Chelsea **Core Selection**©

42 Core funds from the Chelsea Selection – individually researched and analysed.

UK GROWTH

AXA FRAMLINGTON UK SELECT OPPORTUNITIES

Nigel Thomas is a pragmatic stock picker who looks for both growth and value opportunities across the market-cap spectrum, although typically his fund will have around 50-60% in large-cap stocks. Stock selection is driven by bottom-up fundamental analysis and the introduction of new products or a change in management are also deemed important factors. Nigel places considerable emphasis on meeting companies and their management, to assess the feasibility of their business plans and their ability to implement them. Strength of management is the most important attribute he considers when making investment decisions. The portfolio typically holds around 70 stocks.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.83%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	GOLD
YIELD	1.50%
UNIT TYPE	ACC or INC

FRANKLIN UK SMALLER COMPANIES

The strategy of this fund was completely changed around in 2012 when Richard Bullas took over the fund. The team are based in Leeds to enable them to focus on their stock selection and portfolio construction without the 'noise' of the city. Richard takes responsibility for the small-cap stocks and Paul Spencer manages the mid-caps, split around 80:20 respectively. The process is similar to Paul's highly successful mid-cap fund, with an emphasis on established, quality businesses with visible earnings. The fund has a long-term vision, with no particular bias to growth or value, and is quite concentrated, typically holding around 50 stocks, with no position worth more than 5% of the total portfolio. The smaller size of the fund, relative to its peers, allows the managers to be nimble.

CHELSEA RISK RATING	8
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.83%†
FUNDCALIBRE	–
MORNINGSTAR RATING	BRONZE
YIELD	1.12%
UNIT TYPE	ACC or INC

JOHCM UK DYNAMIC

Alex Savvides, who has been running the fund since launch, is one of the most exciting up-and-coming UK fund managers. The process, which he built himself, aims to exploit periods of share price underperformance, where the reasons for the underperformance are well understood and he believes there is a catalyst for change. Ideas come from three sources, which are corporate restructuring, hidden growth and recovery situations. Once his view is accepted by the market and becomes consensus, he will often sell. Also all companies need to have a yield or prospective yield, which does provide an element of safety. The fund will have at least 50% in the FTSE 100 and stocks are typically held for two years. There is a 15% performance fee on outperformance of the FTSE All-Share Total Return Index.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.63%* #
ONGOING CHARGES FIGURE (OCF)	0.73%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	3.43%
UNIT TYPE	ACC or INC

JUPITER UK GROWTH

Manager Steve Davies has a long history with this fund, having started as an analyst in 2007, before taking full control in May 2015, when this fund was merged with his Jupiter Undervalued Assets fund. This change has not altered the style though. The fund holds a concentrated portfolio of 40-50 stocks that aims to achieve long-term capital growth. Steve is not constrained by a benchmark, meaning he has the discretion to avoid sectors. He selects companies on one of two main criteria: firms that are out of favour with the markets, but have a catalyst for future growth, and companies that will generate above average growth, but are currently under-priced.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	1.02%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	0.90%
UNIT TYPE	ACC or INC

LIONTRUST SPECIAL SITUATIONS

This UK multi-cap fund is a 'best ideas' portfolio, which encompasses any stock regardless of size or sector. However, there will usually be around 60% in small and mid-cap stocks. The managers look for firms with "intellectual capital" or strong distribution networks, recurring revenue streams and products with no obvious substitutes. They also like to invest in companies where management teams have a significant personal equity stake. The fund is concentrated with 40-50 stocks and, due to the nature of the companies, the portfolio will perform well in flat or falling markets.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.88%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	0.91%
UNIT TYPE	INC

MARLBOROUGH UK MICRO-CAP GROWTH

Run by Giles Hargreave and Guy Feld, who are supported by one of the best small-cap teams in the country, the fund invests at the bottom end of the market capitalisation spectrum primarily into companies valued at below £250m. The managers have a growth bias and look for companies that will benefit from changing consumer trends, are leaders in niche markets or possess disruptive technology. The fund is extremely diversified at the stock level (around 220 stocks) and also across investment themes and sectors. The managers will aggressively run winners and add to them if appropriate. Typically the fund has around 15-20% overlap with Marlborough Special Situations, which invests further up the capitalisation scale.

