

## PRESS CUTTINGS

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# Discover the best and worst performing investment trusts so far in 2022

Commodities, Latin America and infrastructure among the winning themes

**R**ising interest rates since the turn of the year, runaway inflation and Russia's shocking invasion of Ukraine have shaken the investment kaleidoscope in 2022 and forced many investors to reposition portfolios for an increasingly uncertain world.

This is reflected in developments in the investment trusts universe, which has thrown up some obvious and more surprising winners in the opening months of the year.

*Shares* has crunched the performance data to shine a light on the themes and styles that have worked year to date, and those that haven't.

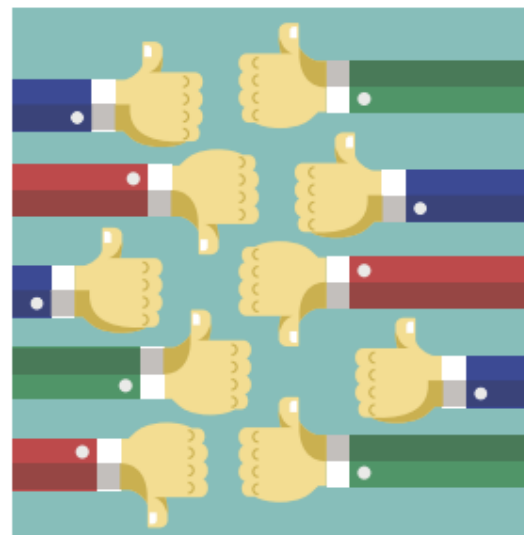
### COMMODITIES TRUSTS IN DEMAND

Precipitated by the supply/demand imbalances caused as global economies awakened from Covid hibernation, rising commodities prices have boosted a number of trusts focused on resources with inflation hedge characteristics. **Riverstone Energy (RSE)**, which invests across the global energy industry, has seen its shares surge 40% higher in 2022 thus far thanks to rising energy price tailwinds and a boost from share buybacks.

**Geiger Counter (GCL)**, which invests in uranium explorers and producers, has built on 2021's gains with 39.6% share price appreciation year-to-date.

The unfolding energy crisis triggered by Vladimir Putin's brutal assault on Ukraine is driving a reappraisal of the role of nuclear power and the sector is 'recapturing credence as a competitive source of clean, baseload generating capacity' according to Geiger Counter's managers Keith Watson and Robert Crayford.

Other beneficiaries of the commodities boom are **CQS Natural Resources Growth & Income (CYN)**, which has risen 37.3%, and **BlackRock Energy and Resources Income Trust (BERI)**, which has delivered a 35.6% share price gain. The Evy Hambro-managed **BlackRock World Mining**



**(BRWM)** is up 29.8%.

Another noteworthy mover is **Gulf Investment Fund (GIF)**, whose shares have gushed more than 30% higher to trade at a near-8% premium to net asset value as the Gulf Cooperation Council economies it invests in, such as Qatar, Saudi Arabia, the United Arab Emirates and Kuwait, continue to benefit from higher oil and gas prices and increased oil production.

### LATIN AMERICAN FUNDS LEAP

Among the best year-to-date performers is **BlackRock Latin American (BRLA)**, which is up more than 27% and has recently made gains in net asset value terms, while **Abrdn Latin American Income Fund's (ALAI)** shares having risen 23%.

The Russo-Ukrainian conflict has been good news for commodity exporting regions such as Latin America, and the year-to-date stock market rally in Latin America is a good example of how



quickly investor sentiment can change.

Emerging market equity and bond funds have seen major inflows since the invasion as investors flocked to major commodity exporters, sought higher debt yields and pulled money out of Russia funds to invest elsewhere, with Latin American funds among the beneficiaries.

Ed Kuczma and Sam Vecht, BlackRock Latin American's two experienced managers, remain positive on the outlook for Latin American equities, with Kuczma telling research house Edison that the region is 'under-owned, undervalued and unloved' and has 'a ton of value'.

#### INFRASTRUCTURE IN DEMAND

In terms of what's working elsewhere, **Middlefield Canadian Income (MCT)** moved higher in March, helped by Canada's resource-rich economy.

