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August 2022

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Review prepared by Morningstar Investment Management Europe Ltd  
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# Cautious Portfolio (Medium and Long Term)

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**MORNINGSTAR**<sup>®</sup>

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# Introduction to Morningstar Investment Management Europe and the Model Portfolios

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## Introduction

Morningstar Investment Management Europe Limited has been engaged by Sterling ISA Managers Limited (SIML) to advise upon the fund selection for a range of Model Portfolios. The Portfolios are available for use by UK authorised Intermediaries and are designed to suit differing risk appetites.

EV is the asset allocation provider and Morningstar Investment Management Europe advises upon the fund selection for the Model Portfolios, drawing from the Morningstar Rated fund universe. The asset allocation is provided to Morningstar Investment Management Europe by SIML.

While the Model Portfolios are continuously monitored, a formal quarterly review takes place following which updated Portfolios are sent to SIML. Quarterly reports explaining the performance of the Models are made available on a quarterly basis. Any recommendations for fund changes are included and explained in the 'Change Rationale' document.

The model portfolio service is provided by Morningstar Investment Management Europe.

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## About Morningstar Investment Management Europe Limited

Morningstar Investment Management Europe Limited provides comprehensive investment advisory and portfolio management services for financial institutions and financial advisers.

Morningstar Investment Management Europe Limited applies the independent qualitative investment research from Morningstar, Inc. analysts to provide asset allocation, investment selection and portfolio construction services to life, pension and fund-of-funds providers.

Our investment research approach has been in place since 1994 and is forward-looking in nature, which leads to a strong emphasis on the qualitative aspects of research. Morningstar Investment Management Europe's aim is to recommend a relatively small number of funds that are of the highest quality and deliver risk and return outcomes that support various investment objectives.

## Cautious Portfolio (Medium Term) – Overview

### Key Facts

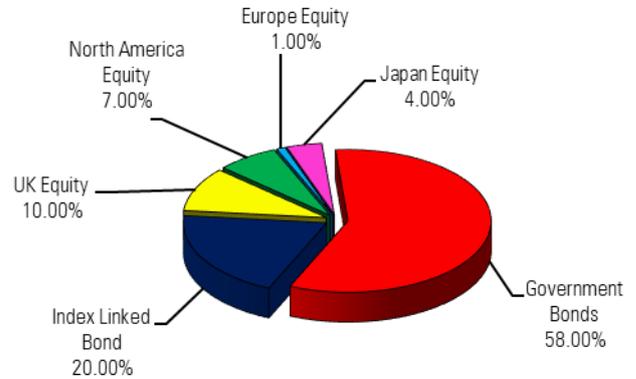
The Model Portfolios were established in September 2012. Asset allocation is provided by SIML and sourced from EV. Morningstar Investment Management Europe populates the asset allocation with funds it considers appropriate and attractive as a result of its in-depth, qualitatively-driven research process. The objective is to deliver a risk and return profile in each of the asset classes that is commensurate with the underlying markets, whilst seeking outperformance over the long-term.

EV describes a potential investor in this Portfolio as follows. “You are prepared to take a lower risk with your investment and so wish to avoid the risks usually associated with investing all your money in company shares.

You are looking for an investment that is expected to be more stable and fluctuate in value far less than company shares and so is likely to involve a very high proportion of fixed interest assets.

As a consequence, you accept that the investment return is likely to be much lower. You appreciate that over some periods of time the value of your investment can fall and you may get back less than you invest.”

