

Second Quarter of 2020

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When the going gets tough...

It was a remarkable second quarter with global markets staging the sort of comeback few would have thought plausible, at the end of March. With some countries still battling the first wave of infection and others seemingly headed to a second, not to mention what happens when governments start to remove direct stimulus measures, uncertainty still abounds.

For a comprehensive collation of commentary from fund managers and chairman in response to Covid-19, you can access our most recent economic and political roundup [here](#).

New research

Over the quarter, we published notes on [Aberdeen Standard European Logistics Income](#), [BlackRock Throgmorton](#), [Civitas Social Housing](#), [CQS Natural Resources Growth and Income](#), [CQS New City High Yield](#), [Ecofin Global Utilities and Infrastructure](#), [GCP Infrastructure](#), [Henderson High Income](#), [Herald](#), [India Capital Growth](#), [International Biotechnology](#), [JLEN Environmental Assets](#), [Polar Capital Technology](#), [Seneca Global Income & Growth](#), [Strategic Equity Capital](#), [North American Income](#), and [Vietnam Holding](#). You can read all these notes by clicking on the links above.

In this issue

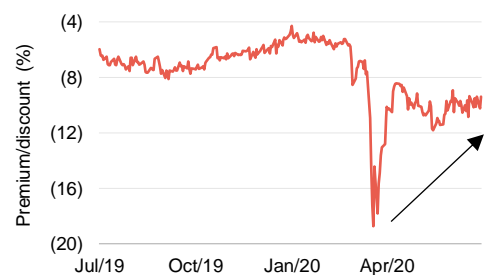
Performance Data – Technology-focused strategies performed well right through the quarter. Commodity funds staged a comeback while Asia-Pacific funds performed very well

Major news stories – [Perpetual Income and Growth](#) served notice to Invesco and Mark Barnett and [India Capital Growth](#) received the backing it needed for continuation

Money in and out – [Scottish Mortgage](#)'s soaring NAV has been attracting a plethora of new investors, while in April [Supermarket Income REIT](#) raised a remarkable £139.9m (it was targeting £75m)

All investment companies median discount

Time period 01/07/2019 to 30/06/2020

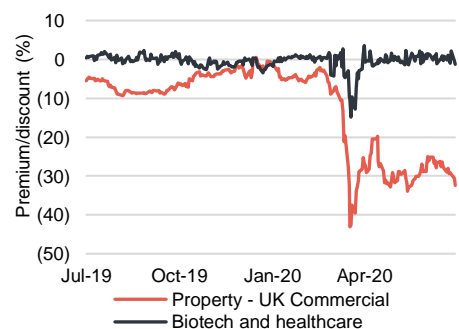


Source: Morningstar, Marten & Co. Note: filters out funds with a market cap below £15m, as at 31 March 2020.

Discounts narrowed sharply over the second quarter, with the rebound in share prices proving as dramatic as the March collapse. At 30 June 2020, the median discount was about 3.5% wider than the level one year ago.

Property has been pummelled

Time period 01/07/2019 to 30/06/2020



Source: Morningstar, Marten & Co.

Some sectors, such as biotech and healthcare, are either less affected by, or maybe potential beneficiaries, of Covid-19 and the shift to the new normal. Others, such as commercial property, have been heavily re-priced.

Winners and losers

Out of a total of 329 investment companies (we excluded funds with market caps below £15m), second quarter median total NAV and market returns amounted to 13.4% and 18.8% (the equivalent first quarter figures were -13.1% and -23.3%). It was an extraordinary quarter, not least because most forecasters still expect the pandemic to inflict the worst global recession since the great depression of the late 1920s.

The commodities sector staged a comeback, with several funds exposed to oil, benefitting from the rise in prices. Gold's revival continued apace too. We saw a continuation in the dash to technology, which in addition to pure technology strategies, has been manifesting mainly in the global and Asia-focused sectors. Equity income strategies (and parts of the debt sector) struggled, as companies across Europe and the North America reduced or stopped distributions. North American equity funds performed very well, with the Fed determined to pull out all the stops. Other regional trends included the strength of the Asia-Pacific region, with the likes of China, Japan, Vietnam, and South Korea, well ahead of the rest of the world on the path back to pre-pandemic normality.

There is still little to cheer about for the leasing, commercial property, and structured debt sectors (structured debt holds riskier debt tranches than loan funds). Out of the 20 worst price performers over the second quarter, 11 were property funds.

Positive movers:

Figure 1: Best performing funds in price terms over Q2 *

	(%)
Riverstone Energy	155.1
Golden Prospect Precious Metals	88.4
Riverstone Credit Opportunities Income	84.3
Miton UK Microcap	67.0
Pacific Horizon	66.3
Augmentum Fintech	60.6
Biotech Growth	55.9
Baillie Gifford US Growth	55.3
India Capital Growth	52.2
Edinburgh Worldwide	51.7

Source: Morningstar, *excluding funds with market cap. below £15m, as at 31 March

Figure 2: Best performing funds in NAV terms over Q2*

	(%)
Golden Prospect Precious Metal	109.7
Augmentum Fintech	60.6
Baillie Gifford US Growth	49.9
Pacific Horizon	49.9
CQS Natural Resources Growth & Income	48.0
Edinburgh Worldwide	47.1
Weiss Korea Opportunity	46.0
Scottish Mortgage	44.7
BlackRock World Mining	43.2
TR European Growth	41.1

Source: Morningstar, *excluding funds with market cap. below £15m, as at 31 March

The price of Brent Crude oil increased by more than 60% over the second quarter, which was very good news for the two Riverstone funds ([Riverstone Energy](#) and [Riverstone Credit Opportunities Income](#)). [BlackRock World Mining](#) and [CQS Natural Resources Growth and Income](#) also benefited from this and a broader recovery in commodities more generally. [Golden Prospect Precious Metals](#)' performance reflects the surging popularity of gold as a hedge. In both price and NAV terms, the trust has been the best performing investment company, over the first half of the year (YTD). The trust was also the best performing investment company in 2019 in both price (+77.5%) and NAV terms (+65.3%). In NAV terms, both [Baillie Gifford US Growth](#) and [Scottish Mortgage](#) had stellar quarters, benefitting from the managers expertise in the technology and unlisted spaces. [Scottish Mortgages](#)' soaring NAV has also allowed it to attract considerable new investment (see the 'money in and out' section). The resilience of technology reflects the widespread belief that the pandemic has brought forward the adoption timeframe of many 'disruptive technologies' significantly. This feeds right into the hands of the fintech sector (notwithstanding the ongoing Wirecard scandal), which saw flows into [Augmentum Fintech](#) shoot-up. One of Augmentum's holdings, Onfido (it focuses on identity verification and authentication), raised \$100m over April. [Pacific Horizon](#), another Baillie Gifford managed fund, had a particularly good quarter. It benefitted from its considerable exposure to China and South Korea, which together account for more than half its assets, and holdings in a number of newer breed Asian technology companies. [Weiss Korea Opportunity](#)'s push came over June, as flows into export-oriented South Korea picked up. Most of [Miton UK Microcap](#)'s performance came over April. Despite a 67% price return over the quarter, it is still down YTD. Geoff Hsu, manager of [Biotech Growth](#), says the sector is currently in a "golden age" of innovation. The fund led performance in what was another strong quarter for the biotech and healthcare sector. [India Capital Growth](#)'s shares surged in the leadup to a continuation vote, which it passed comfortably (you can access our May note on the fund by clicking [here](#)).

