**Investment Funds**
United Kingdom

| Stock | RIC, recommendation, price |
|---|---|
| Aquila European Renewables^ | AERI, NR, CNP |
| Canadian General Investments+ | CGI, House Stock at 2130p |
| Digital 9 Infrastructure^ | DGI9, NR, CNP |
| Ediston Property^ | EPIC, NR, CNP |
| GCP Asset Backed Income | GABI, NR, CNP |
| Hipgnosis^ | SONG, NR, CNP |
| Nippon Active Value Fund+ | NAVF, House stock at 155.5p |
| Pantheon International^ | PIN, NR, CNP |
| Roundhill Music Royalty Fund^ | RHM, NR, CNP |
| Symphony International Holdings^ | SIHL, NR, CNP |
| ThomasLloyd Energy Impact Trust+ | House Stock, suspended |



# Investment Funds Monthly

## Crude reality

Central banks have been emphasising that interest rates are unlikely to decline until inflation drops significantly. Despite the steep increase in interest rates, developed economies have so far been relatively resilient. We believe that the impact of past increases in interest rates has not yet been fully reflected in economic activity and developed economies may slip into recessions fairly soon, if interest rates rise further. Oil prices, which have rallied recently, partly driven by production cuts implemented by OPEC+, has the potential to further impact both the growth and inflation outlook. We believe North America, with its energy independence, is best placed to weather any further rise in oil prices and highlight Canadian General Investments (CGI).

Macro Markets: We believe that rising oil prices threaten the soft-landing scenario that central banks like the BoE, the ECB and the Fed have been targeting. We believe further increases in the oil price would threaten the global economy. Shore Capital has highlighted the disconnect that had occurred between the physical oil market and prices in the oil market. Over the last two months, oil prices have moved upwards, in response to a significant drawdown in inventories. Central banks may thus be forced to hike rates further, just as the broader economy weakens.

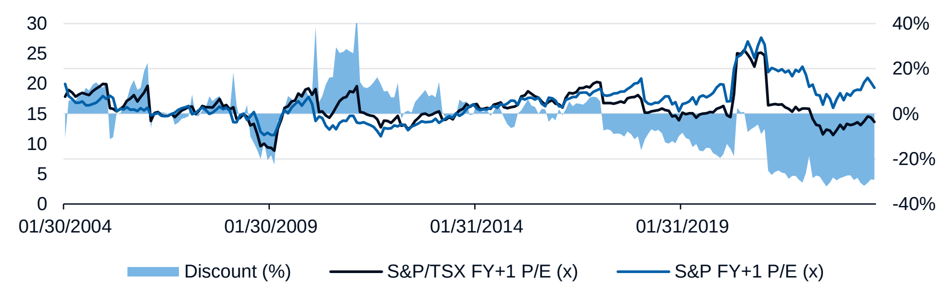
Fund in Focus: CGI is a dual-listed fund focused on medium to long-term investments in well-established, Canadian corporations with up to a 25% allocation to US equities. The trust has an impressive long-term track record, with a 20Y NAV TR of 838% compared to 527% for the S&P/TSX Composite in sterling terms. Although 2022 was a difficult year, having been underweight Energy and overweight Technology, this year's performance has been impressive, materially outperforming the S&P/TSX Composite (12% NAV TR vs 2% in sterling terms). The trust trades at a 34% discount to NAV, offering an 2.7% yield.

Talking Tables: North America investment trusts sector exposures.

Corporate Clipboard: AER, DGI9, EPIC, GABI, SONG, NAVF, PIN, RHM, SIHL & TLEI.

Chart of the month:

Figure 1: The Canadian discount




Source: Bloomberg

# Macro Markets: Will oil's rally kill the soft landing?

Central banks have increased rates rapidly and during the period they were raising rates, most market participants had felt that recessions would be inevitable. Markets have, therefore, been surprised by the resilience of the global economy in the face of sustained and significant increases in interest rates.

Ignored the tightness developing in the physical oil market

Commodity markets such as copper and oil sold off during the second half of 2022 and the first few months of 2023, as investors focused on the economic risks associated with China's recovery, post the re-opening of the economy, as well as the belief that developed markets were more likely than not to experience a hard landing. The turmoil in the regional banking sector in the US in March 2023 reinforced that view, and several market participants chose to ignore the tightness developing in the physical oil market. With China's housing market continuing to struggle, copper prices have remained subdued. We believe that investors are choosing to ignore the demand that is likely to emanate for copper over the medium-term, as we migrate the global energy infrastructure to one based on renewable energy.

Figure 2: Brent crude price (front month contract, US$ per barrel)


Source: Bloomberg

Figure 3: Copper prices (front month contract, US$ per lb)


Source: Bloomberg

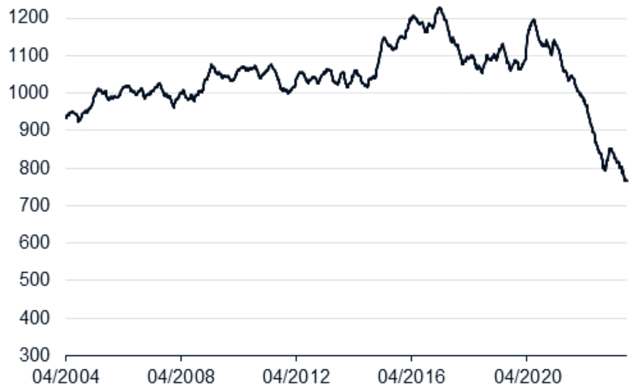
We believed that as long as employment remained robust, consumers in economies like the US would be willing to spend their accumulated savings. Additionally, we have repeatedly highlighted that the US consumer with long-term fixed rate mortgages would only gradually be impacted by higher interest rates. The resilience of the economies like the US has surprised markets. While China has taken time to re-accelerate, signs are now emerging that Chinese economic activity is at last beginning to pick up. We believe this sets the stage for markets such as crude oil, to reflect the tightness in the physical market, via higher oil prices.

