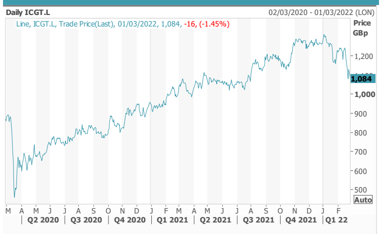
HARDMAN & CO.

Closed End Investment Funds



Source: Refinitiv

Market data

EPIC/TKR	**ICGT**
Price (p)	**1,126**
12m high (p)	1,314
12m low (p)	976
Shares (m)	68.52
Mkt cap (£m)	771
NAV p/sh (Oct'21, p)	1,628
Disc. to NAV	31%
Country of listing	UK
Market	Premium equity closed-ended investment funds

Description

ICG Enterprise Trust (ICGT) is a listed private equity (PE) investor providing shareholders with access to a portfolio of European and US investments in profitable, cash-generative unquoted companies. It invests in companies managed by ICG and other leading PE managers, directly and through funds. It strikes a balance between concentration and diversification, risk and reward.

Company information

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NEDs	David Warnock (SID), Sandra Pajarola, Gerhard Fusenig
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Key shareholders

None over 3%

Diary

April'22	FY results to Jan'22

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ICG ENTERPRISE TRUST PLC

Spotlight on secondaries

ICGT *reported* a further strong quarter of NAV growth to October 2021. One highlight from these results was secondary fund investments. This note reviews the strategic allocation that may see these assets become 20%-25% of ICGT's portfolio over the next few years. The reasons ICGT is increasing the assets' weighting include i) these assets have known underlying investments, ii) they return cash quickly, and iii) they do not incur material future commitments – all fitting ICGT's portfolio management well. The raised allocation reflects new, highly experienced and well-connected hires who have a strong track record in secondary fund investments.

- **Secondary attractions**: ICGT will be investing largely in Limited Partner (LP) secondaries, which offer diversified exposure to known underlying companies. As these are mature portfolios, they start returning cash quickly, and offer the potential for valuation uplifts that fit well into ICGT's overall balanced portfolio construction.

- **ICG LP Secondaries funds**: ICGT has already invested in Fund I (known as ICG Ludgate Hill I), investing £32m alongside ICG plc. This is a fund of ca.90 funds. ICGT recently committed a further $20m (£15m) in Fund II, which has ca.50, mainly US, underlying companies. Both funds leverage the investment manager's skills.

- **Valuation:** ICGT's NAV valuations are conservative (realisation uplifts average 35% long term). The ratings are undemanding, and the carry value against cost is modest. The 31% discount to NAV is anomalous, we believe, with defensive market-beating returns, and is above the levels seen pre-COVID-19. The yield is 2.0%.

- **Risks:** Private equity (PE) is an above-average cost model, but post-expense returns are market-beating. Even though actual experience has been of continued NAV outperformance in economic downturns, sentiment is likely to be adverse. ICGT's permanent capital structure is right for unquoted and illiquid assets.

- **Investment summary:** ICGT has consistently generated superior returns, by adding value in an attractive market, having a defensive growth investment policy and exploiting synergies from being part of ICG since 2016. Valuations and governance appear conservative. It has an appropriate balance between risks and opportunities. The risks are primarily sentiment-driven on costs and cyclicality, and on the underlying assets' liquidity. As noted, it seems anomalous to have a consistent record of outperformance and to trade at a 31% discount to NAV.

Financial summary and valuation

Year-end Jan (£000)	2018	2019	2020	2021	2022E	2023E
Total income	22,386	5,969	7,441	6,594	13,684	16,828
Realised gains	(31,257)	9,329	14,686	(17,088)	31,765	22,342
Unrealised gains	91,381	76,440	70,974	201,159	190,588	134,053
Investment mgr. fees	(7,165)	(7,984)	(9,572)	(10,728)	(10,116)	(12,148)
Other expenses	(2,734)	(2,903)	(3,232)	(4,070)	(4,198)	(4,333)
Rtn. on ord. act. pre-tax	73,437	81,789	80,505	175,068	221,724	156,742
NAV per share (p)	959	1,057	1,152	1,384	1,682	1,883
NAV total return	12%	12%	11%	22%	24%	14%
S/P discount to NAV	-15%	-22%	-16%	-31%	-33%	-40%
Investments (£m)	576	670	778	908	1,117	1,261
Dividend per share (p)	21	22	23	24	27	28

Source: Hardman & Co Research

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- high net worth companies, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order, provided that in each case the report and any materials in it are only directed at persons who are "qualified investors" as defined in article 2(1)(e) of Directive 2003/71/EC (as amended) (the "Prospectus Directive") ("Relevant Persons"). Accordingly, this report does not constitute, and does not contain the information required to be contained in, a prospectus as required under the Prospectus Directive.