Negative movers

Figure 3: Worst performing funds in price terms over Q2*

	(%)
Marble Point Loan Financing	(42.0)
DP Aircraft 1	(41.7)
JZ Capital Partners	(35.0)
Drum Income Plus REIT	(28.1)
EJF	(25.7)
Standard Life Investment Property Income	(23.6)
NB Distressed Debt Investment Extended Life	(23.2)
NB Distressed Debt New Global	(17.1)
BMO Real Estate	(16.7)
UK Commercial Property REIT	(15.3)

Source: Morningstar, *excluding funds with market cap. below £15m, as at 31 March

Figure 4: Worst performing funds in NAV terms over Q2 *

	(%)
Riverstone Energy	(41.6)
Fair Oaks Income 2017	(38.2)
Symphony International	(38.1)
Crystal Amber	(31.5)
Marble Point Loan Financing	(30.3)
Electra Private Equity	(28.0)
LMS Capital	(15.4)
Chenavari Toro Income	(14.7)
Dunedin Enterprise	(13.5)
Schroder UK Public Private	(12.1)

Source: Morningstar, *excluding funds with market cap. below £15m, as at 31 March

US-focused **Marble Point Loan Financing** was the worst performing company in share price terms during the quarter – it is heavily exposed to the CLO market, which has been handicapped by a series of credit ratings downgrades on the underlying loan collateral. **Fair Oaks Income 2017** was similarly affected. These funds tend to invest in instruments that bear the first losses but get paid high rates of interest. The structured debt sector did stage a bit of a rally over June though, on the back of perceived value as sentiment improved. The leasing sector continued to suffer over the second quarter. It has been the worst hit sector by far, so far this year, in price terms, shedding half its value (see 'Appendix 1'). **DP Aircraft 1**, which was forced to take equity in Norwegian, in place of its leases, has been hit the hardest. Commercial property funds felt the full force of the lockdown, as office and retail footfall ground to a halt. **Standard Life Investments Property Income**, **UK Commercial Property REIT**, and **BMO Real Estate** have been heavily affected as a result. **Riverstone Energy's** NAV is down by considerably more than its shares YTD. Investors are trying to compute the extent to which the pandemic will damage the performance of the private equity sector. The environment for distributions, previously strong, will inevitably suffer, although the resilience of public markets should provide some cushion to the NAV impact on private equity, based on the use of market comparables to value unlisted companies. The two private equity funds in the table above struggled for more idiosyncratic reasons. **Electra Private Equity** has two main investments. These include the casual dining chain, TGI Fridays, which was shut over the quarter. Asia-focused **Symphony International** was doubly-hit by its large exposure to the Thai hospitality company Minor International, and weakness in the baht currency. **JZ Capital Partners** announced that it would be making no new investments and that a great deal of the existing portfolio will need to be sold to meet debt repayments. In April, the financials-sector fund, **EJF**, posted its worst monthly return since launch. It also took off its currency hedging.

Significant rating changes

More expensive relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	30 Jun 20 (%)	31 Mar 20 (%)
Riverstone Energy	(12.8)	(66.0)
Augmentum Fintech	(5.5)	(43.4)
Riverstone Credit Opportunities Income	(26.7)	(60.1)
Crystal Amber	(1.9)	(31.4)
Merian Chrysalis	5.4	(19.0)
Blackstone/GSO Loan Financing	(13.6)	(36.7)
Tritax Big Box	(1.9)	(24.9)
JPMorgan Global Core Real Assets	11.7	(10.1)
Syncona	32.5	11.8
BH Macro USD	16.6	(3.8)

Source: Morningstar, Marten & Co

Cheaper relative to NAV (notable changes)

	% discount (-ve) or premium (+ve)	
	30 Jun 20 (%)	31 Mar 20 (%)
Marble Point Loan Financing	(8.7)	99.6
EJF	(27.3)	2.5
Standard Life Inv. Property Income	(26.9)	0.6
Drum Income Plus REIT	(36.9)	(12.3)
Triam Investors 1	(21.8)	(0.6)
RDL Realisation	(55.4)	(37.9)
UK Commercial Property REIT	(30.3)	(13.1)
Acorn Income	(17.9)	(2.5)
Schroder Real Estate	(49.3)	(34.9)
Globalworth Real Estate	(31.4)	(18.3)

Source: Morningstar, Marten & Co

Interestingly, across all 329 investment companies, the median level of discount, at the quarter-end, only narrowed by 1.4%, from 31 March. A number of sectors remain under pressure and in the case of many alternative asset sectors, the more periodic reporting of NAV means that the true impact of the pandemic, to-date, will become clearer over the third quarter.

Getting more expensive

We discussed **Riverstone Energy**, **Riverstone Credit Opportunities Income**, and **Augmentum Fintech** in the 'winners and losers' section. **Crystal Amber** was the best performer over June in share price terms after an investigation by the UK's Serious Fraud Office, into De La Rue, one of the fund's largest holdings, ended. Growth Capital-sector fund, **Merian Chrysalis**, holds a number of tech-focused 'disrupters.' **Syncona's** shares climbed sharply higher in the last week of June, after one of its holdings, Freeline, raised additional capital at a higher valuation. The Brevan Howard hedge fund, **BH Macro USD**, had a strong quarter. The hedge fund sector has benefited from the extreme volatility seen this year. **JPMorgan Global Core Real Assets** real asset-focus is proving resilient, with sectors such as infrastructure capable of maintaining income generation. **Tritax Big Box** had a good quarter, with the logistics sector faring far better than wider real estate. The advent of the pandemic has accelerated the trend towards online shopping, with Amazon seeing a spike in demand for its services. Tritax Big Box signed a pre-let deal with Amazon in June, in what was seen as a coup for the fund.

Getting cheaper

Marble Point Loan Financing, **Standard Life Investments Property Income**, **UK Commercial Property REIT**, and **EJF** were discussed in the 'winners and losers' section. **Schroder Real Estate** has been hit by the same dynamics that have impinged on aforementioned UK property companies. During March, the gearing built in to split capital trusts, like **Acorn Income**, magnified the declines in NAV. However, over the second quarter, Acorn Income's discount widened as its NAV rebounded strongly but its share price failed to keep pace.



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A company's ability to exhibit exponential growth lies at the heart of the **Scottish Mortgage Investment Trust**, managed by Baillie Gifford.

Our portfolio consists of around 80 of what we believe are the most exciting companies in the world today. Our vision is long term and we invest with no limits on geographical or sector exposure.

Baillie Gifford's track record as long-term, supportive shareholders makes us attractive to a new breed of capital-light businesses. And our committed approach means we can enjoy a better quality of dialogue with management teams at transformational organisations such as Alibaba, Dropbox and Airbnb. So it is a case of who you know as well as what you know. Over the last five years the **Scottish Mortgage Investment Trust** has delivered a total return of 136.5% compared to 74.9% for the sector**.

Standardised past performance to 31 December**:

	2014	2015	2016	2017	2018
Scottish Mortgage	21.4%	13.3%	16.5%	41.1%	4.6%
AIC Global Sector Average	8.8%	10.9%	22.6%	24.1%	-4.9%

Past performance is not a guide to future returns. Please remember that changing stock market conditions and currency exchange rates will affect the value of the investment in the fund and any income from it. Investors may not get back the amount invested. The Trust's risk could be increased by its investment in unlisted investments. These assets may be more difficult to buy or sell, so changes in their prices may be greater.

