

## Alpha investment trust report

16 September 2022

### Is it too early to pounce on deep value?

*This month, the 10-stock portfolio selected by the Alpha value and momentum-ranked investment trust screen is flagging trusts extremely cheap relative to net asset value, with these discounts coming on top of depressed portfolios. Is this a buying opportunity or will discounts widen further?*

#### **Tempting discounts and deep value, but more volatility ahead**

Arguably there is plenty more turmoil to be expected in financial markets and any investor tempted to snap up what look like long-term bargains now ought to steel themselves for volatility. Owners of investment trusts have to be prepared for the double-whammy of the shares in the fund's portfolio selling off and the trust's own share price falling more – widening the discount to net asset value (NAV).

Discount-widening is highly disconcerting for holders of investment trust shares in the bad times and is the reason our investment trust selection criteria has underperformed both the FTSE All-Share and MSCI World indices in what has been a bad year for equities generally. But is it possible these discounts now represent a margin of safety for investors looking to buy into quality companies held in trusts' underlying portfolios?

One hugely interesting point about our investment trust methodology track record (which goes back to July 2004) is that in the 2007-09 bear market, the maximum drawdown (peak-to-trough fall in value) of our 10-trust portfolio system occurred three months (December 2008) before the bottom was hit by its FTSE All-Share and MSCI World benchmarks. It was March 2009 before the nadir for both stock indices in that period.

Of course, the past doesn't predict the future, but some of the trusts flagged are looking historically very cheap relative to their long-run premium/discount to NAV. The z-scores are showing several of our funds this month close to, or more than, two standard deviations below their average valuation relative to NAV. That's incredibly cheap, especially when some of their underlying holdings have already sold-off considerably.

Given some of the shares held by high-ranking funds on our screen retain long-run quality characteristics and many more are plays on longer-term growth trends, investors can reasonably ask themselves whether this is a golden buying opportunity.

Of course, there is plenty of scope for uncertainty. This week's inflation print in the US came in higher than expected (at 8.3 per cent it was down but above forecasts) with sticky core inflation persistent at 6.3 per cent. The numbers saw markets quickly price in the possibility of more hawkish rate rises by the US Federal Reserve, with stocks selling off in anticipation of more expensive interest rates.

The dynamic is that more expensive rates raise investors' rate of return requirements from shares (so they maintain a risk premium over safer investments like government bond yields). Given many big tech stock prices were bid up to incredibly high multiples of their earnings per share, even very profitable companies have seen their valuations fall.

Inflation and the methods to deal with it will likely lead to recessions (and have seen countries like the US dip into technical recession – two successive quarters of GDP decline), which will be bad for company earnings. Downgrades to analysts' expectations would see stocks get cheaper.

But will investment trusts continue to sell-off? These juicy discounts offer a margin of safety in case the underlying assets fall further in value, possibly de-risking the entry point for investors looking to back long-term growth trends.

That argument needs to be set against the obvious risk that the investment trust shares themselves get dragged down by markets or if they have issues in their own capital structures (for example high gearing) that get exacerbated by higher interest rates. Still, as the experience of our ten-trust portfolio methodology in 2007-09 shows, there is precedent for investment trust share prices staying low but not getting lower before the recovery swings into effect.

Of course, we can't expect a rebound from this spell of malaise to come from a catalyst as powerful as quantitative easing (QE), as happened in 2009. For investors who don't like to try and time re-entry points, however, a heavily discounted investment trust sector certainly provides food for thought.

Some of the big economic themes that were bid up in the low rate environment prior to and during the coronavirus pandemic, are no longer so en vogue. But our 10-trust portfolio this month is packed with names like **Bellevue Healthcare Trust (BBH)**, **Scottish American (SAIN)**, **JP Morgan Global Growth and Income (JGGI)**, **Baillie Gifford US Growth (USA)** and that most famous of future-focused trusts, **Scottish Mortgage (SMT)**.

The other theme that we've continued to observe is the prevalence of Asia-focused trusts. Especially those focused on or with a significant exposure to India such as **Aberdeen New India (ANII)**, **JP Morgan Indian (JII)** and **Scottish Oriental Small Companies (SST)**.

Specialist Japan trusts also rank well in our screen, but due to rules limiting the number of single country niche funds, only **Fidelity Japan Trust (FJV)** makes the top 10 portfolio.

Our full results are below and this month we feature two trusts, Bellevue Healthcare Trust (BBH) and Scottish American (SAIN).