### Asset Allocation (August 2022)



### Model Portfolio - August 2022

Asset Classes	% Asset Allocation	Fund	Suggested Fund Weight (%)	Morningstar Analyst Rating
<b>Fixed Interest</b>				
<b>Government Bonds</b>	<b>58.00</b>	Allianz Gilt Yield	14.00	Neutral
		iShares UK Gilts All Stocks Index	15.00	Silver
		Royal London UK Government Bond	15.00	Bronze
		Vanguard UK Government Bond Index	14.00	Silver
<b>Index Linked Bond</b>	<b>20.00</b>	L&G All Stocks Index Linked Gilt Index	10.00	Bronze
		iShares Index Linked Gilt Index	10.00	Bronze
<b>Equities</b>				
<b>UK Equity</b>	<b>10.00</b>	Ninety One UK Alpha	10.00	Silver
<b>North America Equity</b>	<b>7.00</b>	iShares North American Equity Index	7.00	Gold
<b>Europe Equity</b>	<b>1.00</b>	Schroder European	1.00	Gold
<b>Japan Equity</b>	<b>4.00</b>	Baillie Gifford Japanese Income Growth	4.00	Bronze

## Cautious Portfolio (Medium Term) – Overview

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### Equity

#### UK Equity

For the UK Equity portion the Ninety One UK Alpha fund has been recommended

The Ninety One UK Alpha fund is run by Simon Brazier, who was previously running a similar mandate at Threadneedle before moving to Ninety One (formally) Investec at the beginning of 2015. The process blends fundamental, bottom-up stock research with top-down analysis. Brazier is mindful of the risk/reward dynamics of the fund and aims to provide investors with a consistent return profile.

#### North America Equity

For the North America Equity portion, we have recommended iShares North American Equity Index.

The recommended iShares North American Equity Index fund is held in order to provide index-like returns.

#### Europe Equity

In the European Equity portion of the Portfolio, we have recommended Schroder European.

The Schroder European fund follows a flexible investment style and process, which is both thoughtful and risk-aware. Manager Martin Skanberg typically looks for companies with sustainable profitable growth above market expectations or improving long-term returns. The fund has no particular style bias although the manager will at times tilt the portfolio to reflect the areas where he sees the most opportunities. He seeks to identify a company where the market underestimates its growth, margins or returns and highlights the key drivers that will change the markets' perception.

#### Japan Equity

In the Japan Equity portion of the Portfolio, we have recommended Baillie Gifford Japanese Income Growth.

The fund is co-managed by Matthew Brett and Karen See and the core principle that underpins the investment process is that active management and in-depth fundamental analysis, combined with a patient approach to investing, delivers outperformance over the long term. The fund's dual income and growth objective over the longer term, with a focus on portfolio dividend growth, provide the managers with great flexibility and mean that the fund can perform well across the market cycle. The portfolio is however constructed with little regard to the benchmark which could lead to returns deviating significantly from those of the benchmark from time-to-time.

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### Fixed Income

We have recommended four funds for the UK government bond portion of the Portfolio, the iShares UK Gilts All Stocks Index fund, the Vanguard UK Government Bond Index, the Royal London UK Government Bond fund and the Allianz Gilt Yield fund. Both the iShares and Vanguard funds are passively managed and seek to track closely the performance of UK Gilts, while the Royal London and Allianz funds are actively managed funds that seek to generate attractive relative performance through duration, yield curve positioning and stock selection.

For the allocation to inflation-linked bonds we have recommended two passive funds, namely the Legal & General All Stocks Index-Linked Gilt Index fund and the iShares Index Linked Gilt Index fund. Both funds are passively managed fund with the L&G fund seeking to track closely the performance of the FTSE-A UK Gilts Index-Linked index and the iShares fund seeking to track the performance of the FTSE Actuaries UK Index Linked over 5 years Index.