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*Ongoing charges as at 31.03.18. **Source: Morningstar, share price, total return as at 31.12.18. Your call may be recorded for training or monitoring purposes. Issued and approved by Baillie Gifford & Co Limited, whose registered address is at Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom. Baillie Gifford & Co Limited is the authorised Alternative Investment Fund Manager and Company Secretary of the Company. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies and are not authorised and regulated by the Financial Conduct Authority.

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Money in and out of the sector

Around £330m of new capital was raised over the second quarter, with five funds raising more than £100m.

Figure 5: Money entering the sector over Q2

	£m
Scottish Mortgage*	151
Supermarket Income REIT	140
Worldwide Healthcare*	128
Renewables Infrastructure Group	120
SDCL Energy Efficiency Income	110
Allianz Technology*	74
Smithson*	72
Polar Capital Technology*	61
Edinburgh Worldwide*	55
Finsbury Growth & Income*	48

Source: Morningstar, *Note: based on approximate value of shares at 30/06/20

Figure 6: Money leaving the sector over Q2

	£m
Pershing Square Holdings*	(108)
Polar Capital Global Financials*	(86)
Fidelity China Special*	(57)
Riverstone Energy*	(41)
Witan*	(33)
JPEL Private Equity*	(20)
Templeton Emerging Markets*	(19)
Alliance*	(18)
Diverse Income*	(17)
CVC Credit Partners Eur. Opps. GBP*	(13)

Source: Morningstar, *Note: based on approximate value of shares at 30/06/20

Money coming in:

Scottish Mortgage's soaring NAV has been attracting a plethora of new investors. Supermarket Income REIT raised £139.9m in April, a remarkable figure in the current climate given that the original target was £75m. Such a heavy oversubscription demonstrated investors' need for certainty of income. Supermarkets are having fewer problems meeting rent obligations. Renewables Infrastructure Group's share issue raised £120m, in what was another show of confidence

towards renewables and the relative certainty of income the sector provides. **Worldwide Healthcare** raised £70.9m over May, through a series of issuances, with its diversified healthcare strategy (by sub-sector and geography) proving popular a time where the sector is very much in favour. The most recent major placing came in June, with **SDCL Energy Efficiency Income** raising £110m - It had been looking for £60m.

Money going out

Pershing Square has been buying back stock as part of its commitment to narrow its discount. **Polar Capital Global Financials** had offered all its investors a chance to exit the trust at NAV. Over April, shareholders voted to extend its life indefinitely and the trust still has 123m shares in issue

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We are the largest manager of investment trusts in the UK with a range of nine trusts. We have an extensive range of OEIC sub-funds and manage investments globally for pension funds, institutions and charities.

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Major news stories from Q2 2020

Portfolio developments

- **HarbourVest Global Private Equity** discussed the PE market
- **Fidelity China** has been shrugging of the virus
- **Hipgnosis Songs** said its NAV increased 17.7% in an update head of its annual results
- **Aberdeen Japan** said the pandemic's impact had been less severe in the country
- **JLEN** set out its plans for the future
- **NextEnergy** was hit by falling power prices
- **Lindsell Train** outperformed, again
- We also had results (interim) and an update from **VietNam Holding**
- **Schiehallion** reported inaugural annual results
- **SQN Asset Finance** discussed its future plans
- **Standard Life Private Equity** took a modest hit to its NAV in March
- **Schroder AsiaPacific** said in May that it sees anti-globalisation tide drawing strength from the pandemic
- **Scottish Mortgage** continued to provide an effective shelter, over the second quarter
- **Polar Capital Global Financials** said in May that it would maintain an equivalent level dividend this year
- Over April, QuotedData spoke to SV Health Partners, managers of **International Biotechnology's** unquoted investments, about Covid-19

Corporate news

- **JPMorgan Multi Asset** announced it would be maintaining its dividend
- **SDCL Energy Efficiency** is set for expansion after a successful year
- **India Capital Growth** received the backing it needed for continuation
- **Polar Capital Global Financial's** life was extended indefinitely following a shareholder vote
- **Ecofin** grew over the quarter
- **Gabelli Value Plus+**'s directors advised shareholders to vote against continuation
- **JPMorgan Multi Asset** announced it would be maintaining its dividend
- **Polar Capital Technology's** managers reflected on the evolution of video games: from niche pastime to mainstream entertainment
- **JZ Capital** said it would not be making new investments

Portfolio developments

- **HICL Infrastructure** completed investments worth £103m
- Fintech company **Augmentum** said two portfolio companies had closed fundraisings worth a combined \$111m
- We had final results and a gold outlook from **Golden Prospect Precious Metals**
- **Vietnam Enterprise** said the country was coming off its best economic growth year in a decade
- **US Solar** said there had been no material impact on its construction timeline or operating cashflows
- **Greencoat UK Wind** struck a £320m subsidy-free deal

Corporate news

Property news

- **Intu**, the biggest shopping centre owner in the UK, went into administration
- **Civitas Social Housing** had a good year. **The company collected 99% of rent over the March-end quarter**
- In May, **Phoenix Spree Deutschland** said it had collected 98% of April rent as Germany eases restrictions
- There was an ongoing battle between landlords and Travelodge
- Cuba-focused **Ceiba** suspended its dividend
- **Aberdeen Standard European Logistics Income** committed to its quarterly dividend

Managers and fees

- **Temple Bar** served protective notice to manager Ninety One UK
- **Perpetual Income and Growth** served notice to Invesco and Mark Barnett
- There was a management reshuffle at **SQN Asset Finance**
- There was a manager change at **JPMorgan Indian**
- **Strategic Equity Capital** announced a manager change
- **Aberdeen New Thai's** board got tough after poor year

Visit www.quoteddata.com or more on these and other stories plus in-depth analysis on some funds, the tools to compare similar funds and basic information, key documents and regulatory news announcements on every investment company quoted in London

Upcoming events

Here is a selection of what's coming up. Please refer to the [Events](#) section of our website for updates between now and when they are scheduled:

- Dunedin Income Growth AGM 2020, **16 July 2020**
- Foresight Solar Fund AGM 2020, **16 July 2020**
- Syncona AGM 2020, **28 July 2020**
- Montanaro UK Smaller AGM 2020, **31 July 2020**
- Aberdeen New Dawn AGM 2020, **2 September 2020**
- Polar Capital Technology AGM 2020, **2 September 2020**
- UK Investor Show, **26 September 2020**
- The London Investor Show, **30 October**
- Sustainable & Social Investing Conference, **3 December 2020**

Covid-19 – Impact on Markets – **20 July 2020**

QUOTEDDATA WEBINAR

Covid-19 – Impact on Markets

20th July

Schedule -
 08:45am - 09:30am - James Thom from Aberdeen New Dawn
 09:30am - 10:15am - Joe Bauernfreund from AVI Global Trust and AVI Japan Opportunity Trust
 10:15am - 11:00am - Tim Creed from Schroder UK Private Public Trust
 11:00am - 11:45am - Dean Orrico from Middlefield Canadian Income

