

The **co-operative**
asset management

CIS US Growth Trust

Manager's Report



Annual Report

31st December 2010

Part of The **co-operative** financial services

CIS Unit Managers

Trustee Status

The Trustee is State Street Trustees Limited which holds the title to the Trust's investments on behalf of unitholders. The CIS US Growth Trust is a "wider-range" investment under the Trustee Investments Act 1961. It is an authorised unit trust scheme under section 243 of the Financial Services and Markets Act 2000 and is categorised as a UCITS Scheme under the Financial Services Authority Collective Investment Schemes Sourcebook. Copies of the Trust Deed may be inspected at the offices of the Manager: CIS Building, Miller Street, Manchester.

Manager

CIS Unit Managers Limited
P.O. Box 105
Manchester M4 8BB
Authorised and regulated by the Financial Services Authority, and a member of the Investment Management Association

Directors of the Manager

M. A. Summerfield (Chairman)
M. D. Fairbairn
P. Sharman (resigned 30th July 2010)
R. Bulmer
A. Russell (appointed 5th March 2010)

Trustee

State Street Trustees Limited
525 Ferry Road
Edinburgh EH5 2AW
Authorised and regulated by the Financial Services Authority

Registrar

CIS Unit Managers Limited
P.O. Box 105
Manchester M4 8BB

Auditors

KPMG LLP
Chartered Accountants
1 The Embankment
Neville Street
Leeds LS1 4DW

Investment Manager

The Co-operative Asset Management Limited
Miller Street
Manchester M60 0AL
Authorised and regulated by the Financial Services Authority

The Co-operative Asset Management

The CIS US Growth Trust is an authorised unit trust scheme, the manager of which is CIS Unit Managers Limited. The Manager has appointed The Co-operative Asset Management Limited to undertake the portfolio management for the Trust.

The Co-operative Asset Management is the fund management arm of The Co-operative Financial Services and is independently authorised by the Financial Services Authority to provide discretionary asset management services.

Investment Objective

The CIS US Growth Trust aims to provide above-average capital growth over the medium to long term from a diverse portfolio of US securities in any economic sector.

The Manager's current policy is to invest in a diverse portfolio of securities, the majority of which will be represented within the Standard & Poor's Composite 500 Index.

We have a long and successful history of managing our customers' money and our specialist fund management service is unique in the UK market, offering a distinctive approach to responsible investing across all of the funds that we manage. For example, we fully integrate consideration of financial, environmental, social and governance issues throughout the investment process when selecting companies for investment and we also vote at every AGM of companies we hold.

The Manager may also acquire investment vehicles in non-US markets, providing their purpose is to invest in US companies. It is intended that securities will be held for the medium to long term.

Cumulative performance (% change to 31/12/10)

	6 months	1 year	3 years	5 years
Fund	17.3	15.5	11.4	9.1
Russell 1000 TR	18.5	19.8	18.3	24.6
Sector Median	17.8	17.5	14.8	21.0
Quartile Ranking	3	3	3	4

Percentage change in value at bid price, to 31/12/10
Net income re-invested.

Source: Lipper. Measured against IMA North America Sector.

Investment Review and Outlook

Fund Manager's comments

Over the year to the end of December 2010, the price of the units advanced by 15.5% compared with a 19.8% rise in the Russell 1000 Index (in Sterling terms), resulting in third quartile performance versus the peer group. Over the last 3 years the value of the units has advanced by 11.4% compared with an 18.3% rise in the Russell 1000 Index (in Sterling terms). We adopt a consistent approach to the selection of companies suitable for the Trust. We look to identify well-managed, well-financed companies with strong franchises and invest in them for the long-term, as we believe this is the best way to grow investors' capital.

Outlook

The US economy ended the year on a high note, with strong data releases building on the improvements in the preceding months. Strength in the regional manufacturing surveys translated into a strong national manufacturing number. Confidence amongst the small business community has also risen recently, following many quarters of pessimism. Consumers were less confident, although retail sales were stronger than expected. The housing market is showing signs of stabilisation although there continues to be a large inventory overhang of foreclosures. The labour market continues to be very disappointing with an unemployment rate of 9.4%. GDP for the third quarter was revised up to 2.6% (annualised) with more reliance on inventories.

