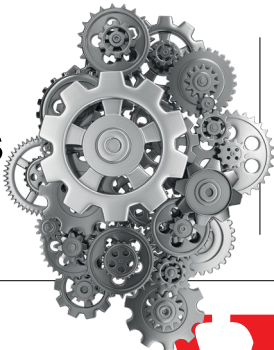
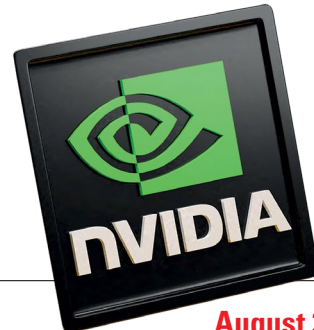


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August 2026

MONEYWEEK INVESTMENT TRUSTS

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Thinking beyond the short term

In today's markets, there's a great deal to be said for an intrinsically long-term fund



MoneyWeek has always been a strong supporter of investment trusts, largely because they offer their managers freedom to take a longer-term view when constructing their portfolios. Other characteristics such as the ability to use gearing (borrowed money) or the chance for investors to buy at a discount to the value of their assets can help to improve returns, but it's their "permanent capital" that is most valuable.

If you are investing directly into sectors such as property, infrastructure and private equity – where you can't simply sell assets in a few days because your investors suddenly want their money back – the need for permanent capital speaks for itself. However, even with listed investments, sectors such as smaller companies often suffer from high volatility and limits on how quickly you can buy and sell holdings.

No high-conviction investor wants to be at the mercy of rapid inflows and outflows, so investment trusts are a natural structure for such portfolios. And in today's short-term markets – where sentiment hinges on quarterly results, monthly data and what feels like daily geopolitical upheavals – there's much to be said for a structure that encourages a long view, whatever you are investing in. Investment trusts have been around since 1868, with all the ups and downs that implies; they can surely help investors navigate this age of rapid change as well.

That said, the past few years have been difficult. Discounts soared, bringing pressure both from opportunistic activists and disgruntled shareholders. This was partly due to external factors, but it's fair to say the sector was due a shake-up. Some boards had been too complacent. There was a clear need for consolidation. The failure to reach new investors was becoming critical. Thankfully the outlook is now improving, and we hope this special supplement makes clear why the diversity of investment trusts to choose from should ensure a bright future.

We're very grateful to Schroders Asian Investment Trusts for sponsoring these pages, as well as to all our advertisers. And if you're keen to learn more about the funds mentioned – as well as many others that there was no space to cover this time – we recommend you attend the Association of Investment Companies' annual Showcase on Friday 9 November in London (also streaming online). See page 13 for more details and use code MW26 when booking to register for free. Many of our contributors will be there. Say hello if you see us.

Cris Sholto Heaton
editor@moneyweek.com

4 Essentials

Investment trusts are well suited to long-term investing, especially in more specialist sectors. We look at some of their key features and how they differ from open-ended funds.



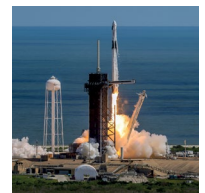
6 Portfolio

MoneyWeek set up our model investment trust portfolio 14 years ago. It's time to review what's changed along the way and how our current holdings fit into the wider investment trust sector.



8 Opinion

Recent years have been challenging for investment trusts. However, narrowing discounts, new rules on disclosing costs, closer scrutiny of activists and a pick-up in fundraising all point to a brighter outlook.



10 Income

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AI is today's hottest theme, but technology trends have been leading the market for a decade. Explore the differences between some of the most popular technology trusts and how they are investing now.



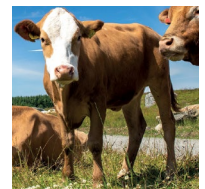
14 Asia and emerging markets

Asia and emerging markets have transformed over the past decade. Traditional stalwarts such as financials and natural resources now take second place to cutting-edge technology and innovation in most portfolios.



16 Alternatives

Trusts investing in private equity, property and renewable energy trade at wide discounts to the value of their assets. Find out why sentiment remains weak and whether this makes them a bargain.



18 Tips

The investment trust market is home to a huge range of investment opportunities. Five experts share some of their top recommendations, from a global trust to a specialist infrastructure fund.



A solid basis for building wealth

Long-term investors should understand the mechanics of investment trusts, says Maryam Cockar

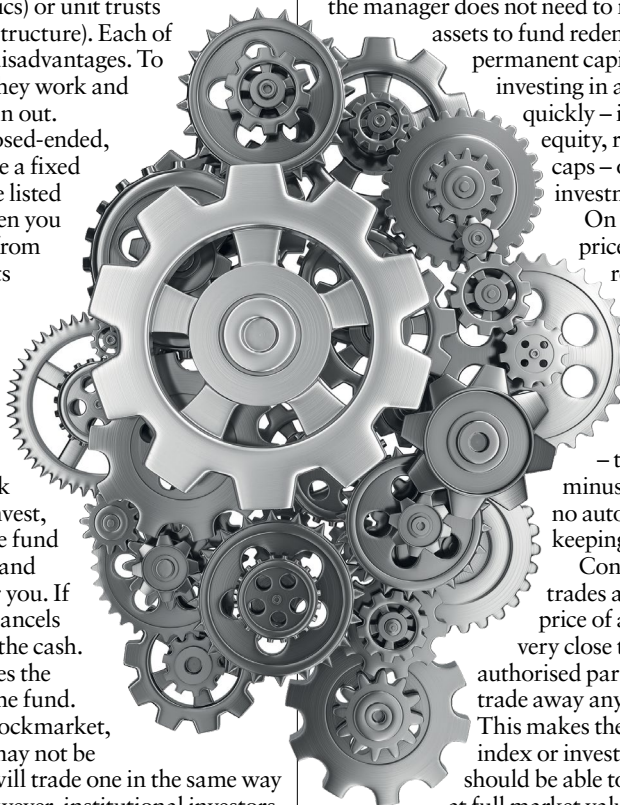
Investment trusts are one of three main types of fund, with the other two being exchange-traded funds (ETFs) and what are variously called open-ended investment companies (Oeics) or unit trusts (depending on their exact structure). Each of these has advantages and disadvantages. To see why, let's look at how they work and where investment trusts win out.

Investment trusts are closed-ended, which means that they have a fixed amount of shares. They are listed on the stockmarket, so when you invest, you buy the shares from another investor who wants to sell (via your broker). If you want to cash out, you sell to another investor who wants to buy. These trades do not affect the money within the trust.

Oeics are open-ended and are not listed on a stock exchange. If you want to invest, you send your money to the fund manager (via your broker) and more shares are created for you. If you redeem, the manager cancels your shares and sends you the cash. Each of these trades changes the amount of money held in the fund.

ETFs are listed on the stockmarket, but are open-ended. This may not be obvious to you, since you will trade one in the same way as an investment trust. However, institutional investors, known as authorised participants, also trade directly with the manager to create and redeem shares. When they do this, money flows in or out of the fund.

“ETFs and Oeics are simpler, but trusts offer more ways to boost returns”



Permanent capital

One strength of an investment trust is that buying and selling shares has no effect on its portfolio, because the manager does not need to invest fresh cash or sell assets to fund redemptions. Having this permanent capital is important for investing in assets that can't be sold quickly – infrastructure, private equity, real estate or small caps – or certain long-term investment strategies.

On the other hand, the price that investors pay or receive for shares in a trust is the prevailing market price. This can be at a discount or a premium to the trust's underlying net asset value (NAV) – the value of its assets minus its liabilities. There is no automatic mechanism for keeping them in line.

Conversely, an Oeic always trades at NAV, while the price of an ETF should also be very close to NAV because the authorised participants will quickly trade away any discount or premium. This makes them good for tracking an index or investing in liquid assets. You should be able to cash out your holding at full market value at any time.

Creating long-term value

So ETFs and Oeics are simpler – but investment trusts offer more ways to boost returns. For example, if you buy a trust's shares at a discount to NAV, this will amplify your gains if the discount shrinks on top of the underlying investment return. An unusually wide discount should reduce over time if performance is good, although this is not guaranteed. A trust can use share buybacks or tender offers to try to raise the price and close the discount faster, but this won't always work. Sometimes discounts can last longer than expected because of weak demand among investors for a certain sector or style, or even investments trusts as a whole. Still, when a trust buys back shares at below their fundamental value, that should create value for its remaining investors over the long term.

And the long term is what trusts are about. A trust is a listed company whose role is to make investments. The investors are shareholders, with a board to look after their interests, and an external manager to run the portfolio. They have options that open-ended funds don't have. They can borrow to buy extra assets up to a limit set by the board (often 20%). This gearing has the potential to increase returns, although it can also amplify losses. They can hold back some income to keep dividends steady (see page 10). If returns are poor, they can replace the manager. And if weak performance or a wide discount persists, shareholders may vote to sell some assets and take back some capital, or wind up altogether. In short, it is a very different relationship with investors compared to Oeics – and, in MoneyWeek's view, a solid basis for building wealth.

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Where to find trust research

MoneyWeek has made investment trusts one of our top priorities since we launched over 25 years ago, but there are also many other sources you can add to your reading list.

The Association of Investment Companies (AIC), the trade body for the sector, has a wealth of news and data for investors, including a calendar of upcoming events and meetings (theaic.co.uk). Morningstar (morningstar.co.uk) and Trustnet (trustnet.com) also offer some useful screening tools and articles.

Quoted Data (quoteddata.com) and Kepler Trust Intelligence (trustintelligence.co.uk) provide both editorial commentary on the sector and issuer-paid research. Issuer-paid means the trust pays for it, so this should be seen as marketing rather than independent analysis, but can provide a useful overview.

There is also a number of other firms providing various kinds of commentary (eg, Capital Access, Edison, FundCalibre, Hardman and Winterflood), some of which you can

find in the AIC's research section. Citywire has good coverage of key stories in its Investment Trust insider section (citywire.com/investment-trust-insider). The number of financial magazines and investment sections in newspapers has shrunk over time, but the Financial Times, Investors' Chronicle, The Mail on Sunday, The Telegraph and The Times all still cover trusts to some extent. Among the platforms, Interactive Investor has the best coverage (ii.co.uk/stock-market-news/funds-trusts).

Finally, look for insights from writers who have followed the sector for years. We have ideas by Andrew McHattie, David Stevenson, James Carthew, Jonathan Davis and Max King on page 18, while other very experienced commentators include Gavin Lumsden (now at Quoted Data), Ian Cowie (The Times), Jeff Prestidge (The Mail on Sunday) and John Baron (Investors' Chronicle), and of course our former colleagues Merryn Somerset Webb and John Stepek at Bloomberg.

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NAV per share (\$)²	3%	6%	21%	48%	246%	497%
Share price total return (\$)³	9%	34%	65%	53%	286%	348%
Share price total return (£)	7%	34%	53%	54%	275%	563%
FTSE AW total return (\$)	11%	24%	74%	73%	251%	332%

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1. Over the ten years to 30 June 2026, the US dollar NAV per share compound annual growth rate ("CAGR") was 13% and the public market comparator (the FTSE All-World Total Return Index) CAGR was 13%.
2. Please also note the "NAV per share" percentages in the table above reflect the US dollar monthly estimated NAV per share.
3. HVPE introduced an additional US dollar share price on 10 December 2018; from this date onwards, the actual US dollar share price, as reported by the London Stock Exchange, has been used. Prior to this date, the US dollar share price had been converted from the sterling share price at the prevailing exchange rate. The share price total return figures have been adjusted for the redemptions which occurred in October 2013 and October 2014.

Lessons from the last 14 years

MoneyWeek's model portfolio offers plenty of insights into how to use investment trusts, says Rupert Hargreaves

The MoneyWeek portfolio of investment trusts was created in June 2012 as an easy-to-follow, set-and-forget, all-weather portfolio. Investment trusts were chosen on the grounds of their long-term performance, flexibility, cost, as well as other factors such as their ability to use gearing and for investors to trade in and out of positions with relative ease.

The initial six holdings were chosen to cover a range of different strategies, with the aim of changing them as infrequently as possible. Over the past 14 years there have only been six changes, with two of the original trusts still in the portfolio today. Our changes have added value about 50% of the time; that is to say, around half of them ended up generating worse returns than staying put. This is a valuable example of the benefits of not tinkering too much.

Overall, the portfolio has returned a satisfactory 248% (9.2% per year) in share-price terms, assuming no rebalancing between holdings (which may not be entirely realistic). The FTSE UK All-Share index has returned 5.2% per year over the same time, while US-heavy FTSE All-World index has returned 9.7%. Dividends would have further topped up returns, although this is not an income portfolio – the average yield (weighting each trust equally) is around 2%.

Chosen for diversification

The original trusts were picked with diversification in mind, with each falling in a different sub-sector of the investment trust universe. **Personal Assets** (LSE: PNL) – still in the portfolio today – was selected for its emphasis on absolute returns, wealth preservation and a zero-discount policy, which made it the perfect “core defensive holding”. At the other end of the risk spectrum, **Scottish Mortgage** (LSE: SMT) was the key “growth equity” in the portfolio. After a long run of market-beating returns, the trust also remains a core holding of the current portfolio.

Finsbury Growth & Income (LSE: FGT) was initially picked in 2012 for its focus on high-quality global businesses and a “disregard for benchmark strictures”. Lead manager Nick Train had a strong record in 2012, having outperformed the FTSE All-Share Index over the previous ten years.

BH Macro (LSE: BHMG) invests all its assets into the Brevan Howard Master Fund, a global macro hedge fund that had outperformed during the turbulent years of the 2008-2009 financial crisis. The thinking here was to include a trust whose “fortunes tend to be inversely correlated with the equity markets”.

3i Infrastructure (LSE: 3IN) was added as an “absolute return income-generating pick”. The trust was selected over some sector peers for its preference on “operating assets rather than contracts whose values will fall over time”. Finally, **RIT Capital Partners** (LSE: RCP), chaired at the time by Jacob Rothschild, was “an old industry favourite”. It offered a diverse portfolio of public, private, hedge fund and real assets.

Trading places

The first change came in a little over a year, when **Caledonia Investments** (LSE: CLDN) replaced BH Macro. In hindsight, BH Macro may have been a weak choice in the first place. Yes, it gave investors access to a type of investing that's usually off-limits to those with less than £1m of assets. However, hedge funds are

expensive (BH Macro's charges vary between 1.5% and 2% per annum depending on performance fees), and returns at the time did not justify that.

