

Managed Portfolio Service – August 2018

Active portfolio changes

We are pleased to inform you that we have recently been able to lower the cost of investing in the Active MPS range. This is because we can now access cheaper share classes for some of our existing holdings. By switching to these cheaper share classes, we have reduced the ongoing cost of the underlying holdings in the portfolios. The switches were made as share class conversions, so no transaction costs were generated. For existing holders, these conversions are currently taking place and will be reflected shortly. The holdings that are now cheaper are:

Troy Trojan Income – held in all growth and income models

Troy Trojan Income is a UK equity fund which seeks to outperform the FTSE All Share Index through a strong focus on capital preservation and a long-term, low turnover approach. Lead manager Francis Brooke joined the firm to launch this fund in 2004 and has a long history of running income-oriented mandates, having worked for firms such as Mercury Asset Management and F&C. Troy has a clearly defined investment philosophy running through the firm, and key to this is delivering strong risk-adjusted returns through income growth and capital preservation. The team focus on quality through seeking out stocks that display high returns on invested capital, with durable competitive advantages. The resulting portfolio will comprise 35-50 stock positions and look to grow the dividend ahead of inflation.

The switch into the new X share class sees the OCF of this holding fall from 1.02% to 0.87%.

Premier Global Infrastructure – held in both income models

The Premier Global Infrastructure fund looks to provide a regular and growing income, together with long-term capital growth through investment in infrastructure companies. The fund will invest either directly or indirectly in a broad range of

global companies involved in the ownership and operation of infrastructure assets, including, for example, electricity, water, gas, telecommunications, airports, roads, railways, seaports and social infrastructure assets (such as hospitals and prisons). The fund invests principally in equities but can also invest in fixed income investments should the risk/return characteristics be more attractive. Ultimately, the manager is looking to deliver above average long-term returns, but achieved with lower volatility than the FTSE Global Core Infrastructure 50/50 Index.

The investment approach incorporates a large element of top-down macro/political analysis, given the regulatory risk surrounding infrastructure investments. At a company level, analysis focuses on the return of assets, dividend yield, quality of management and liquidity and has a bias towards regulated utilities and infrastructure where competition is considered to be benign. The fund has been managed for over five years by James Smith, who is supported by Claire Long, both of whom have extensive experience of investing in infrastructure.

The switch into the S class sees the OCF of this holding fall from 1.10% to 0.75%.

Active MPS summary

The following table gives the previous and updated underlying OCFs:

	MPS 1	MPS 2	MPS 3	MPS 4	MPS 5	MPS 6	Income MPS 1	Income MPS 2
Previous underlying OCF	0.41%	0.54%	0.68%	0.74%	0.81%	0.86%	0.66%	0.75%
New underlying OCF	0.40%	0.53%	0.67%	0.72%	0.79%	0.84%	0.62%	0.71%

Source: Morningstar, AJ Bell Investments. July 2018.



This report provides general information about the AJ Bell Managed Portfolio Service. It should not be read or construed as investment advice. It is your responsibility to assess your client's circumstances and make a personal recommendation that is suitable for their needs.

The value of investments can go down as well as up and your client may not get back their original investment.

Past performance is not a guide to future performance and some investments need to be held for the long term.