Are you not entertained?

Our analysts discuss the greatest story ever told...

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In the pretty poem Christmas, British poet laureate John Betjeman asks "And is it true? And is it true, This most tremendous tale of all?"

He was referring, of course, to 'the greatest story ever told', a traditional euphemism for the story of the birth, life, death and resurrection of Jesus Christ.

As the day upon which the birth of Christ is traditionally celebrated approached, we asked our analysts to apply their razor-like intellects to this most topical and festive of questions.

Like all forms of artificial intelligence, however, they are very sensitive to the way a question is phrased and they are prone to solipsism. It appears that they misunderstood what we were asking for.

Instead of a level-headed analysis of the New Testament and a high conviction answer on the veracity of its teachings, they responded with a list of the stories they consider the greatest ever told, this year, by the analysts at Kepler Trust Intelligence.

The greatest (investment trust related) stories ever told (this year, by us)

Kepler's own Mr Fezziwig, William Heathcoat Amory, chose two articles which focused on the rapidly increasing pace of corporate activity in the investment trust sector...

Thomas wrote a great article in July, highlighting the pace of corporate activity in the sector. In the investment trust space when discounts are wide, the sector arguably needs to get smaller before it gets bigger. This **article** highlighted this dynamism in the market. M&A and wind-ups have been a big feature, which in our mind is very different to the open-ended universe, where out of favour funds are just left to grow old, and die very, very slowly – very much to the detriment of underlying investors. In contrast, investment trust corporate activity has continued, with a blistering pace of announcements from across sectors.

We've been through cycles before, and at its core this one is no different. What has changed in our view is that boards are singularly less complacent. We may regret losing some of these trusts at a point in the future, but it is good news that boards are now quicker than ever to jump on the corporate activity button. In our view, this is the medicine that the sector needs, and the quicker it is taken, the quicker discounts will narrow and the sector can be certified fit once more. As another colleague, Joe, so succinctly put it in a **more recent article**, the trust sector has many structural advantages for investors, which put it in an excellent position to continue to deliver good long-term returns. He summarises these advantages as "gearing, discounts, income consistency, exposure to hard-to-reach opportunities and the role of boards". It is last but not least currently, but in time we believe that the other advantages of trusts will once again come to the fore in investors' minds.

Alan Ray joined him on the same topic...

My story of the year isn't about a single article but relates to some of the coverage we've given to investment trusts merging over 2024. Two very good examples of this are the Henderson European Focus (HEFT) and Henderson Eurotrust (HNE) merger to create Henderson European Trust (HET), a **summary of which we wrote here**, and Witan's (WTAN) merger with Alliance Trust (ATST) to form Alliance

Witan (ALW), **which you can read about here**. In essence though, both were mergers of trusts that aimed to provide investors with a 'core' holding. This is an objective where it's uncontroversially the case that scale is desirable, as it helps reduce costs and improve liquidity in the shares. Small improvements on costs can add up over the long-term.

I think mergers are one of the big stories of the year, can help keep our emotions in check and demonstrate that market forces do effect positive change. The sector is very underserving of some of the less complimentary labels applied to it and I don't think mergers signal any kind of crisis – just practical adaptation to the facts on the ground.

Thomas McMahon took a Scrooge-like pleasure in predicting the demise of ESG...

There are a few data-heavy articles we have published over the past year that I enjoyed, but as it's Christmas, I thought something a little easier to read would be appropriate. In April, Alan and I **debated the merits of ESG**, specifically when it comes to the E. It was good fun putting the case against incorporating ESG objectives in an investment strategy, and I stand by every word I wrote.

In fact, it amused me to see when writing a recent piece on commodities that, while US carbon emissions continue to fall, exports of natural gas have risen. They have been exporting to countries that are either switching from more emitting fuels like coal, and thereby helping the E, or countries that are switching supply of natural gas from the revanchist Russia of Vladimir Putin, and therefore helping the S. I put it to you that the USA is the climate hero, not Europe, and its next biggest contribution will be to fund and roll out cheaper nuclear energy. Let's bet on human freedom and economic growth in 2025 rather than pettifogging bureaucracy.

Ryan Lightfoot-Aminoff, who would surely be Scrooge's nephew Fred (that's enough – ed), thought our guide to listed private equity was worth a second look...

Listed private equity (LPE) has both intrigued and confounded me in equal measure. Therefore, I found the article "**The doctor will see you now**" a great read. Not only did it provide a good run down of what was happening in the sector right now, but it also gave a comprehensive overview of the different strategies on offer and the attractions and opportunities of each.

The long-term returns of the asset class speak for themselves, and in theory, the approach of providing capital and knowledge to help fledgling businesses get off the ground through capital investment and expert knowledge should lead to strong performance over the long-term. However, I had previously struggled to differentiate between the different strategies, and often treated the wide discounts with a bit of skepticism as to whether I am missing something that others are aware of.

Fortunately, the article did what I believe a strategy article should do – improve a reader's understanding and help them to make better informed investment choices. The piece also provided a good counter to the issues highlighted in some areas of the press. Private equity is often the target of fairly aggressive negativity in both mainstream and social media, and therefore having these criticisms firmly addressed meant any lingering doubts I had over the sector were allayed.

The LPE sector hasn't been immune to the very wide discounts we have seen across the industry, but this, in my opinion, has provided a plethora of options from which to choose. With "The doctor will see you now" now essentially as my guide, I look forward to making a well-informed choice in the new year.

Josef Licsauer said his boss's article was brilliant...

I'm an absolute sucker for a catchy title; it's often what draws me to a new book in Waterstones, a film on Netflix, or even to one of my colleagues' articles! With very specific plans for retirement involving ageing incredibly slowly and being able to afford copious amounts of wine, Thomas' article 'How to grow old gracefully (and preferably rich)' immediately grabbed my attention.

As Thomas succinctly puts it: *Retirement planning, what an exciting phrase, full of promise and joy. Who doesn't want to think about getting older and less capable, and how they will fund their retirement home?* It's certainly a daunting thought, but nonetheless incredibly important. I think Thomas has done an excellent job of making a potentially dry topic not only more readable but also engaging.

Using the Monte Carlo simulation, he brings potential outcomes to life, subtly steering us away from becoming either the miserly Scrooge or the carefree spendthrift. It is a thoughtful and engaging read for anyone looking to spend a bit of time thinking about their investment strategies alongside their long-term retirement goals. If you haven't already, **you can revisit this gem here**.

Conclusion

Richer in terms of our understanding of the investment trust world, but perhaps not much more so spiritually, we turned to ChatGPT for guidance on the original question.

It said: "Gladiator. The Russell Crowe one, obviously. Who the f**k is Paul Mescal?"

You can read Sir John Betjeman's more **nuanced thoughts** here.

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