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Why be in secondary investments?

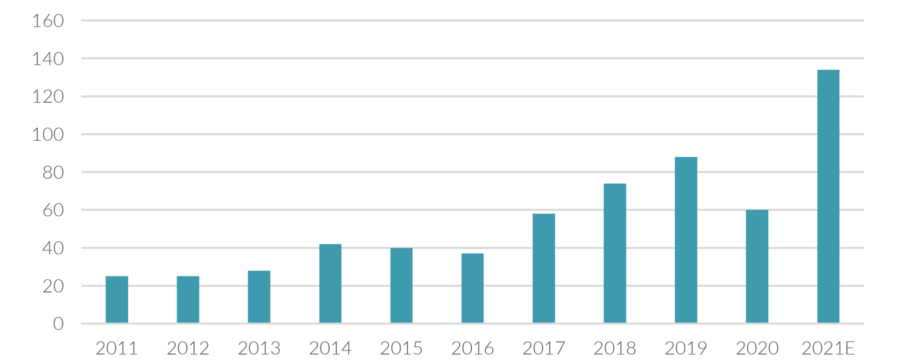
Primary funds all about a manager's expertise

A primary investment is where an investor commits to invest in a PE fund in advance of knowing when the committed capital will be invested or knowing the assets in which it will be invested (hence the term "blind-pool" risk). As the manager identifies investments, cash is called from investors, who are committed over the life of the fund. Cash is usually tied up for several years, until the underlying assets are sold and distributions can then be made. The value-add in a primary investment comes from assessing the PE managers and their skill in adding value through the PE process, but it is also invaluable in assessing secondary options.

Secondary market is "stock exchange" for PE primary investments. It is a large market, which has seen significant growth.

The secondaries market may be considered as the "stock exchange" for PE. Investors are able to sell on their interests in primary funds through this "stock exchange", although it remains privately negotiated, and bespoke transactions that require detailed work and expertise around origination, valuation and execution to do this well. As the chart below shows, the overall market in secondaries has been growing strongly in recent years (22% CAGR since 2013). Early estimates for 2021 are for a record year, and 2H'21 could be nearly double 1H'21 – and above the level of any prior full year.

Secondaries market size ($bn)

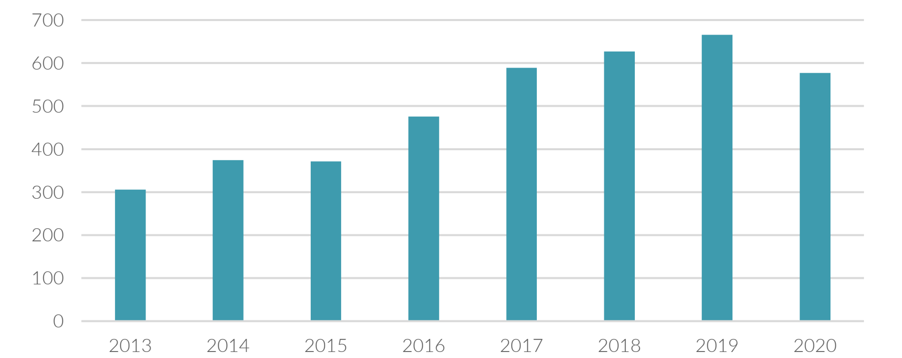


Source: ICGT, Hardman & Co Research

Further growth from historical primary fundraising looks encouraging

Looking forward, primary PE fundraising four to five years previously feeds the growth in the secondary market, as investors are typically looking only to partially liquidate and monetise their positions at that stage. The growth today in the secondary market is more about the growth in primary equity placing in 2016-18. As the trend of the chart below shows, the opportunity for further growth looks good.

