Why I switched from an open-ended fund to an investment trust or the other way round

**Paul Milburn, Lowes Financial Management** →

**Peter Lawrence, Prime Time Financial** →

**Roddy Kohn, Kohn Cougar** →

**Tim Norris, London Wealth Management** →

**From M&G Property Portfolio** to **Picton Property Income**

**Reason: Discount**

Kohn: renegotiated debt put trust on firmer footing

During the credit crisis many property funds were teetering on the edge of extinction, but we always look to exploit opportunities where we see extreme value.

Leading up to June 2012, the directors of Picton Property Income investment trust were in talks to renegotiate their debt, which they did successfully. This put the investment trust on a firmer footing.

We made the decision to switch, based on our view that interest rates were going to remain low. We expected more money to be diverted to the property sector in search of yield.

At the time, the discount on the Picton trust was around 25% and the shares were yielding 8.9%. This was achieved after the board announced a decrease in the dividend payment so it was covered by cashflow and not paid from capital reserves.

The discount narrowed significantly to stand at a 3% premium today. Its share price is up 123% since we purchased the trust, compared with a mere 24.4% rise in the M&G open-ended fund.

Graph

## From M&G Property Portfolio to Picton Property Income