

KAMES CAPITAL
Investment Grade Bond (OEIC)

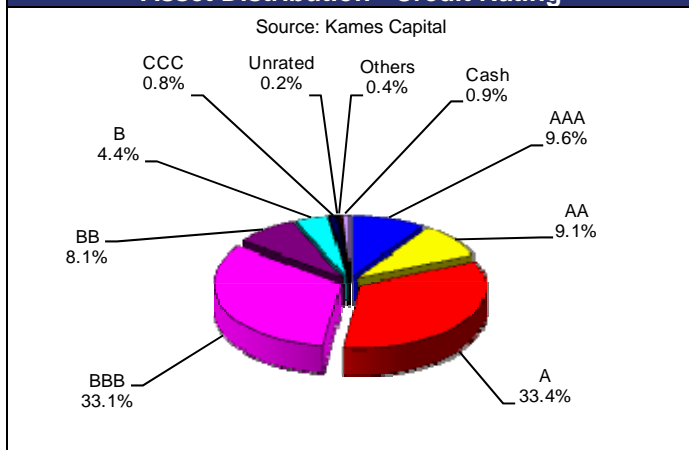


OBSR Fund Rating
AA

Key Information

Launch Date	1 June 2006	
Fund Size	£234.8m	
Type of Shares Available	Income & Accumulation	
Distribution Dates	31 January, 30 April, 31 July, 31 October	
Distribution Yield	n/a	
ISA	No	
ISA Transfer	No	
Standard Fund Management Charges	Initial	4.50%
	Annual	1.25%

Asset Distribution - Credit Rating



Top Ten Holdings

	%
UK (Govt) 1.25% I/L 22/11/2055	2.7
Guoman Hotels 10.75% 2014	1.5
Mellon Cap III 6.369% 9/2066	1.4
UK (Govt) 0.625% IL 22/3/2040	1.4
Great Rolling Stock 6.875% 27/7/2035	1.4
Equity Release 5.88% 26/5/2032	1.4
Lloyds TSB 7.625% 22/4/2025	1.4
UBS 4.28%	1.3
Co-Operative Bank 5.125% 20/9/2017	1.3
THPA Finance 7.127% 3/2024	1.3
Concentration (Top 10)	15.1
Total Number of Holdings	115

Source: Kames Capital

Classification

Sector	Sterling Corporate Bond
OBSR Category	Investment Grade
Benchmark/Index	iBoxx Sterling Non Gilts
Management/Investment Style	
Fund Managers	David Roberts (June 2006) Euan McNeil (January 2011)
Managed with a view to adding value from duration, yield curve, asset allocation, sector allocation and individual stock selection, with a strong emphasis on the global opportunities available in the investment grade credit sector.	

Investment Objective & Methodology

The primary investment objective is to maximise total return (income plus capital) by investing in a global portfolio of predominantly investment grade corporate bonds, although government bonds, high yield bonds and cash are also active sources of return. The performance objective is to achieve a first quartile position over rolling 12-month periods.

The fund has been managed since launch by David Roberts, who is AEGON's Co-Head of Fixed Income in the UK. Euan McNeil was promoted from back-up manager to co-manager of the fund in January 2011 in recognition of his increasing day-to-day involvement with its management. This reflects the depth of the group's significant fixed income resources and its strong team-based approach to research and portfolio management. The team in the Edinburgh office also liaises closely with the AEGON offices based in The Netherlands and the US.

AEGON seeks to benefit from diversified sources of outperformance in managing this fund and the team in Edinburgh benefits from the wider perspective gained from its work with the teams based in The Netherlands and the US. The process is a combination of top-down strategy together with bottom-up stock picking. The team appraises the potential for added value from six factors - duration, yield curve, asset allocation, sector allocation, stock selection and rating preference. Depending on the prevailing economic and investment environment, it will seek to identify the potential for each of these factors in turn to generate excess return. Its strategy emerges from consideration of fundamentals, valuation and technical factors. This process produces preferred sector strategies. Stock selection then takes account of fundamental and valuation factors, including consideration of the relative value of bonds denominated in different currencies, in order to produce the desired portfolio shape. Duration and yield curve strategies are also employed as a means of enhancing fund returns.

The fund will be reasonably concentrated, typically comprising between 40 and 120 stocks. High yield is restricted to 20% of the fund's assets. As a global investment grade bond fund, the manager may invest in non-Sterling issues but a minimum of 80% of the portfolio will be hedged back to Sterling. The fund's UCITS III flexibility allows it to use derivatives in the management of the fund but naked short selling is not permitted. Tracking error is capped at 4%. The level of cash is actively managed and but limited to a maximum of 20%.

www.obsrfundratings.co.uk

Data as at 30 June 2011
Last Updated September 2011