

QuotedData's Investment Companies Roundup



February
2025



February 2025

Monthly roundup | Investment companies

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Winners and losers in January 2025

Despite an uncertain economic outlook, European focused trusts were among the best performers in January. In fact, the Stoxx Europe 600 benchmark index posted a 6% monthly gain, reaching 6.5% earlier in the month, its highest performance on a monthly basis in over two years. Outperforming the S&P500 by its widest margin in a decade, these gains signified an investor shift from US equities as trade war concerns brought on by President Trump saw heightened interest in large European stocks. Moreover, the switch of investor attention from the US was reinforced by the major sell-off of US AI stocks after the success of Chinese AI firm DeepSeek, which challenged the necessity of the level of funding and equipment in American AI technology. Meanwhile, the valuations of European small caps appeared particularly attractive, given that the European Central Bank continued its rate cuts.

Best performing sectors in January 2025 by total price return



	Median share price total return (%)	Median NAV total return (%)	Median discount 31/01/25 (%)	Median sector market cap 31/01/25 (£m)	Number of companies in the sector
Europe	9.9	9.9	(9.2)	562.3	6
Property - UK logistics	7.0	0.0	(30.6)	509.7	3
European smaller companies	6.9	7.5	(9.7)	428.6	4
Technology & technology innovation	6.7	4.9	(7.8)	3,053.5	2
North American smaller companies	5.3	4.8	(5.2)	239.4	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

Contrasting with its poor run of form over December, the Property – UK logistics sector was supported by factors such as government efforts to improve inter-city transport connectivity, namely the re-establishment of the Oxford-Cambridge Arc initiative. Coming off the back of Blackstone's acquisitions of warehouses amounting to over £1bn last year, investor optimism has been driven by the increasing demand for the sector's limited supply. Although several technology investment companies were hit by the significant 17% plunge of Nvidia's share price on 27 January, companies elsewhere in the technology sector made up for the losses, with trusts exposed to heavyweights like Amazon, whose stock closed on an all-time high on 28 January, to benefit from their rallies.

Anticipations of an incoming cut to interest rates by the Federal Reserve fuelled interest in North American smaller companies. It may also be worth noting that the sector's gains could be cyclical, as for the last five out of six times a US president has been elected, the Russell 2000 index has outperformed the S&P500 for the next twelve months. Some point out that the reason for this may be that American smaller companies have a lesser exposure to the trade-related headwinds that larger companies are vulnerable to with their higher exposure to foreign markets.

On the downside, amid slowing growth brought on by reduced consumption and wage growth, the backdrop for Indian equities has been challenging. January marked a fourth consecutive month of decline for Indian stocks, with the benchmark indices Nifty 50 and Sensex experiencing their longest monthly decline in over twenty-three years. Contributing factors include worse than expected earnings, in addition to pull backs on foreign investment.

Worst performing sectors in January 2025 by total price return



	Median share price total return (%)	Median NAV total return (%)	Median discount 31/01/25 (%)	Median sector market cap 31/01/25 (£m)	Number of companies in the sector
India/indian subcontinent	(5.7)	(5.2)	(13.8)	423.5	4
Renewable energy infrastructure	(4.3)	0.0	(37.3)	229.2	21
Infrastructure	(2.7)	0.0	(25.1)	866.4	9
Leasing	(1.5)	0.8	(32.8)	163.3	5
Growth capital	(1.4)	0.0	(36.5)	121.0	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

Materialising the concerns of renewable energy investors, President Trump's first month in office saw the signing of many executive orders, such as 'Unleashing American Energy' by raising fossil fuel resource exploration and production, whilst halting funding for the Inflation Reduction Act. Another factor at work was rising government bond yields, this also affected demand for infrastructure funds.

The leasing sector's downturn was prompted by individual declines in performance, notably for Taylor Maritime Investments due to the falling value of one of its fleets.

Best performing investment companies

Back as the top performing trust after two months, Golden Prospect Precious Metals' NAV and share price jumped with the price of gold, which surged to a record \$2,800 per ounce on 31 January, a nearly 7% increase year to date. Investors flocked to the metal to protect their investments against geopolitical uncertainty, which has been exacerbated by perceptions of the US's new presidential administration. CQS Natural Resources Growth and Income was also a beneficiary of this. Elsewhere in the commodities sector, Geiger Counter's share price growth was supplemented by a share buyback, in addition to renewed interest in nuclear energy. The previously mentioned 'Unleashing American Energy' executive order has called for a re-evaluation of the US' energy sources, bringing greater focus on nuclear production. However, the president has threatened 25% tariffs on Canada, the country's largest supplier of uranium.

The improving picture for the private sector among Latin American countries supported BlackRock Latin American's NAV and share price growth. Foreign investment has increased as countries across the region have shown greater participation in digital transformation. The region was the top recipient of foreign investment flows among emerging markets in 2024, receiving \$6.6bn whilst Emerging Asia took in \$5.3bn.

