



February 2024

Monthly roundup | Investment companies

Kindly sponsored by abrdn

Winners and losers in January 2024

As with 2023, markets remained beholden to the trajectory of interest rates and inflation in January. Having steadily drifted downwards over the last month of the year, bond yields rose after an unexpected increase in inflation, with the data providing a timely reminder that although rate cuts remain likely in 2024, market pricing for imminent and rapid easing is too aggressive in light of the macro backdrop.

Growth capital led the best performers list thanks to a dramatic surge in Seraphim Space Investment Trust, which was up 49.4%. The rally appeared to be driven by portfolio company, AST SpaceMobile, which received a strategic investment from AT&T, Google, and Vodafone, worth around \$155m. The trust also noted a positive update on its investment in HawkEye 360 relating to its exposure to the defence industry.

The technology & technology innovation sector was also up strongly as the NASDAQ-100 printed a fresh all time high thanks to the ongoing outperformance of US large cap tech. Interestingly, this came despite rising treasury yields which have traditionally acted as a handbrake for the sector, with the price action reminiscent of the post-recession expansion experienced after the GFC, and the period leading up to the dot com bust.

The Japanese market continues to rally after a strong 2023 where the Nikkei 225 returned more than 28%. January's performance was catalysed by a more dovish policy outlook, while longer term, a combination of sustained inflation, corporate reforms and relatively low valuations has seen a considerable increase in investment.

After a dramatic fall over the back half of 2023, hotter than expected inflation data in January has helped stabilise the leasing and structured finance sectors which stand to benefit from elevated interest rates.

Best performing sectors in January 2024 by total price return

| | Median share price total return (%) | Median NAV total return (%) | Median discount 31/01/24 (%) | Median sector market cap 31/01/24 (£m) | Number of companies in the sector |
|---|-------------------------------------|-----------------------------|------------------------------|--|-----------------------------------|
| Growth capital | 4.4 | 0.0 | (43.6) | 121.9 | 7 |
| Technology & technology innovation | 4.3 | 4.9 | (10.2) | 2259.4 | 2 |
| Leasing | 2.8 | 0.1 | (37.8) | 127.3 | 7 |
| Japan | 2.8 | 3.2 | (10.5) | 286.8 | 5 |
| Debt - structured finance | 2.2 | 0.1 | (13.4) | 153.0 | 6D |

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

China was again the worst performing sector in January as it continues to be bogged down by its overburden property and regional banking sectors, heavy handed tech regulation, and stagnant domestic demand. The economy is battling deflation, and the lack of a cohesive monetary response has weighed heavily on performance. China's ongoing struggles have also had a considerable flow on effect with trade partners, including those in the Asia Pacific region, struggling with falling demand. A rising US dollar index has further compounded the issue. The remaining worst performers list is made up of rate sensitive sectors hurt by rising yields and a more hawkish policy outlook.

Worst performing sectors in January 2024 by total price return

| | Median share price total return (%) | Median NAV total return (%) | Median discount 31/01/24 (%) | Median sector market cap 31/01/24 (£m) | Number of companies in the sector |
|-----------------------------------|-------------------------------------|-----------------------------|------------------------------|--|-----------------------------------|
| China / greater China | (9.9) | (13.3) | (6.2) | 165.2 | 4 |
| Renewable energy infrastructure | (4.6) | 0.0 | (22.3) | 313.8 | 22 |
| Financials & financial innovation | (4.2) | 0.7 | (23.3) | 319.6 | 2 |
| Asia Pacific | (4.1) | (3.3) | (10.2) | 487.3 | 5 |
| Infrastructure securities | (3.9) | (8.7) | (10.6) | 103.5 | 2 |

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

Best performing companies

Looking now at the best performing companies, Geiger Counter led the way, up 16% during the month thanks to soaring uranium prices as the nuclear renaissance gathers steam. Geopolitical concerns have also contributed to the rally with governments investing heavily in nuclear infrastructure and raw materials to reduce exposure to Russia which controls a considerable amount of the world's supply chain.

Manchester & London was up strongly with more than 50% of its portfolio spread across two companies, Microsoft and NVIDIA which have been at the forefront of the ongoing AI revolution. This continued its rapid ascent in January, led by NVIDIA which was up 28%, and is up a whopping 229% over the past 12 months. Allianz Technology benefited from similar tailwinds. As noted above, the Doric Nimrod and Marble Point funds saw positive returns thanks to the rebound in bond yields, while CC Japan and Schroder Japan rallied on the back of outperformance from the Japanese market. The bulk of the Henderson fund's outperformance was driven by its largest holding, Taiwan Semiconductor, which bounced strongly following a positive earnings update. The announcement continuing a period of solid growth for TSCM which has previously battled geopolitical concerns in addition to oversupply issues in the cyclical semiconductor sector.

In terms of share price movements, Seraphim Space was the best performer while leasing company Tufton Oceanic and structured financing provider Marble Point Loan financing also featured, benefiting from the stabilisation in bond yields discussed above. Foresight Sustainable Forestry was also up strongly as land prices have begun to recover following a steady decline over the past year.