Caledonia is a family investment company, with a diversified, global portfolio and long-term outlook. It was added to the portfolio at a 20% discount to NAV. This is one of the trades that's worked best. Since the portfolio was first constructed, BH Macro has returned 114% to the end of July 2026. By switching to **Caledonia**, the portfolio has earned a 124% return.

Late 2015 and early 2017 brought two more changes: the removal of **3i Infrastructure**, replaced by **Law Debenture** (LSE: LWDB), followed by the sale of **Finsbury Growth & Income** for **Temple Bar** (LSE: TMPL). **3i Infrastructure** was sold after management reset its target return objectives. **Finsbury Growth** was removed on valuation grounds – after gaining 98% in five years, the underlying holdings appeared expensive compared with the rest of the market.

Both **Law Debenture** and **Temple Bar** were selected for their low costs and contrarian, UK-focused value strategies. **Law Debenture** was trading at a 14% discount to NAV – a discount that has now all but disappeared. This turned out to be an astute decision: **3i Infrastructure**'s share price has return 118% over the 14 years, versus the 200% achieved by switching.

The **Temple Bar** position worked out less well. This holding was sold in May 2020 (at a loss of 42%) and replaced with **Mid Wynd International** (LSE: MWY) following the severe underperformance of UK value stocks (partly due to the effect of the pandemic) and the departure of manager Alastair Mundy. This meant the portfolio did not benefit from its strong recent returns under Ian Lance of Redwheel.

Mid Wynd was added as a “resilient, quality-growth global compounder to balance Scottish Mortgage” but failed to live up to expectations. It was removed in April 2025, after a change in management, and replaced by **JPMorgan Global Growth & Income** (LSE: JGGI). The inability to stick with one trust for this part of the portfolio has hurt returns. Switching from **Finsbury** to **Temple Bar** to **Mid Wynd** and finally **JGGI** produced a return of 65% to the end of July.

In comparison, even though **Finsbury** has drastically underperformed over the past five years, it has returned 142% since June 2012. Switching from **Finsbury** to **Temple Bar** and then sticking with that would have been an even better decision, with a return of 236%.

The final major change in the portfolio was the sale of **RIT** for **AVI Global** (LSE: AGT) in March 2023. **RIT**'s exposure to private equity and venture capital had increased from 24% in 2012 to 45%, which didn't sit so well with the rest of the portfolio. Meanwhile, **AVI**'s “global value remit, exposure to family holding companies, discounted trusts, and Japanese equities” seemed attractive in comparison to the wider valuation of global markets. So far, the returns from both **RIT** and **AVI** have been fairly similar.

Evaluating the options

So what could the next 14 years hold for the portfolio? Are the six trusts still the right ones for today's markets? What other trusts might work in a similar strategy?

Personal Assets is one of the best ultra-defensive plays around, helped recently by its exposure to gold. Its closest peers are **Capital Gearing Trust** (LSE: CGT) and **Ruffer** (LSE: RICA), both of which follow similar strategies to protect and grow capital in excess

“Our changes have added value about half the time – a valuable example of the benefits of not tinkering too much”



© Getty Images

Scottish Mortgage's portfolio includes Chinese electric-vehicle maker BYD

of inflation over the long term. The inflation spike in 2021-2023 and the timing of how markets adjusted to interest-rate hikes means that Personal Assets' returns over the last five years are lagging inflation. However, it is still ahead over ten years and back ahead over three.

While JGGI has hardly blown the lights out since it was added to the portfolio, previous trading suggests it would be a mistake to tinker further with this holding. This is the largest trust in the global equity income sector, with the best record and highest dividend yield (3.9%). It pays dividends out of both income and capital growth, with a target is 4% of NAV out every year. While in theory this means the payout could fall, management has so far avoided this by being overweight growth stocks. The approach gives it more flexibility than peers such as **Murray International** (LSE: MYI) or **Scottish American** (LSE: SAIN).

Law Debenture has by far the best record of any UK equity income trust over the past ten years, with a performance gap of around 100% over closest rival Temple Bar (although the latter has done well lately under its new manager). That's partly because it is both an investment portfolio and a professional services business. The latter arm carries out mundane but essential tasks such as pension-scheme management, escrow services and paperwork for issuing corporate bonds. Income from this has generally met about a third of the trust's annual cash dividend requirement.

That gives the managers flexibility to invest in both income and non-income-producing equities (ie, growth stocks). The approach is clearly working, but for investors who prefer a straightforward UK equity fund, there are many peers with a range of styles: Temple Bar, **Aberdeen Equity Income** (LSE: AEI), **City of London** (LSE: CTY), **Edinburgh** (LSE: EDIN), **Fidelity Special Values** (LSE: FSV), **Merchants** (LSE: MRCH) and **Murray Income** (LSE: MUT) to name a few. Note that

Lowland (LSE: LWI) is run by Laura Foll and James Henderson, who look after Law Deb's investments.

Caledonia's shares have lagged the market over the last five years as its discount to NAV has remained stubbornly high, averaging 30% to 40%. The trust has tried to remedy this by splitting the stock to improve liquidity, buying back shares and pushing the dividend higher, but the big block of stock (48%) owned by the Cayzer shipping family clearly weighs on it. Still, we bought Caledonia as a family-controlled trust, liking it due to its mixed exposure to private equity funds, direct private company holdings and public equities. It is still one of the best in the space for this combination. The higher weight to direct investments still gives it the nod over its main peer RIT for our purposes.

Scottish Mortgage has been the portfolio's biggest winner by far, with a return of 940% since 2012. The trust's edge has been its ability to pick winners and act with conviction, something no other trust has managed to replicate with success across private and public markets. Yes, there has been some volatility along the way, as any shareholders who held through the 2021-2023 peak-to-trough decline of nearly 56% will attest. However, the rewards from this style of investing don't come without risks.

Finally, AVI Global. The reasons for adding this trust still stand. Its focus on value is highly attractive in what one might argue is a frothy market, and it offers significant exposure to Japan (23%). With look-through exposure to the US of just 13%, the fund has missed out on some of the recent tech boom, but it is intended to offer something very different to the global index. Peers **Alliance Witan** (LSE: ALW), **Brunner** (LSE: BUT), **F&C** (LSE: FCIT), and **Monks** (LSE: MNKS) may be simpler options for a one-stop global trust, but AVI's blend of global value and activism remains attractive as a complement to the rest of our portfolio.

“The portfolio has returned a satisfactory 248% – or 9.2% per year – since 2012”

Light at the end of the tunnel

After a challenging few years, the outlook for investment trusts is improving, says Annabel Brodie-Smith

It has been a challenging few years for investment trusts. Rising interest rates, cost-disclosure problems and the dominance of markets by large US tech firms led to wide discounts and the re-emergence of activist shareholders. Yet there is now a series of signals that indicates there is light at the end of the tunnel.

Discounts are narrowing. Fundraising is picking up. A solution to the cost-disclosure issue is in place. There are proposals to address loopholes exposed by activists. Investment trusts have been included in the Pensions Scheme Bill, and more marketing to increase awareness of investing and investment trusts is on its way.

Discounts rose from 2.5% at the end of December 2021 to a peak of 18.8% at the end of October 2023. Since then, discounts have now narrowed to 11% at the end of July. The sector has radically reshaped itself with unprecedented levels of mergers and share buybacks, as well as mandate changes and fee cuts. Boards have worked hard to give shareholders a better deal.

Fundraising is also starting to come back. In the first half of the year, Seraphim Space Investment Trust raised £137m, while TwentyFour Income Fund and Invesco Bond Income Plus raised £98m and £85m respectively.

Cost-disclosure rules had artificially made investment trusts look expensive, which deterred wealth managers from buying them. This has now changed, with the unique characteristics of investment trusts being recognised by the Financial Conduct Authority (FCA) in its new cost disclosure regime. Other funds no longer have to pull through the costs of investment trusts when investing in them. This positive outcome could well lead to more wealth managers and open-ended funds buying investment trusts next year.

Activist agenda

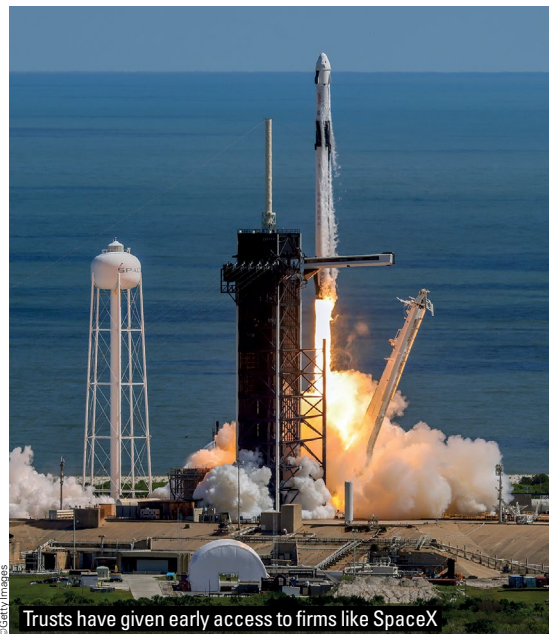
When discounts widened, activist investors became buyers. This is not unusual; activists have long been a feature of this industry. They usually aim to narrow discounts and secure an exit. So long as their objectives are shared by other shareholders, they are seen as a healthy feature of capital markets.

However, Saba Capital also had another agenda – in some cases it wanted to replace the board and become the investment trust's manager. The FCA has now put forward proposals to strengthen investor protection and address this gap in the rules. This should prevent a substantial shareholder like Saba, who wants to manage the company, seizing control of the board to promote its own interests at the expense of other shareholders.

Other positives include investment trusts' inclusion in the new Pension Schemes Act. Pension schemes will now be able to use investment trusts to meet any requirement to invest in private assets. It's very early days, but this could result in them investing more in investment trusts in sectors such as infrastructure, renewable energy, private companies and property.

Investment trusts are particularly suitable for these hard-to-sell assets. Since they are listed companies, investors buy and sell their shares on the stockmarket without altering the capital in the investment trust. Unlike open-ended funds, managers are not forced to

“The sector has radically reshaped itself and boards have worked hard to give shareholders a better deal”



Trusts have given early access to firms like SpaceX

sell holdings to meet redemptions, and this allows them to take a long-term view. This also enables investment trusts give investors access to exciting private companies before they list, such as SpaceX and Anthropic.

The government-backed “Take The Next Step. Invest” campaign should also be helpful. This aims to persuade people with spare cash to start investing. The Association of Investment Companies (AIC) will launch a marketing campaign next year to increase awareness of investment trusts amongst millennials and Gen Z.

Most importantly, investment trusts' performance over the long term remains strong. The average investment trust has returned 15%, 26% and 148% over one, five and ten years respectively to the end of July 2026. Performance also compares well with open-ended funds. Our “sister funds” research finds that where the same managers run similar investment trusts and open-ended funds, the investment trusts have beaten the sister fund over ten years in 77% of cases.

When it comes to income investing, investment trusts have special advantages. There are 20 “dividend hero” investment trusts that have raised their dividends every year for over 20 years. A trust can do this because it can retain up to 15% of its income, and this revenue reserve can be used to boost dividends when markets are tough. It can also offer an enhanced dividend by paying a percentage of its capital profits as income.

A chance to learn more

To find out more about investment trusts, come to our flagship event, The Investment Company Showcase, on 9 October. You can attend in person at 133 Houndsditch in London or online. We have 30 investment trust managers presenting, including our keynote speaker Job Curtis, manager of City of London Investment Trust. This trust is approaching a record 60 years of dividend increases – an impressive record.

Managers are flying over from Japan and India to speak, covering a wide range of themes from emerging markets and the hunt for yield to property and infrastructure. Presentations include BlackRock World Mining, Monks, Mercantile, Invesco Bond Income Plus, Cordiant Digital Infrastructure and more.

The Showcase is free to register for private investors who use the special MoneyWeek code MW26. We look forward to seeing you there.

Annabel Brodie-Smith is communications director of the Association of Investment Companies

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Securing a safe payout

Investment trusts can use many different strategies to fund their dividends, says Cherry Reynard

With most collective funds, income is income. Dividends or interest payments are fed into the machine at one end and delivered neatly to investors at the other. However, investment trusts have smarter internal mechanics, giving them a range of options to generate income. Since trusts tend to be a popular choice for income – and over 80% of them pay a dividend, with an average yield of 3.3% – this can have real implications for investors. So it's worth understanding what may be going on inside.

The most straightforward option for an income trust is to buy high-dividend stocks (or high-interest securities) and simply pass the income payments onto shareholders, but this vanilla approach is relatively rare. Why bother having the more sophisticated options of an investment trust if the manager doesn't use them?

This approach can also be limiting for an equity income trust. High dividends tends to be confined to certain sectors: financials, oil and gas, and pharmaceuticals, for example, and to certain markets, such as the UK. What's more, when a stock has a very high yield, it may be a sign that investors are worried about the sustainability of the dividend or the company's prospects. Do you want a portfolio full of investments like these?

So managers may buy companies with lower initial yield, but where the dividend is likely to grow over time. This is an important part of the strategy of funds such as the **Global Smaller Companies Trust (LSE: GSCT)**, which has a yield of around 1.6%, but a strong track record of growing income over time.

Smoothing out income

Many trusts will seek to use the levers they have at their disposal to deliver steady payouts. For example, the rules allow trusts to hold back up to 15% of the income they earn each year. The retained income – known as a revenue reserve – can be used to make up any shortfalls in later years. In the pandemic, when lots of companies cut their dividends, income investment trusts were able to dip into revenue reserves and continue to pay dividends.

This approach is commonplace among traditional equity income trusts, says Alan Ray, investment trust research analyst at Kepler. "**City of London (LSE: CTY)** is the most well-known and has the longest unbroken run of dividend increases in the sector." It sits on top of the AIC's "Dividend Heroes" list of trusts that have paid a rising dividend for 20 years or more. Many of these trusts have built up significant reserves, ready to pay out to sustain growing dividends should the next crisis require it.

The rules also allow trusts to take capital gains and convert them into income. This means the fund manager is free to buy stocks for growth rather than solely for income, knowing that any shortfalls in revenue can be made up by capital. In recent years, a growing number of trusts have begun adopting an

approach of paying a fixed percentage of year-end NAV as dividends over the following year.

It is important to note that dividends from this approach may be more volatile, especially if stocks enter a prolonged bear market. Investors should also clearly understand that selling assets to pay higher dividends now will reduce the amount of capital left in the trust to grow over the long term.

