



October 2023

Monthly roundup | Investment companies

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Winners and losers in September 2023

September was defined by the ongoing US bond selloff, with global markets trending down in sympathy. Investment trust returns were negative on average for the month, although several sectors still achieved positive returns.

The Royalties sector was the standout performer following a cash offer from independent music company, Concord, for the outstanding share capital of Round Hill Music Royalty which represented a premium of approximately 67.3% to its closing share price. Direct lending was also strong, led by Biopharma Credit, which continues to benefit from an increasing number of floating rate loans which have a positive impact on the company's earnings while also insulating the portfolio from rising rates.

Positive returns in the Leasing sector mark a reversion from a prolonged period of underperformance. Concerns around global growth and rising interest rates have weighed on companies like Tufton Oceanic and Taylor Maritime. Tufton's results included an uplift in its dividend, while Taylor Maritime has been paying down debt and noted an improvement in charter rates. The India and Indian Subcontinent sector has continued its impressive run over the course of the year, benefiting from buoyant domestic markets. The economy is on track to achieve year-on-year GDP growth of 7% making it the fastest growing major economy in the world, in stark contrast to the rest of the Asia Pacific region.

Best performing sectors in September 2023 by total price return

| | Median share price total return (%) | Median NAV total return (%) | Median discount 30/09/23 (%) | Median sector market cap 30/09/23 (£m) | Number of companies in the sector |
|---------------------------|-------------------------------------|-----------------------------|------------------------------|--|-----------------------------------|
| Royalties | 40.2 | 2.8 | (28.9) | 675 | 2 |
| Debt - Direct Lending | 6.1 | 2.0 | (23.8) | 226 | 8 |
| Leasing | 4.9 | 0.0 | (42.3) | 141 | 7 |
| India/Indian Subcontinent | 3.0 | 4.1 | (13.2) | 293 | 4 |
| Debt - Structured Finance | 2.8 | 1.3 | (21.4) | 147 | 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

The worst performers list reflects a continuation of the year's dominant themes, with rising rates and fears around financial stability still impacting sectors of the market sensitive to interest rates and reliant on debt financing (such as infrastructure). Of the five sectors featuring on the list, Europe is the only one with positive returns year to date, with a total price return of 9.3% despite a 3.5% drop in September. The selloff reflects the growing sense of stagflation in the region, as composite PMIs spent their fourth consecutive month in contraction, while inflation continued to track over 5%. The outlook has improved slightly since the end of the month, with flash inflation data offering a welcome reprieve, coming in below expectations at 4.3%, however there remains a long way to go in the economy's fight for price stability.

Worst performing sectors in September 2023 by total price return

| | Median share price total return (%) | Median NAV total return (%) | Median discount 30/09/23 (%) | Median sector market cap 30/09/23 (£m) | Number of companies in the sector |
|----------------------------|-------------------------------------|-----------------------------|------------------------------|--|-----------------------------------|
| Property - Rest of World | (6.5) | 0 | (57.9) | 30 | 3 |
| Infrastructure Securities | (5.5) | (7.3) | (10.0) | 105 | 2 |
| European Smaller Companies | (4.6) | (3.6) | (14.3) | 442 | 4 |
| Property - Europe | (4.3) | 0 | (42.5) | 258 | 5 |
| Europe | (3.5) | (1.7) | (11.8) | 392 | 7 |

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

Geiger Counter topped the list of best performing funds in total NAV return in September as uranium prices surged to their highest level in 12 years, underpinned by a global renaissance in nuclear power, as utilities race to lock in fuel supplies. Prices have been rising steadily over the course of the year. However, recent supply constraints and a growing urgency for energy security have seen these surge toward levels not seen since the 2011 Fukushima disaster.

Nippon Active Value was also up strongly for the month, bucking the trend of its Japanese Smaller Companies counterparts with the sector down -2.4% on average. The company had announced a merger with Atlantis Japan Growth the month prior, which was met with a rather tepid reaction, however the release of its interim report reaffirmed the underlying quality of the portfolio.