CHELSEA RISK RATING	8
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.80%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	–
YIELD	0.14%
UNIT TYPE	ACC

MARLBOROUGH UK MULTI-CAP GROWTH NEW ENTRY

This fund takes an unconstrained approach and can invest in businesses of all sizes, although Richard Hallett, manager since 2005, won't invest in any stock worth less than £100m. The portfolio typically holds between 40–50 stocks, with a one-in, one-out limit and each stock taking a maximum of 4% of the portfolio. Richard doesn't make big macroeconomic calls, but looks at individual firms and their prospects for the next two to five years. He buys firms that can grow regardless of the economy and avoids cyclical businesses, meaning that despite a mid- and small-cap bias, the fund can still outperform in falling markets.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.85%†
FUNDCALIBRE	–
MORNINGSTAR RATING	–
YIELD	0.60%
UNIT TYPE	INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 11 for more information.

For performance statistics please refer to pages 20-21.

All data sourced from FE Analytics, 01/09/2016.

* There is a 15% performance fee payable to the fund manager on outperformance of the benchmark. See the KIID for further details.

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Chelsea **Core Selection**© CONTINUED

EQUITY INCOME

ARTEMIS GLOBAL INCOME

Jacob de Tusch-Lec adopts a similar methodology to that of the successful Artemis Income fund. The ability to choose companies worldwide offers greater opportunities to find organisations with sustainable and growing yields. The fund favours large and mid-cap companies in a high-conviction portfolio of 60-80 stocks. The portfolio is structured using themes forming a balance between a stable core of stocks, growth companies and those with greater risk/reward potential. The manager aims to derive a yield from various sources through differing market conditions. Income is paid in April and October.

CHELSEA RISK RATING	6.5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.81%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	3.21%
UNIT TYPE	ACC or INC

EVENLODE INCOME NEW ENTRY

Long-term thinking is key for this fund, with managers Hugh Yarrow and Ben Peters believing the market obsesses with short-term factors and thus overlooks key fundamentals. They only buy the highest quality businesses that are able to grow their dividends and create compound growth over a very long period. Their stocks will typically have difficult-to-replicate business models, strong positioning in their markets and low borrowings. They will never invest in highly capital-intensive areas such as mining or oil and gas. As such, the fund often performs well in down markets. While not the highest yielding fund, its compounding approach has allowed a consistent and growing payout level from a very concentrated portfolio.

CHELSEA RISK RATING	5
ANNUAL MANAGEMENT CHARGE	0.95%#
ONGOING CHARGES FIGURE (OCF)	0.95%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	3.30%
UNIT TYPE	ACC or INC

M&G GLOBAL DIVIDEND

The notion that the discipline of paying dividends leads to greater corporate responsibility, which in turn leads to share price outperformance, is the investment philosophy behind this fund. Manager Stuart Rhodes' main aim is to grow distributions over the long term, whilst maximising total return by investing across a wide range of geographies, sectors and market capitalisations. The process is bottom-up and value driven. The fund has around 50 stocks, typically held for three years and Stuart predominantly invests in developed markets. Income is paid in March, June, September and December.

CHELSEA RISK RATING	6.5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.91%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	2.95%
UNIT TYPE	ACC or INC

RATHBONE INCOME SPOTLIGHT

Through investing in UK companies with above average yields, Carl Stick aims to deliver rising income, with capital upside over time. Carl's investment process combines top-down macroeconomic considerations with bottom-up stock picking to build a portfolio of 40-50 stocks. Seeking companies with quality earnings at the right price is the core emphasis of Carl's fund. The majority of holdings are spread across all UK company market caps, although Carl will hold overseas equities where greater opportunities exist. Income is paid in January and July.

