

SWIP/ISLAMIC GLOBAL EQUITY FUND

Peter Dorward

July 2012



**SCOTTISH
WIDOWS**  **INVESTMENT
PARTNERSHIP**

PERFORM

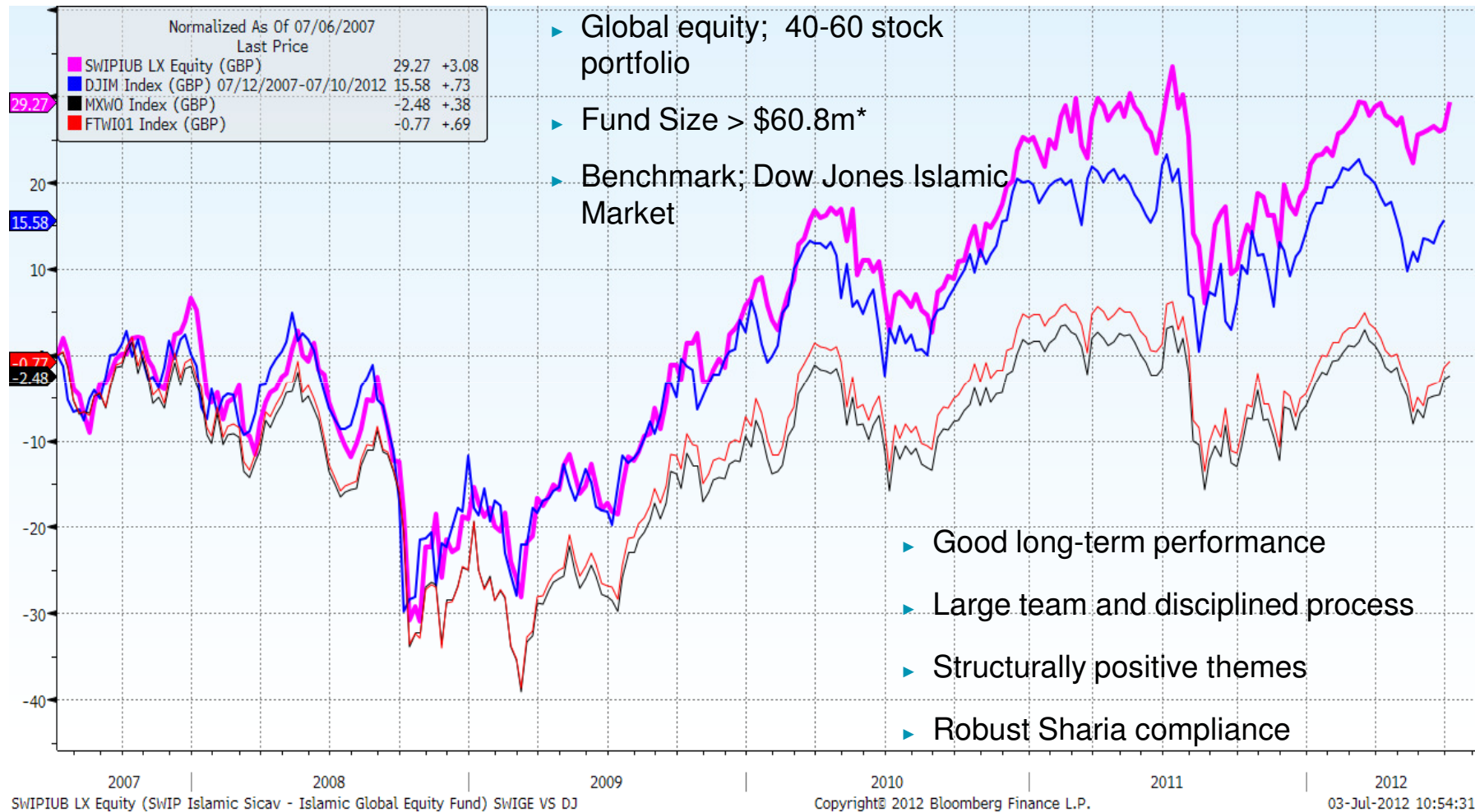
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Agenda

- ▶ It's all about performance...
- ▶ Will this continue?
- ▶ Why SWIP...
- ▶ Conclusion

