FUNDREVIEW

A detailed review for Chelsea Investors

Summer 2018

CHELSEA
Investment Intelligence™

INTRODUCTION

Welcome to Fund Review. The Chelsea research team carry out extensive fund research, conducting one-to-one interviews with fund managers. We grill them on their investment process and style and assess their ability to outperform in differing economic environments. Our research feeds into the fund selection for Viewpoint and our VT Chelsea Managed funds, but we thought it would be useful to share some of it with our investors.

Fund Review covers more than 200 of our most widely-held funds, grouped into sectors. If you are unsure about which sector a fund lies within, there is an index at the back. We hope you find Fund Review informative and helpful.

KEY

Chelsea Generic Fund Rating
Please note: we have no knowledge of your personal and financial circumstances and cannot comment on whether the types of investment you hold are suitable for you. The generic ratings issued are Chelsea's views and **are not to be construed as individual financial advice**. These views were correct at time of going to print and we cannot be held responsible for subsequent changes.

BUY This indicates a generic, not personal, buy rating for the fund. Chelsea believes the fund could perform above the sector average and that the fund has been, and will continue to be, managed well by the current fund manager. A buy rating is not to be considered as advice on which sector to invest in, nor an indication that funds in that sector are currently performing well.

HOLD This indicates a generic, not personal, hold rating for the fund. Chelsea believes that the fund will continue to perform well under the same management or has recently had a change of fund manager and is under review. If the fund has not been performing well recently, Chelsea believes the current fund manager will be able to improve the fund's performance in the coming months.

SWITCH This indicates a generic, not personal, switch rating for the fund. Chelsea believes that the fund will not perform well in the future and that other funds in its sector will perform better. This could be because of consistently poor past performance or because there has been a recent change of fund manager.

Chelsea Risk Rating 6 Chelsea's research team assesses the overall risk of a fund by analysing a number of factors. Once we have appraised a fund, we then assign it a Chelsea Risk Rating, with 1 as the lowest risk and 10 the highest. The Chelsea Risk Rating is simply a generic guide to the relative risk of funds within the market. It is up to you to determine your optimum asset class mix. The Chelsea Risk Rating is shown in the form of a thermometer and is based on our in-house research.

The Chelsea Risk Rating attempts to quantify the relative risk of funds, to give you an idea of how risky one fund is versus another. A fund rated five, in the middle spectrum, does not mean it is suitable for medium risk investors, merely that according to historic volatility, and our understanding of the manager's investment process, we think that it is more risky than a fund rated four, and less risky than a fund rated six. Even funds rated one are subject to risk.

AMC X.XX% Annual Management Charge

OCF X.XX% Ongoing Charges Figure, includes the AMC plus other fees, such as registration, regulatory, audit and legal fees but does not include transaction costs and performance fees.

IMPORTANT NOTICE

The Chelsea Generic Fund Rating is an opinion expressed in relation to a particular fund, aimed at the general universe of both existing and potential investors in that fund, based on our proprietary research into the performance of that fund and its future prospects. Chelsea Financial Services is authorised and regulated by the Financial Conduct Authority and offers an execution-only service. Past performance is not a reliable guide to future returns. Market and exchange-rate movements may cause the value of investments to go down as well as up. Yields will fluctuate and so income from investments is variable and not guaranteed. You may not get back the amount originally invested. Tax treatment depends of your individual circumstances and may be subject to change in the future. If you require individual investment guidance you should seek expert advice. Whilst we may draw attention to certain investment products we cannot know which of them, if any, is best for your particular circumstances and must leave that judgement to you. Investors are not normally entitled to compensation through the UK Financial Services Compensation Scheme for offshore funds.

Darius McDermott
Managing Director,
Chelsea

MARKETVIEW

CHELSEA RISK THERMOMETER

Sector	Risk Rating
Emerging Markets	9-10
Japan	9-10
Technology	8-10
Asia Pacific ex Japan	7.5-10
UK Smaller Companies	7.5-8.5
Commodities	7-10
North America	6.5-8
Property Equities	6-8
Global Equities	6-8
Europe	6-8
UK All Companies	5-8
UK Equity Income	5-7
Mixed Investment 40-85% Shares	5-7
UK Equity & Bond Income	3.5-5
Mixed Investment 20-60% Shares	3.5-4.5
High Yield Bonds	3.5-4
Property	3-3.5
Absolute Return	2-7
Strategic Bonds	2-4
Global Bonds	2-4
Corporate Bonds	2-3.5
Gilts	2-3
Cash	1

Summer tends to be a sleepier time for markets. As such, it's probably a good idea to take a seat in the garden, grab a cold drink and take stock of what is going on in the world.

One of the biggest themes recently has been the outperformance of technology stocks, which has significantly impacted most stock markets. In fact, 19 out of 20 of best-performing funds over the first half of the year were either technology specialist funds or overweight the tech sector relative to their benchmarks[1].

In terms of equities more generally, volatility has made a comeback. This was kick-started by a fall in February, then a strong bounce-back during April and May. Volatility is healthy and something that we have expected to pick up for some time. Our view is that the stock market has been complacent, as money printing from central banks has kept everything afloat. But with monetary policy now reversing, investors can no longer rest on their laurels. We still believe equities look expensive relative to their own history, so it pays to be selective.

Global markets in a nutshell

In terms of region, we like Europe. We have some geopolitical concerns here, but that's not to say it doesn't offer up some companies with strong fundamentals, trading on attractive valuations.

In Japan, there has been a clear performance divide between smaller companies and mega-caps but, as with Europe, that doesn't mean to say it can't offer opportunities. We think Japan is attractively valued relative to other developed markets.

UK equities have achieved solid returns over the past few months, but it is the small-cap area of the market which has done well. This is because the UK is lucky enough to have so many market-leading companies in their respective fields. Small-caps have also been helped along by a pick-up in M&A activity and, despite all this, they are still trading at a 10% discount to larger companies today[2].

Meanwhile, US equities look expensive, having been bolstered by rallying technology stocks. But, because president Donald Trump seems to link his own performance to that of the stock market, we don't think he will do anything to upset the apple cart in the run up to November's mid-term elections.

Emerging markets have been bruised by a strong US dollar, as well as rising inflation in Latin America. We think this represents an attractive buying opportunity for the market area though, given its favourable long-term prospects.

One thing that has changed ever so slightly since our last Market View is that, for the first time in a long time, fixed income is starting to look more interesting. I say this tentatively and in relation to very select areas. For instance, 10-year US Treasuries at least look investable, given their current 3% yield. We're not approaching the asset class all guns blazing, but this is a positive for investors because it is difficult to build a portfolio without fixed income.

The key thing to watch is the withdrawal of support from central banks. Since 1946, 10 out of the last 13 tightening cycles have resulted in a recession. That's not to say I believe a plunge into a recession is imminent, but it perhaps serves as a reminder that we are in uncertain times and it pays to remain well-diversified.

[1]Source: FE Analytics, total returns in sterling terms, as at 25 June 2018.
[2]Source: Peel Hunt Weekly UK Market Valuations, Unicorn Asset Management.

UK

I run the risk of sounding like a broken record, but future prospects for the UK economy – and therefore its stock market – are still uncertain given that we're still in the throes of Brexit negotiations. I personally find it worrying that, despite the fact nobody seems any the wiser as to the sort of deal we will reach, we are just six months away from our proposed date to leave the bloc. After all, how we leave the European Union, and whether we get a soft or a hard Brexit, could spell the difference between a fall in sterling, or a rise in sterling.

That said, UK equities have delivered a robust performance. The global-facing stocks first received some help from a weakening sterling and then, more recently, the rising price of oil, as more than 10% of the FTSE 100 is allocated to oil & gas stocks.

It is the UK small-caps which have achieved the best returns though, which may be surprising to some investors as smaller companies tend to be more domestic-facing. But, the UK is lucky enough to house some of the most successful and market-leading companies in their respective fields – and many of these reside further down the cap spectrum.

It is worth bearing in mind that shares in small UK businesses sold off significantly in the run-up to the referendum and, at one point, traded at a 20% discount relative to UK large-caps[1].

Some investors saw this as a buying opportunity and so the discount narrowed, not to mention the fact that weaker sterling made small-caps an attractive M&A proposition for overseas buyers. But even so, UK smaller companies are still trading on a 10% discount today, relative to their larger peers[1].

Interest rates have already risen once and may rise again. While some believe this could happen during the second half of 2018, we think it is more likely to remain where it is until next year.

Moving away from the money-printing and central bank support that we have had for so long could lead to an increase in volatility. I'd say it's best to approach UK equities with caution.

Europe

Having picked up in the last year, economic growth in Europe has started to slow down. Markets have lagged slightly because Europe is home to fewer technology stocks than some other countries.

Also, in June, president of the European Central Bank Mario Draghi laid out his plans to stop its huge bond-buying programme. The bank is currently buying more than €30bn of assets each month. This will halve to €15bn in September and end completely in December[2].

It's also worth noting that Draghi is to step down at the end of 2019, which poses the question as to who his successor will be, and what their policy will be for quantitative tightening. This is of course an unknown, so it is hard to say how this will impact markets over the longer term.

A secondary consideration to take into account is Europe's turbulent political situation, although this in itself is not unusual – it's just something for investors to keep an eye on.

For now, however, earnings in the region are still improving and, relative to the US, valuations are not as rich. I do still like the European equity market as a hunting ground for investment. As such, we still believe it's a good place to pick up select, attractively-valued opportunities.

US

One of the biggest events for US equity investors has been Donald Trump's tax reforms, which should improve companies' margins and mean they are better off. It should also mean that some earnings from large US companies are repatriated. On the other hand, the US president's controversial position on overseas trade tariffs has caused some concern. We will simply have to see how both of these factors play out.

The US equity market is also now dominated by tech stocks, with the acronym 'FAANG' (Facebook, Amazon, Apple, Netflix, Google) now a household turn of phrase among investors. It's staggering to think how much the make-up of the US equity index has changed, in fact. 20 years ago, three of the S&P 500's top 10 holdings were in the tech sector. Today, this has doubled to six of the top 10 holdings. It is these high-growth technology stocks which have largely been driving the returns of the US equity market. My view is that some of these stocks have caused investors to pile into the US equity market en masse so as not to miss out on the strong returns, and this has encouraged 'hot money' into the market. And, now that tech stocks take up such a huge part of the index, any investors who buy into US index-tracking funds will be indirectly adding more money still into the sector.

On the flipside, president Donald Trump is well-known for linking his performance as US president to that of the stock market; this means he is unlikely to do anything drastic before this November's mid-term elections. It also seems that Trump has adopted a very business-like pattern when it comes to striking deals with other countries. From what I've seen, he storms in with strong demands and upsets the apple-cart, causes uproar and then suggests a more muted 'compromise', which is accepted more favourably. And so, while the US market is susceptible to volatility every time the president sends a Tweet, it is arguable that some of his more extreme proposed policies will be toned down.

We do remain cautious on US equities due to high valuations, but it's worth bearing in mind that this cycle is longer than historic cycles – who knows, it could have further life left in it.

[1]Source: Peel Hunt Weekly UK Market Valuations, Unicorn Asset Management.
[2]Source: The Guardian. https://www.theguardian.com/business/live/2018/jun/14/ecb-qe-stimulus-mario-draghi-fed-rate-hike-uk-retail-sales-business-live
[3]Source: FE Analytics, total returns in sterling terms, from 1 January 1 January 2017 to 28 June 2018.

Far East & Emerging Markets

Emerging market and Asian equities have been the underdogs year-to-date, which is a swift turnaround compared to their stellar performance this time last year[3].

I think the reason for this is two-fold. Firstly, the fact that the dollar has strengthened under president Trump's new economic policies is likely to have bruised stock market sentiment. One reason is that a lot of the debt on emerging market and Asian countries' balance sheets is denominated in dollars which means that, if the currency strengthens, paying back their loans becomes more expensive.

Secondly, investors should note that economies within Asia and emerging markets can all perform very differently from each other. Latin America can be held accountable for a lot of the market area's recent underperformance, for example. A fall in the Argentinian and Brazilian currencies (the peso and the real) proved to be problematic, because it caused inflation in both countries to rise. In Argentina, inflation in May reached an eye-watering 25.4%, and interest rates reached 40%[4]. Not only did this make borrowing money expensive, it meant that consumers were left out of pocket.

Elsewhere, Russian equities fared slightly better because, as an oil-exporting country, the rising price of oil benefitted the economy. On the flipside of the coin, Indian equities struggled because the country imports oil. This, coupled with the fact that the Indian rupee nearly reached an all-time low in June versus the US dollar, means that Indian equities have been a bit of a painful place to be.

Again, Asia Pacific equities struggled because the region is relatively exposed to fears of trade wars, as well as the stronger US dollar. A lot of Asian Pacific countries export to the US; for example, North America is a significant market for chip-makers in South Korea and Taiwan.

Despite the bashing that emerging market and Asian equities have suffered recently, I believe the market area is still attractive and offers up strong long-term growth prospects. For instance, it boasts more favourable demographics than many parts of the developed world, and is undergoing company improvements at a faster rate. I think that now could be a good time to increase exposure to Asia and emerging markets, given relative valuations.

Japan

December this year will mark six years of Abenomics – prime minister Shinzo Abe's attempt to kick-start Japan's economy after more than 20 years of treading water. These reforms have led to significant structural changes already, including the introduction of new inflationary measures and increased government spending. There are still several more reforms on the cards. But is the prime minister's approach working?

More women have been encouraged to return to the workforce and more relaxed regulations have made doing business easier. Minority shareholders have also benefited, thanks to improvements in corporate governance.

But if we take a closer look at the Japanese equity market, there is actually a significant divide in performance between Japanese mega-caps and Japanese small-caps, with innovative smaller companies driving much of the stock market performance.

This could be because the mega-caps, which generate more of their earnings from overseas, are more exposed to both the pain of a strengthening yen and the threat of trade wars. Japanese mega-caps have a lot of exposure to the US, in particular. Take car manufacturer Toyota, for instance, which builds most of its cars in the US and sells a vast majority of its products to US consumers.

In contrast, more Western-educated young entrepreneurs, with appetites for risk, have burst into the Japanese small-cap space with ideas for innovative and disruptive technology. The technology sector has performed very strongly across markets, so it is perhaps no surprise that smaller, younger Japanese businesses are thriving.

Overall, we believe Japanese equities are slightly more attractive compared to many other developed markets.

Fixed Interest

As detailed in the introduction, we still believe that bonds are overvalued. But, they have started to look a little more attractive to us for the first time in a while, given that global government bond yields have improved. This has been driven by a gradual reduction in money printing by central banks and rising interest rates.

In particular, yields have risen in the US. A 2-year US Treasury bond now yields 2.53% compared with just 0.39% at the start of 2014[5]. That at least looks potentially investable, unlike the equivalent 2-year German bond whose yield remains negative[6]. The US is expected to continue with two further rate rises this year.

However, in the UK and Europe we are further behind the curve. The Bank of England increased interest rates by 0.25% to 0.5% at the end of last year, but has since lacked the confidence to raise them any further. The European Central Bank has indicated it will only raise interest rates at a slow pace from September next year[2].

Central banks will have to tread very carefully – if they raise rates too quickly, this could cause a recession. And, given that there is now even more debt in the system globally than during the global financial crisis of 2008, central banks will be more tentative than ever.

There have been two particularly interesting developments in bond markets so far this year. Firstly, high-yield bond spreads have begun to widen (which means some areas of the market are performing better than others), particularly in Europe. Secondly, the global yield curve has flattened. This means that, regardless of the bond's maturity, there is not a huge difference in what they yield. This is unusual, as usually you would expect a longer maturity bond to pay you more. Both these factors suggest bond markets are concerned that the economic cycle may be coming to an end. This is worth taking note of, because bonds markets are usually much better at predicting the next recession than equity markets.

This sort of environment makes tightrope walking spring to mind. In our view, it therefore pays to find a good active manager to worry about the macro and do the hard work for you. My preference would be for managers with a firm eye on capital preservation.

[4]Source: Reuters as of 15 May 2018. https://www.reuters.com/article/us-argentina-peso-idUSKCN1IG3CW?utm_source=34553&utm_medium=partner
[5]Source: The US Treasury, as of 4 July 2018 https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/Historic-Yield-Data-Visualization.aspx
[6]Source: Investing.com, as of 4 July 2018 https://www.investing.com/rates-bonds/germany-2-year-bond-yield-historical-data

FUNDREVIEW

Our individually researched and analysed selection of funds.