CHELSEA RISK RATING	5
ANNUAL MANAGEMENT CHARGE	0.65%^#
ONGOING CHARGES FIGURE (OCF)	0.70%^†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	3.36%
UNIT TYPE	ACC or INC

STANDARD LIFE UK EQUITY INCOME UNCONSTRAINED

Manager Thomas Moore looks for non-consensus ideas across the market-cap spectrum. He wants companies with dividend growth that can be sustained for the long term, evidenced by earnings growth accelerating faster than dividend payouts. While the unconstrained mandate allows Tom to move around the capitalisation scale, and he is happy to shun some equity income stalwarts in the FTSE 100, the portfolio maintains around 40% in large-caps. As this style may otherwise cause higher volatility than the sector average, this large-cap weighting helps to manage risk. He also follows a strict sell discipline and cuts positions quickly if the fundamentals deteriorate. Income is paid in March and July.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	1.00%#
ONGOING CHARGES FIGURE (OCF)	1.15%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	3.74%
UNIT TYPE	ACC or INC

THREADNEEDLE UK EQUITY ALPHA INCOME

Co manager since 2010, Richard Colwell has now taken full control following Leigh Harrison's retirement. He continues to place emphasis on generating a total return from a concentrated portfolio of UK equities. The portfolio is constructed from the managers' best ideas, consisting of 25–30 UK stocks. The team identify economic investment themes and position the portfolio accordingly. This may lead to a greater focus on certain sectors. This unconstrained approach provides the flexibility that allows Leigh and Richard to take active positions in their best ideas. Income is paid in January and July.

CHELSEA RISK RATING	5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.87%†
FUNDCALIBRE	-
MORNINGSTAR RATING	BRONZE
YIELD	4.30%
UNIT TYPE	INC

WOODFORD EQUITY INCOME

Perhaps one of most well known fund managers in the industry, Neil Woodford's eponymous fund has enjoy a strong start since his departure from Invesco Perpetual. Neil continues to search for companies with sound balance sheets, transparent earnings and resilience to macro-economic headwinds all at attractive valuations. The portfolio will have a core of large cap stocks to generate the bulk of the income, but also a tail of smaller, earlier stage companies aiming to generate strong long term capital growth. Income is paid in April, July, October and January.

CHELSEA RISK RATING	5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.75%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	3.30%
UNIT TYPE	ACC or INC

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^ Includes Chelsea discount.

Chelsea **Core Selection©** CONTINUED

EUROPE

BLACKROCK EUROPEAN DYNAMIC

Alister Hibbert runs this fund with an aggressive mentality, being prepared to have big over and underweight positions at both the stock and sector level. The fund itself has a focus on large-cap companies and these tend to have growth, rather than value characteristics. The portfolio make-up can shift dramatically at times, which can lead to periods of volatility. However, during his tenure Alister has used this risk well. He is supported by BlackRock's well-resourced European equity team, which we consider to be one of the best around. The portfolio is reasonably concentrated with typically 50 holdings and turnover can be higher than other funds in the sector.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.92%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	0.61%
UNIT TYPE	ACC or INC

JUPITER EUROPEAN

The fund manager, Alexander Darwall, runs a concentrated, conviction portfolio of 30-40 stocks, with a focus on mid-cap companies. Alexander takes a long-term view, focusing predominantly on bottom-up stock analysis and places a high degree of emphasis on management meetings and having an in-depth understanding of the companies in which he invests. Turnover is thus very low. Alexander will only consider stocks with sound business characteristics and favours those which he believes will emerge stronger from a recession. His preferred sectors are currently industrials and healthcare.

CHELSEA RISK RATING	6.5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	1.03%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	GOLD
YIELD	-
UNIT TYPE	ACC or INC

THREADNEEDLE EUROPEAN SELECT

Manager David Dudding focuses on buying companies with a competitive advantage, high quality defensible earnings and consistent growth rates. His approach is growth orientated, but other factors, such as brand loyalty or pricing power, are also key. Consequently, he favours certain sectors and may choose not to invest in some sectors altogether. David likes companies with strong market share in emerging markets. The fund is fairly concentrated and typically has around 40 holdings, of which around 80% are in large caps.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.83%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	1.00%
UNIT TYPE	ACC or INC

US

AXA FRAMLINGTON AMERICAN GROWTH

Manager Steve Kelly runs this fund within a stock-picking framework. He has a strong growth bias, focusing on companies that are able to exhibit genuine, organic growth through the strength of their brand. He also prioritises good management in their investment decisions, as he looks for companies whose management delivers their stated goals. The fund typically holds 65-75 stocks. The manager is currently overweight technology stocks as he feels they will benefit from a consumer recovery.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.82%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	-
UNIT TYPE	ACC or INC

