

**SHINING A LIGHT ON THE.....
Premier Global Utilities Income Fund**

AT A GLANCE

Investment Objective	
The fund seeks to provide income together with some long term capital growth. The Fund will invest in (either directly or indirectly) and/or be exposed to corporates and other organizations whose activities address the issues of declining energy and water resources, and those that operate to enhance and improve the use of such resources. The Fund will hold mainly listed equities with no restriction on the proportion of the portfolio that may be invested in a single geographic region or industrial sector, but will seek to maintain a level of regional and sectoral diversification.	

Inception Date	13 July 1987
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR053ZG

Management	
Manager Name	Start Date
James Smith	30 June 2012
Claire Long	1 November 2010

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	7.66%
Large	39.34%
Medium	28.69%
Small	17.93%
Micro	6.38%

Top 10 Holdings		
Total number of holdings	50	
Assets in Top 10 Holdings	40.68%	
Name	Sector	% of Assets
Beijing Enterprises Holding Ltd	Industrials	5.38%
SSE Plc	Utilities	4.99%
Terraform Global Oper 144A 9.75%	-	4.69%
First Trust MLP & Energy Income Fund	-	4.24%
Energy Company of Parana ADR	Utilities	3.91%
OPG Power Ventures PLC	Utilities	3.81%
CIA Saneamento Do Parana-Sanepar PFD SHS	Utilities	3.52%
Engie SA	Utilities	3.51%
Pennon Group Plc	Utilities	3.39%
China Everbright International Ltd	Industrials	3.25%

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Volatility Measurements	
3-Yr Std Dev (volatility)	10.41%
3-Yr Mean Return (average)	15.02%

FUND PERFORMANCE

Performance from 2012 to 31 August 2016

	2012	2013	2014	2015	2016
Premier Global Utilities Fund	2.06%	19.34%	18.70%	-1.52%	24.75%
iShares Global Utilities (USD)	-1.92%	9.99%	22.42%	-1.73%	23.05%
IShares MSCI World Dist	7.46%	21.87%	10.53%	1.85%	16.78%

Performance over 1 year, 3 years, 5 years and since tenure ship (30 June 2012):

	1 year	3 years	5 years	Since tenure ship
Premier Global Utilities Fund	30.32%	52.00%	64.93%	81.98%
iShares Global Utilities (USD)	29.95%	48.48%	66.48%	56.82%
IShares MSCI World Dist	22.02%	38.58%	76.87%	67.23%

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....

The fund was taken over by James Smith on 30 June 2012 and since then it has outperformed both the Global World and Global Utilities Index as well as delivering a yield of 4.94%. This is seen as a fund that can sit alongside other global funds and at the same time provides investors with a growing yield.

I met the managers first after they had been running the strategy for about a year and this latest meeting provided a real insight to how they have actually done. The fund focuses primarily on regulated utilities. As they explained there is a big difference between regulated and unregulated businesses. Regulated businesses are natural monopolies; in the UK this would be something like National Grid where there is very little demand risk and no competition risk. Whereas a company like Centrica would be seen as a non-regulated business and carries greater risk.

They will invest in hybrid companies like SSE which are a mixture of the two but in the main avoid pure regulated businesses. The argument is that by taking this approach they are reducing the risk because it is easier to calculate the value of the business and returns. And importantly unlike bonds they are not interest rate sensitive.

We talked about whether these stocks can become overvalued and James explained that is a risk and they will reduce weightings if this is the case (case in point being National Grid). Another point of discussion was the make-up of the portfolio and whether this fund is truly diversified, there is bias to

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Emerging Markets. We discussed the risks with this (especially China), and James explained that there are areas where China needs to make big changes – wind farms, waste plants etc, and it is in these areas that the fund invests.

The fund can invest in fixed interest investments, and currently the fund has 23% in this asset class. This is higher than normal and this reflects a number of opportunities which have come up this year. His view is that if it is good he will buy it. So for example US Oil Pipe Line companies have a known income stream and cheap bonds make this an attractive investment.

Volatility is lower than the Global Utilities ETF but on about par with the Global ETF. But the aim is to provide the income through stable investments.

In summary, since taking over the fund the team have turned the performance around and delivered a strong track record. The utility sector can fall in and out of favour but the link to regulated utilities reduces that risk. It is worth testing the fund against others in this sector, and for those looking for diversification within the global space this may be a fund to consider.

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