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

| Fund | Sector | (%) | Fund | Sector | (%) |
|--------------------------------|---------------------------------|------|---------------------------------------|---------------------------------|------|
| Geiger Counter | Commodities & Natural Resources | 24.2 | Round Hill Music Royalty | Royalties | 75.6 |
| Nippon Active Value | Japanese Smaller Companies | 5.6 | Symphony International Holding | Private Equity | 25.2 |
| Ashoka India Equity Investment | India/Indian Subcontinent | 5.5 | Geiger Counter | Commodities & Natural Resources | 19.5 |
| Fidelity Asian Values | Asia Pacific Smaller Companies | 5.0 | Schroders Capital Global Innov Trust | Growth Capital | 15.8 |
| BH Macro USD | Hedge Funds | 4.8 | Nippon Active Value | Japanese Smaller Companies | 13.6 |
| Gulf Investment Fund | Global Emerging Markets | 4.8 | EPE Special Opportunities | Private Equity | 12.7 |
| India Capital Growth | India/Indian Subcontinent | 4.2 | JPMorgan Emerg E, ME & Africa Sec Plc | Global Emerging Markets | 12.0 |
| Gabelli Merger Plus+ Trust | Hedge Funds | 4.1 | CQS New City High Yield | Debt - Loans & Bonds | 11.9 |
| JPMorgan Indian | India/Indian Subcontinent | 3.9 | Riverstone Energy | Commodities & Natural Resources | 10.8 |
| Scottish Oriental Smaller Cos | Asia Pacific Smaller Companies | 3.6 | Life Science REIT | Property - UK Commercial | 10.3 |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/09/23

The bulk of the other best performers have benefited from exposure to Indian markets which, as noted above, have outperformed this year, boosted by world leading growth rates. The economy has been a benefactor of the diversification of global supply chains away from China, in addition to long running economic and capital market reforms which began prior to

the pandemic. While the outlook for the region remains positive, recent reports have suggested some areas of the economy, particularly within the mid and smaller cap sectors, have been experiencing a surge in speculative interest which have driven up valuations dramatically, with some commentators comparing the rally to that of the meme stock surge seen in the US in 2021.

The BH Macro hedge funds returns were predominantly due to USD appreciation stemming from the rally in long end USD treasuries. Sentiment towards the Gulf markets was helped by a higher oil price.

In terms of share price return, Round Hill Music led the way following the buyout offer discussed on page one. Symphony International rallied on the back of an announcement that the fund will begin to return capital to shareholders following a strategic review. It is not immediately clear what drove the returns of private equity peer, EPE Special Opportunities, with the company continuing to struggle in the current macro environment given the lack of alignment in pricing expectations, however management did note in its recent interim report that there are indications that the trading environment is stabilising.

Nippon Active Value's share price rose as it moved to trade on the Premium-listed segment of the London Stock Exchange and shareholders approved the mergers with Atlantis Japan and abrdn Japan. Riverstone Energy's tender offer was approved by shareholders.

Worst-performing

As noted on page two, the worst performing funds reflect a continuation of the year's dominant themes. Higher rates have increased concerns around the availability and cost of financing, in addition to the added competition from money market funds which are now providing steady returns without the associated credit and duration risks. This has been particularly harrowing for the infrastructure and renewable energy sectors which have endured a horrid run, reflected in median discounts well above 20%. Premier Miton Global Renewables, whose returns are geared by its zero dividend preference shares, was particularly badly affected.

The latest surge in real bond yields has weighed heavily on gold with the precious metal falling almost 5% over the course of the month, driving down the Golden Prospect Precious Metal fund.