Over the year the benchmark index was dominated by the strong performance of consumer discretionary, industrials and materials, offset by healthcare and utilities which lagged. Stock selection dominated the relative performance over the period. The main detractors were led by Apollo Group (education), Exelon (electric utility), Covidien (healthcare products), Bank of America and Hewlett Packard. The main positives were VMware (IT software), Paccar (truck manufacturer), Intuit (IT software), Fortune Brands (consumer products) and Carnival (cruise operator) that performed well. The overweight to consumer discretionary was a positive, partially offset by the overweight to healthcare.

The main macro-economic concerns in the market will continue to cause volatility but we believe that earnings momentum will become more important going forward. In aggregate, we see considerable scope for strong equity returns, as productivity holds at a high level, corporate profit margins are strong and balance sheets are flush with cash. Capital spending, inventories and total costs have been tightly controlled, boosting profits much faster than revenue growth. As a result, we believe that operating leverage is in place for strong corporate earnings reports and will be supportive of valuations.

Investment Review and Outlook

Within the portfolio we are overweight to healthcare and information technology. The healthcare overweight is driven by attractive pricing at the company level. In general, we view healthcare services as more attractive than pharmaceutical companies at the present time. Many large cap pharmaceutical companies continue to have pipeline issues, and we may see increased consolidation in healthcare because of this issue. Within information technology, we feel that tech hardware is currently providing the best opportunities. This is an area that should benefit from an increase in capital expenditures, supported by stronger balance sheets

and an increased willingness to spend.

Our strategies are to be underweight in the defensive sectors, telecom and utilities. We are also cautious in our approach to materials as whilst the economy is improving, this area appears to be already pricing in a very strong global economic environment. Within industrials we have a preference for companies with exposure to infrastructure spend.

Linda Desforges
The Co-operative Asset Management
January 2011

Portfolio Statement

as at 31st December 2010

	Holding or nominal value of positions at 31st December 2010	Market Value £	Percentage of total net assets %
Oil & Gas Producers – (Dec 2010: 8.29%, Dec 2009: 8.52%)			
Amerada Hess Corp	36,900	1,816,425	1.37
Exxon Mobil	117,900	5,569,852	4.19
Marathon Oil Corp	64,300	1,525,461	1.15
Ultra Petroleum	68,000	2,091,870	1.58
		11,003,608	8.29
Oil Equipment, Services & Distribution – (Dec 2010: 2.74%, Dec 2009: 2.08%)			
Baker Hughes Inc	47,300	1,730,744	1.31
Noble Corp	83,700	1,903,240	1.43
		3,633,984	2.74
Chemicals – (Dec 2010: 1.36%, Dec 2009: Not held)			
Celanese Corp	24,800	655,435	0.50
Dow Chemical Company	51,900	1,144,383	0.86
		1,799,818	1.36
Construction & Materials – (Dec 2010: 1.76%, Dec 2009: 1.42%)			
Fortune Brands Inc	59,900	2,342,228	1.76
		2,342,228	1.76
Aerospace & Defence – (Dec 2010: 2.71%, Dec 2009: 2.11%)			
General Dynamics Corp	56,600	2,579,503	1.94
Raytheon Co.	34,300	1,014,742	0.77
		3,594,245	2.71
Industrial Engineering – (Dec 2010: 4.82%, Dec 2009: 4.48%)			
Dover Corp	53,500	2,018,244	1.52
Illinois Tool Works Inc	71,700	2,473,958	1.86
Paccar Inc	17,600	650,005	0.49
Pall Corp	39,600	1,260,794	0.95
		6,403,001	4.82
Industrial Transportation – (Dec 2010: 2.33%, Dec 2009: 3.23%)			
Fedex Corp	30,700	1,837,828	1.38
Ryder System Inc	37,700	1,256,383	0.95
		3,094,211	2.33

