

July 2018 Update

Welcome to the latest edition of our First Class Funds list.

Thank you for your feedback on the list. We are always keen to know what you think about it and the ways in which you think it can be improved.

The most significant change sees Neil Woodford's Equity Income fund disappear from the list after a period of under-performance. There are three schools of thought about under-performing funds:-

- 1) Switch out straightaway to a fund you regard has greater potential
- 2) Leave your money in the fund as successful managers will turn it around
- 3) See a buying opportunity and add more money

Whatever your view, we hope that the new list and the latest Fundwatch magazine give you some food for thought. Our website has much more information for you, should you wish to do a little more research.

A new company, FP Crux, appears on the list for the first time but with a manager who will be familiar to many of you. Richard Pease runs the European Special Situations fund, having previously managed European funds for Jupiter, New Star and Henderson.

Listed below are the changes from the previous list and the reasons behind those differences.

The next list will be available in January 2019.



Funds Added To Previous List

Aberdeen Asia Pacific & Japan Equity I	Fund Performance
Aberdeen Asia Pacific Equity I	Fund Performance
Artemis Monthly Distribution I	Rating Change
Artemis US Select I	Fund Performance
Baillie Gifford High Yield Bond B	Rating Change
BlackRock Corporate Bond D	Rating Change
Fidelity Index UK P	Rating Change
FP CRUX European Special Situations I	New to Platform
Franklin UK Mid Cap W	Fund Performance
HSBC FTSE All Share Index C	Rating Change
Investec UK Alpha I	Fund Performance
iShares Global Property Securities Equity Index (UK) D	Fund Performance
iShares North American Equity Index (UK) D	Rating Change
iShares UK Equity Index (UK) D	Fund Performance
JOHCM UK Dynamic Y	Rating Change
L&G All Stocks Gilt Index Trust I	Rating Change
Liontrust UK Smaller Companies I	Rating Change
M&G Pan European Select I	Rating Change
Man GLG UK Income C	Rating Change
Standard Life Investments Global Smaller Companies P1	Rating Change

Funds Removed From Previous List

BlackRock Continental European Income D	Rating change
Standard Life Investments European Equity Income P1	Rating change
F&C MM Navigator Select C	Fund Performance
Artemis Global Growth I	Fund Performance
GAM Global Diversified	Fund Performance
Invesco Perpetual Japan Y	Fund Performance
Man GLG Japan Core Alpha C	Fund Performance
Jupiter Distribution I	Fund Performance
Premier Multi-Asset Distribution C	Fund Performance
Premier Multi-Asset Monthly Income C	Fund Performance
Schroder US Mid Cap Z	Fund Performance
Schroder US Smaller Companies Z	Fund Performance
BlackRock Gold & General D	Fund Performance
Invesco Perpetual Global Targeted Returns Y	Rating change
Fidelity Moneybuilder Dividend Y	Fund Performance
LF Woodford Equity Income C	Fund Performance
R&M UK Equity Income B	Fund Performance
Troy Asset Management Ltd Trojan Income O	Fund Performance
R&M UK Equity Smaller Companies B	Rating change

The list contains funds, sorted by sector, based on our own analytical process and work done by some of the world's leading investment analysts and providers of financial statistics. The list will be updated half-yearly and is entirely independent. All funds are available at NO INITIAL CHARGE. Details of discounts on all funds, including investments outside an ISA, are available on our website or by contacting us.

ISSUED JULY 2018

Asia Pacific Excluding Japan

Aberdeen Asia Pacific Equity I
 Fidelity Asia W
 Invesco Perpetual Asian Y
 Schroder Asian Alpha Plus Z
 Schroder Asian Income Z

Asia Pacific Including Japan

Aberdeen Asia Pacific & Japan Equity I

China/Greater China

First State Greater China Growth B

Europe Excluding UK

Artemis European Opportunities I
 BlackRock European Dynamic FD
 Fidelity European W
 FP CRUX European Special Situations I
 JPM Europe Dynamic Ex UK C
 Jupiter European I
 Jupiter European Special Situations I
 Schroder European Z
 Threadneedle European Select Z

