

**OLD MUTUAL
UK Select Mid Cap Trust (OEIC)**



**OBSR Fund Rating
AA**

Key Information

Launch Date	15 February 2002	
Fund Size	£775.9m	
Type of Shares Available	Income & Accumulation	
Distribution Date	30 September	
Yield	0.60%	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	4.00%
	Annual	1.50%

Classification

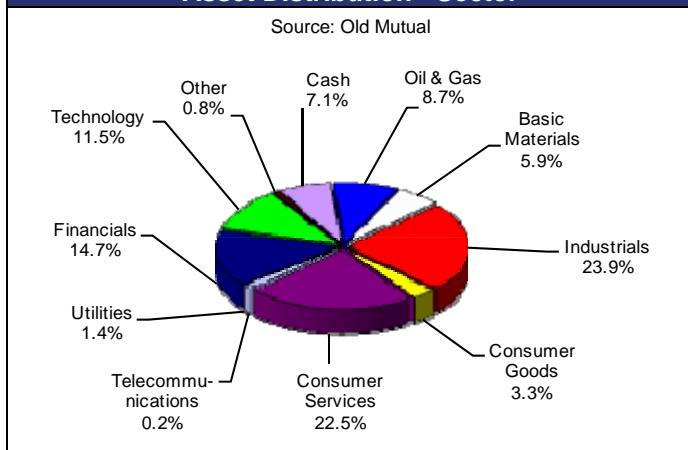
Sector	UK All Companies
Market Cap / Style	Mid Cap / Blend
Benchmark/Index	FTSE 250 Ex IT

Management/Investment Style

Fund Manager	Richard Watts (January 2009)
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Offers investors a portfolio of UK mid-cap stocks managed using a flexible investment process that gives due consideration to both top-down and company specific influences.

Asset Distribution - Sector



Investment Objective & Methodology

The fund aims to provide capital growth from investing primarily in a portfolio of medium-sized companies. The performance objective is to achieve a return at least 3% greater (after charges) than the FTSE 250 Index (excluding Investment Trusts) on a rolling 12-month basis.

The fund is managed by Richard Watts, part of the team of six that specialises in managing funds of UK medium and smaller-sized companies. Additionally he is able to draw upon the wider resources of the UK large-cap equity team and the views of Ashton Bradbury, the Head of Equities.

The manager has a pragmatic and flexible investment approach with no particular bias towards value or growth, as he prefers to be able to respond to prevailing economic and market conditions and position the portfolio accordingly. He argues that a blended style is essential to be able to invest effectively through the business cycle. Similarly, he adopts a combination of a top-down and bottom-up approach when constructing the portfolio. He notes that certain stages of the economic cycle, particularly inflexion points, will demand a more top-down approach whereas a greater focus on bottom-up stock picking is more appropriate mid-way through the cycle. When selecting stocks, the manager will focus on management quality, the business profile of the company and its financial position. In particular he considers P/E ratios, rates of EPS growth and earnings revisions, but he also considers companies' dividend yield, market-cap to sales ratio, price to NAV ratio, together with peer group relative valuations and industry benchmarks. He is looking to invest in companies that will demonstrate one or more of the following characteristics: the ability to grow earnings faster than the market average for an extended period of time; the scope to generate a positive surprise; or the potential to be re-rated relative to the market. He attempts to anticipate change and always looks at what will generate the investment return. From a top-down perspective, he will focus on economic growth, the interest rate cycle and industry trends.

The portfolio will typically comprise between 70 and 80 stocks. However, in uncertain market conditions, the number of holdings may increase in order to reduce stock specific risk. Core holdings, including companies with good long-term prospects and strong earnings growth, will represent up to 3% of the fund. Positions in higher-risk companies will not usually exceed 1½%. These are likely to include more speculative names, recovery stocks and smaller lower conviction companies. The manager will tend to run winners and cut losers and has no rigid price targets.

Top Ten Holdings

	%
Babcock International	3.5
Telecity	3.2
Meggitt	3.2
Rightmove	3.2
Croda International	3.0
Wood Group	2.8
Premier Oil	2.8
Aberdeen	2.6
Paragon Group	2.2
Ashtead Group	2.2
Concentration (Top 10)	28.8
Total Number of Holdings	69

Source: Old Mutual

www.obsrfundratings.co.uk

Data as at 30 September 2011
Last Updated October 2011