

# Premier Global Power & Water Fund

## Fund Factsheet

### | Fund Strategy |

- The Fund will invest in the global power, water, and other infrastructure sectors. Investments will be mainly in listed equities, but will also include corporate bonds, convertible bonds, and other securities. The Fund has the ability to use derivative instruments to facilitate efficient portfolio management.
- The managers will use their specialist sector knowledge to identify a portfolio which aims to provide investors with a combination of income and growth, together with a strong focus on capital preservation. The managers believe that the regulated, defensive, asset intensive nature of the power and water sectors is suited to satisfying these aims.
- The ongoing development of infrastructure assets in emerging economies offers the potential for long term capital growth.
- The portfolio is constructed on the basis of a bottom up approach to stock selection.
- The Fund invests globally across both developed and emerging economies.
- Managed by Claire Long since November 2010 and James Smith since June 2012.

### | Fund Objectives |

To provide income together with some long term capital growth.

### Performance Record



■ Premier Gbl Pwr&Wtr [-0.3%]

■ IMA Global Equity Income [41.2%]

01/11/2010 - 31/07/2014 Powered by data from FE

On 1 March 2013, the Fund moved from the IMA Specialist sector into the IMA Global Equity Income sector.

### Discrete Annual Performance (%)

Share Type	2014(YTD)	2013	2012	2011	2010
Income	14.2	17.6	1.1	-28.0	-

### Discrete Annual Performance to Quarter End 30 June 2014 (%)

Share Type	30/06/2013	30/06/2012	30/06/2011	30/06/2010	30/06/2009
Income	18.3	18.0	-21.5	-	-

### Cumulative Performance to 31 July 2014 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Income	6.0	15.2	12.8	14.0	-
Official Sector	1.9	7.0	5.1	33.7	76.4

Performance is quoted on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to the future. The price of units and shares and the income from them may go down as well as up and you may get back less than you invested.

Source: Financial Express. 06/08/2014

### | Key Fund Facts |

<b>Fund Size:</b>	£17.9m
<b>Launch Date:</b>	1st November 2010
<b>Sector:</b>	IMA Global Equity Income
<b>Historic Yield:</b>	A, B & C Inc: 4.7%

### | Top 10 Holdings |

	%
Cash	5.68
SSE	3.90
EDP - Energias Do Brasil	3.72
China Power International	3.71
Huaneng Power	3.37
National Grid	3.36
Suez	3.33
SNAM	3.20
Ecofin Water and Power	3.19
MFC FIRST TR MLP & ENERGY INCOME FD	3.16
<b>TOTAL</b>	<b>36.62</b>

### | Geographical Breakdown |

	%
China	18.6
UK	16.5
Global	12.9
Latin America	12.6
Europe ex UK	10.0
North America	10.0
Asia (ex China)	7.8
Cash	4.7
Australasia	2.7
Middle East	2.3
Eastern Europe	2.0

### | Asset Allocation |

	%
Electricity	46.3
Multi Utilities	31.6
Water & Waste	9.8
Cash	4.7
Gas	4.6
Renewable Energy	3.1

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### New Fund developments and comments

#### Premier Global Power and Water Fund, James Smith & Claire Long

Despite the fall off in global markets in the last week of July, the Premier Global Power & Water Fund still managed a small positive total return over the month of 0.3% on the A share class, compared with a 0.1% fall by the FTSE All World Index, and a 2.4% fall in the FTSE All World Utilities Index. Year to date the fund is now up 14.2% (A Share Class), and has continued both to widen the gap with the FTSE All-World Utilities Index (+9.1%), and to maintain its lead over the FTSE All-World Index, which has increased by only 3.1% (all figures being stated in GBP and on a total return basis including dividends).

