

The **co-operative** asset management

Fund review and outlook as at 31 December 2011

In the last three months the global stock markets rose strongly. The period has again been volatile but has been characterised by some progress on the European debt crisis given a relatively successful political summit and the provision of liquidity to the European Banking sector via the ECB's more liberal commercial lending strategy. In addition, economic data showed some improvement particularly in the US where activity has picked up significantly following a notable slowdown in previous quarters.

During the last three months the Trust outperformed the peer group median and ranked first quartile. Positive attribution came from good stock selection with positions in Rotork, Google and Aggreko all performing well as their ability to grow despite a mixed economic environment became more attractive to investors. Positive attribution was also seen from an underweight position in the Banking sector. This sector continues to struggle due to the ongoing Euro Zone crisis and with the aftermath of the credit crisis and we have an underweight position in this area. Holdings in this area are biased toward US Banks which have less exposure to European sovereign debt. The Trust also benefited from an overweight position in the Software and Computer Services sector where Google performed well after issuing strong results and providing further evidence of the successful execution of its mobile search strategy.

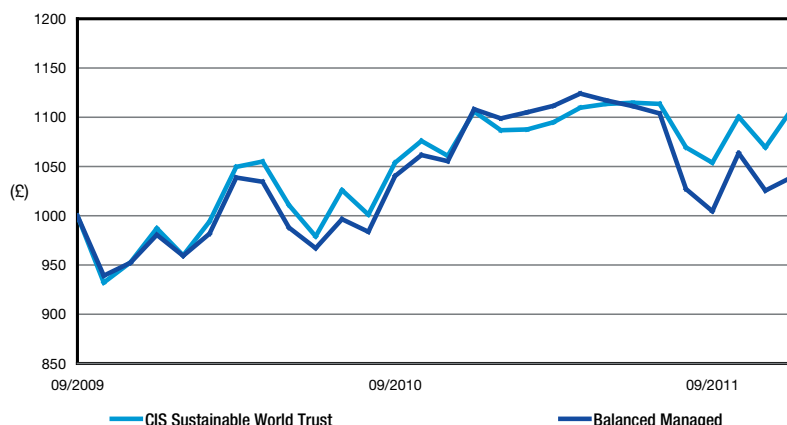
Performance in the quarter was negatively impacted by an underweight position in the Oil & Gas sector. The Trust's exposure in this sector is limited to BG Group as all other Oil & Gas companies failed to pass through the screening process. The sector performed strongly

as investors were attracted to their exposure to a strong oil price and as a hedge against geopolitical tensions in the Middle East. Outside of this sector the largest negative attribution on a stock basis came from Amazon, which having performed well over the course of the year saw some profit taking as investors became unsure about the impact on profits of new product launches such as the Kindle.

Gilt yields fell during the period due to increased concerns over the health of the UK economy with the 10 year closing the period at 1.98%. The credit portfolio remains focussed on financial debt higher up the capital structure.

Since launch the Trust has outperformed the peer group and is ranked in the first quartile. Good stock selection, particularly in the Technology and Engineering sectors has been supplemented by positive asset allocation and an overweight position in Equities.

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 (21/09/09)
Fund	0.3	-	-	18.0
Sector Median	-5.7	-	-	9.3
Quartile Ranking	1	-	-	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	0.3	12.1	-	-	-
Sector Median	-5.7	12.5	-	-	-

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

Fund aims

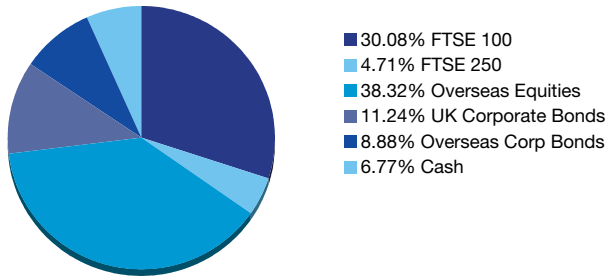
To provide medium to long-term capital growth via worldwide investments in multiple asset classes, but primarily equities with some fixed-interest securities and cash.

Key facts

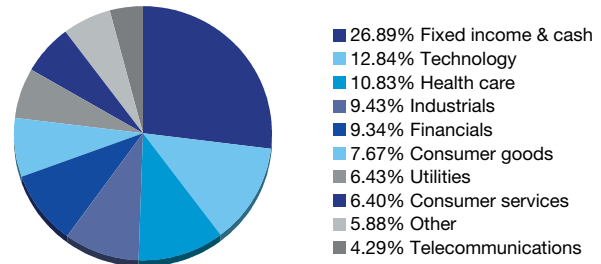
Fund Manager	Mike Fox
Fund launch date	21/09/09
Fund size 31/12/11	GBP 79.18m
IMA sector	Balanced Managed
Sedol code	B3PXJX0
Lipper Id	68022848
Risk rating	Balanced
Base currency	GBX
Unit prices	108.90
Type of share	Distribution
Number of holdings	53
Distribution dates	May, Nov
PTR (as at 30/09/11)	134.03%
TER (as at 30/09/11)	1.54%
Historic Yield	1.4%

Portfolio structure

Capital split 31/12/11



Sector allocation 31/12/11



Top ten holdings 31/12/11

Johnson & Johnson	3.13%
Google Inc.	3.02%
Microsoft Corp.	2.98%
Wells Fargo & Co	2.86%
BG Group	2.78%
Yorkshire Building Society 4.75% Nts 2018	2.67%
Austr & Nz Bank 6.54% Uts Gbp Perp Nts & 1 Liq Prf	2.59%
Aggreko	2.48%
Abbey National Treasury Services 5.75% Mtn 2026	2.44%
International Business Machines	2.38%
Total	27.33%

Dealing information

Valuation point - 12:00
 Initial charge - 5.00%
 Annual management charge - 1.50%
 Broker line - 0845 603 9986
 Email: tcam@cfs.coop
 Web: 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 World Trust to independent financial advisers through Cofunds, Hargreaves Lansdown and Fidelity Funds Network.

Mike Fox - Fund Manager

Mike is Head of Equities and Senior Fund Manager of the Sustainable Leaders Trust, the latter role he has fulfilled since November 2003. During this time he has been awarded Citywire Top 100 UK Growth Fund Manager of the year 2007. Prior to this he worked as an investment analyst for 2 years and as deputy fund manager on the Co-operative staff pension fund for 2 years.