## Crude oil inventories in the US have fallen dramatically

rising interest rates have increased the cost of carrying physical stock

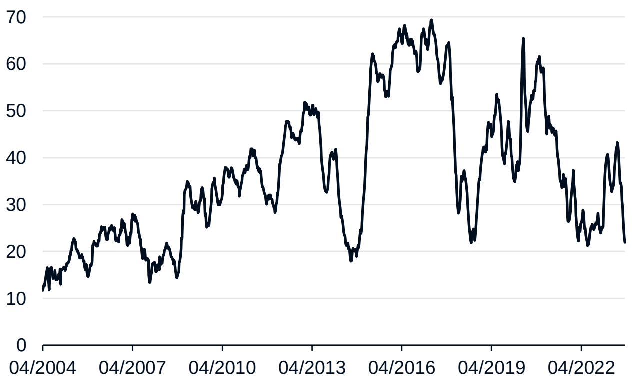
Crude oil inventories in the US have fallen dramatically. This destocking is not unique to the US but has been repeated worldwide as rising interest rates have increased the cost of carrying physical stock for commercial users. In order to support oil prices in the face of this destocking, as well as fears of an economic slowdown, OPEC+ has implemented several cuts in production. The most recent one was a unilateral reduction of 1m barrels a day of output by Saudi Arabia, which it has promised to continue until the end of the year.

Figure 4: US crude oil inventories (including strategic reserves, mbbls)




Source: US Department of Energy

Figure 5: Cushing Oklahoma inventories (millions of barrels0




Source: US Department of Energy

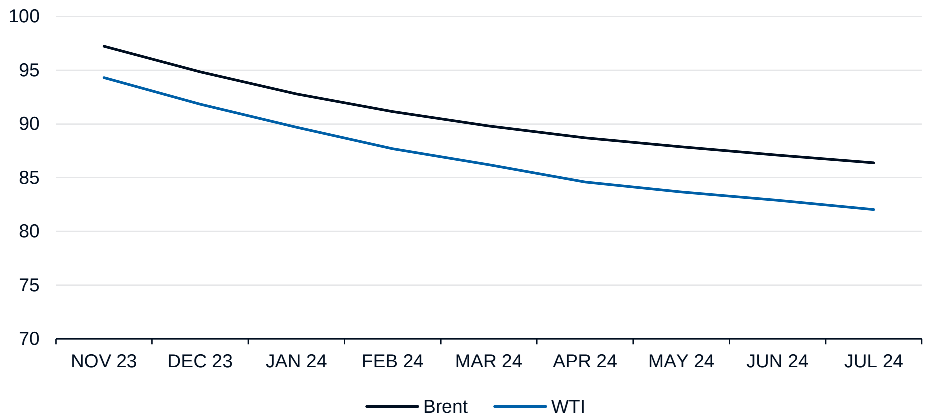
drawdown in strategic petroleum reserves

The bulk of the decline in the US inventory can be attributed to the drawdown in strategic petroleum reserves (SPR), which was authorised by the US government, in the wake of the spike in global oil prices post Russia's invasion of Ukraine. Unfortunately for the oil market, this places the US government in a more constrained position to deal with any further increase in oil prices. The release of strategic reserves was not only limited to the US but implemented by several other OECD countries as well.

As demand for oil has continued to be relatively robust, inventories of oil at Cushing Oklahoma, have now fallen sharply, with a significant physical shortage a distinct possibility, particularly if the hurricane season, which can affect the Gulf of Mexico, is a severe one and leads to production outages.

The International Energy Agency notes that the production restrictions of more than 2.5m barrels a day imposed by OPEC+ since the beginning of the year is likely to lead to a significant supply shortage in the last quarter of 2023. This is despite increased production by Brazil, Iran and the US.

Figure 6: Brent and WTI oil forward strip (US$/bbl)



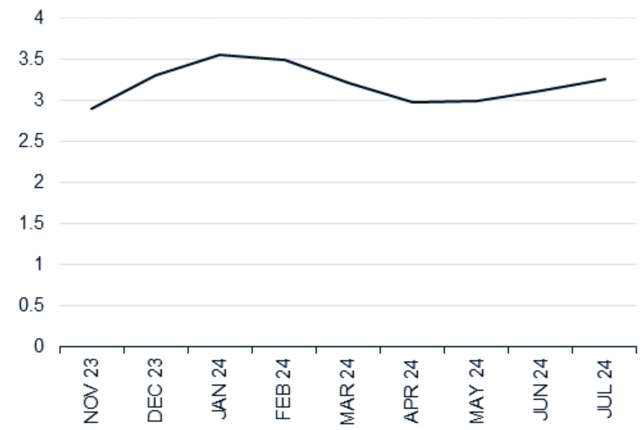

Source: Bloomberg

speculator is being paid to remain long the oil market

## Oil market is heavily in backwardation

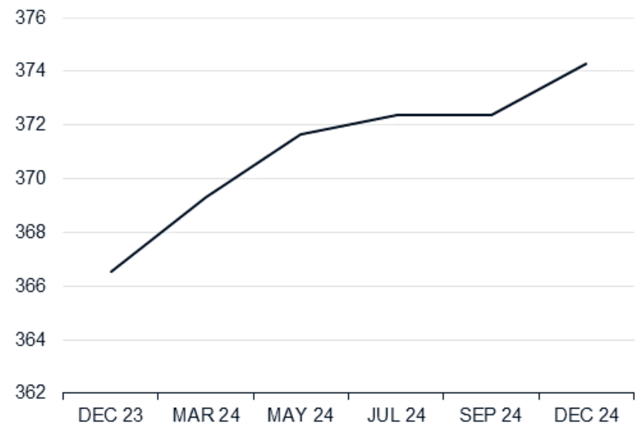
As can be seen, the oil market is heavily in backwardation. This type of structure incentivises speculators to go long the oil market, *ceteris paribus*, as the speculator is being paid to remain long the oil market if spot oil prices remain constant. For example, a speculator long the oil market, holding the front month WTI contract, will make an annualised return of over 30%, simply by rolling forward the long position, if spot oil prices remain constant. The returns over the rest of the forward strip are significantly lower but still substantial. This is in sharp contrast to markets like copper and natural gas market, for example.