However, the advantage of making payments out of capital is that trusts investing in regions or strategies that don't generate much income to their portfolio can still pay regular dividends, says Ray. Meanwhile, trusts such as **JPMorgan European Growth and Income (LSE: JEGI)** use this approach to enhance the yield rather than support it in full.

"JEGI pays a dividend equivalent to 4% of its net asset value, and generally quite a high proportion of that comes from actual income earned, but the manager is not constrained by that and can position the portfolio for the best growth. So, if income falls the capital can make up the difference."

Other ways to boost yields

Trusts can also use derivatives to boost income, which may be useful in markets where yields are lower. Managers sell options on their holdings, giving the buyer the right to buy the shares at a certain price. The option premium received boosts the yield. The **North American Income Trust (LSE: NAIT)** does this.

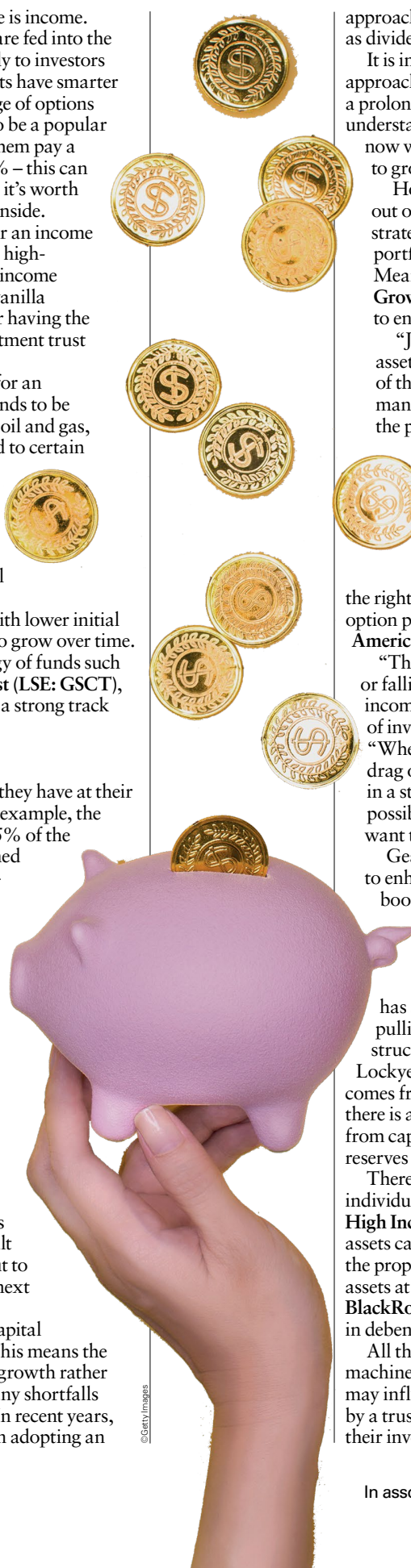
"This strategy works well when markets are flat or falling, as the calls rarely get exercised but the income keeps coming," says James Carthew, head of investment company research at Quoted Data. "When markets are rising, the strategy can act as a drag on returns as the trust misses out on the upside in a stock. The manager tries to avoid this where possible and won't write a call on a stock they really want to keep in the portfolio."

Gearing can also help. While primarily a tool to enhance capital growth on a trust, it can also boost the yield. Most conventional trusts will have conservative gearing of 10%-20%.

Many trust managers don't confine themselves to a single approach. **Henderson Far East Income (LSE: HFEL)**, for example, has a yield of almost 10%. "This is derived from pulling as many levers as possible within the trust structure – it is the poster child for this," says Daniel Lockyer, senior fund manager at Hawksmoor. "Some comes from natural income from the portfolio, but there is also option writing, distributions can be paid from capital and they will be using some of the revenue reserves from previous account years."

There are also idiosyncratic approaches used within individual equity income trusts. Take **Henderson High Income (LSE: HHI)**, where up to 20% of gross assets can be invested in fixed income investments, or the property portfolio that makes up around 10% of assets at **Scottish American (LSE: SAIN)**, says Carthew. **BlackRock World Mining (LSE: BRWM)** has invested in debentures to boost its yield.

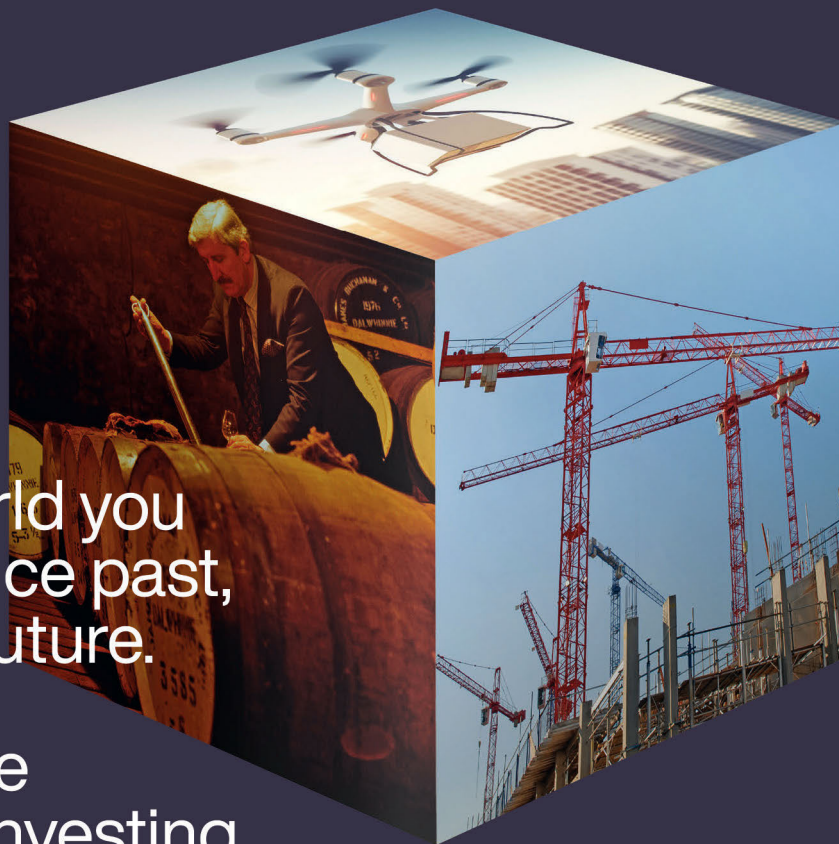
All this shows why it's worth peering inside the machine to see how income is generated. The strategy may influence the size and reliability of dividends paid by a trust. That's vital for any investor who relies on their investment income in the longer term.



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Top plays on AI and innovation

Specialist trusts can be one of the best ways to invest in this volatile sector, says Dan McEvoy

Technology is the hottest topic in investing, and has been for several years. While AI is dominating the discussion now, it is just the latest in a series of tech themes that have been leading the market for a decade.

Tech officially accounts for 29% of the MSCI World index in the form of the information technology sector. In reality, what we all think of as tech is a meaningfully greater proportion (see below), since MSCI assigns Alphabet, Amazon and Meta into other sectors.

This concentration brings risks, especially for passive investors. As the market becomes more concentrated into the biggest tech

names, so do tracker funds. Investors therefore may end up over-exposed to the sector. That may increase the risks if tech falls from favour (observe what happens in markets now when there are any wobbles about AI).

Then there's the intensely competitive nature of tech. Nascent, disruptive technologies such as AI can create as many losers as winners. Knowing which stocks to back for the long run can be difficult.

High conviction

A specialist investment trust has the potential to mitigate these risks, through active management as well as the structural advantages of the vehicle.

"The closed-ended nature of investment trusts makes them well-suited to technology investing," says Alex Trett, investment trust research analyst at Winterflood Securities. "The permanent capital allows managers to take a genuinely long-term approach, supporting investments in private companies and giving them the patience to see investment theses play out over time."

"The structure can also facilitate exposure to smaller-cap technology businesses, where liquidity can be a constraint for other investment vehicles. In addition, it enables managers to build concentrated, high-conviction portfolios, allowing them to express their strongest investment ideas."

Tech, growth and innovation

There are several popular tech plays that routinely make the "top ten most-traded" tables from brokers. The biggest and perhaps best-known is Baillie Gifford's **Scottish Mortgage** (LSE: SMT) – a trust that, strictly speaking, is not part of the tech sector. Rather, this is a global equity trust that aims to "own the world's most exceptional public and private growth companies".

Its focus is on long-term growth potential, whatever sector that may be in. We hold it in the MoneyWeek investment trust portfolio for precisely that reason.

That said, much of its portfolio is in IT hardware, software, digitalisation and other technology. At 31 July, SpaceX was 18% of the portfolio, followed TSMC (6.9%), Nvidia (5.5%) and TikTok's owner ByteDance (4.7%). SpaceX, ByteDance and Anthropic (2.8%) show one of its key strengths: it can hold private firms as well as public ones. (SpaceX has now listed and Trett expects this holding to be trimmed once lock-up periods permit.)

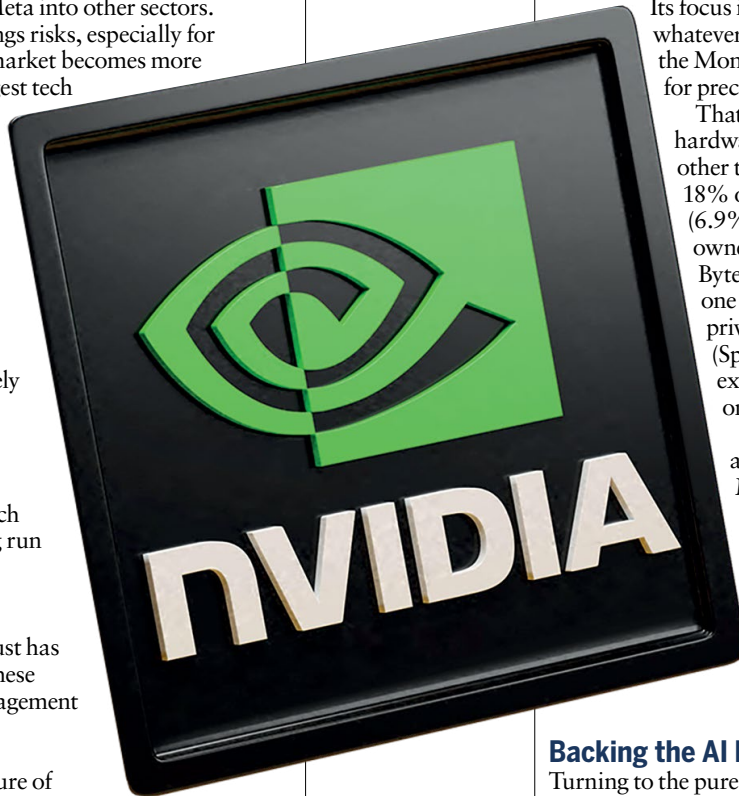
If you are keen on private firms, also look at **Schiehallion** (LSE: MNTN), which is also run by Baillie Gifford. Again, this is not a tech trust, but an investor in early-stage firms (even more than SMT, which tends to hold later-stage private firms). But tech plays including Anthropic, Bending Spoons, ByteDance and SpaceX are 48% of the portfolio.

Backing the AI build-out

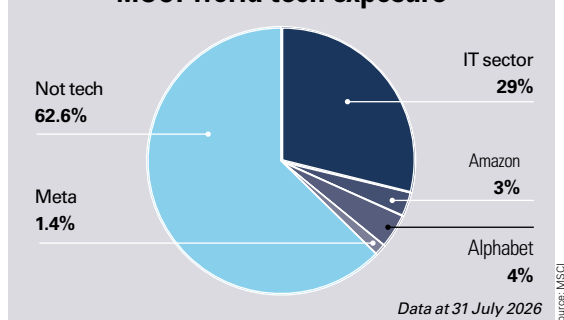
Turning to the pure tech trusts, we begin with **Polar Capital Technology** (LSE: PCT), which has focused on the hardware and infrastructure underpinning the build-out of AI. The team behind it say they are "AI maximalists", telling you very clearly what you are getting. Semiconductors are the largest exposure at 43%, followed by equipment, components and storage. "The managers believe these areas offer greater earnings visibility and forecastability," says Trett.

Allianz Technology (LSE: ATT) stands out for having its management team based in San Francisco. Being in Silicon Valley arguably gives it better access to many of the companies in its portfolio, 90% of which are listed in North America. The portfolio provides broad exposure to technology and AI, says Trett. "The managers have highlighted the role of technology in creating differentiation across a wide range of industries [and] believe the AI opportunity is continuing to broaden beyond the initial infrastructure build-out, supporting a more diversified and durable phase of growth across the technology sector."

Lastly, **Herald Investment Trust** (LSE: HRI) sits in the global smaller companies sector, but focuses only on technology and communications. Lead manager Katie Potts founded the trust in 1993. A recent bitter battle with activist Saba Capital has seen her and the trust become part of Aberdeen, which should bring stability. It offers a very different angle on the sector to other trusts weighted to the US mega caps.



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Asia in the ascendancy

Emerging markets are doing well, but investors should keep their portfolios balanced, says Cris Sholto Heaton

Emerging markets have transformed almost beyond recognition over the past 20 years. Back then, the sector was heavy in banks and natural resources. Today, Asian technology companies such as TSMC and Samsung Electronics dominate – technology is more than 40% of the MSCI Emerging Markets index. Brazil, Russia and South Africa used to be key components, but now the index is concentrated in Asia: Taiwan, China and South Korea alone make up almost 70% of the total. So if you want to invest in emerging markets, you should look carefully at what you are buying. Whether you want to lean into the AI boom or tilt away is up to you, but buying an emerging markets fund does not diversify you as much as it once did.

Investment trusts offer us a good range of Asia and emerging markets vehicles: there four Asia trusts, five Asian equity income, three focusing on Asian smaller companies, three China, four India, three Vietnam, one Latin America and ten global emerging markets. (Asia in this context usually excludes Japan – which has seven dedicated trusts – but sometimes includes Australia.)

Ongoing consolidation has shrunk the selection a bit, with mixed outcomes. Shareholders in **Pacific Assets** (LSE: PAC) will probably be happy to merge with **Schroder Asian Total Return** (LSE: ATR) following a period of weak performance and the departure of its managers at the now-closed Stewart Investors arm of First Sentier. However, some other mergers have seen the loss of trusts with strategies that were struggling at the time, but may be missed when conditions change. Still, if you are picking an Asia or emerging markets trust, you continue to have plenty of choice.

