



## **Citywire Investment Trust Awards 2021: The Winners!**

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By Gavin Lumsden

We present the winners and runners-up in our annual investment trust performance awards and the two recipients of this year's 'Best Board' and 'Lifetime Achievement' honours.

### **Special awards**

Citywire's 2021 Investment Trust Awards reveal the London Stock Exchange investment companies that have achieved the best risk-adjusted returns over a three-year period that includes the historic crash and rebound from the impact of the global coronavirus pandemic.

In addition to 18 sector performance awards, this year sees the return of our Best Board award for the group of non-executive directors deemed to have done the best job for their investment trust shareholders.

We also have a Lifetime Achievement award to a special individual who made a big contribution to the investment trust industry.

### **Popular trusts**

Our annual celebration of the best performers within the UK investment company sector comes at a time when London-listed stock market funds have become increasingly popular as investors recognise the advantages of the UK's oldest form of collective investment, especially their closed-end structure coupled with the corporate governance strength of having independent boards looking after their shareholders' interests.

According to the Association of Investment Companies, more than £265bn is held by investors in 390 funds listed on the London Stock Exchange. That's an increase of £36bn in one year, reflecting the dramatic recovery in global stock markets from the Covid-19 setback.

A revival in investment company launches – particularly in the infrastructure and renewables sectors – has seen £11.9bn raised in the first 10 months of this year, more than double the same period last year and 55% more than the pre-pandemic level of 2019, according to Winterflood Securities.

### **How we picked the winners**

Our 18 performance awards cover the following sectors: the Asia Pacific, Emerging Markets Single Country, European Equities, Global Emerging Market Equities, Global Equities, International Income, Japanese Equities, North American Equities, Specialist Equities, UK All Companies, UK Equity Income, UK Smaller Companies, Global Multi-Asset, Infrastructure, Private Equity, Property Specialist, UK Property and Specialist Debt.

The awards go to investment trusts whose fund managers have delivered the best underlying, risk-adjusted returns in the three years to 31 August.

### **Information ratio**

For 13 sectors where investment trusts invest in publicly traded equities, or shares, our winners were the trusts whose growth in net asset value (NAV) achieved the highest information ratio in the three-year period.

The information ratio is a method used by analysts to calculate how much investment return a trust gets for each unit of risk the fund manager takes against a stock market index. Any positive reading up to 1 is considered good. One trust this year scores 2, which is exceptional.

Basing our awards on the information ratio rewards trusts with smoother investment returns over those that have been more lumpy or volatile.

### **Sharpe ratio, NAV**

For our remaining five sectors where investment trusts invest in less frequently traded asset classes, we used two different methods.

For Infrastructure and Debt, we ranked trusts on their three-year Sharpe ratio, which, like the information ratio, highlights good risk-adjusted returns, but does so against cash rather than a stock market index.

In Private Equity and our two property sectors, we simply picked investment companies with the best three-year growth in NAV.

We believe this is the best way to judge the performance of their fund managers rather than simply rewarding trusts with the best shareholder returns, where prices can swing to discounts and premiums below and above the asset value.

### Best Asia Pacific Equities trust:

#### Pacific Horizon

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	Pacific Horizon (PHI)	1.66	134.44	144.87	MSCI AC Asia Ex Japan GR USD
2	Schroder Asian Total Return Inv Company (ATR)	0.92	51.36	47.56	MSCI AC Asia Ex Japan GR USD
3	Aberdeen New Dawn (ABD)	0.91	42.88	49.11	MSCI AC Asia Ex Japan GR USD
4	Schroder AsiaPacific (SDP)	0.73	39.93	41.98	MSCI AC Asia Ex Japan GR USD
5	Asia Dragon (DGN)	0.60	37.94	43.05	MSCI AC Asia Ex Japan GR USD

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

Pacific Horizon, now managed by Baillie Gifford's Roderick Snell, was the clear winner for a second time from our shortlist of five outperforming Asia equity investment trusts.

Its three-year information ratio of 1.66 reflected the strength of its 134% investment return, as measured by the underlying growth in NAV over three years, compared to both the Asia stock market index and its rivals.

