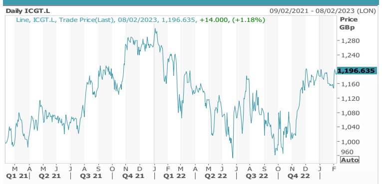
9 February 2023

HARDMAN&CO.

Closed End Investment Funds



Source: Refinitiv

Market data

EPIC/TKR	**ICGT**
Price (p)	**1,200**
12m high (p)	1,260
12m low (p)	928
Shares (m)	68.32
Mkt cap (£m)	820
NAV p/sh (Oct'22, p)	1,918
Discount to NAV	-37%
Country/Ccy of listing	UK/GBP
Market	Premium equity closed-ended investment funds

Description

ICG Enterprise Trust (ICGT) is a listed private equity (PE) investor providing shareholders with access to an attractive portfolio of profitable, cash-generative private market investments, with the added benefit of daily liquidity. 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

Chair	Jane Tufnell
Aud. Cttee. Chr.	Alastair Bruce
NEDs	David Warnock, Adiba Ighodaro, Janine Nicholls, Gerhard Fusenig
Inv. Mgrs.	Oliver Gardey, Colm Walsh
Contact	Christopher Hunt +44 (0)203 545 2000 www.icg-enterprise.co.uk

Key shareholders

None over 3%

Diary

May'23	FY'23 results to Jan

Analyst

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ICG ENTERPRISE TRUST PLC

3Q'23: continued growth and resilience

ICGT *reported* another strong quarter, with an NAV per share total return of 3.6% in 3Q'22 and a portfolio return of 13.8% (local currency) for the last 12 months. Total proceeds and new investments for the quarter were strong, at £63m and £60m, respectively. Disciplined net investment continues, capitalising on attractive opportunities. ICGT saw an average 33% exit uplift, despite the challenging market conditions. It has a progressive dividend policy, is doing share buybacks and has a new, reduced management fee. ICGT's investee companies offer good risk-adjusted returns and defensive characteristics, giving investors both growth and resilience.

- **Defensive growth, long-term-value**: ICGT's strategic approach has given investors market-beating returns and just two down quarters out of 27 since the manager was appointed. In both good and bad years, the model has consistently proved that it can deliver resilient returns, driven by underlying company EBITDA growth.

- **Management fee and cost reduction**: ICGT has negotiated a tiered cap to management fee, effective from 1 February 2023. If this had been effective over the last year, it would have saved over £1m. In addition, the manager is now absorbing various costs, saving 25%-30% (we estimate £0.5m p.a.) of ICGT's other expenses.

- **Valuation:** ICGT's NAV valuations are conservative, demonstrated by continued realisations above reported book values. The ratings are undemanding. The 37% discount to NAV is anomalous, we believe, with defensive, market-beating returns, and is above the levels seen pre-COVID-19. The 2023E yield is 2.5%.

- **Risks:** Private equity (PE) is an above-average cost model, but post-expense returns have consistently beaten public markets. Actual experience has been of continued NAV outperformance in economic downturns, but sentiment may be adverse. ICGT's permanent capital structure is right for unquoted/illiquid assets.

- **Investment summary:** ICGT has consistently generated superior returns, by adding value in an attractive market, having a strategic focus on defensive growth and leveraging synergies from being part of ICG since 2016. Valuations appear conservative, and governance is strong. ICGT focuses on delivering resilient risk-adjusted returns, and balancing risk and reward. The risks are primarily sentiment-driven on costs, cyclicality and the underlying assets' liquidity. A 37% discount to NAV appears anomalous with ICGT's performance.

Financial summary and valuation

Year-end Jan (£000)	2020	2021	2022	2023E	2024E
Total income	7,441	6,594	5,503	3,373	4,285
Realised gains	14,686	(17,088)	1,968	34,836	35,690
Unrealised gains	70,974	201,159	238,062	209,017	214,140
Investment manager fees	(9,572)	(10,728)	(13,417)	(16,758)	(15,308)
Other expenses	(3,232)	(4,070)	(4,646)	(4,789)	(4,199)
Rtn. on ord. act. pre-tax	80,505	175,068	226,490	225,329	231,007
NAV per share (p)	1,152	1,384	1,690	1,994	2,300
NAV total return	11%	22%	25%	21%	18%
S/P prem./disc. (-) to NAV	16%	31%	26%	-40%	-48%
Investments (£m)	778	908	1,124	1,428	1,687
Dividend per share (p)	23	24	27	30	33

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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3Q'23 results summary

Five-year portfolio average annual 20.2% return on local currency basis

The portfolio return on a local currency basis over the last 12 months (LTM) was 13.8% (five-year average: 20.2%), with 0.2% generated in the last three months. The portfolio return on a local currency basis of 0.2% during the quarter represents a modest decline within its primary funds of 0.5%, an increase of 0.3% within secondaries and an increase of 1.7% within direct investments. The five-year NAV per share total return is now 17.6%.

Continuing to realise significant uplifts to carrying value, despite market conditions

Total proceeds during the period were £62.6m (FY'22: £343m, 3Q'FY'22: £90m). There were 11 full exits in the quarter, at an average uplift to carrying value of 33% (close to the 10-year average of 36%, despite market conditions), with a 1.8x multiple to cost (close to the 10-year average of 2.3x). The realisation uplift and returns profile indicate both the inherent caution in the portfolio valuations and the company's ability to identify attractive investments to generate strong returns.