FIDELITY AMERICAN SPECIAL SITUATIONS

Manager Angel Agudo takes a value approach to running this fund, aided by one of the largest US research teams in London, to create long-term capital appreciation for his investors. He looks for firms which are out of favour, but where the market has undervalued the potential for an improvement. This leads to a concentrated portfolio of 40-60 stocks which are in different stages of their turn-around, so that the portfolio has the potential to outperform through different macroeconomic environments. Once he has highlighted potential stocks, he invests at valuations where he believes there is a 50-100% upside. Angel uses scenario analysis to assess his stocks, including assessing how a stock should perform if the worst were to happen.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.95%†
FUNDCALIBRE	
MORNINGSTAR RATING	BRONZE
YIELD	-
UNIT TYPE	ACC

LEGG MASON CLEARBRIDGE US AGGRESSIVE GROWTH

The managers of this fund have a long and proven track record, with one of the co-managers, Richie Freeman, having been at the helm since 1983. Despite the name of the fund, the managers are conscious of valuations and we would describe it as a "growth at a reasonable price" type strategy, with a bias towards large-cap stocks. They take a very long-term view, with the average holding period being around 10 years. They see a huge amount of companies and carry out incredibly in-depth due diligence, with the intention of seeking out only the highest quality companies with the most competent management teams. This enables them to have a concentrated portfolio, take big deviations from the benchmark and have very low turnover. The process is labour intensive but they are ably supported by a team of 30 analysts, all of whom are based in the US.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.65%#
ONGOING CHARGES FIGURE (OCF)	1.11%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	-
UNIT TYPE	ACC

ASIA PACIFIC, JAPAN AND EMERGING MARKETS

INVESCO PERPETUAL HONG KONG & CHINA

This fund aims to invest in quality defensive companies with sustainable earnings and strong management teams. Mike Shiao is based in Hong Kong and has been managing the fund since 2012. He has over 20 years' experience of investing in the region. The fund is currently focusing on the Chinese consumer theme. It favours investing in mid-cap stocks with around 50% of the value of the fund in its top 10 holdings.

CHELSEA RISK RATING	10
ANNUAL MANAGEMENT CHARGE	0.89%#
ONGOING CHARGES FIGURE (OCF)	0.89%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	0.59%
UNIT TYPE	ACC

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^ Includes Chelsea discount. See page 37 for more details.

Chelsea **Core Selection**© CONTINUED

ASIA PACIFIC, JAPAN AND EMERGING MARKETS (CONTINUED)

JOHCM ASIA EX JAPAN SMALL AND MID CAP

Managers Cho Yu Kooi and Samhir Mehta have worked together for 15 years and are based in Singapore. This is a high conviction fund, which is willing to make big calls on which countries and sectors it invests in. The fund is a mix of core high quality companies (minimum 75% of the fund) and more cyclical stocks. It has historically been heavily exposed to the consumer. As its name suggests, the fund invests in small and mid-sized stocks and can be volatile as a result. Every stock in the portfolio is tested to see how it performed in previous down markets.

CHELSEA RISK RATING	9
ANNUAL MANAGEMENT CHARGE	0.75%^#*
ONGOING CHARGES FIGURE (OCF)	1.08%^†
FUNDCALIBRE	-
MORNINGSTAR RATING	-
YIELD	-
UNIT TYPE	INC

JPM JAPAN

Tokyo-based manager Nick Weindling runs this domestic Japanese growth fund. When selecting stocks he incorporates a thematic approach, built on his on-the-ground knowledge and understanding of Japanese culture. Nick avoids the traditional 'old Japan' stocks, looking more for stocks that have improved corporate governance. He takes a long-term focus when highlighting opportunities, and ensures he meets company management in order to understand their business properly, aided by being fluent in Japanese. The portfolio will be checked to ensure it is aligned with the manager's macroeconomic views.