AberdeenStandard Investments | Middlefield Group | Schrodgers | AVI | AGT | AIOT

QuotedData's property summer conference – **15 and 22 July 2020**

WEEKLY WEBINAR SERIES

QUOTEDDATA'S PROPERTY SUMMER CONFERENCE

15th and 22nd July

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Week 2 - 15th July
 08:30 - 09:00
 09:00 - 09:30 - Nick Proctor from Tritax European PLC
 09:30 - 10:00 - James Aggar from Standard Life Investments Real
 10:00 - 10:30 - Peter Lauer from BMO Real Estate Investment Trust
 10:30 - 11:00 - Paul Bridge from Civitas
 11:00 - 11:30 - Neil Fisher from UK Commercial Property REIT

Week 3 - 22nd July
 08:30 - 09:00
 09:00 - 09:30 - Matt Howard from BMO Commercial Property Trust
 09:30 - 10:00 - James Ruggley from Standard Life Investments Property Income
 10:00 - 10:30 - Thomas Edwards-Moss from Hibernia REIT
 10:30 - 11:00 - Inevaya Corbett from GRIT

Master Investor – the UK's largest private investor show – **5 December 2020**



Research published over Q2

Update | Investment companies
30 June 2020

CQS New City High Yield

Sitting pretty

At the height of the market turmoil in March, CQS New City High Yield (NCYF) saw its share price fall faster and further than its NAV (to 27p), before rapidly recovering.

The market has been concerned about the ability of the issuers of the bonds held by NCYF to meet their obligations in the face of the covid-19 pandemic. However, with one small exception, all of NCYF holdings have met their obligations in full (no missed interest payments and no failures to repay loans when they fall due).

NCYF's manager acknowledges that challenges lie ahead but he observes that the world is making tentative steps to re-open for business, thereby avoiding some of the worst economic scenarios, and he expects that, with minimal exceptions, the prices of NCYF's holdings will trend back towards their face value over time. If he is correct, this suggests that there remains significant capital appreciation potential on top of the attractive yield (9.4%) the fund currently offers.

High-dividend yield and potential for capital growth

NCYF aims to provide investors with a high-dividend yield and the potential for capital growth by investing mainly in high-yielding fixed interest securities. These include, but are not limited to, preference shares, loan stocks, corporate bonds (convertible and/or redeemable) and government stocks. The company also invests in equities and other income-yielding securities. The manager has a strong focus on capital preservation and is conservative in the approach to growing NCYF's capital.

Year ended	Share price rise (%)	NAV total return (%)	MSCI World return (%)	UK All-Share return (%)
31/03/16	2.6	10.2	2.8	4.2
31/03/17	10.5	17.1	3.4	5.3
31/03/18	4.7	4.8	3.4	8.8
31/03/19	4.9	3.3	3.8	6.2
31/03/20	(12.4)	(12.2)	3.7	8.7

[Click here for our annual overview note](#)

With one small exception, all of CQS New City High Yield's (NCYF) holdings have met their obligations in full (no missed interest payments and no failures to repay loans when they fall due). Should economies continue to re-open, this suggests that there remains significant capital appreciation potential on top of the attractive yield (9.4%) the fund currently offers.

Investors in search of income have been hit hard by the COVID-19 crisis. Bond yields and interest rates have tumbled, and dividend cuts have proliferated. By contrast, the companies in Ecofin Global Utilities and Infrastructure Trust's (EGL's) portfolio have proved relatively resilient.

Annual overview | Investment companies
25 June 2020

Ecofin Global Utilities and Infrastructure Trust

Resilient income

Investors in search of income have been hit hard by the COVID-19 crisis. Bond yields and interest rates have tumbled and dividend cuts have proliferated. By contrast, the companies in Ecofin Global Utilities and Infrastructure Trust's (EGL's) portfolio have proved relatively resilient. In addition, when paying its dividend, EGL is able to use its distributable reserves to top up any shortfall in revenue that might occur.

The defensive nature of the sector has been recognised and, as investors are drawn towards the trust, EGL is now issuing shares on the market and preventing its shares from trading at an excessive premium to net asset value (NAV).

EGL's manager has been taking advantage of weak markets to build positions in selected opportunities at attractive valuations. This strategy is already bearing fruit. After a period where there have been few transactions, he expects to see more merger and acquisition activity as markets recover. This could prove beneficial to EGL's portfolio.

Developed markets utilities and other economic infrastructure exposure

EGL seeks to provide a high, secure dividend yield and to realise long-term growth, while taking care to preserve shareholders' capital. It invests principally in the equity of utility and infrastructure companies which are listed on recognised stock exchanges in Europe, North America and other developed (OECD) countries. It targets a dividend yield of at least 4% per annum on its net assets, paid quarterly, and can use gearing and distributable reserves to achieve this.

Year ended	Share price rise (%)	NAV total return (%)	MSCI World return (%)	UK All-Share return (%)
31/03/17	8.2	8.2	13.0	11.8
31/03/18	5.8	14.1	14.1	8.8
31/03/19	11.0	14.7	18.7	5.9
31/03/20	24.1	10.5	6.5	8.8

[Click here for our most recent update note](#)

Update | Investment companies
12 June 2020

The North American Income Trust

Purest access to US equity income

US equity income-focused funds, like the North American Income Trust (NAIT), have not had to deal with the suspension of dividends in the way that their UK peers have. Though share buybacks have ceased, regulators in the US have not banned bank distributions in the way that they have elsewhere, while healthcare, NAIT's other major exposure, is holding up very well.

NAIT provides the purest access to North American income – its closest peer, BlackRock North American Income, allocates over 20% to Europe. NAIT's manager, Fran Radeno, has taken advantage of recent market volatility, adding some small-cap names with low earnings visibility in favour of what he considers to be better-quality names while they have been trading at cheap valuations. Meanwhile, NAIT has revenue reserves nearing 90% of last year's total dividend and the ability to supplement portfolio income through option writing, both of which provide investors with additional comfort over the dividend.

Above average income and long-term growth

NAIT's objective is to invest for above-average dividend income and long-term capital growth, mainly from a concentrated portfolio of S&P 500 US equities.

Year ended	Share price total return (%)	NAV total return (%)	MSCI USA return (%)	S&P 500 total return (%)
31/03/16	11.0	10.9	5.4	5.3
31/03/17	33.9	31.4	28.9	31.6
31/03/18	16.9	8.7	4.2	10.8
31/03/19	12.3	7.1	7.5	8.5
31/03/20	(12.8)	(8.1)	(0.2)	14.4

[Click here for our annual overview note](#)

Though share buybacks have ceased, regulators in the US have not banned bank distributions in the way that they have elsewhere, while healthcare, The North American Income Trust's (NAIT) other major exposure, is holding up very well. NAIT provides the purest access to North American income – its closest peer, BlackRock North American Income, allocates over 20% to Europe.

COVID-19-related falls in markets have weighed on BlackRock Throgmorton Trust (THRG), although it has held up well relative to both its peer group and its benchmark. Its manager sees this as a defining moment for investors – one that could set the stage for many years to come.

Annual overview | Investment companies
10 June 2020

BlackRock Throgmorton Trust

Separating the wheat from the chaff

COVID-19-related falls in markets have weighed on BlackRock Throgmorton Trust (THRG), although it has held up well relative to both its peer group and its benchmark. Its manager sees this as a defining moment for investors – one that could set the stage for many years to come.

Identifying industry change, investing in tomorrow's winners and spotting unsustainable business models are core parts of THRG manager Dan Whittleston's investment process. He believes that the economic disruption associated with measures to control the virus will accelerate the pace of change in many industries. Good stock selection will be paramount to future returns.