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

| Fund | Sector | (%) | Fund | Sector | (%) |
|--------------------------------------|---------------------------------|-------|--|---------------------------------|--------|
| Premier Miton Glb Renewables Trust | Infrastructure Securities | (9.5) | Digital 9 Infrastructure | Infrastructure | (34.6) |
| Golden Prospect Precious Metal | Commodities & Natural Resources | (8.3) | Regional REIT | Property - UK Commercial | (34.1) |
| Edinburgh Worldwide | Global Smaller Companies | (7.7) | Gresham House Energy Storage | Renewable Energy Infrastructure | (19.4) |
| Montanaro European Smaller | European Smaller Companies | (6.9) | Foresight Sustainable Forestry | Farmland & Forestry | (16.0) |
| Baillie Gifford European Growth | Europe | (6.1) | ICG-Longbow Senior Sec. UK Prop Debt Inv | Property - Debt | (13.5) |
| Schroders Capital Global Innov Trust | Growth Capital | (5.8) | Golden Prospect Precious Metal | Commodities & Natural Resources | (13.0) |
| Manchester & London | Global | (5.5) | UIL | Flexible Investment | (11.8) |
| Martin Currie Global Portfolio | Global | (5.2) | Syncona | Biotechnology & Healthcare | (11.7) |
| Ecofin Global Utilities & Infra | Infrastructure Securities | (5.1) | Chrysalis Investments Limited | Growth Capital | (11.5) |
| BlackRock Greater Europe | Europe | (4.8) | Petershill Partners | Growth Capital | (11.4) |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/09/23

Higher long-term bond yields spell bad news for growth-focused funds such as Edinburgh Worldwide and Montanaro European. Global funds, Manchester & London, and Martin Currie Global Portfolio, both suffered from overweight exposures to large cap US tech, which pulled back over September. For example, NVIDIA, a dominant holding for both companies, was down 12% over the course of the month.

In terms of share price return, Digital 9 Infrastructure has found itself particularly vulnerable with concerns around funding translating into a decision to omit a dividend payment, and its discount has now stretched to more than 60%. It is a similar story for Regional REIT – both funds were discussed by Andrew McHattie in our weekly show on [Friday 6 October](#).

Gresham House Energy Storage, which targets a still relatively nascent market, was trading at asset value in June, but its share price has now capitulated to the general selloff in renewable energy funds, with the company's discount widening to 40%. Foresight Sustainable Forestry's share price fall may be related to the collapse in UK carbon credit prices that followed the government's watering down of its climate policies. The selloff in the Growth Capital and Smaller Companies sectors has been equally harrowing with Chrysalis Investments and Petershill Partners also feeling these effects.

The European sector also featured heavily on the NAV list. As noted on page two, the economy continues to deal with slowing growth and stubborn inflation which is weighing on performance in the region.

Moves in discounts and premiums

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

| Fund | Sector | Disc/ Prem 31/08/23 (%) | Disc/ Prem 30/09/23 (%) | Fund | Sector | Disc/ Prem 31/08/23 (%) | Disc/ Prem 30/09/23 (%) |
|--------------------------------------|----------------------|----------------------------------|----------------------------------|--|---------------------------------|----------------------------------|----------------------------------|
| Round Hill Music Royalty | Royalties | (47.3) | (11.8) | Regional REIT | Property - UK Commercial | (41.8) | (62.5) |
| Schroders Capital Global Innov Trust | Growth Capital | (50.7) | (39.3) | Digital 9 Infrastructure | Infrastructure | (41.5) | (61.9) |
| Symphony International Holding | Private Equity | (48.1) | (37.6) | Gresham House Energy Storage | Renewable Energy Infrastructure | (10.1) | (28.2) |
| CQS New City High Yield | Debt - Loans & Bonds | (4.4) | 5.1 | Foresight Sustainable Forestry | Farmland & Forestry | (10.6) | (24.9) |
| Literacy Capital PLC | Private Equity | (3.78) | 3.9 | ICG-Longbow Senior Sec. UK Prop Debt Inv | Property - Debt | (30.5) | (40.5) |

Source: Morningstar, Marten & Co

In terms of discounts, Round Hill Music narrowed significantly following the buyout offer. The Schroders Capital Global Innovation trust saw its discount close as shares rallied over the course of the month. However, this comes on the back of relatively thin volume and should be put in context with the fund's steadily falling NAV. Symphony's wind-up proposal narrowed its discount. CQS New City High Yield has adapted to the higher rate environment, with the company able to rollover some of its loans at a higher coupon, in addition to the origination of several new loans helped by fundraising earlier in the year. The adviser did note, however, that this has been a double-edged sword with rising costs putting pressure on the operating activities of several of its portfolio companies. Literacy Capital saw a positive market reaction from the sale of one of its largest assets for a >50% premium to carrying value.