Portfolio Statement

as at 31st December 2010

	Holding or nominal value of positions at 31st December 2010	Market Value £	Percentage of total net assets %
Automobiles & Parts – (Dec 2010: 2.58%, Dec 2009: 1.01%)			
General Motors Co	63,400	1,503,293	1.13
Johnson Controls Inc	77,900	1,918,341	1.45
		3,421,634	2.58
Beverages – (Dec 2010: 1.87%, Dec 2009: 1.98%)			
Pepsico Inc	59,100	2,478,405	1.87
		2,478,405	1.87
Food Producers – (Dec 2010: 1.86%, Dec 2009: 1.18%)			
Kellogg Co	42,800	1,407,878	1.06
Monsanto Company	23,800	1,068,115	0.80
		2,475,993	1.86
Household Goods & Home Construction – (Dec 2010: 1.77%, Dec 2009: 2.36%)			
Procter & Gamble	56,900	2,355,001	1.77
		2,355,001	1.77
Personal Goods – (Dec 2010: 1.33%, Dec 2009: 1.99%)			
Avon Products Inc	94,500	1,767,254	1.33
		1,767,254	1.33
Health Care Equipment & Services – (Dec 2010: 5.96%, Dec 2009: 7.16%)			
Baxter International Inc	37,500	1,224,845	0.92
Boston Scientific Corp	135,000	671,153	0.51
Covidien	71,900	2,113,685	1.59
Medtronic Inc	73,200	1,752,161	1.32
UnitedHealth Group	93,100	2,154,757	1.62
		7,916,601	5.96

Portfolio Statement

as at 31st December 2010

	Holding or nominal value of positions at 31st December 2010	Market Value £	Percentage of total net assets %
Pharmaceuticals & Biotechnology – (Dec 2010: 7.26%, Dec 2009: 8.05%)			
Alexion Pharmaceuticals	14,100	732,308	0.55
Allergan Inc	45,900	2,030,377	1.53
Amgen Inc	32,100	1,147,898	0.87
Amylin Pharmaceuticals	34,700	332,956	0.25
Genzyme Corp	20,600	947,187	0.71
Johnson & Johnson	66,600	2,656,537	2.00
Merck & Co. Inc	77,100	1,787,920	1.35
		9,635,183	7.26
Food & Drug Retailers – (Dec 2010: 1.41%, Dec 2009: 0.69%)			
Kroger Co.	130,800	1,868,271	1.41
		1,868,271	1.41
General Retailers – (Dec 2010: 2.88%, Dec 2009: 2.57%)			
Apollo Group	34,700	887,137	0.67
Gamestop	82,000	1,211,901	0.91
Lowe's Companies	107,500	1,729,996	1.30
		3,829,034	2.88
Media – (Dec 2010: 4.93%, Dec 2009: 5.60%)			
Comcast Corp	186,500	2,650,646	1.99
Interpublic Group	57,600	394,299	0.30
Time Warner	99,700	2,059,039	1.55
Viacom Inc	56,900	1,445,172	1.09
		6,549,156	4.93
Travel & Leisure – (Dec 2010: 3.66%, Dec 2009: 2.17%)			
Carnival Corp	89,600	2,649,600	2.00
International Game Technology	92,400	1,041,311	0.78
Southwest Airlines	139,500	1,165,158	0.88
		4,856,069	3.66
Fixed Line Telecommunications – (Dec 2010: 2.07%, Dec 2009: 1.49%)			
AT&T Inc	145,300	2,743,469	2.07
		2,743,469	2.07

