



Specialists in Managing Investment Trust  
Focused Portfolios  
Genuinely Differentiated Investment Solution



[www.baronandgrant.com](http://www.baronandgrant.com)

Baron & Grant Investment Management Limited is authorised and regulated by the Financial Conduct Authority

Reference number: 930300

2026

**FOR PROFESSIONAL INVESTORS ONLY**

# Important Information

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B&G is registered in England and Wales under company number 12161169. Registered office: 66 Lincoln's Inn Fields, London, WC2A 3LH. Principal office: 12A Main Street, Rosliston, Swadlincote, Derbyshire, DE12 8JW.

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The value of investments and any income from them may fall as well as rise, and you may receive back less than you invested. Past performance is not a reliable guide to future returns. Performance figures quoted may be before charges, which will reduce the illustrated performance.

No investment is suitable in all cases. If you have any doubts about an investment's suitability for your circumstances, you should consult a professional financial adviser authorised by the FCA to conduct investment business.

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We will keep your personal information confidential except where we are compelled to disclose it by law or regulatory instruction.

In compliance with the Data Protection Act 2018, we adhere to strict security procedures and have implemented appropriate measures to prevent unauthorised access to or disclosure of your personal information.

We may occasionally use your contact details to inform you of features, services and products offered by B&G that may be of interest to you, by post, email or telephone, unless you have requested otherwise.

For our complete Privacy Policy, please visit our website.

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# About Us

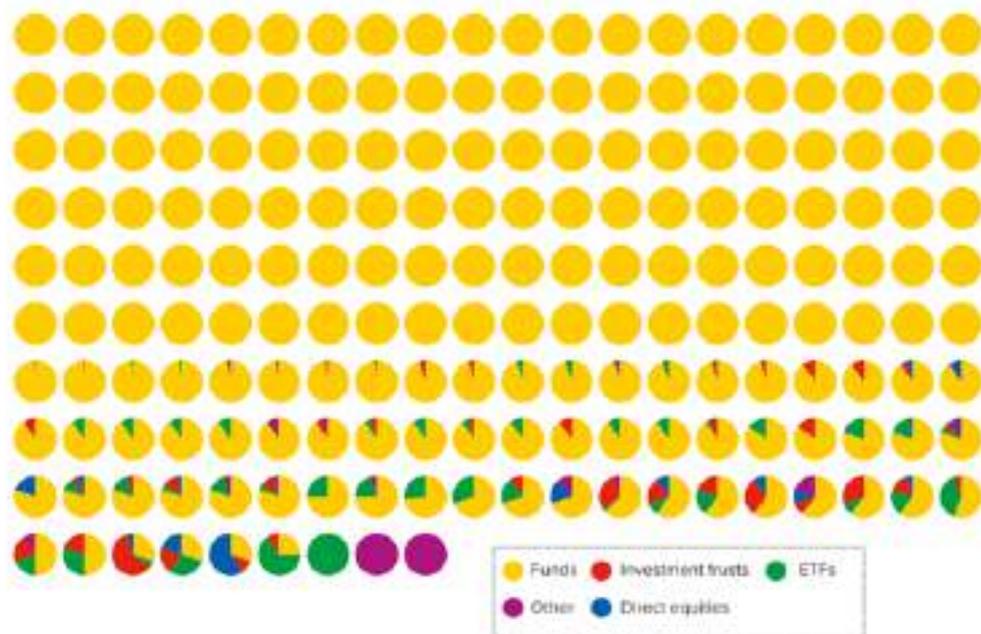
We founded Baron & Grant (B&G) to harness the many advantages of investment trusts for the benefit of our clients. A track record of outperformance, a bespoke service and portfolios tailored to individual circumstances make for a powerful combination. With the help of others, we also hope to help investors generally better understand how investment trusts can achieve financial objectives

B&G is a discretionary investment management business that **specialises in managing investment trust focused portfolios**, complemented by a carefully selected range of exchange-traded funds (ETFs).

This approach is **different to the vast majority of investment or wealth managers** who run portfolios consisting mainly of direct equities and other forms of collective funds such as unit trusts and open-ended investment companies (OEICs). Such funds, on average, have been shown to underperform investment trusts.

Independent research conducted by The Lang Cat concluded the following:

*Funds dominate the model portfolio world. Based on our State of the Adviser Nation (SOTAN) research, the total mean average use of funds as opposed to other asset types as the building blocks in models is 91%. Anything else is (currently) a minority sport. Our graphic below illustrates the asset types used by respondents of our SOTAN research who run their own model portfolio range. Each 'mini-pie' represents an individual respondents asset mix for their models.<sup>1</sup>*



<sup>1</sup>Source: The Lang Cat publication – Practically Speaking. Investment Companies within Centralised Investment Propositions – November 2020 – Page 7

**Of the 189 respondents, not one firm exclusively used both investment trusts and ETFs in their portfolios!**

# Our Investment Team

Unlocking the  
City's best kept  
secret

Harnessing the  
power of  
investment  
trusts

Genuinely  
differentiated



**John Baron CBE MCSI - Chair of the Investment Committee**

- One of the UK's leading experts on investment trusts – used in a private and professional capacity for nearly 40 years
- Best known to readers of the FT's Investors Chronicle magazine for having successfully managed and reported on two actual investment trust portfolios since 2009
- Former Director of Henderson Private Clients (later Henderson Global Investors) and then Rothschild Asset Management
- Written The FT Guide to Investment Trusts, contributed to other publications, including The Investment Trusts Handbook 2021, and regularly a keynote speaker at financial seminars



**Christopher Grant MCSI - Chief Executive Officer**

- Highly rated investment analyst throughout a 20-year career in the City
- Former Head of European Equity Investment Research for ABN AMRO Bank & was also Chairman of the European Equities Management Committee
- Six years as Chairman of Derbyshire County Cricket Club



**Tom Poynton Chartered MCSI - Executive Director**

- Following a 10-year career as a professional cricketer, Tom retrained in investment management, financial planning and advice
- Shortlisted for the Investment Week Investment Company of the Year Rising Star Award 2023
- Qualified Financial Adviser and member of the Investment Committee

# Our Investment Team

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## **Harvey Hosein Chartered MCSI - Senior Associate**

- Following an 8-year career as a professional cricketer, Harvey retrained in investment management, financial planning and advice
  - Qualified Financial Adviser and member of the Investment Committee
  - Having joined Baron & Grant in 2021, Harvey has played a crucial role in the business's early development and was promoted to Senior Associate in August 2025
- 



## **Owen Randall - Investment Associate**

- After an impressive summer internship with Baron & Grant in 2024, Owen has joined the firm, having recently graduated with First-Class Honours in Economics from the University of Warwick
  - He is currently working towards achieving his Investment Advice Diploma through the Chartered Institute of Securities & Investment
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# Why Choose B&G?