As discussed, numerous European equities enjoyed a month of rallies. All the European focused trusts in the table benefitted from their holdings in Novo Nordisk. The Danish pharmaceutical giant's share price rose in January after the positive news of its amycretin clinical trials, strengthened by investor anticipation of good news in the firm's February results. Moreover, Fidelity European Trust was also able to benefit from the gains of its overweight position in Deutsche Borse, the operator of the Frankfurt Stock Exchange is benefitting from higher turnover. For Baillie Gifford European Growth and Income, a large share buyback programme by Ferrari has had a positive influence on its NAV, as the luxury car manufacturer continues with its roughly €2bn programme. Another notable company present in the portfolios of some of these trusts is ASML, the semiconductor equipment manufacturer, which profited from the excitement surrounding its strong results for the last quarter. As discussed, European small caps were receptive to news of an ECB rate cut, which is evident in Montanaro European Smaller's share price growth.

A globally diversified portfolio permitted Scottish Mortgage to take advantage of the rallies of select US tech large caps like Amazon, whilst also benefiting from the growth seen in Europe and in holdings elsewhere like Mercado Libre, which built on its leading market position in Latin American e-commerce. Interestingly, SMT was rewarded by its November decision to

reduce its exposure to Nvidia, as manager Tom Slater cited the 'high cost' of 'large-scale AI adoption', a move that diminished the impact of the tech company's historical price drop on SMT's NAV and share price.

Best performing trusts in total NAV (LHS) and share price (RHS) terms over January 2025



Fund	Sector	(%)	Fund	Sector	(%)
Golden Prospect Precious Metal	Commodities & natural resources	20.9	Ground Rents Income Fund	Property - UK residential	46.4
BlackRock Latin American	Latin America	12.9	Golden Prospect Precious Metal	Commodities & natural resources	16.9
Fidelity European Trust	Europe	10.3	Downing Renewables & Infrastructure	Renewable energy infrastructure	15.3
European Opportunities Trust	Europe	9.9	Amedeo Air Four Plus	Leasing	14.3
Baillie Gifford European Growth	Europe	9.9	Scottish Mortgage	Global	13.7
BlackRock Greater Europe	Europe	9.8	Geiger Counter	Commodities & natural resources	13.4
CQS Natural Resources G&I	Commodities & natural resources	9.6	Baillie Gifford European Growth	Europe	12.1
Scottish Mortgage	Global	9.6	Petershill Partners	Growth capital	11.5
Henderson European Trust	Europe	8.6	BlackRock Latin American	Latin America	11.2
JPMorgan European Growth & Income	Europe	8.6	Montanaro European Smaller	European smaller companies	10.3

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/25

Leading the share price growth column by some distance, Ground Rents Income Fund was propelled higher by a £32.5m offer by Victoria Property for the embattled trust. More offers followed over the month but GRIO's board has rejected these advances.

Share buybacks contributed to a rise in Downing Renewables and Infrastructure's share price, but we would also like to think that investors are recognising the trust's superior growth profile. Over in the leasing sector, Amedeo Air Four Plus announced an agreement with Emirates that will see the redelivery of an aircraft along with a \$17m payment. With spare cash on its balance sheet, the company also announced a £27.8m compulsory redemption of shares. Petershill Group built on its substantial growth last year with a January sale of most of its holding in General Catalyst, amounting to a figure of \$726m.

Worst performing investment companies

As mentioned, Indian focused funds endured one of their worst months in recent years, with several factors at play, one of which has been faltering consumer demand, as 72% of companies listed on the Nifty 50 showed lowered earnings per share revisions. Dixon Technologies India, a core holding for India Capital Growth Fund, suffered a price fall in the wake of reduced estimates for the company's earnings forecasts. With considerable allocations to Tata Consultancy Services, both abrdn New India and Ashoka India Equity's NAV were impacted by the software firm's failure to meet expectations for its third quarter results.

Although Ground Rents Income Fund topped the list for share price growth, it also led the list for falls in NAV, which was brought on by several legacy issues and ongoing headwinds related to building safety and leasehold reform. The management of Taylor Maritime Investments cited the soft values of its assets for its performance.

The NAV falls of both BH Macro GBP and BH Macro USD came alongside the announcement of its class closure resolution that could result in a few different outcomes, including a wind up of the trust if holders of both of its classes approve the resolution.

The woes of Digital 9 Infrastructure persisted through January, marked by the 'extremely disappointing' agreement to sell its stake in subsea fibre business, Aqua Comms, for roughly £40m. DGI9 cited Aqua Comms' inability to profit from its expansion plans and RCF-induced restrictions as core factors for the fall in the company's valuation.

