

## MARTIN CURRIE NORTH AMERICAN ALPHA FUND



Tom Walker  
Co-manager of the fund



David Forsyth  
Co-manager of the fund

**Morningstar  
Qualitative Rating**



### OUTLOOK FOR NORTH AMERICAN EQUITIES

- Extremely attractive equity valuations but macro uncertainty; hence market fluctuations.
- Macro data prompts worries of double dip; corporates still more positive.
- Economic data always decelerates in a recovery; trend still upwards.
- The inflation v deflation debate resurfaces as 10-year treasury yield falls sub 3%.
- Expect positive Q2 earnings season; early results suggest mixed share price reactions.

### AN INNOVATIVE BEST IDEAS FUND FROM AN EXPERIENCED AND HIGHLY-RATED NORTH AMERICAN TEAM

- Unconstrained, high conviction portfolio of Martin Currie's best 25 stock ideas across North America
- Designed to achieve maximum long-term returns, but with higher short-term volatility than Martin Currie's 40-stock North American Oeic
- No bias to value or growth, unconstrained by tracking error targets, sector limits or relative stock weightings
- Typical absolute position sizes will be between 3% and 5%
- Managed by Tom Walker and David Forsyth, and supported by Martin Currie's experienced sector research team, who are able to put North American stock opportunities into a global context
- Focus on factors that have a proven impact on share price outperformance - quality, value, growth and change
- A dollar-hedged share class was launched on 3 September 2009\*
- Superior Morningstar rating

### THE PRODUCT

Oeic investment fund	'A' and 'B' class shares
Primary capitalisation	Large- and mid-cap
Primary style emphasis	Core - no structural bias to value or growth
Benchmark	No formal benchmark
Performance target	Maximum return
Number of stocks	25
Stock conviction ranges	Between 3% and 5%. Maximum of 10% in any single holding
Sector control ranges	None

#### Fund codes

Bloomberg equity ticker	MCNORAA LN
MexID	SUNAAF
Sedol	B28SV39
ISIN number	GB00B28SV395

#### A shares

#### Fund codes

Bloomberg equity ticker	MCNORAH LN
MexID	SUMCNA
Sedol	B3W4873
ISIN number	GB00B3W48739

#### H shares

#### Fund codes

Bloomberg equity ticker	MCNORAB LN
MexID	SUAAB
Sedol	B28SV51
ISIN number	GB00B28SV510

#### B shares

\*The sterling-based share class hedges US\$ and C\$. The minimum investment for this share class is £1 million.

## MARTIN CURRIE'S CREDENTIALS FOR NORTH AMERICA

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Martin Currie is a market leader in North American equities.

- The North American Oeic Fund continues its strong long-term track record.
- The North American Oeic Fund won the 2008 Investment Week Fund Manager of the Year Award in the North America category.

We currently manage £869 million of assets in our North American products.

Source: Martin Currie, as at 30 June 2010.

## PERFORMANCE OF NORTH AMERICAN ALPHA FUND

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Martin Currie has a proven record of investing in North America. Tom Walker became manager of the North American Fund in April 2002.

On 31 December 2007 we launched the North American Alpha Fund. Below we illustrate the Alpha fund's performance compared to the market.

	One month	Year to date	One year	Since inception* p.a.
Martin Currie North American Alpha (%)	(9.0)	(1.1)	18.9	(0.8)
IMA North America (%)	(8.7)	(0.2)	24.2	0.4
Relative return (%)	(0.4)	(0.9)	(4.2)	(1.2)
Quartile ranking	3rd	3rd	4th	3rd

Source: Lipper Hindsight. Bid-bid basis with net income reinvested over periods to 30 June 2010. All returns are in sterling.  
\*Since launch on 19 November 2007. Past performance is not a guide to future returns.

## MANAGER AND TEAM

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Tom Walker and David Forsyth have ultimate responsibility for our North American Alpha portfolio. Tom has 22 years' investment experience and has been manager of our North American fund since 30 April 2002. David Forsyth, has nine years' investment experience, and is co-manager of the fund.

The team works closely with our experienced sector research team. We believe that themes and ideas emerge more clearly with dedicated sector research. The experience and talent of the individuals means that our sector managers represent an extremely high quality resource for our portfolio managers.

