

# FIRST CLASS FUNDS

Information and analysis to help you make the best choices



## January 2019 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.

There have been some changes to some popular bond funds in recent months, mostly owing to fund manager changes. Fidelity's long-serving bond manager, Ian Spreadbury has retired while several members of Kames team have moved to Liontrust. Manager changes will almost always result in fund ratings being reassessed as analysts look to see what changes, if any, are made to fund procedures and processes. Original ratings may well be re-instated if few changes have been made.

Invesco Perpetual has dropped the long-standing 'Perpetual' name and their funds are now all

branded 'Invesco'. Old Mutual funds have also undergone a re-brand, with funds now trading under either the Quilter or Merian names.

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.

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

The next list will be available in July 2019.

#### Funds Added To Previous List

Artemis Global Growth I	Fund Performance
Invesco Japan (UK) Y	Fund Performance
JPM US Equity Income C	Fund Performance
M&G Global Dividend I	Fund Performance
M&G Global Floating Rate High Yield IH	New to Platform
Man GLG Japan Core Alpha C	Fund Performance
Newton Real Return W	Fund Performance
Schroder Recovery Z	Fund Performance
Schroder US Mid Cap Z	Fund Performance
Stewart Investors Worldwide Sustainability B	Rating Change
TwentyFour Monument Bond I	Rating Change

#### Funds Removed From Previous List

Aberdeen Asia Pacific & Japan Equity I	Rating Change
Aberdeen Asia Pacific Equity I	Rating Change
Aberdeen Latin American Equity I	Rating Change
Artemis Income I	Fund Performance
Aviva Inv UK Equity 2	Rating Change
Barings Europe Select Trust I	Closed to New Investment
F&C MM Navigator Moderate C	Fund Performance
Fidelity Emerging Markets W	Fund Performance
Fidelity Extra Income Y	Rating Change
Fidelity Index US P	Fund Performance
Fidelity Special Situations W	Fund Performance
Fidelity Strategic Bond Y	Rating Change
Investec UK Alpha I	Fund Performance
JOHCM UK Equity Income Y	Closed to New Investment
JPM Europe Dynamic Ex UK C	Fund Performance
JPM UK Dynamic C	Fund Performance
Jupiter European Special Situations I	Fund Performance
Kames Ethical Corporate Bond B	Rating Change
Kames Investment Grade Bond B	Rating Change
Kames Sterling Corporate Bond B	Rating Change
LF Miton Cautious Multi Asset B	Fund Performance
MI Somerset Emerging Markets Dividend Growth A	Fund Performance
Royal London UK Equity Income M	Fund Performance
Royal London UK Government Bond M	Rating Change
Threadneedle Managed Equity Focused Z	Fund Performance
Threadneedle UK Equity Income Z	Fund Performance
Threadneedle UK Z	Fund Performance



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 JANUARY 2019

### Asia Pacific Excluding Japan

Fidelity Asia W
First State Asia Focus B
Invesco Asian (UK) Y
Schroder Asian Alpha Plus Z
Schroder Asian Income Z

### China/Greater China

First State Greater China Growth B
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### Europe Excluding UK

Artemis European Opportunities I
BlackRock European Dynamic FD
Fidelity European W
FP CRUX European Special Situations I
Jupiter European I
Schroder European Z
Threadneedle European Select Z

### Europe Including UK

M&G Pan European Select I
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### Flexible Investment

Jupiter Merlin Growth Portfolio I
Threadneedle Managed Equity Z

### Global Bonds

M&G Global Macro Bond I
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### Global Emerging Markets

JPM Emerging Markets Income C
MI Somerset Global Emerging Markets B

### Global

Artemis Global Growth I
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
Investec Global Strategic Equity I
M&G Global Dividend I
Rathbone Global Opportunities I
Standard Life Investments Global Smaller Companies P1
Stewart Investors Worldwide Sustainability B
Vanguard FTSE Developed World ex-UK Equity Index A

### Japan

Baillie Gifford Japanese B
HSBC Japan Index C
Invesco Japan (UK) Y
iShares Japan Equity Index (UK) D
Man GLG Japan Core Alpha C
Schroder Tokyo Z

### Mixed Investment 0%-35% Shares

Vanguard LifeStrategy 20% Equity A
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### Mixed Investment 20%-60% Shares

Artemis Monthly Distribution I
Jupiter Merlin Income Portfolio I
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 31st December 2018 and will be updated half-yearly.

**Factsheets for all funds are available at [www.financialdiscounts.com](http://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  
Vanguard LifeStrategy 60% Equity A  
Vanguard LifeStrategy 80% Equity A

### North America

Artemis US Select I  
HSBC American Index C  
iShares North American Equity Index (UK) D  
JPM US Equity Income C  
Merian North American Equity R  
Natixis Loomis Sayles U.S. Equity Leaders N  
Schroder US Mid Cap Z

### Property

iShares Global Property Securities Equity Index (UK) D

### Specialist

Stewart Investors Asia Pacific Leaders B  
Stewart Investors Indian Subcontinent Sustainability B  
TwentyFour Monument Bond I

### Sterling Corporate Bond

BlackRock Corporate Bond D  
Fidelity Moneybuilder Income Y  
Invesco Corporate Bond (UK) Y  
M&G Corporate Bond I  
M&G Strategic Corporate Bond I  
Royal London Corporate Bond M

### Sterling Strategic Bond

Artemis High Income I Monthly and Quarterly  
Artemis Strategic Bond I Monthly and Quarterly  
Invesco Monthly Income Plus (UK) Y  
Invesco Tactical Bond (UK) 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

### Sterling High Yield

Baillie Gifford High Yield Bond B  
M&G Global Floating Rate High Yield IH  
Threadneedle High Yield Bond Z

### Targeted Absolute Return

Jupiter Absolute Return I  
Newton Global Dynamic Bond W  
Newton Real Return W

### UK All Companies

Fidelity Index UK P  
Franklin UK Mid Cap W  
HSBC FTSE All Share Index C  
iShares UK Equity Index (UK) D  
JOHCM UK Dynamic Y  
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  
Merian UK Mid Cap R  
R&M UK Equity High Alpha B  
R&M UK Recovery B  
Schroder Recovery Z  
Vanguard FTSE U.K. All Share Index A

### UK Equity Income

Franklin UK Equity Income W  
Man GLG UK Income C  
Schroder Income Z

### UK Gilts

L&G All Stocks Gilt Index Trust I

### UK Smaller Companies

Artemis UK Smaller Companies I  
Liontrust UK Smaller Companies I  
Merian UK Smaller Companies U1  
Standard Life Investments UK Smaller Companies P1

# FIRST CLASS FUNDS

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## 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](http://www.financialdiscounts.com) or contact customer services on 08085 498477.**

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