## We offer a genuinely differentiated investment solution

What sets us apart is our expertise in investment trust focused portfolios - an offering that is almost unique in the outsourced discretionary fund management (DFM) marketplace.

Research has consistently demonstrated that investment trusts have, on average, outperformed open-ended funds, including unit trusts, over the long term. One of the most comprehensive recent studies is Mick Gilligan's *Investment Trusts Explained - Your Guide to Successful Investing in Closed-Ended Funds*.

The table below compares the cumulative performance of comparable sectors over the long term. It shows that investment trusts have outperformed their open-ended fund equivalents in each category. Whilst the annualised performance differential may appear relatively modest (ranging from 0.7% to 2.0%), when compounded over time these differences translate into substantial total returns.

Category	First month of data	Last month of data	Total cumulative return on £1,000 (investment trust / mutual fund)	Total annualised return (investment trust / mutual fund)	Difference in annualised return
Europe ex UK Equity	Jan 1993	Dec 2024	£24,212 / £14,276	10.1% / 8.1%	2.0%
UK Flex-Cap Equity	Jan 1995	Dec 2024	£11,096 / £8,733	7.9% / 7.3%	0.7%
UK Large-Cap Equity	Jan 1980	Dec 2024	£67,851 / £34,895	9.8% / 8.1%	1.6%
Global Large-Cap Blend Equity	Jan 1983	Dec 2024	£69,015 / £41,069	10.6% / 9.2%	1.4%

Based on average monthly NAV performance, net of fees, with income reinvested, to 31/12/2024.

Source: Morningstar. Mick Gilligan's *Investment Trusts Explained - Your Guide to Successful Investing in Closed-Ended Funds - Chapter 37 - Do Investment Trusts Outperform Mutual Funds?*

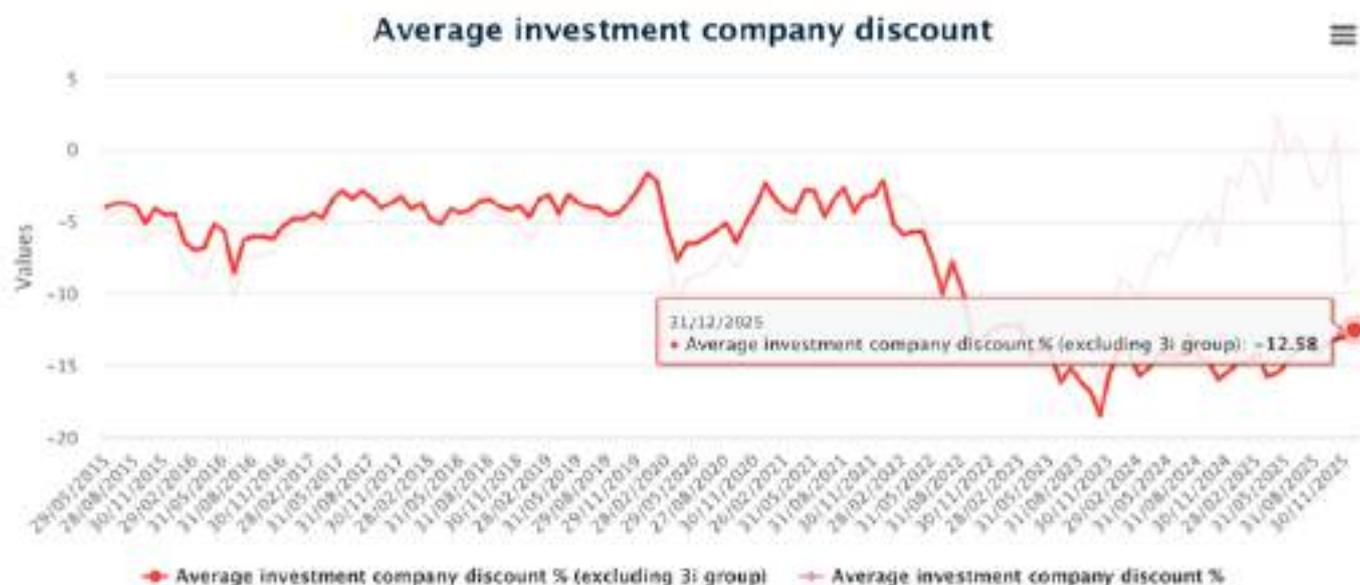
Investment trusts have delivered excellent long-term returns for over 150 years, yet they remain one of “The City’s best-kept secrets.” Despite outdated myths and misconceptions about their use by advisers, investment trusts offer compelling structural advantages - some of which we address later in this brochure.

Our portfolio range offers a core and satellite solution for your clients, depending on their investment objectives and needs.

If advisers are truly “whole of market”, we believe they should be considering an investment trust focused solution as part of their Centralised/Retirement Investment Proposition (CIP/RIP).

# Why Now?

As investment trusts are publicly traded companies listed on the London Stock Exchange, you invest in them by buying shares at the price stated – the share price. However, investment trusts also have a net asset value (NAV). The NAV represents the total value of the trust's assets minus any debts, and dividing this by the total number of issued shares gives the NAV per share. If the share price is higher than the NAV per share, the trust is trading at a **premium**, indicating high investor demand and popularity. Conversely, if the share price is lower than the NAV per share, the trust trades at a **discount**, suggesting lower popularity and demand. When the share price equals the NAV per share, the trust trades at par.



Source: AIC/Morningstar

The chart above highlights that the sector average discount at the end of 2025 was -12.6%. According to research from the AIC, investing when the average investment trust discount is more than -10% may lead to significantly better returns over the subsequent five years. The AIC's analysis of investment trust returns since 2008 shows that when the average discount exceeded -10%, the average investment trust generated a return of 89.3% over the following five years<sup>1</sup>.