Portfolio Statement

as at 31st December 2010

	Holding or nominal value of positions at 31st December 2010	Market Value £	Percentage of total net assets %
Electricity – (Dec 2010: 2.60%, Dec 2009: 6.36%)			
American Electric Power Company Inc	95,400	2,214,747	1.67
First Energy Corp	51,400	1,232,660	0.93
		3,447,407	2.60
Banks – (Dec 2010: 7.18%, Dec 2009: 6.55%)			
Citigroup Inc	437,100	1,339,856	1.01
JP Morgan Chase & Company	109,700	2,983,309	2.25
US Bancorp	115,900	2,010,720	1.51
Wells Fargo & Co	161,400	3,202,327	2.41
		9,536,212	7.18
Life Insurance – (Dec 2010: 4.17%, Dec 2009: 2.78%)			
Aflac Inc	68,900	2,488,715	1.87
Metlife	66,100	1,892,098	1.43
Principal Financial Group	55,200	1,156,717	0.87
		5,537,530	4.17
Financial Services – (Dec 2010: 4.01%, Dec 2009: 3.25%)			
Bank of New York Mellon Corp	78,700	1,529,553	1.15
Goldman Sachs Group	15,800	1,705,608	1.28
Morgan Stanley	50,300	884,951	0.67
VISA Inc	26,600	1,204,053	0.91
		5,324,165	4.01
Software & Computer Services – (Dec 2010: 5.55%, Dec 2009: 6.18%)			
Adobe Systems	122,600	2,413,551	1.82
Autodesk	59,200	1,478,809	1.11
Microsoft Corp	118,700	2,129,621	1.60
Symantec Corp	125,300	1,353,177	1.02
		7,375,158	5.55

Portfolio Statement

as at 31st December 2010

	Holding or nominal value of positions at 31st December 2010	Market Value £	Percentage of total net assets %
Technology Hardware & Equipment – (Dec 2010: 12.96%, Dec 2009: 10.96%)			
Apple Inc	20,200	4,210,149	3.17
Applied Materials	89,600	815,306	0.61
Broadcom Corp	51,100	1,441,008	1.08
Cisco Systems	172,400	2,247,079	1.69
Hewlett-Packard Co	74,800	2,035,643	1.53
Intersil Holding Co	107,300	1,070,340	0.81
Marvell Technology Group	83,800	990,803	0.75
National Semiconductor Corp	120,100	1,065,768	0.80
Qualcomm Inc	67,000	2,145,243	1.62
Seagate Technology	123,700	1,193,306	0.90
		17,214,645	12.96
Portfolio of investments		130,202,282	98.06
Net current assets		2,580,819	1.94
Net assets attributable to unitholders		132,783,101	100.00
Sectors held in December 2009 and not held in December 2010			
General Industrials (0.52%)			
Mining (1.04%)			
Nonlife Insurance (0.82%)			
Support Services (0.21%)			

Summary of Material Portfolio Changes

for the year ended 31st December 2010

Significant Purchases	Cost £000	Significant Sales	Proceeds £000
Exxon Mobil	3,053	Pfizer Inc	2,869
Johnson & Johnson	2,930	VMWare Inc	2,716
Cisco Systems	2,437	Chevron Corp	2,701
Adobe Systems	2,137	Intuit Inc	2,359
Metlife	1,849	Paccar Inc	2,295
Time Warner	1,843	Bank of America	2,204
Kroger Co.	1,793	Exelon Corp	2,160
US Bancorp	1,768	Walmart Stores Inc	1,888
Dover Corp	1,767	Williams Cos Inc	1,855
Johnson Controls Inc	1,736	BorgWarner Inc	1,786
Goldman Sachs Group	1,657	Microsoft Corp	1,612
Dow Chemical Company	1,587	Ball Corporation	1,583
Gilead Sciences Ltd	1,410	Omnicom Group Inc	1,567
General Motors Co	1,403	Gilead Sciences Ltd	1,533
Bank of America	1,386	Peabody Energy Corp	1,500
Kellogg Co	1,352	Procter & Gamble	1,388
Apollo Group	1,344	Fedex Corp	1,382
Citigroup Inc	1,321	Morgan Stanley	1,342
VISA Inc	1,300	Interpublic Group	1,328
Gamestop	1,280	Anadarko Petroleum	1,264
Total cost of purchases, including the above, for the year (see Note 5)	<u>59,942</u>	Total proceeds from sales, including the above, for the year (see Note 5)	<u>63,543</u>

Performance Record

Unit prices

The Trust units are Income Units only. They were first offered to the public at £1 each.

