

**SHINING A LIGHT ON THE.....
BlackRock UK Income Fund**

AT A GLANCE

| Investment Objective | |
|---|--|
| The fund seeks to provide an above average and growing income without sacrificing the benefits of long-term capital growth, by investing primarily in the shares of companies incorporated or listed in the UK. | |

| | |
|----------------------------|---|
| Inception Date | 16 March 1984 |
| Fund Factsheet Link | http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04RTV |

| Management | |
|---------------------|-------------------|
| Manager Name | Start Date |
| Mark Wharrier | 25 September 2013 |

| Investment Style Details | |
|---------------------------------|--------------------|
| Equity Style | |
| Market Capitalisation | % of Equity |
| Giant | 52.92% |
| Large | 18.15% |
| Medium | 24.05% |
| Small | 4.88% |
| Micro | 0.00% |

| Top 10 Holdings | | |
|----------------------------------|------------------------|--------------------|
| Total number of holdings | 39 | |
| Assets in Top 10 Holdings | 41.51 | |
| Name | Sector | % of Assets |
| BAT | Consumer Defensive | 6.13% |
| Unilever | Consumer Defensive | 5.21% |
| AstraZeneca | Healthcare | 4.85% |
| BT Group | Communication Services | 4.08% |
| Vodafone Group | Communication Services | 3.79% |
| Lloyds Banking Group | Financial Services | 3.65% |
| RELX | Consumer Cyclical | 3.57% |
| GlaxoSmithKline | Healthcare | 3.49% |
| Royal Dutch Shell | Energy | 3.45% |
| Sky | Communication Services | 3.28% |

| Volatility Measurements | |
|-----------------------------------|--------|
| 3-Yr Std Dev (volatility) | 10.42% |
| 3-Yr Mean Return (average) | 10.35% |

LWM Consultants Ltd

FUND PERFORMANCE

Performance from 1 January 2012 to 31 August 2016:

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------|--------|--------|-------|-------|-------|
| BlackRock UK Income Fund | 10.20% | 15.43% | 7.49% | 9.47% | 5.21% |
| iShares UK Dividend | 17.46% | 24.15% | 6.54% | 0.95% | 6.66% |

Performance over 1 year, 3 years, and 5 years.

| | 1 year | 3 years | 5 years |
|---------------------------------|--------|---------|---------|
| BlackRock UK Income Fund | 10.35% | 33.77% | 64.16% |
| iShares UK Dividend | 3.48% | 22.95% | 64.69% |

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....

When researching funds, performance will play a part in decision making. For many this fund has slipped under the radar for the simple reason that the performance over the last five years has been at best average. Going back to 2012 and 2013, we can see the fund significantly underperforming the index but from 2014 we can see a marked change.

The BlackRock Income Fund was established in 1984 but in recent years started to lose its way in terms of performance. In 2013 Mark Wharrier came on board introducing a new team, a new process and new life into the fund. Since then we have seen the fund start to outperform the index.

In this update with Mark we discussed the market, BREXIT and current holdings.

Mark started by explaining that there are many challenges in the global economy whether it's China, Emerging Markets, Currency, Elections, BREXIT etc and as a manager he cannot be distracted by what is happening although he does need to be aware. Where his focus lies is on the companies and how they can navigate these markets.

The BREXIT vote clearly hurt the fund and this has meant reducing exposure to some financials like Legal and General and Barclays, where he feels they may struggle in this environment. However, he has kept Lloyds where he believes they can still operate in a low interest environment. On the flip side the vote has delivered opportunities and although the year has been tough he has started to see a recovery in performance.

Mark went on to add that these events are unnerving but the focus has to be on the long term. If he can find the right companies, then he can respond to most events in terms of performance. But equally he added when something happens then there has to be a review as we saw with the BREXIT vote.

LWM Consultants Ltd

In the main the fund looks pretty much unchanged, the four main buckets of investments are:

1. Advantaged Cash Flow Companies – the likes of BT and Unilever
2. Cyclical and Industrial Tailwinds – the likes of DS Smith and Hays
3. Mispriced Domestic Winners – the likes of Lloyds, Foxtons and Dixons Carphone Warehouse
4. Self Help & Restructuring – the likes of Carnival and Tesco

In summary we are coming up to 3 years of performance under the new management team and they have been able to turn this around. It is a high conviction, concentrated portfolio and for those seeking an income fund this is certainly one to consider against the others in the market. The current yield on the fund is 4.30%.

The source of information in this note has been provided by BlackRock and is correct as at August 2016. 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.