Both long and short positions in UK small- and mid-cap companies

THRG aims to provide shareholders with capital growth and an attractive total return by investing primarily in UK smaller companies and mid-capitalisation companies traded on the London Stock Exchange. It uses the Nuems Smaller Companies Index (plus AIM stocks but excluding investment companies) as a benchmark for performance purposes, but the index does not influence portfolio construction. Uniquely among listed UK smaller companies trusts, THRG's portfolio may include a meaningful allocation to short as well as long positions in stocks.

Year ended	Share price total return (%)	NAV total return (%)	Peer group average (%)	Nuems Smaller Companies Index return (%)
31/03/16	2.8	4.8	3.9	(7.3)
31/03/17	16.9	22.9	23.9	25.6
31/03/18	25.9	16.6	9.8	4.8
31/03/19	0.6	(2.2)	0.1	(7.0)
31/03/20	5.2	(2.4)	(76.6)	(12.3)

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QuotedData
Update | Investment companies 23 June 2020

CQS Natural Resources Growth and Income

Recovery on-hold, hold on

The managers of CQS Natural Resources Growth Income Trust (CYN) say that the covid-19 pandemic has delayed, rather than ended, the recovery they were seeing in the mining sector. After sharp falls in March, share prices have recouped some of their losses, but the managers believe there is much more to go for.

China and the rest of Asia is tentatively emerging from lockdown. While a 'V-shaped' recovery for the economy looks unlikely, the market is looking through this shock already, whilst the long-term fundamentals that support commodities remain intact. The managers say that real demand for commodities has been growing and a reduction in capital expenditure has seen capacity removed from the market. This has been exacerbated by the pandemic. The managers believe that, as we move beyond this phase, commodities and mining companies could see their share prices move up quickly, as demand recovers. If they are correct, now may be a good entry point for investors who are prepared to be patient and are able to look through the volatility.

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 interest securities. The fixed income securities include, but are not limited to, preference shares, loan stocks, corporate bonds (convertible and/or subordinated) and government bonds.

Year ended	Share price total return (%)	NAV total return (%)	Benchmark total return (%)	MSCI World total return (%)
31/03/16	35.1	35.1	114.8	27.3
31/03/17	30.4	21.5	25.0	20.7
31/03/18	13.0	13.4	18.4	28.5
31/03/19	23.7	21.4	11.9	0.0
31/03/20	18.7	113.2	7.4	10.2

Source: Morningstar, M&A & Co. [Click here for our initiation note](#)

China and the rest of Asia is tentatively emerging from lockdown. While a 'V'-shaped recovery for the economy looks unlikely, the market is looking through this shock already, whilst the long-term fundamentals that support commodities remain intact. We explore this in our latest note on CQS Natural Resources Growth and Income (CYN).

QuotedData
Update | Investment companies 1 June 2020

GCP Infrastructure

Rebased dividend

GCP Infrastructure will be 10 years old in a few weeks. Since 2012, it has paid a stable 7.6p per year dividend backed largely by UK public sector cashflows and achieved modest growth in net asset value (NAV). The yield premium that GCP delivers relative to UK government debt securities has increased significantly over the past decade (see page 2).

GCP's board wants to ensure that the company's next decade is as successful as the last. That has meant reassessing the fund's objectives and risk tolerances. The board has determined that, following an extensive review of the sustainability of the dividend, the company will target a dividend of 7.0p from 1 October 2020.

Public sector-backed, long-term cashflows from loans used to fund UK infrastructure

GCP aims to provide shareholders with regular, sustained, long-term distributions and to preserve capital over the long term by generating exposure primarily to UK infrastructure debt and related similar assets which provide regular and predictable long-term cashflows.

GCP primarily targets investments in infrastructure projects with long term, public sector-backed, availability-based revenues. Where possible, investments are structured to benefit from partial inflation-protection.

Year ended	Share price total return (%)	NAV total return (%)	Bench total return (%)	MSCI World total return (%)	ESG S&P 500
30/09/16	15.0	15.0	8.08	8.44	7.8
30/09/17	1.9	0.1	0.36	5.23	7.6
30/09/18	4.8	0.8	0.94	0.54	7.6
30/09/19	8.0	8.3	6.74	0.06	7.6
30/09/20	10.5	10.9	10.6	10.6	7.6

Source: Morningstar, GCP Capital Management, M&A & Co. [Click here for our initiation note](#)

GCP Infrastructure will be 10 years old in a few weeks. The yield premium that GCP delivers relative to UK government debt securities has increased significantly over the past decade.

QuotedData
Update | Investment companies 26 May 2020

India Capital Growth

Needs more time

India Capital Growth's (IGC's) board is asking investors to back a continuation vote scheduled for 12 June 2020 and it is important that shareholders make their vote count. COVID-19 has depressed valuations to levels not seen since the financial crisis. The managers see substantial upside when market confidence returns and are asking for more time to deliver that. The board believes shareholders should support the continuation of the company. This reflects their confidence in the measures taken to turn performance around, which we discuss in this note. When small and mid-cap valuations return to trading at long-term average valuations, IGC's share price could improve meaningfully.

India's response to the COVID-19 outbreak has been robust and this will have serious economic consequences. This has triggered a further leg down in the Indian market. A stimulus package of up to \$260bn announced on 12 May should help stimulate a long-awaited recovery.

In a response to the reversal of fortune that IGC has experienced over the last couple of years, the adviser has strengthened its team and refined its investment approach. Shareholders that give IGC the benefit of the doubt will have the comfort of a full exit opportunity in December 2021.

Mid- and small-cap listed investments in India

IGC's investment objective is to provide long-term capital appreciation by investing (directly or indirectly) in companies based in India. The investment policy permits the company to make investments in a range of Indian equity securities and Indian equity-linked securities. The company's investments are predominantly in listed mid- and small-cap companies.

Year ended	Share price TR (%)	NAV TR (%)	Portfolio TR (%)	S&P 500 TR (%)	MSCI India TR (%)
30/04/16	5.8	2.7	3.8	9.1	12.1
30/04/17	30.7	25.7	47.1	5.3	26.6
30/04/18	13.4	2.9	2.9	5.3	6.0
30/04/19	12.4	12.8	112.8	110.7	8.8
30/04/20	28.5	28.8	28.8	27.8	112.8

Source: Morningstar, M&A & Co. [Click here for our initiation note](#)

India Capital Growth's (IGC's) board is asking investors to back a continuation vote scheduled for 12 June 2020 and it is important that shareholders make their vote count. We explain why the fund needs more time. When small and midcap valuations return to trading at long-term average valuations, IGC's share price could improve meaningfully.

QuotedData
Update | Investment companies 20 May 2020

Henderson High Income Trust

Able to commit to the dividend

Recent market falls have left Henderson High Income Trust (HHI) trading on a 7.3% dividend yield. This is a significant premium to the yield on the UK market, which has been hit by a swathe of dividend cuts. The board are well aware of the reliance that many investors have on the income paid by the trust. Fortunately, HHI's sources of revenue are diversified (as we explain on page 4) and it had revenue reserves of 8.3p per share at the beginning of the year. Given this, the board felt confident enough to announce their intention to maintain the quarterly dividend at 2.475p for the remainder of the trust's financial year ended 31 December 2020.