## Cautious Portfolio (Long Term) – Overview

### Key Facts

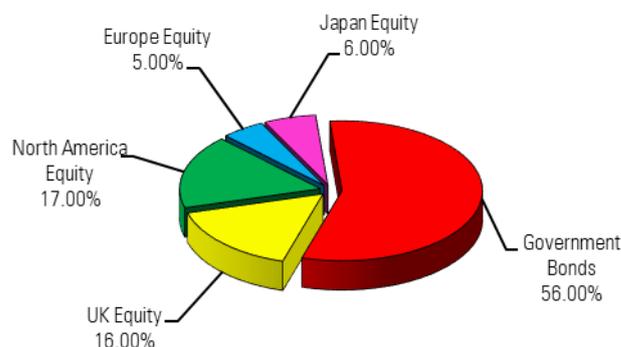
The Model Portfolios were established in September 2012. Asset allocation is provided by SIML and sourced from EV. Morningstar Investment Management Europe populates the asset allocation with funds it considers appropriate and attractive as a result of its in-depth, qualitatively-driven research process. The objective is to deliver a risk and return profile in each of the asset classes that is commensurate with the underlying markets, whilst seeking outperformance over the long-term.

EV describes a potential investor in this Portfolio as follows: “You are prepared to take a lower risk with your investment and so wish to avoid the risks usually associated with investing all your money in company shares.

You are looking for an investment that is expected to be more stable and fluctuate in value far less than company shares and so is likely to involve a very high proportion of fixed interest assets.

As a consequence, you accept that the investment return is likely to be much lower. You appreciate that over some periods of time the value of your investment can fall and you may get back less than you invest.”

### Asset Allocation (August 2022)



### Model Portfolio - August 2022

Asset Classes	% Asset Allocation	Fund	Suggested Fund Weight (%)	Morningstar Analyst Rating
<b>Fixed Interest</b>				
<b>Government Bonds</b>	<b>56.00</b>	Allianz Gilt Yield	14.00	Neutral
		iShares UK Gilts All Stocks Index	14.00	Silver
		Royal London UK Government Bond	14.00	Bronze
		Vanguard UK Government Bond Index	14.00	Silver
<b>Equities</b>				
<b>UK Equity</b>	<b>16.00</b>	Ninety One UK Alpha	6.25	Silver
		Jupiter UK Special Situations	5.25	Gold
		Trojan Income	4.50	Silver
<b>North America Equity</b>	<b>17.00</b>	Dodge & Cox Worldwide US Stock	4.40	Gold
		iShares North American Equity Index	8.20	Gold
		Natixis Loomis Sayles US Equity Leaders	4.40	Silver
<b>Europe Equity</b>	<b>5.00</b>	Schroder European	5.00	Gold
<b>Japan Equity</b>	<b>6.00</b>	Baillie Gifford Japanese Income Growth	6.00	Bronze

## Cautious Portfolio (Long Term) – Overview

### Equity

#### UK Equity

For the UK Equity portion, three funds are recommended, namely Ninety One UK Alpha, Trojan Income and Jupiter UK Special Situations.

Overall within the UK Equity blend, we are seeking to provide exposure to a range of different mandates and management styles. The Ninety One UK Alpha fund is run by Simon Brazier, who was previously running a similar mandate at Threadneedle before moving to Ninety One (formally Investec) at the beginning of 2015. The process blends fundamental, bottom-up stock research with top-down analysis. Brazier is mindful of the risk/reward dynamics of the fund and aims to provide investors with a consistent return profile.

Blake Hutchins, who joined Troy from Ninety One (previously Investec) in October 2019 where he successfully managed an equity income mandate, assumed responsibility for the fund at the end of 2021 when longstanding manager Francis Brooke stepped back from this role. The strategy is run in-line with Troy's investment philosophy, which emphasises strong risk-adjusted returns, steady long-term income growth (above the rate of inflation), and the avoidance of permanent capital loss through investment in sustainable and easily understood business franchises. The focus on quality at the stock level results in clear sector biases, which means that performance may from time-to-time differ markedly from peers and the index, while the defensive nature of the portfolio will complement the fund blend by offering strong drawdown characteristics, with a lower correlation to the broader UK equity market.

These funds are complemented by an allocation to Jupiter UK Special Situations. Fund manager, Ben Whitmore, has a genuinely contrarian investment philosophy, which is married with a long-term mindset. His process has been tried and tested over market cycles and we have high conviction that the fund can outperform.

