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INVESTOR

April 2024

Monthly roundup | Investment companies

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Winners and losers in March 2024

Green shoots have finally started to emerge in the UK property market with logistics and healthcare the two best performing subsectors in March, up 8.7% and 6.0% respectively. Returns were boosted by February's inflation data which, while still well above the Bank of England's target of 2%, was down sharply, falling to 3.4% from 4.2% the month prior, marking the slowest annual rate since September 2021. Falling inflation has driven down bond yields with the two-year gilt yield falling almost 30 basis points (0.3%) this month.

The North America sector maintained its recent momentum in March, although on this occasion the outperformance was driven by broad based gains across the economy rather than the concentrated bunch of tech stocks we have become accustomed to. Within the sector, the BlackRock Sustainable American Income trust was the best performer thanks in particular to solid growth in the financial sector.

The European smaller companies sector was also up strongly, with the move likely reflecting a more dovish tone from the European Central Bank following February's inflation data which came in at just 2.4%. Traditionally, smaller companies are more rate sensitive than their mid and large cap peers as they tend to hold higher levels of debt, meaning any fall in interest rates is well received.

Global returns continue to be driven predominantly by the outperformance of the US which now makes up almost 60% of global benchmarks. That being said, the best performing trust within the sector was Scottish Mortgage which, after a challenging couple of years has seen some interesting developments. During the month, the company announced a decision to make at least £1bn available for buybacks over the next two years, which, once completed will amount to roughly 7.8% of its net assets. The company also announced that Elliott Associates, the US activist hedge fund, had acquired a 5% stake in the trust.

Best performing sectors in March 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
Property - UK logistics	8.7	0.0	(29.8)	539.9	5
Property - UK healthcare	6.0	0.0	(25.4)	435.6	2
North America	5.2	4.2	(12.9)	502.3	6
European smaller companies	4.6	3.2	(12.8)	495.5	4
Global	4.1	2.6	(10.1)	1,043.1	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

While China managed to avoid the worst performers list this month, the fall in the Property - rest of the world sector was headlined by the Macau Property Opportunities trust. The trust released its interim results in March, citing the sluggish Chinese economy as one of the key reasons for its ongoing struggles.

Despite the positive inflation developments discussed above, the Renewable energy infrastructure sector remained under pressure in March, continuing a long running trend of underperformance. This remains particularly frustrating for investors and management alike as despite the share price performance, many trusts within the sector boast positive NAV growth so far this year. The sector was one of the worst affected by the rapid rise in interest rates, and it was expected that once this pressure eased, returns would begin to improve, however this has not been the case so far.

Much like their renewable energy peers, the Infrastructure sector is yet to see any real positive inflection from falling inflation, despite some companies within the sector managing to maintain reasonable solid fundamental performance.

Strong economic growth continues to drive returns in the Indian market, with benchmark indices up almost 30% over the past 12 months. More recently however, concerns have arisen over valuations and market liquidity, particularly within small and mid-cap sectors. This prompted The Securities and Exchange Board of India to requested Indian mutual funds find ways to slow the flow of funds into smaller stocks. Upcoming Indian elections add another layer of complexity, and markets took a breather in March. However, momentum remains strong, and markets have resumed their climb since the end of the month.

Despite some signs of improvement, the property sector remains under immense pressure from higher interest rates, particularly within areas such as lending, and commercial property. The Alpha Real Trust was the worst performer, releasing its interim results during the month with shares down 12%. Among other issues, the company cited four loans in the portfolio which have borrowers in receivership.

Worst performing sectors in March 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
Property - rest of world	(6.5)	0.0	(70.0)	19.7	3
Renewable energy infrastructure	(5.1)	0.0	(33.8)	260.4	22
India/Indian subcontinent	(2.6)	(0.7)	(14.7)	347.2	4
Property - debt	(1.9)	0.2	(20.5)	49.9	6
Infrastructure	(1.1)	0.0	(25.5)	778.4	10

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

Looking now at the best performing companies in terms of NAV growth, the list is dominated by the Commodities & natural resources sector after a barnstorming run across the asset class. Golden Prospect Precious Metal led the way, representing a high beta play on the price of gold, with the rally coming as miners have been trading at a multi-decade low relative to the gold price. The precious metal has had a remarkable run over the past six weeks, with spot prices up almost 20% since the middle of February. Fears that the Federal Reserve's control of inflation is lacking seems the most likely explanation.

