

Aegon

Researched Fund Panel Update

At the Aegon Quarterly Review Meeting on 20th May 2019 the following changes to the Aegon Researched Fund Panel were agreed.

Additions

IA UK Equity: LF Lindsell Train UK Equity

Following the Aegon Quarterly Review Meeting in May 2019, we have added the LF Lindsell Train UK Equity fund to the Researched Fund Panel.

The fund holds a Morningstar Analyst Rating of Gold and is a UK Equity fund that aims to outperform the FTSE All Share index by investing in high-quality companies with durable, cash-generative business franchises.

The fund is managed by Nick Train who has developed a 'Buffett-like' approach to investing by identifying very high-quality companies with durable, cash-generative business franchises and holding them for a very long period. Train targets companies that are well established, have high barriers to entry with strong financial characteristics. The universe of stocks which fall into the quality screen is narrow, and the portfolio is concentrated to the 20-30 best ideas based on in-depth fundamental analysis. These types of companies are rare so are typically held for a long period of time and turnover is limited. This 'Buffett-like' philosophy has delivered long-term outperformance of the index and peers, with strong drawdown characteristics. We believe the fund broadens the choice within this sector and therefore recommend adding it to the Researched Fund Panel.

IA Mixed Investment 0–35% Shares: Royal London Sustainable Managed Growth

Following the Aegon Quarterly Review Meeting in May 2019, we have added the Royal London Sustainable Managed Growth fund to the Researched Fund Panel.

The fund holds a Morningstar Analyst Rating of Bronze and is a strong choice for investors looking for modest income and capital growth from a portfolio centred around bonds, with some exposure to equities, using a sustainability approach that has been used in a disciplined manner over time.

IA Mixed Investment 20–60% Shares: Royal London Sustainable Diversified

Following the Aegon Quarterly Review Meeting in May 2019, we have added the Royal London Sustainable Diversified fund to the Researched Fund Panel.

The fund holds a Morningstar Analyst Rating of Bronze and is a strong choice for investors looking for a fairly balanced exposure to equities and bonds via a sustainability approach that has been employed in a disciplined manner over time.

IA Mixed Investment 40–85% Shares: Royal London Sustainable World

Following the Aegon Quarterly Review Meeting in May 2019, we have added the Royal London Sustainable World fund to the Researched Fund Panel.

The fund holds a Morningstar Analyst Rating of Bronze and is a strong choice for investors looking for higher capital growth mainly from global equities, but also some exposure to bonds using a sustainability approach that has been employed in a disciplined manner over time.

These three strategies are managed by two experienced managers: Mike Fox on the equity side and Richard Nelson on the fixed-income side. They have been managers since launch in July 2009.

The process has been applied consistently over their tenures. Fox looks to invest in companies that deliver a net benefit to society in terms of the products and services they provide, or which show leadership in environmental, social, and governance management on the equities side. On the fixed-income side, Nelson looks for similar characteristics in issuers, but he also looks to construct the fixed-income portfolio such that secured bonds make up its core. He complements them with issuers that are currently out of favour but where he can see clear credit migration catalysts.

The socially responsible objectives of these strategies does however limit its exposure to certain sectors and companies, which means that its returns can deviate notably from the market's and peers at times. We believe these funds broaden the choice within these sectors and therefore recommend adding them to the Researched Fund Panel.

Removals

IA UK All Companies: LF Woodford Equity Income

Following the Aegon Quarterly Review Meeting in May 2019, we have removed the LF Woodford Equity Income fund from the Aegon Researched Fund Panel.

The fund's Morningstar Analyst Rating has now been downgraded to Neutral on the back of persistent redemptions, underperformance and stock-specific issues, which have resulted in portfolio positioning that we consider extreme. We therefore recommend removing the fund from the Researched Fund Panel.

IA UK Smaller Companies: Aberforth UK Smaller Companies

Following the Aegon Quarterly Review Meeting in May 2019, we have removed the Aberforth UK Smaller Companies fund from the Aegon Researched Fund Panel.

The fund continues to hold a Morningstar Analyst Rating of Bronze however we are removing the fund from the Panel in order to replace it with one of our higher conviction ideas and to broaden the fund choice on the Panel.

IA Specialist: Aberdeen Latin America Equity

Following the Aegon Quarterly Review Meeting in May 2019, we have removed the Aberdeen Latin America Equity fund from the Aegon Researched Fund Panel.

The fund continues to hold a Morningstar Analyst Rating of Bronze however we are removing the fund from the Panel in order to replace it with one of our higher conviction ideas and to broaden the fund choice on the Panel.

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