US utilities performed badly over the month, with the share prices of UIL, NextEra, First Energy and Hawaiian Electric all falling between 6% and 9% in local currency terms. These downward moves are likely due to the misplaced perception that the performance of the utility sector is correlated to movements in interest rates. Given the growing feeling that US interest rates will start to rise before too long, the theory goes that in order to continue holding them over other alternatives such as US Treasuries, investors will require higher yields on their utility investments, thus forcing down share prices in the sector. We have argued to the contrary at some length in a separate article (<https://www.premierfunds.co.uk/media/58741/premier-global-power-and-water-fund-insight-2014-july.pdf>) which highlights several reasons why, particularly in the longer term, the link does not hold up in practice, but over the past month the fund's exposure to the US has been a negative contributor to performance.

We have in fact taken the opportunity to increase our exposure there over the month, by starting a holding in a fund that invests in Master Limited Partnerships (MLPs), the First Trust MLP and Energy Income Fund (FEI). An MLP, an investment vehicle unique to the US, must generate at least 90 percent of its income from what the US authorities deem "qualifying" sources, namely those relating to the production, processing or transportation of oil, natural gas and coal. FEI's investment focus is on those MLPs that derive long term predictable cashflows from regulated infrastructure investments such as gas pipelines and gas storage, rather than on those that take on exploration or commodity risk by exploring for or refining oil and gas. In short, therefore the fund seeks out MLPs with utility-like characteristics, a philosophy very similar to our own. The stability of their cashflows and the particular tax benefits of their structure enables them to distribute a higher than average level of dividends, and as a result, FEI currently yields over 6%, significantly higher than the US utility sector at less than 4%. The investment also gives the fund exposure to growth markets of gas storage and gas transportation, and the strength of sterling at the point of investment further adds to its attraction.

That said, as a sterling denominated fund, Global Power & Water has experienced some temporary relief in currency terms as the pound has weakened against the dollar by a little over 1% during July. In translation terms this affects not only the fund's US holdings, but also its Hong Kong denominated Chinese positions, and has therefore enhanced their returns, or in the case of the US holdings, reduced the extent of their falls. In a month characterised by relatively flat performance, there are few stocks that stand out, but several of those that we mentioned last month, such as Huaneng Power, China Power International and Cheung Kong Infrastructure, have continued to move up steadily. It has also been pleasing to see a number of the fund's core UK stocks, such as Pennon and National Grid, exhibiting a degree of resilience.

### Fund Information

<b>Initial Charge</b>	A: 4.0%, B & C: 0.0%
<b>Annual Management Charge</b>	A: 1.5%, B: 1.0%, C: 0.75%
<b>Ongoing Charges Fee</b>	At 31 Aug 2013, A Inc: 2.45% B Inc: 1.95%, C Inc: 1.70%
<b>Accounting Dates</b>	31 Aug, 28/29 Feb
<b>Payment Dates</b>	31 Jan, 30 Apr, 31 Jul, 31 Oct
<b>Valuation Point</b>	12 noon, daily
<b>Sedol Code</b>	A Inc: 3163988, B Inc: 3163728, C Inc: 3163773
<b>Published Price</b>	<a href="http://www.premierfunds.co.uk">www.premierfunds.co.uk</a>
<b>Share Class</b>	Class A Inc, Class B Inc, Class C Inc
<b>Min. Investment</b>	A: £1,000, B: £50,000, C: £250,000
<b>ISA eligible</b>	Yes, stocks & shares

### Investment Team

#### James Smith, Manager

James joined Premier in June 2012, after spending 14 years at Utilico, specialising in the global utilities, transportation infrastructure and renewable energy sectors. During this time he gained extensive experience in both developed and emerging markets. He has previously been a director at Renewable Energy Holdings plc, and Indian Energy Limited. James is a Chartered Accountant and Barrister.

#### Claire Long, Manager

Claire joined Premier in December 2008. Previously she ran a UK smaller companies fund at Rothschild Asset Management after spending 4 years at Foreign & Colonial, covering a range of markets, including the UK and Japan. She is an associate of the CFA UK.

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