

SHINING A LIGHT ON THE..... ASI Europe ex UK Income Equity Fund

AT A GLANCE

Investment Objective	
To generate income and some growth over the long term (5 years or more) by investing in European equities (company shares).	

Inception Date	5 April 2009
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000002KQ7

Management	
Manager Name	Start Date
Will James	5 April 2009

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	35.82%
Large	40.81%
Medium	23.38%
Small	0.00%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	43	
Assets in Top 10 Holdings	39.71%	
Name	Sector	% of Assets
Enel SpA	Utilities	4.63%
Novo Nordisk A/S B	Healthcare	4.62%
Roche Holding AG Dividend Right Cert.	Healthcare	4.57%
Sanofi SA	Healthcare	4.27%
RWE AG	Utilities	3.99%
FincoBank SpA	Financial Services	3.92%
Nestle SA	Consumer Defensive	3.81%
Partners Group Holding AG	Financial Services	3.50%
Tele2 AB B	Communication Services	3.32%
Zurich Insurance Group AG	Financial Services	3.07%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.91%
3-Yr Mean Return (average)	8.62%

FUND PERFORMANCE

Performance from 1st January 2014 to 31st May 2020:

	2014	2015	2016	2017	2018	2019	2020
ASI Europe ex UK Income Equity Fund	1.54%	7.75%	17.08%	13.80%	-12.97%	19.60%	-4.65%
iShares MSCI Europe ex-UK ETF	0.04%	4.07%	19.51%	16.37%	-9.95%	19.41%	-7.24%

Performance over 12 months, 3 years, 5 years, and since launch:

	1 year	3 years	5 years	Since launch
ASI Europe ex UK Income Equity Fund	6.53%	2.65%	31.24%	179.98%
iShares MSCI Europe ex-UK ETF	1.64%	3.31%	33.10%	155.45%

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

This update has been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.

We have met the team before, and this was just a brief update reflecting recent events. They started by explaining that the most cyclical businesses and those with large levels of debt have been hardest hit, for example, banks, oils and automotive. They believe that although the macro picture is poor there is a compelling argument at company level, but it must be the right company.

Dividends have been hit hard and companies are focusing on cash preservation and therefore there have been extensive cuts in some areas. But it is not as bad as the sentiment suggests and Europe is a diverse market with lots of opportunities. They also focus on those companies which can not only pay dividends but also grow them.

The fund is split into three buckets – high dividend (50%), dividend growth (35%) and dividend upgrade (15%). They have a style agnostic approach and do not believe you have to turn to cheap high dividend payers; you can get a premium level of income from the right quality company. The current yield on the fund is 4.7%. They are active managers and will re-allocate capital when companies change their dividend policy.

Examples of holdings include:

Swedish Match, who are a global leader in smoke free tobacco products with a growth opportunity set in North America, are a successful and profitable businesses but remain cheap. They have held this for 11 years.

Ahold Delhaize are a food retailer in Holland, Belgium and the US. Their investment in the online business has started to grow, and in the US during 2020 they have seen a 50% increase in online sales.

In summary, this is a strategy that works alongside the European team within ASI. Performance is okay, but it pays an attractive yield which in a time of low interest rates makes this an option for investors if they are prepared to take on additional risk.

The source of information in this note has been provided by ASI and is correct as at June 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.