

# Scottish Equitable M&G Optimal Income (ARC)

## Fund information

Fund provider	Aegon/Scottish Equitable plc
Fund launch date	11 Nov 2011
Benchmark	IA Sterling Strategic Bond
Fund charge*	0.79%
Aegon fund size	£16.31m
ABI sector	ABI Sterling Strategic Bond
Fund type	Pension
ISIN	GB00B3WWG283
SEDOL	B3WWG28
Aegon mnemonic	ZGU
CitiCode	OOLX

\*This is on top of any product or adviser charge you pay and includes a fixed management fee plus expenses that vary with the day to day costs of running the fund. Expenses can include costs paid by Aegon to third parties. The fund charges may differ for Retirement (RR) or Aegon One Retirement (AOR).

## About fund performance

Investors should always consider performance in relation to the objective of the fund and over periods of at least five years. If a fund has risen in value, it doesn't mean it is meeting its objective – especially if the fund is aiming to outperform a particular benchmark or meet a risk target. The same applies if the fund has fallen in value.

## Our risk rating



**Below-average risk**

Below average risk funds will generally see some change in day-to-day value, both up and down, and these changes will typically be larger than those of a cash deposit. They may hold a broad range of investment types, including equities (shares), but a significant proportion may also be invested in investments that aim to provide a reliable source of income (like government and corporate bonds) and, with that, greater stability than would typically be available from equities. They try to provide better long-term growth prospects than a cash deposit, but are lower risk than funds investing largely in equities.

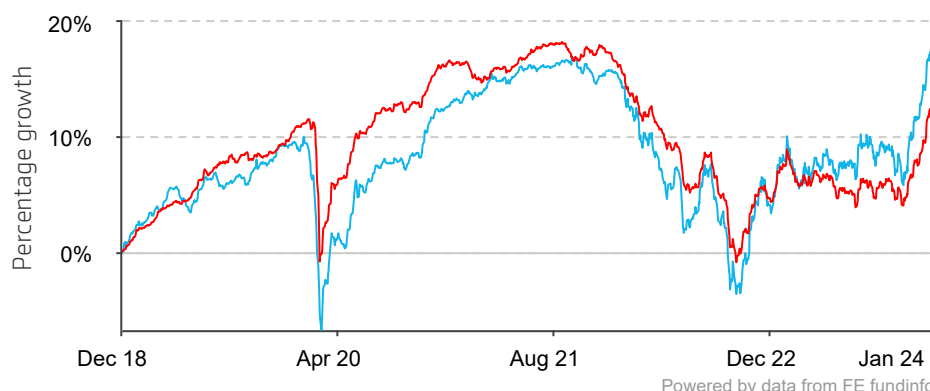
## Fund objective

The fund aims to provide a combination of capital growth and income, after charges, higher than the average return of the IA £ Strategic Bond Sector over any five-year period. At least 50% of the fund is invested in bonds issued by government and companies from anywhere in the world, including emerging markets. These bonds can be denominated in any currency. Up to 20% of the fund may be invested in company shares when the fund manager believes they offer better value than bonds. The fund is a flexible global bond fund, seeking to invest in a combination of assets that together provide the most attractive or 'optimal' income stream. The Scottish Equitable fund has higher charges than the underlying M&G fund and will therefore be less likely to meet this target. The underlying fund has charges that can change on a quarterly basis, so the charge you pay for the Scottish Equitable fund may vary in line with that on a quarterly basis but will not exceed the Fund Charge shown on the fund factsheet.

## Fund performance

The following graph and tables show the performance of the fund over various time periods compared to the fund's benchmark (if there is one). All performance information is as at 31 Dec 2023 unless otherwise stated.

In the graph, performance is shown since launch if the fund is less than five years old.



■ Scottish Equitable M&G Optimal Income (ARC)  
■ IA Sterling Strategic Bond

	1yr	3yrs	5yrs	10yrs
Fund	13.4%	1.4%	3.3%	3.3%
Benchmark	7.8%	-1.1%	2.4%	2.8%
Sector quartile	1	1	1	1


  

	Dec 22 to Dec 23	Dec 21 to Dec 22	Dec 20 to Dec 21	Dec 19 to Dec 20	Dec 18 to Dec 19
Fund	13.4%	-10.6%	2.8%	3.1%	9.2%
Benchmark	7.8%	-11.0%	0.8%	6.6%	9.3%
Sector quartile	1	2	1	4	3

Source: FE fundinfo. The performance information has been calculated in pounds on a bid-to-bid basis and is net of charges with gross income reinvested. Performance for periods over a year is annualised (% per year). Past performance is not a reliable guide to future performance. The value of an investment can fall as well as rise and is not guaranteed. Investors could get back less than they invested.