	Highest buying price (p)	Lowest selling price (p)	Distribution (pence per unit)
1st Jan 2005 to 31st Dec 2005	89.42	69.48	nil
1st Jan 2006 to 31st Dec 2006	91.75	76.29	nil
1st Jan 2007 to 31st Dec 2007	95.10	77.20	nil
1st Jan 2008 to 31st Dec 2008	87.42	52.92	0.3325
1st Jan 2009 to 31st Dec 2009	85.04	51.84	nil
1st Jan 2010 to 31st Dec 2010	97.16	75.89	nil

Trust details

	Total net asset value (£)	Total units in issue	Net asset value per unit (p)
31st Dec 2007	111,477,107	135,048,000	82.55
31st Dec 2008	95,568,233	146,536,000	65.22
31st Dec 2009	119,902,020	151,372,000	79.21
31st Dec 2010	132,783,101	145,130,000	91.49

It should be remembered that past performance is not a reliable indicator of future performance and that the value of units, and the income derived from them, can vary.

Total Expense Ratio (TER)

31st December 2009	1.55%
31st December 2010	1.55%

The TER is the ratio of the Trust's operating costs to its average net assets during the year.

Statement of Manager's Responsibilities in Relation to the Report and Financial Statements of the Trust

Financial statements for the year ended 31st December 2010, and this Manager's Report, have been prepared in accordance with the rules of the Collective Investment Schemes Sourcebook, published by the Financial Services Authority ("FSA"). These require the Manager to prepare financial statements for each accounting period which give a true and fair view of the financial affairs of the Trust and of its income/expenditure and the net capital gains or losses on the property of the Trust for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent

- comply with the disclosure requirements of the Statement of Recommended Practice relating to Authorised Funds
- follow generally-accepted accounting principles and applicable accounting standards
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- prepare accounts on a going concern basis unless inappropriate to do so.

The Manager is responsible for the management of the Trust in accordance with its Trust Deed, Prospectus and the FSA's rules. The Manager has general responsibility for taking such steps as are reasonably open to him to prevent and detect fraud and other irregularities.

Statement of The Trustee's Responsibilities in Relation to the Financial Statements of the Trust

The Trustee is under a duty to take into its custody or under its control all of the property of the Trust and to hold it in trust for the holders of units. Under the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook relating to Reports, it is also the duty of the Trustee to

enquire into the conduct of the Manager in the management of the Trust in each accounting period and to report thereon to unitholders in a report which shall contain the matters prescribed by the rules. A copy of the Trustee's report is included in this Report.

Independent Auditor's Report to the Unitholders of the Trust

We have audited the financial statements of the Trust for the year ended 31st December 2010 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet together with the related notes and the Distribution Table. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook

('the COLL Rules') issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Manager (CIS Unit Managers Limited) and the Auditor

As explained more fully in the Statement of Manager's Responsibilities set out on page 13, the Manager is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an

opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at

www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Trust as at 31st December 2010 and of the net expense of revenue and the net capital gains on the property of the Trust for the year then ended
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

Independent Auditor's Report to the Unitholders of the Trust

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Manager's Report is consistent with the financial statements.

We have received all the information and

explanations which we consider necessary for the purposes of our audit.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Trust have not been kept, or
- the financial statements are not in agreement with the accounting records.

Katherine Clinton
for and on behalf of KPMG LLP
Chartered Accountants
1 The Embankment, Neville Street, Leeds
15th April 2011

Trustee's Report

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that the Manager has, in all material respects, managed the Scheme during the period in accordance with the investment and borrowing powers and restrictions applicable to the Scheme, and otherwise in accordance with

the provisions of the Trust Deed and the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook.