Europe Including UK

M&G Pan European Select I

European Smaller Companies

Barings Europe Select Trust I

Flexible Investment

Jupiter Merlin Growth Portfolio I
 Threadneedle Managed Equity Z

Global

Artemis Global Select I
 Baillie Gifford Global Alpha Growth B
 BNY Mellon Long Term Global Equity W
 Fidelity Global Special Situations W
 Fidelity Index World P
 First State Global Listed Infrastructure B
 Fundsmith Equity I
 HSBC FTSE All World Index C
 Investec Global Strategic Equity I
 L&G International Index Trust I
 Rathbone Global Opportunities I
 Standard Life Investments Global Smaller Companies P1
 Vanguard FTSE Developed World ex-UK Equity Index A

Global Bonds

M&G Global Macro Bond I

Global Emerging Markets

Fidelity Emerging Markets W
 JPM Emerging Markets Income C
 MI Somerset Emerging Markets Dividend Growth A
 MI Somerset Global Emerging Markets B

Japan

Baillie Gifford Japanese B
 HSBC Japan Index C
 iShares Japan Equity Index (UK) D
 Schroder Tokyo Z

Mixed Investment 0%-35% Shares

Vanguard LifeStrategy 20% Equity A

Mixed Investment 20%-60% Shares

Artemis Monthly Distribution I
 F&C MM Navigator Moderate C
 LF Miton Cautious Multi Asset B
 Threadneedle Managed Equity & Bond Z
 Vanguard LifeStrategy 40% Equity A

This list is the result of applying our First Class Funds process to the UK Fund Retail Unit Trust and OEIC universe. It is not intended to be a list of recommendations. More information is available on request. If you are unsure about the suitability of any of these funds you should take professional financial advice.

The list is based on information at 30th June 2018 and will be updated half-yearly.

Factsheets for all funds are available at www.financialdiscounts.com or by post or email, on request.

Mixed Investment 40%-85% Shares

Jupiter Merlin Balanced Portfolio I
Premier Multi-Asset Growth & Income C
Threadneedle Managed Equity Focused Z
Vanguard LifeStrategy 60% Equity A
Vanguard LifeStrategy 80% Equity A

North America

Artemis US Select I
Fidelity Index US P
HSBC American Index C
iShares North American Equity Index (UK) D
L&G US Index Trust I
Natixis Loomis Sayles U.S. Equity Leaders N
Old Mutual North American Equity R

Property

iShares Global Property Securities Equity Index (UK) D

Specialist

Aberdeen Latin American Equity I
Stewart Investors Asia Pacific Leaders B
Stewart Investors Indian Subcontinent B

Sterling Corporate Bond

BlackRock Corporate Bond D
Fidelity Moneybuilder Income Y
Invesco Perpetual Corporate Bond Y
Kames Ethical Corporate Bond B
Kames Investment Grade Bond B
Kames Sterling Corporate Bond B
M&G Corporate Bond I
M&G Strategic Corporate Bond I
Royal London Corporate Bond M

Sterling High Yield

Baillie Gifford High Yield Bond B
Threadneedle High Yield Bond Z

UK Smaller Companies

Artemis UK Smaller Companies I
Liontrust UK Smaller Companies I
Old Mutual UK Smaller Companies U1
Standard Life Investments UK Smaller Companies P1

Sterling Strategic Bond

Artemis High Income I Monthly & Quarterly
Artemis Strategic Bond I Monthly & Quarterly
Fidelity Extra Income Y
Fidelity Strategic Bond Y
Invesco Perpetual Monthly Income Plus Y
Invesco Perpetual Tactical Bond Y
Janus Henderson Fixed Interest Monthly Income I
Janus Henderson Preference & Bond I
Janus Henderson Strategic Bond I
Jupiter Strategic Bond I
M&G Optimal Income I

Targeted Absolute Return

Jupiter Absolute Return I
Newton Global Dynamic Bond W

UK All Companies

Aviva Inv UK Equity 2
Fidelity Index UK P
Fidelity Special Situations W
Franklin UK Mid Cap W
HSBC FTSE All Share Index C
Investec UK Alpha I
iShares UK Equity Index (UK) D
JOHCM UK Dynamic Y
JPM UK Dynamic C
Jupiter UK Special Situations I
L&G UK Index Trust I
LF Lindsell Train UK Equity
Liontrust Special Situations I
Man GLG Undervalued Assets C
Old Mutual UK Mid Cap R
R&M UK Equity High Alpha B
R&M UK Recovery B
Threadneedle UK Z
Vanguard FTSE U.K. All Share Index A

UK Equity Income

Artemis Income I
Franklin UK Equity Income W
JOHCM UK Equity Income Y
Man GLG UK Income C
Royal London UK Equity Income M
Schroder Income Z
Threadneedle UK Equity Income Z

UK Gilts

L&G All Stocks Gilt Index Trust I
Royal London UK Government Bond M

FIRST CLASS FUNDS

Information and analysis to help you make the best choices



Why we provide a Fund List

There are many things to consider when investing but perhaps the most important, is which fund or funds you choose.