High income from a diverse UK equity income portfolio

HHI invests in a prudently diversified selection of both well-known and smaller companies to provide investors with a high income stream while maintaining the prospect of capital growth. Gearing (borrowing) is used to enhance income returns, and also to achieve capital growth over time. A portion of gearing is usually invested in fixed interest securities, which helps dampen the overall volatility of the trust's returns.

Year ended	Share price total return (%)	NAV total return (%)	Bench total return (%)	MSCI World total return (%)	ESG S&P 500
30/04/16	0.8	3.0	0.3	7.3	2.6
30/04/17	14.5	15.5	17.8	20.2	0.6
30/04/18	1.0	4.8	6.5	8.0	0.7
30/04/19	2.0	3.9	1.1	3.0	3.6
30/04/20	13.7	14.8	13.4	18.9	6.6

Source: Morningstar, M&A & Co. [Click here for our initiation note](#)

Recent market falls have left Henderson High Income Trust (HHI) trading on a 7.3% dividend yield. This is a significant premium to the yield on the UK market, which has been hit by a swathe of dividend cuts. We explain why HHI can maintain its quarterly dividend at 2.475p for the remainder of the year.

Update | Investment companies 14 May 2020

JLEN Environmental Assets

Reliable source of income

It is hard to gauge the true extent of the damage that the pandemic is inflicting on the global economy, but already many companies have been forced to reduce or suspend dividends. For investors reliant on income, the renewable infrastructure sector offers some sense of security. JLEN Environmental Assets Group's (JLEN's) diverse portfolio and predictable long-term revenue stream provide some additional reassurance.

For the moment, attention has shifted away from the longer-term climate-related threats that face us, but this issue has not gone away. JLEN is playing its part in helping to reduce carbon emissions and tackle waste. In December 2019, JLEN further diversified its portfolio, with an investment in a food waste collection and processing business. It continues to build the agricultural anaerobic digestion side of its business, most recently with an investment in Scotland. JLEN still has considerable resources available to it to continue to grow and further diversify its portfolio.

Progressive dividend from investment in environmental infrastructure assets

JLEN aims to provide its shareholders with a sustainable dividend, paid quarterly, that increases progressively in line with inflation. It also aims to preserve the capital value of its portfolio on an inflation-adjusted basis over the long term. It invests in environmental infrastructure assets with predictable, wholly or partially index-linked cash flows, supported by long-term contracts or stable regulatory frameworks.

Year ended	Share price	NAV total	Emerging	Adjusted	Dividend
	(£)	(pence)	(pence)	(pence)	(pence)
31/03/16	(2.5)	3.1	3.0	7.1	6.05
31/03/17	16.5	10.2	9.3	6.3	6.14
31/03/18	(8.5)	5.8	5.7	5.8	5.21
31/03/19	16.3	13.7	12.2	5.8	6.51
31/03/20	4.8	5.4	5.9	5.9	6.66

For investors reliant on income, the renewable infrastructure sector offers some sense of security. JLEN Environmental Assets Group's (JLEN's) diverse portfolio and predictable long-term revenue stream provides some additional reassurance.

Initiation | Investment companies 12 May 2020

Polar Capital Technology

Confidence building

After a brief period of extreme volatility in stock markets related to the coronavirus COVID-19 outbreak, confidence is returning in the technology sector. Shareholders seem to appreciate that the sector is well-placed to weather the disruption caused by measures that are being used to fight the pandemic. Polar Capital Technology Trust (PCT), buoyed by its strong track record, is attracting the attention it deserves. It has seen its discount eliminated and is issuing shares to meet investors' demand.

The well-resourced management team, led by Ben Rogoff, has identified a number of themes that it believes will continue to drive market-leading returns from the trust. The mix-up of some of these is being accelerated by the current situation. With meagre returns on offer from many other investment types, an actively managed and diversified portfolio of technology stocks offers one of the few paths to achieving genuine long-term growth.

Global growth from tech portfolio

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

Year ended	Share price	NAV total	Global	MSCI	MSCI
	(£)	(pence)	total	ACWI	UK total
	return (%)	return (%)	return (%)	return (%)	return (%)
30/04/16	(4.4)	1.0	0.0	(1.0)	(7.0)
30/04/17	67.3	56.1	53.8	30.4	20.0
30/04/18	21.2	22.7	17.2	7.2	8.0
30/04/19	17.9	24.7	21.6	11.3	3.0
30/04/20	31.0	18.6	18.2	(1.8)	(18.1)

After a brief period of extreme volatility in stock markets related to the coronavirus COVID-19 outbreak, confidence is returning in the technology sector. Polar Capital Technology Trust (PCT), buoyed by its strong track record, is attracting the attention it deserves. It has seen its discount eliminated

Update | Investment companies 22 May 2020

Vietnam Holding Limited

Early mover advantage

The covid-19 pandemic is having a devastating impact on the global economy and, while they have recovered from their lows, financial markets remain depressed. Emerging markets have been at the sharp end of these moves but Vietnam, which was quick and tenacious in its response to the outbreak of the virus, is a bright spot in these otherwise difficult times.

Dynam Capital, the manager of Vietnam Holding (VNH), says that the authorities' response to the virus is allowing Vietnam to exit from lockdown earlier than most countries and that it is well positioned to respond should a second wave occur. Most Vietnamese factories were able to stay open. Cross-border trade with China, its largest supplier, is recovering and should continue to grow. VNH's very supportive long-term structural growth drivers, cheap valuations and a wider than average discount to net asset value (NAV), now may be a good entry point for investors who can look through the volatility and are prepared to be patient.

Capital growth from a concentrated portfolio of high growth Vietnamese companies

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

Year ended	Share price	NAV total	VNH 30	MSCI
	(£)	(pence)	total	EM
	return (%)	return (%)	return (%)	return (%)
30/04/16	18.9	20.6	8.3	5.6
30/04/17	25.0	27.1	25.0	25.4
30/04/18	26.0	35.5	36.0	44.8
30/04/19	(8.3)	(14.2)	(8.2)	(8.5)
30/04/20	(22.5)	(17.8)	(16.2)	(8.2)

Vietnam, which was quick and tenacious in its response to the outbreak of the virus, is a bright spot in these otherwise difficult times. With very supportive long-term structural growth drivers, now may be a good entry point. We explore this in our latest note on Vietnam Holding.

Annual overview | Property 2 June 2020

Aberdeen Standard European Logistics Income

Resilient to covid-19

The logistics sector, in which Aberdeen Standard European Logistics Income (ASLI) invests, would appear to be one of the few property sectors that could see occupier demand increase in the long term as a result of the coronavirus pandemic. With some form of a lockdown enforced in most European countries, there has been a spike in e-commerce orders. A whole new group of people have been introduced to online retailing, which is expected to speed up penetration rates across Europe and reinforce long-term systemic changes in the logistics sector.

ASLI has built a portfolio of 14 assets since it launched in December 2017. These are focused on a mix of 'big box' and urban logistics warehouses in established logistics locations in five different European countries. As e-commerce and logistics companies look to drive efficiencies across their supply chains, demand for logistics assets in locations close to major cities is forecast to grow.

Big box and urban logistics in Europe

ASLI invests in a diversified portfolio of 'big box' logistics and 'last mile' urban warehouse assets in Europe with the aim of providing its shareholders with a regular and attractive level of income return (achieving a 5% yield on its IPO price in 2019) together with the potential for long-term income and capital growth (target total return of 7.5% a year in euros).