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



Fund	Sector	(%)	Fund	Sector	(%)
Ground Rents Income Fund	Property - UK residential	(14.1)	Digital 9 Infrastructure	Infrastructure	(52.4)
India Capital Growth	India/indian subcontinent	(7.2)	VH Global Energy Infrastructure	Renewable energy infrastructure	(18.5)
Ashoka India Equity Investment	India/indian subcontinent	(5.2)	Bluefield Solar Income Fund	Renewable energy infrastructure	(12.7)
Aberforth Geared Value & Income	UK smaller companies	(5.1)	Taylor Maritime Investments	Leasing	(11.9)
abrdn New India Investment Trust	India/indian subcontinent	(5.1)	India Capital Growth	India/indian subcontinent	(11.2)
BH Macro GBP	Hedge funds	(4.8)	Aberforth Geared Value & Income	UK smaller companies	(10.8)
HgCapital Trust	Private equity	(4.6)	Gresham House Energy Storage	Renewable energy infrastructure	(10.6)
BH Macro USD	Hedge funds	(4.4)	Life Science REIT	Property - UK commercial	(10.5)
NB Distressed Debt Inv Extended Life	Debt - loans & bonds	(4.3)	Rights & Issues Investment Trust	UK smaller companies	(10.1)
Premier Miton Glb Renewables Trust	Infrastructure securities	(3.7)	Syncona	Biotechnology & healthcare	(9.9)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/25

The recent political changes in the US may be influential in the share price falls of renewable energy infrastructure funds. Among the funds in the above table is VH Global Energy Infrastructure, despite the positive news of the successful energising of two solar assets in Brazil. However, general negative sentiment surrounding the sector seems to have dampened any gains.

UK small cap trusts continue to struggle as evidenced by the presence of Aberforth Geared Value and Income and Rights and Issues in this table. Syncona's ongoing buy backs failed to shore up its share price.



Moves in discounts and premiums

The surge in Ground Rents Income Fund's share price saw its discount narrow considerably, whilst difficulties for the renewable energy infrastructure sector led to several discounts widening. Most entrants on the table have been already mentioned, except for Livermore Investments which featured amongst the list of best-performing trusts last year – as featured in our annual roundup.

Discounts in the renewable energy sector continue to break records and are impossible to justify. Bluefield Solar's share price, for example, is hitting new lows. It now offers a yield in excess of 10.9% on a dividend that has been growing and is well covered by earnings. Moreover, much of the company's income is locked in through subsidy arrangements or forward sales of power. Bluefield Solar also has a funding arrangement with a consortium of UK pension funds to help finance its pipeline of new projects. There is no logic to the discount which, we feel, must reflect a buyers' strike by professional investors related to misleading cost disclosure rules. The danger is that an investor with deep pockets takes advantage of the opportunity by bidding for this and/or other trusts in the sector at a knockdown price.

More expensive (LHS) and cheaper (RHS) relative to NAV over January 2025

Fund	Sector	Disc/ Prem 31/12/24 (%)	Disc/ Prem 31/01/25 (%)	Fund	Sector	Disc/ Prem 31/12/24 (%)	Disc/ Prem 31/01/25 (%)
Ground Rents Income Fund	Property - UK residential	(69.0)	(44.9)	Digital 9 Infrastructure	Infrastructure	(58.7)	(80.3)
Geiger Counter	Commodities & natural resources	(16.1)	(4.8)	VH Global Energy Infrastructure	Renewable energy infrastructure	(40.7)	(51.8)
Downing Renewables & Infrastructure	Renewable energy infrastructure	(34.6)	(24.9)	Rights & Issues Investment Trust	UK smaller companies	(5.2)	(15.5)
Petershill Partners	Growth capital	(23.6)	(16.1)	Taylor Maritime Investments	Leasing	(22.7)	(32.8)
Livermore Investments	Flexible investment	(20.0)	(12.6)	Bluefield Solar Income Fund	Renewable energy infrastructure	(25.4)	(35.3)

Source: Morningstar, Marten & Co

Money raised and returned



Money raised (LHS) and returned (RHS) over January 2025 in £m

Fund	Sector	£m raised	Fund	Sector	£m returned
JPMorgan Global Growth & Income	Global equity income	22.0	Scottish Mortgage	Global	(250.6)
JPMorgan American	North America	12.5	Finsbury Growth & Income	UK equity income	(42.6)
Ashoka India Equity Investment	India/indian subcontinent	7.1	Pershing Square Holdings	North America	(39.4)
CVC Income & Growth GBP	Debt - loans & bonds	6.2	Monks	Global	(37.2)
M&G Credit Income Investment	Debt - loans & bonds	3.2	Smithson Investment Trust	Global smaller companies	(29.9)

Source: Morningstar, Marten & Co. Note: excludes trusts with market caps below £15m at 31/01/25. Note: based on the approximate value of shares at 31/01/25

JPMorgan Global Growth and Income's popularity continues to translate into stock issuance, while JPMorgan American appears for a second month running. Ashoka India Equity continues to issue stock, despite the setback in Indian markets that we referred to earlier. The higher interest rate environment means that bond funds are in still vogue.

