

The **co-operative**
asset management

CIS Sustainable Leaders Trust

A UK growth fund focusing on the core themes of the environment, human welfare and sustainability to generate superior investment returns.

Product profile as at 30/06/11

This document is intended for investment professionals and professional clients. It is not intended for retail clients, who should not rely upon its contents when making investment decisions.

Part of The **co-operative** financial services

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citywire
TOP 100 UK GROWTH
FUND MANAGER OF THE YEAR 2007

Morningstar
Qualitative Rating
Superior

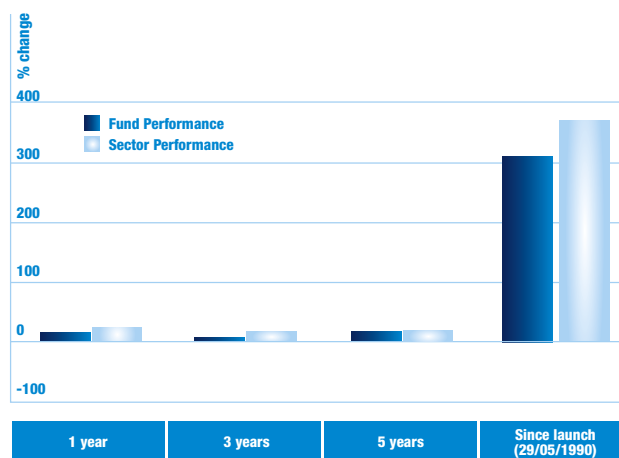


CIS Sustainable Leaders Trust

Why recommend this Fund to your clients?

- Holds OBSR 'A' rating and Morningstar's 'Superior' Qualitative Rating.
- Mike Fox was Citywire's 'UK Growth Fund Manager of the Year 2007'.
- Invests in the three core themes of the environment, human welfare and sustainability, thereby making a positive contribution to society.
- Aims to outperform the UK FTSE All-Share.

Performance (to 30/06/11)*



Percentage Growth to latest quarter end, total return, bid to bid price, Net income reinvested.

Source: Lipper

*Measured against UK All Companies sector. The Fund moved from Global Growth to UK All Companies sector on 7th May 2004.

Cumulative performance (% change to 30/06/11)

	1 year	3 years	5 years	Since launch (29/05/1990)*
Fund	13.3	8.2	17.9	308.3
Sector Median	23.6	17.2	18.7	369.3
Quartile Ranking	4th	4th	3rd	3rd

Percentage Growth to latest quarter end, total return, bid to bid price, Net income reinvested.

Source: Lipper

*Measured against UK All Companies sector. The Fund moved from Global Growth to UK All Companies sector on 7th May 2004.

Discrete performance (% change to 30/06/11)

	30/06/2010 - 30/06/2011	30/06/2009 - 30/06/2010	30/06/2008 - 30/06/2009	30/06/2007 - 30/06/2008	30/06/2006 - 30/06/2007
Fund	13.3	16.3	-18.0	-13.0	25.3
Sector Median	23.6	19.0	-20.0	-13.3	17.2

Percentage Growth for discrete one-year periods, total return, bid to bid price, Net income reinvested.

Source: Lipper

Measured against UK All Companies sector.

A closer look at the Fund

What is the Fund's aim?

The Fund invests in companies with products or services that benefit the core themes of environmental improvement, human welfare and sustainability. Companies leading their industries in environmental, social and governance (ESG) performance, as assessed by our ESG analysts, are also included in the investable universe, thereby creating a portfolio of investments that make a positive contribution to society.

The Fund aims to provide first quartile performance over a rolling three-year period measured against the UK All Companies sector. The Fund also aims to outperform the FTSE All-Share Index.

What does the Fund invest in?

The Fund invests predominantly in UK equities. Given the Fund's aim, sectors such as utilities, healthcare, telecoms and support services are prominent. The Fund excludes tobacco and armament manufacturers, nuclear power generators and companies conducting animal testing for the purpose of developing cosmetic and household goods. Companies not making strenuous efforts to reduce their environmental impact are also excluded.

The investment universe consists of around 170 companies evenly split between small, medium and large capitalisation companies. Approximately 50% of the FTSE100 by market capitalisation currently meets the Fund's criteria. Oil & gas and mining, whose combined weighting is approximately 27% of the UK FTSE All-Share, are the largest excluded sectors.

Investment philosophy

Our investment philosophy and style is best described as follows:

- **Focused** – The portfolio will typically have between 40-50 holdings and over 45% of assets in the top 10 holdings.
- **Long-term** – Investment holding periods of three to four years.
- **Stockpicking** – We construct portfolios on a bottom-up basis.
- **Responsible** – Embedded environmental, social and governance (ESG) analysis provides a broader perspective and represents the views of our customers in the investment process.

Our investment approach is structured to consider companies at three levels to identify stocks which are mis-priced.

