

**SHINING A LIGHT ON THE.....
Schroder European Alpha Income Fund**

AT A GLANCE

Investment Objective	
The Fund aims to provide income and capital growth by investing in equity and equity related securities of European companies, excluding the UK.	

Inception Date	2 nd May 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000O623

Management	
Manager Name	Start Date
James Sym	1 st November 2012

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	24.12%
Large	25.28%
Medium	24.69%
Small	21.05%
Micro	4.85%

Top 10 Holdings		
Total number of holdings	47	
Assets in Top 10 Holdings	33.59%	
Name	Sector	% of Assets
AXA SA	Financial Services	4.91%
Sanofi SA	Healthcare	4.36%
Grupo Catalana Occidente SA	Financial Services	3.57%
Ipsos SA	Communication Services	3.34%
Borr Drilling Ltd	Energy	3.17%
Total SA	Energy	3.07%
KBC Group SA/NV	Financial Services	2.98%
Bankinter SA	Financial Services	2.81%
ABN AMRO Bank NV	Financial Services	2.78%
SalMar ASA	Consumer Defensive	2.59%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.88%
3-Yr Mean Return (average)	-5.59%

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FUND PERFORMANCE

Performance from 1st January 2014 to 29th February 2020:

	2014	2015	2016	2017	2018	2019	2020
Schroder European Alpha Income Fund	0.95%	13.42%	24.22%	16.30%	-16.24%	15.38%	-16.77%
iShares MSCI Europe ex-UK ETF	0.04%	4.07%	19.51%	16.37%	-9.95%	12.62%	-8.23%

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

	1 year	3 years	5 years	Since launch
Schroder European Alpha Income Fund	-9.21%	-16.77%	19.18%	115.95%
iShares MSCI Europe ex-UK ETF	-0.01%	9.00%	31.95%	38.78%

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....

These updates have been written at the time of Coronavirus Pandemic in 2020 which has impacted the global financial markets in a way that has never been seen before.

We have in the past highlighted how we liked the fund manager, but the performance has been poor over the last few years. It was announced that James Sym has resigned and will be leaving at the end of March. The deputy manager, James Rutland, has also left. The fund will pass to Martin Skanberg who manages European Equities at Schrodgers.

Martin is currently working with James to move the fund across to a position he is happy with. The fund will continue to focus on income and growth with a large cap focus and high active share class (so holdings different to the benchmark).

We have already seen the number of holdings come down significantly. The holdings of the fund will have a 60/70% crossover with the strategy Martin currently runs. Martin's style is different, and he sits in the blended strategy. He is style agnostic, seeking mispriced opportunities. It seemed from the conference call that although the focus remains on income, the style of the fund will change to try and deliver more consistent performance.

They have already taken out some of the energy holdings and some of the smaller holdings. In terms of energy the fund may position towards bio energy. Other areas they like are financials and healthcare and pharmaceuticals.

There also seems to be working being done on whether the companies within the fund can maintain their dividends and therefore the focus will move towards those with strong balance sheets.

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This is very early days and the fund is down over 30% year to date. The style clearly will change from its current positioning of cyclical and value. Those who have invested for that reason may not want to continue to invest. It seems that this will in time move closer to the existing fund he manages, but with the income overlay.

In terms of performance, a lot of work needs to be done to repair this and just because Martin has been successful with his existing fund, it does not mean he can repeat it with this one. The fund has seen a significant reduction in holdings, and we would suggest it is better to wait and see, and perhaps have a follow up meeting with the manager in 12 months' time.

The source of information in this note has been provided by Schroder and is correct as at March 2020. 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.