Choosing a core

First, there are broad funds – essentially, the core holdings. For an Asia-focused fund, there are options such as **Schroder Asian Total Return** or **Schroder Asia Pacific Fund** (LSE: SDP). For a wider emerging markets mandate still heavily weighted towards Asia, you might look at **Templeton Emerging Markets** (LSE: TEM) or **Fidelity Emerging Markets** (LSE: FEML) – the latter has the ability to go short as well as long.

Some of the Asian income funds are in practice also fairly focused on growth these days. **JPMorgan Asia Growth and Income** (LSE: JAGI) explicitly targets growth and uses an enhanced dividend policy (see page 10) to pay 6% of NAV per year out of capital and income. **Schroder Oriental Income** (LSE: SOI) – likely to make it onto the AIC's dividend heroes list soon – also looks for growth rather than just high yields, while still reducing exposure to AI. Conversely, a trust like **Henderson Far East Income** (LSE: HFEL) has a very different approach, aiming to maximise dividend payouts.

Shifting the balance

However, some other funds in the sector look very different. Take **BlackRock Frontiers** (LSE: BRFI). This is not a frontier market fund in the usual sense (eg, its mandate isn't linked to the MSCI Frontier Markets index). Instead, it can invest outside the eight largest markets in the emerging markets index. You get a portfolio that's diversified among countries such as the United Arab Emirates, Saudi Arabia, Kazakhstan, Kenya, Indonesia and Poland, with 40% in financials. This is a bottom-up strategy and country weights will change – but put that alongside, say, **Schroder Asian Total Return** or **Templeton Emerging Markets** (or **Schroder Oriental Income** or **JPMorgan Asia Growth and Income**) and the balance of your portfolio shifts.

Barings Emerging EMEA Opportunities (LSE: BEMO) had to diversify away from Eastern Europe following Russia's invasion of Ukraine, which has frozen what was then 28% of its assets; it now has a one-of-a-kind focus on emerging Europe, Africa and the Middle East. Again, this is a very bottom-up fund: it's about the opportunities that it can find in these lower-profile markets rather than the overall economy.

Mobius (LSE: MMIT) has had a tough spell and shrank significantly in a tender offer in December, but it is a distinctively different mid-cap and small-cap strategy, run by the very experienced Carlos von Hardenberg. Hopefully its fortunes will pick up – as they have shown signs of doing – as this is exactly the kind of trust that gives investors more options. The Asia mid and small cap trusts such as **Aberdeen Asia Focus** (LSE: AAS) are also a way to focus on the region while shifting towards under-researched stocks.

Looking for specialists

The country funds speak for themselves: you only pick, say, **Fidelity China Special Situations** (LSE: FCSS) or **India Capital Growth** (LSE: IGC) or **Vietnam Enterprise Investments** (LSE: VEIL) to back those particular markets. The choice of these versus **Aberdeen New India** (LSE: ANII) or **VinaCapital Vietnam Opportunity** (LSE: VOF) or **Vietnam Holding** (LSE: VNH) will depend on your large cap versus mid/small cap preference or how much you want in unlisted stocks. Also take into account the manager's style. **Baillie Gifford's Pacific Horizon** (LSE: PHI) is very different to the other Asia trusts and much more like the other growth trusts run by its manager. It has over 60% in technology; if you want to double down on tech, growth and innovation, this would be a bold way to go.

At the other extreme, there's **Utilico Emerging Markets** (LSE: UEM), which focuses on infrastructure and utilities for a steady income. Its largest country weight is Brazil, followed by the Philippines. You don't see an allocation like that in many portfolios.

"If you want to invest in emerging markets, you should look carefully at what you are buying"



An illustration of a person relaxing on a beach. The person is lying on their back, wearing a blue and white striped swimsuit and a large, wide-brimmed straw hat. Their legs are raised in the air, and they are wearing flip-flops. A drink with a slice of orange is on the sand next to them. In the background, a large globe is being used as a beach ball, with a grid pattern overlaid on it. The scene is set against a blue background with a grid pattern.

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Not so simple as NAV

Valuing private equity, renewables and real estate requires more than looking for large discounts, says Danielle Levy

Investment trusts have long been a fertile hunting ground for bargain hunters, who can seize the opportunity to buy a trust when its shares are trading well below the value of the assets it owns. However, the past four years have presented investors with a challenge: how can you spot a genuine bargain when such a large proportion of the sector is out of favour and trading at a persistent discount to NAV?

The problem is particularly severe in the alternatives sectors such as private equity, commercial property and renewable energy. At present, these are trading at average discounts of 18%, 21% and 26% respectively.

This reflects a combination of factors. Higher interest rates made cash and gilts appear more attractive in comparison to income-focused trusts. Investors had started to question whether reported NAVs across private equity and property trusts fully reflected weaker market conditions. Cost-disclosure rules have made many trusts look expensive, putting off certain groups of buyers – notably those who had to pull through the trusts' ongoing changes in their own reported charges.

Finally, the traditional buyer base for trusts has shrunk due to consolidation among wealth managers. With fewer firms managing larger sums, wealth managers have been less inclined to allocate to some trusts because of the potential liquidity constraints.

Not all discounts are equal

Still, after four long years, discounts in most sectors have shrunk significantly. So do wide discounts across private equity, property and renewables offer value? Or is their persistence a reason for caution?

"Not all discounts are made equal," says Charlotte Cuthbertson, co-manager of the **MIGO Opportunities Trust** (LSE: MIGO), which targets discounts in closed-ended funds, as well as the equivalent strategy within **AVI Global Trust** (LSE: AGT). By this, she means that discounts can tighten in two ways: if the NAV falls and moves down to the share price, or if the share price moves up towards a higher NAV. Clearly, only one of these is what investors want.

This brings a key question to the fore: how relevant is the NAV as a metric for valuing a trust's shares? The answer to this question is not clear-cut and largely depends on what the trust invests in. If the trust holds illiquid assets like property, infrastructure or stakes in unlisted businesses, there may be a wide range of inputs that inform the NAV. These will vary trust by trust and can often be open to interpretation.

For example, there are many elements that make up the valuations of renewables trusts, says Cuthbertson. "It is made up of discount rates plus the power-price curve, plus tax assumptions, plus inflation assumptions. There's also lots of other moving parts that valuers are looking at." These might include subsidies, gilt yields and weather conditions for renewable energy trusts.

Validation through transactions

"I think with some of these alternative asset classes, the NAVs are a little bit made up," says Daniel Lockyer, a senior fund manager at wealth manager Hawksmoor.

As a result, the NAV should simply be viewed as a guide to what the assets may be worth. A more accurate indication is to look at recent asset disposals the trust has completed, because this is a test of what price they can actually achieve in the current market.

"As well as transactions, I think the other way to value some of these alternative assets is the yield that you get and therefore prospective total returns going forward," he says. For example, **The Renewables Infrastructure Group** (LSE: TRIG) offers a 10% yield that is well covered. "You know that unless something goes particularly wrong, you are going to get that 10% yield. That is your expected return over the next 12 months and if they are able to add any value through growth investments within the portfolio or the discount narrows, that is a bonus."

In addition, he points to TRIG's recent sale of a sizeable asset in the portfolio – its 17.5% stake in the Beatrice Offshore wind farm for £155m – which took place at a 4% discount to its carrying value. The trust's own shares currently trade at a 24% discount to NAV.

Renewables versus infrastructure

Renewable-energy trusts have been hit by a long list of sector-specific factors, including the government's decision to switch the inflation linkage on certain subsidies from the retail price index (RPI) measure of inflation to the lower consumer price index (CPI), thereby reducing the revenue they expect to generate. This in turn affects NAV, which in this sector is based on the discounted value of future cash flows.

Issues such as these have resulted in a "loss of faith in NAVs", says Ashley Thomas, an infrastructure and renewables analyst at Winterflood. This is especially clear when you compare discounts in the renewable-energy sector with those on general infrastructure trusts: renewables trusts trade on an average discount of 23%, while infrastructure funds are on 9%.

"I think part of the reason there is more confidence in the infrastructure names is because the NAV growth profile has been more stable and resilient, generally on an upward trajectory of 8% to 10% NAV total return growth," says Thomas. "The second element is there has been a greater demonstration of disposals at NAV or even at a material premium to NAV."

Nevertheless, there is selective value to be found in the sector. **Gresham House Energy Storage** (LSE: GRID) is one to watch on an 18% discount, he says. The trust has financing in place for its projects, which should translate to NAV growth and healthy cash generation. This could result in it becoming a takeover target for a larger integrated utility company.

Finding value in property

For real estate investment trusts (Reits), the NAV – often used interchangeably with net tangible assets (NTA) – is typically based on what the Reit's external valuers say the assets could sell for in today's market, using comparable transactions. So there are fewer assumptions and moving parts, although there can clearly still be some uncertainty in valuations.

However, investors need to remember that NAV is just a snapshot of the trust's balance sheet at a particular point in time, says Bjorn Zietsman, a real estate equity analyst at Panmure Liberum. "We think NAV is the wrong metric to begin with. As a shareholder, you don't receive the NAV, you receive the return on equity that the company generates."

If you are trying to value a Reit, the starting point should be the potential returns you can expect as an investor, he says – namely the net income generated from its properties and how this should grow over time.

In the US, investors and analysts focus on the price-to-funds from operations (P/FFO), rather than NAV.

"How can you spot a genuine bargain when so much of the sector is trading a persistent discount to NAV?"



Renewable energy trusts such as wind-farm owners remain out of favour

This measures cash earnings generated by the property portfolio and is essentially the real estate equivalent of the price-to-earnings ratio. Should UK investors also consider adopting this approach?

P/FFO provides better insight into the returns you could receive as a shareholder, says Zietsman. But he is not convinced this is the solution, since it doesn't always factor in future returns from pipeline investments.

For example, Segro (LSE: SGRO), which invests in warehouses and logistics "has a multi-year data centre pipeline which could essentially increase the NAV by well over 50% and compensate shareholders through cash returns". The Reit has recently agreed to a takeover bid from giant US rival Prologis at a premium of around 40% to its undisturbed share price. It was trading at an 18% discount to NAV before Prologis made its move.

NewRiver Reit (LSE: NRR), which invests in retail parks and shopping centres, is one to watch now, he suggests. It is on a 23% discount and an 8.2% yield.

Unloved private equity

Many private-equity trusts also trade at wide discounts for sector-specific reasons. Private-equity funds historically had a good record of exiting their investments in their companies promptly and at NAV or a premium to NAV. However, this hasn't been the case over the past few years. "That ability to realise assets in the last few years at all, let alone at a premium to NAV or carrying value, has been difficult," says Lockyer.

"There is a nervousness around the private equity model in terms of how much was cheap debt previously fuelling returns," agrees Cuthbertson. "Ultimately, who is going to buy these companies going forward?"

As a result, "it has become an asset class that people are not allocating to", says Lockyer. "I think it is an area where something has to happen. I wouldn't be surprised if big corporate action takes place."

"There is a nervousness around the private equity model in terms of how much was cheap debt previously fuelling returns"

Still, Hawksmoor holds Oakley Capital (LSE: OCI), currently on a 33% discount to NAV. "If you think the NAV is going to do okay – let's say 10% a year – and the discount stays the same, that would be fine because you are still getting 10% if the discount just tracks the NAV," says Lockyer. Oakley is also in the MIGO and AVI portfolios, with Cuthbertson describing it as a "standout performer". HarbourVest Global Private Equity (LSE: HVPE), on a 26% discount, is among her other holdings, as is Chrysalis Investments (LSE: CHRY), which is a "special situation". It is currently in wind-down and trading at a 45% discount.

Taking action

The silver lining to persistent discounts is that boards are increasingly taking action – albeit sometimes under pressure from disgruntled shareholders. This includes share buybacks, strategic reviews, tender offers, managed wind-downs, continuation votes and contingent continuation votes. So far, these have had varying degrees of success, which can be down to factors that are specific to the trust.

If you have invested in a trust that trades on a wide discount and that is selling assets at or above NAV, you should feel encouraged to see the board recycling the cash into share buybacks, says Thomas. He views this as a prudent use of capital. Higher dividends and tender offers are also welcome, adds Lockyer. "It gives you comfort that the board and the manager are thinking of shareholder returns."

Activists can play a helpful role in unlocking value. "We don't have a problem with activism," says Lockyer. "We think it is healthy within the sector." However, activists must also do their research to be confident the NAV is realisable and the discount is genuine. "It doesn't always work," he says, pointing to what he describes as Saba Capital's "scattergun" approach.

More top trusts to consider

These selections show off the range of options in the investment trust sector

We asked five investment trust experts to suggest a trust that they particularly like at present, either as a short-term opportunity or a longer-term hold.

Andrew McHattie

Literacy Capital (LSE: BOOK) offers investors an unusual approach to private equity, taking a patient, long-term view rather than working towards exits within a fixed fund life. That approach has already produced some exceptional realisations, while interests are unusually well aligned: there is no performance fee and the Pindar family owns just under 40% of the shares. However, the early excitement following its listing just over five years ago has faded. After soaring by 230% in three years, BOOK shares have de-rated sharply as NAV growth has stalled, leaving the shares on a 36.7% discount. I think the market has over-reacted. NAV remains close to its all-time high, the portfolio contains fundamentally attractive businesses, and some previous detractors are now contributing positively. Further valuation uplifts are also expected, while a possible move to the main market could improve demand for the shares. I believe the original investment case remains intact and rate BOOK a medium-term buy for patient investors. The trust also donates to charity – it looks like a “win-win”. (299p)

Andrew McHattie has been the editor of Investment Trust Newsletter (tipsheets.co.uk) since 1996. It celebrates its 30th anniversary in November. A digital subscription is £149.

David Stevenson

Fears about out-of-control fiscal deficits and inflation that remains stubbornly above trend will feed into a rally for gold again at some point. I regard the recent weakness in gold prices as a buy-the-dip opportunity, and gold equities represent good value – not least because current gold prices provide a huge safety cushion for miners. Gold and silver miners' cash flows are surging. One vehicle ideally positioned to benefit is **Golden Prospect Precious Metals (LSE: GPM)**, which is under new management; the experienced mining equities team at Baker Steel (which runs an existing mining fund listed on the LSE) is taking over the mandate. The board has also announced that the fund will aim to pay an increased regular dividend. I have a lot of faith in the Baker Steel team and suspect that, given the dividend requirement, they will orient the junior-miner portfolio toward the more cash-rich end of the spectrum. It'll be a volatile ride but I think a rewarding one, long-term. (110p)

David Stevenson writes the Adventurous Investor Newsletter (davidstevenson.substack.com) and founded The InterSection (theintersection.news), where traditional finance and digital finance meet.