It is no surprise to see Scottish Mortgage dominating the buyback list, adding to the over £1bn of shares purchased over 2024. Finsbury Growth and Income, Monks, Pershing Square, and Smithson Investment Trust also feature regularly in this table. Pershing Square's various attempts to pull off some corporate transaction that would boost its rating have failed and its one-year NAV returns are lagging those of peers such as JPMorgan American and North American Income.

Major news stories and QuotedData views over January 2025



Portfolio developments	Corporate news
- JPMorgan Emerging EMEA Securities announces proceedings to restrain VTB Bank - HydrogenOne's Sunfire gets €200m of guaranteed funding - Majority of Chrysalis's portfolio continues to perform strongly - HydrogenOne's Elcogen secures investment from SmartCap - Digital 9 Infrastructure sells Aqua Comms for "extremely disappointing" US\$48m - Positive momentum for Gore Street Energy Storage Fund as Californian project energised 75% of Oakley Capital Investments NAV growth driven by earnings gains - Bankers looks to increased US exposure to address underperformance - Stock selection drives impressive gains for BlackRock Income and Growth - Sale of Calpine adds 3p to Pantheon Infrastructure's NAV - RTW announces Windward Bio and Umoja Biopharma investments - Triple Point Energy Transition sells remaining investments - CC Japan Income & Growth's NAV continues to beat - Greencoat UK Wind revises yield estimates with 6.5p hit to NAV - HarbourVest shake up to narrow discount - Aberforth Smaller Companies beats benchmark in good year for UK equities	- Herald urges shareholders to VOTE AGAINST Saba's resolutions - Edinburgh Worldwide questions validity of Saba's requisition - CQS Natural Resources – Saba's proposals "without merit and misleading" - abrdn Asian Income announces enhanced dividend policy - Don't throw away the upside potential of Edinburgh Worldwide's exciting portfolio - Patria Private Equity extends loan facility for three more years - Class closure meetings triggered for BH Macro - GCP Infrastructure sells interests in two onshore wind assets - The European Smaller Companies Trust introduces three-yearly conditional tender offer - Keystone Positive Change presses pause on capital return pending Saba vote - Herald highlights significant long term underperformance from Saba - Glass Lewis reiterates vote "AGAINST" all Saba's proposed requisitioned resolutions for KPC - abrdn Diversified Income and Growth makes progress on wind-down - BlackRock Trusts off limits for Saba until at least 2027 - All three proxy advisers say VOTE AGAINST SABA'S PROPOSALS for CQS Natural Resources - Patria Private Equity extends loan facility for three more years
Property news	
- Ground Rents Income Fund receives £32.5m potential offer for company - LondonMetric makes £124m of sales and acquisitions - Residential Secure Income progresses with portfolio sale - abrdn European Logistics Income sells first three assets of managed wind-down - Ground Rents Income posts new NAV following possible offer for the company	- Home REIT publishes 2023 annual accounts - Macau Property Opportunities wind up limps on - Tritax Big Box REIT taps into data centre boom with London development - Tritax Big Box REIT pre-let 1m sq ft scheme - Safestore investing in growth - Social Housing REIT proposes change to investment policy to deal with non-performing tenant
QuotedData views	
- QuotedData's analysts' picks for 2025 - Shareholders must get out and vote against Saba's self-serving and destructive proposals for Baillie Gifford US Growth	- Saba: the view from the boards - Don't throw away the upside potential of Edinburgh Worldwide's exciting portfolio - REITs on the cheap

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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
2 August	PSH, JFJ/JSIG, CRS	Peter Hewitt	Global Managed Portfolio Trust
9 August	FGT	Matt Cable	Rights and Issues
16 August	JLEN, DORE	Ian Lance	Temple Bar Investment Trust
23 August	DNA2, HEIT	Craig Baker	Alliance Trust
30 August	ATS, ORIT, PRSR, INOV	James Harris	STS Global Income & Growth Trust
6 September	PRSR, SEGRO/EBOX, BCPT, ATS/ARR, JARA, DGI9	Randall Sandstorm	Sequoia Economic Infrastructure Income Fund
13 September	AERI, GIF, KPC, JEMA	Jon Forster	Impax Environmental Markets
20 September	NRR/CAL, cost disclosures	David Bird, Neil Hermon, Georgina Brittain, Duncan Ball	Quarterly panel – new government, new opportunities
27 September	CHRY, DORE, API	Paul Niven	F&C Investment Trust
4 October	ROOF, KPC, RESI, TENT	Richard Brown	Castelnau Group
11 October	UIL, JFJ, JSIG, ALW	James Armstrong	Bluefield Solar Opportunities
18 October	HEIT, GABI	Katie Potts	Herald Investment Trust
25 October	ALW, JFJ, ATS, ARR, UKW	Helen Steers	Pantheon International
1 January	BPCR, RNEW	Job Curtis	City of London
8 December	JARA, WKOF, ROOF, HGEN, FGEN, SUPR	Ian 'Franco' Francis	CQS New City High Yield
15 December	BGCG, CHRY, AJOT	Sebastian Lyon	Personal Assets Trust
22 December	BGLF, EWI, MINI	Alex Crooke	Bankers Investment Trust
29 December	HEIT, GRID, CLDN	Weekly News Show Special	Investing for income
6 December	KPC, GPM, HOME	David Smith	Henderson High Income
13 December	RNEW, AGT, TMI	Craig Baker	Alliance Witan
3 January	Review of 2024	James Carthew & Andrew McHattie	Review of 2024
10 January	CYN, MINI, RTW	Alexander Darwall	European Opportunities
17 January	ENRG, FGEN, MTU, BOOK	Gary Robinson	Baillie Gifford US Growth
24 January	SWEF, TMI, CRT, BLND	Joe Bauernfreund	AVI Global Trust
31 January	LBOW, ESCT, THRG, IEM, ORIT	Douglas Brodie	Edinburgh Worldwide
7 February	RNEW, RESI, PSDL, RSE, PEY, CYN	Mark Boggett	Seraphim Space
Coming up			
14 February		Prashant Khemka	Ashoka WhiteOak Emerging Markets Trust
21 February		Samantha FitzPatrick	Murray International