UK

Aberdeen UK Equity Income *Managed by UK equity team*

This fund invests in around 50 predominantly large UK companies. The strategy is 'buy and hold' and subsequently portfolio turnover is low. Aberdeen is proactive about engaging with the companies in which it invests and it takes considerable steps to ensure that its investors' interests are represented. Aberdeen believes its investor stewardship brings unique benefits. Whether this is truly the case in this market is questionable, as returns have been poor over the past 10 years relative to competitors.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	6	–	–	£162.1m	0.75%	0.85%	3.80%	Biannually

Artemis Capital *Managed by Philip Wolstencroft*

This is a 'best ideas' portfolio of around 70-100 stocks which invests predominantly in UK equities, regardless of size. Philip has managed the fund since 2010 and is also the creator of the SmartGARP® process, a stock-screening tool which powers a number of funds at the asset manager by looking at a combination of factors such as valuations of companies, how fast they are growing and whether they are beating expectations or suffering profit warnings. The typical characteristics of the portfolio would be to target stocks that are on lower valuations than the market but are also growing faster than the market average. SmartGARP® is quite a stylistic process, so performance can vary with very good or bad years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£336.1m	0.75%	0.88%	2.28%	Annually

Artemis Income *Managed by Adrian Frost, Nick Shenton*

This fund has been a stalwart of the UK equity income sector for more than 15 years. Adrian and Nick focus their analysis on a company's cash flows and how this will drive future dividends. The stocks they buy will have a strong franchise and offer a unique product or service. Meeting management is another important part of the process. The fund is predominantly large cap. A feature of this fund is its willingness to invest up to 20% overseas. This is a solid all weather fund which has consistently done its job over a very long period.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	Elite	CHELSEA SELECTION	£6280.2m	0.75%	0.79%	4.06%	Biannually

Artemis UK Select *Managed by Ed Legget, Ambrose Faulks*

This fund is a concentrated portfolio of the best 40-50 stocks found by Ed and Ambrose, as they aim to combine top-down macroeconomic views with fundamental bottom-up analysis. The fund has a multi-cap approach and targets individual stocks the managers believe offer a non-consensus insight. This means the fund will never hold a stock just because it represents a significant proportion of its benchmark. In addition to this, the fund also has the ability to hold short positions in selected holdings where the managers believe a company may have negative prospects and can consequently make money from a falling share price. Ed has an excellent long-term track record and has successfully transferred his skills in his move to Artemis.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£725.8m	0.75%	0.82%	1.85%	Annually

Artemis UK Smaller Companies *Managed by Mark Niznik, William Tamworth*

Mark and William focus on high quality companies which they believe are leaders in their respective fields and have low levels of debt. The fund usually comprises between 70-80 stocks, with the managers targeting the bottom 10% of the UK market by size. This gives them a universe of about 1,300 companies worth up to £1.5bn in market value to choose from. The portfolio, which has low turnover, has an informal limit of 3% for the largest holding and the managers will generally trim that holding if it goes past that point, regardless of the valuation of that company. This allows them to re-invest in new ideas. The performance of the fund has traditionally held up well when markets fall.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8	–	–	£485.5m	0.75%	0.82%	1.79%	Annually

Artemis UK Special Situations *Managed by Derek Stuart, Andy Gray*

Derek and Andy specifically target companies which have been overlooked due to general under-performance or distress, but which can be rejuvenated through improvements to systems and management. This change can take many guises but the managers prefer companies than can 'self-help' by cutting costs or replacing management to unlock hidden value. The fund, which usually holds between 60-70 stocks, has a multi-cap approach but traditionally favours smaller and medium-sized companies as Derek and Andy believe these sectors are often under-researched. Derek is a co-founder of Artemis and has managed the fund since its launch in March 2000. He has a good long-term track record, but his value-oriented style has not been in favour for the past five years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	–	£901.4m	0.75%	0.81%	2.18%	Annually

AXA Framlington Monthly Income *Managed by George Luckraft*

This fund invests primarily in shares of UK listed companies, regardless of size, which George believes will provide above-average income and capital growth. The shares may be listed on the main stock exchange and also on AIM – the 'alternative investment market'. The manager uses the 'barbell' strategy, combining traditional high-yielding equities with lower-yielding growth stocks. Shares are selected based on a company's prospects for future growth in dividend payments, financial status, quality of its management, expected profitability and growth prospects. Poor stock selection following the 2008/09 financial crisis led to relative underperformance, however returns have been stronger in recent years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5.5	–	–	£376.4m	0.75%	0.84%	4.20%	Monthly

AXA Framlington UK Select Opportunities *Managed by Nigel Thomas, Chris St John*

After a glittering career Nigel has announced that he will retire in March 2019. His long-standing deputy, Chris St. John, who we know well and rate, will take on the fund. Nigel is a pragmatic stock-picker who looks for opportunities across the market cap-spectrum. The fund typically has a bias in favour of growth stocks although valuations remain an important consideration. The fund has a big overweight to mid-caps where Nigel finds many of his best ideas. The fund has around 60 holdings. We like Nigel's willingness to deviate from the benchmark. A true active manager, he has delivered outstanding returns for clients over his career and will be sorely missed.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA CORE	£2951.9m	0.75%	0.83%	1.70%	Biannually

AXA Framlington UK Smaller Companies *Managed by Dan Harlow*

Dan took over the smaller companies fund following the departure of Henry Lowson in 2016. Like other AXA Framlington funds, Dan follows a Growth at Reasonable Price (GARP) investment approach. His best ideas come from where potential good news is not reflected in a stock's share price. Stocks are viewed within a thematic framework with the aim of investing where there are economic tailwinds and structural growth. Currently around 20% of the fund is invested in mid-caps. We think Dan has an excellent knowledge of this part of the market and this fund's process has historically worked well in the small-cap space over the long term.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	CHELSEA SELECTION	£318.0m	0.75%	0.84%	0.52%	Biannually

BlackRock UK *Managed by Nicholas Little*

The performance of this fund has consistently improved in the past few years. The portfolio predominantly targets larger companies either based or listed in the United Kingdom but also has the flexibility to invest elsewhere. Global exposure typically comes through the manager targeting companies where no better, or comparable, examples can be found in the UK. Nick, who has managed the portfolio since 2011, believes the diverse and international nature of the UK stock market provides great opportunities to invest in companies that are global industry leaders, have dominant market positions or have the power to forge into new markets and disrupt incumbents.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£554.2m	0.75%	0.92%	1.52%	Biannually

BlackRock UK Income *Managed by Adam Avigdori, David Goldman*

This fund lost one of its co-managers, Mark Wharrier, in 2017. It is still run by the other co-managers, Adam and David. Despite having no constraints, the managers typically hold a concentrated portfolio comprising 35-45 stocks. The fund had a new investment process introduced in 2013: it is very much team-based and has a much more measured approach, focusing on higher-yielding cash firms, with strong cash flows, growth prospects or turnaround scenarios. The portfolio has typically had a bias towards larger companies but can invest elsewhere.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5.5	–	–	£417.0m	0.75%	0.88%	4.11%	Quarterly

Fidelity Enhanced Income *Managed by Michael Clark, David Jehan*

Michael runs this fund in a conservative manner by aiming for 'safety of income at a reasonable price'. It aims to provide a much higher income than most other equity income funds. David is responsible for this and achieves it by using covered call-options: contracts that provide additional income but which mean foregoing some of the potential growth of a stock. It will lag strongly-rising markets, but should fall less when there is a down-turn. The fund is mostly invested in solid, blue-chip, dividend-paying companies, where there is a high degree of certainty in future income. The value style of the fund has been out of favour for some time and it has underperformed.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5	–	–	£412.0m	0.75%	0.95%	6.92%	Monthly

Fidelity Moneybuilder Dividend *Managed by Michael Clark*

This portfolio typically invests in 60-80 stocks with a strong focus on large-cap UK equities. Michael runs this fund in a conservative manner by aiming for 'safety of income at a reasonable price'. To do this he focuses on companies with the ability to handle difficult economic periods, as well as being able to generate high cash flows that are sufficient to fund both future growth and that can be used to pay out increasing dividends over time. The construction of the portfolio means it is more likely to outperform when markets are either flat or falling. The value style of the fund has been out of favour for some time.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5.5	–	–	£953.0m	0.50%	0.67%	4.69%	Monthly

Fidelity Special Situations *Managed by Alex Wright*

Alex runs this truly multi-cap fund with a value bias. Holdings are spread across all sizes of company and he has significant off-benchmark and overseas investments. Alex favours companies which are likely to have already gone through a sustained period of underperformance, but the risk of further downside is limited and their potential for recovery has been overlooked. He has an unconstrained approach and targets the best opportunities wherever they may be found. He also favours sectors where change can happen quickly. This is one of the most famous funds in the market, having been run by Anthony Bolton for many years. We rate Alex very highly and he has built a strong track record based on superb stock-picking skills.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6.5	–	–	£3334.1m	0.75%	0.94%	–	–

Fidelity UK Select *Managed by Aruna Karunathilake*

Manager Aruna has a strong quality bias and a high-conviction approach when picking stocks, using a 'scorecard' to make sure he maintains a strong investment discipline. His process centres on finding mis-priced stocks which have strong underlying fundamentals, but which have been overlooked by the broader market. He is completely unrestricted in terms of the size of the company or the sector, although he tends to have a bias towards small and medium-sized companies. For Aruna, the main goal is to outperform the stock market over the long term while offering better downside protection during tricky periods. He is able to invest up to 20% of his portfolio in companies outside of the UK.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6	–	–	£524.6m	0.75%	0.95%	–	–

Fidelity UK Smaller Companies *Managed by Alex Wright, Jonathan Winton*

This fund invests in cheap and unloved stocks, with up to 80% of the companies between £25m and £1.5bn in size. Unlike many other small-cap funds, Jonathan and Alex focus on value, rather than growth, in the 80-100 stock portfolio. They target companies with characteristics which give the share price a margin of safety, but may also be entering a period of positive change. The safety element is through investment in tangible assets, such as cash or property, while positive change could be cost-cutting or a change in the industry the company operates in. The managers generate 50% of the ideas with the remainder coming from Fidelity's in-house team.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	–	£414.0m	0.75%	0.95%	–	–

Franklin UK Managers' Focus *Managed by Mark Hall, Colin Morton, Paul Spencer, Richard Bullas, Ben Russon*

This is a multi-cap focused fund which combines the best ideas of the four fund managers. Each manager is allocated 25% of the portfolio and each selects their favourite 10 stocks. Colin manages large-caps, Paul mid-caps and Ben is multi-cap. Richard manages the small-caps and is allowed 20 stocks so that he doesn't have to take too big a position in any company. The managers are all pragmatic stock-pickers and the fund is generally style agnostic. We like that the fund is full of high conviction ideas, without sacrificing diversification. Performance of this fund has been very consistent.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	–	CHELSEA SELECTION	£382.3m	0.75%	0.83%	1.91%	Biannually

Franklin UK Mid Cap *Managed by Paul Spencer, Mark Hall, Richard Bullas*

Unlike some of its peers, this is a true mid-cap fund, which will sell holdings if they enter the large cap index. Paul is a pragmatic stock-picker and the fund is generally style agnostic, which allows it to potentially outperform in any market condition. Paul is supported by the rest of the Franklin team, which is arguably one of the strongest and most experienced UK equity teams around. The fund is concentrated with between 35 and 45 stocks. Few other managers have been able to outperform the UK mid-cap index as often as Paul.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6.5	Elite	CHELSEA SELECTION	£1067.7m	0.75%	0.82%	1.92%	Biannually

Franklin UK Smaller Companies *Managed by Paul Spencer, Richard Bullas, Mark Hall, Daniel Green*

The current team has run the fund since 2012. Richard manages the small-cap allocation, which typically constitutes about 80% of the fund, while Paul manages the remaining allocation in UK mid-caps. The fund aims to outperform the Numis Smaller Companies Index over three to five years and has no style bias. Holdings in the portfolio vary from 1.5% to a maximum of 5%, while companies chosen are seen by the managers to be either high quality growth firms; undervalued or overlooked names or cyclical and recovery plays. We rate Richard very highly and think this is a solid offering in the sector.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	CHELSEA CORE	£374.3m	0.75%	0.83%	1.00%	Biannually

Insight Equity Income Booster *Managed by Tim Rees*

This is an enhanced income fund, which uses financial instruments called covered call options to boost its yield. The portfolio aims to provide a higher yield than a typical equity income fund, but with similar returns to the FTSE All-Share index. It has a bias towards larger companies and portfolio turnover is usually low, but stock weightings can change markedly. The use of call options, as well as not purchasing any low yielding stocks, means the fund is likely to perform well in sideways and falling markets but may underperform in rising markets.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	5.5	–	–	£118.7m	0.75%	0.84%	7.87%	Monthly

Invesco Perpetual High Income *Managed by Mark Barnett*

Mark took over the running of this fund from Neil Woodford in 2014. The fund is not just trying to identify the highest yielders, but wants stocks with a sustainable and growing dividend. The macroeconomic environment provides an important framework for Mark. He takes a long-term view with a typical target investment time of over five years. Corporate governance and meeting management is important. A small portion of the fund is invested in unquoted early stage businesses. The fund's recent performance has been disappointing following a number of stock specific issues. This is a very large fund which can make it difficult to manage. Mark's long-term track record remains excellent.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5	–	–	£9375.8m	–	0.87%	3.49%	Biannually

Invesco Perpetual Income *Managed by Mark Barnett*

Mark took over the running of this fund from Neil Woodford in 2014. The fund is not just trying to identify the highest yielders but wants stocks with a sustainable and growing dividend. The macroeconomic environment provides an important framework for Mark. He takes a long-term view with a typical target investment time of over five years. Corporate governance and meeting management is important. A small portion of the fund is invested in unquoted early stage businesses. The fund's recent performance has been disappointing following a number of stock specific issues. This is a very large fund which can make it difficult to manage. Mark's long-term track record remains excellent.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5	–	–	£4493.5m	–	0.86%	3.37%	Biannually

Invesco Perpetual Income & Growth *Managed by Ciaran Mallon*

This is one of a quartet of portfolios Ciaran manages at Invesco Perpetual. Ciaran adopts a conservative approach to the management of this fund by aiming to invest in companies whose prospects are not dependant on an improving economic outlook. He uses an active and unconstrained investment strategy to identify these resilient companies and the result is a 40-60 stock portfolio with a mix of small and large-cap holdings. Ciaran is supported on the fund by the UK equities team at Invesco, as they target companies with sustainable cash flows which aim to deliver a stable and growing dividend. The fund's value style has been out of favour for five years and performance has suffered as a consequence.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	5.5	–	–	£492.5m	–	0.87%	3.84%	Biannually

Invesco Perpetual UK Growth *Managed by Martin Walker*

Martin uses a bottom-up, valuation driven approach to build a portfolio of 50-60 stocks. The portfolio has a large-cap bias and the manager often takes a contrarian view in stock selection. Martin focuses on three areas when determining stock selection. He will consider the structure of the industry and the specific companies' position in it; he will use his top-down views to shift the portfolio towards certain sectors and he focuses on stockmarket issues, such as company valuations. The fund has significant weightings in the oil & gas, financials and telecoms sectors.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£1195.2m	–	0.86%	2.69%	Annually

Invesco Perpetual UK Smaller Companies Equity *Managed by Jonathan Brown*

The fund manager focuses on identifying quality businesses with strong balance sheets, which he deems to be capable of self-help, rather than being overly reliant on the wider economy to stimulate growth. The portfolio, which is not constrained to a benchmark, has typically had a focus on larger smaller companies in the past. Jonathan, who is supported on the fund by the UK equities team, has taken a cautious approach on the UK market given the political and economic headwinds it currently faces, but believes there remain numerous opportunities to invest in resilient companies to sustainably generate profitable growth.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8	–	–	£679.4m	–	0.87%	0.88%	Annually

Janus Henderson UK Alpha *Managed by Neil Hermon, Indriatti Van Hien*

This is a high conviction fund with a bias towards high quality, cash-generative companies in a growth phase. Neil and Indriatti can invest in companies of any size, although they may have a bias towards medium-sized businesses. This is because this area of the UK stock market has historically seen above average earnings growth, companies with decent levels of cash generation and a high incidence of merger and acquisition activity. They look for management teams that are willing to invest capital back into the business in a sensible and consistent manner, and pay close attention to make sure they are not overpaying for a company's growth potential. Since Neil became lead manager, performance has been good.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	–	–	£467.5m	0.75%	0.84%	2.30%	Annually

JOHCM UK Dynamic* *Managed by Alex Savvides*

Alex has been managing this value fund since its inception in 2008. His process is all about 'corporate change' and he scours the market for undervalued companies that are making positive improvements to their businesses. This is a true multi-cap fund which includes some mid and small-caps but Alex is also not afraid to own the largest companies. He has historically held a number of mega-cap stocks which he thinks are often overlooked by other investors. We consider Alex one of the most exciting fund managers in the UK today and his performance over the past ten years speaks for itself.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA CORE	£1100.0m	0.63%	0.69%	3.42%	Annually

*This fund has a performance fee.

JOHCM UK Equity Income* *Managed by James Lowen, Clive Beagles*

Managers James and Clive have a strict focus on each holding's yield: every single stock in the portfolio requires a higher prospective yield than that of the FTSE All Share index. Their approach leads them to consider a greater proportion of small and medium-sized companies than many of their peers. Looking to buy companies when prices are depressed also gives them a natural contrarian approach, as they often invest in unfashionable areas of the market. This tends to mean the fund is more volatile than its peers, but the consistent process and experienced management have resulted in good performance, despite a style headwind.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6	Elite	CHELSEA SELECTION	£3800.0m	0.63%	0.69%	4.36%	Quarterly

JOHCM UK Opportunities* *Managed by Michael Ulrich, Rachel Reutter*

This fund has a highly-concentrated portfolio of between 20 and 35 mainly large-cap holdings, which are chosen using both macroeconomic analysis and individual company research. Managers Michael and Rachel have a fairly cautious approach to fund management; they focus their attention on high-quality companies with predictable cash flows and robust balance sheets. They also aim to generate an absolute return over the long-term, rather than to beat a benchmark, which means they are unafraid to hold large cash balances during tough times. The managers took over from long-standing manager John Wood, who retired last year.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	5	–	–	£644.1m	0.63%	0.76%	2.80%	Annually

Jupiter Income *Managed by Ben Whitmore*

This is very similar to Ben's UK Special Situations fund, although with more of a tilt to income paying stocks. He has been running this fund since 2013 and buys stocks which are cheap and out of fashion. He uses the same rigorous fundamental research to weed out weak or failing businesses and his process remains differentiated from his peers by his refusal to forecast a company's future profits. Despite his value style having been out of favour for a number of years, Ben has continued to outperform.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	5.5	–	–	£2568.5m	0.75%	0.94%	3.80%	Biannually

Jupiter UK Growth *Managed by Steve Davies*

Despite its name, this fund mixes both growth and recovery stocks. It invests across the market cap spectrum and typically has a large portion in mid-caps. In recent years, the fund has had a bias to domestic UK businesses, which has led to it being quite volatile – it tends to be towards the top or the bottom of the performance tables each year depending if its style is in or out of favour. It is quite concentrated with between 30 and 40 stocks, a very small proportion of which are international companies.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7.5	–	–	£1304.6m	0.75%	1.02%	1.80%	Biannually

Jupiter UK Smaller Companies *Managed by James Zimmerman*

When James invests in a stock he takes the view that the intended holding period is forever. He has a preference for owner-managed firms and a more recent bias towards founder-led companies, as there is strong evidence to suggest that they deliver stronger long term returns. Comparative advantage, balance sheet strength and a supportive valuation are also critical to his stock selection process. The portfolio holds around 40 to 60 stocks, including some on the AIM index.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	–	£365.7m	0.75%	1.02%	0.70%	Annually

Jupiter UK Special Situations *Managed by Ben Whitmore*

This is a true value fund. Ben buys stocks which are cheap and out of fashion. Rigorous fundamental research is undertaken to weed out weak or failing businesses. Ben's process is differentiated from peers by his refusal to forecast a company's future profits. He points out that evidence shows almost all longer-term analyst forecasts are wrong by wide a margin. Despite his value style, which has been heavily out of favour for many years, Ben has continued to deliver outperformance. We consider this a core UK fund.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	5	Elite	CHELSEA SELECTION	£2007.1m	0.75%	0.76%	2.30%	Biannually

LF Livingbridge UK Micro Cap *Managed by Ken Wotton, Brendan Gulston*

This fund has been managed by Ken since 2009, leveraging off a wider team of 50 investment professionals to take advantage of its private equity expertise and to find some truly unexplored ideas. Ken only holds around 40 companies which is very unusual for a smaller companies fund. He sticks to sectors where the team has expertise which makes it a very different portfolio to anything else in the sector. At the point of investment, most companies are between £50m and £250m in size, but Ken will continue to hold successful investments that have grown beyond this. We like the uniqueness of the fund and the strength of the team behind it.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8.5	Elite	CHELSEA SELECTION	£134.2m	0.90%	0.99%	0.34%	Biannually

*This fund has a performance fee.

