

UK INVESTMENT TRUST STUDY - SUMMARY REPORT



Thank you for your participation in UKITS 360!

Our UK Investment Trust study is an annual study that seeks to comprehensively understand your views on the investment trust market. The findings provide valuable insight to investment managers on how investors' attitudes and needs are evolving in the investment trust sector.

The UKITS 360 summary report takes you through some of the key findings that will be shared with investment managers...

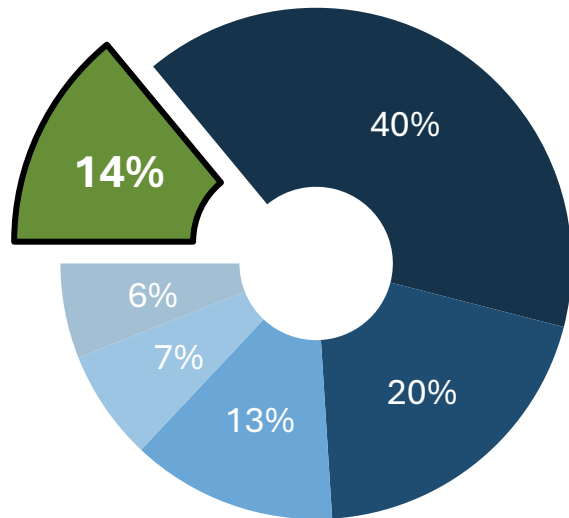
INVESTMENT TRUST USAGE

INVESTMENT TRUSTS CONTINUE TO ACCOUNT FOR A CONSIDERABLE PORTION OF ALL BUSINESS DESPITE INVESTORS NOT USING THEIR AVAILABLE REPERTOIRE IN ITS ENTIRETY

INVESTMENT TRUST BUSINESS ACCOUNTS FOR 14% OF ALL BUSINESS SO FAR IN 2024.

OEICs ACCOUNT FOR TWO FIFTHS OF ALL BUSINESS, WHILST DIRECT EQUITIES ACCOUNT FOR ONE FIFTH.

What proportion of all business do you currently write in the following?



■ Investment trusts
■ OEICs/ unit trusts
■ Direct equities
■ ETFs
■ Direct bonds
■ Other vehicles

How many investment trusts do you have on your firm's panel of funds? And how many investment trusts do you use with clients?



Average # of trusts on a firm's panel

26



Average # of trusts used with clients

13

ON AVERAGE, FIRMS HAVE 26 INVESTMENT TRUSTS AVAILABLE TO SELECT FROM THEIR PANEL OF FUNDS.

IN REALITY, ONLY HALF OF WHAT IS AVAILABLE TENDS TO BE USED.

FUTURE ALLOCATION

THE INVESTMENT TRUST SECTOR IS EXPECTED TO BENEFIT FROM INCREASED ALLOCATION OVER THE NEXT SIX MONTHS, WITH ATTRACTIVE DISCOUNTS EMERGING AS THE MAIN CAUSE OF THIS

Do you expect to be writing more or less investment trust business over the next 6 months?

ONE THIRD OF INVESTORS EXPECT TO INCREASE THEIR ALLOCATION TOWARDS INVESTMENT TRUSTS OVER THE NEXT SIX MONTHS.



