance companies, as well as property and other related sub-sectors.

Sector	Investment Instruments
Trust	PCFT LN
Base currency	GBP
Price	138.6p
NAV	166.4p
Premium/discount	(19.7%)
Yield	2.2%

☞ The past few months have been eventful within the financials sector

☞ US banks that failed had a high proportion of unsecured deposits

☞ The managers sold PCFT's small stake in SVB before news emerged of customer withdrawals

☞ PCFT had no exposure to any of the other banks that collapsed

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After years of squeezed margins thanks to ultra-low interest rates, banks' profitability is increasing (in part, as the spread between the interest rates that they pay on deposits and the rates that they charge borrowers widens). However, higher rates have brought increased recession risk and have exposed inept risk management within some US regional banks, with some high-profile bank failures. The managers of Polar Capital Global Financials Trust (PCFT) were quick to cut exposure to more exposed areas of the sector, while increasing PCFT's weighting towards areas such as insurance and reinsurance, where the picture looks brighter.

An inflection point in artificial intelligence (AI) – which combines computer science and datasets to enable problem-solving – is close to being reached. Major improvements in output and rapid adoption make the likelihood that it will become a general purpose technology – technologies that can affect an entire economy, like the computer and internet before it – and impact on all parts of everyday life an inevitability.

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INVESTOR

Polar Capital Technology

Investment companies | Update | 14 June 2023

Me, myself and AI

An inflection point in artificial intelligence (AI) – which combines computer science and datasets to enable problem-solving – is close to being reached. Major improvements in output and rapid adoption make the likelihood that it will become a general purpose technology – one that can affect an entire economy, like the computer and internet before it – and impact on all parts of everyday life an inevitability.

Polar Capital Technology's (PCT) manager, Ben Rogoff, has a steadfast conviction in the all-encompassing potential of AI and has been positioning the portfolio towards AI winners, with the majority of PCT exposure now in companies that he believes will be AI beneficiaries.

It is estimated that between a quarter and two-thirds of jobs are exposed to AI automation, with a meaningful uplift in productivity and economic output expected as a result. A higher-than-usual cash position puts PCT in a good position to take advantage of volatility in the market and any buying opportunities that are thrown up in AI beneficiaries.

PCT's shares are currently trading at an excessively wide discount to net asset value (NAV) of 13.6%, which seems attractive given the substantial upside potential in the portfolio's exposure to AI beneficiaries.

Sector	Technology and technology investment
Trust	PCT LN
Base currency	GBP
Price	220.0p
NAV	259.3p
Premium/discount	(15.1%)
Yield	N/A

☞ Higher interest rates having desired effect on inflation in most markets

☞ Inflection point in AI close to being reached with rapid adoption

☞ Majority of PCT exposure in companies that will be AI beneficiaries

Global growth from tech portfolio

PCT aims to maximise long-term capital growth through investing in a diversified portfolio of technology companies around the world, diversified across both regions and sectors within the overall investment objective to reduce investment risk.

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INVESTOR

Aquila European Renewables

Investment companies | Initiation | 14 June 2023

Sunny days are here again

Aquila European Renewables (AERI) is about four years old. Since launch, it has built up a 464MW portfolio of operational solar, wind and hydropower projects, spread across six European power markets. It has also generated returns in line with the target that it set at launch, returning an average of 2% per year against a target of 0-7.5%.

For 2023, AERI is targeting a dividend of 5.51 cents per share (that is euro cents – given that it invests in Europe, it presents its figures in euros), 5% ahead of the target it had for 2022. Importantly, the board reckons that this will be covered 1.8x.

Like all other renewable energy funds currently, AERI's shares trade on a discount to net asset value (NAV). However, its board has been proactive in addressing this through share buybacks. On 14 June, shareholders voted in favour of the continuation of the company at this year's annual general meeting (AGM). Commendably, mindful of the share price discount to NAV, the board has brought forward the next vote scheduled for 2027 – to 2024.

With an established cash-generative portfolio, the prospect of adding further cover to the dividend, a healthy pipeline of new projects, and clearer returns to markets, AERI's future looks bright.

Diversified European renewable energy infrastructure

AERI seeks to generate stable returns, principally in the form of income distributions, by investing in a diversified portfolio of renewable energy infrastructure investments.

Sector	Renewable energy infrastructure
Trust	AERIAERV LN
Base currency	EUR
Price (AERI)	49.20
NAV	61.10
Premium/discount	(19.3%)
Yield	5.6%

☞ A useful diversifier to hold alongside other UK-centric renewable funds

☞ Dividend cover of 1.8x forecast for 2023

☞ Widening discount at odds with maturing portfolio

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Aquila European Renewables (AERI) is about four years old. Since launch, it has built up a 464MW portfolio of operational solar, wind and hydropower projects, spread across six European power markets. It has also generated returns in line with the target that it set at launch, returning an average of 2.2% per year against a target of 6.0–7.5%. For 2023, AERI is targeting a dividend of 5.51 cents per share (that is euro cents – given that it invests in Europe, it presents its figures in euros), 5% ahead of the target it had for 2022. Importantly, the board reckons that this will be covered 1.8x.

