

The **co-operative**
asset management

CIS UK Growth Trust

A focused, stockpicking FTSE All-Share fund with strong performance since inception.

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.

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available through



FUNDNETWORK



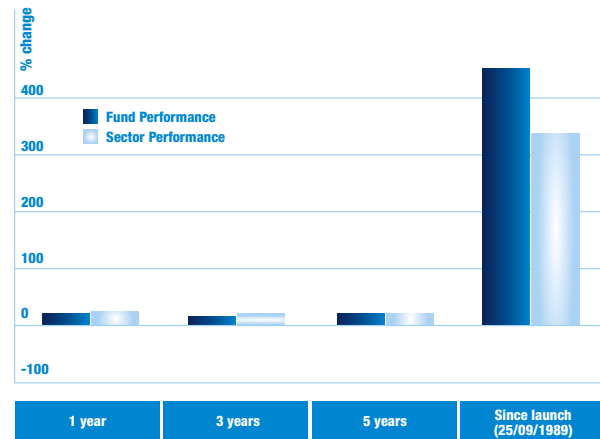


CIS UK Growth Trust

Why recommend this Fund to your clients?

- First quartile performance against the IMA UK All Companies sector since launch, over 20 years ago.
- An established stockpicking FTSE All-Share fund.
- Industry-leading Social Responsibility expertise, integrating environmental, social and governance issues into our investment decision making process.

Performance (to 30/06/11)



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

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

	1 year	3 years	5 years	Since launch (25/09/1989)
Fund	19.6	11.1	18.2	465.0
Sector Median	23.6	17.2	18.7	330.3
Quartile Ranking	4th	4th	3rd	1st

Percentage Growth to latest quarter end, total return, bid to bid price, Net income reinvested. Source: Lipper
Measured against UK All Companies sector.

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	19.6	19.0	-21.9	-7.9	15.5
Sector Median	23.6	19.0	-20.0	-13.3	17.2

Percentage Growth for discrete 1 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 aims to deliver top 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 has the ability to invest across the FTSE All-Share Index. This universe consists of all the sectors of the UK equity market.

Who it's suited to

The Fund is suitable for investors looking for:

- long-term capital growth through investing in an actively managed fund featuring high quality UK stocks
- a fund that will consider social responsibility as part of its overall investment process.

Investment philosophy

Our investment philosophy and style is best described as follows:

- **Focused** – The portfolio will typically have between 50-60 holdings and over 40% 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.

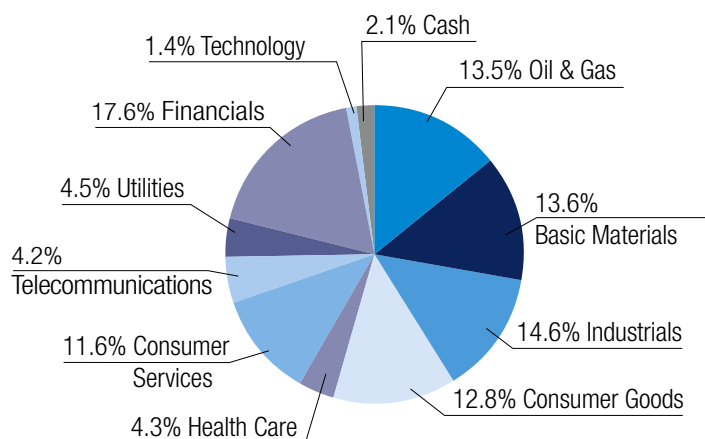
Our investment approach is structured to consider companies at three levels to identify stocks which are mis-priced.

- **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 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 our 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 can inefficiently discount company specific events such as management change. Therefore we devote a large amount of analytical resource to changing company situations.

The portfolio is focused on undervalued stocks which have been identified by our clear and differentiated investment process.