## September 2022 Alpha Investment trust screen results

### 10-trust portfolio

Rank	Name	TIDM	Mkt cap	Price	Gearing	DY	Z-score	Discount to NAV				Share price performance					
								Now	Avg	Low	High	1m	3m	6m	1y	3y	5y
1	Bellevue Healthcare Trust	BBH	£1,009m	172p	12%	3.6%	-2.4	-7.8%	-1.0%	5.9%	-11.8%	-2.8%	22.9%	-3.5%	-9.6%	48.2%	69.7%
2	Aberdeen New India	ANII	£340m	592p	7%	-	-2.4	-23.4%	-16.9%	-11.1%	-23.4%	3.5%	15.2%	6.7%	-9.1%	25.6%	26.3%
3	JPM Indian	JII	£639m	840p	0%	-	-2.4	-23.0%	-18.3%	-13.7%	-23.0%	4.7%	13.5%	11.4%	2.2%	17.3%	11.9%
4	Scottish Oriental SmCos	SST	£288m	1,160p	10%	1.0%	-3.0	-16.6%	-10.7%	-6.8%	-16.6%	4.5%	6.9%	8.4%	6.5%	15.9%	17.2%
5	Fidelity Japan Trust	FJV	£215m	166p	22%	-	-2.4	-11.5%	-6.5%	-1.3%	-11.5%	-3.8%	8.9%	0.3%	-35.0%	6.4%	31.6%
7	Scottish American	SAIN	£848m	481p	8%	2.7%	-3.0	-4.9%	0.9%	3.8%	-5.4%	-4.9%	5.5%	3.1%	-3.7%	24.5%	53.2%
8	JPM Global Growth & Inc	JGGI	£1,296m	429p	3%	3.5%	-2.8	-2.9%	1.8%	7.6%	-4.0%	-5.6%	4.8%	-1.7%	0.8%	39.7%	66.0%
10	Edinburgh Worldwide	EWI	£721m	183p	10%	-	-1.8	-19.3%	-8.4%	5.5%	-19.3%	-11.0%	10.9%	-10.7%	-43.2%	-5.7%	40.1%
11	Scottish Mortgage	SMT	£11,567m	807p	14%	0.4%	-1.7	-10.8%	-2.2%	7.1%	-16.2%	-11.4%	16.0%	-9.9%	-40.8%	55.0%	90.5%
12	Baillie Gifford US Growth	USA	£520m	170p	7%	-	-1.7	-18.9%	-7.7%	3.4%	-20.5%	-12.5%	12.1%	-15.6%	-48.4%	20.9%	-

