

## UK equity income

### Chris White, Fund Manager: Premier Income fund

The Premier Income Fund is a value and income focused fund. Fund manager Chris White is focused on valuation and the price paid for investing in a company as this is key to the investment outcome. Since Chris White has managed the fund in 2010, it has consistently shown a higher dividend yield versus the FTSE All-Share Index and the wider equity income sector.

Chris aims to manage downside risk on investments by focusing on financial characteristics such as a strong balance sheet, good dividend cover and strong cash flow. This is designed to provide a buffer of safety if things don't turn out as expected.

The ideal investment is a quality company that is out of fashion. The fund manager seeks out companies that sell quality goods or services, are well managed and have strong financials as these companies should be able to provide an attractive combination of capital growth, income and income growth.

Chris White adopts a multi-cap approach, focusing on those areas where he believes there is the best combination of value and income. Currently the fund has around 45% in the larger capitalisation stocks of the FTSE100 Index and the remainder in small and mid-cap stocks. In recent years, the fund's portfolio has moved down the market capitalisation scale, where the investment team have found increasingly attractive value and income investment opportunities compared to larger companies.

A target price is set for each stock in the portfolio at purchase, based on a number of considerations including free cash flow, earnings and dividend growth and the potential re-rating a company could achieve. The investment team's extensive research includes meeting company management, and especially the management of smaller businesses, where their influence is often greater and their businesses less diversified.

At the present time, the investment team has a positive view on the oil sector due to the strong performance of the oil price and the industrial property sector. The supply demand dynamics of the industrial property sector are attractive due to the move from high street to online retailing, and with a lack of supply of new industrial space, it looks likely that rents will continue rising in this area.

Chris White points out there hasn't been a value market for some time except for a brief flurry of interest around the election of Donald Trump. After the credit crunch, investors sought out so-called 'bond proxy' stocks, genuine growth companies and more recently, many investors have looked for more momentum-driven investments.

The fund has continued to perform well in this environment but the fund manager currently believes a value approach will outperform in 2018. Global growth is running at around 3.5%, UK and US interest rates are rising, inflation is starting to pick up and we are also seeing policymakers start to unwind quantitative easing. All these factors could support value-oriented equities through 2018.



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A free, English language copy of the fund's Prospectus, Key Investor Information Documents and Supplementary Information Documents are available on the Premier website. All data sourced to Premier Asset Management unless otherwise stated. For your protection, telephone calls are recorded and monitored for quality assurance purposes.

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