

## press release

13 December 2012

The Share Centre adds three funds to the Platinum 120

**Andy Parsons, head of investment research at The Share Centre, explains why these three funds have been added to the Platinum 120 and what they offer investors.**

### **JPM US Equity Income fund**

Over the past couple of years, investors have expanded their investment horizons in the search for equity income, appreciating that globally there are a vast number of companies offering attractive dividend yields.

A geographical region historically rarely considered as an income producing nation due to taxation issues, yet is home to many of the world's largest, most innovative and strongest brands in the world is the US. And this is why we have added the JPM US Equity Income fund to the Platinum 120.

There are a number of key reasons why investors may consider the US. Corporate balance sheets are strong, leading to a significant increase in dividend payments. An aging population means shareholders are increasingly demanding dividends to help supplement their retirement income and changes to the US taxation rules have assisted companies and paying dividends to shareholders increasingly seen as an attractive proposition.

The fund has been managed by Clare Hart since its launch back in December 2008. During this time it achieved first quartile performance for 2010 and was ranked number one within its sector for 2011.

Clare and the team are true bottom-up stock pickers, looking for those companies they believe are under valued, have strong and durable franchises, a consistent pattern to their earnings and cash

flow, offer above average dividend yields, are able to sustain the payments and have good management.

Whilst the lure of the US may not yet appeal to all equity income investors, for those looking to diversify their portfolio geographically, this region may be of interest.

### **Invesco Perpetual Smaller Companies fund**

For many investors, exposure to smaller companies is often confined to a traditional UK fund. However, the Invesco Perpetual Smaller Companies fund offers investors flexibility and a truly global reach. The fund seeks to identify the very best smaller company opportunities from around the world, helping reduce volatility and improve the risk-return reward.

A further characteristic of the vast majority of smaller company funds is that they generally have a significant number of individual holdings, often in excess of 250/300 with the largest positions and weightings only generally accounting for around 75/100 basis points overall.

As at the end of December 2011 this fund had 447 holdings, providing investors with the comfort that despite the volatile nature of such companies, risk and diversification is spread across a vast number of companies and more importantly across geographical regions as well.

The fund is managed on a team basis by Invesco Perpetual, with individuals identifying investment opportunities from within their geographical area of expertise. All ideas are presented to their colleagues and discussed to ensure it is the very best ideas that are included within the portfolio. The fund is exposed to over 30 different countries, however this changes as the team see fit.

For investors wishing to diversify their portfolio, not only in terms of geographical representation but also through market cap size, then this fund may well suit.

### **Fidelity Enhanced Income fund**

Due to low interest rates and high inflation for the past couple of years, the need for investors to supplement their income has become more important.

The UK Equity Income arena can be daunting and confusing for many investors as a high percentage of UK dividend payments are generated from such a small number of companies.

For a fund to be of potential interest to investors, it needs to either set itself out as a seeker of income from the small-mid cap arena or offer a yield significantly in excess of its competitors. It is the potential increased dividend yield that makes the Fidelity Enhanced Income fund an investment opportunity.

The fund was launched in February 2009 with the aim of achieving a dividend yield of 150 – 200% of the FTSE All Share Index.

The fund currently has a dividend yield of just over 7% and is generated by a two fold approach adopted by the manager Michael Clark and his team. The first element is the identification of companies that make up the core equity income part of the portfolio through their bottom up stock picking approach.

The second element looks to enhance the prospective dividend yield through the writing of 'covered call options' on around 60-75% of the overall portfolio. This allows the manager to enhance the prospective yield, albeit to the slight detriment of some capital growth.

For those investors seeking an above average dividend yield alongside the potential for capital growth then this fund may well suit.

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**Note to editors:**

**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 90%. Please visit [www.share.com/p120](http://www.share.com/p120) to view the full Platinum 120 range. Please be aware this may require registration.

**Notes to editors:**

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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 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](http://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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