

JOHCM UK Equity Income Fund

Fund overview

- The Fund aims to generate long-term capital and income growth through active management of a portfolio of UK listed equities
- Established income investors James Lowen and Clive Beagles abide by a strict dividend yield discipline, which leads to an emphasis on higher-yielding stocks and promotes a naturally contrarian style
- The Fund will typically have significant exposure to small and mid-cap stocks, often giving the portfolio a different holdings profile to many other income funds
- Benchmark: FTSE All-Share Total Return Index
- The use of the Index does not limit the investment decisions of the fund manager; the shareholdings of the Fund may therefore differ significantly from those of the Index
- Please see the [Prospectus/KIID/KID](#) for further information. Please ensure you read and understand these documents before making an investment and wherever possible obtain professional advice

Share class: A Acc GBP

ISIN: GB00B03KR500

Fund details

| | |
|---------------------------|-----------------------------------|
| Fund size | GBP 1.70bn |
| Strategy size | GBP 1.89bn |
| Launch date | 30 November 2004 |
| Benchmark | FTSE All-Share TR (12pm adjusted) |
| No. of holdings | 61 |
| Domicile | UK |
| Fund structure | UCITS |
| Denominations | GBP |
| Valuation point | 12pm Dublin time |
| Historic Yield (%) | 5.04 |
| XD dates | 31 Mar, 30 Jun, 30 Sep, 31 Dec |
| Pay dates | 31 May, 31 Aug, 30 Nov, 28 Feb |

Total strategy assets updated quarterly and shown as at 30 June 2024.

Fund managers



Clive Beagles

Senior Fund Manager

Clive has managed the Fund since launch. He joined JOHCM in 2004 and has 34 years of industry experience.



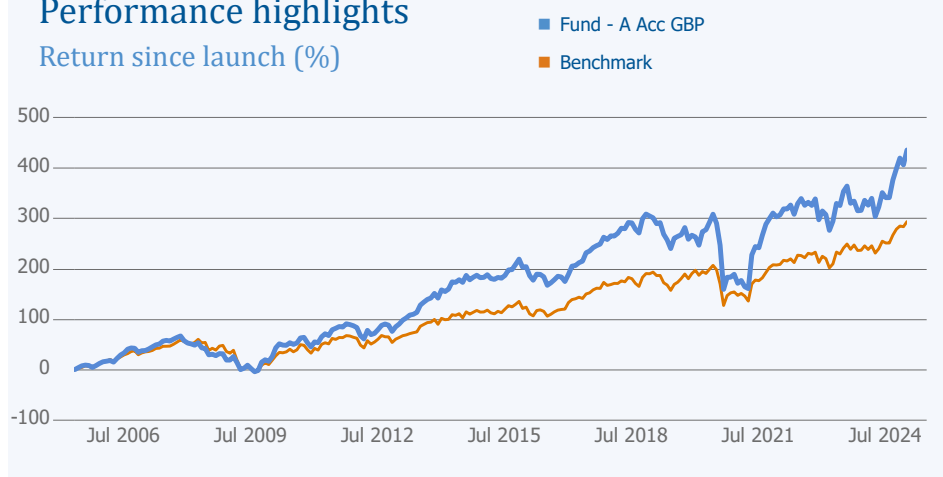
James Lowen

Senior Fund Manager

James has managed the Fund since launch. He joined JOHCM in 2004 and has 30 years of industry experience.

Performance highlights

Return since launch (%)



Return history

| | 1m | 3m | 1yr | 3yr | 5yr | 10yr | SL | Annualised* |
|------------|------|------|-------|-------|-------|-------|--------|-------------|
| A Acc GBP | 5.81 | 7.44 | 22.90 | 31.65 | 47.54 | 89.29 | 435.70 | 8.90 |
| Benchmark | 2.60 | 3.95 | 13.88 | 27.49 | 32.41 | 83.56 | 293.54 | 7.21 |
| Quartile** | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - |

Discrete 12 month performance to end of July

| | 07.24 | 07.23 | 07.22 | 07.21 | 07.20 | 07.19 | 07.18 | 07.17 | 07.16 | 07.15 |
|-----------|-------|-------|-------|-------|--------|-------|-------|-------|-------|-------|
| A Acc GBP | 22.90 | 5.11 | 1.92 | 49.98 | -25.28 | -9.50 | 9.83 | 26.45 | -5.06 | 7.53 |

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. For further information on risks please refer to the Fund's KID and/or the Prospectus. The Fund's investment include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile. The annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth.

NAV of Share Class A in GBP, net income reinvested, net of fees. The A Acc GBP Class was launched on 30 November 2004. Performance of other share classes may vary and is available on request.

