

# Premier Multi-Asset Monthly Income Fund

Fund update - fourth quarter 2013



# The Premier Multi-Asset Monthly Income Fund

## Need to know

### The Fund's five essential characteristics:

Aiming to pay a **regular income**.

For **long-term** investors - not for those seeking short-term gains.

Risk level – appropriate for the **IMA Mixed Investment 20%-60% Shares** sector.

Invested in risk assets – there will be times when its price will fall.

**Well diversified** – seeking returns and protection from a range of assets.

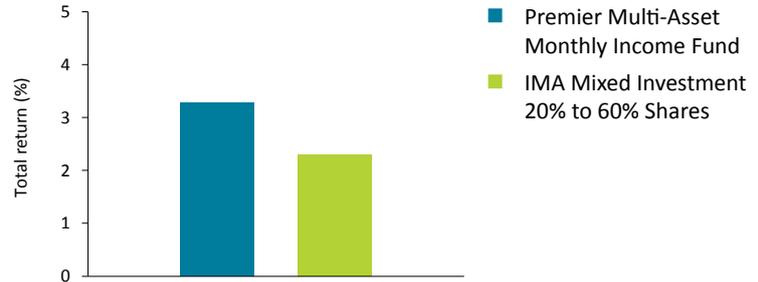
## Contents

3. Performance summary
4. Income
5. Market performance
6. Performance drivers - asset allocation
7. Performance drivers - holdings
8. Activity - asset allocation
9. Activity - holdings
10. The complete portfolio
11. Where to buy the Fund
12. Important information

# Performance summary

- With markets on the rise again, the Fund enjoyed a strong final three months of 2013, comfortably outperforming its sector average. This topped off a good year, with the Fund's return of 15.8% ranking it 7th out of the 143 funds in its sector, while in risk-adjusted terms (sharpe ratio) it was bettered only by our other income-focused mandate.
- The final quarter reflected the wider trends seen over 2013: Equity markets rose at a fair lick, but driven by developed market equities instead of emerging markets, which lost ground. Meanwhile, government bonds generally made losses, while corporate bonds made flat to positive returns. These trends have benefited the Fund, as we hold no government bonds and a decent slug of equity income. Avoiding gold and emerging market bonds also helped, as both of these asset classes have had a rough quarter and year.
- The Fund's recent returns have been very satisfying, but we would sound a note of caution in expecting this to carry on in perpetuity. The Fund is first and foremost an income fund, and our focus on holding the most attractive income-yielding assets undoubtedly benefited it in 2013. However, many of the assets we hold have been upwardly re-rated, and while those we have held on to are still attractive, this re-rating cannot continue forever.

## Quarter ending 31.12.2013



## Discrete years

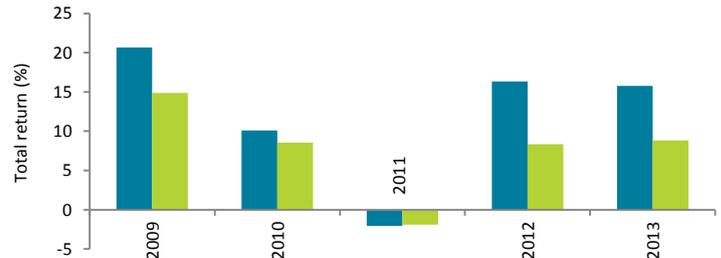


Chart source: FE Analytics, bid to bid, total return, UK sterling basis. Performance based on A Accumulation shares. Data to 31.12.2013.

Past performance is not an indication of future returns.

