**Investment Trusts – Pricing, Discounts and Premiums**

**Example 1**

ABC Investment Trust shares are trading at £2.30 each after a successful year under the stewardship of the current board. The net asset value per share is £2.00.

1. Are the shares trading at a premium or discount?
2. What is the percentage premium or discount?

**Example 2**

At the end of 2010, shares in Fidelity China Special Situations Trust were trading at 119.5p in response to demand for the shares. Its net asset value was 112.7p per shares.

1. Are the shares trading at a premium or discount?
2. What is the percentage premium or discount?

**Example 3**

As a result of a takeover bid, XYZ Investment Trust shares are trading at 95p. The net asset value per share is £1.00.

1. Are the shares trading at a premium or discount?
2. What is the percentage premium or discount?

**Extension Questions:**

1. How do you think the share price of an Investment trust is determined?

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1. Why might an investment trust’s shares be trading at a premium or discount to the net asset value?

**Reason 1:**

**Reason 2:**

**Reason 3:**

**Reason 4:**

