

# The **co-operative** asset management

## CIS Sustainable Diversified Trust

### Fund review and outlook as at 31 December 2011

Over the last three months, UK Equities, Corporate Bonds and UK Gilts returned 8.4%, 3.1% and 5.3% respectively. Equities continue to be volatile, but in ended the month higher on better macro economic news flow from the US and strident efforts by the European Central Bank to provide liquidity to the European Banking sector.

During the quarter, the Trust outperformed the median and ranked first quartile. Although the Equity weighting in the Trust has been reduced we remain overweight versus our peers in UK and US Equities, areas that led the market over the period. We benefited from having a low exposure to Europe and Japan, the worst performing regions. At the sector level the emphasis on US technology names and the under-weight to UK banks aided performance. The underweight to Oil and Gas was a hindrance, particularly with the strong performance out of Royal Dutch Shell and BP. The negative attribution from Healthcare Equipment and Service companies reflects the under-performance of Fresenius Medical Care and Zimmer Holdings; the former is a low beta stock which lagged the broader market rally whilst the latter has suffered from industry pricing pressures, although recent data points have been more encouraging.

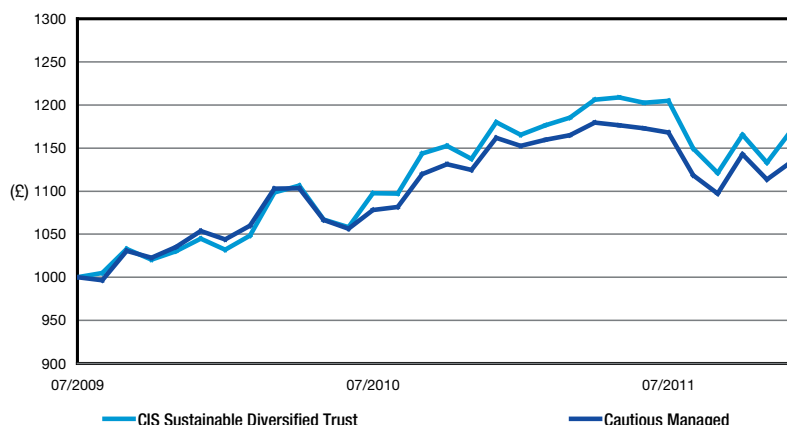
At the stock level within the technology sector, the over-weight to Google was of continued benefit but a lack of exposure to Shell and BP cost performance. Also HSBC is a large under-weight for the Trust and the company disappointed with their earnings in November.

Rotork in the industrial sector continues to see good demand for their actuator products. The First State Asia Pacific Sustainability Fund lagged its benchmark and the peer group over the quarter, but over the year the fund has achieved first quartile performance versus its peers.

Over the three month period the corporate bond benchmark advanced by 3.1% whilst the long-gilt benchmark was up 5.0%. Whilst additions to gilts have been the Trust was hurt by the lower exposure here over the three-month period. The investment grade corporate bonds held in the portfolio outperformed their respective benchmark aided by an under exposure to peripheral European credit.

Since launch in July 2009, the Trust ranked first quartile, outperforming the peer group by 5.8%. The strategy of the Trust is to invest in core themes such as the environment, human welfare and sustainability.

### Performance of £1000 invested since Launch



Value to latest month end, total return, bid to bid price, Net income re-invested.  
Past performance is not a guide to future performance and the value of this investment can go down as well as up. This is not a guaranteed investment and you may get back less than you have put in.

### Cumulative performance (% change)

	1 year	3 years	5 years	Since Launch (24/07/09)
Fund	-0.7	-	-	24.9
Sector Median	-2.0	-	-	19.3
Quartile Ranking	2	-	-	1

Percentage Growth to latest month end, total return, bid to bid price, Net income re-invested.