The team also consults regularly with the regional specialists in Martin Currie's global investment team. Most large US companies compete internationally, and our single location in Edinburgh makes it easier for the team to draw on the knowledge of our experienced portfolio managers covering the UK, Europe and Asia.

## INVESTMENT PROCESS

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### Our investment philosophy

We identify change as the central dynamic behind stock price movement. We recognise that change occurs at both company level (management changes, product strategies, acquisitions, etc.) and at a macro level (legislative changes, economic prospects, sector dynamics, etc.). It is determining the impact of these changes that leads to superior investment performance.

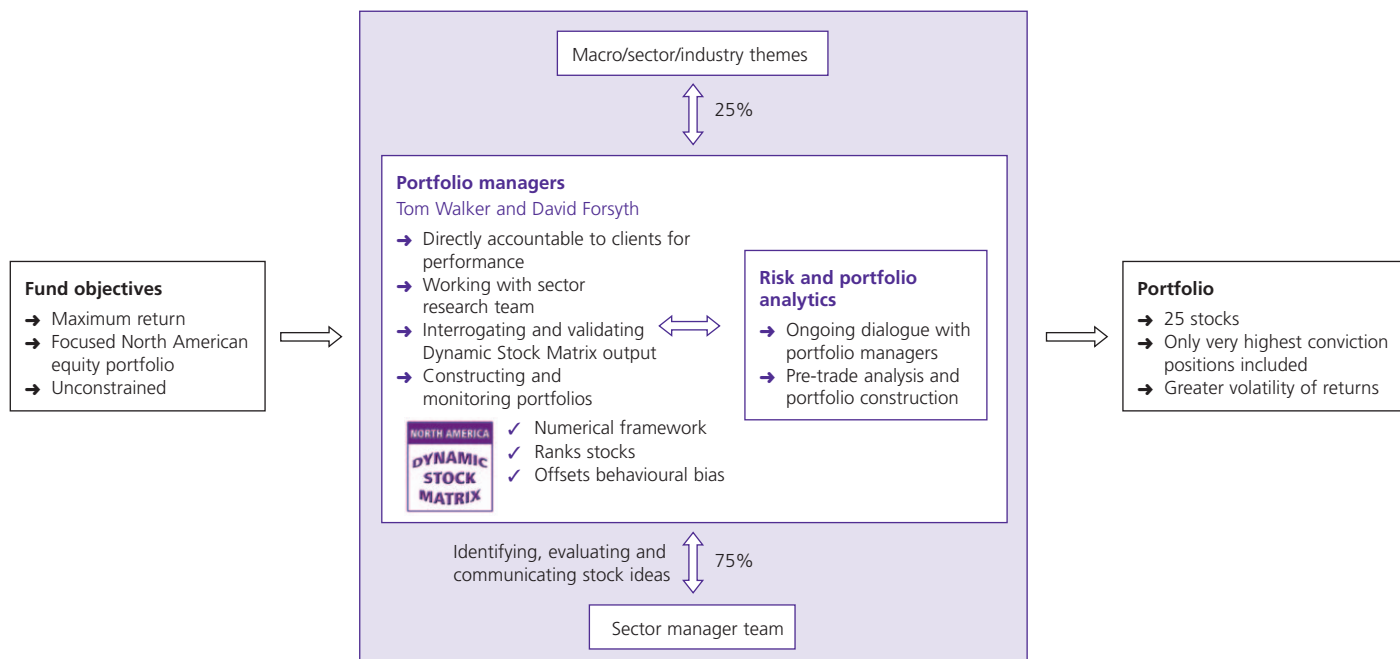
Our investment process allows us to identify, evaluate and exploit change at an early stage.

### Our style

- Bottom-up process (75%) drives portfolio construction
  - Fundamental research – identifying and quantifying change factors; and
  - Priority rankings – an assessment of change factors
- Macro/sector/industry themes (25%) from portfolio managers, sector managers and global perspective

Our process consistently challenges market consensus and emphasises four factors: quality, value, growth, and positive change.

