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# IM Russell ICVC International Growth Assets Fund

## Performance Review<sup>1</sup>

	Three Months %	Six Months %	One Year%	Since Inception %
IM Russell ICVC International Growth Assets Fund (Class C Fees) <sup>2</sup>	8.3	-11.2	-10.3	1.4
Benchmark (Russell Developed Large Cap ex-UK (GBP Hedged))	8.1	-8.6	-5.5	1.6

Source: Russell/Confluence, in UK sterling terms, net of fees, Data as at 31/12/2011

<sup>1</sup> These funds are priced at 7:00am each morning where as the benchmark is priced at close of business each day. For benchmark comparable analytical purposes therefore the NAV have been artificially moved to the previous working day.

<sup>2</sup> Our performance reviews are now based on class C fees (0.95%); prior to that (June 2010) they were based on class A fees (1.70%).

## Quarterly Market Comment

The Russell Large Cap Developed ex-UK Index and Global Indices returned 8.1% and 7.3% respectively over the fourth quarter. Despite a disappointing November and December, October's rally carried the fourth quarter of 2011 to a strong positive finish for the year. It was a combination of a relatively better economic outlook and the safe haven aspects of the US that allowed it to be the best-performing major market. Among non-US markets, continental Europe outperformed Asia ex Japan but it was held back by the peripheral nations whereas Nordic markets and the Netherlands fared better. The exit of long standing national governments in Italy and Greece provided hope that the newly appointed technocrats would have the ability to implement workable austerity plans. Japan was the worst-performing market at -4% due to a strong yen and political turmoil. Emerging markets rallied during the quarter, helping to blunt the shortfall generated earlier in the year. However, ultimately this region was affected by its still substantial dependence on western economies as buyers of its exports. At the sector level, energy stocks rose sharply given favorable cash flow characteristics, an overreaction by investors in 3Q on future oil demand and geo-political turmoil in the Middle East. Consumer staples and health care stocks were also in favor given their defensive aspects. Despite falling earning forecasts, growth stocks fared better than value companies as investors sought out well run businesses that could continue to expand or at least tread water during a challenging economic period.

## Quarterly Fund Comment

The Fund ended the last quarter of 2011 ahead of its benchmark. Performance was largely driven by insightful stock selection within the materials, IT and consumer discretionary sectors. Allocation effects were mixed with the underweight to utilities adding whereas the large underweight to the strongly performing energy sector detracted. At the stock level, South Korean technology firm Samsung Electronics was the best-performer after its share price reached a record high on the back of strong third quarter smartphones sales. Walt Disney was another key contributor following the release of better-than-expected quarterly revenues that were lifted by strong advertising at the ESPN sports channel. From a factor perspective, the Fund's underweight to stocks with high 3-month price momentum proved positive as recent winners underperformed this quarter.



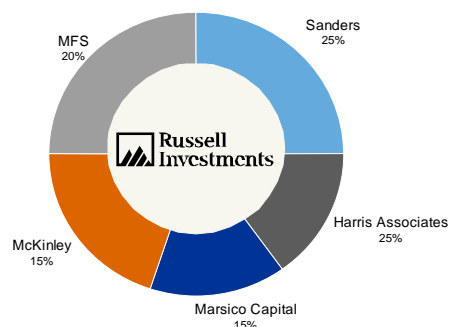
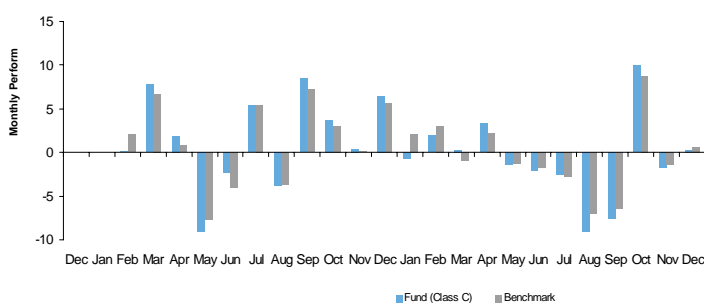
**Portfolio Manager:**