Second-placed Schroder Asian Total Return, our winner from two years ago, was left behind with a ratio of 0.92.

Pacific Horizon picked up the award last year. We did consider whether to exclude the £827m trust after the departure of lead fund manager Ewan Markson-Brown in June but viewed that Snell, a Citywire AAA-rated fund manager who has worked on the portfolio since 2013, is maintaining the growth-focused stock-picking approach that has been instrumental to its success.

### Best Emerging Market Single Country trust:

#### JPMorgan China Growth & Income

Rank	Trust	Three-year information ratio	Three-year net asset value (NAV) total return %	Three-year total shareholder return %	Index (total return)
1	JPMorgan China Growth & Income (JCGI)	1.78	103.49	123.74	MSCI China GR USD
2	Ashoka India Equity Investment (AIE)	1.07	75.73	74.47	MSCI India GR USD
3	Fidelity China Special Situations (FCSS)	0.99	52.78	62.93	MSCI China GR USD
4	Vietnam Enterprise Investments Limited (VEIL)	0.80	54.36	52.31	Vietnam VN Index

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

It's been a difficult 2021 for funds investing in China, but the turbulence caused by Beijing's clampdown on technology companies has not prevented JPMorgan China Growth & Income from clinching its third consecutive win in this category of single-country emerging market trusts.

The £441m investment trust – whose lead manager Howard Wang is supported by co-managers Rebecca Jiang and Shumin Huang – achieved an impressive 1.78 information ratio in the three years to August, having generated a 134% total return on net assets and a near 145% shareholder return.

It beat off strong performances from rival Fidelity China Special Situations, and also Ashoka India Equity and Vietnam Enterprise Investments, which both did very well against their stock market benchmarks.

The trust changed its name from JPMorgan Chinese last year after adopting a 4% annual dividend policy. Although its 'New China' focus on consumer and tech stocks, such as top holding Tencent, has taken a hit this year, there has been a recovery in recent weeks as the market stabilised.

## Best European Equities trust:

### BlackRock Greater Europe

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	BlackRock Greater Europe (BRGE)	2.03	86.95	99.59	MSCI Europe Ex UK GR EUR
2	Montanaro European Smaller (MTE)	1.32	100.18	125.56	MSCI Europe Ex UK Small Cap GR USD
3	Baillie Gifford European Growth (BGEU)	0.95	75.38	93.40	MSCI Europe Ex UK GR EUR
4	Henderson Eurotrust (HNE)	0.83	48.63	47.12	MSCI Europe Ex UK GR EUR

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

This competitive sector provides our first upset. You might have thought an excellent 100% three-year NAV total return would be enough for second-placed George Cooke of Montanaro European Small Companies to take home his third Citywire trophy.

However, it is BlackRock Greater Europe, co-managed by Citywire AAA-rated Stefan Gries and Sam Vecht, that grabs the top spot. Although its otherwise-impressive 87% three-year NAV total return was less than Montanaro, its slightly smoother performance generated this year's highest information ratio of just over two.

The £695m trust focuses on high-quality growth companies across continental Europe, including the UK, but mostly in Switzerland, the Netherlands, Denmark and France, with smaller holdings in Russia and Poland. It currently favours stocks in the technology, consumer, industrials, health and energy sectors, but is underweight financials, utilities, consumer staples, telecoms, real estate and basic materials.

Annual results this month showed it generated 49.4% growth in NAV in the year to 31 August, beating the 27.4% of the FTSE World Europe ex-UK index, boosted by share price rises in semiconductor suppliers ASML, BE Semiconductor and VAT Group.

## Best Global Emerging Market Equities trust:

### JPMorgan Emerging Markets

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	JPMorgan Emerging Markets (JMG)	1.40	55.36	64.74	MSCI EM GR USD
2	JPMorgan Global Emerging Markets Income (JEMI)	0.59	38.14	38.38	MSCI EM GR USD
3	Templeton Emerging Markets (TEM)	0.49	35.31	42.70	MSCI EM GR USD

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

The recent revival in stablemate JPMorgan Global Emerging Markets Income was not enough to thwart fund manager Austin Forey from his third consecutive Citywire award for the strong performance of JPMorgan Emerging Markets. Forey has run the £1.5bn trust for 27 years and that experience has helped him steer the diversified growth portfolio, which he has nearly 50% invested in China and India, to a 55.4% investment return in the past three years, meriting a 1.4 information ratio that is miles ahead of arch-rival Templeton Emerging Markets.

