

THREADNEEDLE American Select (OEIC)

OBSR Fund Rating
AA / Silver

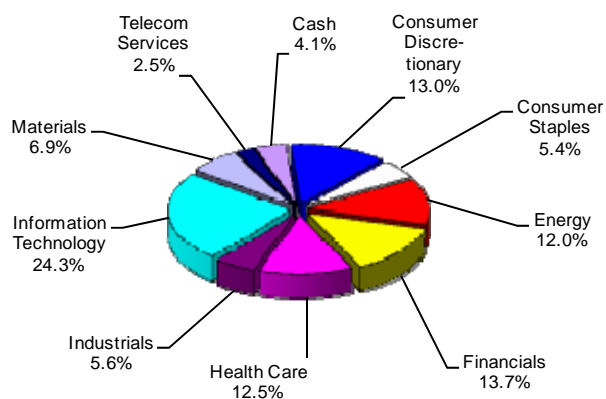
obsr FUND
RATINGS

Key Information

Launch Date	31 March 1982	
Fund Size	£1420.1m	
Type of Shares Available	Accumulation	
Distribution Date	7 May	
Historic Yield	Nil	
ISA	Yes	
ISA Transfer	Yes	
Standard Fund Management Charges	Initial	3.75%
	Annual	1.50%

Asset Distribution - Sector

Source: Threadneedle



Top Ten Holdings

	%
Apple	6.5
Oracle	3.6
Airgas	3.6
Philip Morris International	3.4
Pfizer	3.2
IBM	3.0
DaVita	2.7
McDonalds	2.6
Crown Castle	2.4
Qualcomm	2.4
Concentration (Top 10)	33.4
Total Number of Holdings	54

Source: Threadneedle

Classification

Sector	North America
Market Cap / Style	Large Cap Bias / Growth Bias
Benchmark/Index	S&P 500

Management/Investment Style

Fund Manager	Cormac Weldon (November 2001)
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This fund is the more aggressive of the retail range of US funds offered by Threadneedle and as such its movements will typically accentuate the manager's and his team's best ideas and sector views. Risk is tempered through investment in the team's core list of best research ideas together with stock and sector controls.

Investment Objective & Methodology

The fund aims to achieve above average capital growth through investing in companies domiciled in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management recovery situations and exploration companies. There will be no particular sector specialisation. The investment approach means that the fund has the flexibility to take significant stock and sector positions which may lead to increased levels of volatility. The performance target is to be top quartile over rolling three year periods per annum.

The fund is managed by Cormac Weldon, who heads up the US Equities team. The team is well resourced and consists of fund managers and analysts, although all have sector research responsibilities. The manager seeks to use the best ideas from the team and other research drawn from internal and external sources. There is also close interaction with colleagues across asset classes at Threadneedle.

The team seeks to generate alpha from research-driven, bottom-up stock selection. They operate a dynamic approach and aim to be responsive to the prevailing environment with a view to generating strong performance across the investment cycle. The team employs a similar investment approach and process across the majority of its US funds, with specific guidelines applied to different product types. Through the team framework, they aim to generate consistent performance across the desk, concentrating on internally produced research to maintain a core list of US equities. The core list is then used by the team when constructing its portfolios. They assess a company's business model, financial model, and management in order to assess its worth and determine a target price and downside risk. Key factors such as cash flow, market position, balance sheets, estimated growth rates and management quality are considered and they place a great deal of importance upon meeting with management. A stock is rated from a scale of A to E versus its industry (E rated stocks cannot be owned). Communication is facilitated by daily research meetings covering stocks, sectors and risk analytics as well as weekly and monthly meetings covering markets, economies, themes and allocation. Stocks are sold when the macro economic environment changes, when they are no longer reasonably valued, when the investment thesis is no longer valid or when a more attractive opportunity presents itself.

The portfolio is managed according to a clear risk framework. The fund must invest at least 40% of its assets in the core list which consists of the team's best ideas. In practice the core list is made up of two lists, a Top 20 list showing the team's over and underweights in the 20 largest stocks by market cap, using the S&P 500 Index as the benchmark, and a Preferred List, which is a list of around 30 of the team's best ideas, which form the backbone of portfolios. Outside the core list, the manager has the discretion to hold other stocks within certain constraints. A sector overlay is applied across the portfolio; sector strategy is generated by the team's discussions. The portfolio typically has between 55 and 75 holdings (excluding small caps) with stock and sector positions allowed to deviate +/-3% and +/-7.5% respectively, relative to the index. The fund will normally be fully invested.

www.obsrfundratings.co.uk

Data as at 31 December 2011
Last Updated January 2012