32% INVEST MORE



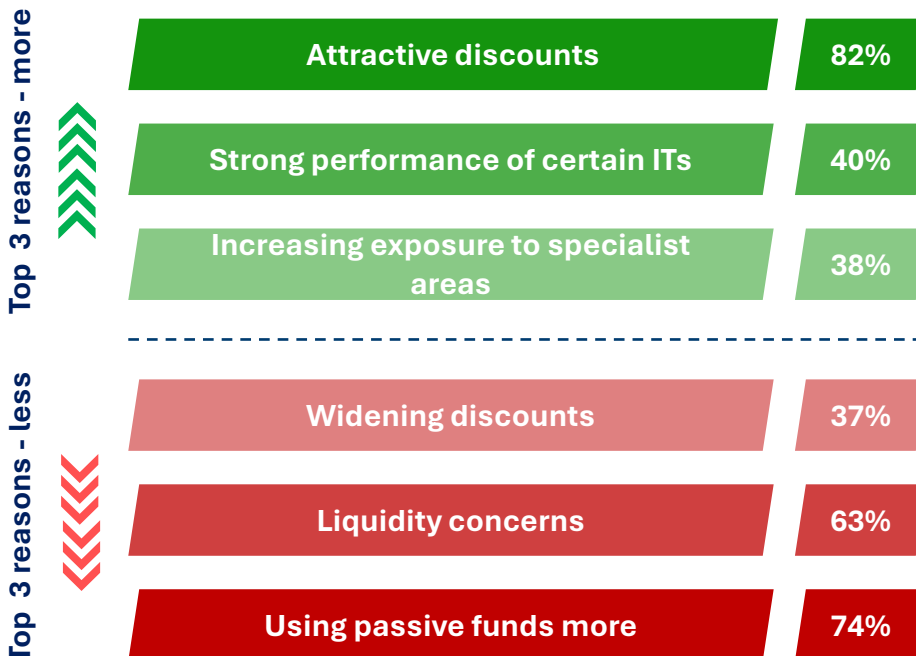
56% INVEST THE SAME



12% INVEST LESS

CONSIDERABLY LESS EXPECT TO DECREASE THEIR ALLOCATION.

Why do you expect to be writing more/ less investment trust business?



COMPELLING DISCOUNTS REMAIN THE MOST COMMON REASON FOR INCREASED ALLOCATION TOWARD INVESTMENT TRUSTS.

DIVESTMENT IS PRIMARILY DRIVEN BY A SHIFT TO PASSIVES.

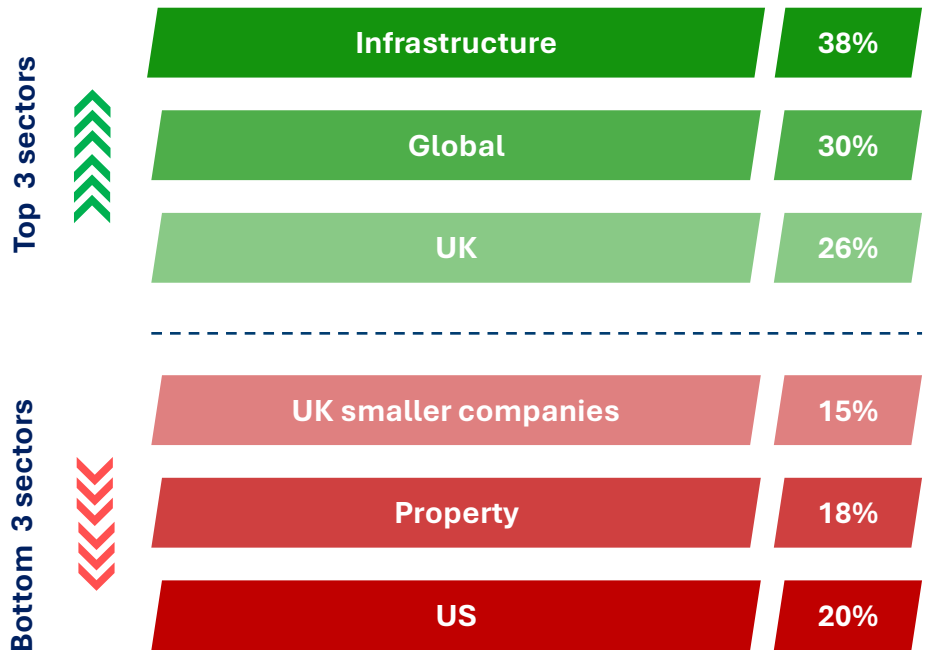
*Percentages are rounded and may not total to 100%

COMPELLING DISCOUNTS ARE DRAWING INVESTORS TO THE INFRASTRUCTURE SECTOR. THE PERCEIVED MARKET LEADER IN TRUSTS IS NOW A TWO HORSE RACE