Figure 7: Futures prices for Henry Hub Natural Gas (USD/MMBtu)




Source: New York Mercantile Exchange

Figure 8: Futures contracts of copper price (USD/lb)




Source: CMX-Commodity Exchange

issue of replenishment of strategic oil reserves

## Saudi Arabia has the ability to bring back the physical oil market

We believe that Saudi Arabia has the ability to bring back the physical oil market into better balance and much will depend on when it decides to increase production. However, the concern for producers like Saudi Arabia and Russia is that given the interest rate increases implemented by central banks such as the BoE, the ECB and the Fed, the risk of these economies falling into a recession remains significant and OPEC+ is unlikely to want to enter a global recession with crude oil inventories at a high level.

Unlike the situation in 2008, when higher oil prices were an outright negative for the US economy, the situation in the US is more balanced today, with the US producing a significantly higher amount of crude oil and being broadly energy independent. Also given the rise in overall prices, the real impact of US$100 oil is significantly less than what it was in 2007-2008.

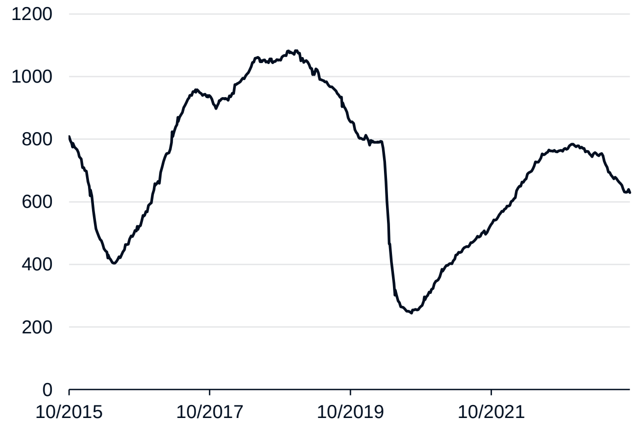
## Capital discipline is key

Partly because of lower natural gas prices but also because of the past problems faced by the shale oil industry in the US, capital discipline is key. The same discipline is being shown by several other oil producers globally, who are uncertain about long-term demand given the energy transition that is currently under way. This means oil prices have the potential to remain relatively high, for a period of time, even in the face of a transition away from oil. As of now, demand for oil and other commodities remains strong, supporting prices. There is also the issue of replenishment of strategic oil reserves, which can further boost oil demand in the short-term.

Figure 9: US Crude oil production ('000s bbl a day)


Source: US Department of Energy

Figure 10: US Oil and Gas Exploration & Drilling Rig Count




Source: Primary Vision Inc

## Recessionary risks are rising

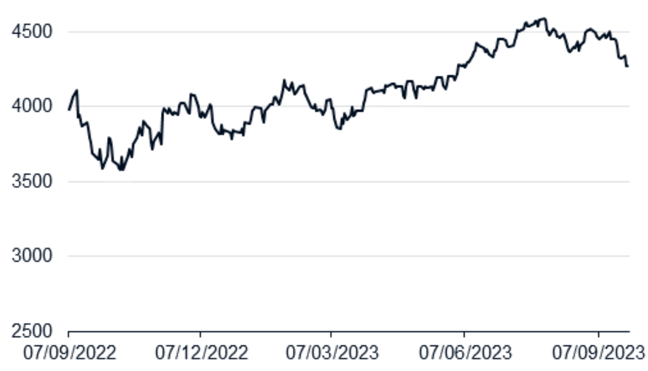
higher oil prices, higher bond yields, lower equity prices

We believe that unfortunately for equity and bond investors, currently a vicious cycle of higher oil prices and higher bond yields and lower equity prices has emerged. Higher oil prices are leading to both higher bond yields and lower equity markets and recessionary risks are rising. Whether a term premium emerges in the bond market will be determined to some extent on whether investors believe that the assertion by central bankers that inflation will decline to 2% within a reasonable period of time is credible.

Figure 11: US 10-year treasury yields (YTD, %)


Source: Bloomberg

Figure 12: S&P 500 Index (YTD)




Source: Bloomberg

current level of interest rates will be sufficient

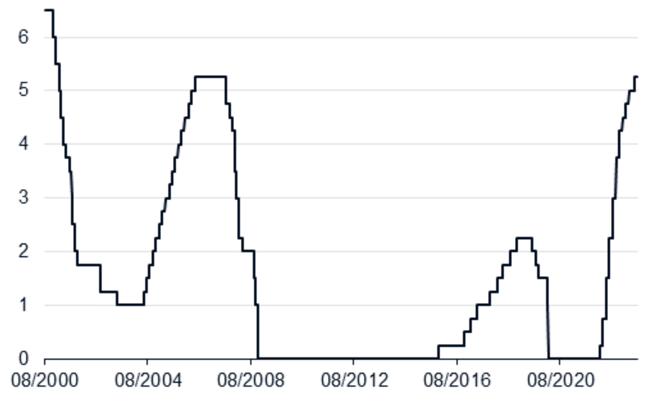
If the high oil price ends up causing global rates to climb much further, we believe a hard landing scenario may emerge as the base case, which of course may then cause oil prices to fall sharpy. It is therefore in the interest of oil producers as well, to increase production so that oil prices remain relatively rangebound. We believe that real rates in economies like the US are already sufficiently restrictive and will be sufficient to bring inflation under control. We also acknowledge that a further and sustained surge in oil prices could complicate the outlook and significantly raise the probability of a hard landing.

Given the substantial economic uncertainty, Shore Capital's current Brent price outlook still remains at US$70/bbl in 2024, but we also acknowledge the significant volatility surrounding such a forecast.

the US economy will face significant headwinds in the fourth quarter

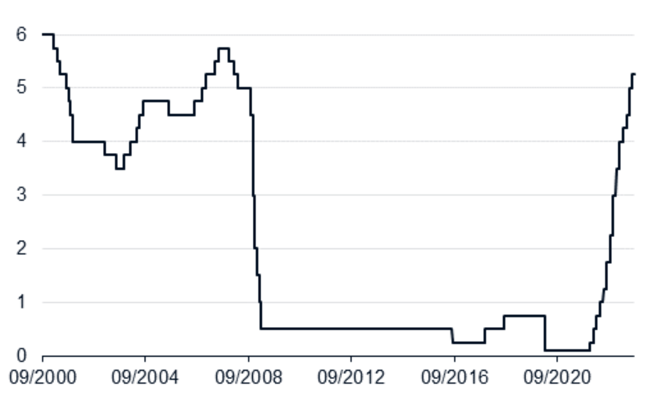
After what promises to be a strong third quarter in terms of GDP growth, we believe that the US economy will face significant headwinds in the fourth quarter. Student loan repayments, which had been suspended at the start of the pandemic are about to be restarted and this itself will be a strong headwind. Additionally, accumulated excess savings are being depleted at a rapid rate and will probably be exhausted in the next quarter or two. Consumers buffeted by higher oil prices are also likely to have less money for consumption elsewhere. As we have highlighted in previous editions, the labour market is now in much better balance and the transmission mechanism between higher prices and higher wages is likely to be more muted. The Federal government shutdown, if it occurs and continues for a period of time, will be a temporary drag on growth.