Investing in today, committing to tomorrow

£59.9m of total new investments were made, of which £33.9m (57%) went into primary funds and £25.9m into direct investments. Year-to-date new investments total £204m, in line with FY'22, and broadly double the average of FY'19-21. There was just one new commitment of £17.2m to a new manager (Leonard Green & Partners) in the quarter. Commitments are invested over the next three to five years.

Robust balance sheet

ICGT had £174.2m of available liquidity, including £22.7m of cash (up from £12.7m at end-July) and a £151.5m undrawn revolving credit facility. Undrawn commitments at the end of October were £528.5m, £99.1m of which were in funds outside their investment period, and so unlikely to be drawn. Over-commitment at the end of July 2022 was thus 27% of NAV, up from 18% at the end of January 2022. In previous notes, we have explained why nominal commitments, some of which may not be drawn at all and others that may not be expected to be drawn for several years, may be expected to exceed current cash and financing lines, and why a degree of over-commitment is thus sensible balance sheet management.

Management fee reduction saving over £1m p.a., and manager also absorbing £0.5m+ of costs.

The manager's fee has seen a tiered cap as a proportion of NAV introduced, which would have reduced the management fee by ca.6% (£1.1m) over the year to 3Q'23. The manager is also absorbing costs equivalent to 25%-30% of ICGT's general expenses. In 2022, these were £2.1m – so the savings could be £0.5m+.

Defensive growth delivers consistent returns

"Defensive growth" is core to ICGT and has delivered the consistency of returns evident in ICGT's performance over the long term. When the FTSE All-Share saw falling EBITDA (e.g. in FY'16 and FY'21), ICGT's top 30 companies still delivered double-digit EBITDA growth. In looking at an uncertain macro environment, we note i) that ICGT invests in mid-market, defensive sectors and that market statistics showing transactions slowing were biased by large technology deals, ii) that realisations were continuing and broadly in line with FY'19-22 average levels, iii) that the lower-than-PE average leverage reflected a conservative choice of managers, who did not rely on financial engineering (profitability and cash generation are attractive, "defensive growth" characteristics for ICGT), and iv) the opportunities in the secondary market, where the imbalance of buyers and sellers meant that high-quality portfolios could be bought at significant discounts to par, and where ICGT could conduct full due diligence on the underlying investments. We examined the resilience of the portfolio in detail in our note, *1H'23 and beyond: safe harbour in the storm*, published on 10 November 2022.

Valuations are conservative

That report also emphasised why we believe the NAV valuation is conservative, noting i) uplifts on exits, ii) valuation – EV/EBITDA and low PEG, iii) revenue and EBITDA growth, iv) no incentive for GPs to inflate valuations, and v) independent basis of valuations.

Results in more detail

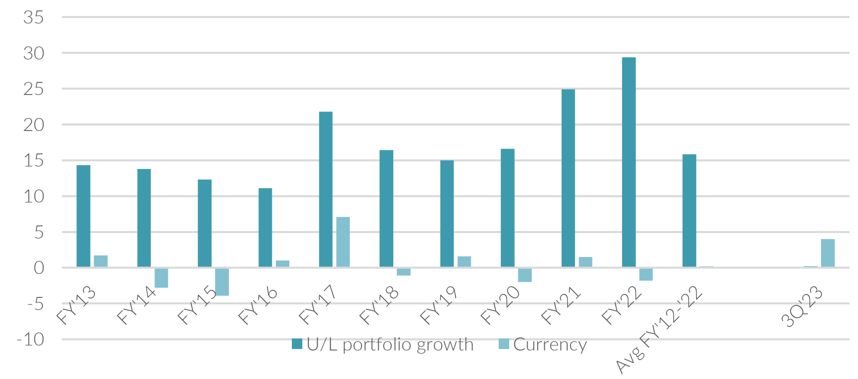
Growth in portfolio

3Q'23: 0.2% underlying portfolio growth, bringing LTM to 13.8%

Been 15%, or higher, every year for past six years

The chart below shows the underlying constant-currency portfolio growth since FY'13. What is remarkable is the consistency of 15%+ returns over the past six years (ICG appointed manager 1 February 2016). Despite the challenges in 2022, the LTM constant currency return is still 13.8%.

Underlying constant-currency portfolio growth, FY'13-3Q'23 (%)



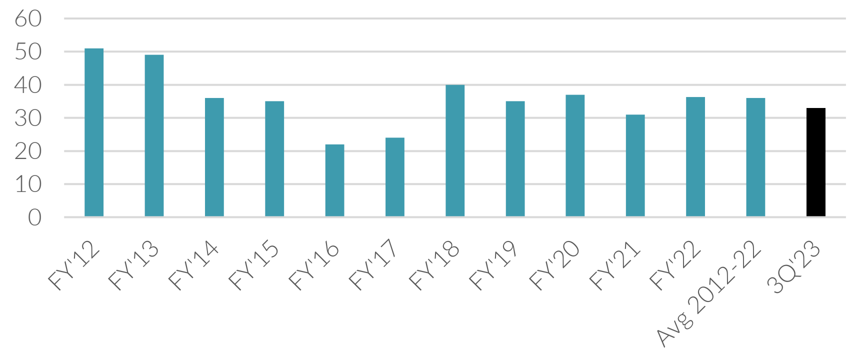
Source: ICGT Report and Accounts, Hardman & Co Research

Uplift on exit

Uplift on exit (33%) close to level of previous years, indicating both conservative accounting and embedded value in portfolio

A key consideration in whether a company has been appropriately moderate/has a cautious approach to valuing portfolio assets is to consider the uplift to carrying value when a position is sold. The chart below shows ICGT's realisation history since FY'12. 3Q'23 (across 11 full exits) was close to long-run averages. These uplifts are important for two reasons: i) they show that the investment values are conservative (the proof of the pudding is that buyers have paid a premium to the reported value), and ii) they reflect an embedded value within the portfolio. This value has been realised, even in challenging current market conditions.