Global PE fundraising ($bn)



Source: Pantheon August 2021 results presentation, Hardman & Co Research

Less overhang in secondary fund market than in primary market

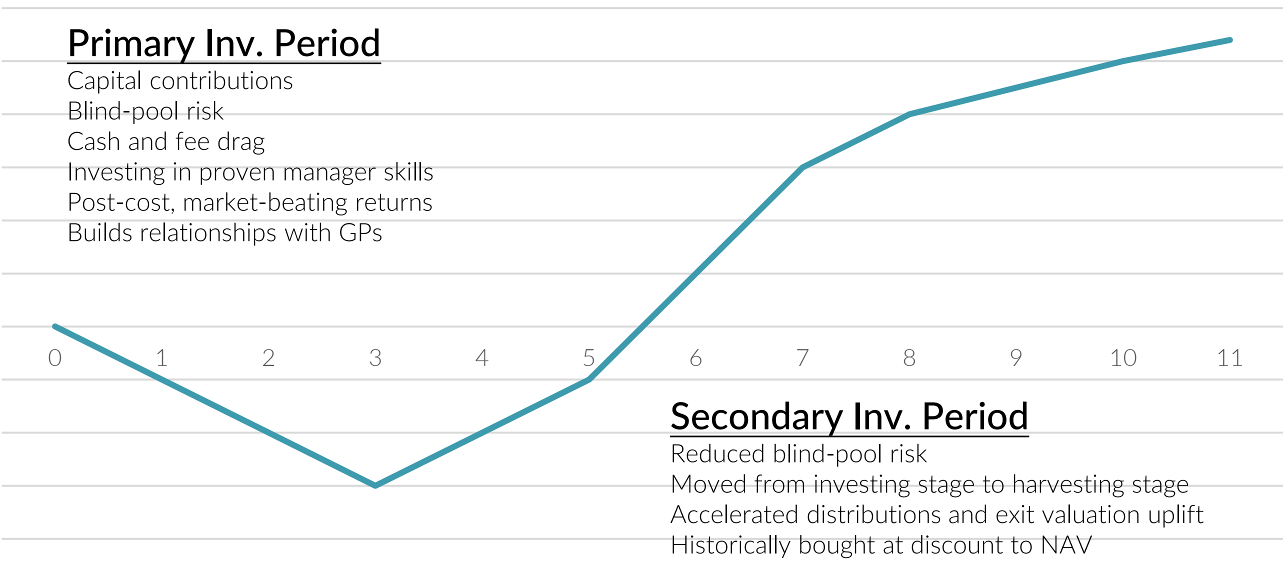
The overhang of dry powder in the secondary market relative to recent deal volumes also makes this an attractive market. While data are somewhat opaque, and vary between different market sources, after adjusting for secondary funds that are outside their investment period, and taking a tight equity definition, dry powder is ca.1.2x the last 12 months' deals – its lowest ratio for five years, and around half the level of 2016. If we take a much wider measure and include known launches, as well as an element of available leverage, the capital overhang is probably closer to 2.1x the last 12 months' deals, again well below the five-year average. As with the primary market, there are a few players who have mega funds that raise multi-billions each year.

Secondary investments generate liquidity in an illiquid instrument, and have less blind-pool risk, quicker cash distribution, more control on cash commitments and higher IRR

Overall, LP-led sales account for around half the secondary market. They have four key attractions:

- This is a liquid market – so positions can be sold to raise cash, if required.
- Secondaries become available some years after the fund's launch, and after investments in the underlying companies have been made. The secondary investor needs to analyse the manager's skill in optimising value from the remainder of the PE value chain, but the manager knows the specific investments, and is not exposed to blind-pool risk.
- Secondary investments have a shorter period before distributions are made, as the time to the sale of the underlying assets is reduced. The initial commitment of cash is immediate, allowing for rapid portfolio management. There may be further calls from the fund but, usually, most investments have been made. We outline how, for ICGT in particular, the selection of its investments makes the cash generation a key attraction.
- Any one-off valuation uplift on sale happens within a shorter time frame. On average, secondary investments are expected to have a higher IRR than primary investments (albeit a lower money multiple of cost). While secondary markets have attractions, accessing this market is critically dependent on having relationships with General Partners (GPs) in the primary market.

Investor cumulative cashflow trend over PE fund life (years)



Source: Hardman & Co Research

Nature changed – now reflects investors largely tidying up portfolios, freeing up cash to re-invest in new funds. Discounts relatively modest.

