

Scottish Equitable Schroder Sterling Corporate Bond (ARC)

Fund information

Fund provider	Aegon/Scottish Equitable plc
Fund launch date	11 Nov 2011
Benchmark	Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index
Fund charge*	0.64%
Aegon fund size	£5.04m
ABI sector	ABI Sterling Corporate Bond
Fund type	Pension
ISIN	GB00B63BPP17
SEDOL	B63BPP1
Aegon mnemonic	ZIA
CitiCode	00M7

*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 Retiready (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.

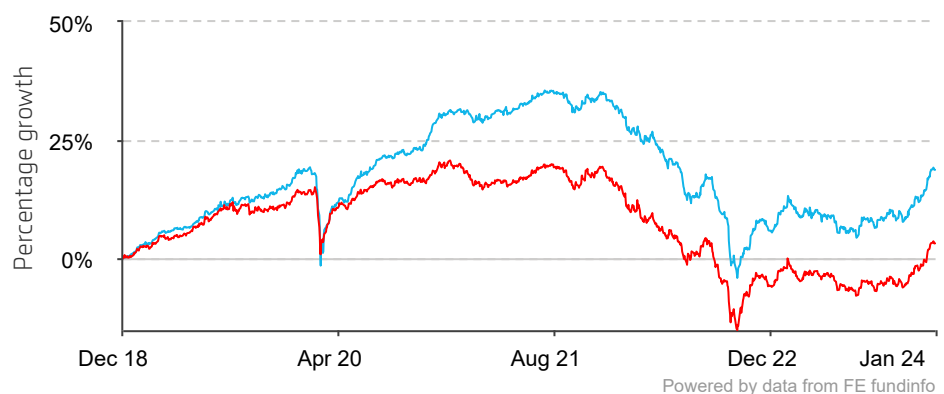
Fund objective

The fund aims to provide income and capital growth in excess of the Bank of America Merrill Lynch Sterling Corporate & Collateralised (Gross Total Return) index (after charges) over a 3 to 5-year period by investing in bonds issued by UK companies and companies worldwide. The fund is actively managed and invests at least 80% of its assets in bonds denominated in sterling (or in other currencies and hedged back into sterling) and issued by UK companies and companies worldwide. The fund may also invest in bonds issued by governments, government agencies, and supra-nationals. The fund may invest up to 20% of its assets in below investment grade securities (as measured by Standard & Poor's or any other equivalent credit rating agencies) or in unrated securities. The fund may use derivatives with the aim of achieving investment gains, reducing risk or managing the fund more efficiently; it may also use leverage and take short positions. The Scottish Equitable fund has higher charges than the underlying Schroder fund and will, therefore, be less likely to meet this target.

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 Schroder Sterling Corporate Bond (ARC)
■ ICE BofA Sterling Corporate & Collateralized


	1yr	3yrs	5yrs	10yrs
Fund	12.4%	-3.2%	3.5%	4.5%
Benchmark	9.7%	-5.0%	0.6%	3.0%
Sector quartile	1	2	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	12.4%	-20.8%	1.8%	14.4%	14.5%
Benchmark	9.7%	-19.5%	-3.0%	8.7%	10.8%
Sector quartile	1	4	1	1	1

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	Schroder UT Managers
Fund name	Sterling Corporate Bond
Launch date	02 Jul 1999
Fund size	£655.97m as at 29 Dec 2023
Sedol code:	BDV0KY3
ISIN	GB00BDV0KY38
Crown rating	

Fund manager information

Fund manager	Julien Houdain
Start date	01 Apr 2021

Managed fund from July 2023. Julien is Head of Global Unconstrained Fixed Income London. Julien joined Schrodgers in 2019 as Deputy Head of the Credit team in Europe. His speciality is managing Global unconstrained credit portfolios. Since joining, Julien has launched a new Global Unconstrained Short Duration Credit strategy, and continues to develop a range of outcome oriented credit products that combine qualitative forward-looking credit strategy with quantitative techniques in portfolio construction. Julien joined Schrodgers from Legal & General Investment Management, where he had been working since 2007, most recently as Head of global bond strategies. Prior to that, Julien held roles in quantitative investment strategy at Fortis Investments and quantitative research at Aurel Leven Securities. His investment career began in 2003. Julien holds a PhD in applied mathematics from Ecole Normale Supérieure, Paris. He also gained a Master of Research in applied mathematics at the University of Paris.



Fund manager	Daniel Pearson
Start date	01 Apr 2021

Daniel Pearson is a Portfolio Manager at Schrodgers, he joined the firm from Cazenove Capital in 2013 as a Credit Analyst and became a Portfolio Manager in 2018. Prior to Cazenove Capital Daniel worked at 3i Group plc from 2002 – 2013, his last position was in the European Buyout Team working across all aspects of new investment such as origination, appraisal, structuring and debt arrangement and also held a role as a portfolio manager in the restructuring/ SME team. Daniel started his investment career at Hambros plc in 1990. Qualifications include a BSc in Business Administration from Bath University. He is also ACCA accredited and holds the IMC.

Sector breakdown as at 31 Dec 2023



Name	Weight
Financial	44.2%
Industrial	30.1%
Securitized	7.0%
Sovereign	6.7%
Derivatives	3.9%
Utility	3.2%
Liquid Assets	5.0%
Total	100.1%

Credit breakdown as at 31 Dec 2023

Name	Weight
Other	7.1%
A	9.5%
AA	9.6%
AAA	5.4%
B	0.5%
BB	5.9%
BBB	62.0%
Total	100.0%

Top holdings as at 31 Oct 2023

Holding	%
INTERMEDIATE CAPITAL GRO 1.6250 17/02/2027 REGS	2.9%
INTERCONTINENTAL HOTELS 3.3750 08/10/2028 SERIES EMTN REGS	1.9%
MBANK SA 0.9660 21/09/2027 SERIES EMTN	1.8%
CROMWELL EREIT LU FINCO 2.1250 19/11/2025 SERIES EMTN	1.8%
PHOENIX GROUP HOLDINGS PLC 4.7500 04/09/2031 SERIES 0000	1.7%
BERKELEY GROUP PLC 2.5000 11/08/2031 SERIES CORP	1.7%
GREENE KING FINANCE PLC 3.5930 15/03/2035 REGS	1.6%
TREASURY 3.2500 31/01/2033 SERIES GOVT REGS	1.5%
AA BOND COMPANY LIMITED 6.2690 31/07/2025 REGS	1.5%
LA MONDIALE SAM 4.8000 18/01/2048 SERIES CORP	1.5%
Total	17.9%

Total number of holdings: 200

Source of fund breakdown and holdings: Fund mgmt group

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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.

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.

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.

Investment restrictions - this fund is restricted in what it can invest in either to one country e.g. UK or to a certain type of company e.g. ethical/socially responsible, smaller or technology-based, which increases the risk to the fund if market conditions don't favour that country or type of company.

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.

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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