

SWIP Multi-Manager Diversity (OEIC)

OBSR Fund Rating
A

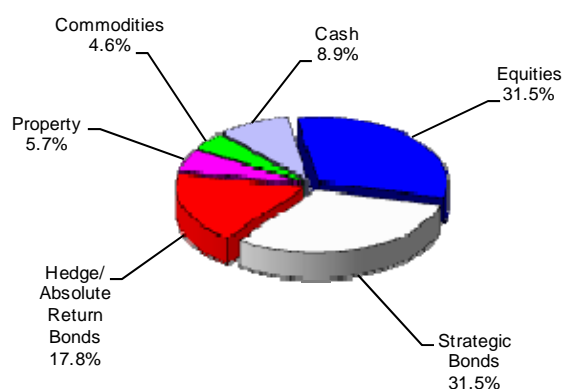


Key Information

Launch Date	20 December 2007	
Fund Size	£212.7m	
Type of Shares Available	Accumulation	
Distribution Dates	n/a	
Historic Yield	1.40%	
ISA	No	
ISA Transfer	No	
Standard Fund Management Charges	Initial	5.00%
	Annual	1.25%

Asset Distribution

Source: SWIP



Classification

Sector	Cautious Managed
Multi-Manager Category	Target Return Objective
Benchmark/Index	CPI +4%
Management/Investment Style	
Fund Managers	Mark Harries (December 2007) Simon Wood (December 2007)
This fund provides investors with a portfolio broadly invested one third each in equities, fixed income and alternative investments. The fund seeks to achieve absolute returns in real terms over the longer term combined with reduced volatility through its diversified spread of assets.	

Investment Objective & Methodology

The aim of the Diversity Fund is to achieve long-term capital growth in excess of inflation from a portfolio invested across a broad range of asset classes. The fund is intended to provide steady rates of return with significantly lower risk than more traditional approaches to portfolio management, which tend to be largely dependent on the performance of equities. The fund has an objective to generate an absolute return in excess of CPI + 4% over rolling three year periods.

The Multi-Manager team numbers five individuals. Mark Harries is the Head of the Multi-Manager Team and an Investment Director. He manages this fund along with co-manager, Simon Wood, who is also an Investment Director. Lyndon Gill, Natalie Burnand and Andrew Perham are analysts on the team. They divide the research responsibilities between them on a sector basis. Alternative investments are covered by Mark Harries and Lyndon Gill.

The investment philosophy of the SWIP Multi-Manager team is rooted in their experience of the needs of private investors. They see the preservation of capital as a key objective. They are also seeking real returns, above that of the CPI index, and they are looking for lower volatility than the peer group. They also acknowledge that market direction is increasingly difficult to predict and hence prefer to take a broadly diversified and long-term approach in their portfolios.

There is an emphasis on reducing downside risk, which they believe they can achieve this through the selection of underlying fund managers rather than asset allocation calls. On the latter, a strategic benchmark is set for this fund and the portfolio is rebalanced regularly through cash-flow or when market moves dictate this to be necessary. The SWIP team of economists and a strategy team provide them with asset allocation inputs but any tactical positions versus benchmarks are likely to be small. In selecting managers for the funds, they use both qualitative and quantitative analysis, although there is an emphasis on the former. They screen the fund universe and use quantitative analysis to reduce this to a workable number. In this analysis, they are particularly seeking predictability of returns and are also concerned with a fund's characteristics in different market conditions. Where they wish to pursue a fund further, they send out detailed questionnaires and this would be followed up by face-to-face meetings with the manager. They see this as a critical part of the process and several meetings may be required before a decision is taken. They categorise managers as value, growth, business cycle (or pragmatic) and specialist and use them in different ways, depending upon the nature of the multi-manager fund mandate. Furthermore for this absolute return mandate, they seek out managers who invest with an absolute return mindset. Managers selected for the funds are considered to be either 'core' or in the 'academy'; core managers are typically very experienced investors who they deem suitable for long-term investment while academy managers would include less experienced but nevertheless talented managers, usually held in smaller position sizes.

The Diversity fund is broadly equally invested between equities, fixed income and alternative investments. This choice of strategic asset allocation is the result of historical risk and returns analysis combined with the team's expectations for future risk and return patterns. The fund has an absolute return objective that they expect to meet over the longer-term, but acknowledge that volatility may occur over shorter-term time periods given the fund's allocation to equities. The alternatives portion of the fund includes funds of hedge funds, commodities and property investments. There is an Investment Risk Management team monitoring their funds, however, the Multi-Manager team is more concerned with risk in terms of the selection of their underlying managers.

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Data as at 30 September 2011
Last Updated October 2011