



David Stevenson



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# ResolutionAsset Cartesian UK Opportunities

## Fund overview

December was another volatile month for the UK market, with the early part suffering a continuation of last month's sell-off. The seriousness of the economic situation prompted action by central banks to cut interest rates and inject liquidity into the global monetary system. This had the effect of boosting investor sentiment, and the FTSE All Share index recovered to register a small gain, dominated by large caps. A late rally in mid and small caps still left them with losses for the month.

Careful stockpicking saw the fund outperform significantly, with a gain of 2.8%\*. This placed it sixth among UK funds in December, with a top decile ranking over the last quarter and since launch. The top contributors to portfolio performance were spread across a diverse range of sectors.

Drilling services group Abbot rose as it announced an agreed bid from a US private equity player. Oil and gas explorer BG strengthened following its Brazilian discovery and the upward trend in global prices. Bus and rail operator First Group and banknote printer De La Rue continued to benefit from recent strong results, while satellite telecoms specialist Inmarsat announced a spectrum co-operation deal with a Canadian peer. Underperformers during December were similarly diverse. Construction group Morgan Sindall continues to suffer from poor investor sentiment, while the fund's bank holdings were also poor, reflecting the sector's ongoing issues.

Stock market conditions are likely to remain volatile until investors establish the economic consequences of recent events. More recent corporate news flow may indicate that the slowdown is spreading from the consumer economy into industrial areas. This would suggest that a broader cyclical downturn is in prospect, on top of financial sector difficulties, thereby creating a very uncertain environment. 2008 started with further concerns over the US economy and this has led to further market volatility and large interest rate cuts in the US. Investors are likely to remain risk averse with a preference for earnings quality and visibility.

There are still many good businesses capable of sustainable growth that are trading at attractive valuations. As such, the current market environment remains highly suited to the fund's stockpicking approach.

\*Source: Lipper, bid to bid, net income reinvested to 31/12/07.

Past performance is not a guide to the future. The value of investments can fall as well as rise and is not guaranteed.

## Top 10 holdings

National Grid	4.4%	First Group	3.7%
BP	4.4%	BG Group	3.6%
Serco Group	4.3%	Inmarsat	3.5%
Vodafone Group	4.2%	Tesco	3.2%
Centrica	3.7%	Morrison	3.1%

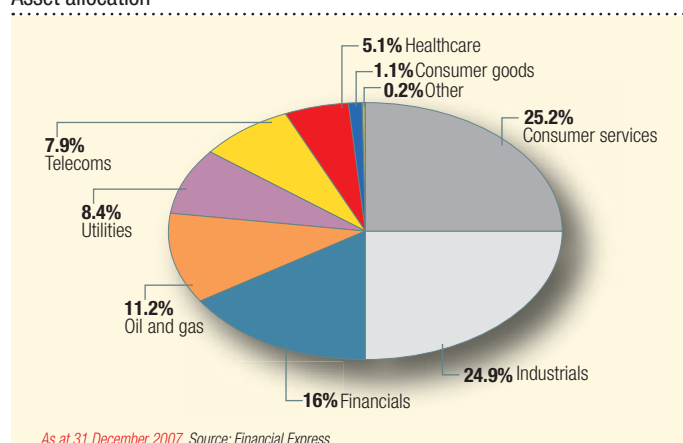
Source: Financial Express

## Key details

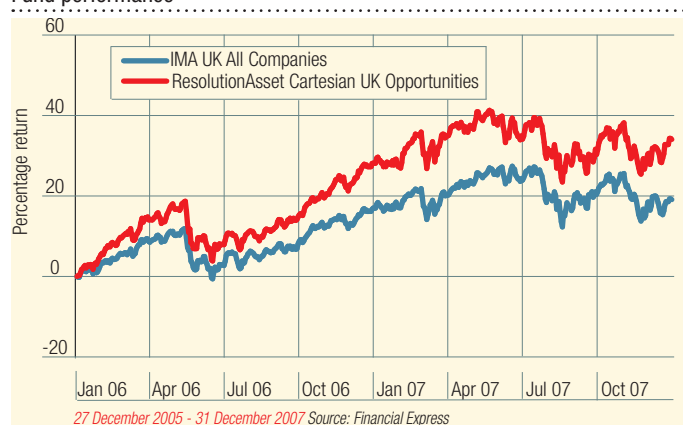
Manager	David Stevenson and Andrew Kelly
Launch date	29/12/05
Fund size	£134.7m
Initial charge	5.25%
Yearly management charge	1.75%

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## Asset allocation



## Fund performance



## Cumulative performance

	Six months	One year	Since launch
Fund performance	0.0%	4.6%	34.1%
Sector performance	-3.8%	2.1%	19.7%
Ranking	30/341	121/334	12/310

All figures as at 31 December 2007. Source: Financial Express