

press release

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Funds: How investors can gain exposure to Asia and its income potential

Sheridan Admans, investment adviser at The Share Centre explains how investors can benefit from seeking income through Asia, names his favourite fund in this investment arena and gives his views on a new offering from Invesco Perpetual.

Historically, very few investors have considered Asia as an economic region able to support their needs for income. However, for those investors prepared to accept higher risk, there is the potential to benefit from a region that is continuing its rapid growth whilst in addition now offering investors an alternative from the UK as a potential source of income.

We believe Asia will continue to prosper over the next 3-5 years and beyond, not only through their ability to continually deliver goods and services at lower prices than the West, but just as importantly in their continuing advancements of technology and continued potential for economic development.

The vast majority of fund houses still believe that emerging markets are not mature enough to provide long-term income returns. However, Newton fund managers would beg to differ and this is the reason we favour the Newton Asian Income fund.

The fund aims to deliver an income yield in excess of its benchmark; in this case it aims to deliver an income yield of at least 35% higher than that of the FTSE AW Asia Pacific ex-Japan Index.

Manager, Jason Pidcock, heads the Asian team of 18, who support him with research and ideas, providing good coverage of the region. Newton income funds focus on strong dividend growth, which is further strengthened by their strong sell discipline, whereby a company is sold when the dividend yield falls below a prescribed level, to some degree reducing the downside side risk of the portfolio.

The fund invests in approximately 45 - 55 stocks demonstrating the conviction of Jason and his team; with those stocks picked on a thematic basis rather than being picked on anticipated prevailing economic conditions.

The fund was only launched back in late November 2005, however, in terms of performance, it has been top quartile over 1, 3 and 5 years on a cumulative basis.

As Invesco Perpetual announce the launch of an Asian Equity Income fund in March, Admans gives his view on how the fund may fare: "Invesco Perpetual have an excellent track record for managing

income portfolios and the inclusion of the Asian Income fund will help to meet the demand for income in this exciting region of the world.

“In addition, Invesco has been very successful in Asia for quite sometime with its Hong Kong, Asian Equity and Japan funds all performing well. With the current manager of the Asian Equity fund, Stuart Parks, at the helm I would expect a reasonable performance of the fund over the long-term.”

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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 SIPPs 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 SIPPs 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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