SHINING A LIGHT ON THE……
FTF Franklin UK Equity Income Fund

AT A GLANCE

Investment Objective
The Fund's primary aim is to generate an income that is higher than that of the FTSE All-Share Index, together with investment growth over a three to five-year period after all fees and costs are deducted. The Fund invests at least two thirds (but typically significantly more) in the shares of companies listed on the London Stock Exchange. These companies are incorporated/domiciled in the UK or which have significant business operations in the UK. Typically, the number of holdings in the Fund will vary between 40 to 60 company shares and most of these will be the shares of large (such as those making up the FTSE 100 Index) companies.

Inception Date	January 1995
Fund Factsheet Link	https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000OBQT

Management	
Manager Name	**Start Date**
Ben Russon	14th September 2020
Colin Morton	14th September 2020
Mark Hall	14th September 2020

FUND PERFORMANCE

Performance from 1st January 2016 to 31st May 2022:

	2016	2017	2018	2019	2020	2021	2022
FTF Franklin UK Equity Income Fund	15.34%	12.04%	-8.87%	23.67%	-11.42%	17.88%	3.90%
FTSE AllSh TR	16.75%	13.10%	-9.47%	19.17%	-9.82%	18.32%	1.50%

Performance over 12 months, 3 years, 5 years, and 10 years:

	1 year	3 years	5 years	10 years
FTF Franklin UK Equity Income Fund	10.18%	21.36%	24.49%	153.10%
FTSE AllSh TR	8.27%	18.44%	22.17%	116.96%

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.

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
4.43	0.20	51.84	103.26	99.29	50.00	1.09	0.53	Value/Large

Volatility Measurements	
3-Yr Std Dev (volatility)	17.33%
3-Yr Mean Return (average)	6.67%

Investment Style Details	
Giant	33.08%
Large	21.33%
Medium	35.94%
Small	6.91%
Micro	0.00%

Top 5 Holdings – 48 Equity Holdings		
Shell PLC	Energy	23.63%
Unilever PLC	Consumer Defensive	4.66%
AstraZeneca PLC	Healthcare	4.46%
BP PLC	Energy	3.98%
GlaxoSmithKline PLC	Healthcare	3.97%

Top 5 Sectors	
Consumer Defensive	23.63%
Financial Services	16.52%
Energy	11.33%
Healthcare	10.23%
Industrials	9.27%

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UPDATE….

The fund was established in January 1995 by Rensburg Asset Management. They were acquired by Investec in 2010 and then Franklin Templeton in 2011. In 2020 Franklin Templeton purchased Legg Mason which included Martin Currie and in February 2022 the UK team also moved to Martin Currie. The team have remained at their original offices and they have continued to manage it under the original philosophy.

80% of the fund invests in the FTSE100 and the balance in the FTSE 250. The team launched a Rising Dividends Fund in January 2015. This invests in companies which can grow dividends over the long term. There will be crossover between the two strategies, but the key difference is that the Rising Dividends Fund holds less in the FTSE100 and more in the FTSE 250. The yield is also lower at 2.92% vs 4.38% with this strategy. The key for investors is whether they want more diversity and the potential for the yield to grow over time. If this is the case then the Rising Dividend Fund may be more attractive.

In terms of this strategy, they focus on quality businesses and valuation. In the current environment the FTSE 100 and this fund has held up well. It has been more insulated to the global uncertainty with exposure to commodities, pharma, and tobacco.

The UK market valuation remains depressed and this means there are many opportunities. The strategy, they feel, is a perfect haven during this period. The aim is to deliver a yield at 110% premium to the FTSE All Share. They adopt a pragmatic ESG approach of working with businesses rather than ignoring them.

Some of the winners for the fund include Brewin Dolphin, BHP, M&G, BAE, BP, SSE and BAT. Some of the negative contributors include Persimmon, Bodycote, Intermediate Capital, Next, ABF, Page Group and IMI. They have added Bellway, DS Smith, Cranswick, Ashmore and Spectrus and sold Compass, LondonMetric and Brewin Dolphin.

In summary, although the UK is unloved, this fund has been able to navigate through the recent storm mainly because many of the companies are beneficiaries of this crisis. This is more an overseas play with around 66% exposed to overseas earnings. Naturally this is more of a value tilt due to the make-up of the FTSE 100. One concern we would have is performance and whether holding a tracker would be a better bet.

The source of information in this note has been provided by Martin Currie and is correct as of June 2022. 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.