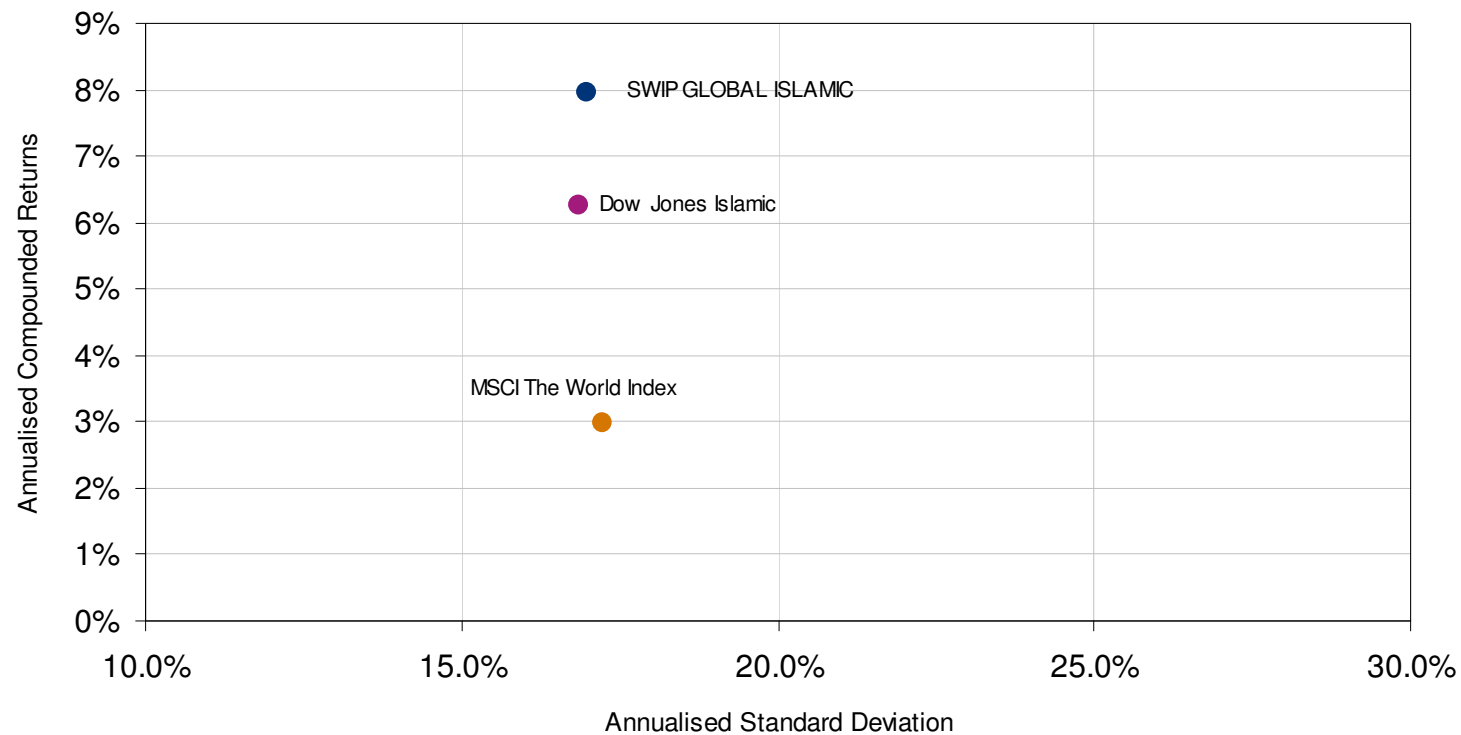
SWIP Islamic Global Equity Fund



The value of investment is not guaranteed and can go down as well as up depending on investment performance. Investors may not receive back the full amount originally invested. Past performance is not a guide to future performance. Source: Bloomberg, 3 July 2012. Data is to 30 June 2012. *SWIP, 3 July 2012.

Superior return for the same risk

Global Equity Funds Risk/Return Comparison
(05/2007 to 04/2012)



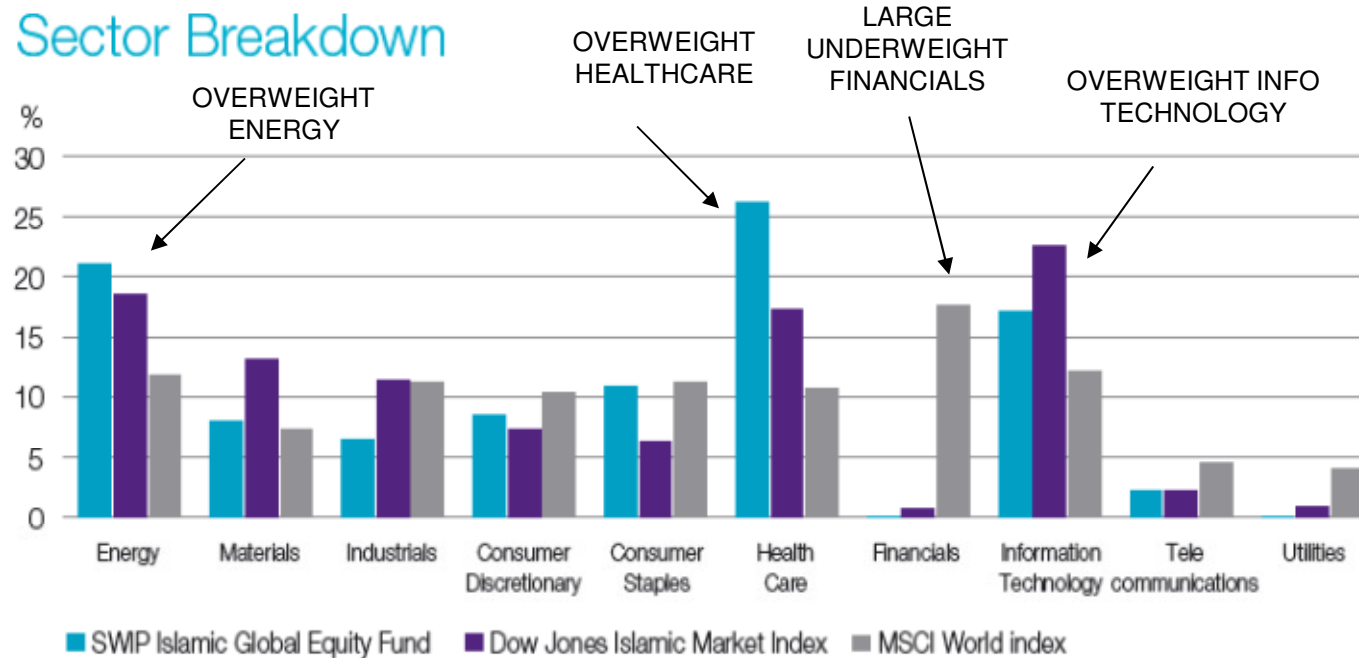
Why so different?

