

ARTEMIS UK Smaller Companies (UT)

OBSR Fund Rating
AAA /  Gold

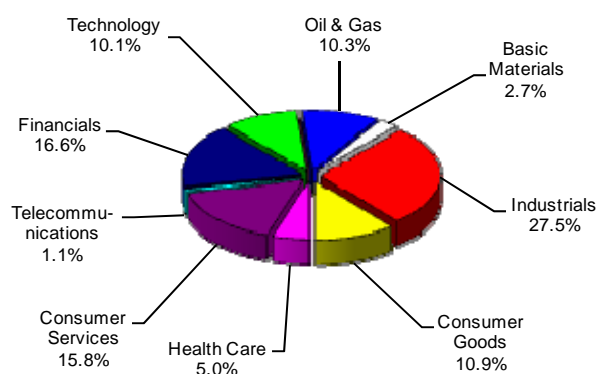
obsr FUND
RATINGS

Key Information

Launch Date	3 April 1998	
Fund Size	£289.8m	
Type of Units Available	Accumulation	
Distribution Date	28 February	
Historic Yield	0.70%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Asset Distribution - Sector

Source: Artemis



Top Ten Holdings

	%
Hurricane Exploration	4.1
Vostok Energy	3.3
H&T Group	3.1
Brooks Macdonald	2.9
Hamworthy	2.9
Cranswick	2.8
REA Holdings	2.8
Mears Group	2.8
Domino Printing	2.6
Globeop Financial Services	2.5
Concentration (Top 10)	29.9
Total Number of Holdings	82

Source: Artemis

Classification

Sector	UK Smaller Companies
Market Cap / Style	Small Cap / Growth Bias
Benchmark/Index	Hoare Govett Smaller Cos Ex ICs

Management/Investment Style

Fund Manager	Mark Niznik (October 2007)
---------------------	----------------------------

The fund manager is experienced and supported by a well-resourced team, the fund has a blended approach to UK smaller-cap investment. Portfolio construction considers both top-down and bottom-up factors, with stock selection based on in-depth research.

Investment Objective & Methodology

The objective of the UK Smaller Companies fund is to provide long-term capital growth by investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK. Investment will be made in companies which primarily comprise the bottom 10% of the UK stockmarket. The fund aims to provide investors with a total return in excess of that of the Hoare Govett Smaller Companies Index (excluding Investment Companies).

The fund is managed by Mark Niznik who specialise in UK mid and small-cap stocks in conjunction with Derek Stuart. Mr Niznik joined Mr Dodd as co-manager in October 2007 and since taken over sole responsibility for the fund. At stock and sector levels, portfolio weightings tend to flow primarily from his view on the potential upside of individual stocks and so the fund will not always fully reflect the composition of the index.

The manager focuses on high-quality companies that demonstrate resilient business models. The investment approach seeks to blend both top-down and bottom-up perspectives and combines fundamental research with quantitative analysis. Top-down influences include macro trends (GDP, inflation, bond yields and interest rates), investor sentiment trends and the level of stock ownership. Bottom-up influences include measures of growth (historic and prospective EPS growth, and sales/asset growth), value (PER, price to cash flow, price to book, EV/EBITDA and dividend yield, all based on consensus prospective data), estimate revision (change in EPS estimates over last three months, double weighted) and momentum (long-term price momentum, short-term reversal and changes in broker recommendations). This process leads to the ranking of stocks in terms of prospective returns. The next stage is verification through visits from external analysts, company visits, internal debate and cross-checking, including technical and ownership issues.

The resulting portfolio tends towards moderate concentration, usually containing 70-110 holdings (subject to a tail when holdings are being built or unwound). The fund can and has held a significant position in unquoted companies. The top 10 stocks will tend to be more dominant when the manager has strong conviction. The manager employs price targets with a view to banking winners and thus recycling proceeds into new ideas.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012