
Feature Article

Scottish Investment Trusts : Prospect and Retrospect

by P Draper, J Stevens,
Department of Economics

Introduction

In late 1982 - early 1983, there was considerable disquiet within Scottish financial circles over the future of Investment Trusts under Scottish stewardship. Coming as it did after an abortive takeover for the Royal Bank and the controversial takeover of Anderson Strathclyde, the reaction may have been understandable. Suspicions of an English conspiracy were aired by an eager financial press and "concern" was rumoured to be the order of the day at St Andrews House. However, in terms of assets under management, Scotland emerged at the end of 1983 with a similar proportion of the UK total as existed at the beginning of the year. Indeed, a new management group, Stanecastle Assets, became managers of the Yorkshire and Lancashire Trust which promptly acquired the larger Young Companies. Both these trusts were formerly English based operations. In early 1984, Stanecastle signed up the small English trust, Snires Investment whilst Scottish Northern acquired 3 small London based, private concerns. The UK trust sector has been contracting since the mid 1970's, and the rate of contraction has been similar on both sides of the border. Thus, although the implications of any 'threat' to Investment Trusts can be argued to be starker for the Scottish economy, it should be clear that any conspiracy which does exist has no particular Scottish dimension. The problems facing trusts exist irrespective of geographical location; the overall pressure to contract is likely to continue and it is highly probable that the casualty list, on both sides of the border, will grow. It is this disturbing trend, the reasons for it, and how it might be reversed that this paper seeks to explore.

Investment Trusts and Discounts

An Investment Trust is a limited liability company whose assets are a portfolio of stocks and shares and whose equity is traded on the stock exchange in the same way as that of any other quoted company. Unlike unitholders, the shareholders of an Investment Trust are the owners of the firm and as such enjoy rights similar to the owners of any other public company. The attractions of this vehicle to investors are said to be threefold. Firstly, the investment is spread over a large number of securities thus reducing the total risk involved. Secondly, Investment Trusts provide portfolio management which may facilitate informed decision making, enhanced performance and open up investment opportunities not normally available to small private investors. Management can be supplied 'in house' by the trusts own employees or, as is now predominantly the case, by a company offering such activities. In either case, this expertise is typically provided cheaply relative to that of other financial institutions, notably unit trusts. Thirdly, trusts can raise debt in order to expand the assets and thus derive the benefits of 'gearing' which, for the investor, magnifies the fortunes or misfortunes of the portfolio and thus the value of his holding. Until recently, high interest rates had killed the issue of

debentures and, as trusts retired existing stock, this advantage assumed virtually no importance in a large number of cases. There are a number of trusts prepared to borrow short, usually in overseas markets, in order to finance various kinds of arbitrage operations and this is likely to continue with high rewards for those who succeed in getting it right. However, in terms of long term debt, there is no clear evidence of a trend by managers towards more adventurous levels of gearing. Since 1982, several trusts have issued debentures, both by conventional means and via instruments designed to postpone much of the interest payment. Such developments are encouraging but it would not yet be true to infer that the prevailing attitude of caution is changing in any significant way. This is unfortunate because most private and indeed institutional investors cannot directly put together a levered portfolio.

As with all public companies, the share capital of an Investment Trust is fixed and the share price is determined in the market by the forces of supply and demand. This provides a major contrast with unit trusts which are 'open ended' in that the fund can be contracted or expanded as demand alters. Therefore, the supply curve for units can be regarded as perfectly elastic with price set by the management on the basis of a range determined by Department of Trade regulations, given the value of the underlying portfolio. However, the relationship between an Investment Trust share price and the inherent claim on the portfolio is not rigidly fixed because the share price is market determined. This has led to a situation where it has been possible to buy for 100p a claim on assets worth 120p to 135p. The fact that the overwhelming majority of Investment Trust shares have stood, and continue to stand, at such 'discounts' is the root cause of the troubles facing the sector. The 'discount' has prompted the bulk of corporate activity in recent years and will continue to be the engine of decline, if not addressed.