Figure 13: US Federal Funds level (lower bound, %)




Source: Bloomberg

Figure 14: UK Base rates (%)



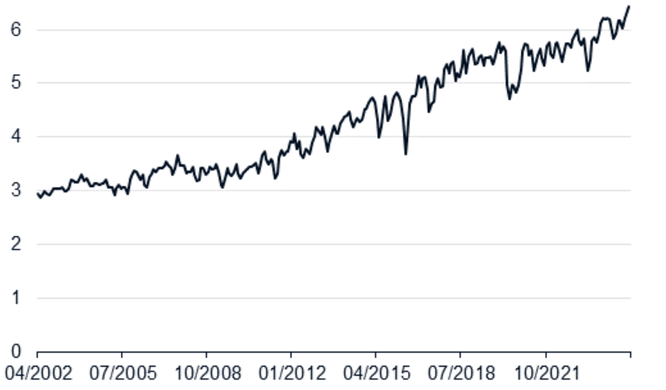

Source: Bank of England

## The Canadian economy should be better insulated from higher oil prices

base case scenario still remains a soft landing for the US economy

While the base case scenario still remains a soft landing for the US economy, the risks of a higher oil prices leading to higher long-term yields and a higher probability of a hard landing are rising. We believe that the Canadian economy is likely to be better insulated from high oil prices because of the significant domestic production of oil, which is predicted to continue to rise.

Figure 15: Canada oil and related liquids production (mns of bbl/day)




Source: US Department of Energy

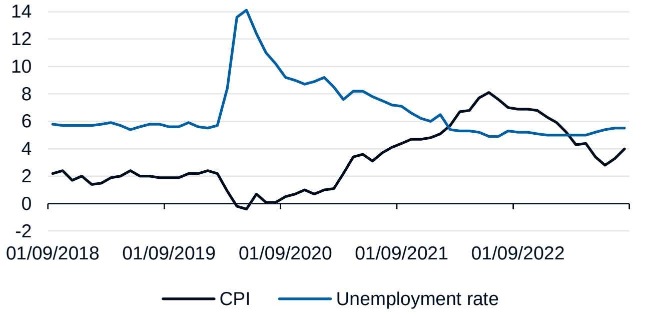
Figure 16: Canada base rate (%)


Source: Bank of Canada

one of the first major central banks to suspend its monetary tightening campaign

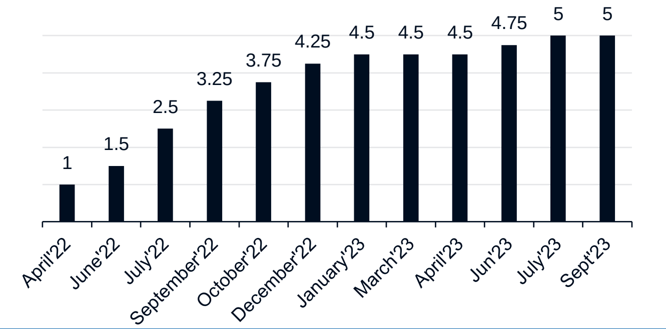
Interest rates have already risen substantially in Canada, though there is a risk that rising inflation may force the Bank of Canada (BoC) to hike interest rates further. Having been one of the first major central banks to suspend its monetary tightening campaign earlier this year, the Bank of Canada resumed rate hikes in June and July before signalling another pause this month. Recent CPI data confirmed that inflationary pressures remain broad-based, and the Bank of Canada expects it to remain elevated in the near term due to the higher petrol prices before falling again. Although most of the heaving lifting has been done, the Bank of Canada has confirmed that it is prepared for further rate hikes, if needed, to control inflation.

Figure 17: Canada CPI (YoY %) & Canada unemployment rate (%)




Source: Bloomberg

Figure 18: Bank of Canada policy rate (%)




Source: Bloomberg

restrictive conditions are already starting to slow the Canadian economy

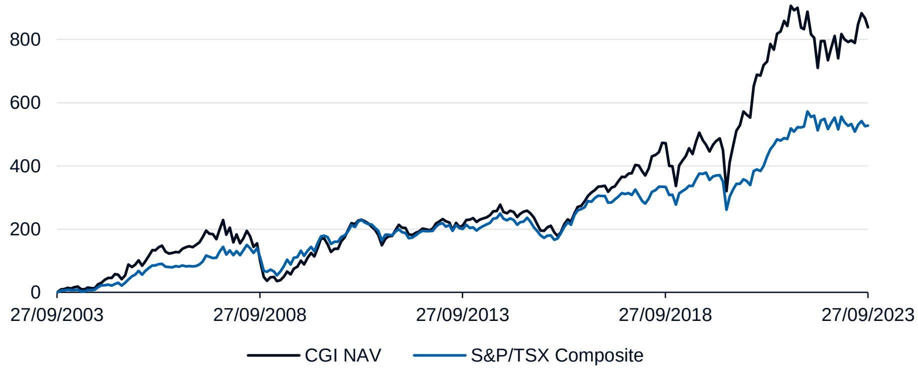
There are early signs that the restrictive conditions are already starting to slow the Canadian economy, with economic activity contracting at an annualised rate of 0.2% in the second quarter, reflecting the impact of wildfires across the country, a decline in household activity and a weakening in consumption growth. However, the Canadian General Investments (CGI) manager argues that the Canadian the economy has so far proven its resilience and that we should be nearing the end of the interest rate cycle. Unemployment rates remain near all-time lows, wage inflation has been steady with good levels of immigration adding some downward pressure and the Canadian consumer appears to be in good shape. Fears of a major downturn in the housing sector have not materialised, with the persistent undersupply of housing and population growth likely to limit any downward movements in property prices.