LF Woodford Equity Income *Managed by Neil Woodford*

Neil starts with a top down macroeconomic view which informs his stock picks. He is never afraid to make big contrarian calls or ignore whole parts of the market. Neil gets many of his best ideas when market sentiment is at an extreme. He currently believes the UK economy is in better shape than the market thinks. As a result, he has tilted his portfolio towards more domestically focused stocks. After a strong start the fund's performance has recently deteriorated due to a number of individual stock issues. We are concerned by the fund's high weight to mid, small and unquoted holdings. Despite recent troubles Neil's long-term track record remains superb.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£6147.6m	0.75%	0.75%	3.84%	Quarterly

LF Woodford Income Focus *Managed by Neil Woodford*

This fund strips out the unquoted, and some of the small cap holdings, which feature in the main equity income fund. This allows it to achieve a higher yield. The fund is predominantly invested in the UK but it is also not afraid to make significant investments overseas if better opportunities exist. Neil starts with a top down macroeconomic view which informs his stock picks. He currently believes the UK economy is in better shape than the market thinks and has tilted his portfolio to more domestically focused stocks. Since it launched, the fund has suffered from a number of stock specific issues which has led it to underperform. Neil's long-term track record remains superb.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5	–	–	£669.2m	0.75%	0.75%	–	–

LF Lindsell Train UK Equity *Managed by Nick Train*

Another strong performer from the Lindsell Train stable, this highly-concentrated fund will hold between 20 and 35 stocks, and usually has more than 60% of its value in its top 10 holdings. Manager Nick will only ever invest in the highest quality companies available – often with a bias towards large-caps with strong branding power - and is unafraid to avoid entire sectors. This means the fund is highly differentiated from its FTSE All Share benchmark. Nick will hold his stocks for several years and rarely trades. The fund has some freedom to invest overseas.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	–	CHELSEA SELECTION	£5389.8m	0.65%	0.70%	1.80%	Biannually

Liontrust Special Situations *Managed by Anthony Cross, Julian Fosh*

This fund has a very clearly-defined investment process, based on intangible strengths. Every stock in the portfolio must have; intellectual property, a strong distribution network or recurring revenues. Anthony and Julian also prefer to invest in stocks where management has a significant personal equity stake. The fund is multi-cap and has an overweight to mid and small-cap stocks. We have supported this fund for a long-time and it has given outstanding returns to investors since its launch in 2005.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA CORE	£3652.3m	0.75%	0.86%	1.82%	Annually

Liontrust UK Smaller Companies *Managed by Anthony Cross, Julian Fosh, Victoria Stevens, Matthew Tonge*

This fund uses Anthony and Julian's long-established Economic Advantage investment process. Each holding in the portfolio should exhibit one or more difficult-to-replicate criteria. The three main traits they are looking for are intellectual property, strong distribution channels or significant recurring business. The managers hunt for these opportunities among FTSE Fledgling, FTSE Small Cap and FTSE AIM companies. If any of the fund's holdings are promoted to the FTSE 250 index, the managers will hold them until a suitable replacement is found. The four managers favour companies where directors own at least 3% of their own business, as they believe it is a good motivator. Long-term performance is outstanding. Please note there is currently a 4% initial charge on investments into this fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	Elite	–	£917.4m	1.25%	1.36%	0.08%	Annually

M&G Recovery *Managed by Tom Dobell, Michael Stiasny, David Williams*

M&G Recovery has been in existence since 1969. It is a value fund which typically looks to buy stocks after they have experienced a substantial share price fall. Tom and his team will often work with a company over a period of years until both the business and its share price have recovered. Despite the strategy's success over the very long-term, the fund has recently suffered as the value style has been out of favour. The fund is now smaller and more focused and in a better position, but still needs to prove itself again.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	6.5	–	–	£2897.5m	0.75%	0.91%	1.27%	Biannually

Man GLG UK Income *Managed by Henry Dixon*

This fund has a value-driven approach. It invests predominantly in UK companies of all sizes, but can also invest in continental European companies that derive a substantial part of their revenues from the UK. It also has the ability to invest up to 20% in corporate bonds - a flexibility that sets it apart from the majority of its peers. It has performed exceptionally well since Henry took over in 2013. It has a unique and disciplined investment approach which is applied with skill and pragmatism and its flexible mandate allows the manager to find value in parts of the income market many other managers may ignore, such as smaller companies.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA CORE	£670.3m	0.75%	0.90%	4.54%	Monthly

Marlborough Multi Cap Income *Managed by Siddarth Chand Lall*

This fund invests mostly in small and medium-sized companies, as manager Siddarth believes smaller companies will outperform in the long run. Its portfolio is highly-diversified and will hold more than 100 stocks at any one time. Siddarth sources ideas from the team and a network of brokers, studying financial statements and using models to test the sustainability of dividend payments. He and his team constantly reassess these holdings and aren't afraid to sell when they see potential dividend cuts on the horizon. They also prioritise meeting each company management team on a regular basis. It is a very strong fund offering something a little different in the income space.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	Elite	CHELSEA SELECTION	£1643.2m	0.75%	0.80%	4.20%	Biannually

Marlborough Special Situations *Managed by Giles Hargreave, Eustace Santa Barbara*

Giles has been at the helm of this small-cap fund since 1998 and Eustace has co-managed the fund since 2014. The managers have a highly-diversified portfolio of around 200 stocks to minimise risk; these are mostly chosen on a company-specific basis. Relatively small positions are taken initially and the managers will then run the winners aggressively, adding to them as their story unfolds. Conversely, losers will be cut quickly. The fund has evolved as it has grown over the years and now invests in both small and medium-sized companies. It is the company's flagship fund and has exceptional long-term performance.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7.5	Elite	CHELSEA SELECTION	£1650.1m	0.75%	0.80%	1.00%	Biannually

Marlborough UK Micro Cap Growth *Managed by Giles Hargreave, Guy Feld*

Giles is a very pragatic stock picker and, with the help of Guy in this particular portfolio, invests in the UK's very smallest companies. The managers are supported by a well-resourced team of fund managers and analysts. They use their views on the wider economy to filter out large numbers of stocks and sectors, before undertaking thorough company meetings and analysis. This portfolio typically holds around 250 companies to reduce stock-specific risk. Relatively small positions are taken initially and the managers will add to the stocks as their stories unfold. Conversely, losers will be cut quickly. Performance has been superb since launch.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	Elite	CHELSEA CORE	£1246.2m	0.75%	0.80%	0.86%	Annually

Marlborough UK Multi-Cap Growth *Managed by Richard Hallett*

Richard aims to invest in the UK's leading growth businesses, irrespective of their size. He initially identifies long-term structural growth trends and then invests in the strongest market-leading businesses benefitting from them. Despite this fund's excellent long-term performance, it has gone under the radar of most investors. Unlike other Marlborough funds from this team, Richard runs a much more concentrated portfolio of about 50 holdings. He studiously analyses each company's financial statements to truly understand each business. We think Richard is an excellent stock-picker and his long-term track record with this fund speaks for itself. The fund has benefited from the strength of growth stocks in recent years, but this should not detract from its outstanding performance.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	Elite	CHELSEA CORE	£308.0m	0.75%	0.84%	0.64%	Biannually

MI Chelverton UK Equity Growth *Managed by James Baker, Edward Booth*

Whilst this fund is not very old, James is a veteran of UK small-caps and spent 28 years as a broker. The fund will invest in anything below the FTSE 100, but usually has a lot of small-caps. James initially screens for companies with growth, good cash-conversion, reasonable debt and high gross margins. This leaves him and the team with about 250 stocks to analyse. They then undertake more detailed fundamental and valuation analysis. James has excellent knowledge of the small-cap end of the market and this fund has a very sensible process. It is still young but has delivered superb performance thus far.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7.5	–	CHELSEA SELECTION	£260.6m	0.75%	1.00%	0.89%	Annually

Montanaro UK Income *Managed by Charles Montanaro*

With an 11-strong investment team Montanaro Asset Management is a specialist investment boutique which researches and invests exclusively in UK and European small and mid-cap companies across six investment strategies. This fund is managed by Charles - who founded the firm in 1991 – and invests in a concentrated portfolio of 40-50 stocks. The portfolio adheres to the wider group philosophy of investing in "quality growth" companies which can deliver consistent returns to shareholders. Despite the focus on growth, Charles and the team's emphasis on cashflow offers a strong foundation for the mandate.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7.5	Elite	CHELSEA SELECTION	£302.0m	0.75%	0.85%	3.40%	Quarterly

Neptune UK Mid Cap *Managed by Mark Martin*

This fund has a markedly concentrated portfolio of around 30 stocks, which are either constituents of the FTSE 250 index or one of the 50 largest companies in the FTSE Small Cap index. Manager Mark is completely unconstrained by the fund's benchmark and is unafraid to take punchy positions in companies in which he has particularly high conviction. The holdings are divided into three 'silos'; economic recovery plays, structural growth stories and corporate turnarounds. At least 20% of the fund must be invested in each silo at all times. We like its high conviction and long-term returns are excellent.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6.5	Elite	–	£477.9m	0.75%	0.83%	1.79%	Biannually

Newton UK Equity *Managed by UK equity team*

There have been a number of changes in the management of Newton UK Equity since 2016. Christopher took over temporarily from Paul Stephany in April 2016, before Simon took the lead. The portfolio predominantly invests in UK equities, with a minor proportion overseas. It does generate a dividend but, unlike the Newton UK Income fund, is orientated toward higher capital growth.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5.5	–	–	£877.1m	0.75%	0.79%	3.18%	Quarterly

Newton UK Income *Managed by UK equity team*

This fund now runs on a team-based approach following the retirement of Christopher Metcalfe in 2017. The 40-60 stock portfolio is built using a bottom-up, research driven investment process with the focus being placed on what the team sees as attractively-valued stocks of companies with good prospects and strong fundamentals. The team can choose from around 150 stocks on Newton's buy list, which are recommended by the group's team of global analysts. This includes a range of UK and overseas names with qualifying yields. The portfolio can invest up to 20% overseas and aims to outperform the FTSE All-Share Index by 2% per annum.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5	–	–	£1560.1m	0.75%	0.79%	3.98%	Quarterly

Old Mutual UK Alpha *Managed by Richard Buxton*

Richard is a high conviction manager and invests in just 30 to 40 stocks. He adopts a contrarian approach and likes companies that are out of favour but where there is a reason to believe that may change. The fund is predominantly large cap although it will invest in some mid-caps. Over the years Richard has been well known for making some astute macroeconomic calls. Richard is a highly experienced and proven manager with a good track record. In 2015 Richard became CEO of Old Mutual Global Investors so his time is split between running the company and managing the fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	Elite	–	£2135.3m	–	0.78%	–	–

Old Mutual UK Mid Cap *Managed by Richard Watts*

Richard has managed this high conviction fund since 2008 and aims to generate returns through bottom-up stock picking. The fund usually has a concentrated portfolio of 40-60 stocks with the top 10 stocks typically accounting for 40% of all holdings. Richard has a bias towards growth companies and continues to hold mid-cap companies once they qualify for the FTSE 100, if the investment case is strong enough. He will also invest in a stock listed on the AIM index if he thinks it is an exceptional company. Richard has proven himself to be a superb stock picker and the fund is consistently one of the best in its sector. However, at £3.5bn assets under management it is now very large.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	–	–	£3644.5m	–	0.85%	0.94%	Annually

Old Mutual UK Smaller Companies *Managed by Daniel Nickols*

This fund is backed by one of the best resourced management teams in the UK smaller companies sector. Dan combines top-down and bottom-up strategies when making investment decisions. He and the team focus on three key attributes in the stock-specific element of the portfolio, namely companies that can deliver above average growth, demonstrate earnings surprise and have the potential to be re-rated relative to the market. This has enabled them to consistently identify some of the most exciting small-cap stocks with great potential – many of which have gone on to deliver outstanding returns.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	Elite	–	£1433.9m	–	0.94%	0.64%	Annually

Premier Income *Managed by Chris White*

Chris is head of UK equities at Premier Asset Management and currently runs a trio of UK equity income funds at the firm. This portfolio consists of companies of all sizes and is style agnostic using both a top-down and bottom-up approach to investing. It typically holds between 40-60 stocks and the manager is not worried about being out of a specific sector if necessary but still adopts a fairly cautious process based around growth at a reasonable price (GARP). Stocks usually form about 3% of the portfolio but can go up to 5%. Chris aims to produce a yield in excess of the FTSE All-Share Index, as well as a rising dividend income stream over time.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£419.7m	0.75%	0.90%	4.36%	Biannually

R&M UK Equity Smaller Companies *Managed by Daniel Hanbury*

Phillip Rodrigs no longer manages this fund. Dan is once again the lead portfolio manager, having run the portfolio before Philip took it on. He has an excellent track record compared with his peer group and is helped on the fund by George. Their philosophy has three core elements: potential, valuation and timing. The investment process uses R&M's quant screen, Money Penny. They evaluate where companies are within their life cycle, breaking them down into four different categories: growth, quality, recovery and asset-backed. The strategy alters the allocation of the four different categories, depending on the business cycle.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	CHELSEA SELECTION	£642.9m	0.75%	0.85%	0.92%	Biannually

Rathbone Income *Managed by Carl Stick, Elizabeth Davis*

The fund has one of the best – if not the best – track records among open-ended funds for paying dividends, having increased its payouts during 24 of the past 25 years. Carl maintains a concentrated portfolio of between 30 and 50 holdings, all of which are chosen for their high quality and visibility of earnings. Carl is somewhat of a contrarian investor, so the fund may lag behind while his peers 'catch up with the news'. This approach requires a strong stomach, patience and a good degree of scepticism which, in our view, we think the manager has demonstrated since taking on the fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	Elite	CHELSEA CORE	£1281.0m	0.75%	0.79%	3.92%	Biannually

Royal London UK Equity Income *Managed by Martin Cholwill*

Martin is a pragmatic stock-picker with a preference for strong balance sheets and sustainable growing dividends. The fund is high conviction with around 50 holdings and a large portion of the fund is usually invested in mid-cap stocks. The economic and political environment are important factors which inform Martin's view but it is stock selection that drives weightings to different sectors. Few other UK equity income funds can rival Martin's consistent track record of outperformance.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5.5	Elite	CHELSEA SELECTION	£2087.3m	0.62%	0.67%	3.88%	Quarterly

RWC Enhanced Income *Managed by John Teahan, Ian Lance, Nick Purves*

This fund is managed by an experienced trio who joined the firm from Schroders in 2010. The managers invest in strong, but lowly valued businesses with a bias towards the UK. The fund is comprised of around 30 large-cap stocks and, to keep volatility levels down, the managers are willing to hold higher levels of cash when they deem necessary. This means the fund may not perform as strongly in rising markets. The fund uses covered call options to help reach its 7% yield target but this can be at the expense of some capital growth. The fund has delivered on the income, but total returns have been disappointing.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	4.5	–	–	£231.1m	0.80%	1.11%	7.00%	Quarterly

Schroder Income Maximiser *Managed by Nick Kirrage, Kevin Murphy, Mike Hodgson, Jeegar Jagani, Scott Thomson*

This enhanced income fund launched in 2005 and has proved attractive to investors as a way of generating an income in a low interest rate world. The portfolio, which has a yield target of 7%, combines investments in a concentrated basket of high yielding stocks, alongside using a covered-call strategy to raise income. The fund can sacrifice some capital appreciation to focus on achieving the higher yield target. It invests in 'value' stocks – those whose share prices appear low relative to their long-term profit potential – and holdings which are typically paying an attractive and growing dividend. The portfolio typically has a bias to large and mid-caps.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£1203.6m	0.75%	0.91%	7.18%	Quarterly

Schroder Income *Managed by Nick Kirrage, Kevin Murphy*

This concentrated, deep value fund looks outside of the traditionally 'safe' stocks which most other income-focused funds will hold. Kevin and Nick have a very strict valuation discipline and decide whether a company's fundamentals are more attractive than the market has priced them to be. They aren't afraid to hold companies which may not ever return to their glory days, but are not terminally impaired. Kevin and Nick tend to hold larger companies, although their portfolio is usually very differently positioned from its FTSE All Share benchmark. It is one of the few income funds that has a true value style. Despite recent headwinds it has done well.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	–	£2291.5m	0.75%	0.91%	3.51%	Biannually

Schroder UK Alpha Plus *Managed by Bill Casey, Nick Kissack*

The investment style has shifted for this fund, following a change in management. Phillip Matthews has left, the managers are now Bill and Nick. The style has altered from 'value' to 'quality at a reasonable price', and the portfolio is more concentrated. There is still a value influence, exploiting the impatience of market participants who have a tendency to ignore the long-term view. This provides buying opportunities. Valuations are cash-flow centred - an absolute measure of valuation. The managers are looking for stocks with differentiated franchises and the fund has approximately 40 holdings. We are waiting to meet the new management team.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£913.2m	0.75%	0.91%	2.54%	Annually

Schroder UK Dynamic Smaller Companies *Managed by Luke Biermann, Iain Staples*

This fund has had a recent change of management, as Paul Marriage left the company in 2017. The new managers, Luke and Iain, take a bottom-up stock-picking approach, predominantly targeting companies in the lower 10% of the market in terms of size. The portfolio is concentrated for a small-cap fund, investing in 50-70 stocks at any one time. Emphasis is given to businesses with a differentiated product, resilient barriers to entry and executives who align their interests with those of other shareholders through equity ownership. Company meetings are an integral part of the process. As the managers are new it is too early to form a judgement.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8	–	–	£389.4m	0.75%	0.92%	0.78%	Biannually

Schroder UK Equity *Managed by Alex Breese*

Alex runs this fund based on a philosophy that looks for unloved companies with latent potential. He does this by focusing on three themes: cyclical recovery, management turnaround and unrecognised growth. He screens for value, with the expectation that over a three to five year time horizon this value will be recognised by the market. Alex looks to mitigate downside risk, assessing franchise quality, cash conversion and management alignment. This is a concentrated portfolio of approximately 40-60 stocks. This fund has been solid but not spectacular as its value style has been out of favour in recent years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£599.1m	0.75%	0.91%	2.59%	Biannually

