SHINING A LIGHT ON……
SLI GLOBAL EQUITY INCOME FUND

Update….

Some argue that as growth is more muted it means that return on equities will be lower and therefore the best returns will be achieved through a mixture of growth and income. We recently met the team behind the SLI Global Equity Income Fund.

The fund has a track record going back ten years in the US but was launched in the UK in January 2012 and has delivered performance above the MSCI World Index. With an array of income funds we wanted to find out why investors might consider this fund against those already available in the market.

The main thing with this fund is that for those investors who like the management style attributed to many of the SLI Funds this fit into that. Its style is agnostic it isn't per say seeking value, growth or momentum but companies where change will drive the growth (and income in the future). As Kevin Troup who is the fund manager added it is about investing in the likes of Ryanair where the market was slow to pick up on the special dividends and enabled them to invest and benefit from this dislocation.

Kevin added that the other aspect that makes this fund different is the scale of company meetings that the team follow each year. Some argue that companies will only say what you want to hear but Kevin said this is more detailed than this as it looks at the whole eco system.

So as an example he pointed to a company like Tesla that makes electric cars and in that journey the team spoke to a company called Ricardo who are global engineering business. This then led them to a company in South Korea that makes the batteries for electric cars, and then to an Australian Mining Company which produces graphite which is needed for the batteries and so the chain goes on. Importantly through this it identifies opportunities and where each part fits into the jigsaw.

The investments are split into three buckets; high dividend which currently makes up about 35% of the fund and includes companies like Kraft, dividend growth at a premium to the market which makes up about 50% of the fund and includes companies like Sage and finally dividend upgrade, this is a smaller part of the fund and has been shrinking as the opportunity set gets smaller.

Ultimately it comes down to performance and process. This does have a distinct process and where it performs best is in the down markets, and it tends to lag slightly in the up markets. Effectively this may act as a good blend to more aggressive global funds to provide some downside protection but also the ability to capture growth when markets are on an upward trajectory. The fund doesn't just look to pick the best income producers but provides a mix to ensure a growing long term yield.

Potential investors should consider this against other available Global Income Funds to see if this matches their requirements either as a blend or a standalone fund or whether there are others which may match their requirements better.

Fund performance

Performance from 16 January 2012 to 25 April 2016:

	2012	**2013**	**2014**	**2015**	**2016**
SLI Global Equity Income Fund	12.00%	26.22%	6.57%	10.17%	1.58%
iShares MSCI World Dist ETF	4.91%	21.87%	10.53%	1.85%	3.20%

Performance over 12 months, 3 years and since launch:

	12 months	3 years	Since launch
SLI Global Equity Income Fund	2.56%	29.59%	68.61%
iShares MSCI World Dist ETF	-2.30%	22.68%	48.54%

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.

The source of information in this note has been provided by SLI and is correct as at April 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.