Period ended	Price total	NAV total	ESPA	Dividend
	return (%)	return (%)	per share	(pence)
	return (%)	return (%)	return (%)	return (%)
31/12/16*	0.9	0.1	0.18	3.0
31/12/19	(7.3)	6.1	0.49	5.08

The logistics sector, in which Aberdeen Standard European Logistics Income (ASLI) invests, would appear to be one of the few property sectors that could see occupier demand increase in the long term as a result of the coronavirus pandemic. A whole new group of people have been introduced to online retailing, which is expected to speed up penetration rates across Europe,

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Update | Investment companies 2 April 2020

International Biotechnology Trust

Trust in biotech

The biotechnology sector is proving to be relatively resilient in this COVID-19 related market sell-off. International Biotechnology Trust (IBT) adopts a conservative approach to investing in what can be a quite volatile, if rewarding, sector. It has fared better than competing funds in this environment.

Some delay to drug development, testing programmes and product launches may be inevitable as the world focuses on tackling the coronavirus. However, the underlying picture for biotechnology is one of strong growth, as companies bring forward cures for previously untreatable diseases, based on advances in the likes of gene therapy (where faulty genes are replaced) and immunotherapy (where the body's immune system is encouraged to attack target cells). The race for the White House, which was one source of uncertainty, seems likely to be between Trump and Biden, which could mean business as usual for the drug companies.

Access to the fast-growing biotech sector

IBT is the longest-established of the London-listed funds specialising in the biotech/healthcare sector. It aims to achieve long-term capital growth by investing in biotechnology and other life sciences companies, and offers investors the highest dividend yield in the sector. The portfolio is invested primarily in quoted companies, but IBT also has exposure to unquoted companies through a well-diversified investment fund.

Year ended	Share price total return (%)	NAV total return (%)	MSCI UK total return (%)	MSCI World Tl total return (%)
31/03/19	22.1	31.1	15.2	32.1
31/03/18	48.1	37.9	29.8	33.1
31/03/17	14.8	17.1	20.2	13.3
31/03/16	15.9	15.4	13.3	7.6
31/03/15	44.6	1.2	3.9	20.6

The biotechnology sector is proving to be relatively resilient in this covid-19 related market sell-off. Our update note on International Biotechnology Trust (IBT) explores why it is faring better than competing funds in this environment. The underlying picture for biotechnology is one of strong growth, as companies bring forward cures for previously untreatable diseases.

QuotedData
Annual overview | Investment companies 1 April 2020

Herald Investment Trust

Change is a coming

Following an excellent year of performance during 2019 (a net asset value (NAV) total return of 27.5%), Herald Investment Trust (HRI) has seen its discount widen and the value of its portfolio companies fall since the outbreak of covid-19.

As authorities scramble to contain the virus, our lives are changing in significant ways. Inevitably, technology is enabling these changes and this will accelerate the demand for associated products (Internet of Things (IoT) services, teleconferencing services, remote desktop access, VPNs, etc) and will likely offer other solutions to the challenges that society currently faces. With HRI's discount elevated and its holdings cheaper than they have been, the current environment may offer a good entry point for the patient investor.

Small-cap technology, telecommunications and multi-media

HRI's objective is to achieve capital appreciation through investments in smaller quoted 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. The business activities of investee companies will include information technology, broadcasting, printing and publishing and the supply of equipment and services to these companies.

Year ended	Share price total return (%)	NAV total return (%)	MSCI UK total return (%)	MSCI World Tl total return (%)
30/09/19	17.1	24.6	11.1	22.2
30/09/18	28.8	34.1	23.8	29.8
30/09/17	26.8	22.3	11.1	22.2
30/09/16	4.7	12.7	5.0	4.0
30/09/15	10.1	9.9	1.4	31.6

Following an excellent year of performance during 2019, Herald Investment Trust (HRI) has seen its discount widen and the value of its portfolio companies fall. Given its focus on technology and the likelihood that covid-19 will materially change working patterns, our annual overview discusses why the current environment may offer a good entry point for the patient investor.

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Update | Real estate 15 April 2020

Civitas Social Housing

Proved its mettle

Some market commentators appear to have overstated the impact of regulatory concerns on Civitas Social Housing's (CSH) performance. Regulatory notices served on some of its tenants knocked CSH's share price over 20% in 2019. However, during the whole of this period, it collected its rents, paid its dividends and increased its net asset value (NAV).

Recognition of this fact, and the supply and demand fundamentals that support growth in the supported living sector, saw its share price recover and its discount to NAV narrow. That momentum, as has been the case in all global markets, has been somewhat curtailed by the coronavirus outbreak. However, owing to the strong characteristics of the supported living sector, CSH has been one of the best performing REITs and property companies since the covid-19 pandemic escalated.

The company is keen to expand but it has delayed taking on new debt facilities until the markets return to normality. Following the acquisition of a portfolio of properties in March 2020, CSH's dividend is fully covered by earnings on a run rate basis.

Income and capital growth from social housing

CSH aims to provide its shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes. The company expects that there will be benefits from inflation-adjusted long-term leases and that they will deliver a targeted dividend yield of 3.2% per annum on the issue price, with further growth expected. CSH intends to increase the dividend broadly in line with inflation.

Year ended	Share price total return (%)	NAV total return (%)	MSCI UK total return (%)	MSCI World Tl total return (%)
31/03/19	16.7	14.1	4.2	4.2
31/03/18	4.2	3.4	3.0	5.2
31/03/17	6.6	4.3	3.0	5.3

In our latest update note on Civitas Social Housing (CSH), we make the point that some market commentators appear to have overstated the impact of regulatory concerns on CSH. During the whole of this period, it collected its rents, paid its dividends and increased its NAV.

QuotedData
Update | Investment companies 16 April 2020

Strategic Equity Capital

Focused on fundamentals

Just a couple of months ago, Strategic Equity Capital (SEC)'s net asset value (NAV) and share price were at all-time highs. However, since then, the covid-19-related sell-off in markets has led to a flight to safety. NAVs of smaller companies funds have fallen and discounts have widened. Against this backdrop, SEC has proved relatively resilient, however.

Julie Harris and Adam Kharabza, SEC's managers, were confident in their portfolio ahead of the outbreak. The long-term economic effect of the measures being taken to stem the spread of the virus is hard to predict, and the effect on individual companies will vary greatly. However, we believe that SEC's managers will see current market weakness as an opportunity to add to positions in companies that they know and like at attractive valuations. The private equity industry may also see a chance. A takeover bid for one of SEC's holdings at the start of March might be the first of many.

The managers and the investment contract are on the move. Julie and Adam will boost the strategic public equity team at Greathouse House and the REIT will eventually be Aberdeen Standard Investments House Investment Management Limited. Significantly increasing the resources available to support SEC.

Focused UK small companies portfolio

SEC aims to achieve absolute returns over a medium-term period, primarily through capital growth. SEC is managed with a focused portfolio of investments selected on the same basis that a private equity investor would use to appraise its investments.

Year ended	Share price total return (%)	NAV total return (%)	MSCI UK total return (%)	MSCI World Tl total return (%)
31/03/19	5.5	6.1	5.1	5.8
31/03/18	5.2	13.8	14.4	23.3
31/03/17	8.8	9.9	9.4	10.2
31/03/16	17.6	11.9	6.3	7.8
31/03/15	17.1	10.1	10.4	13.1

Strategic Equity Capital (SEC)'s shares were at all-time highs two months ago. Its NAV has been relatively resilient compared to many smaller companies funds of late and However, we believe that SEC's managers will see current market weakness as an opportunity to add to positions in companies that they know and like at attractive valuations.