In the past 10 years or so, the nature of the market has changed. In the aftermath of the Global Financial Crisis (GFC), sellers were typically banks, corporate venture spinouts or hedge fund liquidations. The sellers were distressed and needed liquidity, and the market was relatively small and illiquid. Prices were at large discounts to net asset values (NAVs) and very favourable to the limited numbers of buyers. Over time, this traditional market has evolved, with an increasing churn in LP interests – so the secondary market now provides institutional PE investors with a tool to manage their portfolios, rather than being just a forced-seller liquidity option. Current sellers may be characterised as "tidying" up their portfolios, rather than being distressed.

As market has become more mainstream, pricing has become tighter

In the main buyout funds, pricing has tightened significantly, and, through the whole of 2021, was, on average, close to NAV. Indeed, in 2H'21, on average, it was actually above NAV, with some newer vintage funds managed by high-quality GPs, and funds with exposure to "COVID-proof" sectors (e.g. healthcare, tech-enabled businesses, and consumer staples). Pricing for tail-end funds has also recovered within reach of pre-COVID-19 levels, albeit buyer selectivity remains high. In some other areas, pricing is still at a discount to NAV, but the significant valuation gap, driven by distressed sellers, is no longer a feature in what is now a more mainstream market.

Structurally, also seen growth in deals led by GPs

GPs typically control who invests in their funds, not only on launch but usually also thereafter. For a large fund with many investors, this may not be a huge constraint, but, for some medium-sized funds with more modest investor groups, there may a tight control over who gets to invest. The GP will typically be the first to know when one LP wishes to sell, and may organise any sale process. Over the last few years, PE manager or GP-led transactions have evolved from portfolio-only transactions to single-asset secondary transactions, and, in total, also now account for roughly half the total secondaries market.

Most importantly, in recent years, there have been continuation vehicles, where attractive assets in funds coming to maturity are rolled into new vehicles, with mix of existing and new investors.

Companies are staying private for longer, and, due to the traditional duration of a PE vehicle, the GPs are not able to continue to hold those assets in the original funds, even though the assets remain attractive. In addition, the companies may require further capital to support growth, which may not be available in the fund that has acquired the company. One solution is to sell the single/selected assets into a continuation PE fund, with i) existing LPs offered the option to roll, re-invest or receive cash, ii) a reset of GP alignment and incentives, and iii) more time and capital to create additional value, as the clock starts again on the new fund. Given that the original investors can retain their interest, and the underlying investment has been made (no blind pool), such a deal is classified as a secondary transaction, not a primary one.

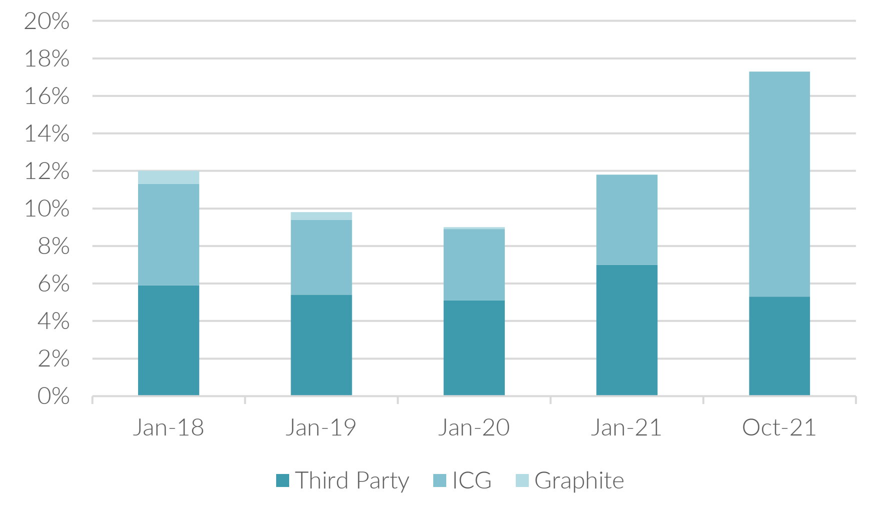
As can be imagined, these deals can be time-consuming and complex to structure, with many potential conflicts of interest needing professional oversight. *Inter alia*, such conflicts include the valuation of the assets (which will affect existing and new fund performance fees) and LPs having different investors in their primary, secondary and listed investment pools. Some estimates have single-asset deals rising from $2bn in 2018 to $14bn in 2020 (alone accounting for nearly a third of all GP-led deals), with S&P reporting this rising to 41% in 1H'21[1]. The "GP-led" category also captures full or partial fund restructurings, tender offers and structured transactions, such as captive spinouts and secondary direct transactions.

