SWIP
Multi-Manager Select Boutiques (OEIC)

OBSR Fund Rating
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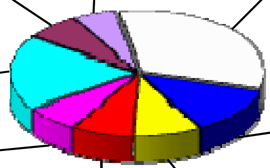
Key Information

Launch Date	1 December 2007	
Fund Size	£16.9m	
Type of Shares Available	Accumulation	
Distribution Dates	n/a	
Historic Yield	1.30%	
ISA	No	
ISA Transfer	No	
Standard Fund Management Charges	**Initial**	5.00%
	Annual	1.25%

Asset Distribution - Country



Classification

Sector	Active Managed
Multi-Manager Category	Active Asset Allocation, Absolute Return Bias
Benchmark/Index	50% FTSE All Share, 40% FTSE World Ex UK, 10% 3 Month Interbank Cash

Management/Investment Style

Fund Managers	Mark Harries (December 2007) Simon Wood (December 2007)

This fund provides investors with a relatively concentrated portfolio of equity funds (with a bias towards the UK). The preference is for experienced managers with solid approaches who invest with an absolute return mindset. Through this approach, the objective is to preserve capital in negative market conditions, which SWIP believe will lead to attractive relative returns over the long-term.

Investment Objective & Methodology

The fund aims to achieve long-term capital growth through investment in a portfolio, predominantly comprising collective investment schemes, which gives exposure to UK and overseas equity markets and sectors. The fund seeks to outperform a composite index which is weighted 50% FTSE All Share index, 40% FTSE World ex UK index and 10% 3 month interbank cash. The cash weighting reflects the average underlying managers holding of cash. The philosophy behind the fund is based on protecting capital in falling markets, whilst participating in rising equity markets. Each of the underlying funds in the portfolio is managed with an absolute return mindset.

The Multi-Manager team numbers five individuals. Mark Harries is the Head of the Multi-Manager Team and an Investment Director. He manages this fund along with co-manager, Simon Wood, who is also an Investment Director. Lyndon Gill, Natalie Burnand and Andrew Perham are analysts on the team. They divide the research responsibilities between them on a sector basis. Alternative investments are covered by Mark Harries and Lyndon Gill.

The investment philosophy of the SWIP Multi-Manager team is rooted in their experience of the needs of private investors. They see the preservation of capital as a key objective. They also acknowledge that market direction is increasingly difficult to predict and hence prefer to take a broadly diversified and long-term approach in their portfolios.

This fund is intended for Sterling based investors who are looking for steady growth from a portfolio of international equities, with a bias towards the UK. There is also an emphasis on reducing downside risk, which they believe they can achieve this through the selection of underlying fund managers rather than asset allocation calls. A strategic benchmark is set for this fund and the portfolio is rebalanced regularly through cash-flow or when market moves dictate this to be necessary. The SWIP team of economists and a strategy team provide them with asset allocation inputs but any tactical positions versus benchmarks are likely to be small. In selecting managers for the funds, they use both qualitative and quantitative analysis, although there is an emphasis on the former. They screen the fund universe and use quantitative analysis to reduce this to a workable number. In this analysis, they are particularly seeking predictability of returns and are also concerned with a fund's characteristics in different market conditions. Where they wish to pursue a fund further, they send out detailed questionnaires and this would be followed up by face-to-face meetings with the manager. They see this as a critical part of the process and several meetings may be required before a decision is taken. They categorise managers as value, growth, business cycle (or pragmatic) and specialist and use them in different ways, depending upon the nature of the multi-manager fund mandate. Furthermore for this mandate, they seek out managers who invest with an absolute return mindset. Managers selected for the funds are considered to be either 'core' or in the 'academy'; core managers are typically very experienced investors who they deem suitable for long-term investment while academy managers would include less experienced but nevertheless talented managers, usually held in smaller position sizes. As the fund name suggests, many such managers work in specialist organisations that in some cases are more difficult for retail investors to access.

The Select Boutiques fund is predominantly invested in UK and international equity investments. There is a bias towards UK equities in recognition of their Sterling based unit holders. In fact the fund can range from 40% to 60% in UK equity funds. There is also a discernible preference for managers who are looking to generate positive absolute returns while minimising capital losses. Investments tend to be in funds with proven investment approaches and with managers who are typically experienced market practitioners. Asset allocation is generally in line with the benchmarks, although tactical positions can deviate up to 5% from the benchmark position for each market. Investments will typically range from 12 to 15 holdings. There is an Investment Risk Management team monitoring their funds, however, the Multi-Manager team is more concerned with risk in terms of the selection of their underlying managers. Unlike its sister fund, SWIP Multi-Manager Diversity, this fund is seeking an attractive risk-adjusted return relative to its benchmark, i.e., it does not have an absolute return target.

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Data as at 30 September 2011
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