Schroder UK Opportunities *Managed by Matt Hudson, Michael Zorko*

Matt and Michael build a portfolio of 40-50 stocks and aim for long-term capital growth whilst delivering an income. The fund invests across any sector but the majority of companies usually sit in the largest 350 in the UK. The managers pursue a business cycle approach to investing, setting sector and style exposures based on macroeconomic views. They attempt to identify turning points in the cycle and focus on the types of companies that will benefit from this by positioning the fund ahead of time. Performance has been disappointing in what is a highly competitive sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	6	–	–	£230.9m	0.75%	0.92%	2.26%	Biannually

Schroder UK Smaller Companies *Managed by Andrew Brough*

Andy aims to invest in businesses with strong franchises that have an ability to fund their own growth internally. He avoids companies with risky financing strategies and over-heating sectors where firms' earnings are being eaten away by high levels of competition. Scarcity in the value of a business idea is critical to his selection. Scarce value weathers economic cycles and commands pricing power, reaping healthy profit margins that can then be reinvested for growth. The manager does exploit cyclical movements if the opportunity arises. The portfolio holds approximately 100-130 holdings.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8	–	–	£672.3m	0.75%	0.91%	1.04%	Annually

Slater Growth *Managed by Mark Slater*

The strategy of this fund is based around having a margin of safety: robust balance sheets and strong cash flows are highly desirable. However, the most important metric they use is the 'PEG' ratio. This ratio looks at a stock's growth rate compared to its valuation. Mark and his team will run a number of quantitative screens to throw up ideas. They will then undertake detailed fundamental analysis on individual companies. This fund typically has a large bias in favour of mid and small-cap stocks. Mark has consistently proven himself to be one of the UK's top fund managers, with a clear strategy, which has consistently worked.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£541.2m	0.75%	0.78%	–	–

Standard Life Investments UK Equity High Income *Managed by Iain Pyle*

This fund has recently undergone a managerial change with Karen McKellar (previously Robertson) retiring from fund management. This is part of a number of changes to the UK equity desk following the merger of Standard Life and Aberdeen Asset Management in 2017. The fund is now managed by Iain Pyle, who previously ran Standard Life Investments UK Equity Growth. The portfolio typically holds 50-70 large and medium-sized companies and may also hold a proportion in government, corporate and other bonds to supplement income. In addition to holding a number of high yielding stocks, the portfolio also allocates money to certain high conviction ideas, which do not necessarily require a yield element, but are expected to increase capital returns.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£604.8m	0.75%	0.89%	3.77%	Biannually

Standard Life Investments UK Equity Income Unconstrained *Managed by Thomas Moore*

Tom's approach is very different to many of his peers in the sector. Rather than turn to the steady, dividend-paying mega-caps that make up large chunks of the FTSE 100, he is unafraid to look further down the market cap spectrum and hunt out the income-paying stocks which have been overlooked by other investors, and which have the potential to growth their dividends. He does this through the use of the 'Matrix', which is a quantitative screen with a proven track record. The fund tends to be more volatile than many of the other UK equity income funds on offer. We like Tom's focus on the yield of the future, not the income today.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA CORE	£1431.4m	1.00%	1.15%	4.07%	Biannually

Standard Life Investments UK Equity Unconstrained *Managed by Wesley McCoy*

This is a high conviction fund that is not afraid to deviate from the benchmark. The portfolio is concentrated, with the manager aiming to have between approximately 40-60 holdings. Wes was the original manager on the fund and returned to the helm in 2015 when the incumbent manager left. Wes has a focus on 'change' and uses Standard Life Investments Matrix process to hunt for instances of market dislocation and value opportunities where market reaction has swung too far from a company's fundamentals.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7.5	–	–	£681.5m	1.00%	1.15%	1.75%	Biannually

Standard Life Investments UK Smaller Companies *Managed by Harry Nimmo*

Harry has built a strong reputation as a manager in the UK small-cap market in the past two decades. Having been at the helm of this fund since its launch in 1997, he uses a screening process he calls "the Matrix" – which ranks companies in terms of earnings consistency, value, growth of profits and price momentum - to narrow down the 800 stocks that constitute the smaller companies market. This gives the team a shortlist of around 100 stocks, with the final portfolio typically consisting of around 50-60 holdings. Harry's investment philosophy is to identify "tomorrow's large companies today" with the focus on high quality companies with growth potential and earnings momentum.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8	–	–	£1512.7m	0.85%	0.99%	0.87%	Annually

TB Evenlode Income *Managed by Hugh Yarrow, Ben Peters*

This fund's philosophy is all about investing in quality. Hugh and Ben believe the market over-obsesses with short-term factors and under-rates quality as a result. They invest in high return capital-light businesses. Capital intensive parts of the market such oil and gas or mining are completely ignored. Hugh and Ben also dislike excessive debt and the fund has very little in financials. These strict requirements result in a small investment universe of only 80 stocks from which the managers create a concentrated portfolio of 40 holdings. This fund has a clear and proven investment process, which has consistently delivered for investors since it launched.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	Elite	CHELSEA CORE	£2352.0m	0.90%	0.90%	3.20%	Quarterly

Threadneedle UK Equity Alpha Income *Managed by Richard Colwell*

This is a contrarian value fund. Richard looks for unloved stocks that have the ability to sustainably grow their dividends. He has a disciplined capital preservation mindset and combines macroeconomic views with fundamental stock research. Richard's philosophy is 'think active act lazy' which means he will not trade positions just for the sake of it but will be working on new ideas all the time. The resulting portfolio is very high conviction with just 25-30 holdings. Richard is a highly experienced and humble manager with a long-term mindset. We consider him a safe pair of hands.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	–	CHELSEA CORE	£802.0m	0.75%	0.88%	4.10%	Biannually

Threadneedle UK Equity Income *Managed by Richard Colwell*

Richard has a very patient and high-conviction approach to stock selection, which he bills as a 'think active, act lazy' philosophy. His investment choices are often contrarian and he will avoid any speculative stocks, even if they are fashionable and have short-term momentum. Richard also avoids using any derivatives, generating income solely through unloved companies which he believes can sustainably grow their dividends over time. He combines this with a macroeconomic overlay. The fund tends to be overweight consumer services and underweight industrials and financials. It is less concentrated than the Threadneedle UK Equity Alpha Income fund, but another solid option for investors.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	Elite	–	£4223.3m	0.75%	0.83%	3.80%	Quarterly

Threadneedle UK Extended Alpha* *Managed by Chris Kinder*

This fund invests primarily in large UK companies, but with an unusual approach. As the name suggests, the manager aims to extend investors' potential returns by buying stocks he expects to do well and also looking to make money on stocks he expects to do badly (shorting). So far this strategy has proven very successful and the fund has impressively beaten its peers and the UK stock market under the manager's tenure. This fund offers something genuinely different to its UK equity peers with the possibility to profit from both rising and falling share prices. We think Chris is a very strong manager and he has a robust and sensible process.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	Elite	CHELSEA SELECTION	£134.8m	0.75%	0.83%	2.20%	Annually

Trojan Income *Managed by Francis Brooke, Hugo Ure, Mark Wharrier*

Managed by Francis Brooke, this fund aims to provide an attractive and growing stream of income with the potential for some capital growth. As with all Trojan funds, it has a marked focus on protecting investors' capital during falling markets. Francis therefore tends to invest in high-quality, defensive blue-chips, which pay steady streams of income. He has a long-term approach to stock selection, which combines both an overview of the UK equity market with individual company analysis. The result is a relatively concentrated portfolio of between 30 and 50 stocks. The fund has an excellent track record of preserving capital in falling markets.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	–	–	£2931.0m	1.00%	1.02%	4.03%	Biannually

Unicorn UK Income *Managed by Fraser Mackersie, Simon Moon*

With a strong bias towards small and medium-sized companies, this high conviction fund offers UK investors an alternative way to access UK income-producing stocks. Fraser and Simon aim to build a portfolio of 40-50 holdings and their process seeks to identify 'growth at a reasonable price' through bottom-up stock picking. The team interviews the management of up to 400 companies a year as part of their selection process. Due to its high conviction nature, the fund does exhibit the higher risk levels associated with smaller stocks, but the managers have shown themselves to be excellent stock pickers and performance is good.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£657.1m	0.75%	0.80%	3.67%	Quarterly

*This fund has a performance fee.

EUROPE

Artemis European Growth *Managed by Philip Wolstencroft, Peter Saacke*

This is one of a number of funds at Artemis which uses its proprietary investment tool SmartGARP®. It screens the market for European companies with the most attractive financial characteristics. It also helps to promote timely and objective decision-making. Philip and Peter predominantly invest in attractively-valued growth companies across continental Europe, though the fund can invest in businesses listed in other countries, including the UK, to a lesser extent. The portfolio does not have a specific country or sector bias, but traditionally has a strong tilt towards value stocks, with the managers looking specifically for cheaper stocks with good news flow. SmartGARP® is quite a stylistic process, so performance can vary with very good or bad years.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	–	£203.6m	0.75%	0.88%	1.62%	Annually

Baring Europe Select *Managed by Nicholas Williams, Colin Riddles, Rosie Simmonds*

Nick sifts through more than 5,000 continental European smaller companies using a screening process, which filters out illiquid and excessively volatile stocks and leaves him with a universe of about 600. From here, he looks for four key company traits: strong growth prospects, good quality management, proof that the business is growing because of its own operations, and that it is valued below the market average. Nick strongly believes in the benefits of meeting company management; he and his team meet up with each company before deciding to invest. Nick is a very experienced manager. He has delivered consistently excellent performance over his tenure.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	Elite	CHELSEA SELECTION	£2117.2m	0.75%	0.80%	1.40%	Biannually

Baring German Growth Trust *Managed by Robert Smith*

This is a high-conviction German equity fund and has been managed by Robert since 2008. Robert screens suitable candidates from a universe of around 850 stocks, using a company score card system. He marks on growth prospects, valuation and quality. The manager looks to take a five-year view on his holdings. A strong sell discipline is an integral part of the process, with regular monitoring of the portfolio. Robert has a good track record, as does the fund.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	–	£612.2m	0.75%	0.81%	1.20%	Annually

BlackRock Continental European *Managed by Giles Rothbarth, Stefan Gries*

Long-term manager Vincent Devlin left the fund in June last year. New managers Giles and Stefan are supported by a large and very well-resourced team. The primary emphasis is on investing in businesses with high and predictable returns with strong cash conversion. As a result, the fund typically has a bias to quality growth stocks. Ideas are generated from screens, team analysts and external research. The final portfolio is between 35 and 65 stocks. We have yet to meet the new managers.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	–	–	£571.3m	0.75%	0.94%	1.39%	Annually

BlackRock Continental European Income *Managed by Andreas Zoellinger*

Andreas has now assumed full control of this fund, as former co-manager Alice Gaskell is taking a career break to spend more time with her family. The process is unchanged and identifies undervalued stocks that offer sustainable dividends, potential dividend growth and inflation protection. Andreas works with the 21-strong European equity team to undertake individual stock analysis. He looks for companies with good management, a strong competitive position and good financial discipline. The fund has consistently outperformed and is our favoured European income vehicle.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	Elite	CHELSEA SELECTION	£1941.3m	0.75%	0.92%	4.00%	Quarterly

BlackRock European Dynamic *Managed by Alister Hibbert*

Alister aims to set himself apart from his peers through a highly intricate, in-depth research process. This has numerous steps including external and in-house screening tools, as well as producing weekly data packs on company fundamentals, sectors, countries, volatility and commodities. This is made possible through BlackRock's extensive European research team, which has a large number of portfolio managers and sector analysts covering all market areas. The result is a fairly concentrated portfolio of between 35 and 65 stocks. The fund has a completely flexible investment style, which Alister is able to adapt based on where we are in the economic cycle. Over Alister's tenure, the fund is one of the strongest in a very competitive peer group.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	Elite	CHELSEA CORE	£3085.8m	0.75%	0.92%	1.14%	Annually

Fidelity European Opportunities *Managed by Alberto Chiandetti*

Alberto is a bottom-up investor. He looks for certain trends when selecting stocks for the portfolio; these include companies where the market underestimates earnings because their sustainability is not fully appreciated, and situations where a potential impact on company earnings has not been recognised by the wider market. The fund is not restricted in the choice of companies either by size or industry, or in terms of the geographical split of the portfolio, but Alberto is keen not to overpay for stocks.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	–	–	£431.1m	0.75%	0.97%	–	–

Fidelity European *Managed by Samuel Morse*

Sam has run this fund for almost a decade now and aims to identify attractively valued companies that exhibit good long-term structural growth prospects and that he believes can grow their dividends over the next three to five years. In order to identify them, Sam looks for four main characteristics: positive fundamentals (structural growth prospects, a proven business model, disciplined use of capital); the ability to generate cash; a strong balance sheet; and an attractive valuation. The resulting portfolio will hold around 50-70 companies.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£2494.5m	0.75%	0.95%	1.54%	Biannually

FP CRUX European *Managed by Richard Pease, James Milne*

This fund typically has a concentrated portfolio of 45-55 stocks and employs the same investment process as CRUX European Special Situations, which is managed by the same pair. Richard and James look for four key criteria before deciding whether a company is eligible for inclusion; high barriers to entry and strong pricing power; quality management with track records and stakes in the business; sound finances and strong cash flow; and relatively conservative valuations compared to the peer group. It has a bias towards larger companies. Richard is one of the most experienced European managers and has delivered outstanding long-term returns at three or four different companies in his career.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	CHELSEA SELECTION	£192.1m	0.75%	0.96%	1.41%	Quarterly

FP CRUX European Special Situations *Managed by Richard Pease, James Milne*

Richard is one of the most well-known and highly regarded European fund managers in the UK. He has managed this fund with James since its launch in 2009. The assets of the fund were transferred to CRUX upon Richard's departure from Henderson (now Janus Henderson) in 2015. The fund has around 60 stocks and has a strong focus on small and mid-caps. Performance is driven from bottom-up stock selection and the portfolio has traditionally had a low turnover. The fund is unconstrained by country, with the managers focusing on quality, cash generative companies they believe can do well, even if the markets can become challenging. Richard has delivered outstanding long-term returns throughout his career.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£2139.5m	0.75%	0.89%	1.33%	Biannually

Invesco Perpetual European Equity *Managed by Jeffrey Taylor*

Jeffrey places a strong emphasis on valuation when managing this fund. He exploits the inefficiencies of the market to find value opportunities. The fund uses a blend of top-down analysis to assess the themes of the continent, and bottom-up fundamentals to judge the best companies, which are set to benefit from both a price re-rating and macroeconomic tailwinds over the next three years or so. This flexibility means there is no set country or sectors from which to choose. We like the fund for its value discipline, especially when combined with steady risk management. It makes for a strong complementary offering in the sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	–	–	£2453.4m	–	0.88%	2.10%	Annually

Invesco Perpetual European Smaller Companies *Managed by Adrian Bignell, Matthew Perowne*

This fund typically holds between 70-90 stocks. The manager focuses on companies with robust financial positions, sound management and which are capable of delivering higher returns on capital. Stock ideas are generated from company visits, news flow, external research, price movements and from within the investment team. The information gathered is then considered against the current and potential valuations of companies to see if they are attractively priced. Matthew joined Adrian as deputy manager on the fund in 2017. Holdings in the fund are well diversified from a geographical perspective.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8.5	–	–	£183.2m	–	0.90%	0.87%	Annually

Janus Henderson European Growth *Managed by Simon Rowe, Marc Schartz*

When positioning the portfolio, managers Simon and Marc focus on each stock's absolute valuation, rather than how expensive it is compared to an index or to its peers. To determine whether or not a stock is attractively priced without using a point of comparison, they focus on whether it's a good business, has a favourable financial model, is well-managed and has a track record of treating minority shareholders well. The managers also have a keen focus on finding companies which can survive economic downturns. They will typically hold between 40 and 50 stocks at any one time.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£1237.9m	0.75%	0.84%	1.40%	Annually

Janus Henderson European Selected Opportunities *Managed by John Bennett*

John has more than 28 years of investment management experience. He believes that all sector trends and macroeconomic themes travel globally. He also believes in mean reversion – that what goes up, must come down – and vice versa. As such, he looks for companies which have been badly managed (but are not bad businesses) but that are likely to prosper over the long term. The fund therefore mostly holds out-of-favour companies trading on cheap valuations. John's value style of investing has underperformed in recent years, but over the long term he has an excellent track record.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	Elite	–	£2104.6m	0.75%	0.84%	1.70%	Biannually

Jupiter European *Managed by Alexander Darwall*

This fund offers investors access to a high-conviction portfolio of European equities with a bias towards medium and larger companies. The manager has developed a coherent and consistent investment process that has a record of success in different macroeconomic environments. Alexander has developed a real aptitude for recognising patterns of success in company business plans and management teams and for finding companies with superior products that can do well regardless of the economic environment. This skill, combined with his patient and value-aware approach, has resulted in an exceptional performance track record. The portfolio is highly concentrated with just 35-45 names.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	Elite	CHELSEA CORE	£5502.1m	0.75%	1.03%	0.40%	Annually

Jupiter European Special Situations *Managed by Cedric de Fonclare*

Cedric has been at the helm of this fund since 2005 and aims to offer value by building a diversified portfolio using a bottom-up stock picking approach. The portfolio, which has a bias towards larger companies, has around 50 stocks. Cedric looks for companies in a strong financial position with a proven track record, because he believes many of these companies will continue to benefit from long-term economic and business trends, despite any short-term fluctuations in the growth of the underlying economy. He deliberately tries to avoid overpaying for companies which are already showing good growth. Recent performance has been disappointing.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£920.6m	0.75%	1.02%	1.00%	Annually

Man GLG Continental European Growth *Managed by Rory Powe*

This is a high-conviction stock-picking fund. As the name suggests, the fund has a heavy bias to growth stocks. Rory invests in quality companies with high or rising market shares and a sustainable competitive advantage. He avoids companies which don't control their own destiny. This leads to an underweight in financials, energy and material stocks. Rory has over 30 years' experience investing in European equities. The fund has grown rapidly in size and has benefited from a style tailwind. Nevertheless, performance has been exceptional since Rory took over in October 2014.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£1579.5m	0.75%	0.90%	0.61%	Annually

Marlborough European Multi-Cap *Managed by David Walton, Will Searle*

David has totally reformed this fund since he took it over in 2013. He focuses on fundamentals of individual companies, rather than making calls on particular countries or sectors. Whilst the name of the fund is multi-cap, David finds many of his best ideas in the micro-cap and small-cap parts of the market. The fund has a bias to growth but it is also disciplined when it comes to valuation. Initial positions are no more than 2% of the fund and it is well diversified with around 130 holdings. We think David is a top stock-picker who can continue to deliver.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	Elite	CHELSEA SELECTION	£440.9m	0.75%	0.90%	0.98%	Annually

