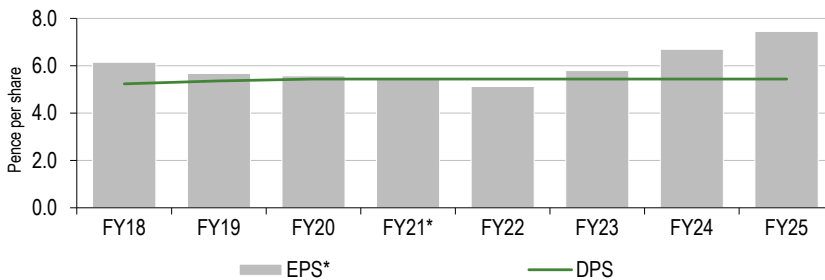


Aberdeen Diversified Income and Growth Trust

Spelling out the portfolio blocks

Aberdeen Diversified Income and Growth Trust (ADIG), a diversified multi-asset fund, has undergone a considerable change during Q420, as the board addressed the disappointing performance since 2017. We believe the change in strategy and the new team provide a turnaround opportunity. After a strategic review in October-November 2020, the manager, Aberdeen Standard Investments (ASI), simplified the strategy, segmented the investible asset classes into four asset buckets (listed equities, fixed income & credit, listed alternatives, private markets) and emphasised the sustainability of the dividend. The manager's plan to maintain or increase currently covered (1.0x) dividends should be supported by the lower interest expense after the partial bond repurchase in early November 2020 and the use of revenue reserves.

ADIG targets a dividend that is stable and covered by portfolio income*



Source: ADIG, Edison Investment Research. Note: *EPS numbers are from ADIG's revenue account (actual and projections).

Why ADIG now?

Nalaka De Silva, appointed the portfolio manager by ASI as part of the strategic review, has tilted the fund towards sustainable income and capital growth over the long term. The strategy is designed to deliver the targeted return and limit volatility of NAV. The portfolio has become much more diversified and yet more understandable with four clearly defined asset categories. A major component of ADIG's investor proposition is offering a dependable and regular dividend. The company has continued to pay regular dividends throughout the pandemic. The chart above illustrates the board's intention to keep the full-year dividend per share at least at a stable level in the coming years and cover it with revenue (using the revenue reserve of £38m or c 2.2x annual dividend at end-March 2021, if required).

The analyst's view

With portfolio re-alignment making good progress and continuing share buy backs, ADIG could be undervalued at c 17.6% ex-fair discount (8.3% three years' average discount). YTD performance has been encouraging with an NAV total return of 7.7% edging towards the peers' average of 10.1%. Based on the end-July 2021 share price, ADIG's last 12 months' dividend yield is 5.6%, the highest among the peers.

NOT INTENDED FOR PERSONS IN THE EEA

Investment trusts Multi-asset

20 August 2021

Price 97.8p
Market cap £302.7m
AUM £432.2m

NAV* 118.7p
Discount to NAV 17.6%
NAV** 120.3p
Discount to NAV 18.7%

*Excluding income. **Including income. As at 18 August 2021.

Yield 5.6%
Ordinary shares in issue 309.5m
Code/ISIN ADIG/GB0001297562
Primary exchange LSE
AIC sector Flexible Investment
52-week high/low 101.5p 86.2p
NAV* high/low 118.8p 109.3p

*Including income

Net gearing* 2.3%

*As at 30 June 2021, defined as net debt (total debt at market value less cash) divided by shareholders' funds

Fund objective

Aberdeen Diversified Income and Growth Trust (ADIG) invests globally using a flexible multi-asset approach via quoted and unquoted investments. It aims to generate attractive long-term capital and income returns by applying a diversified multi-asset approach, using quoted and unquoted investments, with no geographical or sector restrictions. This is a new investment objective that was approved by the shareholders at the AGM in February 2021.

Bull points

- Attractive c 5% cash covered dividend yield expected by the team for the next two to three years.
- Structured stability of returns at the NAV level.
- The still stubbornly wide discount is an opportunity, provided the team delivers on its targets.

Bear points

- The last three to five years' performance has lagged the peers.
- Has undergone two strategic reviews within the last five years.
- The dividend is likely to be uncovered in FY22.

