

What the Papers Say



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COWGILL HOLLOWAY WEALTH MANAGEMENT (UK) LTD

This is the latest in a regular series of summaries where we look to review some of the main articles written in the financial sections of the Sunday papers.

These articles often cover issues that are important to our personal financial well-being and we hope that the summaries will provide you with information and ideas that will be of interest to you.

If you would like to discuss any of the issues raised within these summaries or any other financial planning issue, please do contact our wealth management division on 01204 414243.

Income Investing: "Fund makes waves as it looks to Continent for income investors"

The Mail on Sunday

Continuing the theme of investing for income, The Mail on Sunday reviewed the JP Morgan European Investment Trust as an alternative to UK Equity Income funds.

There are over 100 UK based income funds, however research by Henderson Global Investors has found that firms listed on continental stock exchanges provided the biggest proportion of global dividends. According to the research, they accounted for 37% of a £230bn world dividend in the second quarter of this year.

The JP Morgan European Investment Trust aims to provide a dividend income, together with the potential for capital growth from Continental European Investments by outperforming the MSCI Europe ex UK Index. As an investment trust, the fund is permitted to borrow to gear the portfolio within the range of -10% to +20%.

The fund operates both a growth (accumulation) and Income share and investors are permitted one switch between the two each tax year without incurring any tax liability. Over the past 5 years income shareholders have seen a return of just under 90% compared to the growth share class which has returned just under 78%.

Despite the uncertain outlook for some European economies, JP Morgan believes dividend orientated companies still offer sound investment opportunities. Many derive their revenues from outside the continent and as such they will be impacted by what is happening in global markets. The Trust holds in the region of £125m across 230 companies, it is therefore well diversified. The current yield is 3.6% and the total dividend per share for the last financial year was 4.75p. The Trust is available across many platforms with an ongoing charge of 1.06% plus operating expenses of 0.31% (source: JP Morgan Fund Factsheet 31.07.15)



"Markets braced for more chaos"

The Mail on Sunday

"China's syndrome threatens meltdown in the markets "

The Sunday Telegraph

"Footsie suffers a China crisis"

The Sunday Times

Global stock markets are braced for further volatility this week after last week saw £100bn wiped off the value of FTSE 100 stocks. Indices around the world fell following the devaluing of the Chinese currency. The FTSE 100 fell 363 points ending the week at 6,188 its lowest point of this year. Over the year the index is down 8.7% (down 2.6% with dividends), over 3 years the index is up 5.6% (21.2% with dividends) and over 5 years, the index has risen 19.1% (up 46.8% with dividends) (Sunday Times – 23.07.15).

The key determinant will be whether the slowdown turns out to be a temporary blip, or something much nastier. The data from China and the rest of the Far East points both ways, however the accuracy of these figures is questionable.

China has attempted to move from an export/investment heavy economy to a more consumer orientated one and this has proved more difficult than expected. In addition, the authorities have mishandled the stock market crash and the decision to devalue the currency. China had pointed to their exports for the reasoning behind the devaluation and evidence highlights that the economy is in trouble which could have further consequences for commodity markets.

Whilst the devaluation could aid the British and US consumer-led recovery, it could lead to an imbalance in the global market which could cause issues in the long-term.



As with all investments it is important to note that the value of investments and any income taken from them can fall as well as rise. You may not get back the full amount of your original investment.

Any questions?

If you have any questions on any of the articles covered in this publication or would like our help with any financial planning issue, please contact:



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