



Press Release

ADVISERS INCREASINGLY TURNING TO MULTI-ASSET FUNDS FOR INCOME

- 39% of advisers have moved income clients from single asset to multi asset income funds in order to achieve more reliable long term income
- The most common income strategies rejected by advisers in favour of multi asset income were high yield bonds, property income and emerging market debt
- Advisers are increasingly drawn to multi-asset income products because of their ability to deliver a smoother journey through diversification
- Heartwood's income range provides investors with pragmatic yields and a long term focus on capital appreciation

Two in five (39%) advisers have moved income clients from single asset to multi asset income funds in order to achieve more reliable long term income over the last 12 months, according to research by Heartwood Investment Management ('Heartwood'). The firm has seen inflows into their income funds increase by over 24% in 2016 from advisers looking specifically for a global multi asset income solution*.

The research revealed that the most common income strategies rejected by advisers in favour of multi asset income were high yield bonds, with two in three (65%) citing this option. Half (51%) said they rejected property income in favour of multi asset income while more than two fifths (43%) highlighted emerging market debt. One in four (38%) have moved assets out of UK equity income and more than a third (35%) from global equity income.

The research revealed that three fifths (59%) of advisers said their 'must have' factor in choosing an income-generating investment is its ability to generate a stable monthly income. This is a modest increase on last year when 55% of advisers selected this as their 'must have' ². More than a quarter (28%) of respondents cited total return, down 7% from last year's study.

The biggest challenge facing investors seeking long term income is the erosion of capital if markets fall and a similar amount of income continues to be taken, up from second place last year. The second and third biggest challenges are taking on more risk in order to counter the impact of continued low interest rates and bond yields, and the risk of income fluctuating.

The research shows that advisers are increasingly drawn to multi-asset income products because of their ability to deliver a smoother journey through diversification, preserve capital when markets fall, and to manage market cycles through tactical asset allocation. Indeed two in three (66%) advisers think the new pension freedoms have increased the need for reliable income solutions other than pensions.

Noland Carter, Chief Investment Officer at Heartwood, said: “At Heartwood we are continually looking for ways to improve our investment process and this includes how we offer income solutions. Global multi-asset income funds are emerging as clear favourites among advisers whose clients seek a reliable, risk-adjusted return generated by a diversified range of assets. Heartwood has a long and established track record of managing global multi-asset-class portfolios with a range of risk-return characteristics. All of our global multi asset fund portfolios are underpinned by a strict risk framework, focused on delivering a consistently strong, long term performance and enabling all our clients to benefit equally, from ISA investors to corporates.”

Jaisal Pastakia, Investment Manager of the Multi Asset Income range at Heartwood, said: “The research clearly shows that advisers are not swayed by headline grabbing yields that may impact the stability of income payments in the long term. Heartwood’s income funds are managed with the aim of delivering a stable income stream that investors can rely on along with a strong focus on capital preservation. The research validates our approach and concurs with the feedback we receive from our clients.”

Heartwood’s income range consists of two funds: the CF Heartwood Income Multi Asset Fund and the CF Heartwood Income Plus Multi Asset Fund. The strategies are globally diversified and consist of a wide range of income generating assets including global equities, bonds and property. The current expected yield for the Income strategy is 3.4% and for our Income Plus strategy it is 4.0%³. The strategies aim to distribute stable monthly payments and quarterly top-up payments.

For further information on Heartwood Investment Management, please visit www.heartwoodgroup.co.uk

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¹ Source: Online research conducted online with 94 financial advisers in November 2016

² Source: Online research conducted online with 94 financial advisers in September 2015

³ As at 31 December 2016

*Calendar year 2016 vs 2015.

For further information, please contact:

Jamie Brownlee or Patrick Evans Citigate Dewe Rogerson

Tel no: 020 7282 2858

Email: jamie.brownlee@citigatedr.co.uk or patrick.evans@citigatedr.co.uk

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Jamie Brownlee or Patrick Evans

Citigate Dewe Rogerson

Tel no: 020 7282 2858

Email: jamie.brownlee@citigatedr.co.uk or patrick.evans@citigatedr.co.uk

Notes to Editors – Important information

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