Neptune European Opportunities *Managed by Rob Burnett*

This is an extremely high-conviction fund. Rob is heavily influenced by his macroeconomic view and he is willing to re-position his portfolio very quickly if need be. In recent years the fund has been heavily tilted towards value stocks. The fund currently has a large overweight to financials, materials and consumer discretionary whilst owning nothing in consumer staples or healthcare. Rob has undeniably performed well over the very long term but it has been a choppy ride. We dislike the fund's high volatility and it has not always performed as we would have expected in the past.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	8	–	–	£389.7m	0.75%	0.97%	1.75%	Biannually

Schroder European Smaller Companies *Managed by Luke Biermann*

Luke uses a bottom-up approach to build a portfolio of small-size European companies. The team's belief is that the universe of smaller companies is diverse and constantly changing and that it offers exposure to niche areas that often cannot be accessed through larger companies. There is no style or geographic bias, but the manager does favour companies with strong earnings growth and quality management teams. Luke may also invest in companies headquartered outside of the continent (including the UK), but which derive a significant proportion of their revenues or profit from Europe.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	8.5	–	–	£215.2m	0.75%	0.93%	0.75%	Annually

Threadneedle European Select *Managed by David Dudding, Mark Nichols*

This is a high-conviction fund that invests in high-return, top-quality businesses. David and Mark largely ignore macroeconomic factors, preferring to focus their time on researching individual companies. They avoid industries with high regulatory uncertainty, such as banks or telecoms. In recent years this fund has given a solid, albeit not spectacular, performance. However, long-term performance is excellent and this fund tends to get most of its outperformance in falling markets. We consider this a core European fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	Elite	CHELSEA CORE	£3043.0m	0.75%	0.83%	1.10%	Annually

US

AXA Framlington American Growth *Managed by Stephen Kelly*

This fund has a strong growth bias and aims to invest in companies exhibiting genuine organic growth. It is mainly invested in large-caps but does have some mid-caps as well. About a third of the fund is currently invested in technology. Stephen benefits from AXAs strong resources in specialist areas such as technology, biotechnology and healthcare. This fund has done very well and has been helped by the extremely strong performance of US tech companies over the past few years. The fund does have a heavy style bias to growth and investors should be aware that the fund may underperform when this is not in favour.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	Elite	CHELSEA CORE	£514.6m	0.75%	0.82%	–	–

Fidelity American Special Situations *Managed by Angel Agudo*

Angel is a high conviction stock picker who pays little attention to the benchmark index. He is a contrarian and is naturally drawn to situations where a share has fallen out of favour. For this reason, the fund tends to have a value bias. Angel always thinks about downside protection and likes companies with strong balance sheets. He particularly likes stocks where there is a lot of upside but further downside is limited. We admire Angel's passion, conviction and willingness to be different. His refusal to buy expensive technology funds has hurt recent performance but we think this fund has the potential to do well over the long-term.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	CHELSEA CORE	£1120.8m	0.75%	0.95%	–	–

Fidelity American *Managed by Sujay Kodlikeri*

Sujay took over the management of this portfolio from Aditya Khowala in June 2017, following the firm's decision to change the investment style of the portfolio after a period of underperformance. The investment process of the fund was amended to move away from a growth-orientated bias to a more neutral style to give 'greater flexibility to adapt to changes in market conditions'. The fund typically has a bias toward larger and medium-sized companies and can also use derivatives with the aim of risk or cost reduction or to generate additional capital or income. The fund has seen several changes in management in recent years with Aditya himself having taken over in 2015 from Peter Kaye.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£866.9m	0.75%	0.96%	–	–

Janus Henderson US Growth *Managed by Doug Rao, Nick Schommer*

This fund has seen a change in management following the merger between Henderson Global Investors and Janus Capital. Doug and Nick, both of whom were existing managers with Janus, took over management of the fund from Derek Pawlak, Michelle Picard and Scott Priebe in December 2017 following two years of "disappointing relative underperformance". The portfolio continues to use the same investment philosophy under the management of the Denver-based duo by focusing on providing long-term capital growth via the shares of large US companies. The fund, which typically has about 40 holdings, can also hold up to 15% in cash or cash instruments.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£268.8m	0.75%	0.84%	0.10%	Biannually

Legg Mason ClearBridge US Aggressive Growth *Managed by Evan Bauman, Richie Freeman*

This is a high conviction buy and hold growth fund. It is very concentrated, with around 50% of the portfolio's value in the top ten holdings. These are combined with a tail of smaller incubator ideas, resulting in an overall portfolio of between 50 and 70 stocks. Evan has historically had a large overweight to healthcare and biotech companies. He has a very long-term view and companies are often held for ten years or more. This is a unique strategy, which has a strong long-term track record. The strategy's total size of $36bn may limit the manager's flexibility going forward.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7.5	–	–	£1347.1m	0.65%	1.14%	–	–

Legg Mason IF ClearBridge US Equity *Managed by Sam Peters, Jean Yu*

The managers hunt for market inefficiencies caused by widespread investor panic or greed. Sam and Jean do this through comparing general analyst notes and market expectations with their own analysis, to make sure the gap between a stock's price and its actual value is wide enough to offer some safety. The expected result of this is a portfolio of high-quality, but undervalued, holdings which can deliver better risk-adjusted returns and less volatility than the S&P 500 index. Unfortunately, however, the fund has been more volatile and has delivered lower returns than its benchmark over the short, medium and long-term.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	7	–	–	£34.6m	0.75%	1.03%	0.40%	Annually

Legg Mason IF Martin Currie North American *Managed by Chris Connor*

Legg Mason acquired Edinburgh-based equity specialists Martin Currie in 2014. The manager of this fund is relatively new, having taken it on in 2017. He has constructed a high conviction portfolio of 35-45 stocks and targets outperformance of the MSCI North American index by 3% over a three-year rolling period. He looks to identify attractively-valued companies with strong or improving fundamentals. The portfolio typically consists of large and mid-cap firms and has very low turnover. We have yet to meet the manager.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£126.4m	0.75%	0.95%	0.60%	Annually

LF Miton US Opportunities *Managed by Nick Ford, Hugh Grieves*

Hugh and Nick focus on companies which have a sustainable competitive advantage versus their peers. No matter whether the sector they operate in is very large or rather niche, it's about choosing the companies which are the best in their field. While they allocate a significant amount of their portfolio to small and medium-sized companies, they will avoid start-ups or immature businesses, focusing on company fundamentals such as good and growing turnover, a balance sheet with plenty of headroom and where valuation is not reflecting the company's prospects. Their hunting ground is principally the Russell 3000 index. The fund typically holds around 35-45 stocks. The process and strategy is well considered, with a methodical valuation discipline.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	CHELSEA CORE	£474.6m	0.75%	0.97%	0.08%	Quarterly

Neptune US Opportunities *Managed by Alastair Unwin*

The US team at Neptune has seen a significant number of changes in recent years. Ali took over management of this fund in 2017 following the departure of Robin Milway to set up his own venture. Milway himself had only taken on the management of the fund in 2016. The fund is a focused portfolio of approximately 40-60 North American companies, which may include Canada as well as the USA. Selection of these stocks is at the fund manager's discretion, although traditionally it is expected to reflect the company's wider sector and macroeconomic views. After numerous manager changes we are concerned about the lack of stability in the fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	7.5	–	–	£237.8m	0.75%	0.91%	0.32%	Biannually

Old Mutual North American Equity *Managed by Ian Heslop, Amadeo Alentorn, Mike Servent*

To counteract the efficient nature of North American markets, the managers of this fund avoid being weighted towards certain sectors and target opportunities regardless of market environment. The team uses a quant process to assess companies and produce a single return forecast against five key criteria including stock price valuation, balance-sheet quality, sustainable growth characteristics, efficient use of capital, analyst sentiment and supportive market trends. We like the team and their proven process, which has worked to consistently produce good performance in a very tricky market.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£3081.1m	–	0.95%	0.18%	Annually

Schroder US Mid Cap *Managed by Jenny Jones, Robert Kaynor*

Based in New York, Jenny and her team of analysts scour the US small- and mid-cap market for investment opportunities, They mostly look for companies which have been under-appreciated by the market, but have attractive growth prospects, low levels of debt and strong profit margins. They diversify these with two other types of stocks: 'steady eddies' which are lower-growth but less volatile, and struggling companies which are likely to undergo a transformation. Because the latter is less predictable, it will only account for less than 10% of the portfolio at any one time. Jenny and the team are highly experienced and it is one of the few funds in the sector to focus on mid-caps.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	Elite	–	£2029.2m	0.75%	0.91%	–	–

Schroder US Smaller Companies *Managed by Jenny Jones, Robert Kaynor*

Jenny has run this fund since 2002. She takes a bottom-up approach blending under-priced growth companies with slower growing, more reliable 'steady eddies'. She will also hold to 20% of the portfolio in potential recovery or turnaround stocks. The portfolio usually invests in 100-150 stocks, 80% of which will be small-sized US companies. The fund may also invest in small-sized Canadian companies. Jenny and the team are very experienced and performance of the fund has been consistently good.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	–	£827.5m	0.75%	0.91%	–	–

UBS US Equity *Managed by Thomas Digenan*

This fund is pitted against the Russell 1000 index rather than the S&P 500, so it tends to have a larger exposure to mid-caps than many of its peers. Thomas looks for companies which he thinks have been undervalued by the stock market, believing that a firm's actual value will not change nearly as much as its price in the short-term. Thomas uses UBS's 20-strong research team to predict each holding's future cash flows. He also prioritises healthy balance sheets, trustworthy and capable management teams, and the dependability of each company's client base. The result is a portfolio of between 60 and 90 stocks. His style has been out of favour, but performance has disappointed nevertheless.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	7.5	–	–	£202.3m	0.75%	0.86%	0.30%	Biannually

FAR EAST & EMERGING MARKETS

Aberdeen Asia Pacific Equity *Managed by Asian Equities Team*

Team leader, Hugh Young, and the Asia Pacific fund management team have built a strong long-term record in Asian markets, but have found performance more challenging in recent years. The portfolio typically holds 50-70 quality companies, which are often large or medium-sized. The team do not trade on short-term market movements and keeps turnover to a minimum. The focus on quality means the team searches specifically for companies with strong financials and simple, scalable business models. The structure of the fund means it often outperforms when markets are falling. Hugh has more than 30 years' experience managing Asian equities, with the 40-strong investment team based in numerous countries in Asia.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	8	–	–	£1183.1m	1.00%	1.20%	1.00%	Annually

Aberdeen Emerging Markets Equity *Managed by Global Emerging Markets Equity Team*

Aberdeen benefits from an effective research infrastructure with six offices located in emerging market countries. The team develops relationships with the companies it buys and looks to hold them for five years or so. It always meets and interviews the management of a company before investing. Aberdeen also takes an active interest in corporate governance, collaborating with companies to ensure best practice. Integral to the process is finding the sweet spot between the risk in buying a poor company and overpaying for a good one. The fund predominantly invests in large-cap holdings in a range of different sectors. Performance has been more challenging in recent years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	–	£1246.9m	1.00%	1.21%	1.10%	Annually

Allianz Emerging Markets Equity *Managed by Kunal Ghosh, Lu Yu*

Formerly the BRIC (Brazil, Russia, India and China) Stars fund, Kunal has made significant changes to the portfolio's structure since 2016 when the mandate was amended. The move was made as Kunal was finding an increasing number of opportunities outside the BRIC economies. The fund now invests across all countries in the MSCI Emerging Markets index, while up to 20% of the fund can also be invested into developed economies or other emerging economies outside the benchmark. In April 2018, Allianz Global Investors announced this was one of five UK retail funds that would see their fixed charges fall in exchange for a 20% outperformance fee.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£195.3m	0.88%	1.07%	1.70%	Annually

Fidelity Asia *Managed by Teera Chanpongsang*

Teera invests mainly in large-cap stocks. He has the support of Fidelity's large in-house research team, providing him with an edge in his bottom-up stock selection process, in a region that can be under-researched. Meeting management plays a key part in his decision making and he looks for companies that are trading below their intrinsic value, either because improving conditions are not reflected in the price or the growth potential is not fully understood by the wider market. He looks for restructuring and turnaround opportunities, as well as cyclical turns in certain industries. The portfolio has a low turnover and is well diversified across the region, thanks to the company's wide coverage and analyst expertise. Performance has been good.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	–	£2956.7m	0.75%	0.97%	–	–

Fidelity India Focus *Managed by Amit Goel*

This is a focused fund where the performance is driven by the stock-picking ability of the fund manager. Amit favours high-quality companies with scalable business models and strong management track records. However, they have to be available at reasonable valuations. He also keeps an eye on macro indicators, especially for cyclical companies, to understand their stage in the business cycle. Amit uses the strong regional coverage of Fidelity's analysts to good effect.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£1324.0m	0.80%	1.10%	–	–

First State Greater China Growth *Managed by Martin Lau, Sophia Li*

This fund focuses on individual company research. Martin invests in quality companies with barriers to entry, pricing power and sustainable growth. The fund is managed with a long term sustainable mindset. Governance is very important although Martin is willing to invest in state-owned enterprises where governance is shown to be improving. The fund also has a strict valuation discipline. The overall portfolio is usually between 50-60 stocks. Over the long term this fund has consistently been one of the best performers in the sector. Given the single country nature of the fund it can be volatile. The fund was soft-closed to new investment in 2012 but was reopened in 2016.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	–	£491.7m	1.00%	1.08%	0.85%	Biannually

Goldman Sachs India Equity Portfolio *Managed by Hiren Dasani*

This multi-cap fund's objective is to capture the growth potential of the Indian economy and it has a slight bias to small and medium-sized firms. It focuses on investing in sound businesses and company meetings on the ground in India are a crucial part of the process. It is an all-weather fund with a well-resourced and experienced team. One of the co-managers left last year, but Hiren has a very good and consistent track record and we think it is an excellent Indian equity option.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	CHELSEA SELECTION	£2003.0m	0.85%	1.09%	–	–

Invesco Perpetual Asian *Managed by William Lam*

Valuation is paramount for William and his team. Many of their best ideas will come from unloved areas of the market. However, they will also invest in growth stocks where they are deemed to be trading below fair value. The fund has a strict valuation discipline and investments will be sold once they reach estimated fair value. They target a double-digit annualised return from each investment. This fund has a clear and disciplined process. Its strong performance has been particularly impressive given that most value funds have struggled recently.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	CHELSEA SELECTION	£2373.7m	–	0.90%	1.31%	Annually

Invesco Perpetual Hong Kong and China *Managed by Mike Shiao, Lorraine Kuo*

This fund is very concentrated and will hold between 30 and 60 stocks. Managers Mike and Lorraine, alongside Invesco Perpetual's Greater China equities team, are based on the ground in Hong Kong and Taipei, so can conduct regular company meetings and in-depth analysis of each firm. The managers believe there are plenty of market inefficiencies, most of which are caused by sentiment swings and can therefore be exploited through careful research. They only look to invest in high-quality companies with unique products, but which are underpriced. It is a multi-cap fund, but Mike and Lorraine tend to focus on mid and large-caps. We like its high conviction and the fact that the managers are based in the region.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	CHELSEA CORE	£388.2m	–	0.89%	0.94%	Annually

Invesco Perpetual Pacific *Managed by Stuart Parks, Tony Roberts, William Lam, Charles Bond*

The flexibility of this fund allows co-managers Stuart, Tony and William to invest in shares of Far East companies, including Australasia and Japan. A significant emphasis is placed on valuation and bottom-up stock analysis as the trio focus on building a high-conviction portfolio whilst retaining an absolute return focus. William has responsibility for the Asia Pacific ex-Japan portion of the portfolio, while Tony focuses on Japanese exposure. Stuart, who is also head of Asian equities, has the overall responsibility for the asset allocation between the two regions. The portfolio typically holds around 60 stocks. Performance has been strong, despite the investment style having been out of favour.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	–	£337.1m	–	0.91%	1.12%	Annually

Janus Henderson China Opportunities *Managed by Charlie Awdry, May Ling Wee*

Charlie and May scour the Chinese market for value opportunities, looking for companies with positive earnings outlooks not yet recognised by other investors. As they are based in London, they don't get distracted by the short-term noise of the market. Instead, they conduct focused field trips and one-to-one meetings with company management. The fund invests mainly in larger Chinese companies across a diverse range of sectors. The portfolio is concentrated with around 40 to 70 holdings. Charlie is a very experienced Chinese equity investor and performance has been good.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	–	£1350.5m	0.75%	0.86%	0.90%	Biannually

Jupiter Emerging European Opportunities *Managed by Colin Croft*

Colin's philosophy is focused on two overlapping themes: under-appreciated investing and change-based investing. Change-based investing targets positive change that the market is yet to have fully factored in. In pursuing his investment philosophy Colin is style and benchmark agnostic, using rigorous bottom-up analysis with a macro overlay. He avoids derivatives and gearing and aims to be fully invested, taking a one in, one out, approach to holdings. The portfolio is concentrated at approximately 40-50 stocks. Emerging European markets can be volatile and this is reflected in the fund's performance. The manager is a fluent Russian speaker.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£96.9m	0.75%	1.25%	2.20%	Annually

Jupiter India *Managed by Avinash Vazirani*

Avinash takes a 'growth at a reasonable price' approach, looking for companies that will benefit from structural changes in the country. Companies are analysed based on their cash-flow generation, to establish the quality of their earnings and viability of their share price. Avinash's holdings will have market dominance, but with cost discipline and strong governance - something that can be missing with some Indian firms. The fund was one of the first Indian equity funds available to UK investors and has a bias towards small and medium-sized firms. Avinash's experience makes it an interesting option.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	CHELSEA SELECTION	£1002.6m	0.75%	1.07%	0.50%	Annually

M&G Global Emerging Markets *Managed by Matthew Vaight, Alice de Charmoy, Alastair Bruce*

This fund has been headed up by Matthew since its launch in 2009. He shuns the widely-held view that emerging market equities are attractive because they benefit from superior economic growth. Instead, he believes it is individual companies which drive the markets, and will focus his attention on four different 'baskets' of stocks: struggling businesses undergoing change; companies with high and sustainable returns; firms benefiting from long-term sector themes, and research-driven companies which are outperforming their peers. Matthew will leave M&G at the end of 2018 and, because the fund is dependent on his individual stock-picking skills, we have downgraded it to a 'hold' rating.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	Elite	–	£1854.8m	0.75%	0.99%	1.28%	Annually