	Average investment trust discount at beginning of five-year period		
	Wide discount (>10%)	Mid discount (5-10%)	Narrow discount (<5%)
Number of five-year periods analysed	39	28	61
Average investment trust return over five years	89.3%	70.3%	56.1%
Average investment trust return over five years, annualised	13.6%	11.2%	9.3%

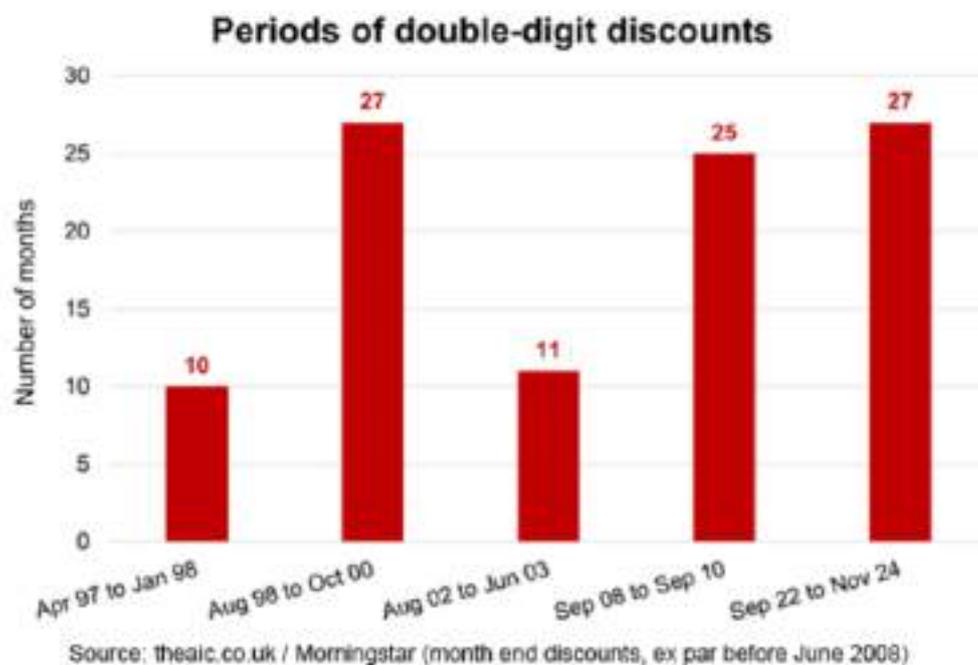
Source: theaic.co.uk / Morningstar (ex VCTs)

<sup>1</sup> Source: theaic.co.uk/Morningstar. Based on an analysis of 128 five-year periods, the first period ended in June 2013 and the final in January 2024 (all periods start and end at a month-end).

# Why Now?

**Bargains, but for how much longer?...**(as shown by the chart below) periods of double-digit discounts come to an end eventually. This one has lasted a draining 27 months...two months longer than the one we saw during the financial crisis.

It's also exactly the same as the period between August 1998 and October 2000 - in which US tech stocks dominated the market and investors turned up their noses at investment trusts. Coincidence, or buy signal? You decide.<sup>1</sup>



Once sentiment turns, a rising NAV and a narrowing discount are a powerful combination - they have a 'double whammy' effect on performance.

To use a straightforward example, an investment trust that sees its **NAV increase by 15% at the same time as its discount narrows from a 15% to a 5% discount will generate a share price return of 29%**, offering a significant kicker to performance. This approach is well-trodden ground for many professional, value-orientated investors and a real source of long-term performance. It is worth noting that open-ended funds will only ever generate the NAV performance and can not benefit from this scenario.

While risks persist for 2026 – including the unpredictable US administration, high valuations of US technology stocks, sticky inflation, and sluggish global growth – we remain optimistic about generating strong risk-adjusted returns. Our optimism is driven by the opportunity to capitalise on historically wide discounts and attractive dividend yields within the investment trust sector, our strategic positioning in undervalued UK and European markets, and meaningful exposure to alternative assets including precious metals and infrastructure that offer both income and inflation protection.

We anticipate corporate activity will remain elevated in 2026 as the sector consolidates, emerging "fitter, leaner, and stronger".

<sup>1</sup> Source: The AIC - Spotlight December 2024 - "The trend is your friend... until it's not"

# History of Investment Trusts

Over the past 150-plus years, investment trusts (often termed investment companies or closed-ended funds) have witnessed global conflicts and financial crises. Throughout, they have successfully responded and adapted such that many are still thriving today

The Foreign & Colonial Investment Trust was the first and original investment trust launched in 1868 and is still going strong today. When launched, the “investment vehicle for the many” provided “the investor of moderate means the same advantage as the large capitalist”.

The London investment companies were formed to provide diversified exposure for a new breed of investors who had made money from the Industrial Revolution, particularly the nineteenth-century railway boom. The concept was swiftly taken up north of the Scottish border, and in February 1873, Robert Fleming launched The Scottish American Trust in Dundee, now called Dunedin Income Growth.



*From The Daily Telegraph*

Investment trusts still have the same purpose today as they did over 150 years ago, allowing investors to gain exposure to a diversified range of companies or other assets, such as infrastructure and property in one company.

According to The Association of Investment Companies (AIC) website, there are 305 investment trusts with a collective value of £266bn (as of 31/12/2025).

# Key Features Comparison

	Open-ended	Closed-ended	Consequence
Income	All income must be distributed in each accounting period	Up to 15% of the fund's income can be retained in a revenue reserve	Allows closed-ended funds to smooth income distributions through good and bad periods giving investors greater certainty
Capital	Capital will vary according to unit creations and redemptions as investors enter/leave the fund	Capital is fixed, except where the company decides to issue/buy back shares	Fixed pool of capital enables closed-ended managers to be more fully invested and to take a longer-term view. Also enables investment in less liquid assets
Borrowing	Cannot use gearing	Can use gearing	Enables closed-ended funds to increase exposure to target assets. Can amplify gains/losses. Adds to risk
Pricing	Price set at net asset value at each trading point	Price set by the market based on supply and demand for the shares	Closed-ended funds may trade at a premium or discount to the net asset value
Trading	Directly with the fund manager	Via a stock market through a broker or investment platform	Open-ended funds typically trade at a price fixed once a day, closed-ended vehicles trade continuously through the day and often trades settle in a shorter timeframe
Governance	No independent board. Limited unitholder participation	Independent board. Active shareholder role in governance	The independent board protects shareholder interests, e.g. negotiating management fees. Shareholders of listed closed-ended funds can participate by attending AGMs and voting on company matters

Source: The Association of Investment Companies - Investment Companies: Democratising capital, funding growth and meeting investors' needs - November 2022 - Page 7

# Sector Review - 2025

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The discount of the average investment trust excluding 3i was **15.0%** at the beginning of the year, narrowing to **12.6%** by 31 December 2025

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A total of **£6.41bn** was paid out by investment trusts in dividends during 2025

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It was **another record year for share buybacks**, with **£10.2bn** of shares repurchased. This compares to buybacks of £7.5bn during 2024 - the previous record

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**Five investment trust mergers** completed in 2025 and **seven investment trusts** were acquired