Sector breakdown (as at 30/06/11)



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

	% of fund
British American Tobacco	4.1
BG Group	4.0
Standard Chartered Bank	3.6
BP	3.4
Rio Tinto	3.1
Shaftesbury	3.0
Anglo American	2.8
HSBC Holdings	2.7
GlaxoSmithKline	2.3
Prudential	2.1
Total	31.1

Stock example – Standard Chartered

Standard Chartered is an emerging market bank which retains extensive interests throughout the Asian wholesale and retail markets. As governments look to deepen monetary policy at the same time as more companies access primary markets, Standard Chartered is well positioned for strong and sustainable profits growth. In addition, the possibility of greater consumer penetration of basic banking products provides a strong background for the group's retail operations.

Stock example – Johnson Matthey

The group are a supplier of emission technology particularly catalytic converters and are also a processor of platinum materials. The main drivers for the group include the penetration of motor vehicles in emerging markets such as China and the strong regulatory drivers to reduce auto and truck emission. The growing penetration of diesel, which remain big users of emission technology, is likely to continue given the greater fuel efficiencies relating to the product. The group remain well managed and command a strong track record of historical performance.

Strategy and outlook

Over the last three months the UK equity market has managed to rise 2.0% in spite of Euro sovereign worries and concerns over economic weakness. Year-to-date the UK equity market has returned 3.0% which again is resilient considering the negative events that have unfolded and the strong returns from equities seen in prior years. Looking forward, despite the uncertain economic and financial backdrop to much of the global economy, we anticipate that equities can rise further in 2011 as profitability and corporate discipline remains strong and that global economic growth will prove to be sound given strong demand trends in Southern Hemisphere and Asian economies.

During the last three months the Trust has outperformed against the median of the peer group, reflecting the strong performance of a number of key holdings. One such stock was Weir, the international pumps specialist which benefited from strong trends in global oil & gas markets whilst Burberry also contributed significantly due to strong growth from markets such as Hong Kong and China. Over the last twelve months, the Trust delivered a return of 19.6% which was behind that of the sector median and the FTSE All-Share Index. Our strategy is three-fold. We look for stocks that benefit from what we expect to be key economic and, particularly, strategic changes in world markets. The latter point we feel to be crucial given the structural shift in economic activity away from the West. Secondly we look for good quality stocks that sit on attractive valuations following a period of underperformance or where the company is undergoing significant change. Lastly we assess stocks that have significant long term growth potential and which are beneficiaries of factors such as internet penetration or changes in income distribution. Our view remains that despite significant dislocation in global economies and asset markets, strong corporate growth and capital discipline coupled with reducing public sector exposure should be beneficial to a UK equities market where valuation is not challenging. New stock holdings during this period were Essar Energy, Rexam and David S Smith. Sales included Mitie Group and Reckitt Benkiser.

Over three years the Trust was ranked in the fourth quartile.

“The Fund benefits from the rigorous research conducted by both our financial and social responsibility analysts”

Andrew Moffat, Fund Manager

Investment process summary

Initial screening:

- the investment universe consists of the FTSE All-Share Index
- companies are filtered for those looking attractive from a theme/industry/company perspective
- detailed research and analysis is then undertaken on the stocks identified.

Security selection:

- stocks are assessed against a number of key criteria such as valuation, management quality, 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, and will typically hold between 50-60 holdings.

Risk management:

- risk is assessed prior to investment in the research process by considering the potential for capital loss
- 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

Andrew Moffat, Fund Manager

Years in industry	21
Years at The Co-operative Asset Management	11



Andrew has been managing the UK Growth Trust since February 2011, having previously managed the UK Income with Growth Trust for 11 years. He was nominated for Income Manager of the Year (Investment Week 2006, Income sector) and in 2005 achieved 2nd place for investment performance in Citywire's UK retail industry awards.

Andrew 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.

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 out-performance 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	Andrew Moffat, Manchester
Fund type	Unit Trust
Launch date	25th September 1989
Index/benchmark	FTSE All-Share
Sector	UK All Companies
No. of stocks (as at 30/06/11)	67
Fund size (as at 30/06/11)	£1,154 million
Distribution dates	January, July
Prices	co-operativeassetmanagement.co.uk or the Financial Times
Sedol Code	159797
Lipper Id	60009200
PTR (as at 30/06/11)	65.65%
TER (as at 30/06/11)	1.54%



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.

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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 UK Growth 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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