[1] https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/pe-taps-secondary-market-to-hold-prize-assets-blackstone-soho-china-deal-fails-66635872

ICGT's activities

The chart below shows the proportion of ICGT's portfolio invested in secondaries since January 2018.

Percentage of portfolio in secondaries



Source: ICGT Report and Accounts, Hardman & Co Research

ICG's LP investments

ICG Ludgate Hill Funds I (£44m end-Oct'21, from zero in Jan'21)

The main build-up in 2021 secondary investments has been in ICG's managed LP investments. ICG Ludgate Hill Fund I, at the end of October 2021, accounted for 4% of the portfolio, the largest single fund investment in ICGT, with a value of £44.2m (and outstanding commitments of £10.2m). This has been built from nil in January 2021. Since the end of October 2021, a further $20.0m (£15m) has been committed to ICG Ludgate Hill Fund II. We understand that Fund I has around 400 underlying companies across Europe and North America, giving a broad diversification and contributing to ICGT's defensive-growth portfolio construction.

Known portfolio of mature assets will generate cash quickly, and likely to see material valuation uplift on exit

We understand that many of the underlying company investments were made in 2011/2012, and thus material exits are already happening (ca.20% realisations expected in year one). This is important in terms of seeing the valuation uplift typically achieved on exit (which is important in terms of generating strong IRRs), as well as seeing strong cash generation. It also means that follow-on investments/ commitments are minimal – again important for cash management purposes.

Selected by ICGT fund managers giving unique secondary focus to the fund

We understand that the funds are selected from around $30-$40bn of transactions offered to the ICGT secondary dedicated managers last year. We believe this represents around a third of the global market, and gives ICGT material scale and the opportunity to cherry-pick deals in which it wishes to invest. The selected funds are treated as co-investments in ICG Ludgate Hill Fund, which, for Intermediate Capital Group (ICG) reporting purposes, we understand, will be reported through the ICG LP Secondaries Fund. We emphasise this somewhat detailed technicality because ICGT believes it is distinctive in that it is ICGT fund managers who are selecting the secondary investments, i.e. it is an actively managed portfolio focused specifically on this fund. This gives the fund a focus on the secondary investments, something that is not present in other listed PE vehicles, where secondary investments are chosen by the investment manager, not the specific fund managers.

Growth in 2021 reflects recruitment of team, with long-term experience and key intermediary contacts

The timing of the growth in 2021 reflects the recruitment of a key team of individuals with the relevant, long-term experience in the secondaries market. It is critical to have the right contacts with the key four/five intermediaries to ensure that ICGT has critical mass in the flow of business to cherry-pick the right deals.

ICG's GP investments

ICG Strategic Equity (ICGSE), specialist in GP-led transactions, launched in 2014. Fund IV still open and has raised £2.4bn so far.

ICGT has also been growing its GP-led, ICG-managed secondary investments. ICG Strategic Equity (ICGSE) is ICG plc's specialist unit in GP-led transactions, and was launched in 2014. Its primary focus is on complex fund restructurings. In executing its strategy, ICGSE emphasises a disciplined, asset-intensive underwriting approach and an active portfolio management consistent with direct PE investing. ICG plc closed the ICG Strategic Equity Fund III at $2.4bn in *January 2020*, materially exceeding its $1.6bn target and more than doubling the size of its $1.1bn predecessor, Fund II, which closed in July 2017. At the time of launch, ICGSE III was among the largest PE funds in the market focused exclusively on GP-led secondary transactions, and it had already closed two transactions and committed to a third, which collectively represented over $1bn of commitments. ICGT committed £29m to ICG Strategic Equity Fund III. In the 3Q'21 trading statement, ICG reported that Strategic Equity Fund IV had raised £2.4bn, and that it was still raising further commitments, with some commentary that it could raise $5bn (twice as much as Fund III). In ICGT's October update, we noted that the value of its investment in Fund II was £33.2m (with £10.5m committed) and in Fund IV £12.9m (£19.4m committed).

Final close of ICG Strategic Secondaries Fund II in July 2017

ICG announced the successful final close of its first blind-pool Strategic Secondaries Fund II in *July 2017*, with total commitments of $1.1bn, with approximately 40% invested at that time. Of this, ICGT originally committed £26m, and its outstanding commitment at the end of October 2021 was £15.2m. The residual value of ICGT's investment in the fund (after drawdowns and realisations to date) at the end of October 2021 was £9.6m. This fund specialises in GP-led restructurings.

