



# fundstalk-news

Q2 2011

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## An update on the SW Henderson Managed Distribution Fund



In the Q2 edition of *fundstalk*, we announced that Chris Burvill would be taking over management of the equity portion of the SW Henderson Managed Distribution Fund from Trevor Green in early April 2011. Chris has extensive experience, running cautious managed funds since 1993 and equity income funds since 1987. Here Chris comments on the changes he has made to the equity portfolio.

"Investors in the fund will be aware that Trevor Green, previous manager of the fund's equity component, had produced some very strong performance on the fund, helping it to claw back much of the losses of 2007-9. With a growth and momentum strategy, very strong profits have been generated in the industrials and resources sectors. My own approach, in contrast, is much more along value lines, with more emphasis on yield and balance sheet metrics.

"Since joining I have therefore made some significant changes to the portfolio. Mining sector exposure has been reduced substantially and I have switched into Glaxo and AstraZeneca. Likewise, good profits have been taken in capital goods stocks such as Aggrekko, Premier Farnell and Croda, with proceeds moved into defensives like Morrisons, Smith & Nephew, Unilever and Sage.

The net effect of these changes, we believe, has brought the beta of the fund down from 1.3 to approximately 0.9.

"The big question is whether we have correctly timed this move to a more cautious approach. So far this year there have been signs of some recovery in the more defensive stocks, but not quite sufficient for us to say that there has been a decisive change in fortunes. There is still widespread support for the growth and emerging markets stories with many investors still conditioned to 'buy the dips'. Even so, we believe that it will prove harder as the year progresses for cyclically exposed companies to generate earnings upgrades, while at the same time the low valuations across many defensive sectors should find increasing support. If we are right, we will have been able to lock in much of the outperformance of the last two years while also producing a marked fall in the fund's volatility.

Combined with the strategic approach taken through the fund's bond component, managed by my colleagues John Pattullo and Jenna Barnard, we feel the fund will be well positioned for what may continue to be a volatile environment."

The SW Henderson Managed Distribution Fund is available through all Scottish Widows pension products, except stakeholder pensions.

Source: Henderson, as at June 2011.

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## Corporate actions

Shareholders in the Fidelity Growth & Income Fund have voted for it to be merged into the Fidelity MoneyBuilder Growth Fund. The CM Fidelity Growth & Income Life and Pension Funds both link to the Fidelity Growth & Income Fund so we'll communicate with investors in these funds in due course to inform them about the change to the underlying assets. We'll also update any literature.

UBS is changing the name of its UK Select Fund to the UK Opportunities Fund. As a result, we'll be changing the name of the SW UBS UK Select Fund to the SW UBS UK Opportunities Fund. We'll communicate this change to investors in the fund in due course, as well as update literature.

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## SWIP appoints new Head of Global Equities



**PERFORM**

Scottish Widows Investment Partnership (SWIP) has appointed William Low to the role of Head of Global Equities within its International Equities team. Based in SWIP's Edinburgh office, William reports to Andrew November, Director of Equities, and is responsible for driving SWIP's global equity strategy across its range of global portfolios. William will work closely with SWIP's senior International Equities team, led by Mike McNaught-Davis, to shape and develop SWIP's capability in this asset class.

William brings over 24 years' investment management experience to the role and joins SWIP from BlackRock where he worked for 15 years, most recently as Director and Portfolio Manager leading its Europe, Australasia and the Far East (EAFE) portfolio team. Before this, William was an Investment Manager at Dunedin Fund Managers with responsibility for leading and managing key portfolios with both Pacific Basin and Asia ex Japan mandates.

**Commenting on the appointment, Andrew November, Director of Equities, said:**

"We have attracted a wealth of talent to our International Equities team and have continued to build on the expertise we have in this asset class. We are very much committed to driving our active management capability in international equities with a focus on developing our strategies in Global, EAFE and SRI [socially responsible investment]. William's knowledge and depth of experience in global equity asset management complements our existing capability, a combination which we believe offers an exciting international equity proposition and one which will deliver on our ambitions to become a key player in this area of the market."

Source: SWIP, April 2011.

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## Change to manager of SW Fidelity Japan Fund



Robert Rowland has stepped down as manager of the SW Fidelity Japan Fund to take up a new role within Fidelity's research team in the Asia Pacific region which will see him devoting time to mentoring and coaching the analysts. June-Yon Kim has taken over as manager from Robert.

Source: Fidelity, April 2011.

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## SWIP Multi-Manager team blog



SWIP's Multi-Manager team has launched a new blog, called the 'Selection Specialists', which provides a forum for regular commentary on topical market and economic changes as well as the team's views on fund selection, asset allocation and market commentary.

The SWIP Multi-Manager team, which runs five Scottish Widows Multi-Manager funds under the leadership of Mark Harries, boasts an A rating from OBSR for the Multi-Manager Diversity Fund and the Multi-Manager Select Boutiques Fund. The Multi-Manager Diversity Fund was also included in the 2011 Citywire Selection of leading funds in the UK market.

Mark Harries and Simon Wood, Multi-Manager Investment Director, each bring over 20 years' investment experience and have worked together for 10 years. Supported by five investment analysts, they have built a core team which is one of the most stable, long-serving multi-manager teams in the industry.

### Commenting on the new blog, Mark Harries said:

"We are delighted to be able to provide our clients with timely and regular updates on the markets and our strategies through the Selection Specialists blog. It is a great opportunity for us to add real value to the relationships we have with advisers through discussing how we select funds, how we determine asset allocation and our thoughts on what is happening in the markets."

To read the blog, visit

[www.swip.com/advisers/FundsInFocus/swip-multi-manager/Blog/Pages/default.aspx](http://www.swip.com/advisers/FundsInFocus/swip-multi-manager/Blog/Pages/default.aspx)

Source: SWIP, June 2011.

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## Invesco Perpetual Investment Intelligence seminars



During June and July, Invesco Perpetual will be continuing its breakfast and lunch seminars looking at how fiscal and monetary policies impact on inflation and growth. For more information and to register, visit <http://adviser.invescopetperpetual.co.uk/portal/site/ipadviser/investmentintelligence/seminars/>



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