This page last changed on 15 Dec, 2011 by matteo.castagna@omam.co.uk.

IMA Sector Guidelines

Europe excluding UK
Funds which invest at least 80% of their assets in European equities and exclude UK securities.

Notes: the IMA confirmed that they classify the primary listing of ADRs and GDRs as the primary listing of the underlying security.
The net exposure is what is taken into consideration. Short futures that are used for hedging purposes will be deducted from the long exposure.

Objectives

The performance objective is for the fund to deliver returns that are consistently in the first quartile of the IMA Europe excluding UK peer group on a rolling 12 months basis. The manager places great emphasis on delivering consistent outperformance.

Model constraints/Investment style

- Actively managed Europe ex UK equity fund
- Distinctive, disciplined, valuation based approach.
- Portfolio construction monitored against economic view, between the three key areas: cyclical, defensive and financial sectors.
- Market cap profile: typically biased towards larger companies, smaller companies must pass a liquidity threshold (see below)
- No specific constraints at a country or sector level

Note: model constraints apply at portfolio construction/rebalancing

Limits

Exposure

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible

Concentration

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
No single stock to exceed 10% portfolio weight			TRUE	Compliance
Single stock in [1%, 5%]	891/892		FALSE	R&P
Top 10 holdings in [30%, 40%]		Vivaldi report	FALSE	R&P

Total number of holdings in [45, 50]	313/314		FALSE	R&P

Sensitivity

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible

Liquidity

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
The value of the daily traded volume in the stock must be greater or equal to a 1% weight in the fund. The Bloomberg field *volume_avg_3m* is used to calculate this. Numerically this is equivalent to: the number of days needed to liquidate the position* needs to be lower than the portfolio weight multiplied by 100			TRUE	TBD

* The number of days needed to liquidate the position is calculated applying a % factor on how much of the average daily volume you can safely assume to be able to trade on each given date: typically this is 10% or 20%. This factor need to be taken into account for the calculations. The limit calculations will then test the following: f x D < W / 1% where f is the factor, D is the number of days if you can trade 100% of the average daily volume and W is the portfolio weight.

Risk

Description	thinkFolio	non-thinkFolio	Hard rule?	Unit Responsible
Tracking error will be in [3%, 8%]		to be monitored monthly on *ex-post* basis	FALSE	R&P

Note: it's not necessary to have all the limit groups filled-in.