#### North America Equity

For the North America Equity portion, three funds are recommended. The blend is composed of Dodge & Cox Worldwide US Stock, iShares North American Equity Index and Natixis Loomis Sayles US Equity Leaders.

The iShares North American Equity Tracker fund is held within the blend to provide index-like returns. This holding is supplemented by the two actively managed funds. The Dodge & Cox Worldwide US Stock fund is predominately a large-cap oriented mandate which is managed on a bottom-up basis. The fund is led by a team-based approach that plays to the group's strength, in terms of size of resources, experience and stability. Their valuation discipline often leads them to invest in contrarian ideas and the portfolio is constructed with little reference to the benchmark.

Natixis Loomis Sayles US Equity Leaders fund is suggested as a complement to the Dodge & Cox fund as it invests with a growth focus. The managers are looking for three major characteristics in a company: quality, growth, and attractive valuation. Overall, the team members are trying to identify companies that have difficult-to-replicate business models and competitive advantages such as a network effect, low-cost advantage, or a strong brand. As a result, the portfolio has one of the highest Morningstar Moat scores we have seen.

#### Europe Equity

In the European Equity portion of the Portfolio, we have recommended Schroder European.

The Schroder European fund follows a flexible investment style and process, which is both thoughtful and risk-aware. Manager Martin Skanberg typically looks for companies with sustainable profitable growth above market expectations or improving long-term returns. The fund has no particular style bias although the manager will at times tilt the portfolio to reflect the areas where he sees the most opportunities. He seeks to identify a company where the market underestimates its growth, margins or returns and highlights the key drivers that will change the markets' perception.

#### Japan Equity

In the Japan Equity portion of the Portfolio, we have recommended Baillie Gifford Japanese Income Growth.

The fund is co-managed by Matthew Brett and Karen See and the core principle that underpins the investment process is that active management and in-depth fundamental analysis, combined with a patient approach to investing, delivers outperformance over the long term. The fund's dual income and growth objective over the longer term, with a focus on portfolio dividend growth, provide the managers with great flexibility and mean that the fund can perform well across the market cycle. The portfolio is however constructed with little regard to the benchmark which could lead to returns deviating significantly from those of the benchmark from time-to-time.

#### Fixed Income

We have recommended four funds for the UK government bond portion of the Portfolio, the iShares UK Gilts All Stocks Index fund, the Vanguard UK Government Bond Index, the Royal London UK Government Bond fund and the Allianz Gilt Yield fund. Both the iShares and Vanguard funds are passively managed and seek to track closely the performance of UK Gilts, while the Royal London and Allianz funds are actively managed funds that seek to generate attractive relative performance through duration, yield curve positioning and stock selection.

## Model Portfolios – Fund Descriptions

The below provides further information about the funds that have been selected for the Model Portfolios.

### Fixed Interest

#### Government Bonds

##### Allianz Gilt Yield

###### Key Pillars

The fund is managed by Mike Riddell who joined from M&G in November 2015 having managed the M&G Gilt fund for six years. With the unexpected departure of co-PM Kacper Brzezniak in Q2 2021, Riddell has had to bolster the team through external hires and confirmed the hire of two PM's Gaurav Saroliya and Joe Pak in July and August 2021 respectively, though they have limited management experience in this space. Riddell also has support from junior portfolio managers Jack Norris and Daniel Schmidt as well as broader macro input from Allianz's Global Market and European investment teams.

Riddell believes that government bond markets are macro driven and portfolio themes are therefore constructed from a top-down, global view. The aim is for yield curve positioning to drive the majority of the excess returns, with duration positioning and inflation-linked bond exposure an additional source of alpha.

Riddell has actively managed the portfolio's return drivers to good effect since assuming responsibility for the fund with returns ahead of the FTSE Gilts All Stocks index and peers. The flexible nature of the mandate does however mean that from time-to-time returns may be more volatile than those of both the index and peers.