Source: Winterflood Investment Trusts, as at 14 September 2022

### Top 25

Rank	Name	TIDM	Mkt cap	Price	Gearing	DY	Z-score	Discount to NAV				Share price performance					
								Now	Avg	Low	High	1m	3m	6m	1y	3y	5y
1	Bellevue Healthcare Trust	BBH	£1,009m	172p	12%	3.6%	-2.4	-7.8%	-1.0%	5.9%	-11.8%	-2.8%	22.9%	-3.5%	-9.6%	48.2%	69.7%
2	Aberdeen New India	ANII	£340m	592p	7%	-	-2.4	-23.4%	-16.9%	-11.1%	-23.4%	3.5%	15.2%	6.7%	-9.1%	25.6%	26.3%
3	JPM Indian	JII	£639m	840p	0%	-	-2.4	-23.0%	-18.3%	-13.7%	-23.0%	4.7%	13.5%	11.4%	2.2%	17.3%	11.9%
4	Scottish Oriental SmCos	SST	£288m	1,160p	10%	1.0%	-3.0	-16.6%	-10.7%	-6.8%	-16.6%	4.5%	6.9%	8.4%	6.5%	15.9%	17.2%
5	Fidelity Japan Trust	FJV	£215m	166p	22%	-	-2.4	-11.5%	-6.5%	-1.3%	-11.5%	-3.8%	8.9%	0.3%	-35.0%	6.4%	31.6%
6	Baillie Gifford Shin Nippon	BGS	£487m	155p	15%	-	-2.4	-10.2%	-2.7%	4.0%	-10.2%	-5.1%	9.5%	-5.4%	-42.0%	-13.0%	4.2%
7	Scottish American	SAIN	£848m	481p	8%	2.7%	-3.0	-4.9%	0.9%	3.8%	-5.4%	-4.9%	5.5%	3.1%	-3.7%	24.5%	53.2%
8	JPM Global Growth & Inc	JGGI	£1,296m	429p	3%	3.5%	-2.8	-2.9%	1.8%	7.6%	-4.0%	-5.6%	4.8%	-1.7%	0.8%	39.7%	66.0%
9	BlackRock Frontiers	BRFI	£245m	130p	9%	4.3%	-2.7	-12.5%	-7.6%	-3.0%	-13.0%	0.0%	4.9%	6.2%	8.8%	9.9%	3.3%
10	Edinburgh Worldwide	EWI	£721m	183p	10%	-	-1.8	-19.3%	-8.4%	5.5%	-19.3%	-11.0%	10.9%	-10.7%	-43.2%	-5.7%	40.1%
11	Scottish Mortgage	SMT	£11,567m	807p	14%	0.4%	-1.7	-10.8%	-2.2%	7.1%	-16.2%	-11.4%	16.0%	-9.9%	-40.8%	55.0%	90.5%
12	Baillie Gifford US Growth	USA	£520m	170p	7%	-	-1.7	-18.9%	-7.7%	3.4%	-20.5%	-12.5%	12.1%	-15.6%	-48.4%	20.9%	-
13	Fidelity Asian Values	FAS	£341m	472p	4%	1.9%	-2.0	-11.9%	-7.2%	-1.7%	-13.6%	1.7%	5.7%	10.3%	-3.1%	14.0%	36.5%
14	Keystone Positive Change	KPC	£129m	209p	9%	5.4%	-1.6	-14.6%	-7.4%	2.4%	-17.8%	-11.6%	14.8%	-4.1%	-40.2%	-27.7%	-27.9%
15	Brown Advisory US Smaller Cos	BASC	£147m	1,230p	0%	-	-1.8	-16.8%	-10.2%	0.7%	-16.8%	-2.8%	7.0%	4.5%	-9.7%	10.3%	50.6%
16	JPM Emg Mkts	JMG	£1,235m	106p	0%	1.3%	-2.4	-13.4%	-8.9%	-4.6%	-13.4%	-3.3%	2.7%	2.3%	-20.5%	9.1%	35.9%
17	Fidelity European Trust	FEV	£1,185m	289p	11%	2.5%	-2.0	-11.1%	-7.6%	-3.8%	-11.5%	-3.7%	4.3%	1.4%	-8.7%	23.7%	46.6%
18	Asia Dragon	DGN	£521m	436p	9%	1.5%	-2.6	-13.2%	-9.9%	-6.8%	-13.7%	-0.7%	1.4%	-0.7%	-14.1%	9.0%	29.3%
19	Baillie Gifford Japan	BGFD	£700m	746p	18%	0.8%	-1.9	-8.5%	-3.1%	3.0%	-9.0%	-5.2%	4.6%	-3.4%	-31.7%	-8.2%	7.4%
20	Pacific Assets	PAC	£427m	353p	0%	1.2%	-1.5	-13.0%	-9.3%	-2.8%	-14.7%	5.1%	14.4%	14.1%	-1.9%	22.8%	46.7%
21	Smithson	SSON	£2,254m	1,295p	0%	-	-1.6	-11.6%	-2.9%	4.4%	-14.5%	-10.6%	7.6%	-13.7%	-32.9%	3.1%	-
21	Utilico Emerging Markets	UEM	£459m	221p	4%	3.6%	-2.1	-13.7%	-11.2%	-7.4%	-14.4%	3.3%	2.8%	9.4%	3.8%	4.5%	18.2%
23	Henderson European Focus	HEFT	£285m	134p	8%	2.7%	-2.3	-14.5%	-10.0%	-5.3%	-14.5%	-2.6%	1.5%	0.0%	-13.9%	12.5%	8.5%
24	Polar Capital Technology	PCT	£2,575m	1,978p	0%	-	-1.6	-14.2%	-10.0%	-0.3%	-15.7%	-11.7%	8.2%	-7.1%	-21.6%	37.9%	91.5%
25	abrdn Asia Focus	AAS	£402m	256p	5%	1.3%	-3.0	-16.9%	-11.1%	-6.4%	-16.9%	-0.4%	0.0%	-1.9%	-3.9%	25.6%	34.5%
25	India Capital Growth	ICG	£118m	123p	-1%	-	-1.2	-16.3%	-12.3%	-3.5%	-20.0%	11.1%	28.5%	21.2%	1.9%	69.3%	22.1%

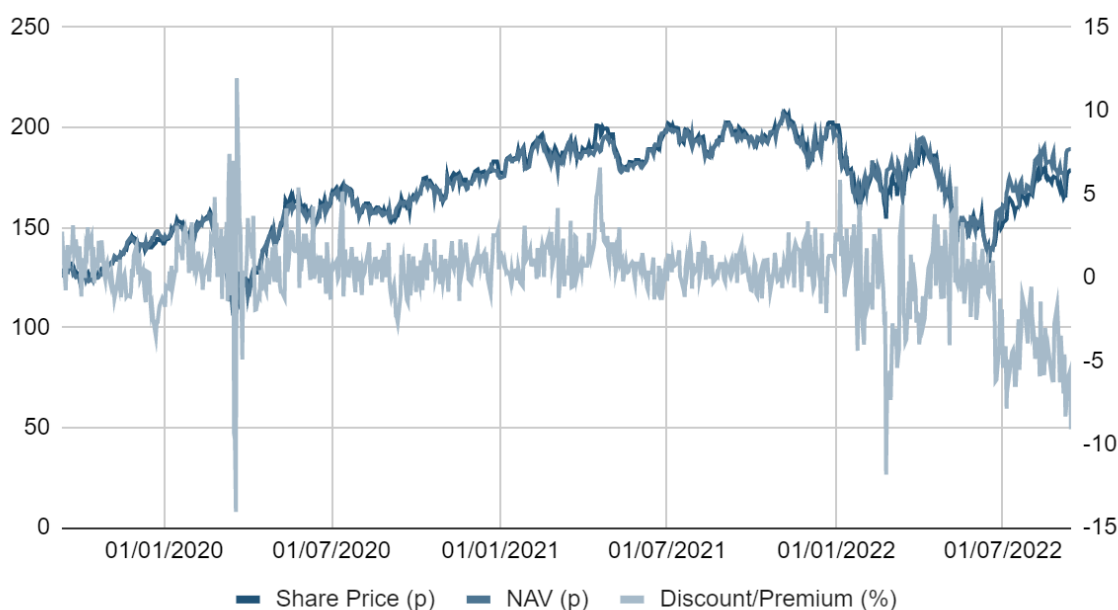
Source: Winterflood Investment Trusts, as at 14 September 2022

