

THE MISSING LEVER:

EXECUTIVE SUMMARY



CONTEXT

💡 Investment trusts have powered UK capital markets for 150+ years, funding railways, reconstruction, global equities, and now renewable energy and infrastructure.

🔒 The model has endured crises and cycles thanks to closed-ended resilience and shareholder governance.

THE CHALLENGE

📉 Investment trust numbers have fallen from 330 (2021) to 264 (mid-2025) - a 20% contraction.

💰 Discounts are wide, retail flows negative, and record £18bn buybacks since 2022 have offered only temporary relief.

Drivers of decline:

- Higher cash returns shifting behaviour
- Wealth-management consolidation favouring scale/liquidity
- Crowded retail platforms
- Regulatory distortions (MiFID II/PRIIPs)
- A narrative gap, younger savers don't know what investment trusts are

BUYBACKS: NECESSARY, NOT SUFFICIENT

🔴 Useful for discount control but limited by:

- Temporary effect (discounts widen again when paused)
- Capital trade-offs (less for dividends, reinvestment, marketing)
- Mixed signals (confidence vs lack of growth options)

🧠 **Lesson:** buybacks work best when paired with demand creation.

THE MISSING LEVER: MARKETING & ENGAGEMENT

- Systematic demand creation is the true gap.
- The average trust holder is 60–65; the next wave of savers is younger, digital-first, and values-driven.
- ETFs dominate because they're promoted relentlessly.
- Trusts must invest in education, storytelling, and visibility.

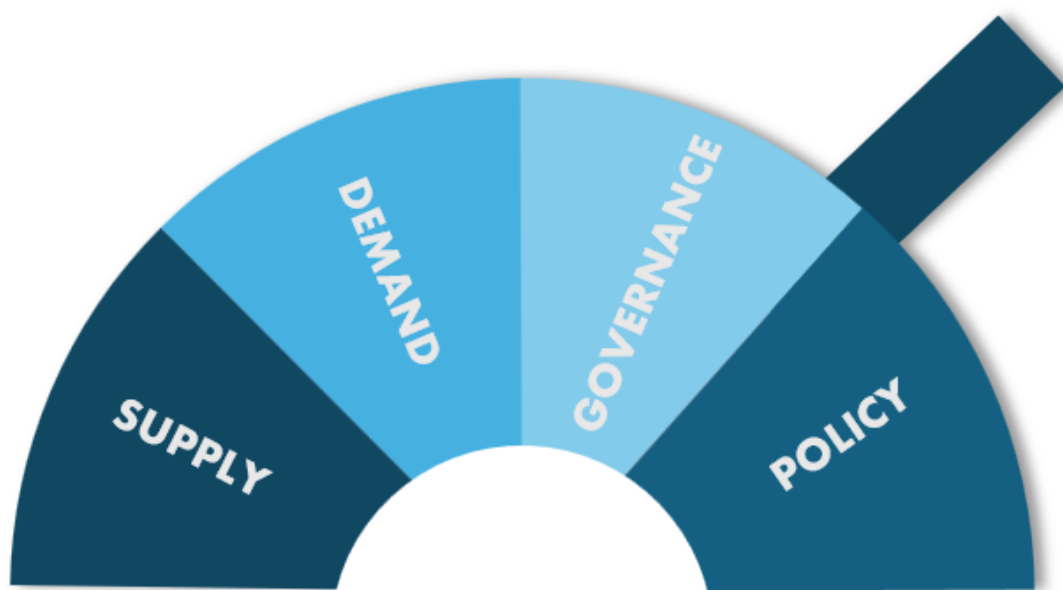
Priority Audiences

- Near-retirees (50–70): income, inflation-proofing, hard-to-access assets
- Mid-career accumulators (25–50): motivated by outcome-based stories (clean energy, innovation)
- Gatekeepers: platforms, model-portfolio architects, journalists, influencers

Playbook

- ✓ Translate jargon into benefits (“£1 for 90p” discounts).
- ✓ Always-on content: short videos, Q&As, site visits, creator partnerships.
- ✓ Meet investors where they are (platform pages, YouTube, podcasts).
- ✓ Measure and iterate (holders <50, conversion metrics, sentiment).