## How the team interacts



## What we look for in a stock

Any stock idea, whether generated by the portfolio managers, the sector managers or by the Dynamic Stock Matrix (DSM) will be subject to rigorous bottom-up analysis using an analytical framework based on the four key factors: quality; value; growth and positive change.

<p><b>Quality</b></p> <ul style="list-style-type: none"> <li>→ Industry position and product strategy</li> <li>→ Vision and execution</li> <li>→ Management</li> <li>→ Quality of accounts</li> <li>→ Franchise value</li> </ul>	<p><b>Value</b></p> <ul style="list-style-type: none"> <li>→ Cashflow multiples, PER, EV/EBITDA</li> <li>→ Return on investment/cost of capital</li> <li>→ Return on equity, price to book</li> </ul>
<p><b>Growth</b></p> <ul style="list-style-type: none"> <li>→ Earnings upside/downside or surprise</li> <li>→ Solid sustainable earnings and cashflow</li> <li>→ Comparison of prospects to consensus expectations</li> </ul>	<p><b>Positive change</b></p> <ul style="list-style-type: none"> <li>→ Management</li> <li>→ Product/regulatory</li> <li>→ Earnings revision/momentum</li> <li>→ Restructuring</li> </ul>

We use this analytical framework to identify mis-priced assets with improving or deteriorating fundamentals. Our research process identifies stock candidates for the portfolio which can then be evaluated on a consistent basis.

## Buy disciplines

Tom Walker and David Forsyth have the final say on the portfolio. Their decision to select a stock and the size of the position will reflect:

- Their level of conviction;
- The expected rate of return;
- The existence of a clear 'catalyst' to unlock value; and
- The effect of the stock on the overall portfolio sector and style disciplines.

## Sell disciplines

A consequence of running a relatively short 'conviction' portfolio is that each position is continually under review against opportunities elsewhere. Sell indicators include:

- A stock achieves its target rating/price;
- An event, news or meeting with management changes our view;
- A more compelling opportunity is available; and
- A shift in the risk profile of the portfolio, requiring a change to the underlying holdings.

## OUR ALPHA RANGE

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At Martin Currie we have many years' experience in managing high conviction equity portfolios relative to benchmark indices. A growing number of investors recognise that traditional benchmark indices can be imperfect tools, leading to managers being constrained by individual weightings at a stock, sector or country level.

In response, we have created a range of unconstrained 'alpha' funds, each giving investors access to only our very best investment ideas. A natural extension of our strengths and experience, these funds are unconstrained by any benchmark, and focus purely on which stocks will deliver positive returns. Unconstrained but not unchecked, our risk and portfolio analytics team monitors each portfolio to manage the risks around the concentration of stocks and volatility.

In North America, we also run a 40-stock portfolio that is truly bottom-up and holds no underweights in any stocks. In addition, we run the £42 million US component of the £274\* million Skandia Global Best Ideas fund. This is a 10-stock portfolio that is truly unconstrained.

We believe the Martin Currie North American Alpha Fund is a strong addition to our alpha range.

\*Source: Lipper Hindsight, as at 30 June 2010.

## WEBSITE

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Investors can access information on the fund at [www.martincurrie.com/northamerican\\_alpha](http://www.martincurrie.com/northamerican_alpha)

## CONTACTS

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## IMPORTANT INFORMATION

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The source for all information is Martin Currie Investment Management Ltd as at 30 June 2010 unless otherwise stated.

This information is issued and approved by Martin Currie Investment Management Ltd in its capacity as investment manager. It does not in any way constitute investment advice or an invitation or inducement to invest. Investments can only be made in accordance with the terms and conditions outlined in the Prospectus and the Simplified Prospectus. Past performance is not a guide to future returns.

All references to the North American Alpha Fund relate to the Martin Currie Investment Funds - North American Alpha Fund, a subfund of an Oeic. Martin Currie Investment Management Ltd is the investment manager of the Oeic.

**Martin Currie Investment Management Ltd**, registered in Scotland (no 66107) **Martin Currie Unit Trusts Ltd**, registered in Scotland (no 104896)  
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Martin Currie Unit Trusts Ltd is the Authorised Corporate Director of an open-ended investment company (Oeic).  
Please note that calls to the above numbers will be recorded.