Vietnam Holding (VNH) has put in a compelling performance in net asset value (NAV) total return terms versus competing funds investing in emerging Asia (see page 25), but this is not being reflected in its share price. Presently, its share price is at a 13.5% discount to its NAV. This is despite Vietnam's long-term structural growth drivers remaining intact (see page 7) and a strong outlook for GDP growth over the next five years (the forecast is for an average of 6.7% a year through to 2028).

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INVESTOR

Vietnam Holding Limited

Investment companies | Update | 20 June 2023

Building on firmer foundations

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This is despite Vietnam's long-term structural growth drivers remaining intact (see page 7) and a strong outlook for GDP growth over the next five years (the forecast is for an average of 6.7% a year through to 2028).

Within Vietnam, there was a meltdown in the corporate bond market last year, which affected its property sector, and since the Vietnamese government moved to address these issues and stabilise the economy, poor sentiment continues to weigh on the market, which does not seem justified.

VNH's board has been authorising modest share repurchases to provide liquidity to shareholders, taking advantage of the recent high-beta discount (see page 25).

Sector	Country specialist
Trust	VNHV LN
Base currency	GBP
Price	173.0p
NAV	216.3p
Premium/discount	(19.5%)
Yield	N/A

☞ Recent poor sentiment towards the Vietnamese market seems unjustified

☞ Vietnam's long-term structural growth drivers remaining intact

☞ Economic growth outlook is strong and Vietnam's government has room to manage a more accommodative economic policy

Capital growth from a concentrated portfolio of high growth Vietnamese companies

VNH aims to provide investors with long-term capital appreciation by investing in a portfolio of high-growth companies in Vietnam. These should come at an attractive valuation and demonstrate strong environmental, social and corporate governance awareness. It achieves this by investing primarily in publicly-listed Vietnamese equities, and it can also invest in unlisted companies and can hold the securities of foreign companies if a majority of their assets and/or operations are based in Vietnam.

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abrdn European Logistics Income

Investment companies | Update | 22 June 2022

Riding out the storm

abrdn European Logistics Income (ASLI) is riding out the storm of market valuation declines, with a focus on managing its portfolio and securing income. It has recently completed a number of letting renewals across its portfolio (see page 9) and uncapped, annual inflation-linked rental uplifts on two thirds of its leases offer further promise. Evidence that valuations in the European logistics real estate sector are stabilising is growing, not least through the sale of an asset from ASLI's portfolio at a small premium to book value, which should serve to support its net asset value (NAV).

The sale of the mid box property in Leon, northern Spain, formed part of the group's strategic pivot to urban logistics properties, where the supply-demand dynamic is favourable and rental growth prospects are strong. The transaction improves the company's cost position (improving leverage to loan to value ratio = 1.1x) and reduces the company's all-in interest rate to 1.97% - one of the lowest in the real estate sector (with its first refinancing event not until next year).

Sector	Premiums - Surplus
Index	ASLI LN
Rate currency	GBP
Price	89.5p
NAV	98.5p
Premium/discount	(23.7%)
Yield	4.7%

Recent sale by ASLI points to stabilising values in European logistics sector

Vacancy rate at 3.5%, still at historic lows

Conservative LTV with one of sector's lowest cost of debt at 1.97%

Mid box and urban logistics across Europe

ASLI invests in – and actively asset manages – a diversified portfolio of logistics real estate assets in Europe, with the aim of providing its shareholders with a regular and attractive level of income return, together with the potential for long-term income and capital growth (long-term total return of 7.5% a year in income).

M&C Marten & Co may wish to provide this note on abrdn European Logistics Income (%) and is for information purposes only. It is not intended to constitute the Company's investment strategy or to be relied upon as a recommendation or offer to sell or buy any securities. The information contained in this note is based on the information provided by the Company and is not intended to be relied upon as a recommendation or offer to sell or buy any securities. Marten & Co is not permitted to provide investment advice to individual investors engaged in their clients under the terms of the Financial Conduct Authority.

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After a tough year for investment strategies focused on quality and growth of all kinds, Montanaro UK Smaller Companies (MTU) may finally be seeing the light at the end of the tunnel, thanks to the possible plateauing of interest rates. Manager Charles Montanaro remains focused on picking high-quality stocks with long-term growth potential, sticking with the approach despite the headwinds of early 2022. In fact, the sell off in UK small caps has meant that MTU has become even more attractive on a fundamental basis, with many of its holdings trading on attractive valuation multiples, despite demonstrating the same growth potential.