James Carthew

From within my portfolio, I am going to single out **GCP Infrastructure (LSE: GCP)**, which aims to pay out an attractive dividend (currently an 8.5% yield) while preserving investors' capital over the long term. The company provides debt to infrastructure investments. That means it is sitting in a less risky part of the capital structure than most other infrastructure funds, in a sector known for its predictable cash flows. GCP is

trading on a discount of 17%. This has been narrowing but there should be further to go as the manager is operating within a strict capital allocation policy that basically says it won't make a new investment until it can demonstrate it would earn a higher return for investors than buying back shares. The manager is conservative and has been taking advantage of the current higher interest rate environment to lower portfolio risk rather than chase higher returns. I think this abundance of caution is attractive in the current environment. (82.5p)

James Carthew is head of investment companies research at QuotedData (quoteddata.com).

Jonathan Davis

Cordiant Digital Infrastructure (LSE: CORD) has beaten its 9% annual return target every year since IPO in 2021 with a 14% annualised NAV total return to date and a current 3.6% dividend yield. The last full year dividend was 1.7 times covered by cash flow. Cordiant's portfolio of mobile and broadcasting towers, fibre networks, and data centres in four mostly fast growing European countries includes £950m of long-term inflation-linked contracts, giving strong revenue visibility and future growth potential as demand for AI and cloud services builds out. Having unfairly widened to 50% at one point, the discount is around 11%, but still good value with a now proven record and positive growth outlook. It has been a member of the FTSE 250 index since June, having moved to a premium listing, and liquidity has improved. Management own more than £20m of shares. It could fly if the shares rerate further, making new issuance possible. (124p)

Jonathan Davis is the editor of The Investment Trusts Handbook 2026 (Harriman House) and the host of the Money Makers podcast (money-makers.co).

Max King

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Max King is a former fund manager and writes regularly for MoneyWeek

“Gold and silver miners' cash flows are surging”



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AVAILABLE ON ALL PLATFORMS



Heed history's warnings on debt

Eighteenth-century thinkers foresaw today's crisis, says Edward Chancellor

Government debt markets have been around since the city-state of Venice issued its first bonds in 1171, but public debt only became tradable in the English-speaking world six centuries later. Contemporaries held conflicting views about the development. Several leading members of the Scottish Enlightenment were downbeat. As public debt across the developed world escalates, their concerns are proving timely.

In his book, *A Fabulous Debt: The Epic Story of How Bonds Built the Modern World*, Financial Times journalist Robin Wigglesworth explains how Britain's geopolitical ascendancy was inexorably linked to its public finances, and in particular its ability to issue vast quantities of low-cost debt. Thomas Mortimer, an 18th-century financial writer, described the nation's bond market as "the standing miracle in policies, which at once astonishes and over-awes the state of Europe".

Not everyone was sanguine. In his 1752 essay *Of Public Credit* the Scottish philosopher David Hume fretted about Britain's newfound tendency to "mortgage the public revenues, and to trust that posterity will pay off the incumbrances contracted by our ancestors". Access to the bond market, said Hume, allowed politicians to behave extravagantly without having immediately to raise taxes. "The practice, therefore, of contracting debt will almost infallibly be abused, in every government."

Adam Smith, the economist who wrote *The Wealth of Nations*, claimed the issuance of long-dated public debt "has gradually enfeebled every state that has adopted it... When national debts have once accumulated to a certain degree, there is scarce, I believe, a single instance of their having been fairly and completely paid."

Another Scottish contemporary, Adam Ferguson, opined that a permanent and unproductive national debt was "to be reckoned among the causes of national ruin". In the decades after these warnings were issued, Britain's national debt kept expanding. No crisis appeared, however, and the country's prosperity grew apace.

Looking on the bright side

In his *History of England* (1848), Thomas Babington Macaulay mocked the debt doomsayers. He hailed Britain's "fabulous debt" as "the greatest prodigy that ever perplexed... statesmen and philosophers. At every stage in the growth of that debt, it was seriously asserted by wise men that bankruptcy and ruin were at hand. Yet still the debt went on growing; and still bankruptcy and ruin were as remote as ever."

The error of the pessimists, said Macaulay, lay in their comparing national debt to that of an individual borrower. Since most of Britain's public debt was held by its countrymen, the nation was in effect borrowing from itself. They also ignored that economic growth rendered the debt sustainable: "They greatly overrated the pressure of the burden; they greatly underrated the strength by which the burden was to be borne."

The conditions that created a stable bond market in Macaulay's day have vanished, however. Economic growth across much of the developed world has faltered. Excessive borrowing and spending by governments is partly responsible. Bloated government spending is to blame for the collapse in productivity growth, according to Swedish economists Andreas



Economist Adam Smith said long-dated public debt enfeebled nations

Bergh and Magnus Henrekson. Hume expected that excessive debt would lead to debilitating taxes.

Government debt levels have risen inexorably since the financial crisis. Worldwide public debt has reached 94% of GDP, according to the International Monetary Fund. US federal debt is around 114% of GDP, reckons Fitch Ratings. Economists Carmen Reinhart and Kenneth Rogoff concluded that when government debt breaches the 90% threshold, economic growth falters. Hume would have agreed: "We have always found," he wrote, "where a government has mortgaged all its revenues, that it necessarily sinks into a state of languor, inactivity and impotence."

He cautioned that overseas investors owning big portions of a country's debt "render the public, in a manner, tributary to them". A large share of the national debt issued by the US, Britain and France is held abroad. For instance, a third of Washington's \$40trn in borrowing comes from beyond its shores. Whereas Britain in the 19th century was the world's top creditor, the US today is the world's largest debtor. The Bank for International Settlements notes that rising geopolitical tensions could disrupt capital flows, threatening nations with large current account deficits.

After interest rates shot up four years ago, government borrowing costs soared. This wasn't a problem in Macaulay's Britain, where public debt was mostly financed with fixed-interest perpetual bonds. By contrast, US public debt has a relatively short maturity profile, rendering it more sensitive to changes in short-term interest rates. Rising interest costs on a large stockpile of debt strain government finances. The historian Niall Ferguson says the decline of a political superpower becomes evident when it spends more on servicing debt than on defence. The US breached this threshold two years ago.

Hume envisaged a day when an overburdened government would stop paying interest on its debt. Since governments nowadays print the money in which their debt is denominated, an option not available in 18th-century Britain, formal default is unnecessary. Instead, bondholders can be shortchanged through inflation, financial repression and the management of long-term interest rates. "The natural death of public credit," said Hume, is inevitable when "overbalanced by a great debt". The Scottish philosopher's timing was disastrous, but his principles remain sound.

A longer version of this article was first published on Reuters Breakingviews

**"A
superpower
begins to
decline when
it spends more
on servicing
debt than
defence"**

The profits in pipelines

Shifting oil and gas from one place to another has never been a glamorous business, but it is becoming increasingly lucrative, says Rupert Hargreaves. Here are the companies poised to benefit



In mid-August, shares in energy company **Targa Resources** (NYSE: TRGP) rose 10% after it announced a 20-year midstream deal with ExxonMobil to build and operate a portfolio of energy infrastructure assets for the oil and gas giant. Targa's deal is the latest in a series of multibillion-dollar projects recently commissioned by oil giants and governments to help move oil and gas around the world.

Targa is a midstream energy group, playing a vital role in the energy sector. These businesses link upstream companies, which drill and extract the raw product, and downstream businesses, which refine and sell it to consumers. Most oil and gas majors manage this part of the process themselves, but in markets such as the US, where thousands of smaller producers in oil fields need to connect to major refining and storage hubs, midstream firms are a vital part of the chain.

Growth in the midstream market

The \$65bn Targa is just one such company in the industry. The firm was founded in 2003 and has grown steadily through organic growth and acquisitions. In 2004, it purchased midstream natural-gas operations from oil major ConocoPhillips and in 2005, it acquired an asset from energy supply business Dynegy. In 2007, the company listed as Targa Resources Partners LP, using the money from the initial public offering (IPO) to seal more deals.

Over the following two decades, Targa secured 20 further agreements, encompassing joint ventures, partnerships, asset sales and stake sales in key infrastructure assets. Today, the group owns and operates natural gas pipelines, gas plants, liquefied petroleum gas (LPG)-export facilities and crude oil terminals across New Mexico, Oklahoma, Texas and Louisiana. It is active in the key oil-production regions of the Permian, the Bakken Three Forks Shale, Eagle Ford Shale and Fort Worth Basin.

The Permian has become one of the most important oil-producing regions in ExxonMobil's portfolio. When the group sealed the \$60bn deal to buy Pioneer Natural Resources in May 2024, it doubled its footprint in the region and laid out plans to drive production to two million oil-equivalent barrels per day (boepd) by 2030, up from the 612,000 barrels Exxon produced from the region in 2023. Production hit a record boepd in the second quarter and is now close to 1.8 million as the group continues to grow at a breathtaking pace. Exxon's total Permian production consists of between 70% and 75% liquid hydrocarbons (crude oil and natural gas liquids) and 25%-30% natural gas. This needs somewhere to go, and that's where the deal with Targa comes into play.

Exxon has agreed to so-called natural gas liquids (NGL) dedications with Targa, whereby it is legally committed to using the company's midstream assets for transport, processing, or fractionation (a physical and chemical separation process) of NGL production from its key fields in the Permian region. Following these commitments, Targa has announced three new natural-gas processing plants in the Permian Delaware: Wrangler, Ranger, and Ranger II, with a combined capacity of approximately 825 million cubic feet per day. The plants are expected to be operational in the first half of 2028, with scope for up to five additional processing plants. It also announced plans to build a

new, approximately 70-mile, natural-gas pipeline called Bull Run II, supported by take-or-pay commitments (whereby producers buy a fixed amount of capacity and pay whether they use it or not). To meet these commitments, Targa has upgraded its expected capital spending for the year from \$4.5bn to \$5bn. The business spent \$2.1bn on growth and maintenance capital in the first half of 2026, up 23% from the same period in 2025.

A new gold rush

Despite substantial efforts by policymakers over the past two decades to wean the world off its addiction to hydrocarbons, there has been no let-up in the relentless march of the oil and gas industry. Pipelines and midstream assets are an often overlooked part of this market, but the conflict in the Middle East has highlighted their importance to the global economy. With the Strait of Hormuz closed to shipping, pipelines across the Middle East have become critically important for the region's oil and gas producers.

In the past two months, the United Arab Emirates has announced plans to open a new pipeline alongside its existing Habshan-Fujairah pipeline, doubling its capacity. Meanwhile, America, Iraq and Qatar have also announced plans to upgrade a pipeline from Iraq to Syria, and Chevron is in talks to build a series of them from Iraq to Syria and Turkey. According to The Economist, citing information from Global Energy Monitor, an oil data and research firm, 12,300 kilometres of pipelines are currently under construction worldwide, with an additional 20,100 kilometres proposed. Taken together, these additions represent nearly a 10% increase over the 350,000 kilometres of pipelines currently in operation worldwide.

The most cost-effective way to get oil and gas from production fields (usually located inland or in deep water) to refineries and key export markets is by tanker. Transporting each barrel of oil on the world's largest seagoing tankers can cost as little as a few dollars a barrel. But when it is impossible to use tankers to transport them, producers have no choice but to turn to other methods such as rail, road or pipelines. A large-diameter pipeline that can carry around one millions barrels of oil per day costs, on average, about \$5m per kilometre, or \$5bn for a 1,000 kilometre pipeline.

That's assuming the pipeline is laid over relatively flat terrain. If mountains, rivers and lakes get in the way, costs can rise significantly. The significant upfront capital cost is why midstream companies and pipeline owners turn to take-or-pay agreements. Under these agreements, customers purchase a minimum amount of transport capacity on the pipeline and pay a fee for this capacity, often indexed to the price of oil over an extended period (frequently a decade or more). The company has to pay to use this capacity whether or not it has oil to transport. This dramatically reduces the risk inherent in the project for the pipeline-operating company and its lenders.

Pipelines require a lot of capital to start, but the long-term economics are hard to argue with. Data compiled by The Economist shows that the cost of transporting oil via a pipeline is, on average, around \$5 per barrel. The cost rises to \$18 per barrel when oil is transported via road or rail. At the height of the US-Iran conflict earlier this year, some reports emerged of companies

"It costs \$5 a barrel to transport oil through a pipeline, compared with \$18 via road or rail"



Around 350,000 kilometres of pipelines are currently in operation worldwide

in central Africa paying as much as \$200 a barrel, with \$50 of that covering transport costs alone. No wonder, then, that there is heavy investment in expanding pipeline networks to cut costs and improve reliability. In East Africa, for example, a 1,500 kilometre pipeline is under construction to transport oil from Uganda to the Tanzanian coast. Argentina is building a 440 kilometre pipeline to connect its key oil fields in the centre of the country to the Atlantic.

There is a growing opportunity for investors. Because returns from pipelines are relatively stable and predictable, thanks to pre-agreed take-or-pay contracts, private infrastructure funds have flooded into the market. According to McKenzie, a consultancy, assets under management across private infrastructure funds have rocketed to \$1.6trn in recent years.

This year, global investment group KKR finished raising money for its largest-ever infrastructure fund with a total value of \$19bn. It's almost certain a large chunk of this will go to pipeline projects. Blackstone and Brookfield are also getting in on the action. KKR, Blackstone and Brookfield have signed a \$16bn deal with Kuwait's oil company for a stake in the country's pipeline network.

Don't be tempted by Partnerships

The midstream sector is particularly strong in the United States thanks to a quirk of US tax law. Midstream firms can be structured as Master Limited Partnerships (MLPs), which are pass-through entities much like real-estate investment trusts (REITs). MLPs pay no taxes, so they can distribute much more of their cash flow to investors. Investors then pay tax on these distributions. Over the past decade, many former MLPs have transitioned to C-corporations (a standard limited company) following a change introduced by the 2017

Tax Cuts and Jobs Act. The changes have opened these companies to a wider range of investors, but yields have fallen because dividends are now paid out after corporate tax; in the partnership model the tax liability falls on the investor. As a rough guide, the Alerian MLP ETF currently yields 7.4% on a trailing 12-month basis, while the Alerian Midstream Energy Dividend UCITS ETF, which has strict limits on MLP exposure, yields just 3.6%.

The Alerian Midstream Energy Dividend UCITS ETF has enforced limits on exposure to MLPs owing to K-1 tax constraints – the reason why these MLPs are unsuitable for all but the most sophisticated investors. A Schedule K-1 Federal Tax Form is issued by US partnerships to report a partner's share of its income, losses, capital gains and dividends.