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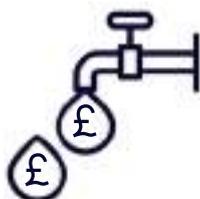
**Forty one investment trusts** changed their fees to benefit shareholders. The most common type of fee change was a reduction in a company's base fee (30 trusts). Three manager changes took place in 2025

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Fundraising by existing investment trusts (called secondary fundraising) totalled **£530m**, down from £845m in 2024. There was one investment trust IPO in 2025

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There were **fifteen liquidations** of investment trusts in 2025, the highest number since 2016

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Source: The AIC & Morningstar

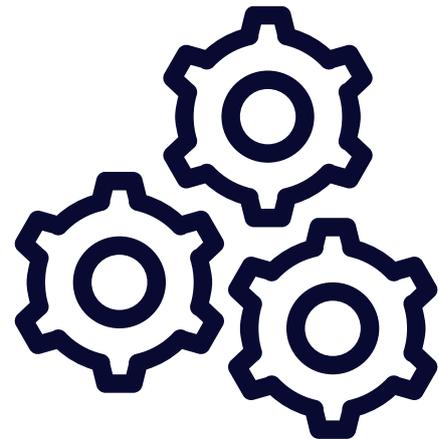
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# Why Investment Trusts?

While investment trusts have delivered excellent long-term returns for their shareholders for over 150 years, they are still often referred to as **"The City's best-kept secret"**

## Better performance

- Despite not being well known, investment trusts, on average, possess a superior performance record when compared to their better-known cousins - unit trusts and OEICs.
- Investment trusts have beaten most market indices, whether delineated by region or country - unlike unit trusts, OEICs and ETFs.
- Part of the reason is they charge lower fees. Another reason is that, like other public companies, trusts can borrow to buy more assets. Historically, this has benefitted asset values and share prices partly because markets have risen and good fund managers have capitalised on this gearing.



Ability to gear

## Better structure

- Unlike unit trusts or OEICs, investment trusts are 'closed-ended' - they have a fixed number of shares like other closed-ended public companies such as M&S and BP, but instead of specialising in clothes or oil, they specialise in financial assets.
- The managers of investment trusts can take a long-term view of their assets as they are not subject to the same relentless flow of monies, both being introduced and withdrawn, as are open-ended funds. Investing for the long-term tends to result in better returns.
- Being closed-ended, investment trusts are also better suited for certain types of investment - particularly those less-liquid such as commercial property, as highlighted by the closure of a number of open-ended property funds during the mistaken rush to the door following the EU referendum.
- Other less-liquid assets such as private equity or smaller companies, require a similar approach. Their very nature, and therefore at times illiquidity, require the incubator effect best offered by the closed-ended structure of investment trusts.



Closed-ended structure

# Why Investment Trusts?

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## Income friendly

- Unlike unit trusts, investment trusts can retain a percentage of their dividends and income received from holdings in the underlying portfolio in any one year. This 'surplus cash' is called the Revenue Reserve.
- This reserve can supplement dividends in the future to help ensure a smooth progression even when, within reason, the underlying economy and markets go through a rough patch and portfolio holdings see dividend cuts.
- This ability is important to those investors seeking income – understanding the extent of reserves is a key factor when selecting relevant investment trusts.
- Legislative changes allow investment trusts to dip into their capital to supplement or pay a dividend. More trusts are doing this which, within reason, is welcome as it better allows income investors to gain exposure to low-yielding but high-growth sectors.



Withhold up to 15% of annual income as a Revenue Reserve

## Aligned interests

- Investment trusts tend to display greater transparency in the interests of their shareholders. Like other public companies, investment trusts have an independent board of directors whose brief is to represent shareholders - and these directors have teeth!
- Shareholders themselves have significant powers. They can vote on issues such as changes to investment policy and the appointment of directors. They can attend shareholder meetings and ask questions about the running of the trust – it is, after all, their company.
- It is difficult for investment trusts to hide in the shadows because of mediocre performance, certainly when compared to lacklustre unit trusts. They are on notice – reward shareholders or questions will be asked. This is one reason the industry continues to evolve in response to shareholders' investment requirements.
- The AIC, the industry's well-respected trade body, has done sterling work in recent years to raise awareness and better inform and educate.



Independent Board of Directors

# Exchange Traded Funds (ETFs)

ETFs are similar to open-ended funds (including unit trusts) but invariably track the performance of major indices and sectors by duplicating their constituents.

They form an integral part of the B&G portfolios and represent a great complement to investment trusts. They provide us with low-cost access to a variety of asset classes, sectors, themes and international markets, thereby broadening the scope and diversity of our portfolios. They play an essential role in **dampening portfolio volatility, lowering costs, and increasing the overall liquidity** of our portfolios.

Let's look at the advantages of their use in more detail:



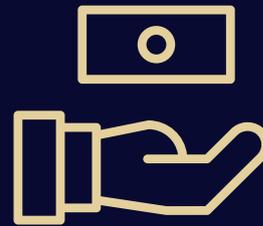
Increase liquidity



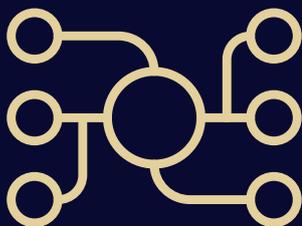
Wide scope



Dampen volatility



Many pay an income



Diversification



Can be held in SIPPs & ISAs



Lowers cost



No Stamp Duty

# Investment Trust Myths

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Lack of knowledge...

They are too complex...

They are illiquid...

I am worried about gearing and volatility...

Lack of availability of platforms...

They are too costly...

# Myth Busting

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Lack of knowledge...

Before the Retail Distribution Review (RDR) in 2012, open-ended funds were able to pay trail commissions to advisers (IFAs) for recommending their products. Given that most IFAs relied heavily on commission-based remuneration, this created a strong incentive to prioritise open-ended funds over other investment vehicles, such as investment trusts.

Since the introduction of the RDR, which eliminated commission payments, there is no longer a financial disincentive for IFAs to recommend investment trusts. However, the structural bias in favour of open-ended funds persists, particularly within the advice market.

This is despite the clear structural advantages that investment trusts offer, which are well-documented and supported.

The idea that investment trusts are "too complex" is simply lazy. Under Consumer Duty, what better way for IFAs to demonstrate the value of their fees and service than by recommending investments their clients might otherwise overlook? The blanket exclusion of investment trusts is becoming increasingly difficult to justify.

We estimate that around 90% of IFAs avoid investment trusts due to inertia rather than valid reasoning. If advisers truly offer a "whole of market" approach, they should consider investment trusts as part of their Centralised/Retirement Investment Proposition (CIP/RIP).

