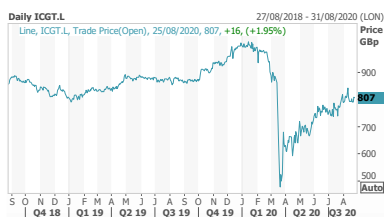


Closed-Ended Investment Funds


Source: Refinitiv

Market data

EPIC/TKR	ICGT
Price (p)	820
12m High (p)	1,015.0
12m Low (p)	460.0
Shares (m)	68.88
Mkt Cap (£m)	564
NAV p/sh (p)	1,114
Discount to NAV	26%
Market	Premium equity closed-ended inv. funds

Description

ICG Enterprise Trust (ICGT) is a listed private equity (PE) investor providing shareholders with access to a portfolio of European and US investments in profitable, cash-generative unquoted companies. It invests in companies managed by ICG and other leading PE managers, directly and through funds. It strikes a balance between concentration and diversification, risk and reward.

Company information

Chair	Jane Tufnell
Audit Cte. Chr.	Alastair Bruce
NED	Lucinda Riches Sandra Pajarola Gerhard Fusenig
Inv. Mgr.	Oliver Gardey, Colm Walsh
Contact	James Caddy +44 20 3545 2000 www.icg-enterprise.co.uk

Key shareholders

Mattioli Woods	3%
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Diary

Oct'20	Interim results
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Analyst

Mark Thomas	020 7194 7622 mt@hardmanandco.com
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ICG ENTERPRISE TRUST PLC

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Our July initiation, *Outperformance through every stage of cycle*, highlighted how investors got liquid access to the attractive PE market with incremental manager synergies. To its last reported NAV (April), ICGT delivered a 10-year total NAV return of 178% (FTSE All-Share return 61%). Since Intermediate Capital became the manager in 2016, it has earned mid-teen underlying returns every year. It has a concentrated portfolio of "high-conviction" investments (19% p.a. average five-year return, 42% of the portfolio, defensive growth focus) and a diversified third-party PE funds book. The 26% discount to NAV seems anomalous with market-beating returns.

- ▶ **Value added:** ICGT invests in the attractive PE market, where operational improvements, well-funded strategic development, valuation opportunities and good corporate governance create superior returns. It adds value in its strategic focus, investment process, and fund manager relationships and selection.
- ▶ **Peer news:** Most peer underlying company valuations remain as at March. HVPE *reported* an NAV rise of €0.59 to €26.26 in July, driven by public holdings and FX effects. SLPE *reported* a fall of 9.8p in June, of which 3.3p was the dividend and the balance FX. BPET's *results* showed a 4.7% NAV return in the six months to 30 June.
- ▶ **Valuation:** Valuations are conservative (uplifts on realisations averaging 33% to the latest book value in the medium term). Ratings are undemanding, and the carry value against cost is modest. All this gives confidence that the NAV on the accounting date is realistic. The 26% discount to NAV is at nearly 3x recent levels.
- ▶ **Risks:** PE is an above-average cost model, but post-expense returns are market-beating. Even though actual experience has been continued NAV outperformance in economic downturns, sentiment is likely to be adverse. ICGT's permanent capital structure is right for unquoted and illiquid assets.
- ▶ **Investment summary:** ICGT has consistently generated superior returns, by adding value in an attractive market, with a defensive growth investment policy, and exploiting synergies from being part of the ICG family. The valuations and governance appear conservative. It has an appropriate balance between risks and opportunities. Risks are primarily sentiment-driven on costs and cyclicality, as well as the underlying assets' liquidity. It seems anomalous that a business with a consistent record of outperformance is trading at a 26% discount to NAV.

Financial summary and valuation

Year-end Jan (£000)	2017	2018	2019	2020E	2021E	2022E
Total income	10,151	22,386	5,969	7,441	12,057	12,283
Realised gains	844	-31,257	9,329	14,686	15,568	15,869
Unrealised gains	104,350	91,381	76,440	70,974	0	95,213
Investment mgr. fees	-6,209	-7,165	-7,984	-9,572	-8,691	-9,431
Other expenses	-2,783	-2,734	-2,903	-3,232	-3,319	-3,428
Rtn. on ord. act pre-tax	109,346	73,437	81,789	80,505	16,116	110,505
NAV per share (p)	871	959	1,057	1,152	1,152	1,288
S/P prem./disc. to NAV	-6%	-15%	-22%	-29%	-29%	-36%
Investments (£m)	572	576	670	778	793	880
Dividend per share (p)	20	21	22	23	24	25

Source: Hardman & Co Research