

KAMES CAPITAL Ethical Equity (OEIC)

**OBSR Fund Rating
AA**



Key Information

Launch Date	28 April 1989	
Fund Size	£259.6m	
Type of Shares Available	Accumulation	
Distribution Date	30 November	
Yield	n/a	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.50%
	Annual	1.50%

Classification

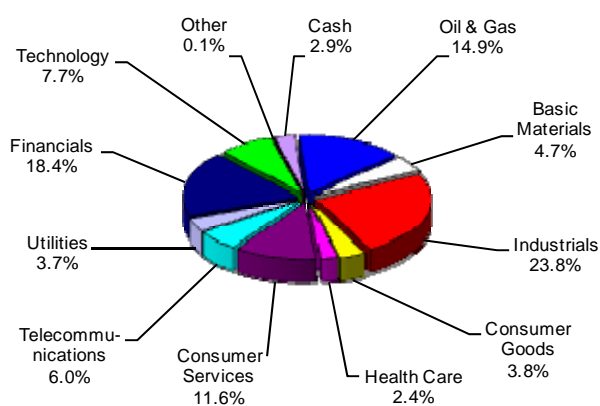
Sector	UK All Companies
Market Cap / Style	All Cap / Blend
Benchmark/Index	FTSE All-Share

Management/Investment Style

Fund Manager	Audrey Ryan (January 2000)
Offers investors an actively-managed UK equity portfolio with stock selection reflecting both a strict ethical screen and bottom-up, fundamental analysis.	

Asset Distribution - Sector

Source: Kames Capital



Top Ten Holdings

	%
Vodafone Group	6.1
BG Group	4.4
Spectris	3.2
Prudential	2.8
Victrex	2.7
Hargreaves Lansdown	2.4
Informa	2.2
Domino Printing	2.2
Premier Oil	2.1
Ashtead Group	2.1
Concentration (Top 10)	30.2
Total Number of Holdings	83

Source: Kames Capital

Investment Objective & Methodology

The fund aims to achieve long term capital growth by avoiding investing in companies that harm people, animals or the environment.

The manager Audrey Ryan has been involved with the fund since she joined AEGON in January 1997. She assumed the lead role at the start of 2000 after having previously been co-manager for 2 years. A qualified chartered accountant, she sits on both the UK Small Cap team and the UK Tactical Team within AEGON's UK Equities division based in Edinburgh.

The manager is not involved in the screening process. Ryan Smith is responsible for screening and monitoring the companies according to the set criteria. This filters out stocks with any connection to arms and nuclear power, oppressive regimes, additions, detrimental effects on animal welfare and harm to the environment. Due to the nature of the fund and the screening process involved, the fund is likely to contain more mid and small cap stocks than large cap.

Once the investment universe has been established, the manager seeks stocks with a view to achieving long term capital growth. The investment approach combines a top-down perspective generated from the UK team's monthly meetings, combined with the bottom-up drivers as determined by the manager. The bottom-up drivers can be a market development that concerns the company or a meeting that the manager has had with the company management. At a stock specific level, the manager looks at three key indicators. Firstly, the outlook for the specific company, secondly, the current price of the company relative to what the manager would be prepared to pay for it and finally, the timing of the trade. Once a stock is identified, either for purchase or sale, it is discussed between all applicable managers and once agreed, a team approach and dealing strategy is undertaken.

The portfolio will typically comprise between 80 and 120 stocks, with no explicit tracking error target or sector controls due to the nature of the fund. Diversification is managed by the number of stocks. The manager is happy to take an active overweight where she believes in the fundamentals of the company. Where mid or small cap stocks reach 3% of the portfolio, the manager will look to reduce the holding regardless. The manager is not forced to sell immediately those stocks which are held in the portfolio but which subsequently fall foul of the ethical screening, but they must be disposed of in a timely fashion.

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Data as at 30 June 2011
Last Updated September 2011