Uplift in value on realisation against latest accounting book value, FY'12-3Q'23 (%)



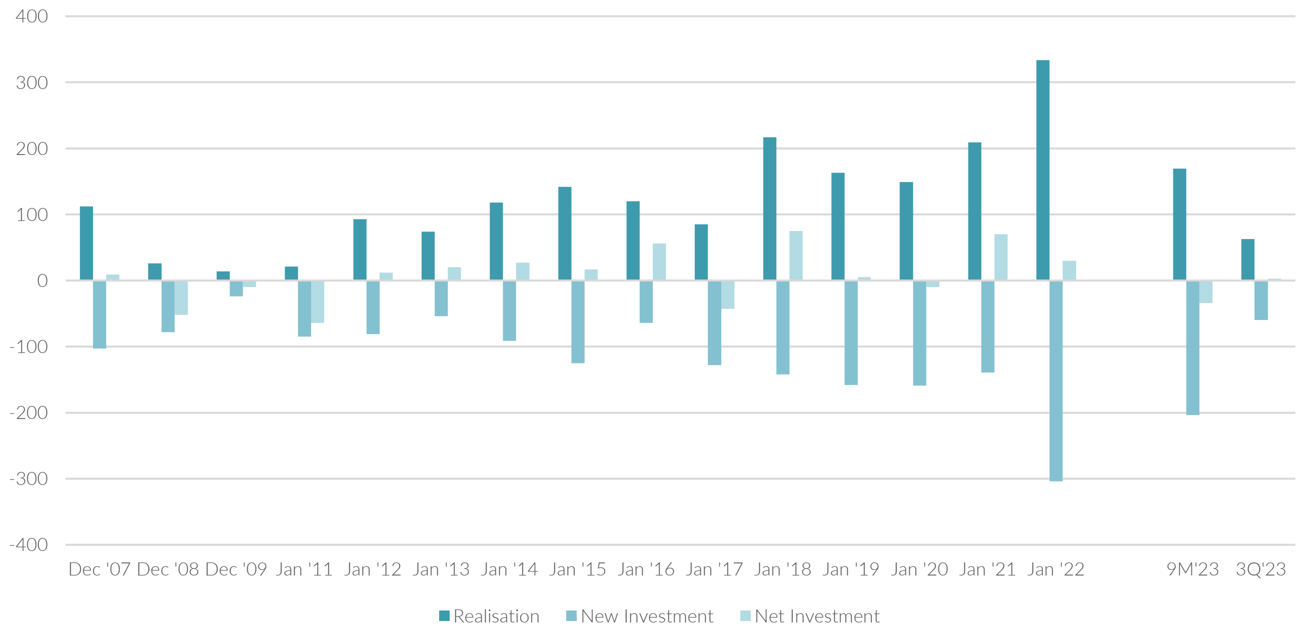
Source: ICGT Report and Accounts, Hardman & Co Research

Realisation and investment activity

ICGT's realisations and investments running above run rate for FY'20 and FY'19

The chart below shows realisations and drawdowns since 2007. Over recent years, both have been growing with the business. 9M'23 realisations were £169m, which, while down on the record levels of FY'22, would still be a "good" result compared with previous years, and represented 22% LTM realisation proceeds to the opening portfolio ratio (five-year average 22.8%). Given the opportunities at this stage of the cycle, we would expect to see a net investment.

History of realisations and drawdowns since 2007 (£m)



Source: ICGT Report and Accounts, Hardman & Co Research

New investments

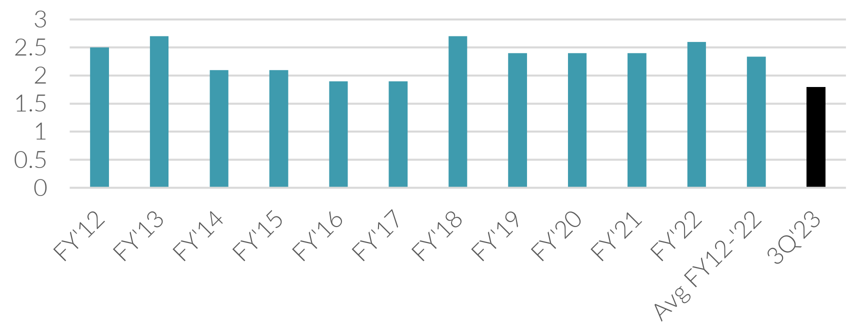
Total new investments of £59.9m were made in the third quarter, of which £33.9m went into primary funds and £25.9m into direct investments (two of which, accounting for £21.8m, are investments made alongside ICG funds). The manager commented that the absence of new investments in secondaries reflected market conditions, with discounts widening to as much as 20%+. At this level, sellers have proved hesitant. ICGT expects this to continue for some months for there to be a significant pick-up in new investments in secondary investments later in 2023.

Realisation multiples

Realisation to cost 1.8x, against 10-year average of 2.3x

The chart below shows the realisation value to cost multiples since FY'12. 3Q'23 was 1.8x, slightly below the long-run average, while 1H'23 was well above the long-run average. We understand that there was no single underlying driver to this volatility.