Oil prices have also rallied strongly over the last couple of months due to escalating geopolitical tensions, an improving growth outlook, and ongoing supply cuts. The energy sector also boasts compelling fundamental upside with recent analysis from the Bank of America suggesting that energy is the second most undervalued industry group for a potential higher growth regime.

Base metals have also risen thanks to the improving global growth outlook and hopes of the long-awaited recovery in Chinese demand. Supply disruptions have added to the momentum, while longer-term production imbalances for key electrification metals such as copper remain a strong tailwind.

Strong commodity returns have also boosted the UK equity income sector, with companies such Temple Bar, Law Debenture, and Diverse Income all holding relatively large positions, particularly in the energy sector. These companies have also benefited from exposure to the Financials sector, which was up strongly in March as the UK economy shows signs that the worst is now behind it.

Outside of these sectors, JPMorgan European Discovery which invests in a broad range of European smaller companies benefited from the softer inflation data discussed earlier, while the MIGO Opportunities Trust saw strong performance from some of its larger investments, including VinaCapital Vietnam and Georgia Capital.

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

Fund	Sector	(%)	Fund	Sector	(%)
Golden Prospect Precious Metals	Commodities & natural resources	16.1	Schiehallion Fund	Growth capital	38.6
BlackRock World Mining Trust	Commodities & natural resources	13.3	Golden Prospect Precious Metal	Commodities & natural resources	28.6
Temple Bar	UK equity income	9.5	Digital 9 Infrastructure	Infrastructure	26.6
BlackRock Energy and Resources Inc	Commodities & natural resources	8.8	Taylor Maritime Investments	Leasing	15.9
Manchester & London	Global	8.4	Custodian Property Income REIT	Property - UK commercial	13.1
CQS Natural Resources Growth and Income	Commodities & natural resources	6.9	CQS Natural Resources Growth and Income	Commodities & natural resources	12.8
Law Debenture Corporation	UK equity income	6.9	Scottish Mortgage	Global	11.6
Diverse Income Trust	UK equity income	6.6	Hipgnosis Songs	Royalties	10.4
JPMorgan European Discovery	European smaller companies	6.5	Symphony International Holding	Private equity	10.1
MIGO Opportunities Trust	Flexible investment	6.4	UK Commercial Property REIT	Property – UK commercial	9.6

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/03/24

The best performers by share price list also reflects the improvement in the Commodities sector, but we did see some large moves in several individual trusts. Baillie Gifford's fund of unquoted companies Schiehallion Fund saw a significant shift, which began at the start of March following two large trades which were well above the trust's average daily volume. The share price momentum continued over the course of the month, although the trust remains on a 35% discount. Shares in Taylor Maritime Investments also rallied strongly off the back of a large purchase by shipping magnate Christian Oldendorff. Digital 9 Infrastructure bounced following the announcement that the Icelandic regulator had given approval for the sale of its holding in Verne Global group, which was then completed later in the month.

Custodian Property Income REIT's shares jumped following the announcement that its planned merger with the abrdn Property Income Trust was off after not receiving enough support from the target's shareholders. It seems likely that this reflects the unwinding of merger arbitrage trades, which also had the effect of depressing abrdn Property Income's share price. Custodian's share price is still down 7.1% from the pre-deal announcement. Shares of Hipgnosis Songs bounced off their lows in March following a series of issues which have seen the trust lose almost 40% of its value. The latest of these was an announcement that the company's NAV was calculated incorrectly. The positive return for the month perhaps reflects the hope that the worst is now behind the trust and that a bidder may finally emerge for its assets. It is unclear what drove the returns for Symphony International, with the company currently undertaking an asset realisation strategy.

Terms on the merger of UK Commercial Property REIT with Tritax Big Box REIT have been agreed, boosting the former's share price.

