

The **co-operative** asset management

CIS Sustainable Diversified Trust

Fund review and outlook as at 28 February 2011

Over the last three months, UK Equities have returned 9.1%. Overseas Equities advanced by 8.2%, in Sterling terms. Equity markets over the period were driven higher by good corporate results and positive economic news. The higher inflation expectations were a headwind for Fixed Income securities, but Corporate Bonds delivered low positive returns.

Fund performance remains strong over the one year period and since launch. During the three-month period, the Trust outperformed the median of the peer group with a return of 3.4% and was ranked in the second quartile. The Trust remains biased towards equities at the expense of fixed interest allocations and whilst the emphasis on emerging market regions was a negative influence we believe strong returns are likely over the medium to long-term. The peer group is generally more defensively positioned.

The three month period saw stronger returns to risk orientated assets driven by better-than-expected macro data and generally good corporate results and the Trust outperformed the median fund over the period. Within equities the under-weight to mining names was no longer a detraction, but the under-weight to energy names remained a negative influence as turmoil in the Middle East and North Africa led to significant price appreciation here. The over-weight to US technology detracted from performance as both Cisco Systems and Hewlett Packard disappointed with their earnings. The Trust suffered from its exposure to Asian and Emerging Market equities, areas stock prices generally fell

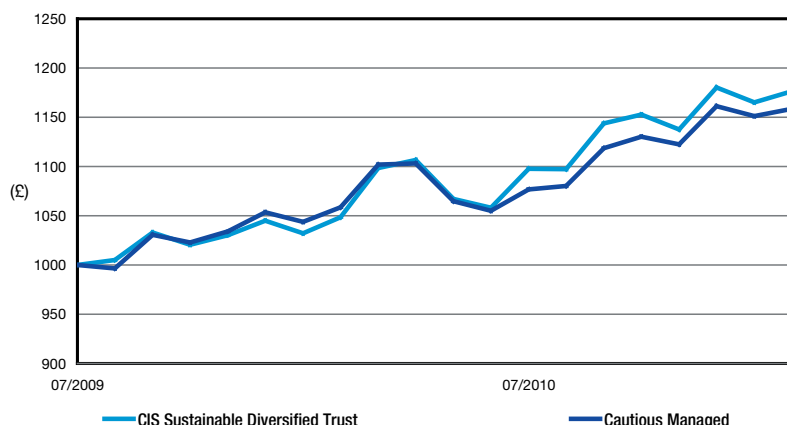
over the three month period.

At the stock level, within the healthcare sector the over-weight to Novartis and Roche at the expense of AstraZeneca and GlaxoSmithKline was of benefit and the US healthcare products provider Covidien rallied as management guided to stronger earnings.

The position in BG Group mitigated some of the lost performance from the under-weight to the Energy sector. In particular the Trust was held back by the lack of exposure to the integrated oil names Shell and BP.

Since the Trusts launch in July 2009 it has outperformed the peer group median by 3.3% and is ranked in the first quartile. 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	12.3	-	-	25.4
Sector Median	8.9	-	-	22.1
Quartile Ranking	1	-	-	1

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

Single year performance (% change)

	28/02/10 - 28/02/11	28/02/09 - 28/02/10	29/02/08 - 28/02/09	28/02/07 - 29/02/08	28/02/06 - 28/02/07
Fund	12.3	-	-	-	-
Sector Median	8.9	-	-	-	-

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

Fund aims

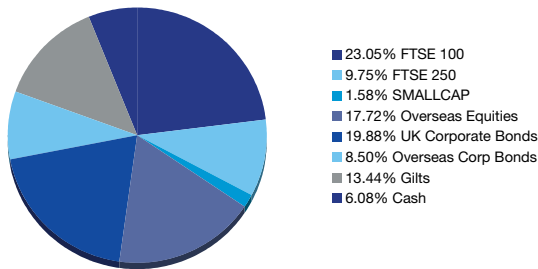
To provide capital growth from a diverse range of asset classes, for example equities, fixed income, property-related investments and cash, mainly in the United Kingdom (UK).

Key facts

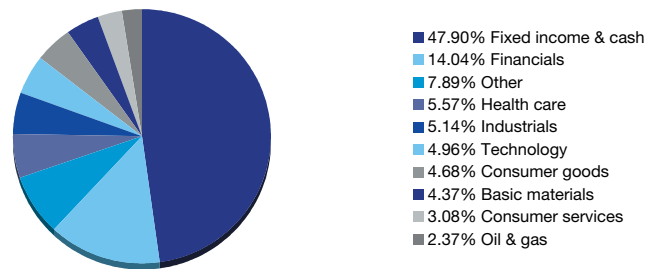
Fund Manager	Linda Desforges
Fund launch date	24/07/09
Fund size 28/02/11	GBP 139.25m
IMA sector	Cautious Managed
Sedol code	B3PXJV8
Lipper Id	68018127
Risk rating	Cautious
Base currency	GBX
Unit prices	118.00
Type of share	Distribution
Number of holdings	100
Distribution dates	Mar, Jun, Sep, Dec
PTR (as at)	-
TER (as at)	-
Historic Yield	1.6%

Portfolio structure

Capital split 28/02/11



Sector allocation 28/02/11



Top ten holdings 28/02/11

Treasury 5% Stk 2012	6.25%
Treasury 4.75% Stk 2020	5.51%
BG Group	2.37%
HSBC Holdings	1.94%
Vodafone Group	1.75%
Abbey National Treasury Services 5.75% Mtn 2026	1.72%
Johnson Controls Inc	1.66%
WPP	1.61%
Prudential	1.54%
First State Investments	1.53%
Total	25.88%

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 Financial Services which is part 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 CFS in 1989 as a research analyst for the Fixed Income team before moving to the overseas equity team in 1991.

