

JOHCM UK Equity Income Fund

Fund overview

- Objective: to generate long-term capital and income growth through active management of a portfolio of UK equities
- Established income investors Clive Beagles and James Lowen 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

A Acc GBP

ISIN: GB00B03KR500

Fund details

Fund size	GBP 3.29bn
Launch date	30 November 2004
Benchmark	FTSE All-Share TR (12pm adjusted)
No. of holdings	59
Domicile	UK
Fund structure	UCITS
Denominations	GBP
Valuation point	12pm Dublin time
Historic Yield (%)	5.09
XD dates	31 Mar, 30 Jun, 30 Sep, 31 Dec
Pay dates	31 May, 31 Aug, 30 Nov, 28 Feb

Fund managers



Clive Beagles
Senior Fund Manager

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

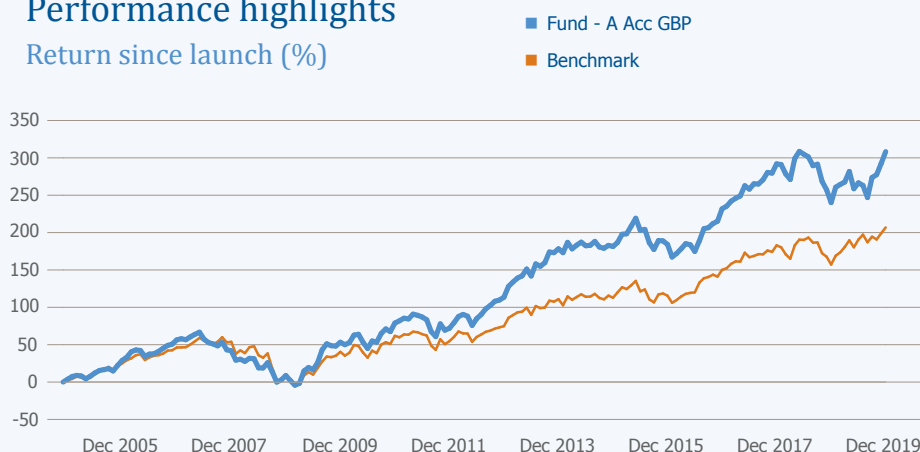


James Lowen
Senior Fund Manager

James has managed the Fund since launch. He joined JOHCM in 2004 and has 25 years of industry experience.

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A Acc GBP	4.08	9.26	20.02	23.06	45.10	166.36	308.30	9.77
Benchmark	2.63	4.17	19.29	22.69	44.16	118.53	206.85	7.71
Quartile**	2	1	2	1	1	1	1	-

Discrete 12 month performance to

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
A Acc GBP	20.02	-13.19	18.11	16.79	0.96

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. 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. We recommend that you read the Prospectus and Key Investor Information Document available from the address overleaf or from our website.

Source: JOHCM/FTSE International/Bloomberg, NAV of Share Class A in GBP, net income reinvested, net of fees. The A Acc GBP class was launched on 30 November 2004. Benchmark: FTSE All-Share TR (12pm adjusted). Performance of other share classes may vary and is available on request.

*Annualised since launch. **Sector quartile ranking: IA UK Equity Income.

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Portfolio analysis (%)

Data as at 31 December 2019

Top 10 holdings

	Absolute	Relative
BP	6.8	2.9
Shell	6.1	-1.4
Lloyds Banking Group	4.4	2.5
Barclays	4.3	3.0
Glencore	3.7	2.6
Aviva	3.5	2.8
ITV	3.2	3.0
Standard Life Aberdeen	3.2	2.8
Phoenix Group	3.2	3.0
Vodafone	2.9	1.3
Total	41.3	

Sector breakdown

	Absolute	Relative
Financials	37.6	10.5
Oil & Gas	15.8	4.0
Basic Materials	9.6	2.1
Consumer Services	13.6	1.7
Telecommunications	2.9	0.5
Industrials	11.6	-0.1
Technology	0.0	-1.1
Utilities	1.0	-2.0
Consumer Goods	6.4	-7.6
Health Care	0.0	-9.3
Cash	1.5	1.5

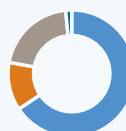
Active bets

Top 5	Relative
ITV	3.0
Phoenix Group	3.0
Barclays	3.0
BP	2.9
Aviva	2.8

Bottom 5	Relative
AstraZeneca	-4.2
GSK	-3.7
Diageo	-3.1
British American Tobacco	-3.1
HSBC	-3.1