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

Fund	Sector	(%)	Fund	Sector	(%)
Mobius Investment Trust	Global emerging markets	(5.3)	Asian Energy Impact Trust	Renewable energy infrastructure	(77.0)
India Capital Growth	India/Indian subcontinent	(4.2)	Gresham House Energy Storage	Renewable energy infrastructure	(33.7)
Downing Strategic Micro-Cap Inv.	UK smaller companies	(2.6)	Livermore Investments	Flexible investment	(18.1)
Gulf Investment Fund	Global emerging markets	(2.5)	India Capital Growth	India/Indian subcontinent	(14.5)
Jupiter Green	Environmental	(2.2)	US Solar Fund	Renewable energy infrastructure	(14.4)
UIL	Flexible investment	(1.9)	Octopus Renewables Infrastructure	Renewable energy infrastructure	(14.4)
International Biotechnology	Biotechnology & healthcare	(1.7)	Macau Property Opportunities	Property - rest of world	(14.1)
Schroders Capital Global Innovation Trust	Growth capital	(1.0)	Schroder BSC Social Impact Trust	Flexible investment	(13.2)
JPMorgan Indian	India/Indian subcontinent	(0.9)	Crystal Amber	UK smaller companies	(12.9)
Fidelity Japan Trust	Japan	(0.7)	Alpha Real Trust	Property - debt	(12.1)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/03/24

Worst performing

Returns across the investment trust sector were generally positive over March, reflected in the relatively modest falls in the worst performers list. The Mobius Investment Trust saw several of its larger investments decline by more than 10% including EPAM Systems and Elite Material. The two Indian funds suffered from the issues discussed on page 2.

Downing Strategic Micro-Cap, which is in wind-down mode, saw one of its largest holdings, Fireangel Safety Technology, fall 47% overnight, although positive returns from a number of its other holdings at the beginning of April have recovered much of the fall. The negative returns of the other trusts mostly reflect market timing, rather than any company specific events.

In terms of the share price performance, shares in the Asian Energy Impact Trust (formerly ThomasLloyd Energy Impact) collapsed after its listing restoration, following the drawn-out debacle surrounding its investment in the Rewa Ultra Mega Solar Park in India. The company has since announced that it will ask shareholders to approve an orderly realisation of its assets. Several other renewable energy infrastructure companies also feature in the list. There are some company specific factors (such as Gresham House Energy Storage's dividend cut) at work here, but the general selloff is hard to rationalise. Shares in the Gresham House Energy Storage trust have fallen almost 60% so far this year after the company was forced to cut its dividend due to a range of issues including grid connection delays and under-utilisation of battery balancing mechanisms. The US Solar Fund has also struggled over a long period due to a combination of factors which included uncertainty created by the company's strategic review and the departure of its investment manager.

The attractions of Schroder BSC Social Impact Trust have faded somewhat with the higher attractive returns now available from "risk free" government debt, while returns of Crystal Amber fluctuate on the fortunes of holding De La Rue which now makes up 95% of the value of its quoted portfolio after several years of realisations. Alpha Real Trust reported the sale of its largest property asset at a substantial discount to book value.

Moves in discounts and premiums

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

Fund	Sector	Disc/ Prem 29/02/24 (%)	Disc/ Prem 31/03/24 (%)	Fund	Sector	Disc/ Prem 29/02/24 (%)	Disc/ Prem 31/03/24 (%)
Schiehallion Fund	Growth capital	(51.2)	(32.8)	Asian Energy Impact Trust	Renewable energy infrastructure	NA	(51.1)
Taylor Maritime Investments	Leasing	(36.5)	(26.8)	Gresham House Energy Storage	Renewable energy infrastructure	(57.0)	(71.6)
Custodian Property Income REIT	Property - UK commercial	(23.9)	(14.3)	Octopus Renewables Infrastructure	Renewable energy infrastructure	(20.9)	(32.6)
Scottish Mortgage	Global	(13.2)	(4.5)	Schroder BSC Social Impact Trust	Flexible investment	(13.3)	(24.8)
Golden Prospect Precious Metals	Commodities & natural resources	(22.4)	(14.1)	Crystal Amber	UK smaller companies	(22.3)	(33.3)

Source: Morningstar, Marten & Co

We have talked about these moves already. Asia Energy Impact's shares have fallen so far in April despite news of its planned wind-down. We would also note that retail investors are unlikely to ride to the rescue of Gresham House Energy Storage given that, unlike its peers, its shares are restricted to trading on the Specialist Funds Segment of the London Stock Exchange.

