



Widening discounts are giving trusts the edge, says JPMorgan

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Prospect of buying a share at a reduced rate is very appealing, claims head of sales and marketing

Investment trusts are offering cheap investment opportunities for investors due to the widening of discounts caused by market volatility, according to JPMorgan Asset Management.

The JPMorgan American investment trust is currently trading at a discount of 9 per cent and a share price of 633p, while the net asset value is higher at 697p. Similarly, JPMorgan's Smaller Companies investment trust is trading at nearly 15 per cent discount, with a share price of 401p and a net asset value of nearly 472p.

James Saunders Watson, head of sales and marketing for investment trusts for JPMorgan Asset Management said: "The prospect of buying a share at a reduced rate is very appealing. For instance, purchasing £1 of assets for 85p is something that should be attractive to most investors.

"Obviously, there is a risk implied in that a discount could widen further, but the underlying value of the share is likely to remain unchanged. Investment trusts are designed to be long-term investments, so the case in favour of buying at a discount now means over the medium to long term, returns are expected to be heightened."

Keith Churchouse, financial adviser for Churchouse Financial Planning, said: "There is no doubt there are bargains to be had at the moment, whether it is in the form of investment trusts or equities, but they will only attract the brave. When you consider you can get 6.5 per cent gross on the high street in a deposit account, some people will be unwilling to take a risk, due to the uncertainty of the current economic environment."

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