

# Selecting winning funds



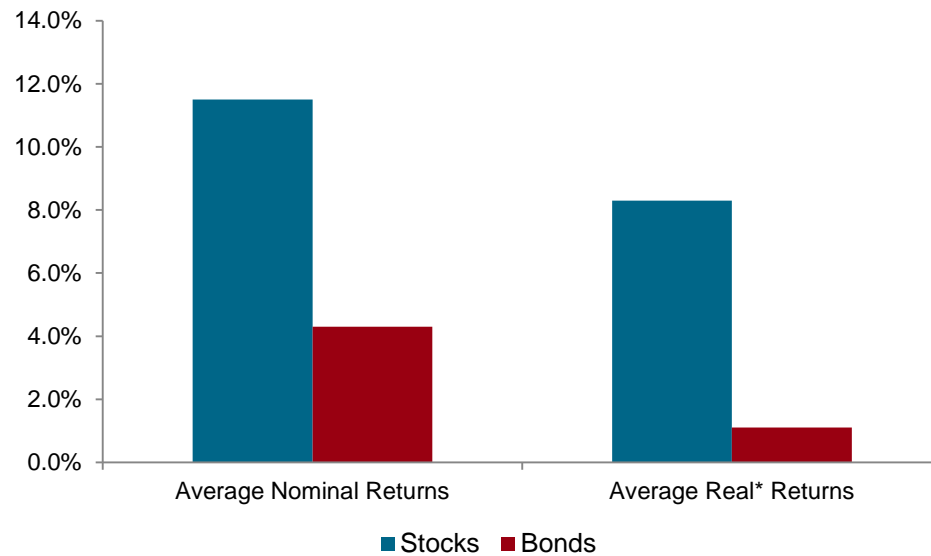
*“Intended for Retail Clients”*

**“In the 20<sup>th</sup> century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497”**

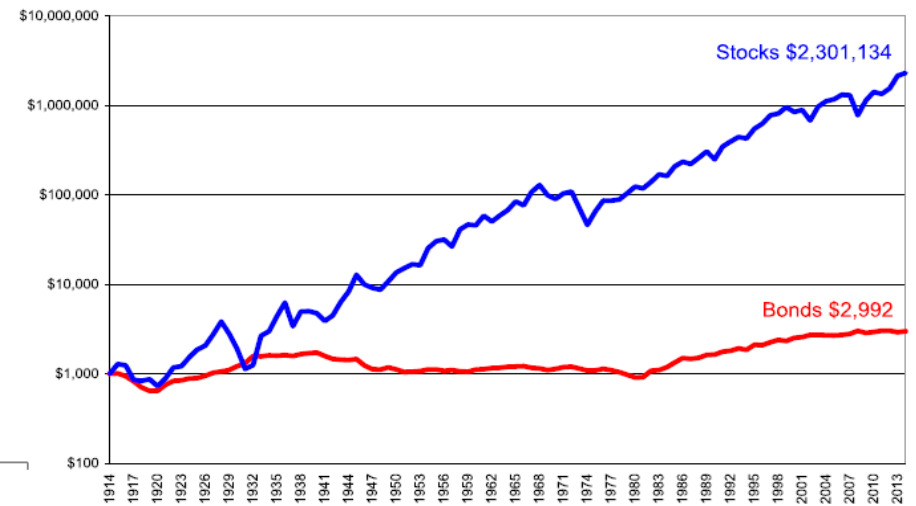
***Warren Buffett***

# Stocks vs. bonds over the past 100 years

Growth in stocks vs. bonds 1915 to 2014



Real growth of stocks vs bonds from \$1,000  
From 1915 to 2014



Source: Siegel/CRSP

Source: CIBC Wood Gundy in Vancouver, BC. Stan Clark is an associated Investment Advisor. \*Real returns are returns after subtracting inflation.