Money raised and returned

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

Fund	Sector	£m raised	Fund	Sector	£m returned
JPMorgan Global Growth & Income	Global equity income	42.8	Riverstone Energy	Commodities & natural resources	(138.4)
Globalworth Real Estate Investments	Property - Europe	33.9	Scottish Mortgage	Global	(117.7)
Ashoka India Equity	India/Indian subcontinent	11.9	Fidelity Emerging Markets	Global emerging markets	(89.3)
Gore Street Energy Storage Fund	Renewable energy infrastructure	6.3	Smithson Investment Trust	Global smaller companies	(37.5)
Fair Oaks Income	Debt - structured finance	1.9	Finsbury Growth & Income	UK equity income	(31.4)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/03/24. Note: based on the approximate value of shares at 31/03/24

JPMorgan Global Growth & Income, which regularly features in the list of top issuers, led the charge in raising new capital during March. In addition to its regular tap issuance, that the company also announced that it will acquire the assets of JPMorgan Multi-Asset Growth & Income in exchange for the issue of 13,546,292 new shares. There were several other combinations during the month with Fidelity China Special Situations acquiring abrdn China, STS Global Income & Growth absorbing Troy Income & Growth Trust, and Henderson European Focus Trust merging with Henderson EuroTrust. Ashoka India Equity remains in demand as its shares continue to hit new highs. The Globalworth Real Estate trust issued shares to satisfy its stock-based compensation plan despite trading at a significant discount. Gore Street Energy Storage issued shares at asset value as part of a deal with Low Carbon to expand its portfolio with an additional 75MW of storage assets. Fair Oaks Income issued new shares to satisfy market demand.

Riverstone Energy closed its fully subscribed tender offer in March which resulted in the company repurchasing shares representing approximately 35.66% of its issued share capital. As discussed above, Scottish Mortgage has begun significant repurchases following the announcement of a £1bn buyback allocation over the next two years. Fidelity Emerging Markets announced the completion of a tender offer equal to 14.99% of its outstanding shares. Smithson Investment Trust has continued to repurchase shares as it trades on a stubborn discount which remains over 10%.

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:

- abrdn Global Dividends vs Homegrown Income: A Tale of Two Strategies – Lunch with the Managers – 18/04/24
- Harmony Energy Income Trust AGM – 18/04/24
- Polar Capital Global Financials AGM – 18/04/24
- HydrogenOne results call – 18/04/24
- HydrogenOne results presentation April – 18/04/24
- Murray International Trust AGM – 19/04/24
- JPMorgan US Smaller Companies AGM – 22/04/24
- Menhaden Resource Efficiency shareholder presentation – 22/04/24
- Herald Investment Trust AGM – 23/04/24
- Baillie Gifford Shin Nippon AGM – 23/04/24
- Schroder Asia Total Return manager webinar – 24/04/24
- Allianz Technology Trust AGM – 24/04/24
- Greencoat UK Wind AGM – 24/04/24
- Develop North AGM – 25/04/24
- Greencoat Renewables AGM – 25/04/24
- Greencoat Renewables AGM – 25/04/24
- Premier Miton Global Renewables Trust shareholder presentation – 25/04/24
- Smithson Investment Trust AGM – 25/04/24
- Bellevue Healthcare Trust AGM – 26/04/24
- JPMorgan Claverhouse AGM – 29/04/24
- BBGI Global Infrastructure S.A. AGM – 30/04/24
- abrdn Asian Income Fund shareholder presentation – 30/04/24

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Major news stories and QuotedData views over March 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