Matthews Asia Pacific Tiger *Managed by Sharat Shroff, Rahul Gupta*

Based in San Francisco, Matthews Asia is a specialist Asian investor and this is its flagship fund. The fund's philosophy is to ignore short-term economic noise and focus entirely on the long-term. Sharat and his team invest in high-quality, capital-light businesses, with good corporate governance. They will typically have a bias to consumer-facing businesses. We like this fund's patient approach and its willingness to be different to its benchmark. Sharat and his team have a strong local knowledge, which we think can help give them an edge over their competitors.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	Elite	CHELSEA CORE	£537.7m	0.75%	1.25%	–	–

MI Somerset Emerging Markets Dividend Growth *Managed by Edward Lam, Edward Robertson*

Seeking to deliver both income and growth from approximately 40 quality companies, the team at Somerset has been together for around 20 years, bringing experience and sound judgement to a well-established strategy. The team doesn't ignore the macroeconomic environment, but the focus is more on the individual stocks. It looks for companies with good governance and will think of worst-case scenarios in order to manage risk. There is a historic tendency toward Asian Pacific equities, however they have also had a substantial stake in emerging European equities. Please note a dilution levy of 0.4% is charged when investing and divesting from the fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	9.5	Elite	CHELSEA SELECTION	£1254.7m	1.00%	1.12%	1.40%	Biannually

Neptune Russia & Greater Russia *Managed by Robin Geffen*

Robin is the founder of Neptune Investment Management. The portfolio is heavily influenced by his view of the world, which is combined with bottom-up fundamental stock analysis to build a portfolio. The fund is extremely concentrated with approximately 65% of its value in in its top 10 holdings. The total portfolio is between 20 and 45 holdings. Stock positions and sector bets versus the benchmark are determined by Robin's conviction ideas, however he prefers to invest in large-cap stocks so he can buy and sell them quickly. This is a highly specialist and volatile fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£177.0m	0.80%	1.09%	3.92%	Biannually

Newton Asian Income *Managed by Zoe Kan*

Zoe took over as lead manager on this fund in 2016, following the departure of Jason Pidcock to Jupiter. The portfolio adopts an unconstrained approach and typically holds between 40-70 stocks with a focus on capturing real and sustainable income. The fund operates a research-driven, bottom-up investment process. It also has a strict yield discipline and seeks to ensure the portfolio delivers a yield in excess of the FTSE AW Asia Pacific ex-Japan index. Any existing holding whose prospective yield falls below a 40% discount to the yield achieved on the comparative index will be sold. Performance has been disappointing in recent years and the fund has experienced significant outflows following Jason's departure.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	7.5	–	–	£1330.8m	0.75%	0.84%	4.54%	Quarterly

Schroder Asian Alpha Plus *Managed by Matthew Dobbs*

Matthew has a completely flexible approach to building the portfolio, which helps him to pick out any market inefficiencies that he sees. He makes the most of Schroder's large in-house research team, and focuses on stocks which have been highly-rated by analysts. Stock weightings in the portfolio reflect whether he sees visible earnings growth, sustainable returns, and whether they're attractively-valued. However, Matthew also takes the macroeconomic backdrop into consideration, and is cognisant of how much exposure he has to certain regions or sectors. He will typically hold between 50 and 70 companies at any one time, and most of them tend to be large caps. Matthew is highly experienced and has delivered very consistent performance.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	Elite	CHELSEA CORE	£921.7m	0.75%	0.95%	0.86%	Annually

Schroder Asian Income *Managed by Richard Sennitt*

Richard, who is supported by Matthew, focuses on companies which have been under-priced by the broader market because of short-term fears, but have attractive underlying fundamentals. Most of these stocks already have attractive yields at purchase, but Richard isn't afraid to buy stocks which he thinks are dividend stars of the future. Its income seeking mandate means it tends to be less volatile than many of its peers. Richard is very experienced and we consider this a core Asian income fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	Elite	CHELSEA SELECTION	£1322.8m	0.75%	0.93%	3.82%	Biannually

Schroder Asian Income Maximiser *Managed by Richard Sennitt, Mike Hodgson, Jeegar Jagani, Scott Thomson*

This is currently the highest-yielding fund in its sector, thanks to its use of income-boosting call options. While this means it boasts an attractive yield, it comes at the cost of some capital growth and some income growth; it may therefore fall behind during rising markets. The four managers target an annual yield of 7%, which is paid out to investors quarterly. Alongside selling call options, the bulk of the portfolio is invested in company shares which the managers believe have been mispriced by the market. The fund is not constrained by an index and tends to hold around 70 stocks at any one time. It is a good option for those looking for diversified income streams.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	–	–	£372.8m	0.75%	0.94%	7.16%	Quarterly

Stewart Investors Asia Pacific Leaders *Managed by David Gait, Sashi Reddy*

This fund's philosophy is to invest sustainably for the long term. It is completely benchmark agnostic. Corporate governance is paramount and most stocks will not meet the fund's strict criteria. The team favours steady growers which can compound over the longer term. The fund only invests in large and mid-cap stocks and the resulting concentrated portfolio has about 40-60 names. It has delivered excellent performance over the long term, although it has had a tricky two years of relative performance versus its peers. However, we would expect this fund to lag a rising market, so it is not a complete surprise. We still think the fund's focus on stewardship and sustainability will continue to deliver over the long term.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7.5	Elite	CHELSEA CORE	£7865.2m	0.85%	0.89%	1.03%	Biannually

Stewart Investors Global Emerging Market Leaders *Managed by Ashish Swarup, Tom Prew*

This fund is closed to new investment and has been for some time. Its philosophy is to invest sustainably for the long term and it is completely benchmark agnostic. Corporate governance is paramount and most stocks will not meet the fund's strict criteria. The team favours steady growers that can compound over the longer term. The resulting concentrated portfolio has about 40-50 names. The fund will also invest in stocks listed in developed markets if enough of their sales come from emerging markets. This fund has delivered excellent performance over the long term. We believe its focus on stewardship and sustainability will continue to deliver.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	–	£2503.1m	0.85%	0.92%	1.21%	Biannually

Stewart Investors Indian Subcontinent *Managed by David Gait, Sashi Reddy*

The fund invests in companies which are either based in – or have major operations in - India, Pakistan, Sri Lanka or Bangladesh. Sashi and David look for companies which fully understand how the ongoing development of the Indian subcontinent could impact their business. They tend to have a concentrated portfolio of around 40 stocks, which are chosen from across the market cap spectrum. They aim to find the highest quality companies possible, and each of these are chosen with a time horizon of at least five years. The managers have a focus on making absolute returns, rather than trying to beat a benchmark. Long-term returns are excellent and the fund has recently reopened to new investments.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	–	£288.8m	1.00%	1.16%	–	–

JAPAN

Baillie Gifford Japanese *Managed by Matthew Brett*

Matthew became lead manager this year, but has been co-manager on the fund for more than ten years. This is one of the most established funds in the sector having been founded in 1988. The largest portion of the fund is invested in secular organic growth, but the fund also has a portion invested in special situations and more cyclical growth. The fund has a bias to mid-caps. Baillie Gifford has a very strong Japanese team and this is reflected in the funds excellent long-term performance. We have every confidence that Matthew can continue to lead this fund to success in the future.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	CHELSEA SELECTION	£2634.1m	0.60%	0.63%	0.85%	Annually

JPM Japan *Managed by Shoichi Mizusawa, Nicholas Weindling, Miyako Urabe*

This is a domestic Japanese growth fund. When selecting stocks Nick incorporates a thematic approach, built from his on-the-ground knowledge and understanding of Japanese culture. Nick is benchmark agnostic and avoids 'old Japan' preferring younger companies with better corporate governance. Meeting management and understanding their culture is very important. The fund has a small and mid-cap bias. Stocks are sold when an investment case breaks down or when they get too expensive. This is one of our favourite Japanese funds. Nick is based in Tokyo and has a very clear and understandable investment approach.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	CHELSEA CORE	£826.1m	0.75%	0.90%	0.29%	Annually

Jupiter Japan Income *Managed by Dan Carter*

Dan has established a clear and consistent process since taking on the fund in 2016. It is designed to find companies with the ability, and willingness, to grow their dividends. To do this, Dan will identify financially stable companies, with quality management teams and a competitive advantage in their industry. Most stocks will be linked to a long-term structural theme. Dan engages with management to effect positive change, using formal correspondence to encourage firms to move to a progressive dividend policy. We are monitoring the fund while Dan builds a long-term track record.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£533.4m	0.75%	0.99%	1.80%	Biannually

Legg Mason IF Japan Equity *Managed by Hideo Shiozumi*

This is an out and out growth fund and is at the highest end of the risk spectrum. Hideo has been investing in Japanese equities for more than 45 years and no one has more experience than he does. The fund will invest in companies of any size but ignores multinational Japanese mega-caps and instead tends to be dominated by mid and small-cap stocks. Hideo is not afraid to pay up for growth. The fund has delivered exceptional performance. However, it is extremely volatile and has been prone to very large falls in the past when its growth style has gone out of favour. This fund is not for the faint-hearted.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	CHELSEA SELECTION	£1117.8m	0.75%	1.02%	–	–

Man GLG Japan CoreAlpha *Managed by Stephen Harker, Neil Edwards, Jeff Atherton, Adrian Edwards*

This is a concentrated fund of around 40-50 holdings and is unashamedly tilted heavily to the contrarian value style of investing. Stephen, Neil, Jeff and Adrian invest in out-of-favour companies which have been impacted by shorter term, and resolvable, issues. To mitigate risk, it has a bias towards the largest listed companies in Japan, and applies several initial risk overlays to each potential investment. The managers also have a keen focus on avoiding sector biases. It is one of the very few funds whose process has worked well over the long term in the tricky Japanese market.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	CHELSEA CORE	£2288.1m	0.75%	0.90%	1.73%	Annually

GLOBAL

Artemis Global Growth *Managed by Peter Saacke*

This fund uses Artemis's proprietary investment tool, SmartGARP©, to invest in a portfolio usually consisting of 150-200 stocks, principally from developed markets. This process has historically worked well globally. The in-house software screens 6,000 listed global equities which the manager deems easy enough to buy and sell for a fund of this size. The screening tool specifically searches for companies which are cheaper than the market, have the potential to grow faster and, crucially, have a catalyst which may convert an undeveloped situation into a higher share price. Before investing the manager will carry out research to ensure the investment case behind the SmartGARP® recommendation is valid. The portfolio typically has a mix of large and mid-cap stocks.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	–	–	£860.6m	0.75%	0.82%	1.63%	Annually

Artemis Global Income *Managed by Jacob de Tusch-Lec*

This fund will look different to its peers for a number of reasons. Firstly, it will have around a third allocated to medium-sized companies, (with the rest in large and mega caps). The manager will also look for contrarian ideas with a 'value' mindset. The portfolio is more focused on dividend growth and companies are sourced by looking for high free cash-flow, before the macro and sector outlook is analysed. Outside of this core process, Jacob will find special situations, such as companies that are out of favour but can help themselves turnaround. This differentiation, alongside Jacob's excellent economic insight, makes for a compelling option in the sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	Elite	CHELSEA CORE	£4288.6m	0.75%	0.80%	3.48%	Biannually

Baillie Gifford Global Discovery *Managed by Douglas Brodie*

This fund invests in smaller companies with very high growth prospects from all over the world. Douglas focuses on businesses which are highly innovative and capable of changing the world in some way; this means the fund tends to have significant weightings in the technology and healthcare sectors. As such, it is positioned very differently from its peers and can be more volatile, so is not for the faint-hearted. Because a lot of the holdings are early-stage companies, Douglas has a keen focus on diversification, so the portfolio has between 75 to 150 stocks in no less than six different regions at any one time. Douglas has delivered excellent returns during favourable market conditions.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8.5	Elite	CHELSEA SELECTION	£553.6m	0.75%	0.79%	0.00%	Annually

Fidelity Global Dividend *Managed by Daniel Roberts*

Dan has managed this fund since its launch in 2012. He is a chartered accountant and prefers simple understandable businesses with clear cash flows and strong balance sheets. This leads him to a natural bias against financial stocks which can be both complex and highly levered. Dan aims to build a portfolio which is more defensive than the market. We like his clear focus and his willingness to ignore parts of the market which do not meet his strict investment criteria. Since launch the fund's performance has been strong but equally impressively, it has also been one of the least volatile in the sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA SELECTION	£862.0m	0.75%	0.97%	3.10%	Monthly

Fidelity Global Enhanced Income *Managed by David Jehan, Daniel Roberts*

This fund is very similar to Fidelity Global Dividend, but has an additional covered call overlay (managed by David), which boosts its yield in return for foregoing some of the capital growth. Dan focuses on companies which offer the prospect of sustained dividend growth over the long term, have consistent cash flows and understandable business models, and little or no debt on their balance sheets. We like Dan's clear focus and his willingness to ignore parts of the market which do not meet his strict investment criteria. Since launch, the fund's performance has been strong but, equally impressively, it has also been one of the least volatile in the sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5.5	–	CHELSEA SELECTION	£247.6m	0.75%	0.99%	5.00%	Monthly

Fidelity Global Focus *Managed by Amit Lodha*

This is a quality growth style global mid-cap fund which holds between 80-120 different stocks. The fund's philosophy centres on the premise that global equity markets are semi-efficient and that mispriced growth potential can be exploited. The manager hunts for sustainable pricing power, aiming for companies with uniquely positioned products or services that form a critical part of the value chain. Fidelity funds are augmented by their strong global research capability. The manager, Amit, has proven that he can compete with the pack.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£421.1m	0.80%	0.96%	–	–

Fidelity Global Special Situations *Managed by Jeremy Podger*

This fund has a clear set of defined rules and four types of investment themes: corporate change – spotting a big structural change in a business; exceptional value – profitability is expected to improve significantly in the next three to five years; unique business – strong revenue and good cash-flow; and special situations – where there may be a merger or spin-off, for example. Jeremy has an exceptional track record of consistently adding value. It is very well diversified with around 150 holdings and is unlikely to take large country or sector bets. We consider this a core global fund which has tight risk controls.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	Elite	CHELSEA CORE	£2554.6m	0.75%	0.95%	–	–

Fundsmith Equity *Managed by Terry Smith*

Terry runs this concentrated global equity fund following three simple rules: first, invest in good companies. These will be generating high levels of cash and reinvesting to grow the business and protect their position. Secondly, don't overpay. Thirdly, do nothing. Terry will hold stocks for as long as rule one stays true, and keeps costs down by only trading when necessary. The fund will have between 25-40 stocks. We like the clear process and this fund is a favourite of Chelsea clients. Performance has been outstanding.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6	Elite	CHELSEA CORE	£15556.5m	0.90%	0.95%	0.61%	Biannually

Guinness Global Equity Income *Managed by Matthew Page, Ian Mortimer*

This fund has a concentrated portfolio of 35 stocks, all of which are equally weighted to minimise stock-specific risk. Managers Ian and Matthew adopt a 'one in, one out' policy to portfolio construction, which means that when they add a company, they simultaneously have to have high conviction in the new idea and enough reason to sell an existing holding. The fund has a bias towards high-quality stocks and filters out companies based on their business model and balance sheet strength, rather than their dividend yield. Ian and Matthew tend to hold stocks for between three and five years and their clear, simple, repeatable process has led to consistent outperformance.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6.5	Elite	CHELSEA SELECTION	£395.6m	0.50%	0.99%	2.73%	Biannually

Invesco Perpetual Global Equity Income *Managed by Nick Mustoe*

This fund typically comprises 60-80 stocks, which the group believes are the most sustainably growing, cash-generative companies trading on attractive valuations across the globe. Nick, who is also chief investment officer, has managed the portfolio since 2010. He is supported on the fund by the global equity group, which is comprised of numerous fund managers at Invesco as they aim to deliver the best ideas for the fund. The portfolio has no constraints in terms of market capitalisation, region and industry but has traditionally had a preference for developed market equities through its bottom-up stock selection process.

BUY	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6	–	–	£926.2m	–	0.87%	3.13%	Biannually

Invesco Perpetual Global Equity *Managed by Nick Mustoe*

This fund taps into the strength of Invesco's equity income managers across various markets to build a portfolio of 40-60 global stocks. It usually has a bias towards large-caps and developed economies, and has no specific sector weightings. Managed by Nick and the wider global equity income team, the fund targets companies with robust balance sheets, strong cash flows and good management teams. Nick believes these companies are the most likely to sustain profit margins and deliver positive returns through the economic cycle. The fund has consistently delivered reasonable income and good total returns, despite its style being out of favour.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	6.5	–	–	£1529.5m	–	0.87%	1.53%	Annually

Invesco Perpetual Global Smaller Companies *Managed by Nick Mustoe*

This portfolio taps into the global strengths of Invesco, with the fund being broken down into a number of sub-funds run by regional teams. A diversified portfolio of 300-400 stocks, the allocation to each region is decided by committee. Bottom-up stock research primarily determines stock selection within those regions. The fund is headed up by Nick and supported by the global smaller companies group, which is comprised of six additional fund managers. There is a dual fund manager/analyst role within the group providing both ownership and accountability for each investment decision. Tactical factors, like capital flows, economic growth, inflation and currencies, are also considered within the process.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	8	–	–	£843.9m	–	0.90%	0.71%	Annually

Janus Henderson Global Equity *Managed by Ian Warmerdam, Ronan Kelleher*

Under the management of Ian and Ronan, this high conviction portfolio typically comprises between 40-60 stocks, with no specific benchmark focus. Investments in the fund are made on at least a five-year time horizon with the aim of having exposure to long-term secular growth trends, driven by innovation or demographics, which are under-appreciated by the market. Valuations are assessed based on cash flow, balance sheet strength and long-term earnings growth. The managers are supported on the fund by the UK-based global equities team, which is headed up by Ian.

