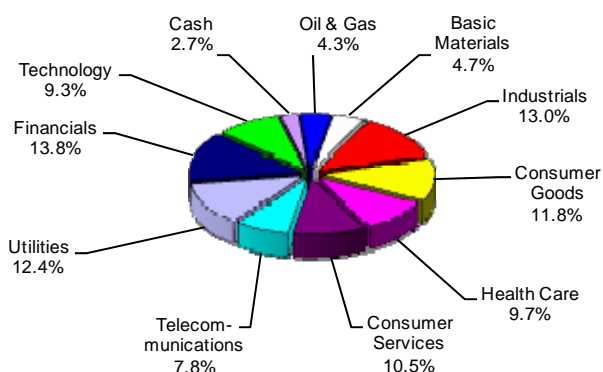


Key Information

Launch Date	29 May 1990	
Fund Size	£281.0m	
Type of Units Available	Income	
Distribution Date	13 January	
Yield	1.00%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.50%

Asset Distribution - Sector

Source: The Co-operative Asset Management



Top Ten Holdings

Company	%
BG Group	4.3
GlaxoSmithKline	4.2
Vodafone Group	4.0
Apple Inc	3.8
Unilever	3.6
SSE	3.3
Pearson	3.2
HSBC Holdings	3.0
International Power	3.0
BT	3.0
Concentration (Top 10)	35.5

Source: The Co-operative Asset Management

Classification

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

Management/Investment Style

Fund Manager	Mike Fox (November 2003)
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Offers investors an actively managed and focused portfolio with a bias to large cap stocks. The fund has a socially responsible investment approach and consists of companies which have positive economic, social and governance attributes in combination with attractive fundamentals which appear mispriced by the market.

Investment Objective & Methodology

The fund offers investors exposure to an actively managed and focused portfolio of UK equities drawn primarily from the FTSE 350 (ex Investment Trusts) index but which will include selected small cap stocks. The manager is looking for opportunities which he believes offer at least 20% to 30% upside, with a focus on downside risk. In practice, the fund aims to be in the top quartile over a rolling 3 year basis whilst also outperforming the FTSE All-Share index by 2% per annum gross.

The fund is managed by Mike Fox, the Head of UK Equities at The Co-operative Asset Management. He joined the Co-operative Insurance Society in 1999 having trained and qualified as a Chartered Accountant with Ernst & Young. He is able to leverage off the well resourced Research and SRI team whilst retaining analyst responsibilities himself.

The manager believes that by combining rigorous and targeted financial analysis and research with embedded environmental, social and governance analysis, he is able to identify mispriced investment opportunities in companies that meet both the socially responsible objectives and the investment performance objectives of the trust. The process starts by identifying a universe of companies which satisfy the socially responsible objective. There are some initial negative inclusions from the investable universe, including the exclusion of tobacco, armaments, nuclear power generators and animal testing for cosmetics. Outside of these stated exclusions, the manager invests positively around the three core themes of the environment, human welfare and leaders in sustainability and an external advisory committee verifies all companies prior to their inclusion in the investment universe. Once the universe has been created, the team then seeks to identify those investments which appear to be mispriced by the market. They apply a company, industry, theme methodology to help further focus their research efforts. Here they are looking for business where there is either change occurring or the potential for change, for industries which have the potential to evolve and create shareholder value in the future and for long-term themes which may not be discounted in the valuations attributed to affected companies. The next step is to create detailed valuation models which model the cash-flows a potential investment is likely to generate over the medium to long-term. Given that a significant part of the process is the use of the internal resource available to assess companies on environmental, social and governance (ESG) issues, it is at this stage that the more detailed ESG analysis is completed. The team scores the company according to their practices and analyses the key issue that has the potential to either positively or negatively influence the investment case. All investment ideas are presented to the team and the models and conclusions challenged to ensure that the argument is robust and once agreed, clear buy and sell levels are set which are adhered to in the absence of any new information.

The fund will typically comprise between 40 to 50 positions. To the manager, risk is absolute loss of capital. Although no explicit stock and sector limits are set, in reality individual stocks are rarely more than 6% of the portfolio, sectors no more than 25% and tracking error has a limit of 6% relative to the UK FTSE All-Share index. The manager uses a tiered approach to portfolio construction whereby stocks most highly rated from the output of the research process and the manager's view mean that highly rated top tiered stocks will account for 45% of the fund and have a 3-6% stock weighting range, the mid tier will be approximately 35% of the fund with a 1-3% weighting and lower tier stocks will be 20% of the fund and be between 0-1%.