

# SWIP Multi-Manager UK Equity Growth Fund

All data as at 31/12/2011 unless otherwise stated

Q4 2011 Factsheet (A Class Shares)

For professional advisors only

**Fund Objective:** The Multi-Manager UK Equity Growth Fund is designed to provide investors with growth-biased exposure to the UK equity market. The Fund aims to consistently add value above the total return of the FTSE All-Share index through active stock selection in a risk-controlled framework.

## Managers in the Fund

Manager	Style	Weight%
Investec	Quantitative screen/ Quality	35.0
Henderson	Contrarian Growth	33.5
FOUR Capital	Focus on Intrinsic Valuations	31.4

## Fund Performance

	Since Inception <sup>1</sup>	2011 YTD	Calendar Years				
			2010	2009	2008	2007	2006
Fund Return %	4.52	-6.28	16.8	27.3	-33.0	1.8	17.4
FTSE All Share %	6.58	-3.46	14.5	30.1	-29.9	5.3	21.4
Median %	5.55	-6.62	15.2	28.6	-30.5	2.8	20.3

Source: Lipper (Lipper reports SWIP funds at T-1), Net of Fee returns

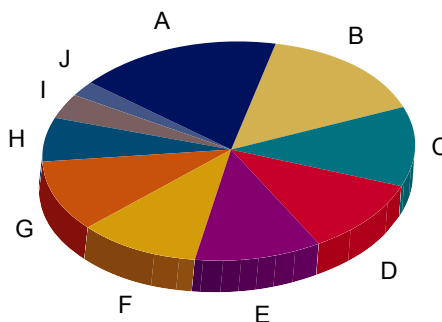
<sup>1</sup> Inception for performance calculation this is deemed as 01/11/04

## Sector Allocation

A. Oil & Gas	17.5%
B. Financials	15.8%
C. Consumer Services	11.7%
D. Industrials	11.0%
E. Consumer Goods	10.7%
F. Basic Materials	10.6%
G. Health Care	10.5%
H. Telecommunications	6.4%
I. Utilities	3.8%
J. Technology	2.0%

Figs may not total exactly due to rounding

Source: State Street



## Market Overview

The FTSE All-Share Index ended the quarter 8.4% higher. The UK market was given a boost by the Bank of England's (the Bank) surprise decision to buy more bonds. Citing slower economic growth at home and strains on the banking system, the Bank announced it would pump a further £75bn into the financial system. The Bank's decision to restart its bond purchase programme was vindicated by disappointing economic news. The Nationwide consumer confidence survey dipped to a record low, while unemployment rose again with the number of unemployed young people topping one million. Meanwhile, the Bank said the UK economy would stagnate next year, cutting its growth forecast from 2.2% to just 0.9%. Meanwhile, the market was swamped with negative news from domestic UK companies, particularly retailers. Game Group and French Connection both issued profit warnings. Finally, in December, La Senza said it was about to enter administration and Blacks Leisure put itself up for sale. From a sector and style perspective, oil & gas stocks sustained positive momentum throughout the quarter, as speculation that sanctions against Iran would curb crude supplies countered concern that Europe's debt crisis would worsen and slow demand. Small and midcaps underperformed their larger peers as, despite the rising market, investors favoured more stable large cap names.

## Top Ten Holdings

Company	%
Vodafone Group	5.7
GlaxoSmithKline	5.3
BG Group	5.1
Royal Dutch Shell	4.7
Rio Tinto	3.9
BP	3.6
AstraZeneca	2.7
BHP Billiton	2.7
HSBC Holdings	2.7
Prudential	2.4

Source: State Street

## Managers in the Fund

The Managers selected for the Fund, **Investec**, **FOUR Capital** and **Henderson**, all have different processes for finding returns.

### Investec – 33% of Fund\*

Investec uses an intuitive quantitative screening methodology to identify potential investment opportunities, seeking to identify stocks attractive on growth, valuation and technical criteria. Unlike Bernstein, deep fundamental research is not a key driver of this proposition, but the level of due diligence undertaken on stocks after screening is sufficient to support the process. The process does not have a persistent style bias.

### FOUR Capital – 33% of the Fund\*

FOUR is a new boutique, established in March 2007, however the managers are seasoned investment professionals with strong track records having previously worked together while at Schroders. Russell's positive view on FOUR is based in part on the team's experience, judgment, and positive group interaction. Security selection is the driver of FOUR's investment proposition. Their process involves a long-term cashflow and return analysis to establish the true worth of a business. Where the stockmarket's valuation of a business underestimates current assets or future growth, they take significant positions.

### Henderson – 33% of the Fund\*

Henderson has an extremely flexible investment process that should help the manager to perform in the current uncertain environment. Their process is underpinned by a strong valuation discipline and the portfolio managers are adaptive in their use of a wide range of valuation metrics when assessing companies. The Fund is managed by two lead portfolio managers, Graeme Kitchen and Andrew Jones, who previously worked together while at Invesco, and Russell regards Graeme and Andrew highly for a number of years. Their contrarian approach and strong focus on valuation will mean their portfolios will have a bias towards temporarily out of favour stocks with solid medium-term prospects.

## Fund Characteristics

The Fund's characteristics are expected to be broadly neutral on the size, sector and style dimensions. However, managers may take tactical decisions to deviate from neutral sector positions as opportunities present themselves. Deviations along all dimensions will be carefully monitored at the Fund level. The Fund controls risk by having a solid process diversification through its underlying managers.

## Fund Highlights

- ▶ FOUR Capital lagged the benchmark during the period, driven predominantly by its negative stock selection among oil & gas stocks. The manager's position in Cape detracted the most from performance after the company's share price fell significantly when it warned margins were declining. Elsewhere, FOUR's stock picks among technology holdings were also detrimental.
- ▶ Investec outperformed during the quarter. The portfolio's gains were predominantly driven by its stock selection in financials, particularly insurers. Elsewhere, the manager's stock picking among consumer goods also benefited, notably within tobacco stock (Imperial Tobacco). An underweight to utilities also added to performance.
- ▶ Henderson underperformed during the quarter. The main detractors were its underexposure to the oil majors BP and Shell, and an overweight to the underperforming utilities sector. Positive stock selection in technology (Sage) and industrials (Experian) helped limit underperformance.

### \* Target Weights

† The Income Yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include the preliminary charge and investors may be subject to tax on their distributions. If the Fund's expenses were charged to capital, distributions would be increased and the Fund's capital performance constrained by an equivalent extent.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

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## General Information

### Bloomberg ticker

MMUKEGA LN

### Fund benchmark

FTSE All-Share Index

### Fund Complex

Multi Manager Unit Trust

### Fund size

£203 million

### Income yield†

1.2%

### Launch date

18 October 2004

(Performance is measured from 01/11/04. In order to enable accurate peer relative and total return benchmark relative performance comparisons, performance is calculated from the first full month following inception.)

### No of holdings

113

### Website address

[www.swip.com](http://www.swip.com)