

RLAM's UK Special Situations Fund celebrates excellent three year performance

The £393m* Royal London UK Special Situations Fund has enjoyed excellent relative performance since its launch on 20th July 2007. The fund has made the best of challenging market conditions, outperforming its IMA UK All Companies peer group by 6.4% p.a.** over three years to achieve a top decile sector ranking.

Citywire AAA rated fund manager, Derek Mitchell, has constructed a concentrated "best ideas" portfolio of around 30-40 holdings drawn from across the market cap spectrum. His high conviction approach places great emphasis on identifying the key macro drivers for the UK economy. From here, he is happy to take significant overweight or underweight sector positions relative to the Fund's FTSE All Share Index, while placing particular emphasis on earnings momentum in individual stock selection.

His active approach has served him well over the last three years, taking a defensive stance ahead of the bear market of late 2007 and 2008 but reorientating the fund at the start of 2009 in anticipation of improving market sentiment.

Ian Goulsbra, Head of Wholesale Relationships, commented:

"Derek has steered a course through the huge volatility of the past three years to deliver excellent results for our clients. His experience and proven investment process have allowed him to get the best out of one of the most testing periods for equity markets in living memory. The Royal London UK Special Situations Fund has been a great addition to RLAM's award winning equity fund range and we continue to see significant interest from clients in Derek's high conviction approach."

Derek Mitchell added:

"The UK Special Situations Fund is the expression of my best ideas from across the UK equity market, delivered in a tightly focused, concentrated portfolio. I am very pleased with the fund's performance since launch and will be maintaining my current cyclical bias, based on improving economic indicators, to target future growth for investors from here."

*As at 30 June 2010

**Fund return of 0.4%, UK All Companies Average return of -6.01%. Source: Lipper, 20/07/07 to 20/07/10, bid to bid, net of fees, annualised returns. Information about past performance is not a guide to future performance.

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Editor's notes

RLAM's equity team was named Best Group in the Equity Large category, UK Region at the Lipper Fund Awards 2010. The Royal London UK Mid-Cap Growth Fund, which Derek Mitchell also manages, won the award in the Equity UK Small and Mid Cap Lipper sector classification.

Royal London Asset Management (RLAM) was established in 1988 and specialises in providing investment management solutions for both the Royal London Group and a range of external institutions. These include FTSE 250 companies, local authorities, universities, charities, wealth managers, financial advisers and private clients. RLAM manages over £37bn of assets, employing more than 50 experienced investment professionals in our London based office.

Royal London Group, is a specialist financial service provider. Its businesses focus on those sectors of the market which value quality propositions, operating through a number of brands:

- Scottish Life – UK pensions market
- Bright Grey – UK protection market
- Scottish Provident – UK protection market
- Royal London 360° – offshore investment markets
- RLAM – fund management
- RLCM – specialist cash and liquidity management for UK onshore clients
- RLAM C.I. – specialist cash and liquidity management for offshore clients
- RLAS – life and pensions administration
- Fundsdirect / Ascentric – funds supermarket; Wrap platform

Royal London also distributes life and pensions products through Santander's UK branch networks.

Royal London is the largest mutual life and pensions company in the UK with Group funds under management of £39.1 billion. Group businesses serve around 3.4 million customers and employ 2,890 people. Figures quoted are as at 31 March 2010.

Source: rlam as at 26th July 2010, unless otherwise stated.

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