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[Edison profile page](#)

Aberdeen Diversified Income and Growth Trust is a research client of Edison Investment Research Limited

Fund profile: Portfolio re-alignment progressing

ADIG was founded in 1898 as the British Assets Trust, a global equity income investment trust managed by F&C Investments (now BMO Global Asset Management). In February 2015, the mandate moved to BlackRock and the trust became BlackRock Income Strategies, a multi-asset strategy with an absolute return focus. ASI took over as manager in February 2017, following two years of the trust under BlackRock's management with disappointing performance, and renamed the fund Aberdeen Diversified Income and Growth Trust (in our [initiation note](#) we described the changes implemented in 2017 in more detail). ADIG retained a multi-asset, absolute-return approach, but started focusing more on a diverse portfolio, including longer-term, less liquid investment funds that individual investors would otherwise be unlikely or unable to access. Nevertheless, the expected returns failed to materialise within the asset allocation and portfolio structure implemented between 2017 and 2020.

Following another strategic review, announced in October 2020, ADIG's investment objective is to provide income and capital appreciation over the long term through investment in a globally diversified multi-asset portfolio, aiming to deliver a total return (defined as net asset value (NAV) growth plus dividends) of 6% pa over a rolling five-year period. This was approved by the shareholders at the AGM in February 2021 and shifted the performance measurement focus to absolute from relative. Previously performance was measured relative to Libor. The decision to move away from Libor as a performance measure has broadly coincided with the recommendations from regulators, including the Commodity Futures Trading Commission's (CFTC) Market Risk Advisory Committee (MRAC) and Interest Rate Benchmark Reform Subcommittee. The manager also proposed the following changes: increase alternatives and private markets' exposure (to add to the available sources of return), diversify risk exposure, reduce listed equity exposure, at the same time tilting it more to income. The strategic review also assumed an increase of its exposure to private investments to c 45% of NAV by Q221 (vs 30% at end-November 2020) and 55% over the long term, which compares with its pre-2020 strategic review long-term target of c 43% (see Exhibit 4).

The fund manager: ASI

The managers' view: Cautiously optimistic about future returns

Following the strategic review of Q420, Nalaka De Silva, head of private markets solutions at ASI, was appointed to run ADIG, assisted by two co-portfolio managers, Jennifer Mernagh and Nic Baddeley. In a world where income investors are highly concerned about inflation, ASI believes that diversification and active management are key to ADIG's revised multi-asset strategy with steady and potentially growing dividends. De Silva believes that the fund is structured well to deliver on its targets. To date the team has struck a desirable balance between listed and unlisted credit, infrastructure and alternatives, as well as between listed and private market assets for the fund to offer a combination of growth, income and some inflation protection. Among other things, the well diversified portfolio creates some inflation shield as not only inflation, but also shifting expectations on inflation could still have an impact on asset pricing and therefore on portfolio positioning.

Asset allocation and portfolio

Investment process: Strategic asset allocation, tactical asset allocation and portfolio construction

ADIG aims to generate attractive long-term capital and income returns by applying a diversified multi-asset approach, using quoted and unquoted investments, with no geographical or sector restrictions. The investment process consists of a number of connected steps, including strategic asset allocation (SAA), tactical asset allocation (TAA), as well as portfolio construction, management and monitoring. The ASI multi-asset solutions (MAS) team has 130 investment professionals, and their expertise is at the portfolio managers' (PMs) disposal.

SAA is revised once a year. The team does not turn the portfolio on a daily basis. While they do not trade the portfolio, they perform corrections as required, so the annual turnover within the portfolio at a stable stage remains fairly low at c 30% (source: Morningstar).

As part of the revised SAA work, the ADIG portfolio was simplified to four main categories to reflect the risk premia in the portfolio (prior to October 2020 ADIG had 14 asset categories within the portfolio):

1. listed equities,
2. fixed income & credit,
3. listed alternatives; and
4. private markets.

TAA is conducted via various forums, such as the strategic investment forum and various asset class steering groups. TAA decisions influence SAA over time.

Day-to-day portfolio management ensures that the portfolio is run on the most cost-effective basis. Ongoing charge ratio (OCR) was 0.84% (at end-June 2021).

