

# North American Fund

## Fund Objective

The aim of the Fund is to seek long term capital appreciation through investment in North American securities.

## Investment Manager

Scottish Widows Investment Partnership ("SWIP")  
Manager: Simon Moss

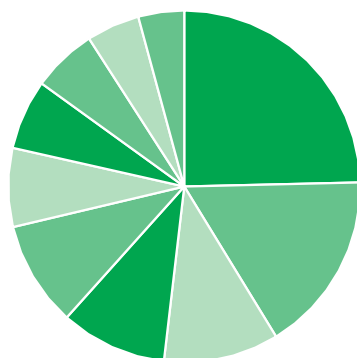
## Fund Performance

	30/06/09 to 30/06/10 (%)	30/06/08 to 30/06/09 (%)	30/06/07 to 30/06/08 (%)	30/06/06 to 30/06/07 (%)	30/06/05 to 30/06/06 (%)
Sterling (£)	22.21	-10.16	-14.38	9.33	0.94
Euro (€)	27.29	-15.90	-27.41	12.78	-2.88
US dollar (\$)	10.28	-25.08	-14.71	19.46	2.25

Past performance should not be seen as an indication of future performance.

The figures show the performance growth over 5 years as discrete 12 month periods, on a mid price basis with gross income reinvested. Source: Financial Express. Sector is Lipper OS North American.

## Sector Breakdown (%)



Others	24.63
Technology	16.63
Healthcare	10.59
Industrial Goods & Services	9.79
Oil & Gas	9.66
Banks	7.23
Retail	6.43
Personal & Household Goods	5.94
Food & Beverage	4.89
Financial Services	4.21

## Largest Investments (%)

SPDR S&P 500 ETF	2.98
Exxon Mobil	2.65
Apple	2.22
Microsoft	2.10
Bank of America	1.69
AT & T	1.65
Johnson & Johnson	1.57
IBM	1.56
Wells Fargo & Co	1.56
JPMorgan Chase	1.55

## Market Overview

- The recovery in US markets came to a jarring halt during the second quarter. Risk aversion heightened as investors feared that the effects of Europe's sovereign debt crisis would spread to other developed economies. The S&P 500 index was down 11.4% in dollar terms over the three months.
- May's employment figures exacerbated the declines. Although the overall jobless rate fell to 9.7% (from 9.9% in April), the drop was mainly attributed to so-called "discouraged workers" leaving the jobs market. The Labor Department report also revealed that some 431,000 jobs were created in May – but analysts had expected 500,000. Most of the new roles (around 411,000) were temporary posts created for the 2010 US census, intensifying the bleak outlook.
- Ben Bernanke, the chairman of the Federal Reserve, attempted to allay fears that the US economic recovery is stalling. In referring to "signs that the private sector is picking up the baton and moving the economy forward," he made it clear that he does not expect the US to experience a double-dip recession. But he did concede that growth over the coming months is unlikely to be particularly vigorous.
- At stock level, O'Reilly Automotive was a strong performer over the quarter. It performed well as investors responded to positive integration news surrounding its merger with CSK Auto.
- Our holding in Cybersource also helped returns over the three months. The company provides electronic payment and risk management products, primarily for e-commerce transactions. Cybersource received a boost after it became subject to an agreed takeover by Visa at a significant premium to its share price.
- In contrast, Carnival Cruise Lines detracted from performance. Carnival is the world's largest cruise group and it suffered during the recent market downturn as holiday bookings stalled.



## Future Policy

- The outlook for the US economy is somewhat clouded. This is not a traditional economic cycle, making it difficult to assess what the months to come will bring. As managers, we remain vigilant for any potential changes to the economic picture which may catch the market unaware.
- A gradual recovery of business and residential investment is likely to be the main driver of growth over the next two years. A revival in these areas should feed through to faster growth for employment, incomes and consumer spending.
- Looking ahead, we believe that technology stocks are poised to benefit from a sharp rise in essential capital expenditure by businesses. This will help to shield the sector from the vagaries experienced by other economically sensitive areas of the market. With this in mind, we intend to seek out those stocks which will benefit most from this trend.

## General Information

Value of Fund as at 30th June 2010  
£9.52m

Dealing Price as at 30th June 2010  
£ 8.6490  
€ 10.6300  
\$ 12.9800

Current Yield as at 30th June 2010  
0.02%

Distribution Dates  
22nd November

XD Dates  
1st October

Launch Date  
1st May 1990

Minimum Investment  
£1,000 or currency equivalent

Subsequent Investment  
£50 or currency equivalent

Initial Charge  
5%

Annual Management Charge  
1.5%

Total Holdings  
181

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0871808

ISIN  
GB0008718081

## Contact Details

For further information about the  
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American Fund**

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