Austin's high-conviction, low-turnover approach meant he made few changes to his long-term growth stocks during the pandemic. His largest holding is a near 9% position in Taiwan Semiconductor, the world's largest chip foundry.

## Best Global Equities trust:

### Scottish Mortgage

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	Scottish Mortgage Trust (SMT)	1.45	161.92	148.26	MSCI ACWI GR (USD)
2	Monks (MNKS)	0.83	68.86	73.94	MSCI ACWI GR (USD)
3	Martin Currie Global Portfolio (MNP)	0.74	65.47	68.08	MSCI ACWI GR (USD)
4	Mid Wynd International (MWY)	0.73	58.36	58.61	MSCI ACWI GR (USD)

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

It should be no surprise to see Baillie Gifford’s flagship Scottish Mortgage Trust scoop this award. The FTSE 100 listed trust, the largest in the UK, has rallied to a record £22bn market value after recovering from a tech selloff in the spring. The rebound meant it clawed back and then extended to the historic 110% shareholder return it achieved in 2020.

The trust’s dedicated pursuit of the best growth opportunities in the world was amply rewarded in the pandemic when lockdowns provoked a worldwide shift to the internet, to the huge benefit of the leading technology disrupters it has backed. Over three years to the end of August, NAV has soared 161.9%, providing a 1.45 information ratio that is the envy of its closest rivals, including stablemate Monks, and Martin Currie Global Portfolio and Mid Wynd International who were also shortlisted.

This is a pivotal moment for Scottish Mortgage as James Anderson, architect of Baillie Gifford’s long-term global growth strategy prepares to leave the trust he revolutionised since taking it on 21 years ago, having become chairman of Kinnevik, a Swedish investment company he admires greatly.

Citywire AAA-rated Tom Slater, the joint manager and head of US equities who has worked with Anderson since 2010, will become the trust’s lead manager with Lawrence Burns as deputy. Half-year results this month underlined a shift into healthcare stocks, with Covid-19 vaccine manufacturer Moderna, its largest holding.

### Best International Income trust:

#### JPMorgan Global Growth & Income

Rank	Trust	Three-year information ratio	Three-year net asset value (NAV) total return %	Three-year total shareholder return %	Index (total return)
1	JPMorgan Global Growth & Income ( <a href="#">JGGI</a> )	0.40	51.20	53.83	MSCI ACWI GR USD
2	Schroder Oriental Income (SOI)	0.30	25.78	22.64	MSCI ACWI GR USD
3	Scottish American (SAIN)	0.20	47.90	47.55	MSCI World GR USD

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

The strong performance that made JPMorgan Global Growth & Income an attractive merger candidate for the underperforming Scottish investment trust last month is underlined by the £712m trust winning its first Citywire award.

Under lead fund managers Helge Skibeli, Rajesh Tanna and co-manager Tim Woodhouse, the global best ideas trust provided a 51.2% total return on net assets in the three years to August. This performance beat MSCI's global stock market index and underpinned a table-topping information ratio of 1.45.

The judges were happy to give the award to JGGI but pointed out it is different from traditional equity income trusts, such as shortlisted rival Scottish American which won the award in the previous two years.

Having adopted a dividend policy of paying out 4% of net assets a year, the trust offers an attractive yield but doesn't necessarily invest in conventional dividend stocks, the judges wanted to highlight. 'It is income paying not necessarily income-producing,' they said.