### Single year performance (% change)

	31/12/10 - 31/12/11	31/12/09 - 31/12/10	31/12/08 - 31/12/09	31/12/07 - 31/12/08	31/12/06 - 31/12/07
Fund	-0.7	13.1	-	-	-
Sector Median	-2.0	9.6	-	-	-

Percentage Growth for discrete 1 year periods, bid to bid price, Net income re-invested.

### Fund aims

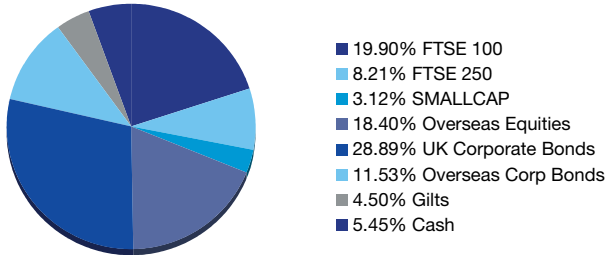
To provide capital growth from a diverse range of asset classes, for example equities, fixed income, property-related investments and cash, mainly in the United Kingdom (UK).

### Key facts

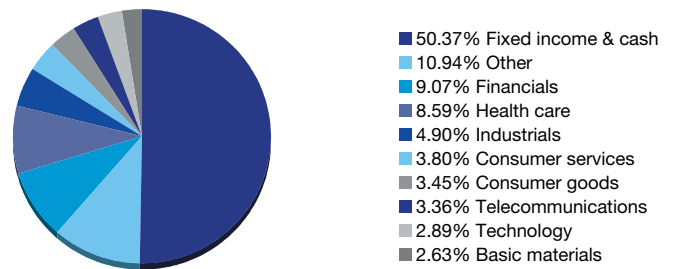
Fund Manager	Linda Desforges
Fund launch date	24/07/09
Fund size 31/12/11	GBP 201.51m
IMA sector	Cautious Managed
Sedol code	B3PXJV8
Lipper Id	68018127
Risk rating	Cautious
Base currency	GBX
Unit prices	115.80
Type of share	Distribution
Number of holdings	110
Distribution dates	Mar, Jun, Sep, Dec
PTR (as at 30/09/11)	100.54%
TER (as at 30/09/11)	1.53%
Historic Yield	1.8%

## Portfolio structure

### Capital split 31/12/11



### Sector allocation 31/12/11



### Top ten holdings 31/12/11

Treasury 4.75% Stk 2020	2.54%
BG Group	2.28%
Novartis	2.12%
Gcp Infrastructure	2.05%
First State Investments	1.83%
Vodafone Group	1.74%
Prudential	1.72%
BT Group	1.62%
Standard Chartered Bank 7.75% Sub Nts 2018	1.61%
SABMiller	1.59%
Total	19.10%

### Dealing information

Valuation point - 12:00  
 Initial charge - 5.00%  
 Annual management charge - 1.50%  
 Broker line - 0845 603 9986  
 Email: [tcam@cfs.coop](mailto:tcam@cfs.coop)  
 Web: [co-operativeassetmanagement.co.uk](http://co-operativeassetmanagement.co.uk)

### Company profile

The Co-operative Asset Management is the fund management arm of The Co-operative Group, responsible for managing over £19 billion of funds, including over £2 billion from retail unit trusts. The Co-operative Asset Management specialises in active UK equities and bonds and gains further insight into alternatives and overseas equities via strategic partnerships. We offer a distinctive responsible investment approach which fully integrates consideration of financial and ESG (environmental, social and governance) issues throughout the investment process.

We offer our CIS Sustainable Diversified Trust to independent financial advisers through Cofunds, Hargreaves Lansdown and Fidelity Funds Network.

### Linda Desforges - Fund Manager

Linda is Head of External Funds and is a key member of the asset allocation team; she has been managing customer portfolios since 1993. In 2003, Linda was appointed head of North American Equities and in 2006 expanded her experience to cover a broad range of asset classes including UK and overseas equity, bonds, property and alternatives. Linda joined Co-operative staff in 1989 as a research analyst for the Fixed Income team before moving to the overseas equity team in 1991.