In short, they are a nightmare for non-US investors. Even smaller domestic US investors generally avoid partnerships to avoid the added administration these tax requirements create. Very sophisticated investors who want exposure to these businesses may use total return swaps or other synthetic instruments instead, rather than becoming entangled in the web of compliance. Don't be tempted by a high yield on a US midstream MLP.

Fortunately, plenty of other options exist for investors to play this theme. Kinder Morgan (NYSE: KMI), the largest natural gas-pipeline operator in the United States (and a former division of Enron) consolidated its various MLPs into a single traditional C-corporation in 2014 in order to lower its cost of capital and appeal to a broader range of local and international investors. Many of the company's peers have since followed suit.

“Argentina is building a 440-kilometre pipeline to connect its key oil fields to the Atlantic”

Continued on page 38

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A tailwind from AI

Kinder Morgan reported record net income of \$867m in the second quarter, up 21% from the same period last year. Around \$660m of new projects coming on stream helped boost the company's top and bottom lines, including Tennessee Gas Pipeline's (TGP) Cumberland Project, designed to serve a new gas-fired power plant in Tennessee. The company said it had a construction backlog of \$9.7bn at the end of the quarter, with an additional \$400m of projects not included in the official backlog, but sanctioned to proceed.

Natural-gas projects made up 92% of the backlog, and 60% of those projects are designed to support local power generation and distribution. The company believes it will outperform expectations by 5% for the year, with adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) of \$9bn and a 12% rise in adjusted earnings per share.

Kinder Morgan, like other US midstream companies, is benefiting from increasing demand for power across the US driven by the AI boom. According to Goldman Sachs Research, domestic power demand from data centres is projected to more than double from 31 gigawatts (GW) to 66 GW by 2027, consuming over 8.5% of total US peak summer electricity. To keep up, companies are commissioning new natural-gas power plants, which can be brought online in a few years and located next to data centres; pipelines are needed to connect these facilities to production zones.

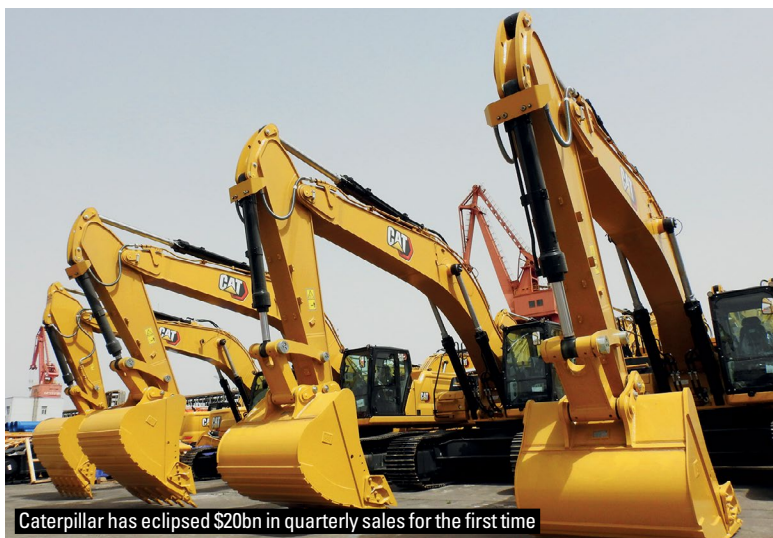
Kinder Morgan may be the largest natural-gas pipeline operator in the sector, but peer Enbridge (Toronto: ENB) is worth nearly twice as much. It plans to spend between C\$10bn (£5.3bn) and C\$11bn this year, with half of that already spent in the first six months. It is constructing the \$4bn Sunrise expansion of its British Columbia pipeline (adding 140 kilometres of new pipeline in addition to upgrading the capacity of the existing pipeline) and spending \$1bn relocating a pipeline in Wisconsin.

Williams Companies (NYSE: WMB), the second-largest pipeline group after Enbridge in market value, has raised its spending guidance for the acquisition of Momentum Midstream. It is now projecting spending between \$7.3bn and \$7.9bn in 2026. Enterprise Product Partners is spending around half as much, with capital spending earmarked at between \$2.9bn and \$3.4bn, net of asset sale proceeds. Key projects include two new gas-processing plants in the Permian Basin, illustrating the growing importance of natural-gas processing and transportation.

Enterprise Product Partners is the fastest-growing of the large midstream companies, but it is also still structured as a partnership. It reported a 19% increase in adjusted cash flow from operations in the first half to \$2.5bn, as well as a 28% increase in net income, thanks primarily international demand for US natural-gas liquids and crude oil.

Energy Transfer also set several all-time record volumes, notably in natural-gas liquids transportation volumes, which increased 13%, and exports, which increased 25%. Distributable cash flow rose 32% to \$2.6bn. Enbridge, Williams and Kingdom Morgan are all trading at roughly the same valuation, with a price/earnings ratio (p/e) in the low 20s and a yield between 3% and 5.5%.

The Alerian Midstream Energy Dividend UCITS ETF (LSE: MMLP) offers exposure to all three companies, plus 16 others, with Kinder Morgan, Williams, Enbridge and Targa comprising around 40% of the fund. Investors also get synthetic exposure to the Alerian MLP index.



The picks-and-shovels plays

Infrastructure provides a steady, predictable return. But if you want something offering a bit more excitement, consider the companies providing the picks and shovels to help build future pipelines. Companies worthy of research include Caterpillar (NYSE: CAT), Tenaris (NYSE: TS), MasTec (NYSE: MTZ) and Primoris Services Corporation (NYSE: PRIM). Caterpillar is a broad-based play on the health of the US economy. The company reported record revenue of \$20.5bn in the second quarter, up 24% year on year – the first time Caterpillar has reported more than \$20bn of revenue in a single quarter.

Meanwhile, the company's order backlog hit a record of \$72.1bn, that's not just related to its diggers. While Caterpillar is widely associated with earth-moving and construction equipment, it also operates the SPM oil and gas brand and manufactures equipment for gas power plants. This energy and transportation division increased sales by 17% year on year. While the stock has dipped recently, it is still trading at 25 times projected 2027 earnings.

Tenaris is one of the more interesting companies in the area. It supplies tubular steel used to make pipelines worldwide. Sales fell 4% in the second quarter, mainly because shipments to customers in the Middle East were postponed owing to the conflict. Lower deliveries to Kuwait and Iraq were, however, offset by higher sales to Venezuela and Argentina, along with the start of delivery of offshore line pipes to the Sakarya Black Sea development in Europe. The company reported a \$3.6bn net cash position at the end of June, compared with a \$19bn market capitalisation. The stock is on a forward p/e of 13.9.

MasTec and Primoris are two of the largest engineering construction contractors in North America. The latter is more focused on utilities, while the former has a big pipeline and energy business. Still, both recently reported record second-quarter sales and record order backlogs. MasTec reported a record 18-month backlog of \$21.4bn; of this total, \$1.8bn was allocated to its pipeline segment, while Primoris achieved a record total backlog of \$13.9bn (comprising \$7.7bn in the utilities segment and \$6.2bn in energy).

MasTec recently acquired The Superior Group to expand its services into datacentre infrastructure and trades at the higher valuation of the two (21 times 2027 earnings versus 14 for Primoris). That's because Primoris reported a loss for the second quarter, despite record sales. The losses stemmed from cost overruns on six renewable-energy projects. All of these will be complete by the end of the year, which should draw a line under the situation.

“Kinder Morgan is the largest natural-gas pipeline operator in the sector”

The next pensions tweak

Get ahead of the changes to salary-sacrifice schemes from 2029-2030



David Prosser
Business columnist

Pension savers face a £470m annual bill from the 2029-2030 tax year onwards as the government restricts the generosity of salary-sacrifice schemes. Official data secured by Bowmore Wealth Group under Freedom of Information rules reveals that this is the state's estimate of the additional national-insurance (NI) contributions that individual savers will pay once the changes come into effect.

At present, savers who give up some of their salary, with their employer channelling the money directly into their workplace pension scheme instead, get a double taxation benefit. They pay no income tax on the salary foregone – providing them with income-tax relief on their pension contributions at their highest marginal rate of tax – and they also avoid having to make NI contributions on this money.

However, from April 2029, the government will limit this NI exemption to the first £2,000 of salary sacrificed by savers; they'll have to pay NI at the usual rates above this threshold. Employers, who also benefit from an NI saving via salary-sacrifice arrangements, will face higher bills too; indeed, their share of the higher costs is expected to be close to £3bn a year.

The changes are expected to have a negative impact on around 3.3 million savers currently making more than £2,000 of pension contributions each year via salary sacrifice. A further four million or so won't be affected because they currently contribute less than £2,000 a year through these arrangements.

How, then, to respond? The first point to make is that including the current 2026-2027 tax year, savers have three more years before they have to worry about higher NI contributions. Over that period, it makes sense to make as much use of the current system as possible, including increasing pension contributions if this is affordable and employers allow it.



Don't miss out twice

Thereafter, savers will need to assess their position, including how their employer has reacted. However, most savers will face only small NI increases – and these may be dwarfed by the value of both the remaining tax reliefs on pension contributions and the contributions made by employers. For savers whose employers match their contributions, reducing pension payments to avoid the NI hike could be particularly costly.

Advisers also warn of a potential pitfall as some employers opt to change the structure of their pension-scheme benefits, replacing salary-sacrifice arrangements with "relief-at-source" contributions. In these structures, employees receive their full pay and then make pension contributions out of this money. Critically, while such

contributions automatically come with basic-rate income-tax relief attached (employers claim this money from the government on savers' behalf), higher- and additional-rate taxpayers typically have to apply for the extra relief they are due via their annual self-assessment tax returns. The government's figures appear to show ministers are counting on at least 10% of people forgetting to make such claims – in which case, they'll miss out on a substantial chunk of tax relief.

It's therefore vital to get organised ahead of the changes. Certainly, you shouldn't panic, since the cost to most individual savers should be manageable. But if your employer does change the way it runs its pension scheme, make sure you're not missing out twice over by forgetting to claim income-tax reliefs you're owed.

Beware the fine print with IHT

Pension advisers have accused the government of introducing an unfair "two-tier" system as part of reforms that will see unused pension assets count towards the value of people's estates for inheritance tax (IHT) from April 2027 onwards. New details of the reforms, released this month, show several valuable IHT reliefs available to families facing IHT bills will not apply to pensions wealth that is passed on. One concern is that pension savings won't be eligible for sale relief, where families can claim back some IHT if assets are sold for less than they were worth when the person died. For example, shares held in pensions will be taxed at their value on the date of the owner's death, even if they fall in value before heirs have time to sell them.

There will also be restrictions on the availability of business-property and agricultural-property relief. These reliefs provide big IHT savings when heirs receive assets such as shares in a family business or farmland, but won't be available on such assets when they're held in a pension. Another potential trap is that while families receiving commercial property – which can be tricky to sell quickly – are usually able to apply to pay IHT due on the asset over periods of up to ten years, this won't be an option for commercial property held in pensions. The fine print of the new rules highlights the need for families to plan ahead for potential IHT liabilities and to take professional advice if their affairs aren't straightforward.

News in brief... fiscal drag hits more savers

- Annuity rates reached 7.75% last month, the highest level in 18 years, new figures from Standard Life reveal. The increase, linked to rising yields on gilts, means a healthy 65-year-old with a £100,000 pension could now expect an annual income of up to £7,750; that compares to less than £5,000 five years ago. While the exact payout will vary by saver – depending on their individual circumstances and the type of annuity they choose – the higher rates strengthen the case for using pension-fund savings to buy this guaranteed income, rather than drawing cash directly from your savings in retirement.

- Pensioners look set to secure a £500 increase in the value of the state pension next April. The increase is based on the triple-lock promise – to raise the state pension each year by the highest

of the growth in wages, prices or 2.5% – with reference to September's economic data. Growth in wages is averaging 4.1% in the UK, ahead of inflation, which would mean the weekly state pension rising from £241.30 to £251.20 next April, an increase that's worth around £500 a year.

- Ongoing freezes in pension allowances and thresholds could see 114,000 more savers hit by tax charges supposedly aimed at only the wealthiest savers, new research shows. Consultant Barnett Waddingham says the next five years will see a 23% rise in the number of savers who see their annual pensions-contribution allowance reduced because they earn more than £200,000 a year. Savers who then contribute more than this reduced allowance must pay tax penalties on the excess.

Moving up a gear

A greater focus on cars rather than bikes is driving growth at Halfords



Matthew Partridge
Shares editor

During Covid many people made changes to their lives, such as adopting a pet, buying an exercise machine, or taking up a new hobby. Shares in the firms that served these sectors surged. But once the lockdowns ended, many of these interests dwindled, causing the shares to fall back. One firm that experienced this was Halfords (LSE: HFD), which briefly benefited from the expectation that everyone would become a cyclist before people resumed their usual routines. Even today, the share price is still down 50% from its record peak in May 2021. But recently it has started to take off again and this time the increase could prove sustainable.

Halfords makes its money from selling accessories and providing repair services for bicycles and cars; it accounts for about half of all bicycles sold in the UK. It operates 370 stores, 496 garages, 21 mobile hubs and 92 commercial depots in the UK and Ireland. Although overall sales have grown at a solid rate, increasing by around 40% since 2021, this conceals the fact that profitability has been far less consistent, due to higher costs and the overstocking of bicycles. Normalised earnings per share are now less than half the level reached in 2021.

A new broom

The good news is that Halfords' problems led to the appointment of new CEO Henry Birch last year. Birch has come up with a turnaround strategy based on three ideas. In the short term, Halfords has worked hard to boost margins by keeping costs under control. It has also taken steps to improve its digital platform, making it easier for its customers to book services and sign up for regular plans.

However, the most interesting part of the new strategy is that Birch has been trying to shift Halfords' business more towards cars, which now comprise around 80% of sales.



The group made an operating profit in the year to April after a loss the previous year

He wants Halfords to focus on car repair and maintenance. One reason for this is that this part of the company has more growth potential than the stores owing to the greater opportunities for upselling (offering customers more and pricier products and services). Another big advantage is that it is much harder for drivers to delay essential repairs than the purchase of accessories, making the division more resilient to the economic cycle.

Already this strategy seems to be paying off, with last year's pre-tax loss becoming a comfortable profit in the year to April 2026. Like-for-like sales (those from existing business units) are also growing at a healthy rate, while gross margins have improved too; Halfords recently upgraded its profit guidance for the next year.