###### Opinion

This is a flexible strategy, run by an experienced manager who has demonstrated his ability to exploit inefficiencies in what is a narrow gilt universe. The loss of Brzezniak was clearly a blow to the team and whilst it is comforting to see the ability of the team to hire quickly, it presents a significant distraction for Riddell, tempering our conviction in the fund over the short term.

##### iShares UK Gilts All Stocks Index

###### Key Pillars

Tracks the FTSE Gilts All Stocks Index, an index which provides exposure to a broad range of conventional bonds issued by the UK government.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

###### Opinion

This inexpensive fund tracks a broadly representative and well diversified benchmark.

##### Royal London UK Government Bond

###### Key Pillars

Craig Inches has been a lead manager on this strategy since 2009, having joined from Scottish Widows. Ben Nicholl was promoted to co-manager from assistant manager in 2021, having already spent three years as co-manager on the short duration strategy. Paul Rayner is therefore no longer a day-to-day decision maker on the fund but remains fully involved in the process as Head of Alpha Strategies and has primary responsibility for inflation-linked bond funds, global government bond portfolios, and the absolute return government bond strategy.

The fund aims to achieve modest outperformance of the benchmark through a combination of duration and yield curve positions held directly within the UK gilt market. They will also apply more sophisticated relative value

strategies within the broader global fixed income markets, including off-benchmark exposure in overseas government bonds and UK government guaranteed corporate bonds, with the latter limited to 5%. The fund's interest rate sensitivity (duration) is managed closely in line with the benchmark and is unlikely to deviate significantly.

The strategy's underweight duration stance over the past few years has been a key detractor to performance when compared to the index, however this has been offset to some extent by tactical positions, such as yield curve flatteners.

###### Opinion

The fund is managed by experienced managers who have worked together successfully and demonstrated the ability to combine macroeconomic analysis with an understanding of the dynamics of the UK government bond market.

Bond selection and allocation decisions are both important parts of alpha generation.

##### Vanguard UK Government Bond Index

###### Key Pillars

Tracks the performance of the Bloomberg Barclays UK Government Float Adjusted Bond Index hedged to Sterling. This market-weighted index is designed to reflect the total universe of GBP denominated UK Treasury and government-related securities with maturities greater than 1 year and an average maturity of 19 years and average duration of 14 years.

A low-fee, soundly constructed and reasonably representative portfolio.

###### Opinion

This inexpensive fund tracks a broadly representative and well diversified benchmark.

##### Index-Linked Bond

##### iShares Index Linked Gilt Index

###### Key Pillars

Tracks the FTSE Actuaries UK Index Linked over 5 years Index, an index which provides exposure to a broad range of index linked bonds issued by the UK government.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

###### Opinion

This inexpensive fund tracks a broadly representative and well diversified benchmark.

##### L&G All Stocks Index Linked Gilt Index

###### Key Pillars

Tracks the FTSE-A Index Linked (All Stocks) Index, an index which provides exposure to a broad range of index linked bonds issued by the UK government.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

###### Opinion

This inexpensive fund tracks a broadly representative and well diversified benchmark.

## Model Portfolios – Fund Descriptions

### Equities

#### UK All Companies

##### Ninety One UK Alpha

###### Key Pillars

Simon Brazier is an experienced investor and joined Ninety One (formally Investec) in December 2014. He joined from Threadneedle, where he was head of UK equities and successfully ran the Threadneedle UK fund from April 2010 until his departure. At Ninety One Brazier forms part of the Quality team who conduct research on a global sector basis, however Brazier and his colleagues in the UK continue to focus on UK sectors.

The investment process blends fundamental, bottom-up stock research with top-down analysis, and the manager believes that a clear understanding of the macroeconomic and thematic background is a vital starting point. While this understanding represents a starting point for generating ideas, Brazier sees meeting with company management as key to his approach. His assessment of a company management's track record, strategy, and allocation of free cash flow are vital parts of the research framework, alongside a thorough valuation analysis, considering both the upside potential and downside risk of a stock.