QuotedData
BY MARTEN & CO

INVESTOR

Montanaro UK Smaller Companies

Investment companies | Annual overview | 22 June 2022

Riders on the storm

After a tough year for investment strategies focused on quality and growth of all kinds, Montanaro UK Smaller Companies (MTU) may finally be seeing the light at the end of the tunnel, thanks to the possible plateauing of interest rates.

Manager Charles Montanaro remains focused on picking high-quality stocks with long-term growth potential, sticking with the approach despite the headwinds of early 2022. In fact, the sell off in UK small caps has meant that MTU has become even more attractive on a fundamental basis, with many of its holdings trading on attractive valuation multiples, despite demonstrating the same growth potential.

MTU's share price discount to net asset value (NAV) has widened recently, and its shares are currently trading on a 34.4% discount. The combination of increasingly attractive valuations, a wide discount by recent standards, and a possible rebound in performance makes the current environment a potentially attractive entry point for investors looking to tap into a compelling growth strategy.

Sector	UK smaller companies
Index	MTU LN
Rate currency	GBP
Price	184.5p
NAV	118.2p
Premium/discount	(36.4%)
Yield	4.2%

Charles Montanaro feels that the last three years have marked as some of the most difficult and volatile of the multi-decade career

The overwhelming factor influencing MTU's performance has been the trajectory of UK inflation, and by extension interest rate policy

The UK small cap sector has shown a strong tendency to produce some impressive returns in the three years following its steepest drawdowns

UK small cap with a bias to quality

MTU aims to achieve capital appreciation through investing in small quoted companies listed on the London Stock Exchange or traded on AIM, and to outperform its benchmark, the Names Smaller Companies Index (excluding investment companies).

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INVESTOR

Temple Bar

Investment companies | Update | 28 June 2022

True Colours

We are quickly approaching year three of Temple Bar's rehabilitation under the new management of Redwheel, who took over the fund in November 2020. While sticking to its value-seeking roots, managers Ian Lance and Nick Purves favour a more balanced approach than the deep value model employed by the fund's previous manager, which had been a drag on performance through the growth-dominated decade that followed the global financial crisis (GFC).

So far, the change has paid off handsomely, with the shares up 76% since the handover, compared 35 percentage points ahead of the benchmark UK index. Although it might be disingenuous to attribute the recent outperformance purely to the change in management, considering the dramatic swings we have seen in equity markets since the pandemic, the team certainly appears to have established a foundation for ongoing success.

Sector	UK equity income
Index	MTU LN
Rate currency	GBP
Price	212.5p
NAV	231.5p
Premium/discount	(9.7%)
Yield	4.4%

Lovely valued stocks have outperformed their growth counterparts in every decade bar two in the last 110 years

Temple Bar has comfortably outperformed the benchmark index since managers Ian and Nick took over the portfolio in November 2020

UK equity income and capital growth

TMPI, aims to provide growth in income and capital to achieve a long-term total return greater than its benchmark (the FTSE All-Share Index), through investment primarily in UK equities. The company's policy is to invest in a broad spread of securities, with the majority of the portfolio typically selected from the constituents of the FTSE 350 Index.

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Appendix 1 – median performance by sector, ranked by 2023 year to date price total return