The managers use the full capabilities of ASI as a firm. Within MAS there are three sub-teams, whose expertise contributes to ADIG's portfolio management:

- ASI Research Institute (including economists who feed into SAA process) – 14 people;
- MAS Research (including SAA team and the head of SAA) – seven people; and
- Modelling & Analytics (MA, including portfolio optimisation and risk teams) – 14 people.

ASI Research Institute, embedded within ASI, supplies the PMs with six different macroeconomic forecasts. The PMs apply these to different asset classes, modelling and putting them through an optimiser incorporating quantitative and qualitative scenarios. The PMs also assess risks around the scenarios. The modelling output is curated by the MAS group, which optimises the process.

While the allocation between asset classes in ADIG is determined by the three PMs, the individual asset class sleeves of the four portfolio categories are run by specialist PMs within ASI. Exhibit 1 illustrates that the bulk of the assets (c 70%) within the portfolio is managed by ASI. When ASI does not manage a certain asset class picked by the PMs for ADIG, the team looks for this asset class externally. Asset management is done by asset baskets, both internally, and externally.

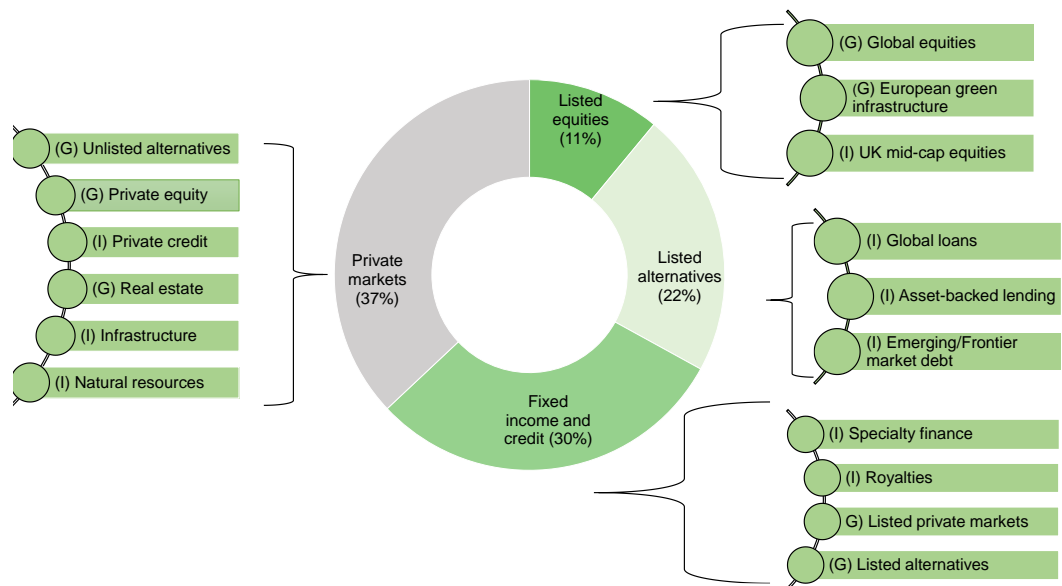
Exhibit 1: ADIG's portfolio asset classes sleeves are internally and externally managed

Portfolio categories	% of the portfolio			% of internal/external	
	Internal	External	Total	Internal	External
Listed equities	10.4%	0.0%	10.4%	100%	0%
Fixed income & credit	12.0%	14.7%	26.7%	45%	55%
Listed alternatives	22.1%	0.0%	22.1%	100%	0%
Private markets	22.3%	15.6%	37.8%	59%	41%
Cash	3.0%	0.0%	3.0%	100%	0%
Total	69.8%	30.2%	100.0%	N/A	N/A

Source: ADIG. Note: Manager's estimates at 30 June 2021.

Exhibit 2 illustrates the team's multi-asset approach, with the asset classes split as at 31 March 2021.

Exhibit 2: ADIG's four asset categories and their current sub-categories



Source: ADIG at 31 March 2021, Edison Investment Research. Note: G = growth and I = income characteristics.

Exhibit 3 presents the asset classes and their features sought by ADIG's management team within the highly diverse category of private markets.

