

**SHINING A LIGHT ON THE.....
Invesco UK Enhanced Index Fund**

AT A GLANCE

Investment Objective	
<p>The Fund aims to achieve long term capital growth and outperform the FTSE All Share ex Investment Trusts Index (net total return) (the "Index") by investing primarily in a portfolio of investments in UK companies. The Fund seeks to achieve its objective following a systematic investment process, with a high correlation to the Index. The Fund uses a range of factors to evaluate the relative attractiveness of a stock together with an assessment of risk, to build a portfolio that shares the broad characteristics of the Index. The Fund is actively managed and will not replicate the Index in its entirety. The Fund will primarily invest in equities, and may also invest in cash, cash equivalents, money market instruments, warrants, collective investment schemes and other transferable securities. The Sub-Fund may enter into financial derivative instruments for efficient portfolio management purposes only.</p>	

Inception Date	16 th February 1993
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F0GBR06IWK

Management	
Manager Name	Start Date
Alexander Uhlmann	16 th February 1993
Michael Frikin	16 th February 1993

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	49.47%
Large	15.37%
Medium	26.08%
Small	8.36%
Micro	0.62%

Top 10 Holdings		
Total number of holdings	115	
Assets in Top 10 Holdings	39.37%	
Name	Sector	% of Assets
HSBC Holdings PLC	Financial Services	5.64%
Royal Dutch Shell PLC Class A	Energy	5.40%
Ftse 100 Idx Fut Future Mar 15 19	-	4.84%
BP PLC	Energy	4.82%
GlaxoSmithKline PLC	Healthcare	4.48%
Royal Dutch Shell PLC B	Energy	3.22%
BHP Group PLC	Basic Materials	3.01%
Rio Tinto PLC	Basic Materials	2.82%
AstraZeneca PLC	Healthcare	2.65%
Lloyds Banking Group PLC	Financial Services	2.50%

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Volatility Measurements	
3-Yr Std Dev (volatility)	9.10%
3-Yr Mean Return (average)	10.34%

FUND PERFORMANCE

Performance from 1st January 2014 to 28th February 2019:

	2014	2015	2016	2017	2018	2019
Invesco UK Enhanced Index Fund	4.74%	2.40%	14.88%	14.54%	-7.83%	6.12%
Vanguard FTSE UK All Share Index Fund	1.41%	1.28%	16.58%	13.00%	-9.65%	7.04%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Invesco UK Enhanced Index Fund	0.58%	32.97%	33.35%	557.15%
Vanguard FTSE UK All Share Index Fund	1.52%	30.43%	28.31%	595.17%

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 is effectively a passive fund (i.e. tracks the index) but the team believe they can enhance the performance. These types of funds are gaining in momentum. The idea is that it sits between passive and active. The team construct the portfolio based on their analysis so although it will be similar to the index, elements of it will be different and that is where they believe they can add value.

We still feel the jury is out on these strategies although this one has been in place for 25 years and has the largest team in continental Europe running it. The argument is that a pure passive strategy will be driven towards favoured factors (for example value, momentum, quality, growth) whereas with the enhanced strategy they can reduce down the risk.

Fundamentally for investors looking to invest in the FTSE All Share Index, the question is whether it is worth paying a little more to get the extra return. This fund over five years has outperformed but since launch it is behind the index.

In summary, this is a passive fund which aims to outsmart the index scientifically and therefore provides a stepping stone between passive and active. The amount of outperformance is questionable over the long term but short term it has delivered. For potential investors the question is whether paying the extra fee is worth it in terms of the potential return.

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The source of information in this note has been provided by Invesco and is correct as at March 2019. 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.