

THE MONEY MAKING EXPERT

# Why Guinness can be good for your portfolio

## FUND FOCUS

By **Jeff Prestridge**

GUINNESS Global Equity Income is a rare breed among income-orientated investment funds. Since launch at the end of 2010, it has grown the dividends it pays investors every year.

It's a record that joint manager Matthew Page is proud of and keen to maintain, despite the raft of recent dividend cuts made by companies here and overseas.

So far, none of the 35 companies held in the fund have announced dividend cuts. 'We've grown the fund's dividend by an average 5.5 per cent a year and we've not seen anything yet that suggests we can't keep growing it,' says Page.

The £1 billion fund is Guinness's flagship investment vehicle and in line with the asset manager's philosophy has a portfolio comprising equal holdings in individual companies. In Global Equity Income's case, it means 35 holdings with any slight variations in the size of stakes reflecting the recent performance of individual companies' shares.

'Having equal holdings is a form of risk control and investment discipline,' explains Page. 'If we want to hold a company, it ensures we have a meaningful position. It also leads us to investing in liquid stocks, with rebalancing of the portfolio taking place three to four times a year.'

Page says the fund came into the current period of market turmoil triggered by Covid-19 'with strength'. He adds: 'We didn't own companies with exposure to travel or leisure, the airlines or hospitality.'

A thorough review of the fund was conducted by Page and fellow joint manager Ian Mortimer in mid-February. Page says: 'We went through

the portfolio holdings one by one, examined the robustness of their balance sheets, and decided which ones would best withstand the inevitable slowdown in the global economy.'

The result of this forensic exercise was the disposal at the end of February of three holdings: oil giant Shell (susceptible to a plunging oil price); advertising giant WPP (hit by reduced corporate advertising spends); and Dutch-based recruitment company Randstad (impacted by a shrinking jobs market). Into the portfolio were brought US drinks giant PepsiCo (a defensive stock) and healthcare specialist Medtronic.

'There's now a nice balance to the portfolio,' says Page. 'It's geo-graphically diverse, exposed to different sectors, and has a mix of defensive and growth stocks.' The fund has no stakes in banks where the political groundswell is very much against dividends being paid.

As for the future, he believes the key to more stable stock markets is a ramping up in global testing for Covid-19. 'We cannot get back to normal until that happens,' he adds.

Although he sees light at the end of tunnel for stock markets, he fears there will be plenty of false dawns along the way. Over the past year, the fund has recorded overall losses of 2.7 per cent. This compares favourably against the loss delivered by the

average global equity income fund of 9 per cent and the 17 per cent decline in the FTSE All-Share Index.

Dividends are paid half-yearly and equate to annual income of just under three percent. The fund's annual charges are 0.84 per cent.

Fund ratings company Fund-Calibre includes Guinness Global Equity Income among its select list of 'elite' global equity income funds. It describes it as a 'core' global income holding for investors. Similar 'elite' funds include Artemis Global Income, Fidelity Global Dividend, Evenlode Global Income, M&G Global Dividend, Trojan Global Income and investment trust Murray International.

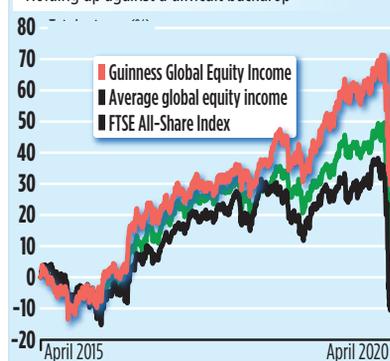
London-based investment house Guinness was set up in 2003 and has £2 billion under management. It is owned by Tim Guinness and the firm's investment team.

### TOP TEN HOLDINGS (%)

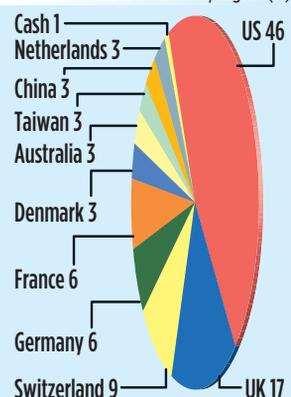
Arthur J Gallagher (US)	3.1
Microsoft (US)	3.1
Novo Nordisk (Denmark)	3.1
BAE Systems (UK)	3.1
Deutsche Boerse (Germany)	3.1
Roche Holding (Switzerland)	3.0
CME Group (US)	3.0
Abbvie (US)	3.0
Schneider Electric (France)	2.9
Eaton (US)	2.9

### GUINNESS GLOBAL EQUITY INCOME

Holding up against a difficult backdrop



Where the fund is invested by region (%)



Source: FINANCIAL EXPRESS