Exhibit 3: Private market asset classes selected by ADIG

Asset class	Details	Attractive features
Private equity	Ownership interests in private companies that require capital for growth, management buyouts and turnarounds across multiple sectors and markets.	Typically high growth, innovative and scalable
Private credit	Lending to businesses or projects that can include senior asset backed loans (ABS), subordinated debt, speciality finance and special situations funding.	Typically higher yielding
Infrastructure	Investing in essential infrastructure that support domestic and regional economies, such as roads, schools, hospitals, transportation assets, energy generation and supply and communication assets.	Typically very stable with attractive yield with inflation linkage
Real estate	The development and improvement of commercial buildings, residential property and mixed use and special purpose facilities.	Typically generates income and growth
Natural resources	Investment in timber, agriculture, fisheries, aquaculture and physical commodities, such as minerals.	Typically generates income and has a strong linkage with inflation

Source: ADIG

Current portfolio positioning

At 30 June 2021, there were 629 holdings in ADIG's portfolio, with the top 10 making up 38.3%. This compares with 602 holdings at end-December 2020 (36.6% in the top 10).

December 2020 marked the portfolio's major restructuring move, following the strategic review in October-November 2020. As a result of restructuring, the number of holdings has increased almost sixfold, making the portfolio much more diversified and reducing the top 10 concentration. There were 113 holdings and 44.5% in the top 10 at end-November 2020, as highlighted in [Edison's note published in December 2020](#). The reason for the increase in holdings is disclosure related, rather than structural. The post-restructured portfolio has look through into the sleeves. So where previously there would be one line, for example emerging market debt, the team now shows the individual investment lines. This makes the portfolio more transparent and clear for investors.

Cash represented 3.6% of ADIG's NAV at end-June 2021, down from 8.0% six months ago, at end-December 2020, as the team has been bringing the portfolio close to the targets.

We present the new breakdown of the company's portfolio allocation by asset class in Exhibit 4. It also shows that the team has made considerable progress towards positioning the portfolio to its TAA targets, but the process is still ongoing and there is some way to go for all four major asset type categories.

Exhibit 4: Target portfolio allocation vs current portfolio allocation					
Asset type	Target portfolio allocation before the strategic review	Target portfolio allocation in Q221 post the strategic review	June 2021	Remaining balance to reach the target	
Private markets	35.0%	45.0%	37.8%	7.2%	
Fixed income and credit	32.0%	22.6%	26.7%	-4.1%	
Listed alternatives*	16.0%	20.0%	22.1%	-2.1%	
Listed equities	17.0%	9.4%	10.4%	-1.0%	
Cash	0.0%	3.0%	3.0%	0.0%	
Total portfolio assets	100%	100%	100%	N/A	
Total return	5.4%	5.7%			
Risk**	8.1%	8.5%			

Source: Aberdeen Diversified Income and Growth Trust. Note: *Listed alternatives allocation includes special opportunities, as well as active systemic and global risk mitigation strategies. **Defined as annual standard deviation of returns.

Portfolio activity

Since Q420 the team has been repositioning the portfolio. We outline portfolio activity over this period below by the four major asset clusters: private assets, fixed income and credit, alternatives and equity.

Private markets

The portfolio managers made a £10m investment in Investcorp Mount Row II, a private credit fund. In addition, alongside drawdowns from the committed pipeline since September, they added a position in the ASI Global Private Markets fund to provide diversified private market exposure.

Fixed income and credit

The team sold down Twenty Four Asset Backed and the emerging market debt exposures to the levels close to those recommended in the strategy review (26.7% at end-June 2021 versus 22.6% target). The gilt futures position used to hedge the duration of the 2031 bonds has been scaled down to match the remaining bond issuance, resulting in the large change in the government bonds (down 11.5pp to 5.4% at end June 2021).

Listed alternatives

The team has made new investments within energy storage (Gresham House Energy Storage Fund, GRID), UK solar ([Foresight Solar Fund](#) (FSFL), NextEnergy Solar Fund (NESF) and music royalties, switching from Hipgnosis (SONG) into [Round Hill Music Fund](#) (RHM) in February 2021 on the MAS team's switch recommendation, as SONG had delivered the target return set by the ADIG team.