## Bellevue Healthcare Trust (BBH)

Name	TIDM	Mkt Cap	Price	DY	Gearing
Bellevue Healthcare Trust	BBH	£1,009m	172p	3.60%	12%
<b>Discount to NAV</b>					
<b>Z-Score</b>	<b>Now</b>	<b>Avg.</b>	<b>Low</b>	<b>High</b>	
	-2.4	-7.80%	-1.00%	5.90%	-11.80%
<b>Share Price Performance</b>					
<b>1m</b>	<b>3m</b>	<b>6m</b>	<b>1y</b>	<b>3y</b>	<b>5y</b>
-2.80%	22.90%	-3.50%	-9.60%	48.20%	69.70%

Source: Winterflood Investment Trusts

### Three-year record



Source: Morningstar

Healthcare, understandably, was one of the sectors of the economy that was talked up during the pandemic and beyond that crisis the demographic profile of developed countries means there are unavoidable structural trends. There has, however, been something of a disconnect emerging between the share price of **Bellevue Healthcare Trust (BBH)**, formally known as BB Healthcare Trust, and the NAV of the fund's portfolio.

The most striking thing on surveying the numbers behind its ranking in our screen is the z-score of the discount. Historically, the share price has tracked the

NAV very closely (apart from the huge anomaly when markets panicked due to coronavirus in March 2020), so the near 8 per cent discount when our screen was run is exceptional. With a z-score of -2.4 the shares have in the past only been likely to be cheaper relative to NAV than they are now around two per cent of the time.

The trust invests in a concentrated portfolio of listed equities in the global healthcare industry and seeks to achieve capital growth and income for shareholders. The specific objectives are to generate a double-digit annualised total shareholder return over a rolling three year period and to beat the MSCI World Healthcare Index benchmark on a net basis.

In the three years to 13 September 2022, NAV returns are 61 per cent, with share price returns slightly ahead of the benchmark (48.2 vs 46.6 per cent). But there are troughs and over 12 months both NAV and the trust's share price performance have been negative relative to a double-digit return from the benchmark.

That poor year goes some way to explaining the wide discount. At the time it published its interim results for the six months to 31 May 2022, the trust's holdings had taken a terrible pummelling. Losses in the first half of the year were severe enough for the NAV total return since inception to have fallen significantly below the benchmark.

The recovery since then in investee companies' shares has prompted the fund NAV total return since launch to be back above benchmark, as it has been for much of its life. Those nasty drawdowns are something of an occupational hazard for investors in this field of high conviction healthcare investing (troughs were seen in 2018 and 2019, too,) but getting in at the low points has been rewarded with the long-term trajectory upward.

It is certainly noteworthy that the share price is still being punished even though NAV has made inroads into losses since the start of 2022, down 2.8 per cent compared with a 11.3 per cent negative return from the trust's shares.

The big variances to the MSCI World Healthcare benchmark, both positive and negative, occur largely due to BBH's focus more on smaller and mid-cap companies. Whereas mega-cap pharma and healthcare stocks such as UnitedHealth Group, Johnson & Johnson, Pfizer and AstraZeneca dominate the benchmark (the top 10 companies with a combined market cap of around \$2.7tn account for roughly 40 per cent). BBH deviates significantly in its approach.

Manager Paul Major has targeted roughly 57 per cent of BBH's holdings in mid-caps with 20 per cent in smaller companies. In terms of health sub-sectors, focused therapeutics (25 per cent), med-tech (18 per cent), services (15 per cent) and diagnostics (11 per cent) are most heavily represented.