**Phil Hoffman**

<b>Benchmark</b>	Russell Developed Large Cap ex-UK (GBP Hedged)
<b>Fees: Class A, B, C</b>	1.70%, 1.20%, 0.95%
<b>No. of Stocks</b>	312
<b>AUM</b>	£67.7m
<b>Launch Date</b>	12th January 2010
<b>12-month Yield</b>	0.52
<b>SEDOL: A Class acc.</b>	B4JQN30

## Performance Chart (%)

## Fund Allocation



## Latest Regional Analysis (31/12/2011)

Region Exposure <sup>1</sup>	Fund	Benchmark	Quarterly Region Returns
Asia Pacific ex-Japan	2.0	5.8	6 . 1
Europe ex United Kingdom	28.5	19.8	3 . 2
Japan	6.2	8.9	- 3 . 9
United Kingdom	4.0	1.0	8 . 7
US & Canada	53.6	64.4	1 1 . 3
Emerging Markets	5.7	0.0	2 . 4

<sup>1</sup> Region weights may not sum to 100% due to rounding.

The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Any forecast, projection or target is indicative only and not guaranteed in any way. Any past performance figures are not necessarily a guide to future performance.

## Emulation Strategy

Optimal stock views from managers with complementary investment processes are aggregated into a single International equity portfolio which is then implemented by Russell. This improves trading efficiency, better manages risk and reduces potential costs. One example benefit is that stocks traded by the managers may offset against each other at the fund level, leaving inconsequential positions so trading becomes unnecessary.

## Adviser Description

Investment Manager	Mandate Inception	Process
	Q2 2011	Sanders' investment philosophy rests on proven behavioural finance principles, the most important of which is the strong tendency of investors to overreact to adversity, depressing asset prices in relation to their past and potential future cash flows. Sanders is willing to invest in companies with sustainable earnings but which the market is undervaluing in the belief that the earnings are not sustainable. They will also invest in companies that are undervalued due to short-term distress but which he believes will recover to normalised levels of profitability.
	Q1 2010	Harris focuses on stocks selling at significant discounts to the underlying companies' intrinsic value. They invest in companies that are run by management teams that think and act as owners. Harris prefers management teams that focus on strong cash flow generation and efficient allocation of capital. Harris' deep understanding of the key business drivers of their holdings provides them with a competitive advantage.
	Q1 2010	Marsico seeks to identify macroeconomic themes, based on its economic, political and social analysis, which drive earnings growth and price appreciation. Fundamental research is performed to identify attractive stocks likely to benefit from exposure to such themes. A key strength of Marsico is their depth of knowledge of industries, companies and management teams which can be attributed to the quality and experience of its team of four portfolio managers and dedicated team of global industry analysts.
	Q1 2010	The portfolio is advised by a team of professionals led by Robert A. Gillam, Chief Investment Officer. Using both a quantitative screening process and qualitative overlay to construct and manage portfolios, McKinley has been adept at combining these approaches, successfully identifying future winners over time. This strategy has performed consistently well through both growth and value market environments.
	Q1 2010	MFS' approach is market-orientated, with a particular emphasis on high quality, cash generative companies where growth appears sustainable over the longer-term. Portfolios are managed by a small team of seasoned investors, each with over 10 years of experience. The team is supported by over 70 analysts based around the world, providing research across the broad universe of global companies. Portfolios tend to feature country and sector positions that diverge meaningfully from the index.

## Latest Top Ten Holdings (31/12/2011)

Company Name	Country	Sector	Fund %	Benchmark %
Nestle SA	Switzerland	Consumer Goods	2.6	2.1
Intel Corp.	United States	Technology	2.5	1.4
Compagnie Financiere	Switzerland	Consumer Goods	1.5	0.3
ACCENTURE PLC	United States	Industrials	1.5	0.4
Julius Baer Gruppe AG	Switzerland	Financials	1.4	0.1
JPMorgan Chase & Co.	United States	Financials	1.4	1.5
VISA INC	United States	Financials	1.4	0.6
Apple, Inc.	United States	Technology	1.4	4.1
Akzo Nobel NV	Netherlands	Basic Materials	1.4	0.1
Samsung Electronics Co., Ltd.	South Korea	Technology	1.3	0.0

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