*Annualised since launch. **Refers to the fund's ranking in a peer group of funds made up from all funds classified as UK Equity Income by the Investment Association (IA).

Contact details

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Portfolio analysis (%)

Data as at 31 July 2024

Top 10 holdings

| | Absolute | Relative |
|--------------------|-------------|----------|
| BP | 5.4 | 2.3 |
| Barclays | 4.4 | 2.9 |
| NatWest | 3.9 | 3.0 |
| Glencore | 3.7 | 1.6 |
| Standard Chartered | 3.6 | 2.9 |
| Aviva | 3.5 | 3.0 |
| Phoenix Group | 3.1 | 3.0 |
| Anglo American | 3.0 | 1.8 |
| ITV | 2.9 | 2.8 |
| HSBC | 2.8 | -2.6 |
| Total | 36.3 | |

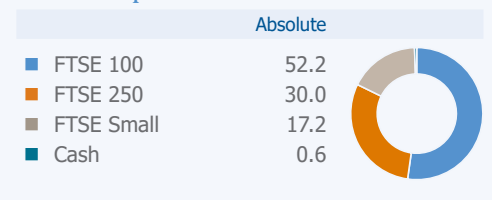
Sector breakdown

| | Absolute | Relative |
|------------------------|----------|----------|
| Industrials | 21.8 | 9.7 |
| Financials | 33.6 | 8.7 |
| Consumer Discretionary | 14.7 | 3.8 |
| Basic Materials | 9.1 | 2.5 |
| Real Estate | 3.8 | 1.1 |
| Telecommunications | 1.6 | 0.4 |
| Utilities | 3.3 | -0.5 |
| Energy | 9.8 | -1.1 |
| Technology | 0.0 | -1.3 |
| Health Care | 0.0 | -11.8 |
| Consumer Staples | 1.7 | -12.2 |
| Cash | 0.6 | 0.6 |

Active positions

| Top 5 | Relative |
|--------------------|----------|
| Aviva | 3.0 |
| NatWest | 3.0 |
| Phoenix Group | 3.0 |
| Barclays | 2.9 |
| Standard Chartered | 2.9 |
| Bottom 5 | Relative |
| AstraZeneca | -7.5 |
| Shell | -6.1 |
| Unilever | -4.8 |
| RELX | -2.8 |
| HSBC | -2.6 |

Market cap breakdown



FTSE Small = FTSE Small Cap, FTSE Fledgling and FTSE AIM

Attribution & contribution (%)

Stock attribution

| Top contributors | Relative return |
|--------------------------|-----------------|
| Drax | 0.50 |
| NatWest | 0.42 |
| Keller Group | 0.36 |
| Galliford Try | 0.32 |
| Barclays | 0.26 |
| Top detractors | Relative return |
| Unilever | -0.32 |
| British American Tobacco | -0.21 |
| Anglo American | -0.17 |
| National Grid | -0.16 |
| BP | -0.15 |

Sector attribution*

| | Relative return |
|------------------------|-----------------|
| Industrials | 1.62 |
| Financials | 1.50 |
| Consumer Discretionary | 0.29 |
| Health Care | 0.26 |
| Utilities | 0.24 |
| Energy | 0.15 |
| Technology | 0.03 |
| Telecommunications | 0.02 |
| Real Estate | -0.07 |
| Basic Materials | -0.19 |
| Consumer Staples | -0.29 |

*Excludes cash

Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis.



Fund manager's commentary

- Upward momentum in the UK market continues to accelerate, driven by improving macro and strong company results
- Holdings in the Fund caught the updraft, lifting relative performance and putting the Fund top of the peer group year-to-date
- Despite the positive turn, absolute valuations remain exceptionally low, suggesting space for significant further upside

UK GDP continues to surprise positively, with the latest monthly figure for May at 0.4% being twice consensus forecasts. Growth for the full year is likely to be pushing 1.5%, which is over twice what the Office for Budget Responsibility (OBR) forecast in March. Other strong data points included UK consumer confidence reaching a cyclical high, another inflation print of around 2% and the labour market remaining reasonably robust as wage pressures continue to moderate. Rachel Reeves has had an impressive start as the new Chancellor, in our view, notably with the new housing policy and the National Wealth Fund. Her recent statement on the state of the public finances highlighting the economic mismanagement of the previous government was most probably partly correct. There was also a heavy political overlay as the bad news was emphasised, but she ignored the good news – which is material – growth being much higher than the OBR forecast, as noted above, which will mean tax receipts are materially higher. Since the last fiscal event, long term interest rates have fallen, which will also significantly help the government's budget. In contrast to the UK, US economic data has been sluggish, and whilst inflation remains stickier than in the UK the market has started to price in rate cuts across the rest of the year again over recent weeks. China data also continues to be weak, which along with over exuberance earlier this year is why the copper price has fallen c20% from its high in May.

