Investment trusts go on sale

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You wouldn't expect to see much enthusiasm about a recent plunge in share prices, for two reasons. Firstly, it seems fairly crass against the backdrop of a humanitarian crisis, and secondly it's very difficult to know if things will get much worse before they improve. The old adage about catching a falling knife seems prescient here.

Having said that, it's striking just how much investment trust discounts have blown out relative to their own history recently. Parsing Winterflood data published on 7 March, we can identify more than 50 trusts whose shares were trading on the biggest discount to net asset value (NAV) for at least the last 12 months. Providing we do eventually get through the Ukrainian crisis and whatever follows, long-term investors may see an opportunity.

Some of those names which have hit 12-month discount highs had already struggled in the face of a pullback for growth investors. **Keystone Positive Change (KPC)**, **Baillie Gifford UK Growth (BGUK)** and **European Opportunities (EOT)** make the list, as do various others seen as growth plays. Private equity funds **3i (III)**, **Pantheon International (PIN)**, **HarbourVest Global Private Equity (HVPE)** and **Standard Life Private Equity (SLPE)** were at their 'cheapest' level in 12 months, as were **Chrysalis Investments (CHRY)** and **Schroder UK Public Private (SUPP)**. Discounts had also widened on small- and mid-cap trusts, especially global and UK trusts.

What's interesting, however, is that the trend has crept into other corners of the investment universe. The music royalties funds, **Polar Capital Global Financials (PCFT)** and a handful of infrastructure trusts looked cheaper than they had done in 12 months. Though for the latter this has sometimes meant a mildly less extreme premium than usual, an example being **BBGI Global Infrastructure (BBGI)**.

Value-minded funds such as **AVI Global (AGT)** and **Fidelity Asian Values (FAS)** have also made the list. **Murray International (MYI)** turned 'cheap' despite both its shares and NAV holding up relatively well in recent weeks. **Henderson Far East Income**'s **(HFEL)** NAV performance has been positive in recent weeks, yet its shares have still suffered and a 12-month high has emerged on the discount front.

As we mentioned last week, wealth preservation trusts **Ruffer Investment Company (RICA)**, **Personal Assets (PNL)** and **Capital Gearing (CGT)** have all held up pretty well, and each of these commanded a premium at the start of the week. The woes of **RIT Capital Partners (RCP)**, by contrast, saw its shares slump to a 13.5 per cent discount to NAV, marking another 12-month high.

In the case of a few 'cheap' trusts, the current volatility may well be disguising some idiosyncratic problems. All of the emerging market trusts had moved to, or at least close to, 12-month discount highs at the start of 7 March, and their exposure to Russia varies. Elsewhere, **Civitas Social Housing (CSH)** and **Triple Point Social Housing (SOHO)** may have made the list, but sector-specific problems had already emerged last year.

As ever, having a watchlist of investments you'd like to buy at a certain price can help with situations like this, even if your assessment of different holdings needs updating in light of this year's events. But valuations could now be turning heads for braver investors.