

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 30/09/2011**

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.

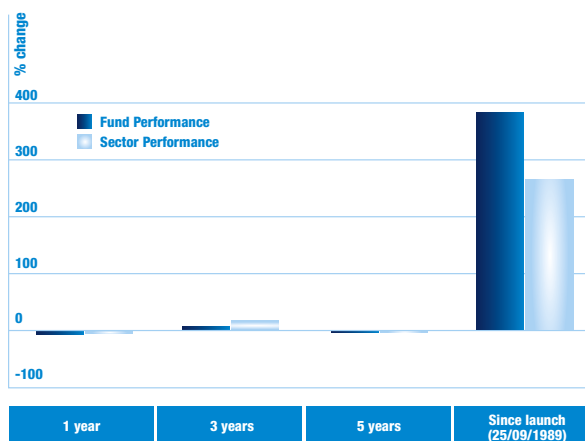


## CIS UK Growth Trust

### Why recommend this Fund to your clients?

- 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 30/09/2011)



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

### Cumulative performance (% change to 30/09/2011)

	1 year	3 years	5 years	Since launch (25/09/1989)
Fund	-8.9	7.8	-4.2	381.3
Sector Median	-5.4	17.8	-0.5	264.7
Quartile Ranking	4th	4th	3rd	2nd

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 30/09/2011)

	30/09/2010 - 30/09/2011	30/09/2009 - 30/09/2010	30/09/2008 - 30/09/2009	30/09/2007 - 30/09/2008	30/09/2006 - 30/09/2007
Fund	-8.9	13.2	4.5	-18.8	9.4
Sector Median	-5.4	11.2	11.6	-23.2	10.7

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.

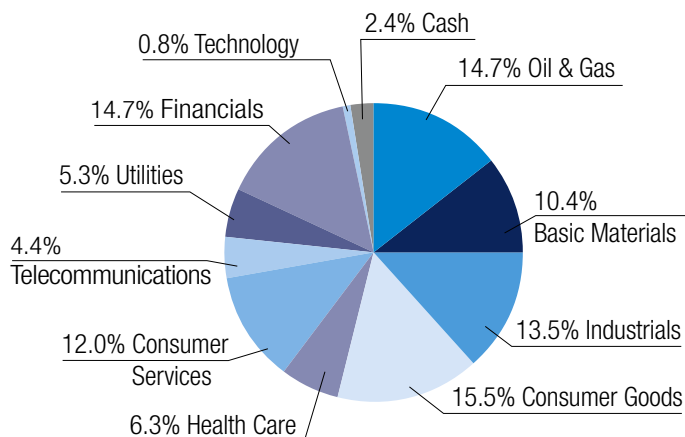
Our investment approach is structured to consider companies at three levels to identify stocks which are mis-priced.

- **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 30/09/2011)



## Top 10 holdings (as at 30/09/2011)

	% of fund
British American Tobacco	5.0
BG Group	4.2
Standard Chartered Bank	3.5
BP	3.5
Shaftesbury	3.2
SABMiller	2.8
GlaxoSmithKline	2.7
HSBC Holdings	2.6
Rio Tinto	2.4
Tullow Oil	2.3
Total	32.2

## 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

In the last three months the UK stock market has fallen by 13.5%. The central concern for world stock markets remains the growing Eurozone sovereign debt crisis and the implications this has for both the financial sector and world economic growth. Solutions to the crisis remain less than obvious and the slow response of policy remains damaging to financial markets and the global economy.

During August the Trust suffered against the FTSE All Share Index. Essentially, the Trust has a number of positions in global cyclical companies which underperformed during the month, given the worries over the European sovereign debt crisis and its implications for global growth. As such, stocks such as Burberry, Victrex and Weir were significant negative attributers for the month of September. In addition, despite an underweight in the overall mining sector, Antofagasta, a relatively large Trust holding, underperformed significantly given the steep fall in the copper price as global growth expectations were downgraded. An underweight in defensive stocks such as GlaxoSmithKline and Vodafone also proved damaging. Strong performance was seen in Next, following good results, and in Tullow Oil due to a strong oil find in French Guiana.

During the quarter, the Trust performed poorly against the underlying Equity market and was placed in the third quartile. Essentially this was again due to an underweight in defensive positions and was principally focussed in the month of September. Underperforming cyclicals such as Michael Page and Antofagasta and also underweight positioning in core defensive stocks such as GlaxoSmithKline and Vodafone also proved detrimental. Strong performance in the period was seen in Tullow Oil given the group's recent oil find in French Guiana.

Over one and three years, the Trust remains in the fourth quartile. The one year numbers were negatively impacted by a number of financials, particularly Lloyds and Standard Chartered, whilst underweights in key defensive stocks such as Vodafone again proved damaging to performance. Over three years, the Trust was impacted by negative performance from support service stocks and financial groups such as Barclays. Good performance on a three-year view was seen in Aggreko and Compass. The Trust retains exposure to a mixture of uncorrelated companies which enjoy the benefits of strong thematic opportunities and good industry exposure.

“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	23
Years at The Co-operative Asset Management	18



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 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<sup>†</sup>, 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.

<sup>†</sup>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

<b>Manager name &amp; location</b>	Andrew Moffat, Manchester
<b>Fund type</b>	Unit Trust
<b>Launch date</b>	25th September 1989
<b>Index/benchmark</b>	FTSE All-Share
<b>Sector</b>	UK All Companies
<b>No. of stocks (as at 30/09/2011)</b>	61
<b>Fund size (as at 30/09/2011)</b>	£965 million
<b>Distribution dates</b>	January, July
<b>Prices</b>	co-operativeassetmanagement.co.uk or the Financial Times
<b>Sedol Code</b>	159797
<b>Lipper Id</b>	60009200
<b>PTR (as at 30/09/2011)</b>	69.05%
<b>TER (as at 30/09/2011)</b>	1.54%



The Co-operative Asset Management 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**  
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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.