Listed equity

The team exited the Global Equity Multifactor Fund, and initiated positions in UK mid-cap equities, European green infrastructure equities, and a core sustainable equity sleeve.

Performance: On an improving trajectory

Exhibit 5: Five-year discrete performance data

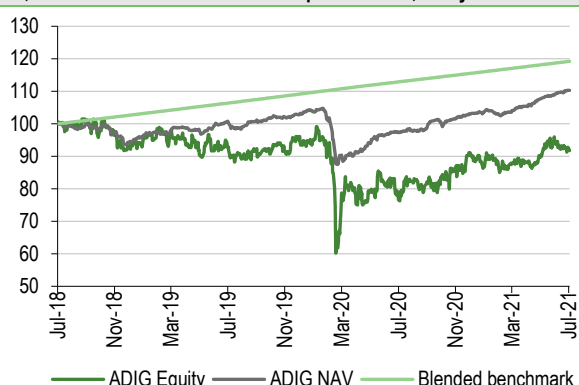
12 months ending	Share price (%)	NAV (%)	Blended benchmark* (%)	CBOE UK All Companies (%)	MSCI AC World (%)	UK Gilts All Stocks (%)
31/07/17	5.3	8.4	6.6	15.0	18.5	(2.6)
31/07/18	9.7	2.9	6.1	9.1	12.1	1.3
31/07/19	(7.3)	0.8	6.4	1.1	10.9	7.5
31/07/20	(17.3)	(3.5)	6.1	(18.5)	0.5	9.4
31/07/21	21.0	13.4	5.6	26.4	26.3	(4.1)

Source: Refinitiv. Note: *Blended benchmark is FTSE All-Share/FTSE World ex-UK 80:20 composite up to 26 February 2015 as provided by the trust; then UK CPI +4.0% up to 10 February 2017 and Libor + 5.5% since 10 February 2017. All % on a total return basis in pounds sterling.

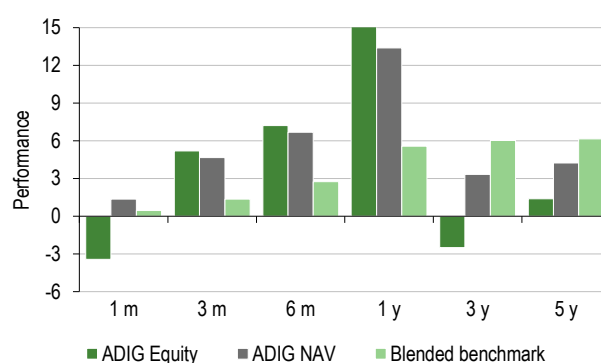
From February 2021 the relative performance is displayed for reference only, as the Libor + 5.5% benchmark was dropped by ADIG then. ADIG's NAV total return (net of fees) and share price returns have improved considerably during the past 12 months, amid portfolio reorganisation, outperforming the Libor + 5.5% measure in the period. Previously disappointing performance in the three discrete periods from the first ADIG reorganisation in 2017 through to July 2020 was addressed by the board and the PM team during the Q420 strategic review and consequent portfolio restructuring.

Exhibit 6: Investment trust performance to 31 July 2021

Price, NAV and benchmark total return performance, one-year rebased



Price, NAV and benchmark total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

Exhibit 7: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Since change*	Five years
Price relative to Blended benchmark	(3.9)	3.8	4.3	14.7	(22.2)	(17.8)	(20.5)
NAV relative to Blended benchmark	0.9	3.3	3.8	7.4	(7.4)	(8.9)	(8.7)
Price relative to CBOE UK All Companies	(3.9)	3.2	(5.2)	(4.2)	(11.0)	(9.3)	(18.1)
NAV relative to CBOE UK All Companies	0.9	2.7	(5.7)	(10.3)	5.9	0.6	(5.9)
Price relative to MSCI AC World	(3.5)	1.8	(4.7)	(4.1)	(34.1)	(34.1)	(42.7)
NAV relative to MSCI AC World	1.3	1.3	(5.1)	(10.2)	(21.6)	(27.0)	(34.2)

Source: Refinitiv, Edison Investment Research. Note: *Blended benchmark is FTSE All-Share/FTSE World ex-UK 80:20 composite up to 26 February 2015 as provided by the trust; then UK CPI +4.0% up to 10 February 2017 and Libor +5.5% since 10 February 2017. Since change = since April 2017. Data to end-July 2021. Geometric calculation.