For those funds getting cheaper, shares of Regional REIT collapsed following the company's interim report which showed net rental income continuing to fall, impacted by higher non-recoverable property costs and lower income from lease surrender, dilapidations payments and other income. Gresham House Energy Storage and Foresight Sustainable Forestry were discussed above. ICG-Longbow Senior Secured UK Property Debt Investments continues to experience challenges as it works through the orderly realisation of its assets, notably it has seen the appointment of receivers across several of its loans.

Money raised and returned

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

| Fund | Sector | £m raised | Fund | Sector | £m returned |
|-------------------------------------|---------------------------------|-----------|---------------------------------------|----------------------------|-------------|
| JPMorgan Global Growth & Income | Global Equity Income | 18.8 | Worldwide Healthcare | Biotechnology & Healthcare | (24.3) |
| Ashoka India Equity Investment | India/Indian Subcontinent | 7.8 | Pershing Square Holdings | North America | (23.9) |
| Law Debenture Corporation | UK Equity Income | 3.1 | Personal Assets | Flexible Investment | (20.3) |
| CQS New City High Yield | Debt – loans and bonds | 0.9 | NB Global Monthly Income Fund Ltd GBP | Debt - Loans & Bonds | (18.2) |
| The Renewables Infrastructure Group | Renewable energy infrastructure | 0.8 | Smithson Investment Trust | Global Smaller Companies | (17.4) |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 30/09/23. Note: based on the approximate value of shares at 30/09/23

September saw minimal fundraising, a continuation of what has been a very subdued few months. JPMorgan Global Growth & Income maintained its steady momentum for the year, thanks to a solid period of outperformance, while Ashoka India Equity Investment has continued to benefit from the stability provided by markets in India.

It was a case of the regular suspects for those companies returning cash, outside of the NB Global Monthly Income Fund which announced a managed wind down back in January, with a partial compulsory payment being redeemed in September.

Major news stories and QuotedData views over September 2023

Portfolio developments

- GCP continues to execute despite NAV pressure
- Another challenging year for Mid Wynd International
- Schroders Capital Global Innovation NAV dives again
- Infrastructure India sells prime asset but not for cash
- Gulf Investment Fund changes its manager
- Atrato Onsite Energy buys 34MW residential rooftop portfolio
- Challenging start to the year for RNEW
- Optimism despite challenging period for Weiss Korea Opportunity Fund
- HGEN sees progress despite share performance
- Gulf Investment Fund generates very impressive outperformance
- Bluefield Solar boosts dividend after bumper year for earnings

Corporate news

- Henderson European Focus manager, John Bennett, to retire
- Home REIT board to be replaced
- IPSX to wind down
- GCP merger with RMII terminated
- RM Infrastructure Income to wind down
- Ecofin US Renewables announces strategic review
- Symphony International joins queue for the exit

Property news

- Triple Point Social Housing REIT sells four assets in line with book values
- Realty Income to buy Ediston Property's portfolio for £196.8m
- LondonMetric sells £40.5m industrial assets and will focus portfolio on triple net leases
- Home REIT reassigns leases on 146 properties

QuotedData views

- QD View – Mind the gap
- QD view – the right fund in the right structure
- QD view – Opportunities in commodities?
- QD view – Lehman terms
- QD view – the retail REIT defying the doom and gloom

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:

- abrnn Asia Focus Group Update – 18 October
- Tufton Oceanic AGM – 24 October
- Hipgnosis Songs EGM– 26 October
- City of London Investment Trust AGM – 31 October
- JPMorgan Mid Cap Investment Trust AGM– 1 November
- JPMorgan Global Growth & Income– 3 November.
- Murray Income Trust AGM – 7 November
- JPMorgan Emerging Markets AGM – 7 November

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 |
|------------------|----------------------------------|--------------------------|-------------------------------------|
| 7 July | FP | Steve Marshall | Cordiant Digital Infrastructure |
| 14 July | SONG, TLEI, USF | David Smith | Henderson High Income |
| 21 July | DGN, DGI9, ABD | Ian Lance | Temple Bar |
| 28 July | RNEW, HDIV, ASCI | Uzo Ekwue & Pav Sriharan | Schroders British Opportunity Trust |
| 4 August | BPCR, TLEI | Fotis Chatzimichalakis | Impax Asset Management |
| 11 August | GCP/GABI/RMII, HGEN, NAVF/AJG | Helen Steers | Pantheon International |
| 18 August | TLEI, RSE, BSIF, NESF, EPIC, ESP | Richard Moffit | Urban Logistics |
| 25 August | USF, RICA, TLEI, EPIC, HOME | Iain Pyle | Shires Income |
| 1 September | HEIT, SOHO | Ed Simpson | GCP Infrastructure |
| 8 September | RNEW, RHM, RMII | Prashant Khemka | Ashoka WhiteOak |
| 15 September | EPIC, SONG, SUPR, TLEI | Dean Orrico | Middlefield Canadian Income |
| 22 September | AIG, GABI, GCP, HICL | Andrew Jones | LondonMetric Property |
| 29 September | DGI9, GIF, HICL, SONG | Carlos Hardenberg | Mobius Investment Trust |
| 6 October | ORIT, PSH, RGL | Alan Gauld | abrnn Private Equity |
| Coming up | | | |
| 13 October | | James de Uphaugh | Edinburgh Investment Trust |
| 20 October | | Tom Williams | Downing Renewables |
| 27 October | | Richard Sem | Pantheon Infrastructure |
| 3 November | | Craig Martin | Vietnam Holding |
| 17 November | | Joe Bauernfreund | AVI Global Trust |

Research

Bluefield Solar Income Fund
Investment complete | Update | 2 October 2023

Record year supports growth strategy

While share prices across the whole of the renewable energy infrastructure sector have been under pressure over the past 12-18 months, the execution by Bluefield Solar Income Fund (BSIF) has remained impressive, helping it to maintain its record of sector-leading distributions. The company's record performance has been driven by locking in higher power prices through power purchase agreements (PPAs) which allow BSIF to sell energy at an agreed price over a certain period of time. Thanks to the execution of these contracts, the board has good visibility over the bulk of company earnings for the next few years.

BSIF is now 10 years old and as at 30 June 2023 had delivered annualised returns of 6.5% to shareholders. The company has an attractive pipeline of new investment opportunities totalling over 1,400 MW. We are the primary contractor for the majority of our asset value (NAV) contracts. BSIF's ability to fund these with their equity.

Focus on value accretive renewable investments

BSIF aims to pay shareholders an attractive return, principally in the form of regular action-leading income distributions, by being invested primarily in solar energy assets located in the UK. The company also invests a minority of its capital into other renewables assets including wind and energy storage.

ESG is a key component of BSIF's strategy

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Key Metrics:
 Total: £101.1M
 Net asset value: £101.1M
 P/E ratio: 11.4x
 Dividend yield: 1.8%
 Dividend cover: 1.8x

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Henderson Diversified Income (HDIV) has agreed heads of terms for a combination with Henderson High Income (HHI). As part of the deal, shareholders in HDIV will have the option to take cash for all or part of their holding if they choose.

Henderson High Income / Henderson Diversified Income
Investment complete | Final note | 4 October 2023

Merger terms agreed

Henderson Diversified Income (HDIV) has agreed heads of terms for a combination with Henderson High Income (HHI). As part of the deal, shareholders in HDIV will have the option to take cash for all or part of their holding if they choose.