# Fund in Focus: Canadian General Investments

investments in well-established, Canadian corporations

Founded in 1928, Canadian General Investments (CGI) is a dual-listed fund focused on medium to long-term investments in well-established, Canadian corporations, with allocation to US equities capped at 25%. Through successful bottom-up stock selection and the timely recognition of capital gains/losses, the trust seeks to provide better than average returns to investors, exceeding the S&P/TSX Composite Index. It has an impressive long-term track record, helped by the structural gearing in place (as of 31 August 2023: 14.6% of net assets), having delivered a 20Y NAV TR of 838% in sterling terms (S&P/TSX: 527%), which implies an annualised return of 12%. Although 2022 was a difficult year for the trust having been underweight Energy and overweight Technology, YTD the performance has been excellent, generating an NAV TR of 11.7%, well ahead of S&P/TSX Composite TR of 2.0% over the same period, in sterling terms.

Figure 19: Outperforming the S&P/TSX Composite (£TR)




Source: Morningstar

## Portfolio

exposure to US equities capped at 25%

CGI benefits from a diverse and actively managed portfolio of well-established, predominantly Canadian equities, with exposure to US equities capped at 25%. The portfolio typically consists of just under 60 equity holdings and portfolio turnover is low. CGI has high exposure to the IT and Industrials sectors, which combined account for 45% of the portfolio. The top ten holdings account for 42% of the portfolio.

Figure 20: Sector exposure as at 31 August 2023

| | |
|---|---|
| Information Technology | 23.40% |
| Industrials | 22.00% |
| Materials | 16.00% |
| Energy | 10.90% |
| Consumer Discretionary | 10.80% |
| Financials | 9.30% |
| Real Estate | 4.40% |
| Communication Services | 1.80% |
| Cash & Cash Equivalents | 0.80% |
| Health Care | 0.60% |

Source: Company Data; Shore Capital Markets

Figure 21: Top ten holdings as at 31 August 2023

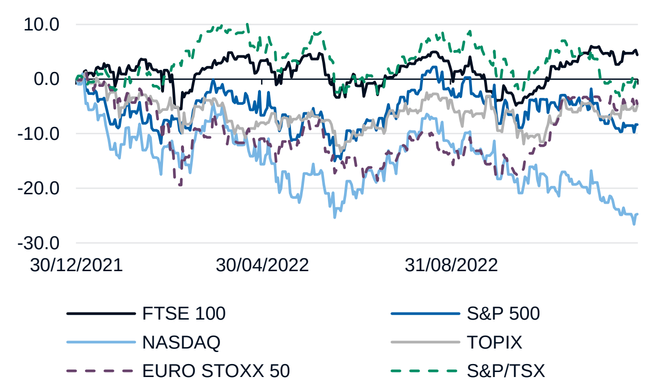
| | |
|---|---|
| NVIDIA Corporation | 7.40% |
| First Quantum Minerals Ltd. | 4.70% |
| TFI International Inc. | 4.70% |
| Canadian Pacific Kansas City Limited | 4.50% |
| Franco-Nevada Corporation | 4.10% |
| Apple Inc. | 3.80% |
| West Fraser Timber Co. Ltd. | 3.70% |
| WSP Global Inc. | 3.20% |
| Mastercard Incorporated | 3.20% |
| The Descartes Systems Group Inc. | 2.90% |

Source: Company Data; Shore Capital Markets

## Canadian equities have shown great resilience

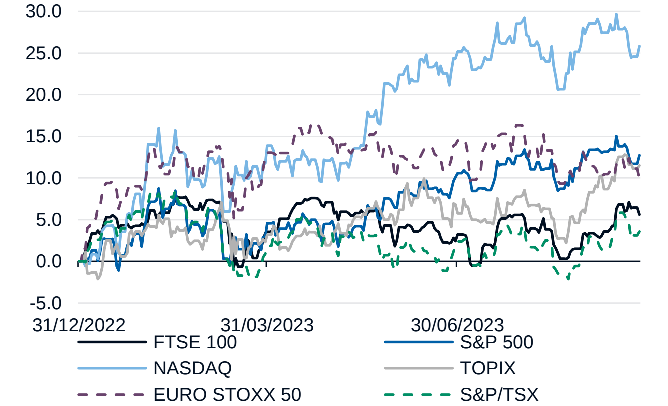
Canada's S&P/TSX Composite has fared better than most other major indices in 2022, helped by a strong Energy sector (18%) and overweight exposure to Financials (30%). YTD its performance has been more muted, meanwhile others have rebounded from the lows reached last year.

Figure 22: 2022 £TR




Source: Morningstar

Figure 23: YTD £TR

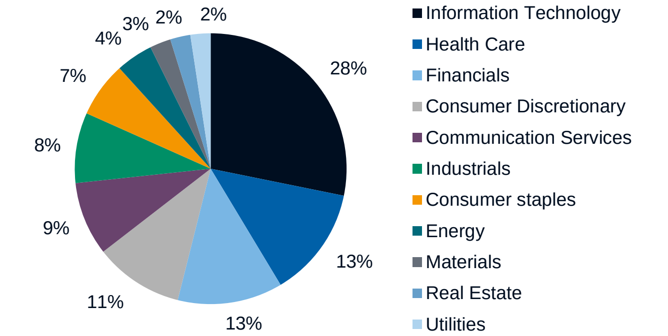



Source: Morningstar

prospect of a higher oil price could also reignite the Energy sector

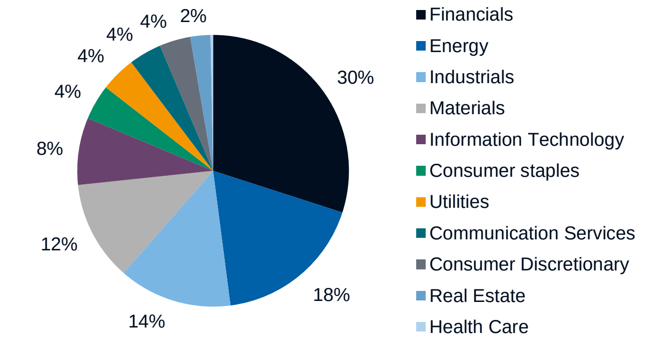
The divergence in performance between Canada and other major indices is in part a function of the less severe reduction experienced by the S&P/TSX Composite in 2022 leaving less scope for a recovery in 2023. Also, due to the Technology sector outperforming this year and S&P/TSX's lower technology weighting compared to the S&P 500 for example (8% vs 28%). The prospect of a higher oil price could also reignite the Energy sector which has performed well in recent months after a disappointing first half, which would clearly work to the S&P/TSX's advantage.