Realisation value to cost multiple (pre-incentives), FY'12 to date (x)

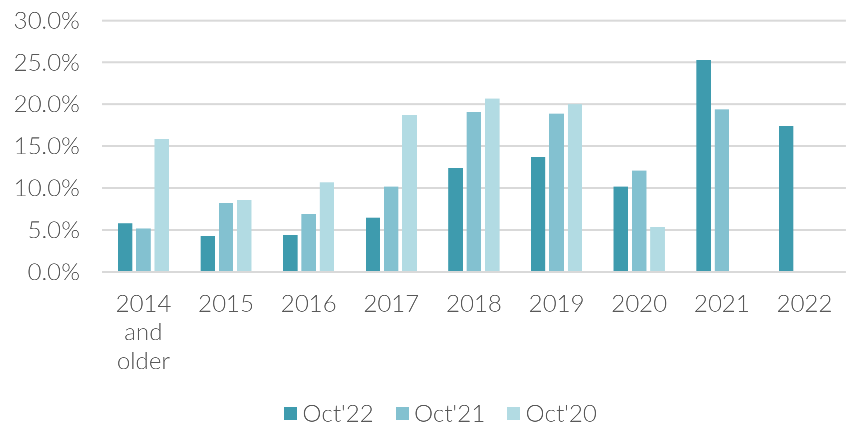


Source: ICGT Report and Accounts, Hardman & Co Research

Steady progression in age profile of portfolio indicative that managers are not selectively selling best assets

The managers could, of course, continue to achieve strong uplifts on exit and realisation multiples if they selectively sold only the best-quality assets. This would leave the quality of the portfolio on a reducing trend and justify a widening discount. One way to evaluate this is to look at the evolution of the age profile of the portfolio (shown in the chart below). As can be seen, the proportion of the book that made up 2015-18 fell from 44.4% at end-October 2021 to 27.6% at end-October 2022. If the managers were selling only their best assets, one may expect the tail end of the book to be growing, which it has not been.

Portfolio by calendar year of investment (%)



Source: ICGT Report and Accounts, Hardman & Co Research

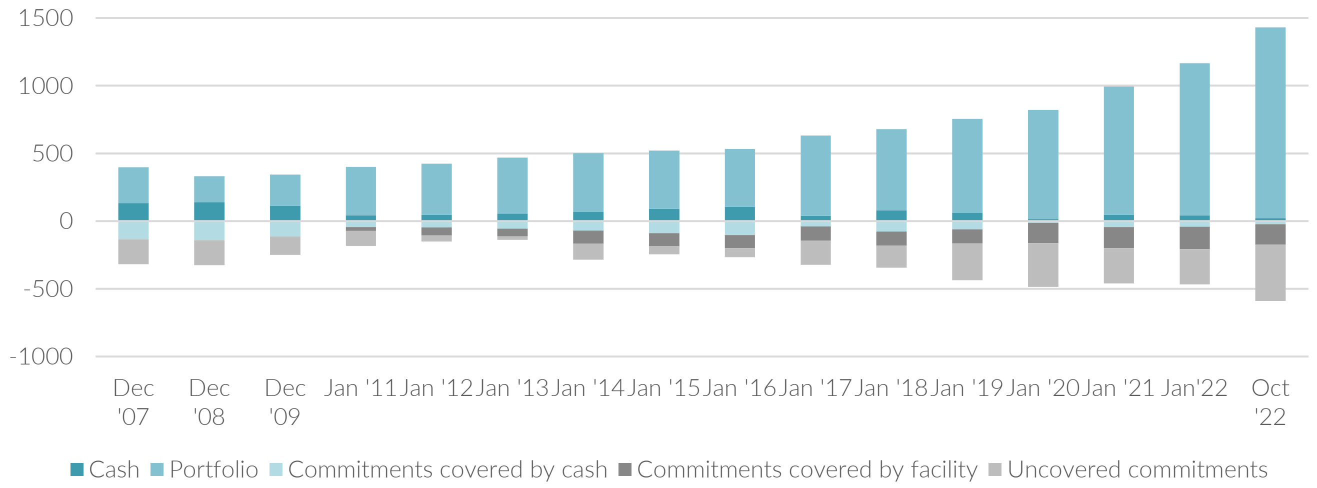
Balance sheet evolution

Over-commitment as percentage of NAV 27%

Total liquidity rose to £174m at end-3Q'23, of which £23m was cash and £152m was undrawn facilities (January 2022 cash: £41m, undrawn facilities: £167m). Total undrawn commitments were £529m (January 2022: £419m), of which £99m (January 2022: £96m) were to funds outside their investment periods. The total over-commitments (including those unlikely to be drawn) were 27% of NAV (January 2022: 18%). There are a further £60m of co-investment incentive scheme accrual commitments (FY'22: £49m), which, it may be argued, are commitments due because of the performance of the portfolio, and these are consistently included in the chart below.

In our view, this long-term balance sheet evolution shows a conservative approach, and the degree of over-commitment is prudent in relation to likely cashflows. ICGT's increased investments in secondaries will also accelerate the cashflow profile – since secondary investments generally reflect more mature assets, the distributions are generally received faster than from primary investments.

Balance sheet evolution since December 2007 (£m)



Note: Includes co-investment incentive scheme accrual commitments; Source: ICGT Report and Accounts, Hardman & Co Research

Drag effect of Chewy much reduced

Management comments that, despite fall since peak share price, "ICG Enterprise Trust's investment in PetSmart (which includes Chewy) has delivered strong return on investment for our shareholders"

PetSmart has been an investment since 2015, but, through FY'21, its relative value in the portfolio rose sharply, following the IPO of Chewy (part of the PetSmart business). Chewy's share price doubled between the end of October 2020 and the end of January 2021, to $101.8, when the combined holding was 9.6% of NAV. However, in FY'22, the share price more than halved, and, by the end of January 2022, the share price was down to $47.6, representing a ca.4% drag on NAV. In FY'23 to date, the share price dipped, and then recovered back to $38.7, meaning that its drag effect was much reduced over the period. It is currently $46.77.