Despite all this, the stock's valuation remains cheap at 12 times 2028 earnings and barely the value of the company's net assets. The shares also offer a very solid dividend yield of 4.4%. Furthermore, they have soared 75% since 1 May, and they trade above both their 50-day and 200-day moving averages. Go long at the current price of 232p at £15 per 1p. Put the stop-loss at 167p, which gives you a stop loss of £975.

"Despite the good news, the stock's valuation remains cheap at 12 times 2028 earnings"

comfortable profit in the year to April 2026. Like-for-like sales (those from existing business units) are also

How my tips have fared

It has been a positive three weeks for my long tips, with seven appreciating and two falling. Housebuilder Galliford Try rose from 590p to 608p, travel and insurance group Saga increased from 676p to 683p and energy company SSE went up from 2,356p to 2,371.

Investment platform AJ Bell climbed from 587p to 616p, insurer Hiscox increased from 1,777p to 1,832p, and travel website Expedia shot up from 268p to 334p. Insurance specialist Admiral rose from 3,772p to 3,984p.

Unfortunately, spread-betting and investment platform IG Group dropped from 1,723p to 1,371p and Barclays went down from 515p to 491p. The upshot was that net profits on my long positions increased from £1,527 to £1,723.

The performance of my short tips was mixed: one rose and the other declined. The good news was that delivery-robot company Serve Robotics fell from \$5.65 to \$4.72. However, electric-aircraft company Archer Aviation shot up from \$4.84 to go beyond the \$6.50 at which I suggested that you should cover it, producing losses of £231.

My ongoing short tips are making combined profits of £237, down from £1,722, although this is partly to do with the profits from Faraday Future Intelligent Electric no longer being counted.

The combined positions are now making £1,950, down from £3,108. I recommend that you close the long position in SSE, taking losses of £225. This leaves my trading portfolio with ten positions: nine longs (Barclays, Galliford Try Holdings, IG Group, Saga, AJ Bell, Hiscox, Expedia, Admiral and Halfords) and one short (Serve Robotics).

I suggest that you should now raise the stop-losses on Barclays to 400p (from 395p); Galliford Try to 400p (395p); IG Group to 1,275p (1,250p); Saga to 435p (430p), AJ Bell to 440p (435p); and Hiscox to 1,500p (1,400p). I further recommend that you lower the price at which you cover Serve Robotics to \$11 (\$12).

Betting on politics... the next president

Although the US mid-term elections are still two months away, people are already starting to talk about the next presidential election. Even though the US constitution bars Donald Trump from running for a third term, you can still get 1.11 (90.1%) on him not running – and 9.4 (10.6%) on him running.

Given Trump's unpopularity, and the fact that the bet defines running as Trump being both the nominee and legally allowed to run, taking the "no" side of the bet should be a safe option, even though the odds are short.

A more interesting bet is on who will be the Republican presidential nominee in 2028. With £63,774 matched on Betfair, the main contenders are vice-president J.D. Vance at 2.28 (43.9%) and secretary of state Marco Rubio at 4.3 (23.2%). Others are congressman Thomas Massie at 15 (6.7%), broadcaster Tucker Carlson at 19 (5.3%), Florida's governor Ron DeSantis at 24 (4.1%) and Donald Trump Jr at 27 (3.7%).

With Trump still commanding the respect of most Republican voters, whoever he supports is all but

guaranteed the nomination. Under normal circumstances, that would be his deputy, Vance, so it makes sense that he is the favourite. Nevertheless, Rubio has done an excellent job of forging a strong relationship with the president.

At the same time, Rubio also has the support of those in the Republican establishment who want to move on from Trumpism. So, I'd recommend betting on both Vance and Rubio for combined chances of 67.1%. If you want to split your bet correctly, put £6.54 on Vance and £3.46 on Rubio.

Italy's serpentine succession drama

Eight heirs have been battling it out for control of Delfin, the holding company behind eyewear multinational EssilorLuxottica. Jane Lewis takes a look at the latest twists in the tale

"Proving truth can be stranger than fiction," the squabbling heirs running one of Italy's biggest companies, Delfin, have "trumped" the television series *Succession*, says The Times. That hit drama featured four siblings vying for control of their family empire. At Delfin – the €55bn holding company behind Ray-Ban's owner EssilorLuxottica – there are eight heirs battling it out. And there's more at stake than fancy eyewear.

A big financial power player, Delfin also has substantial holdings in a slew of Italian banks and other financial institutions – including UniCredit, Mediobanca, Banca Monte dei Paschi di Siena and the insurer Generali – as well as de facto control of the international property group Covivio. It is thus "one of corporate Italy's top power brokers", says the Financial Times, and this paralysing family feud has sent ripples across the country's financial sector at a pivotal moment. Italian banks are currently waging an internecine chess game of consolidation. The outcome at Delfin could swing the balance.

The best laid plans...

It wasn't supposed to end like this, says the Luxembourg Times. The family patriarch, Leonardo Del Vecchio – who built the largest eyewear company in the world from a small optical workshop in the Dolomite foothills – "spent years designing a governance structure" to protect his legacy before his death in 2022. He hoped to head off disputes by dividing the family holding company equally between eight heirs: his six children by three different wives, his widow and her son Rocco Basilio. Yet from the outset, there were squabbles over everything from dividends to the future of the group's portfolio.

Matters came to a head this year, when Del Vecchio's fourth child – 31-year-old Leonardo Maria (pictured) – a "keen DJ... avid Ferrari collector" and "mainstay in gossip magazines" – started flexing his muscles, says The Times. He proposed cementing his control over the group by buying out two of his siblings. For a time it looked as though "Leonardino"

"The bitter infighting is a warning to Italy's legions of family firms facing generational change"

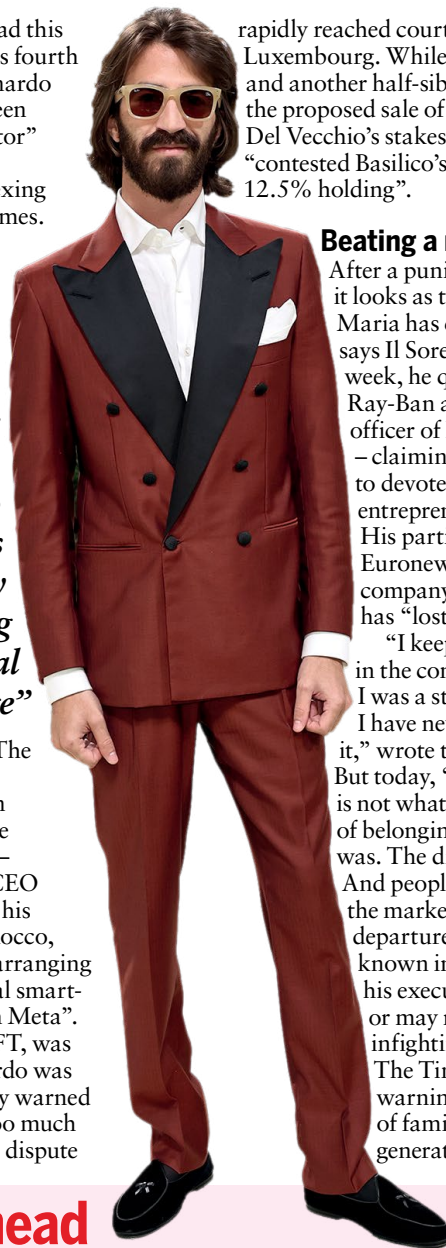
might get his way, says The Observer. But he hadn't bargained on opposition from key members of the EssilorLuxottica board – notably chairman and CEO Francesco Milleri – and his LA-based stepbrother Rocco, who is "credited" with arranging "Ray-Ban's controversial smart-glasses partnership with Meta". Their critique, says the FT, was that the younger Leonardo was "not his father" and they warned against concentrating too much power in his hands. The dispute

rapidly reached courtrooms in Italy and Luxembourg. While Rocco Basilio and another half-sibling challenged the proposed sale of Luca and Paola Del Vecchio's stakes, Leonardo Maria "contested Basilio's entitlement to his 12.5% holding".

Beating a retreat

After a punishing stand-off, it looks as though Leonardo Maria has conceded defeat, says Il Sole 24 Ore. This week, he quit as chairman of Ray-Ban and chief strategy officer of EssilorLuxottica – claiming he intended to devote himself to new entrepreneurial projects. His parting shot, says Euronews, is that the company his father founded has "lost its soul".

"I keep talking to people in the company. I did it when I was a store manager and I have never stopped doing it," wrote the founder's son. But today, "the enthusiasm is not what it was. The sense of belonging is not what it was. The distance can be felt. And people sense it before the markets. Always." The departure of LMDV, as he is known in the company, from his executive roles may or may not end "the infighting at Delfin", says The Times. But it is "a warning to Italy's legions of family firms facing generational change".



A geek with a good business head

Gaming tycoon Ian Livingstone has arguably done more than anyone else to transform gaming from a "geeky pastime" to a global industry, says Ed Power in The Telegraph. Livingstone (pictured), 76, is the founding force behind Games Workshop – whose miniatures wargame, *Warhammer*, has hooked fans ranging from former Tory foreign secretary James Cleverly to *Superman* actor Henry Cavill.

Livingstone was also part of the management team behind Eidos, the blockbuster British videogames publisher that developed *Tomb Raider* and *Lara*



Croft in the 1990s. Livingstone's path to games stardom – as described in his autobiography *Dice Men* – began in 1975 in a flat in Shepherd's Bush, west London, says City AM. He and a pair of school friends,

Steve Jackson and John Peake, were stuck in dead-end jobs, so stayed in a lot to play games.

"We thought it would be nice if there was more of a gaming community," he told The Telegraph. So they started a newsletter, *Owl and Weasel*, and a mail-order company called Games Workshop, which sold "home-made backgammon boards and other games". Their

big break came when Gary Gygax, the US co-creator of *Dungeons & Dragons*, was looking for a UK distributor. "He must have wondered who these hippies were... But we were the only Brits [interested], so he had no choice."

In the early 1980s, Livingstone turned his hand to writing fantasy fiction. He knew he'd hit gold, says The Telegraph, when an outraged vicar threatened to chain himself to the railings of publisher Penguin. He believed that *Fighting Fantasy* adventure-game books "were leading a generation of young people down a path to devil worship".

Meanwhile, Games Workshop was also going great guns, says City AM. Livingstone turned

down an approach from Richard Branson to buy the firm, but sold his stake in 1991 as part of a £10m buyout. Today's market value is £6.2bn. "Some might say we sold a bit early," says Livingstone. "But no regrets."

He went on to become executive chair of Eidos and repeated the feat with Lara Croft. Now a general partner at Hiro Capital, which invests in video games and e-sports, Livingstone won't be drawn on his net worth, says The Telegraph. But the popularity of his past endeavours – "and the magnificence of his board game collection" – show "he is clearly doing all right". He is that rare phenomenon: "A geek with a good business head."

This week: industrial conversions – from a top-floor apartment in the award-winning Old Fire Station develop



▲ **The Old Mill, Linzford, Rowlands Gill, County Durham.** A Grade II-listed former paper mill on the banks of the River Derwent. It has exposed stonework, wood floors, a wood-burning stove and a large kitchen with an Aga. 3 beds, 2 baths, recep, double garage, studio, riverside terrace, gardens, 0.34 acre. £700,000 **Finest Properties** 0330-111 2266.



▶ **The Stack, Trelyon, Truro, Cornwall.** A five-storey, Grade II-listed former engine house dating from the 1800s overlooking a valley. It has granite walls with arched doorways and a wood-burning stove. 3 beds, 2 baths, dining kitchen, reception, terrace, workshop, studio, gardens, 0.6 acres. £895,000 **Rohrs & Rowe** 01872-306360.



▶ **Lakeland Cottage, Spark Bridge, The Lake District.** This converted 1850s bobbin mill was originally one of the oldest continuously operating industrial sites in the country. The gardens include a pond and a bridge over the river that leads to a pavilion. 4 beds, 3 baths, 3 receps, study, orangery, dining kitchen, balconies, garages, gym, greenhouse, outbuildings, workshop, private riverside jetty, grounds. £1.995m **Fine & Country** 01539-733500.



ment in Worcester, to a converted 17th-century mill in Ceredigion, Wales



▶ **Rhydlewis, Llandysul, Ceredigion, Wales.** A mid 17th-century mill in west Wales that was rebuilt in 1811. The former mill has solid stone walls and a full-height living area with a vaulted ceiling with exposed wooden rafters, timber panelling, a Danish wood-burning stove and large glass doors that open onto a substantial balcony that overlooks the garden. 2 beds, bath, open-plan kitchen/living area, mezzanine, parking, gardens, grounds. £350,000 Savills 0292036-8915.

▶ **The Old Foundry, Panxworth, Norfolk.** A former iron foundry and smithy dating from 1869 on the edge of a village. It has double-height ceilings with a mezzanine, exposed beams and a large fitted kitchen. 4 beds, 3 baths, recep, study, office, roof terrace, gardens. £550,000 Sowerbys 01603-761441.



▶ **The Old Fire Station, Worcester.** A top-floor apartment in the award-winning Old Fire Station development in the centre of Worcester. The flat has open-plan interior with wood floors and modern fittings. It comes with its own private balcony that commands views over Worcester Cathedral and also has access to a communal roof garden. 2 beds, bath, open-plan kitchen/living area, parking. £260,000 Allan Morris 01905-612266.



▶ **The Wheelhouse, Canterbury, Kent.** A Grade II-listed former industrial building dating from the 18th century just outside the city walls in the Nunnery Fields conservation area. It has a 32ft vaulted drawing room with a log-burning stove and a 36ft sitting room with a vaulted ceiling, exposed timber beams and a Juliet balcony. 6 beds, 3 baths, 4 receps, study, conservatory, breakfast kitchen, greenhouse, garage, courtyard garden. £900,000 Strutt & Parker 01227-473700.



▶ **Royal Mint Street, London E1.** A penthouse apartment in a converted Victorian factory originally constructed in 1890 for the tobacco manufacturers Thomas Bear & Sons. It has a dual-aspect kitchen and reception with double-height vaulted ceilings, exposed brickwork, the original cast-iron columns, timber floors and Crittal windows. 3 beds, 2 baths, office/bed 4, open-plan kitchen/dining room, share of freehold. £2.25m Knight Frank 0203-597 7687.