Shares in Aseana Properties jumped following the announcement that the company had settled a court case relating to the non-payment of various debts by the parent company of its former development manager. The Barings EMEA trust bounced strongly following a positive portfolio update, however shares remain deeply depressed, down 31% over the past five years. Shares in BioPharma Credit rallied after an announcement that it will recover more than 80% of its loan to US diagnostics firm LumiraDx following the sale of its main assets to Roche. Shares in Baker Steel were up following an announcement that portfolio company Futura was opening a new coal mine. Sentiment in the trust has improved recently after a challenging 2023 where shares fell 48% due to slowing materials demand, a strong dollar, and the ongoing struggles in China, the world's largest consumer of commodities. abrdn Private Equity Opportunities fund responded strongly to the announcement of a buyback programme following the sale of its €34.6m stake in European supermarket group, Action.

Best performing funds in total NAV (LHS) and share price (RHS) terms over January 2024

| Fund | Sector | (%) | Fund | Sector | (%) |
|-----------------------------------|------------------------------------|------|-------------------------------------|---------------------------------|------|
| Geiger Counter | Commodities & natural resources | 16.6 | Seraphim Space Investment Trust | Growth capital | 49.4 |
| Manchester & London | Global | 14.3 | Foresight Sustainable Forestry | Farmland & forestry | 27.0 |
| Doric Nimrod Air Three | Leasing | 5.6 | Aseana Properties | Property - rest of world | 17.8 |
| Allianz Technology Trust | Technology & technology innovation | 5.4 | Geiger Counter | Commodities & natural resources | 14.1 |
| Henderson Far East Income | Asia Pacific equity income | 5.4 | Barings Emerging EMEA Opportunities | Global emerging markets | 12.1 |
| CC Japan Income & Growth | Japan | 5.4 | BioPharma Credit | Debt - direct lending | 11.1 |
| Schroder Japan Trust | Japan | 4.7 | Baker Steel Resources | Commodities & natural resources | 10.6 |
| International Biotechnology | Biotechnology & healthcare | 4.5 | Tufton Oceanic Assets | Leasing | 9.3 |
| River and Mercantile UK Micro Cap | UK smaller companies | 4.5 | Marble Point Loan Financing | Debt - structured finance | 9.3 |
| Marble Point Loan Financing | Debt - structured finance | 4.4 | abrdn Private Equity Opportunities | Private equity | 9.0 |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/24

Worst performing companies

The worst performing funds were a clear reflection of the dominant themes noted on page 1, with the bulk of the list consisting of companies exposed to the ongoing struggles in China, either directly, or through reduced commodity demand. This included Weiss Korea – the Korean market was particularly weak in January – and Invesco Asia.

The rebound in inflation which drove an increase in bond yields also weighed on the commodities sector, driving the dollar higher while tighter financial conditions impacted the infrastructure (Premier Miton Global Renewables) and the smaller companies sectors. The gold price was a little weaker, which may have weighed on Golden Prospect.

It was a similar story in terms of share price movements, with capital intensive sectors such as renewable energy infrastructure and property bearing the brunt of the sell-off. Compounding these issues were trading updates from the two-battery storage funds, Gresham House and Harmony Energy, both of which cut dividend payments citing policy bottle necks and low utilisation of batteries by National Grid. Gore Street Energy Storage was dragged down too despite its protests that it is relatively much less affected by these issues. LMS Capital's shares are down almost 40% over the last year and have continued to slide in January following an announcement that a receiver has been appointed to one of its investee company projects, the Mayfair development, due to sales which have been slower than expected. It is not clear what drove the fall in Gabelli Merger Plus, however, the trust trades on very thin volume which may have contributed.

Custodian Property Income REIT announced that it had agreed to a merger with the abrdn Property Income Trust and it may be that arbitrageurs selling one to buy the other drove down its share price. Digital 9 Infrastructure's woes are deepening. It announced a managed wind down during January. There is no obvious reason for the fall in SDCL Energy Efficiency's share price – we interviewed the co-manager during the month if you'd like to know more about it.

Worst performing funds in total NAV (LHS) and share price (RHS) terms over January 2024