Research

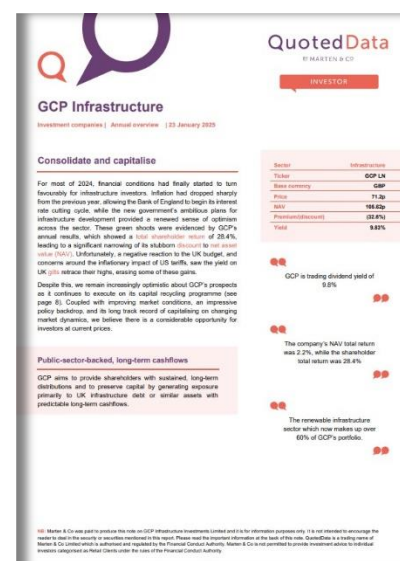


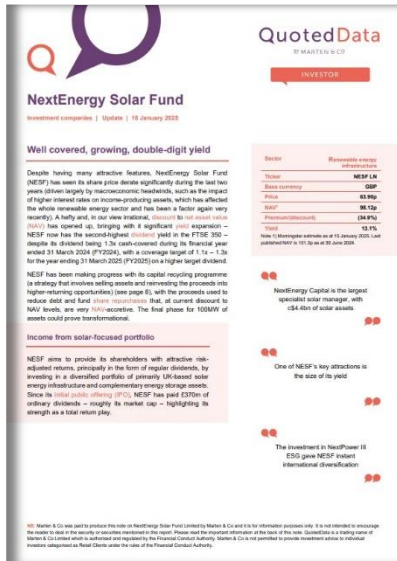
The first nine months of 2024 provided signs of a return to normality in the UK. With inflation falling steeply, the Bank of England was able to begin its interest rate-cutting cycle, while a steady pickup in growth provided a sense of optimism that had long been absent from the market. The Rights and Issues Investment Trust (RII) responded in kind, delivering a shareholder total return of 17% to 30 September 2024. Unfortunately, this momentum slowed over the latter part of the year as investors fled UK small caps, particularly AIM (Alternative Investment Market) stocks, in advance of the budget, and yields climbed on both UK government bonds (gilts) and US treasuries, back towards cycle highs.

Although frustrating for investors, we believe the conditions that drove the first half recovery remain in place, and the recent weakness should not detract from the generally positive outlook for the UK, and RIII in particular. Market activity has finally begun to pick up as investors capitalise on historically cheap valuations and we believe that for active, high-conviction managers like RIII's, the opportunity to outperform in the coming years has arguably never been better.

For most of 2024, financial conditions had finally started to turn favourably for infrastructure investors. Inflation had dropped sharply from the previous year, allowing the Bank of England to begin its interest rate cutting cycle, while the new government's ambitious plans for infrastructure development provided a renewed sense of optimism across the sector. These green shoots were evidenced by GCP's annual results, which showed a total shareholder return of 28.4%, leading to a significant narrowing of its stubborn discount to net asset value (NAV). Unfortunately, a negative reaction to the UK budget, and concerns around the inflationary impact of US tariffs, saw the yield on UK gilts retrace their highs, erasing some of these gains.

Despite this, we remain increasingly optimistic about GCP's prospects as it continues to execute on its capital recycling programme (see page 8). Coupled with improving market conditions, an impressive policy backdrop, and its long track record of capitalising on changing market dynamics, we believe there is a considerable opportunity for investors at current prices.





Despite having many attractive features, NextEnergy Solar Fund (NESF) has seen its share price derate significantly during the last two years (driven largely by macroeconomic headwinds, such as the impact of higher interest rates on income-producing assets, which has affected the whole renewable energy sector and has been a factor again very recently). A hefty and, in our view irrational, discount to net asset value (NAV) has opened up, bringing with it significant yield expansion – NESF now has the second-highest dividend yield in the FTSE 350 – despite its dividend being 1.3x cash-covered during its financial year ended 31 March 2024 (FY2024), with a coverage target of 1.1x – 1.3x for the year ending 31 March 2025 (FY2025) on a higher target dividend.

