

The **co-operative**
asset management

CIS Sustainable Leaders Trust

Manager's Report in summary



Interim Short Report

30th November 2010

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

The Co-operative Asset Management

The CIS Sustainable Leaders 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.

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.

Investment Review and Outlook

Cumulative performance (% change to 30/11/10)

	6 months	1 year	3 years	5 years
Fund	4.0	7.0	-6.3	23.9
FTSE All-Share	8.6	11.5	-2.3	24.5
Sector Median	8.6	11.4	-3.3	18.9
Quartile Ranking	4	4	3	2

Percentage change in value at bid price, to 30.11.10
Net income reinvested.

Source: Lipper. Measured against UK All Companies Sector.

Fund manager's comments

During the six months ending 30th November 2010, the price of the units rose by 4.0% compared to an 8.6% rise in the UK FTSE All-Share Index. In the last three years the value of the units has decreased by 6.3% compared to a fall of 2.3% in the FTSE All-Share Index.

We have a consistent, well defined approach to the selection of companies suitable for the Trust. This has been of particular importance recently due to the high levels of turbulence seen in financial markets. Our approach is 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. These companies are selected for the positive contribution they make to society thereby ensuring we invest your money responsibly.

Although the Trust has produced positive returns in the period they have been somewhat below what we think it is capable of producing. The reasons for this we will discuss later. Over the long-term we believe the principle of Sustainability, that is investing in companies that have a net positive social benefit, either through the products and services they offer, or in the way they manage themselves, should allow the Trust to produce

investment returns at least as good as the FTSE All-Share and the IMA UK All-Companies peer group.

The general economic environment has continued to improve over the last six months. Actions taken by Governments and Central Banks around the world have proved effective in restoring the confidence and spending of companies and consumers. Although the debate has now moved to the long-term impact of the much publicised quantitative easing and low interest rates, there can be little doubt that they have been effective in counteracting the negative consequences of the financial crisis. It is our view that the global economy will continue to grow over the coming months and that will provide a positive environment for equities.

The companies we invest in will have to make important strategic decisions in the coming years, often in response to unforeseen circumstances, which will determine the outcome of our investment. In the period under review a number of these strategic decisions have impacted the Trust's performance.

An example of such a company is Spice. Spice is a utility maintenance company working on the electricity and water networks of the UK. This is very dependable, highly skilled work, most of which is non-discretionary. This produced a consistent and growing profit stream for the company. Spice then decided to move into gas boiler maintenance. This proved to be a poor decision as this work required far less skill and was more discretionary in nature with more competition from others looking to do similar work. This decision took its toll on the company and its share price and, although Spice was ultimately taken over by private equity, our investment return was disappointing.

Disappointing returns were also seen from Goals Soccer Centres, whose outdoor pitches were badly impacted by winter weather and Cisco, a communications company that was impacted by Government spending cutbacks.

This is not to say, however, that the Trust has not had its successes. Rotork, a UK engineer involved in the build out of water infrastructure, Victrex, a chemical company selling into the healthcare sector and Aggreko, a provider of temporary power solutions in Africa, have all produced excellent returns for the Trust. Indeed, having reassessed all the investments in the Trust we believe that it is well positioned to produce better returns in the future.

Outlook

Although there is much to be concerned about in the economic outlook our belief is that the next 12 months will turn out to be more positive than most commentators expect. The increasing importance of emerging economies in Asia, Africa and Latin America provides a powerful counterbalance to the ongoing problems in Europe and the United States. The valuation of equities is attractive, especially when compared to other forms of saving such as cash, property and fixed income securities. This, combined with the Sustainable ethos of the Trust and an improving performance from the companies within it, gives us confidence the Trust is well positioned for the future.

Mike Fox
The Co-operative Asset Management
December 2010

Fund Facts

Distribution qualifying dates	31st May and 30th November
Distribution pay dates	31st July and 31st January
Total Expense Ratio as at 31st May 2010	1.53%
Total Expense Ratio as at 30th Nov 2010	1.53%

The Total Expense Ratio is the ratio of the Trust's operating costs to its average net assets during the period.

Fund Performance

Unit Class	Net Asset Value as at 31st May 2010	Net Asset Value as at 30th November 2010	Net Asset Value % change
Income	267.6p per unit	277.0p per unit	3.51%

Distribution

An interim distribution of 1.4504 pence per unit will be paid to unitholders on 31st January 2011.

Investment Objective and Policy

The investment objective is to provide capital growth from a diverse portfolio of equities, mainly in the United Kingdom and in any economic sector. Investment will be limited to companies which are likely to benefit from measures taken to improve the environment, human welfare and the quality of life.

The majority of the Trust's assets are represented by investments in quoted UK companies and the remainder in quoted overseas securities.

The core of the investment portfolio consists of shares in companies involved wholly or in part in the manufacture of products, industrial processes or the provision of services associated with improving the environment and the enhancement of human health and safety. In addition, investments may be made in companies considered likely to be medium to long term beneficiaries of changing attitudes towards a cleaner and safer environment, including those seen to be making above-average efforts to minimise environmental damage caused by their activities.

All companies are screened on an environmental basis, so as to exclude any whose operations are thought likely to cause significant damage to the environment.

