

Take Note

SWIP MULTI-MANAGER UK EQUITY FOCUS FUND



In August 2007 Russell added Cartesian Capital to the SWIP UK Equity Focus Fund and removed Mirabaud. The change continues the process of introducing new managers in whom we have high conviction.

Change summary

- Cartesian, founded in 2005 in conjunction with Resolution Asset Management, manages concentrated portfolios with aggressive return targets. While we continue to maintain a high conviction in Mirabaud, Cartesian's more aggressive approach makes it a better solution for this Fund.
- The joint venture allows Cartesian founding partners Andrew Kelly and David Stevenson to concentrate on providing the intellectual capital and fund management skills, while Resolution delivers the infrastructure support, such as distribution and marketing, as well as all operational, risk and compliance functions.
- Cartesian's process focuses on the exploitation of anomalies between the actual value of a company based on Cartesian's quantitative analysis (they seek to leverage external research sources to analyse stocks and place limited emphasis on company visits) and share prices. It seeks to target good quality growth companies further down the cap scale which have been overlooked, long-term sustainable growth companies which can sometimes bore the market so are undervalued, or recovery stories that have been misunderstood by the market.
- Cartesian's large overweight to mid-cap stocks complements growth managers Morley and RCM. RCM maintains a bias of predominantly large cap stocks driven by a bottom-up process, while Morley looks for opportunities across the market and at times is driven by macro-economic views. Cartesian's process considers industry drivers and trends as well as non-sector themes to be important. It also complements TT's process as TT takes a short-term view whereas Cartesian takes a two-three year view of stocks.
- Russell has researched portfolio managers David Stevenson and Andrew Kelly for around 10 years. Before they left SVM in 2005, the Fund benefited from their ideas at SVM which at the time was one of the managers in the Fund.

Cartesian Capital at a glance

Parent Company	Firm is owned by Cartesian employees and Resolution PLC.
Location:	Edinburgh.
Experience:	Founding partners David Stevenson and Andrew Kelly have 15 years' and 13 years' experience respectively in managing UK equities.
Founded:	In 2005 by professionals who had previously worked together at SVM Asset Management.

Changes to manager weights in the SWIP UK Equity Focus Fund

Manager	Fund Weight (%)		Role in Fund
	Old	New	
TT International	33	33	Aggressive stock picker/macro overlay
Mirabaud	25.5	-	Value-oriented
RCM	27	27	Quality growth
Morley	14.5	20	Pragmatic stock picker
Cartesian	-	20	Absolute return growth-oriented

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