### Best Japanese Equities trust:

#### Aberdeen Japan

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	Aberdeen Japan (AJIT)	0.76	31.24	30.62	TOPIX TR JPY
2	JPMorgan Japanese (JFJ)	0.68	42.27	49.72	TOPIX TR JPY
3	Fidelity Japan Trust (FJV)	0.66	41.38	53.59	TOPIX TR JPY
4	JPMorgan Japan Small Cap Growth & Income (JSGI)	0.58	30.79	34.25	TSE 2nd Section TR JPY

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

Another surprise winner, the £100m Aberdeen Japan trust takes the prize although it hasn't produced the best overall return in its sector.

Under lead manager Kwok Chern-Yeh, the trust has grown net assets by 31.2%, beating Japan's Topix index but trailing last year's winner JPMorgan Japanese and Fidelity Japan.

Still, the 0.76 information ratio demonstrates the fund manager’s stock-picking skills and with lower gearing, or borrowing, the trust does offer a less volatile ride for investors.

He believes prospects for Japanese shares, which are generally cheaper than their counterparts in US and Europe, are good as the global economy recovers from the pandemic and the country ramps up vaccinations.

**Best North America Equities trust:**

**Baillie Gifford US Growth!**

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	Baillie Gifford US Growth ( <a href="#">USA</a> )	1.05	157.34	155.19	S&P 500 TR (USD)
2	JPMorgan US Smaller Companies (JUSC)	0.23	33.61	31.97	Russell 2000 (USD)
3	JPMorgan American (JAM)	0.10	55.07	55.15	S&P 500 TR (USD)

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 Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

After last year’s phenomenal run, it was only a matter of time before Baillie Gifford US Growth ran off with the North America gong. Launched in 2018, the trust has now gained a three-year record to be eligible for our awards.

What a record it is. The trust enjoyed a supersonic 2020 under co-managers Gary Robinson and Kirsty Gibson, who report to Scottish Mortgage’s Tom Slater, who also serves as Baillie Gifford’s head of US equities.

Last year, the shares returned a gigantic 133.5%, the best of any London-listed investment company, as the global online surge saw it outpace the mighty Scottish Mortgage.

Inevitably, performance has cooled this year as investors have begun to question the valuations of some of its big holdings, such as Canada’s e-commerce pioneer Shopify, gene-editing specialist Moderna, Amazon and Tesla.

Nevertheless, the trust's three-year 157% total return on assets is remarkable and means it has achieved a £1bn valuation in a short time. It is also streaks ahead of 2019's winner, JPMorgan US Smaller Companies, and the large company investor JPMorgan American.

**Best Specialist Equities trust:**

**TR Property**

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	TR Property (TRY)	1.65	31.51	29.24	MSCI Europe/Real Estate GR USD
2	Ecofin Global Utilities & Infrastructure (EGL)	0.74	54.34	68.12	MSCI ACWI/Utilities GR USD
3	Herald (HRI)	0.73	77.73	79.63	FTSE UK Ind/Tech TR GBP

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

This commentary feels like a cut-and-paste job as Marcus Phayre-Mudge's TR Property scores a record fourth win in these awards.

Specialist Equities is one of a few categories where we combine trusts from different sectors, which is why the £1.6bn investment company is competing with tech-focused Herald and utilities specialist Ecofin.

Our award goes to the trust with the best return relative to its index, not necessarily the one with the highest overall return, which is why TR Property triumphs again, adding more value against its European real estate index than the other two do against their benchmarks.

A member of the BMO Global group, TR Property is unique among London-listed property funds, taking a pan-European approach to investments that are mostly in the shares of property firms and developers, although it does have a small portion in physical property.

A 1.65 information ratio illustrates how Phayre-Mudge and co-managers Alban Lhonneur and George Gay understand this sector well.

## Best UK All Companies trust:

### Baillie Gifford UK Growth

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (sterling total return)
1	Baillie Gifford UK Growth Trust (BGUK)	0.64	30.31	36.32	FTSE All Share
2	Henderson Opportunities (HOT)	0.54	33.33	39.05	FTSE All Share
3	Invesco Select UK Equity (IVPU)	0.45	20.27	14.15	FTSE All Share

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

Fund managers Iain McCombie and Milena Mileva have built on their award last year, gaining the top spot again in our sector ranking with Baillie Gifford UK Growth.

