

press release

14 September 2009

Fund in Focus: Schroder Income Maximiser fund

Andy Parsons, Advice team manager at The Share Centre, explains how investors looking for income derived from UK equity markets with the added potential for capital growth, could benefit from the Schroder Income Maximiser fund.

“At a time when many types of investment are struggling to produce an attractive yield, the Schroder Income Maximiser fund offers a very compelling proposition. Fund manager, Thomas See claims the fund’s flexible approach to generating income means it is fully capable of returning its 7 per cent yield target for the fourth consecutive year.

“The fund was launched in November 2005 and is often seen as a more dynamic version of its sister and older partner, the Schroder Income fund. This is mainly due to its ability to use covered call options to enhance returns.

“Unlike most of its peers, the fund seeks to generate income on two levels – dividends from the underlying holdings and premiums from the option overlay. Positively, neither of these income streams is dependent on interest rate levels, reassuring given UK interest rates are at historic lows.

“Typically, See prefers to invest in companies that he believes exhibit strength in key metrics such as, good earnings yield, dividend cover and the sturdiness of its balance sheet. As of 31 July the fund’s top five holdings include GlaxoSmithKline, Barclays, Rentokil, Vodafone and AstraZeneca.

“Investors should be aware that See only took over the helm in April 2009, following the departure of John Teahan. See is responsible for the derivative overlays, while the underlying stock selection still resides with Nick Perves and Ian Lance, managers of the sister fund.

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“Despite a few management changes over the last year, the Schroder Income Maximiser fund has continued to outperform the IMA UK Equity Income sector. In fact, the fund has consecutively been ranked first quartile since it launched in November 2005. On a year-to-date basis, the fund has returned 27.92 per cent with a current yield of 12.32 per cent; the yield is not guaranteed in the future.

“At present the fund is rate ‘A’ by Standard & Poor’s. This fund is suitable for those investors seeking income, but who are willing to accept the risk of a manager who has the flexibility to use derivatives. We rate this fund as a medium risk investment.”

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Note to editors:

As one of The Share Centre's Platinum 120 funds there is no initial charge when investing in the Schroder Income Maximiser fund and customers will not be charged dealing commission.

About The Share Centre's Platinum 120 range:

The Share Centre launched its Platinum 120 funds range in June 2009 in order to help investors identify the funds with the best long-term prospects and strong management. Customers who invest in a Platinum 120 fund will benefit from no purchase commission on all funds and no initial charge on almost 80%. Please visit www.share.com/p120 to view the full Platinum 120 range. Please be aware that this may require registration.

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Risk Warnings:

Investing in general, and the products and services mentioned above may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment. Past performance is not a reliable indicator of future performance.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice Team provides comment on market sectors, individual shares and funds on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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