- **Investment Themes** – The increasingly short-term nature of the investment industry, evidenced by declining stock holding periods, results in long-term opportunities being overlooked. We have therefore adopted a long-term investment philosophy and evaluate the effect of long-term investment themes.
- **Industry trends** – The increasingly narrow focus of most investors has resulted in us broadening the scope of inputs beyond traditional investment research to identify wider industry trends or linkages between industries.
- **Company specific** – We believe that the market inefficiently discounts company specific events such as management change. Therefore we devote a large amount of analytical resource to changing company situations.

Who it's suited to

The Fund may be suitable for investors looking for:

- long-term growth through investing in high quality UK companies
- investments in companies that demonstrate responsible business practices, and avoiding companies that are involved in armaments, tobacco, nuclear power generation or animal testing for the development of cosmetics and household goods
- the opportunity to ensure that their money helps to make a positive contribution to society through improving human welfare and the environment.

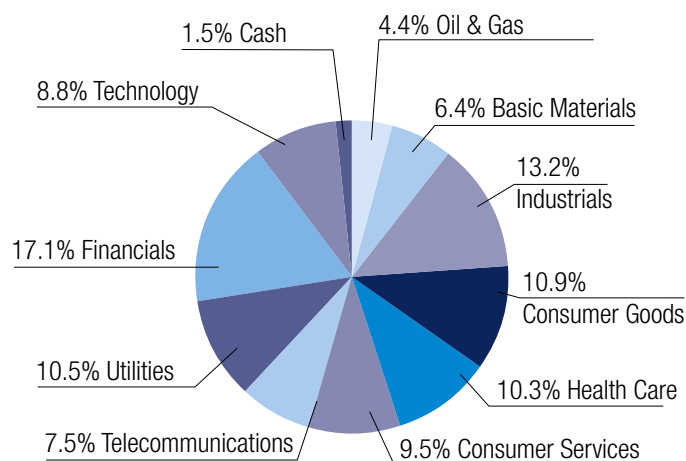
Sustainable Leaders Trust Advisory Committee

This is an independent body, consisting of academic and business specialists in areas such as environment, governance and sustainability. The Committee meets quarterly to:

- monitor and review the application of the Fund's objectives
- consider whether individual companies meet the Fund's criteria
- discuss any other industry or company issues relevant to the Fund and make recommendations if necessary.

This external oversight gives investors additional assurance that the Trust is being operated according to the highest standards.

Sector breakdown (as at 30/06/11)



Top 10 holdings (as at 30/06/11)

	% of fund
BG Group	4.4
GlaxoSmithKline	3.8
Vodafone Group	3.6
Apple Inc	3.5
HSBC Holdings	3.4
Scottish & Southern Energy	3.2
Unilever	3.2
BT Group	3.1
Pearson	3.0
Rotork	2.9
Total	34.1

Stock example – Rotork

Rotork is a world leader in the design and manufacture of actuators, which are essentially control valves. These actuators are used in the development of basic infrastructure such as power, water and waste water systems. With a significant part of its business in emerging markets, Rotork is well set to grow for many years to come.

Stock example – Scottish & Southern Energy

Through the investments it is making in wind and hydro power, Scottish & Southern Energy is the UK's leading developer of renewable energy. The opportunities within renewable energy are significant, especially in a high oil price environment such as the one we are currently seeing. They also have industry-leading targets to reduce the carbon intensity of the rest of their operations.

Stock example – Pearson

Pearson is a global leader in the development of educational materials for schools, colleges and universities. They have made a significant investment in developing content for new technologies such as tablet computers and the Internet to enhance the overall learning experience. Pearson is also growing its emerging market business through the development and sale of English language learning materials.

Fund Manager strategy and outlook

In the last three months the UK stock market has risen by 1.9%. Some of the recent macroeconomic data is indicating a slightly weaker period of demand growth in the short term. Nevertheless, we expect corporate spending to remain robust and strong growth from emerging markets to be resilient which will support corporate profitability. As such, although there may be volatility in the short term, the UK stock market offers good value and the potential for improved returns as corporate earnings drive higher.

During the last three months the Trust has outperformed the median of the peer group and was ranked in the second quartile. Positive attribution came from the utilities sector with both National Grid and Scottish & Southern Energy outperformed due to their excellent dividend paying potential. Positive attribution was also seen from the mining sector in which the Trust has minimal exposure as it underperformed the broader market.

Over three years the Trust was ranked in the fourth quartile mainly due to stock-specific issues, which have now been resolved, sector and a lack of exposure to commodity investments.

“This Fund demonstrates that responsible investing and high performance can go hand-in-hand. The increasing importance of the environment, human welfare and sustainability in society means the Fund is well-positioned to remain a consistent long-term performer.”

Mike Fox, Fund Manager

Investment process summary

Initial screening:

- FTSE 350 plus selected small cap and AIM companies are assessed against fund's aims, noted above
- an external advisory committee decides on the approved list of investments.

Security selection:

- stocks are assessed against a number of key criteria such as valuation, management quality, and environmental, social and governance performance
- valuations are predominantly cash-based.

Portfolio construction:

- stock positions are determined primarily by the risk/reward potential of a particular investment
- the portfolio is focused in nature, with 40-50 holdings.