YTD Rank	Sector	Share price total return YTD (%)	NAV total return YTD (%)	Discount 30/06/23 (%)	Discount 31/05/23 (%)	Change in discount (%)	Median mkt cap 30/06/23 (£m)
1	Latin America	8.9	8.9	(14.8)	(9.2)	(5.6)	119.0
2	India/Indian Subcontinent	5.4	3.3	(11.7)	(12.4)	0.7	271.0
3	North American Smaller Companies	5.4	5.2	(12.7)	(12.8)	0.1	194.3
4	North America	3.6	4.3	(13.9)	(13.0)	(0.9)	426.2
5	Country Specialist	3.5	1.8	(14.8)	(17.0)	2.2	405.6
6	Japan	3.0	0.6	(5.9)	(8.7)	2.8	246.3
7	Global Emerging Markets	2.3	3.3	(10.4)	(10.2)	(0.2)	257.5
8	China / Greater China	2.2	1.4	(11.6)	(12.5)	0.9	204.8
9	Property - Debt	1.2	0.0	(15.5)	(16.3)	0.8	61.4
10	Technology & Technology Innovation	1.1	2.2	(13.2)	(12.2)	(1.0)	1,899.8
11	Asia Pacific	1.0	0.3	(10.4)	(10.8)	0.4	439.5
12	Asia Pacific Smaller Companies	0.8	1.5	(15.4)	(13.1)	(2.2)	373.5
13	Europe	0.7	1.9	(11.7)	(9.8)	(1.9)	399.8
14	Japanese Smaller Companies	0.6	0.6	(10.5)	(10.8)	0.3	166.2
15	Global	0.6	2.9	(10.1)	(10.2)	0.2	894.8
16	Global Equity Income	0.2	1.9	(3.2)	(2.0)	(1.2)	322.4
17	Financials & Financial Innovation	0.1	1.0	(23.5)	(22.6)	(0.8)	304.2
18	Liquidity Funds	0.0	0.3	(17.1)	(16.9)	(0.2)	1.1
19	Farmland & Forestry	0.0	3.3	(7.8)	(4.8)	(3.1)	172.1
20	European Smaller Companies	0.0	2.0	(13.6)	(13.6)	0.1	465.0
21	Private Equity	-0.2	0.0	(39.2)	(39.6)	0.5	344.6
22	Commodities & Natural Resources	-0.4	0.0	(17.4)	(9.4)	(7.9)	49.1
23	Asia Pacific Equity Income	-0.4	-0.6	(8.2)	(9.6)	1.4	339.2
24	Hedge Funds	-0.5	-0.3	(11.7)	(11.5)	(0.2)	69.6
25	Biotechnology & Healthcare	-0.5	-1.8	(8.5)	(9.5)	1.0	570.3
26	UK Equity & Bond Income	-0.6	0.4	(0.4)	(0.2)	(0.2)	212.2
27	Debt - Loans & Bonds	-0.7	0.9	(6.0)	(5.3)	(0.6)	106.1
28	UK Equity Income	-1.0	-0.3	(5.2)	(5.0)	(0.2)	309.8
29	UK All Companies	-1.3	-0.2	(14.8)	(12.9)	(1.9)	185.7
30	Flexible Investment	-1.8	0.0	(12.2)	(10.0)	(2.2)	85.2
31	UK Smaller Companies	-1.9	-1.3	(13.0)	(13.0)	(0.0)	127.8
32	Debt - Structured Finance	-2.0	0.2	(18.9)	(17.9)	(1.0)	132.5
33	Royalties	-2.2	-0.4	(46.1)	(44.9)	(1.2)	601.9

YTD Rank	Sector	Share price total return YTD (%)	NAV total return YTD (%)	Discount 30/06/23 (%)	Discount 31/05/23 (%)	Change in discount (%)	Median mkt cap 30/06/23 (£m)
34	Global Smaller Companies	-2.2	0.5	(16.5)	(13.7)	(2.8)	725.1
35	Insurance & Reinsurance Strategies	-2.2	-1.9	14	14	(0.2)	31.6
36	Environmental	-2.4	2.4	(18.2)	(14.0)	(4.2)	76.3
37	Growth Capital	-2.6	0.0	(50.7)	(49.6)	(1.1)	113.3
38	Property - Rest of World	-2.9	0.0	(61.5)	(58.0)	(3.5)	36.2
39	Infrastructure	-5.0	0.0	(19.3)	(13.2)	(6.1)	837.7
40	Property - UK Residential	-5.3	0.0	(59.2)	(57.3)	(1.9)	192.8
41	Renewable Energy Infrastructure	-5.3	0.0	(16.0)	(10.6)	(5.4)	420.5
42	Infrastructure Securities	-6.1	-0.7	(11.9)	(6.9)	(5.1)	121.3
43	Property - Europe	(6.3)	0	(54.9)	(47.2)	(7.7)	272.0
44	Property - UK Commercial	(6.9)	0	(28.2)	(31.2)	3	196.4
45	Leasing	(7.7)	0	(43.0)	(39.4)	(3.6)	145.3
46	Property - UK Healthcare	(9.9)	0	(27.2)	(16.4)	(10.9)	409.1
47	Property - UK Logistics	(14.2)	(9.7)	(33.7)	(26.8)	(6.9)	528.6
48	Global Smaller Companies	-2.2	0.5	(16.5)	(13.7)	(2.8)	725.1
	MEDIAN	(0.5)	0.2	(13.9)	(12.8)	(0.9)	246.3

Source: Morningstar, Marten & Co

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.



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**50 Gresham Street, London EC2V 7AY
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@quoteddata.com)

David McFadyen (dm@quoteddata.com)

Colin Edge (ce@quoteddata.com)

Nick Potts (np@quoteddata.com)

INVESTMENT COMPANY RESEARCH:

James Carthew (jc@quoteddata.com)

Andrew Courtney (ac@quoteddata.com)

David Johnson (dj@quoteddata.com)

Matthew Read (mr@quoteddata.com)

Richard Williams (rw@quoteddata.com)

David Johnson (dj@quoteddata.com)