THE FOUR-LEVER FRAMEWORK



- 1. Supply:** buybacks, tenders, mergers, wind-downs
- 2. Demand:** marketing, PR, education, platform optimisation
- 3. Governance:** add marketing/digital skills, whole-register engagement, plain-English disclosures, activist protocols
- 4. Policy:** fix cost-disclosure distortions, secure ISA/platform parity

Boards should review all levers quarterly with dashboards combining financial, retail, and content metrics.

REAL WORLD IMPACT: CASE STUDIES



Greencoat UK Wind:
renewables, net-zero support



HICL Infrastructure:
hospitals, schools, data centres



Scottish Mortgage:
innovation and growth companies



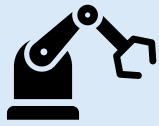
Future opportunities:
fusion energy and long-term patient capital.



Strong communications link national outcomes to household savings.

TOWARDS A COORDINATED CAMPAIGN

 Industry should pool resources (as in Australia) for national visibility.



Brand narrative
“engines of the real economy”



Education
plain explainers, widely distributed



Moments
Isa season, pensions awareness, regional events

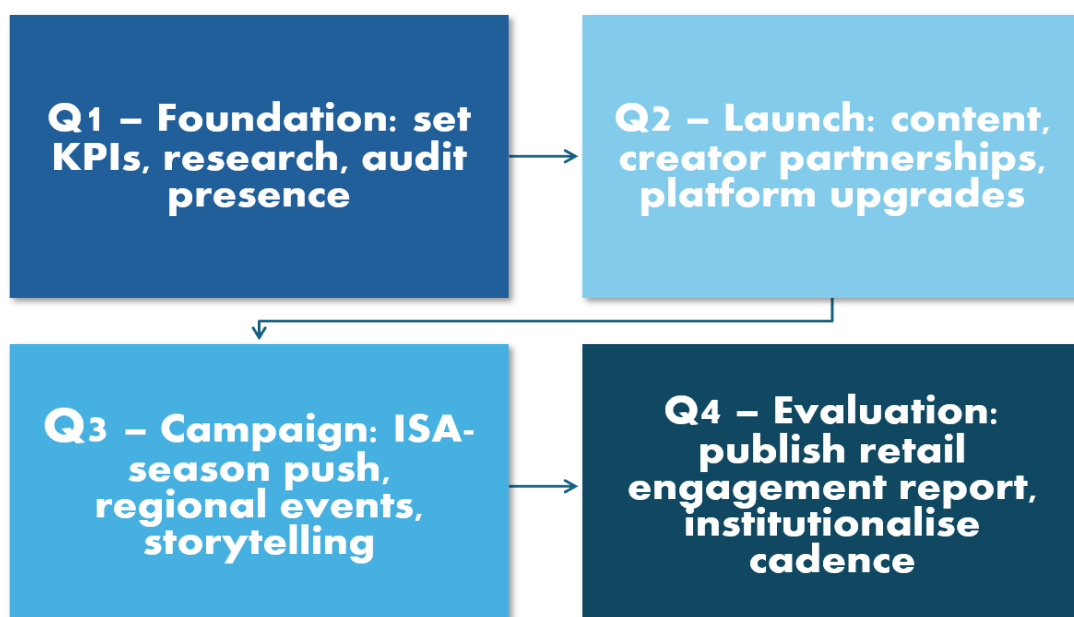


Partnerships
platforms, creators, universities



Measurement
sector-wide KPIs on retail growth, age mix, flows

IMPLEMENTATION ROADMAP



GOVERNANCE TOOLKIT FOR BOARDS

-  Map skills (investment, marketing, digital, distribution, policy)
-  Move beyond top-10 holders; engage the full register
-  Publish 2-page “How this trust works” explainers + video versions
-  Pre-agree activist response options and communications packs
-  Use quarterly dashboards to integrate engagement into risk/performance reporting

CONCLUSION

-  Investment trusts are a UK crown jewel, but face marginalisation.
-  Buybacks alone are insufficient; the missing lever is marketing.
-  With systematic demand creation, trusts can:
 - Regain relevance with new generations
 - Finance infrastructure and innovation Britain needs
 - Secure their role in the UK economy for another 150 years