CHELSEA RISK RATING	10
ANNUAL MANAGEMENT CHARGE	0.75%*#
ONGOING CHARGES FIGURE (OCF)	0.93%†
FUNDCALIBRE	-
MORNINGSTAR RATING	NEUTRAL
YIELD	-
UNIT TYPE	ACC or INC

MAN GLG JAPAN CORE ALPHA

This fund takes a contrarian look at the Japanese stock market with a strong focus on value investing. The team use a valuation model, which compares a stock's share price with the net assets on its balance sheet. This method has historically been a reliable measure of returns. The stocks they target are typically the large-cap, 'core' Japanese companies, the well known names that export their goods around the world. From this, they create a high-conviction portfolio of around 50 holdings, which may differ greatly from the benchmark.

CHELSEA RISK RATING	10
ANNUAL MANAGEMENT CHARGE	0.75%
ONGOING CHARGES FIGURE (OCF)	0.97%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	GOLD
YIELD	0.50%
UNIT TYPE	ACC or INC

MATTHEWS ASIA PACIFIC TIGER SPOTLIGHT

Matthews is an American investment house which focuses exclusively on Asia. They are deliberately based in San Francisco to remove themselves from short-term market noise. However, they make regular visits to the region and undertake around 2,000 company meetings a year. Between them, the team speak 13 languages and many of them grew up in the region.
The fund aims to invest in the very best Asian businesses for the long term. It is almost entirely bottom-up and typically has a bias to domestic consumer orientated businesses. Lead manager, Sharrat Schroff, has managed the fund since 2010. The portfolio has around 60 to 70 holdings and is very different to the benchmark.

CHELSEA RISK RATING	8
ANNUAL MANAGEMENT CHARGE	0.75%
ONGOING CHARGES FIGURE (OCF)	1.29%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	-
UNIT TYPE	ACC or INC

MI SOMERSET EMERGING MARKETS DIVIDEND GROWTH

The team at Somerset have been together for 15 years, operating out of London and Singapore, with manager Edward Lam running this strategy since inception. Edward seeks quality companies which generate growing dividends. The fund is a highly concentrated portfolio of around 40, predominately large-cap stocks. Please note that Somerset charge a dilution levy of 0.4% on entry to, or exit from, this fund in order to protect existing investors on redemptions to the fund.

CHELSEA RISK RATING	9.5
ANNUAL MANAGEMENT CHARGE	1.00%#
ONGOING CHARGES FIGURE (OCF)	1.30%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	1.90%
UNIT TYPE	ACC or INC

SCHRODER ASIAN ALPHA PLUS

This Asian fund is actively managed from the bottom up, with manager Matthew Dobbs often looking for catalysts in order to provide upside in the stocks he owns. Matthew is focused on valuations but also looks for companies that can exhibit organic growth. This concentrated portfolio will typically consist of 60-80 of the best ideas in the region and a "one in one out" policy is followed. The fund is relatively unconstrained, but risk-aware, and can invest across the market-cap spectrum.

CHELSEA RISK RATING	8
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.96%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	0.53%
UNIT TYPE	ACC or INC

STEWART INVESTORS ASIA PACIFIC LEADERS

The fund was previously managed by veteran Angus Tulloch, who has handed over full responsibility to the previous co-manager David Gait, though Angus remains in a research and consultancy capacity. The fund maintains its strong focus on capital preservation by considering corporate governance and social responsibility in order to maintain a sense of stewardship over investors money. The portfolio is concentrated at 40-60 stocks, with the top ten making up around 40% of the whole portfolio. David makes meeting company management an integral part of company analysis, and the stocks will typically be large cap, with firms under around $1bn removed from the stock selection process.

CHELSEA RISK RATING	7.5
ANNUAL MANAGEMENT CHARGE	0.85%
ONGOING CHARGES FIGURE (OCF)	0.90%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	0.60%
UNIT TYPE	ACC or INC

© Throughout Viewpoint, whenever we mention a fund that's in the Chelsea Core Selection, we'll mark it with this icon.

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^ Includes Chelsea discount.