The 1970's - The Rot Sets In

High discounts were not always the norm. The 1950's and 1960's were relatively good times for Investment Trusts and were characterized by periods of expansion via both rights issues and trust formations. There were also merger waves at the turn of both decades. Such activity may be explained to a large extent as being part of a process of rationalization. Typically, two or more trusts from the same group combined to form a larger unit with the aim of improving marketability, enhancing the ability to raise funds and securing economies of scale. The expansion continued into the 1970's and in 1972 40 new trusts were formed. However, the era of 'cheap' money and rising markets had almost come and gone and, in the bear market that followed, discounts soared and have never looked like returning to the levels of 1950's and 1960's. The reasons for this are complex and interconnected and have led to the observed spiral of contraction and decline. Both the adverse fiscal regime on trusts and the effects of UK exchange controls constrained portfolio choice at a time when flexibility would have been more than welcome. Further, exchange regulations involved a special pool of currency through which foreign investment required to be financed. This scarce resource was traded at a premium over the official exchange rates, and when investment currency was sold, there was in later years a surrender of 25% to the Bank of England at official rates. This in itself severely restricted trusts and prevented switches into and out of different foreign markets. However, to circumvent these restrictions, many trusts borrowed overseas to invest in other markets, notably the US. Such loans were 'back to back' which required that trusts deposit a roughly equivalent amount of short term paper to that borrowed with the overseas lending institution. In addition, Bank of England regulations dictated that

such loans be backed with securities valued at 115% of the given loan and that this additional 15% investment cover had to be financed through the currency pool. For a number of trusts this practice resulted in disaster. As the Bretton-Wood agreement disintegrated and exchange rates floated, many trusts found themselves invested in falling markets and falling currencies financed with borrowings in rising currencies. This implied a continuous need to provide the required additional backing on a rising dollar premium. Such currency mismatching caused widespread losses and severely damaged the reliable image of the sector as a whole. As suggested above, much of the debt issued in earlier periods expired during the 1970's and in the face of equity returns lower than the cost of borrowing, trust managers were understandably unwilling to rebuild gearing.

If these set-backs had taken place in isolation, then the trust sector would by now have been well on the way to recovery. However, these problems manifested themselves against the continuation of a more fundamental and in many respects, more worrying trend. During the 1970's and 1980's, an ever-increasing proportion of trust equity was held by other financial institutions such as pension funds and life assurance companies. The situation in the trust sector mirrors that prevailing in the UK stock market as a whole. Since the mid-1950's, the personal sector has been a net seller of corporate securities. In 1963, the percentage of UK equities accounted for directly by private shareholders was 54.0% whilst financial institutions accounted for 30.3%. By 1981, 'persons' held 28.2% and institutions 57.9%.⁽¹⁾ Survey data suggest that such trends were evident also in the trust sector. Between 1971 and 1981, identified personal holdings of trust equity fell from 46% to 28% with almost all the net sales being absorbed by institutional investors⁽²⁾. The reasons for the general percentage decline in equity holdings are many and varied with the UK fiscal arrangements being the prime influence. As well as directly affecting the ability of individuals to buy and hold shares, the UK tax system actually encourages savers to invest in equities indirectly via pension funds, and a variety of insurance linked savings schemes. Further, the growth of building society deposits and the increasing investment in housing also restrict the funds available for share-ownership. Successive governments have done little to counteract these pressures and direct investment in equities still presents private individuals with considerable fiscal penalties relative to both indirect investment and investment in bricks and mortar.

For a variety of reasons this situation is more problematical for trusts than for other types of quoted companies. The historical rationale for Investment Trusts is to cater for the small private investor. Although the number of individual shareholdings in trusts has increased since the 1950's, the total value of personal investors holdings has declined markedly leaving the institutions in the driving seat and the trust sector extremely vulnerable. Since the 1950's and 1960's many of the institutions who were net buyers of trust equity had developed their own 'in-house' management facilities. Thus they had little use for a portfolio managed in a similar way to their own operations and were only willing to hold such a package at prices which implied substantial discounts. Secondly, for tax-exempt funds, it was not logical to hold an investment vehicle whose internal workings were subject to various UK taxes unless the price reflected this disadvantage. Thirdly, with investment currency a scarce resource, institutions were restricted from adopting the overseas exposure which they felt desirable. Acquisition of trusts with overseas holdings could resolve this by allowing transfer of trust assets to the acquirer with no surrender of the investment currency premium. Fourthly, institutions that held trust shares recorded them at market value in the calculation of their own assets. However, because of the discount, the break-up value of a trust then becomes greater than its value as a going concern. Most offers for trust equity are at or near net asset value resulting in immediate gain due to the