Investment companies fall into three main categories: investment trusts (or companies), real estate investment trusts (REITs), and venture capital trusts (VCTs). VCT investors benefit from tax relief when funds are first invested and gain exposure to early-stage businesses within the growth capital ecosystem.

If an adviser is comfortable recommending VCTs, there is no reason they should hesitate to recommend investment trusts.

The AIC has recently launched a new programme of study to help financial advisers, financial planners, and paraplanners strengthen their knowledge of investment companies.

The Investment Company Accreditation consists of four interactive online courses, each providing up to 45 minutes of structured CPD (3 hours in total). On completion of all four courses, participants are awarded the Investment Company Accreditation certificate, demonstrating their knowledge of the structure and features of investment companies.



# Myth Busting

Investment trusts represent c.95 of the 350 largest listed companies in the UK. They include six of the FTSE 100 (at the time of writing). They are the largest sector by number on the main market of the London Stock Exchange. Regardless of their name, investment trusts perform two basic functions:

- They accumulate capital by issuing shares on a stock market. Individuals, pension funds, or other institutions buy these shares. Like a commercial trading company, shareholders receive returns based on the company's performance over time. Shareholders receive the share price performance, not the NAV performance.
- Their core business is investing in a diversified portfolio. Professional managers appointed by the company buy and sell assets to generate profits for the company and its shareholders. They use capital raised from share issuance, arising from gains when assets are sold, or accumulated income earned by the portfolio.

They are too complex...

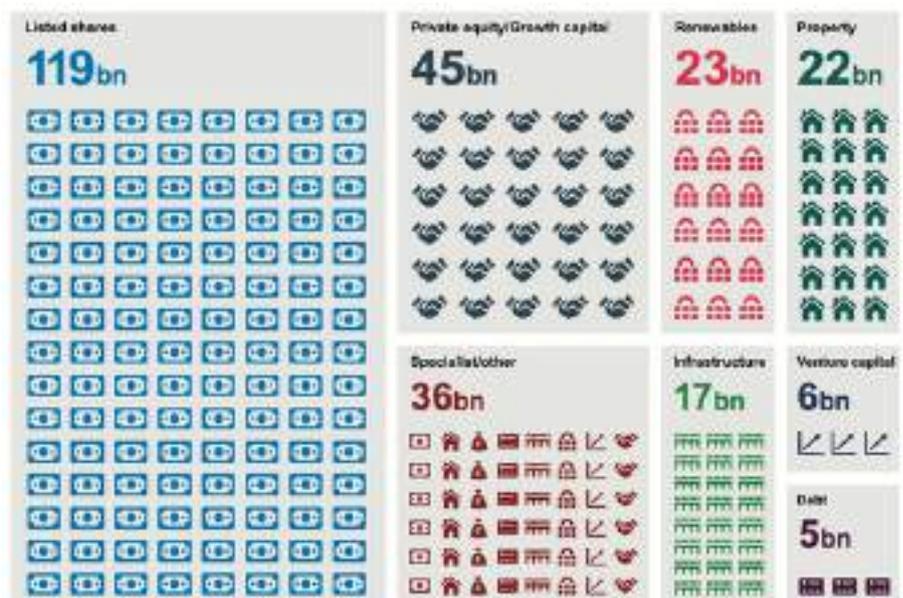
All investment companies share these two functions. Even where the assets are similar, each company will pursue different investment objectives, such as seeking capital gains, generating income, or a blend of both. They employ different investment styles, portfolio concentration levels, geographic exposures, and risk appetites.

These asset classes break down into sub-sectors. For instance, within the category of "property," investments may include shops, warehouses, offices, houses and flats. Each sub-sector within an asset class may have its own unique characteristics, risks and return dynamics.

The chart on the right highlights the asset class breakdown of what investment trusts buy.

The investment trust structure supports long-term, patient investing, often leading to better returns for investors.

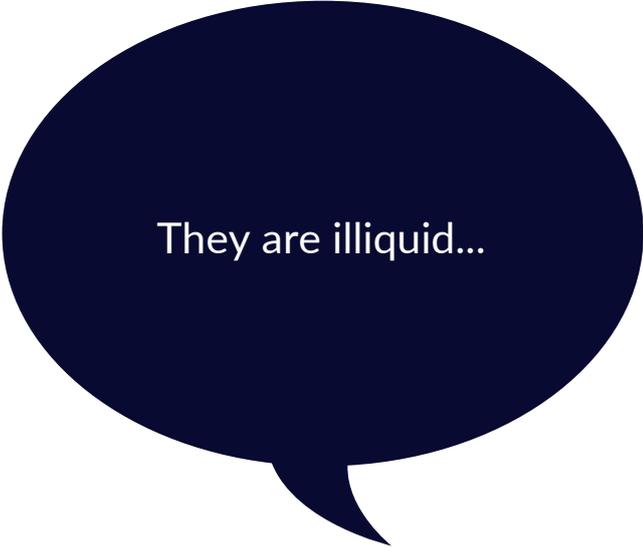
Unlike OEICs, investment trusts can hold a wider range of assets (as shown in the chart), including less liquid investments that may offer stronger long-term returns



Source: AIC/Morningstar, data as at 30/06/24. The AIC Policy Paper - Making people better off - September 2024 - Page 9, Fig 3

# Myth Busting

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They are illiquid...

We only use investment trusts and ETFs in our portfolios - the ETFs help to **aid liquidity, dampen volatility, and lower the overall cost** of the portfolios.

In the process of establishing B&G, we **undertook extensive proprietary liquidity research** to ensure that our portfolios were scalable and that our investment proposition could be effectively executed on platform.

We continually monitor and review the liquidity and trading volume of the underlying investment trusts through information provided by Morningstar, the AIC, stockbrokers and the London Stock Exchange (LSE).

Investors in investment trusts want reassurance that they can sell their shares - ideally at the same or a narrower discount, or a higher premium, than when they bought them. A key distinction between closed-ended and open-ended investments is the discount factor, where supply and demand significantly impact total returns.

Investment trusts have various tools to influence supply and demand and improve liquidity. When demand exceeds supply, trusts often trade at a premium to asset value. Excessive premiums can be problematic for new investors, so when managers are confident they can deploy fresh capital effectively, issuing new shares helps control the premium.

Many boards and investors believe that in return, trusts should also buy back shares when trading at a discount. Some have adopted a zero-discount policy, ensuring the trust neither trades at a discount nor a premium by issuing or repurchasing shares as needed. This approach blurs the lines between closed-ended and open-ended funds.