MISCELLANEOUS

ARTEMIS STRATEGIC ASSETS

Managers William Littlewood and Giles Parkinson assess the macroeconomic environment to help make their investment decisions. They aim to achieve long-term growth by investing in a range of assets, including UK equity, international equity, fixed interest, currency, commodities and cash. Adopting a total return mentality, the managers aim to outperform equities when markets are favourable, and preserve capital when markets are poor. They often take advantage of shorting individual securities or currencies that they believe are overpriced.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.87%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	-
UNIT TYPE	ACC

GLOBAL

FUNDSMITH EQUITY

Manager Terry Smith is one of the most outspoken and high profile personalities in the city. Terry founded Fundsmith in 2010 and has consistently proven himself over a long and glittering career. The fund invests in high quality well-established mega-cap companies. Terry buys businesses which have high returns on equity and are resilient to technological change. The fund typically has a big overweight to consumer staples and it will often avoid some sectors entirely. Valuation discipline is a key part of the process. The concentrated portfolio will typically hold just 20 to 30 stocks.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.90%#
ONGOING CHARGES FIGURE (OCF)	0.97%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	0.36%
UNIT TYPE	ACC or INC

JOHCM GLOBAL SELECT

Christopher Lees and Nudgem Richyal run this unconstrained fund of around 50 equally-weighted stocks. The global team generate ideas from the 500 stocks held by the JOHCM regional teams. They screen for companies with positive earnings momentum and improving returns on capital. The team perform country analysis, sector analysis and stock analysis. They then identify which of these factors has the biggest impact on the stock over time and build their portfolio accordingly. All stocks in the portfolio are high conviction ideas, but positions are equally-weighted to avoid any manager overconfidence. The fund will typically have a slight bias to growth.

CHELSEA RISK RATING	7
ANNUAL MANAGEMENT CHARGE	0.75%*#
ONGOING CHARGES FIGURE (OCF)	0.81%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	-
UNIT TYPE	INC

RATHBONE GLOBAL OPPORTUNITIES

Manager James Thompson has a mandate to invest across the globe, though in practice only focuses on the more developed world markets to create a concentrated portfolio of 40-60 stocks. These companies are typically out of favour and under the radar growth companies, but at attractive valuations. James is a pure stock picker and has a flexible asset allocation mandate to go with it. He likes differentiated companies that are easy to understand, with a repeatable strategy whose sectors have barriers to entry. There is also a defensive bucket of stocks, less dependent on the economic environment to manage risk and protect the fund in falling markets.

CHELSEA RISK RATING	6.5
ANNUAL MANAGEMENT CHARGE	0.65%^#
ONGOING CHARGES FIGURE (OCF)	0.69%^†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	-
UNIT TYPE	ACC

FIXED INTEREST

HENDERSON STRATEGIC BOND

Long standing managers, Jenna Barnard and John Pattullo run this fund with up to 70% in high yield bonds. This is one of the more aggressively managed strategic bond funds. The managers can invest across the fixed income spectrum, but can also invest in synthetic fixed income securities (i.e. preference shares) and equities. In addition, the managers have the freedom to vary the source of their returns between income or capital growth. This means the fund can take short positions to enhance returns or protect capital. Income is paid in March, June, September and December.

CHELSEA RISK RATING	3
ANNUAL MANAGEMENT CHARGE	0.60%#
ONGOING CHARGES FIGURE (OCF)	0.70%†
FUNDCALIBRE	-
MORNINGSTAR RATING	SILVER
YIELD	4.20%
UNIT TYPE	ACC or INC

INVESCO PERPETUAL MONTHLY INCOME PLUS

This strategic bond fund gives the managers considerable freedom to invest across the credit spectrum, but their emphasis on providing a high income and security of capital mean the fund will often have a bias towards higher quality high-yield bonds, although security selection is driven by bottom-up analysis. The fund can invest up to 20% of its assets in equities. The equity portion is managed by Ciaran Mallon, who also manages Invesco's Income and Growth fund. Invesco are well known for the strength of their fixed-income resource and this is their flagship offering. Income is paid monthly.

