Fidelity MoneyBuilder Corporate Bond

Fund Research Centre
Recommended

Why we recommend the fund

- This Recommended fund is managed by Kris Atkinson and Shamil Gohil. Both managers are members of Fidelity's fixed income team and can draw upon the considerable expertise of the wider department.
- The 'core pillars of bond investing' have always been at the forefront of the long-standing approach and the fund has a clearly stated role for investors.
- Fidelity's extensive risk teams and portfolio systems helps the managers pinpoint risks in the fund and monitor liquidity.
- In May 2022, the fund name was changed, and its mandate was adjusted to reflect overt 'sustainability' objectives. However, the foundations of the approach and process were unaltered.

Key characteristics and expected outcome

- The The diversified approach and tight parameters on duration and high yield positions mean that its risk and return profile is typically in keeping with the benchmark.
- The managers expect active duration management to be a less important driver of performance for this fund compared to some peers. They would typically seek to generate the bulk of their added value from credit selection.
- We believe the fund can be used comfortably as a mainstay holding within a corporate bond blend.

Risk commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 4. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 4 means the fund's historic volatility is between 5% and 10%.

The fund's risk score is in keeping with the sector. We believe that the managers' diversified approach and limited use of duration as a source of relative return should result in a volatility outcome that is in keeping with key indices. Different share classes could have differing SRRI scores.



Key Fund Facts

Inception Date:	12 September 1995
Manager(s) Since:	Kris Atkinson (Jan 19) Shamil Gohil (Feb 23)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	BofA Merrill Lynch Euro-Sterling
IA Sector:	£ Corporate Bond

The fund was renamed in March 2025.

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at fundresearchcentre.co.uk.

Fund Snapshot

A diversified investment grade corporate bond fund. The approach is relatively conservative and there are clear guidelines with regard to relative duration positioning and the allocation to non-investment grade credit. Within its sector, the fund features in our 'Flexible' category

Investment Team

Lead manager, Kris Atkinson, is a long-standing member of Fidelity's fixed income team. He joined Fidelity in 2000 and became a portfolio manager in 2013. He works closely with co-manager, Mr Gohil, who joined Fidelity in 2023. He has considerable fixed income experience, having previously worked at HSBC Global Asset Management as a senior credit portfolio manager and Head of UK Credit Solutions. They are supported by an extensive fixed income team, which includes significant quantitative and credit analyst resources

Investment Philosophy

The philosophy is built upon the core pillars of bond investing. Specifically, the managers aim to strike a balance between delivering an attractive level of income, providing downside protection and offering diversification away from equities.

Investment Process

The managers seek to include a wide range of inputs into a diversified portfolio. Thus, the well-resourced team looks to add value through both macro-economic and credit analysis, taking asset allocation, interest rate, sector and issuer risks. The approach is underpinned by statistical models covering valuation metrics, relative value opportunities and asset allocation preferences. These are used to inform the team's debate through investment and portfolio strategy meetings, through which they generate macro-economic themes before selecting appropriate strategies for individual funds. Throughout this process, there is significant emphasis on the risks to their expectations and, in line with the aim of achieving consistency in the performance profile, they explore these risks and consider trades to help protect the portfolio from the most probable.

The population of the portfolio is highly dependent upon the input of the credit analysts. They build in-house financial models to inform a proprietary credit rating that reflects their assessment of a company's creditworthiness. They make issuer recommendations to fund managers, incorporating an assessment of relative value between issuers and an understanding of broader sector trends.

Portfolio Construction and Risk Controls

In keeping with the fund's core mandate and focus on credit analysis, parameters are in place to help ensure investment grade corporate bonds are the key driver of performance. As a result, there is an internal restriction on high yield at 5% and duration (a measure of interest rate sensitivity) is typically within one year of the benchmark's duration. Up to 30% of the fund may be held in non-sterling issuers but there is a limit of 10% on unhedged sterling exposure. The managers' commitment to diversification means they usually hold around 200 issuers and it is unusual for one sector to account for more than 20% of assets.

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