Market cap breakdown

	Absolute
FTSE 100	65.6
FTSE 250	12.2
FTSE Small	20.6
Cash	1.5



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

Attribution & contribution (%)

Stock attribution

Top contributors	Relative return
DFS	0.32
Countryside Properties	0.25
Galliford Try	0.22
Bovis Homes	0.20
Forterra	0.20
Top detractors	
Glencore	-0.18
BP	-0.16
Randall & Quilter Inv Holdings	-0.12
British American Tobacco	-0.12
Vodafone	-0.11

Sector attribution*

	Relative return
Consumer Goods	0.77
Industrials	0.55
Consumer Services	0.49
Health Care	0.14
Financials	0.13
Technology	0.02
Utilities	-0.10
Telecommunications	-0.11
Basic Materials	-0.17
Oil & Gas	-0.17

*Excludes cash

Source: JOHCM/FTSE International/Bloomberg. Benchmark: FTSE All-Share TR (12pm adjusted). 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

- It was not surprising to see both domestic equities and, to a lesser extent, the pound respond positively to the election result in the second half of December.
- The main driver of the Fund's strong absolute and relative showing in December was the outperformance of domestic shares before and after the election.
- Our small and mid caps combined added materially to performance across the year and remain very cheap in aggregate, in our view.

Investment background

Clearly the Conservative's comprehensive victory in the December election has altered the political landscape. Whilst a Tory win was broadly anticipated by markets, many investors were reluctant to price in this outcome as the hard left alternative would have brought a very different landscape for the business community. Consequently, it was not surprising to see both domestic equities and, to a lesser extent, the pound respond positively in the second half of December. However, sterling's gain was restrained by Prime Minister Johnson's subsequent commitment to the UK fully leaving the EU by 31 December 2020. In the shorter term, the UK economy is in need of a confidence-driven pick up; during the second half of 2019, economic activity progressively slowed as the political uncertainty took its toll on business confidence.

Fund review

The main driver of the Fund's strong absolute and relative showing in December was the outperformance of domestic shares before and after the election. We have long commented on the significant undervaluation of this element of the market and some of this value gap unwound during the month. Highlights at a stock level were Forterra, Morgan Sindall, Countryside, Galliford Try, DFS, U&I and Rank. Many of these are small caps, which highlights that despite the issues of 2019 surrounding liquidity and a high profile fund closure, small cap investing is not dead. Our small and mid caps combined added materially to performance across the year and remain very cheap in aggregate, in our view.

Financials performed slightly better than the market, with Barclays and Lloyds Banking Group both up. We would expect the positive performance of financials (in absolute terms and against defensives) to continue as economies continue to strengthen in line with lead indicators and bond yields rise. This also remains a materially undervalued part of the Fund.

Other standout contributors were property company Raven Group, after the company agreed to acquire the largest holder's shares at a c. 50% discount to their proforma book value, which was very accretive to remaining shareholders. Recruitment group Sthree was also up strongly following a good trading update.

The main laggards in the month were the oil sector, with BP, Costain and Glencore all weak. Glencore was down versus the wider mining sector following a further governmental enquiry into the company's historic activities, while Costain warned on a historic contract.

Performance over 1 month	%
Fund - A Acc GBP	4.08
Benchmark	2.63

Statistics

	Annualised since launch
Active share* (%)	72.24
Fund volatility (%)	16.17
Benchmark volatility (%)	16.05
Alpha	2.29
R squared	0.91
Correlation	0.95
Tracking error (%)	5.01
Information ratio	0.41
Sharpe ratio	0.51

Source: JOHCM/FTSE International/Bloomberg (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
Austria	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Ireland	✓	✓	✓	✓
UK	✓	✓	✓	✓

Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KIID) and financial statements can be obtained free of charge from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, 8027 Zurich.

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	Up to 5%	0.75%	0.79%	£1,000
A Dis GBP	GB00B03KP231	B03KP23	JOHUKII LN	A0JLU0	Up to 5%	0.75%	0.79%	£1,000
B Acc GBP	GB00B03KR831	B03KR83	JOHUKRA LN	A0JKW9	Up to 5%	1.25%	1.29%	£1,000
B Dis GBP	GB00B03KR617	B03KR61	JOHUKRI LN	A0JKW8	Up to 5%	1.25%	1.29%	£1,000

Performance fee: 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.

Ongoing Charge is as at 31 December 2019.

*Other currency equivalents apply.

Important information

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Sources for all data: JOHCM/MSCI Barra/Bloomberg (unless otherwise stated).

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