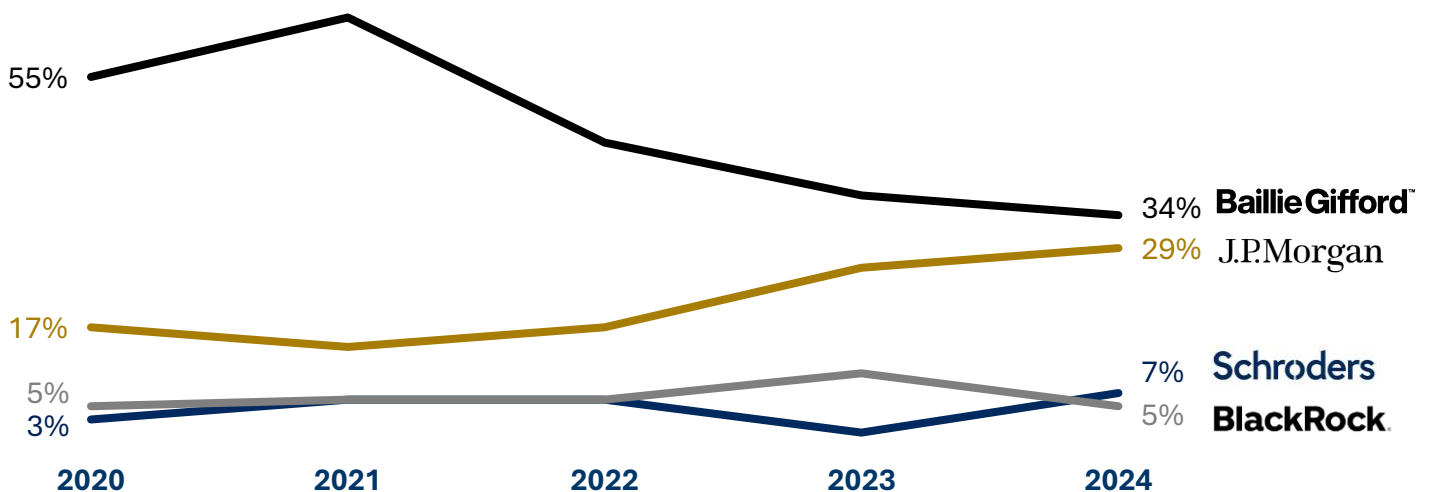
Which investment trust sectors are you looking to invest more/ less in over the coming months?

INFRASTRUCTURE REPRESENTS THE GREATEST OPPORTUNITY FOR INVESTORS OVER THE NEXT SIX MONTHS.

POLITICAL UNCERTAINTY IN THE US MAKES IT THE LEAST ATTRACTIVE SECTOR.



LEADING BRANDS: WHO IS THE MARKET LEADING INVESTMENT TRUST PROVIDER?



SINCE 2021, BAILLIE GIFFORD'S CONSIDERABLE LEAD AS THE PERCEIVED MARKET LEADER IN TRUSTS HAS DIMINISHED, WHILST J.P. MORGAN HAVE STEADILY GROWN IN PERCEPTION OVER THIS PERIOD. IT IS NOW A TWO HORSE RACE.

*Percentages represent the proportion of investors who name a sector or brand

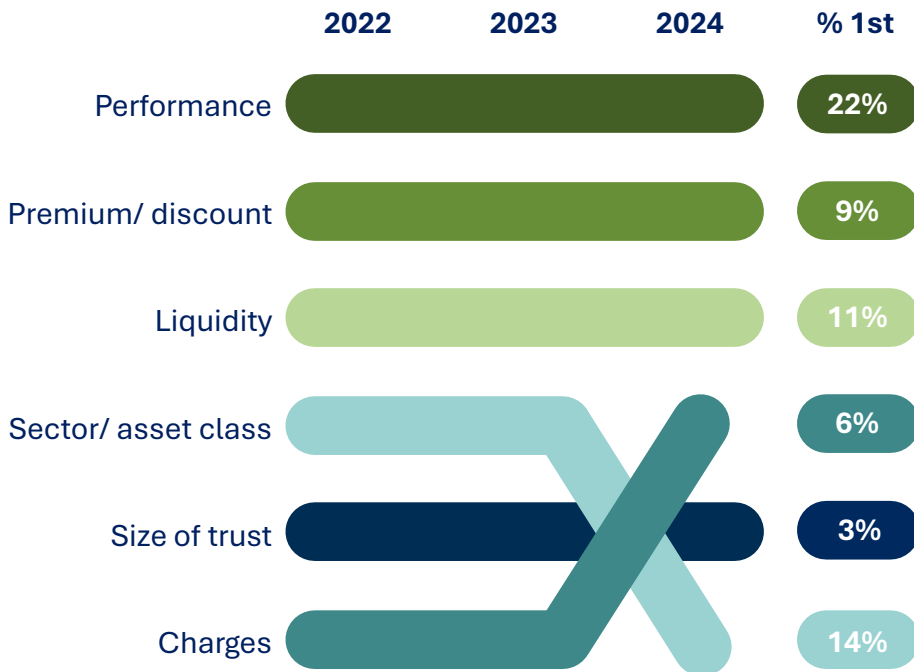
WHAT IS IMPORTANT?