SWIP
Board of Scholars

Fyshe Crestar
ISLAMIC ASSET MANAGEMENT

Financial restrictions	Basically means
Interest Income <5% of Revenue	No Banks
Debt/Equity 30%	No utilities
Cash <30% assets	No highly geared companies
>51% of assets are non-liquid	No cash hoarding
Ethical restrictions	Basically means
No tobacco	No Banks
No alcohol	Reduced staples (tobacco & alcohol)
No armaments	Reduced media
No banking activities	
No pornography	
No nuclear	

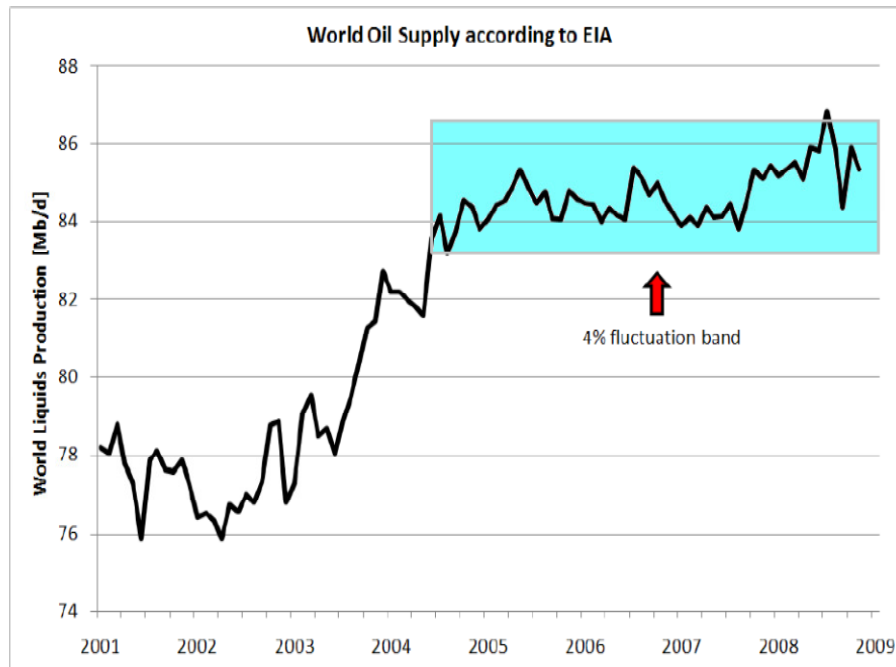
Fund characteristics



- ▶ Structurally **overweight** Energy & Materials, IT and Healthcare
- ▶ Structurally **underweight** Financials, Utilities and Staples (alcohol and tobacco)

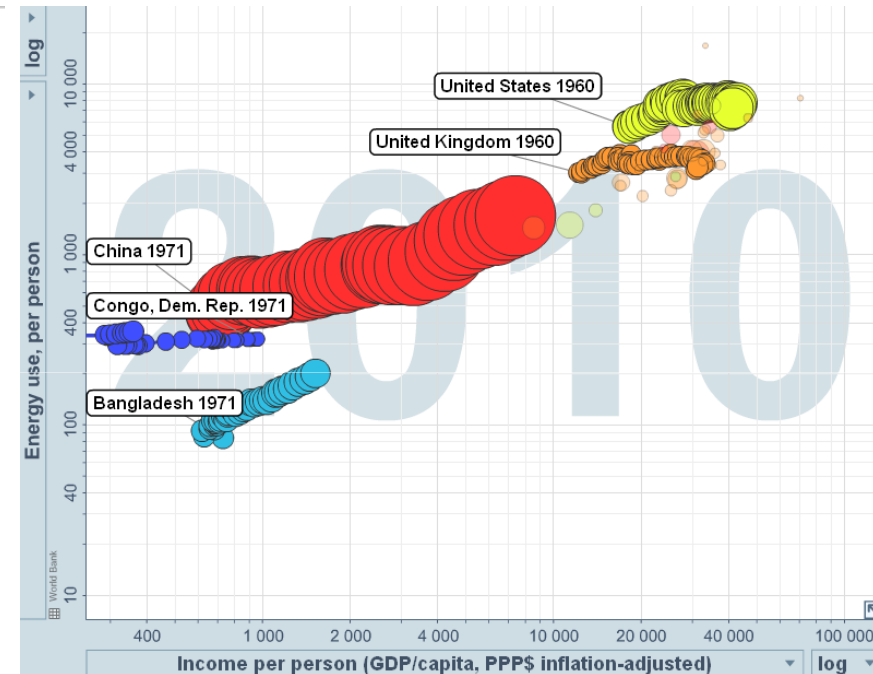
Energy – peak oil?

Supply has peaked?¹



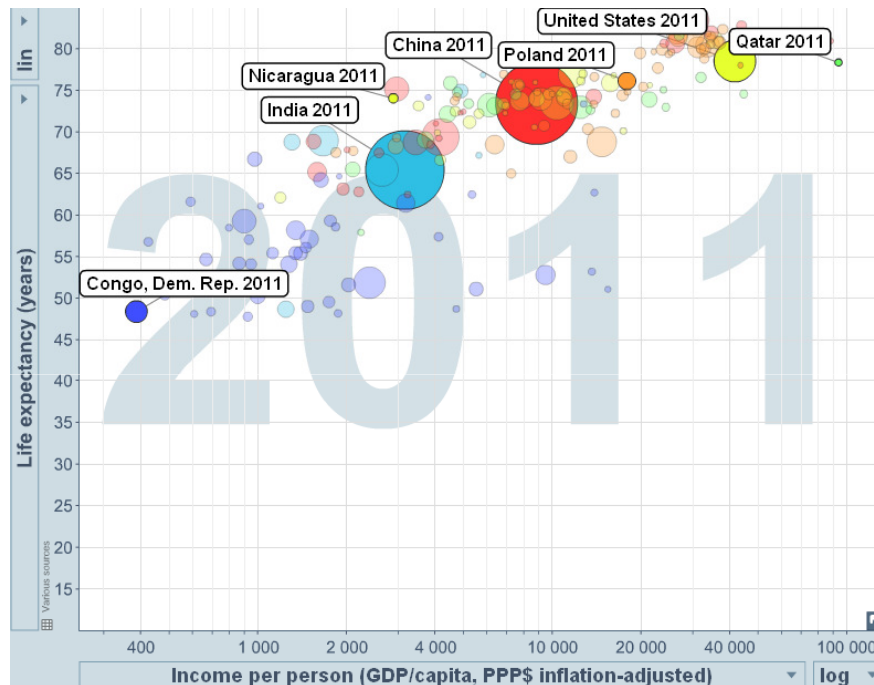
Giant oil field decline rates and their influence on world oil production