NESF has been making progress with its capital recycling programme (a strategy that involves selling assets and reinvesting the proceeds into higher-returning opportunities) (see page 8), with the proceeds used to reduce debt and fund share repurchases that, at current discount to NAV levels, are very NAV-accretive. The final phase for 100MW of assets could prove transformational.

Polar Capital Technology's (PCT's) manager contends that it has never been a better time to be an active manager in the artificial intelligence (AI) driven technology sector, with potential winners diversifying from the magnificent seven (Mag7) technology stocks (a group of seven major technology companies that have demonstrated significant influence and performance in financial markets, particularly in recent years – Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla and Meta Platforms) to a range of sectors and companies. Reflecting this, the fund's active share is as large at 50% as it has ever been, on the expectation that the spread in performance between large-cap and small- and mid-cap technology stocks will narrow considerably.

AI innovation, capex and adoption rates have all continued their rapid growth since our last note six months ago, which should act to quell fears of an AI-induced technology valuation bubble. The pace of corporate adoption has been particularly impressive, with several use-cases pointing to vast efficiency and productivity gains, suggesting a snowball in adoption. The skills of an active manager such as PCT's in picking AI winners (and identifying incumbent casualties) makes its 12.3% discount to net asset value (NAV) look good value.



INVESTOR

Herald Investment Trust

Investment companies | Update | 18 January 2025

Vote against Saba to protect your investment

Herald Investment Trust (HIT) exemplifies the benefits of the closed-end structure, allowing its manager to take a long-term view, thanks to its permanent pool of capital, and tap into up-and-coming technology stocks at an early stage of their development, thus providing its shareholders with a differentiated source of alpha – a measure of uncorrelated returns and manager skill, the hallmark of any good actively managed fund.

We believe that the recent attempts by Saba Capital (a US activist hedge fund that is attacking the investment trust sector) to wrestle control of HIT, change its investment mandate, and install itself as the investment manager represents a significant risk to its shareholders' investment that could see them missing out on significant upside. We side with HIT's board, believing very strongly that shareholders of all sizes should ensure that they vote to reject all of Saba's resolutions at the upcoming general meeting, details of which can be found [here](#).

Despite the unwelcome disruption of Saba's actions, HIT generated decent returns over 2024, with several of its holdings reporting triple-digit returns. In part, this reflects HIT's exposure to the themes of artificial intelligence (AI)-driven services or their critical infrastructure. HIT's share price has also benefited from the recent narrowing of its share price discount to net asset value (NAV).

Small-cap technology, telecommunications, and multi-media

HIT's objective is to achieve capital appreciation through investments in smaller listed companies in the areas of telecommunications, multimedia, and technology. Investments may be made across the world, although the portfolio has a strong position in UK stocks.

Key metrics:

Ratio	Current (2024)	Previous (2023)
Total	100.0%	100.0%
Shareholding	100.0%	100.0%
NAV	1.000	1.000
Price	0.850	0.850
Discount to NAV	15.0%	15.0%

◀ Herald Investment Trust (HRI) exemplifies the benefits of the closed-end structure, allowing its manager to take a long-term view, thanks to its permanent pool of capital, and tap into up-and-coming technology stocks at an early stage of their development, thus providing its shareholders with a differentiated source of alpha – a measure of uncorrelated returns and manager skill, the hallmark of any good actively managed fund.

We believe that the recent attempts by Saba Capital (a US activist hedge fund that is attacking the investment trust sector) to wrestle control of HRI, change its investment mandate, and install itself as the investment manager represents a significant risk to its shareholders' investment that could see them missing out on significant upside. We side with HRI's board, believing very strongly that shareholders of all sizes should ensure that they vote to reject all of Saba's resolutions at the upcoming general meeting, details of which can be found [here](#).

On 18 December 2024, CQS Natural Resources Growth and Income (CYN) received a requisition notice from a nominee of Saba Capital Management LP (Saba) requiring it to convene a general meeting for shareholders to consider resolutions proposed by Saba to remove the existing completely-independent board of non-executive directors and replace it with two directors of Saba's choosing.

On 7 January 2025, CYN's board issued a comprehensive rebuttal of Saba's proposals when it published a circular (a formal document sent to shareholders) in relation to the requisitioned meeting – it describes Saba's proposals as “self-interested and misleading.” The board's position is very clear – it is unanimous in recommending shareholders vote against Saba's resolutions.

INVESTOR

CQS Natural Resources Growth and Income

Investment companies | Plain note | 9 January 2025

Protect your investment – get out and vote

On 18 December 2024, CQS Natural Resources Growth and Income (CYN) received a requisition notice from a nominee of Saba Capital Management LP (Saba) requiring it to convene a general meeting for shareholders to consider resolutions proposed by Saba to remove the existing completely-independent board of non-executive directors and replace it with two directors of Saba's choosing.