## Top holdings

Name	% Port
Axonics	6.8
Option Care Health Inc	6.5
Jazz Pharmaceuticals PLC	6.5
Sarepta Therapeutics Inc	5.9
Insmed Inc	5.8
UnitedHealth Group Inc	5.2
Appellis Pharmaceutical	4.8
Amedisys Inc	4.6
Tandem Diabetes Care	4.1
Charles River Laboratories International Inc	4.0
Total	54.2

Source: Bellevue Healthcare Trust

The trust paid its interim dividend of 3.235p per ordinary share out of capital reserves and targets an annual dividend of 6.47p. The managers also bought the dip of stocks in target sectors by borrowing. Gearing of 12 per cent is moderately high and above the trust's long run target of between five and 10 per cent, although still within the management threshold of 20 per cent.

This year has been a reminder of the drawdowns that can be suffered when investing in popular narratives when they are running hot but now that valuations are much lower again, the healthcare story could be worth revisiting.

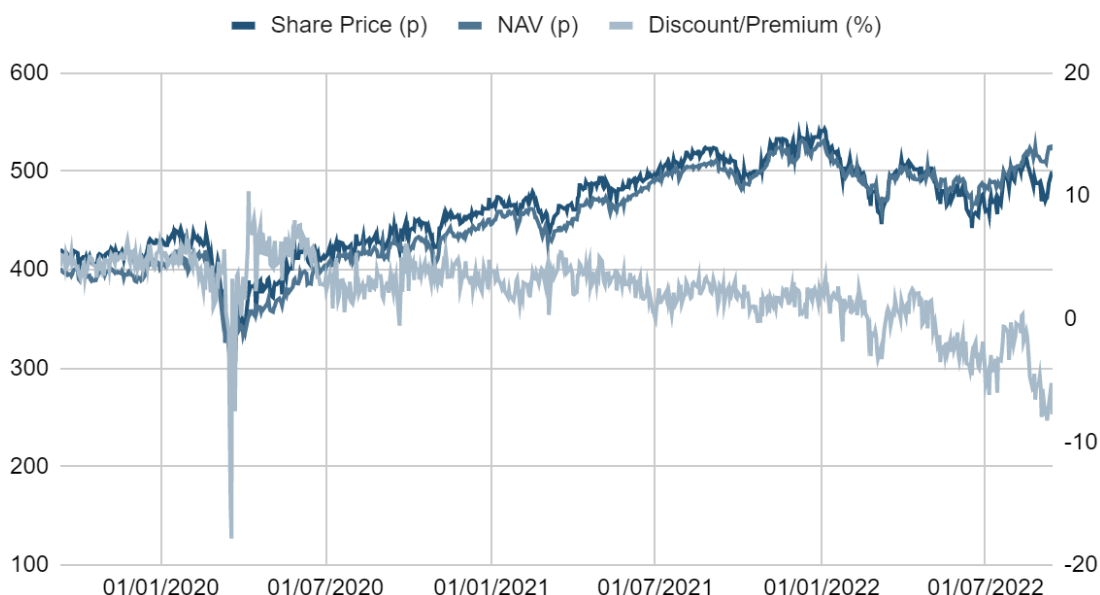
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## Scottish American (SAIN)

Name	TIDM	Mkt Cap	Price	DY	Gearing
Scottish American	SAIN	£848m	481p	2.70%	8%
<b>Discount to NAV</b>					
<b>Z-Score</b>	<b>Now</b>	<b>Avg.</b>	<b>Low</b>	<b>High</b>	
	-3	-4.90%	0.90%	3.80%	-5.40%
<b>Share Price Performance</b>					
<b>1m</b>	<b>3m</b>	<b>6m</b>	<b>1y</b>	<b>3y</b>	<b>5y</b>
-4.90%	5.50%	3.10%	-3.70%	24.50%	53.20%

Source: Winterflood Investment Trusts

## Three-year record



Source: Morningstar

Part of the Baillie Gifford stable, **Scottish American (SAIN)** is managed for income investors, with a core objective of growing its dividend faster than inflation (a challenge indeed in the current climate). The fund can invest in bonds (fixed income instruments are 4.4 per cent of the portfolio), property (8.4 per cent) and alternative assets but this is primarily a generalist global equity fund.



With UK CPI at 9.9 per cent for August, growing dividends to outpace inflation may be beyond the trust, but it has shown impressive dedication to its income mandate all the same, having grown the dividend 8.9 per cent year on year as of the end of July. That nominal dividend growth is underpinned by income from underlying investments. Net of tax, this was 7.78p per share for the six months to June 2022, an increase of 15.4 per cent over the same period the year before.

Overall NAV returns are -1.3 per cent year to date, but that's an outperformance of the FTSE All World gross total returns index which in sterling terms has lost 3.9 per cent. Shares in the trust have, however, fallen almost 8 per cent. It's a good example of discount widening hurting existing shareholders, but now it does accentuate the value on offer.

That value is now extreme for a trust that has historically traded at a slight premium to NAV: the z-score of -3 shows the NAV is on offer incredibly cheaply relative to expectations based on the past.