CHELSEA RISK RATING	3.5
ANNUAL MANAGEMENT CHARGE	0.67%#
ONGOING CHARGES FIGURE (OCF)	0.67%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	5.50%
UNIT TYPE	ACC or INC

JUPITER STRATEGIC BOND

The manager, Ariel Bezalel, seeks out the best opportunities within the fixed interest universe globally. He identifies debt issues he feels are mispriced using bottom-up fundamental analysis. Companies with robust business models and recurring revenue streams are preferred. Derivatives can be used to manage risk and also to profit from falling bond prices. Income is paid in April, July, October and January.

CHELSEA RISK RATING	2.5
ANNUAL MANAGEMENT CHARGE	0.50%#
ONGOING CHARGES FIGURE (OCF)	0.73%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	3.80%
UNIT TYPE	ACC or INC

KAMES INVESTMENT GRADE BOND

Co-managers Stephen Snowden and Euan McNeil target total return by investing mainly in global investment grade corporate bonds (at least 80%), however gilts, high yield bonds and cash are also held. A strong team ethic, together with their significant fixed income resource, influences both top-down strategy and bottom-up stock-picking and the resulting portfolio typically has around 150 stocks. The fund pays out in April, July, October and January.

CHELSEA RISK RATING	2.5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.79%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	SILVER
YIELD	2.65%
UNIT TYPE	ACC or INC

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 11 for more information.

For performance statistics please refer to pages 20-21.

All data sourced from FE Analytics, 01/09/2016.

* There is a 15% performance fee payable to the fund manager on outperformance of the benchmark. See the KIID for further details.

†OCF: The cost includes the annual management charge and other fees such as registration, regulatory, audit and legal fees but does not include transaction costs and performance fees.

The annual management charge is paid to a fund management company for managing the fund. It is calculated as a percentage of the value of the fund. The annual management charge is less than the Ongoing Charges Figure (OCF).

^ Includes Chelsea discount.

Chelsea **Core Selection**© CONTINUED

FIXED INTEREST (CONTINUED)

MAN GLG STRATEGIC BOND

Jon Mawby and Andy Li manage this fund with both an absolute and total return mindset. This means they aim to provide an absolute return over the credit cycle, and have the flexibility to move the fund into the areas of the credit spectrum where they see most value. They are also able to express their views on the direction of interest rates, which means the fund can differ significantly from its benchmark and peer group. Risk management is at the heart of the process, with the managers hedging known risks with derivatives and using the fund's cash weighting to protect against risks that can't be hedged using conventional methods. Income is paid in March, June, September and December.

CHELSEA RISK RATING	3
ANNUAL MANAGEMENT CHARGE	0.6%#
ONGOING CHARGES FIGURE (OCF)	0.80%†
FUNDCALIBRE	-
MORNINGSTAR RATING	BRONZE
YIELD	2.42%
UNIT TYPE	ACC or INC

TWENTYFOUR DYNAMIC BOND

TwentyFour was founded in 2008 by a group of leading bond managers and it specialises entirely in fixed income. This fund is their flagship product. There is no lead manager and asset allocation is decided by a ten-strong investment committee on a monthly basis. Portfolio managers are then responsible for managing their own parts of the portfolio. This is a flexible, high conviction fund managed by a very experienced and well resourced team. It typically has between 50 and 75 holdings. A significant portion of the fund is invested in asset backed securities (around 25%). This makes the fund quite different from some other strategic bond funds which lack the expertise to invest in this area of the market. The fund has a high yield and income is paid in March, June, September and December.

CHELSEA RISK RATING	3.5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.80%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	4.63%
UNIT TYPE	ACC or INC

TARGETED ABSOLUTE RETURN

AVIVA INVESTORS MULTI-STRATEGY TARGET INCOME NEW ENTRY

This is a multi-asset absolute return fund that aims to generate a good monthly income while preserving investors' capital. Income is derived from five different sources: equity dividends, real estate investment trusts (REITs), option premia and corporate and government bonds. The fund has clear visibility over its future income and it never takes income from the capital of the fund. It employs a number of risk-reducing strategies, which cost very little but are designed to protect the fund in market sell-offs. The portfolio is regularly scenario-tested against past and hypothetical events. There is no performance fee.