- Newly enlarged Henderson High Income beats benchmark over 2023
- RTW Biotech had a great 2023
- VH Global buys Australian solar sites
- India Capital Growth serves up great absolute but poor relative returns
- International Public Partnerships results light on crucial detail
- BBGI can't pretend that 2023's results were good
- M&G Credit Income had a good 2023
- Strong returns for JPMorgan American
- Positive return for abrdn Asian Income Fund despite challenges
- Impressive growth for BlackRock Latin American
- 2023 was a year to forget for Baille Gifford Shin Nippon
- NextEnergy Solar's first two international solar co-investments energised
- Scottish Mortgage to make at least £1bn available for buybacks
- Oakley Capital Investments makes solid progress in 2023
- Another great year for AVI Japan Opportunities
- Great stockpicking boosts Schroder Asia Total Return
- Allianz Technology Trust returns more than 40% in 2023
- TRIG sells a windfarm for 15% more than its previous valuation

Corporate news

- Schroder Capital Global Innovation encouraged by positive Q4 move
- Stable dividend boosts BioPharma Credit
- Strong rebound for The Aurora Investment Trust
- Steady year for Fidelity Japan Trust as markets rally
- Steady as she goes for Petershill Partners
- Princess Private Equity announces share buyback plan and name change
- DIGITAL 9 serves notice to its managers while also paying off its debt
- Dunedin Enterprise – Chink of light at the end of the tunnel for shareholders
- JPMorgan Claverhouse hit by discount widening
- SONG's woes compound thanks to double counting by adviser
- Witan is up for grabs with CEO stepping down
- British Land sells stake in 1 Triton Square for £192.5m
- Henderson to merge its two European trusts
- GCP Asset Backed Income will recommend discontinuation
- F&C held back by underexposure to 'Magnificent Seven' during 2023
- CLS Holdings' results shine light on office sector struggles
- HydrogenOne's Sunfire gets €0.5bn of new fundingl

Property news

- abrdn Property Income and Custodian merger off
- Sirius Real Estate expands UK portfolio with £48.25m acquisition
- Life Science REIT cuts dividend
- Regional REIT fighting fires after challenging 2023
- Impact Healthcare REIT buoyed by strong rental growth
- Supermarket Income REIT's adviser moves to protect itself from takeover
- Terms of Tritax Big Box and UK Commercial merger agreed
- Urban Logistics REIT pulls out of merger talks
- Empiric Student Property delivers strong rental growth
- abrdn Property Income board rejects SHED offer

QuotedData views

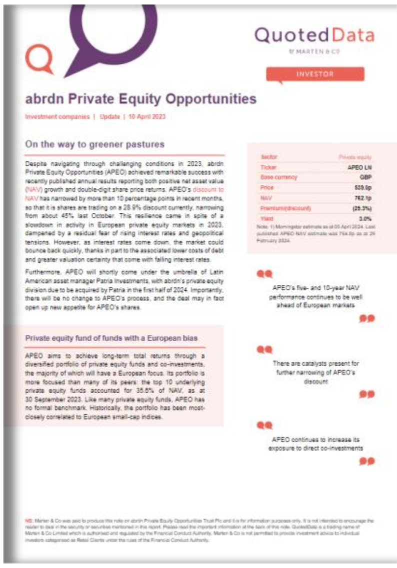
- What goes down must come up?
- Elliott Associates grabs a slice of Scottish Mortgage
- Does the UK market need more than the best of British?
- Clash of the titans
- Super Tuesday, how much does it really matter?

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 Uphaugh	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
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
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
16 February	BUT, BBOX, UKCM	Richard Hulf	HydrogenOne Capital Growth
23 February	SONG, JGGI, SHED, API	Gurpreet Gujral	Atrato Onsite Energy
1 March	HICL, BSIF, TRIG, UKW, SGRO, HMSO	Charles Jillings	Utilico Emerging Markets
8 March	SONG, ATST, FCIT, TENT	Richard Aston	CC Japan Income & Growth
15 March	HEFT, HNE, GABI, SMT, RGL	Stephen Tredget	Oakley Capital Investments
22 March	API, SONG, SMT, WTAN	Quarterly panel – Has the tide turned?	Witan, Global Smaller Companies, Invesco Perpetual UK Smaller Companies
5 April	JAM, DSM, FEML	Simon Farnsworth	Life Sciences REIT
		Coming up	
12 April		Phil Waller	JPMorgan Global Core Real Assets
19 April		Jean-Hugues de Lamaze	Ecofin Global Utilities and Infrastructure
26 April		Ken Wotton	Strategic Equity Capital