State Street Trustees Limited,
Trustee of CIS US Growth Trust,
525 Ferry Road, Edinburgh
15th April 2011

Statement of Total Return

for the year ended 31st December 2010

	Notes	2010		2009	
		£	£	£	£
Income:					
Net capital gains	4		18,008,600		21,053,640
Revenue	6	2,097,140		1,852,249	
Expenses	7	(1,909,389)		(1,571,230)	
Net revenue before taxation		187,751		281,019	
Taxation	8	(303,131)		(263,987)	
Net (expense)/revenue after taxation			(115,380)		17,032
Total return before distributions			17,893,220		21,070,672
Finance costs: Distributions	9		825		2,285
Change in net assets attributable to unitholders from investment activities			17,894,045		21,072,957

Statement of change in Net Assets Attributable to Unitholders

for the year ended 31st December 2010

	2010		2009	
	£	£	£	£
Opening net assets attributable to unitholders		119,902,020		95,568,233
Amounts received on creation of units	2,756,034		3,259,721	
Amounts paid on cancellation of units	(7,769,003)		—	
		(5,012,969)		3,259,721
Change in net assets attributable to unitholders from investment activities		17,894,045		21,072,957
Unclaimed distributions		5		1,109
Closing net assets attributable to unitholders		132,783,101		119,902,020

Balance Sheet

as at 31st December 2010

		2010		2009	
	Notes	£	£	£	£
Assets:					
Investment assets			130,202,282		116,014,136
Debtors	10	147,856		122,648	
Cash and bank balances	11	<u>2,809,020</u>		<u>3,973,310</u>	
Total current assets			<u>2,956,876</u>		<u>4,095,958</u>
Total assets			133,159,158		120,110,094
Liabilities:					
Creditors	12	(376,057)		(208,074)	
Total other liabilities			(376,057)		(208,074)
Net assets attributable to unitholders			<u>132,783,101</u>		<u>119,902,020</u>
The financial statements were approved on 15th April 2011 and signed on behalf of the Board of the Manager by:					
M. A. Summerfield (Chairman)			A. Russell (Director)		

Notes to the Financial Statements

as at 31st December 2010

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010 ('the 2010 SORP'). Previously the requirements of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 were applied. Adopting the 2010 SORP did not change either the total return or the Statement of Change in Net Assets Attributable to Unitholders in either the current or preceding year.

Basis of valuation of investments

Listed investments are valued at closing bid prices, at the last valuation point of the year, which is 31st December 2010.

Exchange rates

Assets and liabilities in currencies other than sterling are translated into sterling at the rates of exchange ruling at Balance Sheet date.

Revenue and expenditure transactions are translated at the rates of exchange ruling at the date of transaction.

Recognition of revenue

Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on an accruals basis. All revenue is recognised as a gross amount that includes any withholding taxes but excludes any other taxes such as attributable tax credits.

Treatment of expenses

CIS Unit Managers Limited makes an annual management charge of 1.5% of the value of the Trust. All expenses are charged against revenue, except those relating to the purchase and sale of investments and stamp duty reserve tax, which are charged against capital.

Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Trust. It forms part of the distribution in accordance with the Statement of Recommended Practice.

Taxation

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses. Where overseas tax has been deducted from overseas revenue, then that tax can, in some instances, be set off against the corporation tax payable, by way of double tax relief.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only to the extent they are regarded as recoverable.

It should be noted that legislation governing taxation is liable to change. The information contained in this report is based upon CIS Unit Managers' understanding of the current position.

Notes to the Financial Statements

as at 31st December 2010

2 Distribution policy

The excess of revenue over expenses, as disclosed in the financial statements, is distributable to unitholders. Any revenue deficit is deducted from capital. Interim distributions are paid to unitholders semi-annually.

3 Risk Management policies

In pursuing the Trust's objectives set out on page 3, the Trust holds a number of financial instruments which include:

- Equity shares held in accordance with the Trust's investment objectives and policies.
- Cash, liquid resources and short-term debtors and creditors that arise directly from its operations.

The main risks arising from the Trust's financial instruments are market price risk, foreign currency risk and liquidity risk.

The manager reviews each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements. The asset allocation of the portfolio is reviewed in order to manage the risk associated with particular industry sectors whilst continuing to follow the investment objective. An individual Trust manager has responsibility for monitoring the existing portfolio selected in

accordance with an overall asset allocation parameter and seeks to ensure that the Trust invests in a diversified fashion, to reduce the risk of exposure to a significant event affecting a single security, or industry, subject to the obligation under the Trust's objective to invest in securities which share certain characteristics.