HOLD	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
	7	–	–	£529.4m	0.75%	0.85%	0.19%	Annually

Janus Henderson Global Equity Income *Managed by Andrew Jones, Ben Lofthouse*

Ben and Andrew aim for an income in excess of that of the MSCI World Index by investing in a number of higher yielding companies and sectors across the globe. The managers employ a bottom-up stock-picking approach as they target undervalued businesses, with attractive cash-flow and good dividend characteristics. Supported by the 15-strong global equity income team, the fund diversifies across sectors and geographies, but traditionally has had a preference for developed equities with the US and UK often among the largest country-specific exposures.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	6	–	–	£804.1m	0.75%	0.84%	3.50%	Quarterly

JOHCM Global Select* *Managed by Christopher Lees, Nudgem Richyal*

This is an unconstrained best ideas fund, which selects stocks from across 350 companies owned by other JOHCM managers. Christopher and Nudgem undertake detailed country, sector and stock analysis. They then identify which factor has the biggest effect on the stock over time. Their philosophy is: beware the 'good house in a bad neighbourhood'. The final portfolio is made up of 40 to 50 roughly equally weighted stocks. This fund has a very well defined, strong and unique investment process which has worked well over the long term. Recent performance versus peers has been a little weaker.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£2329.3m	0.75%	0.81%	–	–

Jupiter Fund of Investment *Managed by Richard Curling*

Richard aims to achieve long-term capital growth by investing principally in investment trusts and other closed-ended investment companies listed on the London Stock Exchange. The fund is both high conviction and global in nature and typically comprises 50-60 stocks. The fund targets anomalies and exploits opportunities within the sector by focusing on discounts, management capabilities, corporate actions and capital structure. The fund does not focus purely on trusts investing in stocks and shares but also in some 'alternative' areas where private investors might find it difficult to get exposure, for example trusts not listed on the stock exchange or frontier markets.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7	–	–	£123.7m	0.75%	1.12%	1.00%	Biannually

Jupiter Merlin Growth Portfolio *Managed by John Chatfeild-Roberts, Algy Smith-Maxwell, Amanda Sillars, David Lewis*

This fund-of-funds is part of the Jupiter Merlin range, all of which follow a similar investment philosophy, but are positioned based on different objectives and risk levels. This fund is one of the higher-octane funds in the range, aiming to achieve both growth and some income by investing in a combination of equities, fixed income, commodities and property. It sits in the IA Flexible sector, meaning the managers have complete freedom when it comes to asset class allocation. The managers start with a thorough analysis of the macroeconomic environment, before focusing on fund selection and choosing the managers which they believe can weather whole economic cycles.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5.5	Elite	–	£1884.7m	0.75%	1.74%	–	–

Lindsell Train Global Equity *Managed by Michael Lindsell, James Bullock, Nick Train*

Managed by the co-founders of the business, this has been one the best performing global funds in recent years. Nick and Michael run this highly concentrated portfolio of 25-30 global equity stocks, with a bias towards developed countries. The managers focus on "exceptional" businesses they believe have sustainable models and/or established resonant brands. They find most of their opportunities in consumer branded goods; internet, media and software; pharmaceuticals and financials. Turnover is typically low, and the portfolio will look very different to its benchmark the MSCI World Index (developed markets). The portfolio has been known to have a historically strong weighting to Japanese equities.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	–	–	£4890.1m	0.65%	0.74%	–	–

Liontrust Global Income *Managed by James Inglis-Jones, Samantha Gleave*

James has managed this fund since March 2009 and Samantha became co-manager in 2012. They aim to provide investors with a high level of income and capital growth that can keep pace with inflation over the medium to long-term. They use a 'Cashflow Solution' investment process. The process is based on the belief that the most important determinant of shareholder returns is company cash flows, as they are a good indicator of strong growth in future reported profits and mean companies are in a good position to pay generous and rising dividends to shareholders. Performance has been relatively unspectacular in recent years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	6.5	–	–	£164.9m	0.75%	0.91%	4.95%	Biannually

M&G Global Dividend *Managed by Stuart Rhodes, John Weavers, Alex Araujo*

This is a dividend growth strategy, which is not constrained by a yield target. Stuart avoids the highest yielders and buys companies which are growing their dividend every year. This fund is quite different to its peers because Stuart is not afraid to have some commodity exposure. A portion of the fund is also invested in rapid growth businesses, which may have small starting dividends, but are growing quickly. We like the fund's focus on dividend growth and its willingness to venture away from the most obvious income stocks in search of a better return. This fund has delivered admirably on its goal of growing its distribution, and the resulting total return since launch has been excellent.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	7	Elite	CHELSEA CORE	£6333.4m	0.75%	0.91%	2.82%	Quarterly

*This fund has a performance fee.

M&G Global Themes *Managed by Jamie Horvat, Richard Halle*

Formerly M&G Global Basics, this fund was revamped and renamed to give it a greater emphasis on total returns and thematic allocations. Under the new remit, Jamie has altered the investment philosophy from 70% in basic industries to 80% in global equities with no restriction on sector, size or geography. The fund has a blended approach of top-down and bottom-up investing and focuses on long-term structural shifts and themes like demographics, technology and the environment. The M&G Global Leaders fund was also merged into this portfolio in May 2018 after a review by the firm.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	7.5	–	–	£2368.2m	0.75%	0.92%	0.99%	Annually

Newton Global Income *Managed by Nick Clay, Ian Clark*

As with all Newton funds, the investment philosophy of this portfolio is centred on themes and long-term structural changes which can impact the broader economy, such as demographic shifts or technological disruption. From this starting point, Nick adopts a strict yield criteria, ensuring every one of his holding yields at least 25% more than the FTSE World index. He also focuses on companies which have sustainable competitive advantages, sound fundamentals, and are attractively-valued. Nick will hold anywhere between 40 and 70 stocks, depending on how many opportunities are available. The fund pays a high yield and has delivered strong absolute returns.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA SELECTION	£5377.1m	0.75%	0.79%	2.94%	Quarterly

Rathbone Global Opportunities *Managed by James Thomson, Sammy Dow*

James looks for innovative growth companies of all shapes and sizes: these should be differentiated, scalable and have sustainable growth while shaking up their industries. There are no restraints on geography or sector, but James tends to have a bias towards mid-sized companies in developed markets, which he describes as his sweet spot. He usually avoids companies in emerging markets, only investing in them if he has extremely strong conviction. The fund is a concentrated portfolio of 40 to 60 holdings and has a defensive bucket of holdings that are less economically sensitive, with slower and steadier growth prospects, for risk management purposes. We have supported this fund for many years and James has always delivered good performance.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	Elite	CHELSEA CORE	£1235.1m	0.75%	0.79%	0.13%	Biannually

FIXED INTEREST

Artemis High Income *Managed by Alex Ralph*

Alex invests around 80% of this portfolio in bonds and up to 20% in equities for diversification and capital appreciation purposes. Industry exposure is capped at a maximum of 15% in any one sector across the portfolio. The manager targets higher levels of income by investing in bonds with lower credit ratings and she works closely with fellow managers Ed Legget and Paul Casson, who manage the equity portion of the portfolio. The fund has been a consistent performer in the past few years with Alex taking sole control following the departure of Adrian Gosden in 2016.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	–	–	£1309.8m	0.63%	0.69%	5.44%	Monthly

Artemis Strategic Bond *Managed by James Foster, Alex Ralph*

Alex and James typically invest in about 100-130 holdings which are diversified by sector, the quality of the underlying company and the length of time until the bond matures. The portfolio can also invest across regions but usually focuses on the UK, Europe and the US. While the macroeconomic view is decided on a team basis, each manager has their specific duties from a sector and company ratings perspective. James has responsibility for higher-quality companies and financials, while Alex focuses on higher-risk holdings. The flexibility of the mandate also allows the fund to invest in futures, credit default swaps, index-linked bonds, preference shares and convertible bonds.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3	–	CHELSEA SELECTION	£1284.7m	0.50%	0.57%	3.99%	Monthly

Baillie Gifford Strategic Bond *Managed by Torcail Stewart, Lesley Dunn*

Whilst the name of this fund has recently changed (it was previously called Baillie Gifford Corporate Bond), the process and team have not. It has two drivers for performance: bond selection and income generation. Its straight-forward, bottom-up process means the managers buy bonds that are undervalued and hold them until their potential is realised and the price has appreciated. In the interim, they are paid to wait by receiving coupons, delivering the income element. The sweet spot is in the crossover point between investment-grade and high-yield bonds, with an approximate 70/30 split respectively. We like this simple approach as it plays to the team's strengths and avoids the complexities often prevalent in the strategic bond space.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	Elite	CHELSEA CORE	£728.8m	0.50%	0.52%	3.40%	Monthly

Fidelity Moneybuilder Income *Managed by Ian Spreadbury, Sajiv Vaid*

This fund aims to achieve a steady income without taking undue risk by investing predominantly in investment-grade corporate bonds. Ian, who has managed the portfolio since 1995, is one of the most highly-regarded fixed income managers in the UK. Sajiv joined him as deputy manager in 2015. In addition to investment-grade corporate bonds, the fund can also invest up to 5% in high-yield bonds and 20% in government bonds. The portfolio can access bonds denominated in currencies other than sterling but a maximum of 10% of this overseas currency exposure can be unhedged. The portfolio tends to consist of sectors and companies which are not reliant on the wider economy to grow.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	2.5	–	–	£3778.0m	0.40%	0.56%	3.29%	Monthly

Invesco Perpetual Corporate Bond *Managed by Paul Causer, Michael Matthews*

Paul is extremely well-respected in the industry. He has a completely unconstrained approach, which is built on the idea that markets are mostly efficient, but still throw up opportunities. Paul and his team have a three-step strategy. First, they analyse the macroeconomic backdrop and make informed decisions about which market areas are likely to do well. Secondly, they evaluate the companies, focusing on whether a company can meet its obligations in terms of paying interest and repaying the debt. Then finally, they assess the value and whether the risk being taken is worth the returns and the income on offer. Paul is one of the most experienced managers in the sector and has an excellent long-term track record.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	2	Elite	–	£4536.2m	–	0.61%	3.20%	Biannually

Invesco Perpetual Monthly Income Plus *Managed by Paul Causer, Paul Read, Ciaran Mallon*

This is Invesco's flagship fixed income offering. It is a true strategic bond fund which gives the managers considerable freedom to invest where they wish. The macroeconomic environment will drive the managers' positioning. The team will also undertake detailed fundamental analysis on individual positions. The fund can and usually does have up to 20% invested in equities which is managed by Ciaron. This does make the fund more volatile than some of its peers but it has also been a tailwind to performance over the long-term. The strength and depth of Invesco's fixed income team set this fund apart from many of its sector peers.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	Elite	CHELSEA CORE	£3180.4m	–	0.67%	4.96%	Monthly

Janus Henderson Fixed Interest Monthly Income *Managed by Jenna Barnard, John Pattullo, Nicholas Ware*

John and Jenna are co-heads of strategic fixed income at Janus Henderson and are supported on this fund by Nicholas. One of the oldest bond funds in the UK, this vehicle leverages off macroeconomic research and bottom-up security selection of bonds of any quality and from any type of issuer to achieve the highest level of income possible. This also makes it higher risk. The wider remit means the managers aim to build a portfolio of high-yielding assets including corporate bonds, secured loans and preference shares, whilst keeping cash levels to a minimum. In addition to investing in traditional fixed income securities, the managers can also use derivatives to manage both return and risk appropriately.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3	–	–	£802.5m	0.60%	0.69%	4.39%	Monthly

Janus Henderson Strategic Bond *Managed by John Pattullo, Jenna Barnard*

John and Jenna invest across the entire fixed income spectrum because they believe that different assets will outperform at varying times throughout the economic cycle. First, they analyse any long-term market trends, monetary policy conditions and where we are in the cycle. They then look at valuations to pinpoint the most attractive parts of the market, before undertaking rigorous fundamental research. They are able to invest up to 70% in high-yield bonds, 50% in convertible bonds, 30% in emerging market bonds, 50% in preference shares and 20% in equities, depending on their view of the world. They are two of the most experienced and established fixed income managers and have delivered excellent long-term performance.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3	–	CHELSEA CORE	£2148.4m	0.60%	0.69%	3.20%	Quarterly

Jupiter Strategic Bond *Managed by Ariel Bezalel*

This is a flexible 'go anywhere' bond fund. Decisions are driven by the team's macroeconomic analysis and Ariel is not afraid to make big changes to the portfolio. The fund also makes extensive use of derivatives. Unlike some peers this is a true strategic bond fund which will react to changing markets. The fund has historically been one of the least volatile in the sector and has done an excellent job of preserving capital whilst still providing a high income and good performance. It has been one of our favourite bond funds for some time now.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	2.5	Elite	CHELSEA CORE	£3867.7m	0.50%	0.73%	3.60%	Quarterly

Kames Investment Grade Bond *Managed by Euan McNeil, Stephen Snowden*

Co-managed by Stephen and Euan, this fund focuses on higher quality corporate bonds but can also invest up to 20% in high-yield bonds and may also hold cash. The structure of the fund lends itself to providing an income, although this will vary over time and the managers will not prioritise it over capital. The managers operate a high-conviction strategy meaning they only take on credit risk when they are rewarded for doing so. Stephen and Euan aim to exploit changes in the creditworthiness of companies and also in expectations of the path of interest rates. Stephen is one of the most experienced investors in fixed income and has consistently delivered good risk-adjusted returns for investors.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	2.5	Elite	CHELSEA CORE	£1499.0m	0.75%	0.78%	2.70%	Quarterly

Kames Sterling Corporate Bond *Managed by Iain Buckle, Rory Sandilands*

Co-managed by Iain and Rory, this fund aims to maximise total return by investing mainly in sterling-denominated bonds, including investment grade corporate bonds, government bonds and cash. Up to 10% of the fund may be invested in high-yield bonds. The fund is not restricted by market sector or geography, although it typically has a bias towards UK fixed interest. Rory became co-manager on the fund in August 2017 following the departure of the David Roberts, who left to join Liontrust Asset Management.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	2.5	–	–	£600.0m	0.50%	0.54%	3.10%	Quarterly

Legal & General Dynamic Bond *Managed by Shahzada Omar Saeed*

Managed by Omar since July 2015, this fund aims to provide a combination of income and growth. It is actively managed and leverages the resources of LGIM's global fixed income team. Omar uses a top-down but flexible mandate, balancing the portfolio between a blend of long-term trends and short-term opportunities. Omar invests across the full fixed income spectrum, from government bonds to high-yield and emerging market bonds. He will also use derivatives and may hold cash. Performance has been disappointing over his tenure.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	3	–	–	£376.4m	–	0.63%	7.20%	Quarterly

Legal & General High Income *Managed by Martin Reeves*

This fund operates at the more conservative end of the high-yield market. The manager believes it is too easy to focus purely on the US and that going global offers greater opportunities to investors. He bases his approach around three elements. Firstly, the macro picture which is at heart of the fund's philosophy. This is then supported by detailed credit analysis. The fund also exploits behavioural biases – including its own – by using the mantra 'two minds to every problem'. So, when an analyst has researched a bond, either the head of research or the manager will then review it. Under the manger's tenure, performance has been OK.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	4	–	CHELSEA CORE	£1354.7m	–	0.41%	6.10%	Monthly

M&G Corporate Bond *Managed by Richard Woolnough, Ben Lord*

This is a plain vanilla corporate bond fund which has a mandate to not stray too far from its benchmark. Richard is supported by one of the largest investment teams in London. They undertake detailed credit analysis with an emphasis on avoiding losers rather than picking winners. Richard will actively tilt the portfolio according to his outlook for growth, inflation and interest rates. However, this fund does not have the same level of conviction as some of his other mandates. The fund is very well diversified with over 250 individual positions. This is a solid core corporate bond fund run by an excellent and highly-experienced manager.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	2	Elite	–	£3768.5m	0.50%	0.66%	3.59%	Quarterly

M&G Global High Yield Bond *Managed by Stefan Isaacs, James Tomlins, Luke Coha*

Stefan and James manage a portfolio of approximately 300 fixed interest securities, the majority of which are predominantly in developed markets. The process is top down, evaluating the macroeconomic environment. Their views on the future direction of interest rates have a large impact on the positioning of the portfolio. Credit liquidity is important, which is the ability to quickly realise the cash value of their holdings. To achieve this, they stick to larger bond issues with a broad investor base and diversified markets. M&G benefits from having a large credit research team exceeding 50 analysts. This is a solid but unspectacular bond fund.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	3.5	–	–	£1180.2m	0.65%	0.81%	5.06%	Monthly

M&G Optimal Income *Managed by Richard Woolnough, Stefan Isaacs*

Richard starts by forming a macroeconomic overview based on his outlook for growth, inflation and interest rates. He can invest across the fixed income spectrum allowing him to express his views on the relative attractiveness of government and corporate bonds. A differentiating feature of this fund is its ability to invest across the capital structure: Richard can invest in a company's senior debt, subordinated debt or even equity, depending on which offers the best value. Richard is one of the few bond managers who has shown he can consistently add value through his asset allocation and interest rate management. One caveat is the fund's huge size which may make it harder to change the fund's positioning quickly.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	Elite	–	£23721.1m	0.75%	0.91%	3.15%	Monthly

M&G Strategic Corporate Bond *Managed by Richard Woolnough, Ben Lord*

This fund is predominantly invested in corporate bonds although it will usually have a small allocation to high yield bonds. Richard is supported by one of the largest investment teams in London. They undertake detailed credit analysis with an emphasis on avoiding losers rather than picking winners. Richard will actively tilt the portfolio according to his outlook for growth, inflation and interest rates. The fund is managed more aggressively than the M&G Corporate Bond fund, with Richard deviating further from the benchmark in terms of asset allocation and interest rate exposure. This is a solid core corporate bond fund run by an excellent and highly experienced manager.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	2	Elite	–	£3095.1m	0.50%	0.66%	3.64%	Quarterly

Man GLG Strategic Bond *Managed by Andy Li, Simon Finch*

Co-manager, Jon Mawby, resigned from the firm in April 2018 meaning Andy now co-manages the fund with Simon. The fund can invest across all credit and fixed income asset classes using a combination of bottom-up analysis and top-down asset allocation. The bottom-up analysis is from a combination of proprietary analytical tools and detailed credit selection, while the portfolio leverages off the macro-specialists at the firm when making top-down allocation decisions. Risk management is central to the process, with the managers hedging against known risks with derivatives. The lack of a benchmark allows the strategy flexibility when allocating risk between defensive and cyclical stocks.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	3	–	–	£222.9m	0.60%	0.75%	3.96%	Quarterly

Old Mutual Corporate Bond *Managed by Lloyd Harris*

The aim of this fund is to target high quality bonds with a focus on downside protection. The majority of the fund (approximately 70% to 80%) is investment grade although the manager does invest a minor proportion in lower rated bonds. The investment process is an overlap of identifying top-down macroeconomic themes with bottom-up positioning. The manager is not afraid to admit that he takes relatively conservative positions. The themes and positions are regularly reviewed to ensure their ongoing validity.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	2.5	–	–	£315.8m	–	0.65%	1.75%	Quarterly

