

KAMES CAPITAL High Yield Bond (OEIC)

**OBSR Fund Rating
AA**

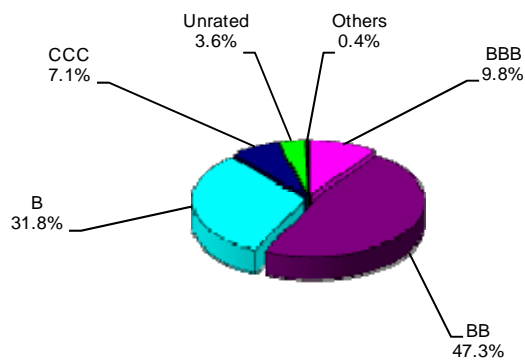


Key Information

Launch Date	March 2002	
Fund Size	£444.2m	
Type of Shares Available	Income & Accumulation	
Distribution Dates	Monthly	
Distribution Yield	n/a	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	4.50%
	Annual	1.00%

Asset Distribution - Credit Rating

Source: Kames Capital



Top Ten Holdings

Company	Percentage	%
Care UK Health	9.75%	2.2
Jarden Corporation	7.5%	2.1
Warner Chilcott	7.5%	2.1
Sunrise Communication	7%	2.0
HCA	7.75%	2.0
Sable International	7.75%	2.0
Boats	11%	1.9
Kabel BW Erste	7.5%	1.9
Crown	7%	1.8
Intelsat Jackson	7.25%	1.8

Concentration (Top 10)	19.8
Total Number of Holdings	80

Source: Kames Capital

Classification

Sector	Sterling High Yield
OBSR Category	High Yield
Benchmark/Index	Composite Index (see below)

Management/Investment Style

Fund Manager	Philip Milburn (November 2003)
Offers investors a portfolio of predominantly sterling and US dollar-denominated high yield securities managed for total return. The fund seeks to comprise the best ideas identified by a team based approach, drawing on AEGON's UK and US-based fixed income teams.	

Investment Objective & Methodology

The primary investment objective is to maximise total return (income plus capital) by investing in a portfolio of predominately high yield bonds, selected investment grade bonds and cash. The fund may hold sterling and other currency denominated bonds hedged back to sterling. The fund will invest primarily in sterling and US dollar denominated high yield bonds and its benchmark is a composite of 50% Merrill Lynch Sterling High Yield Index and 50% Barclays Capital US Dollar High Yield Index.

The fund is managed by Phil Milburn, who is a senior member of the Credit Research team. AEGON has significant fixed income resources and operates a 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 fixed interest funds. It appraises the potential for added value from four factors - duration, yield curve, asset allocation and stock selection. 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 in order to produce the desired portfolio shape. The emphasis within the High Yield Bond fund is very much on stock-picking. The aim is to construct a portfolio of the best ideas drawn from the fixed income teams based in the UK, the US and the Netherlands.

The fund will be relatively concentrated and there are no formal stock, sector or geographic constraints. However, risk awareness is an integral part of the investment process and individual stock and overall portfolio positions are constantly monitored. Non-Sterling exposure are hedged back into sterling (under OEIC rules the portfolio cannot be hedged back fully and there is likely to be around 2% residual currency risk). Up to 20% of the fund may also be invested in BBB rated investment grade bonds in order that the manager is not a forced seller of bonds that enjoy rating upgrades. Furthermore, this allows the manager to reduce the credit risk of the portfolio when he believes conditions dictate this to be necessary.

www.obsrfundratings.co.uk

Data as at 30 June 2011
Last Updated September 2011