The Daily Telegraph

This trust's discount hasn't narrowed as we'd hoped but it has gained 20pc anyway

Questor
Trust Bargains
Richard Evans

ICG Enterprise, which invests in unlisted firms, has grown the value of its portfolio by about 15pc annually for the past five years

WE OFTEN tip investment trusts in the belief that their discount is too wide and should narrow in time. Two years ago we recommended a trust partly on this basis but, while the discount has in fact barely changed, we have still made an 18pc gain for readers.

Naturally, this means that the value of the actual assets has increased appreciably. In fact the trust, ICG Enterprise, has grown its net asset value (NAV) from 871p at the time of our tip to £10.56½ now. The discount has widened marginally from 16.3pc to 17.7pc.

ICG Enterprise is a private equity trust, one of a number to have featured here, partly because they tend to trade at significant discounts and partly because of a trend for young businesses to remain unlisted for longer, forcing investors who want exposure to their greater growth prospects to use a private equity vehicle. These trusts invest in unlisted businesses either directly or via funds; ICG Enterprise uses a mixture of the two approaches, although many of the funds it invests in are run by its own management firm, which keeps costs lower.

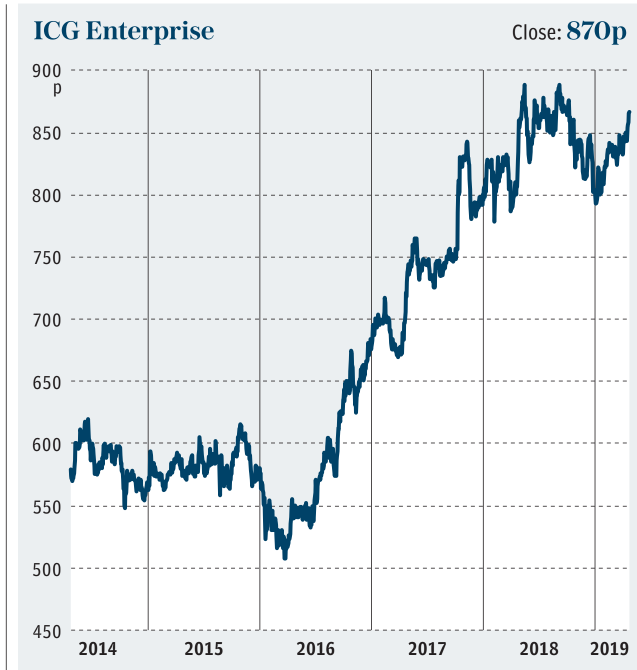
> ICG Enterprise
> **Buy**
> **Continuing discount means this well managed trust is worth buying**

The management group, also called ICG, has significant resources at its disposal: it manages a total of $35bn (£27bn) and has 300 employees in 14 countries.

The trust recently reported full-year results, which showed a 15pc rise in the value of the portfolio, excluding foreign currency effects. Its longer-term record is also strong: over the past five years the portfolio has grown at an average annual rate of 15.3pc in constant currency terms, driving NAV growth of 11.8pc, against 5.6pc for the FTSE All Share index, according to Numis, the stockbroker.

Another measure of the managers' success is the gain achieved when they sell holdings, which they do on a regular basis, reinvesting the money in new funds or businesses. Realisations of existing holdings over the past year were at an average premium of 35pc to their value on the trust's books and at a multiple of 2.4 times the amount invested. Over five years the figures are 33pc and 2.3 times respectively.

One recent development is the planned move of the existing manager, Emma Osborne, who has led the investment team since 2004, to a new role in the broader ICG group at the end of 2019. However, she will remain on the investment committee to provide oversight of the portfolio.



Key numbers

- **Market value: £598.9m**
- **Year of listing: 1981**
- **Discount: 17.6pc**
- **Ave discount over past year: 17pc**
- **Yield: 2.5pc**
- **Most recent year's dividend (Jan 2019): 22p**
- **Gearing: nil**
- **Annual charge (Jan 2019): 1.3pc**

Analysts at Numis said: "We do not believe Emma moving to her new role will have a significant impact on the fund's approach or strategy."

This is a well run fund with a strong record and the continuing discount means it remains a buy.

Questor says: buy
Ticker: ICGT
Share price at close: 870p

Update: Troy Income & Growth

We tipped Troy Income & Growth in November 2017 on the basis of its inclusion in the Halifax Fund of Investment Trusts, run by Andrew Lister of Aberdeen Standard Investments. When we spoke to him two weeks ago we lacked space to cover his current views on the trust but do so now.

He has retained his holding. "We still own it, we still like it – it doesn't change," he said.

The share price has barely moved since our tip but Lister said: "We think that over any sensible time frame there is lots of value in British stocks and the trust's focus on companies with strong balance sheets puts it in a good place."

He said its policy of buying back shares when there is a discount and issuing them if there is a premium took away the volatility in the discount. "It's a core holding for us," Lister said. Hold.

Investment trust news

Baillie Gifford is to wind up its investment trust savings scheme, which closed to new investors earlier this month. Savers' holdings will be transferred automatically to Hargreaves Lansdown, the leading investment platform, by the end of August unless they choose another course of action. Baillie Gifford said it had agreed with Hargreaves that current charging levels would not change for three years from the transition date.

Green Reit, which invests in Irish commercial property, has decided to seek a buyer for the trust or its portfolio.