**“Concentrate your energies, your thoughts and your capital. The wise man puts all his eggs in one basket and watches the basket”**

***Andrew Carnegie***

## Equities for the long term

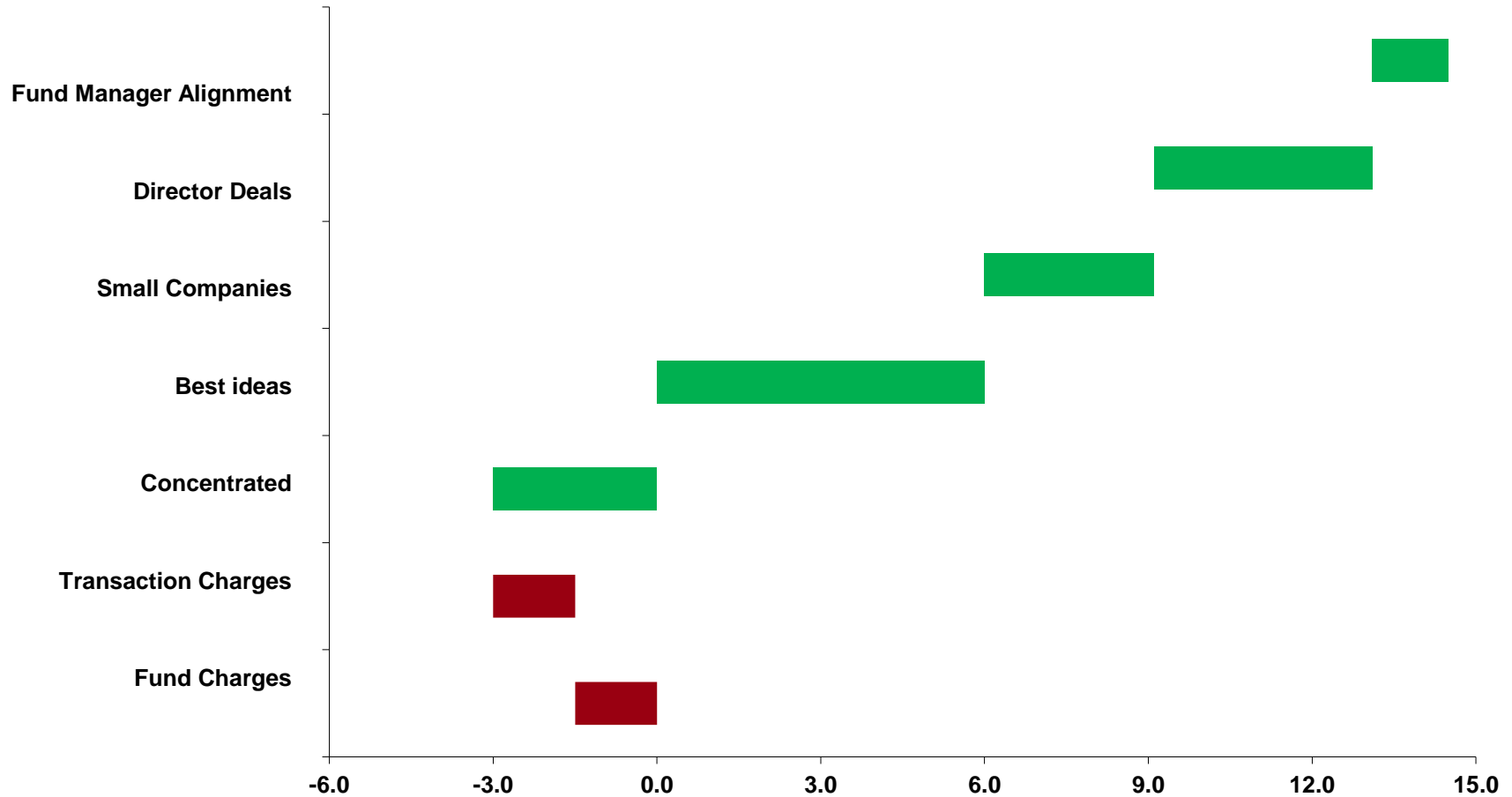
### How to beat the market

- Focused funds – concentrated (fewer stocks) and contrarian (positioned against the market)
- High active share\* – best idea selection and clients are not exposed to closet index trackers
- Small and mid-cap investing
- Director dealings – significant indicator of future prospects
- Fund manager invested – incentive to outperform

Source: Montier Dresdner Kleinwort research

\*High active share is a measure of the percentage of stock holdings in a manager's portfolio that differ from a benchmark index.