Wealth drives demand growth²

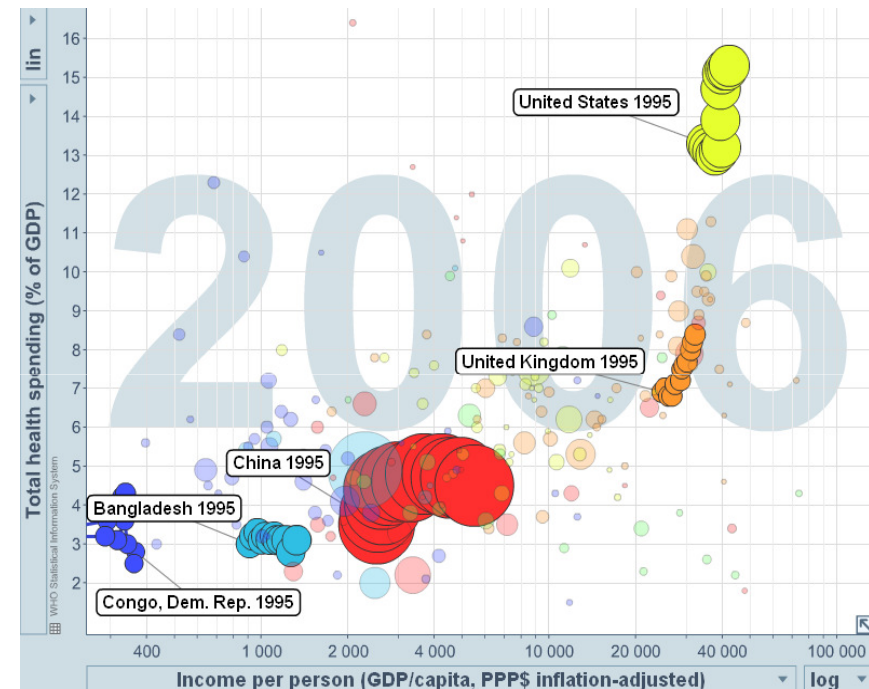


Healthcare – Demographic pressures drive spending

Getting richer and older

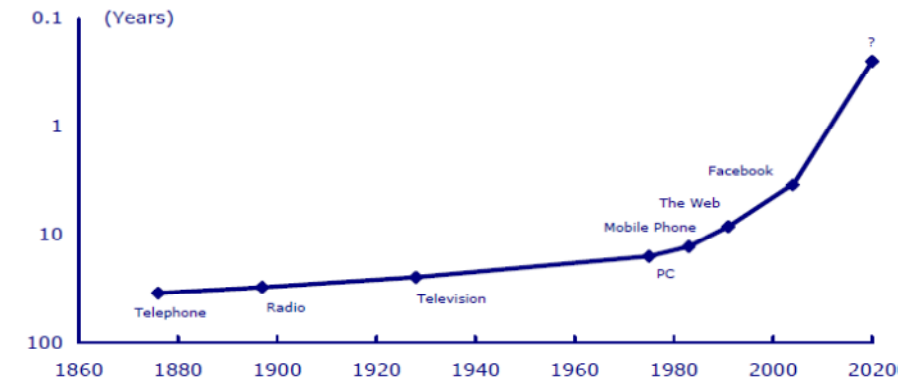


Spending more on healthcare



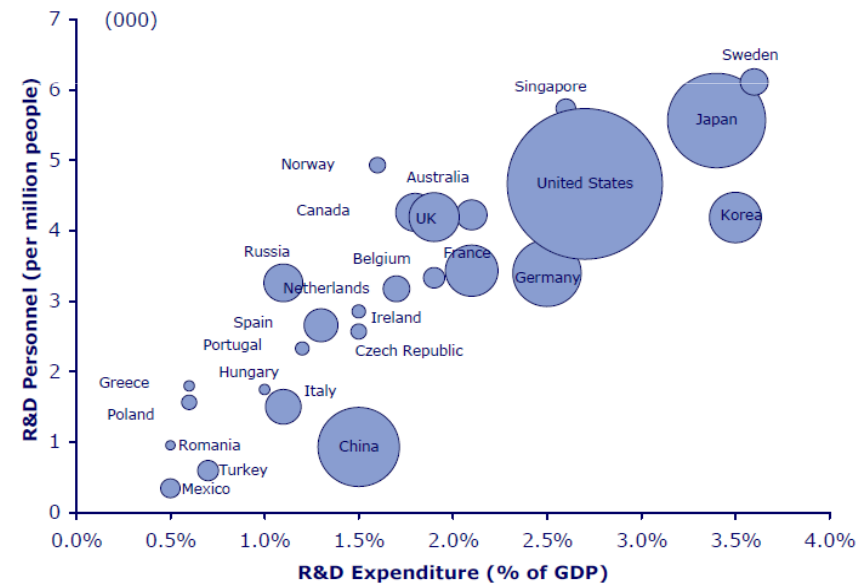
Technology – it's everywhere...