If anything, the duo deserves the prize even more as this summer saw them notch up three years on the £360m trust, which was previously run by Schroders.

Their performance has justified the board's decision to appoint Baillie Gifford in 2018, with an improved 30.3% rise in net asset value and a 36.3% shareholder return in the three years to 31 August. The pair's long-term, patient approach to picking growth stocks is demonstrated in their 0.64 information ratio.

It was a close thing, however. Henderson Opportunities Trust, a value-style smaller company focused fund managed by James Henderson and Laura Foll, has done very well in the 'vaccine rally'. The £110m trust generated a higher return, but according to our calculations scored a slightly lower information ratio.

The £150m Invesco Select UK Equity trust run by James Goldstone and Ciaran Mallon was the other runner up.

## Best UK Equity Income trust:

### Murray Income

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (sterling total return)
1	Murray Income Trust (MUT)	1.36	32.43	38.79	FTSE All Share
2	Dunedin Income Growth (DIG)	1.15	33.08	50.28	FTSE All Share
3	Law Debenture Corporation (LWDB)	1.05	31.96	49.87	FTSE All Share
4	Diverse Income Trust (DIVI)	0.72	30.18	28.08	FTSE All Share

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

Is there a link between corporate actions and improved performance? Earlier we saw JPMorgan Global Growth & Income win its International Income award after being chosen as the merger partner for Scottish.

Here, in the core UK Equity Income sector, we see £1bn Murray Income, which nearly doubled in size after absorbing Perpetual Income & Growth last year, secure its second Citywire prize.

The 4%-yielding 'dividend hero' has increased shareholder income for 48 years. The quality growth style of Abrdn (formerly Aberdeen Standard Investments) fund managers Charles Luke and Iain Pyle has struggled somewhat in the value rally this year, but over the three years to August, the trust has extracted an impressive 1.36 information ratio from their 32.4% investment return.

Stablemate Dunedin Income Growth, run by Abrdn's Ben Ritchie and Georgina Cooper, and Law Debenture, whose investment portfolio is run by HOT's James Henderson and Laura Foll, who we saw on the previous page, both put up strong challenges and notched up higher returns.

Dunedin Income Growth generated a particularly strong 50% shareholder return as its stock rereated and moved from an 8% discount to net asset value to stand at 'par' or NAV.

## Best UK Smaller Companies trust:

### JPMorgan UK Smaller Companies

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (sterling total return)
1	JPMorgan UK Smaller Companies (JMI)	1.35	78.43	109.63	Numis Smaller Companies (ex-investment companies)
2	BlackRock Throgmorton Trust (THRG)	1.28	72.68	97.62	Numis Smaller Companies (ex-investment companies)
3	Mercantile (MRC)	0.84	41.61	47.15	FTSE All Share ex-100 (ex-investment trusts)
4	Henderson Smaller Companies (HSL)	0.79	48.14	63.56	Numis Smaller Companies (ex-investment companies)
5	Invesco Perpetual UK Smaller Companies (IPU)	0.75	46.97	38.71	Numis Smaller Companies (ex-investment companies)

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

Georgina Brittain and co-manager Katen Patel have pinched back the award that second-placed BlackRock Throgmorton's Dan Whitestone took from them last year.

Under Brittain, who has run the £306m trust for 23 years, and Patel, who has helped her for seven years, JPMorgan UK Smaller Companies has prospered. The impressive 78.4% return on net assets reflects how the pair responded to the pandemic crash last year: blending defensive quality names benefiting from the intense pressure on rivals, with stocks that had suffered in the sudden downturn but rebounded quickly once lockdown restrictions were eased.

That skill also shows up in the 1.35 information ratio that while only slightly ahead of Throgmorton, leaves other rivals such as JPMorgan's mid-cap Mercantile trust and Henderson Smaller Companies for dust.

The strong portfolio returns did not go unnoticed. Investor demand pushed the shares higher and clocked up a 109.6% total return over the three-year period, as the trust eliminated its discount for a while. The discount has since re-emerged and the shares stand back on an attractive 10% discount to NAV.