Foreign currency risk

The assets of the Trust can be significantly affected by currency translation movements, as almost all of the Trust's assets are denominated in currencies other than sterling, which is the Trust's base currency.

Liquidity risk

The Trust's assets comprise mainly readily available realisable securities, which can be sold to meet Trusting requirements if and when necessary.

The main liability of the Trust is the redemption of any units that investors wish to sell.

Notes to the Financial Statements

for the year ended 31st December 2010

4 Net capital gains on investments

The net capital gains on investments during the year comprise:		
	2010	2009
	£	£
Non-derivative securities	18,006,179	20,982,293
Currency gains	2,421	71,347
Net capital gains	<u>18,008,600</u>	<u>21,053,640</u>

5 Purchases, sales and transaction costs

	2010	2009
	£	£
Purchases excluding transaction costs	59,874,495	53,219,254
Commissions	67,872	61,017
Total purchases including transaction costs	<u>59,942,367</u>	<u>53,280,271</u>
Sales excluding transaction costs	63,603,597	52,218,321
Commissions	(59,787)	(87,135)
Security & Exchange Commission Fee	(993)	(1,030)
Total sales transaction costs	(60,780)	(88,165)
Total sales including transaction costs	<u>63,542,817</u>	<u>52,130,156</u>

6 Revenue

	2010	2009
	£	£
Overseas dividends	2,092,809	1,842,979
Bank interest	4,331	9,270
Total revenue	<u>2,097,140</u>	<u>1,852,249</u>

Notes to the Financial Statements

for the year ended 31st December 2010

7 Expenses

	2010	2009
	£	£
Payable to the Manager, associates of the Manager and their agents:		
Manager's yearly charge	1,834,564	1,505,957
Payable to the Trustee, associates of the Trustee and their agents:		
Trustee's fee	26,230	22,332
Safe custody charges	22,006	14,039
Activity charges	19,880	22,540
	68,116	58,911
Other expenses		
Audit fee	6,709	6,362
Total expenses	1,909,389	1,571,230

8 Taxation

a) Analysis of charge for the year

	2010	2009
	£	£
Overseas tax	302,470	282,050
Total current tax charge	302,470	282,050
Total deferred tax	661	(18,063)
Total taxation	303,131	263,987

Corporation tax has been provided at a rate of 20% (2009: 20%)

Notes to the Financial Statements

for the year ended 31st December 2010

b) Factors affecting the current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a unit trust company (20%).

The differences are explained below:

	2010	2009
	£	£
Net income before tax	<u>187,751</u>	<u>281,019</u>
Corporation tax @ 20%	37,550	56,204
Effects of:		
Exempt dividend income	(418,562)	(175,656)
Irrecoverable overseas tax	302,470	282,050
Other short term timing differences	–	22,874
Unutilised excess management expenses	<u>381,012</u>	<u>96,578</u>
Current tax charge for the year (note 8a)	<u>302,470</u>	<u>282,050</u>

c) Deferred tax position

	2010	2009
	£	£
Opening balance	14,047	32,110
Movement charged for the period (note 8a)	661	(18,063)
Closing balance	<u>14,708</u>	<u>14,047</u>
Deferred taxation provided comprises:		
Withholding tax payable on accrued overseas dividends	14,708	14,047

At the year end, there is a potential deferred tax asset of £477,590 (2009:£96,578) in relation to surplus management expenses. It is unlikely the fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior years.