# Income

Historic yield as at 31.12.2013

**4.1%**<sup>1</sup>

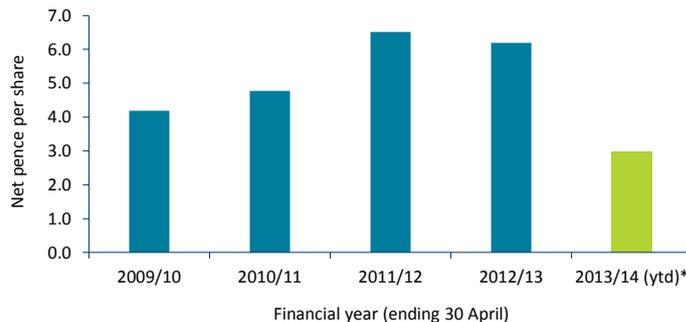
**Last monthly payment made<sup>2</sup>:**

0.410 pence per share (Paid on: 28 December 2013)

**Total paid out in respect of 2013/14 financial year:**

2.970 pence per share (7 out of 12 payments)

## Distribution history



*\*2013/14 distribution history includes 7 out of 12 payments*

- While income made a worthwhile contribution to the Fund's great 2013, the total return owed more to capital appreciation. For better or worse, the capital growth aspect of the Fund is always likely to be more volatile than the income it produces. And it is the income on which our focus remains: we continue to seek and hold the most attractively valued income-paying assets, all the while being careful to avoid dangerous assets whose high yield may prove a mirage to income-parched investors.

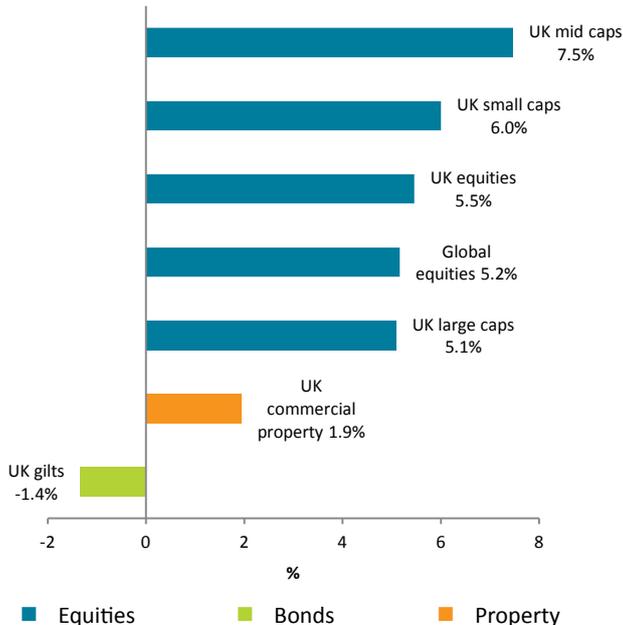
<sup>1</sup>Based on Class A Income Shares.

<sup>2</sup>The Fund changed from quarterly to monthly payments on 01.01.2013.

Past performance is not an indication of future returns.

# Market performance

## Total returns for quarter ending 31.12.2013



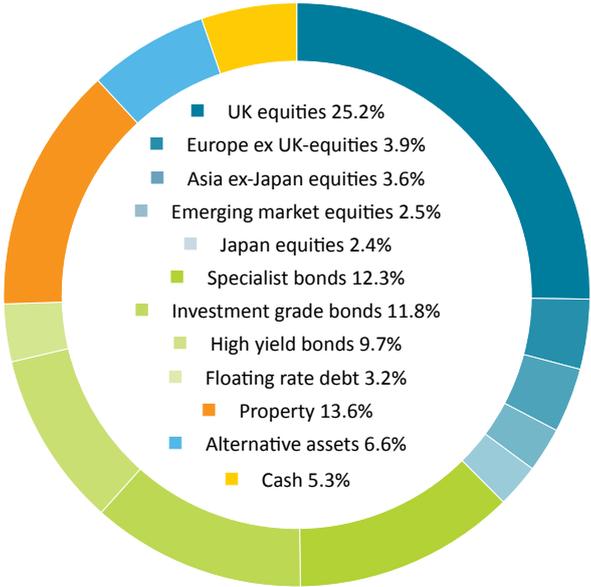
- **Global equity markets** rounded off a very strong year with another rally. However, for both the quarter and the year as a whole, the positive result masks mixed fortunes on a regional basis.
- Developed markets rose the furthest over the quarter, led by the **US** then the **UK** and **Europe**. However, **Japanese equities** made minor losses, while those of their Asian neighbours fell too. **Emerging market equities** also struggled, particularly in **Latin America**.
- A general improvement in the UK's economic outlook drove **gilt** prices lower over the quarter, as these safe-haven assets typically perform better when the outlook worsens. **Corporate bonds** performed a little better, but generally produced flat returns.
- The data we have seen so far suggests **UK commercial property** had a solidly positive quarter. Having stagnated close to trough levels for the best part of three years, there is hope that the recent upturn in prices may continue for some time.
- The price of **gold** tumbled again over the quarter, particularly in sterling terms. This compounded a bad year for the yellow metal, and an even worse one for shares in gold-related companies.