Paradigm shifts are accelerating



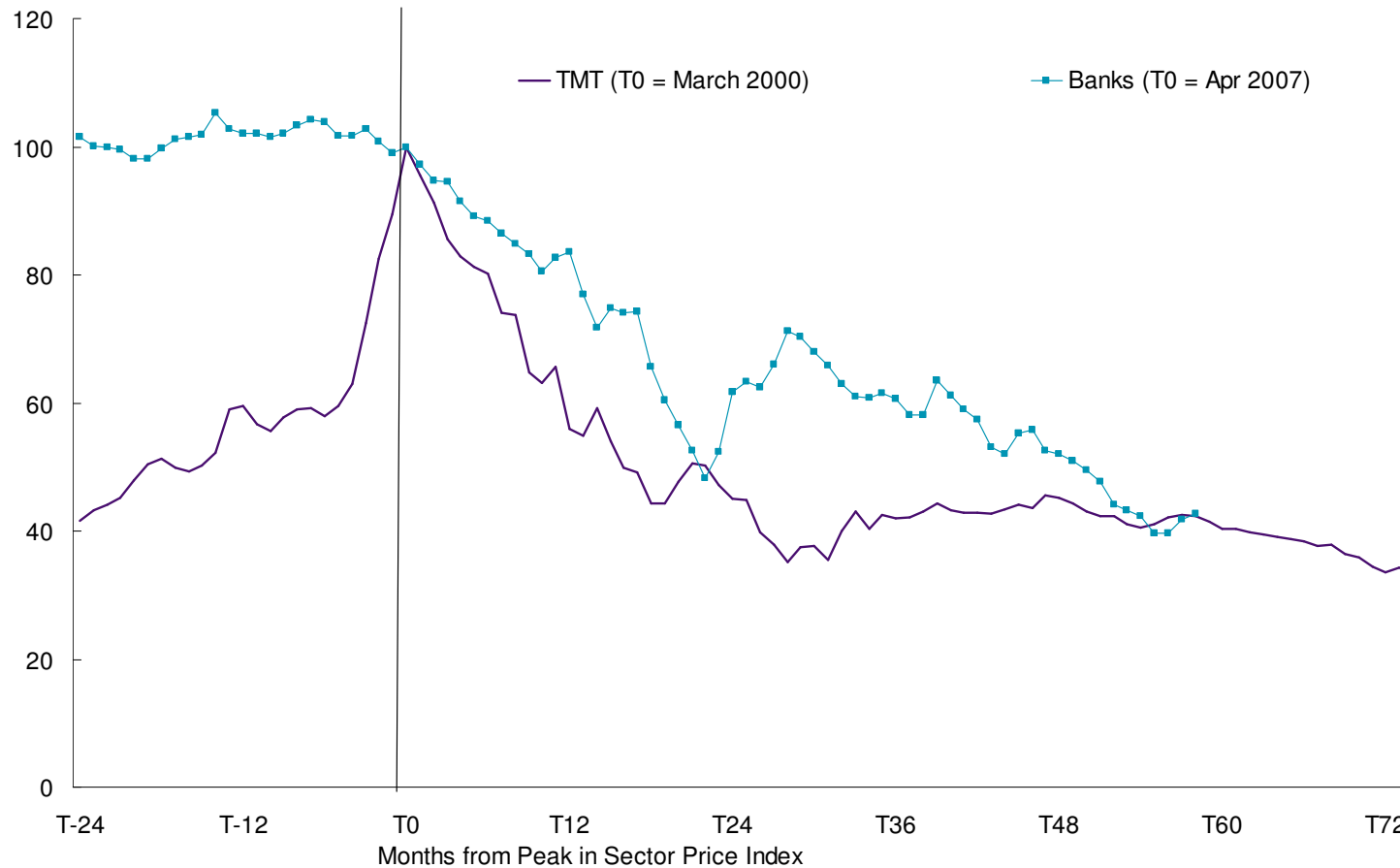
Source: Ray Kurzweil, KurzweilAI.net

Relative R&D expenditure by country



Source: OECD, NSF, World Bank, Credit Agricole Securities (USA)

How long will the financial collapse last for?



European and US Banks 7yr performance



The above is provided for illustrative and discussion purposes and is not a recommendation to buy or sell the security. Source: Bloomberg, 3 July 2012.