This includes exposure to companies such as Danish pharmaceutical business Novo Nordisk, which thanks largely to demand for its obesity drug has seen its share price weather much of the storm in 2022, up almost 5 per cent since the start of the year. The shares have also benefited from optimism relating to trials of new insulin treatments.

Another holding, PepsiCo, is the polar opposite in many ways given the health issues sugary drinks cause. Although the shares are now slightly down since the beginning of the year, they are typical of the steady, low volatility shares preferred by the management team.

The trust doesn't have a concentrated portfolio, with the top equity holdings making up just over a quarter of the total NAV. The focus on solid, but not super-high yielders means a portfolio of quality shares with long-run and recovery potential. This trust is a way to own a slice of companies such as Microsoft, Procter & Gamble, Roche, Taiwan Semiconductor and chemicals business Albemarle at a very attractive discount.

The fund key information document is open about ongoing costs. While the 0.62 per cent for ongoing annual management charge plus administrative expenses (0.47 plus 0.15 per cent, respectively) isn't too onerous, if you include the cost of interest and arrangement fees for loans, then a figure of 1.34 per cent starts to look dear.



## Top holdings

Name	% Port
Novo Nordisk A/S Class B	3.5
United Parcel Service Inc Class B	3.3
Microsoft Corp	2.9
Fastenal Co	2.7
Procter & Gamble Co	2.6
Taiwan Semiconductor Manufacturing Co Ltd	2.6
PepsiCo Inc	2.5
Watsco Inc Class A	2.4
Roche Holding AG	2.4
Albemarle Corp	2.3
Total	27

Source: Morningstar

The trust uses debt funding where it can invest in assets that will yield above the cost of borrowing. The good news is that overall the cost of the trust's borrowings is now below three per cent, which has widened the opportunity set for the trust's property managers to put that debt funding to use and make a profit. The total return on property of five per cent in the first half of 2022, showcased the efficient use of capital.

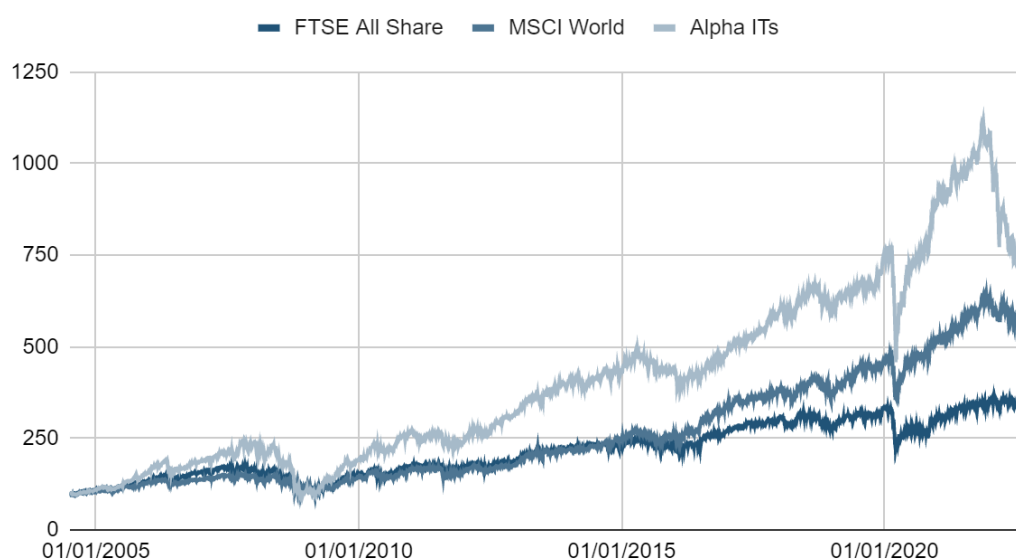
Overall, there is scope for markets to get cheaper and the discount to widen further, but already the historic cheapness of this trust with a portfolio makes it worth keeping a watchful eye on. With a portfolio packed with high quality foreign earners, there looks decent scope to keep growing dividends for sterling investors in tough times.

Continued below...

## Alpha investment trust strategy – long run performance

As a recap for anyone new to this monthly report, its main aim is to provide investment ideas for readers to consider on their individual merits rather than off-the-shelf portfolios. The strategy (our methodology is detailed in the appendix to this report) used by the Alpha IT reports should also be considered fallible, despite the strong long-run showing since launch. The strategy can sometimes come a cropper and discount widening is always a danger when investing in trusts: The worst peak-to-trough drawdown the strategy has endured was a stomach-churning 63 per cent fall during the 2007-09 bear market.

### Alpha IT long-term performance



Source: Thomson Datastream Refinitiv, Investors' Chronicle

This year has also been bad, with the long run July-to-July rebalancing portfolio down 28.5 per cent from its last peak (it has been down by more than a third) in what has been a tough year for global equities.