Chewy share price, Jan'20 to 7 Feb'23 ($)

Source: Refinitiv, Hardman & Co Research

Change in manager's fee

New management fee structure should save in excess of £1m p.a.

The ICG Enterprise Trust Board and the Manager have agreed a revised management fee rate, effective from 1 February 2023. While the management fee arrangement will remain unchanged, a tiered cap as a proportion of NAV has been introduced at the following thresholds: under £1.5bn (1.25%), under £1.5-£2bn (1.1%) and over £2bn (1%). The management fees for the 12 months to 3Q'FY'23 were 1.34% of NAV. As an illustration, had the revised agreement been in place during this period, management fees would have been capped at 1.25%. This would have reduced the management fee by ca.6% (ca.£1.1m).

On our estimates, similar saving from manager absorbing other costs

The manager has also agreed to absorb a number of ongoing costs previously paid for by ICGT, in particular a material share of sales and marketing costs. The board estimates that these are equivalent to ca.25%-30% of the general expenses (which exclude management fees and finance costs) that would have been paid by ICGT prior to this agreement being reached. In 2022, the general expenses were £2.1m (page 97 of Report and Accounts) – so the savings could be £0.5m-£0.6m.

Dividend and buyback

Intent to increase FY dividend by 11% re-confirmed

ICGT has a progressive dividend policy, and, while it maintained the third-quarter dividend of 7p per share, in the absence of any unforeseen circumstances, it is the board's intention to declare total dividends of at least 30p per share for FY'23 (+11.1% on FY'22).

Long-term basis of buyback programme re-confirmed

Management also emphasises that its buyback programme is a long-term initiative, and not a tactical move. 30,000 shares were repurchased in 3Q'23 for a total consideration of £0.3m at an estimated weighted-average discount to prevailing NAV of 45.9%. In aggregate, £2.1m has been invested in share buybacks since the programme was initiated, up to and including 31 January 2023, with a total of 191,480 shares repurchased in that period (average discount of 40.0%).

Activity since period-end

Continued realisations (including second-largest position) and investment

Since the period-end, there has been one new primary commitment of £12.5m, new investments of £44.5m and total proceeds of £46.3m. On 6 February 2023, ICGT announced the realisation of Endeavor Schools, its second-largest holding, accounting for 2.8% of the portfolio value. The company comment was "*The deal represents a strong return on investment for ICG Enterprise Trust, but the full commercial terms have not been publicly disclosed*". In our view, this is likely to mean that the strong track record of uplift on exit has continued with this realisation.

3Q'23 portfolio overview

52% portfolio now HC

The HC portfolio now accounts for 52% of the book. The superior returns from the HC portfolio show the added value – the alpha return – from the ICGT investment process. Third-party funds account for the residual 48% of the portfolio. As we detailed in our note, *ICGT's steps to value-adding portfolio construction,* published on 22 February 2021, third-party manager relationships are a key source of deal flow for HC investments.

Top 30 accounting for 39% of portfolio, giving balance between diversity and concentration risks/benefits

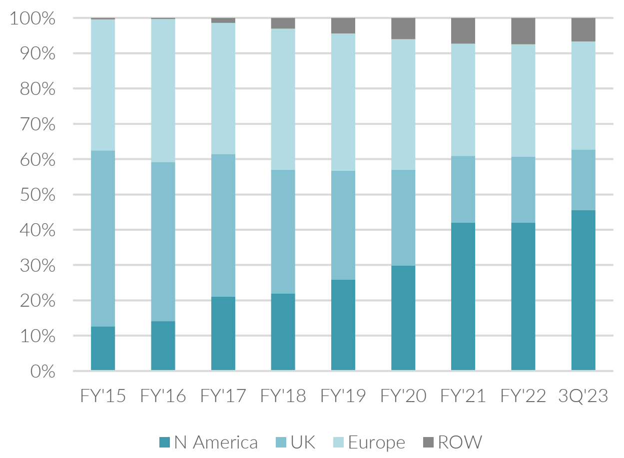
The top 30 companies account for 39% of the portfolio value (top 50: 48%). The portfolio is weighted towards the mid-market and large deals, which we view as more defensive than smaller deal sizes, as they benefit from stronger management teams and, often, market-leading positions.

8.0% in listed companies in 3Q'23, down from 20.4% in FY'21

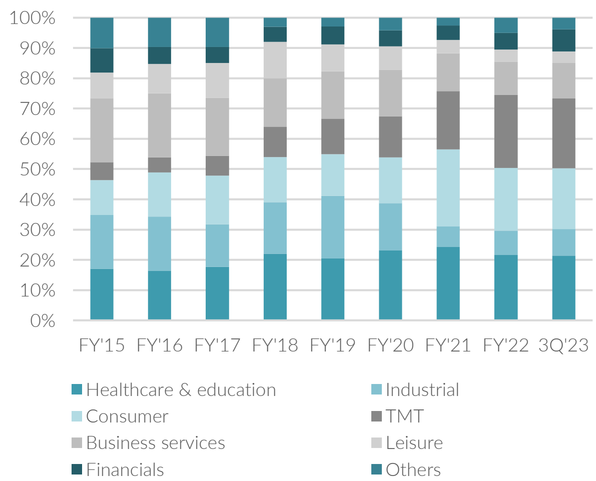
At the end of 3Q'23, ICGT had 8% (FY'22: 10%) of the portfolio in listed companies. This was down from 20.4% at the end of 2021. ICGT does not invest in listed companies, but it gains listed investment exposure when IPOs are used to exit an investment. 3.5% of the portfolio was in Chewy/PetSmart.

