

**SHINING A LIGHT ON THE.....
Investec UK Alpha Fund**

AT A GLANCE

Investment Objective	
The Fund aims to achieve long-term capital growth and provide income primarily through investment in a portfolio of equities issued by UK companies. The Fund will be managed actively with a long term investment horizon and will focus on stocks believed to offer above average opportunities for total returns.	

Inception Date	05/02/1979
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04RP4

Management	
Manager Name	Start Date
Simon Brazier	05/02/2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	35.31%
Large	29.33%
Medium	22.62%
Small	12.74%
Micro	0.00%

Top 10 Holdings		
Total number of holdings	50	
Assets in Top 10 Holdings	32.24	
Name	Sector	% of Assets
Tesco PLC	Consumer Defensive	4.82%
BP PLC	Energy	4.35%
Royal Dutch Shell PLC B	Energy	4.10%
HSBC Holdings PLC	Financial Services	3.71%
Melrose Industries PLC	Industrials	3.27%
Visa Inc Class A	Financial Services	2.74%
British American Tobacco PLC	Consumer Defensive	2.65%
Reckitt Benckiser Group PLC	Consumer Defensive	2.23%
Rolls-Royce Holdings PLC	Industrials	2.22%
Lloyds Banking Group PLC	Financial Services	2.16%

Volatility Measurements	
3-Yr Std Dev (volatility)	8.71%
3-Yr Mean Return (average)	9.77%

FUND PERFORMANCE

Performance from 1st January 2013 to 30th September 2018:

	2013	2014	2015	2016	2017	2018
Investec UK Alpha Fund	37.92%	6.03%	5.77%	8.02%	11.90%	2.92%
Lyxor FTSE All Share ETF	20.16%	0.93%	1.08%	15.44%	11.64%	2.16%

Performance over 12 months, 3 years, 5 years and since fund manager inception (5/2/2015):

	1 year	3 years	5 years	Since launch
Investec UK Alpha Fund	5.08%	31.08%	54.87%	27.50%
Lyxor FTSE All Share ETF	5.86%	37.64%	41.61%	27.89%

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 is a well-established fund with the new manager coming on board in 2015. Simon has a track record stretching back to 2006 when he started managing money at Schroders and then Threadneedle. His view is that this is a boring diversified UK Core fund. The aim is that over a 3 to 5-year period it will on average outperform the index by 3% p.a. This compounding of outperformance over the long term will generate strong returns for investors.

Fundamentally Simon wants to be able to manage the business risk because this is what the client will be exposed to. The fund currently has an 80% weighting to the FTSE 100 which is the highest weighting it has had.

The fund invests across 5 themes; strong franchises (about 2/3rds of the portfolio), defensive growth, recovery, quality cyclicals and hidden gems.

Simon's view of the UK is not positive. He feels that business growth is dying (BMW have already said they will close factories after Brexit). There is no real wage growth coming in and the average person is not being paid any more. For an economy to grow consumers need to spend more and save less and he feels there is no capacity to do that.

In terms of Brexit, he cannot see how we get over the line. The EU will not change their stance, and neither will the UK. The chances of the UK crashing out are high, and the markets are underestimating the negative impact of this.

In terms of the fund he has positioned it defensively so that it shouldn't suffer as much as other funds should this scenario play out.

In the discussion with the manager we did struggle to see how this differs from others in the sector and the performance itself has been average. However, if he is positioning it to be defensive and his thesis plays out then this might be a fund to consider.

In summary, Simon has built up a good reputation over several years, but as yet this fund hasn't delivered in the same way as his other funds. Having a defensive stance might help the fund if the UK crashes out of the EU without any deal.

The source of information in this note has been provided by Investec and is correct as at October 2018. 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.