Research

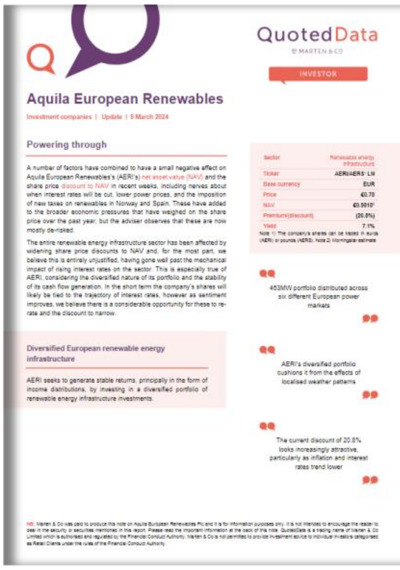


Despite navigating through challenging conditions in 2023, abrdn Private Equity Opportunities (APEO) achieved remarkable success with recently published annual results reporting both positive net asset value (NAV) growth and double-digit share price returns. APEO's discount to NAV has narrowed by more than 10 percentage points in recent months, so that it is shares are trading on a 28.9% discount currently, narrowing from about 45% last October. This resilience came in spite of a slowdown in activity in European private equity markets in 2023, dampened by a residual fear of rising interest rates and geopolitical tensions.

In spite of an uncertain macroeconomic environment, Oakley Capital Investments' (OCI) underlying portfolio continued to generate robust earnings growth in 2023 (average 14% EBITDA growth), which in turn drove 4% net asset value (NAV) growth. More importantly, OCI achieved an 18% total shareholder return during the period, extending the long run of strong share price performance delivered by the company (an average compound annual growth rate of 24% per year).

We are now more than three years into the tenure of Ian Lance and Nick Purves as managers of the Temple Bar Investment Trust. In that time, the Redwheel team has established a well-diversified portfolio of value-orientated holdings, positioned for what they believe is a long-overdue reversion to more normal market conditions, after a decade of exceptional economic policy and quantitative easing. Slowing growth and stubborn inflation in the UK have weighed on returns over the past 12 months. However, the trust remains well ahead of both benchmark and peer group averages since the change in management, and the current negative sentiment surrounding UK markets has allowed Ian and Nick to pick up a number of market-leading companies at historically low multiples.

In yesterday's BlackRock Throgmorton (THRG) annual general meeting, manager Dan Whitestone outlined the significant potential for a surge in UK equities, with small and mid-caps outperforming large caps by a sizeable margin, as the macroeconomic outlook in the UK improves. Dan highlighted that UK companies' share prices have become increasingly detached from their earnings potential. A combination of political uncertainty thanks to the forthcoming elections, sticky interest rates, strength in overseas stock markets (in particular in a handful of big AI-related US tech names), and consistent outflows of investments in UK-focused funds has weighed on valuations.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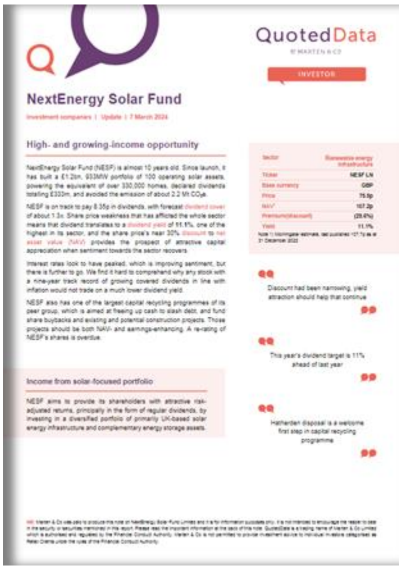
INVESTOR
Aquila European Renewables
Investment companies | Update | 5 March 2024
Powering through
Diversified European renewable energy infrastructure
453MW portfolio distributed across six different European power markets
AERI's diversified portfolio cushions it from the effects of localised weather patterns
The current discount of 20.8% looks increasingly attractive, particularly as inflation and interest rates trend lower

A number of factors have combined to have a small negative effect on Aquila European Renewables's (AERI's) net asset value (NAV) and the share price discount to NAV in recent weeks, including nerves about when interest rates will be cut, lower power prices, and the imposition of new taxes on renewables in Norway and Spain. These have added to the broader economic pressures that have weighed on the share price over the past year, but the adviser observes that these are now mostly de-risked. The entire renewable energy infrastructure sector has been affected by widening share price discounts to NAV and, for the most part, we believe this is entirely unjustified, having gone well past the mechanical impact of rising interest rates on the sector.