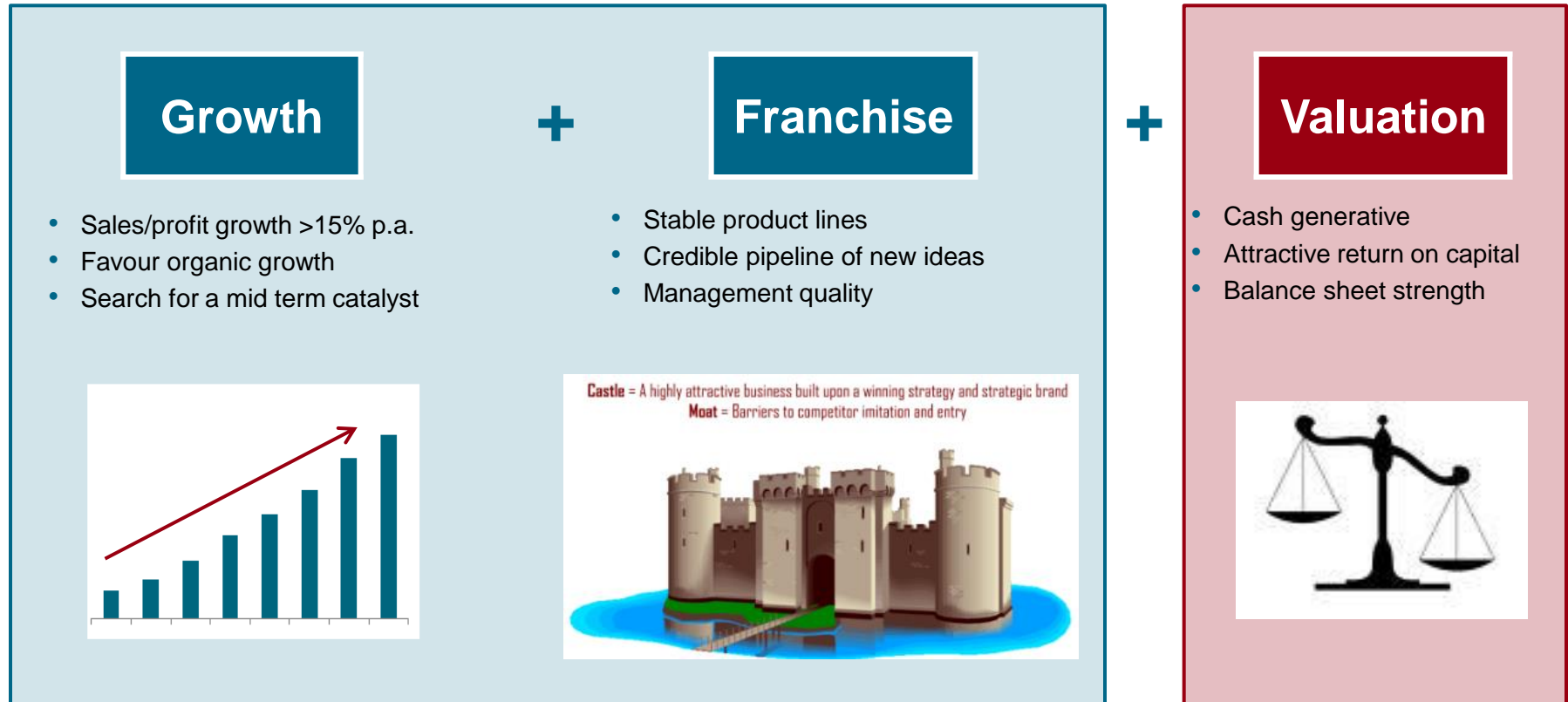
## Sources of Alpha: The evidence



Source: Montier Dresdner Kleinwort research

# Fundamental analysis

A company can only be a good investment at the right price



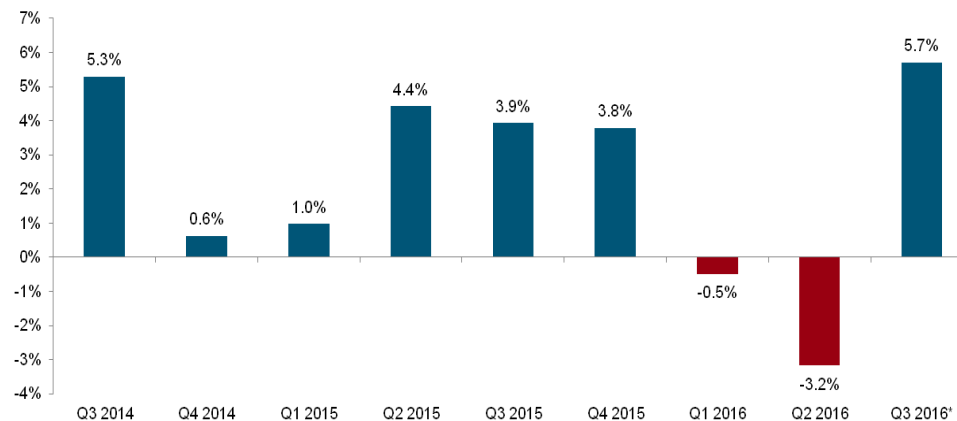
The value of any investment and any income taken from it is not guaranteed and can go down as well as up, you may not get back the amount invested.

# L&G UK Special Situations Trust

## Fund summary

- Concentrated, unconstrained portfolio
- Bottom-up stock picking fund
- High active share (85%)
- All cap expertise, with focus on Mid-cap
- Seeks high growth and deep value opportunities
- 20+ years fund manager experience