The Trust avoids investment in any company which has a significant amount of business in countries where there is substantial disregard for human rights, in tobacco and tobacco-related products, in the manufacture, distribution or sale of products which have predominantly military applications or in products which involve experiments on animals, except for those conducted for the benefit of human or animal health. Unless there are exceptional mitigating circumstances, investments in companies involved in the generation of nuclear power are avoided.

Risk Profile

Equity shares, cash and liquid resources, and short-term debtors and creditors that are a direct result of the Trust's operations, all produce risks. The main risks that the Trust faces from its investments are:

- market price risk
- foreign currency risk
- liquidity risk.

To manage these risks, the fund manager will monitor how the assets are allocated within the Trust portfolio while maintaining the investment aim.

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)	Net Income Distributed (pence per unit)
1st Jan 2005 to 31st Dec 2005	262.2	205.4	2.8381
1st Jan 2006 to 31st Dec 2006	341.0	246.8	2.7743
1st Jan 2007 to 31st Dec 2007	367.6	301.5	1.9450
1st Jan 2008 to 31st Dec 2008	330.3	207.1	3.7394
1st Jan 2009 to 31st Dec 2009	289.4	190.3	4.6070
1st Jan 2010 to 30th Nov 2010	310.1	253.2	4.7263

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.

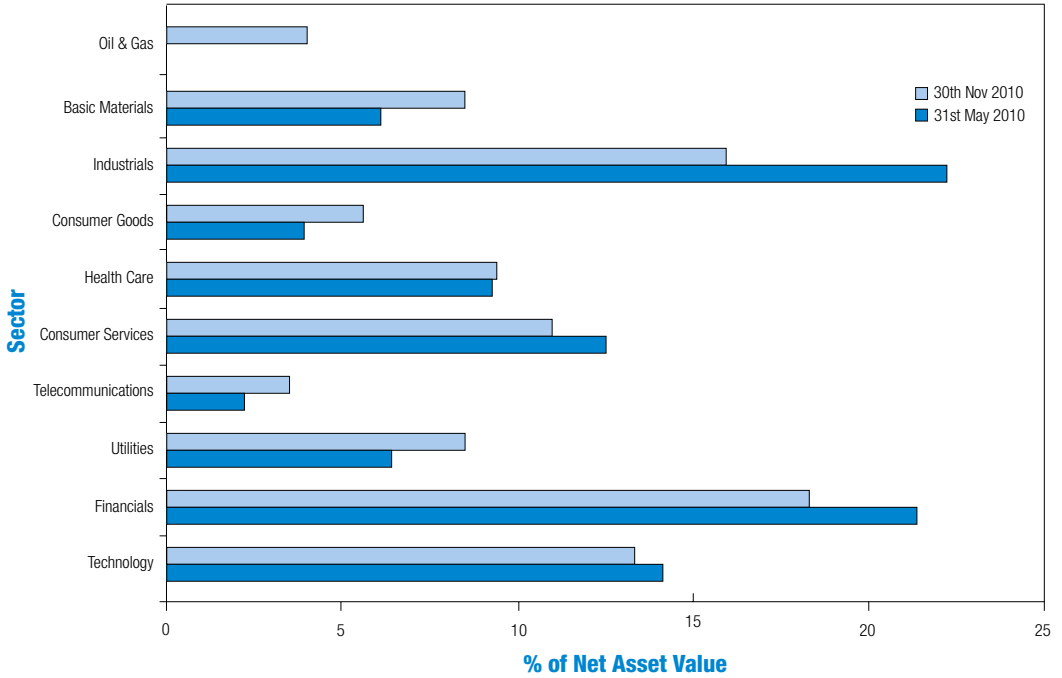
Trust details

	Total net asset value (£)	Total units in issue	Net asset value (pence per unit)
31st May 2008	193,551,292	65,252,000	296.6
31st May 2009	179,128,683	78,804,000	227.3
31st May 2010	262,965,024	98,253,000	267.6
30th November 2010	282,062,979	101,823,000	277.0

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

Portfolio Information

The following graph shows where the portfolio was invested at the end of the period, compared to the previous year end.



Major Holdings

The table below shows the top ten investments by value, held by the Trust, compared to the previous year end.

Holding	% of Net Asset Value as at 30th Nov 2010	Holding	% of Net Asset Value as at 31st May 2010
Rotork	4.46%	Smiths Group	5.04%
BG Group	4.05%	Rotork	4.58%
GlaxoSmithKline	3.86%	AstraZeneca	3.86%
Lloyds Banking Group	3.74%	Lloyds Banking Group	3.80%
AstraZeneca	3.73%	Victrex	3.65%
HSBC Holdings	3.23%	HSBC Holdings	3.36%
Standard Chartered	3.21%	Barclays Bank	3.32%
Unilever	3.15%	Aggreko	3.17%
Smiths Group	3.02%	Standard Chartered	2.93%
Scottish & Southern Energy	2.89%	Scottish & Southern Energy	2.90%

Reports and Accounts

Copies of the annual and half-yearly long-form report and accounts of this fund are available free of charge.

Please contact our Customer Contact Centre on 08457 46 46 46 for your copy of the full manager's report, or visit our web site at co-operativeinvestments.co.uk

This report is issued by The Co-operative Asset Management on behalf of:

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CIS Unit Managers Limited is Registered in England and Wales, 2369965.

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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 Sustainable Leaders 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.