Third-party funds

Third-party funds (5.3% of portfolio)

Some of the funds with which ICGT has made secondary investments include CVC Partners, BC Partners, Oak Hill Capital Partners, PAI Partners, The Jordan Company, Permira and Charterhouse; it has existing relationships with all of these. These are GPs, funds and existing underlying companies that ICGT knows well and where it is deepening existing known exposures, and where the work has already been done, rather than taking on new positions. At the end of October 2021, third-party secondary funds were valued at £58.1m, and represented 5.3% of the portfolio.

ICGT been secondary seller to manager of own portfolio

Portfolio construction – e.g. sale of Graphite holding

Secondary expertise was helpful to ICGT's own overall portfolio construction, when it allowed ICGT to be a seller and tidy up its portfolio in the same way as other LPs, by selling residual primary positions, most notably in its Graphite holding in 2021.

ICG value-added

Complementary expertise across primary, secondary and co-investing helps due diligence on secondary deals

ICG plc has provided incremental scale and expertise over and above the team built within ICGT. By being active in primary PE, co-investment, GP-led secondary and flexible financing solutions across the capital structure, ICG has many touchpoints with GPs.

Gives ICGT more choice on investments, access to deepest and higher-growth markets, and geographical diversity

ICG plc has nine offices in Europe, five in Asia Pacific, and one in each of New York (ca.75 staff) and Dubai. The advantages to ICGT and its shareholders in accessing a wider range of geographies include i) greater access to the US/North America – the deepest and most mature PE market – as well as to higher-growth emerging markets, ii) a greater number of fund managers and deals from which to select, and iii) diversification of risk.

ICG plc brings market intelligence unavailable to many PE investors

ICG plc's expertise in providing flexible financing solutions across the capital structure gives it market intelligence on the operating performance of companies, sectors, economies and management teams. This can prove invaluable in assessing the attractiveness of new propositions, and gives ICGT's investment managers an insight that may not be available to many other PE houses.

ICG plc's financing businesses give ICGT's investment team unique insight into how PE managers think

Many of the GPs themselves are ICG plc relationships or do transactions with them. This market intelligence gives a specific insight into GPs, which is unavailable to most investors. It can assess how the GP considers deal structures, business opportunities, managements and technology, etc. Having this insight gives the ICGT investment team a unique competitive advantage.

Saving on management fee ca.£1.4m on portfolio and £0.35m on commitments

The investment management fee payable is calculated as 1.4% of the investment portfolio and 0.5% of outstanding commitments to funds in their investment periods, in both cases excluding the funds managed directly by ICG plc and by the former manager of the company, Graphite Capital. At the end of October 2021, the fair value of ICG plc's secondary fund investments was £100m, and outstanding commitments were £70m, making the saving on management fees from these £1.4m and £0.35m, respectively.

ICG has a defensive culture

In our previous notes, we have highlighted ICGT's outperformance through downturns, with just two negative NAV total return quarters since appointment. Through COVID-19, the NAV fell just 4% in one quarter. We believe an important part of delivering this sustainability of returns is a culture with a strong focus on the downside. ICG plc is relatively unique in providing flexible financing solutions across the capital structure. This includes both equity and debt markets. Debt markets, typically, have a focus on downside protection, and ICG plc's focus on downside protection, alongside value creation, marries very well with ICGT's stated defensive growth policy.

Credibility from being party of larger group

Familiarity with ICG plc may assist in potential third-party managers getting comfortable with ICGT. Having a backer that is well-known in the investing community will be of great assistance in getting allocations to fund/co-investment opportunities.