The upward trend of the UK stock market accelerated in July, with the FTSE All Share index up 2.60%. The Fund was up 5.81%, significantly outperforming the market by 3.12% (on a geometric basis). Year-to-date, the Fund is up 18.75% compared to the market, which is up 10.95%. There were three main drivers of the positive performance of the Fund in July – strength in domestic sectors, banks, and strong results. We are halfway through results season with the vast majority of results strong, with some pleasant surprises on dividend trajectories (e.g. BP, Drax) and more buybacks (Drax, International Personal Finance). The strength of reporting remains at odds with the low valuations.

The UK's economic outlook continues to improve, a trend likely to accelerate with the decisive election result. With inflation back to target, the Bank of England has started to ease policy at the start of August. With consumer confidence close to a 3-year high, savings ratios elevated, real wage growth of around 3% and a vast unspent stock of excess savings accumulated since COVID, the trajectory of improvement in consumer spending could surprise positively. The interest rate cut and a government seen to be doing sensible things will be the keys that unlock this. The strength of the economy means future rate cuts will be modest, with maybe only one or two further rate cuts over the next 12 months.

With political uncertainties high across Continental Europe and the US election outcome likely to be closer following Biden's exit, the UK post-election landscape looks comparatively stable, and this, combined with the improving domestic economy, should continue the nascent process of the UK stock market coming back in from the wilderness, particularly for international investors.

The extent of the election victory for Labour coupled with their initial policy agenda is very positive for the Fund. Below we reproduce a slide that highlights three policy areas that directly tie into Fund positioning – the policy to increase markedly the number of new houses built per annum, the target to have a zero-carbon electrical grid by 2030, with its associated investment in green energy, and lastly general infrastructure spending. Around 20% of the Fund is tied into these three policy areas.

| Performance over 1 month | % |
|--------------------------|------|
| Fund - A Acc GBP | 5.81 |
| Benchmark | 2.60 |

Statistics

| | Annualised since launch |
|--------------------------|-------------------------|
| Active share* (%) | 80.15 |
| Fund volatility (%) | 18.05 |
| Benchmark volatility (%) | 16.41 |
| Alpha | 1.63 |
| R squared | 0.88 |
| Correlation | 0.94 |
| Tracking error (%) | 6.07 |
| Information ratio | 0.28 |
| Sharpe ratio | 0.41 |

Data calculated weekly.

*The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

Fund awards & ratings



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Country registration

| | A Acc GBP | A Dis GBP | B Acc GBP | B Dis GBP |
|-------------|-----------|-----------|-----------|-----------|
| Singapore | ✓ | ✓ | ✓ | ✓ |
| Switzerland | ✓ | ✓ | ✓ | ✓ |
| UK | ✓ | ✓ | ✓ | ✓ |

Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KID) and financial statements can be obtained free of charge from the Swiss Representative, 1741 Fund Solutions Ltd., Burggraben 16, 9000 St. Gallen, Switzerland.

Share class details (Further details on additional share classes are available on request)

| | ISIN | SEDOL | Bloomberg | WKN | Initial charge | Annual charge | Ongoing charge | Minimum investment* |
|-----------|--------------|---------|------------|--------|----------------|---------------|----------------|---------------------|
| A Acc GBP | GB00B03KR500 | B03KR50 | JOHUKIA LN | A0JLU1 | 5% | 0.75% | 0.79% | £1,000 |
| A Dis GBP | GB00B03KP231 | B03KP23 | JOHUKII LN | A0JLU0 | 5% | 0.75% | 0.79% | £1,000 |
| B Acc GBP | GB00B03KR831 | B03KR83 | JOHUKRA LN | A0JKW9 | 5% | 1.25% | 1.29% | £1,000 |
| B Dis GBP | GB00B03KR617 | B03KR61 | JOHUKRI LN | A0JKW8 | 5% | 1.25% | 1.29% | £1,000 |

Performance fee: A performance fee of 15% is payable on the excess if the NAV outperforms the Index Adjusted NAV (as defined in the Prospectus) on an annual basis. The calculation is performed daily. Any underperformance is carried forward. Please note A Acc and A Dis share classes are not subject to a performance fee.

Ongoing Charge is as at 31 July 2024.

*Other currency equivalents apply.

Important information

Professional investors only.

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This is a marketing communication. Please refer to the fund prospectus and to the KIID / KID before making any final investment decisions.

These documents are available in English at www.johcm.com, and available from PISEL, or (for UK investors) JOHCM, at the addresses set out above.

Information on the rights of investors can be found [here](#)

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The investment promoted concerns the acquisition of shares in a fund and not the underlying assets.

Past performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Investments may include shares in small cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

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