## Best Global Multi-Asset trust:

### RIT Capital Partners

Rank	Trust	Three-year information ratio	Three-year NAV total return %	Three-year total shareholder return %	Index (total return)
1	RIT Capital Partners (RCP)	0.87	46.30	35.41	Morningstar UK Moderately Adventurous GBP
2	Momentum Multi-Asset Value Trust (MAVT)	0.79	30.88	25.30	FTSE All Share GBP
3	Lindsell Train (LTI)	0.42	64.12	52.61	MSCI World GR USD
4	Invesco Select Balanced Risk Allocation (IVBP)	0.37	24.91	21.82	Morningstar UK Moderately Cautious GBP
5	Ruffer Investment Company (RICA)	0.35	25.77	26.92	Morningstar UK Moderately Cautious GBP

Source: Morningstar. Trusts ranked by their three-year information ratio based on growth in net asset value at 31 August 2021.

The Rothschild backed **RIT Capital Partners** wins its first Citywire award with a performance that testifies to the global investment trust's remit of providing investors with exposure to rising markets while avoiding excessive falls.

In the three years to August, the £4.2bn multi-asset fund grew net asset value by 46.3% from a spread of investments in private equity, listed stocks, credit and specialist hedge funds overseen by Ron Tabbouche, chief investment officer of J Rothschild Capital Management.

Although this was less than the 64.1% investment return of Lindsell Train, our winner in the previous two years, it offered a smoother and better risk-adjusted performance than Nick Train's volatile and concentrated trust, which is over 50% invested in the unquoted shares of his and Michael Lindsell's fund management company. RIT rang up an information ratio of 0.87 against 0.42 for Lindsell Train.

Momentum Multi-Asset Value, formerly Seneca Income & Growth Trust, came second with a similarly diverse portfolio of funds and shares.

## Best Infrastructure trust:

### The Renewables Infrastructure Group!

Rank	Trust	Three-year Sharpe ratio	Three-year NAV total return %	Three-year total shareholder return %	Numis sector
1	Renewables Infrastructure Group (TRIG)	1.97	29.9	33.35	Infrastructure - Renewables
2	3i Infrastructure (3IN)	1.81	42.2	41.81	Infrastructure - Mid Market
3	BBGI Global Infrastructure (BBGI)	1.72	21.27	33.41	Infrastructure - PPP / Core

Source: Morningstar. Trusts ranked by their three-year Sharpe ratio based on growth in net asset value at 31 August 2021.

The extreme volatility of equity and commodity markets in the past two years has put even the 'steady Eddy' reputation of infrastructure funds to the test. We've tweaked our methodology this year. Instead of looking at the simple underlying performance in net asset values, which we did previously, we have calculated the three-year risk-adjusted return against cash (as measured by the Sharpe ratio).

On this measure, the near £3bn Renewables Infrastructure Group, currently the largest of the dozen pure London-listed renewable energy funds, beats our previous three-time winner, the £2.9bn 3i Infrastructure.

TRIG, a Guernsey investment company that is 90% invested in onshore and offshore wind farms and split 60-40 between the UK and Europe, has withstood a buffeting from falling power price forecasts in the past three years. Although gas price hikes this summer have reversed this pressure, fund manager and Infrared Capital Partners' Richard Crawford has also had to deal with wind generation falling below budget this year in several markets.

Nevertheless, a 29.9% return on assets coupled with a Sharpe ratio of 1.97 in the three-year period shows the premium-rated, 5%-yielder is doing more than enough to keep its green income investors happy.

## Best Specialist Debt trust:

### GCP Asset Backed Income

Rank	Trust	Three-year Sharpe ratio	Three-year net asset value (NAV) total return %	Three-year total shareholder return %	Numis sector
1	GCP Asset Backed Income (GABI)	2.1	22.49	21.69	Direct Lending
2	Sequoia Economic Infrastructure Income (SEQI)	0.8	21.61	23.42	Infrastructure Debt
3	Henderson Diversified Income (HDIV)	0.9	26.47	16.7	Loans & Bonds
4	ICG-Longbow Senior Secured UK Property Debt (LBOW)	1.5	18.02	6.18	Real Estate Debt
5	Blackstone Loan Financing (BGLF)	0.7	23.56	18.88	Structured Finance

Source: Numis Securities. The best trust from each Debt sub-sector (loans & bonds, structured finance, direct lending, infrastructure, real estate) is ranked by their three-year Sharpe ratio based on growth in net asset value at 31 August 2021.