Buy-backs, hard discount controls, and zero-discount mechanisms work best when the underlying investments are liquid - such as large-cap equities, government bonds, and investment-grade bonds - allowing managers to sell assets quickly for buy-backs and reinvest cash efficiently. The need to hold cash for potential redemptions may explain why OEICs often underperform.

It's also worth noting that OEICs can restrict liquidity during large outflows and may introduce spreads on buying and selling.

In terms of ETFs, there are over 1,700 ETFs listed on the LSE Main Market making it the leading European centre for ETFs. Our investible universe does not limit us from accessing any asset class, geography, region, sector or theme.

# Myth Busting

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Investment trust corporate activity continued at unprecedented levels in 2025, with numerous Boards conducting strategic reviews to ensure their mandates aligned with shareholder interests. Mergers, acquisitions, and managed wind-downs became increasingly common across various sectors, including both traditional equity funds and alternatives. Shareholder activism remained a significant force, prompting many funds to introduce discount control measures such as conditional tender offers.

Looking ahead to 2026, this trend is expected to persist or even accelerate due to persistent wide discounts, growing demand for larger vehicles driven by wealth manager consolidation, and heightened Board responsiveness following activist investor involvement. Anticipated developments include further sector consolidation through mergers and liquidations, as well as expanded discount control mechanisms like explicit discount targets and performance-triggered tender offers. Ultimately, these actions highlight the advantages of independent Boards acting in shareholders' best interests, fostering a more streamlined investment trust sector with fewer, larger funds pursuing distinct strategies and delivering strong long-term returns.

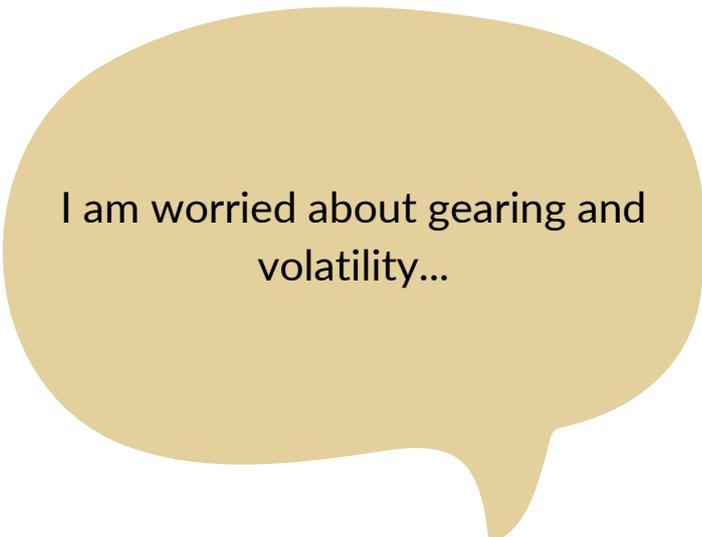
Investment trusts can borrow to invest in assets, a strategy known as 'gearing,' with the goal of achieving long-term returns that exceed the cost of debt. However, because borrowing increases risk, investment trusts typically use gearing cautiously.

Despite the perception that investment trusts are highly geared and therefore very risky, the reality is quite different. Gearing across the sector remains modest, with around half of investment trusts choosing not to use it at all. The average level of gearing amongst all investment trusts, calculated as borrowings divided by net assets, was 9% at the end of December 2025 (Source: AIC).

During market downturns, investment trusts with gearing flexibility can capitalise on opportunities that other investors may miss. By strategically increasing borrowing during periods of market stress, fund managers can inject liquidity into the portfolio, allowing them to acquire high-quality companies at significantly reduced valuations without selling existing holdings. As markets recover, these investments often generate strong returns, enhancing long-term performance. It is important to note that when markets do well, gearing can improve returns, but when they fall, the loss will be greater than it would have been in an ungeared fund.

From an income perspective, the ability to borrow to invest means that some investment trusts are able to pay a higher income (assuming the yield on the assets they invest in is higher than the cost of the borrowing).

The AIC website is a great resource for advisers and provides three useful pieces of data on gearing for its member companies: the current level of gearing, historic gearing and gearing range.



I am worried about gearing and volatility...

# Myth Busting

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Lack of availability of platforms...

The FCA Handbook clearly states that IFAs must take steps to ensure that the platforms they use offer a comprehensive selection of investment products.

Times have changed since The Lang Cat's publication for the AIC entitled "We Have Trust Issues" in June 2018, when advisers cited this as an issue. The platform market has developed substantially in the years since. Today, most platforms have made meaningful progress in this area and now include investment trusts as a more integrated and accepted part of their broader investment offerings.

According to the latest data available from The Lang Cat Platform Analyser, 27 out of the 29 platforms they analyse now offer investment trusts and ETFs, which is over 90%. In addition, 14 out of the 29 platforms offer real-time dealing in investment trusts. This is an important platform feature as investment trust shares trade on stock exchanges like individual stocks. This means they can be bought and sold throughout the trading day at market prices. This differs from open-ended funds, which do not trade on secondary markets (like stock exchanges). Instead, investors purchase or redeem shares directly through the fund company.

Investment trust costs are expenses that impact the Net Asset Value (NAV) rather than being deducted from the investor's capital. Investors discount these recurring expenses in the share price. In late 2024, the FCA introduced a MiFID and PRIIPs exemption, meaning investment trust costs no longer need to be aggregated into the total cost figures of portfolios that hold them. This was enacted through legislation and the FCA Handbook via COBS 6.1ZA.14 and 14.3A.11.

As a result, the single aggregated ongoing charges figure (OCF) of our portfolios reflects only the weighted cost of ETFs held – typically 0.03% to 0.1%. Some of our unconstrained portfolios contain solely investment trusts and therefore have an OCF of zero.

Many platforms and data providers have yet to reflect this regulatory change. Clients may receive Annual Costs and Charges statements that quote an erroneous investment product cost, which they are not actually paying. If you require any clarification on this matter, please contact us.

We have also been actively campaigning to eliminate stamp duty on investment company purchases, lobbying directly with two previous Chancellors.



They are too costly...