In July 2023, HDIV's chairman noted that the deal has been a relief to shareholders and that the company is looking to pay shareholders an attractive return, principally in the form of regular action-leading income distributions, by being invested primarily in solar energy assets located in the UK. The company also invests a minority of its capital into other renewables assets including wind and energy storage.

ESG is a key component of BSIF's strategy.

Key Metrics:
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Baillie Gifford UK Growth Trust
Investment complete | Annual overview | 22 September 2023

A recipe for a rerating

As the fund with most growth-orientated investment style amongst its peers (see page 21), Baillie Gifford UK Growth Trust (BGUK) has faced particularly strong headwinds during the last 18 months, as investors have either sought sanctuary in value and defensive stocks, or pulled money out of equities altogether, often in favour of fixed income stocks which are now offering a better rate of return than they have for some time.

Despite these challenges, BGUK has provided a net asset value (NAV) rate of return of 21% over the last year (gross return of 23% - see page 22) and an operational view of companies continue to perform well. The manager have released their long-term confidence in the portfolio, and after acknowledging recession risk has increased, they now rate BGUK's companies as financially sound and have resilient balance sheets.

Both the UK and growth stocks are looking cheap, and BGUK is trading at a discount to NAV that is significantly above its long-term average. This could be a recipe for a strong rerating when the market improves, particularly now that there are signs that inflation is coming under control.

Focused portfolio of UK growth equities

BGUK aims to achieve capital growth by investing in a concentrated portfolio (30-40 companies) of UK equities, with the aim of providing total returns in excess of the FTSE All-Share Index. The portfolio will predominantly comprise constituents of the FTSE 250 Index, but where appropriate, it may also include constituents of other indices, corporate securities, and actively managed derivatives for efficient portfolio management purposes. BGUK may also invest up to 10% of its net assets in related investment opportunities (at the time of initial investment).

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Having concluded its acquisition of a leading property developer and asset manager, pan-African property company Grit Real Estate Income Group (Grit) has been reborn. Grit 2.0 has a greater and more achievable return target (of between 12% and 15% per annum) thanks to the controlling stake it now owns in Gateway Real Estate Africa (GREA) and its attractive pipeline of net asset value (NAV) accretive, risk-mitigated development projects – most notably diplomatic residences across the continent that are let to the US government.

Grit Real Estate Income Group
Real estate | Update | 27 September 2023

Grit 2.0

Having concluded its acquisition of a leading property developer and asset manager, pan-African property company Grit Real Estate Income Group (Grit) has been reborn. Grit 2.0 has a greater and more achievable return target (of between 12% and 15% per annum) thanks to the controlling stake it now owns in Gateway Real Estate Africa (GREA) and its attractive pipeline of net asset value (NAV) accretive, risk-mitigated development projects – most notably diplomatic residences across the continent that are let to the US government.

Ongoing asset recycling – away from the real and hospitality sectors – has allowed us to reduce debt, while creative reuse of existing residential assets should secure the substantial development pipeline and put a way to ongoing, sustainable returns and growing resident income. A new line of revenue through the income earned from the property asset management business adds further robustness to its earnings and supports its dividend.

17th African real estate

Grit is a pan-African real estate company that invests in and actively manages a diversified portfolio of assets in selected African countries, including South Africa. It aims to deliver strong and sustainable income for shareholders, with the potential for income and capital growth, and target a real shareholder return of between 12% and 15% a year.

Targeting annual returns of between 12% and 15%

Key Metrics:
 Total: £101.1M
 Net asset value: £101.1M
 P/E ratio: 11.4x
 Dividend yield: 1.8%
 Dividend cover: 1.8x

◀ Ecofin US Renewables (RNEW) has been impacted by tornado damage to a substation in Texas, cutting off its wind farm's connection to the local power grid. This is going to act as a temporary constraint on cash flows generated by this particular investment. As we explain on page 4, insurance will cover much of the loss. Nevertheless, the board has prudently reduced the company's dividend for the third and fourth quarter of 2023.