Brazier is mindful of the risk/reward dynamics of the fund and aims to provide investors with a consistent return profile that seeks to outperform the benchmark while also limiting the volatility.

###### Opinion

The fund benefits from a strong and experienced team, a clearly defined approach and strong execution thereof.

To date Brazier has achieved his objective of delivering strong and consistent returns relative to the benchmark, with returns driven largely by stock selection, but the emphasis on stock selection does also mean that from time-to-time returns can deviate from those of the benchmark.

#### Jupiter UK Special Situations

###### Key Pillars

The fund has been managed by Ben Whitmore since November 2006, when he joined Jupiter from Schroder Investment Management. Whitmore joined Schroders in 1994 as an insurance analyst before becoming a UK equity fund manager in 1998. Whitmore was joined by analyst, Dermot Murphy in 2013, who was made assistant manager in April 2016. Two additional analysts were hired to support the managers in March 2020.

Despite strong long-term performance, the fund's value bias and contrarian approach do mean that returns can deviate significantly from those of the index from time-to-time.

The investment approach reflects the fund managers contrarian and value-orientated investment philosophy. They aim to identify longer-term valuation anomalies by looking for stocks that have an attractive P/E ratio when calculated using 10-year average earnings but are nevertheless well-run companies with sound balance sheets. Qualifying stocks are then subject to fundamental analysis before being added to the portfolio, which is unconstrained relative to the FTSE All-Share benchmark.

###### Opinion

The managers recognise that realising value can often take a long time, so the average holding period for a stock is often high, with fund turnover consequently low. Like other Jupiter funds, Whitmore and Murphy are free to run their portfolio with high conviction, with little engagement with other Jupiter fund managers or company management.

#### Trojan Income

###### Key Pillars

Blake Hutchins, who joined Troy from Ninety One (previously Investec) in October 2019 where he successfully managed an equity income mandate, assumed responsibility for the fund at the end of 2021 when longstanding manager Francis Brooke stepped back from this role. Hugo Ure, who has 10-plus years of investment experience, has served as the fund's deputy since joining in 2009 remains in this role.

The strategy is run in-line with Troy's investment philosophy, which emphasises strong risk-adjusted returns, steady long-term income growth (above the rate of inflation), and the avoidance of permanent capital loss through investment in sustainable and easily understood business franchises. The investment universe is narrow by virtue of the focus on quality, low capital intensity, and typically low cyclicality of earnings in stock selection. This creates a natural bias towards consumer defensives and typically away from sectors such as basic materials, energy, and industrials. Research is directed towards companies with high return on equity, invested capital, and assets; high free cash flow yields; low debt/EBITDA; and good margins for typically more than a 10-year period.

The fund has delivered strong long-term returns with performance generally driven by stock selection.

###### Opinion

We have a high regard for the consistency of the fund's investment process, together with the strength and expertise of the team implementing it.

The focus on quality at the stock level results in clear sector biases, which means that performance may from time-to-time differ markedly from peers and the index.

#### North America

##### Dodge & Cox Worldwide US Stock

###### Key Pillars

This fund benefits from a considerable depth of management experience and continuity of management with most of the investment professionals becoming partners in the firm.

The fund invests in mostly large-cap stocks that look cheap on a range of valuation measures. Management relies on bottom-up, fundamental research of companies and industries and favours business with good management, competitive advantages, and good growth potential. These may also be businesses that are under a cloud at the time of purchase.

The managers are benchmark agnostic and returns can show large divergence from the S&P 500 on a calendar year basis. However, taking a long-term view has allowed them to outperform over the long term.

###### Opinion

Genuine team-based approach with members of the portfolio committee having long tenures but not close to retirement. Quality of support analysts is high and team risks are low.