WHEN SELECTING AN INVESTMENT TRUST, PERFORMANCE IS KING. SIZE ALSO MATTERS – THE AVERAGE MINIMUM MARKET CAP REQUIRED FROM AN INVESTMENT TRUST IS OVER £350 MILLION

WHEN RANKING “WHAT IS IMPORTANT TO YOU WHEN SELECTING AN INVESTMENT TRUST”, PERFORMANCE STANDS ALONE AS THE MOST IMPORTANT CONSIDERATION.

IN LIGHT OF RECENT COST DISCLOSURE ISSUES, CHARGES HAVE RISEN IN IMPORTANCE IN 2024.

When buying an investment trust, how important are the following considerations?



What is the minimum market cap an investment trust should have for you/ your firm to consider investing in it?



Average minimum market cap required from an IT

£360mn



% no minimum market cap required

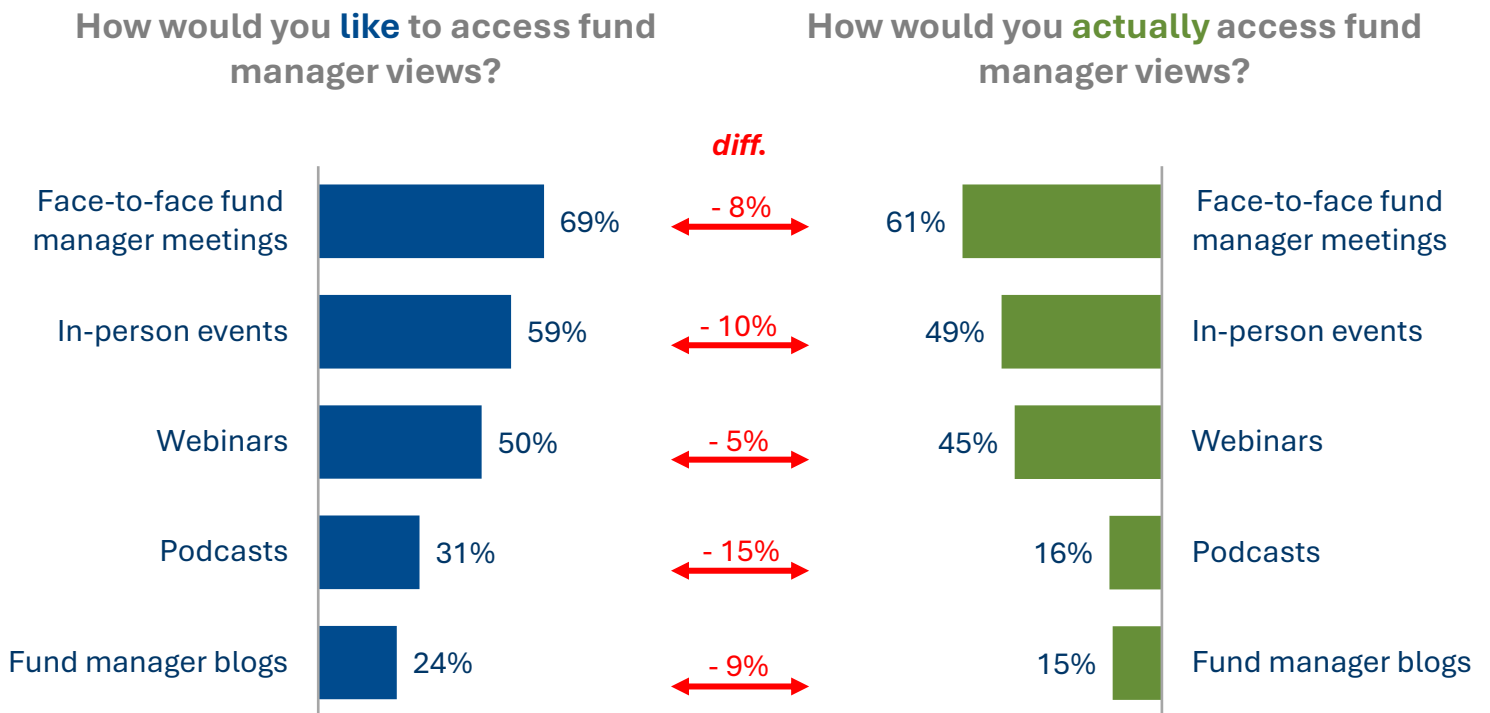
17%

THE SIZE OF A TRUST IS THE 5TH MOST IMPORTANT FACTOR.

