

Thesis

Product Update

Welcome to Thesis Product Update, a publication about the latest developments and news on Thesis products.

Investing to suit a client's code of ethics

Recently I attended a branch meeting of the Institute of Financial Planning (IFP) where the subject for discussion was ethics. Those gathered spent a worthwhile three hours discussing how they can promote and demonstrate adherence to the IFP's own code of ethics.

While it is normal practice for professions to abide by a code of ethics and to go to great efforts to promote this to clients, perhaps because of some of the mis-selling of the past, I wondered how often a client's own personal code of ethics is taken in to consideration, especially when it comes to how they wish to invest their money, and how easily this can actually be achieved with the investment solutions presented to them.

This led me to consider our own ethical offer - and it is worth stating here that Thesis is one of only a handful of discretionary investment managers that construct bespoke managed portfolios for their clients dependent on their own personal 'shade of green' and ethical criteria.

What we do...

The Thesis ethical team has many years' experience in managing client money on a Socially Responsible Investment (SRI) basis and constructing ethically-screened portfolio for clients with more than £150,000 to invest. As a starting point, for a prospective ethical investor that may have inherited or owns a non-ethical portfolio, we will carry out a forensic examination of the existing portfolio and present a detailed analysis of the portfolio's ethicality to our client.

Our main point of difference is that we match our client's ethical criteria exactly, in both a positive and a negative sense, by investing directly from our universe of UK Blue Chip and Mid 250 shares. Every purchase made is backed up by a detailed Thesis ethical profile on the company, which is then sent on to the client in every instance.

We look at:

- Principal activities
- Positive reasons to be held
- Negative issues (if any)

Every proposed ethical investment, either equity or collective, is approved initially by our ethical team and then must go on to meet our in-house investment criteria before it is considered for a portfolio.

Our ethical collectives complement our direct UK equity ethical selection to ensure we achieve a broadly diversified portfolio - in the same fashion as our standard non-ethical portfolio. Our ethical collectives offer has been extensively researched to ensure that every area of our investment asset allocation has an ethical/environmental alternative to the standard offer.

Optima to adopt NURS structure

The Thesis Optima team has recently written to investors in the Optima fund of funds range and their introducers to let them know of a proposed change in the structure of our Optima funds. We are proposing to leave the snappily named 'Undertakings in Collective Investments in Transferable Securities' (UCITS) regime and move instead to a 'Non UCITS retail scheme' (NURS). Should the proposals be agreed, the change will come into effect at midnight on the 23rd June 2011.

Putting aside yet another abbreviation for us all to adopt and get used to; from an Optima investor's point of view, there will be very little visible change involved in this. The name, strategy, unit prices and nominal client holdings of current Optima funds will be unaffected. The main difference lies in the less constrained investment powers available to the manager of the Optima funds in the Non UCITS regime.

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- Optima to adopt NURS structure
- Optima Fund Factsheets

Thesis ethical investment article written by:

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Optima Fund article written by:

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Please feel free to contact your **Investment Manager** to discuss any aspects of this update.

For any other feedback regarding this months Product Update email: james.goward@thesis-plc.com

Thesis Product Update

The UCITS regime was created to promote a pan-European market in financial services. It allows funds created in one jurisdiction to be 'passport' or marketed directly into other member states without the need for separate regulatory approval from each recipient state.

To ensure universal adoptability the regime restricts investments, to an extent, on the basis of broad considerations such as liquidity and domicile. NURS funds by contrast have greater flexibility, allowing for instance greater maximum weightings in a single underlying collective investment - useful for funds of funds, especially in the fixed interest arena where this is often appropriate. They are also permitted to invest in commercial property funds or physical property, offshore funds or hedge funds.

As Thesis has no requirement to passport into Europe, we feel the enhanced investment opportunities under the NURS regime would be beneficial, providing increased scope for us to protect and grow our investors' capital, and we have decided to propose a change to the NURS structure for the funds.

In doing so we adopt the stance of much of the more forward looking elements of the UK fund of funds industry, where the greater constraints of the UCITS regime are seen as an unnecessary hindrance for funds of funds, that are focused and marketed for a UK audience.

Optima Fund Factsheets

Details of the performance and other information of the entire range of Optima Funds can be found on our website.

Factsheets are available to download for each of the following funds:

- Optima Growth Fund
- Optima Cash Fund
- Optima Bond Fund
- Optima Balanced Fund
- Optima Multi Asset Strategy Fund
- Optima Income Fund

This update is for information only and is not an invitation to engage in investment activity.

Thesis Asset Management plc and Thesis Unit Trust Management Limited are authorised and regulated by the Financial Services Authority. Investors should be aware that the value of their investments and the income from them can fall as well as rise and investors may not receive back the full amount they invest. Past performance is not necessarily a guide to future performance. Investments denominated in foreign currencies are subject to fluctuations in exchange rates which can be favourable or unfavourable.