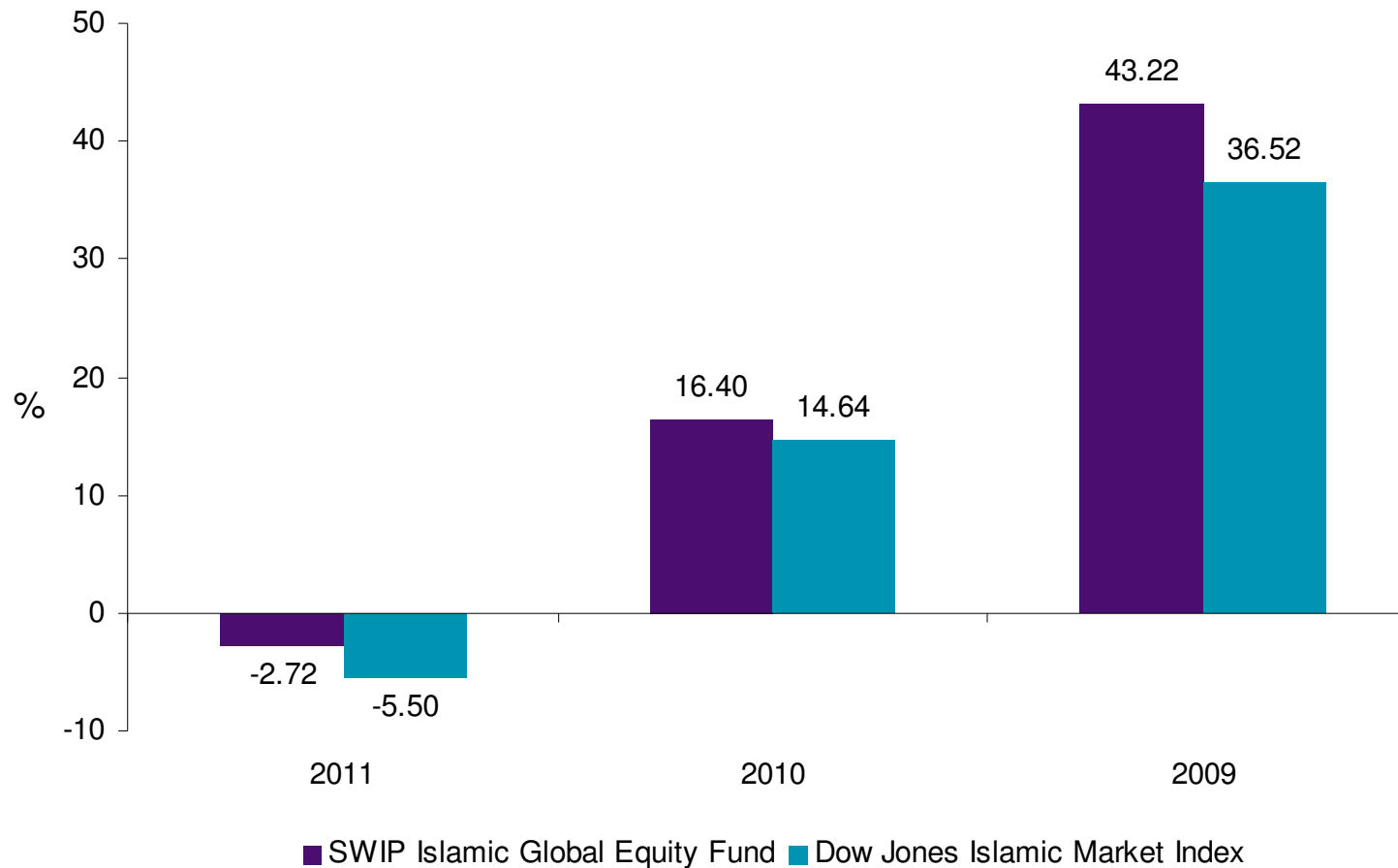
Japanese banks 26yr performance



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SWIP Islamic Global Equity Fund

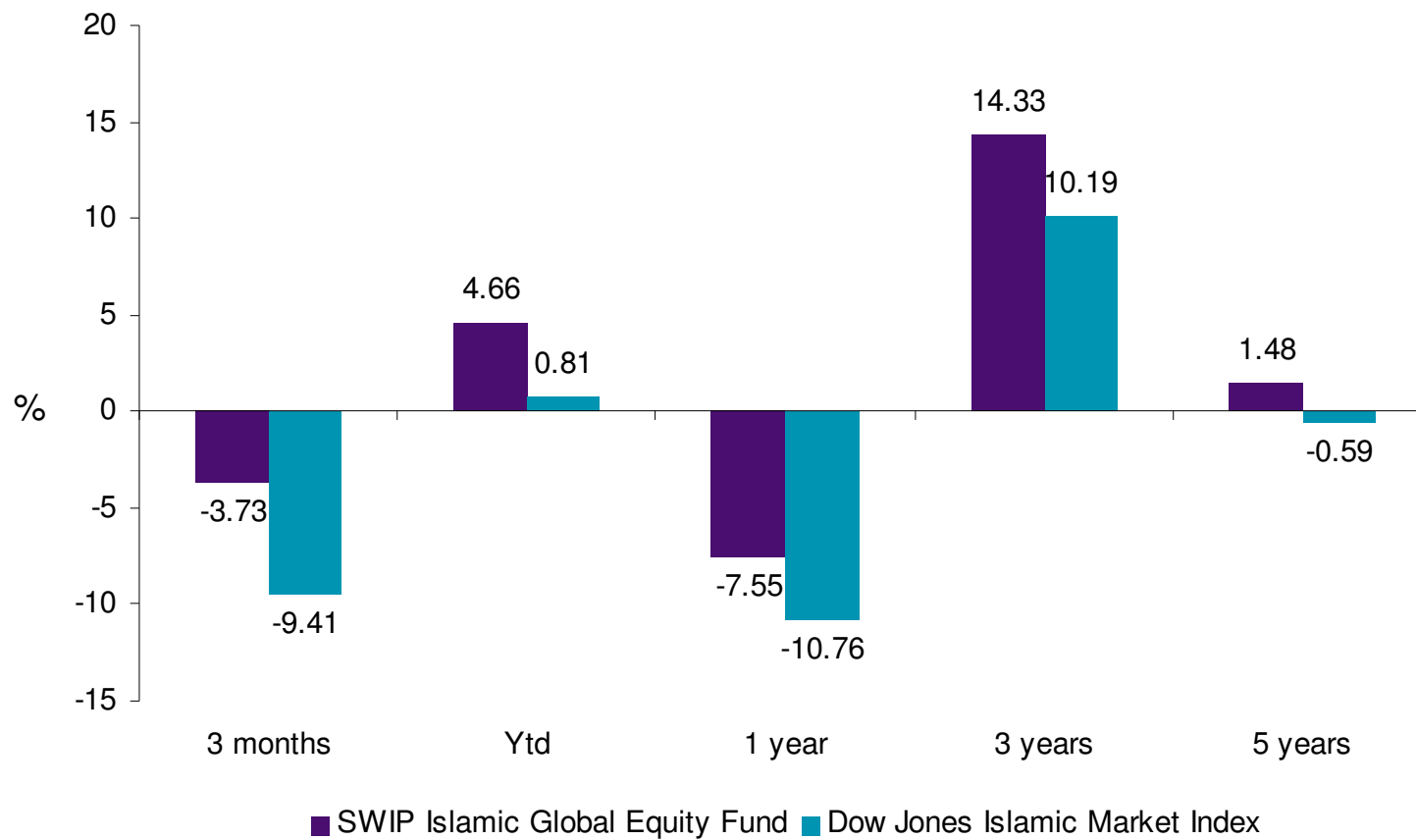
Steady outperformance...