reevaluation of any existing holdings. Further, for those institutions intending to absorb the portfolio into their own operations, there results a saving in commissions and stamp duty. A recent study of trust takeovers by Draper and Stevens(3) confirms that, on average, there were significant gains to the shareholders of acquired trusts and that these were not offset by losses to the equity holders of the acquiring company. Indeed this study indicates the possible existence of gains to the acquiror which were discounted by the market in the months preceeding the announcement of the bid. Finally, for quoted companies, the acquisition of a trust provided an opportunity, in difficult times, to expand their equity base and realise the liquid assets of the trust to finance investment opportunities. Thus other companies could acquire trusts in order to alter their capital structure in a way similar to the effects of a rights issue. Thus attacks on the trust sector presented other institutions with a potentially rewarding course of action.

By the late 1970's there was little sign of the discount narrowing. Before 1977 there had been a number of liquidations, unitizations and takeovers all concerning small trusts whose directors had endorsed such moves in order to allow shareholders to realize their investments at or near net asset value. In early 1977, the British Rail Pension Fund (Britrailpen) bid for the Standard Trust. This bid was contested by the trust directors who eventually thwarted it by agreeing terms with Prudential Assurance. During 1977 there were a number of trusts acquired by quoted companies from other sectors. In the autumn of the year, Britrailpen tried again and were joined by another public sector pension fund, Black Diamond Pensions (NCB). The targets were two sizable Edinburgh based trusts, Edinburgh and Dundee and the British Investment Trust. Again, both approaches were hotly contested but this time Britrailpen were successful whilst Black Diamond gained control of 83% of the equity of BIT which remains a quoted trust. There were two more such assaults in 1978. However the pressure was eased by the incoming Conservative government which abolished exchange controls and introduced fiscal concessions making trusts tax transparent by eliminating the necessity of paying capital gains tax on internal transactions. This latter step removed a major objection of exempt funds to trusts and stimulated many of them to increase their holdings of trust equity.

The 1980's - Renewed Attack

Abstracting from a false dawn in 1980, the more favourable climate did not result in a significant reduction in average discounts. The personal sector remained a net seller of trust stock. Unfortunately, the greater freedom to invest in foreign markets following the lifting of exchange controls resulted in a substantial switching of funds overseas at a time when the UK stock market was relatively strong. In addition this switch involved the bearing of heavy transactions costs. By 1981 the pressure was back on and large institutional shareholders were demanding marked changes in the operations of many trusts. There were two broad thrusts to the attack. First, there were demands for greater specialisation. Most institutions have the expertise to manage a well diversified portfolio covering a large number of markets and sectors, and as explained above, see no future in subcontracting such activity to Investment Trusts. However, the majority of these institutions are not geared up to manage portfolios specializing in geographical areas, industrial sectors or unquoted companies. Whilst specialization could well lead to higher management expenses, the institutions appear to believe that costs will be more than offset by enhanced performance and that the resultant increased demand would cause shareprices to rise and discount to fall. This case is reinforced by reference to existing specialist trusts which often trade at below average

discounts. There were and continue to be two possible problems. It is not clear that many of the trust management teams possess the expertise to run a specialist portfolio from existing resources. In addition, specialisation is likely to alter the risk profile of the trust. The relationship between the trust share returns and those of the market may alter and that component of total risk not accounted for by the market (i.e. the specific risk) is likely to increase. Thus if the sector or geographical area of specialisation performs relatively badly, share prices can tumble and discounts rise. Historically, the discounts of specialist trusts have tended to be volatile which makes them less suitable for smaller investors.

However, if specialisation looks a dubious proposition for a trust, the institutions have a second card to play - unitization. This involves the reorganization of an Investment Trust into a unit trust, thus giving equity holders units in place of their shareholdings. As indicated above, the price of a unit is closely related to the value of the underlying assets. This route allows a trust shareholder to realize his investment at something approaching net asset value after allowance for the costs of the unitization exercise. Net funds such as insurance companies find this approach acceptable as it allows them the opportunity to phase redemptions of units in a way which minimizes capital gains tax liability.