Notes to the Financial Statements

for the year ended 31st December 2010

9 Finance costs

Distributions

The distributions take account of income received on the creation of units and income deducted on the cancellation of units and comprise:

	2010	2009
	£	£
Interim	–	–
Net distribution for the year	–	–
Deduct: Deficit/revenue received on creation of units	1,047	(2,285)
Add: Deficit paid on liquidation of units	(1,872)	–
Total finance costs	(825)	(2,285)

Notes to the Financial Statements

as at 31st December 2010

10 Debtors

	2010	2009
	£	£
Sales awaiting settlement	49,187	22,074
Overseas accrued income	98,055	99,697
Bank interest	614	877
Total Debtors	147,856	122,648

11 Cash and bank balances

	2010	2009
	£	£
Cash and bank balances	2,809,020	3,973,310

12 Creditors

	2010	2009
	£	£
Purchases awaiting settlement	183,145	35,460
Manager's periodic charge	166,094	150,138
Trustee's fee	–	2,075
Audit fee	6,600	6,354
Other fees	5,510	–
Overseas tax payable	14,708	14,047
Total Creditors	376,057	208,074

13 Capital commitments

At 31st December 2010 there were no outstanding capital commitments (Dec 2009: Nil) in respect of nil and partly paid securities held by the Trust.

Notes to the Financial Statements

as at 31st December 2010

14 Related parties

The Manager and Trustee are related to the Trust as defined by Financial Reporting Standard 8 'Related Party Disclosures' and are named on page 2.

Fees received by the Manager and the Trustee are disclosed in Note 7 of the financial statements.

By virtue of the regulations governing authorised unit trusts, the Manager is party to every transaction in respect of units of the Trust, which are summarised in the Statement of Changes in Net Assets Attributable to Unitholders.

Any amounts due to or from the Manager and Trustee at the end of the accounting period are disclosed in notes 10 (Debtors) and 12 (Creditors)

15 Risk Disclosures

The Trust's currency exposure is analysed below:

Currency	2010 £	2009 £
Sterling	2,130,207	3,788,187
US Dollars	130,652,894	116,113,833
Total	<u>132,783,101</u>	<u>119,902,020</u>

The profile of the currency is as follows:

Currency	Investments 2010 (£)	Other Net Assets 2010 (£)	Total 2010 (£)
Sterling	–	2,130,207	2,130,207
US Dollars	130,202,282	450,612	130,652,894
Total	<u>130,202,282</u>	<u>2,580,819</u>	<u>132,783,101</u>

Currency	Investments 2009 (£)	Other Net Assets 2009 (£)	Total 2009 (£)
Sterling	–	3,788,187	3,788,187
US Dollars	116,014,136	99,697	116,113,833
Total	<u>116,014,136</u>	<u>3,887,884</u>	<u>119,902,020</u>

Distribution Table

for the year ended 31st December 2010

Interim Distribution

Group 1 – Units purchased prior to 1st January 2010

Group 2 – Units purchased on or after 1st January 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Interim Distribution 2010 pence per unit	Interim Distribution 2009 pence per unit
Income units				
Group 1	nil	nil	nil	nil
Group 2	nil	nil	nil	nil

Final Distribution

Group 1 – Units purchased prior to 1st July 2010

Group 2 – Units purchased on or after 1st July 2010

	Net income 2010 pence per unit	Equalisation 2010 pence per unit	Final Distribution 2010 pence per unit	Final Distribution 2009 pence per unit
Income units				
Group 1	nil	nil	nil	nil
Group 2	nil	nil	nil	nil

Prices

The price of the Trust is calculated using the dual pricing method, which means that two dealing prices are quoted. The buying price is the price at which you can buy the units, and the selling price is the price at which you can sell the units back to the Manager.

Prospectus

Copies of the most recent Prospectus may be obtained, free of charge, from CIS Unit Managers Limited, PO Box 105, Manchester M4 8BB.

You should bear in mind that a unit trust is a different sort of investment from a bank or building society account. Whilst the capital in such an account is secure, a unit trust is an equity investment and its value may fluctuate. Neither the value of the investment nor the income from it is guaranteed.

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.

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 2369965.

The Co-operative Asset Management Limited provides asset management services to CIS Unit Managers Limited which is the authorised Manager of the CIS US Growth Trust.

This report is issued by The Co-operative Asset Management on behalf of CIS Unit Managers Limited. Any advice from Co-operative Financial Advisers will relate only to a range of the products and services available from members of the CFS Marketing Group and a limited number of other companies.