



rosan helmsley

WEALTH MANAGEMENT

Fund Update – Woodford Income Focus fund



The administrator (Link) of the Income Focus fund previously managed by Neil Woodford (pictured left), has announced the appointment with effect from 31st December 2019, of Aberdeen Standard Investments (ASI) to take over management of the fund. Link Fund Solutions also announced that all ongoing fees for managing the fund will be waived

until 31st May 2020, while the portfolio's assets are re-positioned according to the aims and objectives of the new fund managers. ASI has announced the fund will be renamed as the **LF ASI Income Focus** fund. It will be managed by two experienced UK equity managers, Charles Luke and Thomas Moore.



Charles Luke – Aberdeen Standard Investments

Charles Luke manages the ASI UK Income Equity fund, which is in the top quartile of funds in the IA UK Equity Income sector over 1 and 3 years. Luke has managed the fund since 1st January 2016, which is valued at circa £160m.

Luke is a high conviction, 'bottom up' investor with an emphasis on quality companies with attractive valuations. Luke's performance during his tenure as manager of the **ASI UK Income Equity** fund is shown in the table below. Over his tenure, the fund outperformed its sector average, delivering **43.43%** against the IA UK Equity Income sector average **30.24%**, to 31st December 2019, according to FE Analytics.

Performance		5 Year Analysis - Cumulative Performance			
			1 Yr	3 Yrs	5 Yrs
Absolute return	43.43%	Fund	26.41%	25.34%	39.41%
Citywire rating	-	Sector	20.14%	19.65%	38.30%
Morningstar rating	Not rated	Rank Within Sector	12/86	15/79	35/74
Rosan Helmsley Opinion	Hold	Quartile	1	1	2



Thomas Moore – Aberdeen Standard Investments

Moore has managed the **ASI UK Income Unconstrained** fund since 1st January 2009. Performance during his tenure as manager is shown in the table below. Over his tenure, the fund outperformed its sector average, delivering **254.60%**

against the IA UK Equity Income sector average **178.40%**, to 31st December 2019, according to FE Analytics.

Moore’s investment style is a contrarian, quality value philosophy, which has been out of favour with investors over the last 5 years as investors have sought quality growth stocks, which on a historical basis are now somewhat overvalued. Moore will stay away from these types of stocks for this reason.

Performance		5 Year Analysis - Cumulative Performance			
			1 Yr	3 Yrs	5 Yrs
Absolute return	254.60%	Fund	10.51%	12.30%	21.17%
Citywire rating	-	Sector	20.14%	19.65%	38.30%
Morningstar rating	**	Rank Within Sector	83/86	72/79	73/74
Rosan Helmsley Opinion	Hold	Quartile	4	4	4

Our View

The LF ASI Income Focus fund will maintain the concentrated portfolio status, which existed under Neil Woodford’s stewardship of the fund. Neither Charles Luke nor Thomas Moore have experience of managing highly concentrated funds, which in the case of the Income Focus fund is a high conviction, 30 stock portfolio. However, the managers will be supported by a very strong team of UK equity analysts at Aberdeen Standard Investments. Like Woodford, Thomas Moore has established himself as a value style, contrarian investor and Charles Luke, balances this approach with his quality style process.

The fund’s current yield is **6.37%**. On his UK Income Unconstrained fund, with a current yield of **5.19%**, Moore targets companies that produce a high level of dividend income and one that is expected to grow over time. At the time of writing, the dividend objective of the ASI Income Focus fund is not yet known, but we do not expect there to be a significant change from the fund’s historical aim.

Our recommendation is that those investors with a diverse portfolio that includes other equity income funds, should continue to hold this fund within their Rosan Helmsley portfolio as part of a diversified income and growth strategy. For those investors where the Woodford Income Focus fund was their only or principal equity income holding, we will likely recommend a fund with a less focused style objective.

Rosan Helmsley will continue to monitor the performance of this fund throughout the stewardship of the new managers. Please contact Rosan Helmsley should you have any queries.