There are over 2,500 funds in the UK. Whilst there is plenty of information available to the investor – fund facts, manager interviews, performance information, fund analysis and comment – sorting the wheat from the chaff and finding the best funds can be time-consuming and challenging.

The First Class Funds list is designed to help you find well managed, proven funds that may satisfy the investment objectives you have set yourself.

We have gone through the process of collating research and information that is available, some of it readily accessible, some of it less so, and refining it in to a streamlined list of funds across a variety of sectors.

The list isn't definitive, but it is independent. The strict criteria that we have developed are adhered to – if the fund does not meet those criteria then it doesn't make the cut. Fund groups cannot pay to have their funds included. We are only interested in funds that make it on merit.

Think of the list as a starting point for identifying the funds that are right for your own circumstances.

We update the list half-yearly. Updates are available on request by post or email and for download from our website.

How we choose The Funds

Our First Class Funds list has been built and is maintained based on a strict process for evaluation of a fund.

The aim of our process is to be objective in the criteria that are used to filter funds down to the final list. We have, however, had to make some subjective decisions along the way.

From the initial universe of around 2,500 UK retail funds we have filtered out those which are less than three years old and/or smaller than £50million.

Once the initial filtering is complete we look at the opinions of major fund rating agencies. Their analysts assess funds on both a qualitative and quantitative basis and only a minority of funds even qualify for a rating.

At this stage the funds are organised into sectors before we apply the performance ratings.

The FE crown fund ratings are applied to equity funds. For bond funds, we overlay Lipper Leader ratings. Only funds scoring highly enough will qualify for our First Class Funds list.

The list is updated on a half-yearly basis over the calendar year. Changes are highlighted and an updated list published shortly after the end of each period.

Who provides the Research

We use the research and analysis provided by some of the leading analysts and providers of financial statistics.



Morningstar OBSR

Morningstar OBSR provides high quality independent investment and product research. Based in London, its forward-looking fund ratings, based on qualitative and supported by quantitative research, has led it to become one of the leading rating agencies in the UK. A Morningstar OBSR Analyst Rating™ of Gold, Silver or Bronze is acknowledged to be a sign of quality.



LIPPER

Lipper is a market leader in fund intelligence and supplies mutual fund information, analytical tools and commentary world wide.



FE CROWN FUND RATINGS

FE is the largest distributor of fund data in the UK. Its services are used by many of the UK fund management companies as well as leading third party companies, such as Thompson Financial, Bloomberg and Thomson Reuters.



Square Mile Research

Square Mile is an independent investment research business that works in partnership with regulated professional financial services firms.

A Square Mile Fund Rating denotes a fund that is truly "best in class". The rating (A, AA, or AAA) is a mark of quality that represents a high and rising level of conviction that the fund will deliver its objectives. AAA is the highest level of conviction in the fund and its manager, and is a practical demonstration of Square Mile's belief in the long-term consistent delivery of the fund's objectives.

For more detailed explanations please visit our website at www.financialdiscounts.com or contact customer services on 08085 498477.

This publication is for general guidance only and represents our understanding of present law and HMRC practice as at the time of publication. We cannot assume legal liability for any errors or omissions. All business is transacted either on an execution only or direct offer basis and products mentioned may not be suitable for everyone. If in doubt readers should obtain professional advice before taking action. Past performance is not a guide to future returns and the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate fluctuations. You may not get back the full amount invested. The tax treatment will depend on the format in which the funds are purchased. The opinions expressed here represent the views of the authors at the time of preparation and should not be interpreted as investment advice. This publication is issued by Financial Discounts Direct, a trading name of Atticus Holdings Ltd, which is authorised and regulated by the Financial Conduct Authority.

Financial Discounts Direct | PO Box 85 | Alton | Hampshire | GU34 1XS

telephone 01420 549090 email info@financialdiscounts.com web www.financialdiscounts.com