| Fund | Sector | (%) | Fund | Sector | (%) |
|------------------------------------|---------------------------------|--------|---------------------------------|---------------------------------|--------|
| Fidelity China Special | China / greater China | (13.6) | Gresham House Energy Storage | Renewable energy infrastructure | (46.8) |
| Baillie Gifford China Growth Trust | China / greater China | (13.3) | Harmony Energy Income Trust | Renewable energy infrastructure | (29.0) |
| JPMorgan China Growth & Income | China / greater China | (13.2) | LMS Capital | Private equity | (23.3) |
| Premier Miton Glb Renewables Trust | Infrastructure securities | (13.1) | Gore Street Energy Storage Fund | Renewable energy infrastructure | (21.4) |
| abrdn China Investment | China / greater China | (12.5) | Gabelli Merger Plus+ Trust | Hedge funds | (17.6) |
| Golden Prospect Precious Metal | Commodities & natural resources | (7.8) | Custodian Property Income REIT | Property - UK commercial | (16.5) |
| Edinburgh Worldwide | Global smaller companies | (7.7) | Digital 9 Infrastructure | Infrastructure | (16.3) |
| BlackRock World Mining Trust | Commodities & natural resources | (7.6) | SDCL Energy Efficiency Income | Renewable energy infrastructure | (16.0) |
| Weiss Korea Opportunity | Country specialist | (7.6) | Regional REIT | Property - UK commercial | (15.3) |
| Invesco Asia | Asia Pacific equity income | (6.9) | Residential Secure Income | Property - UK residential | (13.9) |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/24

Moves in discounts and premiums

More expensive (LHS) and cheaper (RHS) relative to NAV over January 2024

| Fund | Sector | Disc/ Prem 31/12/23 (%) | Disc/ Prem 31/01/24 (%) | Fund | Sector | Disc/ Prem 31/12/23 (%) | Disc/ Prem 31/01/24 (%) |
|-------------------------------------|---------------------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Seraphim Space Investment Trust | Growth capital | (64.4) | (46.7) | Gresham House Energy Storage | Renewable energy infrastructure | (25.4) | (60.5) |
| Foresight Sustainable Forestry | Farmland & forestry | (38.0) | (21.2) | Harmony Energy Income Trust | Renewable energy infrastructure | (31.0) | (51.3) |
| BioPharma Credit | Debt - direct lending | (15.2) | (6.4) | Gore Street Energy Storage Fund | Renewable energy infrastructure | (20.1) | (37.6) |
| Marble Point Loan Financing | Debt - structured finance | (2.2) | 5.2 | Custodian Property Income REIT | Property - UK commercial | (10.3) | (25.7) |
| Barings Emerging EMEA Opportunities | Global emerging markets | (26.5) | (19.1) | Gabelli Merger Plus+ Trust | Hedge funds | (15.1) | (29.5) |

Source: Morningstar, Marten & Co

We have discussed all of these funds already. In an effort to tackle its discount, Gabelli Merger Plus+ announced a 12 cent dividend and small buyback – equivalent to 5% of the shares held by minority investors – at the end of the month.

Money raised and returned

The market for new shares remains subdued, and it was a case of the usual suspects once again in January with JPMorgan Global Growth & Income leading the way. In terms of money being returned to investors, the European Opportunities Trust announced that it had brought back 25% of its outstanding shares following its tender offer. India Capital Growth handed back £26.2m to shareholders in respect of its end 2023 redemption facility, but has issued some stock since.

Money raised (LHS) and returned (RHS) over January 2024 in £m

| Fund | Sector | £m raised | Fund | Sector | £m returned |
|---------------------------------|---------------------------|-----------|------------------------------|---------------------------|-------------|
| JPMorgan Global Growth & Income | Global equity income | 37.2 | European Opportunities Trust | Europe | 221.0 |
| Ashoka India Equity Investment | India/Indian subcontinent | 10.2 | Pershing Square Holdings | North America | 50.2 |
| Merchants Trust | UK equity income | 2.7 | Finsbury Growth & Income | UK equity income | 30.3 |
| Odysean Investment Trust | UK smaller companies | 2.5 | BioPharma Credit | Debt - direct lending | 26.5 |
| CQS New City High Yield | Debt - loans & bonds | 2.0 | India Capital Growth | India/Indian subcontinent | 25.8 |

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/24. Note: based on the approximate value of shares at 31/01/24

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:

- Hipgnosis Songs Fund EGM – 07/02/24
- HydrogenOne Capital Growth shareholder presentation – 07/02/24
- Polar Capital Global Healthcare AGM – 08/02/24
- UK Commercial Property REIT shareholder presentation - 08/02/24
- JPMorgan UK Smaller Companies EGM 12/02/24
- JPMorgan Indian AGM -13/02.24
- GCP Infrastructure Investments AGM – 14/02/24
- JPMorgan Asia Growth and Income AGM – 15/02/24
- Residential Secure Income REIT AGM 2024 – 19/02/24
- Temple Bar Investment Trust shareholder presentation 2024 – 20/02/24
- abrdn Equity Income AGM 2024 – 20/02/24
- Foresight Sustainable Forestry AGM 2024 – 21/02/24
- Bankers AGM 2024 – 22/02/24
- Marble Point Loan Financing EGM – 23/02/24
- Custodian Property Income REIT EGM 2024 – 27/02/24
- abrdn Diversified Income & Growth AGM 2024 – 27/02/24
- International Public Partnerships capital markets day – 27/02/24
- Asia Energy Impact EGM – 27/02/24
- The Renewables Infrastructure Group results presentation February 2024 – 28/02/24
- Home REIT AGM 2024 – 29/02/24
- Master Investor Show – 09/03/24

