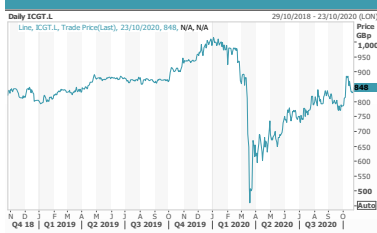


## Closed-Ended Investment Funds



Source: Refinitiv

## Market data

EPIC/TKR	ICGT
Price (p)	848
12m High (p)	1,015.0
12m Low (p)	460.0
Shares (m)	68.88
Mkt Cap (£m)	583
NAV p/sh (p)	1,114
Discount to NAV	24%
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 <a href="http://www.icg-enterprise.co.uk">www.icg-enterprise.co.uk</a>

## Key shareholders

Mattioli Woods	3.0%
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## Diary

Early Jan'21	Quarterly update
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## Analyst

Mark Thomas	020 7194 7622 <a href="mailto:mt@hardmanandco.com">mt@hardmanandco.com</a>
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## ICG ENTERPRISE TRUST PLC

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Five key takeaways from ICGT's *interim results* to July were: i) NAV return -1% (1Q -4.1%, 2Q +3.2%) well ahead of the FTSE All-Share's -17.8%; ii) 15% average past 12 months' (LTM) earnings growth in top 30 underlying companies (47% portfolio), again well ahead of the -24% LTM FTSE All-Share EBITDA growth; iii) continued realisations (£39m) at uplifts to carrying values and secondary sales (£55m) with more post period-end, and the latter helping to rebalance the portfolio; iv) £197m of available liquidity to fund uncalled commitments and new investments; and v) a strong, good-quality pipeline, especially for high-conviction investments.

- **Latest Hardman & Co note:** Our 8 September note, *Defensive growth: explaining downside resilience*, explored ICGT's resilience to a downturn in more detail, explaining why PE is resilient and then deep diving into what ICGT has done to further reduce risk. We also highlighted ICGT's ESG credentials.
- **Hardman & Co webinar:** The key highlights (in addition to the results) from ICGT's *16 October webinar* were i) how the defensive growth strategy is implemented in practice, and ii) the differentiation offered from having a mix of concentrated high-conviction investments with diversified funds.
- **Valuation:** Valuations are conservative (medium-term uplifts on realisations averaging 30%+ to the latest book value). Ratings are undemanding, and the carry value against cost is modest. This gives confidence that the accounting date NAV is realistic. The 24% discount to NAV is c.2x average 2016-19 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 24% discount to NAV.

## Financial summary and valuation

Year-end Jan (£000)	2017	2018	2019	2020	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	-20%	-15%	-22%	-16%	-26%	-34%
Investments (£m)	572	576	670	778	793	880
Dividend per share (p)	20	21	22	23	24	25

Source: Hardman &amp; Co Research