SWIP Multi-Manager UK Equity Growth Fund

April 2009

Fund overview

The Multi-Manager UK Equity Growth Fund is designed to give investors exposure to companies with good growth prospects in the UK equity market.

The fund aims to consistently add value above the total return of the FTSE All-Share index through active stock selection within a risk-controlled framework. Factors that may contribute to uncompensated risk, such as style, sector or market capitalisation bias, are monitored and controlled.

Fund characteristics

The fund aims to outperform under different market conditions by employing managers with different and complementary approaches to finding good company stocks. Risks relative to the fund's benchmark are carefully monitored and controlled using the structure of diverse manager processes.

Baillie Gifford

- **Mandate Inception :** Q4 2007
- **Location :** Edinburgh

Baillie Gifford aims to add value through active management by making long-term investments in well-researched and well-managed, quality businesses with sustainable, competitive advantages in their marketplace. Its portfolios exhibit a clear growth-oriented investment approach emphasising companies with strong balance sheets, leading market shares and strong cash flows.

Managers in the fund

Selection of the underlying investment managers and ongoing management is delegated to Russell Investments by SWIP.

Manager	Fund Weight
Baillie Gifford	15%
FOUR Capital Partners	15%
Henderson Global Investors	20%
Investec	20%
Mirabaud	15%
State Street	15%

FOUR Capital Partners

- **Mandate Inception :** Q4 2008
- **Location :** London

Security selection is the driver of FOUR's investment proposition. Their process involves a long-term cashflow and return analysis to establish the true worth of a business. Where the stockmarket's valuation of a business underestimates current assets or future growth, they take significant positions. Although security selection is dominated by FOUR Capital's long-term, strategic views, portfolios will also have exposure to more opportunistic, tactical investment ideas (up to 20% of the portfolio) which seek to take advantage of shorter-term opportunities generated by market volatility.

Henderson Global Investors

- **Mandate Inception :** Q4 2008
- **Location :** London

Henderson's investment approach is first and foremost one of bottom-up stock selection based on fundamental and qualitative analysis focusing primarily on identifying well run companies with proven business models and a positive growth outlook. Their contrarian approach and strong focus on valuation will mean their portfolios will have a bias towards temporarily out of favour stocks with solid medium-term prospects.

Investec

• **Mandate Inception :** Q3 2006
• **Location :** London

Investec uses an intuitive quantitative screening methodology to identify potential investment opportunities, seeking to identify stocks attractive on growth, valuation and technical criteria. Unlike Bernstein, deep fundamental research is not a key driver of this proposition, but the level of due diligence undertaken on stocks after screening is sufficient to support the process. The process does not have a persistent style bias.

Mirabaud Investment Management (MIM)

• **Mandate Inception :** Q3 2006
• **Location :** London

This mandate pursues a relative value philosophy and displays a large/mid-cap bias. MIM's process is grounded on in-depth company analysis, and portfolios are constructed with a strong emphasis on bottom up stock selection. MIM is very price sensitive and controls downside risk effectively. This manager trades aggressively and derives competitive advantage from its ability to interpret information and quickly implement changes to the portfolio.

State Street Global Advisors

• **Mandate Inception :** Q4 2006
• **Location :** London

State Street has an investment philosophy founded on the belief that capital markets are not fully efficient and deviations mainly arise because of the behavioural biases of investors. It believes that a systematic, unemotional process is best designed to exploit potential mis-pricing. Its systematic, quantitative approach helps the manager to identify stocks that are of reasonable quality, look cheap and have attractive fundamental dynamics such as earnings revisions and price momentum. The key attraction of State Street's model is the strength of the team that created and continues to support the model, the Advanced Research Centre (ARC). ARC is staffed by experienced professionals, typically with Ph.D. level academic credentials, that have a very strong track record. The team is well resourced and there is a strong commitment to continue to develop the UK model to ensure that competitive advantages are not eroded over time.

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