The concentrated portfolios of some debt funds can make them vulnerable to individual corporate borrowers being hit with unexpected bad news.

First-time Citywire winner GCP Asset Backed Income has had some of the shine removed from its three-year performance with the recent write-off of a loan to a property developer co-living group.

In the 36 months to the end of August, Gravis fund manager David Conlon generated a 22.5% return from the £435m portfolio of secured loans which belied its impressive 2.1 Sharpe ratio. However, in September the write-down knocked 3.7% off the NAV equivalent to 3.77p per share.

Although a blow, this is the first problem loan the Jersey investment company has faced since its launch six years ago. The 6.4%-yielding shares have recently recovered to stand at 'par', or NAV, after investors were assured there would be no impact of dividends and that co-living's problems were isolated and did not reflect problems with its 50 other social infrastructure, energy and asset finance loans.

## Best Private Equity trust:

### HgCapital Trust

Rank	Trust	Three-year NAV total return %	Three-year total shareholder return %	Numis sector
1	HgCapital Trust (HGT)	91.42	122.41	PE - Direct
2	Oakley Capital Investments (OCI)	79.91	91.12	PE - Direct
3	BMO Private Equity Trust (BPET)	72.28	65.43	PE - Fund of Funds

Source: Morningstar. Trusts ranked by their three-year growth in net asset value to 31 August 2021.

Our last three alternative asset classes see investment companies ranked on their simple net asset value total returns in the three years to 31 August. In Private Equity, HgCapital Trust secures its second win, retaining the award it won last year when it beat 3i Group, this time notching up an impressive 91.4% NAV gain that underpinned an even better 122.4% total shareholder return from the premium-rated shares.

HgCapital has gained investor support from its focus on 42 unquoted software and business services firms, out of a total portfolio of 175 investments, which leads fund manager Hg to describe itself as Europe's second-largest tech firm.

The £1.8bn trust invests alongside Hg funds in a process overseen by Nic Humphries, senior partner and executive chairman. For a second year it knocked Oakley Capital Investments, its media and communications focused rival, into second place. Hamish Mair's BMO Private Equity fund of funds came in third.

## Best Property Specialist trust:

### Warehouse Reit

Rank	Trust	Three-year NAV total return %	Three-year total shareholder return %	Numis sector
1	Warehouse Reit (WHR)	58.8	88.33	Property - Industrial
2	Tritax Big Box (BBOX)	51.76	78.41	Property - Industrial
3	Urban Logistics Reit (SHED)	45.33	69.89	Property - Industrial
4	GCP Student Living (DIGS)	42.79	51.09	Property - Student
5	LXI Reit (LXI)	39.24	52.81	Property - UK Long Leases

Source: Morningstar. Trusts ranked by their three-year growth in net asset value to 31 August 2021.

The strength of the logistics market since the pandemic pushed the world online is underlined by three warehouse funds grabbing the top slots in our shortlist.

Warehouse, a £681m real estate investment trust run by Andrew Bird, managing director of Tilstone Partners, beats hot rivals Tritax Big Box and Urban Logistics with a 58.8% return on net assets that translated into an 88% shareholder return as the highly-rated shares soared to an 18% premium over asset value.

This is the last we will see of fourth-placed GCP Student Living as the £958m DIGS fund is about to be gobbled up by a Blackstone-led consortium.

### Best UK Property trust:

#### AEW UK Reit

Rank	Trust	Three-year NAV total return %	Three-year total shareholder return %	Numis sector
1	AEW UK Reit (AEWU)	39.79	46.24	Property - UK Commercial
2	Picton Property Income (PCTN)	19.30	-	Property - UK Commercial
3	Standard Life Inv Property Income (SLI)	14.14	-11.05	Property - UK Commercial
4	Custodian Reit (CREI)	13.48	-3.66	Property - UK Commercial

Source: Morningstar. Trusts ranked by their three-year growth in net asset value to 31 August 2021.