As the left-hand chart below shows, North America now represents 46% of the portfolio (in line with the strategic target of 40%-50%). The right-hand chart shows that nearly half of the portfolio is in healthcare, education and TMT – the defensive growth sectors. Within the broad sectors below, sub-sector allocation is typically to those areas that show structural growth with recurring revenue streams, such as subscription-based business software within TMT.

Geographical distribution of portfolio, FY'15-3Q'23 (%)



Sectoral distribution of portfolio, FY'15-3Q'23 (%)

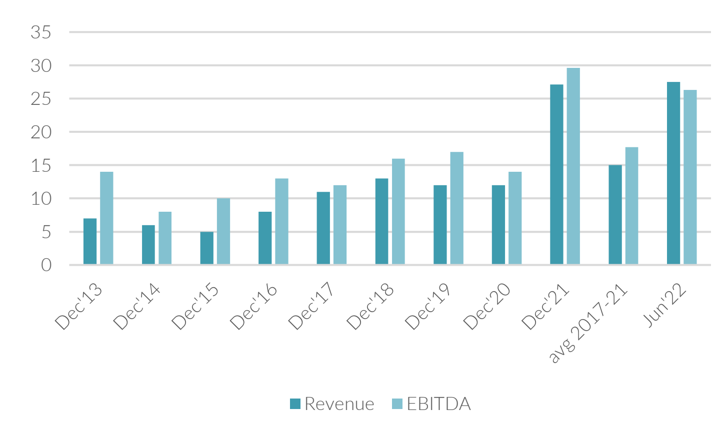


Source: ICGT Report and Accounts, Hardman and Co Research

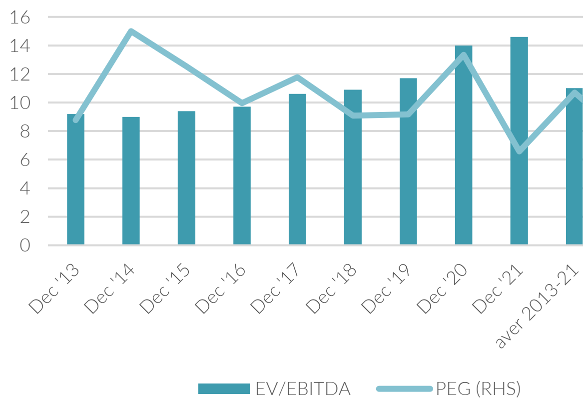
1H'23 portfolio company metrics

With the quarterly numbers, ICGT does not provide updated data on all the underlying company metrics. Below, we have provided some of the key numbers, and we refer readers to our detailed note, *1H'23 and beyond: safe harbour in the storm,* which provides a more detailed commentary on the trends.

LTM revenue and EBITDA growth, Dec'13-Jun'22 (%)

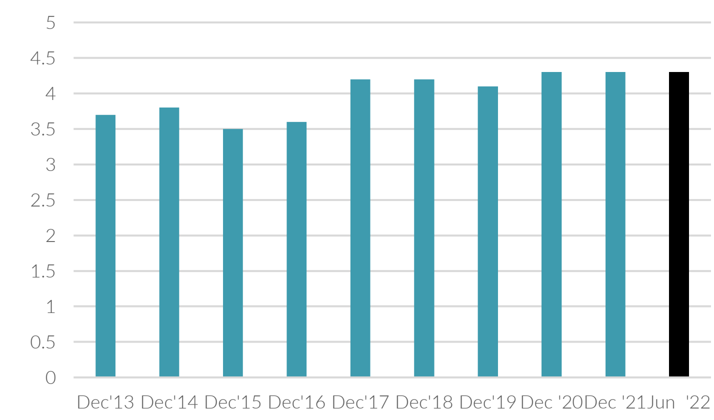


EV/LTM EBITDA and implied PEG ratio, Dec'13-Dec'21 (x)

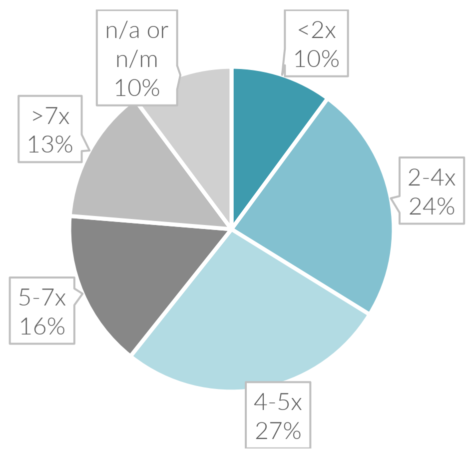


Source: ICGT Report and Accounts, Hardman & Co Research

Net debt to LTM EBITDA, Dec'13-Jun'22 (x)



Distribution of net debt/EBITDA, 1H'FY23 (%)