Source: FE Analytics, bid to bid, total return, UK sterling basis. Indices: FTSE Small Cap (UK small caps), FTSE 250 (UK mid caps), FTSE All Share (UK equities), FTSE 100 (UK large caps), FE UK Property Proxy (UK commercial property), FTSE World (Global equities), FTSE British Government All Stocks (UK gilts).

Past performance is not an indication of future returns.

# Performance drivers - asset allocation

Fund breakdown at end of second quarter (30.09.2013)



Relative to peer group:

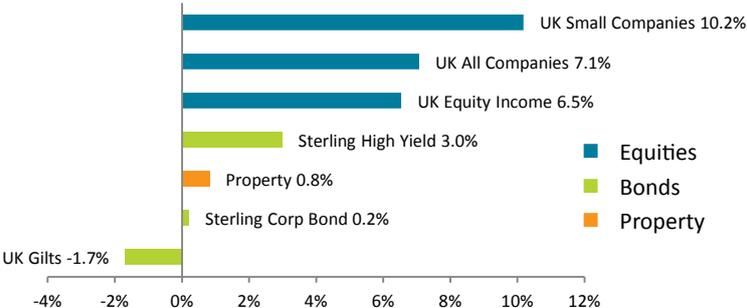
**Helped**

- Reasonable exposure to equities, particularly UK equities
- No exposure to gilts
- No exposure to emerging market bonds
- No exposure to gold or gold-related shares

**Hurt**

- No exposure to US equities
- Modest weighting in Asian and Emerging Market equity income

IMA Sectors - total return for quarter ending 31.12.2013



Source: FE Analytics, bid to bid, total return, UK sterling basis.  
 Past performance is not an indication of future returns.

# Performance drivers - holdings

## Notable contributors

- **MedicX**  
This fund holds UK primary healthcare facilities and has enjoyed another impressive quarter. Income continues to be its main driver.
- **Picton Property Trust**  
In a vintage year for UK commercial property, this holding has stood out. It has now re-rated, but still looks an attractive prospect.
- **Schroder Real Estate Investment Trust**  
Like Picton, this has benefitted from a broadening sector recovery from London to other regions. Has re-rated now but is still attractive.
- **SWIP Property Trust**  
Continued to benefit from the re-rating of UK commercial property. Returns were further boosted by the price moving to an offer basis.
- **TwentyFour Income**  
Another excellent quarter, taking full advantage of opportunities in the pan-European residential mortgage-backed securities market.

## Notable detractors

- **Doric Nimrod Air2**  
Produced strong returns since we bought in. But while it paid another healthy dividend, its price fell as some investors took profits.
- **Longbow Senior Secured UK Property**  
Invests in senior debt secured against quality commercial property. Has done well, but its price fell back after a particularly strong run.
- **Rathbone Income**  
Carl Stick is running a relatively large cash position as a precaution, and this dragged on his fund's returns amid the market rally.
- **Starwood European Real Estate Finance**  
Management have taken longer than expected to get fully invested, causing some investors to lose patience. But the portfolio is almost there now, and we expect better returns from here.

