

**Client:** Chi Med  
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## Able hands steer canny course

An elite group of fund managers has cleverly steered around pockets of turbulence in global stock markets that have wrecked many investors' strategies, reports Ruth Emery

**I**nvestors who sank their money into a cluster of UK equity funds three years ago will be sitting on healthy returns of between 64 and 122 per cent, according to our top 10 fund data, as measured by our Consistent 50 model.

Global markets have been extremely volatile over the past three years. However, a select group of UK equity fund managers have navigated the financial crisis superbly and produced top returns for investors that have held their nerve with the Footsie.

**MFM Slater Growth**, run by Slater Investments' chief investment officer Mark Slater, holds on to its title as the top-performing fund among our Consistent 50, boasting a three-year return of 122 per cent.

The *Money Observer* Consistent 50 highlights the funds that have ranked in the top quartile of their Investment Management Association (IMA) sector over each of the past three years.

Normally, these funds sit in the first tier of the Consistent 50 while a second tier lists funds with two years of top-quartile returns and one second-quartile return. However, in an unusual result, 51 funds have made the first tier of the Consistent 50 in this quarterly update, so there is no room for any second-tier funds. The funds

are ranked according to their three-year return. For this update, the figures are to 1 June. The 51st fund, which failed to make the Consistent 50 due to the stunning performance of so many other funds, is **Aviva Investors UK Retail Distribution SC1**. However, while it does have an unblemished record of first-quartile returns over each of the past three years to 1 June, it has actually lost investors money over the

three-year timeframe, dropping 5 per cent. The funds with the fattest three-year

returns are dominated by those investing in the UK stock market. Of the top 10, eight are either in the UK all companies or UK smaller companies sectors.

MFM Slater Growth has done extremely well. Not only has it dominated the Consistent 50 for a year now, it also scooped the UK Growth award in the Money Observer Fund Awards 2012 (as

featured in the June edition).

The fund, which launched in 2005, is worth £62 million and currently has a bias towards small- and mid-cap stocks.

Slater looks for the best-quality growth companies in the UK. The fund's largest holdings are in Oxford Instruments (71 per cent of the portfolio), **Hutchison China Meditech** (71 per cent) and Dialight (6.9 per cent). Recently, he was pleased to see

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shares in **Hutchison China Meditech**, a Chinese pharmaceutical and health-care group listed on Aim, rise 4 per cent, close to a 12-month high.

Slater made several disposals in April. Partial disposals were made of British American Tobacco, Imperial Tobacco Group and Whitbread while the last remaining shares in SuperGroup were sold.

The total expense ratio of the fund is 1.52 per cent, a slight increase from the 1.44 per cent figure it stood at earlier this year.

MFM Slater Growth is the only Consistent 50 fund to have produced a return of more than 100 per cent over the past three years.

In second place is **Liontrust Special Situations**, which has returned 84 per cent. Run by Anthony Cross and Julian Fosh, the £367 million fund invests in UK companies

with distinctive strengths that competitors struggle to reproduce. It has a lot more large companies in its portfolio than MFM Slater Growth does – its three largest holdings are BG, Royal Dutch Shell and Unilever – but it also finds value in smaller holdings, such as Dialight, which makes specialist LEDs. Around 17 per cent of the portfolio is invested in Aim companies.

The total expense ratio is 1.92 per cent. In the last update of the Consistent 50 in the April edition, the Liontrust fund sat in seventh place.

**Investec UK Smaller Companies** took third place in the last update and picks up the bronze medal in the league again this time, proving how reliable it is at delivering top returns. The £407 million fund, run by Philip Rodrgis, has produced an 82 per cent return over the past three years.

Its three largest holdings are in mining company Sierra Rutile, online dating company Cupid and software firm Anite. Almost a third of the portfolio is invested in the industrials sector while 17 per cent is invested in technology companies.

In fourth place is a new entry in the shape of **Baillie Gifford British Smaller Companies**.

Managed by Douglas Brodie, the fund invests in 50 to 80 smaller companies. Brodie looks for strong earnings per share and cash flow growth. His long-term approach means portfolio turnover is low.

The fund has around a third of its portfolio invested in the industrials sector. It has delivered an 81 per cent return over the past three years.

Hot on Investec's heels with a 78 per cent three-year return is **Unicorn Outstanding British Companies**. It has moved up from 48th place to reach fifth spot.

The fund invests in some of the UK's best-quality companies. Some are world

famous FTSE 100 companies such as Rolls-Royce while others are Aim minnows such as Oxford Instruments, which designs optical components. The fund has been running for five and a half years but is still valued at a relatively modest £9.5 million. It is managed by John McClure and Chris Hutchinson at Unicorn Asset Management. McClure features in our Buy, Hold, Sell feature this month on page 77.

**Newton Asian Income, Cavendish Opportunities, Schroder Asian Alpha Plus, Cazenove UK Opportunities and Neptune UK Mid Cap** make up the rest of the Consistent 50 top 10.