CHELSEA RISK RATING	5
ANNUAL MANAGEMENT CHARGE	0.75%#
ONGOING CHARGES FIGURE (OCF)	0.85%†
FUNDCALIBRE	-
MORNINGSTAR RATING	-
YIELD	4.70%
UNIT TYPE	INC

BLACKROCK UK ABSOLUTE ALPHA NEW ENTRY

This is a long-short UK equity fund that seeks to generate a positive return over a rolling 12-month period in all market conditions. The fund was re-structured and strengthened following the addition of Nigel Ridge in 2013. Since Nigel joined, the fund is now higher conviction but maintains a conservative net exposure to the wider stock market. The fund aims to add value through fundamental stock analysis. It will buy individual shares that are cheap but will also short-sell stocks it views as overvalued. The fund then combines these positions with a more conservative pair trading strategy, whereby it will buy one stock in a sector and simultaneously short-sell another in the same sector to hedge out the market risk.

CHELSEA RISK RATING	4
ANNUAL MANAGEMENT CHARGE	0.75%§#
ONGOING CHARGES FIGURE (OCF)	0.93%†
FUNDCALIBRE	-
MORNINGSTAR RATING	BRONZE
YIELD	-
UNIT TYPE	ACC

HENDERSON UK ABSOLUTE RETURN

This is a stock-picking fund that aims to deliver 8-10% p.a. in all market conditions. The managers aim to identify stocks that will either exceed or fall short of analysts' expectations and construct a portfolio of both long and short positions. There are limits on the overall market exposure, which serve to reduce the volatility of the fund. Two thirds of the portfolio will be in shorter-term tactical ideas, where the managers believe an earnings surprise could be imminent. The remainder will be in core holdings, where the managers think there are long-term drivers in place that will either increase or decrease the share price over time.

CHELSEA RISK RATING	4
ANNUAL MANAGEMENT CHARGE	1.00%§#
ONGOING CHARGES FIGURE (OCF)	1.06%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	BRONZE
YIELD	0.5%
UNIT TYPE	ACC

OLD MUTUAL GLOBAL EQUITY ABSOLUTE RETURN HEDGED

The fund is designed to offer a return of cash +6% on a rolling three-year basis, in all market conditions. The fund invests only in equities but is equity-market neutral, which means the fund's long positions will offset the short positions at all times. The process itself is essentially a sophisticated quantitative screen that scans the world's most liquid 3,500 companies for shares that exhibit certain characteristics. Suitable stocks are grouped into one of five buckets. As one bucket starts to outperform the managers will tilt the portfolio towards that bucket. What sets this fund apart from other equity long/short funds is the very deliberate and methodical way that the managers have designed the process to minimise style risk.

CHELSEA RISK RATING	6
ANNUAL MANAGEMENT CHARGE	0.75%§#
ONGOING CHARGES FIGURE (OCF)	0.84%†
FUNDCALIBRE	ELITE
MORNINGSTAR RATING	-
YIELD	-
UNIT TYPE	ACC

All Core Selection funds are available at 0% initial charge within an ISA and outside an ISA on FundStore.

For performance statistics please refer to pages 20-21. All data sourced from FE Analytics, 01/09/2016.

Least risky 1

THE CHELSEA RISK RATING

This is our proprietary rating to aid you in your fund choice. Our research team assesses the overall risk of a fund by analysing a number of factors including: the level of risk involved in the region/sector in which the fund invests; the size of the companies within the fund; the number of stocks held; the risk controls imposed by the manager; the use of derivatives and currency issues.

We then assign a Chelsea Risk Rating to the fund, with 1 as the lowest risk and 10 the highest. See page 12 for further details.

Most risky 10

N.B. Chelsea Risk Ratings are based on qualitative and quantitative research, not asset allocation. Please see page 11 for more information.

For performance statistics please refer to pages 20-21.

All data sourced from FE Analytics,01/09/2016

§ There is a 20% performance fee payable to the fund manager relative to the hurdle rate and high watermark. See the KIID for further details.

†OCF: The cost includes the annual management charge and other fees such as registration, regulatory, audit and legal fees but does not include transaction costs and performance fees.

The annual management charge is paid to a fund management company for managing the fund. It is calculated as a percentage of the value of the fund. The annual management charge is less than the Ongoing Charges Figure (OCF).