Fortunately, as well as illustrating the potential pain, the data also suggests that while the Alpha strategy does sometimes have hiccups, overall (and over time), it produces much more value from good calls than it loses from bad ones.

Since July 2004	Total return	Annualised rate
Alpha IT	694%	12.0%
Alpha IT 1.5% chg	496%	10.3%
MSCI World	511%	10.4%
FTSE All Share	250%	7.1%
FTSE All Sh/MSCI Wld	367%	8.8%

Source: Thomson Datastream Refinitiv, Investors' Chronicle

## Alpha investment trust 10-stock portfolios

Details of the past 10 Alpha Investment Trust 10-stock portfolios can be viewed below. The past year has been a tough one for the strategy, with the 10-stock portfolios mostly lagging the FTSE All-Share the MSCI World indices.

26-Jul-21			20-Sep-21		
Name	TIDM	Total Return	Name	TIDM	Total Return
Alpha ITs	-	-2.20%	Alpha ITs	-	-23.70%
MSCI World	-	4.20%	MSCI World	-	3.90%
FTSE All Share	-	5.20%	FTSE All Share	-	5.30%
Ashoka India Equity It.	AIE	34.40%	Allianz Technology Tst.	ATT	-22.80%
Harbourvest Global	HVPE	-4.30%	Jpmorgan Japanese	JFJ	-34.80%
Martin Currie Glb.Prtf.	MNP	-24.10%	Polar Capital Tech. Tst.	PCT	-20.10%
Middlefield Cdn.Inc.	MCT	25.50%	Avi Japan Opportunity Trust	AJOT	-11.30%
Caledonia Investments	CLDN	17.90%	Jpmorgan Indian It.	JII	0.70%
Vietnam Enterprise	VEIL	4.70%	Baillie Giff.Us Gw.Tst.	USA	-48.10%
Vietnam Holding	VNH	34.30%	European	EOT	-15.50%
Scottish Mortgage	SMT	-39.30%	Baillie Gifford	BGEU	-45.10%
Montanaro Eur.Smcos.Tst	MTE	-35.80%	Scottish Mortgage	SMT	-41.00%
Abrdn Uk Smcos.Gw.Tst.	AUSC	-35.20%	F&C It.	FCIT	1.00%

Source: Refinitiv Datastream, Investors' Chronicle

25-Oct-21			6-December-21		
Name	TIDM	Total Return	Name	TIDM	Total Return
Alpha ITs	-	-13.90%	Alpha ITs	-	-3.80%
MSCI World	-	0.70%	MSCI World	-	-2.10%
FTSE All Share	-	1.80%	FTSE All Share	-	1.50%
Aurora Investment	ARR	-15.20%	Vietnam Enterprise	VEIL	-8.20%
Allianz Technology Tst.	ATT	-25.80%	Vinacapital Vietnam	VOF	0.30%
Jpmorgan Indian It.	JII	2.30%	Cqs Natres.Gw.&.Inc.	CYN	29.90%
Cqs Natres.Gw.&.Inc.	CYN	18.90%	Schdr.Uk Pub.Priv.Tst.	SUPP	-44.70%
Montanaro Eur.Smcos.Tst	MTE	-39.40%	Ecofin Glb.Util.&.Infr.	EGL	30.20%
Blackrock Frontiers	BRFI	5.00%	Pacific Assets	PAC	0.90%
Vinacapital Vietnam	VOF	1.60%	Aurora Investment	ARR	-13.90%
Blackrock Throg.Tst.	THRG	-39.50%	Caledonia Investments	CLDN	5.40%
Blackrock Smcos.Tst.	BRSC	-31.40%	Manchester & London It.	MNL	-35.70%
The Global Smcos.	GSCT	-15.30%	Abrdn Asian Income	AAIF	-2.60%

Source: Refinitiv Datastream, Investors' Chronicle

Continued below...

10-Jan-22			21-Feb-22		
Name	TIDM	Total Return	Name	TIDM	Total Return
Alpha ITs	-	-0.10%	Alpha ITs	-	2.60%
MSCI World	-	-1.30%	MSCI World	-	5.20%
FTSE All Share	-	-1.10%	FTSE All Share	-	-0.10%
Aurora Investment	ARR	-19.60%	Uk Commercial Property Reit	UKCM	-10.00%
Pershing Square (Lon) Holdings	PSH	-2.80%	Schroder Orntl.Inc.Fd.	SOI	-2.40%
Blackrock World Mng.	BRWM	11.00%	Nextenergy Solar	NESF	21.70%
Cqs Natres.Gw.&.Inc.	CYN	23.80%	Foresight Solar Fund	FSFL	21.30%
Civitas Social Housing 1P	CSH	-18.50%	Murray Intl.	MYI	8.20%
Vinacapital Vietnam	VOF	-3.60%	Oakley Capital	OCI	2.70%
The City Of London Investment Trust	CTY	5.10%	Triple Pnt.Scl.Hsg.Reits	SOHO	-1.50%
Murray Income Trust	MUT	-6.70%	Abrdn Asian Income	AAIF	-3.30%
Murray Intl.	MYI	12.90%	Aurora Investment	ARR	-21.80%
Temple Bar	TMPL	-2.50%	Securities Tst.Of Sctl.	STS	11.30%

Source: Refinitiv Datastream, Investors' Chronicle

Continued below...