Key highlights from 3Q update

ICGT's October trading statement once again showed strong growth in NAV, and we have raised our full-year forecasts to reflect this good performance. The key highlights were:

- NAV per share of 1,628p (31 July 2021: 1,523p), and an NAV per share total return of 7.3% during the quarter and 33.2% during the last 12 months. The three-year and five-year NAV per share total returns are 18.1% p.a. and 17.1% p.a., respectively.
- A portfolio return on a local currency basis during the quarter of 8.3% (sterling return 8.5%), and 44.7% during the last 12 months. Over five years, the annualised local currency return has been 21% (25% from the High-Conviction Investments and 18% from the third-party fund portfolio).
- Portfolio valued at £1,090m on 31 October 2021.
- Realisation proceeds of £90.0m during the quarter, including 27 full exits at a weighted average of a 40% uplift to carrying value and a 4.2x multiple to cost. For the nine months, the average uplift has been 30% – the fifth consecutive year than an uplift above this level has been achieved.
- £75.2m of investments during the quarter, and 40.1% into High-Conviction Investments, including £16.9m into two direct investments.
- Third-quarter dividend of 6p per share, taking the total for the nine months to 31 October 2021 to 18p. An intention was reaffirmed to declare total dividends of at least 27p per share in respect of the financial year ending 31 January 2022, which would represent an increase of 12.5% per share compared with the previous financial year.
- Actively managed portfolio "*well positioned to navigate dynamic market conditions*".
- With regard to LP secondaries, the company stated "*Our LP secondaries programme is progressing well. The investment we made during the first half of this financial year is performing above expectations and we signed a second transaction after the end of the quarter covered in this report*".

Financials

Income statement

Year-end Jan (£000)	2021			2022E			2023E		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
UK investment income & dividends	1,367		1,367	4,538		4,538	5,586		5,586
Overseas interest & dividends	5,156		5,156	9,076		9,076	11,171		11,171
Deposit interest & other	71		71	71		71	71		71
Realised gains on investments		(17,088)	(17,088)		31,765	31,765		22,342	22,342
Unrealised gains on investments		201,159	201,159		190,588	190,588		134,053	134,053
FX gains & losses		(799)	(799)			-			-
Investment manager fees	(2,682)	(8,046)	(10,728)	(2,529)	(7,587)	(10,116)	(3,037)	(9,111)	(12,148)
Other expenses	(2,129)	(1,941)	(4,070)	(2,257)	(1,941)	(4,198)	(2,392)	(1,941)	(4,333)
Return before finance costs & taxation	**1,783**	**173,285**	**175,068**	**8,899**	**212,825**	**221,724**	**11,398**	**145,343**	**156,742**
Interest payable & similar expenses	-	-	-	-	-	-	-	-	-
Return on ord. activities before taxation	1,783	173,285	175,068	8,899	212,825	221,724	11,398	145,343	156,742
Taxation	-	-	-	(1,513)	1,513	-	(1,938)	1,938	-
Return on ord. activities after taxation	1,783	173,285	175,068	7,386	214,338	221,724	9,461	147,281	156,742

Source: ICGT Report and Accounts, Hardman & Co Research

Balance sheet

@31 Jan (£000)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Non-current assets									
Unquoted investments	357,830	356,939	491,099	478,362	519,806	571,143	604,306	801,526	891,752
Quoted investments	4,962	0	364	1,733	1,655	1,231	35,702	1,410	1,410
Subsidiary investments	56,217	57,168	80,718	96,392	148,611	206,042	267,554	314,173	367,785
Total non-current assets	419,009	414,107	572,181	576,487	670,072	778,416	907,562	1,117,109	1,260,947
Current assets									
Cash & cash equiv.	90,137	103,831	38,522	78,389	60,626	14,470	45,143	33,219	24,397
Receivables	4,177	4,038	2,384	10,410	548	1,142	162	3,087	5,627
Total assets	513,323	521,976	613,087	665,286	731,246	794,028	952,867	1,153,415	1,290,972
Creditors	6,459	634	354	963	386	483	851	851	851
Net assets	**506,864**	**521,342**	**612,733**	**664,323**	**730,860**	**793,545**	**952,016**	**1,152,564**	**1,290,121**
NAV per share (p)	**695**	**731**	**871**	**959**	**1,057**	**1,152**	**1,384**	**1,682**	**1,883**