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From the outset, we have cautioned shareholders against giving full control of the trust to one dominant shareholder that would be free to act entirely in its own interests. Saba has made clear its intention to get itself appointed as manager and merge the seven targets into one large vehicle with a mandate to attack other investment companies. The FCA's (Financial Conduct Authority) Listing Rules make it clear that the board of directors of an investment company must be able to act independently of any investment manager. We are not comfortable that Saba's proposals meet this requirement.

With so much at stake, we thought we should take a deeper look at Saba's proposals and CYN's board's response to them, to see what the merits are. Our conclusion is that Saba's plans for CYN are so poor for all shareholders other than itself that its proposals deserve to be voted down comprehensively. We urge all shareholders: protect your investment and get out and vote.

Capital growth and income from mining & resources

CYN aims to provide investors with capital growth and income by investing in a portfolio that predominantly comprises mining and resource equities, as well as mining, resource and industrial fixed-income securities.

Key metrics:

Ratio	Current (2024)	Previous (2023)
Total	100.0%	100.0%
Shareholding	100.0%	100.0%
NAV	1.000	1.000
Price	0.850	0.850
Discount to NAV	15.0%	15.0%

INVESTOR

Urban Logistics REIT

REITs | Annual overview | 7 January 2025

Discount at odds with growth plans

A negative reaction to the UK budget sent (i) rates higher and saw investor caution return to real estate stocks. The recent share price weakness that followed this has seen Urban Logistics REIT's (SHED) discount to net asset value (NAV) widen to more than 30%, which is at odds with the sector fundamentals and the work the company's adviser is putting in. An asset recycling programme is underway. Here the adviser is targeting new assets, where it can work its asset management enhancement magic. This, coupled with the adviser's expertise in driving up rents and capturing rental (i) (the rent that could be achieved if rent adjusts to the level of the estimated rental value – ERV) from its portfolio, should result in substantial earnings growth and much-coveted dividend cover.

Meanwhile, a more normalised occupier market is forming, with supply and demand fundamentals returning to pre-COVID levels, putting greater emphasis on landlords' ability to achieve returns. This is where SHED has traditionally excelled and, with its active approach to asset management, the foundations are set for a re-rating of its shares.

'Last mile' logistics

SHED invests in a diverse portfolio of single-let, urban logistics properties located in the UK, with the aim of providing its shareholders with a 10% to 15% total return per annum.

Key metrics:

Ratio	Current (2024)	Previous (2023)
Total	100.0%	100.0%
Shareholding	100.0%	100.0%
NAV	1.000	1.000
Price	0.850	0.850
Discount to NAV	15.0%	15.0%

◀ A negative reaction to the UK budget sent gilt rates higher and saw investor caution return to real estate stocks. The recent share price weakness that followed this has seen Urban Logistics REIT's (SHED's) discount to net asset value (NAV) widen to more than 30%, which is at odds with the sector fundamentals and the work the company's adviser is putting in. An asset recycling programme is underway. Here the adviser is targeting new assets, where it can work its asset management enhancement magic. This, coupled with the adviser's expertise in driving up rents and capturing rental reversion (the rent that could be achieved if rent adjusts to the level of the estimated rental value – ERV) from its portfolio, should result in substantial earnings growth and much-coveted dividend cover.

Meanwhile, a more normalised occupier market is forming, with supply and demand fundamentals returning to pre-COVID levels, putting greater emphasis on landlords' ability to achieve returns. This is where SHED has traditionally excelled and, with its active approach to asset management, the foundations are set for a re-rating of its shares.



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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:

- JPMorgan Indian AGM 2025
- River UK Micro Cap shareholder presentation 2025
- GCP Infrastructure Investments AGM 2025
- Polar Capital Global Healthcare AGM 2025
- Edinburgh Worldwide EGM 2025
- BlackRock Throgmorton Trust EGM 2025
- Impax Environmental Markets EGM 2025
- abrdn Equity Income Trust EGM 2025
- Biotech Growth Trust EGM 2025
- Majedie Investments AGM 2025
- JPMorgan Asia Growth & Income 2025 AGM
- Home REIT AGM 2025
- Downing Strategic Micro-Cap EGM 2025
- Schroder UK Mid Cap Fund AGM 2025
- Triple Point Energy Transition EGM 2025
- Bankers Investment Trust AGM 2025
- Renewables Infrastructure Group shareholder presentation 2025
- abrdn Diversified Income and Growth AGM 2025
- Bluefield Solar Income Fund shareholder presentation 2025

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 if you would like it emailed to you directly.