Thanks to the combination of both high-yielding stocks and debt within its portfolio, Henderson High Income (HHI) gives its manager, David Smith, the toolkit he needs to navigate the higher inflationary environment that has dictated the fortunes of the UK stock market. David has greater ability to find investments with sufficient income payments to keep up with rising prices.

◀ Given that abrdn Private Equity Opportunities Trust (APEO) is one of the few ways in which the average investor can access a diverse pool of private equity managers (many smaller investors do not meet the size threshold to invest directly in private equity LP funds), and has produced impressive long-term returns well ahead of comparable equity indices and its peer group average, one might expect its share price to trade close to its net asset value (NAV). However, that is clearly not the case currently. APEO continues to trade on a stubbornly wide discount to NAV of 42.0%, due to investors' fears around valuations or market outlook, both of which may be misplaced.

Pantheon Infrastructure (PINT) is less than two years old and is still adding to its portfolio. The most recent commitment is to Zenobe, a battery storage and electric vehicle fleet specialist. This was in conjunction with Infracapital – see page 5. This follows an investment in GlobalConnect (a pan-Nordic data centre and fibre business), which offers the potential to participate in the growth of demand for data across Northern Europe. It also comes with a well-regarded sponsor in EQT – see page 6.



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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 30/09/23 (%) | Discount 31/08/23 (%) | Change in discount (%) | Median mkt cap 30/09/23 (£m) |
|----------|------------------------------------|----------------------------------|--------------------------|-----------------------|-----------------------|------------------------|------------------------------|
| 1 | Technology & Technology Innovation | 26.8 | 28.3 | (12.3) | (12.2) | (0.2) | 1,893 |
| 2 | Royalties | 24.3 | (2.1) | (28.9) | (47.6) | 18.7 | 675 |
| 3 | India/Indian Subcontinent | 11.7 | 12.3 | (13.2) | (11.6) | (1.6) | 293 |
| 4 | Latin America | 11.7 | 16.2 | (13.7) | (11.8) | (1.9) | 117 |
| 5 | Europe | 9.3 | 7.8 | (11.8) | (9.9) | (1.9) | 392 |
| 6 | Private Equity | 7.9 | (1.7) | (36.4) | (39.3) | 2.9 | 341 |
| 7 | Japan | 6.4 | 3.3 | (8.9) | (7.6) | (1.4) | 258 |
| 8 | Debt - Loans & Bonds | 5.4 | 5.0 | (8.3) | (9.1) | 0.7 | 117 |
| 9 | Asia Pacific Smaller Companies | 3.1 | 7.9 | (12.6) | (12.4) | (0.2) | 366 |
| 10 | Hedge Funds | 1.8 | (2.8) | (11.7) | (12.0) | 0.3 | 70 |
| 11 | UK Equity & Bond Income | 1.4 | 5.5 | (2.5) | (2.5) | (0.0) | 208 |
| 12 | UK All Companies | 1.2 | 2.3 | (13.0) | (14.0) | 1.0 | 192 |
| 13 | Leasing | 1.2 | (1.4) | (42.3) | (43.7) | 1.4 | 141 |
| 14 | Country Specialist | 0.9 | 9.0 | (15.8) | (16.9) | 1.0 | 407 |
| 15 | Japanese Smaller Companies | 0.5 | 2.3 | (7.4) | (8.8) | 1.4 | 166 |
| 16 | Insurance & Reinsurance Strategies | N/A | 9.3 | 11.3 | 11.3 | 0.0 | 33 |
| 17 | Global Emerging Markets | (0.0) | 3.5 | (11.4) | (10.8) | (0.5) | 273 |
| 18 | Global | (0.1) | 5.1 | (10.7) | (11.0) | 0.3 | 934 |
| 19 | UK Equity Income | (0.4) | 2.2 | (5.6) | (7.0) | 1.5 | 308 |
| 20 | Property - Debt | (0.7) | 2.9 | (13.3) | (14.7) | 1.4 | 53 |
| 21 | Environmental | (0.8) | (3.5) | (14.7) | (16.0) | 1.3 | 77 |
| 22 | North America | (0.8) | 3.7 | (12.7) | (12.3) | (0.4) | 420 |
| 23 | Global Smaller Companies | (1.0) | 1.3 | (15.8) | (14.7) | (1.0) | 727 |
| 24 | Global Equity Income | (1.2) | 1.5 | (8.0) | (4.9) | (3.1) | 319 |
| 25 | UK Smaller Companies | (1.5) | (1.4) | (12.3) | (13.2) | 0.8 | 109 |
| 26 | Debt - Structured Finance | (1.5) | 10.5 | (21.4) | (20.9) | (0.5) | 147 |
| 27 | Liquidity Funds | (2.5) | 2.9 | (14.3) | (15.0) | 0.6 | 1 |
| 28 | Flexible Investment | (3.5) | 0.5 | (19.4) | (18.2) | (1.2) | 90 |
| 29 | Asia Pacific Equity Income | (3.9) | (2.1) | (9.2) | (9.5) | 0.3 | 335 |
| 30 | European Smaller Companies | (4.3) | (3.8) | (14.3) | (13.2) | (1.1) | 442 |
| 31 | Growth Capital | (4.3) | 0.0 | (52.9) | (48.7) | (4.1) | 135 |
| 32 | Asia Pacific | (5.0) | (2.9) | (11.5) | (10.0) | (1.4) | 431 |
| 33 | North American Smaller Companies | (5.4) | (1.0) | (14.8) | (14.6) | (0.2) | 183 |

