

Ian Cowie: I'm glad these two trusts are no longer my problem

Our columnist runs through his winners and losers in the third quarter, a period that saw him sell out of two investment trust holdings.

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VOF ↑ 0.76% UKW ↑ 0.99%



Going green left me seeing red, gripping the desk and trying not to cry, when I sold out of two renewable energy investment trusts during the last three months.

Please don't laugh but only seven of the 17 [investment trusts](#) I continue to hold produced a positive return in the third quarter (Q3) of 2023. It was a difficult time for many, with rising interest rates pushing bond yields to levels last seen immediately before the global financial crisis in 2008. The average member of the Association of Investment Companies (AIC) returned just £1,002 on £1,000 during Q3.

Unfortunately, specific disappointments - such as persistent underperformance and a botched attempt at asset disposals - made matters worse for me. Without wishing to go into all the gory details, I lost faith in **Gore Street Energy Storage Fund Ord** GSF ↑ 0.00% and **US Solar Fund Ord** USF ↓ 3.33% .

At this early stage, I am glad I bailed out of GSF at 93p and USFP at 47p because this week they traded at 72p and 47p respectively. Getting out spared me some of the pain they generated over the whole quarter by turning £1,000 into £861 and £891.

Talk about being grateful for small mercies. I wish ongoing shareholders a speedy recovery but am glad these trusts are no longer my problem.

Sad to say, they weren't my only clangers during Q3. Former high-flyer **Ecofin Global Utilities & Infra Ord EGL** ↓ **0.30%** turned the same initial investment into £884 with an idiotic windfall tax on North Sea wind farms adding to the global woes of higher interest rates.

Further afield, the Japanese smaller companies specialist **Baillie Gifford Shin Nippon Ord BGS** ↑ **2.20%** and the self-descriptive **JPMorgan US Smaller Companies Ord JUSC** ↑ **0.14%** turned £1,000 into £911 and £939 respectively. But I can remember when both did well and intend to hang on in hope.

On a brighter note, my Q3 top three trusts demonstrate how taking a long-term view can produce positive returns - plus how difficult it is to predict where they will come from. More positively, they also show the value of a globally diversified portfolio in difficult times.

Schroders Capital Global Innov Trust Ord INOV ↑ **0.00%** was the surprise Q3 winner with a return of £1,199, on the usual basis. Formerly known as Woodford Patient Capital, named after the eponymous "star fund manager" this remains one of the worst of Cowie's Clangers. Now it is showing some signs of life, albeit from a very low base, eight lousy years since it was launched.

India Capital Growth Ord IGC ↑ **2.18%** came second with its focus on medium and smaller companies on the subcontinent leading it to end the period with £1,111. **Canadian General Investments Ord GBP CGI** ↑ **0.47%** and **JPMorgan Indian Ord JII** ↑ **0.28%** both finished with an end value of £1,031, marginally pipping **VinaCapital Vietnam Opp Fund Ord VOF** ↑ **0.76%**, which finished with £1,030.

Nick Britton, research director of the AIC, told me: "The third quarter of the year saw signs of inflation cooling and central banks easing off the brakes a little.

"The average investment company delivered a total return just a whisker above zero, with property and private equity among the star performers as investors saw light at the end of the interest rate tunnel. Indian equities also did well, with the country's stock market reaching a record valuation in the quarter and strong economic growth figures contributing to the optimistic mood.

"It was not such a good quarter for renewable energy infrastructure. The UK government failed to attract any offshore wind projects in its September auction, with developers complaining the power price was set too low, and the prime minister was criticised for rowing back on green commitments. The environmental sector also had a tough three months, proving that sometimes it's not easy being green."

You can say that again, Nick. However, I must be a slow learner - or a sucker for punishment - because I invested most of the money raised from GSF and USFP in **Greencoat UK Wind UKW** ↑ **0.99%** during this quarter.

It is already nearly 10% down, although it remains important to report the rough as well as the smooth of stock market investment. You can't accuse me of only telling you about the winners, but I do hope the months ahead will prove kinder than the last quarter.