NextEnergy Solar Fund (NESF) is almost 10 years old. Since launch, it has built a £1.2bn, 933MW portfolio of 100 operating solar assets, powering the equivalent of over 330,000 homes, declared dividends totalling £333m, and avoided the emission of about 2.2 Mt CO_2e. NESF is on track to pay 8.35p in dividends, with forecast dividend cover of about 1.3x. Share price weakness that has afflicted the whole sector means that dividend translates to a dividend yield of 11.1%, one of the highest in its sector, and the share price's near 30% discount to net asset value (NAV) provides the prospect of attractive capital appreciation when sentiment towards the sector recovers.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INVESTOR
NextEnergy Solar Fund
Investment companies | Update | 7 March 2024
High- and growing-income opportunity
Income from solar-focused portfolio
Discount had been narrowing, yield attraction should help that continue
This year's dividend target is 11% ahead of last year
Hatherden disposal is a welcome first step in capital recycling programme


QuotedData
INVESTOR
Pantheon Infrastructure
Investment companies | Annual overview | 6 March 2024
Compelling opportunity
Global high-quality infrastructure with strong ESG credentials
PINT's 8.5% NAV total return over the past six months is the best in its peer group
Over the third quarter of 2023, PINT's NAV increase was driven by improvements in the underlying fair value of its assets
With interest rate expectations now heading down, this should allow the market to take stock of companies such as PINT which are, in our view, now drastically oversold

At just over two years old, the Pantheon Infrastructure Trust (PINT) can claim to have seen a lot in its short life. Its positive net asset value (NAV) return over this period, despite increasingly challenging economic conditions, is a testament to the execution of the fund's advisers, and the stability of its assets. Whilst the company's share price has fallen, this is more a reflection of negative market sentiment towards the broader infrastructure sector than any fundamental weakness on the part of PINT. Promisingly, as the rate of inflation began to trend lower, sentiment towards the listed infrastructure sector improved steadily, particularly for companies such as PINT which maintained financial discipline as funding costs rose. Over the last few weeks, discounts to NAV have widened once more due to the rebound in inflation. However, despite these short-term fluctuations, we believe the PINT portfolio remains well positioned for significant growth.