# Portfolio Potential

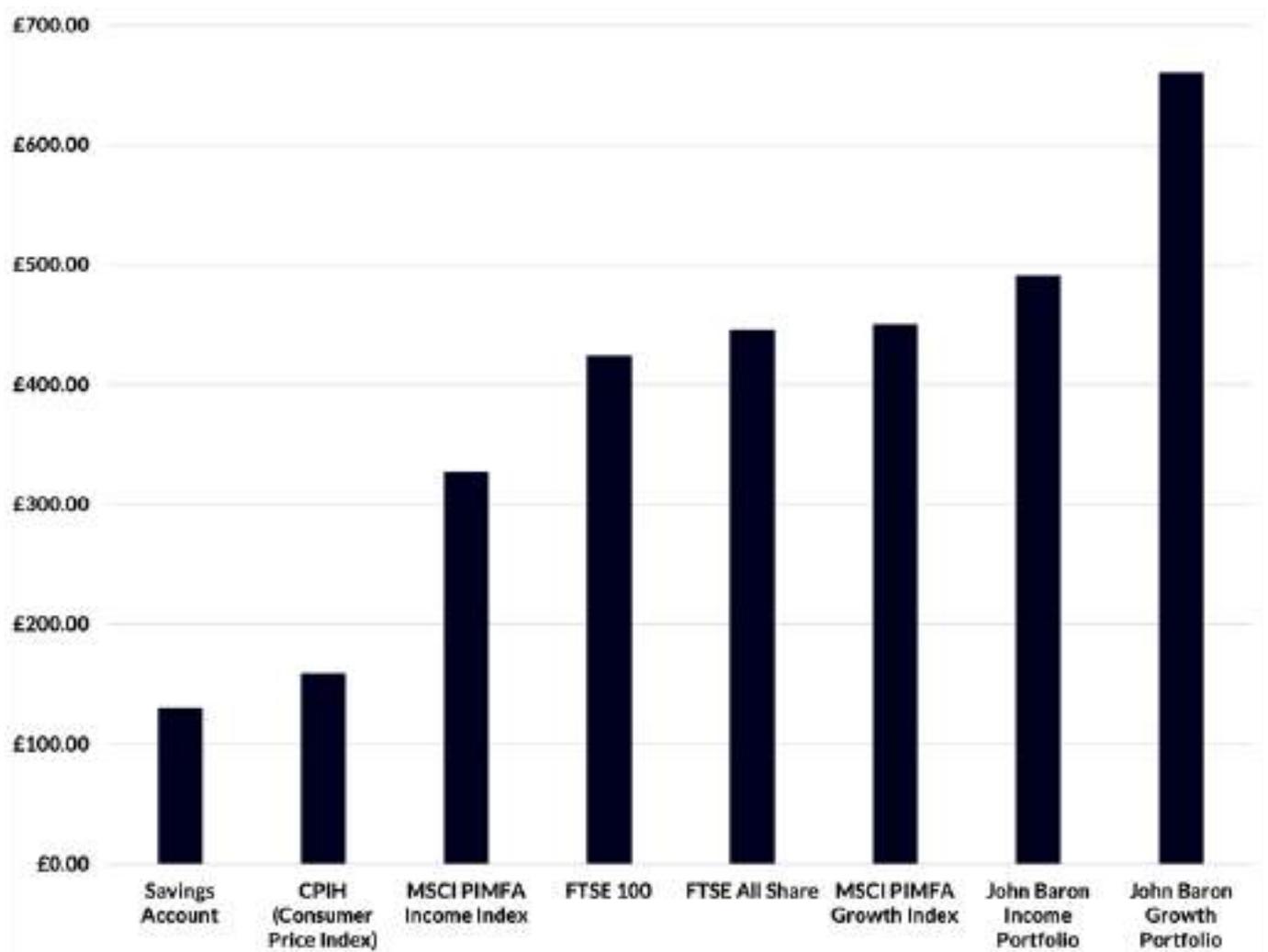
Our portfolios contain both investment trusts and ETFs, with the former being the larger weighting because of their superior record of performance relative to unit trusts and markets

The advantages of using ETFs as part of a balanced portfolio are covered by the page Exchange Traded Funds. This page highlights the potential of a portfolio consisting **solely** of investment trusts

## Background

Since 2009, John Baron has been reporting on two actual investment trust portfolios in his popular monthly column in the Investors Chronicle magazine (where they are called 'Growth' and 'Income'). These are two of ten actual portfolios managed in real-time on the website [www.johnbaronportfolios.co.uk](http://www.johnbaronportfolios.co.uk) (where they are called 'Summer' and 'Autumn'), which achieve a range of risk-adjusted strategies and income levels.

### What £100 invested on 1 January 2009 would be worth as at 31 December 2025



# Portfolio Potential

## Extent of outperformance

£100 invested in the Growth Portfolio on 1st January 2009 was worth £660.32 on 31st December 2025. £100 invested in the Income Portfolio was worth £491.04. This compares with:

- £130.04 if left in a Savings Account
- £159.68 if linked to CPIH (Consumer Price Index)
- £327.37 for the MSCI PIMFA Income Index
- £424.28 for the FTSE 100 Index
- £445.50 for the FTSE All Share
- £450.21 for the MSCI PIMFA Growth Index

Source: *Investors Chronicle, Office of National Statistics (ONS), FTSE Russell Indices, MSCI PIMFA Indices*

## B&G portfolio benchmarks

Our portfolios are benchmarked against the Morningstar PIMFA Private Investor Index Series (formerly MSCI). The series consists of five composite indices designed to represent the weightings and show returns of selected multi-asset-class strategies determined by the PIMFA Private Investor Indices Committee. The indices include weightings of equities, bonds, real estate, "cash" and "alternative" investments in proportions that reflect the longer-term objectives for each strategy. The 'Growth' and 'Income' portfolios mentioned above are benchmarked against the Index Series, making their continued use for the B&G portfolios a logical choice.

### **Please Note:**

- All figures are calculated on a total return basis, with portfolio figures including all costs. These graphs are for illustrative purposes only. Past performance is not a reliable guide to future returns, and the portfolios may not be suitable for every investor. Individual client portfolios may or may not perform in line with the illustrated portfolio.



## Want to learn more?

John Baron's credibility within the investment trust sector led The Financial Times to commission him to write their guide on investment trusts. The FT Guide to Investment Trusts: Unlocking the City's Best Kept Secret is available from any reputable bookstore or online from Amazon.

We are passionate about educating investors on the structural advantages of investment trusts. The book provides a concise, jargon-free introduction, explaining how investment trusts differ from unit trusts and OEICs, exploring their pros and cons, and demonstrating their superior performance track record.

If you would like a complimentary copy, please contact us.

# Our Offering

**We offer a range of eleven model portfolios which span the full spectrum of risk-adjusted returns, thus enabling us to fully accommodate your clients' different investment objectives and profiles**

Seven portfolios are categorised by Dynamic Planner Profiles 4 to 8 – the risk/reward remit increasing with the profiles. Five portfolios (B&G 4, 5, 6, 7, and 8) are focused on capital growth, while two are income-orientated with a targeted yield in excess of 5%. We also offer four unconstrained portfolios - Positive Impact, ISA, High Yield (with a targeted yield in excess of 6%) and Best Ideas.