According to the new investment objective, performance is now measured in absolute terms and targets a total return (defined as NAV growth plus dividends) of 6% pa over a rolling five-year period. Over the last 12 months, all asset classes have delivered net positive contributions. Listed equities were up from the coronavirus sell-off lows of March 2020. Within fixed income and credit, emerging market bonds were the top performer. Within listed alternatives, Marketplace Finance was the largest positive contributor, as Pollen Street Secured Lending was taken over in an all-cash deal. The top performers within private markets were private equity, where existing investments were marked up by the underlying managers following improvement in macroeconomic conditions. In particular, this was led by the Pan European Infrastructure Fund secondary position being

marked up to NAV from a discounted purchase price, and litigation finance, following a large health insurance-related claim success.

Both ADIG's NAV and share price performance have been recovering well since the March 2020 slump, outperforming the blended benchmark. Over the 12 months to end-July 2021, the NAV and share price total returns were 13.4% and 21.0%, outperforming the blended benchmark by 7.4pp and 14.7pp respectively. Also, while ADIG's share performance accelerated in October-November 2020 as the strategic review was ongoing, it somewhat stalled between December and May 2021 on the back of the slower NAV performance in early 2021. As the share price and NAV performances began to diverge throughout July 2021 (Exhibit 6, left-hand side), the market appears to be waiting for further evidence of the sustainability of the recovery in performance within the targets over the long-term (five plus years).

Discount: Widening during the COVID-19 pandemic

Since the change in strategy in 2017, ADIG has been targeting a maximum discount to NAV (excluding income, with debt at fair value) of 5% in 'normal' market conditions. The average discount to its NAV over the 12-month period to end-July 2021 was 15.1%, disappointingly above the target. This compares to the average three-year discount of 8.3%, slightly above the target. Consequently, in the period, the trust continued to buy back shares (see Capital structure and fees section).

Exhibit 8: Share price discount to NAV (excluding income) over three years (%)



Source: Refinitiv, Edison Investment Research

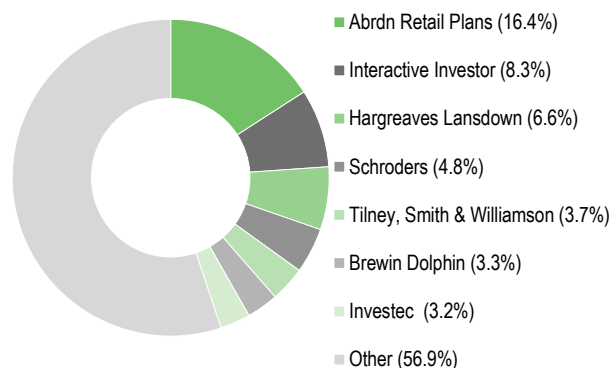
Market conditions have been far from 'normal' since mid-March 2020, affected by the COVID-19 crisis. Since early April 2020, the discount to ADIG's NAV has fluctuated between 10% and 20% and was c 17% at end-July 2021. According to the manager, the ongoing share buy backs allow for cash management flexibility, should limit share price volatility and should reduce the discount to NAV. Buy backs are also accretive to NAV per share.

Capital structure and fees

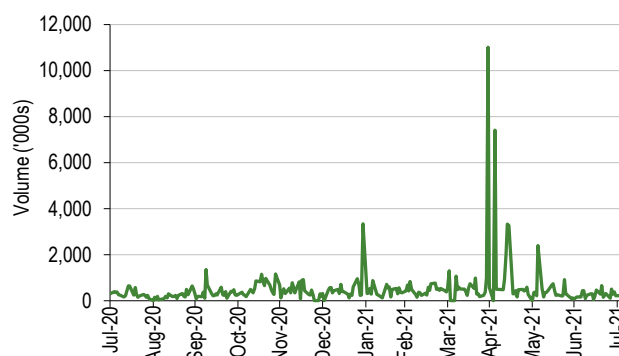
ADIG is a conventional investment trust with one class of share. On 31 July 2021 there were 309.5m ordinary shares in issue. The board has the authority to buy back up to 14.99% of the outstanding shares or allot up to 10% of the share capital annually, to manage a discount or a premium. During FY21 to end-July (year-end September), the company purchased 7.6m shares for £7.3m, which is c 2.4% of the share capital at FYE20.