Appendix 1 – median performance by sector, ranked by 2025 year to date price total return

YTD Rank	Sector	Share price total return YTD (%)	NAV total return YTD (%)	Discount 31/01/25 (%)	Discount 31/12/24 (%)	Change in discount (%)	Median mkt cap 31/01/24 (£m)
1	Latin America	11.2	12.9	(11.9)	(11.6)	2.9	89.9
2	Europe	9.9	9.9	(9.2)	(10.0)	(8.1)	562.3
3	Property - UK logistics	7.0	0.0	(30.6)	(34.9)	(12.2)	509.7
4	European smaller companies	6.9	7.5	(9.7)	(10.7)	(9.2)	428.5
5	Technology & technology innovation	6.7	4.9	(7.8)	(9.4)	(16.3)	3,053
6	North American smaller companies	5.3	4.8	(5.2)	(5.7)	(10.0)	239.4
7	Global	5.3	5.2	(7.6)	(8.0)	(5.0)	842.9
8	Global equity income	5.1	4.4	(7.4)	(8.9)	(16.8)	333.1
9	China / greater China	4.6	2.0	(10.5)	(12.9)	(18.4)	193.0
10	Environmental	4.6	4.4	(8.9)	(10.2)	(12.9)	125.3
11	Biotechnology & healthcare	4.4	3.9	(10.3)	(12.5)	(17.9)	369.7
12	North America	4.2	4.7	(8.7)	(8.0)	7.6	428.0
13	Property - UK healthcare	4.2	0.0	(27.1)	(29.6)	(8.5)	446.0
14	UK equity income	3.5	4.8	(6.2)	(6.9)	(8.8)	384.6
15	UK all companies	3.4	4.1	(9.8)	(10.1)	(3.2)	268.7
16	Commodities & natural resources	3.3	3.9	(11.0)	(16.1)	(31.8)	69.7
17	Japan	3.1	2.9	(12.3)	(13.1)	(6.0)	301.0
18	Asia Pacific equity income	2.9	3.8	(9.2)	(9.3)	(0.9)	338.3
19	Global emerging markets	2.8	3.0	(11.9)	(12.8)	(7.2)	296.2
20	Debt - structured finance	2.7	1.0	(8.7)	(17.3)	(49.5)	166.5
21	Japanese smaller companies	2.7	3.2	(3.5)	(3.0)	16.8	332.5
22	Global smaller companies	2.2	3.0	(11.3)	(9.1)	24.7	755.5
23	Insurance & reinsurance strategies	2.2	0.8	(19.5)	(20.6)	(5.2)	68.3
24	UK equity & bond income	1.8	4.8	(9.9)	(7.0)	40.9	284.8
25	Asia Pacific	1.3	1.3	(12.5)	(12.0)	4.2	526.8
26	Property - Europe	1.0	0.6	(38.1)	(38.1)	0.0	199.2
27	Country specialist	0.9	2.4	(14.9)	(12.2)	21.6	380.4
28	Hedge funds	0.8	0.8	(19.4)	(18.2)	6.3	88.9
29	Debt - loans & bonds	0.8	1.1	0.4	0.2	145.5	143.0
30	Flexible investment	0.8	1.1	(12.6)	(20.0)	(36.8)	108.5
31	Private equity	0.6	0.0	(33.3)	(31.4)	5.8	587.2
32	UK smaller companies	0.3	0.0	(11.3)	(11.5)	(2.1)	102.5
33	Property – rest of world	0.0	0.0	(74.9)	(68.1)	(12.9)	16.3

YTD Rank		Share price total return YTD (%)	NAV total return YTD (%)	Discount 31/01/2024 (%)	Discount 31/12/24 (%)	Change in discount (%)	Median mkt cap 31/01/24 (£m)
34	Property - debt	0.0	0.0	(14.8)	(11.9)	23.9	27.1
35	Financials & financial innovation	(0.4)	3.2	(22.2)	(20.1)	10.0	395.9
36	Asia Pacific smaller companies	(0.4)	(2.8)	(13.8)	(15.8)	(12.6)	349.1
37	Infrastructure securities	(0.4)	0.0	(12.4)	(11.9)	3.4	109.0
38	Property - UK residential	(0.7)	0.0	(49.2)	(40.7)	20.7	91.3
39	Debt - direct lending	(0.9)	0.0	(16.8)	(16.5)	1.9	79.3
40	Property - UK commercial	(1.2)	0.0	(25.5)	(22.6)	12.4	140.2
41	Growth capital	(1.4)	0.0	(36.5)	(35.4)	3.0	120.9
42	Leasing	(1.5)	0.8	(32.8)	(23.7)	38.5	163.3
43	Infrastructure	(2.7)	0.0	(25.1)	(21.7)	15.2	866.4
44	Renewable energy infrastructure	(4.3)	0.0	(37.3)	(34.2)	8.9	229.1
45	India/Indian subcontinent	(5.7)	(5.2)	(13.8)	(12.2)	13.4	423.5
MEDIAN		2.2	1.3	(12.3)	(12.5)	0.07	279.7

Source: Morningstar, Marten & Co.



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**50 Gresham Street, London EC2V 7AY
0203 691 9430**

Registered in England & Wales number 07981621,
2nd Floor Heathmans House,
19 Heathmans Road, London SW6 4TJ