In 1981, under pressure from insitutional shareholders, two large, London based management groups announced rationalization plans for the trusts under their control. In aggregate these two groups accounted for almost 20% of then existing trust assets. The proposals by Robert Fleming for the 13 trusts in their stable were savaged by the institutions and the group were forced to make substantial revisions including unitization for 3 trusts with assets of £120 m. However, Electronic Rentals stepped in and acquired one of the unitization candidates, London and Montrose, in what can be best regarded as a rights issue. The Touche-Remnant (TR) management group fared a little better. They proposed specialisation for 9 of their 11 trusts and offered to unitize the Cedar Investment Trust with assets in the region of £45 m. At the time there was a strong body of opinion that the TR plan did not go far enough in terms of unitization and a suspicion that the group did not have the expertise to provide the specialist management proposed. However, TR escaped the mauling handed out to Fleming and the planned re-organisation was sanctioned. In early 1983 another London managed company, Broadstone Investment Trust was forced to unitize and others were put under considerable pressure to do so by aggressive shareholders such as London and Manchester Assurance. During this period there were well publicized moves against Scottish Trusts. In 1982, the small Canadian and Foreign Investment Trust, managed by Martin Currie was forced to unitize. At the turn of the year the pressure was applied to a larger trust in that group, Scottish Ontario, and the East of Scotland managed Dominion and General. At the same time the London based Throgmorton Trust bid for East of Scotland's Pentland Investment Trust, which countered by seeking to join Scottish Ontario and Dominion and General in unitization and thus provide further assets for the proposed unit management company owned jointly by Martin Currie and the British Linen Bank. After a particularly bitter struggle, this move failed in May 1983 when Pentland directors conceded defeat and accepted acquisition by Throgmorton. Whilst this activity was taking place, the Aberdeen Trust sealed the fate of East of Scotland Fund Managers by buying itself out of its management deal and setting up its own management company. As suggested earlier, the activities of the recently formed Stanecastle Assets have gone some way to countering the erosion of trust assets under Scottish management. However, whilst complacency would be foolhardy, the record does not indicate a vendetta aimed solely at Scottish Trusts. Scottish Trusts are caught in a vice which is squeezing the whole industry and to shelter behind nationalist rhetoric is, in the final analysis, no defence.

It has been estimated that Investment trusts account for one sixth of the assets managed by Scottish based institutions.⁽⁴⁾ One major problem is that Scottish management groups are more heavily dependent on trust business than London based concerns. On the basis of profiles published by Wood, Mackenzie⁽⁵⁾, only Edinburgh Fund Managers, Ivory and Sime and Murray Johnstone are involved in other fund management activity to any significant extent. Thus, the continued eclipse of Investment Trusts could erode job opportunities in fund management and in the long run pose questions about the viability of a major plank of the Scottish Financial System. The case for expansion and diversification is clear. However the extinction of Investment Trusts is far from certain and in the foreseeable future, only a few of the remaining Scottish Trusts are at risk. This is because the majority of Scottish management teams are widely regarded as being both innovative and successful. Academic analyses of trust performance would deny the existence of any such comparative advantage for the sector as a whole. These studies contend that managers are not able to generate returns in excess of that expected on the basis of the level of risk assumed by the trust. This implies that, given most trusts have well diversified portfolios, good investment decisions are offset by bad decisions and questionable levels of transactions costs. Clearly, one way to obviate such criticism is to operate with a less than diversified portfolio, a strategy which only the smaller specialist trust come near to adopting. As Wood, Mackenzie point out⁽⁶⁾, the overwhelming majority of assets are still managed in general trusts with risks spread across many markets and sectors. If the present patterns of ownership persist, general trusts, by refusing to offer a product not available in institutions, will face the task of convincing their institutional shareholders that their product is better than the 'in-house' version. On the basis of the evidence available to date this will be difficult to achieve in the long run. The firm conclusion is that many trusts will require to reappraise their operations. Until this happens, **given the present circumstances**, the sector as a whole will continue to contract.

Trusts Fight Back

The trust industry itself has not been complacent. The Association of Investment Trusts (AITC) which acts as a representative and lobbyist for the sector, has taken steps to encourage trusts to provide more basic information about their activities to the financial community, to improve their general image and to define clearly their investment objectives. Further, the AITC is currently undertaking large public relations exercise to increase awareness and to present a higher profile, especially with the private investor. The justification for such expenditure is that the growth in the number of unit holders and the large number of existing private shareholders is clear evidence of market potential. Thus, much of this marketing activity involves contrasting trust shares with units. The advantages of trusts are that management charges are lower, a levered portfolio is theoretically possible and there are fewer restrictions on investment policy. Ironically, the existence of discounts is frequently used as a selling point. Unit trusts, on the other hand, can advertise and are sold through a more extensive retail network where initial costs of purchase are often lower. In addition, purchases of units can be linked to fiscally subsidized insurance schemes and it is often possible to switch cheaply between units in the same stable. Further, there are usually clear financial incentives for bankers, accountants and brokers to push units. The AITC strategy appears to be one of directly targeting the personal saver, although a campaign aimed at financial councillors and advisors is not ruled out. By increasing the stock of publicly available information and reducing its cost, the AITC hopes to influence the savings decisions of