# Activity - asset allocation

	As at 30.09.2013	As at 31.12.2013	Change
<b>Equities (total)</b>	<b>37.6%</b>	<b>37.5%</b>	<b>-0.1%</b>
UK	25.2%	26.1%	+0.9%
Europe ex-UK	3.9%	3.0%	-0.9%
Asia ex-Japan	3.6%	2.9%	-0.7%
Emerging markets	2.5%	2.9%	+0.4%
Japan	2.4%	2.6%	+0.2%
North America	0.0%	0.0%	0.0%
Other equities	0.0%	0.0%	0.0%
<b>Bonds (total)</b>	<b>37.0%</b>	<b>35.9%</b>	<b>-1.1%</b>
Specialist	12.3%	11.3%	-1.0%
Investment grade	11.8%	10.9%	-0.9%
High yield corporate	9.7%	9.6%	-0.1%
Floating rate debt	3.2%	4.1%	+0.9%
Gilts	0.0%	0.0%	0.0%
<b>Property</b>	<b>13.6%</b>	<b>18.0%</b>	<b>+4.4%</b>
<b>Alternatives</b>	<b>6.6%</b>	<b>7.1%</b>	<b>+0.5%</b>
<b>Cash</b>	<b>5.3%</b>	<b>1.7%</b>	<b>-3.6%</b>

- Having taken what was, for us, a fairly quick and sizable move into open-ended **UK commercial property** funds in the third quarter, we continued to build our positions here in the fourth. This market contains plenty of wheat but a lot of chaff too, and we believe active management will be the best way to pick the one from the other. We are not expecting earth-shattering returns, but we hope a blend of solid income and modest capital growth will benefit our funds. We used **cash** to fund these purchases.
- Other than a touch of profit taking, our **equity** exposure is largely unchanged from the previous quarter. Within that exposure though, we have reallocated some capital away from **European equities** into **UK equities**, with the former having had a particularly strong run since summer 2012.
- The fall in **bond** exposure is largely to do with price movements over the quarter. We have been happy to let this exposure drift lower.
- On the whole it was a quiet quarter for asset allocation changes. We are happy that the Fund contains the right blend of assets to produce a decent and sustainable stream of income, and there is no point in making dramatic changes for their own sake.

 [Click here to read our latest views in full](#)

Please note that the numbers above have been rounded.

# Activity - holdings

## Additions

- Fidelity Enhanced Income

## Complete disposals

- BlackRock Continental European Income
- PSigma Income

# The complete portfolio

## Alternative assets

Real Estate Credit Investments (2.1%)  
 International Public Partnerships (2.0%)  
 CATCo Reinsurance Opportunities (2.0%)  
 DCG Iris (1.0%)

## Bonds - specialist

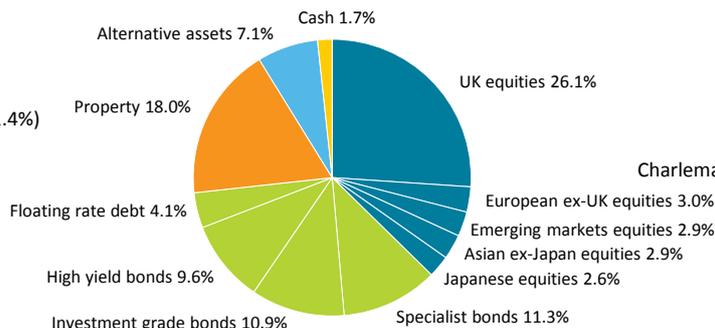
TwentyFour Income Fund (2.5%)  
 GCP Infrastructure Income (2.2%)  
 Starwood European Real Estate Finance (2.0%)  
 CVC Credit Partners European Opportunities (1.4%)  
 Longbow Senior Secured UK Property (1.3%)  
 Doric Nimrod Air 3 (1.1%)  
 Doric Nimrod Air 2 (0.8%)

## Bonds - floating rate debt

M&G European Loans (4.1%)

## Bonds - investment grade & high yield

TwentyFour Dynamic Bond (4.9%)  
 Royal London Corporate Bond (3.5%)  
 PIMCO Select UK Income Bond (3.3%)  
 Brookfield High Yield Europe (3.3%)  
 Airlie Select US High Yield (3.0%)  
 Baillie Gifford Corporate Bond (2.5%)



Each holding has been categorised to help you identify the types of asset that the Premier Multi-Asset Monthly Income Fund is invested in. The pie chart shows the asset allocation of the Fund through analysis of each of the underlying holdings.