The value of investment is not guaranteed and can go down as well as up depending on investment performance. Investors may not receive back the full amount originally invested. Past performance is not a guide to future performance. Source: SWIP, 31 December 2011.

SWIP Islamic Global Equity Fund

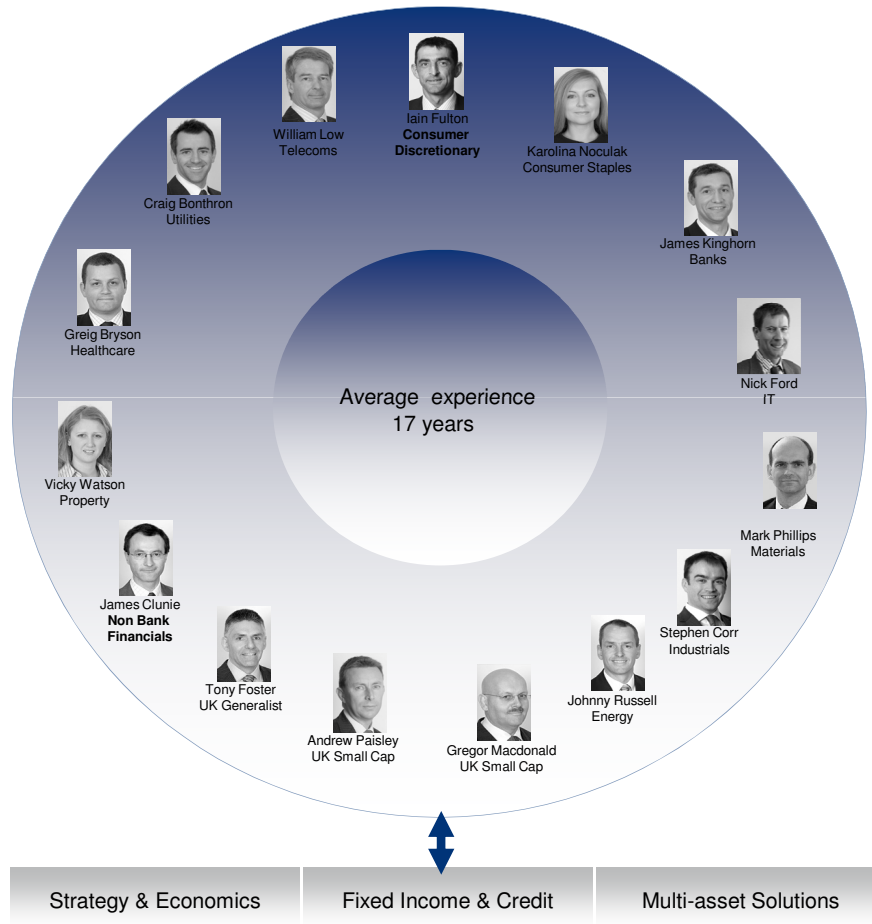
Steady outperformance...



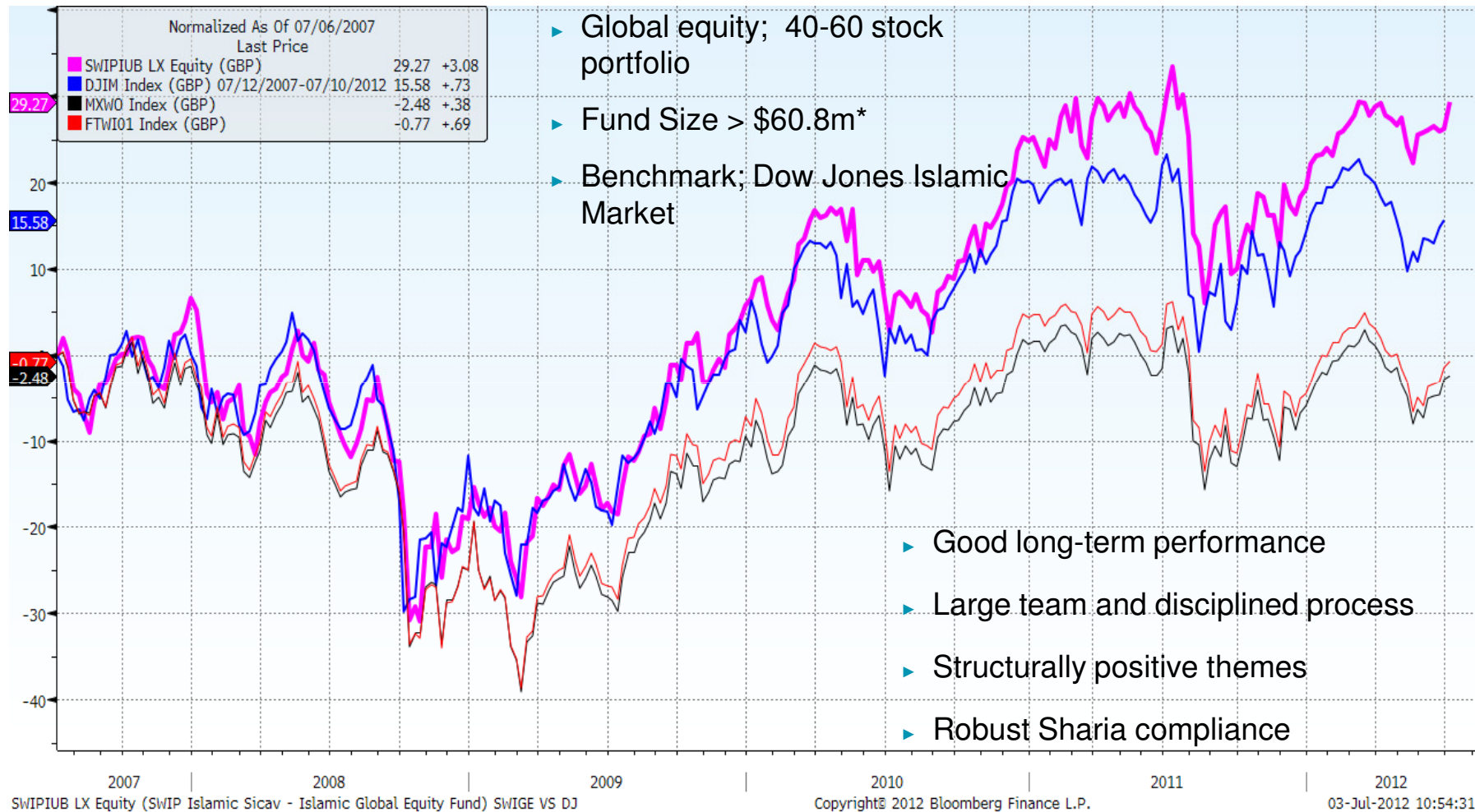
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This is why...

