

**SHINING A LIGHT ON THE.....
Schroder Sterling Corporate Bond Fund**

AT A GLANCE

Investment Objective	
The Fund aims to provide income and capital growth by investing in fixed and floating rate securities issued by UK companies and companies worldwide.	

Inception Date	21 st July 1995
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=FOGBR04IQ8

Management	
Manager Name	Start Date
Alex Smitten	6 th June 2008

Top 10 Holdings		
Total number of holdings	145	
Assets in Top 10 Holdings	24.81%	
Name	Sector	% of Assets
Long Gilt Future Bond 27/Mar/2019 G H...	-	7.73%
Yorkshire Building Society 3.5%	-	2.38%
Credit Suisse Group AG 2.12%	-	2.25%
Western Power Distribution plc 3.5%	-	1.92%
British Telecommunications plc 3.62%	-	1.83%
Cybg Plc 4%	-	1.82%
Assura Plc 3%	-	1.74%
Ado Properties S.A. 1.5%	-	1.73%
United Kingdom of Great Britain and N...	-	1.72%
Swap/07/06/2022/P:GBP/LIBOR/6M /R:GBP...	-	1.69%

Volatility Measurements	
3-Yr Std Dev (volatility)	5.80%
3-Yr Mean Return (average)	6.43%

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FUND PERFORMANCE

Performance from 1st January 2014 to 28 February 2019:

	2014	2015	2016	2017	2018	2019
Schroder Sterling Corporate Bond	10.52%	-0.69%	11.39%	8.13%	-2.15%	2.96%
Vanguard Global Bond Index	7.97%	1.25%	3.51%	2.00%	-0.11%	1.00%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Schroder Sterling Corporate Bond	2.51%	21.12%	30.10%	326.56%
Vanguard Global Bond Index	1.94%	3.99%	14.15%	-

You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

UPDATE....

For investors looking at investing in credit this is a corporate bond fund. The managers believe that they are different because they have been able to deliver consistent returns in falling and rising markets with significant outperformance of the index. In the 20 years plus this has been running they have only had three negative periods in 2008, 2015 and 2018.

They believe that investment grade bonds will do well irrespective of what the economy is doing. It means that they ignore the big events when they happen and build on the little picture. Often panic fades, but at the time it opens opportunities.

The type of companies they like are ones that are unlikely to default, for example Virgin Media. If Virgin Media went bust they have hard assets so there would be some return. With HMV there are no assets so any return would more than likely be zero. This is about finding companies which have a right to exist. If they don't then the bonds are worth nothing and it is not a risk that this fund takes.

They have never had a default and the average credit rating is BBB, so they believe there is very little risk within the fund. They also feel that they can offer a point of difference as they don't follow the benchmark and the assets in the fund are below £300 million, which makes the fund more flexible and liquid compared to others in the market.

Examples of companies they like include Intu Properties which own 9 out of the top malls in the UK. They have stress tested the company right down to zero. There is £900 of equity in the business so the chances of losing are small.

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In summary, for investors looking for fixed income then this provides exposure to corporate bonds. It is a defensive strategy in that it looks to only invest in the best companies. The research is such that those companies that they invest in are tested to see the worse case scenario. If a company holds very little in assets but high levels of debt, then it is unlikely to be investable. Every company must earn its place. For investors they also need to consider whether picking the right fixed income strategy is right for them, or whether they use a strategic bond manager who does this for them.

The source of information in this note has been provided by Schroder and is correct as at March 2019. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.