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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 29/02/24 (%)	Discount 31/03/24 (%)	Change in discount (%)	Median mkt cap 31/03/24 (£m)
1	Technology & technology innovation	15.1	15.4	(11.3)	(10.1)	1.1	2,488,175,116
2	Japan	10.5	9.8	(11.5)	(13.1)	(1.6)	304,424,945
3	Farmland & forestry	9.2	0.0	(31.9)	(32.3)	(0.4)	114,589,346
4	North America	8.8	8.1	(14.0)	(12.9)	1.1	502,345,625
5	Global	8.1	8.2	(10.5)	(10.1)	0.5	1,043,085,262
6	Europe	7.5	8.7	(12.1)	(11.7)	0.4	512,684,338
7	Debt - direct lending	7.1	1.7	(17.4)	(16.7)	0.8	147,486,488
8	Growth capital	6.8	0.0	(47.7)	(44.9)	2.8	116,701,703
9	Country specialist	5.7	10.1	(12.7)	(14.8)	(2.0)	414,303,331
10	Commodities & natural resources	5.1	-0.8	(22.2)	(14.5)	7.7	63,874,354
11	European smaller companies	4.2	3.5	(12.3)	(12.8)	(0.5)	495,527,692
12	Global emerging markets	3.4	4.4	(12.1)	(12.8)	(0.7)	221,640,614
13	UK all companies	3.2	3.4	(12.6)	(12.5)	0.1	193,654,664
14	Debt - structured finance	3.2	4.8	(14.3)	(12.5)	1.8	157,536,047
15	Asia Pacific equity income	2.8	3.9	(10.4)	(10.4)	0.0	337,431,287
16	Japanese smaller companies	2.5	3.7	(8.3)	(9.1)	(0.7)	259,882,977
17	Debt - loans & bonds	2.4	2.2	(5.7)	(6.2)	(0.4)	103,740,903
18	Global equity income	2.1	4.4	(8.9)	(10.0)	(1.1)	326,304,562
19	North American smaller companies	2.1	5.9	(12.6)	(13.0)	(0.4)	207,403,889
20	Liquidity funds	1.9	1.1	(5.9)	(6.3)	(0.4)	1,396,330
21	Leasing	1.7	2.4	(36.5)	(26.8)	9.6	125,358,486
22	Insurance & reinsurance strategies	1.6	0.9	(6.9)	(6.4)	0.6	33,131,657
23	Property - debt	1.4	0.9	(16.3)	(20.5)	(4.2)	49,896,208
24	Environmental	1.4	4.7	(23.7)	(31.3)	(7.7)	82,186,001
25	Asia Pacific	1.2	3.8	(11.0)	(13.1)	(2.2)	521,503,731
26	Biotechnology & healthcare	0.9	5.0	(10.5)	(11.4)	(0.9)	562,972,105
27	Global smaller companies	0.9	3.5	(13.9)	(12.5)	1.4	788,546,811
28	Financials & financial innovation	0.8	5.6	(22.8)	(22.9)	(0.1)	336,101,116
29	UK equity & bond income	0.3	1.4	(7.4)	(10.1)	(2.7)	270,262,469
30	UK equity income	0.1	2.5	(7.0)	(10.2)	(3.1)	363,819,507
31	UK smaller companies	(0.6)	2.4	(11.7)	(13.8)	(2.1)	126,539,545
32	Hedge funds	(1.0)	0.1	(12.8)	(17.7)	(4.9)	81,039,613
33	Flexible investment	(1.0)	1.8	(13.3)	(23.7)	(10.4)	90,148,402

YTD Rank	Sector	Share price total return YTD (%)	NAV total return YTD (%)	Discount 29/02/24 (%)	Discount 31/03/24 (%)	Change in discount (%)	Median mkt cap 31/03/24 (£m)
34	Asia Pacific smaller companies	(2.3)	2.5	(15.4)	(16.8)	(1.4)	353,278,683
35	India/Indian subcontinent	(2.6)	2.0	(8.4)	(14.7)	(6.3)	347,246,529
36	Property - UK healthcare	(2.7)	1.4	(29.3)	(25.4)	3.9	435,568,922
37	Private equity	(3.5)	0.4	(34.9)	(36.1)	(1.3)	477,825,155
38	China / greater China	(4.1)	(3.4)	(10.8)	(10.2)	0.6	174,725,177
39	Royalties	(4.2)	0.0	(25.8)	(18.2)	7.6	834,357,857
40	Property - UK residential	(4.9)	0.1	(62.0)	(60.7)	1.3	167,085,077
41	Property - UK commercial	(5.6)	1.4	(23.9)	(24.9)	(1.1)	162,173,649
42	Property - rest of world	(6.5)	0.0	(68.0)	(70.0)	(2.0)	19,663,763
43	Property - UK logistics	(8.3)	0.0	(28.5)	(29.8)	(1.2)	539,939,870
44	Infrastructure	(8.5)	0.6	(24.4)	(25.5)	(1.1)	778,384,087
45	Latin America	(9.0)	-5.8	(14.5)	(14.3)	0.1	118,089,050
46	Property - Europe	(9.2)	0.0	(36.4)	(41.1)	(4.7)	250,602,008
47	Renewable energy infrastructure	(10.6)	1.4	(28.5)	(33.8)	(5.3)	260,352,496
48	Infrastructure securities	(12.8)	(10.3)	(16.4)	(16.9)	(0.5)	102,449,888
	MEDIAN	1.3	2.1	(13.6)	(14.4)	(0.5)	255,242,493

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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