## UK equities

Rathbone Income (4.8%)  
 Franklin UK Equity Income (4.8%)  
 ► Fidelity Enhanced Income (4.8%)  
 Standard Life UK Equity High Income (4.7%)  
 Schroder Income Maximiser (4.7%)  
 Chelverton UK Equity Income (2.2%)

## Europe ex-UK equities

Argonaut European Enhanced Income (3.0%)

## Emerging market

Charlemagne Magna Emerging Market Dividend (2.9%)

## Asia ex-Japan equities

Prusik Asian Equity Income (2.9%)

## Japan equities

Jupiter Japan Income (2.6%)

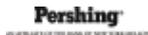
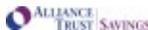
## Property

Henderson UK Property (5.0%)  
 SWIP Property Trust (5.0%)  
 MedicX (3.0%)  
 Picton Property Income (2.1%)  
 Target Healthcare REIT (1.7%)  
 Schroder Real Estate Investment Trust (1.2%)

► = New holding. Data as at 31.12.2013.

Please note that the asset allocation may be above or below 100% due to rounding

# Where to buy the Fund



# Important information

## Risk of investments

Past performance is not a guide to the future. The price of shares and any income from them may go down as well as up and you may get back less than you invested. Movements in exchange rates may also affect the value of your investment. Please remember that these investments are typically intended as either medium or long term investments.

## Disclaimer

Whilst every effort has been made to ensure the accuracy of the information contained within this document, we regret that we cannot accept responsibility for any omissions or errors. The information given and opinions expressed are subject to change and should not be interpreted as investment advice. Reference to any particular stock does not constitute a recommendation to buy or sell the stock.

All data is sourced to Premier unless otherwise stated.

Persons who do not have professional experience in matters relating to investments should not rely on the content of this document. Should you need advice, or if you would like to know more about this Fund, please contact your financial adviser in the first instance.

A free, English language copy of the Fund's full prospectus, the Key Investor Information Document and Supplementary Information Document, which include all the important information you need to consider before making an investment decision, are available on the Premier website, [www.premierfunds.co.uk](http://www.premierfunds.co.uk) or you can request copies by calling us on 01483 306090. For your protection, calls may be monitored and recorded for training and quality assurance purposes.

Copyright ©2013 FE. All Rights Reserved. FE Crown Fund Ratings do not constitute investment advice offered by FE and should not be used as the sole basis for making any investment decision.

Morningstar ratings as at 02/01/13, based on cumulative performance, mid-mid, UK sterling, net income reinvested for basic rate tax payer. For ratings Copyright © 2013 Morningstar.

Source & Copyright: CITYWIRE. David Hambidge is + rated by Citywire for his 3 year risk adjusted performance for the period 30.10.10 - 30.10.13. Citywire information may not be copied and Citywire excludes any liability arising out of its use.

FTSE International Limited (FTSE) © FTSE 2011. FTSE® is a trade mark of London Stock Exchange Plc. and The Financial Times Limited and is used by FTSE under licence. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE data is permitted without FTSE's express written consent.

Issued by Premier. Premier Portfolio Managers Ltd and Premier Fund Managers Ltd are ISA managers, authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS and are members of the 'Premier' and 'Premier Asset Management' marketing groups.

---

**Call:** 01483 306 090 **Email:** [clientservices@premierfunds.co.uk](mailto:clientservices@premierfunds.co.uk) **Web:** [www.premierfunds.co.uk](http://www.premierfunds.co.uk)  
Premier, Eastgate Court, High Street, Guildford, Surrey GU1 3DE