A collaborative approach minimises key-person risk yet has produced thoughtful, original research.

## Model Portfolios – Fund Descriptions

### iShares North American Equity Index

#### Key Pillars

Tracks the S&P 500, a renowned market-cap weighted US large-cap equity index.

A low fee and a soundly constructed and reasonably representative portfolio leave the fund well positioned to continue its long streak of superior risk-adjusted returns relative to its peers over the long haul.

#### Opinion

This inexpensive fund tracks a broadly representative and well diversified benchmark.

### Natixis Loomis Sayles US Equity Leaders

#### Key Pillars

Lead manager Aziz Hamzaogullari founded this US large-cap growth strategy in 2006 and has successfully managed it first at Evergreen and then at Loomis Sayles since 2010. He has built and trained a dedicated team of seven sector analysts, three of whom have worked with him since 2006.

Their proprietary seven-step framework is the cornerstone of the process. Overall, the team members are trying to identify companies that have difficult-to-replicate business models and competitive advantages. The fund provides investors with a relatively concentrated portfolio of “high-quality” US stocks with long-term sustainable growth drivers trading at a discount to intrinsic value.

The fund has delivered strong long-term outperformance and the team has shown astute stock-picking over the fund’s tenure, especially in the more growth-orientated sectors such as technology and consumer discretionary.

#### Opinion

A bold and focused offering, we continue to like the research-intensive approach used by Aziz Hamzaogullari’s team at Loomis Sayles.

The contrarian nature of the approach means there is little overlap with the index. Although this is a compact portfolio of pricey growth stocks, the focus on wide moats and diversification by different business drivers have kept volatility in check.

### Europe

#### Schroder European

#### Key Pillars

The fund is managed by Martin Skanberg, who has over twenty years’ investment experience having joined Schroders in 2004. Skanberg has been running this fund since 2006 and works closely with the core European team.

Skanberg adopts a flexible investment style and process, which is both thoughtful and risk-aware. He typically looks for companies with sustainable profitable growth above market expectations or improving long-term returns. The fund has no particular style bias although the manager will at times tilt the portfolio to reflect the areas where he sees the most opportunities. He seeks to identify a company where the market underestimates its growth, margins or returns and highlights the key drivers that will change the markets’ perception.

The fund has delivered strong long-term performance and Skanberg’s style agnostic approach has led to a consistent return profile, which is in-line with our expectations.

#### Opinion

We like the manager’s measured approach to investing and believe the fund benefits from both the manager’s experience and the strength of the analytical resource at Schroders.

While long-term performance has been strong the manager is willing to take risks and this may at times lead to returns that differ from those of the index.

### Japan

#### Baillie Gifford Japanese Income Growth

#### Key Pillars

The fund is co-managed by Matthew Brett and Karen See. Brett leads the investment team and worked closely with previous team lead Sarah Whitley over his 16 year-career at Baillie Gifford. See joined Baillie Gifford in 2012 and has spent all of her career on the Japan desk. The strategy is managed with input from across the team with all members contributing to stocks held within the portfolio.

The core principle that underpins the investment process is that active management and in-depth fundamental analysis, combined with a patient approach to investing, delivers outperformance over the long term. The team are focused on identifying long-term and underappreciated growth prospects within a multi-cap context and the fund aims to deliver a yield greater than the TOPIX Index. The yield requirement adds an increased stock-level focus on improving returns on capital and balance sheet efficiency to deliver growing dividends.

Fund performance since launch in July 2016 has been strong and has been driven mainly by stock selection across various sectors and styles, which augurs well for the strategy in a variety of market conditions.

#### Opinion

The fund’s dual income and growth objective over the longer term, with a focus on portfolio dividend growth, provide the managers with great flexibility and mean that the fund can perform well across the market cycle.

The portfolio is however constructed with little regard to the benchmark which could lead to returns deviating significantly from those of the benchmark from time-to-time.

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