



TEAM MANAGED

Aberdeen

Europe Equity Fully Invested Mandate

★ Can you tell us a bit about your investment process?

Our bottom-up investment process is reasonably simple. What we do is go out and visit companies to assess their businesses.

The first key criteria we look at is identifying good quality companies. For each company we assess issues such as whether we can trust management; whether they have a good track record; and we look at the balance sheet to see if it is robust and transparent. We also look at a company's ability to generate sustainable cashflows and assess whether they have strong market positions and access to structural rather than cyclical growth. We believe it is critical to conduct full due diligence on a company to ensure it can stand the test of time and we never invest in a company without first meeting management.

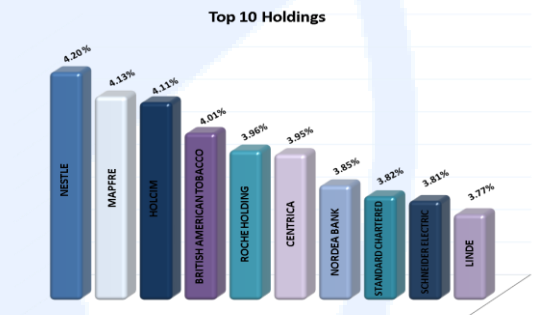
The second key element of our process is price. We look to buy companies that we believe are undervalued. Whilst we believe markets are efficient over the long term, we look to identify short-term mispricing opportunities that enable us to buy companies with the aforementioned qualities at cheap valuations. We are happy to wait for these opportunities to initiate or build up a position in a company as our buy and hold approach supports our belief that the companies we are buying will produce attractive performance over the long term.

Nestle - is well managed with a conservative view on gearing offering a diverse portfolio of globally recognised brands which span a variety of pricing levels with significant exposure to emerging markets.

Corporacion Mapfre - we like the less leveraged business model of this predominantly non-life insurer which combines a leading position in their home market through their well established distribution network with attractive growth prospects from their international operations.

Standard Chartered - is a well positioned commercial and retail bank with attractive footholds in growth markets and a well capitalised balance sheet with a conservative attitude towards expanding the business.

Linde - resilient business model within a consolidated industry offering global positions and strong customer relationships with exposure to long term growth trends relating to emerging markets, energy efficiency and healthcare developments.



★ Why is a team approach so important?

The entire team is involved in selecting stocks to put into the portfolio. This is because we rotate coverage of stocks among all the various team members, so that no one team member is always visiting the same company. Decisions are made collectively – we don't believe in star fund managers. We believe cross-coverage of securities increases our objectivity and lessens our reliance on a single view.

★ What do you see as your main advantages over your competitors?

The main thing that differentiates us from our competitors is our consistent investment approach that we adhere to, irrespective of market conditions. We are active stock pickers and therefore good stock selection is the main driver of performance, along with tactical top-trades within a basic buy-and-hold strategy. Our competitive advantage lies in the quality of our research, our consistent investment process, cross coverage of companies within the team, and the experience among our senior members.