Major news stories and QuotedData views over January 2024

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

Portfolio developments

- BioPharma Credit provides update on LumiraDX loan
- abrdn Diversified Income and Growth begins wind down
- Alliance Trust monitoring the situation at Jupiter
- Tufton Oceanic sells two vessels
- OCI announces investment in Steer Automotive Group
- Income focused Bankers missed out on five of the magnificent seven
- Downing Renewables and Infrastructure announces acquisition of its first Icelandic asset
- Asian Energy Impact Trust provides results updates
- Klarna IPO excitement lifts Chrysalis
- Smithson outperforms but hopes for greater absolute performance in the future
- Chrysalis reports quarterly NAV growth and a modest share price rise
- Optimistic outlook for abrdn Private Equity Opportunities trust

Corporate news

- Maggie Fanari becomes CEO of J Rothschild Capital Management
- Sizeable proportion of Henderson Diversified shareholders opt for HHI shares
- Atrato Onsite looking for ways to grow, maybe alongside strategic investors
- NB Private Equity sets out approach to asset allocation
- Hipgnosis dangles £20m carrot for prospective bidders
- RTW comes closer to acquiring Arix's assets
- Hipgnosis Songs Fund provides strategic review update
- Proposed merger of JPMorgan Multi-Asset Growth & Income and Global Growth & Income funds
- Bluefield Solar progresses deal with GLIL Infrastructure
- abrdn Private equity Opportunities launching buyback programme
- Digital 9 Infrastructure announces wind down
- GCP Asset Backed Income updates on strategic review
- Results of European Opportunities Trust's tender offer

Property news

- Letting success for Tritax EuroBox in Sweden
- LXI and LMP agree on merger terms
- Balanced Commercial Property Trust sells trio of offices for £42.8m
- Home REIT replaces chairman
- Custodian Property Income REIT to merge with abrdn Property Income Trust
- Grit Real Estate sells assets to fund US-embassy-let diplomatic housing developments

QuotedData views

- Our analysts' top picks for 2024
- Industry gets behind demand for change on cost disclosures
- Should I stay or should I go?
- The REIT entry point
- So long MATE

Interviews

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

| Friday | The news show | Special Guest | Topic |
|-------------|-----------------|------------------|---------------------------------|
| 6 October | ORIT, PSH, RGL | Alan Gauld | abrdn Private Equity |
| 13 October | EOT, GSF, CHRY | James de Uphaug | Edinburgh Investment Trust |
| 20 October | SONG, SYNC | Tom Williams | Downing Renewables |
| 27 October | UKW, SONG, ADIG | Richard Sem | Pantheon Infrastructure |
| 3 November | ARIX, RWT | Minesh Shah | Renewables Infrastructure Group |
| 10 November | PCTN, DSM | Craig Martin | Vietnam Holding |
| 17 November | JMF, JMI | Joe Bauernfreund | AVI Global Trust |

| Friday | The news show | Special Guest | Topic |
|-------------|--|------------------|---------------------------------------|
| 24 November | NESF, SRE, UKCM, PCTN | Ben Green | Supermarket Income REIT |
| 1 December | ACIC, FCSS, TIGT, STS, VNH, DGI9 | Charles Luke | Murray Income |
| 8 December | CHRY, BEMO, RNEW | Joe Bauernfreund | AVI Japan Opportunity |
| Friday | The news show | Special Guest | Topic |
| 5 January | EBOX, GCP, HHI, MATE, MTE, PCT, PINT, THRG, VNH, BSIF, CHRY, EGL | Andrew McHattie | Review of 2023 |
| 12 January | ROOF, LXI, LMP | Tim Levene | Augmentum Fintech |
| 19 January | BNKR, SONG, API, CREI | Purvi Sapre | SDCL Energy Efficiency Income Trust |
| 26 January | AEIT, APEO, MATE | Nick Montgomery | Schroder Real Estate Investment Trust |
| 2 February | DGI9, GRID, HEIT | Ross Grier | NextEnergy Capital |
| 9 February | PSH, GSF, DGI9 | Kartik Kumar | Artemis Alpha Trust |
| | | Coming up | |
| 16 February | | Richard Hulf | HydrogenOne Capital Growth |
| 23 February | | Gurpreet Gujral | Atrato Onsite Energy |

Research

Chrysalis Investments (CHRY) seems to have turned a corner. The welcome 6.5% jump in the NAV over the final quarter of 2023 (see page 11), encouraging news from many portfolio companies, an NAV enhancing (but unnamed) disposal in the works (see page 6), and the prospects of a more supportive interest rate environment all help underscore the trust's attractions. We expect that shareholders will be happy to support the continuation vote scheduled for the AGM in March.

There is no doubt that 2023 was a challenging year for GCP and the broader infrastructure sector as a confluence of factors weighed on performance, particularly the rapid increase in interest rates. Despite this, the company was still able to generate positive NAV returns thanks to inflation linkages and contracted earnings, which helped offset the impact of rising discount rates. Disappointingly, negative sentiment continued to weigh on the company's shares, with the share price discount to net asset value (NAV) widening to a record low, despite the stability of the underlying portfolio.