QuotedData
Update | Investment companies 24 April 2020

Seneca Global Income & Growth

Triple whammy but standing by the dividend

The outbreak of covid-19 has taken the wind out of global markets and Seneca Global Income & Growth Trust (SIGT) has not been immune to this; its **net asset value (NAV)** has fallen 30.4% during the first quarter of 2020 (23.6% in March – all in total return terms). It has suffered a triple whammy from its UK-biased **public stocks**, its mid cap exposure and the correlation of alternative asset fund prices to equity markets, but its board has said that it intends to maintain the quarterly dividend rate at 1.60p per share for the time being.

We cannot be sure how long the crisis will last, but SIGT's manager believes that a very negative scenario is currently priced in and that under a less negative outcome, many positions will see material re-ratings. If true, the current market malaise may well be a good entry point for the longer-term investor, who can afford to be patient.

Multi-asset, low volatility, with yield focus

Over a typical investment cycle, SIGT seeks to achieve a total return of at least the Consumer Price Index (CPI) plus 6% per annum, after costs, with low volatility and with the aim of growing aggregate annual dividends at least in line with inflation. To achieve this, SIGT invests in a multi-asset portfolio that includes both direct investments (mainly UK equities and commitments to open and closed-end funds (overseas equities, fixed income and specialist assets)).

Year-ended	Share price total return (%)	NAV total return (%)	Benchmark total return (%)	MSCI UK total return (%)	MSCI UK total return (%)
31/03/16	4.4	11.7	3.8	5.3	(5.6)
31/03/17	25.5	18.4	3.9	32.7	23.6
31/03/18	4.0	3.9	7.3	1.8	(9.2)
31/03/19	6.7	7.5	6.3	21.6	7.6
31/03/20	(26.8)	(25.7)	7.8	(5.3)	(19.9)

Source: Bloomberg, Marten & Co. NAVs and share prices as at 19 January 2020. 7 July 2017 having previously been 1.00p with effect from 19 January 2018.

MSCI UK total return is calculated excluding dividends. Please refer to prospectus for more details on the calculation of the return. Dividends are a regular source of income. & Co. does not wish to be understood as providing investment advice to individual investors (subject to individual investors' own professional advice).



Seneca Global Income & Growth Trust (SIGT)'s manager believes that a very negative scenario is currently priced in and that under a less negative outcome, many positions will see material re-ratings. If true, the current market malaise may well be a good entry point for the longer-term investor, who can afford to be patient. We explore this in our latest update note.

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.



Appendix 1 – year-to-date median performance by sector, to 30 June 2020

	Share price total return YTD*	NAV total return YTD*	Change in discount	Discount 30/06/20	Market cap 30/06/20
	(%)	(%)	(%)	(%)	(£m)
Technology & Media	32.6	33.1	0.1	(0.1)	1,832
Insurance & Reinsurance Strategies	20.1	6.0	(14.2)	(21.2)	46
Biotechnology & Healthcare	16.0	16.0	(0.7)	(1.3)	488
Royalties	8.0	19.7	7.4	0.5	714
Hedge Funds	5.8	8.7	(2.1)	(21.2)	78
Growth Capital	5.5	1.4	(3.2)	(19.7)	309
Global Smaller Companies	3.8	7.9	(0.9)	(10.7)	860
Japanese Smaller Companies	0.7	5.1	0.0	(6.2)	121
Infrastructure	(0.0)	2.4	5.2	14.3	1,721
Liquidity Funds	(0.1)	0.6	(0.1)	(1.9)	4
Renewable Energy Infrastructure	(0.5)	2.7	3.2	12.5	498
Asia Pacific	(1.3)	0.3	0.4	(8.8)	305
Japan	(2.3)	0.9	(0.2)	(10.5)	224
Europe	(3.0)	1.0	(0.6)	(11.5)	308
Infrastructure Securities	(3.0)	5.1	0.0	(5.1)	87
Property - UK Healthcare	(5.4)	(3.5)	3.1	(2.8)	404
Property - Europe	(6.2)	3.1	10.8	(20.6)	247
Global	(6.7)	9.0	0.5	(5.2)	439
Commodities & Natural Resources	(7.1)	(2.1)	0.4	(15.0)	41
Debt - Loans & Bonds	(8.4)	(7.3)	3.1	(4.1)	118
Environmental	(8.9)	(4.9)	(5.8)	(10.9)	67
Global Emerging Markets	(9.3)	(2.0)	2.3	(11.1)	233
European Smaller Companies	(9.5)	(5.1)	(0.6)	(14.6)	386
Global Equity Income	(9.9)	(1.5)	(3.9)	(1.8)	380
Asia Pacific Income	(10.6)	(6.3)	2.1	(2.2)	413
MEDIAN	(11.0)	(2.8)	0.0	(11.0)	204
Country Spec. Asia Pacific ex Japan	(11.5)	(6.2)	3.0	(13.1)	237
Property - UK Residential	(12.1)	(7.3)	(4.9)	(15.9)	368
Flexible Investment	(14.7)	2.8	0.7	(6.4)	108
Country Specialist: Europe ex UK	(15.3)	(12.8)	(3.4)	(12.3)	276
Debt - Direct Lending	(15.4)	2.2	1.5	(25.4)	129
North American Smaller Companies	(15.6)	(7.1)	(1.4)	(11.6)	149
North America	(16.3)	(9.6)	(1.4)	(8.7)	231
Private Equity	(16.4)	(4.3)	3.0	(32.3)	184
Country Specialists: Latin America	(17.3)	(26.8)	12.1	(9.4)	20
Asia Pacific Smaller Companies	(17.7)	(10.8)	0.2	(15.9)	243
UK Equity Income	(20.4)	(18.6)	(0.1)	(7.2)	256
Financials	(22.5)	(11.9)	(2.2)	(24.5)	104
Property - Debt	(23.5)	1.8	4.4	(16.2)	87
European emerging markets	(23.7)	(17.5)	(2.6)	(11.4)	82
UK Smaller Companies	(24.2)	(15.7)	0.2	(14.6)	87
Property - Rest of World	(25.5)	2.5	(2.0)	(58.4)	46
Debt - Structured Finance	(26.9)	(10.0)	9.6	(8.7)	151
Latin America	(27.5)	(28.8)	3.1	(10.2)	81

	Share price total return YTD*	NAV total return YTD*	Change in discount	Discount 30/06/20	Market cap 30/06/20
	(%)	(%)	(%)	(%)	(£m)
UK All Companies	(27.5)	(23.3)	(0.5)	(10.3)	157
Global High Income	(28.2)	(23.6)	1.8	(23.4)	13
UK Equity & Bond Income	(29.0)	(24.0)	(1.5)	(11.0)	112
Property Securities	(29.8)	(14.4)	(6.2)	(14.2)	1,059
Property - UK Commercial	(30.7)	(0.1)	(3.5)	(32.4)	276
Unclassified	(31.9)	(32.2)	(3.5)	(5.5)	124
Leasing	(51.4)	5.0	3.2	(63.3)	109

Source: Morningstar, Marten & Co. Note: all figures represent median values of the constituent funds from each sector. *Note: to 30/06/20

QuotedData

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