Austrian adventures

If you're wondering where to go this autumn and winter, Austria has the answer

Skiing made easy

Wellness, luxury and indulgence come together at Hotel Nesslerhof. This five-star Austrian retreat is ideally located for hiking year-round. But its location within the Alpine valley of Großarl also makes it particularly well-situated for skiing. Guests can pre-order their ski equipment online before they arrive and find it waiting for them in their personal locker after check-in. They can then cross the road to the Kieserlbahn cable car that will take them up to the Grossarlal-Dorfgastein ski area – part of the vast Ski amadé network (Europe's largest), with 70km of immaculate slopes and 18 modern lifts. The ski area, where snow is guaranteed from December to April, is suitable for skiers of all levels.

Afterwards, guests should head to restaurant Sky Lounge Wolke 7 for panoramic views at the top of the Kieserlbahn or unwind at the Nesslerhof's 1,800-square-metre wellness area and spa. *From £428 a night, including breakfast, visit nesslerhof.at/en.*

Autumn food festival

The Culinary autumn food festival is returning to Schlosshotel Fiss, high in the Tyrolean Alps, from 5-25 September. Guests can take part in wine tastings and cooking workshops, as well as outdoor activities such as food-themed hikes through the mountains



©Schlosshotel Fiss/Fabian Schrig

Schlosshotel Fiss is ideally situated for skiing and snowboarding

and events at the local distillery. While the festival is bound to be indulgent, Schlosshotel Fiss has tied it in with its wellness programme so that guests can, for instance, go on guided walks through the hotel's herb garden to learn about the Alpine plants that go into seasonal dishes. There will also be yoga sessions beside Lake Wolfsee and sauna sessions in the evenings, accompanied by singing bowls.

Schlosshotel Fiss is situated in the sunny little village of Fiss, at an altitude of 1,438m. In the warmer months, it is ideally located for hiking and mountain biking, and in the winter guests are able to go skiing and snowboarding. *From €746*

"Powder Byrne has been organising high-end holidays for families for 40 years"

A night in winter, full board, schlosshotel-fiss.com/en.

Family fun on the slopes

Specialist ski operator Powder Byrne has been organising high-end holidays for families for 40 years. A range of ski programmes is available for children of all ages and abilities and, new for this year, Powder Byrne is introducing a ski clinic for adults to master their form.

The highlights this winter in Austria and Switzerland include Christmas in Arosa. Guests will be able to enjoy reliable early-

season snow at Hotel Valsana – a refined hideaway in the Swiss Alps with a focus on staying healthy. *From £19,146 for a family of four for seven nights, with first-class train transfers.*

And you can spend Easter at Hotel Maiensee in the Austrian Arlberg at an altitude of 1,800m, which has access to the Arlberg ski area. The pretty little resort of St Christoph is part of the bigger and better-known St Anton ski circuit. *From £19,256 for a family of four for seven nights, visit powderbyrne.com.*

Wine of the week: quality wine at an unbeatable price

2025 Oxford Landing, Sauvignon Blanc, South Australia

£7.50, Waitrose, Morrisons, Tesco, Co-op, Sainsbury's, Asda, Costco



Matthew Jukes
Wine columnist

There is only one wine brand that covers a multitude of grape varietal disciplines at the highest level of accuracy and that comes in at a "house wine" price – Oxford Landing. Many of these five wines are discounted on the high street when you least expect it, so keep an eye out and be sure to spring into action. Why? Because OL has been owned and run by Yalumba, itself founded in 1849, since 1959.

Oxford Landing is a single estate, situated on the banks of the Murray River in the Riverland region of South Australia, is expert in sustainability and run by the company that has garnered more mentions in 22 years of my 100 Best Australian Wines Reports than any other. My featured sauvignon should not remotely be viewed as thirst-quenching, revitalising and mesmerising as it is. It kicks



every inexpensive New Zealand savvie B into the kerb. Meanwhile, 2025 Oxford Landing Chardonnay (£7.50, Waitrose, Morrisons, Ocado) is almost unbelievably rewarded with a smattering of oak to give it lustre and gloss. 2024 Oxford Landing Pinot Grigio (£7.50, Waitrose, Morrisons) is a superstar with flesh, traction, hints of spice and pear juice. It puts oceans of Italian wines to shame, while 2023 Oxford Landing Merlot (£7.50, Tesco, Co-op) is seamless, refreshing, balanced and generous – the epitome of its variety. Finally, 2024 Oxford Landing Shiraz (£7.50, Waitrose, Morrisons, Ocado) is encouragingly earthy and spicy, with a smattering of tannin and spice. You already know I ignore labels and simply taste the wine in the bottle without bias or prejudice. This is why you really must explore these wines – they reward on every sip and do an amazing job of filling the gaps between more expensive and fabled bottles. The whites should find a permanent place in your fridge door, and the reds should be within an arm's length of your dining room table.

Bridge by Andrew Robson

Looking at North-South's 26 cards

West has a choice of sequence-leads versus South's Four Spades. Normally, the King from King-Queen is better than the Queen from Queen-Knave, which in turn is better than the Knave from Knave-ten. However, to counter-balance that, it is generally safer to lead from a longer suit.

Plan the play in Four Spades (a) on the King of Clubs lead, and (b) on the Knave of Hearts lead.

Dealer South

Neither side vulnerable

♠ Q
♥ J10643
♦ QJ76
♣ KQ4

♠ KJ54
♥ AKQ
♦ 982
♣ J83

N
W E
S

♠ A98732
♥ 87
♦ K104
♣ 92

♠ 106
♥ 952
♦ A53
♣ A10765

The bidding
South
2♠*

West
pass

North
4♣

East
end

* Weak Two – 5-10 points and good (ish) six-card suit (this one is marginal – with only one honour).

On the King of Clubs lead, East encouraging with the ten, followed by the Queen and a third Club, declarer has only one option. After ruffing, drawing Trumps and cashing the Ace-King-Queen of Hearts (dropping a Diamond), he leads a Diamond towards the King. Phew – his 50 per cent shot East holding the Ace) rolls in. Game made.

The Knave of Hearts is apparently a much more favourable start for declarer. He wins, draws trumps, cashes the other two Hearts dropping a Club, and now plays Diamonds in the 75 per cent manner to make a trick. He passes the nine to West's picture. West hurriedly switches to Club and declarer ruffs the second, crosses to a third Spade then leads a second Diamond to his ten. Ugh – West wins his other picture and East's Ace beats declarer's King.

The 50 per cent Diamond shot (low to the King) worked, while the 75 per cent shot (two deep finesses, just needing East to have a picture) failed. Looking at North-South's 26 cards, the Club opening lead was worse than the Heart lead. In actuality, not so.

For Andrew's acclaimed instructional daily BridgeCasts, go to andrewrobsonbridgecast.com

Sudoku 1327/1328

3		4	8			6		2
					9			
			5	4			8	
	5			1			3	
				3				
	6			8		2	7	
	3			5	8			
			2					
1		6				5		4

To complete MoneyWeek's Sudoku, fill in the squares in the grid so that every row and column and each of the nine 3x3 squares contain all the digits from one to nine. The answer to last week's puzzle is below.

6	5	9	1	8	2	4	7	3
1	7	8	4	9	3	5	2	6
2	3	4	7	6	5	8	1	9
8	2	6	5	4	9	1	3	7
4	9	7	6	3	1	2	8	5
3	1	5	8	2	7	6	9	4
9	8	3	2	5	6	7	4	1
7	6	2	9	1	4	3	5	8
5	4	1	3	7	8	9	6	2

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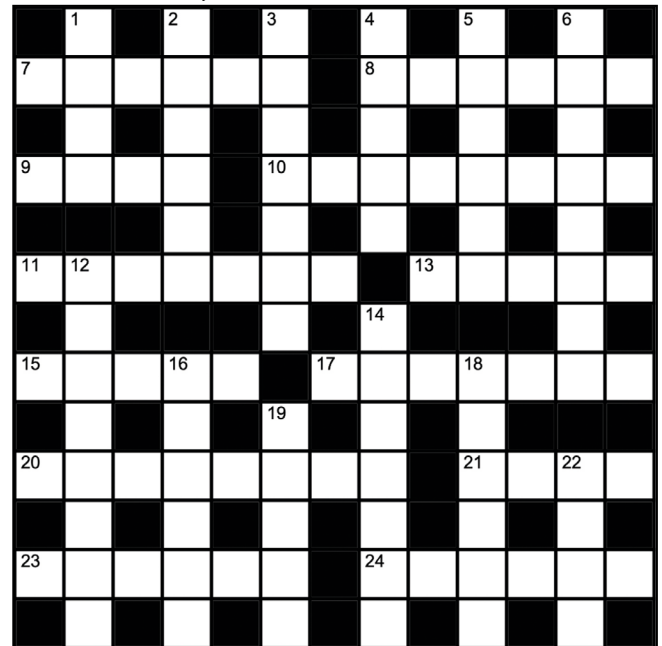
moneyweek.com

Caper's Quick Crossword No.1327/1328

A bottle of Taylor's Late Bottled Vintage will be given to the sender of the first correct solution opened on 7 Sept 2026. By post: send to MoneyWeek's Quick Crossword No.1327/1328, 121-141 Westbourne Terrace, Paddington, London W2 6JR. By email: scan or photograph completed solution and coupon and email to: crossword@moneyweek.com with MoneyWeek Crossword No.1327/1328 in the subject field.



**TAYLOR'S
PORT**



Across clues are cryptic and down clues are normal

ACROSS

- 7 Start to cut a square tooth (6)
8 Musical featuring old organ (6)
9 Robust beer at The Horse's Head (4)
10 Checked retreads after accident (8)
11 Dad swallows an excellent remedy (7)
13 Dam at front of Danube is odd (5)
15 Crow beginning to tremble behind constrictors (5)
17 Crisp biscuit and lots of nuts (7)
20 A badge describing banter? (8)
21 Graceful bird at start of summer is lacking colour (4)
23 Changes tables in church for speech (6)
24 I need a translated epic poem by Virgil (6)

DOWN

- 1 Cheerio (2-2)
2 Picture-house (6)
3 Connected by kinship (7)
4 Poisonous hooded snake (5)
5 Thin paper (6)
6 Practice (8)
12 Charming (8)
14 Store of weapons (7)
16 Concealed marksman (6)
18 Gambling house (6)
19 Wet land (5)
22 Corrosive chemical (4)

Name

Address

email

Solutions to 1325

Across 1 Stoical I in Anag plus L 5 Tiara Tia Maria minus Ma I 8 Train 2 defs 9 Chassis Hidden 10 Procrastinate, Anag 11 Dilute Lute on ID rev 12 At once C in A tone 15 Paddle steamer Anag (at sea) at 6 down 18 Seattle Settle around A 19 Odeon Ode On 20 Trams Smart rev 21 Treason Tre(e) A son – ref. George Washington **Down** 1 Sit-up 2 On a roll 3 Congratulates 4 Locust 5 Toad-in-the-hole 6 At sea 7 Austere 11 Deposit 13 Numbers 14 Ascent 16 Drama 17 Run-in.

The winner of MoneyWeek Quick Crossword No.1325 is: Charles Orange of Surrey

Taylor's is one of the oldest of the founding Port houses, family run and entirely dedicated to the production of the highest quality ports. Late Bottled Vintage is matured in wood for four to six years. The ageing process produces a high-quality, immediately drinkable wine with a long, elegant finish; ruby red in colour, with a hint of morello cherries on the nose, and cassis, plums and blackberry to taste. Try it with full-flavoured cheeses or desserts made with chocolate.



A new kind of presidency

Trump is no worse than his forebears except in his bravado and chutzpah



Donald Trump's crypto business has brought in \$1.4bn



Bill Bonner
Columnist

If Watergate were to happen now, it would be like a 12-hour news story," says J.D. Vance. The US vice-president is talking about the shrug – about the way grift has been "normalised". It's now just a part of what Steve Bannon called the "flood the zone" strategy: you keep so much stuff coming at voters they don't have time to think or react. It seems to be working. Surveys report that Americans are not outraged; they are tuning out. People are less and less inclined to pay any attention to him.

Every president this century has been a disaster. Each of them has put more grease on the skids, helping to speed the US's toboggan-like decline. They all overspent. They all committed war crimes. They all bowed down before the big lobbies and did as the Deep State elite commanded. And, generally, with the support of the public, too. But no US leader has done it with the bravado, the chutzpah and the sheer gall of DJT.

Trump first took power in 2017. Since then, US debt has about doubled. About \$8trn of it came in during Joe Biden's spendathon. But \$12trn, so far, is the bill for Trump – more than any president ever. The debt bomb has been dropped.

It cannot be recalled or disarmed. It will hit the ground in an explosion of chicanery, bankruptcy and inflation.

In matters of war, Trump cannot be said to be worse than, say, George W. Bush. But Bush kept within the boundaries of broadly acceptable fraud – assembling an international coalition to attack Iraq with the blessing of the West's most self-righteous institutions and the stamp of approval from the great and the good. At least the man who wears a mask when he robs a bank admits that there is something low-down about it. Trump is more brutally honest,

"As president, Trump earns about \$200 per hour on the job"

attacking Iran with only Israel by his side, in defiance of world opinion, the Geneva convention, good taste and good judgement.

But where Trump stands head and shoulders above his predecessors – going back to Warren Harding – is that he is by far the most corrupt president the US has ever seen. Harding presided over the Teapot Dome scandal. People went to jail for it. But there is no record of Harding gaining personally. Bush and Obama, too, were disasters, but neither took much personal profit from their time in the White House,

the odd million aside.

Corruption moved into a higher gear with Joe Biden. But again, it was all minor league stuff compared with Trump. His crypto business has brought in about \$1.4bn. The plane from Qatar was worth \$1.1bn. Jared Kushner's hedge fund drew in \$5.4bn. Selling advance notice of Trump's Truth Social posts is estimated to be worth \$1.2bn. Trump collected \$10m from selling pardons. Sons Donald Jr and Eric have made sweet deals with weapons contractors. There is some \$1bn worth of Venezuelan oil, taken by the US and rumoured to be under Trump's control. As president, Trump earns about \$200 per hour on the job. Ralph Nader estimates his side hustles earned him \$1.1m per hour in the first 12 months of his second term.

It takes corruption to a whole new level. The Corruption Perceptions Index ranks South Sudan, Somalia and Venezuela as the world's most corrupt nations. Denmark, Singapore and New Zealand are on the other end of the chart. The US is at 64 on a scale of one to 100, its lowest ever level. Is anyone outraged? No, we're beyond that. Watergate took two years to unfold. Today, the nation can't sit still for an afternoon.

For more from Bill, see bonnerprivateresearch.com

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