QuotedData
BY MARTEN & CO

INVESTOR

Gulf Investment Fund

Investment Committee | Annual Review | 22 January 2024

In good hands

Gulf Investment Fund (GIF) has demonstrated an ability to be one of the best-performing strategies focusing on the Gulf region, as illustrated by its net asset value (NAV) outperformance and its ability to generate satisfactory returns in a measurement of manager skills. The team has recently expanded into the healthcare sector, which has benefited from both government initiatives and the growing wealth of the GCC consumer. GIF is also benefiting from the success of local financial institutions, which reflects the increasing mass affluence of the region.

John Jose stepped down at the end of last year as GIF's portfolio manager and has been replaced by Dany Zy, who was previously the assistant portfolio manager. Dany has worked with John for the past 10 years so there is every reason to expect this transition to be smooth. The case that GIF is currently trading at a large discount to NAV (2.2%), versus a long history of trading at a premium rating, so this could well make it an attractive entry point.

Exposure to growth within the GCC economy

GIF aims to capture the opportunities for growth offered by the GCC economies of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE) by investing in listed or non-listed companies of one of the GCC countries.

Focus from GIF's accounts, net asset value (NAV) and share price are all maintained in US dollars, as is the performance data in this note. The strength of the dollar relative to the other major currencies will continue to have an influence on GIF's returns.

| Ratio | Performance |
|----------------|-------------|
| Price | 897.1% |
| Price-earnings | 1.0% |
| Price | 1.1% |
| Price | 2.2% |
| Price-earnings | 12.8% |
| Price | 1.2% |

Key points:

- GIF has continued to demonstrate growth over performance.
- GIF is amongst the highest alpha generators (strongly outperforming its wider peer group).
- GIF benefits from opportunities within the GCC region, as well as its advantages relative to the wider global economy.

AB: Marten & Co. is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company". The Company is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company". The Company is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company".

← Gulf Investment Fund (GIF) has demonstrated an ability to be one of the best-performing strategies focusing on the Gulf region, as illustrated by its **net asset value (NAV)** outperformance and its ability to generate sector-leading **alpha** (a measurement of manager skill). The team has recently expanded into the healthcare sector, which has benefitted from both government initiatives and the growing wealth of the **GCC** consumer. GIF is also benefitting from the success of local financial institutions, which reflects the increasing mass affluence of the region.

Over the past 12 months, Ecofin Global Utilities and Infrastructure (EGL), along with the broader utilities and infrastructure sector, has been at the mercy of broader **macro-economic** conditions. However, its recent performance in no way diminishes the long-term opportunity that exists for the fund, which should become more apparent as **interest rates** retreat from their highs. The company maintains exposure to a suite of investments that stand to benefit from an ever-growing list of tailwinds as global decarbonisation and electrification trends gather momentum.

QuotedData
BY MARTEN & CO

INVESTOR

Ecofin Global Utilities and Infrastructure Trust

Investment Committee | Annual Review | 22 January 2024

Strong outlook as macro gloom lifts

Over the past 12 months, Ecofin Global Utilities and Infrastructure (EGL) along with the broader utilities and infrastructure sector, has been at the mercy of broader macro-economic conditions. However, its recent performance in no way diminishes the long-term opportunity that exists for the fund, which should become more apparent as interest rates retreat from their highs.

The company maintains exposure to a suite of investments that stand to benefit from an ever-growing list of tailwinds as global decarbonisation and electrification trends gather momentum. Earnings growth within the portfolio has remained strong, while infrastructure ratings have shown a reduction of some stocks down to historical levels, providing an excellent arbitrage opportunity for long-term investors.

Disrupted markets, utilities and other economic infrastructure exposure

EGL seeks to provide a high, secure, consistent and stable long-term growth, while being able to preserve shareholders' capital. It invests primarily in the utility and infrastructure sectors in Europe, North America and other developed G7 countries. It targets a dividend yield of 4% or more on its net assets, paid quarterly, and can use property development and disposals to increase its return.

Key points:

- The current sell-off appears to be detached from the fundamental realities.
- EGL's ability to discount holdings is a strength of almost 20%, the company's true investment performance.
- The business model of utility and infrastructure is highly resilient to a world which is undergoing profound decarbonisation.

AB: Marten & Co. is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company". The Company is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company".

QuotedData
BY MARTEN & CO

INVESTOR

JPMorgan Japanese Investment Trust

Investment Committee | Update | 17 January 2024

Are we there yet?

Optimism driven by rapidly developing corporate governance reforms, a divergent economy cycle, and accommodative interest rates, a dramatic rally in benchmark Japanese indices over 2023, with the TOPIX index (the Tokyo Stock Price Index) climbing to its highest level in more than 30 years. With the rally driven by more value-focused sectors of the market, returns for the JPMorgan Japanese Investment Trust (JFJ) failed to keep pace for much of the year due to a portfolio more targeted towards high-quality growth stocks (generally speaking, for JFJ, this means companies with strong franchises, balance sheets and cash-flow generation, which have the potential to compound earnings over the long term). While many of these companies have been out of favour, as do not see that as a significant negative for investors given the alignment of the portfolio towards a range of long-running themes. Following its December sell-off, we have a strong case for many of these sectors, with the JFJ portfolio up strongly.