Emerging market, Asian and North American funds have also posted juicy three-year returns. A special mention should also be given to six funds that picked up a gong or a highly commended prize in last month's Fund Awards, cementing their reputations as consistent and reliable high performers. They are **Newton Asian Income, Schroder Asian Alpha Plus, Kames High Yield Bond, M&G Global Dividend, Jupiter European and Investec Diversified Growth**.





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The fund management firm that features the most in our league is Aberdeen Asset Management, which has five funds in the Consistent 50. Threadneedle is next with four funds. Kames High Yield Bond has the highest yield among the 50 of 5.6 per cent.



**MFM Slater has a large holding in Hutchison China Meditech**

**A total of 51 funds made the first tier of the Consistent 50**



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CONSISTENT 50 LEAGUE TABLE						
Funds	IMA sector	Three-year return on £100	Funds	IMA sector	Three-year return on £100	
1 MFM Slater Growth	UK all companies	221.6	26 IM Matterley Equity Acc	UK all companies	150.6	
2 Liontrust Special Situations	UK all companies	184.1	27 Jupiter Strategic Bond Acc	£ strategic bond	148.9	
3 Investec UK Sm Comp AAcc Net E	UK smaller companies	181.5	28 S&W Aubrey Global Conviction	Global	144.9	
4 Baillie Giff Brit Sm Cos A Acc	UK smaller companies	181.4	29 AG - Japanese Sm Cos D2 Acc	Japanese smaller companies	142.4	
5 Unicorn Outstdg BC A Ret Acc	UK all companies	178.0	30 Aberdeen Asia Pac & Japan A Ac	Asia Pacific including Japan	142.2	
6 Newton Asian Inc GBP Inc	Asia Pacific excluding Japan	175.0	31 Aberdeen UK Equity A Inc	UK all companies	141.2	
7 Cavendish Opportunities Retail	UK all companies	174.7	32 Cazenove UK Equity Inc B Inc	UK equity income	140.4	
8 Schroder Asian Alpha Pls A Acc	Asia Pacific excluding Japan	164.4	33 Old Mutual Gbl Eq A Acc	Global	138.9	
9 Cazenove UK Opps B Acc	UK all companies	164.2	34 Jupiter European	Europe excluding UK	138.6	
10 Neptune UK Mid Cap A Acc GBP	UK all companies	163.9	35 St James Far East Acc	Asia Pacific including Japan	138.3	
11 F&C UK Mid Cap 1 Acc	UK all companies	163.4	36 Aberdeen Managed Distr A Acc	Mixed invt 20-60% shares	138.1	
12 Franklin UK Mid Cap A Inc	UK all companies	162.7	37 FirstState Gtr CN Gth A GBP Ac	China/Greater China	138.0	
13 Liontrust UK Growth	UK all companies	162.1	38 Threadneedle European Sel RA	Europe excluding UK	136.8	
14 JPM US Equity Income A Acc	North America	159.4	39 Disc Bal Acc GBP	Mixed invt 20-60% shares	136.0	
15 Old Mutual Nth Amer Eq A Acc	North America	157.9	40 Threadneedle Monthly Extra Inc	UK equity & bond income	135.8	
16 Royal London UK Mid-Cap Growth	UK all companies	157.8	41 InvPerp Distribution Acc	Mixed invt 20-60% shares	135.4	
17 Aberdeen UK Mid Cap A Acc	UK all companies	157.5	42 CF Morant Wright NipponYld A	Japan	134.1	
18 First State Gbl EM Sust A £ Ac	Global emerging markets	156.8	43 Investec Dvsfd Gro A Inc Net £	Mixed invt 40-85% shares	134.0	
19 McInroy & Wood Emerging Market	Global emerging markets	156.6	44 Henderson Ldated Gilt A NetInc	UK gilt	132.3	
20 Baillie Giff Corp Bd A Inc	£ strategic bond	156.4	45 Threadneedle Nav Adv Mgd Acc	Flexible investment	131.9	
21 Threadneedle Pan Euro SmCos C1	European smaller companies	156.3	46 MFS Mer Europn Core Eq A1 EUR	Europe including UK	130.9	
22 Morgan Stanley Glo Brand A GBP	Global	155.2	47 MFM Hathaway Inc	Mixed invt 40-85% shares	129.7	
23 Kames High Yield Bond Acc A	£ High yield	155.1	48 Old Mutual Select Mgd A Acc	Mixed invt 40-85% shares	128.8	
24 M&G Global Dividend A GBP Inc	Global	151.3	49 Baillie Giff Europn A Acc	Europe excluding UK	127.2	
25 The Capital Trust	UK all companies	151.2	50 Jupiter Distribution Acc	Mixed invt 0-35% shares	124.0	

**Notes:** Funds are first ranked within their respective sectors for consistent return and then by return on £100 invested. They are then ranked in the table by their three-year return. Preference is given to the most recent year's quartile ranking. The specialist and money market sectors are excluded. These figures are on a bid-to-bid basis, with net income reinvested. Three-year figures in AnalyseMoney from page 56 are on an offer-to-bid basis. Some funds are domiciled offshore, but registered for sale in the UK. **Source:** Lipper as at 1 June 2012