the private sector and halt the flight from trust equity. Recent work by Draper and Stevens⁽⁷⁾ concludes that the Investment Trust sector is efficient in the sense that prices reflect all publicly available information about the performance and prospects of a given company. In other words, the observed shareprice is the best estimate of the value of the claim given all that is currently known about the trust in question. Any attempt to change the structure of the information set, if successful, will alter the market outcome. Thus it is theoretically possible for the AITC marketing drive to work. Unfortunately there are grounds for believing that any impact will be small. Firstly direct participation in equities is not tax efficient. Secondly, units and deposits like building society accounts are more accessible and convenient in a number of ways to savers. This imposes further costs on shareholders in addition to the existing high fees associated with small deals. Given the strong academic evidence that UK savers are rational, utility maximizing individuals, the present institutional and legislative arrangements would appear to militate against a wholesale change in savings patterns and hence cast doubt on the ability of the AITC to engineer more than a marginal change in the behaviour of private investors.

There have also been a series of defensive measures undertaken by trusts themselves. A small number of trust mergers have been engineered to provide a larger asset base for highly rated managers. The merger between the Glasgow based Great Northern Investment Trust and the London based RIT, and indeed the controversial Throgmorton-Pentland amalgamation can be viewed as examples of this. The normal route of expanding a firms equity via a rights issue is effectively ruled out in the trust sector because of the discount. The issue of new shares (at asset value) the price of which immediately plunge to a discount is clearly not attractive to investors. Hence the need for existing trusts to seek new equity in other ways. Wood, Mackenzie⁽⁸⁾ refer to this trend as a process of "Constructive Cannibalism". Such mergers also have the advantage of increasing the size, and thus reducing the probability of predatory raids on the amalgamated unit. Secondly there have been faint signs that some managers are now prepared to experiment with more adventurous levels of long-term gearing. The Scottish management group, Baillie, Gifford have provided a clear lead and it will be instructive to see whether the rest of the sector will follow in the near future. As suggested, gearing can cut both ways, and the present reticence amongst fund managers is a clear indication that there remains considerable uncertainty regarding the future prospects of the UK and world economy. Thirdly, the Edinburgh based Scottish American Investment have recently announced an insurance linked savings scheme in conjunction with Sun Life. This allows shares to be purchased with the prevailing tax incentives and will permit indirect advertising of the shares of the trust concerned. This idea has been advocated for at least 5 years and was ruled out because it was felt that it would not appeal to the insurance companies because it would provide competition to existing schemes with considerable sunk marketing costs. It is too early to say whether it will be possible for others to follow Scottish American and although such deals have vast potential to increase the demand for trust equity, it is likely that only a few companies will be able to take advantage of it. Fourthly, there has been an increasing trend towards some kind of specialization. However, analysis by Wood, Mackenzie, suggests that most trusts remain general in nature and, as argued above, this may not satisfy institutional shareholders in the longer run. Some aspects of specialization are particularly welcome. The main interest in 'unquoted' companies and increasing willingness to provide venture capital should be applauded and can only improve the prospects of the British economy. However, viable propositions are in limited supply and such investments imply increased management costs so that although the rewards are high, such activity can only be a partial solution to the discount problem for a relatively small number of trusts. The same argument applies to the so-called "dirty-trust" which specializes in unquoted financial companies and in the provision of financial services.

Again there is only room for a few to play this game effectively. At the present time further specialization involving smaller portfolios which are not fully diversified is urgently required. If the large number of general trusts do not follow this route, demand will be satisfied by new companies and the weaker companies will continue to be picked off. The temptation for companies outwith the sector to use trusts to engineer rights issue remains strong as the recent episode with Guinness Peat and Moorside demonstrates. The institutional shareholders remain and continue to take a hard view of many operations. The present state of play suggests that there will be further casualties on both sides of the border in the foreseeable future.