During the six months to end-March 2021, ADIG completed a debt repurchase of £43.9m (the charge is shown in the interim report statements) of the £60m nominal outstanding, which aimed to

reduce the net gearing of the portfolio to c 6% (see the gearing section below). The manager estimates that the repurchase will also result in an annual reduction of interest costs payable by the company by c £2.7m (equal to c 16% of the dividend), which should be supportive for its progressive dividend programme. The repurchase was also aimed at increasing capital management flexibility, most notably with respect to discount management, including share buybacks. The remaining £16.1m of the bond continues to pay a coupon of 6.25% per year and is due in 2031. The board does not intend to introduce further fixed rate gearing in the current economic environment.

Exhibit 9: Major shareholders


Source: ALAI, as at 31 July 2021

Exhibit 10: Average daily volume


Source: Refinitiv. Note: 12 months to end-July 2021.

ASI, ADIG's investment manager, is paid an annual management fee of 0.5% of net assets up to £300m and 0.45% thereafter. Investments in ASI funds that invest directly in alternative assets, such as infrastructure or property, are charged at the lowest institutional rate, while fees charged on ASI funds that do not invest directly in alternatives are waived or rebated to ADIG. Fees to external managers are paid based on institutional classes of shares (which are typically very low at 10–25bp). There is no performance fee. Management fees and financing costs are charged at a ratio of 60% to capital and 40% to revenue (with effect from 1 October 2018). This is slightly more conservative compared to previous 65:35 split. At end-FY20, ADIG's ongoing charges were 0.84%, unchanged compared to end-FY19.

During the AGM in February 2021, ADIG held its second continuation vote, and subsequent continuation votes will be held each year, as planned during the 2017 reorganisation.

Gearing

Gearing is permitted up to 20% of net assets. Amid the portfolio restructuring of Q420, ADIG's cash position increased to 17.2% at end-October 2020 (from 3.3% at end-September 2020), falling to the 3% targeted level at end-June 2021. Net gearing (with debt at market value) was 2.3% at end-June 2021. Net gearing reduced from 10.8% at end-October 2020, prior to the repurchase and cancellation of £43.9m of the company's £60.0m bond in early November 2020 as part of the strategic review. The bond was repurchased at a c 54% premium to its par value, which translated into a consideration payable of c £67.7m (not including accrued interest) and was equivalent to reduction in NAV of c 1.55p per share. The board continues to keep the overall level of gearing under review, but, in the prevailing economic environment, there is no current intention to introduce further fixed rate gearing.

Dividend policy, cover and record

ADIG aims to provide investors with a stable and growing dividend stream. The trust pays quarterly dividends (in March, July, October and January), at a level consistent with the expected annual underlying portfolio yield.

For the year to 30 September 2021, a first interim dividend of 1.38p (2020: 1.36p) per share and a second interim dividend of 1.38p (2020: 1.36 pence) were paid to shareholders on 31 March and on 15 July 2021, respectively. In FY21, the company intends to declare four quarterly dividends of 1.38p per share each (or 5.52p per share in total), which translates into a prospective FY21 dividend yield of 5.6% based on the end-July share price of 98.0p.

The manager highlights that during the period of recycling capital to private investments following the recent strategic review, its dividend programme will be supported by lower interest costs after the bond repurchase and, if required, the revenue reserve. At end-March 2021, ADIG had revenue reserves of £38.0m, which we estimate was equivalent to c 2.2x of its annual dividends. Over the longer term, the manager expects dividend pay-outs will be supported by the growing importance of unlisted holdings in the delivery of total income to ADIG's portfolio, primarily in the form of dividend income from these assets (see the exhibit on the front page).