| YTD Rank | Sector | Share price total return YTD (%) | NAV total return YTD (%) | Discount 30/09/23 (%) | Discount 31/08/23 (%) | Change in discount (%) | Median mkt cap 31/08/23 (£m) |
|---------------|-----------------------------------|----------------------------------|--------------------------|-----------------------|-----------------------|------------------------|------------------------------|
| 34 | Biotechnology & Healthcare | (7.5) | (4.5) | (8.0) | (7.8) | (0.2) | 516 |
| 35 | Debt - Direct Lending | (7.5) | 3.8 | (23.8) | (25.3) | 1.5 | 226 |
| 36 | Property - UK Healthcare | (8.3) | 6.9 | (29.2) | (26.4) | (2.8) | 407 |
| 37 | Property - UK Commercial | (9.1) | 3.2 | (26.5) | (28.0) | 1.5 | 194 |
| 38 | Commodities & Natural Resources | (10.7) | (6.4) | (20.1) | (16.9) | (3.2) | 70 |
| 39 | Financials & Financial Innovation | (10.9) | 0.2 | (25.4) | (24.8) | (0.6) | 299 |
| 40 | Property - Rest of World | (11.1) | (6.8) | (57.9) | (59.5) | 1.5 | 30 |
| 41 | Property - Europe | (12.5) | (6.8) | (42.5) | (39.0) | (3.6) | 258 |
| 42 | Infrastructure | (13.6) | 2.9 | (24.4) | (22.8) | (1.6) | 770 |
| 43 | Property - UK Logistics | (15.2) | (9.7) | (32.4) | (27.7) | (4.7) | 518 |
| 44 | Renewable Energy Infrastructure | (17.9) | 2.2 | (24.2) | (22.5) | (1.7) | 352 |
| 45 | Property - UK Residential | (20.3) | 2.1 | (61.3) | (57.0) | (4.3) | 154 |
| 46 | China / Greater China | (20.6) | (17.7) | (12.8) | (11.6) | (1.2) | 195 |
| 48 | Farmland & Forestry | (22.9) | 3.3 | (24.9) | (10.6) | (14.3) | 140 |
| 48 | Infrastructure Securities | (23.5) | (21.1) | (10.0) | (11.4) | 1.4 | 105 |
| MEDIAN | | (12.5) | 0.2 | (24.9) | (24.8) | (1.6) | 226.3 |

Source: Morningstar, Marten & Co

Guide



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