Source: ICGT Report and Accounts, Hardman & Co Research

Cashflow

Year-end Jan (£000)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Sale of portfolio invests.	132,953	89,941	50,338	160,712	135,461	107,179	147,545	90,000	90,000
Purch. of portfolio invests.	(102,185)	(56,213)	(102,621)	(99,601)	(101,790)	(95,417)	(86,134)	(75,000)	(75,000)
Net cashflows to sub. invests.				(12,824)	(32,427)	(34,446)	(6,486)	(6,486)	(6,486)
Interest income	8,382	8,951	7,263	15,967	3,994	5,832	1,231	1,231	1,231
Dividend income	5,458	2,882	2,629	6,230	1,883	1,290	5,445	12,382	15,526
Other income	644	384	259	129	216	381	71	71	71
Invest. mgr. charges paid	(5,815)	(5,840)	(6,143)	(7,090)	(7,956)	(9,499)	(10,334)	(10,116)	(12,148)
Other expenses	(983)	(1,269)	(1,380)	(1,456)	(1,749)	(1,227)	(1,419)	(1,419)	(1,419)
Net cash inflow/(outflow) from op. activities	**38,454**	**38,836**	**(49,655)**	**62,067**	**(2,368)**	**(25,907)**	**49,919**	**10,664**	**11,775**
Cashflows from fin. activities									
Bank facility fee	(1,651)	(1,963)	(1,089)	(1,320)	(1,081)	(2,576)	(1,410)	(1,410)	(1,410)
Interest paid						(61)	(440)	-	-
Proceeds from borrowing									
Purchase of shares into treasury	0	(9,110)	(6,201)	(7,810)	(709)	(2,628)	(775)	(2,675)	-
Dividends	(11,302)	(14,816)	(11,357)	(13,896)	(14,543)	(15,192)	(15,822)	(18,500)	(19,186)
Net cash inflow from fin. activities	**(12,953)**	**(25,889)**	**(18,647)**	**(23,026)**	**(16,333)**	**(20,457)**	**(18,447)**	**(22,585)**	**(20,596)**
Net increase in cash & cash equiv.	25,501	12,947	(68,302)	39,041	(18,701)	(46,364)	31,472	(11,922)	(8,821)
Opening cash & cash equiv.	65,390	90,137	103,831	38,522	78,389	60,626	14,470	45,142	33,219
FX effects	(754)	747	2,993	826	938	208	(799)	-	-
Closing cash & cash equiv.	**90,137**	**103,831**	**38,522**	**78,389**	**60,626**	**14,470**	**45,142**	**33,219**	**24,397**

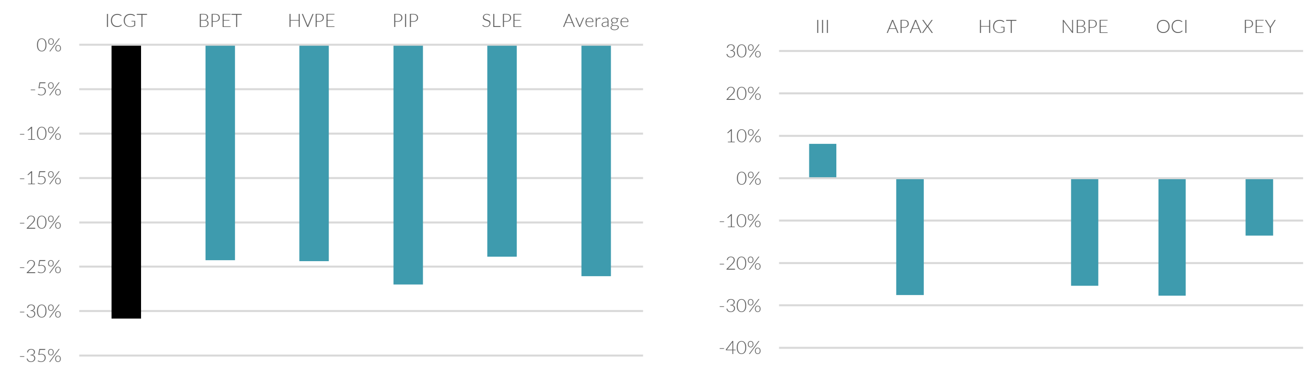
Source: ICGT Report and Accounts, Hardman & Co Research

Valuation

Trades at 31% discount to NAV

Despite its strong absolute performance and consistent uplift to carry value on exit, ICGT trades at a discount to NAV. This is not uncommon in the PE fund-of-fund space, and ICGT's discount is broadly in line with that of its immediate peers, noting that the NAVs for some peers are updated monthly, while others are updated quarterly.

Current share price discount to January NAV (ICGT's latest reported NAV) for immediate peers (LHS) and wider peers (RHS)



Source: Company websites, factsheets and presentations, LSE, Hardman & Co Research; priced at 1 March 2022

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The full detail is on page 26 of the full directive, which can be accessed here: https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-2031-EN-F1-1.PDF

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