Peer group comparison

ADIG is a member of the Association of Investment Companies' Flexible Investment sector. This is a very diverse sector by strategy and we have selected eight multi-asset peer sector peers that pursue an absolute return objective and generate some income within the AIC Flexible Investment sector. We consider ADIG to be most similar to RIT Capital Partners, Caledonia Investments, BMO Managed Portfolio Income and JPM Global Core Real Assets, which all have private equity exposure. Although JPMorgan Multi-Asset Growth & Income does not invest in private markets to a substantial extent, it is also a diversified multi-asset fund, displaying a high degree of similarity of strategies with ADIG, including infrastructure, fixed income and credit and alternatives. That said, each strategy is quite distinct from the others, and as such performance can diverge markedly between funds.

In Exhibit 11 we show a comparison of the year to date (YTD) or since ADIG's portfolio restructuring (SR) following the strategic review in October-November 2020 and also since change (SC) of policy on 31 March 2017. These three periods illustrate a remarkable improvement in ADIG's performance relative to peers, potentially demonstrating that the refreshed approach is working.

Exhibit 11: Selected Flexible Investment peer group at end-July 2021*

% unless stated	Market cap £m	NAV TR YTD, SR**	NAV TR SC***	NAV TR 3 year	NAV TR 5 year	Ongoing charge	Perf. fee	Discount (ex-fair)	Net gearing	Dividend yield
Aberdeen Diversified Income & Growth	307.4	7.7	11.5	7.6	17.3	0.60	No	(17.0)	102	5.6
BMO Managed Portfolio Income	68.0	10.5	32.4	21.1	50.8	1.11	Yes	(0.0)	105	4.3
Caledonia Investments	1,805.9	21.2	45.0	30.1	60.5	0.99	No	(23.3)	100	1.9
Capital Gearing	802.9	8.2	33.8	25.9	43.7	0.58	No	2.1	100	0.9
JPMorgan Global Core Real Assets	198.5	(2.6)				0.71	No	3.2	100	4.4
JPMorgan Multi-Asset Growth & Income	86.0	9.9		19.7		1.04	No	(3.6)	100	3.8
Personal Assets	1,643.2	9.0	27.5	28.0	32.2	0.73	No	0.9	100	1.1
RIT Capital Partners	4,112.7	19.1	63.9	50.1	79.3	0.66	Yes	(3.2)	112	1.3
Ruffer Investment Company	602.9	7.4	24.7	24.0	32.7	1.08	No	1.9	100	0.7
Peer group average (excl. ADIG)	1,157.4	10.1	28.8	37.4	46.9	0.9	0.0	(3.1)	102	1.8
Trust rank in peer group	6	8	8	9	8	9		9	3	1

Source: Morningstar, Edison Investment Research. Note: *Performance to 31 July 2021. **SR = since restructuring post the strategic review in October-November 2020. ***SC = since change of policy on 31 March 2017. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

Despite the fact that YTD ADIG's NAV total return still ranked eighth amid peers, the performance gap between ADIG and peers has narrowed. YTD NAV total return is closer to the peers (7.7% versus 10.1%), compared with 11.5% versus 28.8% NAV total return since change of policy on 31 March 2017. From end-March 2017, performance has been below the peers' average, affected by the weak performance of insurance-linked securities and litigation finance (see our previous notes for more comments). While five-year returns are also below the peer average, we note that this partly reflects the weak performance of BlackRock Income Strategies.

ADIG's dividend yield of 5.6% remains clearly ahead of the peer average of 1.8%. Importantly, the dividend yield is presented on a last 12 months basis. It has remained around this level during the economic downturn triggered by the COVID-19 pandemic. We note that ADIG set an increased dividend target of a total of 5.52p per share for FY21 (from 5.44p per share in FY20). The trust's ongoing charges are lower than the sector's average and it does not charge a performance fee. ADIG's shares are currently traded at a double-digit discount to NAV, which is wider the peer average.

The board

Exhibit 12: ADIG's board of directors

Board member	Date of appointment	Remuneration in FY20	Shareholdings at end-FY20
Davina Walter (chairman)	February 2019, chair since February 2021	£ 37,802	17,008
Tom Challenor	April 2017	£ 31,767	157,418
Trevor Bradley	August 2019	£26,500	25,000
Anna Troup	August 2019	£26,500	5,000
Alistair Mackintosh	May 2021	N/A	N/A

Source: ADIG

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