

**SHINING A LIGHT ON THE.....
Investec UK Equity Income Fund**

AT A GLANCE

Investment Objective		
The Fund aims to provide income with the opportunity for capital growth, primarily through investment in equities issued by UK companies.		
Inception Date	29/01/2015	
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VEYO	
Management		
Manager Name	Start Date	
Blake Hutchins	29/01/2015	
Investment Style Details		
Equity Style		
Market Capitalisation	% of Equity	
Giant	37.56%	
Large	27.04%	
Medium	25.44%	
Small	9.96%	
Micro	0.00%	
Top 10 Holdings		
Total number of holdings	37	
Assets in Top 10 Holdings	44.30%	
Name	Sector	% of Assets
British American Tobacco PLC	Consumer Defensive	5.69%
Diageo PLC	Consumer Defensive	5.69%
Unilever PLC	Consumer Defensive	5.48%
RELX PLC	Consumer Cyclical	4.38%
Reckitt Benckiser Group PLC	Consumer Defensive	4.33%
GlaxoSmithKline PLC	Healthcare	4.31%
Tesco PLC	Consumer Defensive	4.18%
Sage Group (The) PLC	Technology	3.71%
Compass Group PLC	Consumer Cyclical	3.42%
AstraZeneca PLC	Healthcare	3.12%
Volatility Measurements		
3-Yr Std Dev (volatility)	8.62%	
3-Yr Mean Return (average)	10.88%	

FUND PERFORMANCE

Performance from 29th January 2015 to 30th September 2018:

	2015	2016	2017	2018
Investec UK Equity Income Fund	0.94%	10.52%	11.90%	2.73%
iShares UK Dividend ETF	-3.90%	7.89%	6.96%	-2.50%

Performance over 12 months, 3 years and since launch:

	1 year	3 years	Since launch
Investec UK Equity Income Fund	4.89%	35.15%	28.23%
iShares UK Dividend ETF	1.12%	12.67%	8.13%

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....

In an already crowded market this fund was launched in 2015 and is managed by Blake Hutchins. Blake managed a similar strategy at Threadneedle before coming across to Investec. The fund now has a three-year track record and is one of the top performing funds in the sector, with a focus on 30 to 40 companies.

Blake believes that his approach to finding good income producing shares is what makes this fund different from others. Where he believes there is good income is in the media, technology, personal and household goods and healthcare sectors. Areas like telecoms, oil and gas, utilities and basic resources cannot sustain their income moving forward.

The types of companies he likes are those with strong business models, a sustainable business over 5 to 7 years and good management. Capital light businesses are also very attractive as an investment.

An example holding would be Reckitt Benckiser which has a free cash flow of £8 billion. Of this, £800 is paid in dividends and the balance is invested into the business. Investing in the business is a mix of paying down debt, M&A etc.

The bulk of the fund will invest in the quality companies. These are world class businesses which Blake is happy to hold for long periods of time. The fund can hold overseas businesses and one such holding is Microsoft which has transformed its income stream.

The fund has a small weighting to change; these are companies going through positive change. They may have had a bad period but perhaps a change in management or restructuring is improving the business. Some examples include Tesco, Rolls-Royce and Burberry. These change stories are becoming fewer.

The fund will do well where there is a dislocation in the market, like Brexit, but lag when the markets are strong. Blake feels this is ideal as the defence part of a portfolio.

In summary, this fund has a strong three-year track record. We are always sceptical when people say their fund is different and we would always suggest any potential investors compare this to other funds in the sector.

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.