Quarterly fund performance relative to FTSE All Share

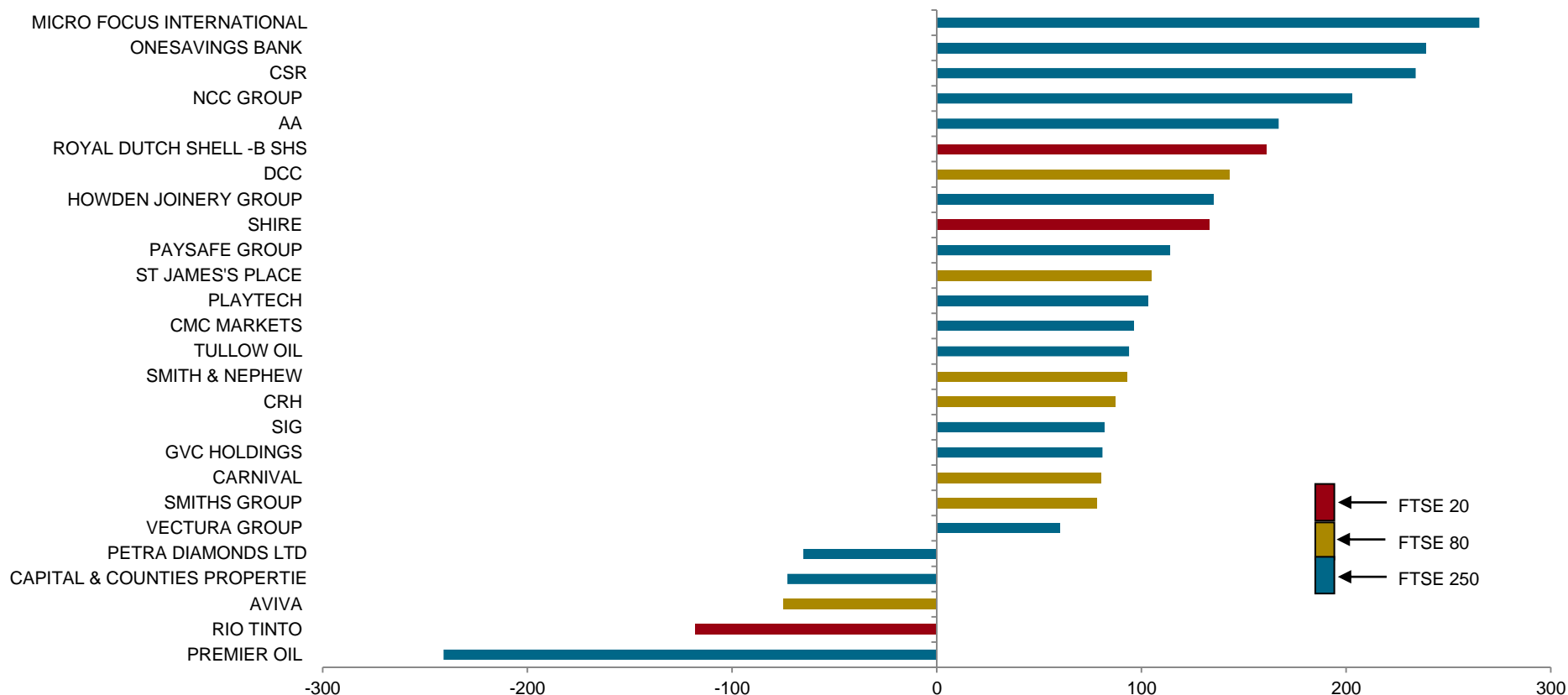


Look to outperform in six out of seven quarters

Source: Lipper. Please remember that past performance is not a guide to future performance.



## Attribution – Diverse range of individual drivers of performance\*



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Source: LGIM/Bloomberg. Please remember that past performance is not a guide to future performance. Reference to a particular stock or stocks is on a historic basis and does not mean that the stock is currently held or will be held within the fund. \*This is a snapshot of performance and does not include details of all fund contributors.

## Outlook

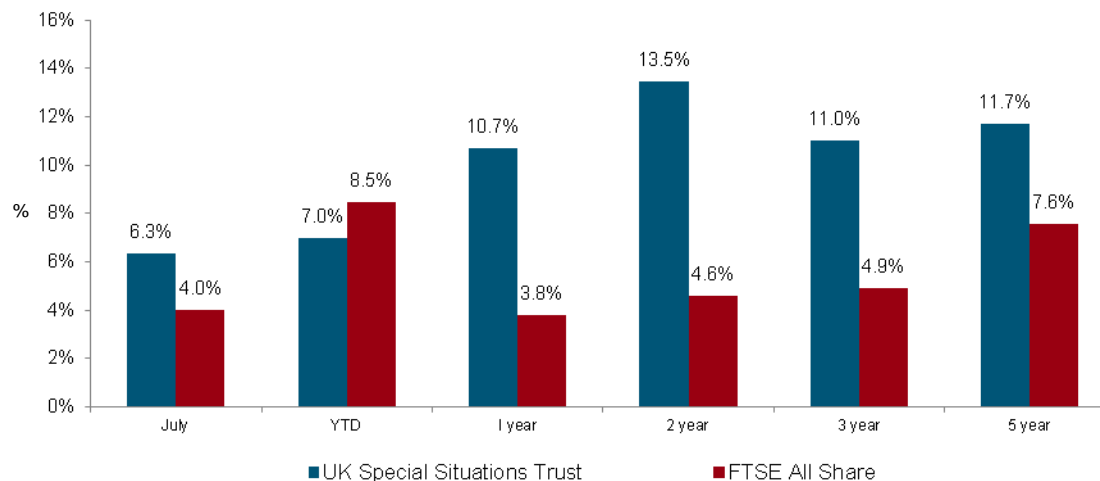
- Stock pickers market;
  - Fairly valued in aggregate
  - Dispersion at the stock level
- Macro backdrop;
  - Lower for longer, low inflation world
  - Consumer beginning to adapt to post-referendum realities
  - GBP Sterling looks undervalued / M&A on the horizon
  - Oil & Gas and Miners set to rise on a 2-3 year view

Overall, a supportive environment for stock pickers

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# Annualised and cumulative fund returns

## Delivering strong outperformance relative to FTSE All Share



	1 month	6 months	1 year	3 years	5 years
Fund	6.28	13.79	10.67	36.85	73.57
Benchmark	4.01	11.90	3.82	15.54	44.13
IA sector	6.44	9.10	1.01	16.61	47.65
Quartile	2	1	1	1	1

Exceptional returns for the patient investor

Performance data source: Lipper. I distribution unit class. Please bear in mind that past performance is not a guide to future returns. The value of your investment and any income taken from it is not guaranteed and may go up and down. You could get less than you invest. Is after all fund charges have been taken, excluding the initial charge, and assumes all income generated by the investments, after deduction of tax, remains in the fund.

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