Many of these companies continue to trade on increasingly attractive valuations, and the manager has the right to sacrifice some short-term performance for the opportunity to achieve significant upside down the track.

Capital growth from Japanese equities

JFJ aims to produce capital growth from a portfolio of Japanese equities and will continue to do so, given the portfolio's ability to benefit from the range of 2% net cash to 20% premium on normal market conditions.

| Ratio | Value |
|----------------|-------|
| Price | 1.1% |
| Price-earnings | 8.9% |
| Price | 1.1% |
| Price | 1.1% |
| Price-earnings | 8.9% |
| Price | 1.1% |

Key points:

- The TOPIX index climbed to a 30-year high up 20% in just three weeks over 2023.
- The Japanese economy needs to benefit from the ongoing capital recovery following the lifting of its pandemic restrictions.
- The manager has the right to sacrifice some short-term performance for the opportunity to achieve significant upside down the track.

AB: Marten & Co. is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company". The Company is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company".

← Optimism driven by rapidly developing corporate governance reforms, a divergent economy cycle, and still-negative interest rates saw a dramatic rally in benchmark Japanese indices over 2023, with the TOPIX index (the Tokyo Stock Price Index) climbing to its highest level in more than 30 years. With the rally driven by more value-focused sectors of the market, returns for the JPMorgan Japanese Investment Trust (JFJ) failed to keep pace for much of the year due to a portfolio more targeted towards high-quality growth stocks (generally speaking, for JFJ, this means companies with strong franchises, balance sheets and cash-flow generation, which have the potential to compound earnings over the long term).

If an inflexion point in the interest rates cycle has been reached, as seems to be the case, Urban Logistics REIT (SHED) is a compelling proposition. Valuations have stabilised – as evidenced by a 0.2% uplift in the value of SHED's portfolio in the six months to September 2023 – while the company has substantial **reversion** baked into its portfolio (reversion is the rental growth potential of the portfolio, being the difference between current portfolio rents and the **estimated rental value** of the portfolio).

QuotedData
BY MARTEN & CO

INVESTOR

Urban Logistics REIT

REIT | Annual Review | 16 January 2024

A re-rating candidate

If an inflexion point in the interest rates cycle has been reached, as seems to be the case, Urban Logistics REIT (SHED) is a compelling proposition. Valuations have stabilised – as evidenced by a 0.2% uplift in the value of SHED's portfolio in the six months to September 2023 – while the company has substantial reversion baked into its portfolio (reversion is the rental growth potential of the portfolio, being the difference between current portfolio rents and the estimated rental value of the portfolio).

Key points:

- SHED's manager has an excellent track record of creating value through asset management initiatives. It has a solid track record to be a fund for the company as it builds on the success of maintenance events that resulted in a 0.2% uplift in value. Closing of the mid-year, expansion of the light rail will show strong rental growth in the near, and finally and second characteristics remain favourable as given as an advantage over both the wider real estate sector and some of its closest peers.
- SHED's current dividend yield stands at 2.2%, which is both competitive and highly attractive, especially if the real estate is viewed as a long-term investment.
- Substantial rental growth on offer in the portfolio.
- Revised rent plans seem to have been received, which should benefit property values.

AB: Marten & Co. is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company". The Company is a member of the team of JPMorgan Chase & Co. (JPMorgan Chase Bank, N.A.) and its subsidiaries, which are collectively referred to as the "Company".



◀ Polar Capital Technology's (PCT's) manager Ben Rogoff's conviction levels on the potential of artificial intelligence (AI) have risen, reflecting the all-encompassing possibilities of the technology. His bullishness is displayed in the make-up of PCT's portfolio, which is weighted almost 80% towards stocks that he believes are AI beneficiaries or enablers. The potential for huge productivity gains – which could boost global GDP by 7%, according to Goldman Sachs – and few barriers to mass adoption puts the technology sector at a profound moment in time, with corporate spend on AI set to rocket. While the mega-cap technology stocks outperformed in 2023, Ben expects a broadening of performance among mid- and small-cap AI beneficiaries this year. PCT's active management style (trying to beat the benchmark through asset allocation) could prove valuable after several challenging years.

Invest in good company

abrdn Investment Trusts

We believe there's no substitute for getting to know your investments first hand. That's why we look to analyse and speak to companies intensively before we invest in their shares and while we hold them.

Focusing on first-hand company research requires a lot of time and resources. But it's just one of the ways we aim to seek out the best investment opportunities on your behalf.

Please remember, the value of shares and the income from them can go down as well as up and you may get back less than the amount invested.