THE AVERAGE MINIMUM SIZE REQUIRED FOR A TRUST TO BE SUITABLE TO RECOMMEND IS £360 MILLION.

ONLY 17% OF INVESTORS ARE ABLE TO CHOOSE TRUSTS OF ANY SIZE.

THANKS TO YOU, WE ARE ABLE TO IDENTIFY THE COMMUNICATION PREFERENCES WITH THE MOST UNMET DEMAND – THESE INCLUDE FACE-TO-FACE MEETINGS, EVENTS AND PODCASTS



FOR THE FIVE METHODS OF COMMUNICATION, THERE IS A GAP BETWEEN THE PROPORTION WHO SAY THEY WOULD LIKE TO USE THEM VERSUS THE PROPORTION WHO ACTUALLY DO. THIS GAP INDICATES UNMET DEMAND AND IS USEFUL IN HIGHLIGHTING YOUR EVOLVING COMMUNICATION NEEDS TO MANAGERS.

How important are the following qualities in a sales/relationship manager from an asset management firm?

- 1 **Honesty/ being realistic**
- 2 **Responsiveness to enquiries**
- 3 **Proactiveness with regards to help and support**
- 4 **Quick and efficient response to market events**

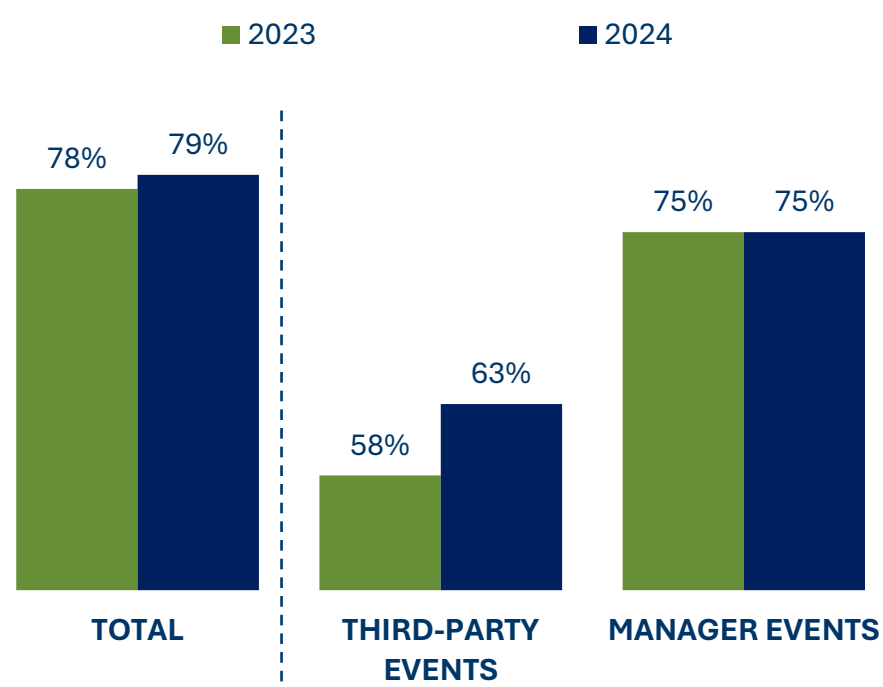
IN YOUR CONVERSATIONS WITH SALES/ RELATIONSHIP MANAGERS FROM INVESTMENT TRUST PROVIDERS, YOU VALUE HONESTY, RESPONSIVENESS, PROACTIVITY AND AVAILABILITY THE MOST.

