

# UNITED

ASSET MANAGEMENT SÀRL

## STRATEGIC GROWTH FUND



### Objective of the Strategic Growth Fund

The objective of the fund is to achieve steady long-term capital growth, in conjunction with a high level of stability.

This fund will invest in a diversified range of global equity funds (varies between 50% and 100%) and will have the flexibility to invest in international fixed - interest funds.

Mr Kellermann has been in the investment industry since January 1998. He graduated with a major in Mathematical Statistics from the University of Stellenbosch and holds the Chartered Financial Analyst designation of the Association of Investment Management Research. Mr Kellermann spent three years at Investec Asset Management as an analyst and portfolio manager of the Investec Value Fund. Mr Kellermann joined Ankh Analytic in 2001 and was responsible for economic and fund research as well as the implementation of investment strategies within the Ankh Global Fund. He joined Optimal Fund Management as Head of Technical Research in July 2004. Currently, Mr Kellermann acts as an independent consultant to a number of investment managers world-wide.



FUND ADVISOR  
Cobus Kellerman  
B Comm. (Maths), CFA

### Market Comment

It seems there is still too much debt in the (developed) world. The great recession led to the great debt swap from the public sector to the private sector. There may be more swaps disguised as solutions e.g. core Europe bailing out the periphery, but swaps won't fix the problem. The essential problem is that there is too much debt. Worryingly, in many countries aggregate leverage is now at levels where there is no historical precedent for debt reduction to not involve crisis, default or inflation.

Essentially, borrowers have three options:

1. Pay down the debt (an increase in saving rates).
2. Swap the debt (bailout).
3. Default on the debt - this could be overt or covert (some form of currency debauchment).

The focus going forward, will be on public sector debt. I am sure we have all read a plethora of articles and opinions on Greece! I won't bore you with my own sentiments, but rather focus on the generality of the public sector debt problem. Public sector debt is rising and budget deficits are very large. Our main concern is that it may be unusually difficult to restore fiscal policy to sustainable levels for the following reasons:

1. Deleveraging now is likely to be more difficult than usual, principally because it involves more countries.
2. The level of indebtedness is very high. We don't know of any examples of a countries reducing leverage from a starting point as high as it is now in many developed economies, without serious crisis, default or inflation.

Now, however, a synchronized move to reduced leverage would have second round effects through the developed world, threatening a double-dip recession in developed economies.

As Tim Price so eloquently stated: "The range of theoretical outcomes has arguably never been wider. On the one hand, deflationary forces are massing in the form of monumental credit contraction and wholesale bank sector and consumer deleveraging. On the other, inflationary forces are gathering in the form of unparalleled fiat money printing, post-crisis stimulus packages and competitive currency devaluations. In this sense, a muddle through outcome – both for economic growth and inflation – may ultimately be a low probability outcome versus a fat tail of either inflationary fire or deflationary ice."

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2010</b>	-2.02%	0.25%											<b>-1.8%</b>
<b>2009</b>	-1.41%	-2.47%	4.22%	2.17%	6.66%	0.11%	3.15%	1.94%	0.91%	0.14%	0.54%	1.37%	<b>18.4%</b>
<b>2008</b>	-4.72%	3.69%	1.41%	-1.60%	1.41%	-5.36%	-3.73%	-1.46%	-4.55%	-9.00%	-0.89%	1.11%	<b>-21.9%</b>
<b>2007</b>	1.80%	3.24%	0.30%	3.20%	2.34%	2.85%	1.15%	1.32%	6.62%	4.73%	-4.13%	0.96%	<b>26.8%</b>
<b>2006</b>	6.86%	-5.32%	5.21%	4.68%	6.50%	4.14%	2.32%	-6.94%	-0.25%	0.13%	0.03%	2.15%	<b>20.1%</b>

\* The fund was only launched on the 14/9/2007. All performance figures prior to the date of launch is a synthetic composite of the underlying funds based on a static model (not rebalanced) and the results were created with the benefit of hindsight. Until launch, the illustrations did not include the annual management charge or any performance fee which would reduce returns by approximately 1.5% per annum. Past performance is not indicative of future results, which may vary.

## KEY FUND FACTS

**Currency:** USD  
**SEDOL No** B1KD9C9  
**ISIN No** GG00B1KDG98  
**BLOOMBERG No** STRGFUS GU  
**Minimum Amt:** \$15,000  
**Min Top-up:** \$2,000

**Currency:** EUR  
**SEDOL No** B3KRK12  
**ISIN No** GG00B3KRK129  
**BLOOMBERG No** STRGWBE GU  
**Minimum Amt:** €15,000  
**Min Top-up:** \$2,000

**Currency:** GBP  
**SEDOL No** B1KDG63  
**ISIN No** GG00B1KDG634  
**BLOOMBERG No** STRGFOF GU  
**Minimum Amt:** £15,000  
**Min Top-up:** \$2,000

**Trustee:** MeesPierson (C.I.) Limited  
**Annual Management Charge:** 1% pa  
**Performance Fee:** 10%\*  
**Administration Costs:** 0.3% pa  
**Custody Costs:** 0.1%  
**Entry Fee:** 4%  
**Subject to out performance of high water mark**

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