Request a brochure: 0808 500 4000

invtrusts.co.uk

Issued by Aberdeen Asset Managers Limited, registered in Scotland (SC108419) at 10 Queen's Terrace, Aberdeen, AB10 1XL, authorised and regulated in the UK by the Financial Conduct Authority. Please quote MARTEN.

Appendix 1 – median performance by sector, ranked by 2024 year to date price total return

| YTD Rank | Sector | Share price total return YTD (%) | NAV total return YTD (%) | Discount 31/01/23 (%) | Discount 31/01/24 (%) | Change in discount (%) | Median mkt cap 31/01/24 (£m) |
|----------|------------------------------------|----------------------------------|--------------------------|-----------------------|-----------------------|------------------------|------------------------------|
| 1 | Growth Capital | 4.4 | 0.0 | (45.8) | (43.6) | 2.2 | 121,920,072 |
| 2 | Technology & Technology Innovation | 4.3 | 4.9 | (9.6) | (10.2) | (0.6) | 2,259,431,407 |
| 3 | Leasing | 2.8 | 0.1 | (37.1) | (37.8) | (0.7) | 127,333,832 |
| 4 | Japan | 2.8 | 3.2 | (9.5) | (10.5) | (1.0) | 286,825,028 |
| 5 | Debt - Structured Finance | 2.2 | 0.1 | (16.4) | (13.4) | 3.1 | 153,023,947 |
| 6 | Liquidity Funds | 1.9 | 0.5 | (7.0) | (5.7) | 1.3 | 1,396,330 |
| 7 | India/Indian Subcontinent | 1.2 | 1.4 | (9.9) | (16.5) | (6.6) | 334,770,630 |
| 8 | Biotechnology & Healthcare | 1.2 | 1.1 | (9.7) | (9.5) | 0.2 | 507,658,122 |
| 9 | Insurance & Reinsurance Strategies | 1.0 | 0.1 | 1.0 | 1.7 | 0.7 | 34,137,949 |
| 10 | Country Specialist | 0.9 | 1.7 | (12.8) | (12.4) | 0.4 | 405,261,970 |
| 11 | Debt - Loans & Bonds | 0.9 | 1.9 | (7.5) | (5.7) | 1.8 | 103,358,922 |
| 12 | UK Equity & Bond Income | 0.6 | (0.3) | (7.7) | (7.1) | 0.6 | 271,123,178 |
| 13 | Property - Debt | 0.6 | 0.0 | (11.8) | (13.8) | (2.0) | 48,398,977 |
| 14 | Global | 0.5 | 1.1 | (8.4) | (9.6) | (1.2) | 1,027,389,176 |
| 15 | North America | 0.3 | 0.3 | (11.7) | (12.0) | (0.3) | 471,458,818 |
| 16 | Debt - Direct Lending | 0.2 | 0.0 | (21.6) | (18.7) | 2.9 | 170,583,428 |
| 17 | Europe | 0.1 | 1.1 | (10.4) | (11.0) | (0.6) | 422,365,068 |
| 18 | Hedge Funds | 0.1 | (0.4) | (15.1) | (13.2) | 1.9 | 88,852,678 |
| 19 | Flexible Investment | 0.0 | 0.0 | (15.1) | (11.2) | 3.9 | 86,134,355 |
| 20 | Global Equity Income | 0.0 | (0.3) | (1.8) | (5.6) | (3.9) | 311,606,158 |
| 21 | Property - Rest of World | 0.0 | 0.0 | (68.0) | (68.0) | 0.0 | 22,755,550 |
| 22 | Global Emerging Markets | (0.2) | (0.7) | (12.0) | (11.4) | 0.6 | 212,728,618 |
| 23 | Property - Europe | (0.3) | 0.0 | (37.0) | (37.7) | (0.6) | 240,297,650 |
| 24 | Private Equity | (0.5) | 0.0 | (36.0) | (34.1) | 1.9 | 478,481,911 |
| 25 | UK All Companies | (0.8) | (0.6) | (10.7) | (13.1) | (2.4) | 198,800,393 |
| 26 | Global Smaller Companies | (1.0) | (0.7) | (13.4) | (12.8) | 0.6 | 745,529,283 |
| 27 | Property - UK Residential | (1.2) | 0.0 | (55.4) | (59.1) | (3.7) | 161,726,955 |
| 28 | Japanese Smaller Companies | (1.3) | (1.2) | (8.6) | (8.0) | 0.6 | 241,905,777 |
| 29 | UK Smaller Companies | (1.5) | 0.0 | (10.4) | (12.7) | (2.3) | 128,589,952 |
| 30 | Environmental | (1.5) | (3.4) | (19.7) | (18.0) | 1.7 | 81,000,626 |
| 31 | North American Smaller Companies | (1.5) | (2.4) | (9.7) | (8.8) | 0.8 | 202,996,377 |
| 32 | Property - UK Logistics | (1.6) | 0.0 | (20.9) | (22.4) | (1.6) | 591,857,165 |
| 33 | UK Equity Income | (1.9) | (1.6) | (6.3) | (6.0) | 0.3 | 313,097,687 |
| 34 | European Smaller Companies | (2.2) | (1.6) | (12.2) | (12.2) | 0.1 | 474,172,989 |