Final Solutions

Trusts could do more to retrieve the situation. Clearly more specialisation ought to be on the agenda as should higher levels of gearing. However, preliminary investigations by Draper and Stevens, suggest that the total costs in either unitizing or liquidating trusts are low relative to prevailing discounts. Given the other major finding that the sector is efficient, this at first seems a puzzling result. The value of a share is based on a view of the future stream of net benefits likely to accrue to the holder. One key factor is the activity of management. Their decisions determine future revenue and capital appreciation and the level of transactions costs borne by the trusts. In addition, there is the management fee which, although small relative to other institutions, is effectively index linked and is thus, a known and real cost to be set against any perceived benefits. The discounting of such costs by investors may go a long way to explaining the difference between the break-up value of the trust and its worth as a going concern. The structure of the UK trust industry effectively locks the majority of trusts into a permanent management arrangement. Indeed, a disturbing number of trusts actually own their management company or are bound to it in other ways. Thus the market for trust management is not perfect. From a shareholder's point of view, he is buying a package where the management have permanent property rights to incur questionable costs at constant real management fees. Whilst shareholders, as owners, can make noises and the large institutions can demand drastic changes, the final sanction is the destruction of the company. The returns from such activity can be handsome, and although opinions may differ between classes of shareholder, the ultimate deterrent will be increasingly employed, unless a better path can be offered. An obvious solution would be to allow the owners to transfer their company to what they perceive as more skilled hands. Trusts should disentangle themselves from their management groups and amend their constitutions accordingly. A second option would be to offer periodic ballots on whether the business should continue. Prices would be bid up towards break up value because the probability of break up would be significantly higher. Thus, any or both these options could have a dramatic impact on discounts.

The final necessary change to ensure the survival of general trusts is not in the hands of the industry. As stressed previously, direct share ownership is not efficient relative to subsidised forms of investment such as company pensions, insurance policies and house purchase. The ability of trusts to get involved in such tax efficient vehicles is likely to prove limited. Even so the case for such subsidization is and will continue to be increasingly thin. Tax induced saving may be justified in times when the supply of loanable funds is restricted in an economy. There is currently no capital shortage in the UK although the present government, like certain previous administrations, appear to have little clue as to how to foster conditions in which savings can be absorbed into British industry on the scale that is patently required. Effectively, the taxpayer is subsidizing

overseas investment and promoting a class of institution around which the issue of accountability is even more problematic than for joint stock companies. There may be a clear argument for more home ownership on social grounds and a need to encourage certain groups, notably less well off, first time buyers. However it remains questionable whether the tax payer requires to subsidize house purchase on the present grand scale. Thus the present pattern of personal savings is heavily influenced by fiscal inducements, the rationale for such state largesse no longer exists. Removal of tax incentives would increase the effective choices open to savers, reduce the worrying monopolistic control over investment funds and prove beneficial to the UK economy in the longer run. Changes are urgently required to encourage savers to take their future financial provision into their own hands or into the hands of managers of their choice. The tax 'transparent' status of trusts make them an ideal vehicle for such activity. In particular this would transform the present limited prospects for general trusts. The Investment Trust industry requires a government determined to tackle the obsolete and unjustified fiscal arrangements and consequent vested interests which are throttling private participation in capital markets. They also require a stronger drive within the trusts themselves to be more adventurous in terms of gearing and specialisation and a consensus must emerge to tackle the structural defects of the sector. It is clear that the first requirement will not be met quickly and that they are going to have to look beyond 1986 or 1987. If stock exchange deregulation can succeed in making stock market participation more accessible and provide low costs on small deals then the industry can win a little breathing space on the lack of their ongoing marketing activity. However, no one should be in any doubt that, unless the nettle is grasped by both government and industry, that in 10 years time a much smaller and markedly different sector will exist both North and South of the border.

Notes

1. see **The Stock Exchange Survey of Share Ownership: The Stock Exchange** (1983).
2. see **Review of Investor Protection: Comments on the Discussion Document** by Professor L C B Gower, AITC (1982).
3. see **The Efficiency of the UK Investment Trust Market: P Draper and J Stevens**, Strathclyde University, Economics Discussion Paper (1983).
4. see **Business Scotland**.
5. see **Investment Trust Annual**, Wood, Mackenzie (1983).
6. Wood, Mackenzie (1983) op cit.
7. Draper and Stevens (1983) op cit.
8. Wood, Mackenzie (1983) op cit.