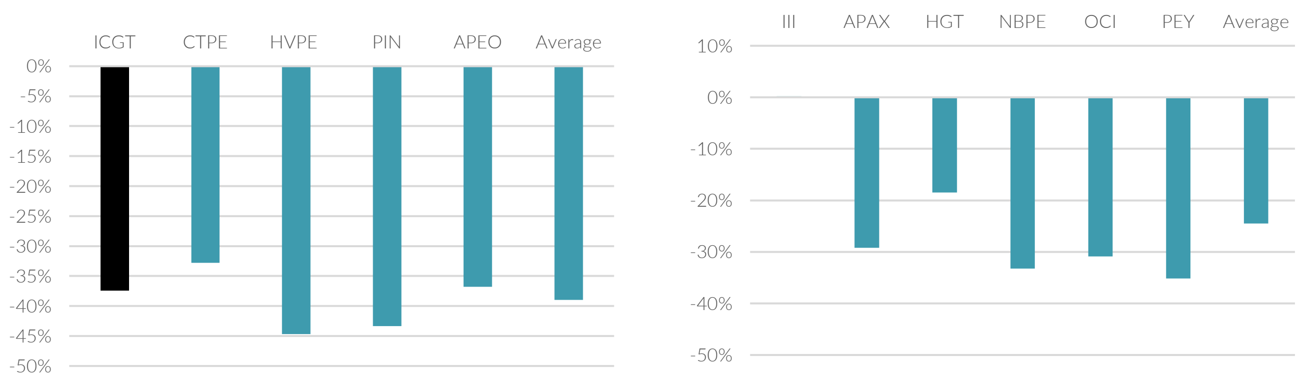


Source: ICGT Report and Accounts, Hardman & Co Research

Valuation

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 in line with that of its immediate peers, noting that the NAVs for some peers are updated monthly, while, for others, the update is quarterly.

Current share price discount to NAV for immediate peers (LHS) & wider peers (RHS)



Source: Company websites, factsheets and presentations, LSE, Hardman & Co Research; priced at 7 February 2023

Technology writedown concerns appear misplaced

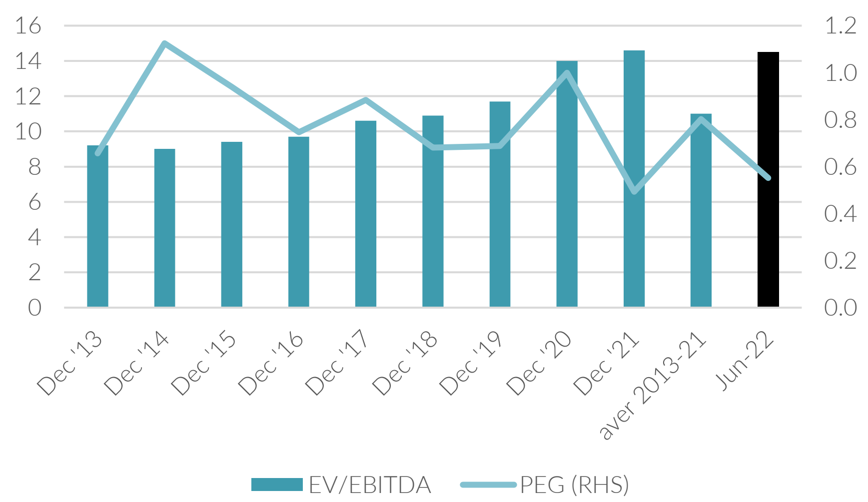
ICGT did not benefit from valuation uplifts, its business mix, other PE trends in this space or underlying company EBITDA growth

PEG ratio for underlying companies at lowest level in 10 years

And defensive growth

We believe that the widening of PE sector discounts may, in part, reflect concerns that the early-stage/VC businesses of PE companies will need to be written down to reflect falling listed market comparables. This is somewhat unfair, as it could be argued that most listed PE vehicles were never given the same credit for valuing their technology businesses on the way up (not that this ever formed part of ICGT's portfolio!). We highlight, again for emphasis, and repeating the earlier chart, that the PEG ratio for the valuation applied to ICGT's underlying companies was at its lowest level in 10 years in January 2022 and July 2022. We also note the resilience of the defensive growth strategy.

EV/EBITDA and PEG, Dec'13-Jun'22 (x)



Source: ICGT results presentations, Hardman & Co Research

Financials

Our forecasts are unchanged, other than for the modest effects of the management fee and share buybacks.

Income statement (£000)

Year-end Jan	2022			2023E			2024E		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
UK investment income & dividends	-		-	1,124		1,124	1,428		1,428
Overseas interest & dividends	5,501		5,501	2,247		2,247	2,855		2,855
Deposit interest & other	2		2	2		2	2		2
Realised gains on investments		1,968	1,968		34,836	34,836		35,690	35,690
Unrealised gains on investments		238,062	238,062		209,017	209,017		214,140	214,140
FX gains & losses	0	(980)	(980)	0	0	0	0	0	0
Investment manager fees	(1,342)	(12,075)	(13,417)	(1,523)	(15,235)	(16,758)	(3,827)	(11,481)	(15,308)
Other expenses	(2,383)	(2,263)	(4,646)	(2,526)	(2,263)	(4,789)	(2,276)	(1,924)	(4,199)
Return before finance costs & taxation	**1,778**	**224,712**	**226,490**	**(676)**	**226,355**	**225,679**	**(1,818)**	**236,425**	**234,607**
Interest payable & similar expenses	0	0	0	(350)	0	(350)	(3,600)	0	(3,600)
Return on ord. activities before taxation	1,778	224,712	226,490	(1,026)	226,355	225,329	(5,418)	236,425	231,007
Taxation	-	-	-	174	(174)	-	921	(921)	-
Return on ord. activities after taxation	1,778	224,712	226,490	(852)	226,181	225,329	(4,497)	235,504	231,007

Source: ICGT Report and Accounts, Hardman & Co Research

Balance sheet (£000)