Risk management:

- risk is assessed prior to investment in the research process by considering the potential for loss of capital
- risk is then assessed across the portfolio by considering sector and factor risk (for example interest rate sensitivity)
- weekly risk and performance monitoring occurs with independent review by the Head of Equities.

Fund Manager and Investment Team

Mike Fox, Fund Manager

Years in industry	11
Years at The Co-operative Asset Management	11



citywire
TOP 100 UK GROWTH
FUND MANAGER OF THE YEAR 2007



Mike Fox has been managing the Sustainable Leaders Trust since November 2003; he won Citywire's UK Growth Fund Manager of the Year in 2007. Mike was a member of the team managing the CIS Pension Fund prior to 2003, and previously trained as a chartered accountant after obtaining a Masters Degree in Mathematics from Leeds University.

Mike draws on the expertise of over 50 investment professionals at The Co-operative Asset Management, all based in Manchester, including:

- equities, fixed income and ESG (environmental, social and governance) research analysts dedicated to researching UK companies
- fund managers focused on stock selection and constructing diversified portfolios which balance performance with risk and volatility
- quantitative, operations and other experts supporting the investment process
- risk analysts, responsible for ensuring appropriate risk is taken within the portfolio.



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Why choose The Co-operative Asset Management?

The fund management activities of The Co-operative Financial Services (part of The Co-operative Group) are undertaken by The Co-operative Asset Management. The Co-operative is a household name in the UK offering a wide range of services to consumers including food, pharmacy, travel and other financial services such as insurance, banking and mortgages.

The Co-operative Group has over 12 million customers, of whom over 290,000 are investors in our Unit Trust range, amounting to over £2 billion of assets under management.

Our distinctive approach is reflected in a number of unique investment credentials. We are the only UK fund manager to:

- apply a common core approach to responsible investment across all the funds we manage
- apply active engagement across all the funds we manage
- feed valuable business insights gained from our engagement process back in to company analysis performed for investment purposes.

The Co-operative Asset Management was also the first UK investor to publish its Company AGM voting record on its website in 2002[†], a practice now increasingly adopted by fund management groups offering SRI.

In advocating The Co-operative Asset Management to clients, advisers can be assured that they are recommending:

- Britain's most ethical brand, The Co-operative Group*
- a responsible investment approach which fully integrates financial and ESG criteria in stock selection
- an investment process characterised by clear and informed views on why companies are undervalued and offer good long-term prospects
- an investment resource comprising experienced and committed individuals working to deliver outperformance while effecting positive change in the companies they invest in.

[†]The Co-operative Asset Management has been independently authorised and regulated since August 2009 and was previously part of Co-operative Insurance Society Limited and its subsidiary companies.

*An independent consumer survey carried out in 2007 and 2008 found that The Co-operative was the most ethical brand in Britain for both years. The Co-operative Group was ranked number one for 2007 and 2008 with The Body Shop and Marks and Spencer ranking second and third respectively. The GfK NOP Ethics Brand Survey was conducted in the US, UK, France, Germany and Spain amongst 5,000 individuals in total. The study found that consumers are increasingly choosing to buy brands which they believe to be ethical, with many willing to pay a premium for an "ethical guarantee" (GfK NOP Press Releases 2007 & 2008).

Fund Facts

Manager name & location	Mike Fox, Manchester
Fund type	Unit Trust
Launch date	29th May 1990
Index/benchmark	FTSE All-Share
Sector	UK All Companies
No. of stocks (as at 30/06/11)	53
Fund size (as at 30/06/11)	£313 million
Distribution dates	January, July
Prices	co-operativeassetmanagement.co.uk or the Financial Times
Sedol Code	161510
Lipper Id	60009198
PTR (as at 30/06/11)	80.87%
TER (as at 30/06/11)	1.53%



The Co-operative Financial Services has signed up to the internationally recognised UN Principles for Responsible Investment. They reflect the increasing relevance of environmental, social and corporate governance issues to investment practices and in signing the Principles, the organisation publicly commits to adopting and implementing them.

Contact broker services
0845 603 9986
co-operativeassetmanagement.co.uk
tcam@cfs.coop

Please call 08457 46 46 46 if you would like to receive this information in an alternative format such as large print, audio or Braille.

This document is intended for investment professionals and professional clients. It is not intended for retail clients, who should not rely upon its contents when making investment decisions.

Past performance is not a reliable indicator of future results. As a result of market fluctuations, investments and income from them may fall as well as rise and investors may not get back the original amount they invested.

The Co-operative Asset Management Limited is authorised and regulated by the Financial Services Authority.

Registered office: Miller Street, Manchester M60 0AL. Registered in England and Wales, number 03858994.

The Co-operative Asset Management Limited provides asset management services to CIS Unit Managers Limited which is the authorised Manager of the CIS Sustainable Leaders Trust.

If you require any further information about our unit trusts (including a Simplified Prospectus or the full Prospectus), or information about any other products and services we offer, please contact us.

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