SHINING A LIGHT ON THE……
Invesco Income Fund

AT A GLANCE

Investment Objective
The fund aims to achieve a reasonable level of income, together with capital growth. The fund intends to invest primarily in UK companies, with the balance invested internationally. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, unlisted securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions as detailed in the underlying fund's prospectus.

Inception Date	6th April 1999
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F0GBR04RX6

Management	
Manager Name	**Start Date**
Mark Barnett	6th March 2014

Investment Style Details	
Equity Style	
Market Capitalisation	**% of Equity**
Giant	18.27%
Large	16.87%
Medium	25.87%
Small	29.68%
Micro	9.32%

Top 10 Holdings		
Total number of holdings	71	
Assets in Top 10 Holdings	30.58%	
Name	**Sector**	**% of Assets**
BP PLC	Energy	5.57%
British American Tobacco PLC	Consumer Defensive	4.04%
Royal Dutch Shell PLC Class A	Energy	3.09%
Burford Capital Ltd	Financial Services	2.84%
IP Group PLC	Financial Services	2.80%
Legal & General Group PLC	Financial Services	2.58%
Derwent London PLC	Real Estate	2.46%
Aviva PLC	Financial Services	2.45%
Next PLC	Consumer Cyclical	2.42%
AstraZeneca PLC	Healthcare	2.34%

Volatility Measurements	
3-Yr Std Dev (volatility)	8.20%
3-Yr Mean Return (average)	3.19%

FUND PERFORMANCE

Performance from 1st January 2013 to 30th September 2018:

	2013	2014	2015	2016	2017	2018
Invesco UK Income Fund	26.75%	9.44%	8.71%	2.14%	4.49%	-4.18%
iShares UK Dividend	24.15%	6.54%	0.95%	7.89%	6.96%	-4.85%

Performance over 12 months, 3 years, 5 years and since fund manager tenure:

	1 year	3 years	5 years	Fund manager tenure
Invesco UK Income Fund	-0.94%	9.23%	30.68%	19.97%
iShares UK Dividend	1.12%	12.67%	27.78%	18.73%

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 Invesco Income Fund has always been the flagship Income Fund in the UK. Mark Barnett took over the management in 2014. Since taking on the management of the fund, Mark has managed to slightly outperform the benchmark.

Mark explained that the UK is clouded by the political uncertainty and this impacts everything. The main impact is sterling which moves up or down depending on market sentiment. The drop in sterling has helped exporters but left domestic stocks at a 25% discount. This level of discount would suggest a recession, but Mark feels this is overdone. Investors are turning their back on domestic stocks and this is where Mark sees opportunities.

The fund is split into four major themes – UK Domestic Value (32%), International Growth Opportunities (24%), Tobacco (6%) and Non-Correlated Financials (26%). Mark has been reducing overseas exposure and investing in domestic stocks.

About 50% of the fund is exposed to UK revenue exposure. We discussed some of the holdings. BP has adjusted its business to reflect the collapse in oil price and is now making more money at a lower price. If oil prices rise this is additional profit for the company as the company continue to be focused on a disciplined approach to managing the business.

BAT has seen a reduction in share price as investors become concerned of new technologies. Mark argues that there is too much focus on the disruptor and not enough on the business being disrupted. Behind the scenes BAT are investing in new technology and research and development.

In terms of non-correlated financials this includes:

- Burford Capital who provide litigation finance mainly in the US,

- AJ Bell which is an investment platform, and
- alternative lenders like Biopharma Credit, P2P Global Investments and Honeycomb.

In summary, for those seeking an income fund then this is often the “go to” strategy. My concern is performance as it is around that of an ETF and therefore the question is whether investors would get better value via that route. Having said the fund is tilted towards domestic UK and if there is a switch from exporters to domestic then this could benefit the fund.

The source of information in this note has been provided by Invesco and is correct as at October 2018. 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.