EVENT ATTENDANCE REMAINS A KEY FACTOR IN AN INVESTOR'S SEARCH FOR TRUST INFORMATION, ALONGSIDE THE USE OF PUBLICATIONS, RESEARCH PROVIDERS AND BROKERS

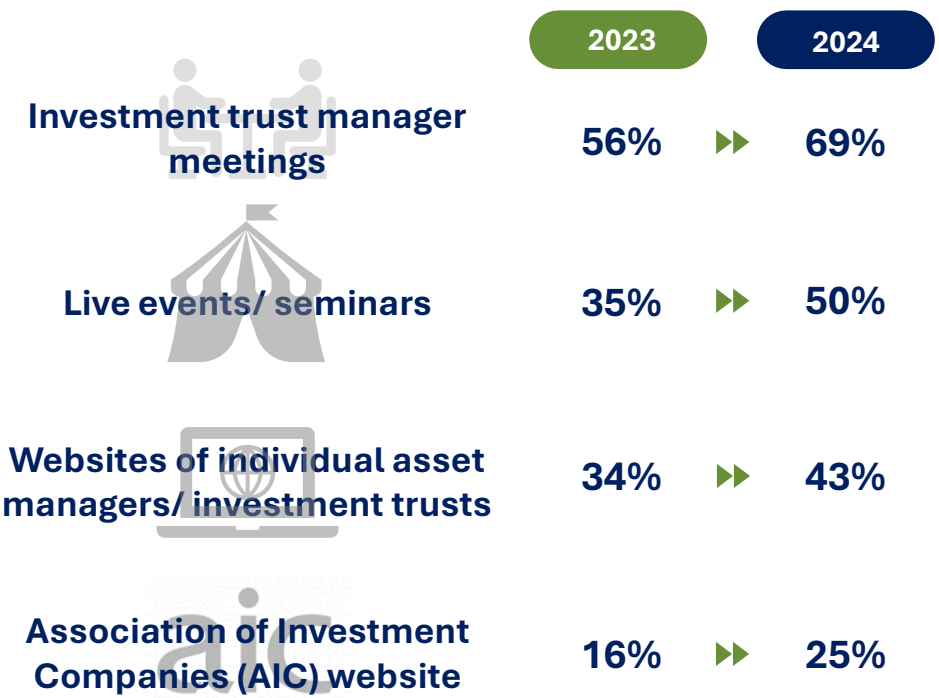
APPROXIMATELY 8 IN 10 INVESTORS HAVE ATTENDED AN EVENT ON INVESTMENT TRUSTS IN THE LAST SIX MONTHS.

IN THE LAST SIX MONTHS, MORE HAVE ATTENDED AN EVENT ORGANISED BY A THIRD-PARTY.

Have you attended any events on investment trusts in the last six months?



Which of the following are you MOST likely to use to find out about investment trusts?



WHEN ASKED WHICH INFORMATION SOURCES YOU ARE MOST LIKELY TO USE TO FIND OUT ABOUT INVESTMENT TRUSTS, DIRECT ACCESS TO TRUST MANAGERS IS BECOMING INCREASINGLY SOUGHT AFTER. MORE ARE ATTENDING MEETINGS, GOING TO EVENTS, AND VISITING TRUST MANAGER WEBSITES.

MEANWHILE, THE ASSOCIATION OF INVESTMENT COMPANIES (AIC) WEBSITE IS BECOMING AN INCREASINGLY REPUTABLE SOURCE OF INFORMATION.

*Percentages represent the proportion of investors who select each source of information

Methodology

First launched in 2016, UKITS is an annual research study which seeks to comprehensively understand professional investors' views on the investment trust market. The study enables investment trust providers to gain a deeper understanding of the investment trust sector and their target audience, in which they learn more about investor attitudes, key considerations and communication preferences. Results help to inform providers' strategies and ensures that your needs are being heard and sufficiently met.

RIF's annual UKITS survey takes place in the second quarter of each calendar year. The latest wave was conducted in June 2024 and surveyed 157 Discretionary Fund Managers (DFMs).

Charitable donations

£50 has been raised for charity from this year's UK Investment Trust study.

A massive thank you to those who completed the survey, for your kind donations and your continued support!

Partner charities :



Contact us



<https://researchinfinance.co.uk>



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Research

We sincerely hope you have found this summary report insightful, and that you will continue to take part in UKITS 360, as well as our other research projects, over the coming years.

Share

If you have any friends, family or colleagues in the institutional investment industry who would be interested in taking part, please send them the link below, where they will be able to receive invites to surveys, in-depth interviews and online communities.

Thank You

As a thank you for sharing your views, we always offer a reimbursement for your time – either as a voucher or charity donation.

Participation is entirely voluntary, and you can unsubscribe from survey invites at any time.