

## **Edinburgh Partners European Product - Overview**

### **Key points**

- Edinburgh Partners has managed a Dublin based OEIC investing in European equities since April 2004
- This EP European Opportunities Fund has delivered compounding outperformance of over 5% net p.a. since its inception
- Over this period, strong out-performance has been achieved in both rising and falling markets
- The European Investment Trust plc\* will offer a new set of investors the opportunity to access the research capability of the EP investment team
- Edinburgh Partners has a clear philosophy and process. Time horizon is the key market imperfection. We believe that companies should be valued on their long term (five-year) earnings power. This leads to a rigorous fundamental approach based on the forecasting of a range of possible profit outcomes
- Patience and discipline are then the key elements of long term returns
- Europe is an often overlooked part of the investment landscape but the variety of opportunities in Europe means it is a very exciting place to be picking stocks

EP European Opportunities Fund	2009 (%)	2008 (%)	2007 (%)	2006 (%)	2005 (%)	2004 <sup>1</sup> (%)	Since Inception (annualised) <sup>1</sup> (%)
Fund <sup>2</sup>	29.2	-16.6	11.2	28.3	31.8	20.3	16.7
Index <sup>3</sup>	20.1	-24.0	15.7	20.1	24.1	14.3	10.8
Net Relative Performance	7.6	9.7	-3.9	6.8	6.3	5.3	5.4

Source Edinburgh Partners 29/01/10

Past performance is no guide to future performance.

1. Inception date 02/04/2004
2. Fund Returns are quoted on a NAV-to-NAV basis for I Share Class shown in Sterling and therefore includes expenses and dividends re-invested at the XD.
3. Index performance of the FTSE World Europe ex UK Index is calculated monthly using total return figures sourced from Thomson Reuters Datastream.

\* Name change from Foreign & Colonial Eurotrust PLC as of 01 February 2010

## **Philosophy & Process**

Edinburgh Partners has a very different starting point from the majority of investors. We believe that time horizon is the key market imperfection. Our investment philosophy is based upon the view that markets are efficient in the long-run but opportunities arise because short term prospects are emphasised at the expense of long-term earnings potential. The key is identifying the range of long term profit outcomes and the long-term underlying worth of a company but then having the discipline and patience to hold the security until this is realised. We hence have a five year time horizon for our investments. It is close attention to this time horizon imperfection which leads to long term outperformance.

The main output of our research process is a scenario range of earnings estimates for each security. The central valuation (P/E based on projected Year-5 central case earnings) provides an indication of the potential returns and the spread between best and worst case helps to define the associated risk.

## **Edinburgh Partners**

EP was established in 2003 and has since grown to over £6.7bn\* in AUM. The client base is blue-chip institutional and investment trusts. All the assets are in unconstrained, traditional, long-only equity portfolios, run from one central philosophy, process and research team. The EP European Opportunities Fund (EPEOF) has been managed since inception (April 2004) by Dale Robertson. The product has shown compounding outperformance of over 5% net p.a. The OEIC hitherto has been marketed only to an institutional audience. The European Investment Trust plc is an excellent way for the retail and semi-retail investor base to access the European research expertise of Edinburgh Partners. The European Investment Trust plc will be managed in a very similar way to the EPEOF described above.

\*as at 31 December 09

## **Dale Robertson January 2010**

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