Figure 24: S&P 500 sector breakdown as at 31 August 2023




Source: SP Global

Figure 25: S&P/TSX sector breakdown as at 31 August 2023



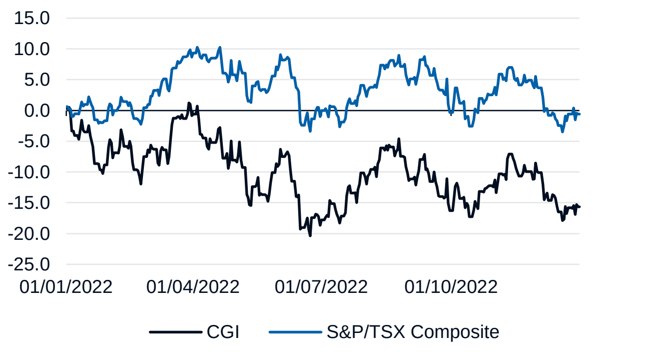

Source: SP Global

benefited from a reversal of some of last year's trends

## 2023 – CGI materially outperforms the index

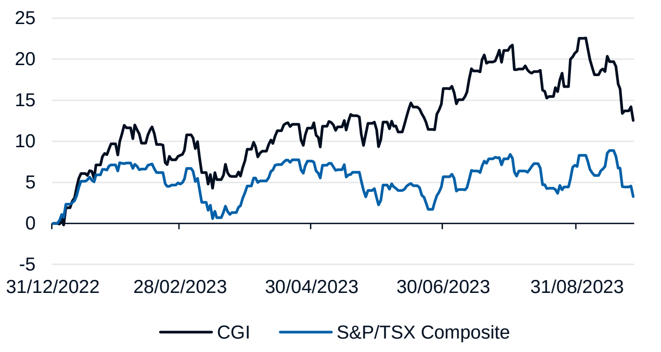
This year CGI has benefited from a reversal of some of last year's trends, such as the technology sector going from being one of the worst performers to a top performer, due to the portfolio's technology weighting being almost three times that of its benchmark. The fact that the manager can invest up to 25% of CGI's portfolio in US equities has also enabled CGI to access a wide pool of opportunities in the technology sector than can't be found in Canada, providing a valuable source of alpha for the trust. YTD CGI has delivered an NAV TR of 11.7% which compares to the index return of 2.0%, in sterling terms. Some of the names that have contributed to this year's outperformance include the top holding NVIDIA which the manager first bought in 2016 (+197% YTD), Shopify Inc (+44% YTD), Apple (+36% YTD) and Parex Resources (+34% YTD).

Figure 26: 2022 CGI NAV TR vs S&P 500/TSX Composite (£%)




Source: Morningstar

Figure 27: YTD CGI NAV TR vs S&P/TSX Composite (£%)



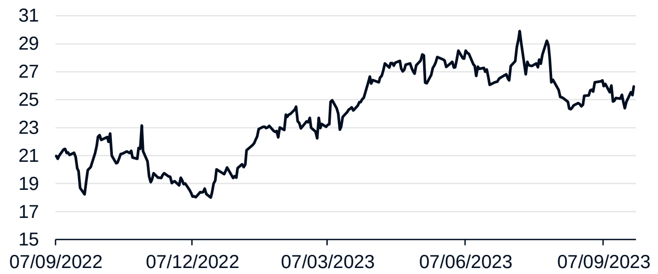

Source: Morningstar

## Increasing exposure to the Energy sector

longstanding underweight position in the Energy sector

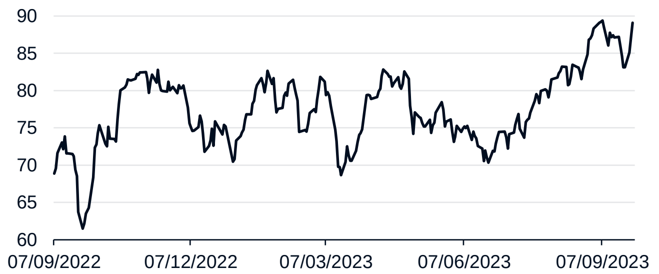
Despite the trust's longstanding underweight position in the Energy sector (CGI:11%, S&P/TSX: 18%) and the manager's reluctance to invest in early 2022 on speculation that valuations were stretched, the manager has started adding to the sector, focusing on bigger cap names with a substantial presence in the Canadian market. The manager believes quality names at attractive valuations can now be accessed with the potential for a re-rating supported by the prospect of another up cycle later in the year. The trust has added to its holding in Canadian Natural Resources Ltd. (+25% YTD) and will likely continue to grow the position. The manager considers the company to be a natural fit for CGI as one of Canada's premium quality, senior energy companies with good liquidity, a highly respected management team and a market capitalisation of almost $100bn. It also offers an attractive investment for international investors looking to increase exposure to the Canadian oilpatch. Another name in the oil space within CGI's portfolio is Parex Resources, the largest independent oil and gas producer in Colombia headquartered in Calgary, Canada (+34% YTD).

Figure 28: 1Y Parex Resources share price (CAD)




Source: Bloomberg

Figure 29: 1Y Canadian Natural Resources share price (CAD)




Source: Bloomberg

good recovery prospects

The manager has also started a small position in Precision Drilling Corporation, the largest onshore energy driller in Canada with over 30% market share and the fourth-largest onshore driller in the US, providing exposure to the energy drilling and services industry through a well-diversified North American platform. With a market capitalisation of $1.25bn, it represents an obvious choice for Canadian investors looking to invest in an oil services company. Despite the rig rate not going up a great deal, the manager believes the company offers good recovery prospects thanks to its ability to capture attractive margins as its drilling rigs continue to reprice at higher rates.

