

# Ethical Corporate Bond Fund

## Retail Mutual Fund

Monthly Factsheet to 30 July 2010



Helpdesk 0800 45 44 22 [www.aegonam.co.uk](http://www.aegonam.co.uk)



Fund Manager Philip Milburn and Iain Buckle

### Fund Objective

The primary investment objective is to maximise total return (income plus capital) by investing in Sterling denominated bonds issued by a company or organisation which meets the fund's predefined ethical criteria. Investments may encompass investment grade corporate bonds, cash and up to 10% of the fund in high yield bonds.

<b>Launch date</b>	April 2000	
<b>IMA sector</b>	£ Corporate Bond	
IMA stands for Investment Management Association		
<b>Secondary benchmark</b>	iBoxx Sterling Non-Gilt	
<b>Fund size</b>	£185.3 million	
<b>Number of stocks</b>	76	
<b>Initial charge</b>	4.5% (A Class)	
<b>Annual charge</b>	1.0% (A Class)	
<b>Payment dates</b>	31 March, 30 June, 30 September, 31 December	
<b>SEDOL codes</b>	A(acc) 534264 A(inc) 534242 B(acc) B018K35 B(inc) BOC4RP3	
<b>FT MexID</b>	A(acc) SESRA A(inc) SESRI B(acc) SESRB B(inc) SEBII	
<b>Yield</b>	Distribution	4.54

### Fund Strategy

- July saw a reversal of the previous month's trends, with corporate bonds outperforming government bonds.
- The fund underperformed the Lipper median in July as more liquid higher beta credit led the rally.
- Positive absolute performance was helped by holdings in the collateralised sector.
- We remain comfortable with our overweight credit risk position.

### Performance Information

#### Discrete years

1 year to	30/07/2010	31/07/2009	31/07/2008	31/07/2007	31/07/2006
Fund	20.7%	-8.0%	-4.5%	-1.3%	1.8%

#### Cumulative Performance

	1 year	2 years	3 years	4 years	5 years
Fund	20.7%	11.0%	6.1%	4.7%	6.6%
Median	14.3%	15.1%	11.3%	9.6%	11.4%
Quartile	1	4	4	4	4

Source: Lipper Hindsight, as at 30/07/2010, % growth, total return excluding initial charges, GBP, net of Basic Rate Tax, A(acc) shares. Past performance is not a guide to future performance. The value of your investment and any income from it may fall as well as rise and is not guaranteed.

### Portfolio Information

Credit spread		Breakdown	
	Fund %		Fund %
AAA	10.2	CORPORATES 0 TO 5 YEARS	14.1
AA	9.7	CORPORATES 5 TO 15 YEARS	43.3
A	21.9	CORPORATES 15+ YEARS	25.3
BBB	42.7	HIGH YIELD 0 TO 5 YEARS	2.5
BB	7.4	HIGH YIELD 5 TO 15 YEARS	3.8
CCC	0.9	HIGH YIELD 15+ YEARS	2.6
C	0.7	INDEX LINKED 15+ YEARS	1.9
CASH	6.6	CASH	6.6

Source: AEGON Asset Management UK

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#### Top ten holdings

	Fund %
LAND SEC.CAP.MKTS. 4.875%-FRN 09/25	2.2
MELLON CAP III 6.369%-FRN 09/2066	2.1
VODAFONE GROUP 8.125% EMTN 26/11/18	2.1
CUMBERNAULD FUND 3 4.55% 08/14	2.0
RL FINANCE BONDS 6.125%-FRN SUB PERP	2.0
CO-OPERATIVE BANK 5.875%-VAR 04/19	1.9
ALLIED IRISH BANK 11.5% 29/3/22	1.9
TRAFFORD CENTRE FI 6.5% 28/7/2033	1.9
TELEREAL SECURITIS 6.1645% AB 12/33	1.9
NATIONWIDE B/S 6.024%-FRN PERP	1.8

Source: AEGON Asset Management UK

### Awards / ratings



The Distribution Yield reflects the amounts that may be expected to be distributed over the next 12 months as a percentage of the mid-market share price of the fund as at the date shown. It is based on a snapshot of the portfolio on that date. It does not include any preliminary charge and investors may be subject to tax on distributions. The Distribution Yield is also the Underlying Yield for this fund. The yield figures could vary for different share classes.

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This fund is a medium to long-term investment. Fluctuations in interest rates and exchange rates may affect the capital value of the fund. The value of the fund may also be impacted if the perceived credit risk associated with the issuer increases or the issuer defaults on an income or capital repayment. The impact of the initial charge will be to reduce the amount available for investment. All annual charges are taken from fund income as far as possible. Where fund income is insufficient to meet the charges, they will be taken from capital. You should read the Simplified Prospectus and Customer Agreement document carefully, particularly the section on Risk Factors. The Simplified Prospectus and Full Prospectus are available on our website [www.aegonam.co.uk](http://www.aegonam.co.uk) or by calling our investor helpdesk on 0800 45 44 22 or in writing from AEGON Asset Management, Mellon House, Ingrave Road, Brentwood, CM15 8TG.

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