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## Underlying fund

Fund mgmt group	M&G UK
Fund name	Optimal Income
Launch date	08 Dec 2006
Fund size	£1,423.38m as at 31 Dec 2023
Sedol code:	B1H0515
ISIN	GB00B1H05155
Crown rating	

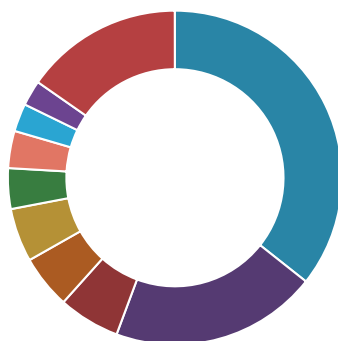
## Fund manager information



Fund manager	Richard Woolnough
Start date	08 Dec 2006

Richard Woolnough joined M&G in January 2004 and is Richard Woolnough manages Optimal Income, Corporate Bond and Strategic Corporate Bond, three of M&G's flagship fixed income strategies. Richard, who joined M&G in January 2004, began his career at Lloyds Merchant Bank in 1985, moving to Italian insurer Assicurazioni Generali two years later, followed by SG Warburg. In 1995, he became a fund manager at Old Mutual. Richard graduated from the London School of Economics with a BSc in economics.

## Sector breakdown as at 31 Dec 2023



Name	Weight
Sovereign	31.7%
Banking	17.8%
Consumer Goods	5.3%
Insurance	4.6%
Utility	4.6%
Foreign Sovereign	3.5%
Telecommunications	3.2%
Covered Bonds	2.4%
Asset Backed	2.2%
Other	13.6%
<b>Total</b>	<b>88.9%</b>

## Credit breakdown as at 31 Dec 2023

Name	Weight
A	8.8%
AA	33.1%
AAA	2.9%
B	2.9%
BB	7.5%
BBB	34.5%
C	0.1%
CCC	0.3%
Money Market	9.6%
Non-Rated	0.2%
<b>Total</b>	<b>99.9%</b>

## Top holdings as at 31 Dec 2023

Holding	%
UNITED STATES TREASURY 0.625% 15/05/2030	3.6%
UNITED STATES TREASURY 2.375% 15/05/2029	2.8%
FRANCE (REPUBLIC OF) 1.25% 25/05/2034	2.7%
UNITED STATES TREASURY 0.625% 15/08/2030	2.7%
UK CONV GILT 0.875% 31/01/2046	2.4%
UK CONV GILT 0.625% 22/10/2050	2.3%
UNITED STATES TREASURY 1.25% 15/05/2050	2.2%
UK CONV GILT 3.75% 22/10/2053	2.0%
UK CONV GILT 4.25% 07/12/2046	1.8%
FRANCE (REPUBLIC OF) 2% 25/05/2048	1.5%
<b>Total</b>	<b>24.0%</b>

Total number of holdings: 452

Source of fund breakdown and holdings: Fund mgmt group

# Scottish Equitable M&G Optimal Income (ARC)

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## Risks specific to this fund

There is no guarantee the fund will meet its objective. The value of an investment can fall as well as rise and investors could get back less than they originally invested. All funds carry a level of risk and the information below outlines the key risks for this fund.

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**Currency risk** - this fund invests overseas so its value will go up and down in line with changes in currency exchange rates. This could be good for the fund or bad, particularly if exchange rates are volatile.

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**Third party risk** - in the event that the underlying investments which the fund invests in suspend trading, Aegon may defer trading and/or payment to investors. The value ultimately payable will depend on the amount Aegon receives or expects to receive from the underlying investments.

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**Credit risk** - this fund invests in bonds or other types of debt. Bonds are essentially loans to companies, governments or local authorities so there's a risk that these companies or government bodies may default on the loan. Bonds are rated in terms of quality, usually from AAA down to B and below. AAA is the highest quality and therefore the least likely to default and B or lower the most likely to default. Where we have it we show the credit quality of the loans held by this fund.

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**Derivative risk** - this fund will use derivatives in a number of ways to achieve its objectives. Holdings may add up to over 100% because derivatives offer a way to gain exposure to the returns of a specified equity or bond market without having to directly own it. These negative figures are not shown within the top holdings section. Derivatives allow a manager to buy or sell an investment at a specified future date for a specified price. However, this means the fund could be exposed to additional risks if the market moves up when the manager expected it to go down or vice versa.

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**Interest rate risk** - interest rate changes could affect the value of bond investments. Where long term interest rates rise, the value of bonds is likely to fall, and vice versa.

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