| YTD Rank | Sector | Share price total return YTD (%) | NAV total return YTD (%) | Discount 31/12/23 (%) | Discount 31/01/24 (%) | Change in discount (%) | Median mkt cap 31/01/24 (£m) |
|---------------|-----------------------------------|----------------------------------|--------------------------|-----------------------|-----------------------|------------------------|------------------------------|
| 35 | Property - UK Commercial | (2.8) | 0.0 | (18.8) | (25.7) | (6.9) | 209,289,218 |
| 36 | Asia Pacific Smaller Companies | (3.0) | (3.0) | (12.6) | (8.8) | 3.8 | 352,722,234 |
| 37 | Infrastructure | (3.2) | 0.0 | (16.8) | (19.4) | (2.6) | 791,223,439 |
| 38 | Asia Pacific Equity Income | (3.7) | (3.6) | (9.2) | (9.2) | 0.0 | 328,023,752 |
| 39 | Property - UK Healthcare | (3.8) | 0.0 | (22.8) | (26.2) | (3.3) | 437,643,392 |
| 40 | Infrastructure Securities | (3.9) | (8.7) | (14.9) | (10.6) | 4.3 | 103,513,570 |
| 41 | Asia Pacific | (4.1) | (3.3) | (10.2) | (10.2) | 0.1 | 487,306,954 |
| 42 | Royalties | (4.2) | 0.0 | (49.1) | (51.3) | (2.2) | 834,357,857 |
| 43 | Financials & Financial Innovation | (4.2) | 0.7 | (20.0) | (23.3) | (3.3) | 319,626,400 |
| 44 | Renewable Energy Infrastructure | (4.6) | 0.0 | (22.8) | (22.3) | 0.5 | 313,836,911 |
| 45 | Latin America | (7.6) | (5.9) | (11.6) | (12.1) | (0.6) | 119,855,969 |
| 46 | China / Greater China | (9.9) | (13.3) | (9.6) | (6.2) | 3.3 | 165,152,707 |
| 47 | Farmland & Forestry | 27.0 | 0.0 | (38.0) | (21.2) | 16.8 | 133,343,458 |
| 48 | Commodities & Natural Resources | NA | 0.0 | (19.5) | (20.0) | (0.6) | 80,647,491 |
| MEDIAN | | (0.3) | 0.0 | (12.2) | (12.4) | 0.1 | 241,905,777 |

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.



IMPORTANT INFORMATION

This note was prepared by Marten & Co (which is authorised and regulated by the Financial Conduct Authority).

This note is for information purposes only and is not intended to encourage the reader to deal in the security or securities mentioned within it.

Marten & Co is not authorised to give advice to

retail clients. The note does not have regard to the specific investment objectives, financial situation and needs of any specific person who may receive it.

Marten & Co may have or may be seeking a contractual relationship with any of the securities mentioned within the note for activities including the provision of sponsored

research, investor access or fundraising services.

This note has been compiled from publicly available information. This note is not directed at any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the publication or availability of this note is prohibited.

Accuracy of Content: Whilst Marten & Co uses reasonable efforts to obtain information from sources which we believe to be reliable and to ensure that the information in this note is up to date and accurate, we make no representation or warranty that the information contained in this note is accurate, reliable or complete. The information contained in this note is provided by Marten & Co for personal use and information purposes generally. You are solely liable for any use you may make of this information. The information is inherently subject to change without notice and may become outdated. You, therefore, should verify any information obtained from this note before you use it.

No Advice: Nothing contained in this note constitutes or should be construed to constitute investment, legal, tax or other advice.

No Representation or Warranty: No representation, warranty or guarantee of any kind, express or implied is given by Marten & Co in respect of any information contained in this note.

Exclusion of Liability: To the fullest extent allowed by law, Marten & Co shall not be liable for any direct or indirect losses, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained in this note. In no circumstance shall Marten & Co and its employees have any liability for consequential or special damages.

Governing Law and Jurisdiction: These terms and conditions and all matters connected with them, are governed by the laws of England and Wales and shall be subject to the exclusive jurisdiction of the English courts. If you access this note from outside the UK, you are responsible for ensuring compliance with any local laws relating to access.

No information contained in this note shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

Investment Performance Information: Please remember that past performance is not necessarily a guide to the future and that the value of shares and the income from them can go down as well as up. Exchange rates may also cause the value of underlying overseas investments to go down as well as up. Marten & Co may write on companies that use gearing in a number of forms that can increase volatility and, in some cases, to a complete loss of an investment.

QuotedData is a trading name of Marten & Co, which is authorised and regulated by the Financial Conduct Authority.

**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)

Nick Potts (np@quoteddata.com)

Veronica Cappelli (vc@quoteddata.com)

Jemima Grist (jg@quoteddata.com)

Aiman Shaikh (as@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)