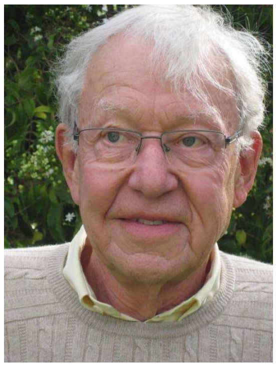
Investment trust performance

by Roy Colbran



Further to the series of articles on investment trusts that George Miller and I produced it has been suggested that it could be useful for readers to see some performance figures. (By the way, the articles are still available on the UKSA website at http://www.uksa.org.uk/education/other). The following figures are all taken directly from the website of the Association of Investment Companies, where far more detailed information is available including returns by share price. I have used net asset value ("NAV") returns because these are the results achieved directly by the manager, whereas share price returns are affected by movements in the discounts, outside of the managers' control.

The trusts chosen are the ones that we illustrated in the third of our articles. They were chosen purely as an attempt to give a selection of various types of trusts and there is no particular significance in the inclusion or exclusion of any trust. And of course one has to say that past performance must never be taken as a guide to the future.

Also included in the table are corresponding figures for three indices that may be considered relevant. I think we can claim that the figures generally bear out our contention that investment trusts do perform despite all the doubts as to whether active management is worthwhile. Don't forget NAV returns show what has been achieved after all costs.

Writing this on the last weekend before the copy date for this issue of Private Investor, I note that RIT Capital Partners is quoted in the FT as standing at a premium of 7.8%. This is despite what seems to have been a relatively indifferent performance. Caledonia, on the other hand, stands at a discount of 15.4%. Scottish Mortgage can be seen to have continued its outstanding performance and stands at a premium of just 1.3%. City of London, by comparison, stands at a premium of 2.2%. I can only suggest that the illogicality of discounts gives something of which private investors can take advantage.

NAV Total return to 31 August 2017				
Trust	**1 year**	**3 years**	**5 years**	**10 years**
Foreign & Colonial	21.1	58.9	110.3	138.4
City of London	10.3	27.2	75.1	100.8
Bankers	23.9	56.2	110.6	138.0
Alliance Trust	23.3	57.2	97.6	124.4
Scottish Mortgage	41.4	94.9	211.2	275.2
Witan	22.5	53.8	119.6	152.2
Law Debenture	20.7	29.9	81.2	139.1
Caledonia	14.2	40.1	91.5	87.7
European	31.6	37.2	97.5	53.5
Herald	28.6	61.5	105.9	198.7
RIT Capital Partners*	15.0	52.0	82.8	99.8
TR Property	10.8	58.6	142.2	121.5
FTSE All Share	14.3	24.8	63.7	79.2
FTSE World	19.4	54.5	110.3	154.0
MSCI World	18.1	53.2	108.7	142.4

* Share price return – NAV figures not provided