	<b>Growth Portfolio</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	<b>Risk Profile</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	<b>Volatility Bands (%)</b>	<b>6.3 - 8.4</b>	<b>8.4 - 10.5</b>	<b>10.5 - 12.6</b>	<b>12.6 - 14.7</b>	<b>14.7 - 16.8</b>

	<b>Income Portfolio</b>	<b>5</b>	<b>7</b>
	<b>Risk Profile</b>	<b>5</b>	<b>7</b>
	<b>Volatility Bands (%)</b>	<b>8.4 - 10.5</b>	<b>12.6 - 14.7</b>
	<b>Targeted Yield</b>	<b>5%</b>	<b>5%</b>

	<b>Unconstrained Portfolio</b>	<b>ISA</b>	<b>Best Ideas</b>	<b>Positive Impact</b>	<b>High Yield</b>
	<b>Risk Profile</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>Volatility Bands (%)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
	<b>Targeted Yield</b>				<b>6%</b>

**We charge a DFM fee of 0.60%**

**Our DFM fee excludes the Ongoing Charge Figure (OCF) and relevant platform charges  
VAT is not payable on our DFM service**

**All charges are paid directly from the end clients portfolio value, monthly in arrears**

# Portfolios

The table below outlines the objective of each portfolio

Portfolio	Portfolio Objective
B&G 4 Growth	Active low-risk growth portfolio comprised of investment trusts and ETFs
B&G 5 Growth	Active low-medium risk growth portfolio comprised of investment trusts and ETFs
B&G 5 Income	Active low-medium risk income portfolio comprised of investment trusts and ETFs, targeting a yield in excess of 5%
B&G 6 Growth	Active medium-risk growth portfolio comprised of investment trusts and ETFs
B&G 7 Growth	Active high-medium risk growth portfolio comprised of investment trusts and ETFs
B&G 7 Income	Active high-medium risk income portfolio comprised of investment trusts and ETFs, targeting a yield in excess of 5%
B&G 8 Growth	Active high-risk growth portfolio comprised of investment trusts and ETFs
B&G Best Ideas	Active, unconstrained, thematic, high-risk growth portfolio comprised solely of investment trusts
B&G ISA	Active, unconstrained, high-risk growth portfolio comprised solely of investment trusts
B&G High Yield	Active, unconstrained, income portfolio comprised of investment trusts and ETFs, targeting a yield in excess of 6%
B&G Positive Impact	Active, unconstrained, thematic, impact driven portfolio comprised of investment trusts and ETFs

*All portfolios are aimed at investors with a medium to long-term time horizon*

# Portfolios - IT & ETF Weightings

The table below shows the investment trust to ETF weightings within our portfolios at the end of 2025. Please note that this is a snapshot of the portfolios at a point in time, and the weightings are subject to constant change. However, it does give a clear indication as to the expected level of underlying exposure to each vehicle

<b>Growth Portfolio</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Risk Profile</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Investment Trust Weighting</b>	<b>62%</b>	<b>67.5%</b>	<b>70.5%</b>	<b>73.5%</b>	<b>75%</b>
<b>ETF Weighting</b>	<b>33%</b>	<b>29.5%</b>	<b>27%</b>	<b>24.5%</b>	<b>23%</b>
<b>Cash Weighting</b>	<b>5%</b>	<b>3%</b>	<b>2.5%</b>	<b>2%</b>	<b>2%</b>
<b>Income Portfolio</b>		<b>5</b>		<b>7</b>	
<b>Risk Profile</b>		<b>5</b>		<b>7</b>	
<b>Investment Trust Weighting</b>		<b>72.5%</b>		<b>82.5%</b>	
<b>ETF Weighting</b>		<b>25.5%</b>		<b>15%</b>	
<b>Cash Weighting</b>		<b>2%</b>		<b>2.5%</b>	
<b>Unconstrained Portfolio</b>	<b>ISA</b>	<b>Best Ideas</b>	<b>Positive Impact</b>	<b>High Yield</b>	
<b>Risk Profile</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	
<b>Investment Trust Weighting</b>	<b>96%</b>	<b>98.5%</b>	<b>69%</b>	<b>75%</b>	
<b>ETF Weighting</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>	<b>22%</b>	
<b>Cash Weighting</b>	<b>4%</b>	<b>1.5%</b>	<b>6%</b>	<b>3%</b>	

# Third Parties & Due Diligence

## Platform Availability

**B&G does not hold clients' cash or assets.** Our portfolios are currently available on:

AJ Bell Investcentre	Transact	Aviva	M&G Wealth Platform	Quilter
Wealthtime	Nucleus	Fundment	7IM	

Other platforms are available upon request.

## Structure of arrangement - 'Agent as client'

Under the 'agent-as-client' rule (COBS 2.4.3R), the regulatory system allows a DFM to treat the adviser firm as its client rather than the underlying investor, so long as the DFM is aware that the adviser is acting as an agent. The agent-as-client arrangement is often used in platform-intermediated solutions where the DFM has no knowledge of the underlying client, such as when the DFM makes its solutions available on third-party platforms.

There is no direct contractual relationship between the DFM and the underlying investor in the agent-as-client scenario. However, the investor will, through their agreement with the adviser covering the use of a discretionary investment solution, need to give permission for the DFM's fee to be deducted from the portfolio.

Other structural arrangements are available depending upon the desired relationship, e.g. 'reliance on others'.

## White-labelled or dual-branded portfolios

Please get in touch with us if you would like to discuss a white-labelled or dual-branded offering.

B&G is an independent, owner-managed business that was established in 2019. B&G has no debt and a strong balance sheet and liquidity position. The UK Investment Firms Prudential Regime (IFPR) came into force on 1st January 2022, and B&G is classed as a MiFIDPRU Small and Non-Interconnected (SNI) Investment Firm. As a MiFIDPRU SNI investment firm, B&G's own funds requirements will be the highest of:

- Its Permanent Minimum Capital Requirement (PMR) of £75,000
- A Fixed Overheads Requirement (FOR) of 3 months fixed costs

The FCA expects firms to assess, at least annually, the full financial resource requirements in relation to specific risks that a firm faces. As a firm that falls within the scope of the IFPR, B&G has submitted its Internal Capital Adequacy and Risk Assessment (ICARA) to the FCA. Based on the firm's unaudited financial accounts for the year ended 31st December 2025, B&G had more than 8.9 times its FCA own funds requirements.

# Contact Us



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