Schroder High Yield Opportunities *Managed by Michael Scott*

This fund was recently renamed from Monthly High Income. Michael and his team combine macroeconomic views with fundamental research. The fund can invest globally but will tend to focus on developed debt markets in the UK, Europe and USA. Michael will move the portfolio between regions and sectors depending on his economic outlook. He is strongly supported by Schroders global credit team who focus on under the radar companies. The fund is well diversified with over 150 different positions. Michael has delivered fantastic risk-adjusted performance since he took over in 2012. This fund is one our favourites in this sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4	Elite	CHELSEA SELECTION	£684.71m	0.60%	0.72%	6.35%	Monthly

TwentyFour Dynamic Bond *Managed by Gary Kirk, Eoin Walsh, Mark Holman, Felipe Villarroel, Pierre Beniguel, Robert Arnold*

This strategic bond fund can invest across the whole range of fixed income assets. This means its management team can take advantage of any changes in market conditions. It has a very strong focus on both credit default and interest rate risk. Because of the team's expertise, it can take advantage of lower-rated bonds which have higher yields, as well as other parts of the market that other investors tend to ignore, such as subordinated financial debt and asset-backed securities. It is usually one of the higher-yielding funds within its sector. TwentyFour is a specialist bond company and well-resourced with experts in their field. Performance has been excellent but the fund can be a little more volatile than its sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	Elite	CHELSEA SELECTION	£1770.0m	0.75%	0.77%	4.53%	Monthly

MISCELLANEOUS

Artemis Monthly Distribution *Managed by Jacob de Tusch-Lec, James Foster*

This multi-asset fund is run by two very talented stock-pickers; Jacob is in charge of its equity portion, while James is in charge of the fixed income and overall asset allocation. They meet regularly to discuss their macroeconomic views, as well as their thoughts on specific companies. The fund does have some restrictions: it can't hold more than 5% in any one holding (except government bonds), more than 20% in any sector or more than 15% in emerging markets. It tends to hold around 60% in fixed interest and 40% in equities. The fund is a mix of two of the best funds in their respective sectors and has delivered excellent performance.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4.5	Elite	CHELSEA SELECTION	£846.3m	0.75%	0.84%	3.98%	Monthly

Artemis Strategic Assets *Managed by William Littlewood, Kartik Kumar*

Managers Kartik and William focus on the macroeconomic environment when generating investment ideas. While a sizeable portion of this fund tends to be invested in equities, it is also able to hold fixed income, currency, commodities and cash. The managers can short any asset in order to take advantage of falling markets and to help preserve capital when times are tough. The managers have an absolute return mindset and have delivered consistently steady returns and lower volatility in down markets.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6	Elite	CHELSEA SELECTION	£740.3m	0.75%	0.86%	–	–

Aviva Investors Multi Strategy Target Income 2 *Managed by Peter Fitzgerald, Brendan Walsh, Ian Pizer, Gavin Counsell*

This is one of very few absolute return funds to pay a monthly income. The income is derived from a diverse source of different assets and positioning is driven by the house macroeconomic view, which is updated once a quarter. The fund also aims to preserve capital, with risk-reducing strategies that are designed to protect the fund whilst costing very little. While the fund has paid out a good income, it has not protected capital as much as we would have expected in difficult markets.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	3.5	–	–	£1865.0m	0.75%	0.85%	4.70%	Monthly

AXA Framlington Biotech *Managed by Linden Thomson*

Linden has always been a healthcare and biotech specialist throughout her career. She focuses on bottom up fundamental research. She usually likes to meet a company before she invests as good management is particularly important for the smaller biotechs. The fund is concentrated with around 50% in its top ten holdings, although it does also have smaller positions in earlier stage companies leading to a portfolio of 60 holdings. Around 80% of the fund is domiciled in the US. This is a highly specialist and volatile fund. We like Linden's approach and specialist knowledge, and the fund has performed well under her tenure.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	–	–	£488.0m	0.75%	0.82%	–	–

AXA Framlington Global Technology *Managed by Jeremy Gleeson*

This is an unconstrained multi-cap fund that seeks growth from technology stocks from around the world. Its lack of benchmark constraints means it is free to invest in 'new technology' rather than 'old technology'. It is important in any fund to avoid the losers but no more so than in the technology sector. Jeremy has successfully run this fund since 2007 and has been specialising in technology stocks since 1998. His level-headed commitment to finding new opportunities with strong commercial potential and ignoring yesterday's winners, coupled with his and his team's vast experience, has led to very strong performance over the years.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	10	Elite	CHELSEA SELECTION	£557.7m	0.75%	0.83%	–	–

AXA Framlington Health *Managed by Dani Saurymper*

Dani has over 15 years' experience in the healthcare sector. Like most AXA Framlington funds it is focused on growth and this often leads to an overweight in sectors such as biotech. Dani initially screens for businesses with high and improving returns. He always tries to meet companies before investing and assessing management is a key part of his process. The portfolio has around 60 holdings of which around 70% are domiciled in the US. We like the higher conviction, more concentrated approach that Dani has introduced since he became manager.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	–	£494.4m	0.75%	0.82%	0.36%	Biannually

BlackRock Gold & General *Managed by Evy Hambro, Tom Holl*

This fund invests predominantly in gold mining stocks usually with some silver miners as well. Evy has been working on the strategy since 2001 until he became lead manager in 2009. The team is very experienced. Their dedicated research database provides them with an analytical edge. They invest in higher quality established miners generating strong cash flows. The portfolio is highly concentrated with almost 60% of the fund in their top ten holdings. This is a highly specialist and volatile fund run by a very experienced team. Recent performance versus peers has been a bit weaker than we would have hoped.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£1010.3m	1.00%	1.17%	0.01	Annually

BlackRock UK Absolute Alpha* *Managed by Nick Osborne, Nigel Ridge*

This is a long/short UK fund which aims to make a return in all market conditions. The fund was restructured and strengthened with the addition of Nigel in 2013. Since Nigel joined, the fund is now higher conviction but with a conservative net exposure to the wider stock market. Nick and Nigel are pragmatic stock-pickers who will take the macroeconomic environment into account as well as company fundamentals. Before taking positions, Nick and Nigel try to identify a catalyst which will drive a stock up or down. This fund has had a strong and consistent track record since Nigel joined the team.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4	Elite	CHELSEA CORE	£444.4m	0.75%	0.92%	–	–

First State Global Listed Infrastructure *Managed by Peter Meany, Andrew Greenup*

This is a highly concentrated infrastructure fund with a bottom-up approach. Most of the allocation is to developed markets. From a broad universe, the manager identifies around 180 potential candidates, investing in approximately 40 equities. There is no direct investment in infrastructure projects, just listed companies that operate in the infrastructure sector. These may include utilities, roads, train lines, air and marine ports, oil and gas storage and transportation. The fund shifted toward more economically sensitive assets a couple of years ago to insulate the portfolio from the potential impact of future rate rises. The manager, Peter, is well supported by a team of seven analysts.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	6.5	Elite	–	£2089.8m	0.75%	0.80%	3.19%	Biannually

Invesco Perpetual Distribution *Managed by Paul Causer, Paul Read, Ciaran Mallon*

Managed by the same team that runs Invesco Perpetual Monthly Income Plus, this fund aims to deliver both income and capital growth. Up to 40% of the fund can be invested in UK and global equities, while 60% or more is invested in investment grade corporate and government bonds. The managers are wary of interest rate risk and will hold higher proportions of government bonds and cash when a cautious outlook is required.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	4	–	–	£2697.9m	–	0.77%	4.44%	Monthly

Janus Henderson Cautious Managed *Managed by Jenna Barnard, John Pattullo, Stephen Payne*

This multi-asset fund will only hold the asset classes that each of the managers know best. As such, it tends to only hold UK equities, UK fixed income and cash. While the equity portion of the fund is invested in cheaper, out-of-favour companies, the fixed income holdings are chosen to minimise the volatility and make sure the portfolio as a whole works well together. The fund holds equal weightings in bonds and equities when it is in its 'neutral' position, although it can hold between 20% and 60% in equities at any one time. This fund now has a 'hold' rating as Chris Burvill has taken an extended period of leave.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	4	–	–	£2082.0m	0.63%	0.71%	3.20%	Monthly

*This fund has a performance fee.

Janus Henderson Global Technology *Managed by Richard Clode, Alison Porter, Graeme Clark*

This is one of the few specialist technology funds to have successfully navigated the dotcom bubble in 2000. The fund saw a re-shuffle in its management team last year as co-manager Stuart O'Gorman, who has managed the fund since 2001, left the firm with Alison, Graeme and Richard now co-managers. The investment philosophy remains unchanged with the portfolio consisting of 60-80 stocks, many of which are predominantly large-caps. The holdings are heavily skewed towards the US given it is the hub of the technology industry. The trio focuses on bottom-up analysis of potential investments, but also identifies long-term industry themes and target companies poised to benefit from them. The managers make opportunistic stock selections in the small-cap market.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£885.7m	0.75%	0.84%	–	–

Janus Henderson UK Absolute Return* *Managed by Ben Wallace, Luke Newman*

This is a long/short fund which tries to make a return in all market conditions. Two thirds of the fund is positioned in short term tactical positions where the managers believe a surprise is imminent. The remaining third of the fund is positioned in long-term core positions. The fund may invest up to 40% outside the UK and in recent years it has done this more and more. Few funds in the sector can boast of such a strong track record. The fund has delivered a positive return in every year since it was launched in 2009. We note the fund's size has grown considerably as it has become increasingly popular.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4	Elite	CHELSEA CORE	£2517.1m	1.00%	1.05%	0.10%	Biannually

Janus Henderson UK Property Feeder *Managed by Marcus Langlands Pearse, Ainslie McLennan*

This fund invests in physical UK commercial property. Marcus and Ainslie look for freehold or leasehold properties predominantly based in London or the South East. These can include buildings used for leisure, retail, or industrial purposes such as offices or warehouses. They have also started investing in alternative commercial property for extra diversification, such as hotels, hospitals and care homes. Because physical property can be illiquid (difficult and time-consuming to sell), the managers will hold a significant amount of cash at any one time to manage flows of money into and out of the fund. The portfolio is well diversified with more than 120 properties and 550 tenants and we like their focus on high quality tenants and long leases.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	3.5	Elite	–	£2201.0m	0.75%	0.84%	3.00%	Quarterly

JPM Natural Resources *Managed by Neil Gregson, Christopher Korpan*

This is a commodities fund that invests in three types of companies: those producing and marketing energy, and those involved in industrial and precious metals. The neutral position of the fund would be a third invested in each of these three categories, but the manager can adjust the allocation according to their view on where the opportunities lie. The top 10 holdings account for approximately 40% of the portfolio and tend to be large-cap oil & gas, and mining giants listed in developed markets. There are over 100 holdings, however, with the remaining allocation leaning towards smaller companies. Commodities are traditionally a more volatile asset class and this fund is no exception.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	10	–	–	£755.4m	0.75%	0.90%	1.13%	Annually

Jupiter Absolute Return *Managed by James Clunie*

James is something of a 'short selling specialist', having completed his PhD on the subject. Short-selling, which means trying to make money when share prices fall, is therefore a key strategy of this absolute return fund, which invests primarily in global equities with the aim of generating a positive return in both rising and falling markets. James typically has a small style bias towards value stocks. It is rare to find a fund with such low historic correlation to other asset classes. James has a good track record and the fund has performed consistently well under his management.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4.5	Elite	CHELSEA SELECTION	£1482.8m	0.63%	0.84%	–	–

Jupiter Distribution and Growth *Managed by Alastair Gunn, Rhys Petheram*

The managers target a high and rising income with capital growth by investing in a blend of equities and bonds. Alastair runs the equities portion and Rhys the bonds, with the overall allocation to each varying according to what the pair believe offers the better return prospects. Alastair looks specifically for companies that can produce and sustain strong and growing cash flows and where management can show an ability to pay a regular dividend, reinvest earnings, make sensible mergers & acquisitions and potentially pay a special dividend with any remaining cash. Rhys invests in a range of high-quality bonds issued by companies, supplemented by bonds which offer a higher yield, but with higher risk, as well as convertible bonds.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
HOLD	5.5	–	–	£446.0m	0.75%	1.04%	4.00	Biannually

Jupiter Financial Opportunities *Managed by Guy de Blonay*

This specialist fund invests in global financial companies. There are a good number of sub-sectors where he can look for opportunities and all ideas start with the concept that the stock can benefit from promising trends or themes within the sector, but where the potential is not yet reflected in the current share price. Guy considers the wider economic picture when he undertakes detailed research into individual companies and he has an excellent track record in what is a very niche asset class.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	8	–	CHELSEA SELECTION	£616.1m	0.75%	1.01%	0.90%	Biannually

*This fund has a performance fee.

Old Mutual Global Equity Absolute Return* *Managed by Ian Heslop, Amadeo Alentorn, Mike Servent*

This is a complex quantitative long/short equity fund. The fund is designed to be market neutral. This means at any time it will have very little or no direct exposure to the stock market. The fund is extremely diversified with between 600 and 900 positions. Returns are generated from five different sources; dynamic valuation, sustainable growth, analyst sentiment, company management and market dynamics. Ian and his team then vary the weighting to each of these factors depending on market conditions. This fund has delivered excellent long-term returns with almost no correlation to the stock market. Historically all five sources of return have delivered a positive performance. This is one of our favourite funds in the targeted absolute return sector.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	5	Elite	CHELSEA CORE	£12003.7m	0.75%	0.81%	–	–

Standard Life Investments Global Absolute Return Strategies *Managed by Multi Asset Investing Team*

Since its launch, this fund has become one of the largest targeted absolute return portfolios in the UK retail market. It invests across numerous global asset classes to meet its investment aim of 5% more than cash over three years, regardless of market conditions. More than 60 investment professionals contribute towards the fund as either strategists, investment managers or investment risk experts. It invests in Standard Life equity and bond funds, as well as using 'relative value strategies' in equities, fixed income securities, currencies and cash positions. The portfolio also invests in more sophisticated, derivative-based instruments. It is a very complex fund and recent performance has been disappointing.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
SWITCH	4.5	–	–	£17903.0m	0.75%	0.89%	1.31%	Annually

VT Chelsea Managed Aggressive Growth *Managed by Valu-Trac***

This fund-of-funds seeks long-term growth for investors, while taking on higher levels of risk than the other VT Chelsea Managed funds in order to seek higher returns. The team is unafraid to tilt the fund towards the sectors or regions that it feels particularly positive on, in order to achieve the highest potential gains. The team is also unafraid to include more niche funds or specialist country funds in the portfolio; this can include India or emerging market funds, as well as technology, biotech or insurance-specialised funds. The fund may have a strong bias towards small and medium-sized companies.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
–	7	–	–	£16.7m	0.30%	1.27%	–	–

VT Chelsea Managed Balanced Growth *Managed by Valu-Trac***

The Chelsea team look for funds which, when put together in a portfolio, achieve higher growth than a more cautious portfolio but are less exposed to market falls than some of the more aggressive funds available. It targets an equity weighting of between 50% and 70% at any one time, but this part of the portfolio will vary in terms of sectors and investment styles over time to suit different market conditions. Alongside these, the team will hold a variety of other assets including bonds, property, gold, targeted absolute return strategies and other investments.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
–	5.5	–	–	£17.8m	0.30%	1.41%	–	–

VT Chelsea Managed Cautious Growth *Managed by Valu-Trac***

This fund-of-funds focuses on producing steady growth, but with lower volatility than the global equity market, over rolling five-year periods. The team hunts for funds which are more defensive in nature. It specifically chooses assets which have lower correlation to markets or to each other, which means that returns should be smoother and the portfolio is better-insulated from any sharp market moves.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
–	4	–	–	£8.1m	0.30%	1.55%	1.70%	Biannually

VT Chelsea Managed Monthly Income *Managed by Valu-Trac***

The team looks to sustain an above-market level of income, which is paid out in roughly equal amounts each month. It hopes to grow this income over time. It describes building a consistent income portfolio as a "jigsaw puzzle" – all the pieces have to be in the right place to put the picture together. The portfolio consists of a diversified range of funds spanning UK and overseas equities, bonds, gold and targeted absolute return strategies. The fund will also hold other assets specifically for their income-paying potential, such as property and infrastructure.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
–	4.5	–	–	£15.1m	0.30%	1.25%	4.63%	Monthly

VT Gravis UK Infrastructure *Managed by Valu-Trac****

This portfolio invests in listed sterling securities in the infrastructure space including investment companies, direct equities, fixed income and Real Estate Investment Trusts (Reits). Around two-thirds of the holdings will be across a number of investment trusts and the fund targets a regular income of 5% per annum with the potential for capital growth and protection from inflation. The underlying investments are typically securities which invest in, or own contracts where, the free cashflow yield is derived from either long-term contracts, with the public sector for the provision of core services, or from commercial entities providing core services with similar traits. The fund will invest in a minimum of 22 holdings and offers income investors something different for their portfolios.

	Chelsea Risk Rating	FundCalibre Rating	Selection	Fund Size	AMC	OCF	Yield	Yield Payment
BUY	4	–	CHELSEA SELECTION	£242.9m	0.75%	0.82%	5.58%	Quarterly

*This fund has a performance fee. **The Chelsea research team are investment advisers to the fund. ***The investment adviser to the fund is Gravis Advisory Limited.

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YOUR CHELSEA TEAM

Darius McDermott
Managing Director

I joined Chelsea in 1996 so I've seen quite a lot of ups and downs in markets, from the euphoria of the tech bubble to the trauma of the financial crisis. So I bring a wealth of experience to the team. It's all too easy to get carried away along with market noise but being able to take a step back and put minor market blips into context is a big advantage.

Juliet Schooling Latter
Research Director

Like Darius, I've been at Chelsea for a great many years. Despite working together all this time, we often hold differing views and that can be very useful in tempering our own thoughts on markets. With a degree in economics, I like to look at the big picture and take a macroeconomic view on which markets look most interesting. I'm a contrarian at heart.

James Yardley, CFA
Senior Research Analyst

I've always had a passion for investing, but my past four years at Chelsea has helped me to gain valuable experience. I'm a natural worrier, so I tend to look for the downside to any investment. I also enjoy seeking out hidden gems, which are often overlooked by the wider investing public, and can bring diversification to the portfolios.

Ryan Lightfoot-Brown
Research Analyst

As one of the more recent additions to the team, having joined just three years ago, I bring a fresh pair of eyes to our investment thinking. I like to challenge the team on their preferred managers. My background in behavioural finance gives me a natural aversion to the 'me too' investments that can be very overpriced.

Peter Hicks
Research Assistant

I joined the team last year, having completed my masters in international business and management. I'm responsible for data production and statistical analysis. I also meet fund managers and assist with meeting note production that enables us to have a clear thought process on how the fund managers might perform in rising and falling markets.

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