@ 31 Jan	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Non-current assets									
Unquoted investments	356,939	491,099	478,362	519,806	571,143	604,306	202,009	317,601	390,078
Quoted investments	0	364	1,733	1,655	1,231	35,702	0	0	0
Subsidiary investments	57,168	80,718	96,392	148,611	206,042	267,554	921,738	1,109,999	1,296,499
Total non-current assets	414,107	572,181	576,487	670,072	778,416	907,562	1,123,747	1,427,600	1,686,576
Current assets									
Cash & cash equiv.	103,831	38,522	78,389	60,626	14,470	45,143	41,328	12,200	144
Receivables	4,038	2,384	10,410	548	1,142	162	2,205	1,001	3,794
Total assets	**521,976**	**613,087**	**665,286**	**731,246**	**794,028**	**952,867**	**1,167,280**	1,440,801	1,690,514
Creditors	634	354	963	386	483	851	9,303	8,000	9,250
Gross debt								70,000	110,000
Net assets	**521,342**	**612,733**	**664,323**	**730,860**	**793,545**	**952,016**	**1,157,977**	**1,362,801**	**1,571,264**
NAV per share (p)	**730.93**	**871.05**	**959.14**	**1,056.51**	**1,152.12**	**1,384.3**	**1,690.1**	**1,994.0**	**2,300.0**

Source: ICGT Report and Accounts, Hardman & Co Research

Cashflow (£000)

Year-end Jan	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Sale of portfolio invests.	89,941	50,338	160,712	135,461	107,179	147,545	100,982	50,000	70,000
Purch. of portfolio invests.	(56,213)	(102,621)	(99,601)	(101,790)	(95,417)	(86,134)	(75,125)	(60,000)	(60,000)
Net cashflows to subs. invests.			(12,824)	(32,427)	(34,446)	(6,486)	(2,524)	(50,000)	(20,000)
Interest income	8,951	7,263	15,967	3,994	5,832	1,231	3,647	3,647	3,647
Dividend income	2,882	2,629	6,230	1,883	1,290	5,445	1,854	(276)	636
Other income	384	259	129	216	381	71	2	2	2
Invest. mgr. charges paid	(5,840)	(6,143)	(7,090)	(7,956)	(9,499)	(10,334)	(6,207)	(16,758)	(15,308)
Other expenses	(1,269)	(1,380)	(1,456)	(1,749)	(1,227)	(1,419)	(1,570)	(1,570)	(1,570)
Net cash inflow/(outflow) from op. activities	38,836	(49,655)	62,067	(2,368)	(25,907)	49,919	21,059	(74,955)	(22,593)
Cashflows from fin. activities									
Bank facility fee	(1,963)	(1,089)	(1,320)	(1,081)	(2,576)	(1,410)	(3,318)	(3,318)	(3,318)
Interest paid					(61)	(440)	(50)	(350)	(3,600)
Proceeds from borrowing						-	-	70,000	40,000
Purchase of shares into treas.	(9,110)	(6,201)	(7,810)	(709)	(2,628)	(775)	(2,679)	-	-
Dividends	(14,816)	(11,357)	(13,896)	(14,543)	(15,192)	(15,822)	(17,849)	(20,504)	(22,544)
Net cash infl. from fin. activs.	(25,889)	(18,647)	(23,026)	(16,333)	(20,457)	(18,447)	(23,896)	45,828	10,538
Net inc. in cash & cash equiv.	12,947	(68,302)	39,041	(18,701)	(46,364)	31,472	(2,837)	(29,127)	(12,055)
Opening cash & cash equiv.	90,137	103,831	38,522	78,389	60,626	14,470	45,143	41,328	12,200
FX effects	747	2,993	826	938	208	(799)	(978)	-	-
Closing cash & cash equiv.	103,831	38,522	78,389	60,626	14,470	45,142	41,328	12,200	144

Source: ICGT Report and Accounts, Hardman & Co Research

Defensive growth investing

ICGT's portfolio focus is on buyouts of businesses in mature markets that have defensive growth characteristics. It chooses direct investments and managers that also align to this strategy – and the maturity and profitability of these businesses is really central here (these are not venture capital or early-stage business investments). The sector exposure and the maturity of the businesses in which ICGT invests should position the company well relative to the market in delivering resilient returns.

Defensive growth has a "play book" of characteristics, which can be seen again and again across ICGT's investments…

…and which are fundamental to consistent returns

Looking at defensive growth characteristics in more detail, these often include:

- Mature businesses that are profitable and cash-generative (unlike early-stage venture capital investments).
- Leading market positions.
- Providers of mission-critical services.
- The ability to pass on price increases.
- Avoiding early-stage venture capital where valuations may be based off future revenue projections.
- High margins.
- Scalable platforms.
- Sectors or sub-sectors where the income streams are non-cyclical.
- Growth levers, such as bolt-on M&A or operational improvements.
- Strong management, with a proven track record.
- PE is a long-term investment. ICGT has, for some time, assumed that exit multiples would be lower than entry ones for its co-investments – thus building in a cushion in its deal assessments. Also, investments have had to justify themselves on earnings growth, not multiple expansion.
- With recent co-investments, ICGT has been leveraging ICG plc's expertise and building downside protection into the structure of its deals, taking a very cautionary approach to such investments.

NAV fallen in only two out of 26 quarters

The consistency of ICGT's performance over many years is testament to these characteristics, and it has seen only two quarters in the last 27 when the NAV has fallen.

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(Disclaimer Version 8 – Effective from August 2018)

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The fact that Hardman & Co is commissioned to write the research is disclosed in the disclaimer, and the research is widely available.

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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