.Figure 30: 1Y Precision Dilling price/cash flow (x)


Source: Bloomberg

Figure 31: 1Y Precision Dilling share price (CAD)

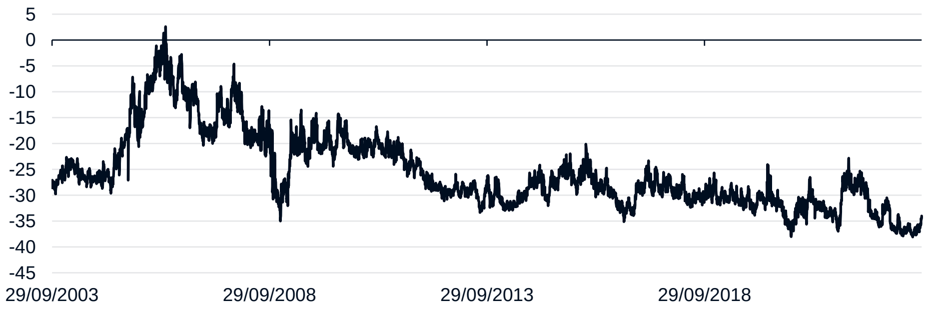

Source: Bloomberg

CGI is unable to buy-back shares

## Discount

Aside from a few brief periods of trading at a premium to NAV, CGI has persistently traded at a discount. This can partially be explained by the concentrated shareholder register and the fact that CGI is unable to buy-back shares.  As at 30 June 2022, Jonathan A. Morgan and Vanessa L. Morgan beneficially owned directly or indirectly exercised control over 52.5% of the outstanding common shares of the company. This implies that a buy-back of even a single share by the company or related parties would trigger the loss of CGI's Investment Corp Status, which eliminates a layer of taxation, with capital gains only being taxed at the shareholder level. In addition, it allows the payment of capital gains dividends to shareholders and reduces the rate of tax on investment income. Thus, the interests of long-term shareholders of CGI would be negatively impacted by buy-backs.

Figure 32: CGI 20Y premium/(discount)




Source: Morningstar

traded well below its historic average this year

Despite this constraint, the discount has persistently traded well below its historic average this year and remains near an historic low (20Y average: 25%).

## Conclusion

Greg Eckel, the portfolio manager, has repeatedly delivered in terms of NAV performance and has an excellent record of identifying winners. We believe investors can therefore be confident CGI's long-term outperformance will resume, helped by its portfolio of high-quality investments which should deliver as markets recover, amplified by the leverage. The manager has stuck to his investment strategy and experience navigating down-market cycles, which has proven to be successful for investors over the long-term. Whilst the outlook for the global economy remains uncertain, we believe Canada is better placed than many of its developed peers. Investors should therefore consider increasing exposure to Canada by investing in CGI's unique offering at a 37% discount.

# Talking Tables

Figure 33: North America trusts sector exposures

| | CGI | USA | BRSA | JAM | MCT | NAIT | JUSC | BASC |
|---|---|---|---|---|---|---|---|---|
| IT | 23% | 33% | 14% | 24% | | 8% | 12% | 22% |
| Consumer Discretionary | 11% | 21% | 12% | 13% | | 3% | 12% | 9% |
| Communication Services | 2% | 13% | 4% | 9% | 5% | 7% | | 4% |
| Industrials | 22% | 13% | 9% | 6% | 1% | 7% | 29% | 19% |
| Health Care | 1% | 11% | 20% | 11% | | 17% | 11% | 21% |
| Financials | 9% | 4% | 19% | 16% | 21% | 19% | 15% | 5% |
| Real Estate | 4% | 3% | 1% | 6% | 24% | 8% | 5% | 2% |
| Materials | 16% | 2% | 3% | 4% | | 6% | 4% | 3% |
| Consumer Staples | | 1% | 6% | 3% | | 7% | 3% | 3% |
| Energy | 11% | | 8% | 4% | 32% | 12% | 2% | 6% |
| Utilities | | | 3% | 1% | 17% | 5% | 5% | |

Source: Company Data; Shore Capital Markets

# Corporate Clipboard

### Aquila European Renewables (AERI, £318m MCap, 20% discount) – Intention to list on Euronext Growth Dublin

Aquila European Renewables announced its intention to seek admission of all of its ordinary shares with a nominal value of 1 cent each to trading on Euronext Growth Dublin, a market operated by Euronext Dublin. The Company is not raising any new funds and will not place or issue any new ordinary shares in connection with application for the proposed admission. No ordinary shares will be offered or marketed to the public in Ireland, the UK or elsewhere in connection with the Proposed Admission. The Company will remain listed on the premium segment of the Official List and admitted to trading on the Main Market for listed securities of the London Stock Exchange.

### Digital 9 Infrastructure (DGI9, £479m MCap, 65% discount) – Shareholder consultation

The Board has elected to not declare the Q2 2023 dividend and withdraw its target dividend of 6.0 pence per Ordinary Share for the year ending 31 December 2023. The Board will start a formal consultation with its shareholders, starting on 2 October 2023, to determine the optimal future dividend policy for the trust and to discuss the future direction of the Company, acknowledging the diverging views among the Company's shareholders regarding the Company's capital allocation policy. This shareholder engagement will be led by the Chair and Board of Directors in conjunction with the Investment Manager and the Company's Joint Corporate Brokers, J.P. Morgan Cazenove and Peel Hunt. The Company will provide a further update following the conclusion of the shareholder consultation.

### Ediston Property (EPIC, £147m MCap, 14% discount) – Proposed disposal of the property portfolio

Following the announcement of its Strategic Review on 16 March 2023, the Board of Ediston Property Investment Company announced that the Company has entered into an agreement for the sale of the entirety of the EPIC Group's property portfolio to RI UK 1 Limited, a wholly owned subsidiary of Realty Income, a US real estate investment trust listed on the NYSE for cash consideration of £200.8m, prior to agreed deductions of approximately £4.0m. After adjustment for estimated transaction costs, the Company expects, immediately following Completion, to have net assets of approximately £152.2m, equivalent to 72.0p per Ordinary Share. If the disposal becomes unconditional, it is the intention of the Board to seek shareholder approval for the voluntary liquidation of the Company with a view to distributing substantially all of the Company's net assets to Shareholders as soon as reasonably practicable.

