

Client: Gravis Capital Partners
Source: Citywire (Web)
Date: 13 January 2017
Page: N/A
Reach: 51959
Value: 1394

Buchanan

This fund yields nearly 5% and now pays out monthly

This fund yields nearly 5% and now pays out monthly. Fund pickers Robert Burdett and Gary Potter seek out income from a range of areas for their F&C MM Navigator Distribution fund. Fund pickers Gary Potter and Robert Burdett are providing investors with an opportunity to receive income on a monthly basis from their flagship F&C MM Navigator Distribution fund.

In response to investor demand, the group has launched a new share class for the £1.2 billion Navigator Distribution fund which pays out income monthly, rather than on the current quarterly basis. Since launch in 2008, the fund has consistently produced an income yield over 4.5%, reaching a peak of 5.9% in 2011. This compared to a sector average of 4.8% at the time.

The Citywire + rated duo work for BMO Global Asset Management, which bought F&C Asset Management in 2014, and invest in other funds. The group says that between the portfolio's maiden dividend in May 2008 and the end of December 2016, a £100,000 investment in the multi-manager fund would have paid out £44,154 in dividends.

The fund has a historic yield of 4.7%, which compares to an average yield of 1.6% for funds in the Mixed Investment 20-60% Shares sector, according to Lipper. The managers are able to pay a monthly income by rolling over the surplus income that is received in certain months to compensate for those where income is lower.

'This is absolutely an income-producing product, with a mixed asset-base that is very diverse. From caravan parks to asset leasing, to student accommodation, the beauty of this fund is that it is a very stable product - even in difficult periods,' explained Potter.

The managers hold the Darwin Leisure Property fund in the portfolio, which invests in UK camping and caravan parks and has returned 16.7% on an annualised basis over the past five years. Meanwhile, they have gained exposure to student accommodation through the [GCP Student Living](#) (DIGS) investment trust, which has a yield of around 3.9% and generated a net asset value (NAV) return of 11.4% over the past year.

While other income funds begin with a set framework regarding the mix of assets held in the portfolio, Potter and Burdett say they take a more dynamic approach based on their view of whether capital looks secure on a five-year view.

Today, most fund supermarkets have created recommended fund buy lists for their customers, such as Hargreaves Lansdown's 'Wealth 150' and Fidelity's 'Select 50'. At the same time, a growing number of financial advisers appoint investment managers to take responsibility of their clients' investments. The investment managers are able to do this efficiently by pooling the money together via model portfolios. Recommended buy lists are then used to selected funds for these portfolios.

Potter and Burdett are concerned that the funds that typically appear on these lists are 'super-tankers' with billions under management. They are often run by managers with long and solid track records, but the funds are substantial in size and this can potentially constrain the manager's investment approach. For example, it could mean they have to concentrate on liquid, large cap stocks.

While star manager Neil Woodford has repeatedly shown his ability to manage billions and generate healthy returns, he is potentially an exception to the rule.

Wealth managers can be constrained in their ability to hold smaller funds or those that are closed to new investment, as they have to cater for the flows of money coming into the portfolios. Potter and Burdett are happy to hold smaller funds and like to see clear plans regarding the capacity the manager can run, so that their investment approach is not compromised in any way.

'We have a predilection for smaller funds with capacity controls,' Burdett said.

[sourcelink]



Client: Gravis Capital Partners
Source: Citywire (Web)
Date: 13 January 2017
Page: N/A
Reach: 51959
Value: 1394

Buchanan

<http://citywire.co.uk/money/this-fund-yields-nearly-5-and-now-pays-out-monthly/a983638>
[sourcelink]