25-Mar-22			3-May-22		
Name	TIDM	Total Return	Name	TIDM	Total Return
Alpha ITs	-	-2.80%	Alpha ITs	-	0.60%
MSCI World	-	2.80%	MSCI World	-	1.90%
FTSE All Share	-	-1.60%	FTSE All Share	-	-1.60%
Schroder Income Gw.Fd.	SCF	-3.10%	Worldwide Hlthcr.Tst.	WWH	8.00%
Henderson Far East Inc.	HFEL	-4.30%	Pershing Square (Lon) Holdings	PSH	1.90%
Hg Capital Trust	HGT	-6.10%	Hg Capital Trust	HGT	-1.80%
North American Inc. Tst.	NAIT	2.20%	Jpmor.Us Smcos.It.	JUSC	-0.70%
Utilico Emerging	UEM	-0.20%	Utilico Emerging	UEM	0.90%
Fidelity Asian Values	FAS	3.70%	F&C It.	FCIT	4.80%
Abrdn Asian Income	AAIF	-3.60%	Jpmorgan Glb.G&I.	JGGI	-2.90%
Round Hill Music Royalty Fund Limited	RHM	-8.70%	Schroder Income Gw.Fd.	SCF	-3.40%
Vietnam Enterprise	VEIL	-7.50%	Alliance Trust	ATST	3.20%
Schroder Orntl.Inc.Fd.	SOI	-0.60%	Troy Income & Gw.Tst.	TIGT	-4.10%

Source: Refinitiv Datastream, Investors' Chronicle

Continued below...

13-Jun-22			25-Jul-22		
Name	TIDM	Total Return	Name	TIDM	Total Return
Alpha ITs	-	0.60%	Alpha ITs	-	0.80%
MSCI World	-	8.70%	MSCI World	-	4.20%
FTSE All Share	-	3.10%	FTSE All Share	-	1.30%
Fidelity Spc.Values	FSV	0.40%	Avi Japan Opportunity Trust	AJOT	-2.40%
Abrdn European	ASLI	-3.10%	Baillie Giff.Shin Nippon	BGS	1.30%
Jpmorgan European G&I.	JEGI	-3.60%	Pacific Assets	PAC	7.80%
Taylor Maritime Invs.	TMI	-1.70%	Jpmorgan Indian It.	JII	7.10%
Tufts Oceanic Assets	SHIP	-8.40%	Aberdeen New India It.	ANII	7.60%
North Atlantic Smcos.	NAS	-5.30%	Icg Enterprise Trust	ICGT	-11.20%
European	EOT	2.80%	European	EOT	-1.80%
Syncona	SYNC	4.70%	Jpmorgan Asia	JAGI	-0.70%
Pacific Assets	PAC	14.40%	Fidelity European	FEV	-0.90%
Scottish American	SAIN	6.20%	Schroder Income Gw.Fd.	SCF	1.00%

Source: Refinitiv Datastream, Investors' Chronicle

Continued below...



## Appendix: Screening rules

The central idea behind the Alpha strategy is to look for trusts displaying an advantageous mix of value and momentum.

To fairly compare investment trusts with different remits and capital structures, the screen assesses trusts' value relative to their one-year average premium/discount.

This is done using a standardised measure called the Z-score (the number of "standard deviations" the premium/discount is from the mean average). A Z-score can be considered to be pretty cheap when it gets below -1 and extremely cheap at or below -2.

Three-month share price momentum is used as an indicator of sentiment towards trusts and their recent investment success.

The tables in this report show the top 25 investment trusts based on a combined ranking of Z-score and momentum. The 10-stock portfolio, which is what this report focuses on, represents the highest ranking trusts that meet the following portfolio rules:

- Market capitalisation must be more than £100mn.
- No tracker or hedge funds.
- No more than half the portfolio (five out of 10 shares) should have "niche" themes, and no more than two trusts should have the same niche. Trusts defined as niche are those focused on non-mainstream asset classes or sub-sectors, such as private equity, debt, technology and biotechnology; and those focused on single countries (excluding the UK and US) or high-risk economic regions such as emerging markets. We also regard trusts targeting smaller Asian companies as niche, but not generalist Asian equity trusts.
- No more than half the portfolio (five out of 10 shares) should be mainstream trusts of the same type. This rule does not apply to global funds, but it does to other mainstream themes such as trusts investing in the UK (large and small companies), Europe, the US or Asia.
- All trusts must trade at a discount to NAV.

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