# CSS STRATEGISE "MIDCAP/ SMALL CAP" FACTSHEET

COLLINS SARRI STATHAM
INVESTMENTS

MIDCAP SMALL CAP STRATEGY

Collins Sarri Statham Investments Ltd

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**MIDCAP SMALL CAP OBJECTIVE**: To pursue long term capital growth by investing in mid and small cap companies. **Please refer to the CSS Strategise Brochure for further details.**

**Key Risk Factors**

**1. The "midcap small cap" approach will identify listed companies with lower liquidity and generally more sensitive to UK developments.**

**2. Midcap and small cap stocks may experience difficulties obtaining both short term and long term capital.**

**3. Investor sentiment towards small cap investments is variable and sensitive to movements in blue chip equities.**

**4. Please note that these figures are based on gross performance and do not include commissions, compliance charges or other costs. Please contact us for further information on our fees and charges.**

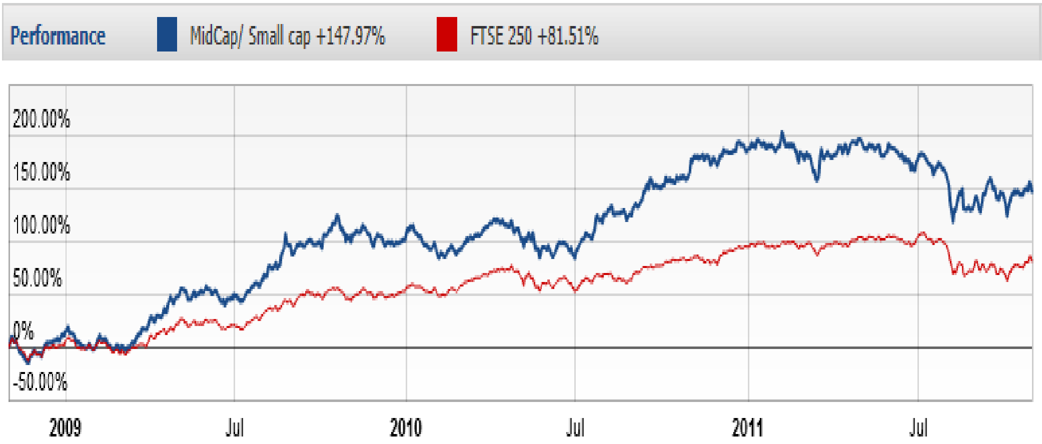
**5. The figures and performance charts refer to simulated past performance which is not a reliable indicator of future performance.**

## CSS Strategise Midcap/ Small cap strategy:-

The Midcap/ Small cap strategy consists of a mix of listed UK/ EU and US small companies with defendable franchises in an early stage of evolution, midcap companies with a strong track record and attractive valuations, or FTSE 250 companies that we consider eventual candidates for FTSE 100 entry. The selection comprises companies worth between £250m and £3bn with the majority in the £1bn to £2bn range.

## Midcap/ Small cap statistics simulation

Using a hypothetical simulation, the performance of the Strategise "Midcap/ Small cap" recommendations (modelled on a £130k portfolio with 13 equally weighted recommendations) was performance monitored from 31st October 2008 to 31st October 2011. The performance of the selected Midcap/ Small cap recommendations delivered a return of 147.97% with a daily estimated "value at risk" of 2.612% against a FTSE 250 of 81.51%.The performance is adjusted to take into account dividend and capital distributions which for the purposes of performance measurement are assumed to remain in the account.




| | Portfolio | Benchmark |
|---|---|---|
| Return (GBP) | 147.973 | 81.512 |
| Annualised Monthly Return | 35.353 | 21.984 |
| Annualised Volatility | 28.279 | 18.860 |
| Relative Return (GBP) | 66.461 | 0.000 |
| Monthly Return | 2.555 | 1.670 |
| Highest Monthly Return | 25.916 | 18.739 |
| Lowest Monthly Return | -10.142 | -8.548 |
| Maximum Loss | 19.169 | 17.663 |
| % Positive Monthly Returns | 52.778 | 55.556 |
| Correlation | 0.847 | --- |
| Alpha | 0.564 | --- |
| Beta | 1.270 | --- |
| R-Squared | 0.718 | --- |
| Sharpe Ratio | 1.212 | 1.108 |
| Treynor Ratio | 26.982 | 20.902 |
| Information ratio | 0.842 | --- |

Source(s): Statpro plc

## CONCLUSION

Our simulation of the Midcap/ Small cap strategy identifies the following characteristics:-
* A portfolio Beta of 1.27x i.e. above the level of normal market risk.
*147.97% return over the 3 year period.
* A Sharpe ratio (risk adjusted measurement of return) of 1.212.
* Monthly return in a range of 25.049% to -10.54%.
* The Midcap/ Small cap approach outperformed the benchmark FTSE 250 by 66.46% - we attribute this factor to inexpensive valuations in October 2008.

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**Risk Warning** - All investments involve degrees of risk including the risk of capital loss. The securities and investments referred to in this document are not suitable for all investors. Investors should make their own investment decisions based on their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Past performance and simulated past performance will not necessarily be repeated and is no guarantee of future success. Where investments are made in currencies other than the investor's base currency, movements in the exchange rate will affect values. Furthermore levels of taxation may change, as may taxation policy. Please note that small caps carry higher investment risk than established companies. These types of Shares may be suitable for some investors but they are not suitable for everyone. There is an increased risk of losing some or all of the money invested. There can be a big difference between how much you pay for the Shares and how much you can sell them for.

**Definitions:**

Correlation: A statistical measure that measures how investments move in relation to each other. For example if the correlation was 0 the two investments would move independently of each other. Typically correlation measurements are between -1 (opposite direction) to 1 (moves in lock step with each other).

Alpha: broadly the degree of outperformance from a given benchmark. For example if the investment rises 10% and the benchmark return is 5% it would have an alpha of 5%.

Beta: broadly the sensitivity of the investment to the movement in the market i.e. if the investment had a ratio of 1 it would move the same as the market. Beta measures covariance of the returns of the asset in respect of the portfolio to the variance of the portfolio.

R-Squared: the percentage of the asset's movement attributable to the movement of the market.

Sharpe ratio: excess return per unit of risk i.e. Expected returns ("R") less the risk free (Rf) rate divided by the standard deviation of returns (σ).

Treynor ratio: returns in excess of risk free return (Ri - Rf) divided by market risk (Bi); i.e. risk adjusted returns per unit of market risk.

Information ratio: measures the risk adjusted return divided by the standard deviation of returns

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