- ▶ Leveraging from an average of 17 years experience
- ▶ Each with proven track records
- ▶ Dual roles of research and portfolio management



Conclusions – *perform*



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Appendix

- ▶ Fund details
- ▶ Board of scholars
- ▶ Biographies of Fund Managers

SWIP Islamic Global Equity Fund details

- ▶ Global equity; 40-60 stock portfolio
- ▶ Size > \$60.8m
- ▶ Benchmark; Dow Jones Islamic Market
- ▶ Screening partner; Fyshe Crestar
- ▶ Board of Scholars meeting quarterly
- ▶ Structure; SICAV listed in Luxembourg; launched 2005
- ▶ Platforms; Hargreaves, transact
- ▶ Administrator; Statestreet, Luxembourg
- ▶ Bloomberg code; SWIPIUB

Board of Scholars Biographies

- ▶ **Sheikh Nizam Yaquby** is a member of the Shariah Committee for several Islamic financial institutions. He has received an MSc in Finance (Canada) and is based in Bahrain. He has been a Professor of Tafsir, Hadith and Fiqh in Bahrain since 1976 and is the author of several articles and publications on Islamic finance in English and Arabic
- ▶ **Dr Muhammed Imran Ashraf Usmani** holds a PhD in Islamic Finance. He has also obtained degrees in Islamic Jurisprudence from Karachi. Dr. Usmani is a faculty member of the Jamia Darul Uloom, Karachi and Institute of Business Administration (IBA), Karachi as well as the author of various books on Shariah
- ▶ **Mufti Abdul Kadir Barkatullah** Mufti is a senior Lecturer on Islamic Finance at a Community College. He is a prominent Islamic Sharia law scholar with a strong background in economics and finance. Trained extensively both in traditional Islamic and modern educational traditions, Mufti has served UK Muslims as a community worker and Sharia Judge at Islamic Sharia Council, London. Previously Mufti had developed Islamic Sharia information databases on CD-Rom and hosted live phone-in shows on community TV channels. Mufti Barkatulla is a member of the Sharia supervisory boards for several Islamic financial institutions and Banks, including Islamic Bank of Britain and Lloyds TSB. As a respected Scholar, and maintainer of the Islamic Helpline, he has a wealth of experience in Islamic community and financial issues in Europe
- ▶ **Muhammad Nurullah Shikeler** is a Barrister-at-Law and Imam at the Tunbridge Wells Mosque. He received a LLB degree from London Guildhall University. He advises individuals and businesses on Islamic finance

Craig Bonthron



Name:	Craig Bonthron
Position:	Investment Manager, Global Equities
Joined Company:	January 2011
Entered Industry:	January 2003

Craig joined SWIP in January 2011 and is responsible for SWIP's Islamic Global Equity Fund, the Scottish Widows Environmental Investor Fund and SWIP's Ethical portfolios.

Before joining SWIP, Craig worked for Kleinwort Benson Investors (formerly KBC Asset Management) in Dublin. There, he worked on the Global Environmental Strategies desk and was responsible for managing the Global Water Fund. The desk was responsible for over €1.5 billion of funds under management, with the Global Water Fund comprising €800 million of these assets. Prior to this, Craig worked as a generalist equity analyst on the US desk at Alliance Trust Plc., covering a broad range of sectors.

Craig holds an MSc in Business Information Technology Systems from Strathclyde University, is a Member of IIMR and has passed Level 1 of the CFA exams.

Johnny Russell



Name:	Johnny Russell, MA (Hons)
Position:	Investment Director, Global Equities
Joined Company:	December 2002
Entered Industry:	June 1998

Johnny is jointly responsible for managing SWIP's Ethical, Environmental and Islamic funds.

Before joining SWIP, Johnny worked for Edinburgh Fund Managers. There, he was responsible for five funds on the UK smaller companies desk and was part of a team with more than £800 million of funds under management. He was also responsible for managing the desk's research function.

Johnny started his career in 1992 with Coopers & Lybrand, working in audit and corporate finance. In 1996, he was seconded to Sydney, Australia, and joined Edinburgh Fund Managers on his return to Scotland in 1998.

Johnny holds an MA (Hons) in Economics from the University of Edinburgh, and is a Member of IIMR and the Institute of Chartered Accountants of Scotland. He is also a CFA charterholder.

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Forecasts are opinion only, cannot be guaranteed and should not be relied upon when making investment decisions.

Funds under management are an internal estimate.

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