Investors in Middlefield Canadian Income get

#### Investment trust winners in 2022

Company	Gain
Riverstone Energy	40.0%
Geiger Counter	39.6%
CQS Natural Resources Growth & Income	37.3%
BlackRock Energy and Resources Income	35.6%
Gulf Investment Fund	31.2%
BlackRock World Mining	29.8%
BlackRock Latin American	27.2%
Abrdn Latin American Income	23.0%
Gresham House Energy Storage	18.8%
Middlefield Canadian Income	14.9%

Table: Shares Magazine • Source: SharePad, data as at 11 April 2022

#### Investment trust losers in 2022

Company	Loss
JPMorgan Russian Securities	-83.0%
Baillie Gifford European Growth	-30.8%
Scottish Mortgage	-28.9%
Edinburgh Worldwide	-26.9%
JPMorgan China Growth & Income	-26.8%
Allianz Technology Trust	-26.5%
Baillie Gifford US Growth	-26.2%
Baillie Gifford China Growth	-22.0%
Fidelity China Special Situations	-20.4%
Syncona	-20.0%

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exposure to the energy sector and the emerging renewable power industry in Canada.

Russia's invasion of Ukraine and its disruption of the flow of oil and gas means energy prices could remain elevated for some time, boosting the earnings of attractively valued Canadian energy companies in the trust's portfolio.

The quarterly dividend payer also offers exposure to best-in-class financial institutions, healthcare names and the real estate market.

Elsewhere, infrastructure and renewable energy investment trusts are in demand with a combination of energy security and the need for inflation-beating dividends front of mind for investors.

For example, **Ecofin Global Utilities & Infrastructure (EGL)** has risen 13% this year.

#### YEAR-TO-DATE LOSERS

No prizes for guessing the worst performer, namely **JPMorgan Russian Securities (JRS)**, which has plunged 83% year-to-date as the severe sanctions imposed on Russia sent the vast country into financial isolation and the company was forced to write down the value of its investments.

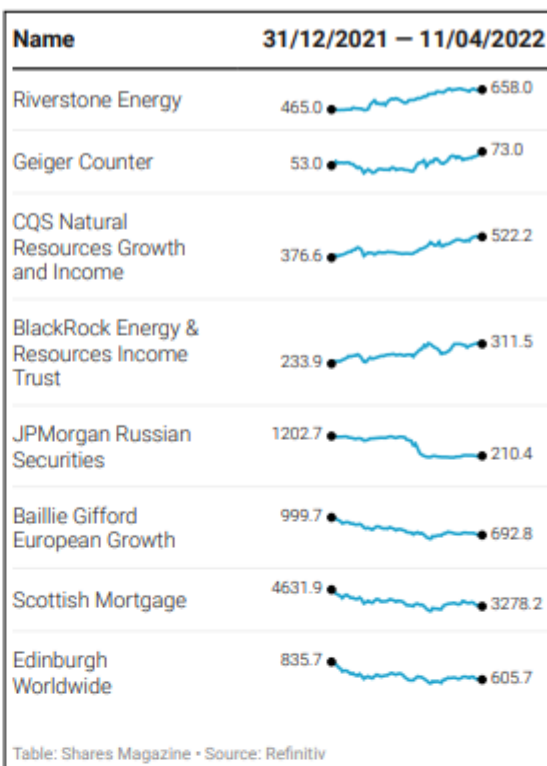
QuotedData points out the premium for JPMorgan Russian Securities soared to 'a ridiculous 228% by the end of March as, rather distastefully, some investors tried to profit from the war in Ukraine by betting that sanctions will be lifted'.

Dedicated China trusts had a torrid March as high coronavirus cases and restrictions in parts of the country and the 5.5% growth target set by authoritarian leader Xi Jinping, the country's lowest in three decades, added to concerns over increased regulation.

Year-to-date, shares in **Fidelity China Special Situations (FCSS)** and **Baillie Gifford China Growth (BGCG)** are both down more than 20% with **JPMorgan China Growth & Income (JCGI)** having shed the best part of 27%.

Other poor performers so far this year include trusts managed by growth-focused Baillie Gifford, such as **Baillie Gifford European Growth (BGEU)**, **Baillie Gifford Shin Nippon (BGS)** and **Edinburgh Worldwide (EWI)**.

Sentiment towards these names remains sour following the rotation out of growth stocks earlier this year with higher inflation and rising interest rates likely to continue.



Also in the doldrums with a 26.5% share price decline is **Allianz Technology Trust (ATT)**, one of the UK's most popular tech funds, marked down amid the same rotation away from growth stocks and where long-serving manager Walter Price is retiring. He will hand over the lead portfolio manager's reins to Mike Seidenberg in July 2022.

Another poor performer is **RTW Venture Fund (RTWG)**, the life sciences sector investor managed by healthcare specialist RTW Investments. It posted poor annual results showing a 13% decline in net asset value per share following a tough 2021 for the biotech sector.

Small cap stocks in particular have sold off, which RTW's founding partner Roderick Wong argues is providing 'exciting' opportunities for RTW Venture Fund in 2022.



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