

## HC Charteris Premium Income

The final fund to outperform in 2016 was the £11.4m HC Charteris Premium Income run by Ian Williams and Nick Taylor.

The fund aims to provide a yield of between 5 and 6 per cent, with the managers combining top-down strategies with bottom-up stock selection.

Due to technical difficulties the fund has been unable to place call options, though it is on the verge of restarting these options, according to Williams, which should improve the yield to the expected level.

The fund returned 18.12 per cent in 2016, the first time it has been in the top quartile of the IA UK Equity Income sector over a calendar year since 2010.

Indeed, HC Charteris Premium Income has only beaten the FTSE All Share in two of the last seven calendar years (29 per cent) – though it should be noted that it is the only fund not benchmarked against the index (it is benchmarked against the IA UK Equity Income sector).

The fund had a disappointing run from 2012 to 2015 where it was in the bottom quartile of the sector in each calendar year and despite the strong 2016 remains in the bottom quartile over three and five years.

Its largest holding is Rio Tinto (5.2 per cent) with BHP Billiton (5.1 per cent), Antofagasta (5.1 per cent), Polymetal (4.1 per cent) and Randgold Resources (3.9 per cent) rounding out an all-mining top five.

The fund is therefore extremely overweight mining stocks though it also has higher positions than the benchmark in financials.

The fund has a yield of 3.9 per cent an OCF of 1.34 per cent.