Small is not weak when it comes to UK commercial property. Certainly, £170m AEW UK, one of the smallest of the listed generalist real estate funds, has punched above its weight.

Under fund managers Alex Short and Laura Elkin, AEWU has established a sector-leading 39.8% investment return over three years, while avoiding the dividend cuts that rivals were forced to make during the pandemic lockdowns last year.

The state of near panic the restrictions produced has been replaced by cautious optimism as landlords see most tenants returning to some kind of normality.

The 7.4%-yielder has upped its exposure to retail warehouses and forged a good reputation of buying properties low and selling high after reletting them on higher rents.

### **Best Board:**

#### **Perpetual Income & Growth**

It is often unkindly said that turkeys don't vote for Christmas and therefore investment trust boards don't choose to wind up or merge their funds in order to hang on to their fees as non-executive directors.

The decision in July last year of Perpetual Income & Growth to merge with rival Murray Income and create a £1bn UK equity income trust therefore came as a pleasant surprise, proving that when it is best for shareholders that a trust cease to exist, a board will follow that course.

Perpetual Income's board, chaired by Richard Laing (pictured), had been criticised for not tackling several years of underperformance by its long-standing fund manager Mark Barnett.

When Laing finally served notice on Invesco in April 2020, having seen a short-lived 'Brexit bounce' falter, investors had expected him and his board to select another fund manager in the way that Barnett's other trust, Edinburgh, had done in moving to Majedie at the end of 2019.

However, a beauty parade of 10 fund managers soon identified Charles Luke at the then Aberdeen Standard Investments (now Abrdn) as a front runner. Instead of giving him a second mandate in the same sector, Perpetual Income's board took the braver and more rational decision of combining with Murray Income.

Although Luke's quality growth style has underperformed the UK stock market in the past year, the merger has created a bigger, cheaper and more highly-rated trust that bodes better for long-term shareholder returns.

Citywire awards judge Ewan Lovett-Turner, head of investment companies research at Numis Securities, said at the time: 'We believe it is positive for the investment companies sector to see a merger, particularly of funds already of reasonable size to create a vehicle that has the potential scale to appeal to institutional investors and retail platforms.'

### **Lifetime Achievement award:**

#### **Simon Fraser**

The many expressions of sadness from investors and former colleagues at the death in August after a short illness of Simon Fraser, chairman of Murray International (MYI), has prompted us to make our first Lifetime Achievement award.

The posthumous award reflects the high regard and affection with which Fraser, 62, was held by all who knew him after a 28-year career with Fidelity saw him rise to chief investment officer.

After leaving Fidelity in 2008, Fraser, a Scot and graduate of St Andrew's University, embarked on a series of investment company directorships. Most notable of these was his chairmanship for 10 years of Foreign & Colonial, now F&C (FCIT), the UK's oldest investment trust, culminating in the celebration of its 150th anniversary in 2018.

Fraser also chaired Merchants (MRCH) for seven years until 2019. This did not mark a disengagement with investment trusts as he went on to join the boards of both Murray International and Impax Environmental Markets (IEM).

In addition, he oversaw the influential shareholder lobby group the Investor Forum from 2014 and had served on the boards of Barclays bank and emerging markets fund manager Ashmore.

Citywire Awards judge John Newlands, who worked with Fraser on books about Merchants and F&C, said: 'Simon was a modest and meticulous man whose ability and quiet determination commanded the respect of all who knew him.'

#### **Thanks to our judges**

My thanks to Citywire's head of research, Frank Talbot, and our four judges for their time in assessing the performance data and deliberating over the shortlists for our 20 awards.

- Ewan Lovett-Turner, head of investment companies research at Numis Securities;
- Geneva Banzky von Ambroz, fund manager at Smith & Williamson;
- John Newlands of Newlands Fund Research;
- Mick Milligan, head of managed portfolio services at Killik & Co.

**That's it for this year. Congratulations to all the winners!**