### GCP Asset Backed Income (GABI, £262m MCap, 34% discount) – Cessation of combination discussions and introduction of continuation vote

On 11th August 2023, GCP Asset Backed Income Fund Limited announced that it had agreed heads of terms with GCP Infrastructure Investments Limited in relation to a proposed combination. The Company has undertaken a significant shareholder consultation exercise to seek feedback from shareholders as to their views. Whilst a number of shareholders expressed their support, a significant minority of shareholders are not supportive.  The Board has therefore notified GCP Infrastructure Investments that it intends to cease discussions.

### Hipgnosis Songs Fund (SONG, £1,013m MCap, 44% discount) – Asset sales to fund buy-backs and reduce debt, Board changes, changes to Investment Advisory Agreement

Hipgnosis Songs Fund announced the sale of 29 Catalogues to Hipgnosis Songs Capital, a partnership between Hipgnosis Song Management and funds managed and/or advised by Blackstone for cash consideration of $440m, reflecting a multiple of 18.3x historical Net Publisher Share. The company has also agreed in principle, subject to completion of legal documentation and the consent of the Company's lending banks, to sell a portfolio of non-core songs for a consideration of $25m. The net proceeds will be used to fund a share buyback programme of up to $180m, repay $250m of the Company's RCF and to enhance financial flexibility.

The Chair of the Board will step down as Chair and retire as a director of the Company once a suitable replacement is found. In addition, Andrew Wilkinson has also informed the Board that he intends to retire as a director before the end of 2023.

The Board has resolved that, if the Continuation Resolution is approved at the 2023 Annual General Meeting, the Directors will put a further Continuation Resolution to Shareholders at an extraordinary general meeting in January 2026, again at the Annual General Meeting to be held in 2028 and at every third Annual General Meeting thereafter.

The Board and the Investment Adviser have agreed certain further amendments to the Investment Advisory Agreement between the Company and the Investment Adviser such that (subject to the Continuation Resolution being passed) the Investment Advisory Agreement will be terminable by the Company on 12 months' notice.

If the Company's share price stands at an average discount to Operative NAV (as determined at the time of publication of the interim report for the period to 30 September 2024) of 10% or more, measured on average over the month of January 2025, the Board intends to serve notice to terminate the Investment Advisory Agreement. The Board may withdraw the notice before the effective date of termination if it considers it to be in the interests of shareholders to do so.

### Nippon Active Value Fund+ (NAVF, £175m MCap, 4% discount) – Migration to premium list

The Board of Nippon Active Value Fund plc confirmed that it has received confirmation from the FCA that the Company is eligible for the admission of its ordinary shares to the premium listing segment of the Official List of the FCA. The Board believes that NAVF will benefit over time from the migration which the Company expects to improve the access of retail investors to the enlarged Company and therefore its share rating and liquidity. Furthermore, the proposed rollovers of the assets of AJIT and AJG into the Company, are progressing. Further announcements relating to the Schemes, including the results of AJIT's general meeting and the results of AJG's general meeting, will be made in due course.

### Pantheon International (PIN, £368m MCap, 24% discount) – Tender Offer

The Company announced a tender offer, which will be conducted as a reverse auction, for up to £150,000,000 in value of ordinary shares. Shareholders who tender their shares at or below the strike price will be able to realise their investment in the Company in accordance with the terms of the tender offer. Shareholders who do not elect to tender their shares will benefit from the NAV accretion of the company repurchasing its own shares at a material discount to NAV. The Board of Directors unanimously believe that the tender offer represents an effective way for the Company to invest in its own portfolio at scale.

### Roundhill Music Royalty Fund (RHM, $465m MCap, 12% discount) – Recommended Cash Offer

The board of directors of each of Alchemy Copyrights, LLC, trading as Concord ("Concord") and RHM announced that they have reached agreement on the terms of a recommended cash offer pursuant to which Concord Bidco, a wholly owned subsidiary of Concord, will acquire the entire issued and to be issued share capital of RHM. Under the terms of the acquisition, shareholders will receive $1.15 in cash per share, a 67% premium.

### Symphony International Holdings (SIHL, £238m MCap, 40% discount)

Following a strategic review by the Board, with a view to maximising shareholder return on investment, it has determined that it is in the best interests of shareholders that the Company take proactive steps to realise its investments and for the proceeds of such realisations to be returned to shareholders. Such realisations and returns will occur in an orderly and efficient manner over the medium term. There is no intention to use proceeds from realisations for any new investments, other than any follow-on investments associated with existing investments only where consistent with the updated strategy.

### ThomasLloyd Energy Impact Trust+ (TLEI, £177m MCap, shares suspended) - Result of Second Requisitioned General Meeting & appointment of Transitional Investment Manager

All of the resolutions were proposed by certain entities and funds that are affiliated with the Company's current investment manager, ThomasLloyd Global Asset Management (Americas) LLC, with approximately 69.3% of votes cast by independent shareholders supporting the current Board. The Board also announced that it has agreed heads of terms with the Company's AIFM, Adepa Asset Management S.A. ("Adepa") and Octopus Renewables Limited ("Octopus Energy Generation") for Octopus Energy Generation to be appointed as the Company's transitional investment manager. Octopus Energy Generation and the Board intend to work with the current investment manager, ThomasLloyd Global Asset Management (Americas) LLC, to facilitate an orderly handover of information and responsibilities and will assume investment and portfolio management responsibilities until 30 April 2024.

## Upcoming Events

- 3 October 2023 – Shore Capital Emerging Markets Conference

  Emerging Markets Megatrends (on24.com)

- 10 October 2023 – Atlantis Japan Growth Fund – General Meeting
- 10 October 2023 – abrdn Japan - Second General Meeting
- 16 October 2023 - RoundHill Music Royalty Fund – General Meeting
- 17 October 2023 – Pantheon International – Closing date for the tender offer
- 19 October 2023 – Pantheon International – AGM
- 25 October 2023 – Asia Dragon Trust – General Meeting
- 26 October 2023 – Hipgnosis Songs Fund - AGM & EGM

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| Company | Disclosures | Date | Recommendation |
|---|---|---|---|
| ThomasLloyd Energy Impact Trust + | 1,3,5,9,11,13 | | House Stock |
| Canadian General Investment + | 1,3,4,9,14 | 15 April 2019 | House Stock |
| Nippon Active Value Fund+ | 1,3,4,5,9,11,12,13 | 23 Mar 20 | House Stock |

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